

BILL ANALYSIS

C.S.S.B. 143
By: Nelson
Higher Education
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Interested parties note that, without access to medical care and doctors, many patients either delay treatment, which can lead to more severe health problems, or seek care in overcrowded hospital emergency rooms, which are among the more expensive sectors of the health care system. With that in mind, C.S.S.B. 143 seeks to promote the expansion of graduate medical education, establish incentives for Texas medical schools to increase the state's supply of physicians, and encourage greater physician participation in Medicaid and the Texas Women's Health Program.

RULEMAKING AUTHORITY

It is the committee's opinion that rulemaking authority is expressly granted to the Texas Higher Education Coordinating Board in SECTIONS 1 and 5 of this bill.

ANALYSIS

C.S.S.B. 143 amends the Education Code to require the Texas Higher Education Coordinating Board to allocate funds for the purposes of graduate medical education residency expansion as set out by the bill and authorizes the coordinating board to adopt necessary rules regarding the allocation of those funds. The bill requires the coordinating board to award one-time planning grants to entities located in Texas that have never had a graduate medical education program and are eligible for Medicare funding of graduate medical education. The bill requires the coordinating board to award planning grants on a competitive basis according to board-adopted criteria and requires the coordinating board to determine the number of grants awarded and the amount of each grant consistent with any conditions provided by legislative appropriation. The bill restricts use of such a grant for the purpose of planning additional first-year residency positions.

C.S.S.B. 143 sets out deadlines for planning grant applications and decisions about grant awards and makes an entity that is awarded a planning grant and establishes new first-year residency positions after receipt of the grant eligible for additional funds for each such position established, as provided by appropriation.

C.S.S.B. 143 requires the coordinating board to award grants to graduate medical education programs to enable those programs to fill accredited but unfilled first-year residency positions. The bill requires the coordinating board to determine the number of grants awarded and the amount of each grant consistent with any conditions provided by legislative appropriation. The bill requires such a grant to be expended to support the direct resident costs to the program, including the resident stipend and benefits, and sets out provisions regarding the application and decision process for the awarding of such a grant, including deadlines. The bill authorizes the coordinating board to distribute a grant amount for a residency position only on receiving verification that the applicable resident position has been filled, sets the duration of the grant at two consecutive state fiscal years, and requires the coordinating board, for each first-year residency position for which a program receives an initial grant amount in a fiscal year, to award

the program an equal grant amount for the following fiscal year.

C.S.S.B. 143 requires the coordinating board to award grants to enable existing graduate medical education programs to increase the number of first-year residency positions or to provide for the establishment of new graduate medical education programs with first-year residency positions. The bill requires the coordinating board to determine the number of grants awarded and the amount of each grant consistent with any conditions provided by legislative appropriation. The bill requires such a grant to be expended to support the direct resident costs to the program, including the resident stipend and benefits, and sets out provisions regarding the application and decision process for the awarding of such a grant, including deadlines. The bill authorizes the coordinating board to distribute a grant amount for a residency position only on receiving verification that the applicable resident position has been filled, sets the duration of the grant at three consecutive state fiscal years, and requires the coordinating board, for each first-year residency position for which a program receives an initial grant amount in a fiscal year, to award the program an equal grant amount for the following two fiscal years.

If the coordinating board determines that the number of first-year residency positions proposed by eligible applicants for grants for unfilled residency positions or program expansion exceeds the number authorized by appropriation, C.S.S.B. 143 authorizes the coordinating board in awarding grants to give priority for up to 50 percent of the funded first-year residency positions to be in primary care or other critical shortage areas in Texas and prohibits the coordinating board from reducing grant amounts awarded per resident position, but authorizes the coordinating board to proportionately reduce the number of positions funded for each program. The bill authorizes the coordinating board, if the coordinating board determines that, based on applications received, the entire appropriation will not be awarded for that year for graduate medical education residency expansion, to transfer and use the funds for planning grants and to adjust the number of planning grants awarded accordingly.

