

SENATE BILL 501

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CF 0lr1787

By: **Senators Griffith and Hershey**

Introduced and read first time: January 29, 2020

Assigned to: Education, Health, and Environmental Affairs and Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Maryland Loan Assistance Repayment Program for Physicians and Physician**
3 **Assistants – Administration and Funding**

4 FOR the purpose of transferring oversight of the Maryland Loan Assistance Repayment
5 Program for Physicians and Physician Assistants from the Office of Student
6 Financial Assistance within the Maryland Higher Education Commission to the
7 Maryland Department of Health; requiring the Department, on or before a certain
8 date each year, to submit a certain report to the General Assembly; altering certain
9 provisions of law related to funding for the Program; requiring the Comptroller, in
10 certain fiscal years, to distribute certain fees in a certain manner for a certain
11 purpose if the Governor does not include a certain amount of funding for the Program
12 in the State budget; requiring the Comptroller to distribute certain fees to the Board
13 of Physicians Fund if the Governor includes in the State budget a certain amount of
14 funding for the Program; requiring the Department to convene a certain workgroup;
15 providing for the duties of the workgroup; requiring the workgroup to submit a
16 certain report to the General Assembly on or before a certain date; making
17 conforming changes; repealing certain obsolete provisions of law; and generally
18 relating to the Maryland Loan Assistance Repayment Program for Physicians and
19 Physician Assistants.

20 BY transferring

21 Article – Education

22 Section 18–2801 through 18–2806, respectively, and the subtitle “Subtitle 28.
23 Maryland Loan Assistance Repayment Program for Physicians and Physician
24 Assistants”

25 Annotated Code of Maryland

26 (2018 Replacement Volume and 2019 Supplement)

27 to be

28 Article – Health – General

29 Section 24–1701 through 24–1706, respectively, and the subtitle “Subtitle 17.
30 Maryland Loan Assistance Repayment Program for Physicians and Physician

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 Assistants”
2 Annotated Code of Maryland
3 (2019 Replacement Volume)

4 BY repealing and reenacting, with amendments,
5 Article – Health – General
6 Section 24–1701, 24–1702(b)(1), 24–1704, 24–1705, and 24–1706
7 Annotated Code of Maryland
8 (2019 Replacement Volume)
9 (As enacted by Section 1 of this Act)

10 BY adding to
11 Article – Health – General
12 Section 24–1707
13 Annotated Code of Maryland
14 (2019 Replacement Volume)

15 BY repealing and reenacting, with amendments,
16 Article – Health Occupations
17 Section 14–207 and 15–206(c)
18 Annotated Code of Maryland
19 (2014 Replacement Volume and 2019 Supplement)

20 Preamble

21 WHEREAS, One in five citizens in Maryland live in rural or medically underserved
22 communities and face challenges in accessing health care services because only 10% of
23 physicians choose to work in rural or medically underserved communities; and

24 WHEREAS, A report prepared on behalf of the Association of American Medical
25 Colleges projects a total physician shortfall of between 40,800 and 104,900 physicians by
26 2030; and

27 WHEREAS, The 2017 Report of the Workgroup on Rural Health Delivery to the
28 Maryland Health Care Commission focused on expanding the health care workforce as one
29 of its priorities, recommending tax credits, loan or grant opportunities to incentivize
30 physicians, medical students, and residents, and streamlining and expanding the Loan
31 Assistance Repayment Program (LARP) by centralizing oversight of the program; and

32 WHEREAS, Emerging evidence demonstrates that scholarship and loan repayment
33 programs are effective in achieving long–term retention of participants in the communities
34 they serve; and

35 WHEREAS, Based on a retention study conducted by the Maryland Department of
36 Health’s Office of Workforce Development in 2017, 83% of health care providers agreed to
37 stay in Maryland or at their current practice site after their obligation under LARP was
38 completed; and

1 WHEREAS, The funding stream for LARP has been reduced over the last 5 years at
2 a time when over 350 health care providers have applied for funding and over 100 have
3 been denied in fiscal years 2019 and 2020 due to lack of funding, decreasing the availability
4 of specialty providers in medically underserved areas throughout Maryland; now, therefore,

5 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
6 That Section(s) 18–2801 through 18–2806, respectively, and the subtitle “Subtitle 28.
7 Maryland Loan Assistance Repayment Program for Physicians and Physician Assistants”
8 of Article – Education of the Annotated Code of Maryland be transferred to be Section(s)
9 24–1701 through 24–1706, respectively, and the subtitle “Subtitle 17. Maryland Loan
10 Assistance Repayment Program for Physicians and Physician Assistants” of Article –
11 Health – General of the Annotated Code of Maryland.

