

Reprinted 2/18/86

FEB 6 1986

Place On Calendar

HOUSE FILE 2229

BY COMMITTEE ON HUMAN RESOURCES

(Formerly House Study Bill 553)

Passed House, Date 2-14-86 (p. 323) Passed Senate, Date 2-26-86 (p. 464)
Vote: Ayes 89 Nays 1 Vote: Ayes 49 Nays 0
Approved May 21, 1986

A BILL FOR

1 An Act relating to hospitals by permitting the sale or lease of
2 property owned by the hospital upon approval by the board of
3 trustees, permitting commercial use of portions of hospital
4 property, permitting certain hospitals to sell or lease
5 property with a public notice and a public hearing, requiring
6 a commission which manages a county memorial hospital to
7 request a county appropriation for the hospital from the
8 county board of supervisors, permitting licensed practitioners
9 and physicians to serve as county public hospital trustees,
10 prohibiting trustees from receiving compensation from the
11 county public hospital, and requiring the department of health
12 to provide technical assistance to hospitals when funding is
13 available.

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HOUSE FILE 2229

H-5076

1 Amend House File 2229 as follows:
2 1. Page 3, line 5, by striking the words "or
3 village" and inserting the following: "or-village".

H-5076 FILED FEBRUARY 11, 1986 BY SPEAR of Lee

Adopted 2/14/86 (p. 323)

HOUSE FILE 2229

H-5094

1 Amend House File 2229 as follows:
2 1. Page 4, line 18, by inserting after the word
3 "status" the following: "except that portion of
4 hospital property which is used for other than
5 nonprofit, health-related purposes shall be subject to
6 property tax as provided for in section 427.1,
7 subsection 23".

BY ZIMMERMAN of Dallas
OLLIE of Clinton
HESTER of Pottawattamie

H-5094 FILED FEBRUARY 13, 1986

Adopted 2/14 (p. 323)

1 Section 1. Section 37.9, unnumbered paragraph 1, Code
2 1985, is amended to read as follows:

3 When the proposition to erect any such building or monument
4 has been carried by a majority vote, the board of supervisors
5 or the city council, as the case may be, shall appoint a
6 commission consisting of five members, in the manner and with
7 the qualifications hereinafter provided in this chapter, which
8 shall have charge and supervision of the erection of said the
9 building or monument, and when erected, the management and
10 control thereof of the building or monument.

11 On or before January 15 of each year, a commission which
12 manages and controls a county memorial hospital shall prepare
13 and submit to the county auditor a request for an
14 appropriation for the next fiscal year from the general fund
15 for the operation and maintenance of the county memorial
16 hospital. On or before January 20, the county auditor shall
17 submit the request to the county board of supervisors. The
18 board of supervisors may adjust the commission's request and
19 may make an appropriation for the county memorial hospital as
20 provided in section 331.427, subsection 2, paragraph "b". For
21 the purposes of public notice, the commission is a certifying
22 board and is subject to the requirements of sections 24.3
23 through 24.5, sections 24.9 through 24.12, and section 24.16.

24 Sec. 2. NEW SECTION. 135B.33 TECHNICAL ASSISTANCE.

25 Subject to availability of funds, the state department of
26 health shall provide technical planning assistance to local
27 boards of health and hospital governing boards to ensure
28 access to hospital services in rural areas. The department
29 shall encourage the local boards of health and hospital
30 governing boards to adopt a long-term community health
31 services and developmental plan including the following:

32 1. An analysis of demographic trends in the health
33 facility services area, affecting health facility and health-
34 facility-related health care utilizations.

35 2. A review of inpatient services currently provided, by

1 type of service and the frequency of provision of that
2 service, and the cost-effectiveness of that service.

3 3. An analysis of resources available in proximate health
4 facilities and services that might be provided through
5 alternative arrangements with such health facilities.

6 4. An analysis of cooperative arrangements that could be
7 developed with other health facilities in the area that could
8 assist those health facilities in the provision of services.

9 5. An analysis of community health needs, specifically
10 including long-term care needs, including intermediate care
11 facility and skilled nursing facility care, pediatric and
12 maternity services, and the health facilities potential role
13 in facilitating the provision of services to meet these needs.

14 6. An analysis of alternative uses for existing health
15 facility space and real property, including use for community
16 health-related and human service-related purposes.

17 7. An analysis of mechanisms to meet indigent patient care
18 needs and the responsibilities for the care of indigent
19 patients.

20 8. An analysis of the existing tax levying of the health
21 facilities for patient care, on a per capita basis and per
22 hospital patient basis, and projections on future needs for
23 tax levying to continue for the provision of care.

24 Providers may cooperatively coordinate to develop one long-
25 term community health services and developmental plan for a
26 geographic area, provided the plan addresses the issues
27 enumerated in this section.

28 The health facilities may seek technical assistance or
29 apply for matching grant funds for the plan development. The
30 department shall require compliance with subsections 1 through
31 8 when the facility applies for matching grant funds.

32 Sec. 3. Section 347.9, Code 1985, is amended to read as
33 follows:

34 347.9 TRUSTEES--APPOINTMENT--TERMS OF OFFICE.