C.S.S.B. 143 requires the coordinating board, if the coordinating board determines that funds appropriated for purposes of graduate medical education residency expansion after all eligible grant applications have been funded, to award grants from excess funds to support residents who have completed at least three years of residency and whose residency program is in a field in which Texas has less than 80 percent of the national average of physicians per 100,000 population, as determined by the coordinating board. The bill requires such grants to be awarded in amounts, in the number, and in the residency fields determined by the coordinating board, subject to any conditions provided by legislative appropriation, and requires such a grant to be expended to support the direct resident costs to the program, including the resident stipend and benefits. The bill authorizes the coordinating board to distribute grant amounts only on receiving verification that the applicable residency position has been filled and to award the grants only from funds appropriated for the state fiscal year beginning September 1, 2016, or for a subsequent fiscal year.

C.S.S.B. 143 requires the coordinating board, subject to available funds, to establish a grant program under which the coordinating board awards incentive payments to medical schools that administer innovative programs designed to increase the number of primary care physicians in Texas. The bill authorizes the coordinating board, in addition to other money appropriated by the legislature, to solicit, accept, and spend gifts, grants, and donations from any public or private source for the purposes of the program and requires the coordinating board, in consultation with each medical school in Texas, to adopt rules for the administration of the program that include administrative provisions relating to the awarding of the grants and certain methods for tracking the effectiveness of the grants. The bill authorizes a reasonable amount of any money appropriated for purposes of the primary care innovation program, capped at three percent, to be used by the coordinating board to pay the costs of administering the program.

C.S.S.B. 143 authorizes a physician to complete one or more years of practice required to be eligible for physician loan repayment assistance in a location other than a designated health

professional shortage area, after funds have been fully allocated for the program year to physicians who qualify based on practice in a designated health professional shortage area, if, during the applicable year or years, the physician provides health care services to a designated number of patients who are recipients under Medicaid or the Texas Women's Health Program according to criteria established by the coordinating board in consultation with the Health and Human Services Commission (HHSC). The bill requires HHSC to verify a physician's compliance with this authorization and requires the coordinating board and HHSC, not later than October 1, 2013, to enter into a memorandum of understanding for that purpose. The bill requires the coordinating board to begin awarding loan repayment assistance to physicians who establish eligibility based on the provision of health care services to recipients under Medicaid or the Texas Women's Health Program as soon as practicable after the date of the memorandum. The bill requires the coordinating board to annually solicit and collect information regarding the specific number of patients who are Medicaid recipients and who are treated by each physician receiving loan repayment assistance.

C.S.S.B. 143 requires HHSC, for the purposes of physician loan repayment assistance, to seek any federal matching funds that are available and requires any such funds to be transferred to the comptroller of public accounts to be deposited in the physician education loan repayment program account. The bill exempts any such amount from Government Code provisions relating to the use of dedicated revenue. The bill restricts the use of such money solely to the provision of loan repayment assistance to physicians who establish eligibility based on the provision of health care services to Medicaid recipients and child health plan program enrollees.

C.S.S.B. 143 requires the coordinating board, as soon as practicable after the bill's effective date, to adopt rules for the implementation and administration of the graduate medical education residency expansion grant programs added by the bill and authorizes the coordinating board to adopt the initial rules in the manner provided by law for emergency rules.

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2013.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.S.B. 143 may differ from the engrossed in minor or nonsubstantive ways, the following comparison is organized and highlighted in a manner that indicates the substantial differences between the engrossed and committee substitute versions of the bill.

SENATE ENGROSSED

SECTION 1. Chapter 61, Education Code, is amended by adding Subchapters I-1 and II to read as follows:

SUBCHAPTER I-1. PHYSICIAN RESIDENCY GRANTS

Sec. 61.511. RESIDENT PHYSICIAN EXPANSION GRANT PROGRAM. (a)

The board shall administer the Resident Physician Expansion Grant Program as a competitive grant program to encourage the creation of new graduate medical education positions through community collaboration and innovative funding. The board shall award grants to physician residency programs at teaching hospitals and other

HOUSE COMMITTEE SUBSTITUTE

No equivalent provision, but see SECTION 1 below.

appropriate health care entities according to the program criteria established under Subsections (b) and (i).

