

Miller  
Behn  
Hammond

SSB-1017  
Human Resource

Succeeded By  
SENATE/HOUSE FILE SF/HF 394  
BY (PROPOSED DEPARTMENT OF  
INSPECTIONS AND APPEALS BILL)

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

A BILL FOR

1 An Act relating to hospital and birth center licensure, including  
2 licensing fees, and providing an effective date.

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

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

1 Section 1. Section 135B.4, Code 2001, is amended to read  
2 as follows:

3 135B.4 APPLICATION FOR LICENSE.

4 Licenses shall be obtained from the department.

5 Applications shall be upon forms and shall contain information  
6 as the department may reasonably require, which may include  
7 affirmative evidence of ability to comply with reasonable  
8 standards and rules prescribed under this chapter. Each  
9 application for license shall be accompanied by the license  
10 fee as prescribed by rule of the department, which shall be  
11 refunded to the applicant if the license is denied and which  
12 shall be deposited into the state treasury and credited to the  
13 general fund if the license is issued. ~~Hospitals-having-fifty~~  
14 ~~beds-or-less-shall-pay-an-initial-license-fee-of-fifteen~~  
15 ~~dollars;-hospitals-of-more-than-fifty-beds-and-not-more-than~~  
16 ~~one-hundred-beds-shall-pay-an-initial-license-fee-of-twenty-~~  
17 ~~five-dollars;-all-other-hospitals-shall-pay-an-initial-license~~  
18 ~~fee-of-fifty-dollars;~~

19 Sec. 2. Section 135B.5, unnumbered paragraph 1, Code 2001,  
20 is amended to read as follows:

21 Upon receipt of an application for license and the license  
22 fee, the department shall issue a license if the applicant and  
23 hospital facilities comply with this chapter and the rules of  
24 the department. Each licensee shall receive annual reapproval  
25 upon payment of ~~ten-dollars~~ the license fee and upon filing of  
26 an application form which is available from the department.  
27 Licenses shall be either general or restricted in form. Each  
28 license shall be issued only for the premises and persons or  
29 governmental units named in the application and is not  
30 transferable or assignable except with the written approval of  
31 the department. Licenses shall be posted in a conspicuous  
32 place on the licensed premises as prescribed by rule of the  
33 department.

34 Sec. 3. Section 135B.7, unnumbered paragraph 1, Code 2001,  
35 is amended to read as follows:

1 The department, with the advice and approval of the  
 2 hospital licensing board ~~and approval of the state board of~~  
 3 ~~health~~, shall adopt rules setting out the standards and  
 4 license fees for the different types of hospitals to be  
 5 licensed under this chapter. The department shall enforce the  
 6 rules. Rules or standards shall not be adopted or enforced  
 7 which would have the effect of denying a license to a hospital  
 8 or other institution required to be licensed, solely by reason  
 9 of the school or system of practice employed or permitted to  
 10 be employed by physicians in the hospital, if the school or  
 11 system of practice is recognized by the laws of this state.

12 Sec. 4. Section 135B.11, subsection 2, Code 2001, is  
 13 amended to read as follows:

14 2. To review and approve rules and standards authorized  
 15 under this chapter prior to their ~~approval by the state board~~  
 16 ~~of health and~~ adoption by the department.

17 Sec. 5. Section 135G.4, subsection 3, Code 2001, is  
 18 amended to read as follows:

19 3. Each application for a birth center license or renewal  
 20 of a license shall be accompanied by a license fee as  
 21 prescribed by rule of the department. ~~The fee amount shall be~~  
 22 ~~equivalent to the fee amount established for a hospital in~~  
 23 ~~accordance with section 135B.4.~~ The fees shall be deposited  
 24 in the general fund of the state.

25 Sec. 6. HOSPITAL LICENSE FEE SCHEDULE. Beginning July 1,  
 26 2001, or until such time as the department of inspections and  
 27 appeals adopts rules pursuant to chapter 17A which establish a  
 28 hospital license fee schedule, hospitals shall pay a license  
 29 fee in accordance with the following schedule:

30 1. A hospital shall pay a fee of one thousand dollars upon  
 31 filing of an initial application for licensure.