35 When it has been determined by the voters of a county to

1 establish a county public hospital, the board shall appoint
2 seven trustees chosen from among the resident citizens of the
3 county with reference to their fitness for ~~such~~ office, and
4 not more than four of ~~such~~ the trustees shall be residents of
5 the city or village at which ~~such~~ the hospital is located.
6 ~~Such~~ The trustees shall hold office until the following
7 general election, at which time their successors shall be
8 elected, two for a term of two years, two for four years, and
9 three for six years, and they shall determine by lot their
10 respective terms, and thereafter their successors shall be
11 elected for regular terms of six years each, ~~none of whom~~
12 ~~shall be physicians or licensed practitioners.~~ A person with
13 medical or special staff privileges in the county public
14 hospital or who receives direct or indirect compensation from
15 the county public hospital or direct or indirect compensation
16 from a person contracting for services with the hospital shall
17 not be eligible to serve as a trustee for that county public
18 hospital.

19 Sec. 4. Section 347.28, Code 1985, is amended to read as
20 follows:

21 347.28 SALE OR LEASE OF PROPERTY.

22 Any A county or city hospital may lease or sell any of its
23 property which is not needed for hospital purposes to any
24 person ~~for use as a physician's office, medical clinic, or any~~
25 ~~other health-related purpose,~~ upon approval by the board of
26 trustees.

27 Sec. 5. Section 347.29, Code 1985, is amended to read as
28 follows:

29 347.29 USE OF PROPERTY ~~FOR CLINIC.~~

30 Any A county or city hospital may use property received by
31 gift, devise, bequest, or otherwise, or the proceeds from the
32 sale of such property, for the construction of facilities for
33 lease or sale ~~as a medical clinic or a physician's office~~
34 ~~subject to the approval of the appropriate local health~~
35 ~~planning agency,~~ upon approval by the board of trustees.

1 Sec. 6. Section 347.30, Code 1985, is amended to read as
2 follows:

3 347.30 ~~ADVERTISE-FOR-BIDS~~ NOTICE AND HEARING.

4 A county or city hospital shall ~~advertise-for-bids~~ serve
5 notice and hold a public hearing before selling or leasing any
6 property pursuant to sections 347.28 and 347.29. The
7 advertisement notice shall definitely describe the property,
8 indicate the date and location of the hearing, and shall be
9 published by at least one insertion each week for two
10 consecutive weeks in a newspaper having general circulation in
11 the county where the property is located. ~~Bids~~ The hearing
12 ~~shall not be-accepted~~ take place prior to two weeks after the
13 second publication ~~nor-later-than-six-months-after-the-second~~
14 ~~publication.~~ The-highest-competent-bid-must-be-accepted
15 ~~unless-all-bids-received-are-deemed-inadequate-and-rejected.~~

16 Sec. 7. NEW SECTION. 347.31 TAX STATUS.

17 This chapter does not deprive any hospital of its tax
18 exempt or nonprofit status.

19 Sec. 8. Section 427.1, subsection 23, Code Supplement
20 1985, is amended to read as follows:

21 23. Statement of objects and uses filed. A society or
22 organization claiming an exemption under subsection 6 or
23 subsection 9 of this section shall file with the assessor not
24 later than February 1 a statement upon forms to be prescribed
25 by the director of revenue, describing the nature of the
26 property upon which the exemption is claimed and setting out
27 in detail any uses and income from the property derived from
28 the rentals, leases, or other uses of the property not solely
29 for the appropriate objects of the society or organization.
30 Upon the filing and allowance of the claim, the claim shall be
31 allowed on the property for successive years without further
32 filing as long as the property is used for the purposes
33 specified in the original claim for exemption. When the
34 property is sold or transferred, the county recorder shall
35 provide notice of the transfer to the assessor. The notice

1 shall describe the property transferred and the name of the
2 person to whom title to the property is transferred.

3 PARAGRAPH DIVIDED. The assessor, in arriving at the
4 valuation of any property of the society or organization,
5 shall take into consideration any uses of the property not for
6 the appropriate objects of the organization and shall assess
7 in the same manner as other property, all or any portion of
8 the property involved which is leased or rented and is used
9 regularly for commercial purposes for a profit to a party or
10 individual. If a portion of the property is used regularly
11 for commercial purposes an exemption shall not be allowed upon
12 property so used and the exemption granted shall be in the
13 proportion of the value of the property used solely for the
14 appropriate objects of the organization, to the entire value
15 of the property.

16 PARAGRAPH DIVIDED. However, the board of trustees or the
17 board of directors of a hospital, as defined in section
18 135B.1, subsection 1, may permit use of a portion of the hos-
19 pital for commercial purposes, and the hospital is entitled to
20 full exemption for that portion used for nonprofit health-
21 related purposes, upon compliance with the filing requirements
22 of this subsection. An exemption shall not be granted upon
23 property upon or in which persistent violations of the laws of
24 the state are permitted. A claimant of an exemption shall,
25 under oath, declare that no violations of law will be
26 knowingly permitted or have been permitted on or after January
27 1 of the year in which a tax exemption is requested. Claims
28 for exemption shall be verified under oath by the president or
29 other responsible head of the organization. A society or
30 organization which ceases to use the property for the purposes
31 stated in the claim shall provide written notice to the
32 assessor of the change in use.

33 Sec. 9. Notwithstanding section 347.9, a trustee presently
34 serving on a county public hospital board who is no longer
35 eligible to serve on the board because of this Act may

1 complete the term of office for which the trustee was elected
2 but is not eligible for reelection to the board.

3 Sec. 10. The state department of health, in consultation
4 with providers and consumers of rural hospital services, shall
5 review actions taken in other states to license hospitals by
6 service and shall specifically evaluate the potential utility
7 and value in developing such a system as an option for
8 licensing which may be applied to hospitals in Iowa in lieu of
9 current licensing and accreditation systems. The department
10 shall report its findings to the general assembly by January
11 1, 1987.

