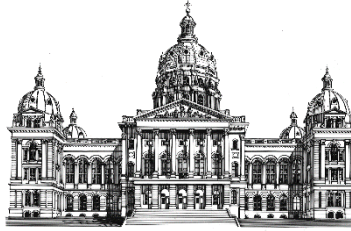


Adam Zabner
STATE REPRESENTATIVE
Ninetieth District



House of Representatives
State of Iowa
Ninety First General Assembly
STATEHOUSE
Des Moines, Iowa 50319

COMMITTEES
Local Government, *Ranking Member*
Appropriations
Commerce
State Government

APPROPRIATIONS SUBCOMMITTEE
Federal and Other Funds

Iowa Department of Government Efficiency
Attention: Chair Emily Schmitt
Iowa State Capitol
1007 East Grand Avenue
Des Moines, IA 50319

Chair Schmitt,

As a state legislator who has served on the State Government Efficiency Review Committee, I am passionate about ensuring that Iowans receive the services they need as efficiently and cost-effectively as possible. I also strongly believe in fighting waste, fraud, and abuse in state government. I was excited to see the Governor announce her intention to work on these issues in her Condition of the State speech this year. I'm writing today to inform the Department of Government Efficiency (DOGE) of several areas in state government that demand increased efficiencies. Education and healthcare are the two largest costs associated with state government in Iowa. Any serious DOGE would start by looking into the lack of accountability in the school vouchers program. Another important area would be the delivery issues and the cost overruns associated with the privatization of Medicaid.

School Vouchers:

In 2023, when the legislature considered Governor Reynolds' proposal to establish a system of private school vouchers, the legislative services agency estimated that the program would cost \$878.8 million. The program was given an unlimited appropriation and has already experienced serious cost overruns, with the program now estimated to cost taxpayers over \$1 billion through fiscal year 2027. The majority of the students currently enrolled in the program were already in private schools. We've also seen many private schools increase tuition by over

40%, making it impossible for low-income families to access private schools, even with the voucher. Current law does not allow for audits to determine how private schools are spending over \$1 billion; this is vastly different from the standards and auditing requirements built into other uses of state funds. State government does not know how much of that \$1 billion is lost to waste, fraud, and abuse. I'm asking the DOGE to release recommendations in writing on how to improve the efficiency of this \$1 billion program. Recommendations should include:

1. An explanation of why the vouchers program is so far over budget.
2. Proposed auditing and reporting standards for the legislature and governor to implement on the \$1 billion school vouchers program.
3. An analysis of how much taxpayer money is being lost to waste, fraud, and abuse in the school vouchers program.

Privatized Medicaid:

The privatization of Medicaid has led to cost overruns and has made it much more difficult for lowans on Medicaid to access healthcare. In 2021, State Auditor Rob Sand reported that Iowa has seen a 891% increase in the number of cases in which a judge restored services to a Medicaid participant. Several managed care organizations (MCOs), including AmeriHealth, Caritas, and United Healthcare, have left the market, often leaving lowans to navigate substantial coverage changes. While the privatization of Medicaid was presented as a cost-saving measure, there have been consistent and significant cost overruns.

MCOs have received the following raises:

- 2017: \$379 million
- 2018: \$140 million
- 2019: \$344 million
- 2020: \$386 million
- 2022: \$153 million
- 2023: \$258 million
- 2024: \$40.9 million

The Governor's budget for this year proposes an increase of \$60.9 million for MCO capitation rate increases. If passed, that would mean an increase of \$1.76 billion over 8 years. It's clear that the privatization of Medicaid has failed to save the state money. Most legislators will tell you that the most common issue they field from constituents is the denial of needed care by MCOs. Under the privatized Medicaid system, some lowans face up to seven year waitlists as they seek waivers to access urgently needed medical care. I'm asking the DOGE to release recommendations on how state government can improve the efficiency of delivery of services to lowans. Recommendations should include:

1. A path to ending the waitlist for Medicaid waivers.
2. A plan to fight the wrongful denial of claims by MCOs.
3. An explanation of why Iowa sees constant cost overruns from MCOs

Thank you,
State Representative Adam Zabner
Iowa House District 90