July 9, 2025

The Honorable Robert F. Kennedy Jr.
Secretary
U.S. Department of Health and Human Services
200 Independence Avenue, SW
Washington, DC 20201

Re: Iowa Health and Wellness Plan Section 1115 Demonstration Amendment

Dear Secretary Kennedy:

We appreciate the opportunity to submit comments regarding the Iowa Health and Wellness Plan Section 1115 Demonstration Amendment. NAMI, the National Alliance on Mental Illness, is the nation's largest grassroots mental health organization and is dedicated to building better lives for people affected by mental illness. NAMI Iowa is a NAMI state organization of families, friends, and individuals affected by mental illness that offers online support groups, classes, advocacy, news and events across the state.

We believe that all people with mental health conditions deserve accessible, affordable and comprehensive health care, which is essential for successfully managing mental health conditions. We believe the proposed work reporting requirements will impede, rather than promote, the goals of the waiver amendment and the objectives of the Medicaid program overall. Such unnecessary barriers to enrollment and access to care will only worsen health outcomes and economic stability for Iowans with mental illness. Given Medicaid's essential role in paying for mental health care in Iowa, we oppose this Section 1115 Amendment Request and we urge CMS to reject this request. We offer the following comments.

Medicaid is Essential for Mental Health Care

Medicaid is a lifeline for many Americans as the nation's largest payer of mental health (MH) and substance use disorder (SUD) services[i], and nearly 40 percent of nonelderly adults covered by Medicaid have a MH condition or SUD[ii]. Medicaid pays for vital services that people with MH conditions rely on such as medications, case management, therapy, peer supports, and crisis care during mental health emergencies. In Iowa, over 600,000 adults live with a mental illness[iii]. Iowa's Medicaid expansion has improved outcomes for people with mental illness and removed barriers to qualify based on income rather than only being eligible once their condition

deteriorated to the point where they qualify based on the often cumbersome disability determination process. This helps people get the mental health services they need to manage their condition and stay healthy. In 2021, Iowa's age-adjusted suicide rate was 17.5 per 100,000 people, higher than the national average[iv]. These figures underscore the need to continue maintaining and expanding Iowa's access to affordable, appropriate, and often life-saving services.

Iowa's Work Reporting Requirement Proposal

Under the proposal, the state will impose work requirements as a condition of eligibility for Iowa Health and Wellness Plan (IHAWP) members ages 19 to 64 in the Medicaid expansion (Group VIII) group who are not otherwise exempt. In order to keep Medicaid coverage, Iowans must meet one of the following qualifying activities: work at least 100 hours per month or earn monthly wages at least equal to the state minimum wage multiplied by 100 hours; be enrolled in an educational/job skills program; be enrolled in and compliant with Iowa's Temporary Aid to Needy Families (TANF) or SNAP work requirements; or have been exempted from SNAP work requirements. Iowans with Medicaid coverage will be required to show they are meeting work reporting requirements once every six months. If the state determines that an IHAWP member no longer meets an exemption or has not completed a qualifying activity, the member will be issued a notice of suspension followed by a notice of disenrollment. The state estimates an overall enrollment loss of nearly 60,000 individuals over five years.

NAMI opposes proposals to take Medicaid coverage away from people who do not meet a work reporting requirement[v] and we are concerned that among state-level public commenters, just 2.5 percent voiced support for this amendment. Work reporting requirements jeopardize access to essential mental health services and will harm people with mental illness. Moreover, we are disappointed that the state has inserted a trigger provision that would discontinue the IHAWP program if this proposal is not approved. This is nothing short of a gamble on the lives of the more than 180,000 Iowans with IHAWP coverage, including those with mental illness.

Work Reporting Requirements Do Not Promote the Objectives of Medicaid

The proposal will lead to significant loss of coverage, which is in direct opposition of the core objective of the Medicaid program. Section 1115 of the Social Security Act allows the Secretary to approve demonstrations only to the extent that they are "likely to assist in promoting the objectives of" Title XIX of the Social Security Act, the title that governs Medicaid. The structure and purpose of Title XIX makes clear, and federal courts have confirmed, that the core objective of Medicaid is furnishing medical assistance, rehabilitation, and other services to eligible people. Therefore, Section 1115 demonstrations that impose work reporting requirements as a condition of Medicaid eligibility or continued enrollment are in conflict with the core objective of the Medicaid program and should not be approved.

Additionally, Medicaid waiver demonstrations should be replicated only if they demonstrate promise in strengthening coverage or health outcomes for individuals with low incomes. This is not the case with work reporting requirements. Iowa notes it has "researched other states' programs and is working to apply lessons learned from those operations"; yet results from states that have implemented these policies specifically demonstrate that they do not result in increased employment[vi]. In Arkansas, there was no associated increase in employment or other community engagement activities among low-income individuals subject to the state's work requirement either in the first year when the policy was still in effect or nine months after the policy was blocked[vii].

Most people covered by Medicaid who can work already do so. According to the Kaiser Family Foundation, more than 90 percent of non-elderly adult enrollees are either workers, caregivers, students, or unable to work due to illness[viii]. Moreover, Medicaid expansion has given many adults with MH conditions support to pursue employment opportunities. In Ohio and Michigan, expansion enrollees reported that their new Medicaid coverage made it easier to look for a job, to continue working, and to do their job better[ix].

