

117TH CONGRESS
2D SESSION

S. 5293

To provide for the designation of areas as Health Enterprise Zones to reduce health disparities and improve health outcomes in such areas, and for other purposes.

IN THE SENATE OF THE UNITED STATES

DECEMBER 19, 2022

Mr. PADILLA introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To provide for the designation of areas as Health Enterprise Zones to reduce health disparities and improve health outcomes in such areas, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Health Enterprise Zones Act of 2022”.

6 (b) TABLE OF CONTENTS.—The table of contents of
7 this Act is as follows:

- Sec. 1. Short title; table of contents.
- Sec. 2. Designation of Health Enterprise Zones.
- Sec. 3. Consultation.
- Sec. 4. Tax incentives.

Sec. 5. Grants.

Sec. 6. Student loan repayment program.

Sec. 7. Incentive payments for Medicare part B items and services furnished in Health Enterprise Zones.

Sec. 8. Reporting.

Sec. 9. Definitions.

Sec. 10. Authorization of appropriations.

1 SEC. 2. DESIGNATION OF HEALTH ENTERPRISE ZONES.

2 (a) DESIGNATION.—

3 (1) IN GENERAL.—Not later than 18 months
4 after the date of enactment of this Act, the Sec-
5 retary shall, pursuant to applications submitted
6 under subsection (c), designate areas as Health En-
7 terprise Zones to reduce health disparities and im-
8 prove health outcomes in such areas.

9 (2) ELIGIBILITY OF AREA.—To be designated
10 as a Health Enterprise Zone under this section, an
11 area shall—

12 (A) be a contiguous geographic area in one
13 census tract or ZIP Code;

14 (B) have measurable and documented ra-
15 cial, ethnic, or geographic health disparities and
16 poor health outcomes, demonstrated by—

17 (i) average income below 150 percent
18 of the Federal poverty line;

19 (ii) a rate of participation in the spe-
20 cial supplemental nutrition program under
21 section 17 of the Child Nutrition Act of
22 1966 (42 U.S.C. 1786) that is higher than

1 the national average rate of participation
2 in such program;

3 (iii) lower life expectancy than the na-
4 tional average;

5 (iv) a higher percentage of instances
6 of low birth weight than the national aver-
7 age; or

8 (v) designation under section 332 of
9 the Public Health Service Act (42 U.S.C.
10 254e) as a health professional shortage
11 area; and

12 (C) be part of a metropolitan statistical
13 area or micropolitan statistical area identified
14 by the Director of the Office of Management
15 and Budget.

16 (b) SOLICITATION OF APPLICATIONS.—The Sec-
17 retary shall—

18 (1) not later than 1 year after the date of en-
19 actment of this Act, solicit applications under sub-
20 section (c); and

21 (2) publish on the website of the Department of
22 Health and Human Services—

23 (A) the names of all applicants under sub-
24 section (c), together with the names of each ap-
25 plicant's coalition partners; and

1 (B) a description of all areas proposed to
2 be designated as Health Enterprise Zones.

3 (c) SUBMISSION OF APPLICATIONS.—To seek the
4 designation of an area as a Health Enterprise Zone, a
5 community-based nonprofit organization or local govern-
6 mental agency, in coalition with an array of health care
7 providers, hospitals, nonprofit community health clinics,
8 health centers, social service organizations, and other re-
9 lated organizations, shall submit an application to the Sec-
10 retary.

11 (d) CONTENTS.—An application under subsection (c)
12 shall—

13 (1) include an effective and sustainable plan
14 with respect to the area proposed for designation—

15 (A) to reduce health disparities;

16 (B) to reduce the costs of, or to produce
17 savings to, the health care system;

18 (C) to improve health outcomes; and

19 (D) to utilize one or more of the incentives
20 established pursuant to section 4, 5, or 6 of this
21 Act, or section 1833(a) of the Social Security
22 Act (42 U.S.C. 1395l(a)), as amended by sec-
23 tion 7 of this Act, to address health care pro-
24 vider capacity, improve health services delivery,

1 effectuate community improvements, or conduct
2 outreach and education efforts; and

3 (2) identify specific diseases or indicators of
4 health for improvement of health outcomes in such
5 area, including at least one of the following:

6 (A) Cardiovascular disease.

7 (B) Asthma.

8 (C) Diabetes.

9 (D) Dental health.

10 (E) Behavioral health.

11 (F) Maternal and birth health.

12 (G) Sexually transmitted infections.

13 (H) Obesity.

14 (e) CONSIDERATIONS.—The Secretary—

15 (1) shall consider geographic diversity, among
16 other factors, in selecting areas for designation as
17 Health Enterprise Zones; and

18 (2) may conduct outreach efforts to encourage
19 a geographically diverse pool of applicants, including
20 for designating Health Enterprise Zones in rural
21 areas.

