

HOUSE BILL 439

Introduced by Foster

2/03	Introduced
2/03	Referred to Education & Cultural Resources
2/03	Fiscal Note Requested
2/03	First Reading
2/09	Fiscal Note Received
2/09	Fiscal Note Printed
2/10	Hearing
2/15	Tabled in Committee

1 House BILL NO. 439  
2 INTRODUCED BY Foster  
3  
4 A BILL FOR AN ACT ENTITLED: "AN ACT REQUIRING A STUDENT  
5 PARTICIPATING IN A HEALTH-CARE PROGRAM OF INTERSTATE COMPACT  
6 PROFESSIONAL EDUCATION, SUCH AS THE WICHE, WAMI, OR  
7 MINNESOTA RURAL DENTISTRY PROGRAM, TO REPAY THE STATE BY  
8 PRACTICING IN A MEDICALLY UNDERSERVED AREA IN MONTANA OR TO  
9 REPAY SUPPORT FEES PAID BY THE STATE ON THE STUDENT'S  
10 BEHALF; EXEMPTING STUDENTS CURRENTLY PARTICIPATING IN THOSE  
11 PROGRAMS; PROVIDING REPAYMENT METHODS; PROVIDING AN INTEREST  
12 RATE ON UNREPAID MONEY; PROVIDING FOR ADMINISTRATION OF THE  
13 REPAYMENT PROVISIONS BY THE COMMISSIONER OF HIGHER  
14 EDUCATION; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."  
15

16 WHEREAS, areas in Montana suffer from a lack of  
17 physicians and other health-care professionals to serve the  
18 medical needs of rural communities; and

19 WHEREAS, incentives are needed to encourage physicians  
20 and other health-care professionals to practice in medically  
21 underserved areas.

22 THEREFORE, the Legislature of the State of Montana finds  
23 it appropriate that a student, upon completion of the  
24 professional education program, be required either to  
25 practice in a medically underserved area in Montana for a

1 minimum of 3 years or to repay any support fees paid by the  
2 state on the student's behalf.  
3

4 STATEMENT OF INTENT

5 A statement of intent is required for this bill because  
6 [section 1] grants the commissioner of higher education  
7 rulemaking authority. Although the provisions of the Montana  
8 Administrative Procedure Act do not apply to the board of  
9 regents or the university system, 5-4-404 requires a  
10 statement of intent whenever a bill includes a delegation of  
11 authority.

12 The legislature intends that the commissioner administer  
13 the repayment provisions to the greatest benefit to the  
14 state and encourages the professional training for its  
15 citizens, as well as a total payback of the state's  
16 investment. The commissioner shall explicitly define the  
17 interstate compact programs involved. The legislature  
18 intends that WICHE, WAMI, and the Minnesota rural dentistry  
19 programs be covered. The commissioner may adjust the rules  
20 to cover the status of each compact.

21 It is also intended that administrative procedures  
22 relating to payback and enforcement of payback be covered.  
23

24 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

25 NEW SECTION. Section 1. Partial repayment of state

1 payments -- conditions -- administration. (1) A student who  
 2 is supported by the state pursuant to an interstate compact  
 3 for a professional education program shall repay the state  
 4 for the support fees paid by the state on the student's  
 5 behalf to a receiving out-of-state institution.

6 (2) (a) Students who are participating in an interstate  
 7 compact professional education program on [the effective  
 8 date of this act] and who continue uninterrupted  
 9 participation are not required to repay as provided in  
 10 subsection (1).

11 (b) Students who enter or reenter study after [the  
 12 effective date of this act] shall repay in the manner  
 13 required by this section.

14 (c) Only those fees paid by the state after [the  
 15 effective date of this act] are subject to the repayment  
 16 provisions of this section.

17 (3) A student may choose to repay either by the  
 18 practice of the profession in a medically underserved area  
 19 of the state for a minimum of 3 years or by repayment of  
 20 100% of the state support paid on the student's behalf.

