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HOUSE FILE 354

Place On Calendar

By COMMITTEE ON HUMAN RESOURCES

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Vote: Ayes 56 Nays 35 - Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_

Approved \_\_\_\_\_

*Motion to reconsider p. 1381 passed 4/18*

*Repassed House 4-18-77 (p. 1430)*

*59-32*

# A BILL FOR

1 An Act to require that a certificate of need be obtained as  
2 a condition of offering certain new health care services  
3 or developing certain new health care facilities in this  
4 state, to prescribe the procedures by which certificates  
5 of need shall be applied for and may be granted or denied,  
6 to require that hospitals and health care facilities sub-  
7 mit uniform annual financial reports to the department of  
8 health, to require the department to compile, analyze and  
9 annually report upon the data so submitted, and providing  
10 sanctions against violations.

11 WHEREAS, it is the public policy of this state that the  
12 offering or development of new institutional health services  
13 be accomplished in a manner which is orderly, economical and  
14 consistent with the goal of providing the necessary and ade-  
15 quate institutional health services to all of the people of  
16 this state while avoiding unnecessary duplication of institu-  
17 tional health services and preventing or controlling in-  
18 creases in the cost of delivering these services; and

19 WHEREAS, it is further the public policy of this state  
20 that health care is a right of the people, but the general  
21 assembly finds and declares (1) that rising hospital and  
22 health care facility costs may place the services of these  
23 facilities beyond the means of a majority of the people of  
24 this state; (2) that it is therefore essential that the  
25 general assembly, the governor and the people of the state

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1 have access to uniform, timely and accurate data on the costs  
2 incurred and the charges established by hospitals and health  
3 care facilities; and (3) that a statute should be enacted to  
4 provide for uniform systems of reporting by hospitals and health  
5 care facilities in this state and for the regular compilation,  
6 analysis and reporting of financial data relative to hospitals  
7 and health care facilities within this state; NOW THEREFORE,  
8 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 Section 1. NEW SECTION. DEFINITIONS. As used in this  
2 Act, unless the context otherwise requires:

3 1. "Affected persons" means, with respect to an applica-  
4 tion for a certificate of need:

5 a. The person submitting the application.

6 b. Consumers who would be served by the new institution-  
7 al health service proposed in the application.

8 c. Each institutional health facility or health mainte-  
9 nance organization which is located in the geographic area  
10 which would appropriately be served by the new institution-  
11 al health service proposed in the application. The appropri-  
12 ate geographic service area of each institutional health fa-  
13 cility or health maintenance organization shall be determined  
14 on a uniform basis in accordance with criteria established  
15 in rules promulgated by the department.

16 d. The designated health systems agencies for the health  
17 systems agency area in which the new institutional health  
18 service proposed in the application is to be located and for  
19 each of the health systems agency areas contiguous thereto,  
20 including those in other states.

21 e. Each institutional health facility or health mainte-  
22 nance organization which, prior to receipt of the applica-  
23 tion by the department, has formally indicated to the de-  
24 partment pursuant to this Act an intent to furnish in the  
25 future institutional health services similar to the new  
26 institutional health service proposed in the application.

27 f. Any other person designated as an affected person by  
28 rules of the department.

29 2. "Commissioner" means the commissioner of public health,  
30 or the commissioner's designee.

31 3. "Consumer" means any individual whose occupation is  
32 other than health services, who has no fiduciary obligation  
33 to an institutional health facility, health maintenance  
34 organization or other facility primarily engaged in delivery  
35 of services provided by persons in health service occupations,

1 and who has no material financial interest in the providing  
2 of any health services.

3 4. "Department" means the department of health.

4 5. "Develop", when used in connection with health ser-  
5 vices, means to undertake those activities which on their  
6 completion will result in the offer of a new institutional  
7 health service or the incurring of a financial obligation  
8 in relation to the offering of such a service.

9 6. "Federal Act" means the national health planning and  
10 resources development Act of 1974, United States public law  
11 93-641, as amended to January 1, 1977.

12 7. "Financial reporting" means reporting by which hospitals  
13 and health care facilities shall respectively record their  
14 revenues, expenses, other income, other outlays, assets and  
15 liabilities, and units of services.

16 8. "Health care provider" means a person licensed or  
17 certified under chapters one hundred forty-seven (147), one  
18 hundred forty-eight (148), one hundred forty-eight A (148A),  
19 one hundred forty-eight B (148B), one hundred forty-nine  
20 (149), one hundred fifty (150), one hundred fifty A (150A),  
21 one hundred fifty-one (151), one hundred fifty-two (152),  
22 one hundred fifty-three (153), one hundred fifty-four (154),  
23 one hundred fifty-four B (154B) or one hundred fifty-five  
24 (155) of the Code to provide in this state professional health  
25 care service to an individual during that individual's medical  
26 care, treatment or confinement.

27 9. "Health maintenance organization" is defined as it  
28 is defined in section five hundred fourteen B point one  
29 (514B.1), subsection three (3) of the Code.

30 10. "Health services" means clinically related diagnos-  
31 tic, curative or rehabilitative services, and includes  
32 alcoholism, drug abuse and mental health services.

33 11. "Health systems agency" means an entity which is de-  
34 signated and operated in the manner described in the federal  
35 Act.

1 12. "Health systems plan" means a detailed statement of  
2 goals developed by a health systems agency, which describes  
3 a healthful environment and health systems in the area which,  
4 when developed, will assure that quality health services will  
5 be available and accessible in a manner which assures  
6 continuity of care at reasonable cost for all residents of  
7 the area, and which is responsive to the unique needs and  
8 resources of the area.

9 13. "Home health agency" means an organization primarily  
10 engaged in providing professional nursing services and at  
11 least one of the following services, directly or through  
12 contract arrangements; homemaker-home health aide services,  
13 and other therapeutic and related services, including but  
14 not limited to physical, speech and occupational therapy and  
15 nutritional and medical social services, to persons in their  
16 place of residence on a part-time or intermittent basis.

17 14. "Hospital" is defined as it is defined in section  
18 one hundred thirty-five B point one (135B.1), subsection one  
19 (1) of the Code.

20 15. "Institutional health facility" means any of the fol-  
21 lowing, without regard to whether the facilities referred  
22 to are publically or privately owned or are organized for  
23 profit or not:

24 a. A hospital.

25 b. A health care facility as defined in section one hun-  
26 dred thirty-five C point one (135C.1) of the Code.

27 c. A kidney disease treatment center, including any free-  
28 standing hemodialysis unit but not including any home  
29 hemodialysis unit.

30 d. An organized outpatient health facility.

31 e. An outpatient surgical facility.

32 f. A home health agency.

33 g. A community mental health facility.

34 16. "Institutional health service" means any health ser-  
35 vice furnished in or through institutional health facilities

1 or health maintenance organizations.

2 17. "Modernization" means the alteration, repair, re-  
3 modeling, replacement or renovation of existing buildings  
4 or of the equipment previously installed therein, or both.

5 18. "New institutional health service" or "changed  
6 institutional health service" means any of the following:

7 a. The construction, development or other establishment  
8 of a new institutional health facility or health maintenance  
9 organization.

10 b. Relocation of an institutional health facility or a  
11 health maintenance organization.

12 c. Any expenditure by or on behalf of an institutional  
13 health facility or a health maintenance organization in ex-  
14 cess of one hundred fifty thousand dollars which, under  
15 generally accepted accounting principles consistently ap-  
16 plied, is a capital expenditure, or any acquisition by lease  
17 or donation to which this subsection would be applicable  
18 if the acquisition were made by purchase.

19 d. A permanent change in the bed capacity, as determined  
20 by the department, of an institutional health facility or  
21 a health maintenance organization. For purposes of this  
22 paragraph, a change is permanent if it is intended to be  
23 effective for one year or more.

24 e. Health services which are or will be offered in or  
25 through an institutional health facility or a health main-  
26 tenance organization at a specific time but which were not  
27 offered on a regular basis in or through that institutional  
28 health facility or health maintenance organization within  
29 the twelve month period prior to that time.

30 f. The deletion of one or more health services, previous-  
31 ly offered on a regular basis by an institutional health fa-  
32 cility or health maintenance organization or the relocation  
33 of one or more health services from one physical facility  
34 to another.

35 g. Any expenditure by or on behalf of an individual health

1 care provider or group of health care providers, in excess  
2 of one hundred fifty thousand dollars, which:

3 (1) Is made for the purchase or acquisition of a single  
4 piece of new equipment which is to be installed and used in  
5 a private office or clinic, and for which a certificate of  
6 need would be required if the equipment were being purchased  
7 or acquired by an institutional health facility or health  
8 maintenance organization; and

9 (2) Is, under generally accepted accounting principles  
10 consistently applied, a capital expenditure.

11 19. "Offer", when used in connection with health ser-  
12 vices, means that an institutional health facility or health  
13 maintenance organization holds itself out as capable of pro-  
14 viding, or as having the means to provide, specified health  
15 services.

16 20. "Organized outpatient health facility" means a facili-  
17 ty, not part of a hospital, organized and operated to provide  
18 health care to noninstitutionalized and nonhome bound persons  
19 on an outpatient basis; it does not include private offices  
20 or clinics of individual physicians, dentists or other prac-  
21 titioners, or groups of practitioners, who are health care  
22 providers.

23 21. "Outpatient surgical facility" means a facility which  
24 as its primary function provides, through an organized medical  
25 staff and on an outpatient basis to patients who are generally  
26 ambulatory, surgical procedures not ordinarily performed in  
27 a private physician's office, but not requiring  
28 hospitalization, and which is neither a part of a hospital  
29 nor the private office of a health care provider who there  
30 engages in the lawful practice of surgery.

31 22. "Technologically innovative equipment" means equip-  
32 ment potentially useful for diagnostic or therapeutic pur-  
33 poses which introduces new technology in the diagnosis or  
34 treatment of disease, the usefulness of which is not well  
35 enough established to permit a specific plan of need to be

1 developed for the state.

2 Sec. 2. NEW SECTION. DEPARTMENT TO ADMINISTER ACT.

3 1. This Act shall be administered by the state department  
4 of health. The commissioner of public health shall employ  
5 or cause to be employed the necessary persons to discharge  
6 the duties imposed on the department by this Act.

7 Sec. 3. NEW SECTION. CERTIFICATE OF NEED REQUIRED--  
8 EXCLUSIONS.

9 1. A new institutional health service or changed  
10 institutional health service shall not be offered or developed  
11 in this state without prior application to the department  
12 for and receipt of a certificate of need, pursuant to this  
13 Act. The application shall be made upon forms furnished or  
14 prescribed by the department and shall contain such information  
15 as the department may require under this Act. The application  
16 shall be accompanied by a fee equivalent to two-tenths of  
17 one percent of the anticipated cost of the project, as  
18 determined under rules promulgated by the department. The  
19 fee shall be remitted by the department to the treasurer of  
20 state, who shall place it in the general fund of the state.

21 2. Nothing in this Act shall be construed to augment,  
22 limit, contravene or repeal in any manner any other statute  
23 of this state which may authorize or relate to licensure,  
24 regulation, supervision or control of, nor to be applicable  
25 to:

26 a. Private offices and private clinics of an individual  
27 physician, dentist or other practitioner or group of health  
28 care providers, except as provided by section one (1),  
29 subsection eighteen (18), paragraph g of this Act.

30 b. Dispensaries and first aid stations, located within  
31 schools, businesses or industrial establishments, which are  
32 maintained solely for the use of students or employees of  
33 those establishments and which do not contain inpatient or  
34 resident beds that are customarily occupied by the same  
35 individual for more than twenty-four consecutive hours.

1 c. Establishments such as motels, hotels and boarding  
2 houses which provide medical, nursing personnel, and other  
3 health related services as an incident to their primary  
4 business or function.

5 d. The remedial care or treatment of residents or pa-  
6 tients in any home or institution conducted only for those  
7 who rely solely upon treatment by prayer or spiritual means  
8 in accordance with the creed or tenets of any recognized  
9 church or religious denomination.

10 Sec. 4. NEW SECTION. CRITERIA FOR EVALUATION OF AP-  
11 PPLICATIONS.

12 1. In determining whether a certificate of need shall  
13 be issued, the department shall consider the following:

14 a. The relationship of the proposed institutional health  
15 services to the applicable health systems plan and annual  
16 implementation plan adopted by the affected health systems  
17 agency.

18 b. The relationship of the proposed institutional health  
19 services to the long-range development plan, if any, of the  
20 person providing or proposing the services.

21 c. The need of the population served or to be served by  
22 the proposed institutional health services for those services.

23 d. The availability of alternative, less costly or more  
24 effective methods of providing the proposed institutional  
25 health services.

26 e. The immediate and long-term financial feasibility of  
27 the proposal presented in the application.

28 f. The relationship of the proposed institutional health  
29 services to the existing health care system of the area in  
30 which those services are proposed to be provided.

31 g. The availability of resources, including (but not li-  
32 mited to) health care providers, management personnel, and  
33 funds for capital and operating needs, to provide the pro-  
34 posed institutional health services and the possible al-  
35 ternative uses of those resources to provide other health

1 services.

2 h. The appropriate and nondiscriminatory utilization of  
3 existing and available health care providers.

4 i. The relationship, including the organizational rela-  
5 tionship, of the proposed institutional health services to  
6 ancillary or support services.

7 j. Special needs and circumstances of those entities which  
8 provide a substantial portion of their services or resources,  
9 or both, to individuals not residing in the health systems  
10 agency areas in which the entities are located or in adja-  
11 cent health systems agency areas, which entities may include  
12 but are not limited to medical and other health professional  
13 schools, multidisciplinary clinics and specialty centers.

14 k. The special needs and circumstances of health main-  
15 tenance organizations.

16 l. The special needs and circumstances of biomedical and  
17 behavioral research projects designed to meet a national need  
18 and for which local conditions offer special advantages.

19 m. The impact of relocation of an institutional health  
20 facility or health maintenance organization on other  
21 institutional health facilities or health maintenance  
22 organizations and on the needs of the population to be served,  
23 or which was previously served, or both.

24 n. In the case of a construction project:

25 (1) The costs and methods of the proposed construction,  
26 including the costs and methods of energy supply; and

27 (2) The probable impact of the proposed construction  
28 project on the costs incurred by the person proposing the  
29 construction project in providing institutional health ser-  
30 vices.

31 o. In the case of a proposal for the addition of beds  
32 to a health care facility, the consistency of the proposed  
33 addition with the plans of other agencies of this state  
34 responsible for provision and financing of long-term care  
35 services, including home health services.

1        2. In addition to the findings required with respect to  
2 any of the criteria listed in subsection one (1) of this  
3 section, the department shall grant a certificate of need  
4 for a new institutional health service or changed institutional  
5 health service only if it finds in writing that:

6        a. Less costly, more efficient or more appropriate al-  
7 ternatives to the proposed institutional health service are  
8 not available and the development of such alternatives is  
9 not practicable;

10       b. Any existing facilities providing institutional health  
11 services similar to those proposed are being used in an  
12 appropriate and efficient manner;

13       c. In the case of new construction, alternatives including  
14 but not limited to modernization or sharing arrangements  
15 have been considered and have been implemented to the maximum  
16 extent practicable;

17       d. Patients will experience serious problems in obtain-  
18 ing care of the type which will be furnished by the proposed  
19 new institutional health service or changed institutional  
20 health service, in the absence of that proposed new service.

21       Sec. 5. NEW SECTION. LETTER OF INTENT TO PRECEDE  
22 APPLICATION--REVIEW AND COMMENT.

23       1. Before applying for a certificate of need for the  
24 construction of a new institutional health facility or for  
25 a major addition to or renovation of an existing institu-  
26 tional health facility, the sponsor proposing such project  
27 shall submit to the department, and to the designated health  
28 systems agency in whose area the proposed project is located,  
29 a letter of intent to undertake the project. The letter shall  
30 be submitted as soon as is feasible after initiation of the  
31 applicant's planning process, and before substantial  
32 expenditures toward the project are made.

33       2. Upon receipt of a letter of intent, the department  
34 shall:

35       a. Make a summary review of the letter for the purpose

1 of informing the sponsor of the project of any readily apparent  
2 factors which appear likely to result in denial of a  
3 certificate of need, based on the criteria for evaluation  
4 of applications in section four (4) of this Act.

5 b. Seek the comments of the health systems agency in whose  
6 area the proposed project is located.

7 c. Transmit its findings and recommendations to the  
8 potential sponsor and to the affected health systems agency,  
9 accompanied by a warning that regardless of the nature of  
10 the findings and recommendations they do not constitute  
11 assurance that a certificate of need will or will not be  
12 granted for the proposed project.

13 Sec. 6. NEW SECTION. PROCEDURE UPON RECEIPT OF  
14 APPLICATION--PUBLIC NOTIFICATION.

15 1. Within fifteen business days after receipt of an  
16 application for a certificate of need, the department shall  
17 examine the application for form and completeness and accept  
18 or reject it. An application shall be rejected only if it  
19 fails to provide all information required by the department  
20 pursuant to section three (3), subsection one (1) of this  
21 Act. The department shall promptly return to the applicant  
22 any rejected application, with an explanation of the reasons  
23 for its rejection.

24 2. Upon acceptance of an application for a certificate  
25 of need, the department shall promptly undertake to notify  
26 all affected persons in writing that formal review of the  
27 application has been initiated. Notification to those affected  
28 persons who are consumers may be provided by distribution  
29 of the pertinent information to the news media.

30 3. Each application accepted by the department shall be  
31 formally reviewed for the purpose of determining whether or  
32 not to grant the certificate of need. A formal review shall  
33 consist at a minimum of the following steps:

34 a. Evaluation of the application against the criteria  
35 specified in section four (4) of this Act.

1 b. A public hearing on the application, to be held prior  
2 to completion of the evaluation required by paragraph a of  
3 this subsection, if requested by any party who is an affected  
4 person with respect to the application within thirty days  
5 after notification of affected persons that the application  
6 has been accepted for completeness.

7 c. A request to the designated health systems agency in  
8 whose area the proposed new institutional health service or  
9 changed institutional health service would be located for  
10 a recommendation for or against the granting of the certificate  
11 of need. The department shall assist the designated health  
12 systems agency to formulate a recommendation by furnishing  
13 any appropriate data and information on the proposed new  
14 institutional health service or changed institutional health  
15 service. The health systems agency may give notice of its  
16 intent to formulate a recommendation on the application, and  
17 may hold a public hearing on the application if requested  
18 by any party who is an affected person with respect to that  
19 application. If a hearing is held on the application by the  
20 health systems agency, the department may but shall not be  
21 required to hold a separate hearing under paragraph b of this  
22 subsection. The department shall allow the health systems  
23 agency sixty days after acceptance of the application by the  
24 department, except as otherwise provided by section twelve  
25 (12), subsection four (4) of this Act, to submit to the  
26 department recommendations with respect to the application.  
27 The department shall consider any recommendations timely  
28 submitted by the health systems agency. If the department  
29 proposes to make a final decision upon an application which  
30 is inconsistent with the recommendation of the health systems  
31 agency upon that application, the department shall furnish  
32 the health systems agency a detailed written statement of  
33 its reasons therefor.

34 4. When a hearing is to be held pursuant to either  
35 paragraph b or paragraph c of subsection three (3) of this

1 section, the department or the health systems agency, as the  
2 case may be, shall give at least ten days notice of the time  
3 and place of the hearing. At the hearing, any affected person  
4 or that person's designated representative shall have the  
5 opportunity to present testimony.

6 Sec. 7. NEW SECTION. SUMMARY REVIEW PROCEDURE. The  
7 department may waive the procedures prescribed by section  
8 six (6) of this Act and substitute a summary review procedure,  
9 which shall be established by rules of the department, when  
10 it accepts an application for a certificate of need for a  
11 project which meets any of the following criteria:

12 1. A project which is limited to repair or replacement  
13 of a facility or equipment damaged or destroyed by a disaster,  
14 and which will not expand the facility nor increase the  
15 services provided beyond the level existing prior to the  
16 disaster.

17 2. A project necessary to enable the facility or service  
18 to achieve or maintain compliance with federal, state or other  
19 appropriate licensing, certification or safety requirements.

20 3. A project which will not change the existing bed  
21 capacity of the applicant's facility or service, as determined  
22 by the department, by more than ten percent or ten beds,  
23 whichever is less, over a two-year period.

24 4. A project the total cost of which will not exceed one  
25 hundred fifty thousand dollars.

26 5. Any other project for which the applicant proposes,  
27 and both the department and the appropriate health systems  
28 agency agree to, summary review.

29 Sec. 8. NEW SECTION. STATUS REPORTS ON REVIEW IN PROGRESS--  
30 -TIME FOR REVIEW--FINDINGS AFTER REVIEW--HEARING ON FINDINGS.

31 1. While formal review of an application for a certificate  
32 of need is in progress, the department shall upon request  
33 inform any affected person of the status of the review, any  
34 findings which have been made in the course of the review,  
35 and any other appropriate information concerning the review.

1        2. The department shall complete its formal review of  
2 the application within ninety days after acceptance of the  
3 application, except as otherwise provided by section twelve  
4 (12), subsection four (4) of this Act. Upon completion of  
5 the formal review the department shall issue written findings  
6 stating the basis for the decision it proposes to make on  
7 the application. These findings shall be sent to the  
8 applicant, to the designated health systems agency in whose  
9 area the new institutional health care service or changed  
10 institutional health care service is proposed to be offered  
11 or developed, and to any other person who so requests.

12        3. Any affected person may obtain a public hearing for  
13 the purpose of reconsideration of the department's proposed  
14 decision on an application for a certificate of need if the  
15 affected person presents, within thirty days after issuance  
16 of the department's proposed decision, a written request for  
17 reconsideration which:

18        a. Presents significant and relevant information not  
19 previously considered by the department;

20        b. Demonstrates that there have been significant changes  
21 in factors or circumstances relied upon by the department  
22 in reaching its proposed decision;

23        c. Demonstrates that the department's proposed decision  
24 is not supported by the findings from the review of the  
25 application; or

26        d. Provides such other bases for reconsideration as the  
27 department determines constitutes good cause.

28        Sec. 9. NEW SECTION. DEPARTMENT TO MAKE FINAL DECISION.

29 The department shall approve, approve with conditions, defer,  
30 or deny each application for a certificate of need within  
31 thirty-five days after releasing the written findings and  
32 proposed decision on the application. However, the department  
33 shall not approve an application with conditions which mandate  
34 new institutional health services not proposed by the  
35 applicant. The department shall send its decision and the

1 written findings supporting it to the applicant, to the  
2 designated health systems agency for the health service area  
3 in which the new institutional health service or changed  
4 institutional health service is proposed to be offered or  
5 developed, and to any other person who so requests. If the  
6 application is approved or approved with conditions, the  
7 department shall issue a certificate of need to the applicant  
8 at the time the applicant is informed of the department's  
9 decision.

10 Sec. 10. NEW SECTION. APPEAL OF CERTIFICATE OF NEED  
11 DECISIONS. The department's final decision on an application  
12 for a certificate of need, when announced pursuant to section  
13 nine (9) of this Act, may be appealed by any dissatisfied  
14 party who is an affected person with respect to that  
15 application. The appeal shall be taken in the manner provided  
16 by chapter seventeen A (17A) of the Code.

17 Sec. 11. NEW SECTION. PERIOD FOR WHICH CERTIFICATE IS  
18 VALID--EXTENSION OR REVOCATION. A certificate of need shall  
19 be valid for a maximum of one year from the date of issuance.  
20 Upon the expiration of the certificate, or at any earlier  
21 time while the certificate is valid the holder thereof shall  
22 provide the department such information on the development  
23 of the project covered by the certificate as the department  
24 may request. The department shall determine at the end of  
25 the certification period whether sufficient progress is being  
26 made on the development of the project and whether there has  
27 been compliance with any conditions on which issuance of the  
28 certificate was premised. The certificate of need may be  
29 extended by the department for additional periods of time  
30 as are reasonably necessary to expeditiously complete the  
31 project, but may be revoked by the department at the end of  
32 the first or any subsequent certification period for  
33 insufficient progress in developing the project or  
34 noncompliance with any conditions on which issuance of the  
35 certificate was premised.

1       Sec. 12. NEW SECTION. AUTHORITY TO ADOPT RULES. The  
2 department shall adopt such administrative rules as are  
3 necessary to enable it to implement this Act. These rules  
4 shall include:

- 5       1. Additional procedures and criteria for review of  
6 applications for certificates of need.
- 7       2. Uniform procedures for variations in application of  
8 criteria specified by section four (4) of this Act for use  
9 in formal review of applications for certificates of need,  
10 when such variations are appropriate to the purpose of a  
11 particular review or to the type of institutional health  
12 service proposed in the application being reviewed.
- 13       3. Uniform procedures for summary reviews conducted under  
14 section seven (7) of this Act.
- 15       4. Criteria for determining when it is not feasible to  
16 complete formal review of an application for a certificate  
17 of need, or not feasible for a designated health systems  
18 agency to formulate and submit a recommendation on an  
19 application, within the time limits specified in section eight  
20 (8), subsection two (2), and section six (6), subsection two  
21 (2), respectively, of this Act. The rules adopted under this  
22 subsection shall include criteria for determining whether  
23 an application proposes introduction of technologically  
24 innovative equipment, and if so, procedures to be followed  
25 in reviewing the application.

