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U.S. GOVERNMENT
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119TH CONGRESS
2D 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

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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.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Health Investment Zones Act of 2026''.

SEC. 2. DESIGNATION OF HEALTH INVESTMENT ZONES.

(a) DESIGNATION.—

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

shall, pursuant to applications submitted under subsection (c), designate areas as Health Investment Zones to reduce health disparities and improve health outcomes in such areas.

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

(A) be a contiguous geographic area; and

(B) have measurable and documented geographic health disparities and poor health outcomes, demonstrated by—

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

(ii) a rate of participation in the special supplemental nutrition program under section 17 of the Child Nutrition Act of 1966 (42 U.S.C. 1786) that is higher than the national average rate of participation in such program;

(iii) lower life expectancy than the national average;

(iv) a higher percentage of instances of low birth weight than the national average; or

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

(3) PUBLICATION OF DESIGNEE INFORMATION.—Not later than 1 year after the date on which all areas are designated as Health Investment Zones under paragraph (1), the Secretary shall publish on the website of the Department of Health and Human Services—

(A) the name of each such Health Investment Zone, together with the names of each coalition partner; and

(B) a description of all areas so designated.

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

(c) SUBMISSION OF APPLICATIONS.—

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

agency, in coalition with health care providers, hospitals, nonprofit community health clinics, health centers, social service organizations, and other related organizations, shall submit an application to the Secretary.

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

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

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

(A) to reduce health disparities;

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

(C) to improve health outcomes; and

(D) to utilize one or more of the incentives established pursuant to section 5, section 51 of the Internal Revenue Code of 1986 (as amended by section 3(a)), for wages paid to qualified Health Investment Zone workers (as defined in section 51(d)(16) of such Code), section 25G of the Internal Revenue Code of 1986 (as added by section 3(b)), or subsection (ee) of section 1833 of the Social Security Act (42 U.S.C. 1395l) (as amended by section 6) to address health care provider capacity, improve health services delivery, effectuate community improvements, or conduct outreach and education efforts; and

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

(A) Cardiovascular disease.

(B) Asthma.

(C) Diabetes.

(D) Behavioral health.

(E) Maternal and birth health.

(F) Obesity.

(e) CONSIDERATIONS.—The Secretary—

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

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

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

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

(2) A plan for long-term funding and sustainability.

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

(4) A plan for evaluation of the impact of designation of such area as a Health Investment Zone.

(5) A plan to utilize existing State tax credits, grants, or other incentives to reduce health disparities and improve health outcomes in the proposed Health Investment Zone.

(6) Such other factors as the Secretary determines are appropriate to demonstrate a commitment to reduce health disparities and improve health outcomes in such area.

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

SEC. 3. TAX INCENTIVES.

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

(1) IN GENERAL.—Section 51(d)(1) of the Internal Revenue Code of 1986 is amended by striking ''or'' at the end of subparagraph (I), by striking the period at the end of subparagraph (J) and inserting '', or'', and by adding at the end the following new subparagraph:

''(K) a qualified Health Investment Zone worker, to the extent that the qualified first-year wages with respect to such worker are paid for qualified Health Investment Zone work.''.

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

''(16) HEALTH INVESTMENT ZONES.—

''(A) QUALIFIED HEALTH INVESTMENT ZONE WORKER.—The term 'qualified Health Investment Zone worker' means any individual who is certified by the designated local agency as having (as of the hiring date) a principal place of employment within a Health Investment Zone.

''(B) QUALIFIED HEALTH INVESTMENT ZONE WORK.—The term 'qualified Health Investment Zone work' means employment by a Health Investment Zone practitioner, the primary official duties of such employment being to promote access to healthcare in a Health Investment Zone.

''(C) RELATED TERMS.—For purposes of this paragraph, the terms 'Health Investment Zone' and 'Health Investment Zone practitioner' have the same meaning given such terms under section 8 of the Health Investment Zones Act of 2026.''.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to amounts paid or incurred after the date of the enactment of this Act to individuals who begin work for the employer after such date.

(b) CREDIT FOR HEALTH INVESTMENT ZONE WORKERS.—

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

"SEC. 25G. CREDIT FOR QUALIFIED HEALTH INVESTMENT ZONE WORKERS.

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

"(b) DEFINITIONS.—For purposes of this section—

"(1) QUALIFIED HEALTH INVESTMENT ZONE WORKER.—The term 'qualified Health Investment Zone worker' means, with respect to wages, an individual whose principal place of employment while earning such wages is within a Health Investment Zone (as such term is defined in section 8 of the Health Investment Zones Act of 2026).

"(2) QUALIFIED HEALTH INVESTMENT ZONE WORK.—The term 'qualified Health Investment

Zone work' has the same meaning given such term in section 51(d)(16)(B).''.

(2) CLERICAL AMENDMENT.—The table of sections for subpart A of part IV of subchapter A of chapter 1 of such Code, as amended by section 70411 of Public Law 119–21, is amended by inserting after the item relating to section 25F the following new item:

''Sec. 25G. Credit for qualified Health Investment Zone workers.''.

