

House File 754 - Introduced

HOUSE FILE 754
BY COMMITTEE ON HEALTH AND HUMAN
SERVICES

(SUCCESSOR TO HSB 191)

A BILL FOR

1 An Act relating to health care including a funding model for the
2 rural health care system; the elimination of several health
3 care-related award, grant, residency, and fellowship programs;
4 establishment of a health care professional incentive program;
5 Medicaid graduate medical education; the health facilities
6 council; and the Iowa health information network, making
7 appropriations, and including effective date provisions.
8 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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DIVISION I

HEALTH CARE HUB-AND-SPOKE PARTNERSHIP FUNDING MODEL

Section 1. HEALTH CARE HUB-AND-SPOKE PARTNERSHIP FUNDING

MODEL APPROVAL. The department of health and human services shall submit to the centers for Medicare and Medicaid services of the United States department of health and human services a request for approval for a health care hub-and-spoke partnership funding model for the purpose of improving Iowa's rural health system to establish sufficient financial support for collaboration among regional health care providers in rural areas to transform health care delivery to provide quality and sustainable care.

Sec. 2. EFFECTIVE DATE. This division of this Act, being deemed of immediate importance, takes effect upon enactment.

DIVISION II

ELIMINATION OF PRIMECARRE PROGRAMS — DEPARTMENT OF HEALTH AND HUMAN SERVICES

Sec. 3. Section 135.107, subsection 1, Code 2025, is amended by adding the following new paragraph:

NEW PARAGRAPH. f. Coordinate with the college student aid commission to administer the health professional incentive program created in section 256.222.

Sec. 4. Section 135.107, subsections 2 and 3, Code 2025, are amended by striking the subsections.

Sec. 5. Section 135B.33, subsection 3, Code 2025, is amended to read as follows:

3. The health facilities may seek technical assistance or ~~apply for matching grant funds~~ for the plan development. ~~The department shall require compliance with subsection 1, paragraphs "a" through "h", when the facility applies for matching grant funds.~~

Sec. 6. TRANSITION PROVISIONS — ACCOUNT.

1. The department of health and human services shall make loan repayments pursuant to a loan repayment program contract, including a United States department of health and human services

1 state loan repayment program contract, executed on or before
2 December 31, 2025, under the primary care provider loan repayment
3 program in section 135.107, Code 2025, if the recipient remains
4 in compliance with all obligations under the loan repayment
5 program contract.

6 2. a. The department of health and human services shall
7 create an account for deposit of any moneys encumbered or
8 obligated pursuant to a loan repayment program contract as
9 specified in subsection 1. The department shall ensure that
10 the encumbered and obligated moneys remain available for the
11 duration of the loan repayment program contract. Moneys in the
12 account are appropriated to the department for the purposes of
13 this section.

14 b. Notwithstanding section 8.33, any balance in the account
15 shall not revert but shall remain available for the duration of
16 such loan repayment program contracts. Notwithstanding section
17 12C.7, subsection 2, interest or earnings on moneys deposited in
18 the account shall be credited to the account.

19 c. Upon expiration of all loan repayment program contract
20 periods and the expenditure of all moneys encumbered and
21 obligated under such loan repayment contracts, any unencumbered
22 or unobligated moneys remaining in the account created under
23 this section shall be deposited in the health care professional
24 incentive program fund created in section 256.222, as enacted by
25 this Act.

26 DIVISION III

27 ELIMINATION OF HEALTH CARE-RELATED LOAN REPAYMENT AND FINANCIAL
28 AWARD PROGRAMS — COLLEGE STUDENT AID COMMISSION

29 Sec. 7. REPEAL. Sections 256.221, 256.223, 256.224, and
30 256.225, Code 2025, are repealed.

31 Sec. 8. TRANSITION PROVISIONS.

32 1. The college student aid commission shall make loan
33 repayments pursuant to a program agreement entered into on or
34 before June 30, 2025, by an eligible student and the commission
35 under the rural Iowa primary care loan repayment program in

1 section 256.221, Code 2025, if the student remains in compliance
2 with all obligations under the program agreement.

3 2. The college student aid commission shall make loan
4 repayments pursuant to a contract entered into on or before
5 June 30, 2025, by a health care professional and the commission
6 under the health care professional recruitment program in section
7 256.223, Code 2025, if the health care professional remains in
8 compliance with all obligations under the contract.

9 3. The college student aid commission shall provide the
10 annual award to a recipient selected on or before June 30, 2025,
11 for an award under the health care award program in section
12 256.224, Code 2025.

13 4. The college student aid commission shall make loan
14 repayments pursuant to a program agreement entered into on or
15 before June 30, 2025, by a mental health professional and the
16 commission under the mental health professional loan repayment
17 program in section 256.225, Code 2025, if the mental health
18 professional remains in compliance with all obligations under the
19 program agreement.

20 Sec. 9. TRANSFER OF MONEYS. On the effective date of this
21 division of this Act, any unencumbered and unobligated moneys
22 remaining in the following funds shall be transferred to the
23 health care professional incentive program fund created in
24 section 256.222, as enacted in this Act:

25 1. The rural Iowa primary care trust fund created in section
26 256.221, subsection 12, Code 2025.

27 2. The health care professional recruitment fund created in
28 section 256.223, subsection 4, Code 2025.

29 3. The health care award fund created in section 256.224,
30 subsection 6, Code 2025.

31 4. The mental health professional loan repayment fund created
32 in section 256.225, subsection 7, Code 2025.

33 Sec. 10. TRANSITION — ACCOUNTS.

34 1. The college student aid commission shall create individual
35 accounts for the deposit of any moneys encumbered or obligated

1 relating to a loan repayment or award funded under each of the
2 following programs:

3 a. The rural Iowa primary care loan repayment program under
4 section 256.221, Code 2025.

5 b. The health care professional recruitment program under
6 section 256.223, Code 2025.

7 c. The health care award program under section 256.224, Code
8 2025.

9 d. The mental health professional loan repayment program
10 under section 256.225, Code 2025.

11 2. Notwithstanding section 8.33, any balance in any of
12 the accounts created under subsection 1 shall not revert but
13 shall remain available for the duration of all applicable loan
14 repayments and awards. Notwithstanding section 12C.7, subsection
15 2, interest or earnings on moneys deposited in each account shall
16 be credited to the respective account.

17 3. Upon expiration of all program agreement, contract,
18 and award disbursement periods and the expenditure of all
19 moneys encumbered and obligated under such program agreements,
20 contracts, and awards, any unencumbered or unobligated moneys
21 remaining in the accounts created under this section shall be
22 deposited in the health care professional incentive program fund
23 created in section 256.222, as enacted by this Act.

24 DIVISION IV

25 HEALTH CARE PROFESSIONAL INCENTIVE PROGRAM ESTABLISHED

26 Sec. 11. NEW SECTION. **256.222 Health care professional**
27 **incentive program — fund.**

28 1. *Definitions.* For purposes of this section, unless the
29 context otherwise requires:

30 a. "Award" means either of the following:

31 (1) A loan repayment made on behalf of an eligible health
32 care professional on the total amount owed, including principal
33 and interest, by the eligible health care professional on any of
34 the following:

35 (a) A federally guaranteed Stafford loan under the federal

1 family education loan program or the federal direct loan program.

2 (b) A federal grad plus loan.

3 (c) A consolidated federally guaranteed Stafford loan under
4 the federal family education loan program or the federal direct
5 loan program.

6 (d) A consolidated federal grad plus loan.

7 (2) An income bonus paid to an eligible health care
8 professional.

9 b. "Commission" means the college student aid commission.

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

12 d. "Eligible health care profession" means health care
13 occupational categories that are in high demand, as determined
14 and maintained on a list by the department, and may include but
15 are not limited to physicians, physician assistants, registered
16 nurses, nurse practitioners, nurse educators, and mental health
17 professionals.

18 e. "Eligible health care professional" means an individual
19 currently employed, or who will be employed, in an eligible
20 health care profession that is located in an eligible practice
21 area.

22 f. "Eligible practice area" means a geographic region or
23 county in this state that has a shortage of health care
24 professionals as determined by the department.

