

CHAPTER 576

(House Bill 714)

AN ACT concerning

Loan Assistance Repayment and Practice Assistance for Physicians

FOR the purpose of altering the eligibility for the Janet L. Hoffman Loan Assistance Repayment Program in a certain manner; repealing a certain prohibition on the hiring of more than a certain number of staff to administer a certain program; establishing the Maryland Loan Assistance Repayment Program Fund; providing for the composition of the Fund and expenditures from the Fund; establishing the Maryland Loan Assistance Repayment Program for Physicians; specifying that money in the Fund shall be used by the Office of Student Financial Assistance in the Maryland Higher Education Commission to administer the Program; requiring the Office ~~of Student Financial Assistance~~ to assist in the repayment of certain loans owed by certain physicians using certain funds; providing that certain money may not transfer or revert to the General Fund of the State but shall remain in a certain fund for a certain purpose; authorizing the Office to assist in the repayment of certain loans under certain circumstances; requiring the Office to prioritize funding for the repayment of loans through the Program in a certain manner; requiring the Office, in collaboration with the Department of Health and Mental Hygiene, to adopt certain regulations; making certain conforming changes; requiring the Maryland Health Care Commission and the Department of Business and Economic Development to report to the General Assembly on or before a certain date on the feasibility of providing assistance to physician practices in a certain manner; defining certain terms; and generally relating to loan assistance repayment and practice assistance for physicians.

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

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

BY repealing and reenacting, without amendments,

Article – Health Occupations
Section 14–207(a) and (b)
Annotated Code of Maryland
(2005 Replacement Volume and 2008 Supplement)

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

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

Article – Education

18–1502.

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

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

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

- 1. A college or university in the State of Maryland; **OR**
- 2. [A school of medicine; or
- 3.] A school of law; or

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

(2) Obtains eligible employment;

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

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

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

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

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

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

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

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

SUBTITLE 28. MARYLAND LOAN ASSISTANCE REPAYMENT PROGRAM FOR PHYSICIANS.

18–2801.

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

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

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

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

(E) "PRIMARY CARE" INCLUDES:

- (1) PRIMARY CARE;**
- (2) FAMILY MEDICINE;**
- (3) INTERNAL MEDICINE;**
- (4) OBSTETRICS;**
- (5) PEDIATRICS;**
- (6) GERIATRICS;**
- (7) EMERGENCY MEDICINE; AND**
- (8) PSYCHIATRY.**

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

18-2802.

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

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

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

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

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

(B) THE FUND CONSISTS OF:

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

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

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

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

18-2803.

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

~~18-2803.~~ 18-2804.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

~~18-2805.~~ 18-2806.

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

(1) **ESTABLISHING THE MAXIMUM NUMBER OF PARTICIPANTS IN THE PROGRAM EACH YEAR IN EACH PRIORITY AREA DESCRIBED UNDER § ~~18-2804~~ 18-2805 OF THIS SUBTITLE; AND**

(2) **ESTABLISHING THE MINIMUM AND MAXIMUM AMOUNT OF A LOAN AWARDED UNDER THIS SUBTITLE IN EACH PRIORITY AREA DESCRIBED UNDER § ~~18-2804~~ 18-2805 OF THIS SUBTITLE.**

Article – Health Occupations

14-207.

(a) There is a Board of Physicians Fund.

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

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

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

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

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

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

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

B. One-half to make grants under the [Janet L. Hoffman Loan Assistance Repayment Program under § 18-1502(c)] **MARYLAND LOAN ASSISTANCE REPAYMENT PROGRAM FOR PHYSICIANS UNDER TITLE 18,**

SUBTITLE 28 of the Education Article to physicians engaged in primary care or to medical residents specializing in primary care who agree to practice for at least 2 years as primary care physicians in a geographic area of the State that has been designated by the Secretary of Health and Mental Hygiene as being medically underserved; and

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

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

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

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

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

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

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

Approved by the Governor, May 19, 2009.