32 2. A hospital shall pay an annual license renewal fee of  
 33 one thousand dollars upon filing of a license renewal  
 34 application.

35 Sec. 7. BIRTH CENTER LICENSE FEE SCHEDULE. Beginning July

1 1, 2001, or until such time as the department of inspections  
2 and appeals adopts rules pursuant to chapter 17A which  
3 establish a birth center license fee schedule, birth centers  
4 shall pay a license fee in accordance with the following  
5 schedule:

6 1. A birth center shall pay a fee of fifteen dollars upon  
7 filing of an initial application for licensure.

8 2. A birth center shall pay an annual license renewal fee  
9 of fifteen dollars upon filing of a license renewal  
10 application.

11 Sec. 8. EMERGENCY RULES. The department of inspections  
12 and appeals may adopt rules pursuant to section 17A.4,  
13 subsection 2, and section 17A.5, subsection 2, paragraph "b",  
14 to establish a license fee schedule as prescribed in this Act,  
15 and the rules shall become effective immediately upon filing,  
16 unless a later effective date is specified in the rules. Any  
17 rules adopted in accordance with this section shall also be  
18 published as notice of intended action as provided in section  
19 17A.4.

20 Sec. 9. EFFECTIVE DATE. Section 8 of this Act, being  
21 deemed of immediate importance, takes effect upon enactment.

22 EXPLANATION

23 This bill eliminates the hospital license fee schedule and  
24 birth center license fee from the Code and instead provides  
25 for the establishment of a hospital license fee schedule and a  
26 birth center license fee through adoption of rules by the  
27 department of inspections and appeals. The bill also provides  
28 that the rules adopted by the department relating to standards  
29 and license fees for hospitals will no longer require the  
30 advice and approval of the state board of health, but will  
31 only require the advice and approval of the hospital licensing  
32 board. The bill provides a hospital licensing fee schedule  
33 and a birth center license fee, effective July 1, 2001, or  
34 until such time as the department adopts rules which establish  
35 a fee schedule and fee. The hospital license fee for initial

1017

1 licensure is \$1,000 and the hospital license fee for annual  
2 renewal of a license is \$1,000. The birth center license fee  
3 for initial licensure is \$15 and the birth center license fee  
4 for annual renewal of a license is \$15. The bill authorizes  
5 the department to adopt emergency rules to establish the fee  
6 schedules. The rulemaking provision of the bill takes effect  
7 upon enactment.

- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20
- 21
- 22
- 23
- 24
- 25
- 26
- 27
- 28
- 29
- 30
- 31
- 32
- 33
- 34
- 35



THOMAS J. VILSACK  
GOVERNOR

SALLY J. PEDERSON  
LT. GOVERNOR

DEPARTMENT OF INSPECTIONS AND APPEALS  
KEVIN W. TECHAU, DIRECTOR

January 8, 2001

TO: Members of the General Assembly

FR: Kevin W. Techau, Director

The Iowa Department of Inspections and Appeals (DIA) proposes legislation related to functions performed by its Health Facilities Division.

The Department proposes to replace the current license fee structure with a single fee of \$1,000 and move license fee setting for hospitals under Iowa Code chapter 135B to administrative rule. The current license fee has existed since 1947, the origination of the program.

For additional information regarding this proposal, or other questions, please contact Jennifer Fiihr, Legislative Liaison, at 281-6407 or by e-mail at [Jennifer.fiihr@dia.state.ia.us](mailto:Jennifer.fiihr@dia.state.ia.us).

H. 3/22/01 Human Res  
H. 4/6/01 Amend/Pass  
WH-1445

FILED MAR 8 '01

SENATE FILE 394  
BY COMMITTEE ON HUMAN RESOURCES

(SUCCESSOR TO SSB 1017)

Passed Senate, <sup>(P.761)</sup> Date 3-21-01 Passed House, Date \_\_\_\_\_  
Vote: Ayes 49 Nays 0 Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

**A BILL FOR**

1 An Act relating to hospital and birth center licensure, including  
2 licensing fees, and providing an effective date.  
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

