

SENATE BILL 627

J2, F2

9lr1128
CF HB 714

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

Introduced and read first time: February 6, 2009

Assigned to: Education, Health, and Environmental Affairs

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 27, 2009

CHAPTER _____

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 Fund;
7 providing for the composition of the Fund and expenditures from the Fund;
8 establishing the Maryland Loan Assistance Repayment Program for Physicians;
9 specifying that money in the Fund shall be used by the Office of Student
10 Financial Assistance in the Maryland Higher Education Commission to
11 administer the Program; requiring the Office of ~~Student Financial Assistance~~
12 to assist in the repayment of certain loans owed by certain physicians using
13 certain funds; providing that certain money may not transfer or revert to the
14 General Fund of the State but shall remain in a certain fund for a certain
15 purpose; authorizing the Office to assist in the repayment of certain loans under
16 certain circumstances; requiring the Office to prioritize funding for the
17 repayment of loans through the Program in a certain manner; requiring the
18 Office, in collaboration with the Department of Health and Mental Hygiene, to
19 adopt certain regulations; making certain conforming changes; requiring the
20 Maryland Health Care Commission and the Department of Business and
21 Economic Development to report to the General Assembly on or before a certain
22 date on the feasibility of providing assistance to physician practices in a certain
23 manner; defining certain terms; and generally relating to loan assistance
24 repayment and practice assistance for physicians.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike-out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 BY repealing and reenacting, with amendments,
 2 Article – Education
 3 Section 18–1502
 4 Annotated Code of Maryland
 5 (2008 Replacement Volume)

6 BY adding to
 7 Article – Education
 8 Section 18–2801 through 18–2805 to be under the new subtitle “Subtitle 28.
 9 Maryland Loan Assistance Repayment Program for Physicians”
 10 Annotated Code of Maryland
 11 (2008 Replacement Volume)

12 BY repealing and reenacting, without amendments,
 13 Article – Health Occupations
 14 Section 14–207(a) and (b)
 15 Annotated Code of Maryland
 16 (2005 Replacement Volume and 2008 Supplement)

17 BY repealing and reenacting, with amendments,
 18 Article – Health Occupations
 19 Section 14–207(c)
 20 Annotated Code of Maryland
 21 (2005 Replacement Volume and 2008 Supplement)

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

24 **Article – Education**

25 18–1502.

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

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

31 (1) (i) Receives a graduate, professional, or undergraduate degree
 32 from:

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

34 2. [A school of medicine; or

35 3.] A school of law; or

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

4 (2) Obtains eligible employment;

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

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

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

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

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

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

27 [(e)] (D) Assistance in the repayment of a loan from an entity set forth in §
28 18-1501(c)(2) of this subtitle shall require the approval of the Office.

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

31 **SUBTITLE 28. MARYLAND LOAN ASSISTANCE REPAYMENT PROGRAM FOR**
32 **PHYSICIANS.**

33 **18-2801.**

1 (A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS
2 INDICATED.

3 (B) "DEPARTMENT" MEANS THE DEPARTMENT OF HEALTH AND
4 MENTAL HYGIENE.

5 (C) "EDUCATION LOAN" MEANS ANY LOAN THAT IS OBTAINED FOR
6 TUITION, EDUCATIONAL EXPENSES, OR LIVING EXPENSES FOR
7 UNDERGRADUATE OR GRADUATE STUDY LEADING TO PRACTICE AS A
8 PHYSICIAN.

9 (D) "FUND" MEANS THE MARYLAND LOAN ASSISTANCE REPAYMENT
10 PROGRAM FUND.

11 (E) "PRIMARY CARE" INCLUDES:

12 (1) PRIMARY CARE;

13 (2) FAMILY MEDICINE;

14 (3) INTERNAL MEDICINE;

15 (4) OBSTETRICS;

16 (5) PEDIATRICS;

17 (6) GERIATRICS;

18 (7) EMERGENCY MEDICINE; AND

19 (8) PSYCHIATRY.

20 ~~(D)~~ (F) "PROGRAM" MEANS THE MARYLAND LOAN ASSISTANCE
21 REPAYMENT PROGRAM FOR PHYSICIANS.

22 18-2802.

23 (A) (1) THERE IS A MARYLAND LOAN ASSISTANCE REPAYMENT
24 PROGRAM FUND IN THE STATE.

25 (2) THE FUND IS A CONTINUING, NONLAPSING FUND THAT IS NOT
26 SUBJECT TO § 7-302 OF THE STATE FINANCE AND PROCUREMENT ARTICLE.

27 (3) THE STATE TREASURER SHALL HOLD THE FUND
28 SEPARATELY, AND THE COMPTROLLER SHALL ACCOUNT FOR THE FUND.