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

SEC. 4. GRANTS.

(a) AUTHORIZATION.—For each area designated as a Health Investment Zone, the Secretary may award a grant to the community-based nonprofit organization or local governmental agency that applied for such designation to support such applicant and its coalition partners in reducing health disparities and improving health outcomes in such area.

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

(1) SUBGRANTS TO HEALTH CARE PRACTITIONERS.—

(A) IN GENERAL.—For the purpose of improving or expanding the delivery of health care in the respective Health Investment Zone, the grantee may award subgrants to Health Investment Zone practitioners to defray costs related to innovative strategies listed in paragraph (2).

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

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

(ii) provide health care in such a facility.

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

(i) $5,000,000; or

(ii) 50 percent of the costs of the equipment, or capital or leasehold improvements.

(2) INNOVATIVE STRATEGIES.—A grantee (or subgrantee) may use a grant received under this section (or a subgrant received under paragraph (1)) to implement innovative public health strategies in the

respective Health Investment Zone, which strategies may include—

(A) internships and volunteer opportunities for students who reside in the Health Investment Zone;

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

(C) operation of medical, mental and behavioral health, and dental mobile clinics;

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

(E) funding resources to improve access to healthy food, recreation, and high-quality housing;

(F) capital or leasehold improvements to a health care facility in the respective Health Investment Zone; and

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

SEC. 5. STUDENT LOAN REPAYMENT PROGRAM.

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

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

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

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

(2) pay more than $10,000 per year, or more than a total of $100,000, with respect to a practitioner.

(c) RELATIONSHIP TO OTHER BENEFITS.—

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

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

(A) this section; and

(B) another federally supported loan program that provides a payment to, or on behalf of, that borrower.

(3) NO REIMBURSEMENT.—An eligible Health Investment Zone practitioner shall not receive a payment or reimbursement under this section for an eligible educational loan that has been forgiven, cancelled, or repaid.

(d) DEFINITIONS.—In this section:

(1) ELIGIBLE EDUCATIONAL LOAN.—The term ''eligible educational loan'' means any federally funded or guaranteed student loan, as determined appropriate by the Secretary, in consultation with the Secretary of Education.

(2) ELIGIBLE HEALTH INVESTMENT ZONE PRACTITIONER.—The term ''eligible Health Investment Zone practitioner'' means a Health Investment Zone practitioner who—

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

specified period that is not less than 1 year; and

(B) has 1 or more eligible educational loans.

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

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

''(ee) INCENTIVE PAYMENTS FOR ITEMS AND SERVICES FURNISHED IN HEALTH INVESTMENT ZONES.—

''(1) IN GENERAL.—In the case of items and services furnished under this part in an area that is designated as a Health Investment Zone under section 2(a)(1) of the Health Investment Zones Act of 2026, in addition to the amount of payment that would otherwise be made for such items and services under this part, there also shall be paid (on a monthly or quarterly basis)—

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

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

defined in paragraph (2)) or a Federally qualified health center (as defined in section 1861(aa)(3)), in addition to any applicable additional payment amount under this paragraph, an amount equal to 5 percent of the payment amount for the item or service under this part; and

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

"(2) DEFINITION OF FREESTANDING PHYSICIAN OFFICE OR CLINIC.—In this subsection, the term 'freestanding physician office or clinic' means a clinic that—

"(A) bills by place of service code 11 (office) or 22 (independent clinic) in the physician fee schedule under section 1848; and

''(B) is not directly or indirectly owned or controlled by a hospital system enrolled in the Medicare Provider Enrollment, Chain, and Ownership System (commonly referred to as 'PECOS').

''(3) COORDINATION WITH OTHER PAYMENTS.—The amount of the additional payment for an item or a service under this subsection and subsection (m) shall be determined without regard to any additional payment for the item or service under subsection (m) and this subsection, respectively. The amount of the additional payment for an item or a service under this subsection and subsection (z) shall be determined without regard to any additional payment for the item or service under subsection (z) and this subsection, respectively.''.

SEC. 7. REPORTING.

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

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

(1) specify the number and types of incentives provided pursuant to this Act in each Health Investment Zone; and

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

(A) succeeded—

(i) in attracting health care practitioners to practice in Health Investment Zones;

(ii) in reducing health disparities and improving health outcomes in Health Investment Zones; and

(iii) in reducing health costs and hospital admissions and readmissions in Health Investment Zones; and

(B) impacted access to primary care services and utilization of emergency room services.

SEC. 8. DEFINITIONS.

In this Act:

(1) The term ''Health Investment Zone'' means an area designated under section 2 as a Health Investment Zone.

(2) The term ''Health Investment Zone practitioner'' means a health care practitioner who—

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

(B) provides—

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

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

(iii) dental services; and

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

(3) The term ''Secretary'' means the Secretary of Health and Human Services.

SEC. 9. AUTHORIZATION OF APPROPRIATIONS.

To carry out this Act, there is authorized to be appropriated such sums as may be necessary for the period beginning on the date of enactment of this Act and ending on the last day of the 10-year period that begins on the

date on which the first Health Investment Zone is designated.

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