If Iowa wishes to have the heathy and emotionally stable workforce it describes, the state should continue pursuing policies that expand access to mental health care. Instead, work requirements create gaps in care for people and disrupt access to critical and often lifesaving services. We know all too well that when people do not have access to care, their MH conditions can deteriorate, and people rely more heavily on expensive emergency department visits or can become justice-involved.

Work Reporting Requirements Create Confusing, Unnecessary Administrative Hurdles

The proposal's work reporting requirements will create confusing, unnecessary administrative hurdles for working Iowans and their families that jeopardize access to needed mental health care and their ability to manage MH conditions. Moreover, work reporting requirements do not account for the realities faced by Iowans with low incomes, including unstable job schedules, caregiving responsibilities, and chronic health conditions.

We are concerned that the waiver proposal does not offer any detailed processes for how members can report their compliance or how they will be notified of changes to eligibility requirements. When Arkansas implemented a Medicaid work reporting requirement in 2018, more than 70 percent of Arkansans were unsure whether the policy was in effect[x], leading to a substantial loss of coverage due to administrative complexity rather than actual non-compliance. Similarly, in Georgia's Pathways to Coverage program, early evidence suggests that the complex enrollment process and ongoing verification requirements have significantly limited participation, even among those who are working or otherwise meet the eligibility criteria. These examples demonstrate how program design can create bureaucratic obstacles, rather than workforce engagement, and result in loss of Medicaid coverage.

Work Reporting Requirements are Costly

We are concerned about the cost implications this waiver proposal would have for the state. Implementing work requirements, as with other types of beneficiary requirements, can involve an array of administrative activities by states, including developing or adapting eligibility and enrollment systems, educating beneficiaries, and training staff. A report by the Government Accountability Office (GAO) found states' estimates of the administrative costs to implement work requirements varied from $6 million to over $250 million[xi]. Moreover, a major consequence of this proposal will be to increase the administrative burden and overall churn within Medicaid program as beneficiaries are disenrolled as a result of red tape and attempt to reenroll in coverage. The administrative cost of churn is estimated to be between $400 and $600 per person[xii]. The IHWAP program is likely unprepared for the additional administrative burden and cost that the work reporting requirements will generate.

Rather than spending scarce state dollars to kick Iowans out of vital health care coverage, we urge the state to invest in robust, evidence-based supported employment programs as suggested by other state-level public commenters, especially those which help people with mental illness get and keep competitive employment. Research shows that supported employment programs can help people with mental illness find competitive employment, put in more time on the job, and earn higher wages[xiii]. These programs address health and employment simultaneously to meet the unique needs of people with mental illness.

Work Reporting Requirements will Harm People with Mental Illness

We note that the state will offer exemptions for individuals determined disabled by the U.S. Social Security Administration and those identified as medically exempt under the state's Medicaid program, including people with serious mental illness[xiv]. However, we are concerned that these are not sufficiently inclusive to all people who might not be able to comply with these requirements due to their MH conditions.

We are concerned that the data are not comprehensive and accurate enough to identify individuals who would meet this exemption. Furthermore, the term "medically exempt" is not defined in the proposal and likely would not encompass the wide range of MH conditions or individuals who may not yet have a diagnosis. There are people with mental illness who have not been determined to meet the definition of disabled or be "medically exempt", but may not be able to work, particularly young adults experiencing first episodes of psychosis, which often occur in early adulthood. With the right – and timely - mental health treatment and social supports, young adults experiencing first episode psychosis can lead full, long, and productive lives. Without appropriate resources provided quickly during this critical time, however, they may experience a lifetime of significant health and socioeconomic challenges[xv]. These are the exact people that states should want to support with Medicaid services and supports so that they can avoid deterioration to the point where they qualify for Medicaid based on a disability.

Delayed or incorrect treatment takes a heavy toll on individuals and their loved ones, with costly consequences. Schizophrenia alone costs the U.S. economy an estimated $343 billion a year in direct health care costs, unemployment, and lost productivity for caregivers[xvi]. Unfortunately, there is no way to create an exemption process that ensures that these individuals can continue to access needed services and avoid disability.

Lastly, SF 615 includes a "trigger" provision that would discontinue the IHAWP program if the amendment is not approved by the federal government[xvii]. This is nothing short of a gamble on the lives of the more than 180,000 Iowans with IHAWP coverage, including those with mental illness. The state notes that the IHAWP program has been effective to date, with quality measures indicating improved access to preventative services higher than national rates, particularly among adults ages 20 to 44 years of age. We cannot turn our backs on this progress – Iowans deserve better.

Conclusion

Thank you for the opportunity to provide comments on this important issue. We strongly believe that the proposals outlined in this demonstration application will create adverse effects for Iowans with mental illness that do not further the goals of the amendment or the objectives of the Medicaid program. We urge CMS to reject this proposal. If you have any questions or would like to discuss this issue, please do not hesitate to Hannah Wesolowski, NAMI Chief Advocacy Officer at hwesolowski@nami.org, or Ryan Crane, NAMI Iowa Executive Director at ryan@namiiowa.org.

Sincerely,

Hannah Wesolowski
Chief Advocacy Officer
NAMI

Ryan Crane
Executive Director
NAMI Iowa

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