4  
5

**SENATE FILE 394**

**H-1445**

1 Amend Senate File 394, as passed by the Senate, as  
2 follows:  
3 1. Page 2, lines 33 and 34, by striking the words  
4 "as prescribed by rule of the department".  
5 2. Page 3, by striking lines 3 through 24 and  
6 inserting the following:  
7 "Sec. \_\_\_\_ Section 135G.4, Code 2001, is amended  
8 by adding the following new subsection:  
9 NEW SUBSECTION. 3A. Birth centers shall pay a  
10 license fee in accordance with the following schedule:  
11 a. A birth center shall pay a fee of fifteen  
12 dollars upon filing of an initial application for  
13 licensure.  
14 b. A birth center shall pay an annual license  
15 renewal fee of fifteen dollars upon filing of a  
16 license renewal application."  
17 3. Title page, line 2, by striking the words "  
18 and providing an effective date".

**By** COMMITTEE ON HUMAN RESOURCES  
BODDICKER of Cedar, Chairperson

**H-1445** FILED APRIL 6, 2001

SF 394

22  
23

1 Section 1. Section 135B.4, Code 2001, is amended to read  
2 as follows:

3 135B.4 APPLICATION FOR LICENSE.

4 Licenses shall be obtained from the department.

5 Applications shall be upon forms and shall contain information  
6 as the department may reasonably require, which may include  
7 affirmative evidence of ability to comply with reasonable  
8 standards and rules prescribed under this chapter. Each  
9 application for license shall be accompanied by the license  
10 fee, which shall be refunded to the applicant if the license  
11 is denied and which shall be deposited into the state treasury  
12 and credited to the general fund if the license is issued.

13 ~~Hospitals having fifty beds or less shall pay an initial  
14 license fee of fifteen dollars; hospitals of more than fifty  
15 beds and not more than one hundred beds shall pay an initial  
16 license fee of twenty-five dollars; all other hospitals shall  
17 pay an initial license fee of fifty dollars.~~

18 Sec. 2. Section 135B.5, unnumbered paragraph 1, Code 2001,  
19 is amended to read as follows:

20 Upon receipt of an application for license and the license  
21 fee, the department shall issue a license if the applicant and  
22 hospital facilities comply with this chapter and the rules of  
23 the department. A license shall be issued annually and sent  
24 to the licensee, within thirty days of receipt of the  
25 application and license fee. Each licensee shall receive  
26 annual reapproval upon payment of ~~ten dollars~~ the license fee  
27 and upon filing of an application form which is available from  
28 the department. Licenses shall be either general or  
29 restricted in form. Each license shall be issued only for the  
30 premises and persons or governmental units named in the  
31 application and is not transferable or assignable except with  
32 the written approval of the department. Licenses shall be  
33 posted in a conspicuous place on the licensed premises as  
34 prescribed by rule of the department.

35 Sec. 3. NEW SECTION. 135B.5A LICENSE FEES.

1 Hospitals shall pay a license fee in accordance with the  
2 following schedule:

3 1. A hospital shall pay a fee of one thousand dollars upon  
4 filing of an initial application for licensure.

5 2. A hospital shall pay an annual license renewal fee of  
6 one thousand dollars upon filing of a license renewal  
7 application.

8 Sec. 4. NEW SECTION. 135B.5B INSPECTIONS.

9 A hospital shall be inspected at least once in a three-year  
10 period. The inspection shall fulfill the national committee  
11 for quality assurance requirements.

12 Sec. 5. Section 135B.7, unnumbered paragraph 1, Code 2001,  
13 is amended to read as follows:

14 The department, with the advice and approval of the  
15 hospital licensing board ~~and approval of the state board of~~  
16 ~~health~~, shall adopt rules setting out the standards for the  
17 different types of hospitals to be licensed under this  
18 chapter. The department shall enforce the rules. Rules or  
19 standards shall not be adopted or enforced which would have  
20 the effect of denying a license to a hospital or other  
21 institution required to be licensed, solely by reason of the  
22 school or system of practice employed or permitted to be  
23 employed by physicians in the hospital, if the school or  
24 system of practice is recognized by the laws of this state.

