

Senate File 2238 - Introduced

SENATE FILE 2238

BY HATCH

A BILL FOR

1 An Act relating to health enterprise zones, providing for
2 tax credits and other financial assistance, and including
3 applicability provisions.

4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. NEW SECTION. 135P.1 Title.

2 This Act shall be known and may be cited as the "*Health*
3 *Enterprise Zones Act*".

4 Sec. 2. NEW SECTION. 135P.2 Purpose.

5 The purpose of health enterprise zones is to encourage
6 public and private partners on the state and local level
7 to collaborate in targeting resources to reduce health
8 disparities, address social determinants of health, improve
9 individual health outcomes and population health, and reduce
10 health care costs or produce savings in the health care system.

11 Sec. 3. NEW SECTION. 135P.3 Definitions.

12 As used in this chapter unless the context otherwise
13 requires:

14 1. "*Advisory council*" means the medical home system advisory
15 council created in section 135.159.

16 2. "*Department*" means the department of public health.

17 3. "*Director*" means the director of public health.

18 4. "*Fund*" means the health enterprise zone trust fund
19 established in section 135P.6.

20 5. "*Health enterprise zone*" means a contiguous geographic
21 area that meets all of the requirements specified in section
22 135P.4.

23 6. "*Health enterprise zone practitioner*" means a health care
24 practitioner who is licensed or certified in this state and who
25 provides any of the following:

26 a. Primary care, including obstetrics, gynecological
27 services, pediatric services, or geriatric services.

28 b. Behavioral health services, including mental health or
29 substance use disorder services.

30 c. Dental services.

31 Sec. 4. NEW SECTION. 135P.4 Health enterprise zones —
32 requirements — application — designation — reporting.

33 1. In order to be designated as a health enterprise zone,
34 a contiguous geographic area shall meet all of the following
35 requirements:

1 *a.* Demonstrate measurable and documented health disparities
2 and poor health outcomes or a shortage of health enterprise
3 zone practitioners.

4 *b.* Be small enough geographically to allow for the
5 incentives offered under this chapter to have a significant
6 impact on improving individual health outcomes and population
7 health, reducing health disparities and addressing determinants
8 of health, including those related to racial, ethnic,
9 geographic, and economic disparities, or increasing the
10 availability of health enterprise zone practitioners.

11 *c.* Be designated as a health enterprise zone by the advisory
12 council and the director in accordance with this chapter.

13 2. A nonprofit community-based organization or a local
14 government agency may apply to the department on behalf of an
15 area seeking health enterprise zone designation.

16 3. The application shall be in the form and the manner and
17 contain the information the department requires by rule.

18 4. The completed application shall contain a plan to
19 effectively and sustainably reduce health disparities and
20 address social determinants of health, improve individual
21 health outcomes and population health, and reduce costs or
22 produce savings in the health care system, and shall include
23 all of the following:

24 *a.* A description of the plan of the nonprofit
25 community-based organization or local government agency to
26 utilize funding available under this chapter to address health
27 care practitioner capacity, improve health services delivery,
28 effectuate community improvements, and conduct outreach and
29 education efforts.

30 *b.* A proposal to use the funding available under this
31 chapter to provide for loan repayment incentives to encourage
32 health enterprise zone practitioners to practice in the area.

33 *c.* A plan to use other benefits provided under this chapter
34 to do the following:

35 (1) Encourage health enterprise zone practitioners to

1 establish or expand health care practices in the area.

2 (2) Implement innovative public health strategies that
3 provide for accessible, integrated, culturally competent health
4 care in the area supported by care coordination, prevention
5 services, and community outreach and education. The strategy
6 shall utilize local public health, community health workers,
7 health coaches, registered dietitians, optometrists, dentists
8 and dental hygienists, school-based health care professionals,
9 community paramedics, care coordinators, social workers, peer
10 learning professionals, community-based disease management
11 activities coordinators, and others to address health
12 disparities and social determinants of health.

13 (3) Address health disparities that focus on ways to
14 expand access to health care and other resources and services
15 that address social determinants of health including those
16 related to nutrition, employment, housing, transportation,
17 public safety, and other underlying factors that contribute to
18 increased costs in health care.

19 (4) Expand the use of electronic health records and data
20 collection and analytics to address health disparities and
21 social determinants of health, rather than relying solely on
22 diagnoses, to better understand and direct resources toward the
23 root causes of poor health outcomes.