(b) The board shall establish criteria for the grant program in consultation with the executive commissioner of the Health and Human Services Commission, with one or more physicians, teaching hospitals, medical schools, independent physician residency programs, and with other persons considered appropriate by the board. The program criteria must:

(1) take into account the following factors:

(A) the characteristics of existing residency positions that receive state funding;

(B) current and projected physician workforce demographics; and

(C) state population trends and projections; and

(2) support the following goals:

(A) creating new residency positions, with an emphasis on creating new first-year residency positions, without adversely affecting existing residency positions;

(B) maximizing local or federal matching funds;

(C) developing accredited physician residency programs at hospitals that have not previously offered residency programs; and

(D) increasing residency positions with respect to:

(i) medical specialties having shortages in this state; and

(ii) medically underserved areas in this state.

(c) The board may provide grants only to support a residency position that:

(1) is created and accredited on or after January 1, 2014; or

(2) was created and accredited before January 1, 2013, but as of that date had not yet been filled.

(d) A grant award may be used only to pay direct costs associated with the position, including the salary of the resident physician.

(e) Each grant application must specify:

(1) the number of residency positions expected to be created with the grant money; and

(2) the grant amount requested for each year.

(f) The board shall award grants for all residency positions awarded a grant under

this section in the preceding year before awarding a grant for a residency position that did not receive a grant in the preceding year, provided that the applicable grant recipient from the preceding year complies with all conditions of the grant as described by Subsection (g).

(g) The board shall monitor physician residency programs receiving grants as necessary to ensure compliance with the grant program and shall require the return of any unused grant money by, or shall decline to award additional grants to, a residency program that receives a grant but fails to:

(1) create and fill, within a reasonable period, the number of residency positions proposed in the program's grant application;

or

(2) satisfy any other conditions of the grant imposed by the board.

(h) The board shall use money forfeited under Subsection (g) to award grants to other eligible applicants. With respect to the physician residency program forfeiting the grant, the board may restore grant money or award additional grants, as applicable, to the program as soon as practicable after the program satisfies all conditions of the grant.

(i) The board shall adopt rules for the administration of the grant program. The rules must include:

(1) administrative provisions governing:

(A) eligibility criteria for grant applicants;

(B) grant application procedures;

(C) guidelines relating to grant amounts;

(D) guidelines relating to the number of grants to be awarded each year, subject to available funds;

(E) procedures for evaluating grant applications; and

(F) procedures for monitoring the use of grants;

(2) methods for tracking the effectiveness of grants; and

(3) any conditions relating to the receipt and use of a grant as considered appropriate by the board.

(j) Not later than January 1 of each year, the board shall prepare and submit to the governor, the lieutenant governor, the speaker of the house of representatives, the standing committees of the senate and house of representatives with responsibility for oversight of health and human services issues, and the Legislative Budget Board a

report that:

(1) specifies each of the following with respect to the preceding program year:

(A) the number of grants awarded under the program;

(B) the amount of each grant awarded under the program;

(C) the number of residency positions created with the support of grant money;

(D) the medical specialty of the residency positions created; and

(E) whether physicians who complete their training through residency positions created under the program choose to practice in this state and which medical specialties they choose for their practices; and

(2) makes appropriate recommendations for legislative changes as necessary.

No equivalent provision, but see SECTION 1 above.

(See Section 61.512, Education Code, below.)

SECTION 1. Subtitle A, Title 3, Education Code, is amended by adding Chapter 58A to read as follows:

CHAPTER 58A. PROGRAMS SUPPORTING GRADUATE MEDICAL EDUCATION

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 58A.001. DEFINITION. In this chapter, "board" means the Texas Higher Education Coordinating Board.

SUBCHAPTER B. GRADUATE MEDICAL EDUCATION RESIDENCY EXPANSION

Sec. 58A.021. ADMINISTRATION. The board shall allocate funds appropriated for purposes of this subchapter and may adopt necessary rules regarding the allocation of those funds.

