

First Funnel Week Ends; Floor Work Ahead

Funnel week has ended discussion on hundreds of bills that failed to make it out of committee before the funnel bell tolled on Friday (February 16). Committees met uncharacteristically late into the evening last week, spending hours in caucus before emerging as a unified front. It's clear from the long caucuses that there is dissension among the ranks, which could spell a rough road ahead.

Some of the most controversial bills died during the funnel - death penalty, raw milk, educational savings accounts (aka "school choice"), publicizing immigration status of people arrested, hog lot moratoriums, constitutional carry (no permits needed to carry guns), bible classes in schools, transgender bathrooms, IPERS changes, bottle bill expansion or elimination, and more. Here are a few that didn't make the funnel that you might care about:

- Licensing music therapists and clinical art therapists.
- Eliminating the Department of Public Health.
- Transferring mental health and disability services to the Department of Public Health.
- Ending MCO contracts.
- Pulling long term supports and services (LTSS) out of MCO contracts.
- Various measures that "get tough on MCOs."
- Changes to the Certificate of Need program (which can prevent building more psych beds).
- Increases in the tobacco tax, including taxes on e-cigarettes (but this could be revived).
- Increasing the age for legal smoking to 21.
- Publicizing the charges for a health care provider's most common procedures.
- Requiring insurers offer no-deductible prescription copay options.
- Supporting Iowa's "stopgap" measure to ensure affordable health insurance options.
- Requiring Medicaid reimbursement of post-doc psychologist interns (we've never been so happy to report a failure to make funnel - because we no longer need the legislation now that DHS has approved billing for services provided by a post-doc intern).

There is still plenty of controversy left on the table for lawmakers this year - tax reform proposals, sanctuary cities, "heartbeat" abortion ban, Medicaid work requirements, Religious Freedom Restoration Act (aka RFRA), Administrative Rule reductions, fantasy sports and sports betting, and more. Here are a few things in your wheelhouse that are still alive:

- Requiring insurers pay for services delivered via telehealth.
- Allowing Farm Bureau to offer individual non-ACA compliant health plans.
- Requiring recipients of public assistance to work, go to school, or look for work.
- Making change to Iowa's prescription monitoring program to address opioid abuse.
- Enacting recommendations of the state's Complex Needs (MH/DS) work group.
- Prohibiting insurers from switching stable patients' medications.
- Requiring acuity-based updates and use of the psychiatric bed tracking system.
- Protecting Iowa's health homes by prohibiting MCOs from taking them over.
- Allowing Medical Board to raise cannabidiol THC limit and add treatable conditions to list.
- Requiring school districts integrate annual, evidence-based suicide prevention training.
- Directing the Board of Behavioral Science to license behavior analysts & assistants.
- Requiring genetic counselors to be licensed.
- Directing a study of mandatory reporter training and certification (for both child abuse & dependent adult abuse).
- Allowing licensed mental health counselors, marriage and family therapists, social workers, and psychologists to form an LLC.

Usually department “technical” bills are not controversial, but DHS’ bill this year was an exception. The bill ([HSB 632](#)) passed through the funnel, but only with three non-controversial sections intact. A 90-minute packed subcommittee on the bill saw little support, with changes that would have eliminated much of the MCO reports to legislators, ended cost-based reimbursements to private Psychiatric Medical Institutions for Children (but kept it for state-operated PMICs), and removed several Medical Assistance Advisory Council (MAAC) responsibilities. Rep. Dave Heaton said he would like to add on several MCO administrative directives to this bill, so we will want to watch it closely and offer suggestions once this bill is renumbered and hits the floor.

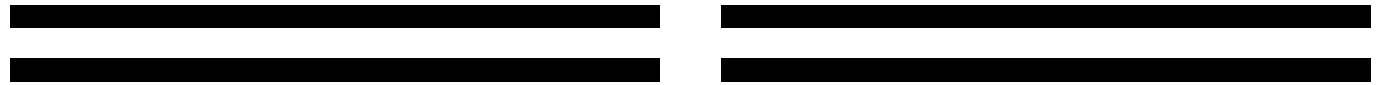
Looking ahead, expect a lot of floor work and debate, as legislators move quickly through this next four-week period, which ends with the second funnel deadline on Friday, March 16. By this time, bills must have been voted out of one chamber, and go through committee in the opposite chamber. By the end of the day on March 16, committees will have wrapped up their work. The Ways & Means and Appropriations Committees are the exception; they deal with the issues that always emerge late in the year (taxes & budgets).

Check out the status of the bill tracked for IPA [here](#).

The default page shows you only the bills still alive.

To see bills that didn’t make the funnel, switch the list to “inactive.”

You can export either list to an excel sheet for your own use/tracking.



Mark Your Calendars: CAPITOL DAY!

