

HOUSE REPUBLICAN STAFF ANALYSIS

Bill:	House File 1038	House Appropriations:	PASSED 25-0 (4/23/25)
Committee:	Appropriations	House Floor:	PASSED 84-1 (5/14/25)
Floor Manager	Rep. Gary Mohr	Senate Floor:	PASSED 45-0 (5/14/25)
Date:	May 14, 2025	Governor:	
Staff:	Brad Trow (1-3471)		

Opioid Settlement Fund Appropriations

House File 1038 makes appropriations from the Opioid Settlement Fund. This fund was created in the 2022 legislative session to receive the state's share of lawsuit settlements with opioid manufacturers and distributors. How the funds are used by the state is governed by the settlement agreements.

The state, so far, has received almost \$56 million in payments from the various parties. According to the Attorney General's office, the state is expected to receive another \$107.4 million thru Fiscal Year 2039. The additional funds are expected to be received on this schedule:

FY2026	\$9,866,607.69	FY2033	\$8,202,229.46
FY2027	\$9,911,024.54	FY2034	\$6,402,053.78
FY2028	\$7,453,959.77	FY2035	\$6,402,053.78
FY2029	\$10,682,025.54	FY2036	\$6,402,053.78
FY2030	\$10,950,437.41	FY2037	\$5,380,354.94
FY2031	\$9,720,022.81	FY2038	\$3,906,281.37
FY2032	\$8,202,229.46	FY2039	\$3,906,281.37

House File 1038 would direct how the state's share is to be spent.

DIVISION I OPIOID SETTLEMENT FUND

Section 1 – The section amends Iowa Code section 12.51 – the Opioid Settlement Fund – by making a number of changes and additions to the existing code language. The section inserts a series of definitions into section 12.51. The section then appropriates the money in the Fund, as of the start of Fiscal Year 2026, to the following agencies:

- Department of Health and Human Services – 75%
- Office of the Attorney General – 25%

This appropriation lasts until June 30, 2030 and the funds appropriated to these agencies will remain with them until June 30, 2030. Interest earned on these funds are appropriated to the agencies.

DHHS and the Attorney General are to:

1. Review proposed uses for the funds submitted by the seven behavioral health districts for crisis response, early intervention, and treatment for opioid addiction, and recovery from opioid addiction;
2. Disburse the funds in a manner that complies with the national opioid settlement agreements and this law;
3. Identify indicators and outcomes for each funding disbursement to determine if the services or activities funded achieve their intended outcomes;
4. Submit an annual report to the Legislature and Governor by November 1 which would contain information on how funds were spent and their outcomes, the input provided by each district behavioral health advisory council, and a list of the ways local governments are using their portions of the national settlement funding; and
5. Adopt rules for administering the program.

DHHS and the Attorney General's office may ensure that the funds are equally distributed amongst the seven districts. No more than five percent of the funds may be used by DHHS and the Attorney General's office for administrative costs.

The section strikes language in subsection 3(b) that requires the money in the Fund to be appropriated by the Legislature.

DIVISION II

OPIOID SETTLEMENT FUND – FY 2025

Section 2 – Opioid Settlement Fund – Department of Health and Human Services - The section makes Fiscal Year 2025 appropriations in the amount of \$29 million to the Department of Health and Human Services.

Subsection 2 sets out the allocation of funds. The money will be disbursed in the following manner:

- \$3 million to support a recovery high school program in Story County to provide services to students statewide;
- \$5 million to provide mobile recovery units across the state;
- \$1.5 million to provide jail-based screening and assessment services in county jails across the state;
- \$2 million for recovery housing services in Woodbury County to serve northwest Iowa;
- \$2 million to provide local peer overdose responder services in four locations to provide services in emergency rooms;
- \$4.5 million to provide grants for community-based recovery support service facilities in Black Hawk, Clinton, Linn, Polk, and Pottawattamie Counties;
- \$1.5 million for grants to establish recovery cafes in behavioral districts 5 & 7;
- \$1.5 million for grants to recovery respite facilities for women with children in Linn, Polk, Pottawattamie, and Woodbury Counties;
- \$3 million for a grant to a facility in Polk County to provide 24/7 detox and recovery services; and
- \$2 million for a grant to a facility in Scott County to provide community-based outpatient dual-diagnosis services.

Subsection 3 provides an allocation of \$3 million for the department to provide grants to behavioral health districts that do not have recovery housing facilities. Initial efforts would be focused on eastern and southeastern Iowa.

Funds allocated in subsections 2 & 3 are required to comply with requirements of the national opioid settlement agreements, and any recipient would have to utilize the indicators and outcomes that DHHS has set out for each grant in order to see if the grant is achieving the desired results. The granted funds must be obligated by the end of FY 2027 and a grant recipient is limited to one disbursement of funds from subsections 2 or 3.

Section 3 – EFFECTIVE DATE – Division II takes effect upon enactment.

Section 4 – RETROACTIVE APPLICABILITY – The section makes Division II effective retroactively to July 1, 2024.