

Iowa Governor Proclamation Temporarily Allows County Hospitals to Borrow Money For Operations Not Solely Secured by Revenues

by David D. Grossklaus and Cristina Kuhn

On March 31, 2020, Governor Reynolds issued a Proclamation of Disaster Emergency (the “Proclamation”) which allows Iowa county hospitals to borrow money for operational purposes and secure such borrowing from means other than the county hospital’s revenues. This temporary relief is effective through and including April 16, 2020, unless the Proclamation is extended or terminated. Section 4 of the Proclamation temporarily suspends the requirement of Iowa Code section 347.14(4) which allows county hospitals to borrow money secured only by the county hospital’s revenues, and this temporary suspension only applies to borrowing money for operational needs. This reprieve will allow county hospitals to use other assets, such as investment accounts or equipment, to secure lines of credit to meet cash flow needs during this healthcare crisis.

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