

# HOUSE BILL REPORT

## SB 5836

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**As Reported by House Committee On:**  
Capital Budget

**Title:** An act relating to community health center facilities.

**Brief Description:** Creating the Community Health Center Capital Trust Fund Account.

**Sponsors:** By Senators Fairley, Oke, Deccio, B. Sheldon, Winsley, Thibaudeau, Kline, Roach, Prentice, Constantine, Costa and Kohl-Welles.

**Brief History:**

**Committee Activity:**

Capital Budget: 3/26/01, 3/28/01 [DPA].

**Brief Summary of Bill**  
**(As Amended by House Committee)**

- Creates a community health center assistance program in the Washington Health Care Facilities Authority. An account is created for this program.

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### HOUSE COMMITTEE ON CAPITAL BUDGET

**Majority Report:** Do pass as amended. Signed by 17 members: Representatives Alexander, Republican Co-Chair; Murray, Democratic Co-Chair; Armstrong, Republican Vice Chair; Esser, Republican Vice Chair; McIntire, Democratic Vice Chair; Barlean, Bush, Hankins, Hunt, Lantz, O'Brien, Ogden, Poulsen, Reardon, Schoesler, Veloria and Woods.

**Minority Report:** Do not pass. Signed by 1 member: Representative Casada.

**Staff:** Charlie Gavigan (786-7340).

**Background:**

The Washington Health Care Facilities Authority was created in 1974. The purpose of the authority is to assist in the building and improvement of health care facilities in a manner that will minimize the capital costs of construction. The authority offers tax exempt financing to nonprofit health care facilities and is the third largest issuer of

municipal securities in the state. The bonds and notes issued by the authority do not constitute a legal or moral obligation of the state of Washington. Principal and interest payments on the debt obligations are supported solely by the revenues from the health care provider. Furthermore, the authority is prohibited by law from receiving any funds from the state in order to maintain a clear separation of authority. The board of the authority includes the Governor, Lieutenant Governor, the Insurance Commissioner, the Secretary of the Department of Health, and one public member appointed by the Governor.

The Community Health Center (CHC) Program is a federal grant program to provide for primary and preventive health care services in medically underserved areas throughout the United States and its territories. The CHCs provide family-oriented primary and preventive health care services for people living in medically underserved communities. The Migrant Health Program (MHP) provides grants to community nonprofit organizations for medical and support services to migrant and seasonal farmworkers and their families. In 1999, 21 community and migrant health care centers in the State of Washington received \$21.5 million from these federal grants. These community-based health providers are also federally qualified health centers. They must meet federal standards related to quality of care and cost and are qualified to receive cost-based reimbursement under Medicaid and Medicare. Finally, the centers receive \$6 million per year in state grant assistance through the Health Care Authority.

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### **Summary of Amended Bill:**

The community health center assistance program is created within the authority for the purpose of providing loans, subsidized loans or loan payment guarantees for qualifying community health centers. The loans may be used for construction, renovation, land acquisition, equipment, technical assistance and refinancing of existing indebtedness.

Eligible community health centers are defined as tax-exempt, non-profit, health care providers governed by a community-based board. Over half of the members of the board must be users of health care services. The centers must utilize a sliding scale fee based on the federal poverty level. At least two-fifths of patients served by an eligible center must be uninsured or on Medicaid, and at least two-thirds of the patients must have incomes below 200 percent of the federal poverty level.

The Community Health Center Capital Trust Fund account is established in the custody of the State Treasurer as a non-appropriated, allotted account. The Legislature does not intend to appropriate funds to this account for the 2001-2003 biennium. Funds in the account must be used by the Washington Health Care Facilities Authority for the purposes of the community health center assistance program. Repayments from loans made under the community health center assistance program are deposited into this

account.

**Amended Bill Compared to Bill:**

The striking amendment: (1) clarifies that the community health center program created in the bill is in addition to and separate from other authority programs; (2) removes language related to legislative appropriations to the Community Health Center Capital Trust Fund Account and adds language indicating that the legislative intent is to not appropriate state funds to this account for the 2001-03 biennium; and (3) allows assistance from special funds only to participants with assets that do not exceed \$50 million.

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**Appropriation:** None.

**Fiscal Note:** Not Requested.

**Effective Date of Amended Bill:** Ninety days after adjournment of session in which bill is passed.

**Testimony For:** Capital investments by community health centers increase access to health care. Loans to community health centers by the private sector are good risks. This program enhances the ability of the private sector to make loans to community health centers for their facilities. Helping community health centers meet capital needs assists the poor and disadvantaged. This program will help community health centers get the loans they need for their facilities by providing credit enhancements and other financing assistance.

**Testimony Against:** None.

**Testified:** (In support) Sharon Case, Washington Association of Community and Migrant Health Centers.