22 (f) PRIORITY.—In selecting areas for designation as
23 Health Enterprise Zones, the Secretary shall give higher
24 priority to applications based on the extent to which an
25 area demonstrates the following:

1 (1) Support from, and participation of, key
2 stakeholders in the public and private sectors in the
3 area proposed for designation, including residents
4 and local governments of such area.

5 (2) A plan for long-term funding and sustain-
6 ability.

7 (3) Supporting funds from the private sector.

8 (4) Integration with any applicable State health
9 improvement process or plan.

10 (5) A plan for evaluation of the impact of des-
11 ignation of such area as a Health Enterprise Zone.

12 (6) A plan to utilize existing State tax credits,
13 grants, or other incentives to reduce health dispari-
14 ties and improve health outcomes in the proposed
15 Health Enterprise Zone.

16 (7) Such other factors as the Secretary deter-
17 mines are appropriate to demonstrate a commitment
18 to reduce health disparities and improve health out-
19 comes in such area.

20 (g) PERIOD OF DESIGNATION.—The designation
21 under this section of an area as a Health Enterprise Zone
22 shall be in effect until the date that is 10 years after the
23 date on which the first such area is so designated.

1 **SEC. 3. CONSULTATION.**

2 The Secretary shall carry out this Act in consultation
3 with—

4 (1) the Secretary of Housing and Urban Devel-
5 opment; and

6 (2) the Deputy Assistant Secretary for Minority
7 Health.

8 **SEC. 4. TAX INCENTIVES.**

9 (a) WORK OPPORTUNITY CREDIT FOR HIRING
10 HEALTH ENTERPRISE ZONE WORKERS.—

11 (1) IN GENERAL.—Section 51(d)(1) of the In-
12 ternal Revenue Code of 1986 is amended by striking
13 “or” at the end of subparagraph (I), by striking the
14 period at the end of subparagraph (J) and inserting
15 “, or”, and by adding at the end the following new
16 subparagraph:

17 “(K) a qualified Health Enterprise Zone
18 worker, to the extent that the qualified first-
19 year wages with respect to such worker are paid
20 for qualified Health Enterprise Zone work.”.

21 (2) QUALIFIED HEALTH ENTERPRISE ZONE
22 WORKER.—Section 51(d) of such Code is amended
23 by adding at the end the following new paragraph:

24 “(16) HEALTH ENTERPRISE ZONES.—

25 “(A) QUALIFIED HEALTH ENTERPRISE
26 ZONE WORKER.—The term ‘qualified Health

1 Enterprise Zone worker’ means any individual
 2 who is certified by the designated local agency
 3 as having (as of the hiring date) a principal
 4 place of employment within a Health Enterprise
 5 Zone.

6 “(B) QUALIFIED HEALTH ENTERPRISE
 7 ZONE WORK.—The term ‘qualified Health En-
 8 terprise Zone work’ means employment by a
 9 Health Enterprise Zone practitioner, the pri-
 10 mary official duties of which promote access to
 11 healthcare in a Health Enterprise Zone.

12 “(C) RELATED TERMS.—For purposes of
 13 this paragraph, the terms ‘Health Enterprise
 14 Zone’ and ‘Health Enterprise Zone practitioner’
 15 have the same meaning given such terms under
 16 section 9 of the Health Enterprise Zones Act of
 17 2022.”.

18 (3) EFFECTIVE DATE.—The amendments made
 19 by this subsection shall apply to amounts paid or in-
 20 curred after the date of the enactment of this Act
 21 to individuals who begin work for the employer after
 22 such date.

23 (b) CREDIT FOR HEALTH ENTERPRISE ZONE WORK-
 24 ERS.—

1 (1) IN GENERAL.—Subpart A of part IV of sub-
 2 chapter A of chapter 1 of the Internal Revenue Code
 3 of 1986, as amended by section 13402 of Public
 4 Law 117–169, is amended by inserting after section
 5 25E the following new section:

6 **“SEC. 25F. CREDIT FOR QUALIFIED HEALTH ENTERPRISE**
 7 **ZONE WORKERS.**

8 “(a) ALLOWANCE OF CREDIT.—In the case of a
 9 qualified Health Enterprise Zone worker, there shall be
 10 allowed as a credit against the tax imposed by this chapter
 11 for a taxable year an amount equal to 40 percent of wages
 12 received for qualified Health Enterprise Zone work during
 13 such taxable year.