25 g. "Employment obligation" means the number of consecutive
26 years an eligible health care professional must practice.

27 (1) If practicing full-time, which means two thousand eighty
28 hours of work in a calendar year, including all paid holidays,
29 vacations, sick time, and other paid leave, an eligible health
30 care professional must practice for five years.

31 (2) If practicing part-time, which means one thousand five
32 hundred sixty hours of work in a calendar year, including all
33 paid holidays, vacations, sick time, and other paid leave, an
34 eligible health care professional must practice for seven years.

35 h. "Program" means the health care professional incentive

1 program established in this section.

2 2. *Program established.* The health care professional
3 incentive program is established and shall be administered by the
4 commission, in coordination with the department, for the purpose
5 of offering awards to recruit and retain eligible health care
6 professionals for employment in eligible practice areas. For
7 the fiscal year beginning July 1, 2025, and each fiscal year
8 thereafter, the commission, in coordination with the department,
9 shall determine the number of awards available for each eligible
10 health care profession prior to the commencement of the fiscal
11 year.

12 3. *Legislative intent.* It is the intent of the general
13 assembly that the program shall not interfere with local
14 community investments to recruit and retain health care
15 professionals.

16 4. *Exceptions.* An eligible health care professional shall
17 be ineligible for the program if the eligible health care
18 professional is currently participating in, or has participated
19 in, any of the following:

20 a. The primary care provider loan repayment program pursuant
21 to section 135.107, Code 2025.

22 b. The rural Iowa primary care loan repayment program
23 pursuant to section 256.221, Code 2025.

24 c. The health care professional recruitment program pursuant
25 to section 256.223, Code 2025.

26 d. The health care award program pursuant to section 256.224,
27 Code 2025.

28 e. The mental health professional loan repayment program
29 pursuant to section 256.225, Code 2025.

30 5. *Program requirements.*

31 a. An eligible health care professional may submit an
32 application for the program to the commission in the form and
33 manner prescribed by the commission. The applicant shall elect
34 to receive an award as either a loan repayment or an income bonus
35 if selected for the program, and shall submit any additional

1 information requested by the commission.

2 b. If selected for an award, the eligible health care
3 professional and the commission shall execute a program agreement
4 that specifies all of the following:

5 (1) The date the eligible health care professional's
6 employment obligation begins, which shall be no later than six
7 months from the date the program agreement is executed.

8 (2) The date the health care professional's employment
9 obligation terminates.

10 (3) Whether the award is a loan repayment or an income bonus,
11 and the terms and conditions related to the award, including the
12 aggregate award amount that the eligible health care professional
13 will receive.

14 (4) Requirements regarding the eligible health care
15 professional's license to practice in this state while
16 participating in the program.

17 (5) All other terms and conditions agreed to by the eligible
18 health care professional and the commission.

19 6. *Awards.*

20 a. Upon verifying the eligible health care professional is
21 in compliance with all terms of the program agreement executed
22 pursuant to subsection 5, paragraph "b", the commission shall
23 pay the eligible health care professional's award annually as
24 follows:

25 (1) For a full-time employment obligation, the award shall be
26 paid as follows:

27 (a) An amount equal to twenty percent of the aggregate award
28 shall be paid to the eligible health care professional after
29 the completion of the first year of the eligible health care
30 professional's employment obligation.

31 (b) An amount equal to fifteen percent of the aggregate award
32 shall be paid to the eligible health care professional after
33 the completion of the second year, the third year, and the
34 fourth year of the eligible health care professional's employment
35 obligation.

1 (c) An amount equal to thirty-five percent of the aggregate
2 award shall be paid to the eligible health care professional
3 after the completion of the fifth year of the eligible health
4 care professional's employment obligation.

5 (2) For a part-time employment obligation, the aggregate
6 award shall be prorated by the commission.

7 b. A minimum of every five years, the commission, in
8 consultation with the department, shall establish a list of the
9 eligible health care professions and the aggregate award amount
10 for each eligible health care profession. The aggregate award
11 amount shall not exceed two hundred thousand dollars.

12 c. An individual who executed a program agreement under
13 subsection 5, paragraph "b", prior to the exclusion of an
14 eligible health care professional from the list established under
15 paragraph "b" shall remain eligible for the program per the terms
16 of the individual's program agreement.

17 7. *Health care professional incentive program fund.* A health
18 care professional incentive program fund is created in the
19 state treasury under the control of the commission. All
20 moneys deposited or paid into the fund are appropriated to the
21 commission to be used for awards as provided in this section.
22 Notwithstanding section 8.33, moneys in the fund that remain
23 unencumbered or unobligated at the close of each fiscal year
24 shall not revert but shall remain available for expenditure.
25 Notwithstanding section 12C.7, subsection 2, interest or earnings
26 on moneys in the fund shall be credited to the fund and may be
27 utilized by the commission for administrative costs.

28 8. *Rules.* The commission, in coordination with the
29 department, shall adopt rules pursuant to chapter 17A to
30 administer this section.

31 Sec. 12. EFFECTIVE DATE. This division of this Act, being
32 deemed of immediate importance, takes effect upon enactment.

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DIVISION V

34 ELIMINATION OF HEALTH CARE-RELATED GRANT, RESIDENCY, AND
35 FELLOWSHIP PROGRAMS — DEPARTMENT OF HEALTH AND HUMAN SERVICES

1 Sec. 13. Section 135.179, subsection 2, Code 2025, is amended
2 to read as follows:

3 2. ~~Funding for the program may be provided through the health~~
4 ~~care workforce shortage fund or the fulfilling Iowa's need~~
5 ~~for dentists matching grant program account created in section~~
6 ~~135.175.~~ The purpose of the program is to establish, expand,
7 or support the placement of dentists in dental or rural shortage
8 areas across the state by providing education loan repayments.

9 Sec. 14. Section 249M.4, subsection 2, Code 2025, is amended
10 to read as follows:

11 2. Moneys in the trust fund shall be used, subject to
12 their appropriation by the general assembly, by the department
13 to reimburse participating hospitals the medical assistance
14 program upper payment limit for inpatient and outpatient hospital
15 services as calculated in this section. Following payment
16 of such upper payment limit to participating hospitals, any
17 remaining funds in the trust fund on an annual basis may be used
18 for any of the following purposes:

19 a. To support medical assistance program utilization
20 shortfalls.

21 b. To maintain the state's capacity to provide access to and
22 delivery of services for vulnerable Iowans.

23 ~~c. To fund the health care workforce support initiative~~
24 ~~created pursuant to section 135.175.~~

25 ~~d.~~ c. To support access to health care services for
26 uninsured Iowans.

27 ~~e.~~ d. To support Iowa hospital programs and services which
28 expand access to health care services for Iowans.

29 Sec. 15. REPEAL. Sections 135.175, 135.176, 135.178, and
30 135.193, Code 2025, are repealed.

31 Sec. 16. TRANSITION PROVISIONS.

32 1. a. The department of health and human services shall
33 provide matching state funding to a sponsor awarded on or
34 before June 30, 2025, under the medical residency training state
35 matching grants program in section 135.176, Code 2025, until all

1 residents in the funded residencies have completed or left the
2 program.

3 b. The department of health and human services shall provide
4 matching state funding to a sponsor for medical residency
5 training program liability costs awarded on or before June 30,
6 2025, under the medical residency training state matching grants
7 program in section 135.176, Code 2025, until June 30, 2026.

8 2. The department of health and human services shall provide
9 matching state funding to a sponsor awarded on or before June 30,
10 2025, under the nurse residency state matching grants program in
11 section 135.178, Code 2025, until all residents have completed or
12 left the nurse residency programs.

13 3. The department of health and human services shall fund
14 a fellowship position pursuant to a program agreement entered
15 into on or before June 30, 2025, by a participating teaching
16 hospital and a participating fellow under the state-funded family
17 medicine obstetrics fellowship program in section 135.193, Code
18 2025, if the participating fellow remains in compliance with all
19 obligations under the program agreement.

20 4. The department of health and human services shall fund
21 a rural psychiatric residency for a resident selected on or
22 before June 30, 2025, until all residents have completed or left
23 the rural psychiatric residencies, pursuant to appropriations as
24 provided in the following:

25 a. 2024 Iowa Acts, chapter 1157, section 5, subsection 3, and
26 2024 Iowa Acts, chapter 1157, section 22, subsection 5.