Sec. 58A.022. PLANNING GRANTS. (a) The board shall award one-time planning grants to entities located in this state that:

(1) have never had a graduate medical education program; and

(2) are eligible for Medicare funding of graduate medical education.

(b) The board shall award planning grants on a competitive basis according to criteria adopted by the board. The board shall determine the number of grants awarded and the amount of each grant consistent with any conditions provided by legislative appropriation. A grant received under this section must be used for the purpose of planning additional first-year residency positions.

(c) An application for a planning grant for a state fiscal year must be submitted to the board not later than July 15 preceding that fiscal year. Not later than August 15, the board shall make decisions about grant awards for the following state fiscal year.

(d) An entity that is awarded a planning grant and establishes new first-year residency positions after receipt of the grant is eligible for additional funds for each such position established, as provided by appropriation.

Sec. 58A.023. GRANTS FOR UNFILLED RESIDENCY POSITIONS. (a) The board shall award grants to graduate medical education programs to enable those programs to fill accredited but unfilled first-year residency positions. The board shall determine the number of grants awarded and the amount of each grant consistent with any conditions provided by legislative appropriation.

(b) A grant received under this section must be expended to support the direct resident costs to the program, including the resident stipend and benefits.

(c) A grant application must include proof of the accredited but unfilled positions to which the application applies. An application for a grant must be submitted to the board not later than October 1 preceding the period for which the grant is made. The board shall make decisions about grant awards not later than January 1 preceding the grant period.

(d) The board may distribute a grant amount for a residency position only on receiving verification that the applicable residency position has been filled.

(e) Grant amounts are awarded under this section for two consecutive state fiscal years. For each first-year residency position for which a program receives an initial grant amount in a fiscal year, the board shall award the program an equal grant amount for the following fiscal year.

Sec. 58A.024. GRANTS FOR PROGRAM EXPANSION OR NEW PROGRAM. (a) The board shall award grants to enable existing graduate medical education programs to increase the number of first-year residency positions or to provide for the establishment of new graduate medical education programs with first-year residency positions. The board shall determine the

number of grants awarded and the amount of each grant consistent with any conditions provided by legislative appropriation.

(b) A grant received under this section must be expended to support the direct resident costs to the program, including the resident stipend and benefits.

(c) A grant application must include a plan for receiving accreditation for the increased number of positions or for the new program, as applicable. An application for a grant must be submitted to the board not later than October 1 preceding the period for which the grant is made. The board shall make decisions about grant awards not later than January 1 preceding the grant period.

(d) The board may distribute a grant amount for a residency position only on receiving verification that the applicable residency position has been filled.

(e) Grant amounts are awarded under this section for three consecutive state fiscal years. For each first-year residency position for which a program receives an initial grant amount in a fiscal year, the board shall award the program an equal grant amount for the following two fiscal years.

Sec. 58A.025. PRIORITY GRANTS; ADJUSTMENT OF AMOUNTS. (a) If the board determines that the number of first-year residency positions proposed by eligible applicants under Sections 58A.023 and 58A.024 exceeds the number authorized by appropriation, in awarding grants the board:

(1) may give priority for up to 50 percent of the funded first-year residency positions to be in primary care or other critical shortage areas in this state; and

(2) may not reduce grant amounts awarded per resident position, but may proportionately reduce the number of positions funded for each program.

(b) If the board determines that, based on applications received, the entire appropriation will not be awarded for that year for graduate medical education residency expansion under Sections 58A.023 and 58A.024, the board may transfer and use the funds for the purposes of Section 58A.022 and may adjust the number of grants awarded under that section accordingly.

Sec. 58A.026. GRANTS FOR ADDITIONAL YEARS OF RESIDENCY.

(a) If the board determines that funds appropriated for purposes of this subchapter are available after all eligible grant applications under Sections 58A.022, 58A.023, and 58A.024 have been funded, the board shall award grants from excess funds to support residents:

(1) who have completed at least three years of residency; and

(2) whose residency program is in a field in which this state has less than 80 percent of the national average of physicians per 100,000 population, as determined by the board.

