

107TH CONGRESS  
1ST SESSION

# S. 523

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

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## 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

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# 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-

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

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

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

22 (9) Health centers also have a limited ability to  
23support loan payments. Due to an increasing num-  
24ber of uninsured patients and the fact that many  
25health 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                     leas<sup>s</sup> 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;

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.

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).

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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