

Department of Legislative Services  
 Maryland General Assembly  
 2022 Session

FISCAL AND POLICY NOTE  
 Third Reader - Revised

Senate Bill 626

(Senator Griffith, *et al.*)

Education, Health, and Environmental Affairs

Health and Government Operations

Maryland Loan Assistance Repayment Program for Physicians and Physician Assistants - Alterations

This bill specifies that a part-time physician or part-time physician assistant is eligible for the Maryland Loan Assistance Repayment Program (MLARP) for Physicians and Physician Assistants and authorizes the Maryland Department of Health (MDH) to establish prorated loan repayment for the part-time practitioners. The bill establishes the MLARP Advisory Council for Physicians and Physician Assistants. MDH must provide staff for the council. Members of the council may not receive compensation but are entitled to reimbursement for expenses. By October 1 each year, the council must report on its activities and recommendations. **The bill takes effect July 1, 2022.**

Fiscal Summary

**State Effect:** MDH general fund expenditures increase by \$51,100 in FY 2023 for staff; future years reflect annualization and elimination of one-time costs. Special fund expenditures are not affected by making part-time practitioners eligible for MLARP. Any expense reimbursements for the council are assumed to be minimal and absorbable within existing budgeted resources. Revenues are not affected.

(in dollars)	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	51,100	44,700	46,000	47,300	48,700
Net Effect	(\$51,100)	(\$44,700)	(\$46,000)	(\$47,300)	(\$48,700)

*Note: ( ) = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease*

**Local Effect:** None.

**Small Business Effect:** None.

## Analysis

**Bill Summary:** The council must:

- meet at least three times a year;
- seek permanent and diverse revenue sources to aid in the stability and further development of the program;
- help ensure maximum use of federal funds;
- use available data and information to help direct funding to priority areas;
- monitor similar loan programs in other states and ensure the program stays competitive;
- assist MDH in the administration of the program;
- help market and raise awareness of the program, as specified; and
- make recommendations to the Governor and the General Assembly on any necessary changes to the program.

**Current Law:** MLARP for Physicians and Physician Assistants, administered by MDH, provides student loan repayment assistance in exchange for a two-year service commitment to help ensure that underserved areas of the State have enough primary care physicians and physician assistants. The following physicians and physician assistants may qualify, in order of priority: (1) those who practice primary care in an eligible field of employment or who are medical residents specializing in primary care and agree to practice for at least two years as a primary care physician in an eligible field of employment, in a federally designated geographic area of the State; (2) those who practice primary care in a geographic area where MDH has identified a shortage; and (3) those who practice a medical specialty other than primary care and commit to do so for a specified period of time in a geographic area where MDH has identified a shortage of that specialty. “Primary care” includes primary care, family medicine, internal medicine, obstetrics, pediatrics, geriatrics, emergency medicine, women’s health, psychiatry, and preventive medicine.

Chapters 402 and 403 of 2020 transferred oversight of MLARP for Physicians and Physician Assistants from the Maryland Higher Education Commission to MDH and established a stakeholder workgroup to review and report on specified information, including a permanent funding structure for MLARP. The workgroup issued a final report on December 13, 2021. The [report](#), among other things, recommended establishing a permanent advisory council.

Chapters 402 and 403 also modified the funding structure for MLARP for Physicians and Physician Assistants. For fiscal 2022, the minimum funding was increased from \$400,000 to \$1.0 million. For fiscal 2023 and beyond, unless MDH implements an alternative permanent funding structure, funding remains at \$400,000 annually. If the Governor does

not include in the State budget at least \$400,000 for the operation of MLARP for Physicians and Physician Assistants, the Comptroller must distribute \$400,000 of the fee revenues received from the State Board of Physicians (MBP) to MDH to make MLARP grants. The fiscal 2023 budget includes a total of \$4.4 million in funding for grants from MLARP for Physicians and Physician Assistants: (1) a general fund appropriation of \$1.0 million; (2) a general fund transfer of \$3.0 million from the Dedicated Purpose Fund; and (3) a special fund transfer of \$400,000 from MBP.

**State Expenditures:** MDH general fund expenditures increase by \$51,091 in fiscal 2023, which accounts for the bill’s July 1, 2022 effective date. This estimate reflects the cost of hiring one part-time (50%) health policy analyst to update MLARP for Physicians and Physician Assistants applications, regulations, and processes to explicitly include part-time physicians and physician assistants; oversee the enhanced program and process the additional applications and awards; staff the council; and prepare the annual report. It includes a salary, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Position	0.5
Salary and Fringe Benefits	\$44,013
Operating Expenses	<u>7,078</u>
<b>Total FY 2023 State Expenditures</b>	<b>\$51,091</b>

Future year expenditures reflect a full salary with annual increases and employee turnover as well as annual increases in ongoing operating expenses.

MDH advises that MLARP for Physicians and Physician Assistants is currently administered by one part-time (70%) contractual staff member. To the extent that the bill’s requirements can be met by converting the part-time contractual staff to a full-time permanent staff, the increase in expenditures may be slightly mitigated.

### **Additional Information**

**Prior Introductions:** None.

**Designated Cross File:** HB 1464 (Delegate Sample-Hughes) - Health and Government Operations.

**Information Source(s):** Maryland Department of Health; Department of Legislative Services

**Fiscal Note History:** First Reader - February 16, 2022  
rh/jc Third Reader - March 17, 2022  
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Analysis by: Amber R. Gundlach

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