

(The House considered SB 526 by Nelson, the Senate companion bill, in lieu of HB 1169, the House version of the bill, which had been set on the daily calendar and was analyzed by the House Research Organization. The bill subsequently was enacted as SB 526.)

HOUSE		HB 1169
RESEARCH		Martinez
ORGANIZATION	bill analysis	(CSHB 1169 by Truitt)
	5/11/2009	

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**SUBJECT:** Continuing and expanding grants for federally qualified health centers

**COMMITTEE:** Public Health — committee substitute recommended

**VOTE:** 10 ayes — Kolkhorst, Naishtat, Coleman, J. Davis, Hopson, S. King, Laubenberg, McReynolds, Truitt, Zerwas

0 nays

1 absent — Gonzales

**WITNESSES:** For — José Camacho and Mackie Owens, Texas Association of Community Health Centers; (*Registered, but did not testify:* Miryam Bujanda, Methodist Healthcare Ministries; Lisa Jackson, Texas Academy of Physician Assistants; Mark Mendez, Tarrant County; Robin Moore, East Texas Community Health Services; Katherine Zackel, Texans Care for Children)

Against — None

On — (*Registered, but did not testify:* Connie Berry, Texas Department of State Health Services)

**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 service cost. They are qualified to receive enhanced reimbursement under Medicaid and Medicare.

Some centers that meet the qualifications to be an FQHC are not designated as a FQHC because there are insufficient funds for them to receive Public Health Service grants. Because they resemble FQHCs, however, they receive the same reimbursement rates that FQHCs receive.

SB 610 by Nelson, enacted by the 78th Legislature in 2003, permits infrastructure grants to be made to establish new FQHCs or expand existing ones. The Legislature has appropriated \$10 million in general revenue funds per biennium since enactment of this bill to fund infrastructure grants. SB 610 is set to expire September 1, 2009.

**DIGEST:**

CSHB 1169 would allow the Department of State Health Services (DSHS) to make FQHC infrastructure grants to support new or expanded services at facilities that can qualify as FQHCs, in addition to making grants to establish new facilities or expand existing facilities.

The bill also would eliminate the September 1, 2009, expiration date for making FQHC infrastructure grants.

The bill would take effect August 31, 2009.

**SUPPORTERS  
SAY:**

CSHB 1169 would allow DSHS to continue making FQHC infrastructure grants, which have been integral in expanding the number of patients served by FQHCs to 770,000 in 2007, a 41-percent increase over service levels in 2003 when the grants first were authorized. With an investment of only \$5 million per year, the grant program has assisted Texas in getting \$40 million more per year in federal funding.

Texas needs more FQHCs because the state has a large underserved and uninsured population and FQHCs are one of the most cost-effective ways to provide medical services to these Texans. In 2007, 56 percent of FQHC patients were uninsured, 24 percent were on Medicaid, and 61 percent had incomes of 100 percent or less of the federal poverty level. Large rural areas have insufficient medical care, and some urban areas also are underserved as emergency room capacity is outpaced by urban growth. 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 in terms of both service levels and uncompensated care costs.

The grants reauthorized by CSHB 1169 would help local community health centers build the infrastructure needed to obtain federal grants. For those centers that do not receive federal grants following receipt of a start-up grant, CSHB 1169 would allow DSHS to make grants to support new or expanded services at facilities qualified to be FQHCs. The grant process is competitive, and Texas must fight for limited funding with applicants

from other states. The continued investment in expanding services at certain health centers would ensure that Texas could benefit from more facilities receiving federal grant money.

Although the fiscal note indicates that this bill would cost \$5 million in general revenue funds each year of the biennium, this level of funding already has been included in the DSHS bill pattern in both the House- and Senate-passed versions of the budget. This bill only would continue funding FQHC infrastructure grants at the fiscal 2008-09 level.

**OPPONENTS  
SAY:**

CSHB 1169 should not expand the permissible uses of FQHC infrastructure grants to help facilities support new or existing services. As many communities as possible should have the opportunity to build infrastructure to obtain FQHC status. Making grants to expand services to facilities that already had received start-up funding could deny support to other deserving communities that had not yet received start-up funding.

**NOTES:**

The companion bill, SB 526 by Nelson, passed the Senate by 28-0 on April 17 and was reported favorably, without amendment, by the House Public Health Committee on May 1, making it eligible to be considered in lieu of HB 1169.

According to the fiscal note, the LBB estimates a cost of \$10 million in general revenue funds in fiscal 2010-11. The fiscal note indicates that these funds already were included in the DSHS bill pattern in SB 1.

Both the House- and Senate-passed versions of SB 1, the general appropriations bill, include \$10 million in fiscal 2010-11 in DSHS Strategy B.3.2, FQHC Infrastructure Grants.