

House Study Bill 191 - Introduced

SENATE/HOUSE FILE _____
BY (PROPOSED GOVERNOR BILL)

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:

unofficial

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35

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 THE PRIMARY CARE PROVIDER LOAN REPAYMENT PROGRAM

— DEPARTMENT OF HEALTH AND HUMAN SERVICES

Sec. 3. Section 135.107, subsection 2, Code 2025, is amended to read as follows:

2. a. The department shall establish a primary care provider recruitment and retention endeavor, ~~to be known as PRIMECARRE.~~ The endeavor shall include a health care workforce and community support grant program ~~and a primary care provider loan repayment program.~~ The endeavor shall be developed and implemented in a manner to promote and accommodate local creativity in efforts to recruit and retain health care professionals to provide services in the locality. The focus of the endeavor shall be to promote and assist local efforts in developing health care provider recruitment and retention programs. The department may enter into an agreement with the college student aid commission for the administration of the department's ~~grant and loan repayment programs~~ health care workforce and community support grant program.

~~a. Health care workforce and community support grant program.—~~

1 (1) b. The department shall adopt rules establishing
2 pursuant to chapter 17A to establish flexible application
3 processes based upon the department's strategic plan to be used
4 by the department to establish a grant assistance program as
5 provided in this paragraph "a" the health care workforce and
6 community support grant program, and establishing to establish
7 the criteria to be used in evaluating the applications.
8 Selection criteria shall include a method for prioritizing grant
9 applications based on illustrated efforts to meet the health
10 care provider needs of the locality and surrounding area. Such
11 assistance may be in the form of a forgivable loan, grant,
12 or other nonfinancial assistance as deemed appropriate by the
13 department. An application submitted may contain a commitment
14 of matching funds for the grant assistance. Application may be
15 made for assistance by a single community or group of communities
16 or in response to programs recommended in the strategic plan to
17 address health workforce shortages.

18 (2) Grants awarded under the program shall be awarded to
19 rural, underserved areas or special populations as identified by
20 the department's strategic plan or evidence-based documentation.

21 ~~b. Primary care provider loan repayment program.—~~

22 ~~(1) A primary care provider loan repayment program is~~
23 ~~established to increase the number of health professionals~~
24 ~~practicing primary care in federally designated health~~
25 ~~professional shortage areas of the state. Under the program,~~
26 ~~loan repayment may be made to a recipient for educational~~
27 ~~expenses incurred while completing an accredited health education~~
28 ~~program directly related to obtaining credentials necessary to~~
29 ~~practice the recipient's health profession.~~

30 ~~(2) The department shall adopt rules relating to the~~
31 ~~establishment and administration of the primary care provider~~
32 ~~loan repayment program. Rules adopted pursuant to this paragraph~~
33 ~~shall provide, at a minimum, for all of the following:~~

34 ~~(a) Determination of eligibility requirements and~~
35 ~~qualifications of an applicant to receive loan repayment~~

~~1 under the program, including but not limited to years of
2 obligated service, clinical practice requirements, and residency
3 requirements. One year of obligated service shall be provided by
4 the applicant in exchange for each year of loan repayment, unless
5 federal requirements otherwise require. Loan repayment under the
6 program shall not be approved for a health provider whose license
7 or certification is restricted by a medical regulatory authority
8 of any jurisdiction of the United States, other nations, or
9 territories.~~

~~10 (b) Identification of federally designated health
11 professional shortage areas of the state and prioritization of
12 such areas according to need.~~

~~13 (c) Determination of the amount and duration of the loan
14 repayment an applicant may receive, giving consideration to the
15 availability of funds under the program, and the applicant's
16 outstanding educational loans and professional credentials.~~

~~17 (d) Determination of the conditions of loan repayment
18 applicable to an applicant.~~

~~19 (e) Enforcement of the state's rights under a loan repayment
20 program contract, including the commencement of any court action.~~

~~21 (f) Cancellation of a loan repayment program contract for
22 reasonable cause unless federal requirements otherwise require.~~

~~23 (g) Participation in federal programs supporting repayment
24 of loans of health care providers and acceptance of gifts,
25 grants, and other aid or amounts from any person, association,
26 foundation, trust, corporation, governmental agency, or other
27 entity for the purposes of the program.~~

~~28 (h) Upon availability of state funds, determination of
29 eligibility criteria and qualifications for participating
30 communities and applicants not located in federally designated
31 shortage areas.~~

~~32 (i) Other rules as necessary.~~

33 Sec. 4. Section 135.107, subsection 3, paragraph a, Code
34 2025, is amended to read as follows:

35 a. Eligibility under any of the programs health care

1 workforce and community support grant program established under
2 the primary care provider recruitment and retention endeavor
3 shall be based upon a community health services assessment
4 ~~completed under subsection 2, paragraph "a"~~. Participation in a
5 community health services assessment process shall be documented
6 by the community or region.

7 Sec. 5. Section 135.107, Code 2025, is amended by adding the
8 following new subsection:

9 NEW SUBSECTION. 4. A health care workforce and community
10 support grant program fund is created in the state treasury under
11 the control of the department of health and human services. All
12 moneys deposited or paid into the fund are appropriated to the
13 department to be used for grant assistance as provided in this
14 section. Notwithstanding section 8.33, moneys in the fund that
15 remain unencumbered or unobligated at the close of each fiscal
16 year shall not revert but shall remain available for expenditure.
17 Notwithstanding section 12C.7, subsection 2, interest or earnings
18 on moneys in the fund shall be credited to the fund.

19 Sec. 6. TRANSITION PROVISIONS — ACCOUNT.

20 1. The department of health and human services shall make
21 loan repayments pursuant to a loan repayment program contract
22 entered into on or before June 30, 2025, by a recipient and
23 the department under the primary care provider loan repayment
24 program in section 135.107, Code 2025, if the recipient remains
25 in compliance with all obligations under the loan repayment
26 program contract.

27 2. a. The department of health and human services shall
28 create an account for deposit of any moneys encumbered or
29 obligated pursuant to a loan repayment program contract entered
30 into on or before June 30, 2025, by a recipient and the
31 department under the primary care provider loan repayment program
32 in section 135.107, Code 2025. The department shall ensure
33 that the encumbered and obligated moneys remain available for
34 the duration of the loan repayment program contract if the
35 recipient remains in compliance with all obligations under the

1 loan repayment program contract.

2 b. Notwithstanding section 8.33, any balance in the account
3 shall not revert but shall remain available for the duration of
4 such loan repayment program contracts. Notwithstanding section
5 12C.7, subsection 2, interest or earnings on moneys deposited in
6 the account shall be credited to the account.

7 c. Upon expiration of all loan repayment program contract
8 periods and the expenditure of all moneys encumbered and
9 obligated under such loan repayment contracts, any unencumbered
10 or unobligated moneys remaining in the account created under
11 this section shall be deposited in the health care professional
12 incentive program fund created in section 256.222, as enacted by
13 this Act.

