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INTRODUCED BY House BILL NO. 328
Brad Molnar

A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING AN INCENTIVE PROGRAM FOR PHYSICIANS TO PRACTICE IN MEDICAL SHORTAGE AREAS IN MONTANA; PROVIDING FOR QUALIFICATIONS TO PARTICIPATE IN THE PROGRAM; RESTRICTING THE AMOUNT A PHYSICIAN MAY CHARGE FOR SERVICES; LIMITING THE PHYSICIAN'S LIABILITY FOR MALPRACTICE; REQUIRING THAT THE DEPARTMENT OF HEALTH AND ENVIRONMENTAL SCIENCES PROVIDE STATEWIDE COORDINATION OF THE PROGRAM; AND AMENDING SECTION 37-3-301, MCA."

STATEMENT OF INTENT

A statement of intent is required for this bill because [section 5] grants rulemaking authority to the department of health and environmental sciences to coordinate an incentive program to attract physicians to Montana's rural areas where access to medical services is extremely limited or nonexistent.

It is the intent of the legislature that the incentive program provided in this bill be used to recruit physicians who are willing to operate a medical practice in Montana's medical shortage areas in exchange for state property tax and income tax exemptions.

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

NEW SECTION. Section 1. Short title. [Sections 1 through 5] may be cited as the "Physician Procurement Act".

NEW SECTION. Section 2. Purpose. The purpose of [sections 1 through 5] is to attract physicians willing to provide medical services at a low cost to rural areas in Montana that have a shortage of medical services and to improve rural Montanans' access to medical care.

NEW SECTION. Section 3. Definitions. As used in [sections 1 through 5], unless the context requires otherwise, the following definitions apply:

(1) "Department" means the department of health and environmental sciences provided for in Title

1 2, chapter 15, part 21.

2 (2) "Medical shortage area" means:

3 (a) an area designated by the department as a health professional shortage area under federal
4 guidelines; or

5 (b) an area designated by the department as a medical shortage area under department rules
6 adopted pursuant to [sections 1 through 5].

7 (3) "Physician" means a physician licensed to practice medicine in this state or in any other state.

8 (4) "Practice" means the location of a physician's primary place of providing medical services to
9 the public.

10

11 **NEW SECTION. Section 4. Qualifications -- incentives -- maximum charges.** (1) A physician who
12 provides medical services and receives the exemptions and immunity provided under [sections 1 through
13 5] may not have more than one practice and must live in the medical shortage area for at least 10 months
14 a year.

15 (2) A physician who elects to practice in a medical shortage area under the provisions of [sections
16 1 through 5] is entitled to:

17 (a) an exemption of income from state taxation as provided in [section 6];

18 (b) an exemption from state property taxes for the physician's primary residence and 5 acres of
19 land that may be provided by a county or the residents of the medical shortage area in which the physician
20 practices; and

21 (c) immunity from malpractice suits to the extent that a person making a complaint may collect no
22 more than was charged for the service, provided that a notice regarding the immunity is prominently
23 posted.

24 (3) (a) Except as provided in subsection (3)(b), a physician who elects to practice in a medical
25 shortage area under the provisions of [sections 1 through 5] may practice from the physician's residence
26 and may not charge more than:

27 (i) \$25 for an office call;

28 (ii) \$50 plus 30 cents per mile for a home visitation; and

29 (iii) 130% of the cost to the physician of medicine and supplies.

30 (b) A physician who practices in a medical shortage area under the provisions of [sections 1

1 through 5] may charge for medicare reimbursement but may not be paid with medicaid funds or by the
 2 state workers' compensation insurance fund.

3
 4 **NEW SECTION. Section 5. Department to coordinate program.** The department shall:

5 (1) assist qualified counties or areas in obtaining designation as a medical shortage area;

6 (2) assist communities in recruiting physicians to practice in the communities under the provisions
 7 of [sections 1 through 5];

8 (3) coordinate the placement of interested physicians in medical shortage areas within Montana;

9 (4) adopt rules necessary to implement the provisions of [sections 1 through 5]; and

10 (5) promote the program to the best of its ability.

