

Department of Legislative Services
Maryland General Assembly
2002 Session

FISCAL NOTE

Senate Bill 539 (Senator Teitelbaum, *et al.*)
Education, Health, and Environmental Affairs

**Physicians - Default on Federal Education Loans or Service Obligations -
Penalties**

This bill requires the Board of Physician Quality Assurance (BPQA) to suspend the license of a physician practicing in the State who has been reported to BPQA for nonpayment, default, or breach of a repayment or service obligation under any federal or State educational loan, loan repayment, or service-conditional scholarship program.

Fiscal Summary

State Effect: Any increase in hearings could be handled with existing BPQA budgeted resources. No effect on revenues.

Local Effect: None.

Small Business Effect: Potential minimal. Small business physicians could be suspended from practice for default on any loan repayment or service obligations.

Analysis

Bill Summary: BPQA must send the physician notice of the board's intention to suspend the physician's license at least six months prior to the effective date of the suspension. Upon receipt of BPQA's suspension notice, the physician has the opportunity to request a hearing before BPQA and six months to make payment or service arrangements with the appropriate loan or service-conditional scholarship program to satisfy any reported nonpayment, default, or breach of service obligation.

If the physician fails to satisfy or fails to begin to satisfy the physician's debt obligation three months before the effective date of the suspension notice, the physician may not serve on a provider panel for a preferred provider organization, HMO, or any other health service provider organization licensed to operate in the State.

If the physician fails to satisfy or fails to begin to satisfy the physician's debt obligation by the effective date of the suspension notice, the physician's license must be suspended and the physician is prohibited from receiving a health insurance reimbursement payment from any insurer in the State and practicing medicine in the State.

BPQA must reinstate a physician's license after the physician sends to BPQA: (1) a copy of the physician's new repayment or service requirements agreement with the appropriate loan or service-conditional scholarship program servicing agency; and (2) a written release issued by the appropriate agency certifying that the physician is making payments on the loan or satisfying the service requirements.

The suspension of a license under the bill's provisions is not deemed a contested case under the Administrative Procedure Act of the State Government Article. Each nonpayment, default, or breach of a repayment or service obligation is a separate violation of the bill's provisions. BPQA may charge a fee of up to 10% of the defaulted loan for the costs of administering the program.

Current Law: BPQA may reprimand any licensee, place any licensee on probation, or suspend or revoke a license if the licensee is in breach of a service obligation resulting from the licensee's receipt of State or federal funding for the licensee's medical education.

A "contested case" is a proceeding before an agency to determine: (1) a right, duty, statutory entitlement, or privilege of a person that is required by statute or constitution to be determined only after an opportunity for an agency hearing; or (2) the grant, denial, renewal, revocation, suspension, or amendment of a license that is required by statute or constitution to be determined only after an opportunity for an agency hearing.

State Fiscal Effect: BPQA currently has disciplinary authority over individuals who default on certain service obligations. It is assumed that the bill's provisions would result in a minimal increase in complaints. Any additional hearings could be handled with existing resources.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Office of Administrative Hearings, Department of Health and Mental Hygiene (Board of Physician Quality Assurance), Department of Legislative Services

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Analysis by: Susan D. John

Direct Inquiries to:
John Rixey, Coordinating Analyst
(410) 946-5510
(301) 970-5510