

**Senate File 575 - Introduced**

SENATE FILE 575  
BY COMMITTEE ON HEALTH AND HUMAN  
SERVICES

(SUCCESSOR TO SSB 1163)

**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 at least two  
28 thousand eighty hours of work in a calendar year, including all  
29 paid holidays, vacations, sick time, and other paid leave, an  
30 eligible health care professional must practice for five years.

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

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

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

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

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

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

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

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

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

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

31     5. *Program requirements.*

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

1 if selected for the program, and shall submit any additional  
2 information requested by the commission.

3 b. The commission shall give priority to an applicant  
4 fulfilling a full-time employment obligation.

5 c. If selected for an award, the eligible health care  
6 professional and the commission shall execute a program agreement  
7 that specifies all of the following:

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

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

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

17 (4) Requirements regarding the eligible health care  
18 professional's license to practice in this state while  
19 participating in the program.

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

22 6. *Awards.*

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

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

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

34 (b) An amount equal to fifteen percent of the aggregate award  
35 shall be paid to the eligible health care professional after

1 the completion of the second year, the third year, and the  
2 fourth year of the eligible health care professional's employment  
3 obligation.

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

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

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

15 c. An individual who executed a program agreement under  
16 subsection 5, paragraph "b", prior to the exclusion of the  
17 individuals' health care profession from the list established  
18 under paragraph "b", shall remain eligible for the program per  
19 the terms of the individual's program agreement.

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

31 8. *Rules.* The commission, in coordination with the  
32 department, shall adopt rules pursuant to chapter 17A to  
33 administer this section.

34 Sec. 12. *EFFECTIVE DATE.* This division of this Act, being  
35 deemed of immediate importance, takes effect upon enactment.

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DIVISION V

GRADUATE MEDICAL EDUCATION — MEDICAID SUPPLEMENTAL ENHANCED  
PAYMENT

Sec. 13. GRADUATE MEDICAL EDUCATION — MEDICAID SUPPLEMENTAL ENHANCED PAYMENT. 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 Medicaid supplemental enhanced payment for the purposes of maximizing federal funding opportunities for graduate medical education, and to increase the number of medical residencies in the state. Upon receipt of federal approval, the department of health and human services shall notify the general assembly and the Code editor.

Sec. 14. EFFECTIVE DATE. This division of this Act, being deemed of immediate importance, takes effect upon enactment.

DIVISION VI

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

Sec. 15. Section 135.179, subsection 2, Code 2025, is amended to read as follows:

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

Sec. 16. Section 249M.4, subsection 2, Code 2025, is amended to read as follows:

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

1 for any of the following purposes:

2 a. To support medical assistance program utilization  
3 shortfalls.

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

6 ~~e. To fund the health care workforce support initiative~~  
7 ~~created pursuant to section 135.175.~~

8 ~~d.~~ c. To support access to health care services for  
9 uninsured Iowans.

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

12 Sec. 17. REPEAL. Sections 135.175, 135.176, 135.178, and  
13 135.193, Code 2025, are repealed.

14 Sec. 18. TRANSITION PROVISIONS.

15 1. a. The department of health and human services shall  
16 provide matching state funding to a sponsor awarded on or  
17 before June 30, 2025, under the medical residency training state  
18 matching grants program in section 135.176, Code 2025, until all  
19 residents in the funded residencies have completed or left the  
20 program.

21 b. The department of health and human services shall provide  
22 matching state funding to a sponsor for medical residency  
23 training program liability costs awarded on or before June 30,  
24 2025, under the medical residency training state matching grants  
25 program in section 135.176, Code 2025, until June 30, 2026.

26 2. The department of health and human services shall provide  
27 matching state funding to a sponsor awarded on or before June 30,  
28 2025, under the nurse residency state matching grants program in  
29 section 135.178, Code 2025, until all residents have completed or  
30 left the nurse residency programs.

31 3. The department of health and human services shall fund  
32 a fellowship position pursuant to a program agreement entered  
33 into on or before June 30, 2025, by a participating teaching  
34 hospital and a participating fellow under the state-funded family  
35 medicine obstetrics fellowship program in section 135.193, Code

1 2025, if the participating fellow remains in compliance with all  
2 obligations under the program agreement.

