

SENATE BILL REPORT

SB 5836

As Passed Senate, March 14, 2001

Title: An act relating to community health center facilities.

Brief Description: Creating the community health center capital trust fund account.

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

Brief History:

Committee Activity: Ways & Means: 2/20/01, 2/21/01 [DP].

Passed Senate: 3/14/01, 39-9.

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass.

Signed by Senators Brown, Chair; Constantine, Vice Chair; Fairley, Vice Chair; Fraser, Kline, Kohl-Welles, Rasmussen, Regala, Snyder, Spanel, Thibaudeau and Winsley.

Staff: Michael Groesch (786-7434)

Background: The Washington Health Care Facilities Authority was created in 1974 by Chapter 70.37 RCW. 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 funded under Section 330 of the Public Health Service Act to provide for primary and preventive health care services in medically-underserved areas throughout the U.S. and its territories. 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 farm workers 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 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.

Summary of Bill: The community health center assistance program is created within the Washington Health Care Facilities 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, nonprofit health care providers governed by a community-based board. Over half 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 account is established in the custody of the State Treasurer as a non-appropriated, allotted account. 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 the account.

Appropriation: None.

Fiscal Note: Not requested.

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

Testimony For: Community Health Centers need to expand to meet the growing need of the uninsured and under insured. While some of the CHCs are able to address their capital needs through the Health Care Facilities Authority, others need additional assistance to meet the threshold financing requirements. CHCs attempt to provide services that complement rather than compete with private providers.

Testimony Against: None.

Testified: PRO: Gloria Rodriguez, WA Assoc. of Community and Migrant Health Centers; Greg Gratz, U.S. Bank; Mike Leong, Sea Mar Community Health Center; Anita Monoian, Yakima Neighborhood Health Centers.