

Chapter 403

(Senate Bill 501)

AN ACT concerning

Maryland Loan Assistance Repayment Program for Physicians and Physician Assistants – Administration and Funding

FOR the purpose of transferring oversight of the Maryland Loan Assistance Repayment Program for Physicians and Physician Assistants from the Office of Student Financial Assistance within the Maryland Higher Education Commission to the Maryland Department of Health; requiring the Department, on or before a certain date each year, to submit a certain report to the General Assembly; altering certain provisions of law related to funding for the Program; requiring the Comptroller, in certain fiscal years, to distribute certain fees in a certain manner for a certain purpose if the Governor does not include a certain amount of funding for the Program in the State budget; requiring the Comptroller to distribute certain fees to the Board of Physicians Fund if the Governor includes in the State budget a certain amount of funding for the Program; requiring the Comptroller to distribute certain fees to the Board of Physicians Fund under certain circumstances; requiring the Department to convene a certain workgroup; providing for the composition of the workgroup; requiring the workgroup to consult with the Department of Legislative Services when developing certain recommendations; providing for the duties of the workgroup; requiring the workgroup to submit ~~a certain report~~ reports to the General Assembly on or before ~~a certain date~~ dates; altering the definition of a certain term; making conforming changes; repealing certain obsolete provisions of law; and generally relating to the Maryland Loan Assistance Repayment Program for Physicians and Physician Assistants.

BY transferring

Article – Education

Section 18–2801 through 18–2806, respectively, and the subtitle “Subtitle 28. Maryland Loan Assistance Repayment Program for Physicians and Physician Assistants”

Annotated Code of Maryland

(2018 Replacement Volume and 2019 Supplement)

to be

Article – Health – General

Section 24–1701 through 24–1706, respectively, and the subtitle “Subtitle 17. Maryland Loan Assistance Repayment Program for Physicians and Physician Assistants”

Annotated Code of Maryland

(2019 Replacement Volume)

BY repealing and reenacting, with amendments,

Article – Health – General

Section 24-1701, ~~24-1702(b)(1)~~ 24-1702(b), 24-1704, 24-1705, and 24-1706
Annotated Code of Maryland
(2019 Replacement Volume)
(As enacted by Section 1 of this Act)

BY adding to

Article – Health – General
Section 24-1707
Annotated Code of Maryland
(2019 Replacement Volume)

BY repealing and reenacting, with amendments,

Article – Health Occupations
Section 14-207 and 15-206(c)
Annotated Code of Maryland
(2014 Replacement Volume and 2019 Supplement)

Preamble

WHEREAS, One in five citizens in Maryland live in rural or medically underserved communities and face challenges in accessing health care services because only 10% of physicians choose to work in rural or medically underserved communities; and

WHEREAS, A report prepared on behalf of the Association of American Medical Colleges projects a total physician shortfall of between 40,800 and 104,900 physicians by 2030; and

WHEREAS, The 2017 Report of the Workgroup on Rural Health Delivery to the Maryland Health Care Commission focused on expanding the health care workforce as one of its priorities, recommending tax credits, loan or grant opportunities to incentivize physicians, medical students, and residents, and streamlining and expanding the Loan Assistance Repayment Program (LARP) by centralizing oversight of the program; and

WHEREAS, Emerging evidence demonstrates that scholarship and loan repayment programs are effective in achieving long-term retention of participants in the communities they serve; and

WHEREAS, Based on a retention study conducted by the Maryland Department of Health's Office of Workforce Development in 2017, 83% of health care providers agreed to stay in Maryland or at their current practice site after their obligation under LARP was completed; and

WHEREAS, The funding stream for LARP has been reduced over the last 5 years at a time when over 350 health care providers have applied for funding and over 100 have been denied in fiscal years 2019 and 2020 due to lack of funding, decreasing the availability of specialty providers in medically underserved areas throughout Maryland; now, therefore,

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That Section(s) 18–2801 through 18–2806, respectively, and the subtitle “Subtitle 28. Maryland Loan Assistance Repayment Program for Physicians and Physician Assistants” of Article – Education of the Annotated Code of Maryland be transferred to be Section(s) 24–1701 through 24–1706, respectively, and the subtitle “Subtitle 17. Maryland Loan Assistance Repayment Program for Physicians and Physician Assistants” of Article – Health – General of the Annotated Code of Maryland.

SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland read as follows:

Article – Health – General

24–1701.

(a) In this subtitle the following words have the meanings indicated.

(b) [“Department” means the Maryland Department of Health.

(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 or physician assistant.

[(d)] (C) “Fund” means the Maryland Loan Assistance Repayment Program Fund.

[(e)] (D) “Primary care” includes:

- (1) Primary care;
- (2) Family medicine;
- (3) Internal medicine;
- (4) Obstetrics;
- (5) Pediatrics;
- (6) Geriatrics;
- (7) Emergency medicine;
- (8) Women’s health; ~~and~~
- (9) Psychiatry; **AND**

(10) PREVENTATIVE MEDICINE.

[(f) (E)] “Program” means the Maryland Loan Assistance Repayment Program for Physicians and Physician Assistants.

24–1702.

(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]~~ **THIS ARTICLE A PERMANENT FUNDING STRUCTURE RECOMMENDED TO THE GENERAL ASSEMBLY BY A STAKEHOLDER WORKGROUP CONVENED BY THE DEPARTMENT;** and

(2) Any other money from any other source accepted for the benefit of the Fund.

24–1704.

(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] DEPARTMENT** shall assist in the repayment with the funds transferred to the **[Office] DEPARTMENT** by the Comptroller under § **[14–207(d)(2)] 14–207(D)** of the Health Occupations Article of the amount of education loans owed by a physician or physician assistant 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] DEPARTMENT** 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] **DEPARTMENT** to administer the Program.

24-1705.

(a) In addition to the assistance provided under § [18-2804] **24-1704** of this subtitle, the [Office] **DEPARTMENT** may, subject to the availability of money in the Fund, assist in the repayment of an education loan owed by a physician or physician assistant who:

(1) 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 or physician assistant practices that specialty; and

(2) Commits to practicing in the area for a period of time determined by the [Office] **DEPARTMENT**.

(b) The [Office] **DEPARTMENT** shall prioritize funding for the repayment of education loans through the Program in the following order:

(1) Physicians and physician assistants that meet the requirements under § [18-2804(b)] **24-1704(B)** of this subtitle;

(2) Physicians and physician assistants practicing primary care in a geographic area where the Department has identified a shortage of primary care physicians or physician assistants; and

(3) Physicians and physician assistants practicing a medical specialty other than primary care in a geographic area where the Department has identified a shortage of that specialty.

24-1706.

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 § [18-2805] **24-1705** of this subtitle; and

(2) Establishing the minimum and maximum amount of loan repayment assistance awarded under this subtitle in each priority area described under § [18-2805] **24-1705** of this subtitle.

24-1707.

ON OR BEFORE OCTOBER 1, 2021, AND EACH OCTOBER 1 THEREAFTER, THE DEPARTMENT SHALL REPORT TO THE GENERAL ASSEMBLY, IN ACCORDANCE WITH § 2-1257 OF THE STATE GOVERNMENT ARTICLE, ON:

(1) THE ELIGIBLE PHYSICIANS, PHYSICIAN ASSISTANTS, AND MEDICAL RESIDENTS WHO APPLIED FOR THE PROGRAM, INCLUDING INFORMATION ON:

(I) THE SPECIALTY OF THE PHYSICIAN, PHYSICIAN ASSISTANT, OR MEDICAL RESIDENT;

(II) THE TYPE AND LOCATION OF THE SITE IN WHICH THE PHYSICIAN, PHYSICIAN ASSISTANT, OR MEDICAL RESIDENT PROVIDED SERVICES; AND

