



Senate Fiscal Agency
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Senate Bill 246 (as enacted)
Senate Bill 435 (as enacted)
Sponsor: Senator Curtis S. VanderWall (S.B. 246)
 Senator Michael D. MacDonald (S.B. 435)
Senate Committee: Health Policy and Human Services
House Committee: Health Policy

PUBLIC ACT 37 of 2022
PUBLIC ACT 38 of 2022

Date Completed: 7-20-22

RATIONALE

The Michigan State Loan Repayment Program (MSLRP), also known as the Michigan Essential Health Provider Program, assists in the recruitment and retention of primary medical, dental, and mental healthcare providers in health professional shortage areas (HPSAs). The Program provides loan repayment to practitioners who enter full-time service obligations with a not-for-profit health clinic for a certain number of years as determined by the practitioner's contract. The maximum amount of loan repayment MSLRP can offer is \$40,000 annually, and \$200,000 in total, if paid over four years or more, and as determined by the contract between the Department of Health and Human Services (DHHS) and the practitioner.

According to a recent report from the Association of American Medical Colleges, the median medical student debt was roughly \$200,000 in 2019, which is the maximum amount of money that the DHHS can offer in an MSLRP contract. Some people believe that growing student debt has increased interest in the MSLRP, making it a more successful recruiting program for HPSAs. Accordingly, it was suggested that the MSLRP offer more debt repayment for prolonged services from contracted practitioners in HPSAs.

CONTENT

Senate Bill 246 amends the Public Health Code to specify that the maximum amount of debt or expense that the DHHS may pay on behalf of a designated health professional through a health provider repayment program is \$300,000 over ten or more years, and to specify that the repayment program also applies to a designate health professional who incurs debt or expenses as a result of a loan taken to attend a mental health professional program.

Senate Bill 435 amended the Code to do the following:

- **Expand the list of designated physician specialty areas that qualify under the essential health provider repayment program and grant program for minority students administered by the DHHS, and to modify and prescribe various definitions.**
- **Delay to March 28, 2025, the sunset date for the Interstate Medical Licensure Compact.**

Senate Bill 435 took effect on March 23, 2022. Senate Bill 246 takes effect on the 91st day after the Legislature adjourns sine die.

Senate Bill 246

Under the Code, the DHHS must administer an essential health provider repayment program for designated professionals who have incurred a debt or expenses as a result of a loan taken to attend medical school, dental school, nursing program for the training of certified nurse midwives, certified nurse practitioners, or clinical nurse specialists-certified, or physician's assistant program or as a result of providing services in a health resource shortage area. Under the bill, the essential health provider repayment program also applies to designated professional who has incurred a debt or expenses as a result of a loan taken to attend a mental health professional program.

The Code requires the Department to repay a debt or expenses only for a professional who has entered a written contract with the DHHS that requires him or her to engage in the full-time practice of health care services in a resource shortage area to which the Department assigns him or her for a period equal in years to the number of years for which the Department has agreed in the contract to make the payments, or for a period of two years, whichever is greater.

Each year, the Department may repay all or part of a designated professional's debt or expenses, but the amount repaid in one year must not exceed \$40,000. In addition, the maximum amount of debt or expense repayment the Department may pay on behalf of a designated professional is \$200,000, paid over a period of four or more years. Under the bill, the maximum amount of debt or expense repayment the Department may pay on behalf of a designated professional is \$300,000, paid over a period of 10 years or more.

Senate Bill 435

Designated Physician Specialty Areas

Section 2705 of the Code requires the DHHS to administer an essential health provider repayment program for designated professionals who have incurred a debt or expenses as a result of a loan taken to attend a medical school, dental school, nursing program for the training of certified nurse midwives, certified nurse practitioners, or clinical nurse specialists-certified, or physician's assistant program or as a result of providing services in a health resource shortage area. Section 2707 requires the DHHS to administer a grant program for minority students enrolled in medical schools, dental schools, nursing programs, or physician's assistant programs.

For the programs created in Sections 2705 and 2707, the DHHS may recruit only physicians who are qualified or students who are training to become qualified in one or more of the specified designated physician specialty areas. The bill includes in the list of designated physician specialty areas behavioral sciences and geriatrics.

Definitions

Previously, the Code defined "designated nurse" as a certified nurse midwife, certified nurse practitioner, or clinical nurse specialist-certified. The bill refers to a "designated *advanced practice registered* nurse".

"Mental health professional program" means an accredited program for the training of individuals to become a designated mental health professional.

"Designated mental health professional" means an individual who is qualified in the area of mental illness or developmental disabilities and who is one of the following: a) a nurse; b) a psychologist; c) a licensed master's social worker; d) a licensed professional counselor; or e) a marriage and family therapist.

"Psychologist" means an individual licensed to engage in the practice of psychology under Part 182 (Psychology) of the Code. "Licensed master's social worker" would mean an individual who is

licensed under Part 185 (Social Work) of the Code to engage in the practice of social work at the master's level.

"Licensed professional counselor" means an individual who was licensed under Part 181 (Counseling) of the Code to engage in the practice of counseling without supervision.

"Marriage and family therapist" means an individual who was licensed under Part 169 (Marriage and Family Therapy) of the Code to engage in the practice of marriage and family therapy.

