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*House* BILL NO. *280*

INTRODUCED BY JOHN BOHUNGA

A BILL FOR AN ACT ENTITLED: "AN ACT REQUIRING A STUDENT PARTICIPATING IN THE MEDICAL EDUCATION PROGRAM, AN AGREEMENT WITH THE WESTERN INTERSTATE COMMISSION FOR HIGHER EDUCATION, OR THE MINNESOTA DENTAL PROGRAM TO REPAY THE STATE BY RETURNING TO MONTANA FOR A MINIMUM OF 3 YEARS TO PRACTICE IN MONTANA OR BY REPAYING SUPPORT FEES PAID BY THE STATE ON THE STUDENT'S BEHALF; PROVIDING THAT PARTICIPATION IN THE MONTANA FAMILY PRACTICE TRAINING PROGRAM QUALIFIES FOR 2 YEARS OF REQUIRED SERVICE; 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 THAT STATE SUPPORT REPAID WILL BE USED TO SUPPORT AND ADMINISTER THE MONTANA FAMILY PRACTICE TRAINING PROGRAM; PROVIDING FOR ADMINISTRATION OF THE REPAYMENT PROVISIONS BY THE DEPARTMENT OF ADMINISTRATION; PROVIDING THAT THE DISCHARGE OF A STUDENT LOAN IS NOT INCOME UNDER FEDERAL TAX LAW; ELIMINATING THE MONTANA RURAL PHYSICIAN INCENTIVE PROGRAM; PROVIDING FOR TRANSFER OF REVENUE IN THE RURAL PHYSICIAN INCENTIVE TRUST FUND TO THE MONTANA FAMILY PRACTICE TRAINING PROGRAM; AMENDING SECTION 17-7-502, MCA; REPEALING SECTIONS 20-26-1501, 20-26-1502, AND 20-26-1503, MCA; AND PROVIDING EFFECTIVE DATES AND AN APPLICABILITY DATE."

WHEREAS, many of Montana's medical and dental students who receive state assistance while attending professional schools do not return to the state to practice professionally; and

WHEREAS, Montana, like other states nationwide, suffers from a shortage of medical and dental professionals practicing throughout the state; and

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

THEREFORE, the Legislature finds it appropriate that a student, upon completion of the professional medical or dental education program, be required either to practice in Montana for a minimum of 3 years or to repay all support fees paid by the state on the student's behalf.

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## STATEMENT OF INTENT

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

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**NEW SECTION. Section 1. Repayment of state payments -- conditions -- administration --**

**discharge of loan -- exemptions.** (1) Except as provided in subsection (6), a student who is supported by the state pursuant to the medical education program, an agreement with the western interstate commission for higher education, or the Minnesota dental program shall repay the state for all fees paid by the state, on the student's behalf, to a receiving out-of-state institution.

(2) (a) Students who are participating in the medical education program, an agreement with the western interstate commission for higher education, or the Minnesota dental program on [the effective date of this section] and who continue uninterrupted participation are not required to repay the state as provided in subsection (3).

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

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

(3) A student entering the medical education program, an agreement with the western interstate commission for higher education, or the Minnesota dental program may choose to repay either by practicing professionally in Montana for a minimum of 3 years or by repayment of 100% of the state support paid on the student's behalf. A student who participates in the Montana family practice training program may substitute 2 years of the program toward the 3-year practice requirement.

(4) (a) Repayment by either returning to Montana to practice professionally in the state or by repayment of money must begin within 3 years after the date on which the student has:

(i) left the program; or

(ii) graduated.

1 (b) A student who fails to complete the full 3-year practice requirement shall repay the state  
2 support on a prorated basis. Repayment must be completed within 10 years from the date on which  
3 repayment begins pursuant to subsection (4)(a). Interest on the unpaid monetary amount is charged and  
4 computed at the prime rate of interest, plus 2 percentage points, from the date on which repayment begins  
5 pursuant to subsection (4)(a).

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

8 (5) The department of administration shall adopt rules necessary to implement the provisions of  
9 this section, including debt collection pursuant to Title 17, chapter 1, part 1.

10 (6) The requirements of this section do not apply to a student who is supported by a public health  
11 service or Indian health service scholarship.

12 (7) Money received from repayment of state support under this section must be deposited in the  
13 university system budget and may be used only for the support and administration of the Montana family  
14 practice training program.

15 (8) As used in this section, "medical education program" means a contract entered into by the  
16 board of regents with the university of Washington school of medicine to provide medical education  
17 opportunities for Montana residents.