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

8 a. 2024 Iowa Acts, chapter 1157, section 5, subsection 3, and  
9 2024 Iowa Acts, chapter 1157, section 22, subsection 5.

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

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

16 d. 2021 Iowa Acts, chapter 182, section 3, subsection 4,  
17 paragraph "j".

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

21 Sec. 19. TRANSFER OF MONEYS. Notwithstanding section 8.33  
22 or any other provision to the contrary, any unobligated or  
23 unencumbered moneys in any of the following accounts or funds  
24 or constituting any specified appropriation, shall not revert but  
25 are appropriated to the department of health and human services  
26 to fund Medicaid graduate medical education efforts.

27 1. The health care workforce shortage fund created in section  
28 135.175, subsection 1, paragraph "b", Code 2025.

29 2. The medical residency training account created in section  
30 135.175, subsection 5, paragraph "a", Code 2025.

31 3. The nurse residency state matching grants program account  
32 created in section 135.175, subsection 5, paragraph "b", Code  
33 2025.

34 4. The health care workforce shortage national initiatives  
35 account created in section 135.175, subsection 5, paragraph "c",

1 Code 2025.

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

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

8 a. 2024 Iowa Acts, chapter 1157, section 5, subsection 3, and  
9 2024 Iowa Acts, chapter 1157, section 22, subsection 5.

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

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

16 d. 2021 Iowa Acts, chapter 182, section 3, subsection 4,  
17 paragraph "j".

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

21 Sec. 20. 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 grant awarded, or residency or fellowship  
25 funded, under each of the following programs:

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

28 b. The nurse residency state matching grants program under  
29 section 135.178, Code 2025.

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

32 d. Rural psychiatric residencies as described in the  
33 following:

34 (1) 2024 Iowa Acts, chapter 1157, section 5, subsection 3,  
35 and 2024 Iowa Acts, chapter 1157, section 22, subsection 5.

1 (2) 2023 Iowa Acts, chapter 112, section 5, subsection 4,  
2 paragraph "j", as amended by 2024 Iowa Acts, chapter 1157,  
3 section 29.

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

7 (4) 2021 Iowa Acts, chapter 182, section 3, subsection 4,  
8 paragraph "j".

9 (5) 2019 Iowa Acts, chapter 85, section 3, subsection 4,  
10 paragraph "j", as amended by 2020 Iowa Acts, chapter 1121,  
11 section 19.

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

18 3. Upon expiration of all grant, residency, and fellowship  
19 periods and the expenditure of all moneys encumbered under  
20 such grants, residencies, and fellowships, any unencumbered or  
21 unobligated moneys remaining in any of the accounts created under  
22 subsection 1 are appropriated to the department of health and  
23 human services for Medicaid graduate medical education efforts.

24 Sec. 21. CONTINGENT EFFECTIVE DATE. This division of this  
25 Act takes effect upon the date that the department of health and  
26 human services notifies the general assembly and the Code editor  
27 of the receipt of federal approval for a Medicaid supplemental  
28 enhanced payment for the purposes of maximizing federal funding  
29 opportunities for graduate medical education, and to increase the  
30 number of medical residencies in the state.

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DIVISION VII

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

34 Sec. 22. REPEAL. Section 135.180, Code 2025, is repealed.

35 Sec. 23. TRANSITION PROVISIONS. The board of regents shall

1 direct the university of Iowa hospitals and clinics to distribute  
2 moneys for state-funded psychiatry residency and fellowship  
3 positions approved and awarded on or before June 30, 2025, under  
4 the state-funded psychiatry residency and fellowship positions  
5 in section 135.180, Code 2025, until all residents and fellows  
6 have completed or left the state-funded psychiatry residency or  
7 fellowship positions.

8 Sec. 24. TRANSITION — ACCOUNT.

9 1. The board of regents shall direct the university of Iowa  
10 hospitals and clinics to create an account for the deposit  
11 of moneys encumbered or obligated relating to residency and  
12 fellowship positions funded under the state-funded psychiatry  
13 residency and fellowship positions under section 135.180, Code  
14 2025.

