



House of Representatives

General Assembly

File No. 280

January Session, 2013

Substitute House Bill No. 5568

House of Representatives, April 2, 2013

The Committee on Commerce reported through REP. PERONE of the 137th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT CONCERNING TARGETED HEALTH AREAS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective from passage*) On or before December 1,
2 2013, the Commissioner of Public Health, in consultation with the
3 Commissioner of Social Services and a representative designated by
4 the Connecticut State Medical Society, shall, within available
5 resources, designate as targeted health areas not more than ten
6 municipalities that have (1) a medically-underserved population, or (2)
7 a population with a high rate of chronic disease. Said commissioners
8 and representative shall identify any needed medical specialty in any
9 municipality designated as a targeted health area.

10 Sec. 2. (NEW) (*Effective from passage*) For the purposes of the Small
11 Business Express program, established pursuant to section 32-7g of the
12 general statutes, a small business eligible for assistance shall include
13 (1) a physician licensed in Connecticut who (A) is engaged in the active
14 practice of primary care for adults or children, or any needed medical
15 specialty identified pursuant to section 1 of this act, (B) practices in a

16 municipality designated as a targeted health area pursuant to section 1
 17 of this act, and (C) is in good standing with the payment of all state
 18 and local taxes and with the Department of Public Health; (2) a
 19 physician office that, as of the effective date of this section (A) provides
 20 primary care services to adults or children, or any needed medical
 21 specialty identified pursuant to section 1 of this act, (B) is located in an
 22 area designated as a targeted health area pursuant to section 1 of this
 23 act, and (C) is in good standing with the payment of all state and local
 24 taxes and with the Department of Public Health; or (3) any physician
 25 located within a municipality designated as a targeted health area,
 26 pursuant to section 1 of this act, who meets the criteria of subsection
 27 (a) of section 32-7g of the general statutes.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	New section
Sec. 2	<i>from passage</i>	New section

CE *Joint Favorable Subst.*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note***State Impact:*** None***Municipal Impact:*** None***Explanation***

The bill allows certain physician practices to qualify for the Small Business Express program (Express). There is no fiscal impact as the bill does not provide additional funds for the program.

There is also no fiscal impact to the Department of Public Health associated with designating ten municipalities as "targeted health areas."

Small Business Express Program

PA 11-1 of the October Special Session authorized \$100 million in General Obligation bonds to Express. PA 13-2 authorized an additional \$60 million from the Manufacturing Assistance Act program (MAA) to Express, increasing its total bond authorization to \$160 million.

The State Bond Commission allocated \$140 million to the Express as of March 2013. As of March 28th, \$126 million has been paid out or committed to businesses approved for assistance, leaving a remaining balance of \$14 million available in allocated funding. Approximately \$34 million in assistance is requested in current applications under review.

SB 842, An Act Authorizing and Adjusting Bonds of the State for Capital Improvements, Transportation, and Other Purposes,

authorizes \$50 million in both FY 14 and FY 15 to Express.

The Out Years

State Impact: None

Municipal Impact: None

OLR Bill Analysis**sHB 5568*****AN ACT CONCERNING TARGETED HEALTH AREAS.*****SUMMARY:**

This bill requires the public health commissioner to designate up to 10 municipalities as targeted health areas (THAs) and specifies that physicians and physician offices there are eligible for loans and grants under the Small Business Express Program (Express).

EFFECTIVE DATE: Upon passage

DESIGNATING THAs

The bill requires the public health commissioner to designate, by December 1, 2013, and within available appropriations, up to 10 municipalities as THAs, in consultation with the social services commissioner and a representative of the Connecticut State Medical Society. The commissioner may designate a municipality as a THA if it has a (1) medically underserved population or (2) high chronic disease rate. Further, she and the parties with whom she must consult must identify any medical specialty needed in the THAs.

EXPRESS ASSISTANCE***Eligibility***

The bill specifies that licensed physicians and physician offices in THAs qualify for Express financing if they meet one of two sets of criteria. Under the first set, a physician or physician offices qualify if they practice medicine in a THA and actively provide (1) primary care for adults or children or (2) any medical specialty the commissioner determines the THA needs. The physician must also be current on all state and local taxes and be in good standing with the Public Health Department.

As under existing law, a physician qualifies for Express financing if she or he:

1. employs no more than 100 people during the prior 12 months,
2. is based and operates in Connecticut,
3. has been registered to do business here for at least 12 months,
4. is current on all state and local taxes, and
5. is in good standing with all state agencies.

Types of Assistance

Licensed physicians and physician offices qualify for financing under the Department of Economic and Community Development’s (DECD’s) Express Program, which provides revolving loans, job creation incentive loans, and matching grants. Table 1 outlines the program’s features, including eligible expenditures and terms and conditions.

Table 1: Express Program

Characteristic	Financial Assistance		
	Revolving Loans	Job Creation Incentives	Matching Grants
Type of Assistance	Loan	Deferrable or forgivable loans for borrowers that increase and maintain jobs	Matching grants for capital
Purpose	Support small business growth	Support hiring goals	Provide capital
Component-Specific Priority	<ul style="list-style-type: none"> • Businesses creating new jobs lasting at least 12 consecutive months • Economic-base industries 	Economic-base businesses	<ul style="list-style-type: none"> • Economic-base businesses • Businesses likely to use grants to maintain job growth
Eligible expenditures	<ul style="list-style-type: none"> • Acquiring machinery and equipment • Construction or leasehold improvements • Relocation costs • Working capital • Other commissioner-approved business 	<ul style="list-style-type: none"> • Training • Marketing • Working capital • Other commissioner-approved expenses that support job creation 	<ul style="list-style-type: none"> • New or ongoing training • Working capital • Acquiring machinery and equipment • Construction or leasehold improvements • Relocation within the state • Other commissioner-approved business-related

Characteristic	Financial Assistance		
	Revolving Loans	Job Creation Incentives	Matching Grants
	expenses		expenses
Terms or conditions	<ul style="list-style-type: none"> • \$10,000 to \$100,000 loans • Up to 4% interest • Maximum 10-year term • DECD reviews and approves loan terms, conditions, and collateral requirements to prioritize job growth and retention 	<ul style="list-style-type: none"> • \$10,000 to \$300,000 forgivable loans • Commissioner may defer loan payments based on her assessment of the business' attainment of job creation goals • Commissioner may also forgive all or part of a loan based on a business (1) attaining job creation goals or (2) maintaining an increased number of jobs for at least 12 consecutive months • DECD reviews and approves loan terms, conditions, and collateral requirements to prioritize job creation and retention 	<ul style="list-style-type: none"> • \$10,000 to \$100,000 grants • Business must match state grant • DECD prioritizes based on likelihood of applicant maintaining job growth

COMMITTEE ACTION

Commerce Committee

Joint Favorable Substitute

Yea 19 Nay 0 (03/14/2013)