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19 **Section 2.** Section 17-7-502, MCA, is amended to read:

20 **"17-7-502. Statutory appropriations -- definition -- requisites for validity.** (1) A statutory  
21 appropriation is an appropriation made by permanent law that authorizes spending by a state agency  
22 without the need for a biennial legislative appropriation or budget amendment.

23 (2) Except as provided in subsection (4), to be effective, a statutory appropriation must comply  
24 with both of the following provisions:

25 (a) The law containing the statutory authority must be listed in subsection (3).

26 (b) The law or portion of the law making a statutory appropriation must specifically state that a  
27 statutory appropriation is made as provided in this section.

28 (3) The following laws are the only laws containing statutory appropriations: 2-9-202; 2-17-105;  
29 2-18-812; 3-5-901; 5-13-403; 10-3-203; 10-3-310; 10-3-312; 10-3-314; 10-4-301; 15-1-111; 15-23-706;  
30 15-30-195; 15-31-702; 15-37-117; 15-38-202; 15-65-121; 15-70-101; 16-1-404; 16-1-410; 16-1-411;

1 16-11-308; 17-3-106; 17-3-212; 17-5-404; 17-5-424; 17-5-804; 17-6-101; 17-6-201; 17-7-304;  
 2 18-11-112; 19-2-502; 19-6-709; 19-9-1007; 19-17-301; 19-18-512; 19-18-513; 19-18-606; 19-19-205;  
 3 19-19-305; 19-19-506; 20-8-107; 20-8-111; 20-9-361; ~~20-26-1503~~; 23-5-136; 23-5-306; 23-5-409;  
 4 23-5-610; 23-5-612; 23-5-631; 23-7-301; 23-7-402; 32-1-537; 37-43-204; 37-51-501; 39-71-503;  
 5 39-71-907; 39-71-2321; 39-71-2504; 44-12-206; 44-13-102; 50-4-623; 50-5-232; 50-40-206; 53-6-150;  
 6 53-6-703; 53-24-206; 60-2-220; 67-3-205; 75-1-1101; 75-5-1108; 75-6-214; 75-11-313; 76-12-123;  
 7 80-2-103; 80-2-222; 80-4-416; 81-5-111; 82-11-136; 82-11-161; 85-1-220; 85-20-402; 90-3-301;  
 8 90-4-215; 90-6-331; 90-7-220; 90-7-221; and 90-9-306.

9 (4) There is a statutory appropriation to pay the principal, interest, premiums, and costs of issuing,  
 10 paying, and securing all bonds, notes, or other obligations, as due, that have been authorized and issued  
 11 pursuant to the laws of Montana. Agencies that have entered into agreements authorized by the laws of  
 12 Montana to pay the state treasurer, for deposit in accordance with 17-2-101 through 17-2-107, as  
 13 determined by the state treasurer, an amount sufficient to pay the principal and interest as due on the  
 14 bonds or notes have statutory appropriation authority for the payments. (In subsection (3): pursuant to sec.  
 15 7, Ch. 567, L. 1991, the inclusion of 19-6-709 terminates upon death of last recipient eligible for  
 16 supplemental benefit; and pursuant to sec. 7(2), Ch. 29, L. 1995, the inclusion of 15-30-195 terminates  
 17 July 1, 2001.)"

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19 **NEW SECTION. Section 3. Repealer.** Sections 20-26-1501, 20-26-1502, and 20-26-1503, MCA,  
 20 are repealed.

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22 **NEW SECTION. Section 4. Transfer of funds.** Any money remaining in the rural physician  
 23 incentive trust fund on or after [the effective date of this section] must be transferred to the account  
 24 established for the Montana family practice training program.

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26 **NEW SECTION. Section 5. Coordination instructions.** (1) If House Bill No. 2 does not contain a  
 27 provision creating an account for the Montana family practice training program, then [section 1(7)] must  
 28 read as follows:

29 "(7) Money received from repayment of state support under this section must be deposited in the  
 30 general fund."

1           (2) If House Bill No. 2 does not contain a provision creating an account for the Montana family  
2 practice training program, then [section 4] must read as follows:

3           "**Section 4. Transfer of funds.** Any money remaining in the rural physician incentive trust fund on  
4 or after [the effective date of this section] must be transferred to the general fund."

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6           NEW SECTION. **Section 6. Saving clause.** [This act] does not affect rights and duties that  
7 matured, penalties that were incurred, or proceedings that were begun before [the effective date of this  
8 section].