15 2. Notwithstanding section 8.33, any balance in the account  
16 created under subsection 1 shall not revert but shall remain  
17 available for the duration of all applicable residencies and  
18 fellowships. Notwithstanding section 12C.7, subsection 2,  
19 interest or earnings on moneys deposited in the account shall be  
20 credited to the account.

21 3. Upon expiration of all residency and fellowship periods  
22 and the expenditure of all moneys encumbered under such  
23 residencies and fellowships, any unencumbered or unobligated  
24 moneys remaining in the account created under subsection 1 are  
25 appropriated to the department of health and human services for  
26 Medicaid graduate medical education efforts.

27 Sec. 25. TRANSFER OF MONEYS. Notwithstanding section 8.33  
28 or any other provision to the contrary, any unobligated or  
29 unencumbered moneys in the psychiatry residency and fellowship  
30 positions fund created in section 135.180, Code 2025, shall not  
31 revert but are appropriated to the department of health and human  
32 services to fund Medicaid graduate medical education efforts.

33 Sec. 26. CONTINGENT EFFECTIVE DATE. This division of this  
34 Act takes effect upon the date that the department of health and  
35 human services notifies the general assembly and the Code editor

1 of the receipt of federal approval for a Medicaid supplemental  
2 enhanced payment for the purposes of maximizing federal funding  
3 opportunities for graduate medical education, and to increase the  
4 number of medical residencies in the state.

5 DIVISION VIII

6 ELIMINATION OF THE HEALTH FACILITIES COUNCIL

7 Sec. 27. Section 10A.711, subsection 5, Code 2025, is amended  
8 by striking the subsection and inserting in lieu thereof the  
9 following:

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

12 Sec. 28. Section 10A.713, subsection 4, unnumbered paragraph  
13 1, Code 2025, is amended to read as follows:

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

22 Sec. 29. Section 10A.714, subsection 1, unnumbered paragraph  
23 1, Code 2025, is amended to read as follows:

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

26 Sec. 30. Section 10A.714, subsection 1, paragraph r, Code  
27 2025, is amended to read as follows:

28 r. The recommendations of staff personnel of the department  
29 assigned to the area of certificate of need, concerning the  
30 application, ~~if requested by the council.~~

31 Sec. 31. Section 10A.714, subsection 2, unnumbered paragraph  
32 1, Code 2025, is amended to read as follows:

33 In addition to the findings required with respect to any  
34 of the criteria listed in subsection 1 of this section, the  
35 ~~council~~ department shall grant a certificate of need for a

1 new institutional health service or changed institutional health  
2 service only if ~~it~~ the department finds in writing, on the basis  
3 of data submitted ~~to it by the department~~, that:

4 Sec. 32. Section 10A.716, subsection 3, Code 2025, is amended  
5 to read as follows:

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

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

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

17 Sec. 33. Section 10A.719, Code 2025, is amended to read as  
18 follows:

19 **10A.719 ~~Council~~ Department to make final decision.**

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

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

34 Sec. 34. Section 10A.720, Code 2025, is amended to read as  
35 follows:

1     **10A.720 Appeal of certificate of need decisions.**

2     The ~~council's~~ department's decision on an application for  
3 certificate of need, when announced pursuant to section ~~10A.719~~  
4 135.68, ~~is~~ shall be a final decision. Any dissatisfied party  
5 who is an affected person with respect to the application, and  
6 who participated or sought unsuccessfully to participate in the  
7 formal review procedure prescribed by section ~~10A.716~~ 135.65,  
8 may request a rehearing in accordance with chapter 17A and  
9 rules of the department. If a rehearing is not requested or  
10 an affected party remains dissatisfied after the request for  
11 rehearing, an appeal may be taken in the manner provided by  
12 chapter 17A. Notwithstanding the Iowa administrative procedure  
13 Act, chapter 17A, a request for rehearing is not required, prior  
14 to appeal under section 17A.19.

