SENATE DOCKET, NO. 1088 FILED ON: 1/20/2011

SENATE . . . . . No. 1105

The Commonwealth of Massachusetts

PRESENTED BY:

John Hart, Jr.

To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled:

The undersigned legislators and/or citizens respectfully petition for the adoption of the accompanying bill:

An Act to ensure quality, affordability and access to primary and preventive health care, to eliminate health disparities, and to enhance economic growth throughout the Commonwealth..

PETITION OF:

NAME:	DISTRICT/ADDRESS:
John Hart, Jr.	

SENATE DOCKET, NO. 1088 FILED ON: 1/20/2011

SENATE . . . . . No. 1105

By Mr. Hart, petition (accompanied by bill, Senate, No. 1105) of Hart for legislation to establish a state health service corps within the Executive Office of Health and Human Services to ensure the quality, affordability and access to primary and preventive health care throughout the Commonwealth [Joint Committee on Public Health].

[SIMILAR MATTER FILED IN PREVIOUS SESSION
SEE HOUSE, NO. *2163* OF 2009-2010.]

The Commonwealth of Massachusetts

In the Year Two Thousand Eleven

An Act to ensure quality, affordability and access to primary and preventive health care, to eliminate health disparities, and to enhance economic growth throughout the Commonwealth..

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

SECTION 1. Chapter 6A of the General Laws, as most recently amended by section 3 of chapter 58 of the Acts of 2006, is hereby amended by adding the following new sections:-

Section 16P. The Secretary of Health and Human Services, jointly with the Commissioner of Public Health, the Massachusetts League of Community Health Centers and the University of Massachusetts Medical School and in consultation with other health professionals and organizations, shall establish a State Health Service Corps for the purpose of uniting community health centers with caring health professionals, and supporting community-based care at community health centers. The goal of the State Health Service Corps shall be to provide comprehensive team-based health care at community health centers that bridges

geographic, financial, cultural, and language barriers for the medically underserved. The State Health Service Corp shall:

(a) Form partnerships with community health centers serving medically underserved areas or populations, educational institutions, and community and professional organizations;

(b) Recruit caring, culturally competent clinicians for community health centers;

(c) Provide opportunities and professional experiences to students through a Scholarship and Loan Repayment Program and a state SEARCH (Student/Resident Experiences and Rotations in Community Health Centers) program;

(d) Work to establish systems of care that remain after an SHSC clinician departs; and

(e) Shape the way clinicians practice by building a community of dedicated health professionals who continue to work with the underserved even after their SHSC commitment has been fulfilled.

The scholarship and loan repayment program referenced in paragraph (b) shall fund loan forgiveness or loan repayment programs for at least ten new primary care clinicians annually for a period of three years per clinician and shall fund minimum loan forgiveness or repayment of $25,000 per clinician per year, in exchange for the clinician's commitment to practice full time in one or more community health centers for three consecutive years.

Section 16Q. There is hereby established within the Executive Office of Health and Human Services an Office of State Health Policy which shall be responsible for health access and primary care development, planning, coordination and federal designations. Such office shall serve as the primary care office for the Commonwealth and shall consult with the

Massachusetts League of Community Health Centers on responsibilities in connection with such office. Such office shall enhance coordination on public health issues among state agencies, municipal public health entities, and community health centers.

SECTION 2. Section 28A of chapter 7 of the General Laws, as appearing in the 2004 Official Edition, is hereby amended by adding the following clause:

Said administrator may enter into agreements with the Massachusetts League of Community Health Centers, for training or education programs for community health center employees at state and community colleges, the University of Massachusetts or other educational institutions, including continuing medical education programs; provided that such agreements shall require that a portion of the cost of such training or program shall be paid for by said employees.

SECTION 3. Chapter 29 of the General Laws, as most recently amended by section 8 of chapter 58 of the Acts of 2006, is hereby amended by adding the following sections:

Section 2SSS. There is hereby established and set up on the books of the commonwealth a separate fund to be known as the Essential Community Health Center Trust Fund, in this section called the trust fund. There shall be credited to the trust fund: (a) any funds that may be appropriated or transferred for deposit into the trust fund; and (b) any income derived from investment of amounts credited to the trust fund. In conjunction with the preparation of the commonwealth's annual financial report, the comptroller shall prepare and issue an annual report detailing the revenues and expenditures of the trust fund. The comptroller shall certify payments, including payments during the accounts payable period, in anticipation of revenues, including receivables due and collectibles during the months of July and August, from the trust

fund for the purpose of making authorized expenditures. The health safety net office shall administer the trust fund and disburse funds from the trust fund for the purpose of payments to community health centers under clause (12) of paragraph (b) of section 56 of chapter 118E and any further regulations promulgated by the office.

Section 2TTT. There is hereby established and set up on the books of the commonwealth a separate fund to be known as the Commonwealth Community Health Center Innovation and Improvement Fund, in this section called the trust fund. There shall be credited to the trust fund: (a) any funds that may be appropriated or transferred for deposit into the trust fund; and (b) any income derived from investment of amounts credited to the trust fund. In conjunction with the preparation of the commonwealth's annual financial report, the comptroller shall prepare and issue an annual report detailing the revenues and expenditures of the trust fund. The comptroller shall certify payments, including payments during the accounts payable period, in anticipation of revenues, including receivables due and collectibles during the months of July and August, from the trust fund for the purpose of making authorized expenditures.

