

Department of Legislative Services
 Maryland General Assembly
 2022 Session

FISCAL AND POLICY NOTE
Enrolled - Revised

Senate Bill 696

(Senator Beidle, *et al.*)

Education, Health, and Environmental Affairs
 and Budget and Taxation

Health and Government Operations

**Maryland Loan Assistance Repayment for Nurses and Nursing Support Staff -
 Program Establishment and Funding**

This bill establishes the Maryland Loan Assistance Repayment Program (MLARP) for Nurses and Nursing Support Staff and an associated special fund for the program. The Maryland Department of Health (MDH) must convene a stakeholder workgroup to examine how to further incentivize nursing and nursing support staff students to practice in specified areas. The workgroup must submit an interim report by December 1, 2022, and a final report by December 1, 2023, including recommendations on a permanent funding structure for the new special fund. **The bill takes effect July 1, 2022.**

Fiscal Summary

State Effect: MDH general fund expenditures increase by \$234,700 in FY 2023 for staff to administer the program; out-year expenditures reflect ongoing staffing costs. General fund expenditures and corresponding special fund revenues and expenditures also increase by \$3.0 million in FY 2023 to provide loan repayment, reflecting contingent transfers of budgeted appropriations. Special fund revenues and expenditures likely increase by an indeterminate amount beginning in FY 2024 or 2025, as discussed below. However, absent another funding source, general fund expenditures may further increase to continue to capitalize the new special fund in FY 2024 and possibly beyond (not reflected below).

(in dollars)	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
SF Revenue	\$3,000,000	-	-	-	-
GF Expenditure	\$3,234,700	\$182,300	\$161,000	\$165,200	\$169,700
SF Expenditure	\$3,000,000	-	-	-	-
Net Effect	(\$3,234,700)	(\$182,300)	(\$161,000)	(\$165,200)	(\$169,700)

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:

Definitions

“Education loan” means any loan that is obtained for tuition, educational expenses, or living expenses for State certification, undergraduate, or graduate study leading to practice as a nurse or nursing support staff.

“Nurse” includes an advanced practice registered nurse certified to practice as a nurse midwife or clinical nurse specialist, a licensed practical nurse, a nurse anesthetist, a registered nurse, and a registered nurse practitioner.

“Nursing support staff” includes a certified medication technician, a certified medicine aide, a certified nursing assistant, and a geriatric nursing assistant.

“Eligible field of employment” means employment by an organization, institution, association, society, or corporation that is exempt from taxation under specified federal tax law. This includes employment by the State or a local government in the State.

Maryland Loan Assistance Repayment Program for Nurses and Nursing Support Staff

Through MLARP, MDH must use the fund to assist in the repayment of the amount of education loans owed by a nurse or nursing support staff who (1) practices in an eligible field of employment or (2) meets any other requirements established by MDH.

MDH must adopt regulations to implement the program, including regulations that establish (1) priorities for funding the repayment of education loans through the program, with advice from the stakeholder workgroup convened by MDH; (2) the maximum number of participants in MLARP each year in each priority area; and (3) the minimum and maximum amount of loan repayment assistance awarded in each priority area.

By October 1, 2023, and each October 1 thereafter, MDH must report to the General Assembly on MLARP, including the eligible nurses and nursing support staff who applied for and participated in the program, as specified.

Maryland Loan Assistance Repayment Program Fund for Nurses and Nursing Support Staff

The MLARP Fund for Nurses and Nursing Support Staff is a continuing, nonlapsing special fund. The fund consists of (1) revenue generated through a permanent funding

structure recommended to the General Assembly by the stakeholder workgroup convened by MDH; (2) any available federal funds; (3) interest earnings; and (4) any other money from any other source accepted for the benefit of the fund. Interest earnings must not accrue to the general fund. Expenditures from the fund must be made by an appropriation in the annual budget or by an approved budget amendment. The money in the fund must be used by the Office of the Comptroller to administer the *program*.

Stakeholder Workgroup

Uncodified language requires MDH to convene a stakeholder workgroup to examine how the State can implement a program, within or in addition to the MLARP Fund for Nurses and Nursing Support Staff, to further incentivize nursing and nursing support staff students to practice in professional shortage areas and medically underserved areas (MUAs) in the State. The workgroup must consult with the Department of Legislative Services (DLS) when developing its recommendations. The workgroup must:

- review nursing school debt in the United States and the State;
- examine other models for nurse and nursing support staff recruitment and retention that operate in other states, as specified;
- examine and recommend methods to incentivize nursing and nursing support staff students to commit to practicing in MUAs in the State before entering an educational program or on graduation;
- investigate the availability of other federal grants to further expand loan repayment and loan forgiveness for other nurses and nursing support staff in Maryland; and
- make recommendations to MDH on priorities for funding the repayment of education loans through the MLARP Fund for Nurses and Nursing Support Staff, including priorities relating to practice settings other than an eligible field of employment.

The stakeholder workgroup's final report must include recommendations on the structure of a permanent advisory council and a permanent funding structure for the MLARP Fund for Nurses and Nursing Support Staff.

