

Legislative Update

The 2018 Iowa Legislative Session

Week of March 19, 2018

Last week in the Iowa Legislature

Without policy committees or budget subs to keep them busy, legislators spent last week passing bills through their respective chambers. A relatively high-profile mental health bill got sent to the governor, and Future Ready Iowa—one of Governor Reynolds's session priorities—was approved with bipartisan support.

Ways & Means and Appropriations bills moved through at a steady pace last week. Behind the scenes, House and Senate Republican leaders were negotiating the “big number” for overall state spending in FY 19.

Deappropriation Bill (Finally) Done

Last year, the Legislature deappropriated money in the middle of the fiscal year and it was the first bill on the governor's desk. It took 11 weeks for the House and Senate to pass a smaller deappropriation bill this year. On Tuesday night the House passed SF 2117 with an amendment to cut \$36 million from FY 18 spending. (\$25.5 million in cuts and a \$10 million transfer from the Skilled Worker Fund to the GF) Nearly \$11 million of those cuts will impact the Regents institutions. The remaining \$25 million would be spread across state government and through a provision that changes retroactivity for Medicaid eligibility for nursing home residents. The following cuts were applied Community Colleges (\$500,000); Judicial Branch (\$1.6 million); DHS (\$4.32 million); DOC \$3.4 million; DOE (\$784,000); DPH (\$625,000). It also includes language prohibiting tuition increases due to the cuts, restores three-month retroactive eligibility for Medicaid for persons in long-term care facilities, and adds Medicaid ground transportation supplemental reimbursement language. Finally, it includes language to allow the transfer of the \$13 million the Governor made from the Economic Emergency Fund this past September and changes the conditions when the Governor can order a transfer from the EEF (negative balance at the end of the fiscal year and making a proclamation to the Legislature).

The House passed the amendment and then the bill late Tuesday, and the Senate concurred Wednesday, sending it to the governor.

MEWA Insurance

Before the 2018 session, very few at the Capitol knew what a MEWA is. After this session, only some do. But a bill passed the House last week that might help expand MEWAs anyway. The House passed SF 2349 (Association Health Plans) after amending it to include another bill that would allow Iowa Farm Bureau to sell health insurance—while neither calling it nor regulating it

like insurance—to its members and other Multiple Employer Welfare Arrangements (MEWAs) to sell health insurance—while calling it and regulating it like insurance—to member employees.

The bill's complexity is caused by a potential federal rule change from the Department of Labor, which has been considering a dramatic loosening of rules that would allow more MEWAs to form and sell health insurance to members. The change would accomplish that by, among other things, changing what constitutes a MEWA by moving from a strict definition of multiple employers that combine together for purposes other than jointly selling insurance to a definition that is so loose that it's almost useless to define.

The federal rule change—which has 76 pages of complex legal background information compared to just seven pages of actual proposed rules—won't be finalized for some time. But SF 2349, which the Senate is likely to pass this week, avoids many of the more important legal complexities by labeling the Farm Bureau products as not insurance and leaving other MEWAs to regulation entirely by Iowa's insurance commissioner—ensuring flexibility depending on how the federal rulemaking turns out.

So, while some know what a MEWA used to be, the passage of SF 2349 is a signal that Iowa lawmakers will accept whatever Washington says a MEWA is in order to give people more insurance options or, alternatively, harm the Affordable Care Act—depending on your perspective.

Election 2018

Friday, March 16 was the last day for candidates to file to run for office in Iowa. Candidates that filed will be eligible for consideration in the June party primaries. If a party has no candidate in a race by now, the party can still nominate a candidate in a special nominating convention. For the first time in a while, Republicans have control of the Legislature and the governor's office. Democrats are now working to disrupt that majority; the November elections could be a game changer for both parties.

In the House, there is a 59-41 Republican majority. Republicans have 93 candidates running in 75 districts. Of the candidates, 47 are incumbents. Democrats have 113 candidates running in 95 districts, and 37 are incumbents. The House has 12 Republican retirees: Representatives Baltimore, Baudler, Hager, Heaton, Heartsill, Holz, Pettengill, Rizer, Sheets, Rob Taylor, Vander Linden, and Watts. The Democrats have four retirees: Representatives Finkenauer, Kearns, Helen Miller, and Todd Taylor. Twenty-three House Democrats are running without a Republican opponent, while only five Republican incumbents are running unopposed. Another thing to note is that House Majority Leader Chris Hagenow will be running in a different district. With the high number of retirements for Republicans and the large amount of Democrats running, there is a possibility that for the first time since 2010, Democrats have a chance to gain a majority in the House.

The Senate has its own bunch of retirees, with two from the Republican party: Senators Bertrand and Chelgren. Dix resigned this session. The Democrats have three retirees: Senators Dvorsky, Horn, and McCoy. Senator Schultz is running as the only unopposed Republican, while four Democratic senators will be running unopposed: Senators Bisignano, Dotzler, Lykam, and

Quirnbach. In the Senate, Republicans have the majority with 28 Senators, Democrats have 20 and there is one senator without a specified party affiliation. Given the recent atmosphere and Senator Bill Dix's seat being open, there may be more turnover for the Republican Party.

With Democrats being in the minority, the party is making a major push to put forward candidates to challenge Republicans. At the same time, the Republicans have the benefit of incumbents and the experience that comes with that. Keep an eye out for the way that this shakes out and especially on your representatives and senators.

Looking Ahead

Budget targets for individual budget bills are expected this week. The budget process, the tax reform negotiations and resolution of some high-profile bills is all that stands between the legislators and adjournment. That's a tall order. But with the passage of the deappropriation bill, legislators' per diem now expires on April 2.

Key Initiatives

After a lengthy debate, the House passed SF 2364 (School Security Plans) with an amendment that requires schools to conduct annual safety drills. House Republicans voted down many other amendments that Democrats ostensibly offered to improve the bill. The bill, as amended, passed 69-30 and it now returns to the Senate for concurrence.

Bills of Interest

Like sessions past, Advocacy Strategies will be tracking all bills pertaining to you. Along with this document, please find an attached excel spreadsheet with the bills you have registered for or we are waiting for a declaration. Please review this and confirm your declarations are correct. This document does reflect the bills that remain alive after the 2nd funnel deadline. Please let us know if there are any changes that need to be made.

Housekeeping

Our ability to best represent you is based on quick and open communication. Once the legislative session progresses further, our requests for bill declarations will increase substantially. **We would ask that you let us know your organization's position on each bill within 24 hours of our notification to you so we can respond accordingly.** Each bill we send your organization automatically generates a registration of "undecided" on that bill. This allows us to lobby on the bill or to attend a subcommittee on your behalf. But whatever your organization's stance may be, please communicate it to us (even if the stance is "undecided") so we can register properly and most effectively represent your interests.

Dates to Note

- April 2nd: 85th calendar day of the session; legislators' per diem expires.

Please feel free to contact the Advocacy Strategies Team with any questions, comments, or concerns. We are pleased to be representing your interests

during the 2018 legislative session and throughout the year. Contact information for your lobbying team follows. We look forward to a successful session and working with you in the days ahead.

Threase Harms
515.975.5299
threase@advocacyiowa.com

Dane Schumann
319.350.4730
dane@advocacyiowa.com

Emily Hockins
515.360.4096
emily@advocacyiowa.com

Kathy Gearke
515.471.1954
admin@advocacyiowa.com