The secretary of the executive office of health and human services shall administer the trust fund, in consultation with the Massachusetts League of Community Health Centers and Capital Link, and shall disburse funds from the trust fund for the purpose of issuing grants and low-interest loans to independent and hospital-licensed community health centers for expenditures related to:

(1) creation, expansion or upgrade of electronic health records, computerized physician order entry or other information technology;

(2) replacement of aging hardware, interfaces, upgrades, community-wide health information exchange, or one-time support for loss of productivity during implementation of electronic health records or computerized physician order entry;

(3) major capital projects undertaken by community health centers, including those for which a grant under this section may leverage new market tax credits;

(4) routine capital, equipment or furniture needs, including equipment or furniture replacement, and minor expansions of community health center programs or services;/

(5) construction and pre-development assistance and Capital Link administrative expenses; and

(6) additional expenses that may be outlined in guidelines or regulations to be promulgated by the secretary.

SECTION 4. Section 2 of chapter 32A, as most recently amended by section 9 of chapter 324 of the Acts of 2006, is hereby further amended by inserting, after the words “connector authority” the following words: a Massachusetts community health center, at the option of such health center

SECTION 5. Chapter 62 of the General Laws, as appearing in the 2004 official edition, is hereby amended by adding, after section 6J, the following section: --

Section 6K. (a) For the purposes of this section, unless the context clearly requires otherwise, the following words shall have the following meanings:-

“Commissioner”, the commissioner of revenue.

"Community Development Entity", a domestic corporation or partnership if (a) the primary mission of the entity is serving, or providing investment capital for, Low-Income Communities or Low-Income Persons; (b) the entity maintains accountability to residents of low-income communities through their representation on any governing board of the entity or on any advisory board to the entity; and (c) the entity is certified by the department as being a qualified community development entity. A qualified community development entity may also be a limited liability company that meets the above tests.

"Compliance period", the period of 17 taxable years beginning with the first taxable year the Massachusetts community health center new markets tax credit is claimed.

"Department", the executive office of health and human services or its successor agency.

"Eligibility statement", a statement authorized and issued by the department certifying that a given project is a qualified Massachusetts community health center project. The department shall, in consultation with the commissioner, promulgate regulations establishing criteria upon which the eligibility statements will be issued. The eligibility statement shall specify the maximum annual amount of the Massachusetts community health center new markets tax credit authorized. The department shall only authorize the tax credits to qualified Massachusetts projects which are placed in service on or after January 1, 2007.

"Federal new markets tax credit", the federal tax credit as provided in section 45D of the Internal Revenue Code, as amended and in effect for the taxable year.

"Community Health Center project", a qualified community health center project, as defined by the department consistent with the federal definition of a qualified active low-income community business contained in section 45D of the Internal Revenue Code, as amended and in

effect for the taxable year, which is located in the commonwealth, which meets the requirements of this section, and whose community health center enters into a regulatory agreement with the department.

"Qualified Equity Investment", means any equity investment in a community development entity if (a) such investment is acquired by the investor at its original issue, directly or through an underwriters, solely in exchange for cash; (b) substantially all of such cash is used by the community development entity to make qualified low-income community investments; and (c) the investment is designated for purposes of this section by the community development entity as a qualified equity investment. Qualified equity investment also includes the purchase of a Qualified Equity Investment from a prior holder, to the extent provided in IRC section 45D(b)(4). Qualified equity investment does not include an equity investment issued by a community development entity more than five years after the date the community development entity receives a new markets tax credit allocation. Any allocation not used within such five year period may be reallocated by the department. For purposes of this section, "equity investment" means (a) any stock, other than nonqualified preferred stock as defined in IRC section 351(g)(2)) in a corporation and (b) any capital interest in a partnership. An LLC shall be deemed to be either a corporation or a partnership according to the LLC's treatment under federal tax law.

"Regulatory agreement", an agreement between the community health center of the qualified Community Health Center project and the department. Such agreement may be subordinated to the lien of a bank or other institutional lender providing financing to the qualified Massachusetts project, upon the request of such bank or lender.

"Taxpayer", a person, firm, partnership or other entity subject to the income tax imposed by the provisions of this chapter.

(b)(1) There is hereby established a Massachusetts community health center new markets tax credit. The department may authorize annually, for the 10 year period beginning January 1, 2007, and ending December 31, 2017, under this section together with section 31L of chapter 63, the total sum of 50 per cent of the federal new markets tax credits provided to any taxpayer in exchange for making a qualified equity investment that benefits an eligible Massachusetts community health center pursuant to section 45D of the Internal Revenue Code, as amended and in effect for the taxable year; (2) unused community health center new markets tax credits, if any, for the preceding calendar years; and (3) any Massachusetts community health center new markets tax credits returned to the department by a qualified Massachusetts Community Health Center project.

