

119TH CONGRESS
2^D SESSION

S. 3840

To provide for the designation of areas as Health Investment Zones to reduce health disparities and improve health outcomes in such areas, and for other purposes.

IN THE SENATE OF THE UNITED STATES

FEBRUARY 11, 2026

Mr. PADILLA introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To provide for the designation of areas as Health Investment Zones to reduce health disparities and improve health outcomes in such areas, 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 “Health Investment
5 Zones Act of 2026”.

6 **SEC. 2. DESIGNATION OF HEALTH INVESTMENT ZONES.**

7 (a) DESIGNATION.—

8 (1) IN GENERAL.—Not later than 2 years after
9 the date of enactment of this Act, the Secretary

1 shall, pursuant to applications submitted under sub-
2 section (c), designate areas as Health Investment
3 Zones to reduce health disparities and improve
4 health outcomes in such areas.

5 (2) ELIGIBILITY OF AREA.—To be designated
6 as a Health Investment Zone under this section, an
7 area shall—

8 (A) be a contiguous geographic area; and

9 (B) have measurable and documented geo-
10 graphic health disparities and poor health out-
11 comes, demonstrated by—

12 (i) average income below 150 percent
13 of the Federal poverty line (as defined by
14 the Office of Management and Budget
15 based on the most recent data available
16 from the Bureau of the Census);

17 (ii) a rate of participation in the spe-
18 cial supplemental nutrition program under
19 section 17 of the Child Nutrition Act of
20 1966 (42 U.S.C. 1786) that is higher than
21 the national average rate of participation
22 in such program;

23 (iii) lower life expectancy than the na-
24 tional average;

1 (iv) a higher percentage of instances
2 of low birth weight than the national aver-
3 age; or

4 (v) designation under section 332 of
5 the Public Health Service Act (42 U.S.C.
6 254e) as a health professional shortage
7 area.

8 (3) PUBLICATION OF DESIGNEE INFORMA-
9 TION.—Not later than 1 year after the date on
10 which all areas are designated as Health Investment
11 Zones under paragraph (1), the Secretary shall pub-
12 lish on the website of the Department of Health and
13 Human Services—

14 (A) the name of each such Health Invest-
15 ment Zone, together with the names of each co-
16 alition partner; and

17 (B) a description of all areas so des-
18 igned.

19 (b) SOLICITATION OF APPLICATIONS.—Not later
20 than 1 year after the date of enactment of this Act, the
21 Secretary shall solicit applications under subsection (c).

22 (c) SUBMISSION OF APPLICATIONS.—

23 (1) IN GENERAL.—To seek the designation of
24 an area as a Health Investment Zone, a community-
25 based nonprofit organization or local governmental

1 agency, in coalition with health care providers, hos-
2 pitals, nonprofit community health clinics, health
3 centers, social service organizations, and other re-
4 lated organizations, shall submit an application to
5 the Secretary.

6 (2) APPLICATIONS FOR GRANTS.—As part of an
7 application under this subsection, a community-
8 based nonprofit organization or local governmental
9 agency may include an application for a grant under
10 section 4(a). Such community-based nonprofit orga-
11 nization or local governmental agency shall describe
12 how the use of grant funds would be consistent with
13 the plan submitted pursuant to subsection (d)(1)
14 and whether such community-based nonprofit orga-
15 nization or local governmental agency intends to
16 award subgrants or implement innovative public
17 health strategies under section 4(b).

18 (d) CONTENTS.—An application under subsection (c)
19 shall—

20 (1) include an effective and sustainable plan
21 with respect to the area proposed for designation—

22 (A) to reduce health disparities;

23 (B) to reduce the costs of, or to produce
24 savings to, the health care system;

25 (C) to improve health outcomes; and

1 (D) to utilize one or more of the incentives
2 established pursuant to section 5, section 51 of
3 the Internal Revenue Code of 1986 (as amend-
4 ed by section 3(a)), for wages paid to qualified
5 Health Investment Zone workers (as defined in
6 section 51(d)(16) of such Code), section 25G of
7 the Internal Revenue Code of 1986 (as added
8 by section 3(b)), or subsection (ee) of section
9 1833 of the Social Security Act (42 U.S.C.
10 1395l) (as amended by section 6) to address
11 health care provider capacity, improve health
12 services delivery, effectuate community improve-
13 ments, or conduct outreach and education ef-
14 forts; and

15 (2) identify specific diseases or indicators of
16 health for improvement of health outcomes in such
17 area, including at least 1 of the following:

18 (A) Cardiovascular disease.

