

**CHAPTER 1200**  
**OPERATION OF COUNTY PUBLIC HOSPITALS**  
*H.F. 2229*

**AN ACT** relating to hospitals by permitting the sale or lease of property owned by the hospital upon approval by the board of trustees, permitting commercial use of portions of hospital property, permitting certain hospitals to sell or lease property with a public notice and a public hearing, requiring a commission which manages a county memorial hospital to request a county appropriation for the hospital from the county board of supervisors, permitting licensed practitioners and physicians to serve as county public hospital trustees, prohibiting trustees from receiving compensation from the county public hospital, and requiring the department of health to provide technical assistance to hospitals when funding is available.

*Be It Enacted by the General Assembly of the State of Iowa:*

Section 1. Section 37.9, unnumbered paragraph 1, Code 1985, is amended to read as follows:

When the proposition to erect any such building or monument has been carried by a majority vote, the board of supervisors or the city council, as the case may be, shall appoint a commission consisting of five members, in the manner and with the qualifications hereinafter provided in this chapter, which shall have charge and supervision of the erection of said the building or monument, and when erected, the management and control thereof of the building or monument.

On or before January 15 of each year, a commission which manages and controls a county memorial hospital shall prepare and submit to the county auditor a request for an appropriation for the next fiscal year from the general fund for the operation and maintenance of the county memorial hospital. On or before January 20, the county auditor shall submit the request to the county board of supervisors. The board of supervisors may adjust the commission's request and may make an appropriation for the county memorial hospital as provided in section 331.427, subsection 2, paragraph "b". For the purposes of public notice, the commission is a certifying board and is subject to the requirements of sections 24.3 through 24.5, sections 24.9 through 24.12, and section 24.16.

**Sec. 2. NEW SECTION. 135B.33 TECHNICAL ASSISTANCE.**

Subject to availability of funds, the state department of health shall provide technical planning assistance to local boards of health and hospital governing boards to ensure access to hospital services in rural areas. The department shall encourage the local boards of health and hospital governing boards to adopt a long-term community health services and developmental plan including the following:

1. An analysis of demographic trends in the health facility services area, affecting health facility and health-facility-related health care utilizations.
2. A review of inpatient services currently provided, by type of service and the frequency of provision of that service, and the cost-effectiveness of that service.
3. An analysis of resources available in proximate health facilities and services that might be provided through alternative arrangements with such health facilities.
4. An analysis of cooperative arrangements that could be developed with other health facilities in the area that could assist those health facilities in the provision of services.
5. An analysis of community health needs, specifically including long-term care needs, including intermediate care facility and skilled nursing facility care, pediatric and maternity services, and the health facilities potential role in facilitating the provision of services to meet these needs.
6. An analysis of alternative uses for existing health facility space and real property, including use for community health-related and human service-related purposes.

7. An analysis of mechanisms to meet indigent patient care needs and the responsibilities for the care of indigent patients.

8. An analysis of the existing tax levying of the health facilities for patient care, on a per capita basis and per hospital patient basis, and projections on future needs for tax levying to continue for the provision of care.

Providers may cooperatively coordinate to develop one long-term community health services and developmental plan for a geographic area, provided the plan addresses the issues enumerated in this section.

The health facilities may seek technical assistance or apply for matching grant funds for the plan development. The department shall require compliance with subsections 1 through 8 when the facility applies for matching grant funds.

Sec. 3. Section 347.9, Code 1985, is amended to read as follows:

**347.9 TRUSTEES — APPOINTMENT — TERMS OF OFFICE.**

When it has been determined by the voters of a county to establish a county public hospital, the board shall appoint seven trustees chosen from among the resident citizens of the county with reference to their fitness for such office, and not more than four of such the trustees shall be residents of the city or village at which such the hospital is located. ~~Such~~ The trustees shall hold office until the following general election, at which time their successors shall be elected, two for a term of two years, two for four years, and three for six years, and they shall determine by lot their respective terms, and thereafter their successors shall be elected for regular terms of six years each, ~~none of whom shall be physicians or licensed practitioners.~~ A person or spouse of a person with medical or special staff privileges in the county public hospital or who receives direct or indirect compensation from the county public hospital or direct or indirect compensation from a person contracting for services with the hospital shall not be eligible to serve as a trustee for that county public hospital.

