

# **IHA Legislative Position 2009**

## **Public Hospitals**



### **★ Background**

Hospitals are faced with many challenges in maintaining Iowa's high quality and efficient health care system. In addition, approximately half of Iowa's hospitals are publicly owned and operated and therefore are subject to additional challenges. Public hospitals are regulated by statutes and concepts that are currently outdated and simply don't make sense in 2009. While generally technical in nature, these statutes can restrict a public hospital's ability to operate successfully and efficiently within the modern health care environment.

Iowa's public hospitals are governed by several chapters according to their charter as a county, municipal, or memorial hospital. Iowa Code Chapter 347 is the principal chapter governing county hospitals in Iowa and dates back to 1909. In 1947, chapter 347A was added to provide an alternative method of financing debt for county hospitals through the sale of a hybrid species of revenue bonds. Municipal hospitals are considered city administrative agencies and are governed by Section 392.6, and the law governing memorial hospitals is found in Chapter 37. Many of the chapters refer to Chapter 347 as it is the most specific in terms of the guidance it offers for hospitals and their trustees. There are, however, inconsistencies among the chapters and outdated language that should be clarified and updated.

During the 2007 and 2008 legislative interims, the Iowa Hospital Association facilitated work groups consisting of representatives from all types of public hospitals to evaluate the public hospital code language. The groups did a thorough review of the present statutes governing public hospitals, specifically examining areas needing legislative changes in order to assist public hospitals to effectively function in today's health care environment. The result of this study revealed several issues (of a largely technical nature) which place public hospitals at operational disadvantages.

### **★ Iowa Hospital Association Position**

The Iowa General Assembly should adopt the following changes to Iowa law governing public hospitals as current laws are outdated and do not reflect today's healthcare environment and the unique challenges public hospitals face.

- ✓ Amend Iowa Code Chapter 347 to:
  - Remove the conflict of interest provision in Chapter 347 for indirect compensation and insert language requiring hospitals to have a conflict of interest policy in place. The current language overly limits the individuals who may serve on the board eliminating many qualified individuals. Conflict of interest policies and procedures should be used to manage any potential conflicts while still allowing for a qualified field of board members.
  - Remove outdated language including, but not limited to, that relating to the treatment of tuberculosis patients, purchasing regulations, and prescriptive board duties.
  - Reorganize the chapter to clarify the role of the board and management in the operation of the hospital. The updated language should reflect up-to-date governance "best practices".

- Clarify that ambulance services are not a required service for public hospitals and are often operated by local counties or cities.
  - Clarify that vacancy appointments serve the unexpired term of the board member.
- ✓ Allow public hospitals to use design/build firms in the public bidding process because of the savings potential both in time and money in construction and remodeling projects.
  - ✓ Amend language in chapters 37, 347A, and 392.6 to standardize and clarify the duties and powers of hospital trustees with chapter 347.