14 “(b) DEFINITIONS.—For purposes of this section—

15 “(1) QUALIFIED HEALTH ENTERPRISE ZONE
 16 WORKER.—The term ‘qualified Health Enterprise
 17 Zone worker’ means, with respect to wages, an indi-
 18 vidual whose principal place of employment while
 19 earning such wages is within a Health Enterprise
 20 Zone (as such term is defined in section 9 of the
 21 Health Enterprise Zones Act of 2022).

22 “(2) QUALIFIED HEALTH ENTERPRISE ZONE
 23 WORK.—The term ‘qualified Health Enterprise Zone
 24 work’ has the same meaning given such term in sec-
 25 tion 51(d)(16)(B).”.

1 (2) CLERICAL AMENDMENT.—The table of sec-
 2 tions for subpart A of part IV of subchapter A of
 3 chapter 1 of such Code, as amended by section
 4 13402(d) of Public Law 117–169, is amended by in-
 5 serting after the item relating to section 25E the fol-
 6 lowing new item:

“Sec. 25F. Credit for qualified Health Enterprise Zone workers.”.

7 (3) EFFECTIVE DATE.—The amendments made
 8 by this subsection shall apply to wages received after
 9 the date of the enactment of this Act.

10 **SEC. 5. GRANTS.**

11 (a) AUTHORIZATION.—For each area designated
 12 under section 2 as a Health Enterprise Zone, the Sec-
 13 retary may award a grant to the community-based non-
 14 profit organization or local governmental agency that ap-
 15 plied for such designation to support such applicant and
 16 its coalition partners in reducing health disparities and
 17 improving health outcomes in such area.

18 (b) USE OF FUNDS.—Programs and activities funded
 19 through a grant under this section shall be consistent with
 20 the grantee’s plan submitted pursuant to section 2(d)(1)
 21 and may include the following:

22 (1) SUBGRANTS TO HEALTH CARE PRACTI-
 23 TIONERS.—

24 (A) IN GENERAL.—For the purpose of im-
 25 proving or expanding the delivery of health care

1 in the respective Health Enterprise Zone, the
2 grantee may award subgrants to Health Enter-
3 prise Zone practitioners to defray costs related
4 to innovative strategies listed in paragraph (2).

5 (B) ELIGIBILITY.—To be eligible to receive
6 a subgrant pursuant to subparagraph (A), a
7 Health Enterprise Zone practitioner shall—

8 (i) own or lease a health care facility
9 in the Health Enterprise Zone; or

10 (ii) provide health care in such a facil-
11 ity.

12 (C) AMOUNT.—The amount of a subgrant
13 under subparagraph (A) may not exceed the
14 lesser of—

15 (i) \$5,000,000; or

16 (ii) 50 percent of the costs of the
17 equipment, or capital or leasehold improve-
18 ments.

19 (2) INNOVATIVE STRATEGIES.—A grantee (or
20 subgrantee) may use a grant received under this sec-
21 tion (or a subgrant received under paragraph (1)) to
22 implement innovative public health strategies in the
23 respective Health Enterprise Zone, which strategies
24 may include—

1 (A) internships and volunteer opportunities
2 for students who reside in the Health Enter-
3 prise Zone;

4 (B) funding resources to improve health
5 care provider capacity to serve non-English
6 speakers;

7 (C) operation of medical, mental and be-
8 havioral health, and dental mobile clinics;

9 (D) provision of transportation to and
10 from medical appointments for patients;

11 (E) funding resources to improve access to
12 healthy food, recreation, and high-quality hous-
13 ing;

14 (F) capital or leasehold improvements to a
15 health care facility in the respective Health En-
16 terprise Zone; and

17 (G) medical or dental equipment to be
18 used in such a facility.

19 **SEC. 6. STUDENT LOAN REPAYMENT PROGRAM.**

20 (a) IN GENERAL.—The Secretary shall carry out a
21 loan repayment program under which the Secretary enters
22 into agreements with eligible Health Enterprise Zone
23 practitioners to make payments on the principal and inter-
24 est of the eligible educational loans of such practitioners

1 for each year such practitioners agree to provide health
2 care services in a Health Enterprise Zone.

3 (b) LIMITATIONS.—In entering into loan repayment
4 agreements under this section, the Secretary may not
5 agree to—

6 (1) make payments for more than 10 years with
7 respect to a practitioner; or

8 (2) pay more than \$10,000 per year, or more
9 than a total of \$100,000, with respect to a practi-
10 tioner.

11 (c) INELIGIBILITY FOR DOUBLE BENEFITS.—No
12 borrower may, for the same service, receive a reduction
13 of loan obligations or a loan repayment under both—

14 (1) this section; and

15 (2) any federally supported loan forgiveness
16 program, including under section 338B, 338I, or
17 846 of the Public Health Service Act (42 U.S.C.
18 254l–1, 254q–1, 297n), or section 428J, 428L,
19 455(m), or 460 of the Higher Education Act of
20 1965 (20 U.S.C. 1078–10, 1078–12, 1087e(m),
21 1087j).

