

Department of Legislative Services
Maryland General Assembly
2005 Session

FISCAL AND POLICY NOTE
Revised

House Bill 250 (The Speaker, *et al.*) (By Request – Administration)

Health and Government Operations

Finance

Department of Health and Mental Hygiene - Federally Qualified Health Centers
Grant Program

This Administration bill establishes a Federally Qualified Health Center (FQHC) Grant Program.

The bill takes effect July 1, 2005.

Fiscal Summary

State Effect: The Governor's proposed FY 2006 capital budget includes \$2.4 million in general obligation bonds to provide funding for seven FQHC projects for the acquisition, construction, or renovation of medical facilities. It is assumed that grants would remain relatively constant in future years. Revenues would not be affected.

Local Effect: Revenues could increase if local jurisdictions receive grants.

Small Business Effect: The Administration has determined that this bill has minimal or no impact on small business (attached). Legislative Services concurs with this assessment. The attached assessment does not reflect amendments to the bill.

Analysis

Bill Summary: On the recommendation of the Secretary of Health and Mental Hygiene, the Board of Public Works may make grants to counties, municipal corporations, and nonprofit organizations for: (1) the conversion of public buildings to FQHCs; (2) the acquisition of existing buildings for use as FQHCs; (3) the renovation of FQHCs; (4) the

purchase of capital equipment for FQHCs; or (5) the planning, design, and construction of FQHCs.

Any county, municipal corporation, or nonprofit organization sponsoring a project involving FQHCs may apply to the Secretary of Health and Mental Hygiene for a State grant to be applied toward the cost of the project. Any federal or other grant that is received for an eligible project must be applied first to the project's cost. A State grant may not exceed 50% of the cost of eligible work remaining unpaid after all federal grants have been applied. For a project designated as eligible for poverty area funding under federal, State, or departmental regulations, a State grant may cover up to 75% of the cost of eligible work remaining unpaid after all federal grants have been applied. Community development block grant funds are considered local matching funds and may not be considered federal grant funds.

The bill specifies prohibited uses of State FQHC grants and provides for State recovery of grants when FQHC property is sold or ceases to be an FQHC. The bill provides the State with remedies if a grantee defaults on the grant agreement, including liens against the property.

Beginning in fiscal 2007 and annually thereafter, the Governor must include an appropriation in the capital budget for this program.

Current Law: There are similar State funding mechanisms for adult day care, assisted living, and community health facilities.

Background: FQHCs are private, not-for-profit health care centers that provide comprehensive primary and preventive care to medically underserved and uninsured people. They are not permitted to refuse care based on ability to pay.

FQHCs are eligible for federal grants, such as a Section 330 grant. Section 330 of the Public Health Service Act defines federal grant funding opportunities for organizations to provide care to underserved populations. Types of organizations that may receive 330 grants include: community health centers, migrant health centers, health care for the homeless programs, and public housing primary care programs. FQHCs are also eligible to apply for federal REACH grants. The REACH Initiative seeks to expand the number of community health centers nationally. The program supports the development of 1,200 new or expanded health center sites that will serve an additional 6 million new patients over the next five years.

The fiscal 2006 capital budget includes funding to provide grants to the following FQHCs:

<u>FQHC</u>	<u>Project Type</u>	<u>State Grant</u>
Baltimore Medical System Inc.	Acquisition	\$525,000
Family Health Centers	Renovation/Acquisition	\$320,000
Greater Baden Medical	Construction	\$100,000
Health Care for the Homeless	Renovation	\$500,000
Peoples Community Health	Renovation	\$305,000
Total Health Care Inc.	Renovation	\$169,000
Tri-State Community Health	Construction	\$500,000
Total		\$2,419,000

The fiscal 2005 capital budget includes \$2.4 million to provide grants to FQHCs. These funds have been expended.

Additional Information

Prior Introductions: Similar bills, HB 290 and SB 189, were introduced in 2004. HB 290 was not reported from the Health and Government Operations Committee. SB 189 passed the Senate but no action was taken by the House. HB 1271/SB 715 of 2004 proposed a similar FQHC grant program. HB 1271 passed the House, but failed in the Senate. SB 715 was not reported by the Finance Committee.

Cross File: SB 210 (The President, *et al.*) (By Request – Administration) – Finance.

Information Source(s): Board of Public Works, Department of Health and Mental Hygiene (Planning, Medicaid, Family Health Administration), Department of Legislative Services

Fiscal Note History: First Reader - February 28, 2005
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