

House BILL NO. 394

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INTRODUCED BY C. Winger

A BILL FOR AN ACT ENTITLED: "AN ACT REQUIRING A STUDENT PARTICIPATING IN A PROFESSIONAL MEDICAL EDUCATION PROGRAM OF THE WICHE OR WAMI INTERSTATE COMPACT EITHER TO REPAY THE STATE BY RETURNING TO MONTANA TO PRACTICE ONE OF THE PRIMARY CARE DISCIPLINES 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 AND STUDENTS SUPPORTED BY CERTAIN SCHOLARSHIPS; PROVIDING REPAYMENT METHODS; PROVIDING AN INTEREST RATE ON MONEY NOT REPAYED; PROVIDING FOR ADMINISTRATION OF THE REPAYMENT PROVISIONS BY THE BOARD OF REGENTS; PROVIDING THAT THE DISCHARGE OF A STUDENT LOAN IS NOT INCOME UNDER FEDERAL TAX LAW; ELIMINATING THE MONTANA RURAL PHYSICIAN INCENTIVE PROGRAM; REPEALING SECTIONS 20-26-1501, 20-26-1502, AND 20-26-1503, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

WHEREAS, only 43% of Montana's medical students return to the state to practice medicine; and

WHEREAS, Montana, like other states nationwide, suffers from a shortage of physicians in the practice of primary care medicine, including family medicine, general internal medicine, general pediatrics, obstetrics, and gynecology; and

WHEREAS, incentives are needed to encourage Montana's students to return to the state to practice primary care medicine.

THEREFORE, the Legislature of the State of Montana finds it appropriate that a student, upon completion of the professional medical education program, be required either to practice one of the primary care disciplines in a medically underserved area in Montana 1 year for each year of financial assistance or to repay all support fees paid by the state on the student's behalf.

STATEMENT OF INTENT

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

1 a bill includes a delegation of authority.

2 Although encouraging professional training for its citizens, the legislature intends that the
3 commissioner administer the repayment provisions required pursuant to [section 1] to the greatest benefit
4 to the state, which includes a total payback of the state's investment. The commissioner shall explicitly
5 define the interstate compact programs involved. The legislature intends that WICHE or WAMI medical
6 programs be covered. The commissioner may adjust the rules to cover the status of each compact.

7 It is also intended that administrative procedures relating to payback and enforcement of payback
8 be covered.

9

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

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12 **NEW SECTION. Section 1. Repayment of state payments -- conditions -- administration --**
13 **discharge of loan -- exemptions.** (1) As used in this section, "primary care disciplines" means family
14 medicine, general internal medicine, general pediatrics, obstetrics, or gynecology.

15 (2) Except as provided in subsection (7), a student who is supported by the state pursuant to the
16 WICHE or WAMI interstate compact professional medical education program shall repay the state for all
17 fees paid by the state on the student's behalf to a receiving out-of-state institution.

18 (3) (a) Students who are participating in either the Wiche or Wami interstate compact professional
19 medical education program on [the effective date of this act] and who continue uninterrupted participation
20 are not required to repay the state as provided in subsection (2).

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

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

25 (4) A student entering one of the primary care disciplines may choose to repay either by the
26 practice of the profession in a medically underserved area of the state for 1 year for each year of financial
27 assistance received or by repayment of 100% of the state support paid on the student's behalf.

28 (5) (a) Repayment by either returning to Montana to practice in one of the primary care disciplines
29 in a medically underserved area in the state or repayment of money must begin within 3 years after the date
30 on which the student has:

1 (i) left the program;

2 (ii) graduated; or

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

5 (b) Repayment must be completed within 10 years from the date on which repayment begins
6 pursuant to subsection (5)(a). Interest on the unpaid monetary amount is charged and computed at the
7 prime rate of interest, plus 2 percentage points, from the date on which repayment begins pursuant to
8 subsection (5)(a).

9 (c) The discharge of a student loan pursuant to this section is not income for the purposes of 26
10 U.S.C. 108(f).

11 (6) The board of regents may implement the provisions of this section through the adoption of rules
12 and policies necessary for proper administration of the provisions of this section.