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EXPLANATION

13 This bill permits a city or county hospital to sell or
14 lease property owned by the hospital to a person upon approval
15 by the board of trustees or to use property to construct
16 facilities for lease or sale. Present law requires that the
17 property be sold or leased for only a physician's office,
18 medical clinic, or other health-related purpose or to
19 construct facilities for lease or sale as a medical clinic or
20 physician's office. This bill permits a nonprofit hospital to
21 receive a property tax exemption for the portion of the
22 hospital used for nonprofit health-related purposes even
23 though the hospital may permit commercial use of other
24 portions of its property.

25 The bill also permits a city or county hospital to sell or
26 lease the property without a bid process, but requires public
27 notice and a public hearing. Present law requires that the
28 hospital must advertise for bids and accept the highest
29 competent bid in most cases.

30 The bill provides that a commission which manages and
31 controls a county memorial hospital must request a county
32 appropriation for the hospital from the board of supervisors.
33 The board may adjust the request before making an
34 appropriation. The commission is made subject to the public
35 notice requirements of chapter 24.

1 This bill eliminates the prohibition that a licensed
2 practitioner other than a physician is unable to serve as a
3 county public hospital trustee. The bill prohibits a trustee
4 from receiving direct or indirect compensation from the county
5 public hospital or having medical or special staff privileges
6 at that hospital.

7 The bill requires the department of health to provide
8 technical assistance to local boards of health and hospitals
9 and to assist in long-term planning when funding is available.

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HOUSE FILE 2229
BY COMMITTEE ON HUMAN RESOURCES

(As Amended and Passed by the House February 14, 1986)

Substituted for S.F. 2047

Passed House, Date 3-21-86 (p. 968) Passed Senate, Date 2-26-86 (p. 464)

Vote: Ayes 92 Nays 4 Vote: Ayes 49 Nays 0

Approved May 21, 1986

Motion to reconsider (p. 975) failed 5/2 (p. 2322)

A BILL FOR

1 An Act relating to hospitals by permitting the sale or lease of
2 property owned by the hospital upon approval by the board of
3 trustees, permitting commercial use of portions of hospital
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5 property with a public notice and a public hearing, requiring
6 a commission which manages a county memorial hospital to
7 request a county appropriation for the hospital from the
8 county board of supervisors, permitting licensed practitioners
9 and physicians to serve as county public hospital trustees,
10 prohibiting trustees from receiving compensation from the
11 county public hospital, and requiring the department of health
12 to provide technical assistance to hospitals when funding is
13 available.

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

SENATE AMENDMENT TO
HOUSE FILE 2229

H-5218

1 Amend House File 2229 as amended, passed and
2 reprinted by the House as follows:
3 1. Page 3, line 12, by inserting after the word
4 "person" the following: "or spouse of a person".

H-5218 FILED MARCH 3, 1986

RECEIVED FROM THE SENATE

House concurred 3/2 (p. 968)

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TLSB 8139HF 71

sl/sc/14

1 Section 1. Section 37.9, unnumbered paragraph 1, Code
2 1985, is amended to read as follows:

3 When the proposition to erect any such building or monument
4 has been carried by a majority vote, the board of supervisors
5 or the city council, as the case may be, shall appoint a
6 commission consisting of five members, in the manner and with
7 the qualifications hereinafter provided in this chapter, which
8 shall have charge and supervision of the erection of said the
9 building or monument, and when erected, the management and
10 control thereof of the building or monument.

11 On or before January 15 of each year, a commission which
12 manages and controls a county memorial hospital shall prepare
13 and submit to the county auditor a request for an
14 appropriation for the next fiscal year from the general fund
15 for the operation and maintenance of the county memorial
16 hospital. On or before January 20, the county auditor shall
17 submit the request to the county board of supervisors. The
18 board of supervisors may adjust the commission's request and
19 may make an appropriation for the county memorial hospital as
20 provided in section 331.427, subsection 2, paragraph "b". For
21 the purposes of public notice, the commission is a certifying
22 board and is subject to the requirements of sections 24.3
23 through 24.5, sections 24.9 through 24.12, and section 24.16.

24 Sec. 2. NEW SECTION. 135B.33 TECHNICAL ASSISTANCE.

25 Subject to availability of funds, the state department of
26 health shall provide technical planning assistance to local
27 boards of health and hospital governing boards to ensure
28 access to hospital services in rural areas. The department
29 shall encourage the local boards of health and hospital
30 governing boards to adopt a long-term community health
31 services and developmental plan including the following:

32 1. An analysis of demographic trends in the health
33 facility services area, affecting health facility and health-
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1 type of service and the frequency of provision of that
2 service, and the cost-effectiveness of that service.

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4 facilities and services that might be provided through
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7 developed with other health facilities in the area that could
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9 5. An analysis of community health needs, specifically
10 including long-term care needs, including intermediate care
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13 in facilitating the provision of services to meet these needs.

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15 facility space and real property, including use for community
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17 7. An analysis of mechanisms to meet indigent patient care
18 needs and the responsibilities for the care of indigent
19 patients.

20 8. An analysis of the existing tax levying of the health
21 facilities for patient care, on a per capita basis and per
22 hospital patient basis, and projections on future needs for
23 tax levying to continue for the provision of care.

24 Providers may cooperatively coordinate to develop one long-
25 term community health services and developmental plan for a
26 geographic area, provided the plan addresses the issues
27 enumerated in this section.