26       Sec. 13. NEW SECTION. SANCTIONS.

- 27       1. Any party offering or developing any new institutional  
28 health service or changed institutional health service without  
29 first obtaining a certificate of need therefor as required  
30 by this Act, or who shall violate any of the provisions of  
31 this Act, shall not be eligible for licensure or change of  
32 licensure by the appropriate responsible licensing agency  
33 of this state.
- 34       2. Any party offering or developing any new institutional  
35 health service or changed institutional health service without

1 first obtaining a certificate of need therefor as required  
2 by this Act may be temporarily or permanently restrained  
3 therefrom by any court of competent jurisdiction in any action  
4 brought by the state, any of its political subdivisions, or  
5 any other interested person.

6 3. The sanctions provided by this section are in addition  
7 to, and not in lieu of, any penalty prescribed by law for  
8 the acts against which these sanctions are invoked.

9 Sec. 14. NEW SECTION. UNIFORM FINANCIAL REPORTING.

10 1. The department, after study and in consultation with  
11 any advisory committees which may be established pursuant  
12 to law, shall promulgate by rule pursuant to chapter seventeen  
13 A (17A) of the Code uniform methods of financial reporting,  
14 by which hospitals and health care facilities shall  
15 respectively record their revenues, expenses, other income,  
16 other outlays, assets and liabilities, and units of service.  
17 These uniform methods of financial reporting shall not preclude  
18 a hospital or health care facility from using any accounting  
19 methods for its own purposes provided these accounting methods  
20 can be reconciled to the uniform methods of financial reporting  
21 prescribed by the department and can be audited for validity  
22 and completeness. In determining the effective date for  
23 reporting requirements, the department shall consider both  
24 the immediate need for uniform reporting of information to  
25 effectuate the purposes of this Act and the administrative  
26 and economic difficulties which hospitals and health care  
27 facilities may encounter in complying with the uniform  
28 financial reporting requirement, but the effective date shall  
29 not be later than one year after the effective date of this  
30 Act.

31 2. In establishing uniform methods of financial reporting,  
32 the department shall consider:

33 a. The existing systems of accounting and reporting  
34 currently utilized by hospitals and health care facilities;

35 b. Differences among hospitals and health care facilities,

1 respectively, according to size, financial structure, methods  
2 of payment for services, and scope, type and method of  
3 providing services; and

4 c. Other pertinent distinguishing factors.

5 3. The department shall, where appropriate, provide for  
6 modification, consistent with the purposes of this Act, of  
7 reporting requirements to correctly reflect the differences  
8 among hospitals and among health care facilities referred  
9 to in subsection two (2) of this section, and to avoid  
10 otherwise unduly burdensome costs in meeting the requirements  
11 of uniform methods of financial reporting.

12 4. The uniform financial reporting methods, where  
13 appropriate, shall be structured so as to establish and  
14 differentiate costs incurred for patient-related services  
15 rendered by hospitals and health care facilities, as  
16 distinguished from those incurred in the course of educational,  
17 research and other nonpatient-related activities including  
18 but not limited to charitable activities of these hospitals  
19 and health care facilities.

20 Sec. 15. NEW SECTION. ANNUAL REPORTS BY HOSPITALS, HEALTH  
21 CARE FACILITIES.

22 1. Each hospital and each health care facility shall  
23 annually, after the close of its fiscal year, file with the  
24 department:

- 25 a. A balance sheet detailing the assets, liabilities and  
26 net worth of the hospital or health care facility;
- 27 b. A statement of its income and expenses; and
- 28 c. Such other reports of the costs incurred in rendering  
29 services as the department may prescribe.

30 2. Where more than one licensed hospital or health care  
31 facility is operated by the reporting organization, the  
32 information required by this section shall be reported  
33 separately for each licensed hospital or health care facility.  
34 The department shall require preparation of specified financial  
35 reports by a certified public accountant, and may require

1 attestation of responsible officials of the reporting hospital  
2 or health care facility that the reports submitted are to  
3 the best of their knowledge and belief prepared in accordance  
4 with the prescribed methods of reporting. The department  
5 shall have the right to inspect the books, audits and records  
6 of any hospital or health care facility as reasonably necessary  
7 to verify reports submitted pursuant to this Act.

8 3. In obtaining the reports required by this section,  
9 the department and other state agencies shall coordinate their  
10 reporting requirements.

11 4. All reports filed under this section, except privileged  
12 medical information, shall be open to public inspection.

13 Sec. 16. NEW SECTION. ANALYSES AND STUDIES BY DEPARTMENT.

14 1. The department shall from time to time undertake  
15 analyses and studies relating to hospital and health care  
16 facility costs and to the financial status of hospitals or  
17 health care facilities, or both, which are subject to the  
18 provisions of this Act. It shall further require the filing  
19 of information concerning the total financial needs of each  
20 individual hospital or health care facility and the resources  
21 currently or prospectively available to meet these needs,  
22 including the effect of proposals made by health systems  
23 agencies. The department shall also prepare and file such  
24 summaries and compilations or other supplementary reports  
25 based on the information filed with it as will, in its  
26 judgment, advance the purposes of this Act.

27 2. The analyses and studies required by this section shall  
28 be conducted with the objective of providing a basis for  
29 determining whether or not regulation of hospital and health  
30 care facility rates and charges by the state of Iowa is  
31 necessary to protect the health or welfare of the people of  
32 the state.

33 3. In conducting its analyses and studies, the depart-  
34 ment shall determine whether:

35 a. The rates charged and costs incurred by each hospital

1 and health care facility are reasonably related to the ser-  
2 vices offered by that hospital or health care facility.

3 b. Each hospital's or health care facility's aggregate  
4 rates are reasonably related to that institution's aggre-  
5 gate costs.

6 c. Rates are set equitably among all purchasers or classes  
7 of purchasers of service.

8 4. The rates for particular services, supplies or materials  
9 established by any hospital or health care facility are  
10 reasonable. Determination of reasonableness of rates shall  
11 include consideration of a fair rate of return to proprietary  
12 hospitals and health care facilities.

13 5. All data gathered and compiled and all reports pre-  
14 pared under this section, except privileged medical informa-  
15 tion, shall be open to public inspection.

16 Sec. 17. NEW SECTION. REPORT TO GOVERNOR AND LEGISLATURE.  
17 The department shall annually prepare and transmit to the  
18 governor and to the general assembly, on or before the date  
19 of the convening of each regular session of the general  
20 assembly, a report of the department's operations and  
21 activities pursuant to this Act for the preceding fiscal year.  
22 This report shall include a compilation of all summaries and  
23 reports required by this Act together with such findings and  
24 recommendations as the department deems necessary.

25 Sec. 18. NEW SECTION. DATA TO BE COMPILED. Immediately  
26 upon the effective date of this Act, or as soon thereafter  
27 as reasonably possible, the department shall begin to compile  
28 all relevant financial data in order to have available the  
29 statistical information necessary to properly monitor hospital  
30 and health care facility charges and costs. Such data shall  
31 include necessary operating expenses, appropriate expenses  
32 incurred for rendering services to patients who cannot or  
33 do not pay, all properly incurred interest charges, and  
34 reasonable depreciation expenses based on the expected useful  
35 life of the property and equipment involved. The department

1 shall also obtain from each hospital and health care facility  
2 a current rate schedule as well as any subsequent amendments  
3 or modifications of that schedule as it may require. In  
4 collection of the data required by sections fourteen (14)  
5 through eighteen (18) of this Act, the department and other  
6 state agencies shall coordinate their reporting requirements.

7 Sec. 19. NEW SECTION. CIVIL PENALTY. Any hospital or  
8 health care facility which fails to file with the department  
9 the financial reports required by sections fourteen (14)  
10 through eighteen (18) of this Act is subject to a civil penalty  
11 of not to exceed five hundred dollars for each offense.

12 Sec. 20.

13 1. Sections three (3) through thirteen (13), inclusive,  
14 of this Act shall not apply to the development or expansion  
15 of new or changed institutional health services by a new  
16 institutional health facility or health maintenance  
17 organization, or by an institutional health facility or health  
18 maintenance organization engaged in furnishing institutional  
19 health services as of July 1, 1977, which on that date is  
20 committed to a formal plan of development or expansion of  
21 new or changed institutional health services toward which  
22 preliminary expenditures of one hundred fifty thousand dollars  
23 or more had been made during the three year period ending  
24 June 30, 1977, including but not limited to payments for  
25 studies, surveys, designs, plans, working drawings,  
26 specifications and site acquisition essential to the  
27 development or expansion of the new or expanded institutional  
28 health services. However, upon the completion of that proposed  
29 development or expansion all of the provisions of this Act  
30 shall apply to the institutional health facility or health  
31 maintenance organization involved.

32 2. A new or existing institutional health facility or  
33 health maintenance organization which wishes to claim an  
34 exemption under this section may do so by submitting an  
35 application to the department, upon forms furnished or

1 prescribed by the department, containing such information  
2 as the department may require. The department shall determine  
3 as promptly as reasonably possible whether the applicant is  
4 entitled to the exemption, and shall notify the applicant  
5 of its decision. If the applicant is dissatisfied with the  
6 department's decision, it may appeal in the same manner as  
7 applicants for certificates of need.

8     Sec. 21. Not later than two years after the effective  
9 date of this Act, the department shall submit to the general  
10 assembly a report based on the information gathered, compiled  
11 and analyzed pursuant to sections fourteen (14) through  
12 eighteen (18) of this Act, prepared for the purpose of  
13 assisting the general assembly to determine whether regulation  
14 of hospital and health care facility rates by the state is  
15 warranted, and is likely to prove effective, in order to  
16 prevent unnecessary increases and control other increases  
17 in the cost of delivering institutional health care services  
18 to the people of this state.

19     Sec. 22. This Act shall take effect January 1, 1978.

20                                   EXPLANATION

21     This bill requires advance approval of the Department of  
22 Health, in the form of a document called a certificate of  
23 need, for the construction, expansion or any extensive  
24 renovation of a hospital or health care facility (i.e., nursing  
25 home), for major expenses for equipment to be used in such  
26 facilities, and for any important changes in the services  
27 these facilities provide. Applications for certificates of  
28 need are in most cases subject to thorough review in terms  
29 of whether the expenditure is necessary to achieve or maintain  
30 a needed quality or quantity of health care services in the  
31 particular area of the state involved. However, the Department  
32 is authorized to establish a summary review procedure for  
33 certain applications of a nature for which full review is  
34 unwarranted. The Department has responsibility for deciding  
35 whether or not a certificate of need should be issued, subject

1 to administrative and judicial appeals.

2 The bill also requires the Department to prescribe a uniform  
3 method of financial reporting for hospitals and health care  
4 facilities. The department will compile information on the  
5 basis of these reports, and will make periodic reports to  
6 the Governor and the General Assembly. In addition, the  
7 Department is required to make a special report to the General  
8 Assembly within two years after the bill takes effect, for  
9 the purpose of assisting the General Assembly in deciding  
10 whether state regulation of hospital and health care facility  
11 rates, on the public utility model, appears needed and is  
12 likely to be effective.

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HOUSE FILE 354

H-3391

- 1 Amend House File 354 as follows:  
2 1. Page 2, by inserting after line 15 the following  
3 new subsection:  
4 "\_\_\_\_\_. "Health care facility" is defined as it  
5 is defined in section one hundred thirty-five C point  
6 one (135C.1) of the Code." A  
7 2. Page 3, by striking lines 9 through 16,  
8 inclusive. B  
9 3. Page 3, line 19, by inserting after the word  
10 "Code" the words "; it does not include an organized C  
11 outpatient health facility nor an outpatient surgical  
12 facility".  
13 4. Page 3, by striking lines 25 and 26 and  
14 inserting in lieu thereof the following: A  
15 "b. A health care facility."  
16 5. Page 3, by striking lines 30 and 31. C  
17 6. Page 3, by striking line 32. B  
18 7. Page 8, line 35, by inserting after the word  
19 "services" the words "; provided that it shall be D  
20 the policy of this state that a certificate of need  
21 for construction or expansion of a health care facility  
22 in any given area of the state shall not be denied  
23 on the basis of excess bed capacity unless the total  
24 number of health care facility beds in that area,  
25 including those which are in existence and those for  
26 which certificates of need have previously been  
27 approved but for which construction has not yet been  
28 completed, equals at least one hundred ten percent  
29 of the need for health care facility beds in that  
30 area."

H-3391 FILED *A.B. - Adopted* BY BAKER of Buena Vista  
MARCH 23, 1977 *3/24 (1026)*  
*C. D. - Lost 3/24 (1030)*

HOUSE FILE 354

H-3392

- 1 Amend House File 354 as follows:  
2 1. Page 16, line 13, by inserting after the word  
3 "reporting," the words "including such allocation  
4 methods as may be prescribed,".  
5 2. Page 16, line 16, by inserting after the word  
6 "service" the words ", according to functional activity  
7 center".  
8 3. Page 16, line 22, by inserting after the period  
9 the words "Each hospital and each health care facility  
10 shall adopt the appropriate system for its fiscal  
11 year, effective upon such date as the department shall  
12 direct."  
13 4. Page 19, line 28, by inserting after the word  
14 "financial" the words "and utilization".

H-3392 FILED - *Adopted 3/28* BY HARGRAVE of Johnson  
MARCH 23, 1977 *(p. 1059)*

H-3384

1 Amend House File 354 as follows:

2 1. Page 6, line 17, by inserting after the  
 3 word "project" the words "or two thousand (2,000)  
 4 dollars, whichever is less".

5 2. Page 9, line 35, by striking the word  
 6 "summary" and inserting in lieu thereof the word  
 7 "preliminary".

H-3384 FILED *A-Loose* BY LIPSKY of Linn  
 MARCH 23, 1977 *B-adopted*  
*3/28 (p. 1057)*

HOUSE FILE 354

H-3389

1 Amend House File 354 as follows:

2 1. Page 1, line 15, by inserting after the word  
 3 "department" the words "in consultation with the  
 4 appropriate health systems agency".

5 2. Page 6, line 15, by inserting after the word  
 6 "Act" the words "after consultation with all health  
 7 systems agencies serving the state of Iowa".

8 3. Page 9, line 23, by striking the word "Before"  
 9 and inserting in lieu thereof the words "Not less  
 10 than sixty days before".

11 4. Page 14, line 15, by inserting after the word  
 12 "application" the words ", and who unsuccessfully  
 13 requested a reconsideration hearing under section  
 14 eight (8); subsection three (3) of this Act or who  
 15 appeared or submitted a written statement to be  
 16 considered at such a hearing if one was held".

17 5. Page 15, lines 20 and 21, by striking the word  
 18 and figure "two (2)" and inserting in lieu thereof  
 19 the words and figures "three (3), paragraph c".

20 6. Page 19, line 8, by striking the numeral "4"  
 21 and inserting in lieu thereof the letter "d".

22 7. Page 19, line 13, by striking the numeral "5"  
 23 and inserting in lieu thereof the numeral "4".

H-3389 FILED *-Adopted 3/24* BY HARGRAVE of Johnson  
 MARCH 23, 1977 *(p. 1025)*

HOUSE FILE 354

H-3390

1 Amend House File 354, page 8, line 3, by inserting  
 2 after the period the words "Where both allopathic  
 3 and osteopathic institutional health services exist,  
 4 each application shall be considered in light of the  
 5 availability and utilization of both allopathic and  
 6 osteopathic facilities and services in order to protect  
 7 the freedom of choice of consumers and health care  
 8 providers."

H-3390 FILED *-Adopted 3/28* BY THOMPSON of Polk  
 MARCH 23, 1977 *(p. 1058)* CONNORS of Polk

Date Prepared March 21, 1977

Requested by Representative Hargrave

Prepared in regard to H.F. 354, An Act to require that a certificate of need be obtained as a condition of offering certain new health care services or developing certain new health care facilities in this state, to prescribe the procedures by which certificates of need shall be applied for and may be granted or denied, to require that hospitals and health care facilities submit uniform annual financial reports to the department of health, to require the department to compile, analyze and annually report upon the data so submitted, and providing sanctions against violations.

WHEREAS, it is the public policy of this state that the offering or development of new institutional health services be accomplished in a manner which is orderly, economical and consistent with the goal of providing the necessary and adequate institutional health services to all of the people of this state while avoiding unnecessary duplication of institutional health services and preventing or controlling increases in the cost of delivering these services; and

WHEREAS, it is further the public policy of this state that health care is a right of the people, but the general assembly finds and declares (1) that rising hospital and health care facility costs may place the services of these facilities beyond the means of a majority of the people of this state; (2) that it is therefore essential that the general assembly, the governor and the people of the state have access to uniform, timely and accurate data on the costs incurred and the charges established by hospitals and health care facilities; and (3) that a statute should be enacted to provide for uniform systems of reporting by hospitals and health care facilities in this state and for the regular compilation, analysis and reporting of financial data relative to hospitals and health care facilities within this state;

Following is the fiscal effect in dollars of the legislative proposal as required by Joint Rule 16.

H.F. 354 requires advance approval of the Department of Health, in the form of a document called a certificate of need, for the construction, expansion or any extensive renovation of a hospital or health care facility (i.e., nursing home), for major expenses for equipment to be used in such facilities, and for any important change in the services these facilities provide. The Department has responsibility for deciding whether or not a certificate of need should be issued, subject to administrative and judicial appeals.

The bill also requires the Department to prescribe a uniform method of financial reporting for hospitals and health care facilities. The department will compile information on the basis of these reports, and will make periodic reports to the Governor and the General Assembly. In addition, the Department is required to make a special report to the General Assembly within two years after the bill takes effect, for the purpose of assisting the General Assembly in deciding whether state regulation of hospital and health care facility rates, on the public utility model, appears needed and is likely to be effective.

	<u>First Year</u>	<u>Second Year</u>	<u>Third Year</u>	<u>Fourth Year</u>	<u>Fifth Year</u>
Estimated cost of certificate of need, including personal services, support and maintenance	\$220,104	\$225,614	\$248,176	\$272,994	\$300,292
Estimated cost including development of uniform financial reporting methods and forms, development of review system and statistical models, and provider education	<u>229,940</u>	<u>280,260</u>	<u>308,286</u>	<u>339,114</u>	<u>373,026</u>
Total Estimated Cost	\$450,044	\$505,874	\$556,462	\$612,108	\$673,318

A detail of the above estimates is available in the Legislative Fiscal Bureau Office.

Source: Department of Health

FILED  
MARCH 28, 1977

GERRY D. RANKIN  
LEGISLATIVE FISCAL BUREAU

H-3453

1 Amend House File 354 as follows:

- 2 1. Page 21, line 19 by striking the word "January"  
3 and inserting in lieu thereof the word "July".

H-3453 FILED - *Adopted 4/14* BY SCHROEDER of Pottawattamie  
MARCH 31, 1977 (*p. 1362*)

HOUSE FILE 354

H-3576

1 Amend House File 354 as follows:

- 2 1. Page 20, by striking line 7 and inserting in  
3 lieu thereof the following:

4 "Sec. 19. NEW SECTION. REGULATION OF HOSPITAL  
5 BUDGETS.

6 1. The state health facilities council established  
7 by this Act shall review and, to the extent required  
8 by subsection two (2) of this section, regulate the  
9 allowable growth of hospitals' operating budgets.

10 2. Each hospital shall submit to the department,  
11 within thirty days after the effective date of this  
12 Act, its originally adopted operating budget for its  
13 fiscal year 1977. The hospital shall also submit  
14 any subsequent amendments to its originally adopted  
15 fiscal 1977 operating budget. The hospital shall  
16 also submit to the department its proposed operating  
17 budget for its fiscal year 1979, at least ninety days  
18 prior to the proposed date of adoption of that budget.  
19 The department shall review the two operating budgets  
20 submitted pursuant to this section and report its  
21 findings to the council, which shall if necessary  
22 return the proposed fiscal 1979 operating budget to  
23 the hospital for adjustment so that it shall have  
24 increased no more than twenty percent above the same  
25 hospital's operating budget for its 1977 fiscal year.

26 3. The council shall continue in succeeding years,  
27 as necessary, to review the hospital's operating  
28 budget for each successive fiscal year, and shall  
29 require any adjustments in a proposed operating budget  
30 which are necessary so that it shall increase no more  
31 than ten percent above the same hospital's operating  
32 budget for the preceding fiscal year. The council  
33 may set a lower rate of increase by rule.

34 4. The council may allow a rate of increase greater  
35 than ten percent per year in a particular hospital's  
36 operating budget, upon application by that hospital  
37 setting forth reasons the council finds sufficiently  
38 compelling. Any hospital aggrieved by the council's  
39 action on such an application may appeal that action  
40 pursuant to chapter seventeen A (17A) of the Code.

41 5. If any hospital's proposed operating budget  
42 for a forthcoming fiscal year reflects the deletion  
43 of a substantial service which was included in the  
44 last preceding operating budget for that hospital  
45 reviewed by the council, the council, in consultation  
46 with the appropriate health systems agency, shall  
47 consider the need for that service in the community  
48 served by that hospital. If it is determined that  
49 the service is essential to the community, the  
50 proportion of the operating budget allocated to that

1 service shall be removed from the operating budget  
2 for the earlier fiscal year for the purpose of making  
3 the annual rate of increase determination required  
4 by subsection two (2) of this section.

5 6. The department shall, with approval of the  
6 council, adopt such administrative rules as are  
7 necessary to enable it to implement this section.

8 Sec. 20. NEW SECTION. PENALTIES FOR NON-  
9 COMPLIANCE.

10 1. Any hospital or".

11 2. Page 20, by inserting after line 11 the  
12 following:

13 "2. Any hospital failing to submit its operating  
14 budget for any fiscal year at the time required by  
15 subsection two (2) of section nineteen (19) of this  
16 Act shall be subject to a civil penalty of one hundred  
17 dollars for each day such failure continues. If the  
18 hospital persists in such failure for more than thirty  
19 days, the council shall so inform the commissioner  
20 who shall cause proceedings to be initiated for  
21 suspension of the hospital's license under section  
22 one hundred thirty-five B point six (135B.6) of the  
23 Code.

24 3. The council shall inform the department of  
25 social services of any hospital which fails or refuses  
26 to adjust its operating budget for any fiscal year  
27 as necessary to comply with section nineteen (19)  
28 of this Act. The department of social services shall  
29 thereupon suspend all payments to that hospital under  
30 chapter two hundred forty-nine A (249A) of the Code,  
31 until such time as the council informs the department  
32 of social services that the hospital has complied  
33 with the requirements of section nineteen (19) of  
34 this Act regarding adjustment of the hospital's  
35 operating budget."

36 3. Page 21, by striking lines 8 through 18.

37 4. Title, page A, line 9, by inserting after the  
38 word "submitted," the words "providing for imposition  
39 of a limit on the annual rate of increase in the  
40 budgets of hospitals,".

H-3576 FILED - *Lost 4/14 (1364)* BY BRUNOW of Appanoose  
APRIL 13, 1977

HOUSE FILE 354

H-3488

1 Amend amendment H-3410 to House File 354 as  
2 follows:

3 1. Page 2, by inserting after line 24 the  
4 following:

5 "         . Notwithstanding the provisions of  
6 subsections one (1) and two (2) of this section,  
7 the department shall not implement rate regulation  
8 prior to the delivery to the general assembly of  
9 the report the department is required to submit  
10 under section twenty-one (21) of this Act, or  
11 January 1, 1981, whichever is later."

H-3488 FILED - *Reled out of order with loss of motion & relinquished 3410 4/14 (1375)* BY HARGRAVE of Johnson  
APRIL 4, 1977

H-3410

1 Amend House File 354 as follows:

2 1. Page 2, by inserting after line 2 the following  
3 new subsection:

4 "\_\_\_\_\_. "Consumer price index" means either:

5 a. The nationwide consumer price index maintained  
6 by the United States department of labor; or

7 b. A comparable index based solely upon  
8 circumstances existing in the state of Iowa which  
9 is adopted by the department for use in lieu of the  
10 nationwide consumer price index, on the basis of a  
11 finding that such comparable index more accurately  
12 reflects current prices of goods and services in Iowa  
13 than does the nationwide consumer price index."

14 2. Page 5, by inserting after line 30 the following  
15 new subsection:

16 "\_\_\_\_\_. "Sub-area" means either:

17 a. A sub-area of a health systems agency whose  
18 jurisdiction includes more than ten counties in this  
19 state; or

20 b. Any contiguous group of not more than ten  
21 counties in this state which is within the jurisdiction  
22 of a health systems agency a portion of whose  
23 jurisdiction also includes more than one county in  
24 another state."

25 3. Page 20, by inserting after line 6 the following  
26 new section:

27 "Sec. \_\_\_\_\_. NEW SECTION. RATE REGULATION UNDER  
28 CERTAIN CONDITIONS.