22 (d) DEFINITIONS.—In this section:

23 (1) The term “eligible educational loan” means
24 any federally funded or guaranteed student loan, as

1 determined appropriate by the Secretary in coordina-
 2 tion with the Secretary of Education.

3 (2) The term “eligible Health Enterprise Zone
 4 practitioner” means a Health Enterprise Zone prac-
 5 titioner who—

6 (A) agrees to provide health care services
 7 in a Health Enterprise Zone for a specified pe-
 8 riod that is not less than one year; and

9 (B) has one or more eligible educational
 10 loans.

11 **SEC. 7. INCENTIVE PAYMENTS FOR MEDICARE PART B**
 12 **ITEMS AND SERVICES FURNISHED IN**
 13 **HEALTH ENTERPRISE ZONES.**

14 Section 1833(a) of the Social Security Act (42 U.S.C.
 15 1395l(a)) is amended by adding at the end the following
 16 new subsection:

17 “(ee) INCENTIVE PAYMENTS FOR ITEMS AND SERV-
 18 ICES FURNISHED IN HEALTH ENTERPRISE ZONES.—

19 “(1) IN GENERAL.—In the case of items and
 20 services furnished under this part in an area that is
 21 designated as a Health Enterprise Zone section
 22 2(a)(1) of the Health Enterprise Zones Act of 2022,
 23 in addition to the amount of payment that would
 24 otherwise be made for such items and services under
 25 this part, there also shall be paid (on a monthly or

1 quarterly basis) an amount equal to 10 percent of
 2 the payment amount for the item or service under
 3 this part.

4 “(2) COORDINATION WITH OTHER PAY-
 5 MENTS.—The amount of the additional payment for
 6 an item or a service under this subsection and sub-
 7 section (m) shall be determined without regard to
 8 any additional payment for the item or service under
 9 subsection (m) and this subsection, respectively. The
 10 amount of the additional payment for an item or a
 11 service under this subsection and subsection (z) shall
 12 be determined without regard to any additional pay-
 13 ment for the item or service under subsection (z)
 14 and this subsection, respectively.”.

15 **SEC. 8. REPORTING.**

16 (a) IN GENERAL.—Not later than the day that is 10
 17 years after the first Health Enterprise Zone is designated
 18 under section 2(a)(1), the Secretary shall submit to Con-
 19 gress a report on the implementation of this Act (and the
 20 amendments made by this Act) and the results thereof.

21 (b) CONTENTS.—Each report under subsection (a)
 22 shall—

23 (1) specify the number and types of incentives
 24 provided pursuant to this Act in each Health Enter-
 25 prise Zone designated under section 2; and

1 (2) include evidence of the extent to which the
2 incentives utilized by each Health Enterprise Zone
3 have succeeded—

4 (A) in attracting health care practitioners
5 to practice in Health Enterprise Zones;

6 (B) in reducing health disparities and im-
7 proving health outcomes in Health Enterprise
8 Zones; and

9 (C) in reducing health costs and hospital
10 admissions and readmissions in Health Enter-
11 prise Zones.

12 **SEC. 9. DEFINITIONS.**

13 In this Act:

14 (1) The term “Health Enterprise Zone” means
15 an area designated under section 2 as a Health En-
16 terprise Zone.

17 (2) The term “Health Enterprise Zone practi-
18 tioner” means a health care practitioner who—

19 (A) is licensed or certified in accordance
20 with applicable State law to treat patients in
21 the respective Health Enterprise Zone;

22 (B) provides—

23 (i) primary care, which may include
24 obstetrics, gynecological services, pediatric
25 services, or geriatric services;

1 (ii) behavioral health services, which
 2 may include mental health or substance
 3 use disorder services; or

4 (iii) dental services; and

5 (C) is a participating provider of services
 6 or supplier under the Medicare program under
 7 title XVIII of the Social Security Act (42
 8 U.S.C. 1395 et seq.) or a participating provider
 9 under a State plan under title XIX of such Act
 10 (42 U.S.C. 1396 et seq.).

11 (3) The term “Secretary” means the Secretary
 12 of Health and Human Services.

13 **SEC. 10. AUTHORIZATION OF APPROPRIATIONS.**

14 To carry out this Act, there is authorized to be appro-
 15 priated such sums as may be necessary for the period be-
 16 ginning on the date of enactment of this Act and ending
 17 on the last day of the 10-year period that begins on the
 18 date on which the first Health Enterprise Zone is des-
 19 ignated under section 2(a)(1).

○