Background
Hospitals are faced with many challenges in maintaining Iowa’s high quality and efficient health care system. Approximately half of Iowa’s hospitals are publicly owned and operated and therefore are subject to additional administrative and regulatory challenges. These requirements can restrict a public hospital’s ability to operate efficiently within the modern health care environment and place public hospitals at an operational disadvantage to their private not-for-profit colleagues. These public hospitals are predominately Critical Access Hospitals that provide access to 24-hour care in Iowa’s rural communities.

Position: Legislative changes are necessary to help sustain Iowa’s public hospitals and access to care in rural communities.

- **Elected Board of Trustees**: Chapter 347 should be revised to allow county hospitals to have five or seven-member boards and decrease the term length to four years. Legislation should allow for a public hospital to remove absent and negligent trustees and implement term limits in its bylaws.

- **Transition Authority**: The General Assembly should clarify that the locally elected board of trustees for a public hospital has the authority to determine the terms of a lease or an affiliation agreement in transitioning to a not-for-profit hospital.

- **IPERS**: The IPERS exemption should be re-established, allowing licensed health care professionals to return to work at public hospitals after the first month of entitlement. In addition, the General Assembly should consider legislation in 2018 that increases the annual salary cap or creates an exception under Iowa Code 97B.48A for licensed health care professionals.

- **Public Construction Bidding**: In projects financed without tax revenue, public hospitals should not be subject to public construction bidding requirements.
Action Needed

Elected Board of Trustees

**Chapter 347 should be revised to allow county hospitals to have five or seven-member boards and decrease the term length to four years. Legislation should allow for a public hospital to remove absent and negligent trustees and implement term limits in its bylaws.**

Public hospitals are governed by uncompensated, publicly elected trustees. Iowa’s public hospitals have noted difficulty in finding people to run for their boards of trustees. Chapter 347 requires county hospitals to have seven members on their boards of trustees with six-year terms. County hospitals would like the flexibility to determine the number of trustees and length of terms based on their local population, similar to municipal hospitals. In addition, public hospitals would like the ability to remove absent and negligent trustees and implement term limits in the public hospital’s bylaws.

Transition Authority

**The General Assembly should clarify that the locally elected board of trustees for a public hospital has the authority to determine the terms of a lease or an affiliation agreement in transitioning to a not-for-profit hospital.**

In 2015, Skiff Medical Center, a municipal hospital, transitioned to a not-for-profit hospital. Throughout the transition, there were many questions regarding the proper level of approval necessary to allow for the affiliation. Iowa Code does not specify a process or level of authority necessary for such a transition by a municipal hospital.

Chapter 347 does, however, require a county hospital to put to the voters of the county whether the hospital can lease or sell the facility to another entity. While approval only requires a simple majority vote, it is a daunting and expensive task to educate the county electorate about the benefits and need for entering into a lease and the complexities of such affiliation arrangements in the increasingly consolidated health care landscape at the time a public hospital is trying to find options for continuing to operate in the community.

Iowa Public Employees Retirement System (IPERS)

**The IPERS exemption should be re-established, allowing licensed health care professionals to return to work at public hospitals after the first month of entitlement.**

**The General Assembly should consider legislation in 2018 that increases the annual salary cap or creates an exception under Iowa Code 97B.48A for licensed health care professionals.**

Public hospital employees are eligible for IPERS. State law mandates that an employee who retires from an IPERS-covered workplace cannot return to that workplace, even part-time, within four months of their retirement without compromising their IPERS retirement distribution.
Waiting Period
From 2004 to 2014, there was an exception to IPERS rules for health care professionals. Instead of waiting four months before returning to less than full-time employment with an IPERS qualified agency, licensed health care workers had a shortened return-to-work waiting period of one month. This exception was in place so doctors, nurses and other skilled professionals could work part-time in their retirement. In an era of health care professional shortages and highly competitive staff recruiting, these part-time staff are essential for public hospitals to meet staffing requirements necessary to provide an adequate level of care, predominately in rural areas.

Salary Cap
Iowa’s public hospitals have also noted difficulty in retaining retired health care professionals, especially physicians, due to the $30,000 annual salary cap in place upon reemployment (Iowa Code 97B.48A). This threshold has not been increased since 2002, and does not take into account the income of the specific profession or expected salary in the private sector. As a large segment of Iowa’s rural physicians are nearing retirement age, this salary barrier incentivizes retired physicians to leave the state or pursue part-time employment in the private sector where no such barrier exists to their retirement distribution.

Public Construction Bidding

In projects financed without tax revenue, public hospitals should not be subject to public construction bidding requirements.

Iowa’s public hospitals are distinguishable from all other public bodies. Unlike most government entities that are fully funded through government funding, Iowa’s public hospitals utilize minimal tax appropriations in their overall budget.

Public hospitals are currently prohibited from utilizing alternative project delivery methods in construction projects. Such arrangements are commonly used in the private sector, where they have proven to be cost-effective and more efficient than traditional sealed bid contracting methodologies. Traditional public contracting is also both administratively cumbersome and expensive, failing to account for current construction practices. Because public hospitals receive the majority of their financing from non-tax revenues, they should be allowed to utilize the same construction methodologies as their private not-for-profit peers.