25 Sec. 6. Section 135B.11, subsection 2, Code 2001, is  
26 amended to read as follows:

27 2. To review and approve rules and standards authorized  
28 under this chapter prior to their ~~approval by the state board~~  
29 ~~of health and~~ adoption by the department.

30 Sec. 7. Section 135G.4, subsection 3, Code 2001, is  
31 amended to read as follows:

32 3. Each application for a birth center license or renewal  
33 of a license shall be accompanied by a license fee as  
34 prescribed by rule of the department. ~~The fee amount shall be~~  
35 ~~equivalent to the fee amount established for a hospital in~~

1 ~~accordance with section 135B.4.~~ The fees shall be deposited  
2 in the general fund of the state.

3 Sec. 8. BIRTH CENTER LICENSE FEE SCHEDULE. Beginning July  
4 1, 2001, or until such time as the department of inspections  
5 and appeals adopts rules pursuant to chapter 17A which  
6 establish a birth center license fee schedule, birth centers  
7 shall pay a license fee in accordance with the following  
8 schedule:

9 1. A birth center shall pay a fee of fifteen dollars upon  
10 filing of an initial application for licensure.

11 2. A birth center shall pay an annual license renewal fee  
12 of fifteen dollars upon filing of a license renewal  
13 application.

14 Sec. 9. EMERGENCY RULES. The department of inspections  
15 and appeals may adopt rules pursuant to section 17A.4,  
16 subsection 2, and section 17A.5, subsection 2, paragraph "b",  
17 to establish a license fee schedule as prescribed in this Act,  
18 and the rules shall become effective immediately upon filing,  
19 unless a later effective date is specified in the rules. Any  
20 rules adopted in accordance with this section shall also be  
21 published as notice of intended action as provided in section  
22 17A.4.

23 Sec. 10. EFFECTIVE DATE. Section 9 of this Act, being  
24 deemed of immediate importance, takes effect upon enactment.

25 EXPLANATION

26 This bill relates to hospital and birth center licensing.  
27 The bill requires the department of inspections and appeals to  
28 issue and send a hospital license to a licensee within 30 days  
29 of receipt of the application and license fee. The bill  
30 increases the initial and renewal hospital license fees to  
31 \$1,000. The bill also requires that hospitals be inspected at  
32 least once in a three-year period, and the inspection is to  
33 fulfill the national committee for quality assurance  
34 requirements. The bill also provides that the hospital rules  
35 and standards adopted by the department of inspections and

1 appeals will no longer require the advice and approval of the  
2 state board of health, but will only require the advice and  
3 approval of the hospital licensing board.

4 The bill also provides that the initial or renewal birth  
5 center licensing fee is to be established by rule of the  
6 department of inspections and appeals. The bill provides a  
7 birth center licensing fee schedule, effective July 1, 2001,  
8 or until such time as the department adopts rules which  
9 establish a fee. The initial licensure fee and the renewal  
10 licensure fee for birth centers is \$15. The bill authorizes  
11 the department to adopt emergency rules to establish the fee  
12 schedule. The rulemaking provision of the bill takes effect  
13 upon enactment.

14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31  
32  
33  
34  
35

**SENATE FILE 394  
FISCAL NOTE**

---

A fiscal note for **Senate File 394** is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note is available from the Legislative Fiscal Bureau to members of the Legislature upon request.

---

Senate File 394 raises the State-inspected annual hospital-licensing fee from \$10 to \$1,000. The Bill also increases the hospital license fee application cost to \$1,000. The fee currently ranges from \$15 for a hospital with up to 50 beds, \$25 for 51-100 beds, and \$50 for over 100 beds. The Bill also changes the fee for a birth center, from a fee that is the same as the current fee structure for hospitals, to a set \$15 application fee and \$15 annually.

The Bill will permit the adjustment of the fee structures by the Department of Inspections and Appeals with the advice and approval of the Hospital Licensing Board. The Bill also eliminates the need for the approval of hospital standards by the State Board of Health.

