

House File 1038 - Reprinted

HOUSE FILE 1038

BY COMMITTEE ON APPROPRIATIONS

(SUCCESSOR TO HSB 331)

(As Amended and Passed by the House May 14, 2025)

A BILL FOR

1 An Act relating to the opioid settlement fund, making
2 appropriations and disbursements, and including effective
3 date and retroactive applicability provisions.

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

DIVISION I

OPIOID SETTLEMENT FUND

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2
3 Section 1. Section 12.51, Code 2025, is amended to read as
4 follows:

5 **12.51 Opioid settlement fund.**

6 1. As used in this section unless the context otherwise
7 requires:

8 a. "Administrative services organization" means the same as
9 defined in section 225A.1, as enacted in 2024 Iowa Acts, ch.
10 1161, §1.

11 b. "Behavioral health district" means the same as defined in
12 section 225A.1, as enacted in 2024 Iowa Acts, ch. 1161, §1.

13 c. "Department" means the department of health and human
14 services.

15 d. "District behavioral health advisory council" means the
16 same as defined in section 225A.1, as enacted in 2024 Iowa
17 Acts, ch. 1161, §1.

18 ~~1.~~ 2. a. An opioid settlement fund is created in the
19 office of the treasurer of state. The fund shall be separate
20 from the general fund of the state and the balance in the fund
21 shall not be considered part of the balance of the general fund
22 of the state.

23 b. (1) The state portion of any moneys paid to the state as
24 a result of a national settlement of litigation with entities
25 that manufactured, marketed, sold, distributed, dispensed,
26 or promoted opioids, made in connection with claims arising
27 from the manufacturing, marketing, selling, distributing,
28 dispensing, or promoting of opioids, shall be deposited in the
29 fund.

30 (2) (a) For each fiscal year for the period beginning July
31 1, 2025, and ending June 30, 2030, of the total amount of the
32 state portion of the moneys paid to the state as described in
33 paragraph "b" and deposited in the fund, plus any interest
34 and earnings on moneys in the fund, seventy-five percent is
35 appropriated to the department and twenty-five percent is

1 appropriated to the office of the attorney general for purposes
2 of abating the opioid crisis in this state.

3 (b) Notwithstanding section 8.33, moneys appropriated
4 under subparagraph division (a) that remain unencumbered and
5 unobligated at the close of each fiscal year shall not revert
6 but shall remain available for expenditure for the purposes
7 designated until June 30, 2030.

8 (c) Notwithstanding section 12C.7, subsection 2, the
9 interest or earnings on moneys appropriated under subparagraph
10 division (a) are appropriated to the entity receiving the
11 appropriation to be used for the purposes designated.

12 (3) The department and the office of the attorney general
13 shall do all of the following:

14 (a) Review each administrative services organization's
15 proposed uses of the appropriated moneys for crisis response,
16 early intervention, and treatment for opioid addiction, and
17 recovery from opioid addiction, for the behavioral health
18 district for which the administrative services organization has
19 been designated.

20 (b) Disburse the moneys appropriated under subparagraph
21 (2), subparagraph division (a), in accordance with the national
22 opioid settlement agreements and this section.

23 (c) Identify indicators and outcomes applicable to each
24 disbursement to be used to determine if the services and
25 activities that are funded achieve the intended outcomes, which
26 may include prevention of opioid-related deaths, reduction of
27 opioid misuse, and increased access to opioid use disorder
28 medications and services.

29 (d) Submit an annual report on or before November 1 to the
30 general assembly and the governor that contains all of the
31 following for the immediately preceding fiscal year:

32 (i) Information related to each disbursement from the
33 fund, and if the intended outcomes of each disbursement were
34 achieved.

35 (ii) Input from each district behavioral health advisory

1 council regarding disbursements from the fund, intended
2 outcomes, and recommendations for future disbursements from the
3 fund.

4 (iii) A list of the current opioid-related initiatives
5 within the behavioral health district that are funded by
6 moneys from the national settlements that are earmarked for
7 or otherwise required to be transferred or distributed to
8 counties, cities, or other local governmental entities.

9 (e) Adopt rules pursuant to chapter 17A to administer this
10 paragraph.