27 b. 2023 Iowa Acts, chapter 112, section 5, subsection 4,
28 paragraph "j", as amended by 2024 Iowa Acts, chapter 1157,
29 section 29.

30 c. 2022 Iowa Acts, chapter 1131, section 3, subsection 4,
31 paragraph "j", as amended by 2024 Iowa Acts, chapter 1157,
32 section 23.

33 d. 2021 Iowa Acts, chapter 182, section 3, subsection 4,
34 paragraph "j".

35 e. 2019 Iowa Acts, chapter 85, section 3, subsection 4,

1 paragraph "j", as amended by 2020 Iowa Acts, chapter 1121,
2 section 19.

3 Sec. 17. TRANSFER OF MONEYS. Notwithstanding section 8.33
4 or any other provision to the contrary, any unobligated or
5 unencumbered moneys in any of the following accounts or funds
6 or constituting any specified appropriation, shall not revert but
7 are appropriated to the department of health and human services
8 to fund Medicaid graduate medical education efforts.

9 1. The health care workforce shortage fund created in section
10 135.175, subsection 1, paragraph "b", Code 2025.

11 2. The medical residency training account created in section
12 135.175, subsection 5, paragraph "a", Code 2025.

13 3. The nurse residency state matching grants program account
14 created in section 135.175, subsection 5, paragraph "b", Code
15 2025.

16 4. The health care workforce shortage national initiatives
17 account created in section 135.175, subsection 5, paragraph "c",
18 Code 2025.

19 5. The family medicine obstetrics fellowship program fund
20 created in section 135.193, Code 2025.

21 6. Moneys appropriated to the department of health and human
22 services for rural psychiatric residencies to fund psychiatric
23 residents to provide mental health services in underserved areas
24 of the state as described in the following:

25 a. 2024 Iowa Acts, chapter 1157, section 5, subsection 3, and
26 2024 Iowa Acts, chapter 1157, section 22, subsection 5.

27 b. 2023 Iowa Acts, chapter 112, section 5, subsection 4,
28 paragraph "j", as amended by 2024 Iowa Acts, chapter 1157,
29 section 29.

30 c. 2022 Iowa Acts, chapter 1131, section 3, subsection 4,
31 paragraph "j", as amended by 2024 Iowa Acts, chapter 1157,
32 section 23.

33 d. 2021 Iowa Acts, chapter 182, section 3, subsection 4,
34 paragraph "j".

35 e. 2019 Iowa Acts, chapter 85, section 3, subsection 4,

1 paragraph "j", as amended by 2020 Iowa Acts, chapter 1121,
2 section 19.

3 Sec. 18. TRANSITION — ACCOUNTS.

4 1. The department of health and human services shall create
5 individual accounts for the deposit of any moneys encumbered or
6 obligated relating to a grant awarded, or residency or fellowship
7 funded, under each of the following programs:

8 a. The medical residency training state matching grants
9 program under section 135.176, Code 2025.

10 b. The nurse residency state matching grants program under
11 section 135.178, Code 2025.

12 c. The state-funded family medicine obstetrics fellowship
13 program under section 135.193, Code 2025.

14 d. Rural psychiatric residencies as described in the
15 following:

16 (1) 2024 Iowa Acts, chapter 1157, section 5, subsection 3,
17 and 2024 Iowa Acts, chapter 1157, section 22, subsection 5.

18 (2) 2023 Iowa Acts, chapter 112, section 5, subsection 4,
19 paragraph "j", as amended by 2024 Iowa Acts, chapter 1157,
20 section 29.

21 (3) 2022 Iowa Acts, chapter 1131, section 3, subsection 4,
22 paragraph "j", as amended by 2024 Iowa Acts, chapter 1157,
23 section 23.

24 (4) 2021 Iowa Acts, chapter 182, section 3, subsection 4,
25 paragraph "j".

26 (5) 2019 Iowa Acts, chapter 85, section 3, subsection 4,
27 paragraph "j", as amended by 2020 Iowa Acts, chapter 1121,
28 section 19.

29 2. Notwithstanding section 8.33, any balance in any of the
30 accounts created under subsection 1 shall not revert but shall
31 remain available for the duration of all applicable grants,
32 residencies, and fellowships. Notwithstanding section 12C.7,
33 subsection 2, interest or earnings on moneys deposited in each
34 account shall be credited to the respective account.

35 3. Upon expiration of all grant, residency, and fellowship

1 periods and the expenditure of all moneys encumbered under
2 such grants, residencies, and fellowships, any unencumbered or
3 unobligated moneys remaining in any of the accounts created under
4 subsection 1 are appropriated to the department of health and
5 human services for Medicaid graduate medical education efforts.

6 DIVISION VI

7 ELIMINATION OF THE STATE-FUNDED PSYCHIATRY RESIDENCY AND
8 FELLOWSHIP POSITIONS — UNIVERSITY OF IOWA HOSPITALS AND CLINICS

9 Sec. 19. REPEAL. Section 135.180, Code 2025, is repealed.

10 Sec. 20. TRANSITION PROVISIONS. The board of regents shall
11 direct the university of Iowa hospitals and clinics to distribute
12 moneys for state-funded psychiatry residency and fellowship
13 positions approved and awarded on or before June 30, 2025, under
14 the state-funded psychiatry residency and fellowship positions
15 in section 135.180, Code 2025, until all residents and fellows
16 have completed or left the state-funded psychiatry residency or
17 fellowship positions.

18 Sec. 21. TRANSITION — ACCOUNT.

19 1. The board of regents shall direct the university of Iowa
20 hospitals and clinics to create an account for the deposit
21 of moneys encumbered or obligated relating to residency and
22 fellowship positions funded under the state-funded psychiatry
23 residency and fellowship positions under section 135.180, Code
24 2025.

25 2. Notwithstanding section 8.33, any balance in the account
26 created under subsection 1 shall not revert but shall remain
27 available for the duration of all applicable residencies and
28 fellowships. Notwithstanding section 12C.7, subsection 2,
29 interest or earnings on moneys deposited in the account shall be
30 credited to the account.

31 3. Upon expiration of all residency and fellowship periods
32 and the expenditure of all moneys encumbered under such
33 residencies and fellowships, any unencumbered or unobligated
34 moneys remaining in the account created under subsection 1 are
35 appropriated to the department of health and human services for

1 Medicaid graduate medical education efforts.

2 Sec. 22. TRANSFER OF MONEYS. Notwithstanding section 8.33
3 or any other provision to the contrary, any unobligated or
4 unencumbered moneys in the psychiatry residency and fellowship
5 positions fund created in section 135.180, Code 2025, shall not
6 revert but are appropriated to the department of health and human
7 services to fund Medicaid graduate medical education efforts.

8 DIVISION VII

9 ELIMINATION OF THE HEALTH FACILITIES COUNCIL

10 Sec. 23. Section 10A.711, subsection 5, Code 2025, is amended
11 by striking the subsection and inserting in lieu thereof the
12 following:

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

15 Sec. 24. Section 10A.713, subsection 4, unnumbered paragraph
16 1, Code 2025, is amended to read as follows:

17 ~~A copy of the application shall be sent to the department~~
18 ~~of health and human services at the time the application is~~
19 ~~submitted to the department.~~ The department shall not process
20 applications for and the council shall not an intermediate care
21 facility for persons with an intellectual disability, or consider
22 a new or changed institutional health service for an intermediate
23 care facility for persons with an intellectual disability, unless
24 both of the following conditions are met:

25 Sec. 25. Section 10A.714, subsection 1, unnumbered paragraph
26 1, Code 2025, is amended to read as follows:

27 In determining whether a certificate of need shall be issued,
28 the department ~~and council~~ shall consider the following:

29 Sec. 26. Section 10A.714, subsection 1, paragraph r, Code
30 2025, is amended to read as follows:

31 r. The recommendations of staff personnel of the department
32 assigned to the area of certificate of need, concerning the
33 application, ~~if requested by the council.~~

34 Sec. 27. Section 10A.714, subsection 2, unnumbered paragraph
35 1, Code 2025, is amended to read as follows:

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

7 Sec. 28. Section 10A.716, subsection 3, Code 2025, is amended
8 to read as follows:

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~~ the department to
12 determine whether or not to grant the certificate of need. A
13 formal review shall consist, at a minimum, of the following
14 steps:

15 a. Evaluation of the application against the criteria
16 specified in section ~~10A.714~~ 135.63.