Interstate Medical Licensure Compact

Public Act 563 of 2018 enacted the Interstate Medical Licensure Compact, which establishes a process that allows physicians to become licensed in multiple states. The Compact was to be repealed effective March 28, 2022.

The bill delays, from March 28, 2022, to March 28, 2025, the sunset date for the Compact.

MCL 333.2705 (S.B. 246)
333.2701 et al. (S.B. 435)

BACKGROUND

According to the United States Health Resources and Services Administration, an HPSA is a designation that indicates health provider shortages in primary care, dental health, or mental health. The Administration bases an HPSA on one or more of the following factors: geographic, which focuses on a shortage of providers for the entire population within a defined geographic area; population groups, which focuses on a shortage of providers for a specific population group within a defined geographic area; and facilities, which focuses on certain facilities that could require additional medical attention, such as correctional or tribal facilities. These designations determine where the DHHS places practitioners involved in the MSLRP.

ARGUMENTS

(Please note: The arguments contained in this analysis originate from sources outside the Senate Fiscal Agency. The Senate Fiscal Agency neither supports nor opposes legislation.)

Supporting Argument

According to testimony submitted to the Senate Committee on Health Policy and Human Services, nearly every county in Michigan has some form of a primary care, dental, or mental health professional shortage. Many HPSAs are located in rural or remote areas where issues such as lack of attractive housing and relative distance to population centers make it difficult to attract and retain physicians. The MSLRP helps attract physicians to these underserved areas, and it also encourages physicians to continue practicing in the area after they have met their contractual obligations. By offering longer contracts with larger loan repayment opportunities, the MSLRP could continue to attract more physicians to HPSAs and could encourage them to remain practicing in these areas after they complete their contractual obligations.

Legislative Analyst: Stephen P. Jackson

FISCAL IMPACT

The bills will have no fiscal impact on the Department of Health and Human Services or local units of government. The number of loan repayment contracts that the DHHS enters into with eligible medical providers under Michigan Compiled Laws (MCL) 333.2705 is limited by the yearly appropriation to the Michigan Essential Health Provider Program. Expanding the definition of eligible health professionals to include mental health professionals will increase the potential pool of applicants but will have no impact on the number of contracts that the DHHS may enter into,

assuming a flat appropriation level in future fiscal years. However, increased expenditures per participant under the provisions of Senate Bill 246 may decrease the total number of contracts that the DHHS is able to execute. This would depend on the number of eligible medical providers who agreed to contracts for a term of 10 years or longer, and the participant's eligible education debt. A recent funding history of the Michigan Essential Health Provider (MEHP) Program is shown below in [Table 1](#).

Additionally, the provision in Senate Bill 435 that extends the low-income minority student grant program under MCL 333.2707 to mental health professionals will have no fiscal impact as that program has not been funded and so has not been implemented.

Table 1

Fiscal Year	Provider Contracts	Gross	GF/GP	Federal	Private
FY 2013-2014	92	2,491,300	1,000,000	1,236,300	255,000
FY 2014-2015	104	3,591,300	1,500,000	1,236,300	855,000
FY 2015-2016	69	3,591,300	1,500,000	1,236,300	855,000
FY 2016-2017	67	3,591,300	1,500,000	1,236,300	855,000
FY 2017-2018	86	3,591,300	1,500,000	1,236,300	855,000
FY 2018-2019	84	3,591,300	1,500,000	1,236,300	855,000
FY 2019-2020	126	4,519,600	2,428,300	1,236,300	855,000
FY 2020-2021	91	3,519,600	1,428,300	1,236,300	855,000
FY 2021-2022	80	3,519,600	1,428,300	1,236,300	855,000
FY 2022-2023 ^a	N/A ^b	13,519,600	11,428,300	1,236,300	855,000

^a The FY 2022-23 budget included \$10.0 million Gross and GF/GP in the One-Time Appropriations Unit to expand the MEHP Program to behavioral health services providers.

^b Unavailable until the close of the fiscal year.

Also, Senate Bill 435 likely will not have a significant fiscal impact on the Department of Licensing and Regulatory Affairs (LARA). Michigan currently does not pay a fee to participate in the Interstate Medical Licensure Compact; however, the terms of the Compact allow that the State may be required to pay an annual fee of an unknown amount in the future. In 2021, LARA reported that the work associated with the Compact required a partial FTE and cost approximately \$85,000 annually. The annual cost of extending the compact through March 28, 2025, may increase slightly due to salary changes, but likely will not deviate significantly from this figure unless there is a substantial increase in the number of licensees affected by the compact. It is unlikely that a significant increase in appropriations to the Bureau of Professional Licensing will be required as a result of the extension.

The executive, legislative, and judicial branches each may incur costs associated with Compact enforcement. It is likely that routine costs will continue to be covered by existing appropriations. However, it is possible that any significant legal action resulting from participation in the Compact may result in significant costs to the Attorney General or other State offices. These costs cannot be estimated at this time.

The Department of State Police likely will not experience any additional costs as a result of the bill. The cost of performing background checks is sufficiently covered by the current fee.

Fiscal Analyst: Ellyn Ackerman

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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.