15     Sec. 35. Section 10A.721, Code 2025, is amended to read as  
16 follows:

17     **10A.721 Period for which certificate is valid — extension or**  
18 **revocation.**

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

33     2. Upon expiration of a certificate of need, and prior to  
34 extension ~~thereof~~ of the certificate of need, any affected person  
35 shall have the right to submit to the department information

1 which may be relevant to the question of granting an extension.  
2 The department may call a public hearing for this purpose.

3 Sec. 36. Section 10A.722, unnumbered paragraph 1, Code 2025,  
4 is amended to read as follows:

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

8 Sec. 37. Section 10A.723, subsection 2, paragraph a, Code  
9 2025, is amended to read as follows:

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

24 Sec. 38. Section 68B.35, subsection 2, paragraph e, Code  
25 2025, is amended to read as follows:

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

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

9 Sec. 39. Section 97B.1A, subsection 8, paragraph a,  
10 subparagraph (8), Code 2025, is amended to read as follows:

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

13 Sec. 40. CODE EDITOR DIRECTIVE.

14 1. The Code editor is directed to make the following  
15 transfers:

- 16 a. Section 10A.711 to section 135.61.
- 17 b. Section 10A.713 to section 135.62.
- 18 c. Section 10A.714 to section 135.63.
- 19 d. Section 10A.715 to section 135.64.
- 20 e. Section 10A.716 to section 135.65.
- 21 f. Section 10A.717 to section 135.66.
- 22 g. Section 10A.718 to section 135.67.
- 23 h. Section 10A.719 to section 135.68.
- 24 i. Section 10A.720 to section 135.69.
- 25 j. Section 10A.721 to section 135.70.
- 26 k. Section 10A.722 to section 135.71.
- 27 l. Section 10A.723 to section 135.72.
- 28 m. Section 10A.724 to section 135.73.
- 29 n. Section 10A.725 to section 135.74.
- 30 o. Section 10A.726 to section 135.75.
- 31 p. Section 10A.727 to section 135.76.
- 32 q. Section 10A.728 to section 135.77.
- 33 r. Section 10A.729 to section 135.78.

34 2. The Code editor is directed to rename and retitle  
35 subchapter VI of chapter 135 as HEALTH FACILITIES and include

1 sections 135.61 through 135.78.

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

5 Sec. 41. REPEAL. Section 10A.712, Code 2025, is repealed.

6 DIVISION IX

7 CONFORMING CHANGES — ELIMINATION OF THE HEALTH FACILITIES

8 COUNCIL

9 Sec. 42. Section 10A.711, unnumbered paragraph 1, Code 2025,  
10 is amended to read as follows:

11 As used in this ~~part~~ subchapter, unless the context otherwise  
12 requires:

13 Sec. 43. Section 10A.711, subsection 1, paragraph d, Code  
14 2025, is amended to read as follows:

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

21 Sec. 44. Section 10A.713, subsection 1, Code 2025, is amended  
22 to read as follows:

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

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

15 Sec. 45. Section 10A.713, subsection 2, unnumbered paragraph  
16 1, Code 2025, is amended to read as follows:

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

21 Sec. 46. Section 10A.713, subsection 2, paragraphs a, f, h,  
22 j, k, m, and n, Code 2025, are amended to read as follows:

23 a. Private offices and private clinics of an individual  
24 physician, dentist, or other practitioner or group of health  
25 care providers, except as provided by section ~~10A.711~~ 135.61,  
26 subsection 17, paragraphs "g", "h", and "m", and section ~~10A.711~~  
27 135.61, subsections 2 and 19.

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

32 h. (1) The deletion of one or more health services,  
33 previously offered on a regular basis by an institutional health  
34 facility or health maintenance organization, notwithstanding any  
35 provision of this ~~part~~ subchapter to the contrary, if all of the

1 following conditions exist:

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

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

9 (2) If these conditions are not met, the institutional health  
10 facility or health maintenance organization is subject to review  
11 as a "new institutional health service" or "changed institutional  
12 health service" under section ~~40A.714~~ 135.61, subsection 17,  
13 paragraph "f", and is subject to sanctions under section ~~40A.723~~  
14 135.72.

