

**House File 1038 - Enrolled**

House File 1038

AN ACT

RELATING TO THE OPIOID SETTLEMENT FUND, MAKING APPROPRIATIONS AND DISBURSEMENTS, AND INCLUDING EFFECTIVE DATE AND RETROACTIVE APPLICABILITY PROVISIONS.

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

DIVISION I

OPIOID SETTLEMENT FUND

Section 1. Section 12.51, Code 2025, is amended to read as follows:

**12.51 Opioid settlement fund.**

1. As used in this section unless the context otherwise requires:

a. "Administrative services organization" means the same as defined in section 225A.1, as enacted in 2024 Iowa Acts, ch. 1161, §1.

b. "Behavioral health district" means the same as defined in section 225A.1, as enacted in 2024 Iowa Acts, ch. 1161, §1.

c. "Department" means the department of health and human services.

d. "District behavioral health advisory council" means the same as defined in section 225A.1, as enacted in 2024 Iowa Acts, ch. 1161, §1.

~~1.~~ 2. a. An opioid settlement fund is created in the office of the treasurer of state. The fund shall be separate

from the general fund of the state and the balance in the fund shall not be considered part of the balance of the general fund of the state.

b. (1) The state portion of any moneys paid to the state as a result of a national settlement of litigation with entities that manufactured, marketed, sold, distributed, dispensed, or promoted opioids, made in connection with claims arising from the manufacturing, marketing, selling, distributing, dispensing, or promoting of opioids, shall be deposited in the fund.

(2) (a) For each fiscal year for the period beginning July 1, 2025, and ending June 30, 2030, of the total amount of the state portion of the moneys paid to the state as described in paragraph "b" and deposited in the fund, plus any interest and earnings on moneys in the fund, seventy-five percent is appropriated to the department and twenty-five percent is appropriated to the office of the attorney general for purposes of abating the opioid crisis in this state.

(b) Notwithstanding section 8.33, moneys appropriated under subparagraph division (a) that remain unencumbered and unobligated at the close of each fiscal year shall not revert but shall remain available for expenditure for the purposes designated until June 30, 2030.

(c) Notwithstanding section 12C.7, subsection 2, the interest or earnings on moneys appropriated under subparagraph division (a) are appropriated to the entity receiving the appropriation to be used for the purposes designated.

(3) The department and the office of the attorney general shall do all of the following:

(a) Review each administrative services organization's proposed uses of the appropriated moneys for crisis response, early intervention, and treatment for opioid addiction, and recovery from opioid addiction, for the behavioral health district for which the administrative services organization has been designated.

(b) Disburse the moneys appropriated under subparagraph (2), subparagraph division (a), in accordance with the national opioid settlement agreements and this section.

(c) Identify indicators and outcomes applicable to each disbursement to be used to determine if the services and activities that are funded achieve the intended outcomes, which

may include prevention of opioid-related deaths, reduction of opioid misuse, and increased access to opioid use disorder medications and services.

(d) Submit an annual report on or before November 1 to the general assembly and the governor that contains all of the following for the immediately preceding fiscal year:

(i) Information related to each disbursement from the fund, and if the intended outcomes of each disbursement were achieved.

(ii) Input from each district behavioral health advisory council regarding disbursements from the fund, intended outcomes, and recommendations for future disbursements from the fund.

(iii) A list of the current opioid-related initiatives within the behavioral health district that are funded by moneys from the national settlements that are earmarked for or otherwise required to be transferred or distributed to counties, cities, or other local governmental entities.

(e) Adopt rules pursuant to chapter 17A to administer this paragraph.

(4) A recipient shall receive no more than one disbursement under paragraph "b", subparagraph (3), subparagraph division (b).

(5) The department and the office of the attorney general may, but are not required to, ensure that moneys appropriated under subparagraph (2) are distributed equally to the administrative services organizations.

(6) The department and the office of the attorney general shall use no more than two and one-half percent of the moneys appropriated under subparagraph (2) for administrative costs.

c. This subsection does not apply to such moneys paid to the state that are earmarked for or otherwise required to be transferred or distributed to counties, cities, or other local governmental entities.

~~2.~~ 3. a. Moneys in the fund shall not be transferred, used, obligated, appropriated, or otherwise encumbered except as provided in this section.

b. Moneys in the fund shall only be used pursuant to ~~appropriations from the fund by the general assembly~~ for purposes of abating the opioid crisis in this state, which may include but are not limited to the purposes specified in section 135.190A for moneys in the opioid antagonist medication fund.

~~3.~~ c. Notwithstanding section 8.33, moneys in the fund that

remain unencumbered or unobligated at the close of a fiscal year shall not revert. Notwithstanding section 12C.7, subsection 2, interest or earnings on moneys in the fund shall be credited to the fund.

DIVISION II

OPIOID SETTLEMENT FUND — FY 2024-2025

Sec. 2. OPIOID SETTLEMENT FUND — DEPARTMENT OF HEALTH AND HUMAN SERVICES.