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29 apply for matching grant funds for the plan development. The
30 department shall require compliance with subsections 1 through
31 8 when the facility applies for matching grant funds.

32 Sec. 3. Section 347.9, Code 1985, is amended to read as
33 follows:

34 347.9 TRUSTEES--APPOINTMENT--TERMS OF OFFICE.

35 When it has been determined by the voters of a county to

1 establish a county public hospital, the board shall appoint
2 seven trustees chosen from among the resident citizens of the
3 county with reference to their fitness for such office, and
4 not more than four of ~~such~~ the trustees shall be residents of
5 the city ~~or-village~~ at which ~~such~~ the hospital is located.
6 ~~Such~~ The trustees shall hold office until the following
7 general election, at which time their successors shall be
8 elected, two for a term of two years, two for four years, and
9 three for six years, and they shall determine by lot their
10 respective terms, and thereafter their successors shall be
11 elected for regular terms of six years each, ~~none-of-whom~~
12 ~~shall-be-physicians-or-licensed-practitioners.~~ A person with
13 medical or special staff privileges in the county public
14 hospital or who receives direct or indirect compensation from
15 the county public hospital or direct or indirect compensation
16 from a person contracting for services with the hospital shall
17 not be eligible to serve as a trustee for that county public
18 hospital.

19 Sec. 4. Section 347.28, Code 1985, is amended to read as
20 follows:

21 347.28 SALE OR LEASE OF PROPERTY.

22 Any A county or city hospital may lease or sell any of its
23 property which is not needed for hospital purposes to any
24 person ~~for-use-as-a-physician's-office,-medical-clinic,-or-any~~
25 ~~other-health-related-purpose,~~ upon approval by the board of
26 trustees.

27 Sec. 5. Section 347.29, Code 1985, is amended to read as
28 follows:

29 347.29 USE OF PROPERTY ~~FOR-CLINIC.~~

30 Any A county or city hospital may use property received by
31 gift, devise, bequest, or otherwise, or the proceeds from the
32 sale of ~~such~~ property, for the construction of facilities for
33 lease or sale ~~as-a-medical-clinic-or-a-physician's-office~~
34 ~~subject-to-the-approval-of-the-appropriate-local-health~~
35 ~~planning-agency,~~ upon approval by the board of trustees.

1 Sec. 6. Section 347.30, Code 1985, is amended to read as
2 follows:

3 347.30 ~~ADVERTISE-FOR-BIDS~~ NOTICE AND HEARING.

4 A county or city hospital shall ~~advertise-for-bids~~ serve
5 notice and hold a public hearing before selling or leasing any
6 property pursuant to sections 347.28 and 347.29. The
7 advertisement notice shall definitely describe the property,
8 indicate the date and location of the hearing, and shall be
9 published by at least one insertion each week for two
10 consecutive weeks in a newspaper having general circulation in
11 the county where the property is located. ~~Bids~~ The hearing
12 ~~shall not be-accepted~~ take place prior to two weeks after the
13 ~~second publication nor-later-than-six-months-after-the-second~~
14 ~~publication.~~ The-highest-competent-bid-must-be-accepted
15 ~~unless-all-bids-received-are-deemed-inadequate-and-rejected.~~

16 Sec. 7. NEW SECTION. 347.31 TAX STATUS.

17 This chapter does not deprive any hospital of its tax
18 exempt or nonprofit status except that portion of hospital
19 property which is used for other than nonprofit, health-
20 related purposes shall be subject to property tax as provided
21 for in section 427.1, subsection 23.

22 Sec. 8. Section 427.1, subsection 23, Code Supplement
23 1985, is amended to read as follows:

24 23. Statement of objects and uses filed. A society or
25 organization claiming an exemption under subsection 6 or
26 subsection 9 of this section shall file with the assessor not
27 later than February 1 a statement upon forms to be prescribed
28 by the director of revenue, describing the nature of the
29 property upon which the exemption is claimed and setting out
30 in detail any uses and income from the property derived from
31 the rentals, leases, or other uses of the property not solely
32 for the appropriate objects of the society or organization.
33 Upon the filing and allowance of the claim, the claim shall be
34 allowed on the property for successive years without further
35 filing as long as the property is used for the purposes

1 specified in the original claim for exemption. When the
2 property is sold or transferred, the county recorder shall
3 provide notice of the transfer to the assessor. The notice
4 shall describe the property transferred and the name of the
5 person to whom title to the property is transferred.

6 PARAGRAPH DIVIDED. The assessor, in arriving at the
7 valuation of any property of the society or organization,
8 shall take into consideration any uses of the property not for
9 the appropriate objects of the organization and shall assess
10 in the same manner as other property, all or any portion of
11 the property involved which is leased or rented and is used
12 regularly for commercial purposes for a profit to a party or
13 individual. If a portion of the property is used regularly
14 for commercial purposes an exemption shall not be allowed upon
15 property so used and the exemption granted shall be in the
16 proportion of the value of the property used solely for the
17 appropriate objects of the organization, to the entire value
18 of the property.

19 PARAGRAPH DIVIDED. However, the board of trustees or the
20 board of directors of a hospital, as defined in section
21 135B.1, subsection 1, may permit use of a portion of the hos-
22 pital for commercial purposes, and the hospital is entitled to
23 full exemption for that portion used for nonprofit health-
24 related purposes, upon compliance with the filing requirements
25 of this subsection. An exemption shall not be granted upon
26 property upon or in which persistent violations of the laws of
27 the state are permitted. A claimant of an exemption shall,
28 under oath, declare that no violations of law will be
29 knowingly permitted or have been permitted on or after January
30 1 of the year in which a tax exemption is requested. Claims
31 for exemption shall be verified under oath by the president or
32 other responsible head of the organization. A society or
33 organization which ceases to use the property for the purposes
34 stated in the claim shall provide written notice to the
35 assessor of the change in use.