11
 12 **NEW SECTION. Section 6. Exemption for medical practice in medical shortage areas.** The income
 13 that a physician practicing in a medical shortage area under the provisions of [sections 1 through 5] earns
 14 from the practice or from assets held at the time that the physician began practicing under [sections 1
 15 through 5] is exempt from state income taxes imposed under this part.

16
 17 **NEW SECTION. Section 7. Exemption for medical practice in medical shortage areas.** The primary
 18 residence and 5 acres owned by a physician practicing in a medical shortage area under the provisions of
 19 [sections 1 through 5] are exempt from taxation.

20
 21 **Section 8.** Section 37-3-301, MCA, is amended to read:

22 **"37-3-301. License required -- kinds of certificates.** (1) Prior to the issuance of a license, an
 23 applicant may not engage in the practice of medicine in this state. A physician practicing under [section
 24 4] and licensed in another state need not be licensed under this chapter.

25 (2) The department may issue two forms of certificates under the board's seal: the physician's
 26 certificate and the temporary certificate. The physician's certificate ~~shall~~ must be signed by the president,
 27 but the temporary certificate may be signed by any board member. The board shall decide which certificate
 28 to issue. These certificates ~~shall~~ must be designated as:

29 (a) physician's certificate, which is subject to annual registration;

30 (b) temporary certificate, which is subject to specifications and limitations imposed by the board."

1 **NEW SECTION. Section 9. Severability.** If a part of [this act] is invalid, all valid parts that are
2 severable from the invalid part remain in effect. If a part of [this act] is invalid in one or more of its
3 applications, the part remains in effect in all valid applications that are severable from the invalid
4 applications.

5

6 **NEW SECTION. Section 10. Codification instruction.** (1) [Sections 1 through 5] are intended to
7 be codified as an integral part of Title 50, and the provisions of Title 50 apply to [sections 1 through 5].

8 (2) [Section 6] is intended to be codified as an integral part of Title 15, chapter 30, part 1, and the
9 provisions of Title 15, chapter 30, part 1, apply to [section 6].

10 (3) [Section 7] is intended to be codified as an integral part of Title 15, chapter 6, part 2, and the
11 provisions of Title 15, chapter 6, part 2, apply to [section 7].

12

-END-

STATE OF MONTANA - FISCAL NOTE

Fiscal Note for HB0328, as introduced

DESCRIPTION OF PROPOSED LEGISLATION: An act providing an incentive program for physicians to practice in medical shortage areas in Montana; providing for qualifications to participate in the program; restricting the amount a physician may charge for services; limiting the physician's liability for malpractice; requiring that the Department of Health and Environmental Sciences provide statewide coordination of the program.

ASSUMPTIONS:

1. Continued federal funding and legislative appropriation of Primary Care Cooperative Agreement grant (DHES).
2. The Department of Health and Environmental Sciences will use federal Health Professional Shortage Areas in lieu of designating state Medical Shortage Areas (DHES).
3. The average market value of residential property owned by a physician practicing in a medical shortage area is \$100,000 (MDOR).
4. The average levy on residential property in a medical shortage area is 350 mills (MDOR).
5. The average annual Montana Adjusted Gross Income of a single physician practicing medicine in a medical shortage area is \$65,000 (MDOR).
6. A qualifying physician's primary residence and land of up to 5 acres whether provided or not is exempt from taxation (MDOR).

FISCAL IMPACT:

Expenditures:

There is no impact to state expenditures under the proposed legislation.

Revenues:

For each physician practicing medicine in a medical shortage area, the Individual Income Tax exemption would cost the state approximately \$2,800 per year. For each physician practicing medicine in a medical shortage area, the residential property tax exemption would cost approximately \$1,350 per year. The number of physicians and the date when they would begin practicing medicine in a medical shortage area is unknown.

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

The property tax exemption would cause a reduction in property tax revenues to county, municipal, and school governments.

TECHNICAL NOTE:

Under the proposed legislation it is unclear if a qualifying physician's primary residence and up to 5 acres of land is tax exempt if it is purchased by the physician and not by the county.

 1-31-95

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

BRAD MOLNAR, PRIMARY SPONSOR DATE
Fiscal Note for HB0328, as introduced

HB 328