

Department of Legislative Services
 Maryland General Assembly
 2003 Session

FISCAL AND POLICY NOTE

Senate Bill 755 (Senator Colburn)
 Education, Health, and Environmental Affairs

Janet L. Hoffman Loan Assistance Repayment Program - Physician Assistants

This bill requires 7% of the fees collected from physician assistant licensing fees to be used to fund the Janet L. Hoffman Loan Assistance Repayment Program (LARP). The funding transferred to LARP must be used to provide higher education loan repayment awards to physician assistants who agree to work for at least two years as primary care physician assistants in underserved geographic areas of the State. Any unspent portion of the funds must be retained for this use in future years and may not be transferred or revert to the State general fund. The bill also reduces the percentage of physician assistant licensing fees that goes to the general fund from 20% to 13%.

The bill is effective July 1, 2003.

Fiscal Summary

State Effect: General fund revenues would decrease by an estimated \$1,900 in FY 2004. Special fund revenues and expenditures would increase by an estimated \$1,900 in FY 2004. Future year revenue and expenditure fluctuations reflect the schedule of physician assistant license renewals.

(in dollars)	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
GF Revenue	(\$1,900)	(\$8,200)	(\$1,900)	(\$8,200)	(\$1,900)
SF Revenue	1,900	8,200	1,900	8,200	1,900
SF Expenditure	1,900	8,200	1,900	8,200	1,900
Net Effect	(\$1,900)	(\$8,200)	(\$1,900)	(\$8,200)	(\$1,900)

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

Local Effect: None.

Small Business Effect: Minimal.

Analysis

Current Law: Of the licensing fees collected from physician assistants, 20% are distributed to the State's general fund and 80% are distributed to the State Board of Physician Quality Assurance Fund.

One component of LARP allows a primary care physician to receive an award from funds collected from physician licensing fees. To qualify, a physician must agree to practice for two years as a primary care physician in an underserved geographic area of Maryland. Any unspent funds distributed to this component of LARP must be retained for use in future years and may not be transferred or revert to the State general fund.

A second component of LARP allows an individual to receive an award if the individual: (1) graduated from a college or university in Maryland or any school of medicine or law; (2) resides in Maryland; (3) obtains full-time employment with a nonprofit or governmental entity in specified shortage areas; and (4) earns an income under \$50,000 if single or a combined income of under \$110,000 if married. Each year, eligible employment fields are identified based on needs throughout the State. Physician assistants would be eligible to receive an award through this component of LARP if the profession is identified as a workforce shortage area.

Background: The Janet L. Hoffman Loan Assistance Repayment Program is designed to attract qualified individuals to fields of employment in the government and nonprofit sectors, particularly in critical workforce shortage fields. Eligible employment fields include medicine, law, nursing, physical and occupational therapy, social work, speech pathology, and teaching in areas of critical shortage as certified by the State Board of Education.

The proposed fiscal 2004 State budget includes just over \$2 million for LARP, a decrease of nearly \$600,000 (22%) from fiscal 2003. The proposed decrease is due to a reduction in general fund support for the program, from \$1.2 million in fiscal 2003 to \$576,000 in the proposed budget. The federal fund (\$160,000) and special fund (\$1.3 million) appropriations remain the same from fiscal 2003 to 2004. Special funds designated for the program come from physician licensing fee revenues, and the funds support awards provided to primary care physicians. Physician awards range from \$25,000 to \$30,000 per year.

Loan assistance through the program has been provided to approximately 480 award recipients in fiscal 2003, and there is a waiting list for the program of 147 eligible applicants. The estimated number of awards for fiscal 2004 is 423.

State Fiscal Effect: Licensing fee revenues would be shifted from the general fund to a special fund that would be used to provide LARP awards to qualified physician assistants. Physician assistants renew their licenses in odd-numbered fiscal years, so the amount transferred each year would fluctuate. Approximately \$1,943 would be transferred out of the general fund in even-numbered fiscal years beginning in fiscal 2004, and approximately \$8,243 would be transferred out of the general fund in odd-numbered fiscal years beginning in fiscal 2005. **Exhibit 1** displays the calculation of these estimates.

Exhibit 1
Physician Assistant Licensing Fees Revenues
and Amount that Would Be Transferred from the General Fund
Fiscal 2004 to 2008

	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>
Number of ...					
Initial Certifications	150	150	150	150	150
Certification Renewals	0	1,200	0	1,200	0
Reinstatements	15	15	15	15	15
Revenues from ...					
Initial Certifications (@\$175)	\$26,250	\$26,250	\$26,250	\$26,250	\$26,250
Certification Renewals (@\$75)	0	90,000	0	90,000	0
Reinstatements (@\$100)	<u>1,500</u>	<u>1,500</u>	<u>1,500</u>	<u>1,500</u>	<u>1,500</u>
Total Revenues	\$27,750	\$117,750	\$27,750	\$117,750	\$27,750
x 7% Transferred from GF	\$1,943	\$8,243	\$1,943	\$8,243	\$1,943

Source: Board of Physician Quality Assurance

The Office of Student Financial Assistance of the Maryland Higher Education Commission could manage any additional workload with existing resources.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Health and Mental Hygiene (Board of Physician Quality Assurance), Maryland Higher Education Commission, Department of Legislative Services

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