Current Law: In general, an individual must be licensed and/or certified by the State Board of Nursing (BON) to practice as a nurse or nursing support staff.

MLARP for Physicians and Physician Assistants is administered by MDH's Office of Workforce Development (OWD) to provide student loan repayment assistance in exchange for certain service commitments to help ensure 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 in a geographic area where MDH has identified a shortage of that specialty.

In addition to MLARP, OWD administers the federally funded National Health Service Corps State Loan Repayment Program (SLRP). SLRP requires health care practitioners to practice in a federally designated Health Professional Shortage Area in traditional primary care specialties. Though the federal program allows a wider range of disciplines to be funded via the program (including nurse practitioners, certified nurse midwives, psychiatric nurse specialists, and registered nurses), Maryland has traditionally opened eligibility to physicians and physician assistants only.

State Fiscal Effect:

Loan Assistance Repayment

The fiscal 2023 budget includes a total of \$3.0 million in general fund appropriations for loan assistance repayment for nurses and *nursing assistants* in the Maryland Higher Education Commission (\$2.0 million in the budget as introduced and another \$1.0 million from the Dedicated Purpose Account as a legislative priority). These funds must be transferred, contingent upon the enactment of Senate Bill 696 or House Bill 975 of 2022 establishing the program within MDH, by budget amendment to MDH for the MLARP for Nurses and *Nursing Workers*.

Thus, general fund expenditures and corresponding special fund revenues to the MLARP Fund for Nurses and Nursing Support Staff increase by \$3.0 million in fiscal 2023 to reflect the contingent amounts in the budget to be transferred to MDH. Special fund expenditures are assumed to increase correspondingly in fiscal 2023 for loan assistance repayment. MDH advises that, in fiscal 2021, out of 24,014 eligible physicians and physician assistants, 64 individuals (0.26% of eligible physicians and physician assistants) applied for the MLARP for Physicians and Physician Assistants. According to BON, in fiscal 2021, there were approximately 238,000 active nursing personnel in the State. Although the number of nurses and nursing support staff who may apply for MLARP cannot be reliably determined at this time, if the same proportion of nurses and nursing support staff apply to MLARP as do under the physicians' and physician assistants' program, at least 635 applications would be received annually – given the \$3.0 million available for loan repayment in fiscal 2023, each such applicant could receive, on average, \$4,725. However, if 10% of nurses and nursing support staff were to apply, 23,800 applications could be received annually.

Additionally, special fund revenues to and corresponding special fund expenditures from the MLARP Fund for Nurses and Nursing Support Staff increase by an indeterminate amount, likely beginning in fiscal 2025. The stakeholder workgroup must recommend a permanent funding structure for the program by December 1, 2023 (fiscal 2024); any funding structure recommended is likely to require additional legislation to implement. However, general funds *could* again be used to capitalize the program in fiscal 2024 (before a permanent funding structure is recommended and adopted). If so, special fund revenues and expenditures increase in fiscal 2024 as well. Ultimately, the amount and timing of further special fund revenues and expenditures depend on further capitalization of the new special fund following use of the initial transferred appropriations. If general funds continue to be used to capitalize the new fund (especially before a permanent funding structure is recommended and adopted), general fund expenditures also increase beyond the amount discussed above.

Related Personnel Costs

MDH advises that OWD will administer MLARP for Nurses and Nursing Support Staff. Currently, OWD has only one part-time (70%) position and, thus, does not have sufficient staff to absorb these responsibilities.

Therefore, MDH general fund expenditures increase by an additional \$234,706 in fiscal 2023, which accounts for the bill’s July 1, 2022 effective date. This estimate reflects the cost of hiring one program administrator to develop policies and procedures, one contractual health policy analyst to staff the stakeholder workgroup, and one administrative officer to conduct fiscal studies for the program and process program applications. It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Permanent Positions	2.0
Contractual Position	1.0
Salaries and Fringe Benefits	\$211,882
Operating Expenses	<u>22,824</u>
Total FY 2023 General Fund Personnel Expenditures	\$234,706

Future year general fund expenditures reflect full salaries with annual increases and employee turnover as well as annual increases in ongoing operating expenses. This analysis assumes that the contractual health policy analyst position terminates December 31, 2023, the date the stakeholder workgroup’s final report is due to the General Assembly. To the extent a significant number of applications are received by the program, additional personnel may be required, and general fund expenditures may increase by an additional amount.

This estimate does not include any health insurance costs that could be incurred for specified contractual employees under the State's implementation of the federal Patient Protection and Affordable Care Act.

DLS can advise the stakeholder workgroup and the Comptroller's Office can administer the MLARP Fund for Nurses and Nursing Support Staff with existing resources.

Additional Comments: This analysis assumes that MDH will administer the MLARP for Nurses and Nursing Support Staff *program* and the Office of the Comptroller will administer the MLARP *Fund* for Nurses and Nursing Support Staff (despite the language in the bill specifying otherwise).

Additional Information

Prior Introductions: None.

Designated Cross File: HB 975 (Delegate Charles, *et al.*) - Health and Government Operations.

Information Source(s): Comptroller's Office; Department of Budget and Management; Maryland Department of Health; Department of Legislative Services

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