Allowance of the credit, including the amount of the credit, applicable percentage, and credit allowance date, shall be determined consistent with the provisions of paragraph (a) of section 45D of the Internal Revenue Code

(2) Unless otherwise provided in this section or the context clearly requires otherwise, the department shall authorize, administer, determine eligibility for the Massachusetts community health center new markets tax credit and allocate the credit consistent with the standards and requirements as set forth in section 45D of the Internal Revenue Code; provided, however, that the combined federal and Massachusetts community health center new markets tax credit shall be the least amount necessary to ensure financial feasibility.

(3) The department shall allocate the total available Massachusetts community health center new markets tax credit among as many qualified Massachusetts community health center projects as fiscally feasible, with the goal of strengthening the commonwealth's community health centers.

(c)(1) A taxpayer may be allowed a state tax credit with respect to a qualified Massachusetts community health center project that also benefits from a federal new markets tax credit, provided that the department issues an eligibility statement for that qualified Massachusetts community health center project. This state tax credit shall be termed the Massachusetts community health center new markets tax credit.

(2) The total Massachusetts community health center new markets tax credit available to a qualified Massachusetts community health center project shall be authorized and allocated by the department, or its successor agency, based on the qualified Massachusetts community health center project's need for the credit for economic feasibility.

(3) The Massachusetts community health center new markets tax credit shall be taken against the taxes imposed under this chapter, claimed equally for seven years, subtracted from the amount of state tax otherwise due for each taxable period and shall not be refundable. Any amount of the community health center new markets tax credit that exceeds the tax due for a taxable year may be carried forward to any of the seven subsequent taxable years.

(4) All or any portion of tax credits issued in accordance with the provisions of this section may be allocated to parties who are eligible under the provisions of paragraph (1) of subsection (c). The Community Development Entity that provides federal new markets tax credits to benefit a qualified Massachusetts community health center project shall certify to the

commissioner the amount of credit allocated to such taxpayer. The Community Development Entity shall provide to the commissioner appropriate information so that the community health center new markets tax credit can be properly allocated.

(5) In the event that recapture of Massachusetts community health center new markets tax credit is required pursuant to paragraph (1) or (2) of subsection (d), any statement submitted to the commissioner as provided in subsection (c) shall include the proportion of the state credit required to be recaptured, the identity of each taxpayer subject to the recapture and the amount of credit previously allocated to such taxpayer.

(6) The director of the department, in consultation with the commissioner, shall promulgate regulations necessary to administer the provisions of this paragraph.

(d)(1) The taxpayer investing in a project to benefit a qualified Massachusetts community health center project eligible for the Massachusetts community health center new markets tax credit shall submit, at the time of filing the taxpayer's state tax return, a copy of the eligibility statement issued by the department with respect to such qualified Massachusetts community health center project. In the case of failure to attach the eligibility statement, a credit under this section shall not be allowed with respect to such qualified Massachusetts community health center project for that year until the copy is provided to the department of revenue.

(2) If under Section 45D of the Internal Revenue Code, as amended, a portion of any federal new markets tax credits is required to be recaptured, the Massachusetts community health center new markets tax credit authorized by this section with respect to such qualified Massachusetts community health center project shall also be recaptured in accordance with regulations promulgated by the commissioner.

(e) The commissioner or the department, through the promulgation of regulations, may require the filing of additional documentation necessary to determine the eligibility or accuracy of a tax credit claimed under the provisions of this section.

(f)(1) All or any portion of tax credits issued in accordance with the provisions of this section may be transferred, sold or assigned to parties who are eligible under the provisions of paragraph (1) of subsection (c).

(2) An owner or transferee desiring to make a transfer, sale or assignment as described in paragraph (1) of subsection (f) shall submit to the commissioner a statement which describes the amount of Massachusetts community health center new markets tax credit for which such transfer, sale or assignment of Massachusetts community health center new markets tax credit is eligible. The owner shall provide to the commissioner appropriate information so that said tax credit can be properly allocated.

(3) In the event that recapture of the tax credit is required pursuant to paragraph (1) or (2) of subsection (d), any statement submitted to the commissioner as provided in paragraph (2) of subsection (f) shall include the proportion of the Massachusetts community health center new markets tax credit required to be recaptured, the identity of each transferee subject to recapture and the amount of credit previously transferred to such transferee.

(4) The commissioner, in consultation with the department, shall promulgate regulations necessary for the administration of the provisions of paragraph (f).

(g) The department, in consultation with the commissioner, shall monitor and oversee compliance with the Massachusetts community health center new markets tax credit program and may promulgate regulations requiring the filing of additional documentation deemed necessary

to determine continuing eligibility for the tax credit. The department or the commissioner shall report specific occurrences of noncompliance to appropriate state, federal and local authorities.

(i) The department may provide that upon application for state tax credits issued by the department, such taxpayer may elect to receive such state tax credit in the form of a loan generated by transferring the credit to the department or its designee on terms specified by the department in accordance with its qualified allocation plan. Neither a direct tax refund nor a loan received as the result of the transfer of the credit shall be considered taxable income under this chapter.

(j) The department may pursue methods of enhancing the efficiency of the Massachusetts community health center new markets tax credit program including but not limited to:— pursuing opinions from the United States department of treasury's internal revenue service in the form of general counsel memoranda, private letter rulings and other notices, rulings or guidelines; by reviewing other state tax programs which utilize an option for taxpayers to receive such tax credit in the form of a loan generated by transferring the credit to a designated state entity; and any other such methods.