**ASSUMPTIONS**

1. The number of State licensed hospitals will remain the same at 123.
2. The Department of Inspections and Appeals will require 1.0 FTE and \$117,000 for salary and support in FY 2002 to increase the number of State-inspected hospital inspections by eight each year and to conduct complaint investigations at all hospitals.
3. The additional annual inspections will reduce the inspection frequency from a four-year cycle to a three year-cycle.
4. The Department of Inspections and Appeals, with the advice and approval of the Hospital Licensing Board, will increase fees that are deposited to the State General Fund to cover the cost of inspections.

**FISCAL IMPACT**

In FY 2002 State licensed hospitals and birth centers will pay an additional \$122,000 in licensing fees to the State General Fund. The Iowa Department of Inspections and Appeals will expend an additional \$117,000 to comply with the requirements of Senate File 394 to reduce the inspection frequency from a four-year cycle to a three year-cycle. The net fiscal impact would be an increase in fee revenues of approximately \$5,000 to the General Fund in FY 2002.

**SOURCE**

Department of Inspections and Appeals

(LSB 1177SV, RNR)

FILED MARCH 19, 2001

BY DENNIS PROUTY, FISCAL DIRECTOR

**SENATE FILE 394  
FISCAL NOTE**

A fiscal note for **Senate File 394 as passed by the Senate** is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note is available from the Legislative Fiscal Bureau to members of the Legislature upon request.

Senate File 394 as passed by the Senate raises the State-inspected annual hospital-licensing fee from \$10 to \$1,000. The Bill also increases the hospital license fee application cost to \$1,000. The fee currently ranges from \$15 for a hospital with up to 50 beds, \$25 for 51-100 beds, and \$50 for over 100 beds. The Bill also changes the fee for a birth center, from a fee that is the same as the current fee structure for hospitals, to a set \$15 application fee and \$15 annually. The Department of Inspections and Appeals may change the fee for birth centers by adoption of rules.

The Bill also eliminates the requirement for the approval of hospital standards by the State Board of Health.

**ASSUMPTIONS**

1. The number of State licensed hospitals will remain the same at 123.
2. The Department of Inspections and Appeals will require 1.0 FTE and \$117,000 for salary and support in FY 2002, including the one-time expense of \$18,000 for the purchase of a vehicle, to increase the number of State-inspected hospital inspections by eight each year and to conduct complaint investigations at all hospitals.
3. The additional annual inspections will reduce the inspection frequency from a four-year cycle to a three year-cycle.
4. Salary and support will increase by 6.0% for FY 2003.
5. Fees are deposited to the State General Fund.

**FISCAL IMPACT**

In FY 2002 State licensed hospitals and birth centers will pay an additional \$122,000 in licensing fees to the State General Fund. The Iowa Department of Inspections and Appeals will expend an additional \$117,000 to comply with the requirements of Senate File 394 as passed by the Senate to reduce the inspection frequency from a four-year cycle to a three year-cycle. The net fiscal impact would be an increase in fee revenues of approximately \$5,000 to the General Fund in FY 2002 and \$17,000 in FY 2003.

(dollars in thousands)

	Fiscal Year 2002			Fiscal Year 2003		
	Current Law	Proposed Law	Increase (Decrease)	Current Law	Proposed Law	Increase (Decrease)

**REVENUE**

General Fund	\$	0	\$	0	\$	0	\$	0	\$	0
General Funds		0		0		0		0		0

-2-

Fees	1	123	122	1	123	122
Other	0	0	0	0	0	0
Total	\$ 1	\$ 123	\$ 122	\$ 1	\$ 123	\$ 122
<b>EXPENDITURES</b>						
Salaries	\$ 123	\$ 184	\$ -61	\$ 130	\$ 195	\$ -65
(FTE's)	( 2.0)	( 3.0)	( 1.0)	( 2.0)	( 3.0)	( 1.0)
Other	76	132	-56	80	121	-40
Total	\$ 199	\$ 316	\$ -117	\$ 210	\$ 316	\$ -105
<b>NET EFFECT</b>	<b>\$ 198</b>	<b>\$ 193</b>	<b>\$ 5</b>	<b>\$ 209</b>	<b>\$ 193</b>	<b>\$ 17</b>

SOURCE

Department of Inspections and Appeals

(LSB 1177sv.2, RNR)

FILED APRIL 3, 2001

BY DENNIS PROUTY, FISCAL DIRECTOR