



STATE OF IOWA
KIM REYNOLDS
GOVERNOR

May 1, 2025

The Honorable Paul Pate
Secretary of State of Iowa
State Capitol
Des Moines, Iowa 50319

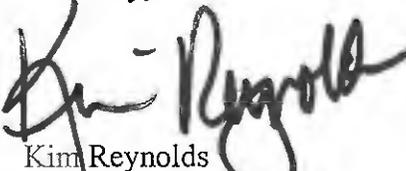
Dear Mr. Secretary,

I hereby transmit:

House File 919, an Act relating to children's specialty hospital designations for certain nonprofit organizations, and including effective date provisions.

The above House File is hereby approved on this date.

Sincerely,


Kim Reynolds
Governor of Iowa

cc: Secretary of the Senate
Clerk of the House



House File 919

AN ACT
RELATING TO CHILDREN'S SPECIALTY HOSPITAL DESIGNATIONS FOR
CERTAIN NONPROFIT ORGANIZATIONS, AND INCLUDING EFFECTIVE
DATE PROVISIONS.

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

Section 1. Section 135B.1, Code 2025, is amended by adding the following new subsection:

NEW SUBSECTION. 7. "*Children's specialty hospital*" means a hospital described by all of the following:

- a. The hospital is owned and operated by a nonprofit organization.
- b. The hospital only serves individuals thirty years of age and younger.
- c. More than sixty percent of the individuals served by the hospital receive medical assistance under chapter 249A.
- d. The hospital specializes in pediatric rehabilitation and treating children with a behavioral health condition or complex medical needs.
- e. The hospital has no more than two hundred inpatient beds.
- f. The hospital provides outpatient services.
- g. The hospital met the definition of a special population nursing facility, as promulgated by rule by the department of health and human services, prior to July 1, 2025.

Sec. 2. NEW SECTION. 135B.40 Children's specialty hospitals.

1. The department may adopt rules pursuant to chapter 17A to establish minimum standards for the licensure of children's specialty hospitals. Rules adopted pursuant to this section shall be formulated in consultation with the director of health and human services or the director's designee, and with affected industry, professional, and consumer groups.

2. A children's specialty hospital shall establish formal criteria based on objective medical standards for patient admission, discharge, and continuation of care.

Sec. 3. DEPARTMENT OF INSPECTIONS, APPEALS, AND LICENSING
— DEPARTMENT OF HEALTH AND HUMAN SERVICES — CHILDREN'S
SPECIALTY HOSPITALS.

1. For purposes of this section, "licensed entity" means an entity granted a provisional children's specialty hospital license under subsection 2, paragraph "a".

2. The department of inspections, appeals, and licensing shall do all of the following:

a. Within thirty calendar days of the effective date of this Act, grant a provisional children's specialty hospital license to an entity that requests such provisional licensure provided that the entity meets the definition of children's specialty hospital under section 135B.1. A provisional license granted under this paragraph shall be valid for no more than twenty-four consecutive months from the date the provisional license is granted. A licensed entity may seek federal certification and participation in federal reimbursement programs that require hospital licensure.

b. Grant reasonable waivers from state hospital rules to permit a licensed entity to maintain the licensed entity's operations as provided prior to the effective date of this Act, until the date the licensed entity obtains federal certification or the ability to participate in federal reimbursement programs that require hospital licensure. After a licensed entity obtains federal certification or the ability to participate in federal reimbursement programs that require hospital licensure, the department of inspections, appeals, and licensing and the department of health and human services shall grant the necessary waivers to the licensed entity to ensure the licensed entity's compliance with the requirements of the

federal certification or the federal reimbursement programs. Waivers granted under this paragraph shall specifically include a waiver from state rules that require a licensed entity to maintain, or to have available, laboratory and pathology services and facilities, other than laboratory and pathology services and facilities that the licensed entity maintained prior to the effective date of this Act, and a waiver from state rules that require the provision of emergency services, other than emergency services that the licensed entity provided prior to the effective date of this Act. Each waiver granted to a licensed entity under this paragraph shall be valid for no more than twenty-four consecutive months from the date the licensed entity was granted a provisional children's specialty hospital license under paragraph "a", or until the date the licensed entity obtains a permanent children's specialty hospital license, whichever date is earlier.

c. Collaborate with the department of health and human services and a licensed entity to assist the licensed entity in seeking federal certification or participation in federal reimbursement programs requiring hospital licensure.

3. A licensed entity may operate under the minimum physical standards for nursing facilities in 481 IAC 61 under which the licensed entity operated prior to the effective date of this Act, and shall be exempt from all other construction standards applicable only to hospitals and off-site premises. The exemption under this paragraph shall include the exemption from the standards set forth in the guidelines for design and construction of hospitals as published by the facility guidelines institute.

4. The department of health and human services shall set reimbursement rates for inpatient care and outpatient care provided by the licensed entity. Reimbursement rates under this subsection shall be based on the following:

a. For inpatient care, prospective average allowable per diem costs adjusted for inflation pursuant to 441 IAC 79.1(5)(k).

b. For outpatient care, the licensed entity's cost-to-charge ratio, as defined by the department of health and human services, with retrospectively adjusted prospective

reimbursements as provided in 441 IAC 79.1(1)(g).

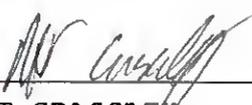
5. A licensed entity shall be exempt from certificate of need requirements under chapter 10A, subchapter VII, part 2, to the extent that the licensed entity is implementing a new institutional health service, or a changed institutional health service, for the purpose of converting the licensed entity to a children's specialty hospital, or to revert the licensed entity to a nursing facility. The exemption under this subsection shall continue until the earlier of the following occurs:

a. The date the licensed entity obtains a permanent children's specialty hospital license.

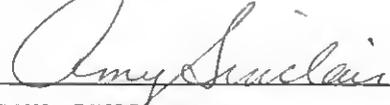
b. Twenty-four consecutive months from the date the licensed entity was granted a provisional children's specialty hospital license.

Sec. 4. EMERGENCY RULES. The department of inspections, appeals, and licensing may adopt emergency rules under section 17A.4, subsection 3, and section 17A.5, subsection 2, paragraph "b", to implement the provisions of this Act and the rules shall be effective immediately upon filing unless a later date is specified in the rules. Any rules adopted in accordance with this section shall also be published as a notice of intended action as provided in section 17A.4.

Sec. 5. EFFECTIVE DATE. This Act, being deemed of immediate importance, takes effect upon enactment.

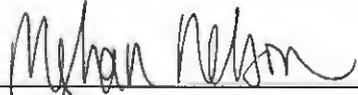


PAT GRASSLEY
Speaker of the House



AMY SINCLAIR
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 919, Ninety-first General Assembly.



MEGHAN NELSON
Chief Clerk of the House

Approved May 15th, 2025



KIM REYNOLDS
Governor