

108TH CONGRESS
1ST SESSION

S. 673

To amend part D of title III of the Public Health Service Act to authorize grants and loan guarantees for health centers to enable the centers to fund capital needs projects, and for other purposes.

IN THE SENATE OF THE UNITED STATES

MARCH 20, 2003

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

A BILL

To amend part D of title III of the Public Health Service Act to authorize grants and loan guarantees for health centers to enable the centers to fund capital needs projects, and for other purposes.

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 2003”.

6 **SEC. 2. FINDINGS.**

7 Congress makes the following findings:

1 (1) Many health care experts believe that lack
2 of access to basic health services is our Nation's sin-
3 gle most pressing health care problem. Nearly
4 50,000,000 Americans do not have access to a pri-
5 mary care provider, whether they are insured or not.
6 In addition, 43,000,000 Americans lack health in-
7 surance and have difficulty accessing care due to the
8 inability to pay for such care.

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

16 (3) Health centers provide basic health care
17 services to nearly 14,000,000 Americans each year,
18 including nearly 9,000,000 minorities, 850,000
19 farmworkers, and 750,000 homeless individuals.

20 (4) Studies show that health centers provide
21 high-quality and cost-effective health care. The aver-
22 age yearly cost for a health center patient is ap-
23 proximately \$1.25 per day.

24 (5) One of the most effective ways to address
25 America's health care access problem is by dramati-

1 cally expanding access to health centers, as both the
2 Senate and the President have proposed.

3 (6) Many existing health centers operate in fa-
4 cilities that desperately need renovation or mod-
5 ernization. Thirty percent of health centers are lo-
6 cated in buildings that are more than 30 years old,
7 with 12 percent of such centers operating out of fa-
8 cilities that are more than 50 years old. In a recent
9 survey of health centers in 11 States, 2/3 of those
10 centers identified a need to improve, expand, or re-
11 place their current facility. An extrapolation based
12 on this survey indicates there may be as much as
13 \$1,200,000,000 in unmet capital needs in our Na-
14 tion's health centers.

15 (7) Dramatically increasing access to health
16 centers requires building new facilities in commu-
17 nities that have access problems and lack a health
18 center.

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

1 (9) Health centers have a limited ability to sup-
 2 port loan payments. Due to an increasing number of
 3 uninsured patients and the fact that many health
 4 care reimbursements are less than the cost of care,
 5 health centers rarely have more than minimal posi-
 6 tive operating margins. Yet lenders are rarely willing
 7 to take risks on nonprofit organizations without
 8 these positive margins.

9 (10) While the Federal Government currently
 10 provides grants to health centers to assist with oper-
 11 ational expenses used to provide care to a medically-
 12 underserved population, there is no authority to pro-
 13 vide grants to assist health centers to meet capital
 14 needs, such as construction of new facilities or mod-
 15 ernization, expansion, or replacement of existing
 16 buildings.

17 (11) To assist health centers with their mission
 18 of providing health care to the medically under-
 19 served, the Federal Government should supplement
 20 local efforts to meet the capital needs of health cen-
 21 ters.

22 **SEC. 3. AMENDMENTS TO THE PUBLIC HEALTH SERVICE**
 23 **ACT.**

24 (a) HEALTH CARE FACILITY GRANTS AND LOAN
 25 GUARANTEES.—Subpart I of part D of title III of the

1 Public Health Service Act (42 U.S.C. 254b et seq.) is
 2 amended by adding at the end the following:

3 **“SEC. 330L. HEALTH CARE FACILITY GRANTS AND LOAN**
 4 **GUARANTEES.**

5 “(a) ELIGIBLE HEALTH CENTER DEFINED.—In this
 6 section, the term ‘eligible health center’ means a health
 7 center that receives—

8 “(1) a grant, on or after the date of enactment
 9 of this section, under subsection (c)(1)(A), (e)(1)(A),
 10 (f), (g), (h), or (i) of section 330; or

11 “(2) a subgrant, on or after the date of enact-
 12 ment of this section, from a grant awarded under
 13 such provision of law.

14 “(b) GRANT PROGRAM AUTHORIZED.—

15 “(1) IN GENERAL.—The Secretary may award
 16 grants to eligible health centers to pay for the costs
 17 described in paragraph (2).