(III) THE GEOGRAPHIC AREA SERVED BY THE PHYSICIAN, PHYSICIAN ASSISTANT, OR MEDICAL RESIDENT; AND

(2) THE PHYSICIANS, PHYSICIAN ASSISTANTS, AND MEDICAL RESIDENTS WHO PARTICIPATED IN THE PROGRAM, INCLUDING INFORMATION ON:

(I) THE AMOUNT OF ASSISTANCE PROVIDED TO EACH PARTICIPANT;

(II) THE SPECIALTY OF THE PARTICIPANT;

(III) THE TYPE AND LOCATION OF THE SITE IN WHICH THE PARTICIPANT PROVIDED SERVICES; AND

(IV) THE GEOGRAPHIC AREA SERVED BY THE PARTICIPANT.

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, including the cost of providing a rehabilitation program for physicians under § 14-401.1(g) of this title.

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

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

(d) (1) [In fiscal year 2017 and fiscal year 2018, if the Governor does not include in the State budget at least \$550,000 for the operation of the Maryland Loan Assistance Repayment Program for Physicians and Physician Assistants under Title 18, Subtitle 28 of the Education Article, as administered by the Maryland Higher Education Commission, the Comptroller shall distribute:

(i) \$550,000 of the fees received from the Board to the Office of Student Financial Assistance to be used to make grants under the Maryland Loan Assistance Repayment Program for Physicians and Physician Assistants under Title 18, Subtitle 28 of the Education Article to physicians and physician assistants 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 as being medically underserved; and

(ii) The balance of the fees to the Board of Physicians Fund.

(2) In EACH OF fiscal [year] YEARS 2019 [and each fiscal year thereafter] THROUGH 2021, if the Governor does not include in the State budget at least \$400,000 for the operation of the Maryland Loan Assistance Repayment Program for Physicians and Physician Assistants under [Title 18, Subtitle 28 of the Education Article] TITLE 24, SUBTITLE 17 OF THE HEALTH – GENERAL ARTICLE, as administered by the [Maryland Higher Education Commission] DEPARTMENT, the Comptroller shall distribute:

(i) \$400,000 of the fees received from the Board to the [Office of Student Financial Assistance] DEPARTMENT to be used to make grants under the Maryland Loan Assistance Repayment Program for Physicians and Physician Assistants under [Title 18, Subtitle 28 of the Education Article] TITLE 24, SUBTITLE 17 OF THE HEALTH – GENERAL ARTICLE to physicians and physician assistants 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] as being medically underserved; and

(ii) The balance of the fees to the Board of Physicians Fund.

(2) IN FISCAL YEAR 2022 AND EACH FISCAL YEAR THEREAFTER EACH OF FISCAL YEARS YEAR 2022 AND 2023, IF THE GOVERNOR DOES NOT INCLUDE IN THE STATE BUDGET AT LEAST \$1,000,000 FOR THE OPERATION OF THE MARYLAND LOAN ASSISTANCE REPAYMENT PROGRAM FOR PHYSICIANS AND PHYSICIAN ASSISTANTS UNDER TITLE 24, SUBTITLE 17 OF THE HEALTH – GENERAL ARTICLE,

AS ADMINISTERED BY THE DEPARTMENT, THE COMPTROLLER SHALL DISTRIBUTE:

(I) **\$1,000,000 OF THE FEES RECEIVED FROM THE BOARD TO THE DEPARTMENT TO BE USED TO MAKE GRANTS UNDER THE MARYLAND LOAN ASSISTANCE REPAYMENT PROGRAM FOR PHYSICIANS AND PHYSICIAN ASSISTANTS UNDER TITLE 24, SUBTITLE 17 OF THE HEALTH – GENERAL ARTICLE TO PHYSICIANS AND PHYSICIAN ASSISTANTS 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 AS BEING MEDICALLY UNDERSERVED; AND**