15 (3) If the institutional health facility or health  
16 maintenance organization reestablishes the deleted service or  
17 services at a later time, review as a "new institutional  
18 health service" or "changed institutional health service" may be  
19 required pursuant to section ~~40A.714~~ 135.61, subsection 17.

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

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

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

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

35 (2) If these conditions are not met, the redistribution of

1 beds by the hospital is subject to review as a new institutional  
2 health service or changed institutional health service pursuant  
3 to section ~~10A.711~~ 135.61, subsection 17, paragraph "d", and is  
4 subject to sanctions under section ~~10A.723~~ 135.72.

5 m. Hemodialysis services provided by a hospital or  
6 freestanding facility, notwithstanding any provision in this ~~part~~  
7 subchapter to the contrary.

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

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

12 (2) Acquires major medical equipment as provided by section  
13 ~~10A.711~~ 135.61, subsection 17, paragraphs "i" and "j".

14 Sec. 48. Section 10A.713, subsection 2, paragraph g,  
15 subparagraph (1), unnumbered paragraph 1, Code 2025, is amended  
16 to read as follows:

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

20 Sec. 49. Section 10A.713, subsection 2, paragraph g,  
21 subparagraph (2), Code 2025, is amended to read as follows:

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

31 Sec. 50. Section 10A.713, subsection 2, paragraph l,  
32 unnumbered paragraph 1, Code 2025, is amended to read as follows:

33 The replacement or modernization of any institutional health  
34 facility if the replacement or modernization does not add  
35 new health services or additional bed capacity for existing

1 health services, notwithstanding any provision in this ~~part~~  
2 subchapter to the contrary. With respect to a nursing facility,  
3 "replacement" means establishing a new facility within the same  
4 county as the prior facility to be closed. With reference  
5 to a hospital, "replacement" means establishing a new hospital  
6 that demonstrates compliance with all of the following criteria  
7 through evidence submitted to the department:

8 Sec. 51. Section 10A.713, subsection 2, paragraph p,  
9 unnumbered paragraph 1, Code 2025, is amended to read as follows:

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

17 Sec. 52. Section 10A.713, subsection 3, Code 2025, is amended  
18 to read as follows:

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

28 Sec. 53. Section 10A.714, subsection 3, Code 2025, is amended  
29 to read as follows:

30 3. In the evaluation of applications for certificates  
31 of need submitted by the university of Iowa hospitals and  
32 clinics, the unique features of that institution relating to  
33 statewide tertiary health care, health science education, and  
34 clinical research shall be given due consideration. Further,  
35 in administering this ~~part~~ subchapter, the unique capacity

1 of university hospitals for the evaluation of technologically  
2 innovative equipment and other new health services shall be  
3 utilized.

4 Sec. 54. Section 10A.715, subsection 2, Code 2025, is amended  
5 to read as follows:

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

14 Sec. 55. Section 10A.716, subsection 1, Code 2025, is amended  
15 to read as follows:

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

24 Sec. 56. Section 10A.717, subsection 1, unnumbered paragraph  
25 1, Code 2025, is amended to read as follows:

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

32 Sec. 57. Section 10A.722, subsections 2, 3, and 4, Code 2025,  
33 are amended to read as follows:

34 2. Uniform procedures for variations in application of  
35 criteria specified by section ~~10A.714~~ 135.63 for use in formal

1 review of applications for certificates of need, when such  
2 variations are appropriate to the purpose of a particular review  
3 or to the type of institutional health service proposed in the  
4 application being reviewed.

5 3. Uniform procedures for summary reviews conducted under  
6 section ~~10A.717~~ 135.66.

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

18 Sec. 58. Section 10A.723, subsections 1 and 3, Code 2025, are  
19 amended to read as follows:

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

28 3. Notwithstanding any other sanction imposed pursuant  
29 to this section, a party offering or developing any new  
30 institutional health service or changed institutional health  
31 service without first obtaining a certificate of need as required  
32 by this ~~part~~ subchapter, may be temporarily or permanently  
33 restrained from doing so by any court of competent jurisdiction  
34 in any action brought by the state, any of its political  
35 subdivisions, or any other interested person.

