

# SENATE BILL 627

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CF 9lr2122

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By: **Senators Middleton, Colburn, Dyson, Edwards, Kasemeyer, and Klausmeier**

Introduced and read first time: February 6, 2009

Assigned to: Education, Health, and Environmental Affairs

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## A BILL ENTITLED

1 AN ACT concerning

2 **Loan Assistance Repayment and Practice Assistance for Physicians**

3 FOR the purpose of altering the eligibility for the Janet L. Hoffman Loan Assistance  
4 Repayment Program in a certain manner; repealing a certain prohibition on the  
5 hiring of more than a certain number of staff to administer a certain program;  
6 establishing the Maryland Loan Assistance Repayment Program for Physicians;  
7 requiring the Office of Student Financial Assistance to assist in the repayment  
8 of certain loans owed by certain physicians using certain funds; providing that  
9 certain money may not transfer or revert to the General Fund of the State but  
10 shall remain in a certain fund for a certain purpose; authorizing the Office to  
11 assist in the repayment of certain loans under certain circumstances; requiring  
12 the Office to prioritize funding for the repayment of loans through the Program  
13 in a certain manner; requiring the Office, in collaboration with the Department  
14 of Health and Mental Hygiene, to adopt certain regulations; making certain  
15 conforming changes; requiring the Maryland Health Care Commission and the  
16 Department of Business and Economic Development to report to the General  
17 Assembly on or before a certain date on the feasibility of providing assistance to  
18 physician practices in a certain manner; defining certain terms; and generally  
19 relating to loan assistance repayment and practice assistance for physicians.

20 BY repealing and reenacting, with amendments,

21 Article – Education  
22 Section 18–1502  
23 Annotated Code of Maryland  
24 (2008 Replacement Volume)

25 BY adding to

26 Article – Education  
27 Section 18–2801 through 18–2805 to be under the new subtitle “Subtitle 28.  
28 Maryland Loan Assistance Repayment Program for Physicians”

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 Annotated Code of Maryland  
2 (2008 Replacement Volume)

3 BY repealing and reenacting, without amendments,  
4 Article – Health Occupations  
5 Section 14–207(a) and (b)  
6 Annotated Code of Maryland  
7 (2005 Replacement Volume and 2008 Supplement)

8 BY repealing and reenacting, with amendments,  
9 Article – Health Occupations  
10 Section 14–207(c)  
11 Annotated Code of Maryland  
12 (2005 Replacement Volume and 2008 Supplement)

13 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
14 MARYLAND, That the Laws of Maryland read as follows:

15 **Article – Education**

16 18–1502.

17 (a) There is a program of loan assistance repayment known as the Janet L.  
18 Hoffman Loan Assistance Repayment Program in the State.

19 (b) [Subject to the provisions of subsection (c) of this section, the] **THE** Office  
20 of Student Financial Assistance shall assist in the repayment of the amount of any  
21 higher education loan owed by an individual who:

22 (1) (i) Receives a graduate, professional, or undergraduate degree  
23 from:

24 1. A college or university in the State of Maryland; **OR**

25 2. [A school of medicine; or

26 3.] A school of law; or

27 (ii) Receives a Resident Teacher Certificate (RTC) from the  
28 Department after completing an alternative teaching preparation program approved  
29 by the State Superintendent;

30 (2) Obtains eligible employment;

31 (3) Receives an income that is less than the maximum eligible total  
32 income levels established by the Office, including any additional sources of income;  
33 and

1 (4) Satisfies any other criteria established by the Office.

2 [(c) (1) Notwithstanding the provisions of subsection (b) of this section, the  
3 Office shall assist in the repayment of the amount of any higher education loan owed  
4 by a physician who engages in primary care in the State or by a medical resident  
5 specializing in primary care who agrees to practice for at least 2 years as a primary  
6 care physician in a geographic area of the State that has been designated by the  
7 Secretary of Health and Mental Hygiene as being medically underserved with the  
8 funds transferred to the Office by the Comptroller under § 14-207(c)(2)(i) of the Health  
9 Occupations Article.

10 (2) A physician who engages in primary care is not precluded from  
11 receiving assistance from the Office under subsection (b) of this section.

12 (3) Any unspent portions of the money that is transferred to the Office  
13 for use under this section from the Board of Physicians Fund may not be transferred to  
14 or revert to the General Fund of the State, but shall remain in the Fund maintained  
15 by the Office to administer these programs to assist physicians engaged in primary  
16 care as specified in paragraph (1) of this subsection.]

17 [(d)] (C) An applicant for assistance in the repayment of a commercial loan  
18 shall demonstrate to the Office that the commercial loan was used for tuition,  
19 educational expenses, or living expenses for graduate or undergraduate study.

20 [(e)] (D) Assistance in the repayment of a loan from an entity set forth in §  
21 18-1501(c)(2) of this subtitle shall require the approval of the Office.