17 b. A public hearing on the application, to be held prior to
18 completion of the evaluation required by paragraph "a", ~~shall be~~
19 ~~conducted by the council~~.

20 Sec. 29. Section 10A.719, Code 2025, is amended to read as
21 follows:

22 **10A.719 Council Department to make final decision.**

23 1. The department shall complete its formal review of
24 the application within ninety days after acceptance of the
25 application, except as otherwise provided by section ~~10A.722~~
26 135.71, subsection 4. Upon completion of the formal review, the
27 ~~council~~ department shall approve or deny the application. The
28 ~~council~~ department shall issue written findings stating the basis
29 for its decision on the application, ~~and the department~~ shall
30 send copies of the ~~council's~~ decision and the written findings
31 supporting the decision to the applicant and to any other person
32 who so requests.

33 2. Failure by the ~~council~~ department to issue a written
34 decision on an application for a certificate of need within the
35 time required by this section shall constitute denial of and

1 final administrative action on the application.

2 Sec. 30. Section 10A.720, Code 2025, is amended to read as
3 follows:

4 **10A.720 Appeal of certificate of need decisions.**

5 The ~~council's~~ department's decision on an application for
6 certificate of need, when announced pursuant to section ~~10A.719~~
7 135.68, ~~is~~ shall be a final decision. Any dissatisfied party
8 who is an affected person with respect to the application, and
9 who participated or sought unsuccessfully to participate in the
10 formal review procedure prescribed by section ~~10A.716~~ 135.65,
11 may request a rehearing in accordance with chapter 17A and
12 rules of the department. If a rehearing is not requested or
13 an affected party remains dissatisfied after the request for
14 rehearing, an appeal may be taken in the manner provided by
15 chapter 17A. Notwithstanding the Iowa administrative procedure
16 Act, chapter 17A, a request for rehearing is not required, prior
17 to appeal under section 17A.19.

18 Sec. 31. Section 10A.721, Code 2025, is amended to read as
19 follows:

20 **10A.721 Period for which certificate is valid — extension or**
21 **revocation.**

22 1. A certificate of need shall be valid for a maximum of
23 one year from the date of issuance. Upon the expiration of
24 the certificate, or at any earlier time while the certificate
25 is valid, the holder ~~thereof~~ of the certificate shall provide
26 the department ~~such~~ information on the development of the project
27 covered by the certificate as the department may request.
28 The ~~council~~ department shall determine at the end of the
29 certification period whether sufficient progress is being made
30 on the development of the project. The certificate of need
31 may be extended by the ~~council~~ department for additional periods
32 of time as are reasonably necessary to expeditiously complete
33 the project, but may be revoked by the ~~council~~ department at
34 the end of the first or any subsequent certification period for
35 insufficient progress in developing the project.

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

6 Sec. 32. Section 10A.722, unnumbered paragraph 1, Code 2025,
7 is amended to read as follows:

8 The department shall adopt, ~~with approval of the council~~, such
9 administrative rules as are necessary to enable it to implement
10 this ~~part~~ subchapter. These rules shall include:

11 Sec. 33. Section 10A.723, subsection 2, paragraph a, Code
12 2025, is amended to read as follows:

13 a. A class I violation is one in which a party offers a
14 new institutional health service or changed institutional health
15 service modernization or acquisition without review and approval
16 by the ~~council~~ department. A party in violation is subject
17 to a penalty of three hundred dollars for each day of a class
18 I violation. The department may seek injunctive relief which
19 shall include restraining the commission or continuance of an act
20 which would violate the provisions of this paragraph. Notice and
21 opportunity to be heard shall be provided to a party pursuant to
22 rule of civil procedure 1.1507 and contested case procedures in
23 accordance with chapter 17A. The department may reduce, alter, or
24 waive a penalty upon the party showing good faith compliance with
25 the department's request to immediately cease and desist from
26 conduct in violation of this section.

27 Sec. 34. Section 68B.35, subsection 2, paragraph e, Code
28 2025, is amended to read as follows:

29 e. Members of the state banking council, the Iowa ethics
30 and campaign disclosure board, the credit union review board,
31 the economic development authority, the employment appeal board,
32 the environmental protection commission, ~~the health facilities~~
33 ~~council~~, the Iowa finance authority, the Iowa public employees'
34 retirement system investment board, the Iowa lottery commission
35 created in section 99G.8, the natural resource commission,

1 the board of parole, the state racing and gaming commission,
2 the state board of regents, the transportation commission, the
3 office of consumer advocate, the utilities commission, the Iowa
4 telecommunications and technology commission, and any full-time
5 members of other boards and commissions as defined under section
6 7E.4 who receive an annual salary for their service on the board
7 or commission. The Iowa ethics and campaign disclosure board
8 shall conduct an annual review to determine if members of any
9 other board, commission, or authority should file a statement and
10 shall require the filing of a statement pursuant to rules adopted
11 pursuant to chapter 17A.

12 Sec. 35. Section 97B.1A, subsection 8, paragraph a,
13 subparagraph (8), Code 2025, is amended to read as follows:

14 (8) Members of the state transportation commission, and the
15 board of parole, ~~and the state health facilities council.~~

16 Sec. 36. CODE EDITOR DIRECTIVE.

17 1. The Code editor is directed to make the following
18 transfers:

- 19 a. Section 10A.711 to section 135.61.
- 20 b. Section 10A.713 to section 135.62.
- 21 c. Section 10A.714 to section 135.63.
- 22 d. Section 10A.715 to section 135.64.
- 23 e. Section 10A.716 to section 135.65.
- 24 f. Section 10A.717 to section 135.66.
- 25 g. Section 10A.718 to section 135.67.
- 26 h. Section 10A.719 to section 135.68.
- 27 i. Section 10A.720 to section 135.69.
- 28 j. Section 10A.721 to section 135.70.
- 29 k. Section 10A.722 to section 135.71.
- 30 l. Section 10A.723 to section 135.72.
- 31 m. Section 10A.724 to section 135.73.
- 32 n. Section 10A.725 to section 135.74.
- 33 o. Section 10A.726 to section 135.75.
- 34 p. Section 10A.727 to section 135.76.
- 35 q. Section 10A.728 to section 135.77.

1 r. Section 10A.729 to section 135.78.

2 2. The Code editor is directed to rename and retitle
3 subchapter VI of chapter 135 as HEALTH FACILITIES and include
4 sections 135.61 through 135.78.

5 3. The Code editor shall correct internal references in the
6 Code and in any enacted legislation as is necessary due to the
7 enactment of this division.

8 Sec. 37. REPEAL. Section 10A.712, Code 2025, is repealed.

9 DIVISION VIII

10 CONFORMING CHANGES — ELIMINATION OF THE HEALTH FACILITIES
11 COUNCIL

12 Sec. 38. Section 10A.711, unnumbered paragraph 1, Code 2025,
13 is amended to read as follows:

14 As used in this ~~part~~ subchapter, unless the context otherwise
15 requires:

16 Sec. 39. Section 10A.711, subsection 1, paragraph d, Code
17 2025, is amended to read as follows:

18 d. Each institutional health facility or health maintenance
19 organization which, prior to receipt of the application by the
20 department, has formally indicated to the department pursuant
21 to this ~~part~~ subchapter an intent to furnish in the future
22 institutional health services similar to the new institutional
23 health service proposed in the application.

