

By: Capelo

H.B. No. 1094

A BILL TO BE ENTITLED

AN ACT

relating to grants for federally qualified health centers and to a revolving loan program for community health centers.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Chapter 31, Health and Safety Code, is amended by adding Section 31.017 to read as follows:

Sec. 31.017. FEDERALLY QUALIFIED HEALTH CENTERS. (a) The department may make grants to establish new or expand existing facilities that can qualify as federally qualified health centers, as defined by 42 U.S.C. Section 1396d(1)(2)(B), in this state, including:

(1) planning grants;

(2) development grants;

(3) capital improvement grants; and

(4) grants for transitional operating support.

(b) This section expires September 1, 2009.

SECTION 2. Chapter 136, Human Resources Code, is transferred to Subtitle E, Title 2, Health and Safety Code, renumbered as Chapter 112, Health and Safety Code, and amended to read as follows:

CHAPTER 112 [~~136~~]. TEXAS COMMUNITY HEALTH CENTER REVOLVING
LOAN PROGRAM [~~FUND~~]

Sec. 112.001 [~~136.001~~]. PURPOSE. The legislature finds that:

1 (1) community health centers play a significant role
2 in the delivery of medical care and related services to the
3 residents of this state who cannot afford health insurance;

4 (2) community health centers are a cost-effective way
5 to provide primary and preventive health care to populations
6 lacking quality health care by reducing hospitalizations and the
7 inappropriate use of emergency rooms;

8 (3) the financing sources available for the capital
9 needs of community health centers, such as buildings and equipment,
10 are inadequate; and

11 (4) increasing community health centers' access to
12 capital would benefit residents of this state in poor and
13 underserved communities and foreign-born residents who are
14 uninsured, by providing greater access to primary care and
15 preventive health services and by targeting the common health
16 problems of these residents.

17 Sec. 112.002 [~~136.002~~]. DEFINITIONS. In this chapter:

18 (1) "Community health center" means a nonprofit
19 corporation in this state that:

20 (A) provides required primary health services,
21 including:

22 (i) basic health services;

23 (ii) referrals to providers of medical
24 services;

25 (iii) patient case management services;

26 (iv) outreach; and

27 (v) patient education; and

1 (B) has a governing board that:

2 (i) is composed of individuals, a majority
3 of whom are being served by the community health centers; and

4 (ii) represents the individuals being
5 served by the community health center.

6 (2) [~~"Commission" means the Health and Human Services~~
7 ~~Commission.~~

8 [~~(3)~~] "Development corporation" means a nonprofit
9 corporation that:

10 (A) provides revolving loan funds to community
11 health centers;

12 (B) accepts gifts and grants;

13 (C) seeks funding from various government and
14 private sources; [~~and~~]

15 (D) associates with a broad-based organization
16 serving community health centers; and

17 (E) is certified by the United States Department
18 of Treasury as a Community Development Financial Institution.

19 (3) [(4) "Fund" means the community health center
20 revolving loan fund established by this chapter.

21 [~~(5)~~] "Program" means the loan program authorized by
22 this chapter.

23 [~~Sec. 136.003. TRUST FUND. (a) The community health center~~
24 ~~revolving loan fund is a trust fund outside the state treasury held~~
25 ~~by a financial institution and administered by the commission as~~
26 ~~trustee on behalf of community health centers in this state.~~

27 [~~(b) The fund is composed of:~~

1 ~~[(1) money appropriated to the fund by the~~
2 ~~legislature;~~

3 ~~[(2) gifts or grants received from public or private~~
4 ~~sources; and~~

5 ~~[(3) income from other money in the fund.]~~

6 ~~[(c) The commission may accept on behalf of the fund gifts~~
7 ~~and grants for the use and benefit of the program.]~~

8 Sec. 112.003 [~~136.004~~]. DEVELOPMENT CORPORATION. The
9 department [~~commission~~] shall [~~contract with and~~] award a grant
10 [~~money~~] to a development corporation to carry out the purposes of
11 this chapter.

