

2024 MCHS SB 881 Senate Side.pdf

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Position: FAV



Maryland Community Health System

Committee:	Senate Budget and Taxation Committee
Bill Number:	Senate Bill 881 – Public Health – Federally Qualified Health Centers Grant Program – Recovery of Funding
Hearing Date:	February 20, 2024
Position:	Support

The Maryland Community Health System (MCHS) supports *Senate Bill 881 – Public Health – Federally Qualified Health Centers Grant Program – Recovery of Funding*. The bill will would alter the number of years after completion of a project funded in part by a grant of the Federally Qualified Health Centers Grant Program after which the State may recover funding.

The Maryland Community Health System is a network of federally qualified health centers (FQHC) located across Maryland. The FQHC Grant Program which is under the Department of Health, provides capital grants to assist in the conversion, acquisition, design, construction, renovation, and equipping of Federally Qualified Health Center facilities. Currently, FQHCs may apply to the program if they are in leased space as long as the lease is for 15 years, however, this program unlike other capital grant programs, has a state right to recovery if the property is used for anything other than a FQHC of 30 years. FQHCs that do not have the ability to purchase and need leased space are having difficulty finding property owners that are willing to lease them space with a 30-year lease or FQHC's are having difficulty applying for the program because the property owner is not willing to encumber their property for up to 30 years when the property owner is only offering a 15-year lease.

This bill ultimately addresses the problem FQHCs are having with regards to being eligible for the program when operating with leased property. MCHS worked closely with the Department of Health on an amendment to allow for a 15-year state right to recovery for FQHC's that are on leased property and maintaining the 30-year right to recovery for owned property.

We request a favorable report with the sponsor amendment. If we can provide any further information, please contact Michael Paddy at mpaddy@policypartners.net.

SB0881_FAV_MACHC_PH - FQHCs Grant Program - Recove

Uploaded by: Pam Kasemeyer

Position: FAV



TO: The Honorable Guy Guzzone, Chair
Members, Senate Budget and Taxation Committee
The Honorable Craig J. Zucker

FROM: Pamela Metz Kasemeyer
Danna L. Kauffman
Christine K. Krone

DATE: February 21, 2024

RE: **SUPPORT** – Senate Bill 881 – *Public Health – Federally Qualified Health Centers Grant Program – Recovery of Funding*

The Mid-Atlantic Association of Community Health Centers (MACHC) is the federally designated Primary Care Association for Delaware and Maryland Community Health Centers. As the backbone of the primary care safety net, Federally Qualified Health Centers (FQHCs) are united by a shared mission to ensure access to high-quality health care to all individuals, regardless of ability to pay. FQHCs are non-profit organizations providing comprehensive primary care to the medically underserved and uninsured. MACHC supports its members in the delivery of accessible, affordable, cost effective, and quality primary health care to those most in need. To this end, MACHC **supports** Senate Bill 881.

The Maryland Department of Health administers the FQHC Grant Program, which provides capital grants for the construction, renovation, and expansion of FQHCs in order to expand access to care to Maryland's most vulnerable populations in medically underserved areas. Senate Bill 881 proposes to alter the number of years after the completion of a project funded in part by a capital grant under the FQHC Grant Program, after which the State may recover funding under specified circumstances. A grant may be provided to an FQHC, which owns the property or has a 15-year lease. Under current law, the right of recovery is 30 years, which is double the timeframe required for a property that has a 15-year lease. FQHCs have faced challenges to secure an agreement by a landlord to agree to a 30-year right of recovery when the lease is only 15 years, thereby limiting access to the Grant Program to expand access to care in medically underserved areas.

Under capital grant programs administered by the Department of General Services (DGS) the right of recovery is 15 years, regardless of whether the property is owned or leased. Senate Bill 881 will align the FQHC Grant Program with the other grant programs administered by DGS by reducing the right of recovery to 15 years. A favorable report is requested.

For more information call:

Pamela Metz Kasemeyer
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Uploaded by: Senator Craig Zucker

Position: FAV



SB0881/153925/1

AMENDMENTS
PREPARED
BY THE
DEPT. OF LEGISLATIVE
SERVICES

19 FEB 24
20:35:28

BY: Senator Zucker
(To be offered in the Budget and Taxation Committee)

AMENDMENT TO SENATE BILL 881
(First Reading File Bill)

On page 2, in line 11, after “(a)” insert “**(1)**”; in the same line, strike “The” and substitute “**EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION, THE**”; strike beginning with “, within” in line 16 down through “project,” in line 17; in lines 18 and 21, strike “(1)” and “(2)”, respectively, and substitute “**(I)**” and “**(II)**”, respectively; and after line 22, insert:

“(2) THE STATE MAY NOT RECOVER UNDER PARAGRAPH (1) OF THIS SUBSECTION:

(I) IF THE PROPERTY WAS LEASED BY THE FEDERALLY QUALIFIED HEALTH CENTER, MORE THAN 15 YEARS AFTER COMPLETION OF THE PROJECT; OR

(II) IF THE PROPERTY WAS OWNED BY THE FEDERALLY QUALIFIED HEALTH CENTER, MORE THAN 30 YEARS AFTER COMPLETION OF THE PROJECT.”.