22 [(f) The Department shall employ not more than one staff member to  
23 administer the Department's portion of the Program established under this section.]

24 **SUBTITLE 28. MARYLAND LOAN ASSISTANCE REPAYMENT PROGRAM FOR**  
25 **PHYSICIANS.**

26 **18-2801.**

27 (A) **IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS**  
28 **INDICATED.**

29 (B) **“DEPARTMENT” MEANS THE DEPARTMENT OF HEALTH AND**  
30 **MENTAL HYGIENE.**

31 (C) **“EDUCATION LOAN” MEANS ANY LOAN THAT IS OBTAINED FOR**  
32 **TUITION, EDUCATIONAL EXPENSES, OR LIVING EXPENSES FOR**  
33 **UNDERGRADUATE OR GRADUATE STUDY LEADING TO PRACTICE AS A**  
34 **PHYSICIAN.**

1           (D) **“PROGRAM” MEANS THE MARYLAND LOAN ASSISTANCE**  
2 **REPAYMENT PROGRAM FOR PHYSICIANS.**

3 **18-2802.**

4           **THERE IS A MARYLAND LOAN ASSISTANCE REPAYMENT PROGRAM FOR**  
5 **PHYSICIANS IN THE STATE.**

6 **18-2803.**

7           (A) (1) **IN THIS SECTION, “ELIGIBLE FIELD OF EMPLOYMENT” MEANS**  
8 **EMPLOYMENT BY AN ORGANIZATION, INSTITUTION, ASSOCIATION, SOCIETY, OR**  
9 **CORPORATION THAT IS EXEMPT FROM TAXATION UNDER § 501(C)(3) OR (4) OF**  
10 **THE INTERNAL REVENUE CODE OF 1986.**

11                   (2) **“ELIGIBLE FIELD OF EMPLOYMENT” INCLUDES EMPLOYMENT**  
12 **BY THE STATE OR ANY LOCAL GOVERNMENT IN THE STATE.**

13           (B) **THE OFFICE SHALL ASSIST IN THE REPAYMENT WITH THE FUNDS**  
14 **TRANSFERRED TO THE OFFICE BY THE COMPTROLLER UNDER § 14-207(C)(2)(I)**  
15 **OF THE HEALTH OCCUPATIONS ARTICLE OF THE AMOUNT OF EDUCATION**  
16 **LOANS OWED BY A PHYSICIAN WHO:**

17                   (1) (I) **PRACTICES PRIMARY CARE IN AN ELIGIBLE FIELD OF**  
18 **EMPLOYMENT IN A GEOGRAPHIC AREA OF THE STATE THAT HAS BEEN**  
19 **FEDERALLY DESIGNATED; OR**

20                               (II) **IS A MEDICAL RESIDENT SPECIALIZING IN PRIMARY**  
21 **CARE WHO AGREES TO PRACTICE FOR AT LEAST 2 YEARS AS A PRIMARY CARE**  
22 **PHYSICIAN IN AN ELIGIBLE FIELD OF EMPLOYMENT IN A GEOGRAPHIC AREA OF**  
23 **THE STATE THAT HAS BEEN FEDERALLY DESIGNATED; AND**

24                   (2) **MEETS ANY OTHER REQUIREMENTS ESTABLISHED BY THE**  
25 **OFFICE, IN CONSULTATION WITH THE DEPARTMENT.**

26           (C) **ANY UNSPENT PORTIONS OF THE MONEY THAT IS TRANSFERRED TO**  
27 **THE OFFICE FOR USE UNDER THIS SUBTITLE FROM THE BOARD OF PHYSICIANS**  
28 **FUND MAY NOT BE TRANSFERRED TO OR REVERT TO THE GENERAL FUND OF**  
29 **THE STATE, BUT SHALL REMAIN IN THE FUND MAINTAINED BY THE OFFICE TO**  
30 **ADMINISTER THE PROGRAM.**

31 **18-2804.**

1           (A) IN ADDITION TO THE ASSISTANCE PROVIDED UNDER § 18-2803 OF  
2 THIS SUBTITLE, THE OFFICE MAY, SUBJECT TO THE AVAILABILITY OF FUNDING  
3 AND RESOURCES, ASSIST IN THE REPAYMENT OF AN EDUCATION LOAN OWED BY  
4 A PHYSICIAN WHO PRACTICES A MEDICAL SPECIALTY THAT HAS BEEN  
5 IDENTIFIED BY THE DEPARTMENT AS BEING IN SHORTAGE IN THE GEOGRAPHIC  
6 AREA OF THE STATE WHERE THE PHYSICIAN PRACTICES THAT SPECIALTY AND  
7 COMMITS TO PRACTICING IN THE AREA FOR A PERIOD OF TIME DETERMINED BY  
8 THE OFFICE.

