Senate Fiscal Agency
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BILL ANALYSIS

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Senate Bill 343 (Substitute S-1 as passed by the Senate)
Sponsor: Senator Curtis S. VanderWall
Committee: Health Policy and Human Services

Date Completed: 9-25-19

RATIONALE

The Michigan State Loan Repayment Program (MSLRP) assists in the recruitment and retention of primary medical, dental, and mental healthcare providers in Health Professional Shortage Areas (HPSA). The Program provides loan repayment to practitioners who enter full-time service obligations with a not-for-profit health clinic for a certain number of years as determined by the practitioner's contract. The maximum amount of loan repayment MLSRP can offer is $40,000 annually, and $200,000 in total, if paid over four years or more, and as determined by the contract between the Department of Health and Human Services (DHHS) and the practitioner.

Recent reports from the American Medical Student Association suggest that the average medical student debt has increased from $173,000 in 2011 to $190,000 in 2016. The reports also suggest that average student debt will continue to increase, surpassing $200,000, the maximum amount of money that DHHS can offer in an MLSRP contract. Some people believe that the growing student debt has increased interest in the MSLRP, making it a more successful recruiting program for HPSAs. Accordingly, it has been suggested that the MLSRP offer more debt repayment for prolonged services from contracted practitioners in HPSAs.

CONTENT

The bill would amend the Public Health Code to specify that the maximum amount of debt or expense that the Department of Health and Human Services could pay on behalf of a designated health professional through a health provider repayment program would be $250,000 over ten or more years.

Under the Code, the DHHS must administer an essential health provider repayment program for designated professionals who have incurred a debt or expenses as a result of a loan taken to attend medical school, dental school, nursing program for the training of certified nurse midwives, certified nurse practitioners, or clinical nurse specialists-certified, or physician's assistant program or as a result of providing services in a health resource shortage area. The Department must repay a debt or expenses only for a professional who has entered a written contract with the DHHS that requires him or her to engage in the full-time practice of health care services in a resource shortage area to which the Department assigns him or her for a period equal in years to the number of years for which the Department has agreed in the contract to make the payments, or for a period of two years, whichever is greater.

Each year, the Department may repay all or part of a designated professional's debt or expenses, but the amount repaid in one year must not exceed $40,000. In addition, the maximum amount of debt or expense repayment the Department may pay on behalf of a designated professional is $200,000, paid over a period of four or more years. Under the bill, if a designated professional's term of service extended to 10 years or more, the maximum amount of debt or expense repayment the Department could pay on behalf of the designated professional would be $250,000, paid over a period of 10 years or more.

MCL 333.2705

BACKGROUND

According to the United States Health Resources and Services Administration (HRSA), an HPSA is a designation that indicates health provider shortages in primary care, dental health, or mental health. The Administration bases an HPSA on one or more of the following factors: geographic, which focuses on a shortage of providers for the entire population within a defined geographic area; population groups, which focuses on a shortage of providers for a specific population group within a defined geographic area; and facilities, which focuses on certain facilities that could require additional medical attention, such as correctional or tribal facilities. These designations determine where Michigan's Department of Health and Human Services places practitioners involved in the MSLRP.

ARGUMENTS

(Please note: The arguments contained in this analysis originate from sources outside the Senate Fiscal Agency. The Senate Fiscal Agency neither supports nor opposes legislation.)

Supporting Argument

According to testimony before the Senate Committee on Health Policy and Human Services, 81 of the 83 counties in Michigan have some variant of a primary care health professional shortage. For example, in Lake County, an HPSA has one physician for approximately 14,500 residents. The largely rural county's lack of attractive housing and relative distance to population centers make it difficult to attract and retain physicians difficult. The MSLRP helps attract physicians to the area, and it also encourages physicians to continue practicing in the area after they have met their contractual obligations. The Program placed 1,013 practitioners in HPSAs across the State since the its inception and currently has 171 practitioners throughout the State working under a contract. By offering longer contracts with larger loan repayment opportunities, the MLSPR could continue to attract more physicians to HPSAs, and would encourage them to remain practicing in these areas after they complete their contractual obligations.

Legislative Analyst: Tyler VanHuyse

FISCAL IMPACT

This bill would have no fiscal impact on the DHHS or local units of government. The number of loan repayment contracts that the DHHS enters into with eligible medical providers is limited by the yearly appropriation to the Michigan Essential Health Provider Program. By allowing for increased expenditures per participant, the bill could decrease the total number of contracts that the DHHS can enter into depending on the number of eligible medical providers who agreed to contracts for a term of 10 years or longer and the participant's eligible education debt, assuming a flat appropriation level in future fiscal years. A recent funding history of the Michigan Essential Health Provider program is provided below.

Fiscal Year (FY)	Provider Contracts	Gross	GF/GP	Federal	Private
FY 2013-2014	92	2,491,300	1,000,000	1,236,300	255,000
FY 2014-2015	104	3,591,300	1,500,000	1,236,300	855,000
FY 2015-2016	69	3,591,300	1,500,000	1,236,300	855,000
FY 2016-2017	67	3,591,300	1,500,000	1,236,300	855,000
FY 2017-2018	86	3,591,300	1,500,000	1,236,300	855,000
FY 2018-2019	N/A*	3,591,300	1,500,000	1,236,300	855,000
FY 2019-2020 Proposed**	N/A	4,521,200	2,429,900	1,236,300	855,000

*Unavailable until the close of the fiscal year.
**This amount reflects the Senate Proposed funding level. The Executive Recommendation includes $1.0 million General Fund/General Purpose (GF/GP) less than the Senate and the House Proposal includes $1,137,000 GF/GP less than the Senate.

Fiscal Analyst: Ellyn Ackerman