Capitol day is here! Stay up late to learn how to advocate, and come in early the next day to advocate for the issues important to you and your patients.

IPA CAPITOL DAY

Thursday, February 22, 2018

7:30 - 9:30 am

State Capitol, Room 116

(located on first floor, East side of stairs)

IPA CIVIC ENGAGEMENT/ADVOCACY SALON

Wednesday, February 21, 2018

6:30 - 8:30 pm

Des Moines Social Club ([900 Mulberry St.](#))



Current Year Budget Still in Limbo

Discussions on adjustments (that is cuts) to the FY18 budget were sidelined this week as lawmakers turned their attention to committee work. However, the deappropriation discussion is still underway at the highest leadership levels.

The Governor, House, and Senate have not yet come to an agreement on cuts to the current budget year (FY18). The Senate passed its version ([SF2117](#)) on February 8; the House passed an amendment with its version out of committee ([H-8012](#)) on February 14. Here is a review:

- **Governor: \$27.1 million**
 - \$462,871 from IDPH
 - \$10 million from Medicaid
 - \$3.3 million from DHS
- **Senate : \$31.9 million**
 - \$925,742 from IDPH
 - \$0 from Medicaid
 - \$6.2 million from DHS
 - Adds language prohibiting any benefit cuts in Medicaid, including waivers.
- **House: \$20.5 million**
 - \$662,871 from IDPH
 - \$0 from Medicaid
 - \$4.3 million from DHS
 - Keeps language prohibiting any benefit cuts in Medicaid, including waivers.
 - Adds retroactive eligibility back for nursing homes only.

The Senate and House each were able to cut \$10 million less from their General Fund reductions because their versions both rely on a \$10 million transfer out of the Iowa Economic Development Authority's High Quality Jobs Program (a cut of 60%, from \$15.9 million down to \$5.9 million).

The House will hold a **public hearing on Monday, February 19 at 11 am to listen to comments about the deappropriation**. You can sign up to speak or submit comments [here](#).



On the Bright Side...Revenues Looking Up

The House's decision to go lighter on its mid-year cuts could be a reaction to news from the non-partisan Legislative Services Agency that revenues appeared to be higher in January as compared to last year.

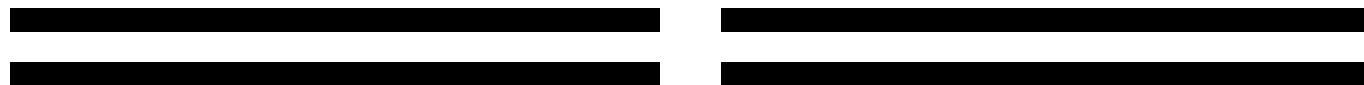
The Iowa Department of Revenue implemented a series of timing changes that increased revenues, but even without factoring for that, state tax collections increased by over \$133.1 million over last January. A major piece of the revenue growth has been a surge in estimate payments, coming in \$109.4 million higher for the months of December and

January over the same months last year. The analysts believe the increase is due to the federal tax law changes that led many Iowans to pay the maximum amount of taxes they were able to prior to January 1st.

What does this mean for the FY 2019 budget? And more importantly, the FY 2018 budget and

deappropriations? Iowa's budget laws are set up so that fiscal years are distinct from one another. When you combine that with a restriction on the Governor's ability to transfer more than \$50 million from emergency funds without legislative approval, it becomes unlikely that the Governor and legislators will decide that they no longer need to pass a deappropriations bill. Any downturn in the FY 2018 numbers as books are closing this Fall could mean the need for a special legislative session right before the November election (which would look very bad for the party in power).

As for FY 2019, the uptick in revenues could definitely make enacting the FY 2019 budget a lot less painful, especially since the federal tax bill is expected to further increase Iowa's projected state revenues. The Legislature will still need to wait until the Revenue Estimating Conference meets in March to update their budget projections before they can proceed with a budget proposal. Remember that they are required by law to enact their budget based on the *lower* of the two estimates published in December and March.



On the Other Side....Governor Rolls Out Tax Plan

This past Tuesday, Governor Kim Reynolds introduced her tax reform package that includes tax cuts totaling about \$1.7 billion between now and 2023. The bills ([SSB 3195](#) and [HSB 671](#)) reduce personal income tax rates, eliminate federal deductibility, end the alternative minimum tax, increase the standard deduction, increase small business exemptions, and expand the sales tax base to capture online sales. You can view the Governor's detailed press release about the proposal [here](#).

The House and Senate will start sifting through the plan's details, and working on their own proposals. Some legislators have said they want to increase the sales tax for water quality, and perhaps use other parts of a one-cent sales tax to offset tax reforms and mental health funding. There is clearly a long way to go before lawmakers reach consensus, and we don't expect to see much more than high level talks until the revenue estimating conference (REC) projections in March are released.