



Maryland
Hospital Association

Senate Bill 501 – Maryland Loan Assistance Repayment Program for Physicians and Physician Assistants - Administration and Funding

Position: *Support*

February 13, 2020

Senate Education, Health & Environmental Affairs Committee

MHA Position

Maryland's 61 nonprofit hospitals and health systems care for millions of people each year, treating 2.3 million in emergency departments and delivering more than 67,000 babies. The 108,000 people they employ are [caring for Maryland](#) around-the-clock every day—delivering leading edge, high-quality medical service and investing a combined \$1.75 billion in their communities, expanding access to housing, education, transportation, and food.

Recruiting and retaining a robust workforce is a major factor in the vitality of hospitals and health systems, the success of the Maryland Model and our ability to ensure all Marylanders have access to the care they need. That is why hospital leaders identified workforce as the No. 1 fieldwide priority to promote the health and well-being of our communities. By 2030, many of Maryland's 24 jurisdictions are projected to have shortages in primary care and mental health providers.ⁱ Despite having world-renowned medical schools here, we are a net exporter of physicians—losing 60% of our medical graduates every year.

Since 1992, Maryland has participated in the Health Resource and Service Administration's federal grant program which incentivizes physicians and physician assistants to practice in federally-designated health professional shortage areas (HPSAs). In exchange for a two-year service commitment, eligible providers can receive thousands of dollars to pay back their student loan debt.ⁱⁱ States can apply for up to \$1 million to administer their own State Loan Repayment Program (SLRP) but must match every federal dollar received. Since the SLRP is a mix of federal and state funds, Maryland allocates funding for this program first. Any remaining funding is allocated to the Maryland Loan Assistance Repayment Program (MLARP). SLRP applicants must comply with federal eligibility criteria. In contrast, the state has the flexibility to broaden the applicant pool and address specific workforce shortages by allowing additional physician specialties, such as emergency physicians, and sites such as medically underserved areas.

Senate Bill 501 is an investment in keeping physicians trained in Maryland, working in Maryland—improving access to care, especially in rural and underserved areas. Maryland has seen promising results. A 2017 survey showed 83% of loan assistance recipients stayed in state or at their current site after completing their two-year service requirement.ⁱⁱⁱ Unfortunately, contributions to MLARP have decreased from the original funding level to \$400,000 despite growing demand and a high number of eligible applicants. This means the state is not capturing

the additional \$600,000 federal dollars that could be used to attract and keep physicians. In fiscal years 2019 and 2020, more than 100 eligible applicants were denied loan assistance due to lack of funding.

Choosing to increase funding now allows the state to take full advantage of the federal matching dollars for the next four-year grant award in 2022. Currently, the state contributes funding annually, either through an appropriation by the Governor or through the Maryland Board of Physicians' licensure and renewal fees.^{iv} Although at one time, utilization of the hospital rate setting system was considered a potential funding source, the Centers for Medicare & Medicaid Services rejected this request. The Total Cost of Care Model prohibits the rate setting system from being used for this purpose as referenced in Section 8.a.iii.2. However, hospitals are committed to working with the state to explore alternative, long-term funding sources. SB 501 would support this next step by establishing a stakeholder work group to explore ways to expand the program while ensuring funding sustainability.

This legislation would also centralize oversight of the loan repayment program which is currently shared between MDH and the Maryland Health Education Commission. Transitioning the program to be solely under MDH will improve the state's efficiency and make it easier to navigate for physicians. Since a majority of the administrative functions are already handled by MDH, this is expected to be a seamless transition.

Passage of SB 501 would allow the state to leverage a powerful, existing program to retain and recruit primary care, behavioral health and other specialty physicians—expanding access to care in underserved and rural areas. We are asking the state to invest in our health care workforce. By doing so, we are also investing in the health of all Marylanders.

For these reasons, we urge a *favorable* report.

For more information, please contact:

Nicole Stallings

Nstallings@mhaonline.org

ⁱ IHS Markit. (September 20, 2018). Maryland Primary Care and Selected Specialty Health Workforce Study: Study Methods and Findings

ⁱⁱ Health Resources & Services Administration. (February 28, 2018). State Loan Repayment Program (SLRP): Notice of Funding Opportunity

ⁱⁱⁱ Maryland Department of Health, Office of Workforce Development. (n.d.). HRSA 18-011 State Loan Repayment Program, CFDA No. 93.165