19 (B) Asthma.

20 (C) Diabetes.

21 (D) Behavioral health.

22 (E) Maternal and birth health.

23 (F) Obesity.

24 (e) CONSIDERATIONS.—The Secretary—

1 (1) shall consider geographic diversity, among
2 other factors, in selecting areas for designation as
3 Health Investment Zones; and

4 (2) may conduct outreach efforts to encourage
5 a geographically diverse pool of applicants, including
6 for designating Health Investment Zones in rural
7 areas.

8 (f) PRIORITY.—In selecting areas for designation as
9 Health Investment Zones, the Secretary shall give higher
10 priority to applications based on the extent to which an
11 area demonstrates the following:

12 (1) Support from, and participation of, key
13 stakeholders in the area proposed for designation,
14 including residents and local governments of such
15 area.

16 (2) A plan for long-term funding and sustain-
17 ability.

18 (3) Integration with any applicable State health
19 improvement process or plan.

20 (4) A plan for evaluation of the impact of des-
21 ignation of such area as a Health Investment Zone.

22 (5) A plan to utilize existing State tax credits,
23 grants, or other incentives to reduce health dispari-
24 ties and improve health outcomes in the proposed
25 Health Investment Zone.

1 (6) Such other factors as the Secretary deter-
 2 mines are appropriate to demonstrate a commitment
 3 to reduce health disparities and improve health out-
 4 comes in such area.

5 (g) PERIOD OF DESIGNATION.—The designation
 6 under this section of an area as a Health Investment Zone
 7 shall be in effect until the date that is 10 years after the
 8 date on which the first such area is so designated.

9 **SEC. 3. TAX INCENTIVES.**

10 (a) WORK OPPORTUNITY CREDIT FOR HIRING
 11 HEALTH INVESTMENT ZONE WORKERS.—

12 (1) IN GENERAL.—Section 51(d)(1) of the In-
 13 ternal Revenue Code of 1986 is amended by striking
 14 “or” at the end of subparagraph (I), by striking the
 15 period at the end of subparagraph (J) and inserting
 16 “, or”, and by adding at the end the following new
 17 subparagraph:

18 “(K) a qualified Health Investment Zone
 19 worker, to the extent that the qualified first-
 20 year wages with respect to such worker are paid
 21 for qualified Health Investment Zone work.”.

22 (2) QUALIFIED HEALTH INVESTMENT ZONE
 23 WORKER.—Section 51(d) of such Code is amended
 24 by adding at the end the following new paragraph:

25 “(16) HEALTH INVESTMENT ZONES.—

1 “(A) QUALIFIED HEALTH INVESTMENT
2 ZONE WORKER.—The term ‘qualified Health In-
3 vestment Zone worker’ means any individual
4 who is certified by the designated local agency
5 as having (as of the hiring date) a principal
6 place of employment within a Health Invest-
7 ment Zone.

8 “(B) QUALIFIED HEALTH INVESTMENT
9 ZONE WORK.—The term ‘qualified Health In-
10 vestment Zone work’ means employment by a
11 Health Investment Zone practitioner, the pri-
12 mary official duties of such employment being
13 to promote access to healthcare in a Health In-
14 vestment Zone.

15 “(C) RELATED TERMS.—For purposes of
16 this paragraph, the terms ‘Health Investment
17 Zone’ and ‘Health Investment Zone practi-
18 tioner’ have the same meaning given such terms
19 under section 8 of the Health Investment Zones
20 Act of 2026.”.

21 (3) EFFECTIVE DATE.—The amendments made
22 by this subsection shall apply to amounts paid or in-
23 curred after the date of the enactment of this Act
24 to individuals who begin work for the employer after
25 such date.