1 Sec. 9. Notwithstanding section 347.9, a trustee presently
2 serving on a county public hospital board who is no longer
3 eligible to serve on the board because of this Act may
4 complete the term of office for which the trustee was elected
5 but is not eligible for reelection to the board.

6 Sec. 10. The state department of health, in consultation
7 with providers and consumers of rural hospital services, shall
8 review actions taken in other states to license hospitals by
9 service and shall specifically evaluate the potential utility
10 and value in developing such a system as an option for
11 licensing which may be applied to hospitals in Iowa in lieu of
12 current licensing and accreditation systems. The department
13 shall report its findings to the general assembly by January
14 1, 1987.

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S-5090

HOUSE FILE 2229

- 1 Amend House File 2229 as amended, passed and
- 2 reprinted by the House as follows:
- 3 1. Page 3, line 12, by inserting after the word
- 4 "person" the following: "or spouse of a person".

S-5090 Filed February 19, 1986 BY BRUNER
Adopted 2/26 (p. 464)

HOUSE FILE 2229

S-5217

- 1 Amend House File 2229 as amended, passed, and
- 2 reprinted by the House as follows:
- 3 1. By striking page 2, line 32, through page 3,
- 4 line 18.

S-5217 Filed and withdrawn February 26, 1986 BY HANNON
W/15 2/26 (p. 464)

HSB 553

11/22/29

HUMAN RESOURCES

SENATE/HOUSE FILE 2229
BY (PROPOSED RURAL MEDICAL
SERVICES DELIVERY STUDY
COMMITTEE BILL)

Study Bill 553

Human Resources: Zimmerman, Chair: Hester, Mullins, Ollie and Peick.

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to hospitals.

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

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1 Section 1. Section 37.9, unnumbered paragraph 1, Code
2 1985, is amended to read as follows:

3 When the proposition to erect any such building or monument
4 has been carried by a majority vote, the board of supervisors
5 or the city council, as the case may be, shall appoint a
6 commission consisting of five members, in the manner and with
7 the qualifications hereinafter provided in this chapter, which
8 shall have charge and supervision of the erection of said the
9 building or monument, and when erected, the management and
10 control thereof of the building or monument.

11 On or before January 15 of each year, a commission which
12 manages and controls a county memorial hospital shall prepare
13 and submit to the county auditor a request for an
14 appropriation for the next fiscal year from the general fund
15 for the operation and maintenance of the county memorial
16 hospital. On or before January 20, the county auditor shall
17 submit the request to the county board of supervisors. The
18 board of supervisors may adjust the commission's request and
19 may make an appropriation for the county memorial hospital as
20 provided in section 331.427, subsection 2, paragraph "b". For
21 the purposes of public notice, the commission is a certifying
22 board and is subject to the requirements of sections 24.3
23 through 24.5, sections 24.9 through 24.12, and section 24.16.

24 Sec. 2. NEW SECTION. 135B.33 TECHNICAL ASSISTANCE.

25 The state department of health shall provide technical
26 planning assistance to local boards of health and hospital
27 governing boards to ensure access to hospital services in
28 rural areas. The department shall encourage the local boards
29 of health and hospital governing boards to adopt a long-term
30 community health services and developmental plan including the
31 following:

32 1. An analysis of demographic trends in the health
33 facility services area, affecting health facility and health-
34 facility-related health care utilizations.

35 2. A review of inpatient services currently provided, by

1 type of service and the frequency of provision of that
2 service, and the cost-effectiveness of that service.

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6 4. An analysis of cooperative arrangements that could be
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9 5. An analysis of community health needs, specifically
10 including long-term care needs, including intermediate care
11 facility and skilled nursing facility care, pediatric and
12 maternity services, and the health facilities potential role
13 in facilitating the provision of services to meet these needs.

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15 facility space and real property, including use for community
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21 facilities for patient care, on a per capita basis and per
22 hospital patient basis, and projections on future needs for
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24 Providers may cooperatively coordinate to develop one long-
25 term community health services and developmental plan for a
26 geographic area, provided the plan addresses the issues
27 enumerated in this section.

28 The health facilities may seek technical assistance or
29 apply for matching grant funds for the plan development. The
30 department shall require compliance with subsections 1 through
31 8 when the facility applies for matching grant funds.

32 Sec. 3. Section 347.9, Code 1985, is amended to read as
33 follows:

34 347.9 TRUSTEES--APPOINTMENT--TERMS OF OFFICE.

35 When it has been determined by the voters of a county to

1 establish a county public hospital, the board shall appoint
2 seven trustees chosen from among the resident citizens of the
3 county with reference to their fitness for such office, and
4 not more than four of ~~such~~ the trustees shall be residents of
5 the city or village at which ~~such~~ the hospital is located.
6 ~~Such~~ The trustees shall hold office until the following
7 general election, at which time their successors shall be
8 elected, two for a term of two years, two for four years, and
9 three for six years, and they shall determine by lot their
10 respective terms, and thereafter their successors shall be
11 elected for regular terms of six years each, none of whom
12 shall be physicians or ~~licensed-practitioners~~. A trustee
13 shall not receive direct compensation from the county public
14 hospital or from a person contracting for services with the
15 hospital.

