

# SENATE NO. 659

## **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:*

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

3 Section 16P. The Secretary of Health and Human Services, jointly with the Commissioner of  
4 Public Health, the Massachusetts League of Community Health Centers and the University of  
5 Massachusetts Medical School and in consultation with other health professionals and organizations,  
6 shall establish a State Health Service Corps for the purpose of uniting community health centers with  
7 caring health professionals, and supporting community-based care at community health centers. The  
8 goal of the State Health Service Corps shall be to provide comprehensive team-based health care at  
9 community health centers that bridges geographic, financial, cultural, and language barriers for the  
10 medically underserved. The State Health Service Corp shall:

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

- 13 (b) Recruit caring, culturally competent clinicians for community health centers;
- 14 (c) Provide opportunities and professional experiences to students through a Scholarship and Loan  
15 Repayment Program and a state SEARCH (Student/Resident Experiences and Rotations in  
16 Community Health Centers) program;
- 17 (d) Work to establish systems of care that remain after an SHSC clinician departs; and
- 18 (e) Shape the way clinicians practice by building a community of dedicated health professionals  
19 who continue to work with the underserved even after their SHSC commitment has been  
20 fulfilled.

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

26 Section 16Q. There is hereby established within the Executive Office of Health and Human  
27 Services an Office of State Health Policy which shall be responsible for health access and primary care  
28 development, planning, coordination and federal designations. Such office shall serve as the primary  
29 care office for the Commonwealth and shall consult with the Massachusetts League of Community  
30 Health Centers on responsibilities in connection with such office. Such office shall enhance  
31 coordination on public health issues among state agencies, municipal public health entities, and  
32 community health centers.

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

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

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

42 Section 2SSS. There is hereby established and set up on the books of the commonwealth a  
43 separate fund to be known as the Essential Community Health Center Trust Fund, in this section called  
44 the trust fund. There shall be credited to the trust fund: (a) any funds that may be appropriated or  
45 transferred for deposit into the trust fund; and (b) any income derived from investment of amounts  
46 credited to the trust fund. In conjunction with the preparation of the commonwealth's annual financial  
47 report, the comptroller shall prepare and issue an annual report detailing the revenues and expenditures  
48 of the trust fund. The comptroller shall certify payments, including payments during the accounts  
49 payable period, in anticipation of revenues, including receivables due and collectibles during the  
50 months of July and August, from the trust fund for the purpose of making authorized expenditures.  
51 The health safety net office shall administer the trust fund and disburse funds from the trust fund for  
52 the purpose of payments to community health centers under clause (12) of paragraph (b) of section 56  
53 of chapter 118E and any further regulations promulgated by the office.

54 Section 2TTT. There is hereby established and set up on the books of the commonwealth a  
55 separate fund to be known as the Commonwealth Community Health Center Innovation and  
56 Improvement Fund, in this section called the trust fund. There shall be credited to the trust fund: (a)  
57 any funds that may be appropriated or transferred for deposit into the trust fund; and (b) any income

58 derived from investment of amounts credited to the trust fund. In conjunction with the preparation of  
59 the commonwealth's annual financial report, the comptroller shall prepare and issue an annual report  
60 detailing the revenues and expenditures of the trust fund. The comptroller shall certify payments,  
61 including payments during the accounts payable period, in anticipation of revenues, including  
62 receivables due and collectibles during the months of July and August, from the trust fund for the  
63 purpose of making authorized expenditures.

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

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

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

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

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

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

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

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

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

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

87 “Commissioner”, the commissioner of revenue.

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

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

97 “Department”, the executive office of health and human services or its successor agency.

98 “Eligibility statement”, a statement authorized and issued by the department certifying that a  
99 given project is a qualified Massachusetts community health center project. The department shall, in  
100 consultation with the commissioner, promulgate regulations establishing criteria upon which the  
101 eligibility statements will be issued. The eligibility statement shall specify the maximum annual  
102 amount of the Massachusetts community health center new markets tax credit authorized. The

103 department shall only authorize the tax credits to qualified Massachusetts projects which are placed in  
104 service on or after January 1, 2007.

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

107 “Community Health Center project”, a qualified community health center project, as defined  
108 by the department consistent with the federal definition of a qualified active low-income community  
109 business contained in section 45D of the Internal Revenue Code, as amended and in effect for the  
110 taxable year, which is located in the commonwealth, which meets the requirements of this section, and  
111 whose community health center enters into a regulatory agreement with the department.

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

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

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

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

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

144 (2) Unless otherwise provided in this section or the context clearly requires otherwise, the  
145 department shall authorize, administer, determine eligibility for the Massachusetts community health  
146 center new markets tax credit and allocate the credit consistent with the standards and requirements as  
147 set forth in section 45D of the Internal Revenue Code; provided, however, that the combined federal

148 and Massachusetts community health center new markets tax credit shall be the least amount necessary  
149 to ensure financial feasibility.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

233 “Commissioner”, the commissioner of revenue.

