

BILL ANALYSIS

H.B. 1876
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Public Health
Committee Report (Unamended)

BACKGROUND AND PURPOSE

The shortage of health care providers in Texas threatens access to health care for many Texans, insured and uninsured alike. Rural, border, and inner-city urban communities in Texas often lack primary and preventive care providers or facilities where those providers may practice.

One solution to the lack of health care access in Texas is to recruit providers into the health care workforce by offering repayment assistance for their significant education loans. Currently, there are four loan repayment programs under state law. Having a variety of programs is inefficient for the state, and having a variety of portals to access those programs is inefficient for providers. It is essential that the programs be consolidated.

Another solution is to expand the primary care infrastructure in Texas. Federally qualified health centers are located in medically underserved areas in the state and often are the only source of affordable health care in those communities. These are providers that keep people out of emergency rooms. Over half of Texas' federally qualified health center patients are uninsured, and all patients are seen regardless of their ability to pay. Investment in these health centers may achieve lower costs to the health system and stronger health outcomes for patients.

Smokeless tobacco products cost less than other tobacco products and are taxed less. Regardless of the retail cost of the products, tobacco causes a vast number of health problems for Texans, including cardiovascular disease and oral cancer, for which the state pays in health care costs. Under current law, items such as cigarettes, beer, wine, and liquor are subject to an excise tax that compensates the state for the product's cost to society. Most excise taxes are applied on a per-weight or per-unit basis, and not on the product's retail value. As a result, all products are taxed equally regardless of price.

Currently, the excise tax is not applied consistently when it comes to tobacco products. The tax on smokeless tobacco is calculated solely by price, not weight, creating a loophole that promotes the use of cheap tobacco and deprives the state of additional excise tax revenue.

H.B. 1876 consolidates a number of health care provider loan repayment programs. The bill provides federally qualified health centers with funds to sustain and expand services in Texas. The bill creates a new health care access fund and a consolidated program for loan repayment to expand access to health care by increasing the health care provider workforce and expanding the federally qualified health center infrastructure in underserved areas. Revenue derived from closing the loophole in the tax on tobacco products is allocated for the fund's purposes.

RULEMAKING AUTHORITY

It is the committee's opinion that rulemaking authority is expressly granted to the Texas Higher Education Coordinating Board and the Department of State Health Services in SECTION 2 of this bill.

ANALYSIS

H.B. 1876 amends the Government Code to create the health care access fund as a special fund in the state treasury outside the general revenue fund. The bill provides for the composition of the fund and limits money in the funds to be used only to recruit and retain health care providers in health professional shortage areas and to support federally-qualified health centers. The bill requires, in each state fiscal biennium, 75 percent of the total amount available in the fund to be appropriated to the Texas Higher Education Coordinating Board to enable the repayment of health care provider education loans and 25 percent of the total amount available in the fund to be appropriated to the Department of State Health Services to fund the operational costs of federally-qualified health centers through the primary health care services program established by the department. The bill authorizes a gift or grant to be appropriated in the same manner as money derived from other sources, subject to any limitation or requirement placed on the gift or grant by the donor or granting entity.

H.B. 1876 amends the Education Code to authorize the Texas Higher Education Coordinating Board in accordance with board rules and rules of the Department of State Health Services to provide assistance in the repayment of education loans for health care providers who qualify. The bill requires an applicant for repayment assistance to be a licensed health care provider in an appropriate field of practice, have completed between one and four consecutive years of practice in a designated health professional shortage area, and to provide services to Medicaid recipients and enrollees under the childrens health insurance program. The bill provides conditions under which a provider is ineligible for loan repayment assistance. The bill authorizes the board to grant conditional approval to an applicant before the applicant completes the eligibility requirements, to withhold approved repayment assistance if the remaining requirements are not completed, and to excuse a provider from consecutive service requirements for good cause. The bill prescribes maximum amounts of repayment assistance for each year for which the provider establishes eligibility and prohibits a provider from receiving assistance for more than four consecutive years. The bill requires the board to ensure that the total amount of repayment assistance available to a health care provider is divided into four separate payments, each of which must be awarded in the same calendar year in which the qualifying year of service was completed and the amount of repayment assistance granted to a healthcare provider is increased for each year the provider receives assistance. The bill prohibits the total amount of repayment assistance received by a health care provider from exceeding the total amount of principal and interest due on the provider's loans and authorizes the board to increase the prescribed maximum amounts of repayment for each year of eligibility any time on or after September 1, 2013, based on certain criteria.