16 Sec. 4. Section 347.28, Code 1985, is amended to read as
17 follows:

18 347.28 SALE OR LEASE OF PROPERTY.

19 Any A county or city hospital may lease or sell any of its
20 property which is not needed for hospital purposes to any
21 person ~~for-use-as-a-physician's-office, medical-clinic, or any~~
22 ~~other-health-related-purpose,~~ upon approval by the board of
23 trustees.

24 Sec. 5. Section 347.29, Code 1985, is amended to read as
25 follows:

26 347.29 USE OF PROPERTY ~~FOR-CLINIC~~.

27 Any A county or city hospital may use property received by
28 gift, devise, bequest, or otherwise, or the proceeds from the
29 sale of ~~such~~ property, for the construction of facilities for
30 lease or sale ~~as-a-medical-clinic-or-a-physician's-office~~
31 ~~subject-to-the-approval-of-the-appropriate-local-health~~
32 planning-agency, upon approval by the board of trustees.

33 Sec. 6. Section 347.30, Code 1985, is amended to read as
34 follows:

35 347.30 ~~ADVERTISE-FOR-BIDS~~ NOTICE AND HEARING.

1 A county or city hospital shall ~~advertise-for-bids~~ serve
2 notice and hold a public hearing before selling or leasing any
3 property pursuant to sections 347.28 and 347.29. The
4 advertisement notice shall definitely describe the property,
5 indicate the date and location of the hearing, and shall be
6 published by at least one insertion each week for two
7 consecutive weeks in a newspaper having general circulation in
8 the county where the property is located. ~~Bids~~ The hearing
9 ~~shall not be-accepted~~ take place prior to two weeks after the
10 second publication ~~nor-later-than-six-months-after-the-second~~
11 ~~publication.~~ ~~The-highest-competent-bid-must-be-accepted~~
12 ~~unless-all-bids-received-are-deemed-inadequate-and-rejected.~~

13 Sec. 7. NEW SECTION. 347.31 TAX STATUS.

14 This chapter does not deprive any hospital of its tax
15 exempt or nonprofit status.

16 Sec. 8. Section 427.1, subsection 23, Code Supplement
17 1985, is amended to read as follows:

18 23. Statement of objects and uses filed. A society or
19 organization claiming an exemption under subsection 6 or
20 subsection 9 of this section shall file with the assessor not
21 later than February 1 a statement upon forms to be prescribed
22 by the director of revenue, describing the nature of the
23 property upon which the exemption is claimed and setting out
24 in detail any uses and income from the property derived from
25 the rentals, leases, or other uses of the property not solely
26 for the appropriate objects of the society or organization.
27 Upon the filing and allowance of the claim, the claim shall be
28 allowed on the property for successive years without further
29 filing as long as the property is used for the purposes
30 specified in the original claim for exemption. When the
31 property is sold or transferred, the county recorder shall
32 provide notice of the transfer to the assessor. The notice
33 shall describe the property transferred and the name of the
34 person to whom title to the property is transferred.

35 PARAGRAPH DIVIDED. The assessor, in arriving at the

1 valuation of any property of the society or organization,
2 shall take into consideration any uses of the property not for
3 the appropriate objects of the organization and shall assess
4 in the same manner as other property, all or any portion of
5 the property involved which is leased or rented and is used
6 regularly for commercial purposes for a profit to a party or
7 individual. If a portion of the property is used regularly
8 for commercial purposes an exemption shall not be allowed upon
9 property so used and the exemption granted shall be in the
10 proportion of the value of the property used solely for the
11 appropriate objects of the organization, to the entire value
12 of the property.

13 PARAGRAPH DIVIDED. However, the board of trustees or the
14 board of directors of a hospital, as defined in section
15 135B.1, subsection 1, may permit use of a portion of the hos-
16 pital for commercial purposes, and the hospital is entitled to
17 full exemption for that portion used for nonprofit health-
18 related purposes, upon compliance with the filing requirements
19 of this subsection. An exemption shall not be granted upon
20 property upon or in which persistent violations of the laws of
21 the state are permitted. A claimant of an exemption shall,
22 under oath, declare that no violations of law will be
23 knowingly permitted or have been permitted on or after January
24 1 of the year in which a tax exemption is requested. Claims
25 for exemption shall be verified under oath by the president or
26 other responsible head of the organization. A society or
27 organization which ceases to use the property for the purposes
28 stated in the claim shall provide written notice to the
29 assessor of the change in use.

30 Sec. 9. The state department of health, in consultation
31 with providers and consumers of rural hospital services, shall
32 review actions taken in other states to license hospitals by
33 service and shall specifically evaluate the potential utility
34 and value in developing such a system as an option for
35 licensing which may be applied to hospitals in Iowa in lieu of

1 current licensing and accreditation systems. The department
2 shall report its findings to the general assembly by January
3 1, 1987.

4 Sec. 10. There is appropriated from the general fund of
5 the state to the department of health for the fiscal year
6 beginning July 1, 1986 and ending June 30, 1987, two hundred
7 thousand (200,000) dollars or so much thereof as is necessary
8 for plan development grants for hospitals of one hundred beds
9 or less to be provided pursuant to section 135B.33. The funds
10 shall be matched on a one-for-one basis by the hospital with a
11 maximum of ten thousand dollars received by a hospital. There
12 is appropriated from the general fund of the state to the
13 department of health for the fiscal year beginning July 1,
14 1986 and ending June 30, 1987, fifty thousand (50,000) dollars
15 or so much thereof as is necessary to carry out the provisions
16 of section 135B.33.

