

House File 1038 - Introduced

HOUSE FILE 1038
BY COMMITTEE ON APPROPRIATIONS

(SUCCESSOR TO HSB 331)

A BILL FOR

1 An Act relating to the opioid settlement fund, creating an opioid
2 reserve account, requiring a report to the general assembly,
3 and making appropriations.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

unofficial

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

3 **12.51 Opioid settlement fund.**

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

6 a. "Administrative services organization" means the same as
7 defined in section 225A.1, as enacted in 2024 Iowa Acts, ch.
8 1161, §1.

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

11 c. "Behavioral health provider" means the same as defined in
12 section 225A.1, as enacted in 2024 Iowa Acts, ch. 1161, §1.

13 d. "Department" means the department of health and human
14 services.

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

18 f. "Evaluation panel" means a group whose members include all
19 of the following:

20 (1) The attorney general or the attorney general's designee.

21 (2) The director of the department or the director's
22 designee.

23 (3) The drug policy director of the office of drug control
24 policy or the director's designee.

25 ~~1.~~ 2. a. An opioid settlement fund is created in the office
26 of the treasurer of state. The fund shall be separate from the
27 general fund of the state and the balance in the fund shall not
28 be considered part of the balance of the general fund of the
29 state.

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

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

5 ~~2.~~ 3. a. Moneys in the fund shall not be transferred,
6 used, obligated, appropriated, or otherwise encumbered except as
7 provided in this section.

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

13 ~~3.~~ c. Notwithstanding section 8.33, moneys in the fund that
14 remain unencumbered or unobligated at the close of a fiscal year
15 shall not revert. Notwithstanding section 12C.7, subsection 2,
16 interest or earnings on moneys in the fund shall be credited to
17 the fund.

18 4. For each fiscal year for the period beginning July 1,
19 2025, and ending June 30, 2028, there is appropriated from the
20 fund to the department the following amounts:

21 a. Nine million one hundred thousand dollars for distribution
22 to administrative services organizations to facilitate crisis
23 response, early intervention, treatment, and recovery of opioid
24 addiction for the behavioral health district for which an
25 administrative services organization has been designated.

26 (1) To receive moneys under this paragraph, an administrative
27 services organization must submit a proposal, related to the
28 behavioral health district for which the administrative services
29 organization has been designated, to the evaluation panel that
30 contains all of the following:

31 (a) Proposed uses of the moneys by the behavioral health
32 district that are sustainable, effective, and evidence-based.

33 (b) A list of the current opioid-related initiatives within
34 the behavioral health district that are funded by moneys from the
35 national settlements that are earmarked for or otherwise required

1 to be transferred or distributed to counties, cities, or other
2 local governmental entities.

3 (2) The evaluation panel shall review each proposal to ensure
4 that the proposal conforms to the requirements and limitations of
5 the master settlement agreements.

6 (3) The evaluation panel shall approve or deny each proposal,
7 and shall give priority to proposals that include documentation
8 of evidence-based practices that effectively address opioid
9 addiction.

10 b. Three million nine hundred thousand dollars for the
11 following purposes:

12 (1) Statewide prevention initiatives that comply with the
13 master settlement agreements.

14 (2) The department shall conduct an evaluation of each
15 program and service funded by moneys from the fund. The
16 department's evaluation must include measurable outcomes as
17 determined by the evaluation panel.

18 5. There is created in the fund an opioid reserve account
19 under the control of the department, consisting of moneys
20 appropriated to the account. The moneys in the account are
21 appropriated to the department to support behavioral health
22 districts' efforts to increase capacity for opioid-related
23 services.

24 a. An administrative services organization may submit an
25 application to the evaluation panel for moneys to facilitate a
26 behavioral health district's efforts to increase capacity for
27 opioid-related services by increasing the number of behavioral
28 health providers.

29 b. The application must demonstrate the behavioral health
30 district's need to increase capacity for opioid-related services
31 in the behavioral health district, and the ability to sustain the
32 increased capacity.

33 c. The evaluation panel shall review, and accept or deny,
34 each application from an administrative services organization.

35 6. a. For each fiscal year for the period beginning July 1,

1 2026, and ending June 30, 2028, the department shall submit a
2 report to the general assembly on or before September 1 of the
3 fiscal year that contains the following:

4 (1) Recommendations from each district behavioral health
5 advisory council for future disbursements from the fund.

6 (2) The evaluation conducted by the department pursuant to
7 subsection 4, paragraph "b", for the immediately preceding fiscal
8 year.

9 b. The department shall make each report publicly available
10 on the department's internet site.

11 Sec. 2. OPIOID RESERVE ACCOUNT. There is appropriated from
12 the opioid settlement fund created in section 12.51 to the
13 department of health and human services for the fiscal year
14 beginning July 1, 2025, and ending June 30, 2026, the following
15 amount, to be deposited in the opioid reserve account created by
16 this Act:

17 \$ 20,000,000

18 EXPLANATION

19 The inclusion of this explanation does not constitute agreement with
20 the explanation's substance by the members of the general assembly.

21 This bill relates to the opioid settlement fund (fund),
22 creates an opioid reserve account (account), and requires a
23 report to the general assembly.

24 The bill provides a standing appropriation from the fund
25 to the department of health and human services (HHS) for
26 FY 2025-2026, FY 2026-2027, and FY 2027-2028. For each of
27 the fiscal years, \$9.1 million is appropriated to HHS for
28 distribution to administrative services organizations (ASO) to
29 facilitate crisis response, early intervention, treatment, and
30 recovery of opioid addiction in the ASO's behavioral health
31 district (district). To receive moneys, an ASO must submit a
32 proposal to an evaluation panel (panel) containing the proposed
33 uses of the moneys by the district, and a list of the current
34 opioid-related initiatives within the district funded by moneys
35 from the national settlements that are earmarked for or otherwise

1 required to be transferred or distributed to counties, cities,
2 or other local governmental entities. The attorney general, the
3 director of HHS, and the drug policy director of the office of
4 drug control policy, or their designees, make up the panel. The
5 panel shall review, and approve or deny, each proposal, and give
6 priority to proposals containing documentation of evidence-based
7 practices that effectively address opioid addiction.

8 For each fiscal year, \$3.9 million is appropriated to HHS
9 for statewide prevention initiatives, and for HHS to conduct an
10 evaluation of each program and service funded by moneys from
11 the fund. HHS's evaluation must include measurable outcomes as
12 determined by the panel.

13 The bill creates an account in the fund under the control
14 of HHS to support districts' efforts to increase capacity
15 for opioid-related services (services). An ASO may submit an
16 application to the panel for moneys to facilitate a district's
17 efforts to increase capacity for services by increasing the
18 number of behavioral health providers. The ASO's application
19 must demonstrate the district's need to increase capacity for
20 services in the district, and the ability to sustain the
21 increased capacity. The panel shall review, and approve or deny,
22 each application from an ASO.

23 The bill requires HHS to submit a report to the general
24 assembly for FY 2025-2026, FY 2026-2027, and FY 2027-2028 on or
25 before September 1 containing recommendations from each district
26 behavioral health advisory council for future disbursements from
27 the fund, and the evaluation conducted by HHS for the immediately
28 preceding fiscal year. HHS shall make each report publicly
29 available on HHS's internet site.

30 The bill appropriates from the fund to HHS \$20 million for FY
31 2025-2026 to be deposited in the account.