14 DIVISION III

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

17 Sec. 7. REPEAL. Sections 256.221, 256.223, 256.224, and
18 256.225, Code 2025, are repealed.

19 Sec. 8. TRANSITION PROVISIONS.

20 1. The college student aid commission shall make loan
21 repayments pursuant to a program agreement entered into on or
22 before June 30, 2025, by an eligible student and the commission
23 under the rural Iowa primary care loan repayment program in
24 section 256.221, Code 2025, if the student remains in compliance
25 with all obligations under the program agreement.

26 2. The college student aid commission shall make loan
27 repayments pursuant to a contract entered into on or before
28 June 30, 2025, by a health care professional and the commission
29 under the health care professional recruitment program in section
30 256.223, Code 2025, if the health care professional remains in
31 compliance with all obligations under the contract.

32 3. The college student aid commission shall provide the
33 annual award to a recipient selected on or before June 30, 2025,
34 for an award under the health care award program in section
35 256.224, Code 2025.

1 4. The college student aid commission shall make loan
2 repayments pursuant to a program agreement entered into on or
3 before June 30, 2025, by a mental health professional and the
4 commission under the mental health professional loan repayment
5 program in section 256.225, Code 2025, if the mental health
6 professional remains in compliance with all obligations under the
7 program agreement.

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

13 1. The rural Iowa primary care trust fund created in section
14 256.221, subsection 12, Code 2025.

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

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

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

21 Sec. 10. TRANSITION — ACCOUNTS.

22 1. The department of health and human services shall create
23 individual accounts for the deposit of any moneys encumbered or
24 obligated relating to a loan repayment or award funded under each
25 of the following programs:

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

28 b. The health care professional recruitment program under
29 section 256.223, Code 2025.

30 c. The health care award program under section 256.224, Code
31 2025.

32 d. The mental health professional loan repayment program
33 under section 256.225, Code 2025.

34 2. Notwithstanding section 8.33, any balance in any of
35 the accounts created under subsection 1 shall not revert but

1 shall remain available for the duration of all applicable loan
2 repayments and awards. Notwithstanding section 12C.7, subsection
3 2, interest or earnings on moneys deposited in each account shall
4 be credited to the respective account.

5 3. Upon expiration of all program agreement, contract,
6 and award disbursement periods and the expenditure of all
7 moneys encumbered and obligated under such program agreements,
8 contracts, and awards, any unencumbered or unobligated moneys
9 remaining in the accounts created under this section shall be
10 deposited in the health care professional incentive program fund
11 created in section 256.222, as enacted by this Act.

12 DIVISION IV

13 HEALTH CARE PROFESSIONAL INCENTIVE PROGRAM ESTABLISHED

14 Sec. 11. Section 135.107, subsection 1, Code 2025, is amended
15 by adding the following new paragraph:

16 NEW PARAGRAPH. *f.* Coordinate with the college student aid
17 commission to administer the health care professional incentive
18 program established in section 256.222.

19 Sec. 12. NEW SECTION. **256.222 Health care professional**
20 **incentive program — fund.**

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

23 *a.* "Award" means either of the following:

24 (1) A loan repayment made on behalf of an eligible health
25 care professional on the total amount owed, including principal
26 and interest, by the eligible health care professional on any of
27 the following:

28 (a) A federally guaranteed Stafford loan under the federal
29 family education loan program or the federal direct loan program.

30 (b) A federal grad plus loan.

31 (c) A consolidated federally guaranteed Stafford loan under
32 the federal family education loan program or the federal direct
33 loan program.

34 (d) A consolidated federal grad plus loan.

35 (2) An income bonus paid to an eligible health care

1 professional.

2 *b.* "Commission" means the college student aid commission.

3 *c.* "Department" means the department of health and human
4 services.

5 *d.* "Eligible health care profession" means health care
6 occupational categories that are in high demand, as determined
7 and maintained on a list by the department, and may include but
8 are not limited to physicians, physician assistants, registered
9 nurses, nurse practitioners, nurse educators, and mental health
10 professionals.

11 *e.* "Eligible health care professional" means an individual
12 currently employed, or who will be employed, in an eligible
13 health care profession that is located in an eligible practice
14 area.

15 *f.* "Eligible practice area" means a geographic region or
16 county in this state that has a shortage of health care
17 professionals as determined by the department.

18 *g.* "Employment obligation" means the number of consecutive
19 years an eligible health care professional must practice.

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

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

28 *h.* "Program" means the health care professional incentive
29 program established in this section.

30 2. *Program established.* The health care professional
31 incentive program is established and shall be administered by the
32 commission, in coordination with the department, for the purpose
33 of offering awards to recruit and retain eligible health care
34 professionals for employment in eligible practice areas. For
35 the fiscal year beginning July 1, 2025, and each fiscal year

1 thereafter, the commission, in coordination with the department,
2 shall determine the number of awards available for each eligible
3 health care profession prior to the commencement of the fiscal
4 year.

5 3. *Legislative intent.* It is the intent of the general
6 assembly that the program shall not interfere with local
7 community investments to recruit and retain health care
8 professionals.

9 4. *Exceptions.* An eligible health care professional shall
10 be ineligible for the program if the eligible health care
11 professional is currently participating in, or has participated
12 in, any of the following:

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

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

17 c. The health care professional recruitment program pursuant
18 to section 256.223, Code 2025.

19 d. The health care award program pursuant to section 256.224,
20 Code 2025.

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

23 5. *Program requirements.*

24 a. An eligible health care professional may submit an
25 application for the program to the commission in the form and
26 manner prescribed by the commission. The applicant shall elect
27 to receive an award as either a loan repayment or an income bonus
28 if selected for the program, and shall submit any additional
29 information requested by the commission.

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

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

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

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

7 (4) Requirements regarding the eligible health care
8 professional's license to practice in this state while
9 participating in the program.

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

12 6. *Awards.*

13 a. Upon verifying the eligible health care professional is
14 in compliance with all terms of the program agreement executed
15 pursuant to subsection 5, paragraph "b", the commission shall
16 pay the eligible health care professional's award annually as
17 follows:

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

20 (a) An amount equal to twenty percent of the aggregate award
21 shall be paid to the eligible health care professional after
22 the completion of the first year of the eligible health care
23 professional's employment obligation.

24 (b) An amount equal to fifteen percent of the aggregate award
25 shall be paid to the eligible health care professional after
26 the completion of the second year, the third year, and the
27 fourth year of the eligible health care professional's employment
28 obligation.

29 (c) An amount equal to thirty-five percent of the aggregate
30 award shall be paid to the eligible health care professional
31 after the completion of the fifth year of the eligible health
32 care professional's employment obligation.

