

## HOUSE REPUBLICAN STAFF ANALYSIS

|                |                           |                      |                              |
|----------------|---------------------------|----------------------|------------------------------|
| Bill:          | House File 972            | H HHS Committee:     | <b>PASSED 2/25/25 (19-0)</b> |
| Committee:     | Health and Human Services | H Approps Committee: | <b>PASSED 3/20/25 (22-0)</b> |
| Floor Manager: | Rep. Carter Nordman       | House Floor:         | <b>PASSED 3/26/25 (93-1)</b> |
| Date:          | March 26, 2025            | Senate Floor:        | <b>PASSED 5/13/25 (41-4)</b> |
| Staff:         | Natalie Ginty (5-2063)    | Governor:            | <b>SIGNED 5/28/25</b>        |

### Governor's Health Care Bill

- This bill comes from the Governor to do the following:
  - Requires DHHS to request federal approval for a health care hub-and-spoke partnership funding model to establish regional collaboration between health care providers in rural areas
  - Consolidates five health care loan repayment programs into one called the Health Care Professional Incentive Program within DHHS that will award loan forgiveness or bonuses based on high-need health care professions in shortage areas. Provides for transition of funds to continue to support those with existing awards.
  - Repeals existing residency and fellowship programs, with transition provisions, and converts those programs to the Medicaid graduate medical education efforts
  - Eliminates the Health Facilities Council and replaces it with DHHS as the decision maker regarding certificate of need
  - Requires DHHS to bid out the Iowa Health Information Network

### Section by Section Analysis

#### **Division I – Health Care Hub-And-Spoke Partnership Funding Model**

##### **Section 1 – Health Care Hub-And-Spoke Partnership Funding Model Approval**

Requires DHHS to request federal approval for a health care hub-and-spoke partnership funding model to establish sufficient financial support for collaboration among regional health care providers in rural areas.

##### **Section 2 – Immediate Effective Date**

#### **Division II – Elimination of PRIMECARRE Programs - DHHS**

##### **Section 3 (Iowa Code 135.107)**

Requires DHHS to coordinate with CSAC to administer the health professional incentive program (created in Division IV of the bill).

##### **Section 4 (Iowa Code 135.107)**

Strikes the Primary Care Provider Recruitment and Retention Endeavor program.

##### **Section 5 (Iowa Code 135B.33)**

Removes the ability to apply for matching grant funds for health facilities under the technical planning assistance chapter.

Section 6 – Transition Provisions – Account

Requires DHHS to make loan repayments to all those under contract prior to December 31, 2025, if the recipient remains in compliance with their loan repayment program contract. Unencumbered funds shall be transferred to the health care professional incentive program fund.

**Division III – Elimination of Health Care-Related Loan Repayment and Financial Award Programs – College Student Aid Commission**

Section 7 – Repeals

Section 256.221 – Rural Iowa Primary Care Loan Repayment Program  
Section 256.223 – Health Care Professional Recruitment Program  
Section 256.224 – Health Care Award Program  
Section 256.225 – Mental Health Professional Loan Repayment Program

Section 8 – Transition Provisions

Requires College Student Aid Commission to make loan repayments to all those under contract prior to June 30, 2025 if the recipient remains in compliance with their loan repayment program contract for those programs repealed above.

Section 9 – Transfer of Moneys

Unencumbered funds shall be transferred to the health care professional incentive program fund.

Section 10 – Transition – Accounts

College Student Aid Commission will create transition accounts for those funds that are encumbered and transfer all funds to the health care professional incentive program fund any of those remaining in the accounts.

**Division IV – Health Care Professional Incentive Program Established**

Section 11 (Iowa Code 256.222) – New Section

Defines “award”, “commission”, “department”, “eligible health care profession”, “eligible health care professional”, “eligible practice area”, “employment obligation”, and “program”.

Establishes a health care professional incentive program that is administered by College Student Aid Commission in coordination with DHHS. Requires CSAC and DHHS to determine the number of awards available for each profession prior to the commencement of the fiscal year. Allows for not only loan forgiveness, but also income bonuses.