29 1. In the course of its studies and analyses,  
30 the department shall compare the rate of increase  
31 in the services component of the consumer price index,  
32 exclusive of medical services, with the rate of  
33 increase in the average cost per hospital stay in  
34 Iowa. Costs per hospital stay shall include daily  
35 room rate and ancillary services, shall be based upon  
36 a period of time established by departmental rule  
37 as representing the average length of a hospital stay  
38 in Iowa, and shall be aggregated for each sub-area.  
39 If the increase in the average cost per hospital stay  
40 in any sub-area exceeds the increase in the services  
41 component of the consumer price index, exclusive of  
42 medical services, by fifty percent or more, the  
43 department shall implement rate regulation for all  
44 hospitals in that sub-area.

45 2. In the course of its studies and analyses,  
46 the department shall compare the rate of increase  
47 in the services component of the consumer price index  
48 with the rate of increase in the average monthly cost  
49 of care in the respective licensing categories of  
50 health care facilities in Iowa. Monthly cost of care

1 of a health care facility shall include both the basic  
 2 charge for room, board, and the other services  
 3 routinely provided to residents of that health care  
 4 facility, and charges fixed for other services offered  
 5 for those residents who require such services, and  
 6 shall be aggregated for each sub-area. If the increase  
 7 in the average weekly cost of care in the respective  
 8 licensing categories of health care facilities in  
 9 any sub-area exceeds the increase in the services  
 10 component of the consumer price index by fifty percent  
 11 or more, the department shall implement rate regulation  
 12 for all health care facilities in that subarea.

13 3. The department shall establish by departmental  
 14 rule the method of rate regulation to be employed  
 15 if so required by subsections one (1) or two (2) of  
 16 this section. Such methods may include:

17 a. Approval of the proposed total budget of each  
 18 hospital or each health care facility, as the case  
 19 may be.

20 b. Approval of charges for routine and ancillary  
 21 services.

22 c. Limitation of the total revenues which may  
 23 be received from all payment sources, by each hospital  
 24 or each health care facility, as the case may be."

25 4. By renumbering succeeding sections in accordance  
 26 with the foregoing amendment.

27 5. Title, page A, line 9, by inserting after the  
 28 word "submitted," the words "requiring that the  
 29 department initiate regulation of the rates of  
 30 hospitals or health care facilities, or both, under  
 31 certain conditions,".

H-3410 FILED, RULES GERMANE BY HARGRAVE of Johnson  
 LOST; MOTION TO RECONSIDER BAKER of Buena Vista  
 (p.1067) " Law 4/14 (1375)  
 MARCH 28, 1977

HOUSE FILE 354

H-3412

1 Amend amendment H-3400, to amendment H-3393  
 2 to page 6 of House File 354, as follows:  
 3 1. Page 1, line 5, by striking the figure  
 4 "45" and inserting in lieu thereof the figure "46".

H-3412 FILED, ADOPTED BY HARGRAVE of Johnson  
 BY UNANIMOUS CONSENT (p.1056)  
 MARCH 28, 1977

HOUSE FILE 354

H-3415

1 Amend the Hargrave and Baker amendment, H-3410, to  
 2 House File 354 as follows:  
 3 1. Page 1, lines 31 and 32, by striking the words  
 4 ", exclusive of medical services,".  
 5 2. Page 1, lines 41 and 42, by striking the words  
 6 ", exclusive of medical services,".

H-3415 FILED, ADOPTED BY SCHROEDER Of Pottawattamie  
 MARCH 28, 1977 (p.1065)

H-3408

1 Amend House File 354 as follows:  
2 1. Page 7, by inserting after line 27, the  
3 following:  
4 "\_\_\_\_\_. The charges proposed by the applicant  
5 for the proposed health services and the willingness  
6 and ability of the applicant to provide services of  
7 good and acceptable quality at less than customary  
8 rates."

H-3408 FILED, ADOPTED BY EVANS of Grundy  
MARCH 28, 1977 (p. 1057) HALVORSON of Clayton  
BROCKETT of Marshall  
WEST of Marshall

HOUSE FILE 354

H-3409

1 Amend House File 354 as follows:  
2 1. Page 20, by inserting after line 11 the  
3 following new section:  
4 "Sec. \_\_\_\_\_. NEW SECTION. ASSESSMENTS FOR COST  
5 OF ADMINISTRATION. The costs incurred by the  
6 department in administering sections fourteen (14)  
7 through nineteen (19) of this Act shall be offset,  
8 to the greatest extent possible, by an assessment  
9 not to exceed five one-hundredths of one percent of  
10 the gross operating costs of each hospital and each  
11 health care facility licensed and operating in this  
12 state. The assessment shall be computed and collected  
13 as soon as reasonably possible after January first  
14 of each year, beginning January 1, 1979, against the  
15 gross operating costs of each hospital and each health  
16 care facility for the preceding calendar year. The  
17 department shall notify each hospital and each health  
18 care facility of the amount of its assessment. Within  
19 thirty days after receipt of the notice, the hospital  
20 or health care facility shall pay the amount of the  
21 assessment to the department, which shall remit the  
22 moneys so received to the treasurer of state for  
23 deposit in the general fund of the state."  
24 2. Title, page A, line 9, by inserting after the  
25 word "providing" the words "for an annual assessment  
26 against gross operating costs of hospitals and health  
27 care facilities to offset the cost of administering  
28 the financial reporting provisions and for".

H-3409 FILED, WITHDRAWN BY HARGRAVE of Johnson  
MARCH 28, 1977 (p. 1059)

HOUSE FILE 354

H-3411

1 Amend House File 354 as follows:  
2 1. Page 7, by adding after line 22 the follow-  
3 new subsection:  
4 d. The distance, convenience, cost of transpor-  
5 tation, and accessibility to health services for  
6 persons who live outside metropolitan areas.  
7 2. By, renumbering subsequent subsections.

H-3411 FILED - Adopted 3/28 BY VARLEY of Adair  
MARCH 28, 1977 (p. 1067)

HOUSE FILE 354

H-3581

- 1 Amend H-3576 to page 20 of House File 354 as
- 2 follows:
- 3 1. Page 1, line 32 by striking the words
- 4 "The council".
- 5 2. Page 1 by striking line 33.

H-3581 FILED - *Adopted 4/14* BY LIPSKY of Linn  
APRIL 14, 1977 *(p. 1362)*  
*Reconsidered and lost 4/14 (p. 1363)*

HOUSE FILE 354

H-3582

- 1 Amend House File 354 as follows:
- 2 1. Page 9, by inserting after line 20 the following
- 3 new subsection:
- 4 " . This subsection shall apply when a hospital
- 5 applies for a certificate of need for any new or
- 6 changed institutional health service to be financed
- 7 in whole or in part by funds derived by taxation,
- 8 or by sale of bonds to be retired by taxation or which
- 9 are guaranteed by the state or any of its political
- 10 subdivisions, and that hospital shares with one or
- 11 more other hospitals the same or a substantially
- 12 similar appropriate geographic service area, as
- 13 determined in accordance with uniform criteria
- 14 established in rules promulgated by the department.
- 15 In such cases, and notwithstanding the other criteria
- 16 required by this section, a certificate of need shall
- 17 be approved only if the application is accompanied
- 18 by a statement, signed by the administrators of each
- 19 of the hospitals serving the area in question, that
- 20 the hospitals are agreed that the proposed new or
- 21 changed institutional health service will not be
- 22 injurious to any of them."

H-3582 FILED - *Lost 4/14* BY MILLER of Buchanan  
APRIL 14, 1977 *(p. 1375)*

E-3402

1 Amend the Hargrave-Lipsky amendment H-3393 to House  
2 File 354 as follows:

3 1. Page 1, by striking lines 11, 12 and 13 and  
4 inserting in lieu thereof the following:

5 "2. There is established a state health facili-  
6 ties council consisting of three persons appointed  
7 by the governor, one member designated by and serv-  
8 ing at the pleasure of the commissioner of public  
9 health, and one member designated by and serving at  
10 the pleasure of the commissioner of social services.  
11 The council shall be within the".

12 2. Page 1, line 17, by inserting after the word  
13 "council" the words "appointed by the governor".

14 3. Page 1, line 23, by inserting after the word  
15 "council" the words "appointed by the governor".

16 4. Page 1, line 24, by striking the words "four  
17 members of the council" and inserting in lieu thereof  
18 the words "two members appointed by the governor".

19 5. Page 1, line 29, by striking the word "each"  
20 and inserting in lieu thereof the word "the".

21 6. Page 1, line 30, by inserting after the word  
22 "Vacancies" the words "in gubernatorial appointments".

23 7. Page 1, line 32, by striking the word "One"  
24 and inserting in lieu thereof the word "Each".

25 8. Page 1, line 32, by inserting after the word  
26 "from" the words "a different sub-area of a health  
27 systems agency serving this state. For the purpose  
28 of this Act,".

29 9. Page 1, by striking lines 35, 36, 37 and 38  
30 and inserting in lieu thereof the words "in this state  
31 shall be deemed to be a sub-area of a health systems  
32 agency. Lists of at least two".

33 10. Page 1, line 40, by striking the words "the  
34 appropriate" and inserting in lieu thereof the word  
35 "each".

36 11. Page 1, line 50, by inserting after the word  
37 "members" the words "appointed by the governor".

38 12. Page 2, line 9, by striking the words "two  
39 members to serve terms" and inserting in lieu thereof  
40 the words "one member to serve a term".

41 13. Page 2, line 10, by striking the words "two  
42 members to serve terms" and inserting in lieu thereof  
43 the words "one member to serve a term".

44 14. Page 2, line 11, by striking the words "three  
45 members to serve terms" and inserting in lieu thereof  
46 the words "one member to serve a term".

47 15. Page 2, line 17, by striking the words "appoin-  
48 tees are" and inserting in lieu thereof the words  
49 "appointee is".

50 16. Page 2, line 24, by inserting after the word

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Page 2

1 "Council" the words "appointed by the governor".

E-3402 FILED - *Loch 3/28* BY BAKER of Buena Vista  
MARCH 24, 1977 (*p. 1055*)

HOUSE FILE 354

H-3396

- 1 Amend House File 354 as follows:
- 2 1. Page 14, by inserting after line 35 the
- 3 following:
- 4 "Upon expiration of certificate of need, and
- 5 prior to extension thereof, a public hearing may be
- 6 requested by an affected person to determine if
- 7 sufficient progress is being made."

H-3396 FILED BY BAKER of Buena Vista  
MARCH 24, 1977 - *Adopted 3/28 (p. 1058)*

HOUSE FILE 354

H-3395

- 1 Amend House File 354, page 15, lines 27 and 28,
- 2 by striking the words "offering or developing any
- 3 new institutional health service or changed
- 4 institutional health service" and inserting in lieu
- 5 thereof the words "constructing a new institutional
- 6 health facility or a major addition to or renovation
- 7 of an existing institutional health facility".

H-3395 FILED BY HARGRAVE of Johnson  
MARCH 24, 1977 - *Adopted 3/28 (p. 1059)*

HOUSE FILE 354

H-3397

- 1 Amend H-3393 to House File 354 as follows:
- 2 1. Page 2, by striking lines 45-47.

H-3397 FILED - *Lost 3/28 (1056)* BY HINES of Story  
MARCH 24, 1977

HOUSE FILE 354

H-3400

- 1 Amend H-3393 to House file 354 as follows:
- 2 1. Page 1, by striking lines 14, 15, and 16 and
- 3 inserting in lieu thereof the words "department for
- 4 administrative and bugetary purposes."
- 5 2. Page 3, by striking lines 42-45.

H-3400 FILED - *Adopted as amended by* BY HARGRAVE of Johnson  
MARCH 24, 1977 *3412 3/28 (p. 1056)*

HOUSE FILE 354

H-3403

- 1 Amend House File 354 as follows:
- 2 1. Page 7, by inserting after line 27, the
- 3 following:
- 4 "\_\_\_\_\_ . The charges proposed by the applicant
- 5 for the proposed health services."

H-3403 FILED - *Withdrawn* BY EVANS Of Grundy  
MARCH 24, 1977 *3/28 (p. 1057)* BROCKETT of Marshall  
WEST of Marshall  
HALVORSON of Clayton

1 Amend House File 354 as follows:  
2 1. Title, page B, line 7, by striking the words  
3 "NOW THEREFORE," and inserting in lieu thereof the  
4 word "and".  
5 2. Title, page B, by inserting after line 7 the  
6 following:  
7 "WHEREAS, it is further the policy of this state  
8 to encourage and assist in the creation and operation  
9 of regional emergency medical services entities, and  
10 to enable and assist providers of emergency medical  
11 services in the delivery of adequate and effective  
12 emergency medical services to all the people of Iowa,  
13 and in the provision of medical care during disaster  
14 situations; NOW THEREFORE,".  
15 3. Page 1, by inserting after line 2 the following  
16 new subsections:  
17 "\_\_\_\_\_. "Advanced life support" means a sophisticated  
18 level of pre-hospital and inter-hospital emergency  
19 care which includes basic life support functions,  
20 including but not limited to cardiopulmonary  
21 resuscitation, cardiac monitoring, cardiac  
22 defibrillation, telemetered electrocardiography,  
23 administration of antiarrhythmic agents, intravenous  
24 therapy, administration of specific medications, drugs  
25 and solutions, use of adjunctive ventilation devices,  
26 trauma care and other authorized techniques and  
27 procedures.  
28 "\_\_\_\_\_. "Advanced life support personnel" means  
29 persons other than physicians, who are engaged in  
30 the provision of advanced life support.  
31 "\_\_\_\_\_. "Advisory council" means the state emergency  
32 medical services advisory council, established by  
33 this Act."  
34 4. Page 1, by inserting after line 28 the following  
35 new subsections:  
36 "\_\_\_\_\_. "Ambulance" means any privately or publicly  
37 owned motor vehicle used to transport individuals  
38 who are sick, injured, wounded or otherwise  
39 incapacitated and who, because of that condition,  
40 require emergency medical services while being  
41 transported.  
42 "\_\_\_\_\_. "Central communications system" means a radio  
43 and telephone communications command and control  
44 center responsible for accepting calls for emergency  
45 medical services, for dispatching of emergency medical  
46 services personnel and vehicles, for radio coordination  
47 of emergency medical services vehicles and personnel,  
48 for coordination of medical communications between  
49 emergency medical services personnel and hospitals,  
50 for coordination of communications between emergency

1 medical services personnel and public safety agencies,  
2 for coordination and management of radio frequencies  
3 devoted to biomedical telemetry, and, where applicable,  
4 for hospital paging operations."

5 5. Page 2, by inserting after line 8 the following  
6 new subsections:

7 "\_\_\_\_\_. "Emergency medical services" means the  
8 services utilized in responding to the perceived  
9 individual needs for immediate medical care in order  
10 to prevent loss of life or aggravation of physiological  
11 or psychological illness or injury.

12 "\_\_\_\_\_. "Emergency medical technician" means an  
13 individual trained in emergency medical care in  
14 accordance with standards prescribed by this Act,  
15 or by rules promulgated by the department, who provides  
16 emergency medical services in accordance with his  
17 or her level of training, which may range from basic  
18 life support to advanced life support.

19 "\_\_\_\_\_. "Emergency medical technician-paramedic"  
20 means an individual trained and authorized to provide  
21 life support services.

22 "\_\_\_\_\_. "Emergency patient" means an individual who  
23 as a result of illness or injury needs immediate  
24 medical attention."

25 6. Page 4, by inserting after line 1 the following  
26 new subsections:

27 "\_\_\_\_\_. "Medical community" means the aggregate  
28 physician and medical specialist resources located  
29 and available within a specified geographical area.

30 "\_\_\_\_\_. "Medical control" means directions and advice  
31 provided from a centrally designated medical facility  
32 staffed by appropriate personnel, operating under  
33 medical supervision, supplying professional support  
34 through radio or telephonic communication for on-site  
35 and in-transit basic and advanced life support services  
36 given by field and satellite facility personnel.

37 "\_\_\_\_\_. "Medical emergency" means an unforeseen event  
38 affecting an individual in such a manner that a need  
39 for immediate medical care is created."

40 7. Page 5, by inserting after line 30 the following  
41 new subsections:

42 "\_\_\_\_\_. "Pre-hospital care" means emergency medical  
43 services rendered to emergency patients in an out-  
44 of-hospital setting, for analytic, stabilizing or  
45 preventive purposes, precedent to and during  
46 transportation of such patients to emergency treatment  
47 facilities.

48 "\_\_\_\_\_. "Public safety personnel" means police  
49 officers, fire fighters, communications and dispatch  
50 specialists, and other public employees charged with

1 maintaining the public safety.  
2 \_\_\_\_\_. "Region" means a geographical area found  
3 by the commissioner, upon recommendation of the  
4 appropriate sub-area advisory body, to be of sufficient  
5 size, population, and economic diversity so that an  
6 efficient and economically feasible emergency medical  
7 services system can be established within the  
8 boundaries of the area, taking into consideration  
9 existing medical services and facilities, and existing  
10 medical patterns and health planning areas.  
11 \_\_\_\_\_. "Regional policy council" means a body or  
12 group of individuals, organized and functioning in  
13 accordance with section twenty-five (25) of this Act,  
14 to serve as the policy-making body for its regional  
15 EMS entity.  
16 \_\_\_\_\_. "Regional EMS entity" means a single agency  
17 or organization, being a unit of local government,  
18 or a public entity administering a compact, consortium  
19 or other regional arrangement, or any other public  
20 or nonprofit private entity, which shall be chartered  
21 or incorporated by the state, which shall have the  
22 capacity and authority to receive and disburse public  
23 funds, which shall be organized to accomodate a  
24 regional EMS advisory council as its policy-making  
25 body, which shall comply with all applicable provisions  
26 of this Act, and which shall successfully apply to  
27 the commissioner for designation as a regional EMS  
28 entity.  
29 \_\_\_\_\_. "Sub-area" means either:  
30 a. A sub-area of a health systems agency whose  
31 jurisdiction includes more than ten counties in this  
32 state; or  
33 b. Any contiguous group of not more than ten  
34 counties in this state which is within the jurisdiction  
35 of a health systems agency a portion of whose  
36 jurisdiction also includes more than one county in  
37 another state.  
38 \_\_\_\_\_. "Sub-area advisory body" means an advisory  
39 body previously existing or specifically created  
40 within a sub-area, which agrees to assume the  
41 responsibility of serving as the advisory body to  
42 the commissioner and the department with respect to  
43 the establishment of regional EMS entities within  
44 that sub-area."  
45 8. Page 6, by inserting after line 1 the following  
46 new subsection:  
47 "\_\_\_\_\_. "Volunteer personnel" means individuals  
48 who provide services without expectation of  
49 remuneration, who do not receive payment for services  
50 rendered other than reimbursement for expenses, and

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1 who do not depend in any way on the provisions of  
2 such services for their livelihood."

3 9. By renumbering the existing subsections of  
4 section one (1) of the Act in accordance with the  
5 foregoing amendments.

6 10. Page 21, by inserting after line 18 the  
7 following new sections:

8 "Sec. 22. NEW SECTION. AUTHORITY OF DEPARTMENT.

9 1. The department shall establish and maintain  
10 a program for the planning, development, improvement,  
11 expansion and upgrading of emergency medical services  
12 throughout the state. The department shall consolidate  
13 all state regulatory and developmental functions  
14 relating to emergency medical services, which are  
15 by law the responsibility of the department, under  
16 the auspices of this program.

17 2. The commissioner shall, after consulting with  
18 the advisory council, and with such local governments  
19 as may be involved, seek the establishment of  
20 statewide, regional, and local emergency medical  
21 services operations in conformance with the standards  
22 established by this Act and by rules promulgated  
23 pursuant thereto.

24 3. Pursuant to this Act, the department shall:

25 a. Assist in the creation and operation of regional  
26 emergency medical services entities for the purpose  
27 of effective and efficient planning, development,  
28 coordination, supervision, regulation, monitoring  
29 and provision of emergency medical services for all  
30 citizens of the state;

31 b. In cooperation with sub-area advisory bodies,  
32 define the boundaries of regions so that all areas  
33 of the state shall be within defined regions.

34 c. Review, evaluate, and integrate all regional  
35 EMS plans, developed by the regional EMS entities  
36 pursuant to this Act, prepare a statewide emergency  
37 medical services plan, to be completed no later than  
38 one year after the effective date of this Act, and  
39 publish the plan for distribution to all concerned  
40 agencies, entities and individuals throughout the  
41 state. The statewide emergency medical services plan  
42 shall contain:

43 (1) An inventory of emergency medical services  
44 resources available within the state for purposes  
45 of determining the need for additional services and  
46 the effectiveness of existing services;

47 (2) A statement of goals and specific and  
48 measurable objectives for delivery of emergency medical  
49 services to all citizens of the state;

50 (3) Methods to be used in achieving the stated

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( page 5

- 1 objectives;
- 2 (4) A schedule for achievement of the stated
- 3 objectives;
- 4 (5) A method for evaluating the stated objectives;
- 5 and,
- 6 (6) Estimated and itemized costs for achieving
- 7 each of the stated objectives;
- 8 d. Develop regional EMS plans for designated
- 9 regions if no approved regional plan is developed
- 10 by a regional EMS entity created pursuant to the
- 11 authority of this Act.
- 12 e. Use all reasonable and lawful means to assure
- 13 availability within each region of an adequate number
- 14 of health and allied professionals and other health
- 15 personnel, including ambulance personnel with
- 16 appropriate training and experience, to provide
- 17 emergency medical services on a twenty-four hour basis
- 18 within the region.
- 19 f. Promulgate and enforce minimum training
- 20 standards, including certification requirements, for
- 21 all personnel, whether volunteer or paid, who provide
- 22 emergency medical services within the state, including
- 23 public safety personnel, and in so doing shall take
- 24 into consideration the applicable current standards
- 25 adopted by the United States department of
- 26 transportation, and department of health, education
- 27 and welfare.
- 28 g. Consistent with rules of the federal
- 29 communications commission, design, develop, implement
- 30 and coordinate central communications systems to join
- 31 the personnel, facilities, and equipment of a region
- 32 or a regional EMS entity in a manner that will:
- 33 (1) Provide for medical control of pre-hospital
- 34 care rendered by ambulance personnel, advanced life
- 35 support personnel, or other allied health
- 36 professionals; and
- 37 (2) Assure all citizens expeditious access to
- 38 emergency medical services.
- 39 h. Use all reasonable and lawful means to assure
- 40 that all regions and regional EMS entities have
- 41 available an adequate but appropriate number of
- 42 necessary ground, air and water ambulance vehicles
- 43 and other transportation facilities to meet the
- 44 individual characteristics of the region.
- 45 i. Promulgate and enforce minimum standards,
- 46 including inspection, operational and licensing
- 47 requirements, for all ambulance vehicles, whether
- 48 operated by voluntary, commercial, or governmental
- 49 agencies or organizations, and in so doing shall take
- 50 into consideration the applicable current

1 specifications for emergency medical care vehicles  
2 developed by appropriate agencies of the federal  
3 government and non-governmental bodies.

4 j. Promulgate and enforce rules establishing  
5 minimum standards for transportation of both ambulatory  
6 and nonambulatory patients who do not need emergency  
7 care to appropriate destinations, including health  
8 care facilities.

9 k. Design, develop, implement, and coordinate  
10 a standardized emergency patient data collection  
11 system for use throughout the state, which records  
12 and accumulates all relevant information concerning  
13 treatment and care of emergency patients, from initial  
14 entry into an EMS system to and including discharge  
15 from such system, and which utilizes reporting,  
16 recording and informational formats that are consistent  
17 with ensuing patient records used in follow-up care  
18 and rehabilitation of patients; provided, that all  
19 other provisions of applicable law regarding  
20 confidentiality shall be respected and preserved in  
21 the design, development, implementation, and  
22 coordination of the standardized emergency patient  
23 data collection system.

24 l. In cooperation with office of disaster services  
25 within the department of public defense, develop,  
26 implement, and coordinate plans to assure that  
27 emergency medical services will be provided at any  
28 time mass casualties, major emergencies, natural  
29 disasters, or national emergencies occur within the  
30 state or affect the people of the state.

31 m. In cooperation with appropriate agencies of  
32 all adjoining or neighboring states, develop, implement  
33 and coordinate plans and arrangements which will  
34 assure that all necessary emergency medical services,  
35 including transfers of patients, are provided without  
36 undue concern for state boundaries.

37 n. Within forty-five days of their receipt, review  
38 and comment on all grant and contract applications  
39 for federal, state, or private funds concerning  
40 emergency medical services or related activities,  
41 and forward those applications to appropriate agencies,  
42 organizations or funding sources. An application  
43 not acted on by the department within forty-five days  
44 shall be considered reviewed and favorably commented  
45 on.

46 Sec. 23. NEW SECTION. ADVISORY COUNCIL. There  
47 is established within the department a state emergency  
48 medical services advisory council, composed of fourteen  
49 members appointed by the governor, with advice and  
50 consent of two-thirds of the members of the senate.