24 (5) Develop a population health and prevention strategy to
25 coordinate and mobilize health care and community resources
26 to positively impact the health and wellness of the residents
27 of the health enterprise zone by identifying needs, filling
28 existing gaps in services without duplication, and establishing
29 channels of communication between providers of health care and
30 community resources.

31 (6) Utilize mobile delivery methods or existing health care
32 delivery and community resources locations, or develop health
33 care transportation routes to provide greater accessibility to
34 health care and other community resources.

35 5. The advisory council shall make recommendations to the

1 director on the designation of health enterprise zones, and the
2 director shall designate areas as health enterprise zones based
3 upon the recommendations of the advisory council. The director
4 may limit the number of health enterprise zone designations in
5 accordance with the funding available. The decision of the
6 director to designate an area as a health enterprise zone is
7 final.

8 6. In recommending and designating health enterprise zones,
9 the advisory council and the director shall consider all of the
10 following:

11 a. The geographic diversity of the areas for which
12 applications are submitted.

13 b. Support from and participation of key stakeholders from
14 the public and private sectors, including residents of the
15 area, local government, local government agencies including
16 public health and social services agencies, behavioral health
17 providers, dentists, pharmacies, hospitals, primary care
18 providers, schools, and others.

19 c. The plan for long-term funding and sustainability of the
20 health enterprise zone.

21 d. Inclusion of supplementary funds from the private sector.

22 e. The level of collaboration of local boards of health
23 and hospitals in the area in conducting a joint community
24 health needs assessment and developing an integrated health
25 improvement plan, and the extent to which the goals of the
26 integrated health improvement plan support the approach
27 specified in the application.

28 f. A plan for evaluation of the impact of designation of
29 the proposed area as a health enterprise zone. In addition
30 to diagnosis-based outcomes such as reduction in preventable
31 hospital emergency department visits and hospital admissions
32 and readmissions, outcomes shall measure increased access
33 to primary and preventive care, increased availability of
34 medical homes and the level of integration of primary care and
35 behavioral health services in the area, and the increased use

1 of electronic medical records.

2 *g.* Other factors specified in rule that are appropriate
3 to demonstrate a commitment to reduce health disparities and
4 improve health outcomes.

5 7. On or before December 15, annually, the director shall
6 submit to the governor and the general assembly a report that
7 includes all of the following:

8 *a.* The number of health enterprise zone applications
9 approved for the preceding fiscal year.

10 *b.* The number and type of incentives granted in each health
11 enterprise zone.

12 *c.* Evidence of the impact of incentives in attracting health
13 enterprise zone practitioners to health enterprise zones.

14 *d.* Evidence of the impact of the incentives offered in
15 health enterprise zones in reducing health disparities and
16 addressing social determinants of health, improving individual
17 health outcomes and population health, and reducing costs or
18 producing savings in the health care system.

19 **Sec. 5. NEW SECTION. 135P.5 Incentives available to health**
20 **enterprise zones.**

21 1. All of the following are available as incentives for
22 designated health enterprise zones:

23 *a.* Tax credits against the state income tax as provided in
24 sections 135P.7 and 135P.8.

25 *b.* Loan repayment assistance as provided for in the
26 application for designation as a health enterprise zone.

27 *c.* Grants to support certification as a patient-centered
28 medical home as provided in chapter 135, division XXII.

29 *d.* Grants to support the infrastructure and positions
30 to provide mental health services, telemedicine, care
31 coordination, electronic health records, and data collection
32 and analysis.

33 *e.* Other grants as specified in this section.

34 2. A nonprofit community-based organization or a local
35 government agency that applies on behalf of an area for

1 designation as a health enterprise zone may receive grants, as
2 determined by the director, to implement actions outlined in
3 the organization's or agency's application to reduce health
4 disparities and address social determinants of health, improve
5 individual health outcomes and population health, and reduce
6 costs or produce savings in the health care system.

7 3. A health enterprise zone practitioner may apply to
8 the director for a grant to defray the costs of capital or
9 leasehold improvements to, or medical or dental equipment to be
10 used in, a health enterprise zone.

11 a. A grant to defray the cost of medical or dental equipment
12 shall not exceed the lesser of twenty-five thousand dollars or
13 fifty percent of the cost of the equipment.

14 b. A grant for capital or leasehold improvements shall
15 be for the purpose of improving or expanding the delivery of
16 health care services in the health enterprise zone.

17 c. To qualify for a grant, the health enterprise zone
18 practitioner shall own or lease the health care facility and
19 provide health care services from the facility.