(II) **THE BALANCE OF THE FEES TO THE BOARD OF PHYSICIANS FUND.**

(3) IN FISCAL YEAR ~~2024~~ 2023 AND EACH FISCAL YEAR THEREAFTER, IF THE DEPARTMENT DOES NOT IMPLEMENT A PERMANENT FUNDING STRUCTURE UNDER § 24-1702(B)(1) OF THIS SUBTITLE AND THE GOVERNOR DOES NOT INCLUDE IN THE STATE BUDGET AT LEAST \$400,000 FOR THE OPERATION OF THE MARYLAND LOAN ASSISTANCE REPAYMENT PROGRAM FOR PHYSICIANS AND PHYSICIAN ASSISTANTS UNDER TITLE 24, SUBTITLE 17 OF THE HEALTH – GENERAL ARTICLE, AS ADMINISTERED BY THE DEPARTMENT, THE COMPTROLLER SHALL DISTRIBUTE:

(I) \$400,000 OF THE FEES RECEIVED FROM THE BOARD TO THE DEPARTMENT TO BE USED TO MAKE GRANTS UNDER THE MARYLAND LOAN ASSISTANCE REPAYMENT PROGRAM FOR PHYSICIANS AND PHYSICIAN ASSISTANTS UNDER TITLE 24, SUBTITLE 17 OF THE HEALTH – GENERAL ARTICLE TO PHYSICIANS AND PHYSICIAN ASSISTANTS 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 AS BEING MEDICALLY UNDERSERVED; AND

(II) THE BALANCE OF THE FEES TO THE BOARD OF PHYSICIANS FUND.

~~(3)~~ (4) If the Governor includes in the State budget at least the amount specified in paragraph (1) or (2) of this subsection for the operation of the Maryland Loan Assistance Repayment Program for Physicians and Physician Assistants under [Title 18, Subtitle 28 of the Education Article] **TITLE 24, SUBTITLE 17 OF THE HEALTH – GENERAL ARTICLE**, as administered by the [Maryland Higher Education Commission] **DEPARTMENT**, the Comptroller shall distribute the fees to the Board of Physicians Fund.

(e) (1) The Fund shall be used exclusively to cover the actual documented direct and indirect costs of fulfilling the statutory and regulatory duties of the Board as provided by the provisions of this title.

(2) (i) The Fund is a continuing, nonlapsing fund, not subject to § 7-302 of the State Finance and Procurement Article.

(ii) Any unspent portions of the Fund may not be transferred or revert to the General Fund of the State, but shall remain in the Fund to be used for the purposes specified in this title.

(3) Interest or other income earned on the investment of moneys in the Fund shall be paid into the Fund.

(4) No other State money may be used to support the Fund.

(f) (1) In addition to the requirements of subsection (e) of this section, the Board shall fund the budget of the Physician Rehabilitation Program with fees set, collected, and distributed to the Fund under this title.

(2) After review and approval by the Board of a budget submitted by the Physician Rehabilitation Program, the Board may allocate moneys from the Fund to the Physician Rehabilitation Program.

(g) (1) The chair of the Board or the designee of the chair shall administer the Fund.

(2) Moneys in the Fund may be expended only for any lawful purpose authorized by the provisions of this title.

(h) The Legislative Auditor shall audit the accounts and transactions of the Fund as provided in § 2-1220 of the State Government Article.

15-206.

(c) (1) In fiscal year 2017 and fiscal year 2018, if the Governor does not include in the State budget at least \$550,000 for the operation of the Maryland Loan Assistance Repayment Program for Physicians and Physician Assistants under [Title 18, Subtitle 28 of the Education Article] **TITLE 24, SUBTITLE 17 OF THE HEALTH – GENERAL ARTICLE**, as administered by the Maryland Higher Education Commission, the Comptroller shall distribute:

(i) \$550,000 of the fees received from the Board to the Office of Student Financial Assistance to be used to make grants under the Maryland Loan Assistance Repayment Program for Physicians and Physician Assistants under [Title 18, Subtitle 28 of the Education Article] **TITLE 24, SUBTITLE 17 OF THE HEALTH –**

GENERAL ARTICLE to physicians and physician assistants 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] as being medically underserved; and

(ii) The balance of the fees to the Board of Physicians Fund.