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EXPLANATION

18 This bill permits a city or county hospital to sell or
19 lease property owned by the hospital to a person upon approval
20 by the board of trustees or to use property to construct
21 facilities for lease or sale. Present law requires that the
22 property be sold or leased for only a physician's office,
23 medical clinic, or other health-related purpose or to
24 construct facilities for lease or sale as a medical clinic or
25 physician's office. This bill permits a nonprofit hospital to
26 receive a property tax exemption for the portion of the
27 hospital used for nonprofit health-related purposes even
28 though the hospital may permit commercial use of other
29 portions of its property.

30 The bill also permits a city or county hospital to sell or
31 lease the property without a bid process, but requires public
32 notice and a public hearing. Present law requires that the
33 hospital must advertise for bids and accept the highest
34 competent bid in most cases.

35 The bill provides that a commission which manages and

1 controls a county memorial hospital must request a county
2 appropriation for the hospital from the board of supervisors.
3 The board may adjust the request before making an
4 appropriation. The commission is made subject to the public
5 notice requirements of chapter 24.

6 This bill eliminates the prohibition that a licensed
7 practitioner other than a physician is unable to serve as a
8 county public hospital trustee. The bill prohibits a trustee
9 from receiving direct or indirect compensation from the county
10 public hospital.

11 The bill requires the department of health to provide
12 technical assistance to local boards of health and hospitals
13 and to assist in long-term planning.

14 The bill appropriates \$200,000 for hospital plan
15 development grants and \$50,000 to the department of health for
16 administrative costs.

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HOUSE FILE 2229

AN ACT

RELATING TO HOSPITALS BY PERMITTING THE SALE OR LEASE OF PROPERTY OWNED BY THE HOSPITAL UPON APPROVAL BY THE BOARD OF TRUSTEES, PERMITTING COMMERCIAL USE OF PORTIONS OF HOSPITAL PROPERTY, PERMITTING CERTAIN HOSPITALS TO SELL OR LEASE PROPERTY WITH A PUBLIC NOTICE AND A PUBLIC HEARING, REQUIRING A COMMISSION WHICH MANAGES A COUNTY MEMORIAL HOSPITAL TO REQUEST A COUNTY APPROPRIATION FOR THE HOSPITAL FROM THE COUNTY BOARD OF SUPERVISORS, PERMITTING LICENSED PRACTITIONERS AND PHYSICIANS TO SERVE AS COUNTY PUBLIC HOSPITAL TRUSTEES, PROHIBITING TRUSTEES FROM RECEIVING COMPENSATION FROM THE COUNTY PUBLIC HOSPITAL, AND REQUIRING THE DEPARTMENT OF HEALTH TO PROVIDE TECHNICAL ASSISTANCE TO HOSPITALS WHEN FUNDING IS AVAILABLE.

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

Section 1. Section 37.9, unnumbered paragraph 1, Code 1985, is amended to read as follows:

When the proposition to erect any such building or monument has been carried by a majority vote, the board of supervisors or the city council, as the case may be, shall appoint a commission consisting of five members, in the manner and with the qualifications hereinafter provided in this chapter, which shall have charge and supervision of the erection of said the building or monument, and when erected, the management and control thereof of the building or monument.

On or before January 15 of each year, a commission which manages and controls a county memorial hospital shall prepare and submit to the county auditor a request for an appropriation for the next fiscal year from the general fund for the operation and maintenance of the county memorial hospital. On or before January 20, the county auditor shall submit the request to the county board of supervisors. The board of supervisors may adjust the commission's request and may make an appropriation for the county memorial hospital as provided in section 331.427, subsection 2, paragraph "b". For the purposes of public notice, the commission is a certifying board and is subject to the requirements of sections 24.3 through 24.5, sections 24.9 through 24.12, and section 24.16.

Sec. 2. NEW SECTION. 135B.33 TECHNICAL ASSISTANCE.

Subject to availability of funds, the state department of health shall provide technical planning assistance to local boards of health and hospital governing boards to ensure access to hospital services in rural areas. The department shall encourage the local boards of health and hospital governing boards to adopt a long-term community health services and developmental plan including the following:

1. An analysis of demographic trends in the health facility services area, affecting health facility and health-facility-related health care utilizations.
2. A review of inpatient services currently provided, by type of service and the frequency of provision of that service, and the cost-effectiveness of that service.
3. An analysis of resources available in proximate health facilities and services that might be provided through alternative arrangements with such health facilities.
4. An analysis of cooperative arrangements that could be developed with other health facilities in the area that could assist those health facilities in the provision of services.
5. An analysis of community health needs, specifically including long-term care needs, including intermediate care

facility and skilled nursing facility care, pediatric and maternity services, and the health facilities potential role in facilitating the provision of services to meet these needs.

6. An analysis of alternative uses for existing health facility space and real property, including use for community health-related and human service-related purposes.

7. An analysis of mechanisms to meet indigent patient care needs and the responsibilities for the care of indigent patients.

8. An analysis of the existing tax levying of the health facilities for patient care, on a per capita basis and per hospital patient basis, and projections on future needs for tax levying to continue for the provision of care.

Providers may cooperatively coordinate to develop one long-term community health services and developmental plan for a geographic area, provided the plan addresses the issues enumerated in this section.

The health facilities may seek technical assistance or apply for matching grant funds for the plan development. The department shall require compliance with subsections 1 through 8 when the facility applies for matching grant funds.