1 (b) CREDIT FOR HEALTH INVESTMENT ZONE WORK-
 2 ERS.—

3 (1) IN GENERAL.—Subpart A of part IV of sub-
 4 chapter A of chapter 1 of the Internal Revenue Code
 5 of 1986, as amended by section 70411 of Public
 6 Law 119–21, is amended by inserting after section
 7 25F the following new section:

8 **“SEC. 25G. CREDIT FOR QUALIFIED HEALTH INVESTMENT**
 9 **ZONE WORKERS.**

10 “(a) ALLOWANCE OF CREDIT.—In the case of a
 11 qualified Health Investment Zone worker, there shall be
 12 allowed as a credit against the tax imposed by this chapter
 13 for a taxable year an amount equal to 30 percent of wages
 14 received for qualified Health Investment Zone work during
 15 such taxable year.

16 “(b) DEFINITIONS.—For purposes of this section—

17 “(1) QUALIFIED HEALTH INVESTMENT ZONE
 18 WORKER.—The term ‘qualified Health Investment
 19 Zone worker’ means, with respect to wages, an indi-
 20 vidual whose principal place of employment while
 21 earning such wages is within a Health Investment
 22 Zone (as such term is defined in section 8 of the
 23 Health Investment Zones Act of 2026).

24 “(2) QUALIFIED HEALTH INVESTMENT ZONE
 25 WORK.—The term ‘qualified Health Investment

1 Zone work’ has the same meaning given such term
2 in section 51(d)(16)(B).”.

3 (2) CLERICAL AMENDMENT.—The table of sec-
4 tions for subpart A of part IV of subchapter A of
5 chapter 1 of such Code, as amended by section
6 70411 of Public Law 119–21, is amended by insert-
7 ing after the item relating to section 25F the fol-
8 lowing new item:

“Sec. 25G. Credit for qualified Health Investment Zone workers.”.

9 (3) EFFECTIVE DATE.—The amendments made
10 by this subsection shall apply to wages received after
11 the date of the enactment of this Act.

12 **SEC. 4. GRANTS.**

13 (a) AUTHORIZATION.—For each area designated as
14 a Health Investment Zone, the Secretary may award a
15 grant to the community-based nonprofit organization or
16 local governmental agency that applied for such designa-
17 tion to support such applicant and its coalition partners
18 in reducing health disparities and improving health out-
19 comes in such area.

20 (b) USE OF FUNDS.—Programs and activities funded
21 through a grant under this section shall be consistent with
22 the grantee’s plan submitted pursuant to section 2(d)(1)
23 and may include the following:

24 (1) SUBGRANTS TO HEALTH CARE PRACTI-
25 TIONERS.—

1 (A) IN GENERAL.—For the purpose of im-
2 proving or expanding the delivery of health care
3 in the respective Health Investment Zone, the
4 grantee may award subgrants to Health Invest-
5 ment Zone practitioners to defray costs related
6 to innovative strategies listed in paragraph (2).

7 (B) ELIGIBILITY.—To be eligible to receive
8 a subgrant pursuant to subparagraph (A), a
9 Health Investment Zone practitioner shall—

10 (i) own or lease a health care facility
11 in the Health Investment Zone; or

12 (ii) provide health care in such a facil-
13 ity.

14 (C) AMOUNT.—The amount of a subgrant
15 under subparagraph (A) may not exceed the
16 lesser of—

17 (i) \$5,000,000; or

18 (ii) 50 percent of the costs of the
19 equipment, or capital or leasehold improve-
20 ments.

21 (2) INNOVATIVE STRATEGIES.—A grantee (or
22 subgrantee) may use a grant received under this sec-
23 tion (or a subgrant received under paragraph (1)) to
24 implement innovative public health strategies in the

1 respective Health Investment Zone, which strategies
2 may include—

3 (A) internships and volunteer opportunities
4 for students who reside in the Health Invest-
5 ment Zone;

6 (B) funding resources to improve health
7 care provider capacity to serve non-English
8 speakers;

9 (C) operation of medical, mental and be-
10 havioral health, and dental mobile clinics;

11 (D) provision of transportation to and
12 from medical appointments for patients;

13 (E) funding resources to improve access to
14 healthy food, recreation, and high-quality hous-
15 ing;

16 (F) capital or leasehold improvements to a
17 health care facility in the respective Health In-
18 vestment Zone; and

19 (G) medical or dental equipment to be
20 used in such a facility.