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

35 b. A minimum of every five years, and each time the

1 department adds a new eligible health care profession, the
2 commission, in consultation with the department, shall establish
3 the aggregate award amount for each eligible health care
4 profession. The aggregate award amount shall not exceed two
5 hundred thousand dollars.

6 c. An individual who entered into a program agreement under
7 subsection 5, paragraph "b", before the date on which the
8 department determined the individual's health care profession
9 is no longer an eligible health care profession, shall remain
10 eligible for the program per the terms of the individual's
11 program agreement.

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

23 8. *Rules.* The commission, in coordination with the
24 department, shall adopt rules pursuant to chapter 17A to
25 administer this section.

26 Sec. 13. EFFECTIVE DATE. This division of this Act, being
27 deemed of immediate importance, takes effect upon enactment.

28 DIVISION V

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

31 Sec. 14. Section 135.179, subsection 2, Code 2025, is amended
32 to read as follows:

33 ~~2. Funding for the program may be provided through the health~~
34 ~~care workforce shortage fund or the fulfilling Iowa's need~~
35 ~~for dentists matching grant program account created in section~~

1 ~~135.175.~~ The purpose of the program is to establish, expand,
2 or support the placement of dentists in dental or rural shortage
3 areas across the state by providing education loan repayments.

4 Sec. 15. Section 249M.4, subsection 2, Code 2025, is amended
5 to read as follows:

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

14 a. To support medical assistance program utilization
15 shortfalls.

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

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

20 ~~d.~~ c. To support access to health care services for
21 uninsured Iowans.

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

24 Sec. 16. REPEAL. Sections 135.175, 135.176, 135.178, and
25 135.193, Code 2025, are repealed.

26 Sec. 17. APPROPRIATION — PSYCHIATRIC RESIDENCIES. There is
27 appropriated from the general fund of the state to the department
28 of health and human services for the following fiscal years, the
29 following amounts, or so much thereof as is necessary, for
30 deposit in the account for rural psychiatric residencies created
31 in this division of this Act:

32 FY 2025-2026:

33 \$ 600,000

34 FY 2026-2027:

35 \$ 400,000

1 FY 2027-2028:

2 \$ 200,000

3 Sec. 18. TRANSITION PROVISIONS.

4 1. a. The department of health and human services shall
5 provide matching state funding to a sponsor awarded on or
6 before June 30, 2025, under the medical residency training state
7 matching grants program in section 135.176, Code 2025, until all
8 residents in the funded residencies have completed or left the
9 program.

10 b. The department of health and human services shall provide
11 matching state funding to a sponsor for medical residency
12 training program liability costs awarded on or before June 30,
13 2025, under the medical residency training state matching grants
14 program in section 135.176, Code 2025, until June 30, 2026.

15 2. The department of health and human services shall provide
16 matching state funding to a sponsor awarded on or before June 30,
17 2025, under the nurse residency state matching grants program in
18 section 135.178, Code 2025, until all residents have completed or
19 left the nurse residency programs.

20 3. The department of health and human services shall fund
21 a fellowship position pursuant to a program agreement entered
22 into on or before June 30, 2025, by a participating teaching
23 hospital and a participating fellow under the state-funded family
24 medicine obstetrics fellowship program in section 135.193, Code
25 2025, if the participating fellow remains in compliance with all
26 obligations under the program agreement.

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

32 a. 2024 Iowa Acts, chapter 1157, section 5, subsection 3, and
33 2024 Iowa Acts, chapter 1157, section 22, subsection 5.

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

1 section 29.

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

5 d. 2021 Iowa Acts, chapter 182, section 3, subsection 4,
6 paragraph "j".

7 e. 2019 Iowa Acts, chapter 85, section 3, subsection 4,
8 paragraph "j", as amended by 2020 Iowa Acts, chapter 1121,
9 section 19.

10 Sec. 19. TRANSFER OF MONEYS. Notwithstanding section 8.33
11 or any other provision to the contrary, any unobligated or
12 unencumbered moneys in any of the following accounts or funds
13 or constituting any specified appropriation, shall not revert but
14 are appropriated to the department of health and human services
15 to fund Medicaid graduate medical education efforts.

16 1. The health care workforce shortage fund created in section
17 135.175, subsection 1, paragraph "b", Code 2025.

18 2. The medical residency training account created in section
19 135.175, subsection 5, paragraph "a", Code 2025.

20 3. The nurse residency state matching grants program account
21 created in section 135.175, subsection 5, paragraph "b", Code
22 2025.

23 4. The health care workforce shortage national initiatives
24 account created in section 135.175, subsection 5, paragraph "c",
25 Code 2025.

26 5. The fulfilling Iowa's need for dentists matching grant
27 program account created in section 135.175, subsection 5,
28 paragraph "d", Code 2025.

29 6. The family medicine obstetrics fellowship program fund
30 created in section 135.193, Code 2025.

31 7. Moneys appropriated to the department of health and human
32 services for rural psychiatric residencies to fund psychiatric
33 residents to provide mental health services in underserved areas
34 of the state as described in the following:

35 a. 2024 Iowa Acts, chapter 1157, section 5, subsection 3, and

1 2024 Iowa Acts, chapter 1157, section 22, subsection 5.

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

5 c. 2022 Iowa Acts, chapter 1131, section 3, subsection 4,
6 paragraph "j", as amended by 2024 Iowa Acts, chapter 1157,
7 section 23.

8 d. 2021 Iowa Acts, chapter 182, section 3, subsection 4,
9 paragraph "j".

10 e. 2019 Iowa Acts, chapter 85, section 3, subsection 4,
11 paragraph "j", as amended by 2020 Iowa Acts, chapter 1121,
12 section 19.

13 Sec. 20. TRANSITION — ACCOUNTS.

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

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

20 b. The nurse residency state matching grants program under
21 section 135.178, Code 2025.

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

24 d. Rural psychiatric residencies as described in the
25 following:

26 (1) 2024 Iowa Acts, chapter 1157, section 5, subsection 3,
27 and 2024 Iowa Acts, chapter 1157, section 22, subsection 5.

28 (2) 2023 Iowa Acts, chapter 112, section 5, subsection 4,
29 paragraph "j", as amended by 2024 Iowa Acts, chapter 1157,
30 section 29.

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

34 (4) 2021 Iowa Acts, chapter 182, section 3, subsection 4,
35 paragraph "j".

1 (5) 2019 Iowa Acts, chapter 85, section 3, subsection 4,
2 paragraph "j", as amended by 2020 Iowa Acts, chapter 1121,
3 section 19.

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

10 3. Upon expiration of all grant, residency, and fellowship
11 periods and the expenditure of all moneys encumbered under
12 such grants, residencies, and fellowships, any unencumbered or
13 unobligated moneys remaining in any of the accounts created under
14 subsection 1 are appropriated to the department of health and
15 human services for Medicaid graduate medical education efforts.