24 Sec. 40. Section 10A.713, subsection 1, Code 2025, is amended
25 to read as follows:

26 1. A new institutional health service or changed
27 institutional health service shall not be offered or developed
28 in this state without prior application to the department
29 for and receipt of a certificate of need, pursuant to this
30 ~~part~~ subchapter. The application shall be made upon forms
31 furnished or prescribed by the department and shall contain
32 such information as the department may require under this ~~part~~
33 subchapter. The application shall be accompanied by a fee
34 equivalent to three-tenths of one percent of the anticipated cost
35 of the project with a minimum fee of six hundred dollars and a

1 maximum fee of twenty-one thousand dollars. The fee shall be
 2 remitted by the department to the treasurer of state, who shall
 3 place it in the general fund of the state. If an application
 4 is voluntarily withdrawn within thirty calendar days after
 5 submission, seventy-five percent of the application fee shall
 6 be refunded; if the application is voluntarily withdrawn more
 7 than thirty but within sixty days after submission, fifty percent
 8 of the application fee shall be refunded; if the application
 9 is withdrawn voluntarily more than sixty days after submission,
 10 twenty-five percent of the application fee shall be refunded.
 11 Notwithstanding the required payment of an application fee under
 12 this subsection, an applicant for a new institutional health
 13 service or a changed institutional health service offered or
 14 developed by an intermediate care facility for persons with an
 15 intellectual disability or an intermediate care facility for
 16 persons with mental illness as defined pursuant to section 135C.1
 17 is exempt from payment of the application fee.

18 Sec. 41. Section 10A.713, subsection 2, unnumbered paragraph
 19 1, Code 2025, is amended to read as follows:

20 This ~~part~~ subchapter shall not be construed to augment, limit,
 21 contravene, or repeal in any manner any other statute of this
 22 state which may authorize or relate to licensure, regulation,
 23 supervision, or control of, nor to be applicable to:

24 Sec. 42. Section 10A.713, subsection 2, paragraphs a, f, h,
 25 j, k, m, and n, Code 2025, are amended to read as follows:

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 ~~10A.711~~ 135.61,
 29 subsection 17, paragraphs "g", "h", and "m", and section ~~10A.711~~
 30 135.61, subsections 2 and 19.

31 f. A residential care facility, as defined in section 135C.1,
 32 including a residential care facility for persons with an
 33 intellectual disability, notwithstanding any provision in this
 34 ~~part~~ subchapter to the contrary.

35 h. (1) The deletion of one or more health services,

1 previously offered on a regular basis by an institutional health
2 facility or health maintenance organization, notwithstanding any
3 provision of this ~~part~~ subchapter to the contrary, if all of the
4 following conditions exist:

5 (a) The institutional health facility or health maintenance
6 organization reports to the department the deletion of the
7 service or services at least thirty days before the deletion on a
8 form prescribed by the department.

9 (b) The institutional health facility or health maintenance
10 organization reports the deletion of the service or services on
11 its next annual report to the department.

12 (2) If these conditions are not met, the institutional health
13 facility or health maintenance organization is subject to review
14 as a "new institutional health service" or "changed institutional
15 health service" under section ~~10A.711~~ 135.61, subsection 17,
16 paragraph "f", and is subject to sanctions under section ~~10A.723~~
17 135.72.

18 (3) If the institutional health facility or health
19 maintenance organization reestablishes the deleted service or
20 services at a later time, review as a "new institutional
21 health service" or "changed institutional health service" may be
22 required pursuant to section ~~10A.711~~ 135.61, subsection 17.

23 j. The construction, modification, or replacement of
24 nonpatient care services, including parking facilities, heating,
25 ventilation and air conditioning systems, computers, telephone
26 systems, medical office buildings, and other projects of a
27 similar nature, notwithstanding any provision in this ~~part~~
28 subchapter to the contrary.

29 k. (1) The redistribution of beds by a hospital within the
30 acute care category of bed usage, notwithstanding any provision
31 in this ~~part~~ subchapter to the contrary, if all of the following
32 conditions exist:

33 (a) The hospital reports to the department the number and
34 type of beds to be redistributed on a form prescribed by the
35 department at least thirty days before the redistribution.

1 (b) The hospital reports the new distribution of beds on its
2 next annual report to the department.

3 (2) If these conditions are not met, the redistribution of
4 beds by the hospital is subject to review as a new institutional
5 health service or changed institutional health service pursuant
6 to section ~~10A.711~~ 135.61, subsection 17, paragraph "d", and is
7 subject to sanctions under section ~~10A.723~~ 135.72.

8 m. Hemodialysis services provided by a hospital or
9 freestanding facility, notwithstanding any provision in this ~~part~~
10 subchapter to the contrary.

11 n. Hospice services provided by a hospital, notwithstanding
12 any provision in this ~~part~~ subchapter to the contrary.

13 Sec. 43. Section 10A.713, subsection 2, paragraph e,
14 subparagraph (2), Code 2025, is amended to read as follows:

15 (2) Acquires major medical equipment as provided by section
16 ~~10A.711~~ 135.61, subsection 17, paragraphs "i" and "j".

17 Sec. 44. Section 10A.713, subsection 2, paragraph g,
18 subparagraph (1), unnumbered paragraph 1, Code 2025, is amended
19 to read as follows:

20 A reduction in bed capacity of an institutional health
21 facility, notwithstanding any provision in this ~~part~~ subchapter
22 to the contrary, if all of the following conditions exist:

23 Sec. 45. Section 10A.713, subsection 2, paragraph g,
24 subparagraph (2), Code 2025, is amended to read as follows:

25 (2) If these conditions are not met, the institutional health
26 facility is subject to review as a "new institutional health
27 service" or "changed institutional health service" under section
28 ~~10A.711~~ 135.61, subsection 17, paragraph "d", and is subject to
29 sanctions under section ~~10A.723~~ 135.72. If the institutional
30 health facility reestablishes the deleted beds at a later time,
31 review as a "new institutional health service" or "changed
32 institutional health service" is required pursuant to section
33 ~~10A.711~~ 135.61, subsection 17, paragraph "d".

34 Sec. 46. Section 10A.713, subsection 2, paragraph l,
35 unnumbered paragraph 1, Code 2025, is amended to read as follows:

1 The replacement or modernization of any institutional health
2 facility if the replacement or modernization does not add
3 new health services or additional bed capacity for existing
4 health services, notwithstanding any provision in this ~~part~~
5 subchapter to the contrary. With respect to a nursing facility,
6 "replacement" means establishing a new facility within the same
7 county as the prior facility to be closed. With reference
8 to a hospital, "replacement" means establishing a new hospital
9 that demonstrates compliance with all of the following criteria
10 through evidence submitted to the department:

11 Sec. 47. Section 10A.713, subsection 2, paragraph p,
12 unnumbered paragraph 1, Code 2025, is amended to read as follows:

13 The conversion of an existing number of beds by an
14 intermediate care facility for persons with an intellectual
15 disability to a smaller facility environment, including but not
16 limited to a community-based environment which does not result
17 in an increased number of beds, notwithstanding any provision in
18 this ~~part~~ subchapter to the contrary, including subsection 4, if
19 all of the following conditions exist:

20 Sec. 48. Section 10A.713, subsection 3, Code 2025, is amended
21 to read as follows:

22 3. This ~~part~~ subchapter shall not be construed to be
23 applicable to a health care facility operated by and for the
24 exclusive use of members of a religious order, which does not
25 admit more than two individuals to the facility from the general
26 public, and which was in operation prior to July 1, 1986.
27 However, this ~~part~~ subchapter is applicable to such a facility
28 if the facility is involved in the offering or developing of a
29 new or changed institutional health service on or after July 1,
30 1986.

31 Sec. 49. Section 10A.714, subsection 3, Code 2025, is amended
32 to read as follows:

33 3. In the evaluation of applications for certificates
34 of need submitted by the university of Iowa hospitals and
35 clinics, the unique features of that institution relating to

1 statewide tertiary health care, health science education, and
2 clinical research shall be given due consideration. Further,
3 in administering this ~~part~~ subchapter, the unique capacity
4 of university hospitals for the evaluation of technologically
5 innovative equipment and other new health services shall be
6 utilized.

7 Sec. 50. Section 10A.715, subsection 2, Code 2025, is amended
8 to read as follows:

9 2. Upon request of the sponsor of the proposed new or changed
10 service, the department shall make a preliminary review of the
11 letter for the purpose of informing the sponsor of the project
12 of any factors which may appear likely to result in denial of
13 a certificate of need, based on the criteria for evaluation
14 of applications in section ~~10A.714~~ 135.63. A comment by the
15 department under this section shall not constitute a final
16 decision.