12 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland read
13 as follows:

14 **Article – Health – General**

15 24–1701.

16 (a) In this subtitle the following words have the meanings indicated.

17 (b) [“Department” means the Maryland Department of Health.

18 (c) “Education loan” means any loan that is obtained for tuition, educational
19 expenses, or living expenses for undergraduate or graduate study leading to practice as a
20 physician or physician assistant.

21 [(d)] (C) “Fund” means the Maryland Loan Assistance Repayment Program
22 Fund.

23 [(e)] (D) “Primary care” includes:

24 (1) Primary care;

25 (2) Family medicine;

26 (3) Internal medicine;

27 (4) Obstetrics;

28 (5) Pediatrics;

29 (6) Geriatrics;

30 (7) Emergency medicine;

1 (8) Women’s health; and

2 (9) Psychiatry.

3 [(f)] (E) “Program” means the Maryland Loan Assistance Repayment Program
4 for Physicians and Physician Assistants.

5 24–1702.

6 (b) The Fund consists of:

7 (1) Revenue generated through an increase, as approved by the Health
8 Services Cost Review Commission, to the rate structure of all hospitals in accordance with
9 § 19–211 of [the Health – General Article] **THIS ARTICLE**; and

10 24–1704.

11 (a) (1) In this section, “eligible field of employment” means employment by an
12 organization, institution, association, society, or corporation that is exempt from taxation
13 under § 501(c)(3) or (4) of the Internal Revenue Code of 1986.

14 (2) “Eligible field of employment” includes employment by the State or any
15 local government in the State.

16 (b) The [Office] **DEPARTMENT** shall assist in the repayment with the funds
17 transferred to the [Office] **DEPARTMENT** by the Comptroller under § [14–207(d)(2)]
18 **14–207(D)** of the Health Occupations Article of the amount of education loans owed by a
19 physician or physician assistant who:

20 (1) (i) Practices primary care in an eligible field of employment in a
21 geographic area of the State that has been federally designated; or

22 (ii) Is a medical resident specializing in primary care who agrees to
23 practice for at least 2 years as a primary care physician in an eligible field of employment
24 in a geographic area of the State that has been federally designated; and

25 (2) Meets any other requirements established by the [Office, in
26 consultation with the] Department.

27 (c) Any unspent portions of the money that is transferred to the [Office]
28 **DEPARTMENT** for use under this subtitle from the Board of Physicians Fund may not be
29 transferred to or revert to the General Fund of the State, but shall remain in the Fund
30 maintained by the [Office] **DEPARTMENT** to administer the Program.

31 24–1705.

1 (a) In addition to the assistance provided under § [18–2804] **24–1704** of this
2 subtitle, the [Office] **DEPARTMENT** may, subject to the availability of money in the Fund,
3 assist in the repayment of an education loan owed by a physician or physician assistant
4 who:

5 (1) Practices a medical specialty that has been identified by the
6 Department as being in shortage in the geographic area of the State where the physician
7 or physician assistant practices that specialty; and

8 (2) Commits to practicing in the area for a period of time determined by
9 the [Office] **DEPARTMENT**.

10 (b) The [Office] **DEPARTMENT** shall prioritize funding for the repayment of
11 education loans through the Program in the following order:

12 (1) Physicians and physician assistants that meet the requirements under
13 § [18–2804(b)] **24–1704(B)** of this subtitle;

14 (2) Physicians and physician assistants practicing primary care in a
15 geographic area where the Department has identified a shortage of primary care physicians
16 or physician assistants; and

17 (3) Physicians and physician assistants practicing a medical specialty
18 other than primary care in a geographic area where the Department has identified a
19 shortage of that specialty.