16 DIVISION VI

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

19 Sec. 21. REPEAL. Section 135.180, Code 2025, is repealed.

20 Sec. 22. TRANSITION PROVISIONS. The board of regents shall
21 direct the university of Iowa hospitals and clinics to distribute
22 moneys for state-funded psychiatry residency and fellowship
23 positions approved and awarded on or before June 30, 2025, under
24 the state-funded psychiatry residency and fellowship positions
25 in section 135.180, Code 2025, until all residents and fellows
26 have completed or left the state-funded psychiatry residency or
27 fellowship positions.

28 Sec. 23. TRANSITION — ACCOUNT.

29 1. The board of regents shall direct the university of Iowa
30 hospitals and clinics to create an account for the deposit
31 of moneys encumbered or obligated relating to residency and
32 fellowship positions funded under the state-funded psychiatry
33 residency and fellowship positions under section 135.180, Code
34 2025.

35 2. Notwithstanding section 8.33, any balance in the account

1 created under subsection 1 shall not revert but shall remain
2 available for the duration of all applicable residencies and
3 fellowships. Notwithstanding section 12C.7, subsection 2,
4 interest or earnings on moneys deposited in the account shall be
5 credited to the account.

6 3. Upon expiration of all residency and fellowship periods
7 and the expenditure of all moneys encumbered under such
8 residencies and fellowships, any unencumbered or unobligated
9 moneys remaining in the account created under subsection 1 are
10 appropriated to the department of health and human services for
11 Medicaid graduate medical education efforts.

12 Sec. 24. TRANSFER OF MONEYS. Notwithstanding section 8.33
13 or any other provision to the contrary, any unobligated or
14 unencumbered moneys in the psychiatry residency and fellowship
15 positions fund created in section 135.180, Code 2025, shall not
16 revert but are appropriated to the department of health and human
17 services to fund Medicaid graduate medical education efforts.

18 DIVISION VII

19 ELIMINATION OF THE HEALTH FACILITIES COUNCIL

20 Sec. 25. Section 10A.711, subsection 5, Code 2025, is amended
21 by striking the subsection and inserting in lieu thereof the
22 following:

23 5. "Department" means the department of inspections, appeals,
24 and licensing.

25 Sec. 26. Section 10A.713, subsection 4, unnumbered paragraph
26 1, Code 2025, is amended to read as follows:

27 ~~A copy of the application shall be sent to the department~~
28 ~~of health and human services at the time the application is~~
29 ~~submitted to the department.~~ The department shall not process
30 applications for and the council shall not an intermediate care
31 facility for persons with an intellectual disability, or consider
32 a new or changed institutional health service for an intermediate
33 care facility for persons with an intellectual disability, unless
34 both of the following conditions are met:

35 Sec. 27. Section 10A.714, subsection 1, unnumbered paragraph

1 1, Code 2025, is amended to read as follows:

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

4 Sec. 28. Section 10A.714, subsection 1, paragraph r, Code
5 2025, is amended to read as follows:

6 r. The recommendations of staff personnel of the department
7 assigned to the area of certificate of need, concerning the
8 application, ~~if requested by the council.~~

9 Sec. 29. Section 10A.714, subsection 2, unnumbered paragraph
10 1, Code 2025, is amended to read as follows:

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

17 Sec. 30. Section 10A.716, subsection 3, Code 2025, is amended
18 to read as follows:

19 3. Each application accepted by the department shall be
20 formally reviewed ~~for the purpose of furnishing to the council~~
21 ~~the information necessary to enable it~~ the department to
22 determine whether or not to grant the certificate of need. A
23 formal review shall consist, at a minimum, of the following
24 steps:

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

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

30 Sec. 31. Section 10A.719, Code 2025, is amended to read as
31 follows:

32 **10A.719 Council Department to make final decision.**

33 1. The department shall complete its formal review of
34 the application within ninety days after acceptance of the
35 application, except as otherwise provided by section ~~10A.722~~

1 135.71, subsection 4. Upon completion of the formal review, the
2 ~~council department~~ shall approve or deny the application. The
3 ~~council department~~ shall issue written findings stating the basis
4 for its decision on the application, and ~~the department~~ shall
5 send copies of the ~~council's~~ decision and the written findings
6 supporting the decision to the applicant and to any other person
7 who so requests.

8 2. Failure by the ~~council department~~ to issue a written
9 decision on an application for a certificate of need within the
10 time required by this section shall constitute denial of and
11 final administrative action on the application.

12 Sec. 32. Section 10A.720, Code 2025, is amended to read as
13 follows:

14 **10A.720 Appeal of certificate of need decisions.**

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

28 Sec. 33. Section 10A.721, Code 2025, is amended to read as
29 follows:

30 **10A.721 Period for which certificate is valid — extension or**
31 **revocation.**

32 1. A certificate of need shall be valid for a maximum of
33 one year from the date of issuance. Upon the expiration of
34 the certificate, or at any earlier time while the certificate
35 is valid, the holder ~~thereof~~ of the certificate shall provide

1 the department ~~such~~ information on the development of the project
2 covered by the certificate as the department may request.
3 The ~~council~~ department shall determine at the end of the
4 certification period whether sufficient progress is being made
5 on the development of the project. The certificate of need
6 may be extended by the ~~council~~ department for additional periods
7 of time as are reasonably necessary to expeditiously complete
8 the project, but may be revoked by the ~~council~~ department at
9 the end of the first or any subsequent certification period for
10 insufficient progress in developing the project.

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

16 Sec. 34. Section 10A.722, unnumbered paragraph 1, Code 2025,
17 is amended to read as follows:

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

21 Sec. 35. Section 10A.723, subsection 2, paragraph a, Code
22 2025, is amended to read as follows:

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

1 conduct in violation of this section.

2 Sec. 36. Section 68B.35, subsection 2, paragraph e, Code
3 2025, is amended to read as follows:

4 e. Members of the state banking council, the Iowa ethics
5 and campaign disclosure board, the credit union review board,
6 the economic development authority, the employment appeal board,
7 the environmental protection commission, ~~the health facilities~~
8 ~~council~~, the Iowa finance authority, the Iowa public employees'
9 retirement system investment board, the Iowa lottery commission
10 created in section 99G.8, the natural resource commission,
11 the board of parole, the state racing and gaming commission,
12 the state board of regents, the transportation commission, the
13 office of consumer advocate, the utilities commission, the Iowa
14 telecommunications and technology commission, and any full-time
15 members of other boards and commissions as defined under section
16 7E.4 who receive an annual salary for their service on the board
17 or commission. The Iowa ethics and campaign disclosure board
18 shall conduct an annual review to determine if members of any
19 other board, commission, or authority should file a statement and
20 shall require the filing of a statement pursuant to rules adopted
21 pursuant to chapter 17A.