1 The advisory council shall include one physician with  
2 regular and frequent involvement in the provision  
3 of emergency care, one representative each from fire  
4 protection organizations, law enforcement agencies,  
5 hospitals, ambulance service organizations, emergency  
6 care nurses, and emergency medical technicians, and  
7 seven consumers. One consumer shall be appointed  
8 from each sub-area.

9 Members shall receive forty dollars per diem and  
10 shall be reimbursed for their actual and necessary  
11 expenses incurred, for each day devoted to the duties  
12 of their office. The advisory council shall meet  
13 at least four times each year, and may meet more often  
14 on the call of the chairperson or at the request of  
15 any five members. Eight members shall constitute  
16 a quorum of the advisory council for the transaction  
17 of business, provided that at least four of the members  
18 present are consumer members.

19 Advisory council members shall serve terms of four  
20 years, beginning July first of the year of appointment.  
21 Seven members shall be appointed in each odd-numbered  
22 year, except that in making the initial appointments  
23 the governor shall designate three consumer members  
24 and four other members to serve terms of two years.

25 Sec. 24. NEW SECTION. DUTIES OF ADVISORY COUNCIL.  
26 The advisory council shall:

27 1. Approve or disapprove a proposed statewide  
28 emergency medical services plan, and any subsequent  
29 proposed revisions prepared by the department pursuant  
30 to section twenty-two (22) therein, subsection three  
31 (3), paragraph c of this Act; provided, that if any  
32 such proposed statewide plan or revision therein is  
33 not disapproved by the advisory council within forty-  
34 five days of its submission to the council, it shall  
35 be considered approved.

36 2. Advise the department on all aspects of its  
37 responsibilities pursuant to section twenty-two (22)  
38 of this Act, including the format and content of any  
39 standards, rules promulgated by the department.

40 3. Serve as the statewide focal point for  
41 discussion, inquiry and investigation of any and all  
42 complaints or grievances concerning emergency medical  
43 services, or any aspect thereof, which are brought  
44 to the advisory council's attention from any source.

45 Sec. 25. NEW SECTION. REGIONAL POLICY COUNCILS.  
46 Each regional EMS entity officially designated by  
47 the commissioner shall function under the direction  
48 of a regional policy council.

49 Each regional policy council shall:

50 1. Be acknowledged by resolution of the elected

1 representatives of at least two-thirds of the city  
2 and county governments located within the designated  
3 service area of its respective regional EMS entity.

4 2. Provide the opportunity for council membership  
5 to consumers and to representatives of local  
6 governments, fire protection organizations, law  
7 enforcement agencies, licensed practicing physicians  
8 with regular and frequent involvement in the provision  
9 of emergency care, emergency care nurses, mental  
10 health professionals, emergency medical technicians  
11 and other allied health practitioners, providers of  
12 ambulance services, including both paid and volunteer  
13 services, and hospitals. Consumers shall comprise  
14 at least fifty percent of the total number of regional  
15 policy council members.

16 3. Meet frequently enough to provide effective  
17 policy direction to the respective regional EMS entity.

18 4. Cooperate with the regional EMS entity in the  
19 development of a regional emergency medical services  
20 plan and provide for public hearings on the plan with  
21 adequate opportunity for public and professional  
22 response to the proposed plan, and upon completion  
23 of the development, hearing and consideration process,  
24 formally adopt a regional emergency medical services  
25 plan not more than one year after official designation  
26 of the regional EMS entity.

27 5. Serve as the regional focal point for  
28 discussion, inquiry and investigation of any and all  
29 complaints or grievances concerning emergency medical  
30 services or any aspect thereof within that region.

31 Sec. 26. NEW SECTION. REGIONAL EMS ENTITIES.  
32 Eligible regional EMS entities may apply to the  
33 commissioner for official designation on forms  
34 prescribed by the department. The commissioner shall  
35 grant or deny designation in writing within ninety  
36 days of receipt of the application. The commissioner's  
37 decision regarding designation shall be made after  
38 an appropriate investigation, including an evaluation  
39 of staff and organizational resources and competencies  
40 and a determination of the applicant's ability to  
41 function appropriately within the entire area  
42 previously defined as a region, and after consultation  
43 with the advisory council and with such local  
44 governments as may be involved.

45 Sec. 27. NEW SECTION. FUNCTIONS AND DUTIES OF  
46 REGIONAL EMS ENTITIES. Each regional EMS entity  
47 shall:

48 1. Function under the policy direction of a  
49 regional policy council.

50 2. Within one year after official designation,

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- 1 develop a regional emergency medical services plan
- 2 which addresses all system components enumerated in
- 3 the federal emergency medical services Act of 1973,
- 4 as amended to January 1, 1977, and which contains:
  - 5 a. An inventory of emergency medical services
  - 6 resources available within the region for purposes
  - 7 of determining the need for additional services and
  - 8 the effectiveness of existing services.
  - 9 b. A statement of goals and specific and measurable
  - 10 objectives for delivery of emergency medical services
  - 11 to all citizens of the region.
  - 12 c. Methods to be used in achieving the stated
  - 13 objectives.
  - 14 d. A schedule for achievement of the stated
  - 15 objectives.
  - 16 e. A method for evaluating the stated objectives.
  - 17 f. Estimated and itemized costs for achieving
  - 18 each of the stated objectives.
- 19 3. Apply for and receive federal, state, local
- 20 and private funds (under either grants or contracts)
- 21 for planning, development, coordination, supervision,
- 22 monitoring, and improvement or provision of emergency
- 23 medical services within the region.
- 24 Sec. 28. NEW SECTION. ADVANCED LIFE SUPPORT
- 25 SERVICES. Notwithstanding any other provision of
- 26 law, advanced life support personnel may be authorized
- 27 to provide advanced life support services subject
- 28 to rules promulgated by the department. These rules
- 29 shall:
  - 30 1. Provide descriptive titles and define minimum
  - 31 prerequisites for advanced life support personnel.
  - 32 2. Define and authorize training programs for
  - 33 advanced life support personnel. In formulating these
  - 34 rules, the department shall take into consideration
  - 35 the applicable current requirements of the training
  - 36 program for the emergency medical technician-paramedic,
  - 37 developed for the United States department of
  - 38 transportation.
  - 39 3. Define and authorize appropriate advanced life
  - 40 support functions to be performed by advanced life
  - 41 support trainees and personnel.
  - 42 4. Specify minimum operational requirements which
  - 43 will assure medical control over all advanced life
  - 44 support services.
  - 45 5. Specify minimum testing and certification
  - 46 requirements, and provide for certification of all
  - 47 advanced life support personnel.
  - 48 6. Specify continuing education and periodic
  - 49 recertification requirements for all advanced life
  - 50 support personnel.

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1 7. Provide for the decertification of advanced  
2 life support personnel under specified circumstances  
3 and where it is determined that the best interests  
4 of the public would be served by such action.

5 8. Require cooperation and compliance with regional  
6 and statewide standardized emergency patient data  
7 collection systems.

8 Sec. 29. NEW SECTION. IMMUNITY FROM LIABILITY.

9 1. No person, certified and authorized pursuant  
10 to this Act or rules promulgated under this Act, shall  
11 be liable for any civil damages for any act or omission  
12 in connection with that person's training or in  
13 connection with services rendered outside a hospital  
14 where the life of a patient is in immediate danger,  
15 unless the act or omission is inconsistent with that  
16 person's training, and the act or omission was the  
17 result of gross negligence or willful misconduct.

18 2. No agency, organization, institution,  
19 corporation, or entity of state or local government,  
20 or agent thereof, which sponsors, authorizes, supports,  
21 finances or supervises the functions of emergency  
22 medical services personnel certified and authorized  
23 pursuant to this Act or rules promulgated under this  
24 Act, including advanced life support personnel, shall  
25 be liable for any civil damages for any act or omission  
26 in connection with sponsorship, authorization, support,  
27 finance or supervision of such emergency medical  
28 services personnel, where the act or omission occurs  
29 in connection with the training of such personnel  
30 or with services rendered outside a hospital and where  
31 the life of a patient is in immediate danger, unless  
32 the act or omission is inconsistent with the training  
33 of the emergency medical services personnel, and  
34 unless the act or omission was the result of gross  
35 negligence or willful misconduct.

36 3. No physician, who in good faith arranges for,  
37 requests, recommends or initiates the transfer of  
38 a patient from a hospital to a critical medical care  
39 facility in another hospital, shall be liable for  
40 any civil damages as a result of such transfer where  
41 sound medical judgment indicates that the patient's  
42 medical condition is beyond the care capability of  
43 the transferring hospital, or the medical community  
44 in which that hospital is located, and where the  
45 physician has confirmed that the transferee facility  
46 possesses a more appropriate level of capability for  
47 treating the patient's medical needs, and has secured  
48 a prior agreement from the transferee facility to  
49 accept and render necessary treatment to the patient.

50 Sec. 30. NEW SECTION. GENERAL PROVISIONS.

1 1. All rules promulgated by authority of this  
2 Act shall be adopted and enforced in compliance with  
3 chapter seventeen A (17A) of the Code.

4 2. Authority for emergency patient management  
5 in a medical emergency shall be vested in that licensed  
6 or certified person at the scene of the emergency  
7 who has the highest degree of training or certification  
8 specific to the provisions of emergency medical care.  
9 If a licensed or certified person is not available  
10 at the scene of the emergency, the authority shall  
11 be vested in the most appropriately trained  
12 representative of other public safety agencies at  
13 the scene, and shall be effective until relieved by  
14 a person with a higher and more appropriate degree  
15 of training and certification specific to the provision  
16 of emergency medical care.

17 3. Authority for the management of the scene of  
18 a medical emergency shall be vested in appropriate  
19 public safety agencies. The scene of a medical  
20 emergency shall be managed in a manner designed to  
21 minimize the risk of death or health impairment to  
22 the emergency patient and to other persons who may  
23 be exposed to risks as a result of the emergency  
24 condition, and priority shall be placed upon the  
25 interests of those persons exposed to the more serious  
26 risks to life and health. Public safety personnel  
27 shall ordinarily consult emergency medical services  
28 personnel or other authoritative medical professionals  
29 at the scene in the determination of relevant risks.

30 4. The department may revoke any license,  
31 certificate, or other authorization provided for by  
32 this Act, or by rules promulgated under this Act,  
33 for failure to comply with, or for violation of any  
34 of the provisions of this Act or such rules, but only  
35 after appropriate warning has occurred and reasonable  
36 time has been allowed for compliance with chapter  
37 seventeen A (17A) of the Code.

38 5. Upon revocation of any license, certificate,  
39 or other authorization provided for by this Act, or  
40 by rules promulgated under this Act, the person whose  
41 license, certificate or other authorization has been  
42 revoked shall immediately cease to engage in the  
43 activity for which the license, certificate, or other  
44 authorization was issued.

45 6. No employer shall employ nor permit any employee  
46 to perform any services for which a license,  
47 certificate, or other authorization is required by  
48 this Act, or by rules promulgated under this Act,  
49 unless the person so employed possesses all licenses,  
50 certificates, or authorizations which are so required.

7

1 7. The standards established and rules promulgated  
2 by the department under section twenty-two (22),  
3 subsection three (3) of this Act shall:

4 a. Provide a fee structure for applications and  
5 for licenses, permits, certificates, or authorizations  
6 which may be required by this Act, however agencies  
7 of the state and local governments and their agencies  
8 shall be exempt from these fees.

9 b. Require providers of emergency medical services  
10 to obtain and maintain policies of insurance, or  
11 acceptable means of self-insurance, in amounts and  
12 types of coverage as shall be deemed necessary by  
13 the commissioner, in consultation with the commissioner  
14 of insurance or that commissioner's designee.

15 c. Provide for all licenses, permits, certificates,  
16 or authorizations to be renewed and reissued annually,  
17 except that renewal of certification of specified  
18 classes of emergency medical services personnel need  
19 not be required oftener than once every three years.

20 d. Provide that no license, permit, certificate,  
21 or authorization issued by the department under this  
22 Act shall be transferable.

23 e. Provide for semiannual inspections of all  
24 emergency medical services vehicles and ambulance  
25 service facilities.

26 f. Provide minimum equipment, maintenance and  
27 operational standards for vehicles which are routinely  
28 used, or are designated as available for use in  
29 providing pre-hospital emergency care and life support,  
30 but which are not designed for, nor capable of,  
31 transporting emergency patients.

32 g. Provide for minimum staffing requirements for  
33 all emergency care vehicles, including the requirement  
34 that no ambulance vehicle shall be allowed to operate  
35 while transporting a patient or patients unless at  
36 least one certified emergency medical technician is  
37 attending to the patient or patients.

38 8. No person shall furnish, operate, conduct,  
39 maintain, advertise, or otherwise be engaged in or  
40 profess to be engaged in the provision of any form  
41 of emergency medical services which is regulated by  
42 this Act or by rules promulgated under this Act,  
43 unless that person is fully licensed, permitted,  
44 certified or authorized by the department to engage  
45 in the provision of emergency medical services. No  
46 person shall advertise nor disseminate information  
47 leading the public to believe that that person provides  
48 emergency medical services, including advanced life  
49 support services, unless that person or agency does  
50 in fact provide such services in compliance with the

1 provisions of this Act, or rules promulgated under  
2 this Act on a twenty-four hour per day, seven day  
3 per week basis.

4 9. Any vehicle which is subject to licensing,  
5 permit, certificate or authorization pursuant to this  
6 Act, or by rules promulgated pursuant to this Act,  
7 may be impounded where it is determined that the said  
8 vehicle is being used without the required license,  
9 permit, certificate or authorization. Authority for  
10 impoundment and release of any vehicle so impounded  
11 shall be vested in the department."

12 11. Page 21, line 19, by striking the number "22"  
13 and inserting in lieu thereof the number "31".

14 12. Title, line 9, by inserting after the word  
15 "submitted," the words "to establish a comprehensive  
16 emergency medical services program and to vest  
17 authority for administration of that program in the  
18 department of health and in certain regional and local  
19 bodies,".

H-3394 FILED - *Ruled out* BY MONROE of Des Moines  
MARCH 23, 1977 *german* LIPSKY of Linn  
*3/24 (1024)*

HOUSE FILE 354

H-3596

1 Amend House File 354 as follows:

2 1. Page 9, by inserting after line 20 the following  
3 new subsection:

4 " . This subsection shall apply when a hospital  
5 applies for a certificate of need for any new or  
6 changed institutional health service to be financed  
7 by sale of bonds to be retired by taxation or which  
8 are guaranteed by the state or any of its political  
9 subdivisions, and that hospital shares with one or  
10 more other hospitals the same or a substantially  
11 similar appropriate geographic service area, as  
12 determined in accordance with uniform criteria  
13 established in rules promulgated by the department.  
14 In such cases, and notwithstanding the other criteria  
15 required by this section, a certificate of need shall  
16 be approved only if the application is accompanied  
17 by a statement, signed by the administrators of each  
18 of the hospitals serving the area in question, that  
19 the hospitals are agreed that the proposed new or  
20 changed institutional health service will not be  
21 injurious to any of them."

H-3596 FILED - *Lost 4/16 (1430)* BY MILLER of Buchanan  
APRIL 15, 1977

HOUSE FILE 354

H-3393

1 Amend House File 354 as follows:

2 1. Page 2, by inserting after line 2 the follow-  
3 ing new subsection:

4 "\_\_\_\_\_. "Council" means the state health facili-  
5 ties council established by this Act."

6 2. Page 6, line 2, by inserting after the word  
7 "ACT" the words "--HEALTH FACILITIES COUNCIL ESTAB-  
8 LISHED--APPOINTMENTS--POWERS AND DUTIES".

9 3. Page 6, by inserting after line 6 the follow-  
10 ing:

11 "2. There is established a state health facili-  
12 ties council consisting of seven persons appointed  
13 by the governor. The council shall be within the  
14 department, for administrative and budgetary pur-  
15 poses, but shall not be under the commissioner's  
16 authority.

17 a. QUALIFICATIONS. Each member of the council  
18 shall be an eligible elector of the state and a con-  
19 sumer who, at the time of appointment to the council,  
20 is serving as a consumer member of a subarea advisory  
21 council within one of the health systems agencies  
22 designated in the state of Iowa. No member of the  
23 council shall hold any other appointive or elective  
24 office. No more than four members of the council  
25 shall be affiliated with the same political party.

26 b. APPOINTMENTS. Terms of council members shall  
27 be six years, beginning July first of the year of  
28 appointment. A member shall be appointed in each  
29 odd-numbered year to succeed each member whose term  
30 expires in that year. Vacancies shall be filled by  
31 the governor for the balance of the unexpired term.  
32 One member of the council shall be appointed from  
33 each area of the state served by a health systems  
34 agency whose jurisdiction covers less than ten counties  
35 in this state. One of the remaining members shall  
36 be appointed from each sub-area within the juris-  
37 diction of a health systems agency serving more than  
38 ten counties in this state. Lists of at least two  
39 nominees for each required appointment to the council  
40 may be submitted to the governor by the appropriate  
41 health systems agency sub-area advisory council and,  
42 if timely submitted, shall be considered by the gov-  
43 ernor in selecting the appointee. Each appointment  
44 to the council shall be subject to confirmation by  
45 two-thirds of the members of the senate. A council  
46 member is ineligible for appointment to a second  
47 consecutive term, unless first appointed to an unex-  
48 pired term of three years or less.

49 The governor shall designate one of the council  
50 members as chairperson. That designation may be

1 changed not later than July first of any odd-numbered  
2 year, effective on the date of the organizational  
3 meeting held in that year under paragraph c of this  
4 subsection.

5 Notwithstanding the permanent provisions of para-  
6 graph a, the initial appointments to the council shall  
7 be made as soon as possible after the effective date  
8 of this Act. In making those appointments, the  
9 governor shall designate two members to serve terms  
10 ending June 30, 1979, two members to serve terms  
11 ending July 30, 1981, and three members to serve terms  
12 ending June 30, 1983. The persons appointed to serve  
13 terms ending in 1979 and 1981 may be reappointed to  
14 one additional consecutive term.

15 c. MEETINGS. The council shall hold an organiza-  
16 tional meeting in July of each odd-numbered year,  
17 or as soon thereafter as the new appointees are  
18 confirmed and have qualified. Other meetings shall  
19 be held at least once each month, and may be held  
20 more frequently if necessary to enable the council  
21 to expeditiously discharge its duties. Meeting dates  
22 shall be set upon adjournment or by call of the  
23 chairperson upon five days' notice to the other  
24 members. Each member of the council shall receive  
25 forty dollars per diem and reimbursement for necessary  
26 travel and expenses while engaged in his or her  
27 official duties.

28 d. DUTIES. The council shall:

29 (1) Make the final decision, as required by section  
30 nine (9) of this Act, with respect to each application  
31 for a certificate of need accepted by the department.

32 (2) Determine and adopt such policies as are  
33 authorized by law and are deemed necessary to the  
34 efficient discharge of its duties under this Act.

35 (3) Advise and counsel with the commissioner con-  
36 cerning the provisions of this Act, and the policies  
37 and procedures adopted by the department pursuant  
38 to this Act.

39 (4) Review and approve, prior to promulgation,  
40 all rules adopted by the department under this Act."

41 4. Page 7, line 13, by inserting after the word  
42 "department" the words "and council".

43 5. Page 9, line 3, by striking the word "depart-  
44 ment" and inserting in lieu thereof the word "council".

45 6. Page 9, line 5, by inserting after the word  
46 "writing" the words ", on the basis of data submitted  
47 to it by the department,".

48 7. Page 10, line 31, by striking the word  
49 "determining" and inserting in lieu thereof the words  
50 "furnishing to the council the information necessary

- 1 to enable it to determine".
- 2 8. Page 12, line 7, by inserting after the word
- 3 "may" the words ", with approval of the council,".
- 4 9. Page 12, line 27, by striking the word
- 5 "department" and inserting in lieu thereof the word
- 6 "council".
- 7 10. Page 13, line 5, by striking the word
- 8 "department" and inserting in lieu thereof the word
- 9 "council".
- 10 11. Page 13, line 13, by striking the word
- 11 "department's" and inserting in lieu thereof the word
- 12 "council's".
- 13 12. Page 13, line 16, by striking the word
- 14 "department's" and inserting in lieu thereof the word
- 15 "council's".
- 16 13. Page 13, line 19, by inserting after the word
- 17 "department" the words "and council".
- 18 14. Page 13, line 21, by striking the word
- 19 "department" and inserting in lieu thereof the word
- 20 "council".
- 21 15. Page 13, line 23, by striking the word
- 22 "department's" and inserting in lieu thereof the word
- 23 "council's".
- 24 16. Page 13, line 27, by striking the word
- 25 "department" and inserting in lieu thereof the word
- 26 "council".
- 27 17. Page 13, line 29, by striking the word
- 28 "department" and inserting in lieu thereof the word
- 29 "council".
- 30 18. Page 13, line 32, by striking the word
- 31 "department" and inserting in lieu thereof the word
- 32 "council".
- 33 19. Page 13, line 35, by striking the word "its"
- 34 and inserting in lieu thereof the words "the
- 35 council's".
- 36 20. Page 14, line 8, by striking the word "depart-
- 37 ment's" and inserting in lieu thereof the word
- 38 "council's".
- 39 21. Page 14, line 11, by striking the word "depart-
- 40 ment's" and inserting in lieu thereof the word
- 41 "council's".
- 42 22. Page 14, line 13, by inserting after the word
- 43 "appealed" the words "to the district court".
- 44 23. Page 14, line 15, by striking all after the
- 45 period.
- 46 24. Page 14, by striking lines 16.
- 47 25. Page 14, line 24, by striking the word "depart-
- 48 ment" and inserting in lieu thereof the word "council".
- 49 26. Page 14, line 29, by striking the word "depart-
- 50 ment" and inserting in lieu thereof the word "council".

H-3393

Page 4

- 1       27. Page 14, line 31, by striking the word
- 2 "department" and inserting in lieu thereof the word
- 3 "council".
- 4       28. Page 15, line 2, by inserting after the word
- 5 "adopt" the words ", with approval of the council,".
- 6       29. Page 21, line 2, by striking the words "The
- 7 department" and inserting in lieu thereof the words
- 8 "The council".
- 9       30. Page 21, line 4, by striking the words "shall
- 10 notify the applicant" and inserting in lieu thereof
- 11 the words "the applicant shall be notified".
- 12       31. Page 21, line 5, by striking the word "its"
- 13 and inserting in lieu thereof the words "the
- 14 council's".
- 15       32. Page 21, line 6, by striking the word
- 16 "department's" and inserting in lieu thereof the word
- 17 "council's".
- 18       33. Title, line 4, by inserting after the word
- 19 "state," the words "to establish a state health
- 20 facilities council within the department of health,".

H-3393 FILED - *Adopted as* BY HARGRAVE of Johnson  
MARCH 23, 1977 *amended by* 3400 3/28 (p. 1056) LIPSKY of Linn

Sen. Human Resources 4/22 Do pass per 3437 4/26 (p. 1222)  
" State Govt. 4/26 Do Pass 4/27 (p. 1257)

HOUSE FILE 354

Human Resources  
Rush, Chairperson  
Carr  
Murray

HOUSE FILE 354

By COMMITTEE ON HUMAN RESOURCES

HOUSE FILE 354

State Government  
Slater, Chairperson  
Rush  
Schwengels

*as amended by Senate  
& further amended  
by House*

Passed House, Date 5-6-77 (p. 1965) Passed Senate, Date 5-2-77 (p. 1294)

Vote: Ayes 59 Nays 30 • Vote: Ayes 32 Nays 15

Approved July 13, 1977  
*Repassed Senate per House amendment (3528)  
5-11-77 (p. 1447)*

40-8

# A BILL FOR

1 An Act to require that a certificate of need be obtained as  
2 a condition of offering certain new health care services  
3 or developing certain new health care facilities in this  
4 state, to establish a state health facilities  
5 council within the department of health,  
6 to prescribe the procedures by which certificates  
7 of need shall be applied for and may be granted or denied,  
8 to require that hospitals and health care facilities sub-  
9 mit uniform annual financial reports to the department of  
10 health, to require the department to compile, analyze and  
11 annually report upon the data so submitted, and providing  
12 sanctions against violations.

13 WHEREAS, it is the public policy of this state that the  
14 offering or development of new institutional health services  
15 be accomplished in a manner which is orderly, economical and  
16 consistent with the goal of providing the necessary and ade-  
17 quate institutional health services to all of the people of  
18 this state while avoiding unnecessary duplication of institu-  
19 tional health services and preventing or controlling in-  
20 creases in the cost of delivering these services; and

21 WHEREAS, it is further the public policy of this state  
22 that health care is a right of the people, but the general  
23 assembly finds and declares (1) that rising hospital and  
24 health care facility costs may place the services of these  
25 facilities beyond the means of a majority of the people of  
26 this state; (2) that it is therefore essential that the  
27 general assembly, the governor and the people of the state

1 have access to uniform, timely and accurate data on the costs  
2 incurred and the charges established by hospitals and health  
3 care facilities; and (3) that a statute should be enacted to  
4 provide for uniform systems of reporting by hospitals and health  
5 care facilities in this state and for the regular compilation,  
6 analysis and reporting of financial data relative to hospitals  
7 and health care facilities within this state; NOW THEREFORE,  
8 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 Section 1. NEW SECTION. DEFINITIONS. As used in this  
2 Act, unless the context otherwise requires:

3 1. "Affected persons" means, with respect to an applica-  
4 tion for a certificate of need:

5 a. The person submitting the application.