(2) In fiscal year 2019 and each fiscal year thereafter, if the Governor does not include in the State budget at least \$400,000 for the operation of the Maryland Loan Assistance Repayment Program for Physicians and Physician Assistants under [Title 18, Subtitle 28 of the Education Article] **TITLE 24, SUBTITLE 17 OF THE HEALTH – GENERAL ARTICLE**, as administered by the Maryland Higher Education Commission, the Comptroller shall distribute:

(i) \$400,000 of the fees received from the Board to the Office of Student Financial Assistance to be used to make grants under the Maryland Loan Assistance Repayment Program for Physicians and Physician Assistants under [Title 18, Subtitle 28 of the Education Article] **TITLE 24, SUBTITLE 17 OF THE HEALTH – GENERAL ARTICLE** to physicians and physician assistants 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] as being medically underserved; and

(ii) The balance of the fees to the Board of Physicians Fund.

(3) If the Governor includes in the State budget at least the amount specified in paragraph (1) or (2) of this subsection for the operation of the Maryland Loan Assistance Repayment Program for Physicians and Physician Assistants under [Title 18, Subtitle 28 of the Education Article] **TITLE 24, SUBTITLE 17 OF THE HEALTH – GENERAL ARTICLE**, as administered by the Maryland Higher Education Commission, the Comptroller shall distribute the fees to the Board of Physicians Fund.

SECTION 3. AND BE IT FURTHER ENACTED, That:

(a) The Maryland Department of Health shall convene a stakeholder workgroup to examine how the State can implement a program within or in addition to the Maryland Loan Assistance Repayment Program for Physicians and Physician Assistants to further incentivize medical students to practice in health professional shortage areas and medically underserved areas in the State.

(b) The workgroup shall consist of the following members:

(1) the Chair of the Health Services Cost Review Commission, or the Chair's designee;

- (2) the Chair of the Health Care Commission, or the Chair's designee;
- designee;
- (3) the President of the Maryland Hospital Association, or the President's
- designee;
- (4) the Dean of the University of Maryland School of Medicine, or the
- Dean's designee;
- (5) the Dean of the Johns Hopkins School of Medicine, or the Dean's
- designee;
- (6) the President of MedChi, or the President's designee;
- (7) one representative of the Office of Primary Care;
- (8) one representative of the State Board of Physicians;
- (9) one representative of the Maryland Academy of Physician Assistants;
- and
- (10) any other members as determined by the Secretary of Health.

(c) The workgroup shall consult with the Department of Legislative Services when developing its recommendations.

~~(b)~~ (d) The workgroup shall:

- (1) review medical school student debt experienced in the United States and in Maryland;
- (2) ~~examine and recommend state-assisted tuition reduction options based on a comparison of programs available in other states; and~~ other models for physician recruitment and retention that operate in other states, including how these models are funded and how to improve the Maryland Loan Assistance Repayment Program to ensure that the Program is competitive with other states;
- (3) examine and recommend methods to incentivize medical students to commit to practicing in medically underserved areas in the State before entering a residency program or on graduation from medical school; and
- (4) investigate the availability of other federal grants to further expand loan repayment and loan forgiveness for other health professionals in Maryland.

~~(e)~~ (e) (1) On or before December 1, 2020, the workgroup shall ~~report~~ submit an interim report of its findings and recommendations, in accordance with § 2-1257 of the State Government Article, to the General Assembly.

(2) On or before December 1, 2021, the workgroup shall submit a final report of its findings and recommendations, including recommendations on the structure of a permanent advisory council and a permanent funding structure for the Maryland Loan Assistance Repayment Program, in accordance with § 2-1257 of the State Government Article, to the General Assembly.

SECTION 4. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2020.

Enacted under Article II, § 17(c) of the Maryland Constitution, May 8, 2020.