1. There is appropriated from the opioid settlement fund created in section 12.51 to the department of health and human services for the fiscal year beginning July 1, 2024, and ending June 30, 2025, the following amount, or so much thereof is as necessary, for the purposes designated:

..... \$ 29,000,000

2. Notwithstanding any provision of law to the contrary, of the moneys appropriated to the department of health and human services under subsection 1, the department shall disburse to the following entities, the following amounts, for the purposes designated:

a. To a youth-serving nonprofit organization that has been in existence for at least forty-five years that provides crisis stabilization, emergency shelter, and residential addiction treatment, and that is located in a central Iowa county with a population between ninety-eight thousand and ninety-nine thousand based on the 2020 federal decennial census, to support the development of a recovery-focused high school and workforce training center that integrates education, job training, and therapeutic support to empower youth in recovery from substance use disorder to successfully transition into the workforce upon graduation:

..... \$ 3,000,000

b. To an opioid treatment program incorporated as a nonprofit organization in 1997, that operates fourteen locations and offers behavioral and medical health care to patients, and that is licensed in the state to provide medication-assisted treatment, mental health therapy, counseling, and primary health care, to expand access to medication-assisted treatment in rural and underserved areas of the state through co-located and mobile recovery units and to collaborate with jail-based screening, assessment, diagnosis, and treatment service providers to extend

support to incarcerated individuals and individuals who are no longer incarcerated, and sustain established infrastructure for dispensing medications for opioid use disorder services in rural and underserved areas:

..... \$ 5,000,000

c. To the administrative services organization designated pursuant to section 225A.4, as enacted in 2024 Iowa Acts, ch. 1161, §4, to contract with a collaborative mental health services organization that operates in Iowa to provide jail-based screening, assessment, diagnosis, and treatment service providers and system navigation to all county jails, to ensure inmates receive necessary mental health and substance use care, regardless of the mental health and substance use resources available in the county in which the inmate is incarcerated:

..... \$ 1,500,000

d. To a nonprofit organization headquartered in a western Iowa county with a population between one hundred thousand and one hundred six thousand based on the 2020 federal decennial census, for a recovery project that involves recovery housing and post-treatment support based on a recovery cafe model, for individuals in addiction recovery including those experiencing homelessness and transitioning from incarceration, and the nonprofit organization provides an appropriate physical location and a dollar-for-dollar match for each dollar disbursed to the nonprofit organization:

..... \$ 2,000,000

e. To the administrative services organization designated pursuant to section 255A.4, as enacted in 2024 Iowa Acts, ch. 1161, §4, to contract with local peer-recovery specialists in four rural locations in the state to provide post-overdose response services through emergency departments that connect individuals and families to post-overdose treatment and recovery support, and to train peer recovery coaches using the linkage to outreach referrals and engagement model:

..... \$ 2,000,000

f. To provide grants to nonprofit organizations for each nonprofit organization to establish recovery community centers, including for the purchase or lease of physical space and programming, in behavioral health districts four, five, and seven to connect members of the recovery community to support,

education, resources, and advocacy:

..... \$ 4,500,000

g. To provide grants to nonprofit organizations to establish recovery cafes in behavioral health districts five and seven to support members of the recovery community, focusing on health maintenance and opioid addiction prevention by providing a safe environment to cultivate meaningful connections, compassionate understanding, and a culture of affirmation that enhances well-being and self-worth:

..... \$ 1,500,000

h. To provide grants to nonprofit organizations in behavioral health districts one, four, five, and seven for recovery respite that focuses on women, and women with children, who are in substance use disorder treatment or recovery to provide the women appropriate resources to enhance their recovery efforts and transition to independent living:

..... \$ 1,500,000

i. To provide a grant to a nonprofit organization headquartered in a city with a population between twenty-four thousand five hundred and twenty-five thousand based on the 2020 federal decennial census, that is a member of the Iowa substance use and problem gambling services integrated provider network and that specializes in treatment and prevention services, including outpatient, residential treatment, and detoxification for adolescents and adults who are experiencing mental health and substance use disorders:

..... \$ 3,000,000

j. To provide a grant to a nonprofit organization headquartered in a county with a population between one hundred seventy-four thousand and one hundred seventy-five thousand based on the 2020 federal decennial census, that is a community mental health center under chapter 230A, and that maintains or conducts a program licensed under chapter 125 the primary purpose of which is the treatment and rehabilitation of persons with a substance use disorder, including outpatient care, residential care, habilitation homes, crisis stabilization residential services, assertive community treatment, multisystemic therapy, and integrated home health and supportive and affordable housing for adolescents and adults experiencing substance use or mental health disorders:

..... \$ 2,000,000

3. Notwithstanding any provision of law to the contrary, of the moneys appropriated to the department of health and human services under subsection 1, \$3,000,000 shall be disbursed as grants to nonprofit organizations that submit a proposal to the department of health and human services for development of recovery housing in behavioral health districts that do not have established recovery housing capacity.

4. a. Moneys disbursed under subsections 2 and 3 shall be used by the recipient in compliance with the requirements of the national opioid settlement agreements and section 12.51.

b. A recipient shall utilize the indicators and outcomes identified by the department of health and human services and the office of the attorney general under section 12.51, subsection 2, paragraph "b", subparagraph (3), subparagraph division (c), to determine whether the services and activities that are funded by the disbursement achieve the intended outcomes, and shall report the recipient's findings to the department of health and human services and the office of the attorney general.

c. Moneys disbursed under subsection 2 shall be fully obligated by the recipient no later than June 30, 2027.

d. A recipient shall receive no more than one disbursement under subsections 2 and 3.

Sec. 3. EFFECTIVE DATE. This division of this Act, being deemed of immediate importance, takes effect upon enactment.

Sec. 4. RETROACTIVE APPLICABILITY. This division of this Act applies retroactively to July 1, 2024.

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PAT GRASSLEY  
Speaker of the House

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AMY SINCLAIR  
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 1038, Ninety-first General Assembly.

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MEGHAN NELSON  
Chief Clerk of the House

Approved \_\_\_\_\_, 2025

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KIM REYNOLDS  
Governor

unofficial