20 Sec. 6. NEW SECTION. 135P.6 **Health enterprise zone trust**
21 **fund.**

22 1. A health enterprise zone trust fund is created in the
23 state treasury under the authority of the department. Moneys
24 received through appropriations and other moneys specified for
25 deposit in the trust fund shall be deposited in the trust fund.

26 2. Moneys in the trust fund shall be used, subject to their
27 appropriation by the general assembly, by the department to
28 provide the incentives specified in this chapter to support
29 health enterprise zones.

30 3. The trust fund shall be separate from the general fund
31 of the state and shall not be considered part of the general
32 fund. The moneys in the trust fund shall not be considered
33 revenue of the state, but rather shall be funds of the trust
34 fund. The moneys deposited in the trust fund are not subject
35 to section 8.33 and shall not be transferred, used, obligated,

1 appropriated, or otherwise encumbered, except to provide for
2 the purposes of this chapter. Notwithstanding section 12C.7,
3 subsection 2, interest or earnings on moneys deposited in the
4 trust fund shall be credited to the trust fund.

5 4. The department shall adopt rules pursuant to chapter 17A
6 to administer the trust fund.

7 Sec. 7. NEW SECTION. 135P.7 **Health enterprise zone**
8 **practitioner tax credit.**

9 1. A health enterprise zone practitioner who practices in
10 a health enterprise zone may be eligible for a credit against
11 the taxes imposed in chapter 422, division II, if the taxpayer
12 complies with all of the following:

13 a. Accepts and provides care for patients in the health
14 enterprise zone, including those enrolled in the medical
15 assistance program or those who are uninsured.

16 b. Timely files the tax return on which the credit is
17 claimed, including any extension of time to file.

18 c. Is not currently delinquent in filing any tax return with
19 this state nor has delinquent accounts, charges, fees, loans,
20 taxes, or other indebtedness owed to this state or a political
21 subdivision of this state.

22 d. Meets any other criteria established by the department
23 for the health enterprise zone program.

24 2. A nonprofit community-based organization or a local
25 government agency that submits an application for designation
26 as a health enterprise zone and is approved by the director,
27 may also submit to the department a request for certification
28 of eligibility for an income tax credit on behalf of a health
29 enterprise zone practitioner practicing or seeking to practice
30 in the health enterprise zone.

31 3. a. If the department approves a request for
32 certification of eligibility submitted under this section,
33 a health enterprise zone practitioner may claim a credit in
34 an amount equal to the taxpayer's income tax payable to this
35 state, computed without regard to the credit allowed under

1 this section, section 135P.8, or the credit for withheld tax
2 and estimated tax paid under section 422.16, from income
3 attributable to the provision of health care services in the
4 health enterprise zone.

5 *b.* The maximum amount that may be refunded to a taxpayer
6 in any tax year the credit allowed under this section is
7 claimed shall not exceed the sum of the amount withheld from
8 the taxpayer's wages or other income pursuant to section 422.16
9 for the tax year, plus the amount paid as estimated tax by the
10 taxpayer pursuant to section 422.16 for the tax year, from
11 income attributable to the provision of health care services
12 in the health enterprise zone.

13 4. To be certified as eligible for the credit provided
14 under this section, a health enterprise zone practitioner may
15 apply for certification through the nonprofit community-based
16 organization or the local government agency that submits an
17 approved application under section 135P.4. The taxpayer shall
18 include with the tax return the tax credit certificate and a
19 statement from the applicant organization or agency verifying
20 the amount received by the practitioner for providing health
21 care services in the health enterprise zone, in a form and
22 manner prescribed by the department of revenue.

23 5. Eligibility for the certification for the credit
24 provided under this section is limited by the availability
25 of funds appropriated for that purpose, as determined by the
26 department.

27 6. Certificates of eligibility shall be subject to approval
28 by the department on a first-come, first-served basis, as
29 determined by rule of the department.

30 7. The department, in consultation with the director of
31 revenue, shall adopt rules to implement the tax credit under
32 this section.

33 Sec. 8. NEW SECTION. 135P.8 Health enterprise zone
34 qualified position tax credit.

35 1. *a.* A health enterprise zone practitioner may be eligible

1 for a credit against taxes imposed in chapter 422, division II,
2 for hiring an individual for a qualified position in the health
3 enterprise zone, as certified by the department for the taxable
4 year.

5 *b.* To be eligible for the credit under this section, the
6 taxpayer shall meet the following requirements:

7 (1) The taxpayer accepts and provides care for patients in a
8 health enterprise zone, including those enrolled in the medical
9 assistance program or those who are uninsured.