17 Sec. 51. Section 10A.716, subsection 1, Code 2025, is amended
18 to read as follows:

19 1. Within fifteen business days after receipt of an
20 application for a certificate of need, the department shall
21 examine the application for form and completeness and accept or
22 reject it. An application shall be rejected only if it fails
23 to provide all information required by the department pursuant
24 to section ~~10A.713~~ 135.62, subsection 1. The department shall
25 promptly return to the applicant any rejected application, with
26 an explanation of the reasons for its rejection.

27 Sec. 52. Section 10A.717, subsection 1, unnumbered paragraph
28 1, Code 2025, is amended to read as follows:

29 The department may waive the letter of intent procedures
30 prescribed by section ~~10A.715~~ 135.64 and substitute a summary
31 review procedure, which shall be established by rules of the
32 department, when it accepts an application for a certificate of
33 need for a project which meets any of the criteria in paragraphs
34 "a" through "e":

35 Sec. 53. Section 10A.722, subsections 2, 3, and 4, Code 2025,

1 are amended to read as follows:

2 2. Uniform procedures for variations in application of
3 criteria specified by section ~~10A.714~~ 135.63 for use in formal
4 review of applications for certificates of need, when such
5 variations are appropriate to the purpose of a particular review
6 or to the type of institutional health service proposed in the
7 application being reviewed.

8 3. Uniform procedures for summary reviews conducted under
9 section ~~10A.717~~ 135.66.

10 4. Criteria for determining when it is not feasible to
11 complete formal review of an application for a certificate of
12 need within the time limits specified in section ~~10A.719~~ 135.68.
13 The rules adopted under this subsection shall include criteria
14 for determining whether an application proposes introduction of
15 technologically innovative equipment, and if so, procedures to
16 be followed in reviewing the application. However, a rule
17 adopted under this subsection shall not permit a deferral of
18 more than sixty days beyond the time when a decision is required
19 under section ~~10A.719~~ 135.68, unless both the applicant and the
20 department agree to a longer deferment.

21 Sec. 54. Section 10A.723, subsections 1 and 3, Code 2025, are
22 amended to read as follows:

23 1. Any party constructing a new institutional health facility
24 or an addition to or renovation of an existing institutional
25 health facility without first obtaining a certificate of need or,
26 in the case of a mobile health service, ascertaining that the
27 mobile health service has received certificate of need approval,
28 as required by this ~~part~~ subchapter, shall be denied licensure
29 or change of licensure by the appropriate responsible licensing
30 agency of this state.

31 3. Notwithstanding any other sanction imposed pursuant
32 to this section, a party offering or developing any new
33 institutional health service or changed institutional health
34 service without first obtaining a certificate of need as required
35 by this ~~part~~ subchapter, may be temporarily or permanently

1 restrained from doing so by any court of competent jurisdiction
2 in any action brought by the state, any of its political
3 subdivisions, or any other interested person.

4 Sec. 55. Section 10A.723, subsection 2, unnumbered paragraph
5 1, Code 2025, is amended to read as follows:

6 A party violating this ~~part~~ subchapter shall be subject to
7 penalties in accordance with this section. The department shall
8 adopt rules setting forth the violations by classification, the
9 criteria for the classification of any violation not listed, and
10 procedures for implementing this subsection.

11 Sec. 56. Section 10A.724, subsection 3, Code 2025, is amended
12 to read as follows:

13 3. The department shall, where appropriate, provide for
14 modification, consistent with the purposes of this ~~part~~
15 subchapter, of reporting requirements to correctly reflect the
16 differences among hospitals and among health care facilities
17 referred to in subsection 2, and to avoid otherwise unduly
18 burdensome costs in meeting the requirements of uniform methods
19 of financial reporting.

20 Sec. 57. Section 10A.725, subsection 2, Code 2025, is amended
21 to read as follows:

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

35 Sec. 58. Section 10A.726, subsection 1, Code 2025, is amended

1 to read as follows:

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

15 Sec. 59. Section 10A.727, Code 2025, is amended to read as
16 follows:

17 **10A.727 Data to be compiled.**

18 The department shall compile all relevant financial and
19 utilization data in order to have available the statistical
20 information necessary to properly monitor hospital and health
21 care facility charges and costs. Such data shall include
22 necessary operating expenses, appropriate expenses incurred for
23 rendering services to patients who cannot or do not pay, all
24 properly incurred interest charges, and reasonable depreciation
25 expenses based on the expected useful life of the property and
26 equipment involved. The department shall also obtain from each
27 hospital and health care facility a current rate schedule as well
28 as any subsequent amendments or modifications of that schedule
29 as it may require. In collection of the data required by
30 this section and sections ~~10A.724~~ 135.73 through ~~10A.726~~ 135.75,
31 the department and other state agencies shall coordinate their
32 reporting requirements.

33 Sec. 60. Section 10A.728, Code 2025, is amended to read as
34 follows:

35 **10A.728 Civil penalty.**

1 Any hospital or health care facility which fails to file with
2 the department the financial reports required by sections ~~10A.724~~
3 135.73 through ~~10A.727~~ 135.76 is subject to a civil penalty of
4 not to exceed five hundred dollars for each offense.

5 Sec. 61. Section 10A.729, Code 2025, is amended to read as
6 follows:

7 **10A.729 Contracts for assistance with analyses, studies, and**
8 **data.**

9 In furtherance of the department's responsibilities under
10 sections ~~10A.726~~ 135.75 and ~~10A.727~~ 135.76, the director may
11 contract with the Iowa hospital association and third-party
12 payers, the Iowa health care facilities association and
13 third-party payers, or leading age Iowa and third-party payers
14 for the establishment of pilot programs dealing with prospective
15 rate review in hospitals or health care facilities, or both.
16 Such contract shall be subject to the approval of the executive
17 council and shall provide for an equitable representation of
18 health care providers, third-party payers, and health care
19 consumers in the determination of criteria for rate review.
20 No third-party payer shall be excluded from positive financial
21 incentives based upon volume of gross patient revenues. No state
22 or federal funds appropriated or available to the department
23 shall be used for any such pilot program.

24 Sec. 62. Section 135.131, subsection 1, paragraph a, Code
25 2025, is amended to read as follows:

26 a. "*Birth center*" means birth center as defined in section
27 ~~10A.711~~ 135.61.

28 Sec. 63. Section 135B.5A, Code 2025, is amended to read as
29 follows:

30 **135B.5A Conversion relative to certain hospitals.**

31 1. A conversion of a long-term acute care hospital,
32 rehabilitation hospital, or psychiatric hospital as defined by
33 federal regulations to a general hospital or to a specialty
34 hospital of a different type is a permanent change in bed
35 capacity and shall require a certificate of need pursuant to

1 section ~~10A.713~~ 135.62.

2 2. A conversion of a critical access hospital or general
3 hospital to a rural emergency hospital shall not require a
4 certificate of need pursuant to section ~~10A.713~~ 135.62.

5 3. Any change of a rural emergency hospital in licensure,
6 organizational structure, or type of institutional health
7 facility shall require a certificate of need pursuant to section
8 ~~10A.713~~ 135.62.

9 Sec. 64. Section 135C.2, subsection 5, unnumbered paragraph
10 1, Code 2025, is amended to read as follows:

11 The department shall establish a special classification within
12 the residential care facility category in order to foster the
13 development of residential care facilities which serve persons
14 with an intellectual disability, chronic mental illness, a
15 developmental disability, or brain injury, as described under
16 section 225C.26, and which contain five or fewer residents. A
17 facility within the special classification established pursuant
18 to this subsection is exempt from the requirements of section
19 ~~10A.713~~ 135.62. The department shall adopt rules which are
20 consistent with rules previously developed for the waiver
21 demonstration project pursuant to 1986 Iowa Acts, ch. 1246, §206,
22 and which include all of the following provisions:

23 Sec. 65. Section 135P.1, subsection 3, Code 2025, is amended
24 to read as follows:

25 3. "*Health facility*" means an institutional health facility
26 as defined in section ~~10A.711~~ 135.61, a hospice licensed under
27 chapter 135J, a home health agency as defined in section 144D.1,
28 an assisted living program certified under chapter 231C, a
29 clinic, a community health center, or the university of Iowa
30 hospitals and clinics, and includes any corporation, professional
31 corporation, partnership, limited liability company, limited
32 liability partnership, or other entity comprised of such health
33 facilities.

