

- SUBJECT:** Authorizing state grants for Federally Qualified Health Centers
- COMMITTEE:** Public Health — favorable, without amendment
- VOTE:** 8 ayes — Capelo, Laubenberg, Truitt, Dawson, McReynolds, Naishtat, Taylor, Zedler
- 0 nays
- 1 absent — Coleman
- WITNESSES:** 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 cost and array of services. 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 regular FQHCs are not official FQHCs because of the lack of sufficient funds for them to receive Public Health Service grants. However, because they resemble FQHCs, they receive the same reimbursement as other FQHCs.
- DIGEST:** HB 1094 would allow the Texas Department of Health to make grants to establish new FQHCs or expand existing ones. The purpose 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:**

HB 1094 would enable Texas' FQHCs and potential FQHCs to obtain access to significant new funding at the federal level. The federal program received \$1.5 billion for fiscal 2003, a \$161 million increase over the previous year. Part of President Bush's initiative to expand FQHCs, this new funding is available in the form of grants for which centers may apply. This bill would authorize TDH to help Texas centers apply for the federal grants.

Texas needs more FQHCs because the state has a large underserved and uninsured population. While the state has large rural areas with insufficient medical care, some urban areas also are underserved, as emergency room capacity is outpaced by urban growth and the high number of uninsured people threaten the financial viability of local health-care systems. FQHCs treat people without insurance and help relieve the burden on emergency rooms. One group of health-care advocates has 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 a federal grant, which could include actual construction or expansion of facilities, help 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.

The state grants could be a significant boost to FQHCs and centers seeking that designation across the state. Total funding for FQHCs in the general appropriations bill for fiscal 2004-05 would range from \$9 million in grants through a rider in the House-passed version to \$20 million through a rider in the Senate-passed 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. Anticipated cuts 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.

HB 1094
House Research Organization
page 3

NOTES:

The bill's fiscal note estimates a \$10 million general revenue cost to the state during fiscal 2004-05. It assumes that TDH would hire eight new employees and that the grants would be disbursed during the biennium.

The companion bill, SB 610 by Nelson, passed the Senate on the Local and Uncontested Calendar on May 1 and has been referred to the House Public Health Committee.