

107TH CONGRESS
1ST SESSION

S. 523

Entitled the “Building Better Health Centers Act of 2001”.

IN THE SENATE OF THE UNITED STATES

MARCH 13, 2001

Mr. BOND introduced the following bill; which was read twice and referred to
the Committee on Health, Education, Labor, and Pensions

A BILL

Entitled the “Building Better Health Centers Act of 2001”.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Building Better Health
5 Centers Act of 2001”.

6 **SEC. 2. FINDINGS.**

7 Congress makes the following findings:

8 (1) Many health care experts believe that Amer-
9 icans’ lack of access to basic health services is our
10 single most pressing health care problem. Nearly
11 50,000,000 Americans do not have access to a pri-
12 mary care provider, whether they are insured or not.

1 In addition, 43,000,000 Americans lack health in-
2 surance and have difficulty accessing care due to the
3 inability to pay.

4 (2) Health centers, including community health
5 centers, migrant health centers, health centers for
6 the homeless, and public housing health centers, ad-
7 dress the health care access problem by providing
8 primary care services in thousands of rural and
9 urban medically-underserved communities through-
10 out the United States.

11 (3) Health centers provide basic health care
12 services to more than 11,000,000 Americans, at
13 least 7,000,000 minorities, more than 600,000 farm-
14 workers, and at least 600,000 homeless individuals
15 each year.

16 (4) Studies show that health centers provide
17 high-quality and cost-effective health care. The aver-
18 age yearly cost for a health center patient is less
19 than \$1 per day.

20 (5) One of the most effective ways to address
21 America's health care access problem is by dramati-
22 cally expanding access to health centers, as both the
23 Senate and the President have proposed.

24 (6) Many existing health centers operate in fa-
25 cilities that desperately need renovation or mod-

1 ernization. Thirty percent of health centers are lo-
2 cated in buildings that are more than 30 years old,
3 with 12 percent of such centers operating of facili-
4 ties that are more than 50 years old. In a recent
5 survey of health centers in 11 States, $\frac{2}{3}$ of those
6 centers identified a need to improve, expand, or re-
7 place their current facility. An extrapolation based
8 on this survey indicates there may be as much as
9 \$1,200,000,000 in unmet capital needs in our na-
10 tion's health centers.

11 (7) Dramatically increasing access to health
12 centers requires building new facilities in commu-
13 nities that have access problems and lack a health
14 center right now.

15 (8) Health centers often do not have the means
16 to pay for capital improvements or new facilities.
17 While most health centers raise some funds through
18 private donations, it is difficult to raise sufficient
19 amounts for capital needs without a middle- and
20 upper-class donor base similar to other nonprofit or-
21 ganizations like universities and hospitals.

22 (9) Health centers also have a limited ability to
23 support loan payments. Due to an increasing num-
24 ber of uninsured patients and the fact that many
25 health care reimbursements are less than the cost of

1 care, health centers rarely have more than minimal
 2 positive operating margins. Yet banks are rarely
 3 willing to take risks on nonprofit organizations with-
 4 out these positive margins.

5 (10) While the Federal government currently
 6 provides grants to health centers to assist with oper-
 7 ational expenses used to provide care to a medically-
 8 underserved population, it does not have the author-
 9 ity to provide grants to assist health centers meet
 10 capital needs such as new facilities or renovation.

11 (11) To assist health centers with their mission
 12 of providing health care to the medically under-
 13 served, the Federal government should supplement
 14 local efforts to meet health centers' capital needs.

15 **SEC. 3. AMENDMENT TO THE PUBLIC HEALTH SERVICE**
 16 **ACT.**

17 Section 330 of the Public Health Service Act (42
 18 U.S.C. 2546) is amended by adding at the end the fol-
 19 lowing:

20 “(r) HEALTH CARE FACILITY GRANTS AND LOAN
 21 GUARANTEES.—

22 “(1) PROGRAM AUTHORIZED.—

23 “(A) IN GENERAL.—The Secretary may
 24 award grants to eligible health centers to pay
 25 for the costs described in subparagraph (C).