234 “Community Development Entity”, a domestic corporation or partnership if (a) the primary  
235 mission of the entity is serving, or providing investment capital for, Low-Income Communities or  
236 Low-Income Persons; (b) the entity maintains accountability to residents of low-income communities  
237 through their representation on any governing board of the entity or on any advisory board to the

238 entity; and (c) the entity is certified by the department as being a qualified community development  
239 entity. A qualified community development entity may also be a limited liability company that meets  
240 the above tests.

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

243 “Department”, the executive office of health and human services or its successor agency.

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

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

253 “Community Health Center project”, a qualified community health center project, as defined  
254 by the department consistent with the federal definition of a qualified active low-income community  
255 business contained in section 45D of the Internal Revenue Code, as amended and in effect for the  
256 taxable year, which is located in the commonwealth, which meets the requirements of this section, and  
257 whose community health center enters into a regulatory agreement with the department.

258 “Qualified Equity Investment”, means any equity investment in a community development  
259 entity if (a) such investment is acquired by the investor at its original issue, directly or through an  
260 underwriters, solely in exchange for cash; (b) substantially all of such cash is used by the community

261 development entity to make qualified low-income community investments; and (c) the investment is  
262 designated for purposes of this section by the community development entity as a qualified equity  
263 investment. Qualified equity investment also includes the purchase of a Qualified Equity Investment  
264 from a prior holder, to the extent provided in IRC section 45D(b)(4). Qualified equity investment does  
265 not include an equity investment issued by a community development entity more than five years after  
266 the date the community development entity receives a new markets tax credit allocation. Any  
267 allocation not used within such five year period may be reallocated by the department. For purposes  
268 of this section, “equity investment” means (a) any stock, other than nonqualified preferred stock as  
269 defined in IRC section 351(g)(2)) in a corporation and (b) any capital interest in a partnership. An  
270 LLC shall be deemed to be either a corporation or a partnership according to the LLC’s treatment  
271 under federal tax law.

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

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

278 (b)(1) There is hereby established a Massachusetts community health center new markets tax  
279 credit. The department may authorize annually, for the 10 year period beginning January 1, 2007, and  
280 ending December 31, 2017, under this section together with section 6K of chapter 62, the total sum of  
281 50 per cent of the federal new markets tax credits provided to any taxpayer in exchange for making a  
282 qualified equity investment that benefits an eligible Massachusetts community health center pursuant  
283 to section 45D of the Internal Revenue Code, as amended and in effect for the taxable year; (2) unused

284 community health center new markets tax credits, if any, for the preceding calendar years; and (3) any  
285 Massachusetts community health center new markets tax credits returned to the department by a  
286 qualified Massachusetts Community Health Center project.

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

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

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

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

304 (2) The total Massachusetts community health center new markets tax credit available to a  
305 qualified Massachusetts community health center project shall be authorized and allocated by the

306 department, or its successor agency, based on the qualified Massachusetts community health center  
307 project's need for the credit for economic feasibility.

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

313 (4) All or any portion of tax credits issued in accordance with the provisions of this section  
314 may be allocated to parties who are eligible under the provisions of paragraph (1) of subsection (c).  
315 The Community Development Entity that provides federal new markets tax credits to benefit a  
316 qualified Massachusetts community health center project shall certify to the commissioner the amount  
317 of credit allocated to such taxpayer. The Community Development Entity shall provide to the  
318 commissioner appropriate information so that the community health center new markets tax credit can  
319 be properly allocated.

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

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

327 (d)(1) The taxpayer investing in a project to benefit a qualified Massachusetts community  
328 health center project eligible for the Massachusetts community health center new markets tax credit

329 shall submit, at the time of filing the taxpayer's state tax return, a copy of the eligibility statement  
330 issued by the department with respect to such qualified Massachusetts community health center  
331 project. In the case of failure to attach the eligibility statement, a credit under this section shall not be  
332 allowed with respect to such qualified Massachusetts community health center project for that year  
333 until the copy is provided to the department of revenue.

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

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

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

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

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

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

358 (g) The department, in consultation with the commissioner, shall monitor and oversee  
359 compliance with the Massachusetts community health center new markets tax credit program and may  
360 promulgate regulations requiring the filing of additional documentation deemed necessary to  
361 determine continuing eligibility for the tax credit. The department or the commissioner shall report  
362 specific occurrences of noncompliance to appropriate state, federal and local authorities.

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

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

373 the form of a loan generated by transferring the credit to a designated state entity; and any other such  
374 methods.