Sec. 3. Section 347.9, Code 1985, is amended to read as follows:

347.9 TRUSTEES -- APPOINTMENT -- TERMS OF OFFICE.

When it has been determined by the voters of a county to establish a county public hospital, the board shall appoint seven trustees chosen from among the resident citizens of the county with reference to their fitness for such office, and not more than four of such the trustees shall be residents of the city or village at which such the hospital is located. Each the trustees shall hold office until the following general election, at which time their successors shall be elected, two for a term of two years, two for four years, and three for six years, and they shall determine by lot their respective terms, and thereafter their successors shall be

~~electd for regular terms of six years each, none of whom shall be physicians or licensed practitioners. A person or spouse of a person with medical or special staff privileges in the county public hospital or who receives direct or indirect compensation from the county public hospital or direct or indirect compensation from a person contracting for services with the hospital shall not be eligible to serve as a trustee for that county public hospital.~~

Sec. 4. Section 347.28, Code 1985, is amended to read as follows:

347.28 SALE OR LEASE OF PROPERTY.

Any A county or city hospital may lease or sell any of its property which is not needed for hospital purposes to any person ~~for use as a physician's office, medical clinic, or any other health-related purpose, upon approval by the board of trustees.~~

Sec. 5. Section 347.29, Code 1985, is amended to read as follows:

347.29 USE OF PROPERTY FOR BENEFIT.

Any A county or city hospital may use property received by gift, devise, bequest, or otherwise, or the proceeds from the sale of such property, for the construction of facilities for lease or sale ~~as a medical clinic or a physician's office subject to the approval of the appropriate local health planning agency, upon approval by the board of trustees.~~

Sec. 6. Section 347.30, Code 1985, is amended to read as follows:

347.30 ~~ADVERTISE FOR 84BS NOTICE AND HEARING.~~

A county or city hospital shall ~~advertise for bids~~ serve notice and hold a public hearing before selling or leasing any property pursuant to sections 347.28 and 347.29. The ~~advertisement notice~~ shall definitely describe the property, indicate the date and location of the hearing, and shall be published by at least one insertion each week for two consecutive weeks in a newspaper having general circulation in

the county where the property is located. Bids ~~The hearing shall not be accepted take place prior to two weeks after the second publication nor later than six months after the second publication. The highest competent bid must be accepted unless all bids received are deemed inadequate and rejected:~~

Sec. 7. NEW SECTION. 347.31 TAX STATUS.

This chapter does not deprive any hospital of its tax exempt or nonprofit status except that portion of hospital property which is used for other than nonprofit, health-related purposes shall be subject to property tax as provided for in section 427.1, subsection 23.

Sec. 8. Section 427.1, subsection 23, Code Supplement 1985, is amended to read as follows:

23. Statement of objects and uses filed. A society or organization claiming an exemption under subsection 6 or subsection 9 of this section shall file with the assessor not later than February 1 a statement upon forms to be prescribed by the director of revenue, describing the nature of the property upon which the exemption is claimed and setting out in detail any uses and income from the property derived from the rentals, leases, or other uses of the property not solely for the appropriate objects of the society or organization. Upon the filing and allowance of the claim, the claim shall be allowed on the property for successive years without further filing as long as the property is used for the purposes specified in the original claim for exemption. When the property is sold or transferred, the county recorder shall provide notice of the transfer to the assessor. The notice shall describe the property transferred and the name of the person to whom title to the property is transferred.

PARAGRAPH DIVIDED. The assessor, in arriving at the valuation of any property of the society or organization, shall take into consideration any uses of the property not for the appropriate objects of the organization and shall assess to the same manner as other property, all or any portion of

the property involved which is leased or rented and is used regularly for commercial purposes for a profit to a party or individual. If a portion of the property is used regularly for commercial purposes an exemption shall not be allowed upon property so used and the exemption granted shall be in the proportion of the value of the property used solely for the appropriate objects of the organization, to the entire value of the property.

PARAGRAPH DIVIDED. However, the board of trustees or the board of directors of a hospital, as defined in section 135B.1, subsection 1, may permit use of a portion of the hospital for commercial purposes, and the hospital is entitled to full exemption for that portion used for nonprofit health-related purposes, upon compliance with the filing requirements of this subsection. An exemption shall not be granted upon property upon or in which persistent violations of the laws of the state are permitted. A claimant of an exemption shall, under oath, declare that no violations of law will be knowingly permitted or have been permitted on or after January 1 of the year in which a tax exemption is requested. Claims for exemption shall be verified under oath by the president or other responsible head of the organization. A society or organization which ceases to use the property for the purposes stated in the claim shall provide written notice to the assessor of the change in use.

Sec. 9. Notwithstanding section 347.9, a trustee presently serving on a county public hospital board who is no longer eligible to serve on the board because of this Act may complete the term of office for which the trustee was elected but is not eligible for reelection to the board.

Sec. 10. The state department of health, in consultation with providers and consumers of rural hospital services, shall review actions taken in other states to license hospitals by service and shall specifically evaluate the potential utility and value in developing such a system as an option for

licensing which may be applied to hospitals in Iowa in lieu of current licensing and accreditation systems. The department shall report its findings to the general assembly by January 1, 1987.

DONALD D. AVENSON
Speaker of the House

ROBERT T. ANDERSON
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 2229, Seventy-first General Assembly.

JOSEPH O'HERN
Chief Clerk of the House

Approved _____, 1986

TERRY E. BRANSTAD
Governor