H.B. 1876 authorizes the board to provide repayment assistance for the repayment of any education loan, other than a loan from a private individual, for graduate, postgraduate, or professional education that satisfies an initial requirement for licensure in the provider's field of practice received at an institution of higher education or an accredited private or independent institution of higher education; and for undergraduate education at such an institution. The bill prohibits the board from providing repayment assistance for a defaulted loan, unless the defaulted loan becomes satisfactorily rehabilitated. The bill requires the board to attempt to allocate all money available to the board from the prescribed sources for the purposes of loan repayment assistance for health care providers, prescribes methods for delivery of the repayment assistance, and authorizes the assistance received to be applied to the principal amount of the loan and interest that accrues. The bill requires the board and the department to enter into a memorandum of understanding in which the department agrees to identify and recruit eligible health care providers and to accept and review applications by those persons for loan repayment assistance. The bill requires the memorandum of understanding to address the provision of resources for the staffing and technology necessary for the department to perform its required duties. The bill requires the department, in coordination with the board, to adopt, publish, and as necessary revise a set of standards governing eligibility for repayment assistance and providing priorities among types of health care providers for grants. The bill requires priority status to be

given first to licensed dentists who plan to practice in health professional shortage areas and second to other health care providers based on which fields of practice are most needed in the health professional shortage area the providers propose to serve.

H.B. 1876 requires the board and department to publish annually information relating to the shortage areas served, types of providers receiving assistance, the amount paid to each health care provider, and the period for which a health care provider receiving assistance has remained in a shortage area. The bill authorizes the board, for purposes of repayment assistance, to solicit and accept gifts, grants, and donations, and to use any other available revenue. The bill requires the board and department to adopt the rules necessary to administer the repayment assistance program and to distribute a copy of the rules and other pertinent information to certain appropriate institutions, agencies, and professional associations. The bill authorizes the board to use a reasonable amount of the money available for repayment assistance, not to exceed 1-1/2 percent of the total amount available, to cover the costs of administering the program. The bill makes a conforming change relating to eligibility for repayment assistance for a person who is eligible for health care provider education loan repayment assistance. The bill defines "department" and "health care provider" for purposes of the repayment of health care provider education loans.

H.B. 1876 amends the Tax Code to add temporary provisions, set to expire December 1, 2010, 2011, 2012, and 2013, respectively, that incrementally increase the tax rate on each can or package of a tobacco product other than cigars by \$.03 each state fiscal year, beginning with the state fiscal year beginning September 1, 2009, at a rate of \$1.10 per ounce and a proportionate rate on all fractional parts of an ounce, and ending with the state fiscal year beginning September 1, 2012, after which the permanent tax rate on such an item becomes \$1.22 per ounce and a proportionate rate on all fractional parts of an ounce. The bill removes the previous tax rate on tobacco products of 40 percent of the manufacturer's list price, exclusive of any trade discount, special discount, or deal. The bill specifies that the tax imposed on a can or package of tobacco product other than cigars that weighs less than 1.2 ounces is equal to the amount of the tax imposed on such an item that weighs 1.2 ounces. The bill requires the computation of the tax to be based on the net weight as listed by the manufacturer and specifies that the total tax to be imposed on a unit containing multiple individual cans or packages is the sum of the taxes imposed on each individual can or package intended for sale or distribution at retail. The bill sets forth requirements for the allocation of proceeds from the tax imposed on a can or package of tobacco product other than cigars to provide for the deposit of proceeds to the credit of the property tax relief fund, the general revenue fund, and the health care access fund. The bill makes conforming changes.

H.B. 1876 repeals the following sections of the Education Code relating to the repayment of certain health care provider education loans:

- Subchapter V, Chapter 61
- Subchapter AA, Chapter 61
- Section 61.531
- Section 61.532
- Section 61.533
- Section 61.534
- Section 61.535
- Section 61.536
- Section 61.5361
- Section 61.537
- Section 61.538
- Section 61.539

The bill repeals section 204.104, Occupations Code, relating to the rural physician assistant loan reimbursement program.

EFFECTIVE DATE

September 1, 2009.