

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

April 17, 2013

TO: Honorable Dan Branch, Chair, House Committee on Higher Education

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB3692 by Branch (Relating to the support of certain resident physicians and physician residency programs.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3692, As Introduced: a negative impact of (\$11,685,000) through the biennium ending August 31, 2015.

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
2014	(\$3,300,000)
2015	(\$8,385,000)
2016	(\$13,605,000)
2017	(\$18,825,000)
2018	(\$20,745,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from General Revenue Fund
	1
2014	(\$3,300,000)
2015	(\$8,385,000)
2016	(\$13,605,000)
2017	(\$18,825,000)
2018	(\$20,745,000)

Fiscal Analysis

The bill would change the name of the Primary Care Residency Advisory Committee to the Graduate Medical Education Residency Expansion Grant Program Advisory Committee (committee). Under provisions of the bill, the committee would review for the Higher Education

Coordinating Board (THECB), applications for approval and funding of the expansion of existing residency programs or the establishment of new Accreditation Council for Graduate Medical Education or American Osteopathic Association nationally accredited residency programs.

The bill would change the name of the Primary Care Residency Program to the Graduate Medical Education Residency Expansion Grant Program. The bill specifies that only accredited residency programs that offer first-year entering residency positions, including programs in family practice, internal medicine, pediatrics, obstetrics and gynecology, psychiatry, and surgery shall be eligible for funds under this program. The bill also modifies the factors the committee will consider in recommending funding allocations under the program. A grant awarded under the program could be used by an existing or new primary care residency program to pay the salaries of resident physicians in an amount not to exceed \$15,000 per resident physician.

The bill would take effect September 1, 2013, or immediately with a vote of two-thirds of all the members of each house.

Methodology

This fiscal note includes a cost estimate for the Graduate Medical Education Residency Expansion Grant Program.

The following estimate for the Graduate Medical Education Residency Expansion Grant Program assumes an entering cohort in each year to achieve a 1.1 to 1 ratio of Texas first-year entering positions to medical school graduates. Based on information provided by the Higher Education Coordinating Board (THECB), the program will admit 220 resident physicians in Fiscal Year 2014, and will admit 339 resident physicians in fiscal year 2015. Beginning in fiscal year 2016 it is estimated 348 resident physicians would enter the program each year. Each resident will be supported at \$15,000, 10 percent of the estimated \$150,000 cost of a resident. Funding for each residency would be maintained for four years. Based on these assumptions, costs associated with the program would be \$3.3 million (220 X \$15,000) in fiscal year 2014, \$8.4 million in fiscal year 2015 (339 X \$15,000 and 220 X \$15,000). The costs would increase to \$13.6 million in fiscal year 2016, \$18.8 million in fiscal year 2017 and \$20.7 million in fiscal year 2018.

This analysis assumes that any additional administrative costs to THECB resulting from the implementation of this bill could be assumed within existing agency resources.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 710 Texas A&M University System Administrative and General Offices, 720 The University of Texas System Administration, 758 Texas State University System, 768 Texas Tech University System Administration, 781 Higher Education Coordinating Board, 529 Health and Human Services Commission, 769 University of North Texas System Administration, 783 University of Houston System Administration

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