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**SF 18** – Certificate of Need Elimination, Health Facilities (LSB1634XS)  
Analyst: Kenneth Ohms (515.725.2200) [kenneth.ohms@legis.iowa.gov](mailto:kenneth.ohms@legis.iowa.gov)  
Fiscal Note Version – New

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**Description**

[Senate File 18](#) eliminates the certificate of need (CON) process required prior to the offering or development of a new or changed institutional health service and makes conforming changes throughout the Iowa Code.

**Background**

Certificate of Need is a regulatory review process that requires application to the [Department of Public Health](#) (DPH) for, and receipt of, an approval prior to the offering or development of a new or changed institutional health service. Potential applicants include hospitals, nursing homes, outpatient surgery centers, or anyone purchasing medical equipment valued above \$1.5 million. Projects proposed by providers are reviewed by DPH staff and the five-member State Health Facilities Council against the criteria specified in Iowa Code section [135.64](#).

The fees required to be paid with an application are equivalent to 0.3% of the anticipated project cost, with a minimum of \$600 and a maximum of \$21,000 ([641 IAC 202.4](#)). These fees are deposited in the General Fund. An application for a new or changed institutional health service offered or developed by an intermediate care facility for persons with an intellectual disability or mental illness is exempt from the fee.

**Assumptions**

- For FY 2017 and FY 2018, fee revenue deposited in the General Fund averaged \$123,000.
- The DPH staff, council expenditures, and program costs necessary to operate the process are funded through the [Public Protection](#) General Fund appropriation. The estimated FY 2019 budget is \$132,000.

**Fiscal Impact**

[Senate File 18](#) would decrease General Fund fee revenue by an estimated \$123,000 in FY 2020 and each year thereafter.

[Senate File 18](#) would decrease the DPH staff by 1.0 full-time equivalent (FTE) position and would decrease expenditures of the Public Protection General Fund appropriation by \$132,000 beginning in FY 2020 and each year thereafter.

**Source**

Department of Public Health

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/s/ Holly M. Lyons

February 6, 2019

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The fiscal note for this Bill was prepared pursuant to Joint Rule 17 and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.

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