Senate File 618 - Introduced

SENATE FILE 618
BY COMMITTEE ON APPROPRIATIONS

(SUCCESSOR TO SF 575)
(SUCCESSOR TO SSB 1163)

(COMPANION TO HF 972 BY COMMITTEE ON APPROPRIATIONS)

A BILL FOR

An Act relating to health care including a funding model for the rural health care system; the elimination of several health care-related award, grant, residency, and fellowship programs; establishment of a health care professional incentive program; Medicaid graduate medical education; the health facilities council; and the Iowa health information network, making appropriations, and including effective date provisions.

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

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

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

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

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

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

DIVISION III

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

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 Sections 256.221, 256.223, 256.224, and 256.225, Code 2025, are repealed.

Sec. 8. TRANSITION PROVISIONS.

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

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

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

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

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

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

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

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

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

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

Sec. 10. TRANSITION —— ACCOUNTS.

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

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

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

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

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

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

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

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

DIVISION IV

HEALTH CARE PROFESSIONAL INCENTIVE PROGRAM ESTABLISHED

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

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

a. "Award" means either of the following:

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

(a) A federally guaranteed Stafford loan under the federal

family education loan program or the federal direct loan program.

(b) A federal grad plus loan.

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

(d) A consolidated federal grad plus loan.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

5. *Program requirements.*

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

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

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

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

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

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

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

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

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

6. *Awards.*

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

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

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

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

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

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

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

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

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

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

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

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

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

for any of the following purposes:

a. To support medical assistance program utilization shortfalls.

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

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

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

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

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

Sec. 18. TRANSITION PROVISIONS.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Code 2025.

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

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

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

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

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

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

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

Sec. 20. TRANSITION — ACCOUNTS.

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

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

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

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

d. Rural psychiatric residencies as described in the following:

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

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

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

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

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

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

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

Sec. 21. CONTINGENT EFFECTIVE DATE. This division of this Act takes effect upon the date that the department of health and human services notifies the general assembly and the Code editor of the receipt of federal 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.

DIVISION VII

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

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

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

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

Sec. 24. TRANSITION —— ACCOUNT.

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

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

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

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

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

of the receipt of federal 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.

DIVISION VIII

ELIMINATION OF THE HEALTH FACILITIES COUNCIL

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

10A.720 Appeal of certificate of need decisions.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Sec. 40. CODE EDITOR DIRECTIVE.

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

a. Section 10A.711 to section 135.61.
b. Section 10A.713 to section 135.62.
c. Section 10A.714 to section 135.63.
d. Section 10A.715 to section 135.64.
e. Section 10A.716 to section 135.65.
f. Section 10A.717 to section 135.66.
g. Section 10A.718 to section 135.67.
h. Section 10A.719 to section 135.68.
i. Section 10A.720 to section 135.69.
j. Section 10A.721 to section 135.70.
k. Section 10A.722 to section 135.71.
l. Section 10A.723 to section 135.72.
m. Section 10A.724 to section 135.73.
n. Section 10A.725 to section 135.74.
o. Section 10A.726 to section 135.75.
p. Section 10A.727 to section 135.76.
q. Section 10A.728 to section 135.77.
r. Section 10A.729 to section 135.78.

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

sections 135.61 through 135.78.

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

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

DIVISION IX

CONFORMING CHANGES —— ELIMINATION OF THE HEALTH FACILITIES COUNCIL

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

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

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

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

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

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

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

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

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

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

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

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

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

following conditions exist:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

10A.727 Data to be compiled.

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

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

10A.728 Civil penalty.

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

not to exceed five hundred dollars for each offense.

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

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

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

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

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

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

135B.5A Conversion relative to certain hospitals.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

DIVISION X

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

135D.6 Exchange advisory committee.

1. The director shall appoint an exchange advisory committee.

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

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

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

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

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

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

initiatives.

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

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

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

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

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

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

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

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

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

b. Any health information in the possession of the

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

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 (CMS) 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 takes effect upon enactment.

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

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

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

contract executed on or before December 31, 2025, under the primary care provider loan repayment program if a recipient is 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.

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

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

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

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

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

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

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

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

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

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

DIVISION V. This division requires HHS to submit to CMS 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, HHS shall notify the general assembly and the Code editor.

The division takes effect upon enactment.

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

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

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

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

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

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

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

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

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

The division takes effect upon the date that HHS notifies the general assembly and the Code editor of the receipt of federal 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.

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

The division takes effect upon the date that HHS notifies the general assembly and the Code editor of the receipt of federal 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.

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

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

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

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