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

379 SECTION 8. Said chapter 111, as so appearing, is hereby further amended by inserting after section  
380 57D, the following new section:-

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

384 "community health center under independent licensure", a clinic which is designated as a  
385 community health center by the department for meeting the following requirements: (a) is licensed as a  
386 freestanding clinic by the department pursuant to section 51 of chapter 111 of the general laws; (b)  
387 meets the qualifications for certification, or provisional certification, by the division of medical  
388 assistance, enters into a provider agreement pursuant to 130 CMR 405.404 or any successor provision  
389 thereto and is eligible to receive payments from the Uncompensated Care Pool Trust Fund or the  
390 Health Safety Net Trust Fund; (c) operates in conformance with the requirements of 42 U.S.C. section  
391 254b; (d) files cost reports if so requested by the division of health care finance and policy; and (e)  
392 provides at a minimum the following basic services: (i) primary care services including adult/internal  
393 medicine, pediatrics (directly or through formal contractual arrangements) and obstetrics (directly or  
394 through formal contractual arrangements); (ii) ancillary services including social services, case  
395 management and nutritional counseling; and (iii) community outreach and public health programming

396 through contracts, grants or other funding to populations at risk. Notwithstanding the above,  
397 organizations which do not meet the requirements of sections (a) or (c) above, but have been  
398 designated "community health centers" by both the division of medical assistance and the division of  
399 health care finance and policy prior to January 1, 2006 shall continue to be designated as community  
400 health centers under independent licensure, provided that they continue to meet the requirements of  
401 sections (b), (d) and (e) above.

402 "community health center under hospital licensure", a clinic which provides comprehensive  
403 ambulatory services and which is designated as a community  
404 health center by the department for meeting the following requirements: (a) is licensed as an outpatient  
405 clinic by the Massachusetts department of public health pursuant to section 51 of chapter 111 of the  
406 general laws; (b) meets the qualifications for certification (or provisional certification) by the division  
407 of medical assistance, enters into a provider agreement pursuant to 130 CMR 410.404 or any successor  
408 provision thereto and is eligible to receive payments from the Uncompensated Care Pool Trust Fund or  
409 the Health Safety Net Trust Fund; (c) is licensed under the license of a parent hospital, which hospital  
410 has a formal written relationship with a not-for-profit corporation which operates the health center, the  
411 board of which is comprised of a majority of consumers or which meets the requirements of the  
412 subsections (i) and (ii) of section 330(j)(3)(H) of the Public Health Service Act (42 USC section  
413 254(b)(j)(3)(H)) or any successor provision thereto); and (d) provides at a minimum the following  
414 basic services: (i) primary care services including adult/internal medicine, pediatrics (directly or  
415 through formal contractual arrangements) and obstetrics (directly or through formal contractual  
416 arrangements); (ii) ancillary services including social services, case management and nutritional  
417 counseling; and (iii) community outreach and public health programming through contracts, grants or  
418 other funding to populations at risk. Notwithstanding the above, clinics which do not meet the

419 requirements of section (c) above, but which were designated as "community health centers" by both  
420 the division of medical assistance and the department of public health prior to January 1, 2006, shall  
421 continue to be designated as community health centers under hospital licensure, provided they  
422 continue to satisfy the requirements of sections (a), (b) and (d) above.

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

426 SECTION 10. Section 55 of chapter 118E of the General Laws, as inserted by section 30 of chapter  
427 58 of the acts of 2006, is hereby amended by the striking the definition of "community health center"  
428 and inserting in place thereof the following definition:- a community health center described under  
429 section 57E of chapter 111 of the general laws.

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

432 (12) to administer the Essential Community Health Center Trust Fund, established by section  
433 2SSS of chapter 29, and to make expenditures from that fund without further appropriation for the  
434 purpose of improving and enhancing the ability of all community health centers, including free-  
435 standing and hospital-licensed community health centers, to serve populations in need more efficiently  
436 and effectively, including, but not limited to improving the ability of community health centers to  
437 provide community-based primary and preventive care, clinical support, care coordination services,  
438 disease management services, pharmacy management services, and to eliminate health disparities  
439 through a grant program. The office shall consider and respond to the applications of each community  
440 health center in awarding the grants, and shall annually equitably apportion grant awards among all  
441 applying community health centers. At least thirty days prior to awarding grants to community health

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

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

- 445 1. the financial performance of the community health center, including current fiscal year losses;
- 446 2. the numbers of patients served who are chronically ill, are pregnant, elderly, or disabled;
- 447 3. the payer mix of the community health center;
- 448 4. operating costs, and the percentage of total annual operating revenue that funding received in  
449 fiscal years 2005, 2006, and 2007 from the Distressed Provider Expendable Trust Fund or the  
450 Essential Community Provider Trust fund comprised for the community health center;
- 451 5. the cultural and linguistic challenges presented by the populations served;
- 452 6. the availability of early periodic screening, diagnosis and treatment (EPSDT) services, 340B  
453 pharmacy, urgent care, or emergency department diversion services;
- 454 7. the need for urgent replacement or upgrades in equipment, furniture or physical space; and
- 455 8. other criteria as may be established by the office, in consultation with the Massachusetts  
456 League of Community Health Centers.