1 “(B) ELIGIBLE HEALTH CENTERS.—The
2 term ‘eligible health center’ means any health
3 center that is receiving a grant under sub-
4 sections (c)(1)(A), (e), (f), (g), (h), or (i) on or
5 after the date of enactment of this subsection.

6 “(C) LIMITATION.—

7 “(i) IN GENERAL.—A grant awarded
8 under subparagraph (A) to expand or re-
9 place an existing facility or construct a
10 new facility shall not exceed 75 percent of
11 the total cost of the project (including in-
12 terest payments) proposed by the eligible
13 health center.

14 “(ii) EXCEPTION.—Clause (i) shall
15 not apply if the total cost of the project
16 proposed by the eligible health center is
17 less than \$750,000, or the Secretary
18 waives the limitation described such clause
19 upon a showing of good cause.

20 “(D) USE OF FUNDS.—An eligible health
21 center that receives a grant under subpara-
22 graph (A) shall use funds received through such
23 grant to—

24 “(i) acquire, lease, modernize, expand
25 and replace existing facilities;

1 “(ii) construct new facilities; and

2 “(iii) purchase or lease equipment (in-
3 cluding paying the costs of amortizing the
4 principal of, and paying the interest on,
5 loans for facilities and equipment) to sup-
6 port or further the operation of such cen-
7 ter.

8 “(2) FACILITY LOAN GUARANTEES.—

9 “(A) IN GENERAL.—The Secretary shall
10 establish a program under which the Secretary
11 may guarantee 100 percent of the principal and
12 interest on loans made by non-Federal lenders
13 to health centers to pay for the costs of acquir-
14 ing, leasing, modernizing, expanding, or replac-
15 ing existing facilities, constructing new facili-
16 ties, or purchasing or leasing equipment, or re-
17 financing loans made for any of the purposes
18 listed above. Any loan guarantee issued pursu-
19 ant to this paragraph shall not be deemed a
20 Federal subsidy for any other purpose.

21 “(B) DEFINITIONS.—In this section:

22 “(i) FACILITIES.—The term ‘facilities’
23 means a building or buildings used by a
24 health center, in whole or in part, to pro-
25 vide services permitted under this section

1 and for such other purposes as are not
 2 specifically prohibited under this section as
 3 long as such use furthers the objectives of
 4 the health center.

5 “(ii) NON-FEDERAL LENDER.—The
 6 term ‘non-Federal lender’ means any entity
 7 other than an agency or instrumentality of
 8 the Federal government authorized by law
 9 to make such loan, including a Federally-
 10 insured bank, a lending institution author-
 11 ized or licensed by the State in which it re-
 12 sides to make such loans, and a State or
 13 municipal bonding authority or such
 14 authority’s designee.

15 “(C) PROTECTION OF FINANCIAL INTER-
 16 ESTS.—The Secretary may not approve a loan
 17 guarantee under this paragraph unless the Sec-
 18 retary determines that—

19 “(i) the terms, conditions, security (if
 20 any), and schedule and amount of repay-
 21 ments with respect to the loan are suffi-
 22 cient to protect the financial interests of
 23 the United States and are otherwise rea-
 24 sonable, including a determination that the
 25 rate of interest does not exceed such per-

1 cent per annum on the principal obligation
2 outstanding as the Secretary determines to
3 be reasonable, taking into account the
4 range of interest rates prevailing in the
5 private market for similar loans and the
6 risks assumed by the United States, except
7 that the Secretary may not require as se-
8 curity any center asset that is, or may be,
9 needed by the center or centers involved to
10 provide health services;

11 “(ii) the loan would not be available
12 on reasonable terms and conditions with-
13 out the guarantee under this paragraph;
14 and

15 “(iii) amounts appropriated for the
16 program under this paragraph are suffi-
17 cient to provide loan guarantees under this
18 paragraph.