1 Sec. 59. Section 10A.723, subsection 2, unnumbered paragraph  
2 1, Code 2025, is amended to read as follows:

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

8 Sec. 60. Section 10A.724, subsection 3, Code 2025, is amended  
9 to read as follows:

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

17 Sec. 61. Section 10A.725, subsection 2, Code 2025, is amended  
18 to read as follows:

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

32 Sec. 62. Section 10A.726, subsection 1, Code 2025, is amended  
33 to read as follows:

34 1. The department shall from time to time undertake analyses  
35 and studies relating to hospital and health care facility

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

12 Sec. 63. Section 10A.727, Code 2025, is amended to read as  
13 follows:

14 **10A.727 Data to be compiled.**

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

30 Sec. 64. Section 10A.728, Code 2025, is amended to read as  
31 follows:

32 **10A.728 Civil penalty.**

33 Any hospital or health care facility which fails to file with  
34 the department the financial reports required by sections ~~10A.724~~  
35 135.73 through ~~10A.727~~ 135.76 is subject to a civil penalty of

1 not to exceed five hundred dollars for each offense.

2 Sec. 65. Section 10A.729, Code 2025, is amended to read as  
3 follows:

4 **10A.729 Contracts for assistance with analyses, studies, and**  
5 **data.**

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

21 Sec. 66. Section 135.131, subsection 1, paragraph a, Code  
22 2025, is amended to read as follows:

23 a. "Birth center" means birth center as defined in section  
24 ~~10A.711~~ 135.61.

25 Sec. 67. Section 135B.5A, Code 2025, is amended to read as  
26 follows:

27 **135B.5A Conversion relative to certain hospitals.**

28 1. A conversion of a long-term acute care hospital,  
29 rehabilitation hospital, or psychiatric hospital as defined by  
30 federal regulations to a general hospital or to a specialty  
31 hospital of a different type is a permanent change in bed  
32 capacity and shall require a certificate of need pursuant to  
33 section ~~10A.713~~ 135.62.

34 2. A conversion of a critical access hospital or general  
35 hospital to a rural emergency hospital shall not require a

1 certificate of need pursuant to section ~~10A.713~~ 135.62.

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

6 Sec. 68. Section 135C.2, subsection 5, unnumbered paragraph  
7 1, Code 2025, is amended to read as follows:

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

20 Sec. 69. Section 135P.1, subsection 3, Code 2025, is amended  
21 to read as follows:

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

31 Sec. 70. Section 231C.3, subsection 2, Code 2025, is amended  
32 to read as follows:

33 2. Each assisted living program operating in this state shall  
34 be certified by the department. If an assisted living program  
35 is voluntarily accredited by a recognized accrediting entity,

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

10 Sec. 71. Section 505.27, subsection 5, paragraph a, Code  
11 2025, is amended to read as follows:

12 a. "Health care provider" means the same as defined in  
13 section ~~10A.711~~ 135.61, a hospital licensed pursuant to chapter  
14 135B, or a health care facility licensed pursuant to chapter  
15 135C.

16 Sec. 72. Section 708.3A, subsection 5, paragraph d, Code  
17 2025, is amended to read as follows:

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

29 DIVISION X

30 IOWA HEALTH INFORMATION NETWORK — EXCHANGE ADVISORY COMMITTEE  
31 CREATED AND BOARD OF DIRECTORS ELIMINATED

32 Sec. 73. Section 135D.2, subsection 1, Code 2025, is amended  
33 by striking the subsection.

34 Sec. 74. Section 135D.2, subsection 4, Code 2025, is amended  
35 to read as follows:

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

5 Sec. 75. Section 135D.2, Code 2025, is amended by adding the  
6 following new subsections:

7 NEW SUBSECTION. 4A. "Director" means the director of health  
8 and human services.

9 NEW SUBSECTION. 5A. "Exchange advisory committee" or  
10 "advisory committee" means the exchange advisory committee  
11 appointed by the director pursuant to section 135D.6.