20 **24–1706.**

21 The [Office, in collaboration with the] Department[,], shall adopt regulations to
22 implement the provisions of this subtitle, including:

23 (1) Establishing the maximum number of participants in the Program each
24 year in each priority area described under § [18–2805] **24–1705** of this subtitle; and

25 (2) Establishing the minimum and maximum amount of loan repayment
26 assistance awarded under this subtitle in each priority area described under § [18–2805]
27 **24–1705** of this subtitle.

28 **24–1707.**

29 **ON OR BEFORE OCTOBER 1, 2021, AND EACH OCTOBER 1 THEREAFTER, THE**
30 **DEPARTMENT SHALL REPORT TO THE GENERAL ASSEMBLY, IN ACCORDANCE WITH**
31 **§ 2–1257 OF THE STATE GOVERNMENT ARTICLE, ON:**

32 **(1) THE ELIGIBLE PHYSICIANS, PHYSICIAN ASSISTANTS, AND**

1 **MEDICAL RESIDENTS WHO APPLIED FOR THE PROGRAM, INCLUDING INFORMATION**
 2 **ON:**

3 **(I) THE SPECIALTY OF THE PHYSICIAN, PHYSICIAN ASSISTANT,**
 4 **OR MEDICAL RESIDENT;**

5 **(II) THE TYPE AND LOCATION OF THE SITE IN WHICH THE**
 6 **PHYSICIAN, PHYSICIAN ASSISTANT, OR MEDICAL RESIDENT PROVIDED SERVICES;**
 7 **AND**

8 **(III) THE GEOGRAPHIC AREA SERVED BY THE PHYSICIAN,**
 9 **PHYSICIAN ASSISTANT, OR MEDICAL RESIDENT; AND**

10 **(2) THE PHYSICIANS, PHYSICIAN ASSISTANTS, AND MEDICAL**
 11 **RESIDENTS WHO PARTICIPATED IN THE PROGRAM, INCLUDING INFORMATION ON:**

12 **(I) THE AMOUNT OF ASSISTANCE PROVIDED TO EACH**
 13 **PARTICIPANT;**

14 **(II) THE SPECIALTY OF THE PARTICIPANT;**

15 **(III) THE TYPE AND LOCATION OF THE SITE IN WHICH THE**
 16 **PARTICIPANT PROVIDED SERVICES; AND**

17 **(IV) THE GEOGRAPHIC AREA SERVED BY THE PARTICIPANT.**

18 **Article – Health Occupations**

19 14–207.

20 (a) There is a Board of Physicians Fund.

21 (b) (1) The Board may set reasonable fees for the issuance and renewal of
 22 licenses and its other services.

23 (2) The fees charged shall be set so as to approximate the cost of
 24 maintaining the Board, including the cost of providing a rehabilitation program for
 25 physicians under § 14–401.1(g) of this title.

26 (3) Funds to cover the compensation and expenses of the Board members
 27 shall be generated by fees set under this section.

28 (c) The Board shall pay all fees collected under the provisions of this title to the
 29 Comptroller of the State.

1 (d) (1) [In fiscal year 2017 and fiscal year 2018, if the Governor does not
2 include in the State budget at least \$550,000 for the operation of the Maryland Loan
3 Assistance Repayment Program for Physicians and Physician Assistants under Title 18,
4 Subtitle 28 of the Education Article, as administered by the Maryland Higher Education
5 Commission, the Comptroller shall distribute:

6 (i) \$550,000 of the fees received from the Board to the Office of
7 Student Financial Assistance to be used to make grants under the Maryland Loan
8 Assistance Repayment Program for Physicians and Physician Assistants under Title 18,
9 Subtitle 28 of the Education Article to physicians and physician assistants engaged in
10 primary care or to medical residents specializing in primary care who agree to practice for
11 at least 2 years as primary care physicians in a geographic area of the State that has been
12 designated by the Secretary of Health as being medically underserved; and

13 (ii) The balance of the fees to the Board of Physicians Fund.