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10          NEW SECTION. **Section 7. Effective dates -- applicability -- contingency.** (1) [Sections 1, 5, and  
11 6 and this section] are effective on passage and approval.

12          (2) [Section 1] applies to loans entered into on or after [the effective date of section 1].

13          (3) [Sections 2, 3, and 4] are effective on the date that the commissioner of higher education  
14 certifies to the governor that the students participating in the rural physician incentive program on or before  
15 [the effective date of section 1] have either graduated from or left the program.

16

-END-

STATE OF MONTANA - FISCAL NOTE


Fiscal Note for HB0280, as introduced

DESCRIPTION OF PROPOSED LEGISLATION:

An act requiring a student participating in the medical education program, an agreement with the Western Interstate Commission for Higher Education, or the Minnesota Dental Program to repay the state by returning to Montana for a minimum of 3 years to practice in Montana or by repaying support fees paid by the state on the student's behalf; providing that participation in the Montana family practice training program qualifies for 2 years of required service; 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 that state support repaid will be used to support and administer the Montana Family Practice Training Program; providing for administration of the repayment provisions by the Department of Administration; providing that the discharge of a student loan is not income under federal tax law; eliminating the Montana Rural Physician Incentive Program; providing for transfer of revenue in the Rural Physician Incentive Trust Fund to the Montana Family Practice Training Program; amending Section 17-7-502, MCA; repealing Sections 20-26-1501, 20-26-1502, and 20-26-1503, MCA; and providing effective dates and an applicability date.

ASSUMPTIONS:

1. All contractual obligations incurred by the Montana Rural Physician Incentive Program (MRPIP) and committed to program participants will be fulfilled, requiring continued practice verification and loan repayment through FY 2002. No new participants will be accepted.
2. Beginning FY 1998, no more fees will be assessed to medical and osteopathic medical students for deposit into the Montana Rural Physician Incentive Trust fund.
3. Transfer of funds from the Montana Rural Physician Incentive Trust Fund to either the Montana Family Practice Training program or the state general fund will not occur until FY 2002.
4. It is assumed that only medical, osteopathic medical, and dental students will be affected by proposed legislation and that veterinary, optometry, occupational therapy, podiatry, and public health students are exempted from the service/payback provisions.
5. Thirty-one (31) new medical, osteopathic medical, and dental students are accepted into the programs each year. The historical drop out rate of 2.4% will continue or an average of .74 students per year. 310 students will need to be tracked in 10 years.
6. Repayment for the first drop out will begin in FY 2001. Most repayments will not begin until the first group of students were finished with their training, (4 years of medical school; 3 to 5 years residency/internship dependent on specialty) approximately FY 2005-FY 2007.
7. Based on current return rates, forty-five (45) percent of the students will elect the service option; fifty-five (55) percent of the students will elect repayment.
8. Administration of the service and repayment provisions will be provided by the Department of Administration. The Department of Administration will adopt the rules necessary to administer the required repayment provisions of the bill.
9. Money received from repayment of state support will be deposited in the Montana family practice training special revenue account. If HB2 does not contain a provision for creation of an account for the Montana family practice training program, these funds will be deposited in the general fund.

 1-22-97  
DAVE LEWIS, BUDGET DIRECTOR      DATE  
Office of Budget and Program Planning

JOHN BOLLINGER, PRIMARY SPONSOR      DATE

Fiscal Note for HB0280, as introduced

**HB 280**

FISCAL IMPACT:

<u>Expenditures:</u>	<u>FY98</u>	<u>FY99</u>
Operations (programming to develop database to track information) General fund	\$10,000	-0-
Rural Physicians loan repayment	(\$36,000)	(\$78,000)
<u>Revenues:</u>		
Rural Physicians Trust (02)	(\$190,992)	(\$193,984)
<u>Net Impact to Fund Balance (revenues minus expenditures):</u>		
General fund (01)	(\$10,000)	-0-
Rural Physicians Trust (02)	(\$154,992)	(\$115,984)

It is assumed the work could be absorbed by an existing FTE for up to 10 years if the appropriate database were in place to track information. Once significant quantities of repayment started, an additional FTE could be required.

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

Based upon the above assumptions, it is estimated that an approximate balance of \$145,314 will be available for transfer to either the Montana Family Practice Training program or the state general fund in FY 2002.

Repayment of between \$54,000 and \$129,000 per student over 10 years will begin in FY 2005.