Allows for full-time awards to be paid in an amount equal to 20% of the award in the first year, 15% in the 2<sup>nd</sup>, 3<sup>rd</sup>, and 4<sup>th</sup> year and 35% in the 5<sup>th</sup> year. Requires prioritizing loan forgiveness funds to those working full-time

DHHS and CSAC will establish an aggregate award amount for each health care profession with \$200,000 being the maximum allowed award. DHHS and CSAC will update the list at least every 5 years.

Establishes a health care professional incentive program fund in the state treasury with CSAC control. Moneys in those funds do not revert. Requires CSAC to adopt rules.

Section 12 – Immediate Effective Date

**Division V – Graduate Medical Education – Medicaid Supplemental Enhanced Payment**

**Section 13 – Graduate Medical Education – Medicaid Supplemental Enhanced Payment**

Requires DHHS to request approval from CMS for a Medicaid supplemental enhanced payment for the purposes of maximizing federal funding for graduate medical education and to increase the number of medical residencies in the state.

**Section 14 – Immediate Effective Date**

**Division VI – Elimination of Health Care-Related Grant, Residency, and Fellowship Programs – DHHS**

**Section 15 (Iowa Code 135.179)**

Strikes the funding from the health care workforce shortage fund for the dentist matching grant program.

**Section 16 (Iowa Code 249M.4)**

Strikes the health care workforce support initiative from being funded through the hospital health care access trust fund.

**Section 17 – Repeal**

135.175 – Health care workforce support initiative

135.176 – Medical residency training state matching grants program

135.178 – Nurse residency state matching grants program

135.193 – State-funded family medicine obstetrics fellowship program – fund

**Section 18 – Transition Provisions**

Requires DHHS to maintain funding to the programs repealed until the final resident/nurse/fellow has completed training.

**Section 19 – Transfer of Moneys**

Transfers unobligated funds from the repealed funds to the Medicaid graduate medical education efforts.

**Section 20 – Transition - Accounts**

Requires DHHS to create individual accounts for funds that remain obligated in the repealed programs, and remaining funds are transferred to the Medicaid graduate medical education efforts.

**Section 21 – Contingent Effective Date**

This division goes into effect after DHHS notifies the legislature of federal approve of the Medicaid GME program.

**Division VII – Elimination of the State-Funded Psychiatry Residency and Fellowship Positions – University of Iowa Hospitals and Clinics**

**Section 22 – Repeal**

135.180 – State-funded psychiatry residency and fellowship positions – fund – appropriations

**Section 23 – Transition Provisions**

Requires UIHC to distribute the moneys for state-funded psychiatry residency and fellowship positions before June 30, 2025 until they have completed training.

**Sections 24 and 25 – Transition – Account – Transfer of Moneys**

All funds that remain unobligated are transferred to the Medicaid graduate medical education efforts.

Section 26 – Contingent Effective Date

This division goes into effect after DHHS notifies the legislature of federal approve of the Medicaid GME program.

**Division VIII – Elimination of Health Facilities Council**

Sections 27-39 (Iowa Code 10A.711, 10A.713, 10A.714, 10A.716, 10A.719, 10A.720, 10A.721, 10A.722, 10A.723, 68B.35, 97B.1A)

Strikes the health facilities council and replaces it with DHHS and makes conforming code changes.

Section 40 – Code Editor Directive

Moves the Health Facilities Council code sections under the Department of Health and Human Services code chapter.

Section 41 – Repeal

10A.712 – Department to administer part – health facilities council established – appointments – powers and duties

**Division IX – Conforming Changes – Elimination of the Health Facilities Council**

Sections 42-72 – Conforming Code Changes

**Division X – Iowa Health Information Network – Exchange Advisory Committee Created and Board of Directors Eliminated**

Section 73 (Iowa Code 135D.2)

Strikes the “board of directors” for the IHIN from code.

Section 74 (Iowa Code 135D.2)

Revises the definition of “designated entity” to allow for-profit entities.

Sections 75-76 (Iowa Code 135D.2, 135D.4)

Defines “director” and “exchange advisory committee”. Conforming changes.

Section 77-78 (Iowa Code 135D.5)

Requires DHHS to conduct a competitive process to select the designated entity at least every 8 years.

Section 79 (Iowa Code 135D.6)

Strikes the existing board of directors and replaces it with the exchange advisory committee. DHHS director will appoint the members.

Sections 80-83 (Iowa Code 135D.7)

Conforming code changes