

JAN 25 2006

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# A BILL FOR AN ACT

RELATING TO FEDERALLY QUALIFIED HEALTH CENTERS.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. The legislature finds that nonprofit federally  
2 qualified health centers provide critically needed primary and  
3 preventive care to low income communities throughout the State.  
4 These centers served seventy-five thousand individuals in 2005,  
5 which is about six per cent of the State's population. Those  
6 who utilize federally qualified health centers include twenty-  
7 five per cent of Hawaii's uninsured, seventeen per cent of  
8 Medicaid/Quest beneficiaries, and about a third of the State's  
9 known homeless population.

10           The early treatment and preventive health programs provided  
11 by the centers often reduce the severity of later and costlier  
12 diagnoses at a savings to the State. By virtue of their mission  
13 to provide health care to low income patients regardless of  
14 ability to pay, these centers have limited access to  
15 conventional borrowing for facility purchase, renovation,  
16 equipment replacement, modernization, or information system  
17 upgrades because lenders view them as a higher risk.  
18 Furthermore, the centers have historically lacked funds for



1 capital maintenance, leading to significant deferred maintenance  
 2 capital needs. It is estimated that the thirteen centers in the  
 3 State currently have combined capital needs in excess of  
 4 \$100,000,000.

5 The legislature finds that it is the policy of the State of  
 6 Hawaii to promote the safety, health, and welfare of the people  
 7 of the State through investment in this primary care services  
 8 delivery system, by providing a revolving loan fund to assist in  
 9 meeting the capital needs of community health centers.

10 SECTION 2. Chapter 346, Hawaii Revised Statutes, is  
 11 amended by adding a new section to be appropriately designated  
 12 and to read as follows:

13 **"§346- Community health center capital improvements**  
 14 **revolving fund.** There is established in the state treasury the  
 15 community health center capital improvements revolving fund to  
 16 provide low interest loans for maintenance, repair, and  
 17 construction of federally qualified community health centers.  
 18 The revolving fund shall be administered by the director of  
 19 human services."

20 SECTION 3. There is appropriated out of the general  
 21 revenues of the State of Hawaii the sum of \$ , or so much  
 22 thereof as may be necessary for fiscal year 2006-2007, for the



1 community health center capital improvements revolving fund for  
2 the purposes of this Act.

3 The sum appropriated shall be expended by the department of  
4 human services for the purposes of this Act.

5 SECTION 4. New statutory material is underscored.

6 SECTION 5. This Act shall take effect upon its approval,  
7 except that section 3 shall take effect on July 1, 2006.

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INTRODUCED BY:

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# SB. NO. 3271

**Report Title:**

Federally Qualified Health Centers

**Description:**

Creates the community health center capital improvements revolving fund. Appropriates \$            for the fund.