(b) Grants shall be awarded under this section in amounts, in the number, and in the residency fields determined by the board, subject to any conditions provided by legislative appropriation. A grant received under this section must be expended to support the direct resident costs to the program, including the resident stipend and benefits.

(c) The board may distribute grant amounts only on receiving verification that the applicable residency position has been filled.

(d) The board may award grants under this section only from funds appropriated for the state fiscal year beginning September 1, 2016, or for a subsequent state fiscal year.

Sec. 61.512. GRADUATE MEDICAL EDUCATION PLANNING GRANT PROGRAM. (a) Subject to available funds, the board shall administer a grant program under which the board awards incentive payments to encourage medical schools, teaching hospitals, and other appropriate health care entities to investigate the cost and feasibility of developing accredited physician residency programs at hospitals that have not previously offered residency programs.

(b) The board shall adopt rules for the administration of the grant program. The rules must include:

(1) administrative provisions governing:

(A) eligibility criteria for medical schools, teaching hospitals, and health care entities;

(B) grant application procedures;

(C) guidelines relating to grant amounts;

(D) procedures for evaluating grant applications; and

(E) procedures for monitoring the use of

No equivalent provision, but see Sec. 58A.022 above.

grants; and

(2) methods for tracking the effectiveness of grants.

Sec. 61.513. GIFTS, GRANTS, AND DONATIONS. In addition to other money appropriated by the legislature, the board may solicit, accept, and spend gifts, grants, and donations from any public or private source for the purposes of the programs established under this subchapter.

Sec. 61.514. ADMINISTRATIVE COSTS. A reasonable amount, not to exceed three percent, of any money appropriated for purposes of this subchapter may be used by the board to pay the costs of administering this subchapter.

SUBCHAPTER II. GRANT PROGRAMS TO SUPPORT PRIMARY CARE IN THIS STATE

Sec. 61.9821. PRIMARY CARE PHYSICIAN INCENTIVE PROGRAM. Subject to available funds, the board shall establish a grant program under which the board awards incentive payments to medical schools that demonstrate improvement in the number of physicians who practice in primary care in this state following completion of their residency training.

Sec. 61.9822. PRIMARY CARE INNOVATION PROGRAM. Subject to available funds, the board shall establish a grant program under which the board awards incentive payments to medical schools that **develop** innovative programs designed to increase the number of primary care physicians in this state.

Sec. 61.9823. GIFTS, GRANTS, AND DONATIONS. In addition to other money appropriated by the legislature, the board may solicit, accept, and spend gifts, grants, and donations from any public or private source for the purposes of the **programs** established under this subchapter.

Sec. 61.9824. RULES. In consultation with each medical school in this state, the board shall adopt rules for the administration of the **programs** established under this subchapter. The rules must include:

(1) administrative provisions relating to **each type** of grant under this subchapter, such as:

- (A) eligibility criteria for medical schools;
- (B) grant application procedures;
- (C) guidelines relating to grant amounts;

SUBCHAPTER C. PRIMARY CARE INNOVATION PROGRAM

Sec. 58A.051. PRIMARY CARE INNOVATION PROGRAM. Subject to available funds, the board shall establish a grant program under which the board awards incentive payments to medical schools that **administer** innovative programs designed to increase the number of primary care physicians in this state.

Sec. 58A.052. GIFTS, GRANTS, AND DONATIONS. In addition to other money appropriated by the legislature, the board may solicit, accept, and spend gifts, grants, and donations from any public or private source for the purposes of the **program** established under this subchapter.

Sec. 58A.053. RULES. In consultation with each medical school in this state, the board shall adopt rules for the administration of the **program** established under this subchapter. The rules must include:

(1) administrative provisions relating to **the awarding** of grants under this subchapter, such as:

- (A) eligibility criteria for medical schools;
- (B) grant application procedures;
- (C) guidelines relating to grant amounts;

(D) procedures for evaluating grant applications; and
(E) procedures for monitoring the use of grants; and
(2) methods for tracking the effectiveness of grants that:
(A) using data reasonably available to the board, consider relevant information regarding the career paths of medical school graduates during the four-year period following their graduation; and
(B) evaluate whether and for how long those graduates work in primary care in this state.
Sec. 61.9825. ADMINISTRATIVE COSTS. A reasonable amount, not to exceed three percent, of any money appropriated for purposes of this subchapter may be used by the board to pay the costs of administering this subchapter.