SECTION 6. Chapter 63 of the General Laws, as appearing in the 2004 official edition, is hereby amended by adding, after section 31K, the following section: --

Section 31L. (a) For the purposes of this section, unless the context clearly requires otherwise, the following words shall have the following meanings:-

"Commissioner", the commissioner of revenue.

"Community Development Entity", a domestic corporation or partnership if (a) the primary mission of the entity is serving, or providing investment capital for, Low-Income Communities or Low-Income Persons; (b) the entity maintains accountability to residents of low-income communities through their representation on any governing board of the entity or on any advisory board to the entity; and (c) the entity is certified by the department as being a qualified community development entity. A qualified community development entity may also be a limited liability company that meets the above tests.

"Compliance period", the period of 17 taxable years beginning with the first taxable year the Massachusetts community health center new markets tax credit is claimed.

"Department", the executive office of health and human services or its successor agency.

"Eligibility statement", a statement authorized and issued by the department certifying that a given project is a qualified Massachusetts community health center project. The department shall, in consultation with the commissioner, promulgate regulations establishing criteria upon which the eligibility statements will be issued. The eligibility statement shall specify the maximum annual amount of the Massachusetts community health center new markets tax credit authorized. The department shall only authorize the tax credits to qualified Massachusetts projects which are placed in service on or after January 1, 2007.

"Federal new markets tax credit", the federal tax credit as provided in section 45D of the Internal Revenue Code, as amended and in effect for the taxable year.

"Community Health Center project", a qualified community health center project, as defined by the department consistent with the federal definition of a qualified active low-income community business contained in section 45D of the Internal Revenue Code, as amended and in

effect for the taxable year, which is located in the commonwealth, which meets the requirements of this section, and whose community health center enters into a regulatory agreement with the department.

"Qualified Equity Investment", means any equity investment in a community development entity if (a) such investment is acquired by the investor at its original issue, directly or through an underwriters, solely in exchange for cash; (b) substantially all of such cash is used by the community development entity to make qualified low-income community investments; and (c) the investment is designated for purposes of this section by the community development entity as a qualified equity investment. Qualified equity investment also includes the purchase of a Qualified Equity Investment from a prior holder, to the extent provided in IRC section 45D(b)(4). Qualified equity investment does not include an equity investment issued by a community development entity more than five years after the date the community development entity receives a new markets tax credit allocation. Any allocation not used within such five year period may be reallocated by the department. For purposes of this section, "equity investment" means (a) any stock, other than nonqualified preferred stock as defined in IRC section 351(g)(2)) in a corporation and (b) any capital interest in a partnership. An LLC shall be deemed to be either a corporation or a partnership according to the LLC's treatment under federal tax law.

"Regulatory agreement", an agreement between the community health center of the qualified Community Health Center project and the department. Such agreement may be subordinated to the lien of a bank or other institutional lender providing financing to the qualified Massachusetts project, upon the request of such bank or lender.

“Taxpayer”, a person, firm, partnership or other entity subject to the income tax imposed by the provisions of this chapter.

(b)(1) There is hereby established a Massachusetts community health center new markets tax credit. The department may authorize annually, for the 10 year period beginning January 1, 2007, and ending December 31, 2017, under this section together with section 6K of chapter 62, the total sum of 50 per cent of the federal new markets tax credits provided to any taxpayer in exchange for making a qualified equity investment that benefits an eligible Massachusetts community health center pursuant to section 45D of the Internal Revenue Code, as amended and in effect for the taxable year; (2) unused community health center new markets tax credits, if any, for the preceding calendar years; and (3) any Massachusetts community health center new markets tax credits returned to the department by a qualified Massachusetts Community Health Center project.

Allowance of the credit, including the amount of the credit, applicable percentage, and credit allowance date, shall be determined consistent with the provisions of paragraph (a) of section 45D of the Internal Revenue Code

(2) Unless otherwise provided in this section or the context clearly requires otherwise, the department shall authorize, administer, determine eligibility for the Massachusetts community health center new markets tax credit and allocate the credit consistent with the standards and requirements as set forth in section 45D of the Internal Revenue Code; provided, however, that the combined federal and Massachusetts community health center new markets tax credit shall be the least amount necessary to ensure financial feasibility.

(3) The department shall allocate the total available Massachusetts community health center new markets tax credit among as many qualified Massachusetts community health center projects as fiscally feasible, with the goal of strengthening the commonwealth's community health centers.

(c)(1) A taxpayer may be allowed a state tax credit with respect to a qualified Massachusetts community health center project that also benefits from a federal new markets tax credit, provided that the department issues an eligibility statement for that qualified Massachusetts community health center project. This state tax credit shall be termed the Massachusetts community health center new markets tax credit.

(2) The total Massachusetts community health center new markets tax credit available to a qualified Massachusetts community health center project shall be authorized and allocated by the department, or its successor agency, based on the qualified Massachusetts community health center project's need for the credit for economic feasibility.

(3) The Massachusetts community health center new markets tax credit shall be taken against the taxes imposed under this chapter, claimed equally for seven years, subtracted from the amount of state tax otherwise due for each taxable period and shall not be refundable. Any amount of the community health center new markets tax credit that exceeds the tax due for a taxable year may be carried forward to any of the seven subsequent taxable years.