6 b. Consumers who would be served by the new institution-  
7 al health service proposed in the application.

8 c. Each institutional health facility or health mainte-  
9 nance organization which is located in the geographic area  
10 which would appropriately be served by the new institution-  
11 al health service proposed in the application. The appropri-  
12 ate geographic service area of each institutional health fa-  
13 cility or health maintenance organization shall be determined  
14 on a uniform basis in accordance with criteria established  
15 in rules promulgated by the department in consultation with  
16 the appropriate health systems agency.

17 d. The designated health systems agencies for the health  
18 systems agency area in which the new institutional health  
19 service proposed in the application is to be located and for  
20 each of the health systems agency areas contiguous thereto,  
21 including those in other states.

22 e. Each institutional health facility or health mainte-  
23 nance organization which, prior to receipt of the applica-  
24 tion by the department, has formally indicated to the de-  
25 partment pursuant to this Act an intent to furnish in the  
26 future institutional health services similar to the new  
27 institutional health service proposed in the application.

28 f. Any other person designated as an affected person by  
29 rules of the department.

30 2. "Commissioner" means the commissioner of public health,  
31 or the commissioner's designee.

32 3. "Consumer" means any individual whose occupation is  
33 other than health services, who has no fiduciary obligation  
34 to an institutional health facility, health maintenance  
35 organization or other facility primarily engaged in delivery

1 of services provided by persons in health service occupations,  
2 and who has no material financial interest in the providing  
3 of any health services.

4 4. "Council" means the state health facilities council  
5 established by this Act.

6 5. "Department" means the department of health.

7 6. "Develop", when used in connection with health ser-  
8 vices, means to undertake those activities which on their  
9 completion will result in the offer of a new institutional  
10 health service or the incurring of a financial obligation  
11 in relation to the offering of such a service.

12 7. "Federal Act" means the national health planning and  
13 resources development Act of 1974, United States public law  
14 93-641, as amended to January 1, 1977.

15 8. "Financial reporting" means reporting by which hospitals  
16 and health care facilities shall respectively record their  
17 revenues, expenses, other income, other outlays, assets and  
18 liabilities, and units of services.

19 9. "Health care facility" is defined as it is defined  
20 in section one hundred thirty-five C point one (135C.1) of  
21 the Code.

22 10. "Health care provider" means a person licensed or  
23 certified under chapters one hundred forty-seven (147), one  
24 hundred forty-eight (148), one hundred forty-eight A (148A),  
25 one hundred forty-eight B (148B), one hundred forty-nine  
26 (149), one hundred fifty (150), one hundred fifty A (150A),  
27 one hundred fifty-one (151), one hundred fifty-two (152),  
28 one hundred fifty-three (153), one hundred fifty-four (154),  
29 one hundred fifty-four B (154B) or one hundred fifty-five  
30 (155) of the Code to provide in this state professional health  
31 care service to an individual during that individual's medical  
32 care, treatment or confinement.

33 11. "Health maintenance organization" is defined as it  
34 is defined in section five hundred fourteen B point one  
35 (514B.1), subsection three (3) of the Code.

1 12. "Health services" means clinically related diagnos-  
2 tic, curative or rehabilitative services, and includes  
3 alcoholism, drug abuse and mental health services.

4 13. "Health systems agency" means an entity which is de-  
5 signated and operated in the manner described in the federal  
6 Act.

7 14. "Health systems plan" means a detailed statement of  
8 goals developed by a health systems agency, which describes  
9 a healthful environment and health systems in the area which,  
10 when developed, will assure that quality health services will  
11 be available and accessible in a manner which assures  
12 continuity of care at reasonable cost for all residents of  
13 the area, and which is responsive to the unique needs and  
14 resources of the area.

15 15. "Hospital" is defined as it is defined in section  
16 one hundred thirty-five B point one (135B.1), subsection one  
17 (1) of the Code.

18 16. "Institutional health facility" means any of the fol-  
19 lowing, without regard to whether the facilities referred  
20 to are publically or privately owned or are organized for  
21 profit or not:

22 a. A hospital.

23 b. A health care facility.

24 c. A kidney disease treatment center, including any free-  
25 standing hemodialysis unit but not including any home  
26 hemodialysis unit.

27 d. An organized outpatient health facility.

28 e. An outpatient surgical facility.

29 f. A community mental health facility.

30 17. "Institutional health service" means any health ser-  
31 vice furnished in or through institutional health facilities  
32 or health maintenance organizations.

33 18. "Modernization" means the alteration, repair, re-  
34 modeling, replacement or renovation of existing buildings  
35 or of the equipment previously installed therein, or both.

1 19. "New institutional health service" or "changed  
2 institutional health service" means any of the following:

3 a. The construction, development or other establishment  
4 of a new institutional health facility or health maintenance  
5 organization.

6 b. Relocation of an institutional health facility or a  
7 health maintenance organization.

8 c. Any expenditure by or on behalf of an institutional  
9 health facility or a health maintenance organization in ex-  
10 cess of one hundred fifty thousand dollars which, under  
11 generally accepted accounting principles consistently ap-  
12 plied, is a capital expenditure, or any acquisition by lease  
13 or donation to which this subsection would be applicable if  
14 the acquisition were made by purchase.

15 d. A permanent change in the bed capacity, as determined  
16 by the department, of an institutional health facility or  
17 a health maintenance organization. For purposes of this  
18 paragraph, a change is permanent if it is intended to be  
19 effective for one year or more.

20 e. Health services which are or will be offered in or  
21 through an institutional health facility or a health main-  
22 tenance organization at a specific time but which were not  
23 offered on a regular basis in or through that institutional  
24 health facility or health maintenance organization within  
25 the twelve month period prior to that time.

26 f. The deletion of one or more health services, previous-  
27 ly offered on a regular basis by an institutional health fa-  
28 cility or health maintenance organization or the relocation  
29 of one or more health services from one physical facility  
30 to another.

31 g. Any expenditure by or on behalf of an individual health  
32 care provider or group of health care providers, in excess  
33 of one hundred fifty thousand dollars, which:

34 (1) Is made for the purchase or acquisition of a single  
35 piece of new equipment which is to be installed and used in

1 a private office or clinic, and for which a certificate of  
2 need would be required if the equipment were being purchased  
3 or acquired by an institutional health facility or health  
4 maintenance organization; and

5 (2) Is, under generally accepted accounting principles  
6 consistently applied, a capital expenditure.

7 20. "Offer", when used in connection with health ser-  
8 vices, means that an institutional health facility or health  
9 maintenance organization holds itself out as capable of pro-  
10 viding, or as having the means to provide, specified health  
11 services.

12 21. "Organized outpatient health facility" means a facili-  
13 ty, not part of a hospital, organized and operated to provide  
14 health care to noninstitutionalized and nonhome bound persons  
15 on an outpatient basis; it does not include private offices  
16 or clinics of individual physicians, dentists or other prac-  
17 titioners, or groups of practitioners, who are health care  
18 providers.

19 22. "Outpatient surgical facility" means a facility which  
20 as its primary function provides, through an organized medical  
21 staff and on an outpatient basis to patients who are generally  
22 ambulatory, surgical procedures not ordinarily performed in  
23 a private physician's office, but not requiring  
24 hospitalization, and which is neither a part of a hospital  
25 nor the private office of a health care provider who there  
26 engages in the lawful practice of surgery.

27 23. "Technologically innovative equipment" means equip-  
28 ment potentially useful for diagnostic or therapeutic pur-  
29 poses which introduces new technology in the diagnosis or  
30 treatment of disease, the usefulness of which is not well  
31 enough established to permit a specific plan of need to be  
32 developed for the state.

33 Sec. 2. NEW SECTION. DEPARTMENT TO ADMINISTER ACT--HEALTH  
34 FACILITIES COUNCIL ESTABLISHED--APPOINTMENTS--POWERS AND  
35 DUTIES.

1 1. This Act shall be administered by the state department  
2 of health. The commissioner of public health shall employ  
3 or cause to be employed the necessary persons to discharge  
4 the duties imposed on the department by this Act.

5 2. There is established a state health facilities council  
6 consisting of seven persons appointed by the governor. The  
7 council shall be within the department for administrative  
8 and budgetary purposes.

9 a. QUALIFICATIONS. Each member of the council shall be  
10 an eligible elector of the state and a consumer who, at the  
11 time of appointment to the council, is serving as a consumer  
12 member of a sub-area advisory council within one of the health  
13 systems agencies designated in the state of Iowa. No member  
14 of the council shall hold any other appointive or elective  
15 office. No more than four members of the council shall be  
16 affiliated with the same political party.

17 b. APPOINTMENTS. Terms of council members shall be six  
18 years, beginning July first of the year of appointment. A  
19 member shall be appointed in each odd-numbered year to succeed  
20 each member whose term expires in that year. Vacancies shall  
21 be filled by the governor for the balance of the unexpired  
22 term. One member of the council shall be appointed from each  
23 area of the state served by a health systems agency whose  
24 jurisdiction covers less than ten counties in this state.  
25 One of the remaining members shall be appointed from each  
26 sub-area within the jurisdiction of a health systems agency  
27 serving more than ten counties in this state. Lists of at  
28 least two nominees for each required appointment to the council  
29 may be submitted to the governor by the appropriate health  
30 systems agency sub-area advisory council and, if timely  
31 submitted, shall be considered by the governor in selecting  
32 the appointee. Each appointment to the council shall be  
33 subject to confirmation by two-thirds of the members of the  
34 senate. A council member is ineligible for appointment to  
35 a second consecutive term, unless first appointed to an unex-

1 pired term of three years or less.

2 The governor shall designate one of the council members  
3 as chairperson. That designation may be changed not later  
4 than July first of any odd-numbered year, effective on the  
5 date of the organizational meeting held in that year under  
6 paragraph c of this subsection.

7 Notwithstanding the permanent provisions of paragraph a,  
8 the initial appointments to the council shall be made as soon  
9 as possible after the effective date of this Act. In making  
10 those appointments, the governor shall designate two members  
11 to serve terms ending June 30, 1979, two members to serve  
12 terms ending July 30, 1981, and three members to serve terms  
13 ending June 30, 1983. The persons appointed to serve terms  
14 ending in 1979 and 1981 may be reappointed to one additional  
15 consecutive term.

16 c. MEETINGS. The council shall hold an organizational  
17 meeting in July of each odd-numbered year, or as soon  
18 thereafter as the new appointees are confirmed and have  
19 qualified. Other meetings shall be held at least once each  
20 month, and may be held more frequently if necessary to enable  
21 the council to expeditiously discharge its duties. Meeting  
22 dates shall be set upon adjournment or by call of the  
23 chairperson upon five days' notice to the other members.  
24 Each member of the council shall receive forty dollars per  
25 diem and reimbursement for necessary travel and expenses while  
26 engaged in his or her official duties.

27 d. DUTIES. The council shall:

28 (1) Make the final decision, as required by section nine  
29 (9) of this Act, with respect to each application for a  
30 certificate of need accepted by the department.

31 (2) Determine and adopt such policies as are authorized  
32 by law and are deemed necessary to the efficient discharge  
33 of its duties under this Act.

34 (3) Advise and counsel with the commissioner concerning  
35 the provisions of this Act, and the policies and procedures

1 adopted by the department pursuant to this Act.

2 (4) Review and approve, prior to promulgation, all rules  
3 adopted by the department under this Act.

4 Sec. 3. NEW SECTION. CERTIFICATE OF NEED REQUIRED--  
5 EXCLUSIONS.

6 1. A new institutional health service or changed  
7 institutional health service shall not be offered or developed  
8 in this state without prior application to the department  
9 for and receipt of a certificate of need, pursuant to this  
10 Act. The application shall be made upon forms furnished or  
11 prescribed by the department and shall contain such information  
12 as the department may require under this Act after consultation  
13 with all health systems agencies serving the state of Iowa.  
14 The application shall be accompanied by a fee equivalent to  
15 two-tenths of one percent of the anticipated cost of the  
16 project, as determined under rules promulgated by the  
17 department. The fee shall be remitted by the department to  
18 the treasurer of state, who shall place it in the general  
19 fund of the state.

20 2. Nothing in this Act shall be construed to augment,  
21 limit, contravene or repeal in any manner any other statute  
22 of this state which may authorize or relate to licensure,  
23 regulation, supervision or control of, nor to be applicable  
24 to:

25 a. Private offices and private clinics of an individual  
26 physician, dentist or other practitioner or group of health  
27 care providers, except as provided by section one (1),  
28 subsection eighteen (18), paragraph g of this Act.

29 b. Dispensaries and first aid stations, located within  
30 schools, businesses or industrial establishments, which are  
31 maintained solely for the use of students or employees of  
32 those establishments and which do not contain inpatient or  
33 resident beds that are customarily occupied by the same  
34 individual for more than twenty-four consecutive hours.

35 c. Establishments such as motels, hotels and boarding

1 houses which provide medical, nursing personnel, and other  
2 health related services as an incident to their primary  
3 business or function.

4 d. The remedial care or treatment of residents or pa-  
5 tients in any home or institution conducted only for those  
6 who rely solely upon treatment by prayer or spiritual means  
7 in accordance with the creed or tenets of any recognized  
8 church or religious denomination.

9 Sec. 4. NEW SECTION. CRITERIA FOR EVALUATION OF AP-  
10 PPLICATIONS.

11 1. In determining whether a certificate of need shall  
12 be issued, the department and council shall consider the  
13 following:

14 a. The relationship of the proposed institutional health  
15 services to the applicable health systems plan and annual  
16 implementation plan adopted by the affected health systems  
17 agency.

18 b. The relationship of the proposed institutional health  
19 services to the long-range development plan, if any, of the  
20 person providing or proposing the services.

21 c. The need of the population served or to be served by  
22 the proposed institutional health services for those services.

23 d. The distance, convenience, cost of transportation,  
24 and accessibility to health services for persons who live  
25 outside metropolitan areas.

26 e. The availability of alternative, less costly or more  
27 effective methods of providing the proposed institutional  
28 health services.

29 f. The immediate and long-term financial feasibility of  
30 the proposal presented in the application.

31 g. The charges proposed by the applicant for the proposed  
32 health services and the willingness and ability of the  
33 applicant to provide services of good and acceptable quality  
34 at less than customary rates.

35 h. The relationship of the proposed institutional health

1 services to the existing health care system of the area in  
2 which those services are proposed to be provided.

3 i. The availability of resources, including (but not li-  
4 mited to) health care providers, management personnel, and  
5 funds for capital and operating needs, to provide the pro-  
6 posed institutional health services and the possible al-  
7 ternative uses of those resources to provide other health  
8 services.

9 j. The appropriate and nondiscriminatory utilization of  
10 existing and available health care providers. Where both  
11 allopathic and osteopathic institutional health services  
12 exist, each application shall be considered in light of the  
13 availability and utilization of both allopathic and osteopathic  
14 facilities and services in order to protect the freedom of  
15 choice of consumers and health care providers.

16 k. The relationship, including the organizational rela-  
17 tionship, of the proposed institutional health services to  
18 ancillary or support services.

19 l. Special needs and circumstances of those entities which  
20 provide a substantial portion of their services or resources,  
21 or both, to individuals not residing in the health systems  
22 agency areas in which the entities are located or in adja-  
23 cent health systems agency areas, which entities may include  
24 but are not limited to medical and other health professional  
25 schools, multidisciplinary clinics and specialty centers.

26 m. The special needs and circumstances of health main-  
27 tenance organizations.

28 n. The special needs and circumstances of biomedical and  
29 behavioral research projects designed to meet a national need  
30 and for which local conditions offer special advantages.

31 o. The impact of relocation of an institutional health  
32 facility or health maintenance organization on other  
33 institutional health facilities or health maintenance  
34 organizations and on the needs of the population to be served,  
35 or which was previously served, or both.

1 p. In the case of a construction project;

2 (1) The costs and methods of the proposed construction,  
3 including the costs and methods of energy supply; and

4 (2) The probable impact of the proposed construction  
5 project on the costs incurred by the person proposing the  
6 construction project in providing institutional health ser-  
7 vices.

8 q. In the case of a proposal for the addition of beds  
9 to a health care facility, the consistency of the proposed  
10 addition with the plans of other agencies of this state  
11 responsible for provision and financing of long-term care  
12 services, including home health services.

13 2. In addition to the findings required with respect to  
14 any of the criteria listed in subsection one (1) of this  
15 section, the council shall grant a certificate of need for  
16 a new institutional health service or changed institutional  
17 health service only if it finds in writing, on the basis of  
18 data submitted to it by the department, that:

19 a. Less costly, more efficient or more appropriate al-  
20 ternatives to the proposed institutional health service are  
21 not available and the development of such alternatives is  
22 not practicable;

23 b. Any existing facilities providing institutional health  
24 services similar to those proposed are being used in an  
25 appropriate and efficient manner;

26 c. In the case of new construction, alternatives including  
27 but not limited to modernization or sharing arrangements have  
28 been considered and have been implemented to the maximum  
29 extent practicable;

30 d. Patients will experience serious problems in obtain-  
31 ing care of the type which will be furnished by the proposed  
32 new institutional health service or changed institutional  
33 health service, in the absence of that proposed new service.

34 Sec. 5. NEW SECTION. LETTER OF INTENT TO PRECEDE  
35 APPLICATION--REVIEW AND COMMENT.

1        1. Not less than sixty days before applying for a  
2 certificate of need for the construction of a new institutional  
3 health facility or for a major addition to or renovation of  
4 an existing institutional health facility, the sponsor  
5 proposing such project shall submit to the department, and  
6 to the designated health systems agency in whose area the  
7 proposed project is located, a letter of intent to undertake  
8 the project. The letter shall be submitted as soon as is  
9 feasible after initiation of the applicant's planning process,  
10 and before substantial expenditures toward the project are  
11 made.

12        2. Upon receipt of a letter of intent, the department  
13 shall:

14        a. Make a preliminary review of the letter for the purpose  
15 of informing the sponsor of the project of any readily apparent  
16 factors which appear likely to result in denial of a  
17 certificate of need, based on the criteria for evaluation  
18 of applications in section four (4) of this Act.

19        b. Seek the comments of the health systems agency in whose  
20 area the proposed project is located.

21        c. Transmit its findings and recommendations to the  
22 potential sponsor and to the affected health systems agency,  
23 accompanied by a warning that regardless of the nature of  
24 the findings and recommendations they do not constitute  
25 assurance that a certificate of need will or will not be  
26 granted for the proposed project.

27        Sec. 6. NEW SECTION. PROCEDURE UPON RECEIPT OF  
28 APPLICATION--PUBLIC NOTIFICATION.

29        1. Within fifteen business days after receipt of an  
30 application for a certificate of need, the department shall  
31 examine the application for form and completeness and accept  
32 or reject it. An application shall be rejected only if it  
33 fails to provide all information required by the department  
34 pursuant to section three (3), subsection one (1) of this  
35 Act. The department shall promptly return to the applicant

1 any rejected application, with an explanation of the reasons  
2 for its rejection.

3 2. Upon acceptance of an application for a certificate  
4 of need, the department shall promptly undertake to notify  
5 all affected persons in writing that formal review of the  
6 application has been initiated. Notification to those affected  
7 persons who are consumers may be provided by distribution  
8 of the pertinent information to the news media.

9 3. Each application accepted by the department shall be  
10 formally reviewed for the purpose of furnishing to the council  
11 the information necessary to enable it to determine whether  
12 or not to grant the certificate of need. A formal review  
13 shall consist at a minimum of the following steps:

14 a. Evaluation of the application against the criteria  
15 specified in section four (4) of this Act.

16 b. A public hearing on the application, to be held prior  
17 to completion of the evaluation required by paragraph a of  
18 this subsection, if requested by any party who is an affected  
19 person with respect to the application within thirty days  
20 after notification of affected persons that the application  
21 has been accepted for completeness.

22 c. A request to the designated health systems agency in  
23 whose area the proposed new institutional health service or  
24 changed institutional health service would be located for  
25 a recommendation for or against the granting of the certificate  
26 of need. The department shall assist the designated health  
27 systems agency to formulate a recommendation by furnishing  
28 any appropriate data and information on the proposed new  
29 institutional health service or changed institutional health  
30 service. The health systems agency may give notice of its  
31 intent to formulate a recommendation on the application, and  
32 may hold a public hearing on the application if requested  
33 by any party who is an affected person with respect to that  
34 application. If a hearing is held on the application by the  
35 health systems agency, the department may but shall not be

1 required to hold a separate hearing under paragraph b of this  
2 subsection. The department shall allow the health systems  
3 agency sixty days after acceptance of the application by the  
4 department, except as otherwise provided by section twelve  
5 (12), subsection four (4) of this Act, to submit to the  
6 department recommendations with respect to the application.  
7 The department shall consider any recommendations timely  
8 submitted by the health systems agency. If the department  
9 proposes to make a final decision upon an application which  
10 is inconsistent with the recommendation of the health systems  
11 agency upon that application, the department shall furnish  
12 the health systems agency a detailed written statement of  
13 its reasons therefor.

14 4. When a hearing is to be held pursuant to either  
15 paragraph b or paragraph c of subsection three (3) of this  
16 section, the department or the health systems agency, as the  
17 case may be, shall give at least ten days notice of the time  
18 and place of the hearing. At the hearing, any affected person  
19 or that person's designated representative shall have the  
20 opportunity to present testimony.

21 Sec. 7. NEW SECTION. SUMMARY REVIEW PROCEDURE. The  
22 department may, with approval of the council, waive the  
23 procedures prescribed by section six (6) of this Act and  
24 substitute a summary review procedure, which shall be  
25 established by rules of the department, when it accepts an  
26 application for a certificate of need for a project which  
27 meets any of the following criteria:

28 1. A project which is limited to repair or replacement  
29 of a facility or equipment damaged or destroyed by a disaster,  
30 and which will not expand the facility nor increase the  
31 services provided beyond the level existing prior to the  
32 disaster.

33 2. A project necessary to enable the facility or service  
34 to achieve or maintain compliance with federal, state or other  
35 appropriate licensing, certification or safety requirements.

1 3. A project which will not change the existing bed  
2 capacity of the applicant's facility or service, as determined  
3 by the department, by more than ten percent or ten beds,  
4 whichever is less, over a two-year period.

5 4. A project the total cost of which will not exceed one  
6 hundred fifty thousand dollars.

7 5. Any other project for which the applicant proposes,  
8 and both the council and the appropriate health systems agency  
9 agree to, summary review.

10 Sec. 8. NEW SECTION. STATUS REPORTS ON REVIEW IN PROGRESS--  
11 --TIME FOR REVIEW--FINDINGS AFTER REVIEW--HEARING ON FINDINGS.

12 1. While formal review of an application for a certificate  
13 of need is in progress, the department shall upon request  
14 inform any affected person of the status of the review, any  
15 findings which have been made in the course of the review,  
16 and any other appropriate information concerning the review.

17 2. The department shall complete its formal review of  
18 the application within ninety days after acceptance of the  
19 application, except as otherwise provided by section twelve  
20 (12), subsection four (4) of this Act. Upon completion of  
21 the formal review the council shall issue written findings  
22 stating the basis for the decision it proposes to make on  
23 the application. These findings shall be sent to the  
24 applicant, to the designated health systems agency in whose  
25 area the new institutional health care service or changed  
26 institutional health care service is proposed to be offered  
27 or developed, and to any other person who so requests.

28 3. Any affected person may obtain a public hearing for  
29 the purpose of reconsideration of the council's proposed  
30 decision on an application for a certificate of need if the  
31 affected person presents, within thirty days after issuance  
32 of the council's proposed decision, a written request for  
33 reconsideration which:

34 a. Presents significant and relevant information not  
35 previously considered by the department and council;

1 b. Demonstrates that there have been significant changes  
2 in factors or circumstances relied upon by the council in  
3 reaching its proposed decision;

4 c. Demonstrates that the council's proposed decision is  
5 not supported by the findings from the review of the  
6 application; or

7 d. Provides such other bases for reconsideration as the  
8 council determines constitutes good cause.

9 Sec. 9. NEW SECTION. DEPARTMENT TO MAKE FINAL DECISION.  
10 The council shall approve, approve with conditions, defer,  
11 or deny each application for a certificate of need within  
12 thirty-five days after releasing the written findings and  
13 proposed decision on the application. However, the council  
14 shall not approve an application with conditions which mandate  
15 new institutional health services not proposed by the  
16 applicant. The department shall send the council's decision  
17 and the written findings supporting it to the applicant, to  
18 the designated health systems agency for the health service  
19 area in which the new institutional health service or changed  
20 institutional health service is proposed to be offered or  
21 developed, and to any other person who so requests. If the  
22 application is approved or approved with conditions, the  
23 department shall issue a certificate of need to the applicant  
24 at the time the applicant is informed of the council's  
25 decision.

