

1 SENATE BILL NO. 126

2 INTRODUCED BY NELSON

3 BY REQUEST OF THE BOARD OF REGENTS

4
5 A BILL FOR AN ACT ENTITLED: "AN ACT INCREASING THE MAXIMUM AMOUNT OF AN EDUCATIONAL
6 DEBT PAYMENT THAT A RURAL PHYSICIAN MAY RECEIVE FROM THE BOARD OF REGENTS; AND
7 AMENDING SECTION 20-26-1503, MCA."

8
9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

10
11 Section 1. Section 20-26-1503, MCA, is amended to read:

12 "20-26-1503. Use of rural physician incentive trust fund. (1) The rural physician incentive trust
13 fund is statutorily appropriated, as provided in 17-7-502, to the board of regents of higher education to be
14 used to pay:

15 (a) the educational debts of rural physicians who practice in medically underserved areas of the
16 state that demonstrate a need for assistance in physician recruitment; and

17 (b) the expenses of administering the rural physician incentive program. The expenses of
18 administering the program may not exceed 10% of the annual fees assessed pursuant to 20-26-1502.

19 (2) The board of regents shall establish procedures for determining the areas of the state that
20 qualify for assistance in physician recruitment. An eligible area must demonstrate that a physician shortage
21 exists or that the area has been unsuccessful in recruiting physicians by other mechanisms.

22 (3) A physician from an area determined to be eligible under subsection (2) may apply to the board
23 of regents for payment of an educational debt directly related to a professional school, as provided in
24 subsection (4). Physicians who have paid the fee authorized in 20-26-1502 must be given a preference over
25 other applicants. To receive the educational debt payments, the physician shall sign an annual contract with
26 the board of regents. The contract must provide that the physician is liable for the payments if the physician
27 ceases to practice in the eligible area during the contract period.

28 (4) The maximum amount of educational debt payment that a rural physician may receive is
29 ~~\$30,000~~ \$45,000 over a ~~4-year~~ 5-year period or a proportionally reduced amount for a shorter period.

30 (5) The amount contractually committed in a year may not exceed the annual amount deposited

1 in the rural physician incentive trust fund."

2

-END-

STATE OF MONTANA - FISCAL NOTE

Fiscal Note for SB126, as introduced

DESCRIPTION OF PROPOSED LEGISLATION:

An act increasing the maximum amount of an educational debt payment that a rural physician may receive from the Board of Regents and amending section 20-26-1503, MCA

ASSUMPTIONS:

1. The current tuition surcharge will be sufficient to cover the costs of the proposed increase in the program.
2. The current revenues from the tuition surcharge are expected to be \$191,000 in fiscal 1998 and \$194,000 in fiscal 1999.
3. The average amount paid to physicians over the last three years is \$68,000.
4. The annual payment structure to rural physicians qualifying for this program will increase as follows:

<u>Year</u>	<u>Current Law</u>	<u>Proposed Law</u>	<u>Percent increase</u>
1	6,000	7,000	16.7%
2	7,000	8,000	15.4%
3	8,000	9,000	14.3%
4	9,000	10,000	13.3%
5	none	11,000	
Total payments	30,000	45,000	50.0%

5. Physicians remain in this program for varying amounts of time. It is assumed that 60% of the physicians remain in the program for the full five years and would receive the full 50% increase. The remaining 40% would receive an average of a 15% increase.
6. An increase of 40% is projected in participation in the program.
7. The total projected cost increase is 76% over the current expenditures of \$68,000 ($.60 \times .50 + .15 \times .40 + .40$) = .76. For a total projected cost of \$119,680 per year.

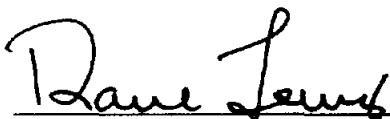
FISCAL IMPACT:

Expenditures:

	<u>FY98</u>	<u>FY99</u>
	<u>Difference</u>	<u>Difference</u>
Grants	51,680	51,680
Total	51,680	51,680

Funding:

Rural Physicians incentive trust(08)	51,680	51,680
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 1-11-97
 DAVE LEWIS, BUDGET DIRECTOR DATE
 Office of Budget and Program Planning

 1-13-97
 LINDA NELSON, PRIMARY SPONSOR DATE

Fiscal Note for SB126, as introduced

SB 126

APPROVED BY COM ON PUBLIC HEALTH, WELFARE & SAFETY

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(b) the expenses of administering the rural physician incentive program. The expenses of administering the program may not exceed 10% of the annual fees assessed pursuant to 20-26-1502.

(2) The board of regents shall establish procedures for determining the areas of the state that qualify for assistance in physician recruitment. An eligible area must demonstrate that a physician shortage exists or that the area has been unsuccessful in recruiting physicians by other mechanisms.

(3) A physician from an area determined to be eligible under subsection (2) may apply to the board of regents for payment of an educational debt directly related to a professional school, as provided in subsection (4). Physicians who have paid the fee authorized in 20-26-1502 must be given a preference over other applicants. To receive the educational debt payments, the physician shall sign an annual contract with the board of regents. The contract must provide that the physician is liable for the payments if the physician ceases to practice in the eligible area during the contract period.

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