13 (7) The requirements of this section do not apply to a student who is supported by a United States
14 military, public health service, or Indian health service scholarship.

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16 NEW SECTION. Section 2. Repealer. Sections 20-26-1501, 20-26-1502, and 20-26-1503, MCA,
17 are repealed.

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19 NEW SECTION. Section 3. Effective date. [This act] is effective on passage and approval.

20

-END-

STATE OF MONTANA - FISCAL NOTE

Fiscal Note for HB0394, as introduced.

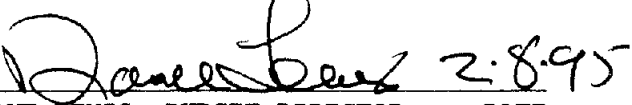
DESCRIPTION OF PROPOSED LEGISLATION: An act requiring a student participating in a professional medical education program of the WICHE or WAMI Interstate Compact either to repay the state by returning to Montana to practice one of the primary care disciplines in a medically under-served area in Montana or to repay support fees paid by the state on the student's behalf; exempting students currently participating in those programs and students supported by certain scholarships; providing repayment methods; providing an interest rate on money not repaid; providing for administration of the repayment provisions by the Board of Regents; providing that the discharge of a student loan is not income under Federal tax law; eliminating the Montana Rural Physician Incentive Program; repealing sections 20-26-1501, 20-26-1502, and 20-26-1503, MCA; and providing an immediate effective date.

ASSUMPTIONS:

1. Twenty-five (25) new students are accepted into the program each year.
2. There will be no drop outs in the program.
3. All students electing repayment will take the maximum time allowed before starting the pay back.
4. All students electing the service provision will begin service immediately after residency.
5. Forty percent of the students will elect the service option; sixty percent will elect repayment.
6. Program services will be provided by the Office of the Commissioner of Higher Education.
7. The program will reach its estimated maximum size of 500 students in 20 years.
8. It is assumed that all funds collected through repayment under this bill will be deposited into the state general fund as they are collected. Collection is not expected to begin for up to ten years.
9. It is assumed that osteopathic students are exempted from the service payback provision as are veterinary, optometry, occupational therapy, dentistry, podiatry, and public health students.
10. The following one time expenditures are estimated: 1) \$10,000 development and printing of the appropriate forms and in obtaining legal opinion in FY96 and 2) \$32,500 for computer hardware, software and programming in FY97.

FISCAL IMPACT:

	<u>FY 1996</u>	<u>FY 1997</u>
<u>Expenditures:</u>		
Salary for .1 FTE	\$3,220	\$3,220
Benefits for .1 FTE	708	708
Operating Expenses, (including equipment and programming)	<u>11,200</u>	<u>33,700</u>
Total General Fund required	\$15,128	\$37,628

 2-8-95

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

JOHN BOHLINGER, PRIMARY SPONSOR DATE

Fiscal Note for HB0394, as introduced

HB 394

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

Potential Support Payment Recovery:

Total Support Payments made to each group of 25 students	\$2,847,780
Estimated 40% covered by service choice	1,139,112
Estimated 60% covered by repayment choice	1,708,668

Service obligations would be written off over a four year period.

Repayments would be scheduled over ten years with interest on the unpaid balance computed at the prime rate plus 2%. In the long run, the principle payments to the general fund should equal \$1.7 million per year (as shown above.) Interest payments to the general fund would be in addition to that.

Expenditure on administration of the program is expected to increase to one full time person when the program reaches the stage where significant billing, tracking and collecting revenues are required. The expected costs for salary, benefits and operational costs are expected to be \$50,000 per year.

TECHNICAL NOTES: It is unclear what will happen to the students and doctors which are currently participating in the Rural Physician program should this bill become law. The ongoing obligation of the state to those participants in the program, the current balance of the fund and the negative balances projected in this program are all issues that should be addressed by this bill.

STATE OF MONTANA - FISCAL NOTE

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Dave Lewis 2-8-95
 DAVE LEWIS, BUDGET DIRECTOR DATE
 Office of Budget and Program Planning

John Bohlinger 2-10-95
 JOHN BOHLINGER, PRIMARY SPONSOR DATE

Fiscal Note for HB0394, as introduced

HB 394-#2

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