26 Sec. 10. NEW SECTION. APPEAL OF CERTIFICATE OF NEED  
27 DECISIONS. The council's final decision on an application  
28 for a certificate of need, when announced pursuant to section  
29 nine (9) of this Act, may be appealed to the district court  
30 by any dissatisfied party who is an affected person with  
31 respect to that application, and who unsuccessfully requested  
32 a reconsideration hearing under section eight (8), subsection  
33 three (3) of this Act or who appeared or submitted a written  
34 statement to be considered at such a hearing if one was held.

35 Sec. 11. NEW SECTION. PERIOD FOR WHICH CERTIFICATE IS

1 VALID--EXTENSION OR REVOCATION. A certificate of need shall  
2 be valid for a maximum of one year from the date of issuance.  
3 Upon the expiration of the certificate, or at any earlier  
4 time while the certificate is valid the holder thereof shall  
5 provide the department such information on the development  
6 of the project covered by the certificate as the department  
7 may request. The council shall determine at the end of the  
8 certification period whether sufficient progress is being  
9 made on the development of the project and whether there has  
10 been compliance with any conditions on which issuance of the  
11 certificate was premised. The certificate of need may be  
12 extended by the council for additional periods of time as  
13 are reasonably necessary to expeditiously complete the project,  
14 but may be revoked by the council at the end of the first  
15 or any subsequent certification period for insufficient  
16 progress in developing the project or noncompliance with any  
17 conditions on which issuance of the certificate was premised.  
18 Upon expiration of certificate of need, and prior to  
19 extension thereof, a public hearing may be requested by an  
20 affected person to determine if sufficient progress is being  
21 made.

22 Sec. 12. NEW SECTION. AUTHORITY TO ADOPT RULES. The  
23 department shall adopt, with approval of the council, such  
24 administrative rules as are necessary to enable it to implement  
25 this Act. These rules shall include:

- 26 1. Additional procedures and criteria for review of  
27 applications for certificates of need.
- 28 2. Uniform procedures for variations in application of  
29 criteria specified by section four (4) of this Act for use  
30 in formal review of applications for certificates of need,  
31 when such variations are appropriate to the purpose of a  
32 particular review or to the type of institutional health  
33 service proposed in the application being reviewed.
- 34 3. Uniform procedures for summary reviews conducted under  
35 section seven (7) of this Act.

1 4. Criteria for determining when it is not feasible to  
2 complete formal review of an application for a certificate  
3 of need, or not feasible for a designated health systems  
4 agency to formulate and submit a recommendation on an  
5 application, within the time limits specified in section eight  
6 (8), subsection two (2), and section six (6), subsection three  
7 (3), paragraph c, respectively, of this Act. The rules adopted  
8 under this subsection shall include criteria for determining  
9 whether an application proposes introduction of technologically  
10 innovative equipment, and if so, procedures to be followed  
11 in reviewing the application.

12 Sec. 13. NEW SECTION. SANCTIONS.

13 1. Any party constructing a new institutional health  
14 facility or a major addition to or renovation of an existing  
15 institutional health facility without first obtaining a  
16 certificate of need therefor as required by this Act, or who  
17 shall violate any of the provisions of this Act, shall not  
18 be eligible for licensure or change of licensure by the  
19 appropriate responsible licensing agency of this state.

20 2. Any party offering or developing any new institutional  
21 health service or changed institutional health service without  
22 first obtaining a certificate of need therefor as required  
23 by this Act may be temporarily or permanently restrained  
24 therefrom by any court of competent jurisdiction in any action  
25 brought by the state, any of its political subdivisions, or  
26 any other interested person.

27 3. The sanctions provided by this section are in addition  
28 to, and not in lieu of, any penalty prescribed by law for  
29 the acts against which these sanctions are invoked.

30 Sec. 14. NEW SECTION. UNIFORM FINANCIAL REPORTING.

31 1. The department, after study and in consultation with  
32 any advisory committees which may be established pursuant  
33 to law, shall promulgate by rule pursuant to chapter seventeen  
34 A (17A) of the Code uniform methods of financial reporting,  
35 including such allocation methods as may be prescribed, by

1 which hospitals and health care facilities shall respectively  
2 record their revenues, expenses, other income, other outlays,  
3 assets and liabilities, and units of service, according to  
4 functional activity center. These uniform methods of financial  
5 reporting shall not preclude a hospital or health care facility  
6 from using any accounting methods for its own purposes provided  
7 these accounting methods can be reconciled to the uniform  
8 methods of financial reporting prescribed by the department  
9 and can be audited for validity and completeness. Each  
10 hospital and each health care facility shall adopt the  
11 appropriate system for its fiscal year, effective upon such  
12 date as the department shall direct. In determining the  
13 effective date for reporting requirements, the department  
14 shall consider both the immediate need for uniform reporting  
15 of information to effectuate the purposes of this Act and  
16 the administrative and economic difficulties which hospitals  
17 and health care facilities may encounter in complying with  
18 the uniform financial reporting requirement, but the effective  
19 date shall not be later than one year after the effective  
20 date of this Act.

21 2. In establishing uniform methods of financial reporting,  
22 the department shall consider:

23 a. The existing systems of accounting and reporting  
24 currently utilized by hospitals and health care facilities;

25 b. Differences among hospitals and health care facilities,  
26 respectively, according to size, financial structure, methods  
27 of payment for services, and scope, type and method of  
28 providing services; and

29 c. Other pertinent distinguishing factors.

30 3. The department shall, where appropriate, provide for  
31 modification, consistent with the purposes of this Act, of  
32 reporting requirements to correctly reflect the differences  
33 among hospitals and among health care facilities referred  
34 to in subsection two (2) of this section, and to avoid  
35 otherwise unduly burdensome costs in meeting the requirements

1 of uniform methods of financial reporting.

2 4. The uniform financial reporting methods, where  
3 appropriate, shall be structured so as to establish and  
4 differentiate costs incurred for patient-related services  
5 rendered by hospitals and health care facilities, as  
6 distinguished from those incurred in the course of educational,  
7 research and other nonpatient-related activities including  
8 but not limited to charitable activities of these hospitals  
9 and health care facilities.

10 Sec. 15. NEW SECTION. ANNUAL REPORTS BY HOSPITALS, HEALTH  
11 CARE FACILITIES.

12 1. Each hospital and each health care facility shall  
13 annually, after the close of its fiscal year, file with the  
14 department:

15 a. A balance sheet detailing the assets, liabilities and  
16 net worth of the hospital or health care facility;

17 b. A statement of its income and expenses; and

18 c. Such other reports of the costs incurred in rendering  
19 services as the department may prescribe.

20 2. Where more than one licensed hospital or health care  
21 facility is operated by the reporting organization, the  
22 information required by this section shall be reported  
23 separately for each licensed hospital or health care facility.  
24 The department shall require preparation of specified financial  
25 reports by a certified public accountant, and may require  
26 attestation of responsible officials of the reporting hospital  
27 or health care facility that the reports submitted are to  
28 the best of their knowledge and belief prepared in accordance  
29 with the prescribed methods of reporting. The department  
30 shall have the right to inspect the books, audits and records  
31 of any hospital or health care facility as reasonably necessary  
32 to verify reports submitted pursuant to this Act.

33 3. In obtaining the reports required by this section,  
34 the department and other state agencies shall coordinate their  
35 reporting requirements.

1 4. All reports filed under this section, except privileged  
2 medical information, shall be open to public inspection.

3 Sec. 16. NEW SECTION. ANALYSES AND STUDIES BY DEPARTMENT.

4 1. The department shall from time to time undertake  
5 analyses and studies relating to hospital and health care  
6 facility costs and to the financial status of hospitals or  
7 health care facilities, or both, which are subject to the  
8 provisions of this Act. It shall further require the filing  
9 of information concerning the total financial needs of each  
10 individual hospital or health care facility and the resources  
11 currently or prospectively available to meet these needs,  
12 including the effect of proposals made by health systems  
13 agencies. The department shall also prepare and file such  
14 summaries and compilations or other supplementary reports  
15 based on the information filed with it as will, in its  
16 judgment, advance the purposes of this Act.

17 2. The analyses and studies required by this section shall  
18 be conducted with the objective of providing a basis for  
19 determining whether or not regulation of hospital and health  
20 care facility rates and charges by the state of Iowa is  
21 necessary to protect the health or welfare of the people of  
22 the state.

23 3. In conducting its analyses and studies, the depart-  
24 ment shall determine whether:

25 a. The rates charged and costs incurred by each hospital  
26 and health care facility are reasonably related to the ser-  
27 vices offered by that hospital or health care facility.

28 b. Each hospital's or health care facility's aggregate  
29 rates are reasonably related to that institution's aggre-  
30 gate costs.

31 c. Rates are set equitably among all purchasers or classes  
32 of purchasers of service.

33 d. The rates for particular services, supplies or materials  
34 established by any hospital or health care facility are  
35 reasonable. Determination of reasonableness of rates shall

1 include consideration of a fair rate of return to proprietary  
2 hospitals and health care facilities.

3 4. All data gathered and compiled and all reports pre-  
4 pared under this section, except privileged medical informa-  
5 tion, shall be open to public inspection.

6 Sec. 17. NEW SECTION. REPORT TO GOVERNOR AND LEGISLATURE.  
7 The department shall annually prepare and transmit to the  
8 governor and to the general assembly, on or before the date  
9 of the convening of each regular session of the general  
10 assembly, a report of the department's operations and  
11 activities pursuant to this Act for the preceding fiscal year.  
12 This report shall include a compilation of all summaries and  
13 reports required by this Act together with such findings and  
14 recommendations as the department deems necessary.

15 Sec. 18. NEW SECTION. DATA TO BE COMPILED. Immediately  
16 upon the effective date of this Act, or as soon thereafter  
17 as reasonably possible, the department shall begin to compile  
18 all relevant financial and utilization data in order to have  
19 available the statistical information necessary to properly  
20 monitor hospital and health care facility charges and costs.  
21 Such data shall include necessary operating expenses,  
22 appropriate expenses incurred for rendering services to  
23 patients who cannot or do not pay, all properly incurred  
24 interest charges, and reasonable depreciation expenses based  
25 on the expected useful life of the property and equipment  
26 involved. The department shall also obtain from each hospital  
27 and health care facility a current rate schedule as well as  
28 any subsequent amendments or modifications of that schedule  
29 as it may require. In collection of the data required by  
30 sections fourteen (14) through eighteen (18) of this Act,  
31 the department and other state agencies shall coordinate their  
32 reporting requirements.

33 Sec. 19. NEW SECTION. CIVIL PENALTY. Any hospital or  
34 health care facility which fails to file with the department  
35 the financial reports required by sections four:

1 through eighteen (18) of this Act is subject to a civil penalty  
2 of not to exceed five hundred dollars for each offense.

3 Sec. 20.

4 1. Sections three (3) through thirteen (13), inclusive,  
5 of this Act shall not apply to the development or expansion  
6 of new or changed institutional health services by a new  
7 institutional health facility or health maintenance  
8 organization, or by an institutional health facility or health  
9 maintenance organization engaged in furnishing institutional  
10 health services as of July 1, 1977, which on that date is  
11 committed to a formal plan of development or expansion of  
12 new or changed institutional health services toward which  
13 preliminary expenditures of one hundred fifty thousand dollars  
14 or more had been made during the three year period ending  
15 June 30, 1977, including but not limited to payments for  
16 studies, surveys, designs, plans, working drawings,  
17 specifications and site acquisition essential to the  
18 development or expansion of the new or expanded institutional  
19 health services. However, upon the completion of that proposed  
20 development or expansion all of the provisions of this Act  
21 shall apply to the institutional health facility or health  
22 maintenance organization involved.

23 2. A new or existing institutional health facility or  
24 health maintenance organization which wishes to claim an  
25 exemption under this section may do so by submitting an  
26 application to the department, upon forms furnished or  
27 prescribed by the department, containing such information  
28 as the department may require. The council shall determine  
29 as promptly as reasonably possible whether the applicant is  
30 entitled to the exemption, and the applicant shall be notified  
31 of the council's decision. If the applicant is dissatisfied  
32 with the council's decision, it may appeal in the same manner  
33 as applicants for certificates of need.

34 Sec. 21. Not later than two years after the effective  
35 date of this Act, the department shall submit to the general

1 assembly a report based on the information gathered, compiled  
2 and analyzed pursuant to sections fourteen (14) through  
3 eighteen (18) of this Act, prepared for the purpose of  
4 assisting the general assembly to determine whether regulation  
5 of hospital and health care facility rates by the state is  
6 warranted, and is likely to prove effective, in order to  
7 prevent unnecessary increases and control other increases  
8 in the cost of delivering institutional health care services  
9 to the people of this state.

10 Sec. 22. This Act shall take effect July 1, 1978.

11 EXPLANATION

12 This bill requires advance approval of the Department of  
13 Health, in the form of a document called a certificate of  
14 need, for the construction, expansion or any extensive  
15 renovation of a hospital or health care facility (i.e., nursing  
16 home), for major expenses for equipment to be used in such  
17 facilities, and for any important changes in the services  
18 these facilities provide. Applications for certificates of  
19 need are in most cases subject to thorough review in terms  
20 of whether the expenditure is necessary to achieve or maintain  
21 a needed quality or quantity of health care services in the  
22 particular area of the state involved. However, the Department  
23 is authorized to establish a summary review procedure for  
24 certain applications of a nature for which full review is  
25 unwarranted. The Department has responsibility for deciding  
26 whether or not a certificate of need should be issued, subject  
27 to administrative and judicial appeals.

28 The bill also requires the Department to prescribe a uniform  
29 method of financial reporting for hospitals and health care  
30 facilities. The department will compile information on the  
31 basis of these reports, and will make periodic reports to  
32 the Governor and the General Assembly. In addition, the  
33 Department is required to make a special report to the General  
34 Assembly within two years after the bill takes effect, for  
35 the purpose of assisting the General Assembly in deciding

1 whether state regulation of hospital and health care facility  
2 rates, on the public utility model, appears needed and is  
3 likely to be effective.

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House Amendment to Senate Amendment  
to House File 354

S-3528

1 Amend the Senate amendment H-3930, to House File  
2 354 as amended, passed and reprinted by the House,  
3 as follows:

4 1. Page 1, by striking lines 3 through 17.

5 2. Page 2, by inserting after line 21 the  
6 following:

7 "\_\_\_\_\_. Page 10, by inserting after line 2 the  
8 following new paragraph:

9 "\_\_\_\_\_. The appropriate and efficient use or  
10 prospective use of the proposed institutional health  
11 service, and of any existing similar services,  
12 including but not limited to a consideration of the  
13 capacity of the sponsor's facility to provide the  
14 proposed service, and possible sharing or cooperative  
15 arrangements among existing facilities and providers.""

16 3. Page 2, line 39, by inserting after the word  
17 "department" the words ", and to the designated health  
18 systems agency in whose area the proposed new or  
19 changed service is or will be located,".

20 4. Page 2, line 42, by inserting after the word  
21 "process," the words "and in any case not less than  
22 sixty days before applying for a certificate of need".

23 5. Page 3, by striking lines 9 through 13.

24 6. Page 4, by striking lines 13 through 18.

25 7. Page 4, by striking lines 38 and 39 and  
26 inserting in lieu thereof the following:

27 "\_\_\_\_\_. Page 21, by striking lines 23 through 35  
28 and inserting in lieu thereof the following:

29 "3. In conducting its analyses and studies, the  
30 department should determine whether:

31 a. The rates charged and costs incurred by  
32 hospitals and health care facilities are reasonably  
33 related to the services offered by those respective  
34 groups of institutions.

35 b. Aggregate rates of hospitals and of health  
36 care facilities are reasonably related to the aggregate  
37 costs incurred by those respective groups of  
38 institutions.

39 c. Rates are set equitably among all purchasers  
40 or classes of purchasers of hospital and of health  
41 care facility services.

42 d. The rates for particular services, supplies  
43 or materials established by hospitals and by health  
44 care facilities are reasonable. Determination of  
45 reasonableness of rates shall".

S-3528 FILED  
MAY 9, 1977

RECEIVED FROM THE HOUSE

*Senate concurred 5/11 (p. 1446)*

1 Amend House File 354 as amended, passed and  
2 reprinted by the House as follows:

3 1. Page 3, by inserting after line 14 the following  
4 new subsection:

5 "\_\_\_\_\_. "Home health agency" means an organization  
6 primarily engaged in providing professional nursing  
7 services and at least one of the following services,  
8 directly or through contract arrangements; homemaker-  
9 home health aide services, and other therapeutic and  
10 related services, including but not limited to  
11 physical, speech and occupational therapy and  
12 nutritional and medical social services, to persons  
13 in their place of residence on a part-time or  
14 intermittent basis."

15 2. Page 3, by inserting after line 28 the following  
16 new paragraph:

17 "\_\_\_\_\_. A home health agency."

18 3. Page 6, by striking lines 5 through 16 and  
19 inserting in lieu thereof the following:

20 "2. There is established a state health facili-  
21 ties council consisting of five persons appointed  
22 by the governor. The council shall be within the  
23 department for administrative and budgetary purposes.

24 a. QUALIFICATIONS. The members of the council  
25 shall be chosen so that the council as a whole is  
26 broadly representative of various geographical areas  
27 of the state, and no more than three of its members  
28 are affiliated with the same political party. Each  
29 council member shall be a person who has demonstrated  
30 by prior activities an informed concern for the plan-  
31 ning and delivery of health services. No member of  
32 the council, nor any spouse of a member, shall during  
33 the time that member is serving on the council:

34 (1) Be a health care provider nor be otherwise  
35 directly or indirectly engaged in the delivery of  
36 health care services nor have a material financial  
37 interest in the providing or delivery of health  
38 services; nor

39 (2) Serve as a member of any board or other policy-  
40 making or advisory body of a health systems agency,  
41 an institutional health facility, a health maintenance  
42 organization, or any health or hospital insurer."

43 4. Page 6, by striking lines 22 through 32 and  
44 inserting in lieu thereof the words "term. Each  
45 appointment to the council shall be".

46 5. Page 7, line 10, by striking the words "two  
47 members" and inserting in lieu thereof the words "one  
48 member".

49 6. Page 7, line 11, by striking the word "terms"  
50 and inserting in lieu thereof the words "a term".

- 1 7. Page 7, line 12, by striking the word "three"  
2 and inserting in lieu thereof the word "two".
- 3 8. Page 7, line 18, by inserting after the word  
4 "new" the words "appointee or".
- 5 9. Page 7, lines 24 and 25, by striking the words  
6 "forty dollars per diem" and inserting in lieu thereof  
7 the words "a salary as fixed by the general assembly".
- 8 10. Page 7, by inserting after line 33 the follow-  
9 ing new subparagraph:  
10 "( ) Have authority to direct staff personnel  
11 of the department assigned to conduct formal or summary  
12 reviews of applications for certificates of need."
- 13 11. Page 8, line 28, by striking the word and  
14 figure "eighteen (18)" and inserting in lieu thereof  
15 the word and figure "nineteen (19)".
- 16 12. Page 9, line 30, by inserting after the word  
17 "application" the words ", as well as the probable  
18 impact of the proposal on the costs of and charges  
19 for providing health services by the person proposing  
20 the new institutional health service."
- 21 13. Page 9, by striking lines 31 through 34.
- 22 14. Page 11, by inserting after line 33 the  
23 following:  
24 "3. In the evaluation of applications for  
25 certificates of need submitted by university hospital  
26 at Iowa City, the unique features of that institution  
27 relating to statewide tertiary health care, health  
28 science education, and clinical research shall be  
29 given due consideration. Further, in administering  
30 this Act, the unique capacity of university hospitals  
31 for the evaluation of technologically innovative  
32 equipment and other new health services shall be  
33 utilized."
- 34 15. Page 12, by striking lines 1 through 26 and  
35 inserting in lieu thereof the following:  
36 "1. Before applying for a certificate of need,  
37 the sponsor of a proposed new institutional health  
38 service or changed institutional health service shall  
39 submit to the department a letter of intent to offer  
40 or develop a service requiring a certificate of need.  
41 The letter shall be submitted as soon as possible  
42 after initiation of the applicant's planning process,  
43 and before substantial expenditures to offer or develop  
44 the service are made. The letter shall include a  
45 brief description of the proposed new or changed  
46 service, its location, and its estimated cost.  
47 2. Upon request of the sponsor of the proposed  
48 new or changed service, the department shall make  
49 a preliminary review of the letter for the purpose  
50 of informing the sponsor of the project of any factors

1 which may appear likely to result in denial of a  
2 certificate of need, based on the criteria for  
3 evaluation of applications in section four (4) of  
4 this Act. A comment by the department under this  
5 section shall not constitute a final decision."  
6 16. Page 14, by striking lines 8 through 13 and  
7 inserting in lieu thereof the words "submitted by  
8 the health systems agency."  
9 17. Page 14, lines 29 and 30, by striking the  
10 words "damaged or destroyed by a disaster, and".  
11 18. Page 14, line 32, by striking the word  
12 "disaster" and inserting in lieu thereof the words  
13 "repair or replacement".  
14 19. Page 15, by striking lines 10 through 35.  
15 20. Page 16, by striking lines 1 through 34 and  
16 inserting in lieu thereof the following:  
17 "Sec. 8. NEW SECTION. STATUS REPORTS ON REVIEW  
18 IN PROGRESS. While formal review of an application  
19 for a certificate of need is in progress, the  
20 department shall upon request inform any affected  
21 person of the status of the review, any findings which  
22 have been made in the course of the review, and any  
23 other appropriate information concerning the review.  
24 Sec. 9 NEW SECTION. COUNCIL TO MAKE FINAL  
25 DECISION. The department shall complete its formal  
26 review of the application within ninety days after  
27 acceptance of the application, except as otherwise  
28 provided by section twelve (12), subsection four (4)  
29 of this Act. Upon completion of the formal review,  
30 the council shall approve, approve with conditions,  
31 or deny the application. However, the council shall  
32 not approve an application with conditions which  
33 mandate new institutional health services not proposed  
34 by the applicant. The council shall issue written  
35 findings stating the basis for its decision on the  
36 application, and the department shall send copies  
37 of the council's decision and the written findings  
38 supporting it to the applicant, to the designated  
39 health systems agency in whose area the new or changed  
40 institutional health service is proposed to be offered  
41 or developed, and to any other person who so requests.  
42 If the application is approved or approved with  
43 conditions, the department shall issue a certificate  
44 of need to the applicant at the time the applicant  
45 is informed of the council's decision.  
46 Failure by the council to issue a written decision  
47 on an application for a certificate of need within  
48 the time required by this section shall constitute  
49 denial of and final administrative action on the  
50 application, and is subject to appeal under section

1 ten (10) of this Act.

2 Sec. 10. NEW SECTION APPEAL OF CERTIFICATE OF  
3 NEED DECISIONS. The council's final decision on an  
4 application for a certificate of need, when announced  
5 pursuant to section nine (9) of this Act, may be  
6 appealed by any dissatisfied party who is an affected  
7 person with respect to that application, and who  
8 participated or sought unsuccessfully to participate  
9 in the formal review procedure prescribed by section  
10 six (6) of this Act. The appeal shall be taken in  
11 the manner provided by chapter seventeen A (17A) of  
12 the Code."

13 21. Page 17, line 2, by inserting after the word  
14 "issuance" the words "; however, a council may grant  
15 a certificate of need for a longer period of time  
16 if the council determines that the project for which  
17 the certificate is issued cannot be completed within  
18 one year from the date of issuance".

19 22. Page 17, by striking lines 19, 20 and 21 and  
20 inserting in lieu thereof the words "extension thereof,  
21 any affected person shall have the right to submit  
22 to the department information which may be relevant  
23 to the question of granting an extension. The  
24 department may call a public hearing for this purpose."

25 23. Page 18, lines 5 and 6, by striking the words  
26 and numerals "eight (8), subsection two (2)" and  
27 inserting in lieu thereof the word and numeral "nine  
28 (9)".

29 24. Page 18, line 11, by inserting after the  
30 period the words "However, no rule adopted under this  
31 subsection shall permit a deferral of more than sixty  
32 days beyond the time when a decision is required under  
33 section nine (9) of this Act, unless both the applicant  
34 and the department agree to a longer deferment."

35 25. Page 18, lines 17 and 18, by striking the  
36 words "shall not be eligible for" and inserting in  
37 lieu thereof the words "may be denied".

38 26. Page 21, by striking lines 23 through 35.

39 27. Page 22, by striking lines 1 and 2.

40 28. Page 22, line 35, by striking the word "four:"  
41 and inserting in lieu thereof the word and numeral  
42 "fourteen (14)".

