

**House File 919 - Reprinted**

HOUSE FILE 919  
BY COMMITTEE ON HEALTH AND HUMAN  
SERVICES

(SUCCESSOR TO HSB 268)

(As Amended and Passed by the House March 25, 2025)

**A BILL FOR**

1 An Act relating to children's specialty hospital designations for  
2 certain nonprofit organizations, and including effective date  
3 provisions.

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

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1 Section 1. Section 135B.1, Code 2025, is amended by adding  
2 the following new subsection:

3 NEW SUBSECTION. 7. "*Children's specialty hospital*" means a  
4 hospital described by all of the following:

5 a. The hospital is owned and operated by a nonprofit  
6 organization.

7 b. The hospital only serves individuals thirty years of age  
8 and younger.

9 c. More than sixty percent of the individuals served by the  
10 hospital receive medical assistance under chapter 249A.

11 d. The hospital specializes in pediatric rehabilitation and  
12 treating children with a behavioral health condition or complex  
13 medical needs.

14 e. The hospital has no more than two hundred inpatient beds.

15 f. The hospital provides outpatient services.

16 g. The hospital met the definition of a special population  
17 nursing facility, as promulgated by rule by the department of  
18 health and human services, prior to July 1, 2025.

19 Sec. 2. NEW SECTION. **135B.40 Children's specialty**  
20 **hospitals.**

21 1. The department may adopt rules pursuant to chapter 17A  
22 to establish minimum standards for the licensure of children's  
23 specialty hospitals. Rules adopted pursuant to this section  
24 shall be formulated in consultation with the director of health  
25 and human services or the director's designee, and with affected  
26 industry, professional, and consumer groups.

27 2. A children's specialty hospital shall establish formal  
28 criteria based on objective medical standards for patient  
29 admission, discharge, and continuation of care.

30 Sec. 3. DEPARTMENT OF INSPECTIONS, APPEALS, AND LICENSING —  
31 DEPARTMENT OF HEALTH AND HUMAN SERVICES — CHILDREN'S SPECIALTY  
32 HOSPITALS.

33 1. For purposes of this section, "licensed entity" means  
34 an entity granted a provisional children's specialty hospital  
35 license under subsection 2, paragraph "a".

1 2. The department of inspections, appeals, and licensing  
2 shall do all of the following:

3 a. Within thirty calendar days of the effective date of this  
4 Act, grant a provisional children's specialty hospital license  
5 to an entity that requests such provisional licensure provided  
6 that the entity meets the definition of children's specialty  
7 hospital under section 135B.1. A provisional license granted  
8 under this paragraph shall be valid for no more than twenty-four  
9 consecutive months from the date the provisional license is  
10 granted. A licensed entity may seek federal certification and  
11 participation in federal reimbursement programs that require  
12 hospital licensure.

13 b. Grant reasonable waivers from state hospital rules to  
14 permit a licensed entity to maintain the licensed entity's  
15 operations as provided prior to the effective date of this Act,  
16 until the date the licensed entity obtains federal certification  
17 or the ability to participate in federal reimbursement programs  
18 that require hospital licensure. After a licensed entity  
19 obtains federal certification or the ability to participate in  
20 federal reimbursement programs that require hospital licensure,  
21 the department of inspections, appeals, and licensing and the  
22 department of health and human services shall grant the necessary  
23 waivers to the licensed entity to ensure the licensed entity's  
24 compliance with the requirements of the federal certification or  
25 the federal reimbursement programs. Waivers granted under this  
26 paragraph shall specifically include a waiver from state rules  
27 that require a licensed entity to maintain, or to have available,  
28 laboratory and pathology services and facilities, other than  
29 laboratory and pathology services and facilities that the  
30 licensed entity maintained prior to the effective date of this  
31 Act, and a waiver from state rules that require the provision  
32 of emergency services, other than emergency services that the  
33 licensed entity provided prior to the effective date of this Act.  
34 Each waiver granted to a licensed entity under this paragraph  
35 shall be valid for no more than twenty-four consecutive months

1 from the date the licensed entity was granted a provisional  
2 children's specialty hospital license under paragraph "a", or  
3 until the date the licensed entity obtains a permanent children's  
4 specialty hospital license, whichever date is earlier.

5 c. Collaborate with the department of health and human  
6 services and a licensed entity to assist the licensed entity  
7 in seeking federal certification or participation in federal  
8 reimbursement programs requiring hospital licensure.

9 3. A licensed entity may operate under the minimum physical  
10 standards for nursing facilities in 481 IAC 61 under which  
11 the licensed entity operated prior to the effective date of  
12 this Act, and shall be exempt from all other construction  
13 standards applicable only to hospitals and off-site premises.  
14 The exemption under this paragraph shall include the exemption  
15 from the standards set forth in the guidelines for design and  
16 construction of hospitals as published by the facility guidelines  
17 institute.

18 4. The department of health and human services shall set  
19 reimbursement rates for inpatient care and outpatient care  
20 provided by the licensed entity. Reimbursement rates under  
21 this subsection shall be equal to the licensed entity's average  
22 allowable per diem costs, and adjusted for inflation based on all  
23 of the following:

24 a. For inpatient care, 441 IAC 79.1(5)(k).

25 b. For outpatient care, 441 IAC 79.1(1)(g), (h), and (i).

26 5. A licensed entity shall be exempt from certificate of  
27 need requirements under chapter 10A, subchapter VII, part 2,  
28 to the extent that the licensed entity is implementing a new  
29 institutional health service, or a changed institutional health  
30 service, for the purpose of converting the licensed entity to a  
31 children's specialty hospital, or to revert the licensed entity  
32 to a nursing facility. The exemption under this subsection shall  
33 continue until the earlier of the following occurs:

34 a. The date the licensed entity obtains a permanent  
35 children's specialty hospital license.

1 b. Twenty-four consecutive months from the date the licensed  
2 entity was granted a provisional children's specialty hospital  
3 license.

4 Sec. 4. EMERGENCY RULES. The department of inspections,  
5 appeals, and licensing may adopt emergency rules under section  
6 17A.4, subsection 3, and section 17A.5, subsection 2, paragraph  
7 "b", to implement the provisions of this Act and the rules shall  
8 be effective immediately upon filing unless a later date is  
9 specified in the rules. Any rules adopted in accordance with  
10 this section shall also be published as a notice of intended  
11 action as provided in section 17A.4.

12 Sec. 5. EFFECTIVE DATE. This Act, being deemed of immediate  
13 importance, takes effect upon enactment.

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