



The Budget Bill Is Bad for Iowa

The “One Big Beautiful Bill Act” will terminate health coverage, drive up costs and cut care across the country — eliminating health coverage for nearly 16 million people¹ and resulting in over 51,000 preventable deaths nationwide.² **If Congress charges ahead with either the Senate or House version of the bill, at least 96,000 Iowans will lose health coverage,³ and Iowa’s uninsured rate will increase by 75%.⁴**

The budget bill threatens the health and financial security of Iowans in every community:

- **Makes the largest cut to Medicaid in history**, gutting a whopping **\$859 billion** from Medicaid⁵ and the low-income families, workers, veterans and people with disabilities who rely on it for their care, including 702,000 children and adults in Iowa.⁶
- **Drains \$349 billion from Marketplace coverage,⁷** jeopardizing small businesses and entrepreneurs in Iowa.
- **Forces another \$500 billion in mandatory cuts to Medicare** by triggering federal spending laws — on top of the Medicaid cuts that will already impact seniors and people with disabilities who are also covered by Medicare (dual-eligibles).

The budget bill will wreak havoc on Iowa’s health system and economy

Iowa will be forced to offset budget holes caused by this bill by terminating coverage for families, eliminating essential health services, and cutting provider rates so drastically that doctors and hospitals are forced to close their doors — particularly in rural communities. **Hospitals like MercyOne Newton Medical Center and Manning Regional Healthcare Center will be at greater financial risk of closing due to Medicaid cuts in the bill.⁸**

Congress should reject these harmful cuts and instead take steps to protect health coverage programs that serve as lifelines for Iowans.

The budget bill will roll back the last decade of improvements to Iowa health coverage and care

Iowa Medicaid will face major cuts, forcing the state to make tough decisions about rolling back the services it provides – including dental care, prescription drugs and mental health care. The bill would also raise costs for Iowa’s low-income seniors and people with disabilities who have Medicare coverage but also rely on Medicaid to help pay for out-of-pocket costs and access services not covered by Medicare. These cuts undermine the core financial backbone of Iowa’s health care system, as Medicaid pays for a significant portion of care and services at local clinics and hospitals and serves as a critical engine for the state’s economy.

Iowa Medicaid covers 702,000 children and adults.⁹



1 in 5 Iowa residents.¹⁰



319,000 children — 44% of all children in Iowa.¹¹



104,000 seniors and people with disabilities in Iowa.¹²

The Marketplace will be undermined in its mission to provide access to health care for Iowans who do not qualify for Medicaid and do not have affordable coverage through their employers. The bill would make it harder for Iowans to buy their own health coverage through the Marketplace without preexisting condition exclusions. Marketplace coverage provides comprehensive health benefits, including cancer screenings and treatment for diabetes and high blood pressure. The bill was also written with the assumption that Congress will allow enhanced premium tax credits to expire, which will make coverage even more unaffordable for Iowans.

The Marketplace provides:



Coverage for **136,000 Iowa residents.**¹³



Coverage for **8,600 small-business owners** in Iowa and **16,000 self-employed** Iowa residents.¹⁴



Premium tax credits to help **90% of Iowa enrollees** pay their premiums.¹⁵

The budget bill will harm Iowa families, workers, and small businesses by wrapping health coverage and care in red tape, undermining critical consumer protections, and making health care unaffordable.

 **Making public and private coverage more expensive, harder to get and keep**

The bill will impose higher out-of-pocket costs and cumbersome verification procedures for both Medicaid and the Marketplace. It will also eliminate automatic enrollment and shorten the annual open enrollment period for the Marketplace, threatening coverage for the **53,000 people in Iowa who will no longer be able to automatically re-enroll** in their Marketplace plans from year to year.¹⁶ Around 22,000 additional Iowans will become uninsured if Congress fails to renew enhanced premium tax credits that help them afford plans offered through the Marketplace.¹⁷

 **Kicking working people off coverage by creating bureaucratic barriers**

The act will attack Iowa's successful Medicaid expansion (Iowa Health and Wellness Plan), which covers 182,000 Iowans.¹⁸ In 2013, Iowa expanded Medicaid coverage to residents who earn less than \$21,597 per year.¹⁹ The act will make it hard for these Iowans to keep their coverage, requiring them to reverify they are eligible every six months.