34 Sec. 66. Section 231C.3, subsection 2, Code 2025, is amended
35 to read as follows:

1 2. Each assisted living program operating in this state shall
2 be certified by the department. If an assisted living program
3 is voluntarily accredited by a recognized accrediting entity,
4 the department shall certify the assisted living program on
5 the basis of the voluntary accreditation. An assisted living
6 program that is certified by the department on the basis of
7 voluntary accreditation shall not be subject to payment of the
8 certification fee prescribed in section 231C.18, but shall be
9 subject to an administrative fee as prescribed by rule. An
10 assisted living program certified under this section is exempt
11 from the requirements of section ~~10A.713~~ 135.62 relating to
12 certificate of need requirements.

13 Sec. 67. Section 505.27, subsection 5, paragraph a, Code
14 2025, is amended to read as follows:

15 a. "Health care provider" means the same as defined in
16 section ~~10A.711~~ 135.61, a hospital licensed pursuant to chapter
17 135B, or a health care facility licensed pursuant to chapter
18 135C.

19 Sec. 68. Section 708.3A, subsection 5, paragraph d, Code
20 2025, is amended to read as follows:

21 d. "Health care provider" means an emergency medical care
22 provider as defined in chapter 147A or a person licensed or
23 registered under chapter 148, 148C, 148D, or 152 who is providing
24 or who is attempting to provide emergency medical services,
25 as defined in section 147A.1, or who is providing or who is
26 attempting to provide health services as defined in section
27 ~~10A.711~~ 135.61 in a hospital. A person who commits an assault
28 under this section against a health care provider in a hospital,
29 or at the scene or during out-of-hospital patient transportation
30 in an ambulance, is presumed to know that the person against whom
31 the assault is committed is a health care provider.

32 DIVISION IX

33 IOWA HEALTH INFORMATION NETWORK — EXCHANGE ADVISORY COMMITTEE
34 CREATED AND BOARD OF DIRECTORS ELIMINATED

35 Sec. 69. Section 135D.2, subsection 1, Code 2025, is amended

1 by striking the subsection.

2 Sec. 70. Section 135D.2, subsection 4, Code 2025, is amended
3 to read as follows:

4 4. "*Designated entity*" means the ~~nonprofit~~ corporation
5 ~~designated~~ selected by the department through a competitive
6 process as the entity responsible for administering and ~~governing~~
7 the Iowa health information network.

8 Sec. 71. Section 135D.2, Code 2025, is amended by adding the
9 following new subsections:

10 NEW SUBSECTION. 4A. "*Director*" means the director of health
11 and human services.

12 NEW SUBSECTION. 5A. "*Exchange advisory committee*" or
13 "*advisory committee*" means the exchange advisory committee
14 appointed by the director pursuant to section 135D.6.

15 Sec. 72. Section 135D.4, subsection 2, paragraph a, Code
16 2025, is amended to read as follows:

17 a. The network, through the designated entity complying with
18 chapter 490, 496C, and 504 and reporting as required under this
19 chapter, operates in an entrepreneurial and businesslike manner
20 in which it is accountable to all participants utilizing the
21 network's products and services.

22 Sec. 73. Section 135D.5, subsection 1, Code 2025, is amended
23 to read as follows:

24 1. The Iowa health information network shall be administered
25 ~~and governed~~ by a designated entity selected by the department
26 through a competitive process. The designated entity shall be
27 established as a ~~nonprofit~~ corporation organized under chapter
28 490, 496C, or 504. ~~Unless otherwise provided in this chapter,~~
29 ~~the corporation is subject to the provisions of chapter 504.~~
30 The designated entity shall be established for the purpose of
31 administering and ~~governing~~ the statewide Iowa health information
32 network. Notwithstanding any provision of law to the contrary,
33 the department shall conduct a competitive process to select a
34 designated entity at least every eight years.

35 Sec. 74. Section 135D.5, subsection 3, paragraph d, Code

1 2025, is amended to read as follows:

2 d. The employment of personnel necessary for the efficient
3 performance of the duties assigned to the designated entity.
4 All such personnel shall be considered employees of a private,
5 ~~nonprofit~~ corporation and shall be exempt from the personnel
6 requirements imposed on state agencies, departments, and
7 administrative units.

8 Sec. 75. Section 135D.6, Code 2025, is amended by striking
9 the section and inserting in lieu thereof the following:

10 **135D.6 Exchange advisory committee.**

11 1. The director shall appoint an exchange advisory committee.

12 2. The advisory committee shall include at least one member
13 who is a consumer of health services, and a majority of
14 the advisory committee members shall be representative of
15 participants in the Iowa health information network.

16 3. The exchange advisory committee shall do all of the
17 following:

18 a. Advise the department regarding the needs of participants
19 and nonparticipants relating to the exchange of health
20 information.

21 b. Ensure the department develops, and the designated
22 entity complies with, the standards, requirements, policies,
23 and procedures for access to, use, secondary use, privacy, and
24 security of health information exchanged through the Iowa health
25 information network, consistent with applicable federal and state
26 standards and laws.

27 c. Direct a public and private collaborative effort to
28 promote the adoption and use of health information technology
29 in the state to improve health care quality, increase
30 patient safety, reduce health care costs, enhance public
31 health, and empower individuals and health care professionals
32 with comprehensive, real-time medical information to provide
33 continuity of care and make the best health care decisions.

34 d. Educate the public and the health care sector about the
35 value of health information technology in improving patient

1 care, and methods to promote increased support and collaboration
2 of state and local public health agencies, health care
3 professionals, and consumers in health information technology
4 initiatives.

5 e. Work to align interstate and intrastate interoperability
6 standards in accordance with national health information exchange
7 standards.

8 f. Provide an annual budget and fiscal report for the Iowa
9 health information network to the governor, the department of
10 health and human services, the department of management, and
11 the general assembly. The report shall also include information
12 about the services provided through the network and information
13 on the participant usage of the network.

14 Sec. 76. Section 135D.7, subsection 1, unnumbered paragraph
15 1, Code 2025, is amended to read as follows:

16 The ~~board~~ designated entity shall implement industry-accepted
17 security standards, policies, and procedures to protect the
18 transmission and receipt of protected health information
19 exchanged through the Iowa health information network, which
20 shall, at a minimum, comply with HIPAA and shall include all of
21 the following:

22 Sec. 77. Section 135D.7, subsection 1, paragraph c,
23 subparagraph (2), Code 2025, is amended to read as follows:

24 (2) The ~~board~~ designated entity shall provide the means and
25 process by which a patient may decline participation. The means
26 and process utilized shall minimize the burden on patients and
27 health care professionals.

28 Sec. 78. Section 135D.7, subsection 3, Code 2025, is amended
29 to read as follows:

30 3. A participant exchanging health information and data
31 through the Iowa health information network shall grant to other
32 participants of the network a nonexclusive license to retrieve
33 and use that information in accordance with applicable state and
34 federal laws, and the policies and standards established by the
35 ~~board~~ department.

1 Sec. 79. Section 135D.7, subsection 6, paragraph b, Code
2 2025, is amended to read as follows:

3 b. Any health information in the possession of the
4 ~~board~~ designated entity due to ~~its~~ the designated entity's
5 administration of the Iowa health information network.

6 EXPLANATION

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

9 This bill relates to health care including a funding model
10 for Iowa's rural health system; health care-related award, grant,
11 residency, and fellowship programs; establishment of a health
12 care incentive program; Medicaid graduate medical education;
13 the health facilities council; and the Iowa health information
14 network.

15 DIVISION I. This division requires the department of health
16 and human services (HHS) to submit to the centers for Medicare
17 and Medicaid services of the United States department of health
18 and human services a request for approval for a health care
19 hub-and-spoke partnership funding model for the purpose of
20 improving Iowa's rural health system. The division shall take
21 effect upon enactment.