1 **(4) THE FUND SHALL BE INVESTED AND REINVESTED IN THE**
2 **SAME MANNER AS OTHER STATE FUNDS.**

3 **(5) ANY INVESTMENT EARNINGS OF THE FUND SHALL BE PAID**
4 **INTO THE FUND.**

5 **(B) THE FUND CONSISTS OF:**

6 **(1) REVENUE GENERATED THROUGH AN INCREASE, AS**
7 **APPROVED BY THE HEALTH SERVICES COST REVIEW COMMISSION, TO THE**
8 **RATE STRUCTURE OF ALL HOSPITALS IN ACCORDANCE WITH § 19-211 OF THE**
9 **HEALTH – GENERAL ARTICLE; AND**

10 **(2) ANY OTHER MONEY FROM ANY OTHER SOURCE ACCEPTED**
11 **FOR THE BENEFIT OF THE FUND.**

12 **(C) EXPENDITURES FROM THE FUND SHALL BE MADE BY AN**
13 **APPROPRIATION IN THE ANNUAL STATE BUDGET OR BY AN APPROVED BUDGET**
14 **AMENDMENT AS PROVIDED UNDER § 7-209 OF THE STATE FINANCE AND**
15 **PROCUREMENT ARTICLE.**

16 **(D) THE MONEY IN THE FUND SHALL BE USED BY THE OFFICE TO**
17 **ADMINISTER THE PROGRAM.**

18 **18-2803.**

19 **THERE IS A MARYLAND LOAN ASSISTANCE REPAYMENT PROGRAM FOR**
20 **PHYSICIANS IN THE STATE.**

21 **~~18-2803.~~ 18-2804.**

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

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

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

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

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

8 (2) MEETS ANY OTHER REQUIREMENTS ESTABLISHED BY THE
 9 OFFICE, IN CONSULTATION WITH THE DEPARTMENT.

10 (C) ANY UNSPENT PORTIONS OF THE MONEY THAT IS TRANSFERRED TO
 11 THE OFFICE FOR USE UNDER THIS SUBTITLE FROM THE BOARD OF PHYSICIANS
 12 FUND MAY NOT BE TRANSFERRED TO OR REVERT TO THE GENERAL FUND OF
 13 THE STATE, BUT SHALL REMAIN IN THE FUND MAINTAINED BY THE OFFICE TO
 14 ADMINISTER THE PROGRAM.

15 ~~18-2804.~~ 18-2805.

16 (A) IN ADDITION TO THE ASSISTANCE PROVIDED UNDER § ~~18-2803~~
 17 18-2804 OF THIS SUBTITLE, THE OFFICE MAY, SUBJECT TO THE AVAILABILITY
 18 ~~OF FUNDING AND RESOURCES~~ MONEY IN THE FUND, ASSIST IN THE REPAYMENT
 19 OF AN EDUCATION LOAN OWED BY:

20 (1) ~~A~~ A PHYSICIAN WHO PRACTICES A MEDICAL SPECIALTY THAT
 21 HAS BEEN IDENTIFIED BY THE DEPARTMENT AS BEING IN SHORTAGE IN THE
 22 GEOGRAPHIC AREA OF THE STATE WHERE THE PHYSICIAN PRACTICES THAT
 23 SPECIALTY; AND ~~COMMITTS~~

24 (2) COMMITTS TO PRACTICING IN THE AREA FOR A PERIOD OF
 25 TIME DETERMINED BY THE OFFICE.

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

28 (1) PHYSICIANS THAT MEET THE REQUIREMENTS UNDER §
 29 ~~18-2803(B)~~ 18-2804(B) OF THIS SUBTITLE;

30 (2) PHYSICIANS PRACTICING PRIMARY CARE IN A GEOGRAPHIC
 31 AREA WHERE THE DEPARTMENT HAS IDENTIFIED A SHORTAGE OF PRIMARY
 32 CARE PHYSICIANS; AND

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

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

11 2. The balance of the fees to the Board of Physicians
12 Fund.

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

17 (iii) If the Governor includes in the State budget at least
18 \$750,000 for the operation of the Health Personnel Shortage Incentive Grant Program
19 under § 18-803 of the Education Article and the [Janet L. Hoffman Loan Assistance
20 Repayment Program for primary care services under § 18-1502(c)] **MARYLAND LOAN**
21 **ASSISTANCE REPAYMENT PROGRAM FOR PHYSICIANS** of the Education Article, as
22 administered by the Maryland Higher Education Commission, the Comptroller shall
23 distribute the fees to the Board of Physicians Fund.

24 SECTION 2. AND BE IT FURTHER ENACTED, That, on or before December 1,
25 2009, the Maryland Health Care Commission and the Department of Business and
26 Economic Development shall report to the General Assembly, in accordance with §
27 2-1246 of the State Government Article, on:

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

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

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