10 (2) The taxpayer creates and fills one or more qualified
11 positions during a period of twenty-four consecutive months.

12 (3) The taxpayer's tax return on which the credit is claimed
13 is timely filed, including any extension of time to file.

14 (4) The taxpayer is not currently delinquent in filing
15 any tax return with this state nor does the taxpayer have
16 delinquent accounts, charges, fees, loans, taxes, or other
17 indebtedness owed to this state or a political subdivision of
18 this state.

19 2. The credit allowed under this section shall be claimed
20 over a twenty-four-month period, with one-half of the credit
21 amount allowed each year beginning with the taxable year in
22 which the qualified position was filled.

23 3. The maximum amount of the credit is ten thousand dollars.
24 The credit is refundable.

25 4. If a qualified position for which a credit is claimed is
26 filled for a period of less than twenty-four months, the tax
27 credit shall be recaptured as follows:

28 *a.* The tax credit shall be recomputed and reduced on a
29 prorated basis, based on the period of time the qualified
30 position was filled, as determined by the department and
31 reported to the department of revenue.

32 *b.* The health enterprise zone practitioner who received
33 the tax credit shall repay any amount of the credit that may
34 have already been refunded to the practitioner that exceeds
35 the amount recomputed by the department under this subsection.

1 The repayment of a credit pursuant to this subsection shall
2 be considered a tax payment due and payable to the department
3 of revenue by the taxpayer who has claimed such credit, and
4 the failure to make such a repayment may be treated by the
5 department of revenue in the same manner as a failure to pay
6 the tax shown due or required to be shown due with the filing of
7 a return or deposit form.

8 5. To be certified as eligible for the tax credit provided
9 under this section, a health enterprise zone practitioner may
10 apply for certification through the nonprofit community-based
11 organization or the local government agency that submits an
12 approved application under section 135P.4.

13 6. Eligibility for certification for the credit provided
14 under this section, and the amount of the credit certified,
15 are limited by the availability of funds appropriated for that
16 purpose, as determined by the department.

17 7. Certificates of eligibility shall be subject to approval
18 by the department on a first-come, first-served basis, as
19 determined by rule of the department.

20 8. The department, in consultation with the director of
21 revenue, shall adopt rules to implement the tax credit under
22 this section.

23 9. As used in this section unless the context otherwise
24 requires:

25 a. *“Qualified employee”* means a health enterprise zone
26 practitioner who is not the taxpayer, or a community health
27 worker, health coach, registered dietician, optometrist,
28 dentist or dental hygienist, school nurse, community paramedic,
29 care coordinator, social worker, peer learning professional,
30 community-based disease management activities coordinator,
31 or other individual who provides direct support to a health
32 enterprise zone practitioner thereby increasing access to
33 services in the health enterprise zone.

34 b. (1) *“Qualified position”* means a position held
35 by a qualified employee that meets all of the following

1 requirements:

2 (a) Pays at least one hundred fifty percent of the federal
3 minimum wage.

4 (b) Is full-time and of indefinite duration.

5 (c) Is newly created as the result of the establishment or
6 expansion of services in a health enterprise zone.

7 (2) "*Qualified position*" does not include a position that is
8 filled for a period of less than twelve months.

9 Sec. 9. NEW SECTION. 422.11C Health enterprise zone tax
10 credits.

11 1. The taxes imposed under this division, less the credits
12 allowed under section 422.12, shall be reduced by a health
13 enterprise zone practitioner tax credit authorized pursuant to
14 section 135P.7.

15 2. The taxes imposed under this division, less the credits
16 allowed under section 422.12, shall be reduced by a health
17 enterprise zone qualified position tax credit authorized
18 pursuant to section 135P.8.

19 Sec. 10. APPLICABILITY. The provisions of this Act
20 providing for health enterprise zone practitioner tax credits
21 and health enterprise zone qualified position tax credits apply
22 to tax years beginning on or after January 1, 2015.

23 EXPLANATION

24 The inclusion of this explanation does not constitute agreement with
25 the explanation's substance by the members of the general assembly.

26 This bill creates the health enterprise zone Act.

27 The purpose of health enterprise zones is to encourage
28 public and private partners on the state and local level
29 to collaborate in targeting resources to reduce health
30 disparities, address social determinants of health, improve
31 individual health outcomes and population health, and reduce
32 health care costs throughout the state.

