

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

May 4, 2009

TO: Honorable Judith Zaffirini, Chair, Senate Committee on Higher Education

FROM: John S. O'Brien, Director, Legislative Budget Board

IN RE: SB814 by Watson (relating to repayment assistance for certain physician education loans.),
Committee Report 1st House, Substituted

Estimated Two-year Net Impact to General Revenue Related Funds for SB814, Committee Report 1st House, Substituted: a negative impact of (\$3,100,000) through the biennium ending August 31, 2011.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2010	(\$1,550,000)
2011	(\$1,550,000)
2012	(\$1,550,000)
2013	(\$1,550,000)
2014	(\$1,550,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from <i>General Revenue Fund</i> 1
2010	(\$1,550,000)
2011	(\$1,550,000)
2012	(\$1,550,000)
2013	(\$1,550,000)
2014	(\$1,550,000)

Fiscal Analysis

The bill would expand the pool of physicians and practice locations eligible for student loan repayment assistance through the Higher Education Coordinating Board's Physician Education Loan Repayment Program. The bill would extend eligibility to physicians practicing in primary care or a specialty field in acute shortage in hospitals or clinics where the patient population is at least 50 percent uninsured or Medicaid recipients as well as in public hospitals as defined by the Health and Safety Code.

The bill would allow the coordinating board to appoint advisory committees from outside the board's membership, as well as request assistance from the Department of State Health Services and the Family Practice Residency Council, to assist the board in performing its duties

The bill would allow the commissioner of higher education to set an appropriate amount of repayment assistance for participating physicians and would also set \$35,000 as the maximum amount of repayment assistance that a physician in the program may receive in one year.

The bill would allow the coordinating board to deliver payment directly to the lender on behalf of the physician.

The bill would also authorize the Department of State Health Services to establish priorities among eligible loan repayment candidates by considering the degree of physician shortage; geographic location; whether the physician would be practicing in an economically depressed or rural medically underserved area, or newly added eligible practice site; or any criteria the committee considers appropriate. The bill would require the coordinating board to adopt rules that administer the program in a manner that maximizes any matching funds available through the National Health Service Corps.

The bill would amend the Education Code to exempt the tuition set aside for the program from the provisions in Section 403.095 of the Government Code.

The bill would require the coordinating board to have family practice residency programs provide an opportunity for residents to have a one-month rotation through an oncology setting, in addition to rural and a public health setting options.

The bill would be effective immediately if it received the requisite two-thirds vote of each house; otherwise it would be effective September 1, 2009.

Methodology

The costs shown in the table above assume that physicians currently enrolled in the program would be reimbursed at the same rates as the newly eligible physicians. The bill does not provide direction on the total number of providers to receive loan repayment in a year, nor does it provide direction on the number of providers to be added each year from the newly eligible practice sites.

The program currently has 65 physicians under contract. This analysis assumes that the 65 participating physicians after this bill's enactment would include 20 providers practicing in the clinics and hospitals described in the bill and that all providers would receive the \$35,000 maximum annual reimbursement. This estimate also assumes that the program will continue to receive \$725,000 per year from the 2 percent medical school tuition set aside to fund awards. These dedicated funds have been subtracted from the amount of General Revenue needed for the loan repayment awards. If the commissioner of higher education adopted rules establishing lower repayment assistance amounts, the costs shown above would be less.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 781 Higher Education Coordinating Board

LBB Staff: JOB, KK, JI, BH