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General Assembly Session 1/21

Withdrawn 2/27/86

Amended for 5061 - D. Pres 2/14/86 (S.F. 2047)

SENATE FILE **2047**  
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FILED JAN 15 1986

Amended to H.F. 2229 substituted 2/26 (40.3)

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

**A BILL FOR**

5061 An Act relating to hospitals.

2 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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S.F. 2047

1 Section 1. Section 37.9, unnumbered paragraph 1, Code  
2 1985, is amended to read as follows:

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

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

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

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

32 1. An analysis of demographic trends in the health  
33 facility services area, affecting health facility and health-  
34 facility-related health care utilizations.

35 2. A review of inpatient services currently provided, by

1 type of service and the frequency of provision of that  
2 service, and the cost-effectiveness of that service.

3 3. An analysis of resources available in proximate health  
4 facilities and services that might be provided through  
5 alternative arrangements with such health facilities.

6 4. An analysis of cooperative arrangements that could be  
7 developed with other health facilities in the area that could  
8 assist those health facilities in the provision of services.

9 5. An analysis of community health needs, specifically  
10 including long-term care needs, including intermediate care  
11 facility and skilled nursing facility care, pediatric and  
12 maternity services, and the health facilities' potential role  
13 in facilitating the provision of services to meet these needs.

14 6. An analysis of alternative uses for existing health  
15 facility space and real property, including use for community  
16 health-related and human service-related purposes.

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

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

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

28 The health facilities may seek technical assistance or  
29 apply for matching grant funds for the plan development. The  
30 department shall require compliance with subsections 1 through  
31 8 when the facility applies for matching grant funds.

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

34 347.9 TRUSTEES--APPOINTMENT--TERMS OF OFFICE.

35 When it has been determined by the voters of a county to

1 establish a county public hospital, the board shall appoint  
2 seven trustees chosen from among the resident citizens of the  
3 county with reference to their fitness for such office, and  
4 not more than four of ~~such~~ the trustees shall be residents of  
5 the city or village at which ~~such~~ the hospital is located.  
6 ~~Such~~ The trustees shall hold office until the following  
7 general election, at which time their successors shall be  
8 elected, two for a term of two years, two for four years, and  
9 three for six years, and they shall determine by lot their  
10 respective terms, and thereafter their successors shall be  
11 elected for regular terms of six years each, none of whom  
12 shall be physicians ~~or-licensed-practitioners~~. A trustee  
13 shall not receive direct compensation from the county public  
14 hospital or from a person contracting for services with the  
15 hospital.

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

18 347.28 SALE OR LEASE OF PROPERTY.

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

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

26 347.29 USE OF PROPERTY ~~FOR-CLINIC~~.

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

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

35 347.30 ~~ADVERTISE-OR-BIDS~~ NOTICE AND HEARING.

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

13 Sec. 7. NEW SECTION. 347.31 TAX STATUS.

14 This chapter does not deprive any hospital of its tax  
15 exempt or nonprofit status.

16 Sec. 8. Section 427.1, subsection 23, Code Supplement  
17 1985, is amended to read as follows:

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

35 PARAGRAPH DIVIDED. The assessor, in arriving at the

1 valuation of any property of the society or organization,  
2 shall take into consideration any uses of the property not for  
3 the appropriate objects of the organization and shall assess  
4 in the same manner as other property, all or any portion of  
5 the property involved which is leased or rented and is used  
6 regularly for commercial purposes for a profit to a party or  
7 individual. If a portion of the property is used regularly  
8 for commercial purposes an exemption shall not be allowed upon  
9 property so used and the exemption granted shall be in the  
10 proportion of the value of the property used solely for the  
11 appropriate objects of the organization, to the entire value  
12 of the property.

13 PARAGRAPH DIVIDED. However, the board of trustees or the  
14 board of directors of a hospital, as defined in section  
15 135B.1, subsection 1, may permit use of a portion of the hos-  
16 pital for commercial purposes, and the hospital is entitled to  
17 full exemption for that portion used for nonprofit health-  
18 related purposes, upon compliance with the filing requirements  
19 of this subsection. An exemption shall not be granted upon  
20 property upon or in which persistent violations of the laws of  
21 the state are permitted. A claimant of an exemption shall,  
22 under oath, declare that no violations of law will be  
23 knowingly permitted or have been permitted on or after January  
24 1 of the year in which a tax exemption is requested. Claims  
25 for exemption shall be verified under oath by the president or  
26 other responsible head of the organization. A society or  
27 organization which ceases to use the property for the purposes  
28 stated in the claim shall provide written notice to the  
29 assessor of the change in use.

30 Sec. 9. The state department of health, in consultation  
31 with providers and consumers of rural hospital services, shall  
32 review actions taken in other states to license hospitals by  
33 service and shall specifically evaluate the potential utility  
34 and value in developing such a system as an option for  
35 licensing which may be applied to hospitals in Iowa in lieu of

1 current licensing and accreditation systems. The department  
2 shall report its findings to the general assembly by January  
3 1, 1987.

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## EXPLANATION

5 This bill permits a city or county hospital to sell or  
6 lease property owned by the hospital to a person upon approval  
7 by the board of trustees or to use property to construct  
8 facilities for lease or sale. Present law requires that the  
9 property be sold or leased for only a physician's office,  
10 medical clinic, or other health-related purpose or to  
11 construct facilities for lease or sale as a medical clinic or  
12 physician's office. This bill permits a nonprofit hospital to  
13 receive a property tax exemption for the portion of the  
14 hospital used for nonprofit health-related purposes even  
15 though the hospital may permit commercial use of other  
16 portions of its property.

17 The bill also permits a city or county hospital to sell or  
18 lease the property without a bid process, but requires public  
19 notice and a public hearing. Present law requires that the  
20 hospital must advertise for bids and accept the highest  
21 competent bid in most cases.

22 The bill provides that a commission which manages and  
23 controls a county memorial hospital must request a county  
24 appropriation for the hospital from the board of supervisors.  
25 The board may adjust the request before making an  
26 appropriation. The commission is made subject to the public  
27 notice requirements of chapter 24.

28 This bill eliminates the prohibition that a licensed  
29 practitioner other than a physician is unable to serve as a  
30 county public hospital trustee. The bill prohibits a trustee  
31 from receiving direct or indirect compensation from the county  
32 public hospital.

33 The bill requires the department of health to provide  
34 technical assistance to local boards of health and hospitals  
35 and to assist in long-term planning, subject to availability  
36 of funds.