18 “(2) USE OF FUNDS.—An eligible health center
 19 that receives a grant under paragraph (1) may use
 20 the grant funds to—

21 “(A) modernize, expand, and replace exist-
 22 ing facilities at such center;

23 “(B) construct new facilities at such cen-
 24 ter; and

1 “(C) acquire and lease facilities and equip-
 2 ment (including paying the costs of amortizing
 3 the principal of, and paying the interest on,
 4 loans for such facilities and equipment) to sup-
 5 port or further the operation of such center.

6 “(3) LIMITATION.—

7 “(A) IN GENERAL.—Subject to subpara-
 8 graph (B), the Federal share of a grant award-
 9 ed under paragraph (1) to expand an existing,
 10 or construct a new, facility shall not exceed 90
 11 percent of the total cost of the project (includ-
 12 ing interest payments) proposed by the eligible
 13 health center.

14 “(B) EXCEPTION.—The Federal share
 15 maximum under subparagraph (A) shall not
 16 apply if—

17 “(i) the total cost of the project pro-
 18 posed by the eligible health center is less
 19 than \$750,000; or

20 “(ii) the Secretary waives such max-
 21 imum upon a showing of good cause.

22 “(b) FACILITY LOAN GUARANTEES.—

23 “(1) IN GENERAL.—

24 “(A) IN GENERAL.—The Secretary shall
 25 establish a program under which the Secretary

1 may guarantee not less than 90 percent of the
 2 principal and interest on the total amount of
 3 loans made to an eligible health center by non-
 4 Federal lenders in order to pay for the costs as-
 5 sociated with a capital needs project described
 6 in subparagraph (B).

7 “(B) PROJECTS.—Capital needs projects
 8 under this subsection include—

9 “(i)(I) acquiring, leasing, modern-
 10 izing, expanding, or replacing existing fa-
 11 cilities;

12 “(II) constructing new facilities; or

13 “(III) purchasing or leasing equip-
 14 ment; or

15 “(ii) the costs of refinancing loans
 16 made for any of the projects described in
 17 clause (i).

18 “(C) NOT A FEDERAL SUBSIDY.—Any loan
 19 guarantee issued pursuant to this subsection
 20 shall not be deemed a Federal subsidy for any
 21 other purpose.

22 “(2) AUTHORITY FOR LOAN GUARANTEE PRO-
 23 GRAM.—With respect to the program established
 24 under paragraph (1), the Secretary shall assume
 25 such authority—

1 “(A) as the Secretary has under para-
2 graphs (2) and (4) of section 330; and

3 “(B) under section 1620 as the Secretary
4 determines is necessary and appropriate.

5 “(3) DEFINITIONS.—In this subsection:

6 “(A) FACILITIES.—The term ‘facilities’
7 means a building or buildings used by a health
8 center, in whole or in part, to provide services
9 permitted under section 330 and for such other
10 purposes as are not specifically prohibited
11 under such section as long as such use furthers
12 the objectives of the health center.

13 “(B) NON-FEDERAL LENDER.—The term
14 ‘non-Federal lender’ means any entity other
15 than an agency or instrumentality of the Fed-
16 eral Government authorized by law to make
17 loans, including a federally-insured bank, a
18 lending institution authorized or licensed to
19 make loans by the State in which it is located,
20 and a State or municipal bonding authority or
21 such authority’s designee.

22 “(c) EVALUATION.—Not later than 3 years after the
23 date of enactment of this section, the Secretary shall pre-
24 pare a report containing an evaluation of the programs
25 authorized under this section. Such report shall include

1 recommendations on how this section can be improved to
2 better help health centers meet such centers' capital needs
3 in order to expand access to health care in the United
4 States.

5 “(d) AUTHORIZATION.—For the purpose of carrying
6 out this section, the Secretary shall use no more than 5
7 percent of any funds appropriated pursuant to section
8 330(s) (the subsection relating to authorization of appro-
9 priations). In addition, funds appropriated for fiscal years
10 1997 and 1998 under the Departments of Labor, Health
11 and Human Services, and Education, and Related Agen-
12 cies Appropriations Acts of 1997 and 1998, which were
13 made available for loan guarantees for loans made by non-
14 Federal lenders for construction, renovation, and mod-
15 ernization of medical facilities that are owned and oper-
16 ated by health centers and which have not been expended,
17 shall be made available for loan guarantees under this sec-
18 tion.”.

19 (b) AUTHORIZATION OF APPROPRIATIONS.—Section
20 330(s) of the Public Health Service Act (the subsection
21 relating to authorization of appropriations) is amended by
22 striking “this section” and inserting “this section and sec-
23 tion 330L”.

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