

Department of Legislative Services
Maryland General Assembly
2022 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 716 (Senators Simonaire and Bailey)

Budget and Taxation and Education, Health,
and Environmental Affairs

Maryland Health Care Workers Loan Assistance Program - Establishment and Funding

This bill establishes the Maryland Health Care Workers Loan Assistance Program and an associated special fund to provide assistance to health care workers in repaying health care-related education loans. For fiscal 2024 through 2026, the Governor must include in the annual budget bill an appropriation of \$35.0 million for the fund. By September 1, 2022, the Maryland Department of Health (MDH) must adopt regulations for the program. By September 1, 2023, through 2026, MDH must report to the General Assembly on the number of health care workers who applied and qualified for the program, the amount of assistance provided to each applicant, and the health occupation of the participating health care workers. **The bill takes effect June 1, 2022, and terminates September 30, 2026.**

Fiscal Summary

State Effect: No effect in FY 2022 or 2023. General fund expenditures increase by \$35.0 million in FY 2024 through 2026 to reflect the mandated appropriation. Special fund revenues and expenditures increase accordingly. **This bill establishes a mandated appropriation for FY 2024 through 2026.**

(\$ in millions)	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
SF Revenue	\$0	\$35.0	\$35.0	\$35.0	\$0
GF Expenditure	\$0	\$35.0	\$35.0	\$35.0	\$0
SF Expenditure	\$0	\$35.0	\$35.0	\$35.0	\$0
Net Effect	\$0.0	(\$35.0)	(\$35.0)	(\$35.0)	\$0.0

Note: () = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: “Health care worker” means an advanced practice registered nurse, nurse anesthetist, registered nurse practitioner, registered nurse, licensed practical nurse, licensed respiratory care practitioner, physician, and physician assistant.

Maryland Health Care Workers Loan Assistance Program

To qualify for repayment of a health care-related education loan under the program, an applicant must (1) be a health care worker; (2) have practiced a health occupation continuously in the State beginning on or before January 1, 2021; (3) owe a health care-related education loan; and (4) meet any other qualifications established by MDH.

MDH must establish a single application period for the program during the first year of the program. After the application period closes, MDH must determine the amount of repayment for each qualified applicant based on the number of qualified applicants and the total amount of money in the fund for the three-year duration of the program. The repayment amount may be up to \$10,000 but may not exceed the amount of the health care-related loan.

To apply for repayment under the program, an applicant must submit an application that includes satisfactory evidence of qualifying employment and education loans during the established application period. MDH must divide an applicant’s loan repayment amount so that an equal amount is paid in each of the three years that the program is in effect. If the amount of the repayment is less than \$10,000, MDH may allocate an amount to the applicant for repayment in less than three years.

Maryland Health Care Workers Loan Assistance Program Fund

The Maryland Health Care Workers Loan Assistance Program Fund is a continuing, nonlapsing special fund, administered by MDH. The fund consists of (1) money appropriated in the State budget to the fund; (2) interest earnings; and (3) any other money from any other source accepted for the benefit of the fund. The fund may be used only for repayment of health care-related education loans and administrative expenses for the program. Expenditures from the fund must be made by an appropriation in the annual budget or by an approved budget amendment. Any unspent portion of money that is transferred to MDH for use under the program must be transferred or revert to the general fund until the end of the fiscal year.

Current Law: In general, an individual must be licensed and/or certified by the State Board of Nursing to practice as an advanced practice registered nurse, nurse anesthetist, registered nurse practitioner, registered nurse, or licensed practical nurse. In general, an

individual must be licensed by the Maryland Board of Physicians to practice as a respiratory care practitioner, physician, or physician assistant.

The Maryland Loan Assistance Repayment Program (MLARP) for Physicians and Physician Assistants is administered by MDH's Office of Workforce Development (OWD) to provide student loan repayment assistance in exchange for certain service commitments to help ensure underserved areas of the State have enough primary care physicians and physician assistants. The following physicians and physician assistants may qualify, in order of priority: (1) those who practice primary care in an eligible field of employment or who are medical residents specializing in primary care and agree to practice for at least two years as a primary care physician in an eligible field of employment, in a federally designated geographic area of the State; (2) those who practice primary care in a geographic area where MDH has identified a shortage; and (3) those who practice a medical specialty other than primary care in a geographic area where MDH has identified a shortage of that specialty.

In addition to MLARP, OWD administers the federally funded National Health Service Corps State Loan Repayment Program (SLRP). SLRP requires health care practitioners to practice in a federally designated Health Professional Shortage Area in traditional primary care specialties. Though the federal program allows a wider range of disciplines to be funded via the program (including nurse practitioners, certified nurse midwives, psychiatric nurse specialists, and registered nurses), Maryland has traditionally opened eligibility to physicians and physician assistants only.

The Governor's proposed budget for fiscal 2023 includes a \$2.0 million general fund appropriation for a new MLARP for Nurses and Nursing Assistants within the Maryland Higher Education Commission.

State Fiscal Effect: Under the bill, in fiscal 2024 through 2026, the Governor must provide \$35.0 million to the fund, which may be used only for repayment of health care-related education loans and administrative expenses for the program. Thus, general fund expenditures increase by \$35.0 million annually over that period to reflect the mandated appropriation. Special fund revenues and expenditures increase accordingly.

MDH advises that additional staff are needed to administer the program; the Department of Legislative Services concurs and assumes administrative costs are fully funded through the mandated appropriation, as allowed under the bill. Accordingly, MDH general fund expenditures increase by \$144,387 in fiscal 2024 for two full-time contractual administrators and one part-time (50%) contractual administrator to administer the program effective July 1, 2023, when funding becomes available. The estimate includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Remaining funds from the mandated appropriation are used to provide loan repayment assistance, as specified.

Contractual Positions	2.5
Loan Assistance	\$34,855,613
Salaries and Fringe Benefits	122,079
Operating Expenses	<u>22,308</u>
Total FY 2024 MDH Expenditures	\$35,000,000

This estimate does not include any health insurance costs that could be incurred for specified contractual employees under the State's implementation of the federal Patient Protection and Affordable Care Act.

Future year expenditures reflect annual increases and employee turnover associated with salaries, annual increases in ongoing operating expenses, and termination of the contractual positions at the end of fiscal 2026. This analysis assumes that MDH can develop the regulations as required under the bill and complete the final required report with existing resources. Further, it assumes the initial report may not yet reflect the required metrics, as the application period is likely still open. Otherwise, general fund expenditures increase for contractual support beginning in fiscal 2023 and are not covered by mandated funding that year.

Assuming each applicant receives the maximum allowed (generally spread over three years), the mandated funding (minus administrative costs) could serve more than 10,450 health care workers. Under the bill, any unspent portion of money that is transferred to MDH for the program must "be transferred or revert to the general fund until the end of the fiscal year." Thus, to the extent that loan repayment assistance is less than \$35.0 million annually, unspent funds revert, and overall general fund spending may be reduced.

Additional Information

Prior Introductions: None.

Designated Cross File: None.

Information Source(s): Comptroller's Office; Maryland Higher Education Commission; Department of Budget and Management; Maryland Department of Health; Department of Legislative Services

Fiscal Note History: First Reader - March 10, 2022
js/jc

Analysis by: Amberly Holcomb

Direct Inquiries to:
(410) 946-5510
(301) 970-5510