(4) All or any portion of tax credits issued in accordance with the provisions of this section may be allocated to parties who are eligible under the provisions of paragraph (1) of subsection (c). The Community Development Entity that provides federal new markets tax credits to benefit a qualified Massachusetts community health center project shall certify to the

commissioner the amount of credit allocated to such taxpayer. The Community Development Entity shall provide to the commissioner appropriate information so that the community health center new markets tax credit can be properly allocated.

(5) In the event that recapture of Massachusetts community health center new markets tax credit is required pursuant to paragraph (1) or (2) of subsection (d), any statement submitted to the commissioner as provided in subsection (c) shall include the proportion of the state credit required to be recaptured, the identity of each taxpayer subject to the recapture and the amount of credit previously allocated to such taxpayer.

(6) The director of the department, in consultation with the commissioner, shall promulgate regulations necessary to administer the provisions of this paragraph.

(d)(1) The taxpayer investing in a project to benefit a qualified Massachusetts community health center project eligible for the Massachusetts community health center new markets tax credit shall submit, at the time of filing the taxpayer's state tax return, a copy of the eligibility statement issued by the department with respect to such qualified Massachusetts community health center project. In the case of failure to attach the eligibility statement, a credit under this section shall not be allowed with respect to such qualified Massachusetts community health center project for that year until the copy is provided to the department of revenue.

(2) If under Section 45D of the Internal Revenue Code, as amended, a portion of any federal new markets tax credits is required to be recaptured, the Massachusetts community health center new markets tax credit authorized by this section with respect to such qualified Massachusetts community health center project shall also be recaptured in accordance with regulations promulgated by the commissioner.

(e) The commissioner or the department, through the promulgation of regulations, may require the filing of additional documentation necessary to determine the eligibility or accuracy of a tax credit claimed under the provisions of this section.

(f)(1) All or any portion of tax credits issued in accordance with the provisions of this section may be transferred, sold or assigned to parties who are eligible under the provisions of paragraph (1) of subsection (c).

(2) An owner or transferee desiring to make a transfer, sale or assignment as described in paragraph (1) of subsection (f) shall submit to the commissioner a statement which describes the amount of Massachusetts community health center new markets tax credit for which such transfer, sale or assignment of Massachusetts community health center new markets tax credit is eligible. The owner shall provide to the commissioner appropriate information so that said tax credit can be properly allocated.

(3) In the event that recapture of the tax credit is required pursuant to paragraph (1) or (2) of subsection (d), any statement submitted to the commissioner as provided in paragraph (2) of subsection (f) shall include the proportion of the Massachusetts community health center new markets tax credit required to be recaptured, the identity of each transferee subject to recapture and the amount of credit previously transferred to such transferee.

(4) The commissioner, in consultation with the department, shall promulgate regulations necessary for the administration of the provisions of paragraph (f).

(g) The department, in consultation with the commissioner, shall monitor and oversee compliance with the Massachusetts community health center new markets tax credit program and may promulgate regulations requiring the filing of additional documentation deemed necessary

to determine continuing eligibility for the tax credit. The department or the commissioner shall report specific occurrences of noncompliance to appropriate state, federal and local authorities.

(i) The department may provide that upon application for state tax credits issued by the department, such taxpayer may elect to receive such state tax credit in the form of a loan generated by transferring the credit to the department or its designee on terms specified by the department in accordance with its qualified allocation plan. Neither a direct tax refund nor a loan received as the result of the transfer of the credit shall be considered taxable income under this chapter.

(j) The department may pursue methods of enhancing the efficiency of the Massachusetts community health center new markets tax credit program including but not limited to:— pursuing opinions from the United States department of treasury's internal revenue service in the form of general counsel memoranda, private letter rulings and other notices, rulings or guidelines; by reviewing other state tax programs which utilize an option for taxpayers to receive such tax credit in the form of a loan generated by transferring the credit to a designated state entity; and any other such methods.

SECTION 7. Section 51 of chapter 111 of the General Laws, as appearing in the 2004 Official Edition, is hereby amended by inserting in line 5 after the word "clinic" the following words: -- which term shall include under this section a clinic which as been designated by the department as a community health center pursuant to section 57E of this chapter,

SECTION 8. Said chapter 111, as so appearing, is hereby further amended by inserting after section 57D, the following new section:-

Section 57E. The department shall, after a public hearing, promulgate rules and regulations for the licensing and conduct of community health centers. For the purpose of this section, the following words shall have the following meanings:

"community health center under independent licensure", a clinic which is designated as a community health center by the department for meeting the following requirements: (a) is licensed as a freestanding clinic by the department pursuant to section 51 of chapter 111 of the general laws; (b) meets the qualifications for certification, or provisional certification, by the division of medical assistance, enters into a provider agreement pursuant to 130 CMR 405.404 or any successor provision thereto and is eligible to receive payments from the Uncompensated Care Pool Trust Fund or the Health Safety Net Trust Fund; (c) operates in conformance with the requirements of 42 U.S.C. section 254b; (d) files cost reports if so requested by the division of health care finance and policy; and (e) provides at a minimum the following basic services: (i) primary care services including adult/internal medicine, pediatrics (directly or through formal contractual arrangements) and obstetrics (directly or through formal contractual arrangements); (ii) ancillary services including social services, case management and nutritional counseling; and (iii) community outreach and public health programming through contracts, grants or other funding to populations at risk. Notwithstanding the above, organizations which do not meet the requirements of sections (a) or (c) above, but have been designated "community health centers" by both the division of medical assistance and the division of health care finance and policy prior to January 1, 2006 shall continue to be designated as community health centers under independent licensure, provided that they continue to meet the requirements of sections (b), (d) and (e) above.