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

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

462 SECTION 13. Said paragraph 5 of said subsection (a) of said Section 60 of said chapter 118E, as so  
463 appearing, is hereby amended by adding the following sentence. The office shall pay for: an  
464 individual’s initial visit to a health center if such visit is not covered by other public or private third-

465 party payer; medically necessary services that are not covered by Commonwealth Care, including  
466 medically necessary dental services; and one hundred per cent of the cost of all medical, outreach,  
467 behavioral health, dental, radiology, pharmacy, laboratory and other services provided to patients.

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

470 Section 61. (a) Community health centers reimbursed under this chapter shall receive: 1) at  
471 least 100% of the Medicare federally qualified health center rate for all services provided to patients,  
472 including medical, dental, behavioral health, laboratory, radiology, pharmacy and other services; 2)  
473 annual reimbursement increases consistent with the annual reimbursement increases provided by  
474 Medicare; 3) wrap-around reimbursement for case management of patients in need of chronic disease  
475 management, including but not limited to prenatal care, cardiovascular care, asthma care or other case  
476 management; 4) reimbursement for each service provided to a patient, including multiple services  
477 provided to a patient in a single day; 5) adequate reimbursement for needed social service care  
478 provided to patients; 6) reimbursement for smoking cessation services; and 7) reimbursement for all  
479 costs associated with diabetes care, including care management costs, in addition to reimbursements  
480 required under section 10C for the diagnosis and treatment of diabetes.

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

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

487 SECTION 15. Section 1 of chapter 118G of the General Laws, as most recently amended by section  
488 37 of chapter 9 of the acts of 2003, is hereby amended by the striking the definition of "community  
489 health center" and inserting in place thereof the following definition:- A community health center  
490 described under section 57E of chapter 111 of the general laws.

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

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

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

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

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

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

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

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

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

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

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

527 SECTION 24. The secretary of the executive office of health and human services, in consultation with  
528 the commissioner of public health, the secretary of labor and workforce development, the special  
529 advisor to the Governor for education, and the chairs and ranking minority members of the  
530 legislature's joint committee on public health and joint committee on labor and workforce

531 development, shall convene a workforce development task force to examine the primary care clinician  
532 shortage, including providers in family practice, general internal medicine and general pediatrics, and  
533 to increase the pipeline for primary care providers and other health care professionals needed in  
534 community health centers and other primary care settings, including, but not limited to: physicians,  
535 nurses, optometrists, psychiatrists and other behavioral health clinicians, and dentists. The task force  
536 shall make recommendations by July 1, 2007 aimed at eliminating said shortage and increasing said  
537 pipeline. The task force shall include representatives of community health centers, hospitals, health  
538 plans, physician and nursing organizations; labor, business, civic and consumer representatives;  
539 representatives of state and private colleges and universities, including community colleges and the  
540 University of Massachusetts Medical School; and other organizations and individuals who may be  
541 identified by said secretaries, advisor, commissioner, chairs or ranking minority members. The task  
542 force shall be convened within 30 days of the passage of this section and shall meet at least monthly.

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

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

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

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

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

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

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

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

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

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

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

564 (11) opportunities to “pool” community-based practitioners to alleviate temporary staff losses;

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

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

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

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

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

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

591 SECTION 28. Emergency preparedness efforts undertaken in the Commonwealth and allocation of  
592 resources in connection with such efforts shall recognize the essential role of community health  
593 centers in: 1) ongoing participation and coordination of emergency planning, training and  
594 preparedness efforts; 2) providing outpatient care in the event of a pandemic or other disaster and  
595 preventing severe overcrowding in hospital emergency departments; 3) responding to special  
596 populations including non-English speaking, low income and elderly residents who live in the  
597 neighborhoods where community health centers are located; 4) collaborating with local boards of  
598 health and with statewide surge capacity planners; and 5) serving as potential vaccination site or site

599 for mass dispensing of needed pharmaceuticals. Allocation of resources shall take into account the  
600 needs of community health centers, including staffing, communications equipment, emergency  
601 generators, emergency response kits, including masks, hard hats, safety goggles, face shields, hearing  
602 protection, eye wash, and hand sanitizers; pharmaceutical and other medical supplies, and guidebooks  
603 and essential publications on mass casualty care strategies, chemical and biological terrorism,  
604 hazardous materials incidents, crisis communication, school safety, facility security and other issues.

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

607 (1) eliminate health disparities;

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

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

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

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

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

621 (6) increase school-based health center services;

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

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

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