33 A "health enterprise zone" is defined as a contiguous
34 geographic area that demonstrates measurable and documented
35 health disparities and poor health outcomes or a shortage

1 of health enterprise zone practitioners; is small enough
2 geographically to allow for the incentives offered under the
3 bill to have a significant impact on improving individual
4 health outcomes and population health, reducing health
5 disparities and addressing determinants of health including
6 those related to racial, ethnic, geographic, and economic
7 disparities, or increasing the availability of health
8 enterprise zone practitioners; and is designated as a health
9 enterprise zone by the medical home advisory council and the
10 director in accordance with this chapter. A "health enterprise
11 zone practitioner" means a health care practitioner who is
12 licensed or certified in this state and who provides: primary
13 care, including obstetrics, gynecological services, pediatric
14 services, or geriatric services; behavioral health services
15 including mental health or substance use disorder services; or
16 dental services.

17 The bill provides that a nonprofit community-based
18 organization or a local government agency may apply to the
19 department of public health (DPH) on behalf of an area seeking
20 health enterprise zone designation. The bill specifies
21 the required information to be included in the application,
22 including a plan to effectively and sustainably reduce health
23 disparities and address social determinants of health, improve
24 individual health outcomes and population health, and reduce
25 costs or produce savings in the health care system. The bill
26 also specifies the required elements of a plan submitted with
27 the application.

28 The bill directs the medical home advisory council to
29 make recommendations to the director of public health on the
30 designation of health enterprise zones. The director is to
31 designate areas as health enterprise zones based upon the
32 recommendations of the advisory council, and may limit the
33 number of designations of health enterprise zones in accordance
34 with the funding available. The decision of the director to
35 designate an area as a health enterprise zone is final.

1 The bill provides considerations for the advisory council
2 and the director in recommending and designating health
3 enterprise zones.

4 The director is required on or before December 15, annually,
5 to submit to the governor and the general assembly a report
6 that includes the number of health enterprise zone applications
7 approved for the preceding fiscal year; the number and type of
8 incentives granted in each health enterprise zone; evidence of
9 the impact of incentives in attracting health enterprise zone
10 practitioners to health enterprise zones; and evidence of the
11 impact of the incentives offered in health enterprise zones in
12 reducing health disparities and addressing social determinants
13 of health, improving individual health outcomes and population
14 health, and reducing costs or producing savings in the health
15 care system.

16 Incentives for health enterprise zones under the bill
17 include tax credits and loan repayment; grants to support
18 certification as a patient-centered medical home; grants to
19 support the infrastructure and positions to provide mental
20 health services, telemedicine, care coordination, electronic
21 health records, and data collection and analysis; grants to
22 defray the costs of capital or leasehold improvements to, or
23 medical or dental equipment to be used in, a health enterprise
24 zone; and grants to implement other provisions included in an
25 approved health enterprise zone application.

26 The bill creates a health enterprise zone trust fund in the
27 state treasury under the authority of DPH. The trust fund is
28 comprised of moneys received through appropriations and other
29 moneys specified for deposit in the trust fund. Moneys in
30 the trust fund are to be used, subject to their appropriation
31 by the general assembly, by DPH to provide the incentives to
32 support health enterprise zones.

33 The bill creates a health enterprise zone practitioner tax
34 credit and a health enterprise zone qualified position tax
35 credit. A health enterprise zone practitioner who practices

1 in a health enterprise zone may be eligible for a tax credit
2 against state individual income taxes in accordance with the
3 approved health enterprise zone application if the individual
4 accepts and provides care for patients in the health enterprise
5 zone, including those enrolled in the medical assistance
6 program or those who are uninsured, and meets any other
7 criteria established for the health enterprise zone program.
8 Additionally, a nonprofit community-based organization or
9 a local government agency that submits an application for
10 designation as a health enterprise zone and is approved by
11 the director, may also submit to the department a request for
12 certification of eligibility for an income tax credit on behalf
13 of a health enterprise zone practitioner practicing or seeking
14 to practice in the health enterprise zone.

15 In addition, a health enterprise zone practitioner may claim
16 a refundable credit of up to \$10,000 for hiring an individual
17 for a qualified position in the health enterprise zone, as
18 certified by the department for the taxable year.

19 Eligibility for the certification for the tax credits is
20 limited by the availability of funds appropriated for that
21 purpose, as determined by DPH. Certificates of eligibility for
22 one or both tax credits are subject to approval by DPH on a
23 first-come, first-served basis, as determined by rule of the
24 department. DPH, in consultation with the director of revenue,
25 is directed to adopt rules to implement the tax credit.

26 The tax credits created apply to tax years beginning on or
27 after January 1, 2015.