22 Sec. 37. Section 97B.1A, subsection 8, paragraph a,
23 subparagraph (8), Code 2025, is amended to read as follows:

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

26 Sec. 38. CODE EDITOR DIRECTIVE.

27 1. The Code editor is directed to make the following
28 transfers:

- 29 a. Section 10A.711 to section 135.61.
- 30 b. Section 10A.713 to section 135.62.
- 31 c. Section 10A.714 to section 135.63.
- 32 d. Section 10A.715 to section 135.64.
- 33 e. Section 10A.716 to section 135.65.
- 34 f. Section 10A.717 to section 135.66.
- 35 g. Section 10A.718 to section 135.67.

- 1 h. Section 10A.719 to section 135.68.
- 2 i. Section 10A.720 to section 135.69.
- 3 j. Section 10A.721 to section 135.70.
- 4 k. Section 10A.722 to section 135.71.
- 5 l. Section 10A.723 to section 135.72.
- 6 m. Section 10A.724 to section 135.73.
- 7 n. Section 10A.725 to section 135.74.
- 8 o. Section 10A.726 to section 135.75.
- 9 p. Section 10A.727 to section 135.76.
- 10 q. Section 10A.728 to section 135.77.
- 11 r. Section 10A.729 to section 135.78.

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

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

18 Sec. 39. REPEAL. Section 10A.712, Code 2025, is repealed.

19 DIVISION VIII

20 CONFORMING CHANGES — ELIMINATION OF THE HEALTH FACILITIES
21 COUNCIL

22 Sec. 40. Section 10A.711, unnumbered paragraph 1, Code 2025,
23 is amended to read as follows:

24 As used in this ~~part~~ subchapter, unless the context otherwise
25 requires:

26 Sec. 41. Section 10A.711, subsection 1, paragraph d, Code
27 2025, is amended to read as follows:

28 d. Each institutional health facility or health maintenance
29 organization which, prior to receipt of the application by the
30 department, has formally indicated to the department pursuant
31 to this ~~part~~ subchapter an intent to furnish in the future
32 institutional health services similar to the new institutional
33 health service proposed in the application.

34 Sec. 42. Section 10A.713, subsection 1, Code 2025, is amended
35 to read as follows:

1 1. A new institutional health service or changed
2 institutional health service shall not be offered or developed
3 in this state without prior application to the department
4 for and receipt of a certificate of need, pursuant to this
5 ~~part~~ subchapter. The application shall be made upon forms
6 furnished or prescribed by the department and shall contain
7 such information as the department may require under this ~~part~~
8 subchapter. The application shall be accompanied by a fee
9 equivalent to three-tenths of one percent of the anticipated cost
10 of the project with a minimum fee of six hundred dollars and a
11 maximum fee of twenty-one thousand dollars. The fee shall be
12 remitted by the department to the treasurer of state, who shall
13 place it in the general fund of the state. If an application
14 is voluntarily withdrawn within thirty calendar days after
15 submission, seventy-five percent of the application fee shall
16 be refunded; if the application is voluntarily withdrawn more
17 than thirty but within sixty days after submission, fifty percent
18 of the application fee shall be refunded; if the application
19 is withdrawn voluntarily more than sixty days after submission,
20 twenty-five percent of the application fee shall be refunded.
21 Notwithstanding the required payment of an application fee under
22 this subsection, an applicant for a new institutional health
23 service or a changed institutional health service offered or
24 developed by an intermediate care facility for persons with an
25 intellectual disability or an intermediate care facility for
26 persons with mental illness as defined pursuant to section 135C.1
27 is exempt from payment of the application fee.

28 Sec. 43. Section 10A.713, subsection 2, unnumbered paragraph
29 1, Code 2025, is amended to read as follows:

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

34 Sec. 44. Section 10A.713, subsection 2, paragraphs a, f, h,
35 j, k, m, and n, Code 2025, are amended to read as follows:

1 a. Private offices and private clinics of an individual
2 physician, dentist, or other practitioner or group of health
3 care providers, except as provided by section ~~40A.711~~ 135.61,
4 subsection 17, paragraphs "g", "h", and "m", and section ~~40A.711~~
5 135.61, subsections 2 and 19.

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

10 h. (1) The deletion of one or more health services,
11 previously offered on a regular basis by an institutional health
12 facility or health maintenance organization, notwithstanding any
13 provision of this ~~part~~ subchapter to the contrary, if all of the
14 following conditions exist:

15 (a) The institutional health facility or health maintenance
16 organization reports to the department the deletion of the
17 service or services at least thirty days before the deletion on a
18 form prescribed by the department.

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

22 (2) If these conditions are not met, the institutional health
23 facility or health maintenance organization is subject to review
24 as a "new institutional health service" or "changed institutional
25 health service" under section ~~40A.711~~ 135.61, subsection 17,
26 paragraph "f", and is subject to sanctions under section ~~40A.723~~
27 135.72.

28 (3) If the institutional health facility or health
29 maintenance organization reestablishes the deleted service or
30 services at a later time, review as a "new institutional
31 health service" or "changed institutional health service" may be
32 required pursuant to section ~~40A.711~~ 135.61, subsection 17.

33 j. The construction, modification, or replacement of
34 nonpatient care services, including parking facilities, heating,
35 ventilation and air conditioning systems, computers, telephone

1 systems, medical office buildings, and other projects of a
2 similar nature, notwithstanding any provision in this ~~part~~
3 subchapter to the contrary.

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

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

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

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

18 m. Hemodialysis services provided by a hospital or
19 freestanding facility, notwithstanding any provision in this ~~part~~
20 subchapter to the contrary.

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

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

25 (2) Acquires major medical equipment as provided by section
26 ~~10A.711~~ 135.61, subsection 17, paragraphs "i" and "j".

27 Sec. 46. Section 10A.713, subsection 2, paragraph g,
28 subparagraph (1), unnumbered paragraph 1, Code 2025, is amended
29 to read as follows:

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

33 Sec. 47. Section 10A.713, subsection 2, paragraph g,
34 subparagraph (2), Code 2025, is amended to read as follows:

35 (2) If these conditions are not met, the institutional health

1 facility is subject to review as a "new institutional health
2 service" or "changed institutional health service" under section
3 ~~10A.714~~ 135.61, subsection 17, paragraph "d", and is subject to
4 sanctions under section ~~10A.723~~ 135.72. If the institutional
5 health facility reestablishes the deleted beds at a later time,
6 review as a "new institutional health service" or "changed
7 institutional health service" is required pursuant to section
8 ~~10A.714~~ 135.61, subsection 17, paragraph "d".