21 **SEC. 5. STUDENT LOAN REPAYMENT PROGRAM.**

22 (a) IN GENERAL.—The Secretary shall carry out a
23 loan repayment program under which the Secretary enters
24 into agreements with eligible Health Investment Zone
25 practitioners to make payments on the principal and inter-

1 est of the eligible educational loans of such practitioners
2 for each year such practitioners agree to provide health
3 care services in a Health Investment Zone.

4 (b) LIMITATIONS.—In entering into loan repayment
5 agreements under this section, the Secretary may not
6 agree to—

7 (1) make payments for more than 10 years with
8 respect to a practitioner; or

9 (2) pay more than \$10,000 per year, or more
10 than a total of \$100,000, with respect to a practi-
11 tioner.

12 (c) RELATIONSHIP TO OTHER BENEFITS.—

13 (1) COUNTING OF PAYMENTS.—A payment
14 made to, or on behalf of, an eligible Health Invest-
15 ment Zone practitioner under this section shall be
16 considered a qualifying payment counted toward any
17 total number of required payments for forgiveness or
18 cancellation on an otherwise applicable student loan
19 plan or program under the Higher Education Act of
20 1965 or the Public Health Service Act, such as
21 under subsection (m) or (q) of section 455 or section
22 493C of the Higher Education Act of 1965 (20
23 U.S.C. 1087e; 1098e).

1 (2) NO DOUBLE PAYMENTS.—No borrower
2 may, for the same service, receive a payment for an
3 eligible educational loan under—

4 (A) this section; and

5 (B) another federally supported loan pro-
6 gram that provides a payment to, or on behalf
7 of, that borrower.

8 (3) NO REIMBURSEMENT.—An eligible Health
9 Investment Zone practitioner shall not receive a pay-
10 ment or reimbursement under this section for an eli-
11 gible educational loan that has been forgiven, can-
12 celled, or repaid.

13 (d) DEFINITIONS.—In this section:

14 (1) ELIGIBLE EDUCATIONAL LOAN.—The term
15 “eligible educational loan” means any federally fund-
16 ed or guaranteed student loan, as determined appro-
17 priate by the Secretary, in consultation with the Sec-
18 retary of Education.

19 (2) ELIGIBLE HEALTH INVESTMENT ZONE
20 PRACTITIONER.—The term “eligible Health Invest-
21 ment Zone practitioner” means a Health Investment
22 Zone practitioner who—

23 (A) agrees to provide full-time health care
24 services in a Health Investment Zone for a

1 specified period that is not less than 1 year;
2 and

3 (B) has 1 or more eligible educational
4 loans.

5 **SEC. 6. INCENTIVE PAYMENTS FOR MEDICARE PART B**
6 **ITEMS AND SERVICES FURNISHED IN**
7 **HEALTH INVESTMENT ZONES.**

8 Section 1833 of the Social Security Act (42 U.S.C.
9 1395l) is amended by adding at the end the following new
10 subsection:

11 “(ee) INCENTIVE PAYMENTS FOR ITEMS AND SERV-
12 ICES FURNISHED IN HEALTH INVESTMENT ZONES.—

13 “(1) IN GENERAL.—In the case of items and
14 services furnished under this part in an area that is
15 designated as a Health Investment Zone under sec-
16 tion 2(a)(1) of the Health Investment Zones Act of
17 2026, in addition to the amount of payment that
18 would otherwise be made for such items and services
19 under this part, there also shall be paid (on a
20 monthly or quarterly basis)—

21 “(A) an amount equal to 10 percent of the
22 payment amount for the item or service under
23 this part;

24 “(B) for such an item or service furnished
25 at a freestanding physician office or clinic (as

