

Department of Legislative Services
Maryland General Assembly
2009 Session

FISCAL AND POLICY NOTE

Senate Bill 968 (Senator Colburn, *et al.*)
Education, Health, and Environmental Affairs

Family Medicine Rural Health Commission

This bill establishes the Family Medicine Rural Health Commission. The Maryland Higher Education Commission (MHEC) must provide staff for the commission using existing resources. Among other things, the commission is required to evaluate medical education capacity in the State and recommend educational initiatives that will eliminate physician shortages in the State and produce rural family physicians. By January 1 of each year, the commission must report to the Governor and the General Assembly.

The bill takes effect October 1, 2009, and terminates September 30, 2015.

Fiscal Summary

State Effect: Given the State's fiscal difficulties, agency budgets have been constrained. Thus, the requirement for MHEC to staff the commission with existing resources will require MHEC to use resources designated for other purposes to complete the required tasks and reimburse expenses.

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: The commission consists of specified representatives from public and private organizations. Members of the commission may not receive compensation for serving on the council, but are entitled to reimbursement for expenses under the standard State travel regulations, as provided in the State budget. The commission must meet at

least four times a year and may hold additional meetings at the discretion of the chair, or at the request of a majority of the members.

Current Law: Maryland law does not specifically address health care in rural areas.

The Janet L. Hoffman Loan Assistance Repayment Program (LARP) provides loan repayment assistance in exchange for certain service commitments to help ensure that sufficient numbers of primary care physicians, dentists, and professionals serving underserved areas of the State or low-income families. The program is subdivided into LARP, LARP-PCS, and MDC-LARP. To be eligible for LARP, individuals must be employed full time in State or local government or in a nonprofit organization that assists low-income, underserved residents or underserved areas in the State.

Background: According to the National Rural Health Association, while nearly one-fourth of the population lives in rural areas of the country, only about 10% of physicians practice there. Nationally, this explains the high number (2,157) of health professional shortage areas (HPSAs) in rural and frontier areas, compared to 910 HPSAs in urban areas. Rural residents often travel long distances to reach a doctor.

In January 2008, the Maryland Hospital Association and MedChi, the Maryland State Medical Society, released a report showing that Maryland is 16% below the national average for the number of physicians in clinical practice and that the most severe shortages are in rural parts of the State. In addition, the report includes recommendations on ways to ease the statewide shortage. Two of those recommendations target rural areas in particular and include strengthening H-1 visa regulations to protect hospitals and medical groups in rural areas; and offering incentives to encourage physicians to practice in rural areas of the State.

Chapter 182 of 2008 created the Task Force to Review Physician Shortages in Rural Areas. In its December 2008 report, the task force makes eight major recommendations to address rural physician shortages, including four education-based recommendations. The first recommendation is to expand LARP for medical residents and physicians with educational debt who agree to locate in designated shortage areas. The report also suggests encouraging partnership between teaching programs and hospitals and rural areas and offering rural rotations for undergraduate medical education and primary care residents. The final education-based recommendation is for underserved rural areas to establish intensive health care career education programs from elementary through college to “grow” their own future physicians and medical professionals.

State Fiscal Effect: The bill requires that MHEC staff the commission with existing resources. However, given the extensive tasks to be completed by the commission and the expertise required, MHEC advises it will need to hire a director and several consultants to complete the tasks required by the commission. Legislative Services advises that one contractual administrator will need to be hired for six years beginning in fiscal 2010 to complete the tasks required by the commission. MHEC will need to shift the costs from other positions and programs to hire the required contractor. The estimate reflects the amount of funds that will need to be diverted. An October 1, 2009 start-date, a salary, fringe benefits, one-time start-up costs, and ongoing operating expenses are reflected in the estimate.

	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Position	1				
Salary and Fringe Benefits	\$40,931	\$53,102	\$55,438	\$57,878	\$60,424
Start-up Expenses	4,335	0	0	0	0
Operating Expenses	<u>383</u>	<u>515</u>	<u>520</u>	<u>525</u>	<u>531</u>
Total	\$45,649	\$53,617	\$55,959	\$58,403	\$60,955

Future year expenditures reflect a full salary with 4.4% annual increases, 6.8% employee turnover, and 1% annual increases in ongoing operating expenses.

It is unknown from which programs MHEC will be able to divert funds to hire a contractual administrator. It is assumed any programs from which funds are diverted will suffer. If MHEC is unable to divert enough money to hire a contractual administrator, MHEC will be obliged to support the commission with existing staff; however, MHEC advises that current staff does not have the expertise in the areas needed to fulfill the requirements of the bill.

Additional Information

Prior Introductions: None.

Cross File: HB 1319 (Eastern Shore Delegation) - Health and Government Operations and Appropriations.

Information Source(s): Maryland Higher Education Commission, Department of Health and Mental Hygiene, University System of Maryland, National Rural Health Association, Maryland Hospital Association, MedChi, Baucher and Associates, Department of Legislative Services

Fiscal Note History: First Reader - March 23, 2009
ncs/rhh

Analysis by: Caroline L. Boice

Direct Inquiries to:
(410) 946-5510
(301) 970-5510