9 Sec. 48. Section 10A.713, subsection 2, paragraph 1,
10 unnumbered paragraph 1, Code 2025, is amended to read as follows:

11 The replacement or modernization of any institutional health
12 facility if the replacement or modernization does not add
13 new health services or additional bed capacity for existing
14 health services, notwithstanding any provision in this ~~part~~
15 subchapter to the contrary. With respect to a nursing facility,
16 "replacement" means establishing a new facility within the same
17 county as the prior facility to be closed. With reference
18 to a hospital, "replacement" means establishing a new hospital
19 that demonstrates compliance with all of the following criteria
20 through evidence submitted to the department:

21 Sec. 49. Section 10A.713, subsection 2, paragraph p,
22 unnumbered paragraph 1, Code 2025, is amended to read as follows:

23 The conversion of an existing number of beds by an
24 intermediate care facility for persons with an intellectual
25 disability to a smaller facility environment, including but not
26 limited to a community-based environment which does not result
27 in an increased number of beds, notwithstanding any provision in
28 this ~~part~~ subchapter to the contrary, including subsection 4, if
29 all of the following conditions exist:

30 Sec. 50. Section 10A.713, subsection 3, Code 2025, is amended
31 to read as follows:

32 3. This ~~part~~ subchapter shall not be construed to be
33 applicable to a health care facility operated by and for the
34 exclusive use of members of a religious order, which does not
35 admit more than two individuals to the facility from the general

1 public, and which was in operation prior to July 1, 1986.
2 However, this ~~part~~ subchapter is applicable to such a facility
3 if the facility is involved in the offering or developing of a
4 new or changed institutional health service on or after July 1,
5 1986.

6 Sec. 51. Section 10A.714, subsection 3, Code 2025, is amended
7 to read as follows:

8 3. In the evaluation of applications for certificates
9 of need submitted by the university of Iowa hospitals and
10 clinics, the unique features of that institution relating to
11 statewide tertiary health care, health science education, and
12 clinical research shall be given due consideration. Further,
13 in administering this ~~part~~ subchapter, the unique capacity
14 of university hospitals for the evaluation of technologically
15 innovative equipment and other new health services shall be
16 utilized.

17 Sec. 52. Section 10A.715, subsection 2, Code 2025, is amended
18 to read as follows:

19 2. Upon request of the sponsor of the proposed new or changed
20 service, the department shall make a preliminary review of the
21 letter for the purpose of informing the sponsor of the project
22 of any factors which may appear likely to result in denial of
23 a certificate of need, based on the criteria for evaluation
24 of applications in section ~~10A.714~~ 135.63. A comment by the
25 department under this section shall not constitute a final
26 decision.

27 Sec. 53. Section 10A.716, subsection 1, Code 2025, is amended
28 to read as follows:

29 1. Within fifteen business days after receipt of an
30 application for a certificate of need, the department shall
31 examine the application for form and completeness and accept or
32 reject it. An application shall be rejected only if it fails
33 to provide all information required by the department pursuant
34 to section ~~10A.713~~ 135.62, subsection 1. The department shall
35 promptly return to the applicant any rejected application, with

1 an explanation of the reasons for its rejection.

2 Sec. 54. Section 10A.717, subsection 1, unnumbered paragraph
3 1, Code 2025, is amended to read as follows:

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

10 Sec. 55. Section 10A.722, subsections 2, 3, and 4, Code 2025,
11 are amended to read as follows:

12 2. Uniform procedures for variations in application of
13 criteria specified by section ~~10A.714~~ 135.63 for use in formal
14 review of applications for certificates of need, when such
15 variations are appropriate to the purpose of a particular review
16 or to the type of institutional health service proposed in the
17 application being reviewed.

18 3. Uniform procedures for summary reviews conducted under
19 section ~~10A.717~~ 135.66.

20 4. Criteria for determining when it is not feasible to
21 complete formal review of an application for a certificate of
22 need within the time limits specified in section ~~10A.719~~ 135.68.
23 The rules adopted under this subsection shall include criteria
24 for determining whether an application proposes introduction of
25 technologically innovative equipment, and if so, procedures to
26 be followed in reviewing the application. However, a rule
27 adopted under this subsection shall not permit a deferral of
28 more than sixty days beyond the time when a decision is required
29 under section ~~10A.719~~ 135.68, unless both the applicant and the
30 department agree to a longer deferment.

31 Sec. 56. Section 10A.723, subsections 1 and 3, Code 2025, are
32 amended to read as follows:

33 1. Any party constructing a new institutional health facility
34 or an addition to or renovation of an existing institutional
35 health facility without first obtaining a certificate of need or,

1 in the case of a mobile health service, ascertaining that the
2 mobile health service has received certificate of need approval,
3 as required by this ~~part~~ subchapter, shall be denied licensure
4 or change of licensure by the appropriate responsible licensing
5 agency of this state.

6 3. Notwithstanding any other sanction imposed pursuant
7 to this section, a party offering or developing any new
8 institutional health service or changed institutional health
9 service without first obtaining a certificate of need as required
10 by this ~~part~~ subchapter, may be temporarily or permanently
11 restrained from doing so by any court of competent jurisdiction
12 in any action brought by the state, any of its political
13 subdivisions, or any other interested person.

14 Sec. 57. Section 10A.723, subsection 2, unnumbered paragraph
15 1, Code 2025, is amended to read as follows:

16 A party violating this ~~part~~ subchapter shall be subject to
17 penalties in accordance with this section. The department shall
18 adopt rules setting forth the violations by classification, the
19 criteria for the classification of any violation not listed, and
20 procedures for implementing this subsection.

21 Sec. 58. Section 10A.724, subsection 3, Code 2025, is amended
22 to read as follows:

23 3. The department shall, where appropriate, provide for
24 modification, consistent with the purposes of this ~~part~~
25 subchapter, of reporting requirements to correctly reflect the
26 differences among hospitals and among health care facilities
27 referred to in subsection 2, and to avoid otherwise unduly
28 burdensome costs in meeting the requirements of uniform methods
29 of financial reporting.

30 Sec. 59. Section 10A.725, subsection 2, Code 2025, is amended
31 to read as follows:

32 2. Where more than one licensed hospital or health care
33 facility is operated by the reporting organization, the
34 information required by this section shall be reported separately
35 for each licensed hospital or health care facility. The

1 department shall require preparation of specified financial
2 reports by a certified public accountant, and may require
3 attestation of responsible officials of the reporting hospital or
4 health care facility that the reports submitted are to the best
5 of their knowledge and belief prepared in accordance with the
6 prescribed methods of reporting. The department shall have the
7 right to inspect the books, audits and records of any hospital
8 or health care facility as reasonably necessary to verify reports
9 submitted pursuant to this ~~part~~ subchapter.

10 Sec. 60. Section 10A.726, subsection 1, Code 2025, is amended
11 to read as follows:

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

25 Sec. 61. Section 10A.727, Code 2025, is amended to read as
26 follows:

27 **10A.727 Data to be compiled.**

28 The department shall compile all relevant financial and
29 utilization data in order to have available the statistical
30 information necessary to properly monitor hospital and health
31 care facility charges and costs. Such data shall include
32 necessary operating expenses, appropriate expenses incurred for
33 rendering services to patients who cannot or do not pay, all
34 properly incurred interest charges, and reasonable depreciation
35 expenses based on the expected useful life of the property and

1 equipment involved. The department shall also obtain from each
2 hospital and health care facility a current rate schedule as well
3 as any subsequent amendments or modifications of that schedule
4 as it may require. In collection of the data required by
5 this section and sections ~~10A.724~~ 135.73 through ~~10A.726~~ 135.75,
6 the department and other state agencies shall coordinate their
7 reporting requirements.