"community health center under hospital licensure", a clinic which provides comprehensive ambulatory services and which is designated as a community health center by the department for meeting the following requirements: (a) is licensed as an outpatient clinic by the Massachusetts department of public health pursuant to section 51 of chapter 111 of the general laws; (b) meets the qualifications for certification (or provisional certification) by the division of medical assistance, enters into a provider agreement pursuant to 130 CMR 410.404 or any successor provision thereto and is eligible to receive payments from the Uncompensated Care Pool Trust Fund or the Health Safety Net Trust Fund; (c) is licensed under the license of a parent hospital, which hospital has a formal written relationship with a not-for-profit corporation which operates the health center, the board of which is comprised of a majority of consumers or which meets the requirements of the subsections (i) and (ii) of section 330(j)(3)(H) of the Public Health Service Act (42 USC section 254(b)(j)(3)(H)) or any successor provision thereto); and (d) provides at a minimum the following basic services: (i) primary care services including adult/internal medicine, pediatrics (directly or through formal contractual arrangements) and obstetrics (directly or through formal contractual arrangements); (ii) ancillary services including social services, case management and nutritional counseling; and (iii) community outreach and public health programming through contracts, grants or other funding to populations at risk. Notwithstanding the above, clinics which do not meet the requirements of section (c) above, but which were designated as "community health centers" by both the division of medical assistance and the department of public health prior to January 1, 2006, shall continue to be designated as community health centers under hospital licensure, provided they continue to satisfy the requirements of sections (a), (b) and (d) above.

SECTION 9. Section 45A of chapter 112 of the General Laws, as appearing in the 2004 official edition, is hereby amended by inserting, after the words “faculty member” in line 18, the following words: -- or is employed by a Massachusetts community health center

SECTION 10. Section 55 of chapter 118E of the General Laws, as inserted by section 30 of chapter 58 of the acts of 2006, is hereby amended by the striking the definition of "community health center" and inserting in place thereof the following definition:- a community health center described under section 57E of chapter 111 of the general laws.

SECTION 11. Subsection (b) of section 56 of chapter 118E , as inserted by section 30 of chapter 58 of the Acts of 2006, is hereby amended by adding, at the end thereof, the following new paragraph:

(12) to administer the Essential Community Health Center Trust Fund, established by section 2SSS of chapter 29, and to make expenditures from that fund without further appropriation for the purpose of improving and enhancing the ability of all community health centers, including free-standing and hospital-licensed community health centers, to serve populations in need more efficiently and effectively, including, but not limited to improving the ability of community health centers to provide community-based primary and preventive care, clinical support, care coordination services, disease management services, pharmacy management services, and to eliminate health disparities through a grant program. The office shall consider and respond to the applications of each community health center in awarding the grants, and shall annually equitably apportion grant awards among all applying community health centers. At least thirty days prior to awarding grants to community health centers, the

office shall provide a copy of the proposed awards to the chairs of the Joint Committee on Health Care Financing, and the chairs of the House and Senate Committees on Ways and Means.

The criteria for grant awards shall include, but not be limited to, the following criteria:—

the financial performance of the community health center, including current fiscal year losses;

the numbers of patients served who are chronically ill, are pregnant, elderly, or disabled;

the payer mix of the community health center;

operating costs, and the percentage of total annual operating revenue that funding received in fiscal years 2005, 2006, and 2007 from the Distressed Provider Expendable Trust Fund or the Essential Community Provider Trust fund comprised for the community health center;

the cultural and linguistic challenges presented by the populations served;

the availability of early periodic screening, diagnosis and treatment (EPSDT) services, 340B pharmacy, urgent care, or emergency department diversion services;

the need for urgent replacement or upgrades in equipment, furniture or physical space; and

other criteria as may be established by the office, in consultation with the Massachusetts League of Community Health Centers.

Amounts available to community health centers under this paragraph shall, at a minimum, be equal to one half of the amount of funding made available to all providers under section 95 of chapter 139 of the Acts of 2006.

SECTION 12. Paragraph 5 of subsection (a) of Section 60 of said chapter 118E, as so appearing, is hereby amended by inserting, before the word “uninsured” the following words: -- underinsured and

SECTION 13. Said paragraph 5 of said subsection (a) of said Section 60 of said chapter 118E, as so appearing, is hereby amended by adding the following sentence. The office shall pay for: an individual’s initial visit to a health center if such visit is not covered by other public or private third-party payer; medically necessary services that are not covered by Commonwealth Care, including medically necessary dental services; and one hundred per cent of the cost of all medical, outreach, behavioral health, dental, radiology, pharmacy, laboratory and other services provided to patients.

