

SUBJECT: Authorizing TDH to make grants for federally qualified health centers

COMMITTEE: Public Health — favorable, without amendment

VOTE: 5 ayes — Laubenberg, Truitt, Dawson, Taylor, Zedler

0 nays

4 absent — Capelo, Coleman, McReynolds, Naishtat

SENATE VOTE: On final passage, May 1 — 31-0, on Local and Uncontested Calendar

WITNESSES: *(On House companion bill, HB 1094:)*

For — Jose Camacho, Texas Association of Community Health Centers

Against — None

On — Connie Berry, Texas Department of Health

BACKGROUND: Federally qualified health centers (FQHCs) are public or not-for-profit, consumer-directed health-care centers that offer primary and preventive care to medically underserved and uninsured people. Funding for these centers is supported by federal grants under the federal Public Health Service Act. Centers must meet federal guidelines related to the array of services offered and cost. They are qualified to receive enhanced reimbursement under Medicaid and Medicare and can participate in the federal drug pricing program to obtain prescription drugs at a lower cost.

Some centers that meet the same basic qualifications as FQHCs are not official FQHCs because there are insufficient funds for them to receive Public Health Service grants. Because they resemble FQHCs, however, they receive the same reimbursement as FQHCs receive.

DIGEST: HB 1094 would allow the Texas Department of Health (TDH) to make grants to establish new FQHCs or expand existing ones. The purposes of the grants could include planning, development, capital improvement, and transitional operating support. This authority would expire September 1, 2009.

The bill would take effect September 1, 2003.

**SUPPORTERS
SAY:**

SB 610 would authorize TDH to help Texas FQHCs apply for federal grants that could provide significant new resources for the state. The federal health centers program received \$1.5 billion for fiscal 2003, a \$161 million increase over the previous year, as part of the president's initiative to expand FQHCs.

Texas needs more FQHCs because the state has a large underserved and uninsured population. Large rural areas have insufficient medical care, and some urban areas also are underserved as emergency room capacity is outpaced by urban growth and the high number of uninsured threaten the financial viability of local health-care systems. FQHCs treat people without insurance and help relieve the burden on emergency rooms, yet Texas has too few. One group of health-care advocates estimated that Houston alone could qualify for 12 additional FQHCs if funds were available.

TDH grants would help local centers build the infrastructure needed to obtain federal grants, which could include actual construction or expansion of facilities, help in creating the board structure needed for FQHC eligibility, or funding for a dedicated grant writer to enable the Texas centers to compete with grants from other states.

State grants could provide a significant boost to FQHCs and centers seeking that designation across the state. Available funding for FQHCs in the general appropriations bill through riders in the TDH budget ranges from \$9 million in the House version to \$20 million in the Senate version.

**OPPONENTS
SAY:**

The money that the riders in the general appropriations bill would allocate for FQHCs would be spent better on capital improvement grants alone. Expected reductions in Medicaid reimbursement and other budget cuts are likely to make it difficult for these centers to maintain their facilities in the coming years, as they will have to focus their funding on services alone. The amount of federal grants is quite low compared to what Texas would have to spend to prepare these centers to apply for the federal grants. It might not be worth the expense associated with the federal application process when the money could be used better to preserve what the centers already have.

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OTHER
OPPONENTS
SAY:

SB 610 should be amended to include a revolving loan program for community health centers to improve their access to funding. The House companion bill, HB 1094 by Capelo, was amended to create that program when it passed the House.

NOTES:

The fiscal note for SB 610 estimates a \$10 million cost to the state in fiscal 2004-05. It assumes that TDH would hire eight new employees and that the grants would be disbursed over the coming biennium.

The companion bill, HB 1094 by Capelo, passed the House on May 10 with the amendment noted above and has been referred to the Senate Administration Committee.