8 Sec. 62. Section 10A.728, Code 2025, is amended to read as
9 follows:

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

11 Any hospital or health care facility which fails to file with
12 the department the financial reports required by sections ~~10A.724~~
13 135.73 through ~~10A.727~~ 135.76 is subject to a civil penalty of
14 not to exceed five hundred dollars for each offense.

15 Sec. 63. Section 10A.729, Code 2025, is amended to read as
16 follows:

17 **10A.729 Contracts for assistance with analyses, studies, and**
18 **data.**

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

34 Sec. 64. Section 135.131, subsection 1, paragraph a, Code
35 2025, is amended to read as follows:

1 a. "Birth center" means birth center as defined in section
2 ~~10A.711~~ 135.61.

3 Sec. 65. Section 135B.5A, Code 2025, is amended to read as
4 follows:

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

6 1. A conversion of a long-term acute care hospital,
7 rehabilitation hospital, or psychiatric hospital as defined by
8 federal regulations to a general hospital or to a specialty
9 hospital of a different type is a permanent change in bed
10 capacity and shall require a certificate of need pursuant to
11 section ~~10A.713~~ 135.62.

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

15 3. Any change of a rural emergency hospital in licensure,
16 organizational structure, or type of institutional health
17 facility shall require a certificate of need pursuant to section
18 ~~10A.713~~ 135.62.

19 Sec. 66. Section 135C.2, subsection 5, unnumbered paragraph
20 1, Code 2025, is amended to read as follows:

21 The department shall establish a special classification within
22 the residential care facility category in order to foster the
23 development of residential care facilities which serve persons
24 with an intellectual disability, chronic mental illness, a
25 developmental disability, or brain injury, as described under
26 section 225C.26, and which contain five or fewer residents. A
27 facility within the special classification established pursuant
28 to this subsection is exempt from the requirements of section
29 ~~10A.713~~ 135.62. The department shall adopt rules which are
30 consistent with rules previously developed for the waiver
31 demonstration project pursuant to 1986 Iowa Acts, ch. 1246, §206,
32 and which include all of the following provisions:

33 Sec. 67. Section 135P.1, subsection 3, Code 2025, is amended
34 to read as follows:

35 3. "Health facility" means an institutional health facility

1 as defined in section ~~10A.711~~ 135.61, a hospice licensed under
2 chapter 135J, a home health agency as defined in section 144D.1,
3 an assisted living program certified under chapter 231C, a
4 clinic, a community health center, or the university of Iowa
5 hospitals and clinics, and includes any corporation, professional
6 corporation, partnership, limited liability company, limited
7 liability partnership, or other entity comprised of such health
8 facilities.

9 Sec. 68. Section 231C.3, subsection 2, Code 2025, is amended
10 to read as follows:

11 2. Each assisted living program operating in this state shall
12 be certified by the department. If an assisted living program
13 is voluntarily accredited by a recognized accrediting entity,
14 the department shall certify the assisted living program on
15 the basis of the voluntary accreditation. An assisted living
16 program that is certified by the department on the basis of
17 voluntary accreditation shall not be subject to payment of the
18 certification fee prescribed in section 231C.18, but shall be
19 subject to an administrative fee as prescribed by rule. An
20 assisted living program certified under this section is exempt
21 from the requirements of section ~~10A.713~~ 135.62 relating to
22 certificate of need requirements.

23 Sec. 69. Section 505.27, subsection 5, paragraph a, Code
24 2025, is amended to read as follows:

25 a. "*Health care provider*" means the same as defined in
26 section ~~10A.711~~ 135.61, a hospital licensed pursuant to chapter
27 135B, or a health care facility licensed pursuant to chapter
28 135C.

29 Sec. 70. Section 708.3A, subsection 5, paragraph d, Code
30 2025, is amended to read as follows:

31 d. "*Health care provider*" means an emergency medical care
32 provider as defined in chapter 147A or a person licensed or
33 registered under chapter 148, 148C, 148D, or 152 who is providing
34 or who is attempting to provide emergency medical services,
35 as defined in section 147A.1, or who is providing or who is

1 attempting to provide health services as defined in section
2 ~~10A.714~~ 135.61 in a hospital. A person who commits an assault
3 under this section against a health care provider in a hospital,
4 or at the scene or during out-of-hospital patient transportation
5 in an ambulance, is presumed to know that the person against whom
6 the assault is committed is a health care provider.

7 DIVISION IX

8 IOWA HEALTH INFORMATION NETWORK — EXCHANGE ADVISORY COMMITTEE
9 CREATED AND BOARD OF DIRECTORS ELIMINATED

10 Sec. 71. Section 135D.2, subsection 1, Code 2025, is amended
11 by striking the subsection.

12 Sec. 72. Section 135D.2, subsection 4, Code 2025, is amended
13 to read as follows:

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

18 Sec. 73. Section 135D.2, Code 2025, is amended by adding the
19 following new subsections:

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

22 NEW SUBSECTION. 5A. "*Exchange advisory committee*" or
23 "*advisory committee*" means the exchange advisory committee
24 appointed by the director pursuant to section 135D.6.

25 Sec. 74. Section 135D.5, subsection 1, Code 2025, is amended
26 to read as follows:

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

1 the department shall conduct a competitive process to select a
2 designated entity at least every eight years.

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

5 **135D.6 Exchange advisory committee.**

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

7 2. The advisory committee shall include at least one member
8 who is a consumer of health services, and a majority of
9 the advisory committee members shall be representative of
10 participants in the Iowa health information network.

11 3. The exchange advisory committee shall do all of the
12 following:

13 a. Advise the department regarding the needs of participants
14 and nonparticipants relating to the exchange of health
15 information.

16 b. Ensure the department develops, and the designated
17 entity complies with, the standards, requirements, policies,
18 and procedures for access to, use, secondary use, privacy, and
19 security of health information exchanged through the Iowa health
20 information network, consistent with applicable federal and state
21 standards and laws.

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

29 d. Educate the public and the health care sector about the
30 value of health information technology in improving patient
31 care, and methods to promote increased support and collaboration
32 of state and local public health agencies, health care
33 professionals, and consumers in health information technology
34 initiatives.

35 e. Work to align interstate and intrastate interoperability

1 standards in accordance with national health information exchange
2 standards.

3 *f.* Provide an annual budget and fiscal report for the Iowa
4 health information network to the governor, the department of
5 health and human services, the department of management, and
6 the general assembly. The report shall also include information
7 about the services provided through the network and information
8 on the participant usage of the network.