9           (B) THE OFFICE SHALL PRIORITIZE FUNDING FOR THE REPAYMENT OF  
10 EDUCATION LOANS THROUGH THE PROGRAM IN THE FOLLOWING ORDER:

11                   (1) PHYSICIANS THAT MEET THE REQUIREMENTS UNDER §  
12 18-2803(B) OF THIS SUBTITLE;

13                   (2) PHYSICIANS PRACTICING PRIMARY CARE IN A GEOGRAPHIC  
14 AREA WHERE THE DEPARTMENT HAS IDENTIFIED A SHORTAGE OF PRIMARY  
15 CARE PHYSICIANS; AND

16                   (3) PHYSICIANS PRACTICING A MEDICAL SPECIALTY OTHER THAN  
17 PRIMARY CARE IN A GEOGRAPHIC AREA WHERE THE DEPARTMENT HAS  
18 IDENTIFIED A SHORTAGE OF THAT SPECIALTY.

19 18-2805.

20           THE OFFICE, IN COLLABORATION WITH THE DEPARTMENT, SHALL ADOPT  
21 REGULATIONS TO IMPLEMENT THE PROVISIONS OF THIS SUBTITLE, INCLUDING:

22                   (1) ESTABLISHING THE MAXIMUM NUMBER OF PARTICIPANTS IN  
23 THE PROGRAM EACH YEAR IN EACH PRIORITY AREA DESCRIBED UNDER §  
24 18-2804 OF THIS SUBTITLE; AND

25                   (2) ESTABLISHING THE MINIMUM AND MAXIMUM AMOUNT OF A  
26 LOAN AWARDED UNDER THIS SUBTITLE IN EACH PRIORITY AREA DESCRIBED  
27 UNDER § 18-2804 OF THIS SUBTITLE.

28                                   **Article - Health Occupations**

29 14-207.

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

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

1           (2) The fees charged shall be set so as to approximate the cost of  
2 maintaining the Board.

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

5           (c) (1) The Board shall pay all fees collected under the provisions of this  
6 title to the Comptroller of the State.

7           (2) (i) If the Governor does not include in the State budget at least  
8 \$750,000 for the operation of the Health Personnel Shortage Incentive Grant Program  
9 under § 18–803 of the Education Article and the [Janet L. Hoffman Loan Assistance  
10 Repayment Program for primary care services under § 18–1502(c)] **MARYLAND**  
11 **LOAN ASSISTANCE REPAYMENT PROGRAM FOR PHYSICIANS UNDER TITLE 18,**  
12 **SUBTITLE 28** of the Education Article, as administered by the Maryland Higher  
13 Education Commission, the Comptroller shall distribute:

14                           1. Except as provided in subparagraph (ii) of this  
15 paragraph, 12 percent of the fees received from the Board to the Office of Student  
16 Financial Assistance to be used as follows:

17                                   A. One-half to make grants under the Health Personnel  
18 Shortage Incentive Grant Program under § 18–803 of the Education Article; and

19                                   B. One-half to make grants under the [Janet L. Hoffman  
20 Loan Assistance Repayment Program under § 18–1502(c)] **MARYLAND LOAN**  
21 **ASSISTANCE REPAYMENT PROGRAM FOR PHYSICIANS UNDER TITLE 18,**  
22 **SUBTITLE 28** of the Education Article to physicians engaged in primary care or to  
23 medical residents specializing in primary care who agree to practice for at least 2  
24 years as primary care physicians in a geographic area of the State that has been  
25 designated by the Secretary of Health and Mental Hygiene as being medically  
26 underserved; and

27                           2. The balance of the fees to the Board of Physicians  
28 Fund.

29                                   (ii) For fiscal 2008, if the Governor does not include in the State  
30 budget the funds specified under subparagraph (i) of this paragraph, the Comptroller  
31 shall distribute 14 percent of the fees received from the Board to the Office of Student  
32 Financial Assistance to be used as provided under paragraph (i) of this paragraph.

33                                   (iii) If the Governor includes in the State budget at least  
34 \$750,000 for the operation of the Health Personnel Shortage Incentive Grant Program  
35 under § 18–803 of the Education Article and the [Janet L. Hoffman Loan Assistance  
36 Repayment Program for primary care services under § 18–1502(c)] **MARYLAND LOAN**  
37 **ASSISTANCE REPAYMENT PROGRAM FOR PHYSICIANS** of the Education Article, as

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

3 SECTION 2. AND BE IT FURTHER ENACTED, That, on or before December 1,  
4 2009, the Maryland Health Care Commission and the Department of Business and  
5 Economic Development shall report to the General Assembly, in accordance with §  
6 2-1246 of the State Government Article, on:

7 (a) The feasibility of expanding the eligibility criteria of State development  
8 programs to include providing assistance to physician practices in medically  
9 underserved areas in the State; and

10 (b) The feasibility of making economic development funding available for  
11 physician practices evolving to medical homes.

12 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect  
13 July 1, 2009.