14 (2) In EACH OF fiscal [year] YEARS 2019 [and each fiscal year thereafter]
15 THROUGH 2021, if the Governor does not include in the State budget at least \$400,000 for
16 the operation of the Maryland Loan Assistance Repayment Program for Physicians and
17 Physician Assistants under [Title 18, Subtitle 28 of the Education Article] TITLE 24,
18 SUBTITLE 17 OF THE HEALTH – GENERAL ARTICLE, as administered by the [Maryland
19 Higher Education Commission] DEPARTMENT, the Comptroller shall distribute:

20 (i) \$400,000 of the fees received from the Board to the [Office of
21 Student Financial Assistance] DEPARTMENT to be used to make grants under the
22 Maryland Loan Assistance Repayment Program for Physicians and Physician Assistants
23 under [Title 18, Subtitle 28 of the Education Article] TITLE 24, SUBTITLE 17 OF THE
24 HEALTH – GENERAL ARTICLE to physicians and physician assistants engaged in primary
25 care or to medical residents specializing in primary care who agree to practice for at least
26 2 years as primary care physicians in a geographic area of the State that has been
27 designated by the Secretary [of Health] as being medically underserved; and

28 (ii) The balance of the fees to the Board of Physicians Fund.

29 (2) IN FISCAL YEAR 2022 AND EACH FISCAL YEAR THEREAFTER, IF
30 THE GOVERNOR DOES NOT INCLUDE IN THE STATE BUDGET AT LEAST \$1,000,000
31 FOR THE OPERATION OF THE MARYLAND LOAN ASSISTANCE REPAYMENT
32 PROGRAM FOR PHYSICIANS AND PHYSICIAN ASSISTANTS UNDER TITLE 24,
33 SUBTITLE 17 OF THE HEALTH – GENERAL ARTICLE, AS ADMINISTERED BY THE
34 DEPARTMENT, THE COMPTROLLER SHALL DISTRIBUTE:

35 (I) \$1,000,000 OF THE FEES RECEIVED FROM THE BOARD TO
36 THE DEPARTMENT TO BE USED TO MAKE GRANTS UNDER THE MARYLAND LOAN
37 ASSISTANCE REPAYMENT PROGRAM FOR PHYSICIANS AND PHYSICIAN ASSISTANTS
38 UNDER TITLE 24, SUBTITLE 17 OF THE HEALTH – GENERAL ARTICLE TO

1 PHYSICIANS AND PHYSICIAN ASSISTANTS ENGAGED IN PRIMARY CARE OR TO
2 MEDICAL RESIDENTS SPECIALIZING IN PRIMARY CARE WHO AGREE TO PRACTICE
3 FOR AT LEAST 2 YEARS AS PRIMARY CARE PHYSICIANS IN A GEOGRAPHIC AREA OF
4 THE STATE THAT HAS BEEN DESIGNATED BY THE SECRETARY AS BEING MEDICALLY
5 UNDERSERVED; AND

6 (II) THE BALANCE OF THE FEES TO THE BOARD OF PHYSICIANS
7 FUND.

8 (3) If the Governor includes in the State budget at least the amount
9 specified in paragraph (1) or (2) of this subsection for the operation of the Maryland Loan
10 Assistance Repayment Program for Physicians and Physician Assistants under [Title 18,
11 Subtitle 28 of the Education Article] **TITLE 24, SUBTITLE 17 OF THE HEALTH –**
12 **GENERAL ARTICLE**, as administered by the [Maryland Higher Education Commission]
13 **DEPARTMENT**, the Comptroller shall distribute the fees to the Board of Physicians Fund.

14 (e) (1) The Fund shall be used exclusively to cover the actual documented
15 direct and indirect costs of fulfilling the statutory and regulatory duties of the Board as
16 provided by the provisions of this title.

17 (2) (i) The Fund is a continuing, nonlapsing fund, not subject to §
18 7–302 of the State Finance and Procurement Article.

19 (ii) Any unspent portions of the Fund may not be transferred or
20 revert to the General Fund of the State, but shall remain in the Fund to be used for the
21 purposes specified in this title.

22 (3) Interest or other income earned on the investment of moneys in the
23 Fund shall be paid into the Fund.

24 (4) No other State money may be used to support the Fund.

25 (f) (1) In addition to the requirements of subsection (e) of this section, the
26 Board shall fund the budget of the Physician Rehabilitation Program with fees set,
27 collected, and distributed to the Fund under this title.

28 (2) After review and approval by the Board of a budget submitted by the
29 Physician Rehabilitation Program, the Board may allocate moneys from the Fund to the
30 Physician Rehabilitation Program.