1 defined in paragraph (2)) or a Federally quali-
2 fied health center (as defined in section
3 1861(aa)(3)), in addition to any applicable ad-
4 ditional payment amount under this paragraph,
5 an amount equal to 5 percent of the payment
6 amount for the item or service under this part;
7 and

8 “(C) for an annual wellness visit (HCPCS
9 codes G0438–G0439), diabetes self-manage-
10 ment training (CPT codes 98960–98962),
11 chronic care management (CPT codes 99487–
12 99491), and a preventative screening such as a
13 mammography or colorectal cancer screening, in
14 addition to any applicable additional payment
15 amount under this paragraph, an amount equal
16 to 10 percent of the payment amount for such
17 item or service under this part.

18 “(2) DEFINITION OF FREESTANDING PHYSICIAN
19 OFFICE OR CLINIC.—In this subsection, the term
20 ‘freestanding physician office or clinic’ means a clin-
21 ic that—

22 “(A) bills by place of service code 11 (of-
23 fice) or 22 (independent clinic) in the physician
24 fee schedule under section 1848; and

1 “(B) is not directly or indirectly owned or
2 controlled by a hospital system enrolled in the
3 Medicare Provider Enrollment, Chain, and
4 Ownership System (commonly referred to as
5 ‘PECOS’).

6 “(3) COORDINATION WITH OTHER PAY-
7 MENTS.—The amount of the additional payment for
8 an item or a service under this subsection and sub-
9 section (m) shall be determined without regard to
10 any additional payment for the item or service under
11 subsection (m) and this subsection, respectively. The
12 amount of the additional payment for an item or a
13 service under this subsection and subsection (z) shall
14 be determined without regard to any additional pay-
15 ment for the item or service under subsection (z)
16 and this subsection, respectively.”.

17 **SEC. 7. REPORTING.**

18 (a) IN GENERAL.—Not later than the day that is 10
19 years after the first Health Investment Zone is designated,
20 the Secretary shall submit to Congress a report on the
21 implementation of this Act (and the amendments made by
22 this Act) and the results thereof.

23 (b) CONTENTS.—Each report under subsection (a)
24 shall—

1 (1) specify the number and types of incentives
2 provided pursuant to this Act in each Health Invest-
3 ment Zone; and

4 (2) include evidence of the extent to which the
5 incentives utilized by each Health Investment Zone
6 have—

7 (A) succeeded—

8 (i) in attracting health care practi-
9 tioners to practice in Health Investment
10 Zones;

11 (ii) in reducing health disparities and
12 improving health outcomes in Health In-
13 vestment Zones; and

14 (iii) in reducing health costs and hos-
15 pital admissions and readmissions in
16 Health Investment Zones; and

17 (B) impacted access to primary care serv-
18 ices and utilization of emergency room services.

19 **SEC. 8. DEFINITIONS.**

20 In this Act:

21 (1) The term “Health Investment Zone” means
22 an area designated under section 2 as a Health In-
23 vestment Zone.

24 (2) The term “Health Investment Zone practi-
25 tioner” means a health care practitioner who—

1 (A) is licensed or certified in accordance
2 with applicable State law to treat patients in
3 the applicable Health Investment Zone;

4 (B) provides—

5 (i) primary care, which may include
6 obstetrics, gynecological services, pediatric
7 services, or geriatric services;

8 (ii) behavioral health services, which
9 may include mental health or substance
10 use disorder services; or

11 (iii) dental services; and

12 (C) is a participating provider of services
13 or supplier under the Medicare program under
14 title XVIII of the Social Security Act (42
15 U.S.C. 1395 et seq.) or a participating provider
16 under a State plan under title XIX of such Act
17 (42 U.S.C. 1396 et seq.).

18 (3) The term “Secretary” means the Secretary
19 of Health and Human Services.

20 **SEC. 9. AUTHORIZATION OF APPROPRIATIONS.**

21 To carry out this Act, there is authorized to be appro-
22 priated such sums as may be necessary for the period be-
23 ginning on the date of enactment of this Act and ending
24 on the last day of the 10-year period that begins on the

- 1 date on which the first Health Investment Zone is des-
- 2 igned.

