

## **BILL ANALYSIS**

Senate Research Center

C.S.S.B. 143  
By: Nelson et al.  
Higher Education  
4/3/2013  
Committee Report (Substituted)

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

Without access to primary care, patients either delay treatment, leading to more severe health problems, or they seek care in overcrowded hospital emergency departments, the most expensive sector of the health care system.

C.S.S.B. 143 promotes the expansion of graduate medical education for primary care physicians, establishes incentives for Texas medical schools to increase the state's supply of primary care physicians, and encourages greater physician participation in Medicaid and the Texas Women's Health Program.

C.S.S.B. 143 amends current law relating to programs designed to enhance medical education in this state.

### **RULEMAKING AUTHORITY**

Rulemaking authority is expressly granted to the Texas Higher Education Coordinating Board in SECTION 1 (Sections 61.511, 61.512, and 61.9824, Education Code) and SECTION 5 of this bill.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Chapter 61, Education Code, by adding Subchapters I-1 and II, as follows:

#### **SUBCHAPTER I-1. PHYSICIAN RESIDENCY GRANTS**

Sec. 61.511. RESIDENT PHYSICIAN EXPANSION GRANT PROGRAM. (a) Requires the Texas Higher Education Coordinating Board (THECB) to 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. Requires THECB to award grants to physician residency programs at teaching hospitals and other appropriate health care entities according to the program criteria established under Subsections (b) and (i).

(b) Requires THECB to establish criteria for the grant program in consultation with the executive commissioner of the Health and Human Services Commissioner (executive commissioner) (HHSC), with one or more physicians, teaching hospitals, medical schools, independent physician residency programs, and with other persons considered appropriate by THECB. Requires that the program criteria:

(1) take into account the characteristics of existing residency positions that receive state funding, current and projected physician workforce demographics, and 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;

(D) increasing residency positions with respect to medical specialties having shortages in this state, and medically underserved areas in this state.

(c) Authorizes THECB to provide grants only to support a residency position that:

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

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

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

(e) Requires that each grant application specify the number of residency positions expected to be created with the grant money, and the grant amount requested for each year.

(f) Requires THECB to 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) Requires THECB to monitor physician residency programs receiving grants as necessary to ensure compliance with the grant program and to require the return of any unused grant money by, or to 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 conditions of the grant imposed by THECB.

(h) Requires THECB to use money forfeited under Subsection (g) to award grants to other eligible applicants. Authorizes THECB, with respect to the physician residency program forfeiting the grant, to 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) Requires THECB to adopt rules for the administration of the grant program. Requires that the rules include:

(1) administrative provisions governing eligibility criteria for grant applicants; grant application procedures; guidelines relating to grant amounts; guidelines relating to the number of grants to be awarded each year, subject to available funds; procedures for evaluating grant applications; and 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 THECB.

(j) Requires THECB, not later than January 1 of each year, to prepare and submit to certain persons and governmental entities 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.

Sec. 61.512. GRADUATE MEDICAL EDUCATION PLANNING GRANT PROGRAM. (a) Requires THECB, subject to available funds, to administer a grant program under which THECB 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) Requires THECB to adopt rules for the administration of the grant program. Requires that the rules include:

(1) administrative provisions governing eligibility criteria for medical schools, teaching hospitals, and health care entities; grant application procedures; guidelines relating to grant amounts; procedures for evaluating grant applications; and procedures for monitoring the use of grants; and

(2) methods for tracking the effectiveness of grants.

Sec. 61.513. GIFTS, GRANTS, AND DONATIONS. Authorizes THECB, 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 programs established under this subchapter.

Sec. 61.514. ADMINISTRATIVE COSTS. Authorizes THECB to use a reasonable amount, not to exceed three percent, of any money appropriated for purposes of this subchapter 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. Requires THECB, subject to available funds, to establish a grant program under which THECB 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. Requires THECB, subject to available funds, to establish a grant program under which THECB 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. Authorizes THECB, 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 programs established under this subchapter.