9 Sec. 76. Section 135D.7, subsection 1, unnumbered paragraph
10 1, Code 2025, is amended to read as follows:

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

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

19 (2) The ~~board~~ designated entity shall provide the means and
20 process by which a patient may decline participation. The means
21 and process utilized shall minimize the burden on patients and
22 health care professionals.

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

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

31 Sec. 79. Section 135D.7, subsection 6, paragraph b, Code
32 2025, is amended to read as follows:

33 *b.* Any health information in the possession of the
34 ~~board~~ designated entity due to ~~its~~ the designated entity's
35 administration of the Iowa health information network.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35

EXPLANATION

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

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

DIVISION I. This division requires the department of health and human services (HHS) to 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. The division shall take effect upon enactment.

DIVISION II. This division eliminates the primary care provider loan repayment program in Code section 135.107 and makes conforming changes. The primary care provider loan repayment program provides loan repayment to increase the number of health professionals practicing primary care in federally designated health professional shortage areas of the state.

The bill creates a health care workforce and community support grant program fund in the state treasury under the control of HHS to be used for grant assistance under the health care workforce and community support grant program.

HHS is required to make loan repayments pursuant to a loan repayment program contract entered into on or before June 30, 2025, to a recipient in compliance with the loan repayment program contract. HHS shall create an account for the deposit of encumbered or obligated moneys relating to the primary care provider loan repayment program as described in the bill.

The division takes effect upon enactment.

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

1 The rural Iowa primary care loan repayment program (Code
2 section 256.221) is eliminated. The program provides loan
3 repayment for medical students who agree to practice as
4 physicians in certain service areas.

5 The health care professional recruitment program (Code section
6 256.223) is also eliminated. The program provides loan repayment
7 for students who graduate from a certain institution and become
8 licensed as a health care professional.

9 In addition, the health care award program (Code section
10 256.224) is eliminated. The program provides financial awards
11 to registered nurses, advanced registered nurse practitioners,
12 physician assistants, and nurse educators who practice in certain
13 areas or teach in this state.

14 Finally, the mental health professional loan repayment program
15 (Code section 256.225) is eliminated. The program provides loan
16 repayment for mental health professionals who agree to practice
17 in certain practice areas.

18 For all of the eliminated programs, the college student aid
19 commission (commission) is required to make loan repayments
20 and provide annual awards pursuant to program agreements and
21 contracts entered into on or before June 30, 2025, as detailed
22 in the bill. All unencumbered and unobligated moneys in the
23 eliminated programs' funds shall be transferred to the health
24 care professional incentive program fund (program fund) created
25 in division IV.

26 HHS shall create accounts for the deposit of encumbered and
27 obligated moneys for each eliminated program as detailed in
28 the division. Upon the expiration of all program agreement,
29 contract, and award disbursement periods, any unencumbered and
30 unobligated moneys in the accounts shall be deposited in the
31 program fund created in division IV.

32 DIVISION IV. This division establishes a health care
33 professional incentive program (incentive program) to recruit
34 and retain eligible health care professionals (professionals)
35 in eligible practice areas for employment in certain areas of

1 the state by offering an award of a loan repayment or an
2 income bonus. The commission, in coordination with HHS, shall
3 administer the incentive program as detailed in the division.
4 A professional is ineligible for the incentive program if the
5 professional is currently participating in or has participated
6 in certain health care-related award programs as identified
7 in divisions II and III. The incentive program award shall
8 be distributed annually by the commission as detailed in the
9 division. The commission, in consultation with HHS, shall set
10 the aggregate award amounts, not to exceed \$200,000, for each
11 profession for the applicable employment obligation. A program
12 fund is created and moneys in the program fund are appropriated
13 to the commission to be used for the incentive program. The
14 moneys deposited in the program fund shall not revert and shall
15 remain in the program fund at the end of the fiscal year. The
16 commission may use the interest and earnings on the moneys in
17 the fund for administrative costs. All moneys received by HHS or
18 the commission from the health care-related programs eliminated
19 in divisions II and III shall be deposited into the program fund.
20 The commission, in coordination with HHS, shall adopt rules to
21 administer the incentive program. The division shall take effect
22 upon enactment.

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

25 Current law provides that the fulfilling Iowa's need for
26 dentists matching grant program may receive moneys through the
27 health care workforce shortage fund or the fulfilling Iowa's
28 need for dentists matching grant program account (Code section
29 135.175). The division eliminates the fund and the account.

30 The health care workforce support initiative (Code section
31 135.175) is eliminated. The initiative provides for the
32 coordination and support of various efforts to address the health
33 care workforce shortage in the state.

34 Additionally, the medical residency training state matching
35 grants program (Code section 135.176) is eliminated. The

1 program provides matching state funding to sponsors of accredited
2 graduate medical education residency programs in the state
3 to establish, expand, or support medical residency training
4 programs.

5 The nurse residency state matching grants program (Code
6 section 135.178) is also eliminated. The program provides
7 matching state funding to sponsors of nurse residency programs
8 in the state to establish, expand, or support nurse residency
9 programs.

10 Moreover, the state-funded family medicine obstetrics
11 fellowship program (Code section 135.193) is eliminated. The
12 program provides funding for fellowships to increase access to
13 family medicine obstetrics practitioners in rural and underserved
14 areas of the state.

15 The division appropriates from the general fund of the
16 state to HHS for deposit in the account for rural psychiatric
17 residencies created in this division, \$600,000 for FY 2025-2026,
18 \$400,000 for FY 2026-2027, and \$200,000 for FY 2027-2028. The
19 moneys are appropriated to fund rural psychiatric residencies as
20 described in the bill until all residents have completed or left
21 the residencies.

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

29 HHS shall create accounts for the deposit of encumbered and
30 obligated moneys for each eliminated program as detailed in the
31 division. Upon the expiration of all grant, residency, and
32 fellowship periods, any unencumbered and unobligated moneys in
33 the account shall be appropriated to HHS for Medicaid graduate
34 medical education efforts.

35 DIVISION VI. This division eliminates the state-funded

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

17 DIVISION VII. This division eliminates the health facilities
18 council, and transfers the council's duties to the department of
19 inspections, appeals, and licensing.

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

23 DIVISION IX. This division eliminates the board of directors
24 (board) that governs and administers the Iowa health information
25 network (network) and transfers the board's administrative duties
26 to the designated entity. The division creates an exchange
27 advisory committee (committee), appointed by the director of
28 HHS, to govern the network and the designated entity. The
29 division requires HHS to conduct a competitive process every
30 eight years to select a designated entity. Current law prohibits
31 a single industry from being disproportionately represented as
32 voting members of the board, and requires the director of HHS and
33 the director of the Medicaid program or the directors' designees
34 to act as voting members. The commissioner of insurance is
35 required to serve on the board as a nonvoting member, and

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

unofficial