12 Sec. 112.004 [~~136.005~~]. INVESTMENT COMMITTEE. (a) Before
13 awarding a grant to [~~contracting with~~] a development corporation,
14 the department [~~commission~~] shall require the development
15 corporation to establish an investment committee to approve loan
16 requests of community health centers.

17 (b) The investment committee must consist of seven members
18 as follows:

19 (1) at least two members with lending experience;

20 (2) at least two members who receive health care
21 services from a community health center; and

22 (3) at least one member who represents the Texas
23 Association of Community Health Centers, Inc.

24 Sec. 112.005 [~~136.006~~]. LOANS TO COMMUNITY HEALTH CENTERS.

25 (a) The development corporation may make a loan to a community
26 health center only with the approval of the investment committee.

27 (b) The development corporation shall use at least 60

1 percent of the money received under the program for loans to
2 community health centers in existence for at least one year before
3 the loan date.

4 (c) A loan made by the development corporation may be
5 subordinated debt.

6 (d) The development corporation may make a loan under the
7 program through a partnership or joint investment with one or more
8 other lenders [~~financial institutions~~] or federal or state
9 programs.

10 (e) Payments on community health center loans shall be made
11 to the development corporation. The development corporation shall
12 use the loan payment money received from community health centers
13 to make new loans and cover the expenses of making and servicing
14 loans under [~~as provided by~~] this chapter.

15 (f) The development corporation may make a loan to fund a
16 joint project of two or more community health centers.

17 [~~Sec. 136.007. SELF-FUNDING. The commission shall develop~~
18 ~~the fund program as a revolving loan fund that will become~~
19 ~~self-funding over the life of the program.~~]

20 Sec. 112.006 [~~136.008~~]. INCOME FROM LOAN. All income
21 received on a loan made with money received under the program is the
22 property of the development corporation. Income received on a loan
23 includes the payment of interest by a borrower and the
24 administrative fees assessed by the development corporation.

25 Sec. 112.007 [~~136.009~~]. RULES. (a) The board [~~commission~~]
26 shall adopt rules necessary to administer this chapter and to
27 ensure a grant made under this chapter is used for the purposes

1 intended by the legislature~~[, including rules that require:~~

2 ~~[(1) the commission to review the lending and~~
3 ~~servicing practices of a development corporation to ensure the~~
4 ~~practices conform to generally accepted accounting principles;~~

5 ~~[(2) an eligible community health center to enter into~~
6 ~~an agreement with the development corporation that states the terms~~
7 ~~of the loan made to the center;~~

8 ~~[(3) the development corporation to provide to the~~
9 ~~commission semiannual reports giving details of the status of each~~
10 ~~loan made under the program;~~

11 ~~[(4) the development corporation to require annual~~
12 ~~audits of community health centers receiving loans under the~~
13 ~~program; and~~

14 ~~[(5) the commission to provide oversight of the~~
15 ~~development corporation as necessary to qualify the development~~
16 ~~corporation for loan guarantees from federal and state programs].~~

17 (b) Under rules adopted by the board ~~[commission]~~, the
18 development corporation may:

19 (1) make grants to eligible community health centers
20 from money other than money ~~[that is received from the fund and that~~
21 ~~was]~~ derived from a legislative appropriation; or

22 (2) seek funds from state or federal agencies or
23 private sources to supplement and complement the funds received
24 under the grant ~~[program]~~.

25 (c) The board ~~[commission]~~ may adopt other rules as
26 necessary to accomplish the purposes of this chapter.

27 SECTION 3. The Texas Board of Health shall adopt rules

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1 necessary for the Texas Department of Health to administer Chapter
2 112, Health and Safety Code, as transferred and amended by this Act,
3 not later than December 1, 2003.

4 SECTION 4. This Act takes effect September 1, 2003.