43 29. Page 24, by inserting after line 9 the  
44 following new section:

45 "Sec. \_\_\_\_\_. Until such time as the agreement of  
46 the state of Iowa to conduct reviews pursuant to  
47 section one thousand one hundred twenty-two (1122)  
48 of the United States Social Security Act is terminated,  
49 the department shall furnish or prescribe forms so  
50 that the application for a certificate of need and

MAY 4, 1977

PAGE 6

H-3930

Page 5

1 the application for review pursuant to said section  
2 one thousand one hundred twenty-two (1122) may be  
3 made at the same time with minimal duplication, and  
4 shall provide coordinated procedures for review and  
5 action on both applications. This section shall not  
6 be construed to require or to indicate legislative  
7 intent that the state continue to conduct such reviews  
8 if federal law does not so require as a condition  
9 of federal participation in state programs including,  
10 but not limited to, the medical assistance program."

11 30. Page 24, by striking line 10 and inserting  
12 in lieu thereof the following:

13 "Sec. 22. Sections one (1) and three (3) through  
14 twenty-one (21) of this Act shall take effect July  
15 1, 1978. The governor shall appoint the initial  
16 members of the health facilities council no later  
17 than October 1, 1977, and the council and depart-  
18 ment shall then begin preparations to implement this  
19 Act on July 1, 1978."

*House amended (4029 & 4019) and concurred 5/6 (p. 1964)*

H-3930 FILED

RECEIVED FROM SENATE

MAY 3, 1977

HOUSE FILE 354

H-4019

- 1 Amend the Senate amendment, H-3930 to House File
- 2 354 as amended, passed and reprinted by the House as
- 3 follows:
- 4 1. Page 1, by striking lines 3 through 17.

H-4019 FILED - *Lost* BY BAKER of Buena Vista *5/6 (p. 1961)*  
MAY 5, 1977 *5/6 (1960)*

HOUSE FILE 354

H-4030

- 1 Amend the Senate Amendment H-3930 to House File
- 2 354 as amended, passed and reprinted by the House, as
- 3 follows:
- A 4 1. Page 2, by striking lines 22 through 33.
- 5 2. Page 2, by striking lines 47 and 48 and in-
- β 6 serting in lieu thereof the following:
- 7 "2. The department shall make".

H-4030 FILED - *Lost 5/6* BY KREWSON of Polk  
MAY 6, 1977 *(p. 1964)*

HOUSE FILE 354

H-4033

- 1 Amend the senate amendment H-3930 to House
- 2 File 354 as follows:
- 3 1. Page 1, line 32, by striking the words
- 4 ", nor any spouse of a member,".

H-4033 FILED - *Lost 5/6* BY LIPSKY of Linn  
MAY 6, 1977 *(p. 1964)* LONERGAN of Boone

HOUSE CLIP SHEET

Monday, May 9, 1977

HOUSE FILE 354

H-4029

- 1 Amend the Senate amendment H-3930, to House File  
2 354 as amended, passed and reprinted by the House,  
A 3 as follows:  
4 1. Page 2, by inserting after line 21 the  
5 following:  
6 "\_\_\_\_\_. Page 10, by inserting after line 2 the  
7 following new paragraph:  
8 "\_\_\_\_\_. The appropriate and efficient use or  
9 prospective use of the proposed institutional health  
10 service, and of any existing similar services,  
11 including but not limited to a consideration of the  
12 capacity of the sponsor's facility to provide the  
13 proposed service, and possible sharing or cooperative  
14 arrangements among existing facilities and providers."  
15 2. Page 2, line 39, by inserting after the word  
16 "department" the words ", and to the designated health  
17 systems agency in whose area the proposed new or  
18 changed service is or will be located,".  
19 3. Page 2, line 42, by inserting after the word  
20 "process," the words "and in any case not less than  
21 sixty days before applying for a certificate of need".  
22 4. Page 3, by striking lines 9 through 13.  
23 5. Page 4, by striking lines 13 through 18.  
B 24 6. Page 4, by striking lines 38 and 39 and  
25 inserting in lieu thereof the following:  
26 "\_\_\_\_\_. Page 21, by striking lines 23 through 35  
27 and inserting in lieu thereof the following:  
28 "3. In conducting its analyses and studies, the  
29 department should determine whether:  
30 a. The rates charged and costs incurred by  
31 hospitals and health care facilities are reasonably  
32 related to the services offered by those respective  
33 groups of institutions.  
34 b. Aggregate rates of hospitals and of health  
35 care facilities are reasonably related to the aggregate  
36 costs incurred by those respective groups of  
37 institutions.  
38 c. Rates are set equitably among all purchasers  
39 or classes of purchasers of hospital and of health  
40 care facility services.  
41 d. The rates for particular services, supplies  
42 or materials established by hospitals and by health  
43 care facilities are reasonable. Determination of  
44 reasonableness of rates shall"."

H-42039 FILED - *Adopted* BY HARGRAVE of Johnson  
MAY 6, 1977 *5/6 (p. 1963)*

SENATE 2  
MAY 3, 1977

HOUSE FILE 354

S-3475

1 Amend the Committee on Human Resources amendment  
2 S-3438 to House File 354 as amended, passed and  
3 reprinted by the House, as follows:  
4 1. Page 3, line 17, by striking the word "DEPART-  
5 MENT" and inserting in lieu thereof the word "COUNCIL".  
6 2. Page 3, line 23, by striking the word "depart-  
7 ment" and inserting in lieu thereof the word "council".  
8 3. Page 3, line 24, by striking the word "depart-  
9 ment" and inserting in lieu thereof the word "council".  
10 4. Page 3, line 27, by striking the word "depart-  
11 ment" and inserting in lieu thereof the word "council".  
12 5. Page 3, line 29, by striking the words "shall  
13 send its" and inserting in lieu thereof the words  
14 "the department shall send copies of the council's".  
15 6. Page 3, line 37, by striking the word "depart-  
16 ment's" and inserting in lieu thereof the word  
17 "council's".  
18 7. Page 3, line 39, by striking the word "depart-  
19 ment" and inserting in lieu thereof the word "council".  
20 8. Page 3, line 46, by striking the word "depart-  
21 ment's" and inserting in lieu thereof the word  
22 "council's".

S-3475 FILED & ADOPTED (p. 1292) BY BOB RUSH  
MAY 2, 1977

HOUSE FILE 354

S-3476

1 Amend House File 354 as amended, passed and DIV. A  
2 reprinted by the House, as follows:  
3 1. Page 7, by inserting after line 33 the follow-  
4 ing new subparagraph:  
5 "( ) Have authority to direct staff personnel  
6 of the department assigned to conduct formal or summary  
7 reviews of applications for certificates of need."  
8 2. Page 8, line 17, by striking the word "depart- DIV. B  
9 ment." and inserting in lieu thereof the words "depart-  
10 ment, however no such fee shall be less than twenty-  
11 five dollars nor more than five hundred dollars."  
12 3. Page 14, lines 29 and 30, by striking the words DIV. C  
13 "damaged or destroyed by a disaster, and".  
14 4. Page 14, line 32, by striking the word  
15 "disaster" and inserting in lieu thereof the words  
16 "repair or replacement".

S-3476 FILED  
MAY 2, 1977

BY JOHN S. MURRAY

DIV. A - ADOPTED (p. 1293)  
DIV. B - LOST "  
DIV. C - ADOPTED "

HOUSE FILE 354

S-3474

1 Amend the Committee on Human Resources amendment  
2 S-3438 to House File 354 as amended, passed and  
3 reprinted by the House, as follows:  
4 1. Page 2, by striking lines 17, 18 and 19.

S-3474 FILED & ADOPTED (p. 1292) BY PHILIP B. HILL  
MAY 2, 1977

HOUSE FILE 354

S-3477

1 Amend House File 354 as amended, passed and  
2 reprinted by the House as follows:  
3 1. Page 24, by striking line 10 and inserting  
4 in lieu thereof the following:  
5 "Sec. 22. Sections one (1) and three (3) through  
6 twenty-one (21) of this Act shall take effect July  
7 1, 1978. The governor shall appoint the initial  
8 members of the health facilities council no later  
9 than October 1, 1977, and the council and depart-  
10 ment shall then begin preparations to implement this  
11 Act on July 1, 1978."

S-3477 FILED & ADOPTED (p. 1294) BY BOB RUSH  
MAY 2, 1977 JOHN S. MURRAY

HOUSE FILE 354

S-3481

1 Amend House File 354 as amended passed and  
2 reprinted by the House as follows:  
3 1. Page 17, line 2, by inserting after the word  
4 "issuance" the words "; however, a council may grant  
5 a certificate of need for a longer period of time if  
6 the council determines that the project for which the  
7 certificate is issued cannot be completed within one  
8 year from the date of issuance".

S-3481 FILED & ADOPTED (p. 1294) BY PHILIP B. HILL  
MAY 2, 1977

1 Amend House File 354 as amended, passed and  
2 reprinted by the House as follows:  
3 1. Page 3, by inserting after line 14 the following  
4 new subsection:

5 "\_\_\_\_\_. "Home health agency" means an organization  
6 primarily engaged in providing professional nursing  
7 services and at least one of the following services,  
8 directly or through contract arrangements; homemaker-  
9 home health aide services, and other therapeutic and  
10 related services, including but not limited to  
11 physical, speech and occupational therapy and  
12 nutritional and medical social services, to persons  
13 in their place of residence on a part-time or  
14 intermittent basis."

15 2. Page 3, by inserting after line 28 the following  
16 new paragraph:

17 "\_\_\_\_\_. A home health agency."

18 3. Page 6, by striking lines 5 through 16 and  
19 inserting in lieu thereof the following:

20 "2. There is established a state health facili-  
21 ties council consisting of five persons appointed  
22 by the governor. The council shall be within the  
23 department for administrative and budgetary purposes.

24 a. QUALIFICATIONS. The members of the council  
25 shall be chosen so that the council as a whole is  
26 broadly representative of various geographical areas  
27 of the state, and no more than three of its members  
28 are affiliated with the same political party. Each  
29 council member shall be a person who has demonstrated  
30 by prior activities an informed concern for the plan-  
31 ning and delivery of health services. No member of  
32 the council, nor any spouse of a member, shall during  
33 the time that member is serving on the council:

34 (1) Be a health care provider nor be otherwise  
35 directly or indirectly engaged in the delivery of  
36 health care services nor have a material financial  
37 interest in the providing or delivery of health  
38 services; nor

39 (2) Serve as a member of any board or other policy-  
40 making or advisory body of a health systems agency,  
41 an institutional health facility, a health maintenance  
42 organization, or any health or hospital insurer."

43 4. Page 6, by striking lines 22 through 32 and  
44 inserting in lieu thereof the words "term. Each  
45 appointment to the council shall be".

46 5. Page 7, line 10, by striking the words "two  
47 members" and inserting in lieu thereof the words "one  
48 member".

49 6. Page 7, line 11, by striking the word "terms"  
50 and inserting in lieu thereof the words "a term".

1 7. Page 7, line 12, by striking the word "three"  
2 and inserting in lieu thereof the word "two".

3 8. Page 7, line 18, by inserting after the word  
4 "new" the words "appointee or".

5 9. Page 7, lines 24 and 25, by striking the words  
6 "forty dollars per diem" and inserting in lieu thereof  
7 the words "a salary as fixed by the general assembly".

8 10. Page 8, line 28, by striking the word and  
9 figure "eighteen (18)" and inserting in lieu thereof  
10 the word and figure "nineteen (19)".

11 11. Page 9, line 30, by inserting after the word  
12 "application" the words ", as well as the probable  
13 impact of the proposal on the costs of and charges  
14 for providing health services by the person proposing  
15 the new institutional health service."

16 12. Page 9, by striking lines 31 through 34.

17 13. Page 10, by striking lines 10 through 15 and  
18 inserting in lieu thereof the words "existing and  
19 available health care providers."

20 14. Page 11, by inserting after line 33 the  
21 following:

22 "3. In the evaluation of applications for  
23 certificates of need submitted by university hospital  
24 at Iowa City, the unique features of that institution  
25 relating to statewide tertiary health care, health  
26 science education, and clinical research shall be  
27 given due consideration. Further, in administering  
28 this Act, the unique capacity of university hospitals  
29 for the evaluation of technologically innovative  
30 equipment and other new health services shall be  
31 utilized."

32 15. Page 12, by striking lines 1 through 26 and  
33 inserting in lieu thereof the following:

34 "1. Before applying for a certificate of need,  
35 the sponsor of a proposed new institutional health  
36 service or changed institutional health service shall  
37 submit to the department a letter of intent to offer  
38 or develop a service requiring a certificate of need.  
39 The letter shall be submitted as soon as possible  
40 after initiation of the applicant's planning process,  
41 and before substantial expenditures to offer or develop  
42 the service are made. The letter shall include a  
43 brief description of the proposed new or changed  
44 service, its location, and its estimated cost.

45 2. Upon request of the sponsor of the proposed  
46 new or changed service, the department shall make  
47 a preliminary review of the letter for the purpose  
48 of informing the sponsor of the project of any factors  
49 which may appear likely to result in denial of a  
50 certificate of need, based on the criteria for

1 evaluation of applications in section four (4) of  
2 this Act. A comment by the department under this  
3 section shall not constitute a final decision."

4 16. Page 14, by striking lines 8 through 13 and  
5 inserting in lieu thereof the words "submitted by  
6 the health systems agency."

7 17. Page 15, by striking lines 10 through 35.

8 18. Page 16, by striking lines 1 through 34 and  
9 inserting in lieu thereof the following:

10 "Sec. 8. NEW SECTION. STATUS REPORTS ON REVIEW  
11 IN PROGRESS. While formal review of an application  
12 for a certificate of need is in progress, the  
13 department shall upon request inform any affected  
14 person of the status of the review, any findings which  
15 have been made in the course of the review, and any  
16 other appropriate information concerning the review.

17 Sec. 9 NEW SECTION. DEPARTMENT TO MAKE FINAL  
18 DECISION. The department shall complete its formal  
19 review of the application within ninety days after  
20 acceptance of the application, except as otherwise  
21 provided by section twelve (12), subsection four (4)  
22 of this Act. Upon completion of the formal review,  
23 the department shall approve, approve with conditions,  
24 or deny the application. However, the department  
25 shall not approve an application with conditions which  
26 mandate new institutional health services not proposed  
27 by the applicant. The department shall issue written  
28 findings stating the basis for its decision on the  
29 application, and shall send its decision and the  
30 written findings supporting it to the applicant, to  
31 the designated health systems agency in whose area  
32 the new or changed institutional health service is  
33 proposed to be offered or developed, and to any other  
34 person who so requests. If the application is approved  
35 or approved with conditions, the department shall  
36 issue a certificate of need to the applicant at the  
37 time the applicant is informed of the department's  
38 decision.

39 Failure by the department to issue a written  
40 decision on an application for a certificate of need  
41 within the time required by this section shall  
42 constitute denial of and final administrative action  
43 on the application, and is subject to appeal under  
44 section ten (10) of this Act.

45 Sec. 10. NEW SECTION APPEAL OF CERTIFICATE OF  
46 NEED DECISIONS. The department's final decision on  
47 an application for a certificate of need, when  
48 announced pursuant to section nine (9) of this Act,  
49 may be appealed by any dissatisfied party who is an  
50 affected person with respect to that application,

1 and who participated or sought unsuccessfully to  
2 participate in the formal review procedure prescribed  
3 by section six (6) of this Act. The appeal shall  
4 be taken in the manner provided by chapter seventeen  
5 A (17A) of the Code."

6 19. Page 17, by striking lines 19, 20 and 21 and  
7 inserting in lieu thereof the words "extension thereof,  
8 any affected person shall have the right to submit  
9 to the department information which may be relevant  
10 to the question of granting an extension. The  
11 department may call a public hearing for this purpose."

12 20. Page 18, lines 5 and 6, by striking the words  
13 and numerals "eight (8), subsection two (2)" and  
14 inserting in lieu thereof the word and numeral "nine  
15 (9)".

16 21. Page 18, line 11, by inserting after the  
17 period the words "However, no rule adopted under this  
18 subsection shall permit a deferral of more than sixty  
19 days beyond the time when a decision is required under  
20 section nine (9) of this Act, unless both the applicant  
21 and the department agree to a longer deferment."

22 22. Page 18, lines 17 and 18, by striking the  
23 words "shall not be eligible for" and inserting in  
24 lieu thereof the words "may be denied".

25 23. Page 21, by striking lines 23 through 35.

26 24. Page 22, by striking lines 1 and 2.

27 25. Page 22, line 35, by striking the word "four:"  
28 and inserting in lieu thereof the word and numeral  
29 "fourteen (14)".

30 26. Page 24, by inserting after line 9 the  
31 following new section:

32 "Sec. \_\_\_\_\_. Until such time as the agreement of  
33 the state of Iowa to conduct reviews pursuant to  
34 section one thousand one hundred twenty-two (1122)  
35 of the United States Social Security Act is terminated,  
36 the department shall furnish or prescribe forms so  
37 that the application for a certificate of need and  
38 the application for review pursuant to said section  
39 one thousand one hundred twenty-two (1122) may be  
40 made at the same time with minimal duplication, and  
41 shall provide coordinated procedures for review and  
42 action on both applications. This section shall not  
43 be construed to require or to indicate legislative  
44 intent that the state continue to conduct such reviews  
45 if federal law does not so require as a condition  
46 of federal participation in state programs including,  
47 but not limited to, the medical assistance program."

## HOUSE FILE 354

## AN ACT

TO REQUIRE THAT A CERTIFICATE OF NEED BE OBTAINED AS A CONDITION OF OFFERING CERTAIN NEW HEALTH CARE SERVICES OR DEVELOPING CERTAIN NEW HEALTH CARE FACILITIES IN THIS STATE, TO ESTABLISH A STATE HEALTH FACILITIES COUNCIL WITHIN THE DEPARTMENT OF HEALTH, TO PRESCRIBE THE PROCEDURES BY WHICH CERTIFICATES OF NEED SHALL BE APPLIED FOR AND MAY BE GRANTED OR DENIED, TO REQUIRE THAT HOSPITALS AND HEALTH CARE FACILITIES SUBMIT UNIFORM ANNUAL FINANCIAL REPORTS TO THE DEPARTMENT OF HEALTH, TO REQUIRE THE DEPARTMENT TO COMPILE, ANALYZE AND ANNUALLY REPORT UPON THE DATA SO SUBMITTED, AND PROVIDING SANCTIONS AGAINST VIOLATIONS.

WHEREAS, it is the public policy of this state that the offering or development of new institutional health services be accomplished in a manner which is orderly, economical and consistent with the goal of providing the necessary and adequate institutional health services to all of the people of this state while avoiding unnecessary duplication of institutional health services and preventing or controlling increases in the cost of delivering these services; and

WHEREAS, it is further the public policy of this state that health care is a right of the people, but the general assembly finds and declares (1) that rising hospital and health care facility costs may place the services of these facilities beyond the means of a majority of the people of this state; (2) that it is therefore essential that the general assembly, the governor and the people of the state have access to uniform, timely and accurate data on the costs incurred and the charges established by hospitals and health care facilities; and (3) that a statute should be enacted to provide for uniform systems of reporting by hospitals and health care facilities in this state and for the regular compilation, analysis and reporting of financial data relative to hospitals and health care facilities within this state; NOW THEREFORE,

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

Section 1. NEW SECTION. DEFINITIONS. As used in this Act, unless the context otherwise requires:

1. "Affected persons" means, with respect to an application for a certificate of need:

a. The person submitting the application.  
b. Consumers who would be served by the new institutional health service proposed in the application.

c. Each institutional health facility or health maintenance organization which is located in the geographic area which would appropriately be served by the new institutional health service proposed in the application. The appropriate geographic service area of each institutional health facility or health maintenance organization shall be determined on a uniform basis in accordance with criteria established in rules promulgated by the department in consultation with the appropriate health systems agency.

d. The designated health systems agencies for the health systems agency area in which the new institutional health service proposed in the application is to be located and for each of the health systems agency areas contiguous thereto, including those in other states.

e. Each institutional health facility or health maintenance organization which, prior to receipt of the application by the department, has formally indicated to the department pursuant to this Act an intent to furnish in the future institutional health services similar to the new institutional health service proposed in the application.

f. Any other person designated as an affected person by rules of the department.

2. "Commissioner" means the commissioner of public health, or the commissioner's designee.

3. "Consumer" means any individual whose occupation is other than health services, who has no fiduciary obligation to an institutional health facility, health maintenance

organization or other facility primarily engaged in delivery of services provided by persons in health service occupations, and who has no material financial interest in the providing of any health services.

4. "Council" means the state health facilities council established by this Act.

5. "Department" means the department of health.

6. "Develop", when used in connection with health services, means to undertake those activities which on their completion will result in the offer of a new institutional health service or the incurring of a financial obligation in relation to the offering of such a service.

7. "Federal Act" means the national health planning and resources development Act of 1974, United States public law 93-641, as amended to January 1, 1977.

8. "Financial reporting" means reporting by which hospitals and health care facilities shall respectively record their revenues, expenses, other income, other outlays, assets and liabilities, and units of services.

9. "Health care facility" is defined as it is defined in section one hundred thirty-five C point one (135C.1) of the Code.

10. "Health care provider" means a person licensed or certified under chapters one hundred forty-seven (147), one hundred forty-eight (148), one hundred forty-eight A (148A), one hundred forty-eight B (148B), one hundred forty-nine (149), one hundred fifty (150), one hundred fifty A (150A), one hundred fifty-one (151), one hundred fifty-two (152), one hundred fifty-three (153), one hundred fifty-four (154), one hundred fifty-four B (154B) or one hundred fifty-five (155) of the Code to provide in this state professional health care service to an individual during that individual's medical care, treatment or confinement.

11. "Health maintenance organization" is defined as it is defined in section five hundred fourteen B point one (514B.1), subsection three (3) of the Code.

12. "Health services" means clinically related diagnos-

tic, curative or rehabilitative services, and includes alcoholism, drug abuse and mental health services.

13. "Health systems agency" means an entity which is designated and operated in the manner described in the federal Act.

14. "Health systems plan" means a detailed statement of goals developed by a health systems agency, which describes a healthful environment and health systems in the area which, when developed, will assure that quality health services will be available and accessible in a manner which assures continuity of care at reasonable cost for all residents of the area, and which is responsive to the unique needs and resources of the area.

15. "Hospital" is defined as it is defined in section one hundred thirty-five B point one (135B.1), subsection one (1) of the Code.

16. "Institutional health facility" means any of the following, without regard to whether the facilities referred to are publicly or privately owned or are organized for profit or not:

a. A hospital.

b. A health care facility.

c. A kidney disease treatment center, including any free-standing hemodialysis unit but not including any home hemodialysis unit.

d. An organized outpatient health facility.

e. An outpatient surgical facility.

f. A community mental health facility.

17. "Institutional health service" means any health service furnished in or through institutional health facilities or health maintenance organizations.

18. "Modernization" means the alteration, repair, remodeling, replacement or renovation of existing buildings or of the equipment previously installed therein, or both.

19. "New institutional health service" or "changed institutional health service" means any of the following:

a. The construction, development or other establishment

of a new institutional health facility or health maintenance organization.

b. Relocation of an institutional health facility or a health maintenance organization.

c. Any expenditure by or on behalf of an institutional health facility or a health maintenance organization in excess of one hundred fifty thousand dollars which, under generally accepted accounting principles consistently applied, is a capital expenditure, or any acquisition by lease or donation to which this subsection would be applicable if the acquisition were made by purchase.

d. A permanent change in the bed capacity, as determined by the department, of an institutional health facility or a health maintenance organization. For purposes of this paragraph, a change is permanent if it is intended to be effective for one year or more.

e. Health services which are or will be offered in or through an institutional health facility or a health maintenance organization at a specific time but which were not offered on a regular basis in or through that institutional health facility or health maintenance organization within the twelve month period prior to that time.

f. The deletion of one or more health services, previously offered on a regular basis by an institutional health facility or health maintenance organization or the relocation of one or more health services from one physical facility to another.

g. Any expenditure by or on behalf of an individual health care provider or group of health care providers, in excess of one hundred fifty thousand dollars, which:

(1) Is made for the purchase or acquisition of a single piece of new equipment which is to be installed and used in a private office or clinic, and for which a certificate of need would be required if the equipment were being purchased or acquired by an institutional health facility or health maintenance organization; and

(2) Is, under generally accepted accounting principles

consistently applied, a capital expenditure.

20. "Offer", when used in connection with health services, means that an institutional health facility or health maintenance organization holds itself out as capable of providing, or as having the means to provide, specified health services.

21. "Organized outpatient health facility" means a facility, not part of a hospital, organized and operated to provide health care to noninstitutionalized and nonhomebound persons on an outpatient basis; it does not include private offices or clinics of individual physicians, dentists or other practitioners, or groups of practitioners, who are health care providers.

22. "Outpatient surgical facility" means a facility which as its primary function provides, through an organized medical staff and on an outpatient basis to patients who are generally ambulatory, surgical procedures not ordinarily performed in a private physician's office, but not requiring hospitalization, and which is neither a part of a hospital nor the private office of a health care provider who there engages in the lawful practice of surgery.

23. "Technologically innovative equipment" means equipment potentially useful for diagnostic or therapeutic purposes which introduces new technology in the diagnosis or treatment of disease, the usefulness of which is not well enough established to permit a specific plan of need to be developed for the state.