12 Sec. 76. Section 135D.4, subsection 2, paragraph a, Code  
13 2025, is amended to read as follows:

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

19 Sec. 77. Section 135D.5, subsection 1, Code 2025, is amended  
20 to read as follows:

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

32 Sec. 78. Section 135D.5, subsection 3, paragraph d, Code  
33 2025, is amended to read as follows:

34 d. The employment of personnel necessary for the efficient  
35 performance of the duties assigned to the designated entity.

1 All such personnel shall be considered employees of a private,  
2 nonprofit corporation and shall be exempt from the personnel  
3 requirements imposed on state agencies, departments, and  
4 administrative units.

5 Sec. 79. Section 135D.6, Code 2025, is amended by striking  
6 the section and inserting in lieu thereof the following:

7 **135D.6 Exchange advisory committee.**

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

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

13 3. The exchange advisory committee shall do all of the  
14 following:

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

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

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

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

1 initiatives.

2 e. Work to align interstate and intrastate interoperability  
3 standards in accordance with national health information exchange  
4 standards.

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

11 Sec. 80. Section 135D.7, subsection 1, unnumbered paragraph  
12 1, Code 2025, is amended to read as follows:

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

19 Sec. 81. Section 135D.7, subsection 1, paragraph c,  
20 subparagraph (2), Code 2025, is amended to read as follows:

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

25 Sec. 82. Section 135D.7, subsection 3, Code 2025, is amended  
26 to read as follows:

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

33 Sec. 83. Section 135D.7, subsection 6, paragraph b, Code  
34 2025, is amended to read as follows:

35 b. Any health information in the possession of the

1 ~~board~~ designated entity due to ~~its~~ the designated entity's  
2 administration of the Iowa health information network.

3 EXPLANATION

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

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

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

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

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

33 HHS is required to make loan repayments pursuant to a loan  
34 repayment program contract including a United States department  
35 of health and human services state loan repayment program

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

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

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

13 The health care professional recruitment program (Code section  
14 256.223) is also eliminated. The program provides loan repayment  
15 for students who graduate from a certain institution and become  
16 licensed as a health care professional.

17 In addition, the health care award program (Code section  
18 256.224) is eliminated. The program provides financial awards  
19 to registered nurses, advanced registered nurse practitioners,  
20 physician assistants, and nurse educators who practice in certain  
21 areas or teach in this state.

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

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

34 The commission shall create accounts for the deposit of  
35 encumbered and obligated moneys for each eliminated program

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

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

33 DIVISION V. This division requires HHS to submit to CMS a  
34 request for approval for a Medicaid supplemental enhanced payment  
35 for the purposes of maximizing federal funding opportunities for

1 graduate medical education, and to increase the number of medical  
2 residencies in the state. Upon receipt of federal approval, HHS  
3 shall notify the general assembly and the Code editor.

4 The division takes effect upon enactment.

5 DIVISION VI. This division eliminates certain health  
6 care-related grant, residency, and fellowship programs.

7 Current law provides that the fulfilling Iowa's need for  
8 dentists matching grant program may receive moneys through the  
9 health care workforce shortage fund or the fulfilling Iowa's  
10 need for dentists matching grant program account (Code section  
11 135.175). The division eliminates the fund and the account.

12 The health care workforce support initiative (Code section  
13 135.175) is eliminated. The initiative provides for the  
14 coordination and support of various efforts to address the health  
15 care workforce shortage in the state.

16 Additionally, the medical residency training state matching  
17 grants program (Code section 135.176) is eliminated. The  
18 program provides matching state funding to sponsors of accredited  
19 graduate medical education residency programs in the state  
20 to establish, expand, or support medical residency training  
21 programs.

22 The nurse residency state matching grants program (Code  
23 section 135.178) is also eliminated. The program provides  
24 matching state funding to sponsors of nurse residency programs  
25 in the state to establish, expand, or support nurse residency  
26 programs.

27 Moreover, the state-funded family medicine obstetrics  
28 fellowship program (Code section 135.193) is eliminated. The  
29 program provides funding for fellowships to increase access to  
30 family medicine obstetrics practitioners in rural and underserved  
31 areas of the state.

