

HUMAN SERVICES DEPARTMENT[441]

Regulatory Analysis

Notice of Intended Action to be published: 441—Chapter 166
“Quality Improvement Initiative Grants”

Iowa Code section(s) or chapter(s) authorizing rulemaking: 249A.4

State or federal law(s) implemented by the rulemaking: Iowa Code section 249A.57

Public Hearing

A public hearing at which persons may present their views orally or in writing will be held as follows:

May 19, 2026
10 a.m.

Microsoft Teams
Meeting ID: 255 692 208 678 60
Passcode: vo97fF7g

Public Comment

Any interested person may submit written or oral comments concerning this Regulatory Analysis, which must be received by the Department of Health and Human Services no later than 4:30 p.m. on the date of the public hearing. Comments should be directed to:

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321 East 12th Street
Des Moines, Iowa 50319
Phone: 515.829.6021
Email: compliancerules@hhs.iowa.gov

Purpose and Summary

These proposed rules define and structure grants to be funded from collected civil money penalties from nursing facilities that do not comply with the requirements of the federal Social Security Act, section 1919, as codified in 42 U.S.C. §1396r. The grant funds are available for activities that protect or improve the quality of care and quality of life for residents of a nursing facility. This proposed chapter underwent a Red Tape Review pursuant to Executive Order 10. As a result of the Department’s review, the Department eliminated restrictive terms and updated dates certain.

Analysis of Impact

1. Persons affected by the proposed rulemaking:

• **Classes of persons that will bear the costs of the proposed rulemaking:**

There are no costs associated with this proposed rulemaking beyond the civil monetary penalties that are authorized by the underlying statute.

• **Classes of persons that will benefit from the proposed rulemaking:**

Individuals on medical assistance who reside in nursing facilities will benefit from the quality improvement initiatives enabled by the grants described in this proposed rulemaking.

2. Impact of the proposed rulemaking, economic or otherwise, including the nature and amount of all the different kinds of costs that would be incurred:

• **Quantitative description of impact:**

Since 2012, over 40 grants for quality improvement projects have been awarded totaling approximately \$6.6 million. The money comes entirely from the civil monetary penalties collected under Iowa Code section 249A.57.

- **Qualitative description of impact:**

Individuals on medical assistance who reside in nursing facilities will benefit from the quality improvement initiatives enabled by the grants described in this proposed rulemaking.

3. **Costs to the State:**

- **Implementation and enforcement costs borne by the agency or any other agency:**

The Department incurs personnel and other administrative costs to implement this proposed rulemaking.

- **Anticipated effect on State revenues:**

This proposed rulemaking has no effect on State revenues.

4. **Comparison of the costs and benefits of the proposed rulemaking to the costs and benefits of inaction:**

Rulemaking is appropriate to describe the process to apply for grants and the qualifications to receive the grants.

5. **Determination whether less costly methods or less intrusive methods exist for achieving the purpose of the proposed rulemaking:**

Rulemaking is required by law and appropriate.

6. **Alternative methods considered by the agency:**

- **Description of any alternative methods that were seriously considered by the agency:**

Not applicable.

- **Reasons why alternative methods were rejected in favor of the proposed rulemaking:**

Not applicable.

Small Business Impact

If the rulemaking will have a substantial impact on small business, include a discussion of whether it would be feasible and practicable to do any of the following to reduce the impact of the rulemaking on small business:

- Establish less stringent compliance or reporting requirements in the rulemaking for small business.

- Establish less stringent schedules or deadlines in the rulemaking for compliance or reporting requirements for small business.

- Consolidate or simplify the rulemaking's compliance or reporting requirements for small business.

- Establish performance standards to replace design or operational standards in the rulemaking for small business.

- Exempt small business from any or all requirements of the rulemaking.

If legal and feasible, how does the rulemaking use a method discussed above to reduce the substantial impact on small business?

This proposed rulemaking has no impact on small business.

Text of Proposed Rulemaking

ITEM 1. Rescind 441—Chapter 166 and adopt the following **new** chapter in lieu thereof:

CHAPTER 166
QUALITY IMPROVEMENT INITIATIVE GRANTS

441—166.1(249A) Definitions.

“*Eligible entities*” means certified long-term care facilities, professional or state nursing home associations, state agencies, consumer and nursing facility advocacy organizations, resident and family councils, and private applicants.

“*Nursing facility*” means a Medicaid-enrolled facility that is defined in rule 441—81.1(249A) as “facility.”

“*Quality improvement initiative*” or “*initiative*” means a project or training in accordance with provisions of 42 CFR 488.433 as amended to August 1, 2026, that directly or indirectly supports and benefits the quality of care and quality of life of nursing facility residents.

441—166.2(249A) Availability of grants. The department will set aside an annual amount from the civil money penalty fund established pursuant to Iowa Code section 249A.57 to be awarded in the form of emergency reserve fund grants to eligible entities for approved support and protection of residents of a facility that closes (voluntarily or involuntarily). At no time shall the grant set-aside cause the civil money penalty emergency reserve fund to drop below \$1 million.

166.2(1) In any calendar year in which sufficient funds are available in the civil money penalty fund to support quality improvement initiative grants, the department may issue a notice for applications for grants.

166.2(2) There is no entitlement to any funds available for grants awarded pursuant to this chapter. The department may award grants to the extent funds are available and, within its discretion, to the extent that applications are approved.

166.2(3) The project plan as described in rule 441—166.4(249A) and allocation of funds shall be in compliance with state and federal laws and approved by the Centers for Medicare and Medicaid Services (CMS).

166.2(4) Emergency reserve fund grants are available for purposes of:

- a. Time-limited expenses incurred in the process of relocating residents when a facility closes (voluntarily or involuntarily) or downsizes pursuant to an agreement with the department, and
- b. Development and maintenance of temporary management or receivership capability.

441—166.3(249A) Grant eligibility. Grants are available for quality improvement initiatives that are outside the scope of normal operations for the nursing facility or other applicants. Grants cannot be used as replacement funding for goods or services that the applicant already offers.

166.3(1) Grants may be awarded for:

- a. Short-term quality improvement initiatives (three years or less), and
- b. Situations eligible for emergency reserve funds.

166.3(2) The department will comply with CMS guidance on civil money penalty uses.

441—166.4(249A) Grant application process and selection of proposals. The department will announce through a request for proposals the opening of an application period. The request will state the purpose for which grant funds may be sought. Applicants shall submit their grant proposals by the deadline specified in the announcement.

166.4(1) All proposals completed as directed and submitted within the time frames allowed will be evaluated by the grant review committee to determine which applicants’ project plans will be submitted for CMS approval.

166.4(2) The department will submit the project plan for each grant the department intends to award, along with any required documentation, to CMS to seek approval or denial of the proposed project. All activities and plans for utilizing civil money penalty funds must be approved in advance by CMS.

441—166.5(249A) Project contracts. Grants for approved applicant project plans will be awarded through a contract entered into by the department and the applicant. The contract period will not exceed the time frames allowed by state and federal laws. The department will reimburse expenditures pursuant to contract terms and the regular reimbursement procedures of the state of Iowa.

These rules are intended to implement Iowa Code section 249A.57.