The act also will impose **the most onerous work reporting requirements ever attempted**, requiring workers to prove that they have one or more jobs that meet the hourly minimum or that they are exempted. Based on the experience of states that previously – and unsuccessfully – tried to implement work reporting requirements, an estimated 56,000 people are at risk of losing their coverage in Iowa,²⁰ including seasonal farm workers, caregivers, students, and people with disabilities. **An estimated 275 avoidable deaths will occur in Iowa each year when adults lose coverage because of work reporting requirements.**²¹

 **Rolling back consumer protections for children**

For children enrolled in Hawki (Iowa's version of the Children's Health Insurance Program (CHIP)), the act will eliminate current bans on annual and lifetime caps, enrollment waiting periods, and lockout periods for families who miss a premium payment because they cannot keep up with the cost of coverage.

 **Raising costs for the poorest and most vulnerable Iowans covered by Medicare**

Medicaid helps about 78,000 seniors and people with disabilities afford their Medicare expenses,²² including premiums and out-of-pocket costs when they see a doctor or need a hospital stay. The act will eliminate commonsense approaches like automatic data verification and streamlining applications, which will make it harder for these Iowans to get the help they need to pay for their health care.



IOWA'S HEALTH CARE SYSTEM WILL LOSE AN ESTIMATED

\$904 MILLION

PER YEAR IN FEDERAL FUNDING

The bill will create a crisis for Iowa's health system and state budget

With over 96,000 Iowans set to lose access to their Medicaid and Marketplace coverage, **Iowa's health care system will lose an estimated \$904 million per year in federal funding**, making it nearly impossible for the state to maintain current levels of coverage, benefits, and payments to providers.²³ Iowa taxpayers will have to spend at least that much each year to cover additional uncompensated care costs at hospitals and clinics that provide health care services to newly uninsured residents who lack the ability to pay. **The loss of federal funding will cause at least 9,000 total job losses (including jobs outside the health care sector) and \$1.5 billion in reduced economic output in the state.**²⁴

The act will eliminate Iowa's flexibility to fund Medicaid in a way that works best for the state by freezing taxes on health care providers at current rates. This will leave Iowa with few options to address budget shortfalls and meet future demands resulting from hardships caused by storms, public health emergencies and economic downturns.

- In 2024, Iowa imposed a new tax on managed care organizations; this has helped the state raise an additional estimated \$222 million in fiscal year 2025.²⁵
- These new dollars mean Iowa can fill Medicaid budget gaps without cutting other state spending (such as funding for education or public safety). If either the House or Senate version of the bill moves forward, Iowa will not have the flexibility to fund its Medicaid program through similar efforts and may have to turn to increased income or sales taxes.

Cuts will make it much harder for Iowa to fund:

- 2 in 5 births for Iowa mothers.²⁶
- 1 in 2 Iowa nursing home residents.²⁷
- Hospital services at 112 Iowa hospitals.²⁸ For example, Medicaid pays for 18% of all hospital services at Iowa Methodist Medical Center in Des Moines and 14% of all hospital services at CHI Health Mercy Corning.²⁹

The Senate should reject this ill-conceived proposal and instead vote to protect access to Medicaid, the Marketplace and Medicare so that:

CHILDREN IN IOWA

Have access to newborn care, checkups, care for diabetes and asthma, and more.

Stay healthy and ready to learn, miss fewer school days, are more likely to graduate, and earn more as adults.³⁰



FAMILIES IN IOWA

Have access to cancer screenings, mental health and substance use disorder treatment, and diabetes and blood pressure medications.

Have less risk of medical debt and eviction and can better afford to buy groceries or pay rent.³¹



SENIORS IN IOWA

Have access to nursing home care, transportation to medical appointments, and home health services.

Stay healthy and receive needed care in their homes and communities.



The bill's proposed cuts to Medicaid, the Marketplace and Medicare are direct attacks on the health and financial security of Iowa residents and run counter to the will of the vast majority of voters from across political parties.³²

- **91% of Iowa voters** want a “strong, sustainable Medicaid program.”³³
- **73% of Iowa voters** oppose cutting funding for Medicaid.³⁴
- **82% of adults nationwide** — including 67% of Republicans — want Congress to maintain or increase Medicaid spending.³⁵

Congress has the responsibility to stand with families in Iowa and across the country by rejecting these cuts.

Endnotes

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