

Department of Legislative Services  
Maryland General Assembly  
2014 Session

FISCAL AND POLICY NOTE  
Revised

House Bill 459

(Chair, Ways and Means Committee)(By Request -  
Departmental - Health and Mental Hygiene)

Ways and Means

Education, Health, and Environmental Affairs

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Maryland Loan Assistance Repayment Program for Physicians and Physician  
Assistants

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This departmental bill expands eligibility for the Maryland Loan Assistance Repayment Program for Physicians (MLARP) to provide education loan repayments to *physician assistants* who provide primary care in designated geographic shortage areas under specified circumstances. To that end, the program is renamed the Maryland Loan Assistance Repayment Program for Physicians and Physician Assistants. The bill also expands the definition of “primary care” to include women’s health.

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Fiscal Summary

**State Effect:** Expanding eligibility for MLARP may increase access to federal matching funds for the program; however, the expansion does not require additional spending. If additional applicants exceed available resources, a wait list may need to be created for the program. There is a dedicated funding source for MLARP.

**Local Effect:** None.

**Small Business Effect:** The Department of Health and Mental Hygiene (DHMH) has determined that this bill has minimal or no impact on small business (attached). The Department of Legislative Services concurs with this assessment. (The attached assessment does not reflect amendments to the bill.)

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## Analysis

**Current Law:** MLARP provides loan repayment assistance in exchange for certain service commitments to help ensure that underserved areas of the State have sufficient numbers of primary care physicians serving those areas.

The Office of Student Financial Assistance (OSFA) in the Maryland Higher Education Commission (MHEC) makes financial aid awards to assist in repaying loans owed by a physician who practices primary care for a nonprofit organization or government entity in an area of the State that has been federally designated as having a shortage of primary care (including psychiatry). Likewise, OSFA makes financial aid awards to assist in repaying loans owed by a medical resident specializing in primary care who agrees to practice for at least two years as a primary care physician for a nonprofit organization or government agency in a geographic area of the State that has been federally designated. Awards are capped at \$35,000 per year for a four-year commitment.

“Primary care” is defined to include primary care, family medicine, internal medicine, obstetrics, pediatrics, geriatrics, emergency medicine, and psychiatry.

The State Board of Physicians (MBP) licenses physicians and physician assistants (as well as other allied health professionals). The board may set reasonable fees for the issuance and renewal of licenses and its other services. Both physicians and physician assistants pay their fees into the Board of Physicians Fund.

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 and MLARP, as administered by MHEC, the Comptroller must distribute 12% of the fees received by MBP (from physicians and physician assistants) to OSFA to be used as follows: (1) one-half to make grants under the Health Personnel Shortage Incentive Grant Program and (2) one-half to make grants under MLARP to physicians engaged in primary care or to medical residents specializing in primary care who agree to practice for at least two 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. The balance of fees is then distributed to the Board of Physicians Fund.

If the Governor does include in the State budget at least \$750,000 for the operation of the Health Personnel Shortage Incentive Grant Program and MLARP, as administered by MHEC, the Comptroller must distribute all of the fees to the Board of Physicians Fund.

**Background:** The Health Resources and Services Administration (HRSA) – the agency within the U.S. Department of Health and Human Services responsible for monitoring the supply of and demand for health care professionals – estimated that there were

approximately 780,000 physicians and 261,00 physician assistants and advanced practice registered nurses engaged in patient care nationwide in 2010. At the same time (in fiscal 2011), there were approximately 2,600 physician assistants in Maryland, and their numbers are growing. Physician assistants are becoming more predominant primary care providers and can help lighten the patient load for primary care physicians.

Federal funding for physician assistants who provide primary care (including women's health) is available through HRSA, but it requires a 50% State match. Under HRSA guidelines, the approved primary care areas are adult, family, pediatric, psychiatry, mental health, geriatrics, and women's health. DHMH is hoping that, by expanding the provider category to physician assistants under MLARP, DHMH will be able to maximize and access all of the HRSA federal matching funds available for this purpose. DHMH reports that it currently has \$400,000 in HRSA matching funds available for MLARP; however, all of these funds cannot be expended due to a lack of qualified applicants. The bill will expand the pool of qualified applicants.

MHEC reports that there were 24 new and renewal MLAP recipients in fiscal 2013 and that there is currently not a wait list for the program. All eligible applicants receive an award.

The Governor's proposed fiscal 2015 State budget includes a total of \$1.3 million for MLARP: \$1.0 million in special fund income from MBP professional license fees and \$250,000 in reimbursable (federal) funds from DHMH. The budget also includes \$2.0 million in special funds from MBP license fees for the Health Personnel Shortage Incentive Grant Program and no general funds.

**State Fiscal Effect:** According to DHMH, expanding eligibility for MLARP may increase access to federal HRSA matching funds for the program. Since the bill expands the pool of qualified applicants, it is assumed that the number of MLARP recipients will increase. Thus, special fund expenditures for MLARP will increase, 50% State funds from MBP fees and 50% federal HRSA funds (only \$250,000 of the current \$400,000 HRSA funds are budgeted for MLARP). These are all existing funds from a dedicated source; therefore, no additional funds are required. It is assumed that, if the number of eligible applicants exceeds the funds currently budgeted, a wait list will be established.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Maryland Higher Education Commission, Department of Health and Mental Hygiene, Department of Legislative Services

**Fiscal Note History:** First Reader - March 4, 2014  
mc/rhh Revised - House Third Reader - March 26, 2014

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## ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: Maryland Loan Assistance Repayment Program for Physicians and Physician Assistants

BILL NUMBER: HB 459

PREPARED BY: Department of Health and Mental Hygiene

### PART A. ECONOMIC IMPACT RATING

This agency estimates that the proposed bill:

WILL HAVE MINIMAL OR NO ECONOMIC IMPACT ON MARYLAND SMALL BUSINESS

OR

WILL HAVE MEANINGFUL ECONOMIC IMPACT ON MARYLAND SMALL BUSINESSES

### PART B. ECONOMIC IMPACT ANALYSIS

The changes to the Maryland Loan Assistance Repayment Program will not have an economic impact on small businesses.