

**Senate Study Bill 1163 - Introduced**

SENATE/HOUSE FILE \_\_\_\_\_  
BY (PROPOSED GOVERNOR BILL)

**A BILL FOR**

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

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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 THE PRIMARY CARE PROVIDER LOAN REPAYMENT PROGRAM

— DEPARTMENT OF HEALTH AND HUMAN SERVICES

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

35 a. Eligibility under any of the programs health care

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

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

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

19 Sec. 6. TRANSITION PROVISIONS — ACCOUNT.

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

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

1 loan repayment program contract.

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

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

14 DIVISION III

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

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

19 Sec. 8. TRANSITION PROVISIONS.

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

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

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

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

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

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

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

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

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

21 Sec. 10. TRANSITION — ACCOUNTS.

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

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

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

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

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

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

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

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

12 DIVISION IV

13 HEALTH CARE PROFESSIONAL INCENTIVE PROGRAM ESTABLISHED

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

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

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

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

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

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

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

30 (b) A federal grad plus loan.

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

34 (d) A consolidated federal grad plus loan.

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

1 professional.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

23 5. *Program requirements.*

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

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

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

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

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

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

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

12 6. *Awards.*

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

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

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

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

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

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

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

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

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

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

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

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

28 DIVISION V

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

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

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

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

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

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

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

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

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

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

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

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

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

32	FY 2025-2026:		
33	.....	\$	600,000
34	FY 2026-2027:		
35	.....	\$	400,000

1 FY 2027-2028:

2 ..... \$ 200,000

3 Sec. 18. TRANSITION PROVISIONS.

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

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

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

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

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

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

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

1 section 29.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

13 Sec. 20. TRANSITION — ACCOUNTS.

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

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

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

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

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

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

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

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

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

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

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

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

16 DIVISION VI

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

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

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

28 Sec. 23. TRANSITION — ACCOUNT.

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

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

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

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

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

18 DIVISION VII

19 ELIMINATION OF THE HEALTH FACILITIES COUNCIL

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 conduct in violation of this section.

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

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

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

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

26 Sec. 38. CODE EDITOR DIRECTIVE.

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

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

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

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

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

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

19 DIVISION VIII

20 CONFORMING CHANGES — ELIMINATION OF THE HEALTH FACILITIES  
21 COUNCIL

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 an explanation of the reasons for its rejection.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

7 DIVISION IX

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

35 e. Work to align interstate and intrastate interoperability

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

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

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

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

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

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

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

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

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

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

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EXPLANATION

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

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

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

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

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

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

The division takes effect upon enactment.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

35 DIVISION VI. This division eliminates the state-funded

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

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

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

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

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

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