SECTION 2. Section 61.532, Education Code, is amended.

SECTION 3. Section 61.5391, Education Code, is amended.

SECTION 4. Subchapter J, Chapter 61, Education Code, is amended by adding Section 61.5392 to read as follows:

Sec. 61.5392. MEDICAID MATCHING FUNDS. (a) For the purposes of this subchapter, the Health and Human Services Commission shall seek any federal matching funds that are available to support Medicaid services in this state.

(b) Any amount received under Subsection (a) shall be transferred to the comptroller to be deposited in the physician education loan repayment program account established under Section 61.5391. Section 403.095, Government Code, does not apply to any amount deposited under this section.

SECTION 5. (a) As soon as practicable after the effective date of this Act, the Texas Higher Education Coordinating Board shall adopt rules for the implementation and administration of the grant programs established under Subchapters I-1 and II, Chapter 61, Education Code, as added by this Act. The coordinating board may adopt the initial rules in the manner provided by law for emergency rules.

(b) Not later than October 1, 2013, the Texas Higher Education Coordinating

(D) procedures for evaluating grant applications; and
(E) procedures for monitoring the use of grants; and
(2) methods for tracking the effectiveness of grants that:
(A) using data reasonably available to the board, consider relevant information regarding the career paths of medical school graduates during the four-year period following their graduation; and
(B) evaluate whether and for how long those graduates work in primary care in this state.
Sec. 58A.054. ADMINISTRATIVE COSTS. A reasonable amount, not to exceed three percent, of any money appropriated for purposes of this subchapter may be used by the board to pay the costs of administering this subchapter.

SECTION 2. Same as engrossed version.

SECTION 3. Same as engrossed version.

SECTION 4. Subchapter J, Chapter 61, Education Code, is amended by adding Section 61.5392 to read as follows:

Sec. 61.5392. FEDERAL MATCHING FUNDS. (a) For the purposes of this subchapter, the Health and Human Services Commission shall seek any federal matching funds that are available for the purposes of this section.

(b) Any amount received under Subsection (a) shall be transferred to the comptroller to be deposited in the physician education loan repayment program account established under Section 61.5391. Section 403.095, Government Code, does not apply to any amount deposited under this section.

SECTION 5. (a) As soon as practicable after the effective date of this Act, the Texas Higher Education Coordinating Board shall adopt rules for the implementation and administration of the programs established under Chapter 58A, Education Code, as added by this Act. The coordinating board may adopt the initial rules in the manner provided by law for emergency rules.

Board shall establish the grant programs required by Subchapter I-1, Chapter 61, Education Code, as added by this Act, and shall begin to award grants under those programs not later than January 1, 2014.

(c) Not later than January 1, 2014, the Texas Higher Education Coordinating Board shall establish the grant programs required by Subchapter II, Chapter 61, Education Code, as added by this Act, and shall begin to award grants under those programs not later than September 1, 2014.

(d) Not later than October 1, 2013, the Texas Higher Education Coordinating Board and the Health and Human Services Commission shall enter into the memorandum of understanding required by Subsection (b), Section 61.532, Education Code, as added by this Act. As soon as practicable after the date of the memorandum, the coordinating board shall begin awarding loan repayment assistance to physicians who establish eligibility under that subsection.

SECTION 6. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2013.

(b) Not later than October 1, 2013, the Texas Higher Education Coordinating Board and the Health and Human Services Commission shall enter into the memorandum of understanding required by Subsection (b), Section 61.532, Education Code, as added by this Act. As soon as practicable after the date of the memorandum, the coordinating board shall begin awarding loan repayment assistance to physicians who establish eligibility under that subsection.

SECTION 6. Same as engrossed version.