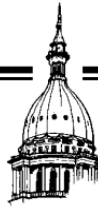




Senate Fiscal Agency
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BILL ANALYSIS



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Senate Bills 648 and 649 (as introduced 10-24-13)
Sponsor: Senator John Moolenaar (S.B. 648)
Senator Jim Marleau (S.B. 649)
Committee: Appropriations

Date Completed: 12-3-13

CONTENT

The bills would amend the Public Health Code to do the following with respect to the Michigan Essential Health Provider program:

- **Include dentists in the loan repayment program.**
- **Remove the four-year limit on loan repayments.**
- **Increase the maximum annual loan repayment amount to \$40,000.**
- **Establish a lifetime loan repayment maximum of \$200,000.**
- **Require an assessment of the lifetime cap.**
- **Include dental students in the low-income minority student grant program.**

The Michigan Essential Health Provider program includes a loan repayment program for certain medical providers who enter into a written contract with the Department of Community Health (DCH) to provide full-time health care services in a health resources shortage area for a designated number of years up to a maximum of four years, with a maximum repayment of \$25,000 per year in the first year, and a maximum 5% increase in the loan repayment allowed each year.

The program covers loan repayments for those who have taken out a loan to attend medical school, to train to be a nurse midwife or a nurse practitioner, or to train to be a physician's assistant. The DCH, which administers the program, is limited, in recruiting physicians for the program, to recruiting physicians who are training in general practice, family practice, obstetrics, pediatrics, emergency medicine, internal medicine, preventive medicine, and psychiatry.

The FY 2013-14 DCH budget includes \$2,491,300 to support the program.

The Public Health Code also directs the DCH to administer a grant program for low-income minority students enrolled in medical schools, nursing programs, and physician's assistant programs. This grant program has not been funded and so has not been implemented.

Senate Bill 648

The bill would expand the Michigan Essential Health Provider program to include loan repayment for dentists who chose to work in health resources shortage areas. The bill also would remove the four-year maximum on loan repayments and increase the annual maximum from \$25,000 to \$40,000 (without an annual increase of up to 5% after the first

year). The bill would establish a lifetime maximum of \$200,000, payable over a period of four years or more.

The bill would permit the Department to give preference to physicians studying general practice, family practice, obstetrics, pediatrics, or internal medicine.

Senate Bill 649

The bill would allow the grant program for low-income minority students to cover dental students as well as students enrolled in medical schools, nursing programs, and physician assistant's programs.

The bill also would require an assessment of the \$200,000 lifetime maximum established in Senate Bill 648 for those covered by the Michigan Essential Health Provider loan repayment program. The assessment would have to determine whether the \$200,000 cap was sufficient to facilitate the placement and retention of professionals in underserved areas and whether the maximum amount should be adjusted to reflect changes in tuition costs.

Senate Bills 648 and 649 are tie-barred.

MCL 333.2701 et al. (S.B. 648)
333.2707 & 333.2723 (S.B. 649)

FISCAL IMPACT

While the bills would expand the scope of the Michigan Essential Health Provider program and raise the cap on payments from the program, there was money (\$1.0 million Gross, \$0.5 million GF/GP) specifically appropriated in the FY 2013-14 budget to cover program expansion. Therefore, the expanded scope and increased payments do not appear likely to increase State expenditures beyond what was appropriated in FY 2013-14. It is possible that expansion of the program could lead to expenditures above the FY 2013-14 appropriation level in subsequent years.

The provision in Senate Bill 649 to extend the grant program to dental students would have no fiscal impact as that program has not been implemented. The assessment of the lifetime loan repayment cap would result in minor costs to the DCH.

Fiscal Analyst: Steve Angelotti

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.