Sec. 4. Section 347.28, Code 1985, is amended to read as follows:

**347.28 SALE OR LEASE OF PROPERTY.**

~~Any~~ A county or city hospital may lease or sell any of its property which is not needed for hospital purposes to any person ~~for use as a physician's office, medical clinic, or any other health-related purpose,~~ upon approval by the board of trustees.

Sec. 5. Section 347.29, Code 1985, is amended to read as follows:

**347.29 USE OF PROPERTY FOR CLINIC.**

~~Any~~ A county or city hospital may use property received by gift, devise, bequest, or otherwise, or the proceeds from the sale of such property, for the construction of facilities for lease or sale as a medical clinic or a physician's office ~~subject to the approval of the appropriate local health planning agency,~~ upon approval by the board of trustees.

Sec. 6. Section 347.30, Code 1985, is amended to read as follows:

**347.30 ADVERTISE FOR BIDS NOTICE AND HEARING.**

A county or city hospital shall ~~advertise for bids~~ serve notice and hold a public hearing before selling or leasing any property pursuant to sections 347.28 and 347.29. ~~The advertisement notice shall definitely describe the property, indicate the date and location of the hearing,~~ and shall be published by at least one insertion each week for two consecutive weeks in a newspaper having general circulation in the county where the property is located. ~~Bids~~ The hearing shall not be accepted ~~take place~~ prior to two weeks after the second publication ~~nor later than six months after the second publication.~~ The highest competent bid must be accepted unless all bids received are deemed inadequate and rejected.

Sec. 7. NEW SECTION. 347.31 TAX STATUS.

This chapter does not deprive any hospital of its tax exempt or nonprofit status except that portion of hospital property which is used for other than nonprofit, health-related purposes shall be subject to property tax as provided for in section 427.1, subsection 23.

Sec. 8. Section 427.1, subsection 23, Code Supplement 1985, is amended to read as follows:

23. Statement of objects and uses filed. A society or organization claiming an exemption under subsection 6 or subsection 9 of this section shall file with the assessor not later than February 1 a statement upon forms to be prescribed by the director of revenue, describing the nature of the property upon which the exemption is claimed and setting out in detail any uses and income from the property derived from the rentals, leases, or other uses of the property not solely for the appropriate objects of the society or organization. Upon the filing and allowance of the claim, the claim shall be allowed on the property for successive years without further filing as long as the property is used for the purposes specified in the original claim for exemption. When the property is sold or transferred, the county recorder shall provide notice of the transfer to the assessor. The notice shall describe the property transferred and the name of the person to whom title to the property is transferred.

PARAGRAPH DIVIDED. The assessor, in arriving at the valuation of any property of the society or organization, shall take into consideration any uses of the property not for the appropriate objects of the organization and shall assess in the same manner as other property, all or any portion of the property involved which is leased or rented and is used regularly for commercial purposes for a profit to a party or individual. If a portion of the property is used regularly for commercial purposes an exemption shall not be allowed upon property so used and the exemption granted shall be in the proportion of the value of the property used solely for the appropriate objects of the organization, to the entire value of the property.

PARAGRAPH DIVIDED. However, the board of trustees or the board of directors of a hospital, as defined in section 135B.1, subsection 1, may permit use of a portion of the hospital for commercial purposes, and the hospital is entitled to full exemption for that portion used for nonprofit health-related purposes, upon compliance with the filing requirements of this subsection. An exemption shall not be granted upon property upon or in which persistent violations of the laws of the state are permitted. A claimant of an exemption shall, under oath, declare that no violations of law will be knowingly permitted or have been permitted on or after January 1 of the year in which a tax exemption is requested. Claims for exemption shall be verified under oath by the president or other responsible head of the organization. A society or organization which ceases to use the property for the purposes stated in the claim shall provide written notice to the assessor of the change in use.

Sec. 9. Notwithstanding section 347.9, a trustee presently serving on a county public hospital board who is no longer eligible to serve on the board because of this Act may complete the term of office for which the trustee was elected but is not eligible for reelection to the board.

Sec. 10. The state department of health, in consultation with providers and consumers of rural hospital services, shall review actions taken in other states to license hospitals by service and shall specifically evaluate the potential utility and value in developing such a system as an option for licensing which may be applied to hospitals in Iowa in lieu of current licensing and accreditation systems. The department shall report its findings to the general assembly by January 1, 1987.

Approved May 21, 1986