31 (g) (1) The chair of the Board or the designee of the chair shall administer the
32 Fund.

33 (2) Moneys in the Fund may be expended only for any lawful purpose
34 authorized by the provisions of this title.

1 (h) The Legislative Auditor shall audit the accounts and transactions of the Fund
2 as provided in § 2-1220 of the State Government Article.

3 15-206.

4 (c) (1) In fiscal year 2017 and fiscal year 2018, if the Governor does not include
5 in the State budget at least \$550,000 for the operation of the Maryland Loan Assistance
6 Repayment Program for Physicians and Physician Assistants under [Title 18, Subtitle 28
7 of the Education Article] **TITLE 24, SUBTITLE 17 OF THE HEALTH – GENERAL**
8 **ARTICLE**, as administered by the Maryland Higher Education Commission, the
9 Comptroller shall distribute:

10 (i) \$550,000 of the fees received from the Board to the Office of
11 Student Financial Assistance to be used to make grants under the Maryland Loan
12 Assistance Repayment Program for Physicians and Physician Assistants under [Title 18,
13 Subtitle 28 of the Education Article] **TITLE 24, SUBTITLE 17 OF THE HEALTH –**
14 **GENERAL ARTICLE** to physicians and physician assistants engaged in primary care or to
15 medical residents specializing in primary care who agree to practice for at least 2 years as
16 primary care physicians in a geographic area of the State that has been designated by the
17 Secretary [of Health] as being medically underserved; and

18 (ii) The balance of the fees to the Board of Physicians Fund.

19 (2) In fiscal year 2019 and each fiscal year thereafter, if the Governor does
20 not include in the State budget at least \$400,000 for the operation of the Maryland Loan
21 Assistance Repayment Program for Physicians and Physician Assistants under [Title 18,
22 Subtitle 28 of the Education Article] **TITLE 24, SUBTITLE 17 OF THE HEALTH –**
23 **GENERAL ARTICLE**, as administered by the Maryland Higher Education Commission, the
24 Comptroller shall distribute:

25 (i) \$400,000 of the fees received from the Board to the Office of
26 Student Financial Assistance to be used to make grants under the Maryland Loan
27 Assistance Repayment Program for Physicians and Physician Assistants under [Title 18,
28 Subtitle 28 of the Education Article] **TITLE 24, SUBTITLE 17 OF THE HEALTH –**
29 **GENERAL ARTICLE** to physicians and physician assistants engaged in primary care or to
30 medical residents specializing in primary care who agree to practice for at least 2 years as
31 primary care physicians in a geographic area of the State that has been designated by the
32 Secretary [of Health] as being medically underserved; and

33 (ii) The balance of the fees to the Board of Physicians Fund.

34 (3) If the Governor includes in the State budget at least the amount
35 specified in paragraph (1) or (2) of this subsection for the operation of the Maryland Loan
36 Assistance Repayment Program for Physicians and Physician Assistants under [Title 18,
37 Subtitle 28 of the Education Article] **TITLE 24, SUBTITLE 17 OF THE HEALTH –**

1 **GENERAL ARTICLE**, as administered by the Maryland Higher Education Commission, the
2 Comptroller shall distribute the fees to the Board of Physicians Fund.

3 SECTION 3. AND BE IT FURTHER ENACTED, That:

4 (a) The Maryland Department of Health shall convene a stakeholder workgroup
5 to examine how the State can implement a program within or in addition to the Maryland
6 Loan Assistance Repayment Program for Physicians and Physician Assistants to further
7 incentivize medical students to practice in health professional shortage areas and medically
8 underserved areas in the State.

9 (b) The workgroup shall:

10 (1) review medical school student debt experienced in the United States
11 and in Maryland;

12 (2) examine and recommend state–assisted tuition reduction options based
13 on a comparison of programs available in other states; and

14 (3) examine and recommend methods to incentivize medical students to
15 commit to practicing in medically underserved areas in the State before entering a
16 residency program or on graduation from medical school.

17 (c) On or before December 1, 2020, the workgroup shall report its findings and
18 recommendations, in accordance with § 2–1257 of the State Government Article, to the
19 General Assembly.

20 SECTION 4. AND BE IT FURTHER ENACTED, That this Act shall take effect July
21 1, 2020.