Sec. 61.9824. RULES. Requires THECB, in consultation with each medical school in this state, to adopt rules for the administration of the programs established under this subchapter. Requires that the rules include:

- (1) administrative provisions relating to each type of grant under this subchapter, such as eligibility criteria for medical schools; grant application procedures; guidelines relating to grant amounts; procedures for evaluating grant applications; and procedures for monitoring the use of grants; and
- (2) methods for tracking the effectiveness of grants that, using data reasonably available to THECB, consider relevant information regarding the career paths of medical school graduates during the four-year period following their graduation, and evaluates whether and for how long those graduates work in primary care in this state.

Sec. 61.9825. ADMINISTRATIVE COSTS. Authorizes THECB to use a reasonable amount, not to exceed three percent, of any money appropriated for purposes of this subchapter to pay the costs of administering this subchapter.

SECTION 2. Amends Section 61.532, Education Code, as follows:

Sec. 61.532. ELIGIBILITY. (a) Creates this subsection from existing text. Requires a physician, to be eligible to receive repayment assistance, to:

- (1)-(2) Makes no change to these subsections;
- (3) have completed one, two, three, or four consecutive years of practice in a health professional shortage area designated by the Department of State Health Services (DSHS), or, in accordance with Subsection (b), after funds have been fully allocated for the program year to physicians qualifying under Paragraph (A) (relating to a health professional storage area); and
- (4) provide health care services to certain persons, including persons committed to a secure correctional facility operated by or under contract with the Texas Juvenile Justice Department, rather than the Texas Youth Commission, or persons confined in a secure correctional facility operated by or under contract with any division of the Texas Department of Criminal Justice.

(b) Authorizes a physician to complete one or more years of practice required by Subsection (a)(3) in a location other than a health professional shortage area designated by DSHS if, during the applicable year or years, the physician provides health care services to a designated number of patients who are recipients under the medical assistance program authorized by Chapter 32, Human Resources Code, or the Texas Women's Health Program according to criteria establish by THECB in consultation with HHSC. Requires HHSC to

verify a physician's compliance with this subsection, and requires THECB and HHSC to enter into a memorandum of understanding for that purpose.

(c) Requires THECB to annually solicit and collect information regarding the specific number of patients described by Subsection (a)(4)(A) (relating to certain recipients under the medical assistance program) who are treated by each physician receiving loan repayment assistance under this subchapter.

SECTION 3. Amends Section 61.5391, Education Code, by amending Subsection (a) and adding Subsection (c), as follows:

(a) Provides that the physician education loan repayment program account is an account in the general revenue fund. Provides that the account is composed certain gifts, grants, earnings and certain other amounts deposited to the credit of the account including money deposited under Section 61.539(b) (relating to requiring the amount of tuition set aside for certain loans to be transferred to the comptroller to be deposited in the physician education loan repayment program account) or 61.5392.

(c) Authorizes money deposited to the credit of the account under Section 61.5392 to be used only to provide loan repayment assistance to physicians who establish eligibility for the assistance under Section 61.532 (a) (4) (A) or (b).

SECTION 4. Amends Subchapter J, Chapter 61, Education Code, by adding Section 61.5392, as follows:

Sec. 61.5392. MEDICAID MATCHING FUNDS. (a) Requires HHSC, for the purposes of this subchapter, to seek any federal matching funds that are available to support Medicaid services in this state.

(b) Requires that any amount received under Subsection (a) be transferred to the comptroller of public accounts of the State of Texas to be deposited in the physician education loan repayment program account established under Section 61.5391. Provides that Section 403.095 (Use of Dedicated Revenue), Government Code, does not apply to any amount deposited under this section.

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

(b) Requires THECB, not later than October 1, 2013, to establish the grant programs required by Subchapter I-1, Chapter 61, Education Code, as added by this Act, and requires THECB to begin to award grants under those programs not later than January 1, 2014.

(c) Requires THECB, not later than January 1, 2014, to establish the grant programs required by Subchapter II, Chapter 61, Education Code, as added by this Act, and requires THECB to begin to award grants under those programs not later than September 1, 2014.

(d) Requires THECB and HHSC, not later than October 1, 2013, to enter into the memorandum of understanding required by Section 61.532(b), Education Code, as added by this Act. Requires THECB, as soon as practicable after the date of the memorandum, to begin awarding loan repayment assistance to physicians who establish eligibility under that subsection.

SECTION 6. Effective date: upon passage or September 1, 2013.