11 (4) A recipient shall receive no more than one disbursement
12 under paragraph "b", subparagraph (3), subparagraph division
13 (b).

14 (5) The department and the office of the attorney general
15 may, but are not required to, ensure that moneys appropriated
16 under subparagraph (2) are distributed equally to the
17 administrative services organizations.

18 (6) The department and the office of the attorney general
19 shall use no more than two and one-half percent of the moneys
20 appropriated under subparagraph (2) for administrative costs.

21 c. This subsection does not apply to such moneys paid to
22 the state that are earmarked for or otherwise required to be
23 transferred or distributed to counties, cities, or other local
24 governmental entities.

25 ~~2.~~ 3. a. Moneys in the fund shall not be transferred,
26 used, obligated, appropriated, or otherwise encumbered except
27 as provided in this section.

28 b. Moneys in the fund shall only be used ~~pursuant to~~
29 ~~appropriations from the fund by the general assembly for~~
30 purposes of abating the opioid crisis in this state, which
31 may include but are not limited to the purposes specified in
32 section 135.190A for moneys in the opioid antagonist medication
33 fund.

34 ~~3.~~ c. Notwithstanding section 8.33, moneys in the fund
35 that remain unencumbered or unobligated at the close of a

1 fiscal year shall not revert. Notwithstanding section 12C.7,
2 subsection 2, interest or earnings on moneys in the fund shall
3 be credited to the fund.

4 DIVISION II

5 OPIOID SETTLEMENT FUND — FY 2024-2025

6 Sec. 2. OPIOID SETTLEMENT FUND — DEPARTMENT OF HEALTH AND
7 HUMAN SERVICES.

8 1. There is appropriated from the opioid settlement fund
9 created in section 12.51 to the department of health and human
10 services for the fiscal year beginning July 1, 2024, and ending
11 June 30, 2025, the following amount, or so much thereof is as
12 necessary, for the purposes designated:

13 \$ 29,000,000

14 2. Notwithstanding any provision of law to the contrary, of
15 the moneys appropriated to the department of health and human
16 services under subsection 1, the department shall disburse to
17 the following entities, the following amounts, for the purposes
18 designated:

19 a. To a youth-serving nonprofit organization that has been
20 in existence for at least forty-five years that provides crisis
21 stabilization, emergency shelter, and residential addiction
22 treatment, and that is located in a central Iowa county with
23 a population between ninety-eight thousand and ninety-nine
24 thousand based on the 2020 federal decennial census, to support
25 the development of a recovery-focused high school and workforce
26 training center that integrates education, job training, and
27 therapeutic support to empower youth in recovery from substance
28 use disorder to successfully transition into the workforce upon
29 graduation:

30 \$ 3,000,000

31 b. To an opioid treatment program incorporated as a
32 nonprofit organization in 1997, that operates fourteen
33 locations and offers behavioral and medical health care
34 to patients, and that is licensed in the state to provide
35 medication-assisted treatment, mental health therapy,

1 counseling, and primary health care, to expand access to
2 medication-assisted treatment in rural and underserved areas
3 of the state through co-located and mobile recovery units
4 and to collaborate with jail-based screening, assessment,
5 diagnosis, and treatment service providers to extend support
6 to incarcerated individuals and individuals who are no longer
7 incarcerated, and sustain established infrastructure for
8 dispensing medications for opioid use disorder services in
9 rural and underserved areas:

10 \$ 5,000,000

11 c. To the administrative services organization designated
12 pursuant to section 225A.4, as enacted in 2024 Iowa Acts,
13 ch. 1161, §4, to contract with a collaborative mental health
14 services organization that operates in Iowa to provide
15 jail-based screening, assessment, diagnosis, and treatment
16 service providers and system navigation to all county jails, to
17 ensure inmates receive necessary mental health and substance
18 use care, regardless of the mental health and substance use
19 resources available in the county in which the inmate is
20 incarcerated:

21 \$ 1,500,000

22 d. To a nonprofit organization headquartered in a western
23 Iowa county with a population between one hundred thousand and
24 one hundred six thousand based on the 2020 federal decennial
25 census, for a recovery project that involves recovery housing
26 and post-treatment support based on a recovery cafe model, for
27 individuals in addiction recovery including those experiencing
28 homelessness and transitioning from incarceration, and the
29 nonprofit organization provides an appropriate physical
30 location and a dollar-for-dollar match for each dollar
31 disbursed to the nonprofit organization:

32 \$ 2,000,000

33 e. To the administrative services organization designated
34 pursuant to section 255A.4, as enacted in 2024 Iowa Acts, ch.
35 1161, §4, to contract with local peer-recovery specialists in

1 four rural locations in the state to provide post-overdose
2 response services through emergency departments that connect
3 individuals and families to post-overdose treatment and
4 recovery support, and to train peer recovery coaches using the
5 linkage to outreach referrals and engagement model:

6 \$ 2,000,000

7 f. To provide grants to nonprofit organizations for each
8 nonprofit organization to establish recovery community centers,
9 including for the purchase or lease of physical space and
10 programming, in behavioral health districts four, five, and
11 seven to connect members of the recovery community to support,
12 education, resources, and advocacy:

13 \$ 4,500,000

14 g. To provide grants to nonprofit organizations to
15 establish recovery cafes in behavioral health districts
16 five and seven to support members of the recovery community,
17 focusing on health maintenance and opioid addiction prevention
18 by providing a safe environment to cultivate meaningful
19 connections, compassionate understanding, and a culture of
20 affirmation that enhances well-being and self-worth:

21 \$ 1,500,000

22 h. To provide grants to nonprofit organizations in
23 behavioral health districts one, four, five, and seven
24 for recovery respite that focuses on women, and women with
25 children, who are in substance use disorder treatment or
26 recovery to provide the women appropriate resources to enhance
27 their recovery efforts and transition to independent living:

28 \$ 1,500,000

29 i. To provide a grant to a nonprofit organization
30 headquartered in a city with a population between twenty-four
31 thousand five hundred and twenty-five thousand based on the
32 2020 federal decennial census, that is a member of the Iowa
33 substance use and problem gambling services integrated provider
34 network and that specializes in treatment and prevention
35 services, including outpatient, residential treatment, and

1 detoxification for adolescents and adults who are experiencing
2 mental health and substance use disorders:

3 \$ 3,000,000

4 j. To provide a grant to a nonprofit organization
5 headquartered in a county with a population between one hundred
6 seventy-four thousand and one hundred seventy-five thousand
7 based on the 2020 federal decennial census, that is a community
8 mental health center under chapter 230A, and that maintains
9 or conducts a program licensed under chapter 125 the primary
10 purpose of which is the treatment and rehabilitation of persons
11 with a substance use disorder, including outpatient care,
12 residential care, habilitation homes, crisis stabilization
13 residential services, assertive community treatment,
14 multisystemic therapy, and integrated home health and
15 supportive and affordable housing for adolescents and adults
16 experiencing substance use or mental health disorders:

17 \$ 2,000,000

18 3. Notwithstanding any provision of law to the contrary, of
19 the moneys appropriated to the department of health and human
20 services under subsection 1, \$3,000,000 shall be disbursed as
21 grants to nonprofit organizations that submit a proposal to
22 the department of health and human services for development of
23 recovery housing in behavioral health districts that do not
24 have established recovery housing capacity.

25 4. a. Moneys disbursed under subsections 2 and 3 shall be
26 used by the recipient in compliance with the requirements of
27 the national opioid settlement agreements and section 12.51.

28 b. A recipient shall utilize the indicators and outcomes
29 identified by the department of health and human services
30 and the office of the attorney general under section 12.51,
31 subsection 2, paragraph "b", subparagraph (3), subparagraph
32 division (c), to determine whether the services and activities
33 that are funded by the disbursement achieve the intended
34 outcomes, and shall report the recipient's findings to the
35 department of health and human services and the office of the

1 attorney general.

2 c. Moneys disbursed under subsection 2 shall be fully
3 obligated by the recipient no later than June 30, 2027.

4 d. A recipient shall receive no more than one disbursement
5 under subsections 2 and 3.

6 Sec. 3. EFFECTIVE DATE. This division of this Act, being
7 deemed of immediate importance, takes effect upon enactment.

8 Sec. 4. RETROACTIVE APPLICABILITY. This division of this
9 Act applies retroactively to July 1, 2024.