19 “(D) RECOVERY OF PAYMENTS.—

20 “(i) IN GENERAL.—The United States
21 shall be entitled to recover from the appli-
22 cant for a loan guarantee under this para-
23 graph the amount of any payment made
24 pursuant to such guarantee, unless the
25 Secretary for good cause waives such right

1 of recovery (subject to appropriations re-
2 maining available to permit such a waiver)
3 and, upon making any such payment, the
4 United States shall be subrogated to all of
5 the rights of the recipient of the payments
6 with respect to which the guarantee was
7 made. Amounts recovered under this clause
8 shall be credited as reimbursements to the
9 financing account of the program.

10 “(ii) MODIFICATION OF TERMS AND
11 CONDITIONS.—To the extent permitted by
12 clause (iii) and subject to the requirements
13 of section 504(e) of the Federal Credit Re-
14 form Act of 1990 (2 U.S.C. 661c(e)), any
15 terms and conditions applicable to a loan
16 guarantee under this paragraph (including
17 terms and conditions imposed under clause
18 (iv)) may be modified or waived by the
19 Secretary to the extent the Secretary de-
20 termines it to be consistent with the finan-
21 cial interest of the United States.

22 “(iii) INCONTESTABILITY.—Any loan
23 guarantee made by the Secretary under
24 this paragraph shall be incontestable—

1 “(I) in the hands of an applicant
2 on whose behalf such guarantee is
3 made unless the applicant engaged in
4 fraud or misrepresentation in securing
5 such guarantee; and

6 “(II) as to any person (or suc-
7 cessor in interest) who makes or con-
8 tracts to make a loan to such appli-
9 cant in reliance thereon unless such
10 person (or successor in interest) en-
11 gaged in fraud or misrepresentation in
12 making or contracting to make such
13 loan.

14 “(iv) FURTHER TERMS AND CONDI-
15 TIONS.—Guarantees of loans under this
16 paragraph shall be subject to such further
17 terms and conditions as the Secretary de-
18 termines to be necessary to assure that the
19 purposes of this paragraph will be
20 achieved.

21 “(E) DEFAULTS.—

22 “(i) IN GENERAL.—Subject to the re-
23 quirements of the Federal Credit Reform
24 Act of 1990 (2 U.S.C. 661 et seq.), the
25 Secretary may take such action as may be

1 necessary to prevent a default on a loan
2 guaranteed under this paragraph, includ-
3 ing the waiver of regulatory conditions, de-
4 ferral of loan payments, renegotiation of
5 loans, and the expenditure of funds for
6 technical and consultative assistance, for
7 the temporary payment of the interest and
8 principal on such a loan, and for other
9 purposes. Any such expenditure made
10 under the preceding sentence on behalf of
11 a health center or centers shall be made
12 under such terms and conditions as the
13 Secretary shall prescribe, including the im-
14 plementation of such organizational, oper-
15 ational, and financial reforms as the Sec-
16 retary determines are appropriate and the
17 disclosure of such financial or other infor-
18 mation as the Secretary may require to de-
19 termine the extent of the implementation
20 of such reforms.

21 “(ii) FORECLOSURE.—The Secretary
22 may take such action, consistent with
23 State law respecting foreclosure procedures
24 and, with respect to reserves required for
25 furnishing services on a prepaid basis, sub-

1 ject to the consent of the affected States,
2 as the Secretary determines appropriate to
3 protect the interest of the United States in
4 the event of a default on a loan guaranteed
5 under this paragraph, except that the Sec-
6 retary may only foreclose on assets offered
7 as security (if any) in accordance with sub-
8 paragraph (C).

9 “(3) EVALUATION.—Not later than 3 years
10 after the date of enactment of this subsection, the
11 Secretary shall prepare a report containing an eval-
12 uation of the programs established by this sub-
13 section. Such report shall include recommendations
14 on how this subsection can be improved to better
15 help health centers meet capital needs in order to
16 expand Americans’ access to health care.

17 “(4) LIMITATION.—For the purpose of carrying
18 out this subsection, the Secretary shall use no more
19 than 5 percent of any funds appropriated pursuant
20 to subsection (l).”.

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