21 (4) (a) Repayment by the practice of the profession in  
 22 a medically underserved area in Montana or repayment of  
 23 money must begin within 3 years after the date on which the  
 24 student has:

25 (i) left the program;

1 (ii) graduated; or

2 (iii) completed the minimum professional residency  
 3 requirements necessary to begin professional practice that  
 4 are in addition to the 1-year internship required by  
 5 37-3-305.

6 (b) Repayment of money must be completed within 10  
 7 years from the date on which repayment begins pursuant to  
 8 subsection (4)(a). Interest on the unpaid amount is charged  
 9 and computed at a simple annual rate of 12% from the date on  
 10 which repayment begins pursuant to subsection (4)(a).

11 (5) The commissioner of higher education may implement  
 12 the provisions of this section through the adoption of rules  
 13 and policies as may be necessary for proper administration  
 14 of the provisions of this section.

15 NEW SECTION. Section 2. Effective date. [This act] is  
 16 effective on passage and approval.

-End-

## STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB0439, as introduced.

**DESCRIPTION OF PROPOSED LEGISLATION:** An act requiring a student participating in a health-care program of interstate compact professional education, such as the WICHE, WAMI, or MINNESOTA rural dentistry program, to repay the state by practicing in a medically underserved area in Montana or to repay support fees paid by the state on the student's behalf; exempting students currently participating in those programs; providing repayment methods; providing an interest rate on unrepaid money; providing for administration of the repayment provisions by the commissioner of higher education.

**ASSUMPTIONS:**

1. New students are accepted into the program once a year.
2. All the available slots will be filled each year. Currently 45 slots are available each year.
3. There will be no drop outs from the program.
4. All students electing repayment will take the maximum time allowed before starting the pay back.
5. All students electing service will begin service immediately after residency. No grace period usage.
6. Forty percent of the students will elect the service option.
7. Program services will be provided through a contract with a private entity.
8. The program will reach its estimated maximum size of 660 students in 17 years.
9. It is assumed that all funds collected under this bill will be deposited to the state general fund as they are received.

**FISCAL IMPACT:**

	FY '94			FY '95		
	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>
<b>Expenditures:</b>						
Operating Expenses	0	\$11,845	\$11,845	0	\$3,195	\$3,195

(CONTINUED)

 2-8-93

DAVE LEWIS, BUDGET DIRECTOR      DATE  
Office of Budget and Program Planning

 2/9/93

MIKE FOSTER, PRIMARY SPONSOR

DATE

Fiscal Note for HB0439, as introduced

HB 439

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

1.	Cost of servicing the program in 17 years		<u>Per Year</u>
	Fee to establish a new account	\$11.00 ( 45 accounts)	495
	Fee to service an account not in repayment (per month)	\$2.50 (367 accounts)	11,010
	Fee to service an account in repayment (per month)	\$3.25 (293 accounts)	<u>11,427</u>
	Total service fees	(660 accounts)	\$22,932
2.	Potential support payment recovery:		
	Total support payments made to each group of 45 students	\$3,355,900	
	Estimated 40% covered by service choice	\$1,342,360	
	Estimated 60% covered by repayment choice	\$2,013,540	
	Service obligations would be written off over a three year period.		
	Repayments would be scheduled over a maximum of ten years with interest of 12 percent charged to the outstanding balance.		

TECHNICAL NOTES:

1. Current federal regulations prohibit students from accepting military scholarships if they are participating in a program that contains service requirements.
2. Title 20, chapter 25, part 3, MCA, Administration of University System, states, 20-25-301(2), MCA, Regents' power and duties, "adopt rules, not inconsistent with the constitution and the laws of the state, for its own government which are proper and necessary for the execution of the powers and duties conferred upon it by law." All references to the Commissioner of Higher Education should be changed to the "Board of Regents" as the board is the rule making body for the Montana university system, unless it is the intent of this bill to allow the commissioner separate rule making authority separate from the board of regents.