32 For all of the programs eliminated in the division, HHS is  
33 required to provide matching state funding and fund residency  
34 and fellowship positions awarded on or before June 30, 2025, as  
35 detailed in the bill. All unencumbered and unobligated moneys

1 related to the programs eliminated in the division shall be  
2 transferred to HHS to fund Medicaid graduate medical education  
3 efforts.

4 HHS shall create accounts for the deposit of encumbered and  
5 obligated moneys for each eliminated program as detailed in the  
6 division. Upon the expiration of all grant, residency, and  
7 fellowship periods, any unencumbered and unobligated moneys in  
8 the account shall be appropriated to HHS for Medicaid graduate  
9 medical education efforts.

10 The division takes effect upon the date that HHS notifies  
11 the general assembly and the Code editor of the receipt of  
12 federal approval for a Medicaid supplemental enhanced payment  
13 for the purposes of maximizing federal funding opportunities for  
14 graduate medical education, and to increase the number of medical  
15 residencies in the state.

16 DIVISION VII. This division eliminates the state-funded  
17 psychiatry residency and fellowship positions (positions) (Code  
18 section 135.180) administered by the university of Iowa hospitals  
19 and clinics (U of I). The positions provide financial support  
20 for up to seven residents and up to two fellows annually. The  
21 board of regents (regents) shall direct the U of I to distribute  
22 moneys for positions approved and awarded on or before June 30,  
23 2025, until all residents and fellows have completed or left the  
24 positions. The regents must also direct the U of I to create  
25 an account for the deposit of moneys encumbered and obligated  
26 relating to the positions. Upon the expiration of all residency  
27 and fellowship periods, any unencumbered and unobligated moneys  
28 in the account shall be appropriated to HHS for Medicaid graduate  
29 medical education efforts. Any unobligated or unencumbered  
30 moneys in the psychiatry residency and fellowship positions fund  
31 are also appropriated to HHS to fund Medicaid graduate medical  
32 education efforts.

33 The division takes effect upon the date that HHS notifies  
34 the general assembly and the Code editor of the receipt of  
35 federal approval for a Medicaid supplemental enhanced payment

1 for the purposes of maximizing federal funding opportunities for  
2 graduate medical education, and to increase the number of medical  
3 residencies in the state.

4 DIVISION VIII. This division eliminates the health facilities  
5 council, and transfers the council's duties to HHS.

6 DIVISION IX. This division makes conforming changes to the  
7 Code related to the elimination of health facilities council and  
8 the transfer of the applicable Code sections.

9 DIVISION X. This division eliminates the board of directors  
10 (board) that governs and administers the Iowa health information  
11 network (network) and transfers the board's administrative duties  
12 to the designated entity. Current law requires the designated  
13 entity to be a nonprofit corporation. The bill eliminates the  
14 requirement that the corporation be nonprofit. The division  
15 creates an exchange advisory committee (committee), appointed by  
16 the director of HHS, to govern the network and the designated  
17 entity. The division requires HHS to conduct a competitive  
18 process every eight years to select a designated entity. Current  
19 law prohibits a single industry from being disproportionately  
20 represented as voting members of the board, and requires the  
21 director of HHS and the director of the Medicaid program or the  
22 directors' designees to act as voting members. The commissioner  
23 of insurance is required to serve on the board as a nonvoting  
24 member, and individuals serving in a nonvoting capacity on the  
25 board are not included in the total number of authorized members  
26 on the board. The division strikes these member requirements.  
27 Current law requires the board to ensure the designated entity  
28 enters into contracts with each state agency necessary for  
29 state reporting requirements, and to develop, implement, and  
30 enforce a single patient identifier or alternative mechanism to  
31 share secure patient information that is utilized by all health  
32 care professionals. The division eliminates these duties for  
33 the committee. The division requires the committee to advise  
34 HHS regarding the needs relating to the exchange of health  
35 information, and to ensure HHS develops, and the designated

1 entity complies with, the standards, requirements, policies, and  
2 procedures related to the network.

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