SECTION 14. General Laws chapter 118E is hereby amended by adding at the end thereof, the following new section.

Section 61. (a) Community health centers reimbursed under this chapter shall receive: 1) at least 100% of the Medicare federally qualified health center rate for all services provided to patients, including medical, dental, behavioral health, laboratory, radiology, pharmacy and other services; 2) annual reimbursement increases consistent with the annual reimbursement increases provided by Medicare; 3) wrap-around reimbursement for case management of patients in need of chronic disease management, including but not limited to prenatal care, cardiovascular care, asthma care or other case management; 4) reimbursement for each service provided to a patient,

including multiple services provided to a patient in a single day; 5) adequate reimbursement for needed social service care provided to patients; 6) reimbursement for smoking cessation services; and 7) reimbursement for all costs associated with diabetes care, including care management costs, in addition to reimbursements required under section 10C for the diagnosis and treatment of diabetes.

(b) The executive office of health and human services or the division shall also provide reimbursement to community health centers for all costs associated with ongoing and necessary customer service training, interpreter services training and cultural competency training.

Section 62. The commonwealth shall reimburse all Medicaid managed care organizations according to the same methodology and at the same level within the actuarially sound range, as set by independent actuaries.

SECTION 15. Section 1 of chapter 118G of the General Laws, as most recently amended by section 37 of chapter 9 of the acts of 2003, is hereby amended by the striking the definition of "community health center" and inserting in place thereof the following definition:- A community health center described under section 57E of chapter 111 of the general laws.

SECTION 16. Section 2 of chapter 118H of the General Laws, as inserted by section 45 of chapter 58 of the Acts of 2006, is hereby amended by inserting, after the third sentence, the following sentence: -- Premium contribution payments made by eligible individuals who enroll in a health plan shall not exceed the premium contribution payment established by the board for the lowest cost plan fore each plan type approved by the board.

SECTION 17. Said section 2 of said chapter 118H of the General Laws, as so appearing, is hereby amended by inserting, after the word “hospitals” the following words: -- and community health centers

SECTION 18. Said section 2 of said chapter 118H of the General Laws, as so appearing, is hereby amended by adding, at the end thereof, the following sentence: -- Any assignment of eligible individuals to a carrier under this chapter shall give preference to maintaining the relationship of an eligible individual to a particular provider. An outreach plan developed under this section shall take into account regional needs statewide, and the number of uninsured and underinsured individuals served by a provider and efforts necessary by such provider to maximize enrollment in the program, including assisting eligible individuals in selecting a health plan.

SECTION 19. Section 6 of chapter 118H of the General Laws, as inserted by section 45 of chapter 58 of the Acts of 2006, is hereby amended by striking the figure “100” wherever it appears, and inserting in place thereof the figure: -- 200

SECTION 20. Paragraph (14) of subsection (a) of section 3 of chapter 176Q of the general laws, as inserted by section 101 of chapter 58 of the Acts of 2006, is hereby amended by inserting, at the end thereof, the following sentence:

The board shall give special focus and sensitivity to barriers and limitations that impact special populations, including but not limited to homeless and disabled populations.

SECTION 21. Subsection (a) of Section 3 of chapter 176Q, as inserted by section 101 of chapter 58 of the Acts of 2006, is hereby amended by adding the following clause: --

(15) to establish and quarterly publish performance standards for companies and firms that contract with the connector to provide administrative, customer service, call center, billing or administrative services.

SECTION 22. Section 5 of chapter 176Q, as so appearing, is hereby amended by striking out clause (a) and inserting, in place thereof, the following clause:

(a) Only health insurance plans that have been authorized by the commissioner and underwritten by a carrier may be offered through the connector; provided, however, that health benefit plans offered through the commonwealth care health insurance program shall provide for comprehensive dental services.

SECTION 23. Notwithstanding any law to the contrary, any individual enrolled in MassHealth shall have the option of enrolling in one of the four Medicaid managed care organizations referenced in section 60 of chapter 324 of the Acts of 2006.

SECTION 24. The secretary of the executive office of health and human services, in consultation with the commissioner of public health, the secretary of labor and workforce development, the special advisor to the Governor for education, and the chairs and ranking minority members of the legislature's joint committee on public health and joint committee on labor and workforce development, shall convene a workforce development task force to examine the primary care clinician shortage, including providers in family practice, general internal medicine and general pediatrics, and to increase the pipeline for primary care providers and other health care professionals needed in community health centers and other primary care settings, including, but not limited to: physicians, nurses, optometrists, psychiatrists and other behavioral health clinicians, and dentists. The task force shall make recommendations by July 1, 2007

aimed at eliminating said shortage and increasing said pipeline. The task force shall include representatives of community health centers, hospitals, health plans, physician and nursing organizations; labor, business, civic and consumer representatives; representatives of state and private colleges and universities, including community colleges and the University of Massachusetts Medical School; and other organizations and individuals who may be identified by said secretaries, advisor, commissioner, chairs or ranking minority members. The task force shall be convened within 30 days of the passage of this section and shall meet at least monthly.