SB881_Zucker_FAV.pdf

Uploaded by: Senator Craig Zucker

Position: FAV

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Budget and Taxation Committee
Chair, Capital Budget Subcommittee

Chair, Senate Democratic Caucus

THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

Testimony of Senator Craig J. Zucker
Senate Bill 881 - Public Health- Federally Qualified Health Centers Grant Program -
Recovery of Funding
February 21st, 2024
1:00 PM
Position: Favorable

Good afternoon, Chair Guzzone, Vice Chair Rosapepe, and distinguished members of the committee. It is my pleasure to testify today in support of **Senate Bill 881 - Public Health - Federally Qualified Health Centers Grant Program - Recovery of Funding.**

The Federally Qualified Health Center (FQHC) Grant Program provides capital grants to assist in the conversion, acquisition, design, construction, renovation, and equipping of FQHC facilities. A FQHC is a federal designation health center that can provide primary care, specialty care, dental, mental health, and drug and alcohol abuse treatment services. Additionally, a FQHC is required to serve every patient that comes through its door, regardless of income or insurance status.

Currently, FQHCs may apply to the program if they are in 15-year leased space. However, unlike other programs, this program has a state right to recovery of 30 years. For FQHCs that do not have the ability to purchase and need leased space, this creates challenges in finding property owners that are willing to lease them space with a 30-year lease, as well as challenges in applying for the program.

Senate Bill 881 would align the FQHC Grant Program in the same posture as other capital programs and address the challenges FQHCs are having regarding being eligible for the program when operating with leased property. In partnership with the Department of Health, we have crafted an amendment to allow for a 15-year state right to recovery for FQHCs located on leased property while maintaining the 30-year right to recovery for owned property.

With this amendment, I would ask the Committee for a favorable report with on Senate Bill 881.

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Uploaded by: Jason Caplan

Position: FWA



Wes Moore, Governor · Aruna Miller, Lt. Governor · Laura Herrera Scott, M.D., M.P.H., Secretary

February 21, 2024

The Honorable Guy Guzzone
Chair, Budget and Taxation Committee
Room 3 West Miller Senate Office Building
Annapolis, MD 21401-1991

RE: Senate Bill 881 Public Health – Federally Qualified Health Centers Grant Program – Recovery of Funding – Letter of Support with Amendments

Dear Chairman Guzzone and Committee Members,

The Maryland Department of Health (Department) respectfully submits this letter of support with amendments for Senate Bill (SB) 881 - Public Health – Federally Qualified Health Centers Grant Program – Recovery of Funding. SB 881 will amend the State’s right of recovery on the property for Capital Grant Projects involving Federally Qualified Health Centers (FQHCs) from 30 years to 15 years after the completion of a project in the event the property is sold by the grantee.

The Department’s Office of Facilities Management and Development oversees the Department’s FQHC Capital Grant Program (Program). The Program may be used to support the purchase of equipment, conversions, acquisitions, renovations, planning, and construction for FQHCs to provide critical healthcare services, including primary care, specialty care, OB/GYN, dental, mental health, and drug and alcohol abuse treatment services to all individuals regardless of their ability to pay or health insurance status.

The Department supports SB 881 with some suggested friendly amendments. Specifically, the Department proposes amendments that would maintain the 30 year right of recovery for real property which is *owned* by an FQHC. The Department also proposes reducing the right of recovery from 30 years to 15 years for property that is *leased* by a FQHC and is sold or

Senate Bill 881 Public Health – Federally Qualified Health Centers Grant Program – Recovery
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February 21, 2024

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transferred to an individual or entity that is not qualified as an applicant, or not approved as a transferee by the Board of Public Works.

Providing a 30 year right of recovery for properties owned by a FQHC, and 15 years for properties that are leased, can ensure the continuity of these critical services provided by the Program. The Department notes that 15 years is consistent with industry standards for leases.

If you would like to discuss this further, please contact Sarah Case-Herron, Director of Governmental Affairs, at sarah.case-herron@maryland.gov.

Sincerely,

A handwritten signature in blue ink, appearing to read "L. Herrera Scott".

Laura Herrera Scott, M.D., M.P.H.
Secretary

cc: Sara Case-Herron, Director, MDH Office of Government Affairs