22 DIVISION II. This division eliminates PRIMECARRE and makes
23 conforming changes. The bill requires HHS to coordinate with
24 the college student aid commission (commission) to administer the
25 health professional incentive program. PRIMECARRE includes the
26 health care workforce and community support grant program and
27 the primary care provider loan repayment program to recruit and
28 retain primary care providers in rural communities.

29 Current law requires HHS to encourage local boards to adopt
30 a plan including that health facilities may seek technical
31 assistance or apply for matching grants for the plan development.
32 The bill removes the instruction for health facilities to apply
33 for matching grants for plan development.

34 HHS is required to make loan repayments pursuant to a loan
35 repayment program contract including a United States department

1 of health and human services state loan repayment program
2 contract executed on or before December 31, 2025, under the
3 primary care provider loan repayment program, if a recipient
4 is in compliance with the loan repayment program contract.
5 HHS shall create an account for the deposit of encumbered or
6 obligated moneys relating to the primary care provider loan
7 repayment program.

8 The division takes effect upon enactment.

9 DIVISION III. This division eliminates certain health
10 care-related programs.

11 The rural Iowa primary care loan repayment program (Code
12 section 256.221) is eliminated. The program provides loan
13 repayment for medical students who agree to practice as
14 physicians in certain service areas.

15 The health care professional recruitment program (Code section
16 256.223) is also eliminated. The program provides loan repayment
17 for students who graduate from a certain institution and become
18 licensed as a health care professional.

19 In addition, the health care award program (Code section
20 256.224) is eliminated. The program provides financial awards
21 to registered nurses, advanced registered nurse practitioners,
22 physician assistants, and nurse educators who practice in certain
23 areas or teach in this state.

24 Finally, the mental health professional loan repayment program
25 (Code section 256.225) is eliminated. The program provides loan
26 repayment for mental health professionals who agree to practice
27 in certain practice areas.

28 For all of the eliminated programs, the commission is required
29 to make loan repayments and provide annual awards pursuant to
30 program agreements and contracts entered into on or before
31 June 30, 2025, as detailed in the bill. All unencumbered and
32 unobligated moneys in the eliminated programs' funds shall be
33 transferred to the health care professional incentive program
34 fund (program fund) created in division IV.

35 The commission shall create accounts for the deposit of

1 encumbered and obligated moneys for each eliminated program
2 as detailed in the division. Upon the expiration of all
3 program agreement, contract, and award disbursement periods, any
4 unencumbered and unobligated moneys in the accounts shall be
5 deposited in the program fund created in division IV.

6 DIVISION IV. This division establishes a health care
7 professional incentive program (incentive program) to recruit
8 and retain eligible health care professionals (professionals)
9 in eligible health care professions (profession) in certain
10 areas of the state by offering an award of a loan repayment
11 or an income bonus. The commission, in coordination with
12 HHS, shall administer the incentive program as detailed in
13 the division. A professional is ineligible for the incentive
14 program if the professional is currently participating in or has
15 participated in certain health care-related award programs as
16 identified in divisions II and III. The incentive program award
17 shall be distributed annually by the commission as detailed in
18 the division. At least every five years, the commission, in
19 consultation with HHS, shall establish a list of professions and
20 the aggregate award amounts, not to exceed \$200,000, for each
21 profession.

22 A program fund is created and moneys in the program fund
23 are appropriated to the commission to be used for the incentive
24 program. The moneys deposited in the program fund shall not
25 revert and shall remain in the program fund at the end of the
26 fiscal year. The commission may use the interest and earnings
27 on the moneys in the fund for administrative costs. All moneys
28 received by HHS or the commission from the health care-related
29 programs eliminated in divisions II and III shall be deposited
30 into the program fund. The commission, in coordination with
31 HHS, shall adopt rules to administer the incentive program. The
32 division shall take effect upon enactment.

33 DIVISION V. This division eliminates certain health
34 care-related grant, residency, and fellowship programs.

35 Current law provides that the fulfilling Iowa's need for

1 dentists matching grant program may receive moneys through the
2 health care workforce shortage fund or the fulfilling Iowa's
3 need for dentists matching grant program account (Code section
4 135.175). The division eliminates the fund and the account.

5 The health care workforce support initiative (Code section
6 135.175) is eliminated. The initiative provides for the
7 coordination and support of various efforts to address the health
8 care workforce shortage in the state.

9 Additionally, the medical residency training state matching
10 grants program (Code section 135.176) is eliminated. The
11 program provides matching state funding to sponsors of accredited
12 graduate medical education residency programs in the state
13 to establish, expand, or support medical residency training
14 programs.

15 The nurse residency state matching grants program (Code
16 section 135.178) is also eliminated. The program provides
17 matching state funding to sponsors of nurse residency programs
18 in the state to establish, expand, or support nurse residency
19 programs.

20 Moreover, the state-funded family medicine obstetrics
21 fellowship program (Code section 135.193) is eliminated. The
22 program provides funding for fellowships to increase access to
23 family medicine obstetrics practitioners in rural and underserved
24 areas of the state.

25 For all of the programs eliminated in the division, HHS is
26 required to provide matching state funding and fund residency
27 and fellowship positions awarded on or before June 30, 2025, as
28 detailed in the bill. All unencumbered and unobligated moneys
29 related to the programs eliminated in the division shall be
30 transferred to HHS to fund Medicaid graduate medical education
31 efforts.

32 HHS shall create accounts for the deposit of encumbered and
33 obligated moneys for each eliminated program as detailed in the
34 division. Upon the expiration of all grant, residency, and
35 fellowship periods, any unencumbered and unobligated moneys in

1 the account shall be appropriated to HHS for Medicaid graduate
2 medical education efforts.

3 DIVISION VI. This division eliminates the state-funded
4 psychiatry residency and fellowship positions (positions) (Code
5 section 135.180) administered by the university of Iowa hospitals
6 and clinics (U of I). The positions provide financial support
7 for up to seven residents and up to two fellows annually. The
8 board of regents (regents) shall direct the U of I to distribute
9 moneys for positions approved and awarded on or before June 30,
10 2025, until all residents and fellows have completed or left the
11 positions. The regents must also direct the U of I to create
12 an account for the deposit of moneys encumbered and obligated
13 relating to the positions. Upon the expiration of all residency
14 and fellowship periods, any unencumbered and unobligated moneys
15 in the account shall be appropriated to HHS for Medicaid graduate
16 medical education efforts. Any unobligated or unencumbered
17 moneys in the psychiatry residency and fellowship positions fund
18 are also appropriated to HHS to fund Medicaid graduate medical
19 education efforts.

20 DIVISION VII. This division eliminates the health facilities
21 council, and transfers the council's duties to HHS.

22 DIVISION VIII. This division makes conforming changes to the
23 Code related to the elimination of health facilities council and
24 the transfer of the applicable Code sections.

25 DIVISION IX. This division eliminates the board of directors
26 (board) that governs and administers the Iowa health information
27 network (network) and transfers the board's administrative duties
28 to the designated entity. Current law requires the designated
29 entity to be a nonprofit corporation. The bill eliminates the
30 requirement that the corporation be nonprofit. The division
31 creates an exchange advisory committee (committee), appointed by
32 the director of HHS, to govern the network and the designated
33 entity. The division requires HHS to conduct a competitive
34 process every eight years to select a designated entity. Current
35 law prohibits a single industry from being disproportionately

1 represented as voting members of the board, and requires the
2 director of HHS and the director of the Medicaid program or the
3 directors' designees to act as voting members. The commissioner
4 of insurance is required to serve on the board as a nonvoting
5 member, and individuals serving in a nonvoting capacity on the
6 board are not included in the total number of authorized members
7 on the board. The division strikes these member requirements.
8 Current law requires the board to ensure the designated entity
9 enters into contracts with each state agency necessary for
10 state reporting requirements, and to develop, implement, and
11 enforce a single patient identifier or alternative mechanism to
12 share secure patient information that is utilized by all health
13 care professionals. The division eliminates these duties for
14 the committee. The division requires the committee to advise
15 HHS regarding the needs relating to the exchange of health
16 information, and to ensure HHS develops, and the designated
17 entity complies with, the standards, requirements, policies, and
18 procedures related to the network.