Sec. 2. NEW SECTION. DEPARTMENT TO ADMINISTER ACT--HEALTH FACILITIES COUNCIL ESTABLISHED--APPOINTMENTS--POWERS AND DUTIES.

1. This Act shall be administered by the state department of health. The commissioner of public health shall employ or cause to be employed the necessary persons to discharge the duties imposed on the department by this Act.

2. There is established a state health facilities council consisting of five persons appointed by the governor. The council shall be within the department for administrative

and budgetary purposes.

a. QUALIFICATIONS. The members of the council shall be chosen so that the council as a whole is broadly representative of various geographical areas of the state, and no more than three of its members are affiliated with the same political party. Each council member shall be a person who has demonstrated by prior activities an informed concern for the planning and delivery of health services. No member of the council, nor any spouse of a member, shall during the time that member is serving on the council:

(1) Be a health care provider nor be otherwise directly or indirectly engaged in the delivery of health care services nor have a material financial interest in the providing or delivery of health services; nor

(2) Serve as a member of any board or other policy-making or advisory body of a health systems agency, an institutional health facility, a health maintenance organization, or any health or hospital insurer.

b. APPOINTMENTS. Terms of council members shall be six years, beginning July first of the year of appointment. A member shall be appointed in each odd-numbered year to succeed each member whose term expires in that year. Vacancies shall be filled by the governor for the balance of the unexpired term. Each appointment to the council shall be subject to confirmation by two-thirds of the members of the senate. A council member is ineligible for appointment to a second consecutive term, unless first appointed to an unexpired term of three years or less.

The governor shall designate one of the council members as chairperson. That designation may be changed not later than July first of any odd-numbered year, effective on the date of the organizational meeting held in that year under paragraph c of this subsection.

Notwithstanding the permanent provisions of paragraph a, the initial appointments to the council shall be made as soon as possible after the effective date of this Act. In making those appointments, the governor shall designate one member

to serve a term ending June 30, 1979, two members to serve terms ending July 30, 1981, and two members to serve terms ending June 30, 1983. The persons appointed to serve terms ending in 1979 and 1981 may be reappointed to one additional consecutive term.

c. MEETINGS. The council shall hold an organizational meeting in July of each odd-numbered year, or as soon thereafter as the new appointee or appointees are confirmed and have qualified. Other meetings shall be held at least once each month, and may be held more frequently if necessary to enable the council to expeditiously discharge its duties. Meeting dates shall be set upon adjournment or by call of the chairperson upon five days' notice to the other members. Each member of the council shall receive a salary as fixed by the general assembly and reimbursement for necessary travel and expenses while engaged in his or her official duties.

d. DUTIES. The council shall:

(1) Make the final decision, as required by section nine (9) of this Act, with respect to each application for a certificate of need accepted by the department.

(2) Determine and adopt such policies as are authorized by law and are deemed necessary to the efficient discharge of its duties under this Act.

(3) Have authority to direct staff personnel of the department assigned to conduct formal or summary reviews of applications for certificates of need.

(4) Advise and counsel with the commissioner concerning the provisions of this Act, and the policies and procedures adopted by the department pursuant to this Act.

(5) Review and approve, prior to promulgation, all rules adopted by the department under this Act.

Sec. 3. NEW SECTION. CERTIFICATE OF NEED REQUIRED-- EXCLUSIONS.

1. A new institutional health service or changed institutional health service shall not be offered or developed in this state without prior application to the department for and receipt of a certificate of need, pursuant to this

Act. The application shall be made upon forms furnished or prescribed by the department and shall contain such information as the department may require under this Act after consultation with all health systems agencies serving the state of Iowa. The application shall be accompanied by a fee equivalent to two-tenths of one percent of the anticipated cost of the project, as determined under rules promulgated by the department. The fee shall be remitted by the department to the treasurer of state, who shall place it in the general fund of the state.

2. Nothing in this Act shall be construed to augment, limit, contravene or repeal in any manner any other statute of this state which may authorize or relate to licensure, regulation, supervision or control of, nor to be applicable to:

a. Private offices and private clinics of an individual physician, dentist or other practitioner or group of health care providers, except as provided by section one (1), subsection nineteen (19), paragraph g of this Act.

b. Dispensaries and first aid stations, located within schools, businesses or industrial establishments, which are maintained solely for the use of students or employees of those establishments and which do not contain inpatient or resident beds that are customarily occupied by the same individual for more than twenty-four consecutive hours.

c. Establishments such as motels, hotels and boarding houses which provide medical, nursing personnel, and other health related services as an incident to their primary business or function.

d. The remedial care or treatment of residents or patients in any home or institution conducted only for those who rely solely upon treatment by prayer or spiritual means in accordance with the creed or tenets of any recognized church or religious denomination.

Sec. 4. NEW SECTION. CRITERIA FOR EVALUATION OF APPLICATIONS.

1. In determining whether a certificate of need shall

be issued, the department and council shall consider the following:

a. The relationship of the proposed institutional health services to the applicable health systems plan and annual implementation plan adopted by the affected health systems agency.

b. The relationship of the proposed institutional health services to the long-range development plan, if any, of the person providing or proposing the services.

c. The need of the population served or to be served by the proposed institutional health services for those services.

d. The distance, convenience, cost of transportation, and accessibility to health services for persons who live outside metropolitan areas.

e. The availability of alternative, less costly or more effective methods of providing the proposed institutional health services.

f. The immediate and long-term financial feasibility of the proposal presented in the application, as well as the probable impact of the proposal on the costs of and charges for providing health services by the person proposing the new institutional health service.

g. The relationship of the proposed institutional health services to the existing health care system of the area in which those services are proposed to be provided.

h. The appropriate and efficient use or prospective use of the proposed institutional health service, and of any existing similar services, including but not limited to a consideration of the capacity of the sponsor's facility to provide the proposed service, and possible sharing or cooperative arrangements among existing facilities and providers.

i. The availability of resources, including (but not limited to) health care providers, management personnel, and funds for capital and operating needs, to provide the proposed institutional health services and the possible alternative uses of those resources to provide other health

services.

j. The appropriate and nondiscriminatory utilization of existing and available health care providers. Where both allopathic and osteopathic institutional health services exist, each application shall be considered in light of the availability and utilization of both allopathic and osteopathic facilities and services in order to protect the freedom of choice of consumers and health care providers.

k. The relationship, including the organizational relationship, of the proposed institutional health services to ancillary or support services.

l. Special needs and circumstances of those entities which provide a substantial portion of their services or resources, or both, to individuals not residing in the health systems agency areas in which the entities are located or in adjacent health systems agency areas, which entities may include but are not limited to medical and other health professional schools, multidisciplinary clinics and specialty centers.

m. The special needs and circumstances of health maintenance organizations.

n. The special needs and circumstances of biomedical and behavioral research projects designed to meet a national need and for which local conditions offer special advantages.

o. The impact of relocation of an institutional health facility or health maintenance organization on other institutional health facilities or health maintenance organizations and on the needs of the population to be served, or which was previously served, or both.

p. In the case of a construction project:

(1) The costs and methods of the proposed construction, including the costs and methods of energy supply; and

(2) The probable impact of the proposed construction project on the costs incurred by the person proposing the construction project in providing institutional health services.

q. In the case of a proposal for the addition of beds to a health care facility, the consistency of the proposed

addition with the plans of other agencies of this state responsible for provision and financing of long-term care services, including home health services.

2. In addition to the findings required with respect to any of the criteria listed in subsection one (1) of this section, the council shall grant a certificate of need for a new institutional health service or changed institutional health service only if it finds in writing, on the basis of data submitted to it by the department, that:

a. Less costly, more efficient or more appropriate alternatives to the proposed institutional health service are not available and the development of such alternatives is not practicable;

b. Any existing facilities providing institutional health services similar to those proposed are being used in an appropriate and efficient manner;

c. In the case of new construction, alternatives including but not limited to modernization or sharing arrangements have been considered and have been implemented to the maximum extent practicable;

d. Patients will experience serious problems in obtaining care of the type which will be furnished by the proposed new institutional health service or changed institutional health service, in the absence of that proposed new service.

3. In the evaluation of applications for certificates of need submitted by university hospital at Iowa City, the unique features of that institution relating to statewide tertiary health care, health science education, and clinical research shall be given due consideration. Further, in administering this Act, the unique capacity of university hospitals for the evaluation of technologically innovative equipment and other new health services shall be utilized.

Sec. 5. NEW SECTION. LETTER OF INTENT TO PRECEDE APPLICATION--REVIEW AND COMMENT.

1. Before applying for a certificate of need, the sponsor of a proposed new institutional health service or changed institutional health service shall submit to the department,

and to the designated health systems agency in whose area the proposed new or changed service is or will be located, a letter of intent to offer or develop a service requiring a certificate of need. The letter shall be submitted as soon as possible after initiation of the applicant's planning process, and in any case not less than sixty days before applying for a certificate of need and before substantial expenditures to offer or develop the service are made. The letter shall include a brief description of the proposed new or changed service, its location, and its estimated cost.

2. Upon request of the sponsor of the proposed new or changed service, the department shall make a preliminary review of the letter for the purpose of informing the sponsor of the project of any factors which may appear likely to result in denial of a certificate of need, based on the criteria for evaluation of applications in section four (4) of this Act. A comment by the department under this section shall not constitute a final decision.

Sec. 6. NEW SECTION. PROCEDURE UPON RECEIPT OF APPLICATION--PUBLIC NOTIFICATION.

1. Within fifteen business days after receipt of an application for a certificate of need, the department shall examine the application for form and completeness and accept or reject it. An application shall be rejected only if it fails to provide all information required by the department pursuant to section three (3), subsection one (1) of this Act. The department shall promptly return to the applicant any rejected application, with an explanation of the reasons for its rejection.

2. Upon acceptance of an application for a certificate of need, the department shall promptly undertake to notify all affected persons in writing that formal review of the application has been initiated. Notification to those affected persons who are consumers may be provided by distribution of the pertinent information to the news media.

3. Each application accepted by the department shall be formally reviewed for the purpose of furnishing to the council

the information necessary to enable it to determine whether or not to grant the certificate of need. A formal review shall consist at a minimum of the following steps:

a. Evaluation of the application against the criteria specified in section four (4) of this Act.

b. A public hearing on the application, to be held prior to completion of the evaluation required by paragraph a of this subsection, if requested by any party who is an affected person with respect to the application within thirty days after notification of affected persons that the application has been accepted for completeness.

c. A request to the designated health systems agency in whose area the proposed new institutional health service or changed institutional health service would be located for a recommendation for or against the granting of the certificate of need. The department shall assist the designated health systems agency to formulate a recommendation by furnishing any appropriate data and information on the proposed new institutional health service or changed institutional health service. The health systems agency may give notice of its intent to formulate a recommendation on the application, and may hold a public hearing on the application if requested by any party who is an affected person with respect to that application. If a hearing is held on the application by the health systems agency, the department may but shall not be required to hold a separate hearing under paragraph b of this subsection. The department shall allow the health systems agency sixty days after acceptance of the application by the department, except as otherwise provided by section twelve (12), subsection four (4) of this Act, to submit to the department recommendations with respect to the application. The department shall consider any recommendations timely submitted by the health systems agency.

4. When a hearing is to be held pursuant to either paragraph b or paragraph c of subsection three (3) of this section, the department or the health systems agency, as the case may be, shall give at least ten days notice of the time

and place of the hearing. At the hearing, any affected person or that person's designated representative shall have the opportunity to present testimony.

Sec. 7. NEW SECTION. SUMMARY REVIEW PROCEDURE. The department may, with approval of the council, waive the procedures prescribed by section six (6) of this Act and substitute a summary review procedure, which shall be established by rules of the department, when it accepts an application for a certificate of need for a project which meets any of the following criteria:

1. A project which is limited to repair or replacement of a facility or equipment damaged or destroyed by a disaster, and which will not expand the facility nor increase the services provided beyond the level existing prior to the disaster.

2. A project necessary to enable the facility or service to achieve or maintain compliance with federal, state or other appropriate licensing, certification or safety requirements.

3. A project which will not change the existing bed capacity of the applicant's facility or service, as determined by the department, by more than ten percent or ten beds, whichever is less, over a two-year period.

4. A project the total cost of which will not exceed one hundred fifty thousand dollars.

5. Any other project for which the applicant proposes, and both the council and the appropriate health systems agency agree to, summary review.

Sec. 8. NEW SECTION. STATUS REPORTS ON REVIEW IN PROGRESS. While formal review of an application for a certificate of need is in progress, the department shall upon request inform any affected person of the status of the review, any findings which have been made in the course of the review, and any other appropriate information concerning the review.

Sec. 9. NEW SECTION. COUNCIL TO MAKE FINAL DECISION. The department shall complete its formal review of the application within ninety days after acceptance of the application, except as otherwise provided by section twelve

(12), subsection four (4) of this Act. Upon completion of the formal review, the council shall approve, approve with conditions, or deny the application. However, the council shall not approve an application with conditions which mandate new institutional health services not proposed by the applicant. The council shall issue written findings stating the basis for its decision on the application, and the department shall send copies of the council's decision and the written findings supporting it to the applicant, to the designated health systems agency in whose area the new or changed institutional health service is proposed to be offered or developed, and to any other person who so requests. If the application is approved or approved with conditions, the department shall issue a certificate of need to the applicant at the time the applicant is informed of the council's decision.

Failure by the council to issue a written decision on an application for a certificate of need within the time required by this section shall constitute denial of and final administrative action on the application, and is subject to appeal under section ten (10) of this Act.

Sec. 10. NEW SECTION. APPEAL OF CERTIFICATE OF NEED DECISIONS. The council's final decision on an application for a certificate of need, when announced pursuant to section nine (9) of this Act, may be appealed by any dissatisfied party who is an affected person with respect to that application, and who participated or sought unsuccessfully to participate in the formal review procedure prescribed by section six (6) of this Act. The appeal shall be taken in the manner provided by chapter seventeen A (17A) of the Code.

Sec. 11. NEW SECTION. PERIOD FOR WHICH CERTIFICATE IS VALID--EXTENSION OR REVOCATION. A certificate of need shall be valid for a maximum of one year from the date of issuance. Upon the expiration of the certificate, or at any earlier time while the certificate is valid the holder thereof shall provide the department such information on the development of the project covered by the certificate as the department

may request. The council shall determine at the end of the certification period whether sufficient progress is being made on the development of the project and whether there has been compliance with any conditions on which issuance of the certificate was premised. The certificate of need may be extended by the council for additional periods of time as are reasonably necessary to expeditiously complete the project, but may be revoked by the council at the end of the first or any subsequent certification period for insufficient progress in developing the project or noncompliance with any conditions on which issuance of the certificate was premised.

Upon expiration of certificate of need, and prior to extension thereof, any affected person shall have the right to submit to the department information which may be relevant to the question of granting an extension. The department may call a public hearing for this purpose.

Sec. 12. NEW SECTION. AUTHORITY TO ADOPT RULES. The department shall adopt, with approval of the council, such administrative rules as are necessary to enable it to implement this Act. These rules shall include:

1. Additional procedures and criteria for review of applications for certificates of need.
2. Uniform procedures for variations in application of criteria specified by section four (4) of this Act for use in formal review of applications for certificates of need, when such variations are appropriate to the purpose of a particular review or to the type of institutional health service proposed in the application being reviewed.
3. Uniform procedures for summary reviews conducted under section seven (7) of this Act.
4. Criteria for determining when it is not feasible to complete formal review of an application for a certificate of need, or not feasible for a designated health systems agency to formulate and submit a recommendation on an application, within the time limits specified in section nine (9), and section six (6), subsection three (3), paragraph c, respectively, of this Act. The rules adopted under this

subsection shall include criteria for determining whether an application proposes introduction of technologically innovative equipment, and if so, procedures to be followed in reviewing the application. However, no rule adopted under this subsection shall permit a deferral of more than sixty days beyond the time when a decision is required under section nine (9) of this Act, unless both the applicant and the department agree to a longer deferment.

Sec. 13. NEW SECTION. SANCTIONS.

1. Any party constructing a new institutional health facility or a major addition to or renovation of an existing institutional health facility without first obtaining a certificate of need therefor as required by this Act, or who shall violate any of the provisions of this Act, may be denied licensure or change of licensure by the appropriate responsible licensing agency of this state.

2. Any party offering or developing any new institutional health service or changed institutional health service without first obtaining a certificate of need therefor as required by this Act may be temporarily or permanently restrained therefrom by any court of competent jurisdiction in any action brought by the state, any of its political subdivisions, or any other interested person.

3. The sanctions provided by this section are in addition to, and not in lieu of, any penalty prescribed by law for the acts against which these sanctions are invoked.

Sec. 14. NEW SECTION. UNIFORM FINANCIAL REPORTING.

1. The department, after study and in consultation with any advisory committees which may be established pursuant to law, shall promulgate by rule pursuant to chapter seventeen A (17A) of the Code uniform methods of financial reporting, including such allocation methods as may be prescribed, by which hospitals and health care facilities shall respectively record their revenues, expenses, other income, other outlays, assets and liabilities, and units of service, according to functional activity center. These uniform methods of financial reporting shall not preclude a hospital or health care facility

from using any accounting methods for its own purposes provided these accounting methods can be reconciled to the uniform methods of financial reporting prescribed by the department and can be audited for validity and completeness. Each hospital and each health care facility shall adopt the appropriate system for its fiscal year, effective upon such date as the department shall direct. In determining the effective date for reporting requirements, the department shall consider both the immediate need for uniform reporting of information to effectuate the purposes of this Act and the administrative and economic difficulties which hospitals and health care facilities may encounter in complying with the uniform financial reporting requirement, but the effective date shall not be later than one year after the effective date of this Act.

2. In establishing uniform methods of financial reporting, the department shall consider:

- a. The existing systems of accounting and reporting currently utilized by hospitals and health care facilities;
- b. Differences among hospitals and health care facilities, respectively, according to size, financial structure, methods of payment for services, and scope, type and method of providing services; and
- c. Other pertinent distinguishing factors.

3. The department shall, where appropriate, provide for modification, consistent with the purposes of this Act, of reporting requirements to correctly reflect the differences among hospitals and among health care facilities referred to in subsection two (2) of this section, and to avoid otherwise unduly burdensome costs in meeting the requirements of uniform methods of financial reporting.

4. The uniform financial reporting methods, where appropriate, shall be structured so as to establish and differentiate costs incurred for patient-related services rendered by hospitals and health care facilities, as distinguished from those incurred in the course of educational, research and other nonpatient-related activities including

but not limited to charitable activities of these hospitals and health care facilities.

Sec. 15. NEW SECTION. ANNUAL REPORTS BY HOSPITALS, HEALTH CARE FACILITIES.

1. Each hospital and each health care facility shall annually, after the close of its fiscal year, file with the department:

- a. A balance sheet detailing the assets, liabilities and net worth of the hospital or health care facility;
- b. A statement of its income and expenses; and
- c. Such other reports of the costs incurred in rendering services as the department may prescribe.

2. Where more than one licensed hospital or health care facility is operated by the reporting organization, the information required by this section shall be reported separately for each licensed hospital or health care facility. The department shall require preparation of specified financial reports by a certified public accountant, and may require attestation of responsible officials of the reporting hospital or health care facility that the reports submitted are to the best of their knowledge and belief prepared in accordance with the prescribed methods of reporting. The department shall have the right to inspect the books, audits and records of any hospital or health care facility as reasonably necessary to verify reports submitted pursuant to this Act.

3. In obtaining the reports required by this section, the department and other state agencies shall coordinate their reporting requirements.

4. All reports filed under this section, except privileged medical information, shall be open to public inspection.

Sec. 16. NEW SECTION. ANALYSES AND STUDIES BY DEPARTMENT.

1. The department shall from time to time undertake analyses and studies relating to hospital and health care facility costs and to the financial status of hospitals or health care facilities, or both, which are subject to the provisions of this Act. It shall further require the filing of information concerning the total financial needs of each

individual hospital or health care facility and the resources currently or prospectively available to meet these needs, including the effect of proposals made by health systems agencies. The department shall also prepare and file such summaries and compilations or other supplementary reports based on the information filed with it as will, in its judgment, advance the purposes of this Act.

2. The analyses and studies required by this section shall be conducted with the objective of providing a basis for determining whether or not regulation of hospital and health care facility rates and charges by the state of Iowa is necessary to protect the health or welfare of the people of the state.

3. In conducting its analyses and studies, the department should determine whether:

a. The rates charged and costs incurred by hospitals and health care facilities are reasonably related to the services offered by those respective groups of institutions.

b. Aggregate rates of hospitals and of health care facilities are reasonably related to the aggregate costs incurred by those respective groups of institutions.

c. Rates are set equitably among all purchasers or classes of purchasers of hospital and of health care facility services.

d. The rates for particular services, supplies or materials established by hospitals and by health care facilities are reasonable. Determination of reasonableness of rates shall include consideration of a fair rate of return to proprietary hospitals and health care facilities.

4. All data gathered and compiled and all reports prepared under this section, except privileged medical information, shall be open to public inspection.

Sec. 17. NEW SECTION. REPORT TO GOVERNOR AND LEGISLATURE. The department shall annually prepare and transmit to the governor and to the general assembly, on or before the date of the convening of each regular session of the general assembly, a report of the department's operations and activities pursuant to this Act for the preceding fiscal year.

This report shall include a compilation of all summaries and reports required by this Act together with such findings and recommendations as the department deems necessary.

Sec. 18. NEW SECTION. DATA TO BE COMPILED. Immediately upon the effective date of this Act, or as soon thereafter as reasonably possible, the department shall begin to compile all relevant financial and utilization data in order to have available the statistical information necessary to properly monitor hospital and health care facility charges and costs. Such data shall include necessary operating expenses, appropriate expenses incurred for rendering services to patients who cannot or do not pay, all properly incurred interest charges, and reasonable depreciation expenses based on the expected useful life of the property and equipment involved. The department shall also obtain from each hospital and health care facility a current rate schedule as well as any subsequent amendments or modifications of that schedule as it may require. In collection of the data required by sections fourteen (14) through eighteen (18) of this Act, the department and other state agencies shall coordinate their reporting requirements.

Sec. 19. NEW SECTION. CIVIL PENALTY. Any hospital or health care facility which fails to file with the department the financial reports required by sections fourteen (14) through eighteen (18) of this Act is subject to a civil penalty of not to exceed five hundred dollars for each offense.

Sec. 20.

1. Sections three (3) through thirteen (13), inclusive, of this Act shall not apply to the development or expansion of new or changed institutional health services by a new institutional health facility or health maintenance organization, or by an institutional health facility or health maintenance organization engaged in furnishing institutional health services as of July 1, 1977, which on that date is committed to a formal plan of development or expansion of new or changed institutional health services toward which preliminary expenditures of one hundred fifty thousand dollars

or more had been made during the three-year period ending June 30, 1977, including but not limited to payments for studies, surveys, designs, plans, working drawings, specifications and site acquisition essential to the development or expansion of the new or expanded institutional health services. However, upon the completion of that proposed development or expansion all of the provisions of this Act shall apply to the institutional health facility or health maintenance organization involved.

2. A new or existing institutional health facility or health maintenance organization which wishes to claim an exemption under this section may do so by submitting an application to the department, upon forms furnished or prescribed by the department, containing such information as the department may require. The council shall determine as promptly as reasonably possible whether the applicant is entitled to the exemption, and the applicant shall be notified of the council's decision. If the applicant is dissatisfied with the council's decision, it may appeal in the same manner as applicants for certificates of need.

Sec. 21. Not later than two years after the effective date of this Act, the department shall submit to the general assembly a report based on the information gathered, compiled and analyzed pursuant to sections fourteen (14) through eighteen (18) of this Act, prepared for the purpose of assisting the general assembly to determine whether regulation of hospital and health care facility rates by the state is warranted, and is likely to prove effective, in order to prevent unnecessary increases and control other increases in the cost of delivering institutional health care services to the people of this state.

Sec. 22. Until such time as the agreement of the state of Iowa to conduct reviews pursuant to section one thousand one hundred twenty-two (1122) of the United States Social Security Act is terminated, the department shall furnish or prescribe forms so that the application for a certificate of need and the application for review pursuant to said section

one thousand one hundred twenty-two (1122) may be made at the same time with minimal duplication, and shall provide coordinated procedures for review and action on both applications. This section shall not be construed to require or to indicate legislative intent that the state continue to conduct such reviews if federal law does not so require as a condition of federal participation in state programs including, but not limited to, the medical assistance program.

Sec. 23. Sections one (1) and three (3) through twenty-one (21) of this Act shall take effect July 1, 1978. The governor shall appoint the initial members of the health facilities council no later than October 1, 1977, and the council and department shall then begin preparations to implement this Act on July 1, 1978.

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DALE M. COCHRAN  
Speaker of the House

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ARTHUR A. NEU  
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 354, Sixty-seventh General Assembly.

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DAVID L. WRAY  
Chief Clerk of the House

Approved  July 13, 1977

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ROBERT D. RAY  
Governor