The task force shall, at a minimum, examine the following:

(1) cost-effective strategies designed to recruit and retain key health professionals at community health centers and other primary care and community-based settings, which shall include but not be limited to developing mentoring or sabbatical programs for practitioners in primary care;

(2) the feasibility, costs and savings associated with career-ladder and other incentive programs in community health centers and other primary care and community-based settings;

(3) enhancement of tuition reimbursement, scholarship, loan-forgiveness programs and state repayment of loans for primary care clinicians and other health professionals;

(4) opportunities to maximize partnerships and initiatives with medical schools and other higher education institutions to maximize the number of graduates choosing primary care, including family practice, general internal medicine, and general pediatrics;

(5) opportunities to capitalize on existing Massachusetts state and community college workforce programs and creating new workforce development programs;

(6) barriers to attracting and retaining health care faculty, with particular focus on clinical practice salaries as compared to higher education faculty salaries;

(7) incentives to attract and retain health care faculty;

(8) opportunities for administrative streamlining for primary care clinicians and identification of the range of barriers to primary care practice;

(9) opportunities for streamlining licensing, credentialing and other requirements;

(10) programs designed to recruit culturally competent physicians and other health care workers to help reduce health disparities;

(11) opportunities to "pool" community-based practitioners to alleviate temporary staff losses;

(12) creation of a forecasting tool to assess future workforce needs before critical shortages occur;

(13) creation of compensation and benefit strategies that encourage care in community health centers and community-based settings; and

(14) identification of other strategies and opportunities aimed at protecting the supply of primary care clinicians in the Commonwealth and increasing the pipeline for all providers needed in primary care settings. The task force shall complete its recommendations, including any recommendations for legislative or regulatory changes, by July 1, 2007 and shall file its recommendations with the house and senate clerks, the joint committees on public health, health care financing, and labor and workforce development, and the house and senate committees on ways and means.

SECTION 25. The State Loan Repayment Program administered by the Bureau of Family and Community Health in the Department of Public Health shall annually increase amounts payable under said program and shall annually publish the amounts available and awards issued under said program. For purposes of fulfilling the requirements of such loan repayment, qualifying community health centers may partner with other community health centers in employing qualifying clinicians in order to allow said clinicians to fulfill the requirement of forty hours weekly of employment in a medically underserved area. In fiscal year 2008, amounts available under said program shall be increased to at least two times greater than amounts available in fiscal year 2007.

SECTION 26. Notwithstanding any general or special law, rule or regulation to the contrary, and in order to achieve efficiencies and minimize the impact on community health center staff and patients, the department of public health shall consolidate and streamline into a single annual audit all audits of Department of Public Health programs that are conducted at community health centers.

SECTION 27. Notwithstanding any general or special law, rule or regulation to the contrary, community health centers shall be exempt from all state fees that would otherwise require payment by the community health center to the Commonwealth.

SECTION 28. Emergency preparedness efforts undertaken in the Commonwealth and allocation of resources in connection with such efforts shall recognize the essential role of community health centers in: 1) ongoing participation and coordination of emergency planning, training and preparedness efforts; 2) providing outpatient care in the event of a pandemic or other disaster and preventing severe overcrowding in hospital emergency departments; 3)

responding to special populations including non-English speaking, low income and elderly residents who live in the neighborhoods where community health centers are located; 4) collaborating with local boards of health and with statewide surge capacity planners; and 5) serving as potential vaccination site or site for mass dispensing of needed pharmaceuticals. Allocation of resources shall take into account the needs of community health centers, including staffing, communications equipment, emergency generators, emergency response kits, including masks, hard hats, safety goggles, face shields, hearing protection, eye wash, and hand sanitizers; pharmaceutical and other medical supplies, and guidebooks and essential publications on mass casualty care strategies, chemical and biological terrorism, hazardous materials incidents, crisis communication, school safety, facility security and other issues.

SECTION 29. The Executive Office of Health and Human Services shall consult and collaborate with community health centers and others on continued efforts to:

(1) eliminate health disparities;

(2) improve MassHealth and Commonwealth Care customer service for patients and providers, including: (a) achieving efficiencies in claims and billing efforts by establishing a uniform billing system for all programs administered under chapter 118E; (b) improving the process of coordination of benefits at MassHealth; and (c) improving telephone waiting times and establishing evening hours for the MassHealth Enrollment Center.

(2) monitor the impact of provisions in the federal Deficit Reduction Act on providers and patients;

(3) utilize the MassHealth prescription drug formulary and reimbursement schedule for individuals accessing pharmacy services through the Uncompensated Care Pool or the Health Safety Net Trust Fund.

(4) establish a community-based research program, including community-based participatory research within the Executive Office of Health and Human Services;

(5) create community-based trauma and violence prevention strategies;

(6) increase school-based health center services;

(7) expand the Commonwealth's PACE program; and

(8) maximize public health funding for DPH programs located and implemented at community health center sites, including funding that recognizes the costs of housing such programs.

SECTION 30. Within three years from the effective date of this act, community health centers shall be reimbursed for one hundred per cent of reasonable costs incurred in the care of patients receiving services under chapter 118E, 118G and 118H of the General Laws. Medicaid managed care organizations that contract with such health centers shall receive payments from the Commonwealth sufficient to cover such costs.