



Maryland
Hospital Association

House Bill 998 – Maryland Loan Assistance Repayment Program for Physicians and Physician Assistants - Administration and Funding

Position: *Support*

February 25, 2020

House Appropriations Committee

MHA Position

Maryland's 61 nonprofit hospitals and health systems care for millions of people each year, treating 2.3 million in emergency departments and delivering more than 67,000 babies. The 108,000 people they employ are [caring for Maryland](#) around-the-clock every day—delivering leading edge, high-quality medical service and investing a combined \$1.75 billion in their communities, expanding access to housing, education, transportation, and food.

Recruiting and retaining a robust workforce is a major factor in the vitality of hospitals and health systems, the success of the Maryland Model and our ability to ensure all Marylanders have access to the care they need. That is why hospital leaders identified workforce as the No. 1 fieldwide priority to promote the health and well-being of our communities. By 2030, many of Maryland's 24 jurisdictions are projected to have shortages in primary care and mental health providers.ⁱ Despite having world-renowned medical schools here, we are a net exporter of physicians—losing 60% of our medical graduates every year.

Since 1992, Maryland has participated in the Health Resource and Service Administration's federal grant program which incentivizes physicians and physician assistants to practice in federally-designated health professional shortage areas (HPSAs). In exchange for a two-year service commitment, eligible providers can receive thousands of dollars to pay back their student loan debt.ⁱⁱ States can apply for up to \$1 million to administer their own State Loan Repayment Program (SLRP) but must match every federal dollar received. Since the SLRP is a mix of federal and state funds, Maryland allocates funding for this program first. Any remaining funding is allocated to the Maryland Loan Assistance Repayment Program (MLARP). SLRP applicants must comply with federal eligibility criteria. In contrast, the state has the flexibility to broaden the applicant pool and address specific workforce shortages by allowing additional physician specialties, such as emergency physicians, and sites such as medically underserved areas.

House Bill 998 is an investment in keeping physicians trained in Maryland, working in Maryland—improving access to care, especially in rural and underserved areas. Maryland has seen promising results. A 2017 survey showed 83% of loan assistance recipients stayed in state or at their current site after completing their two-year service requirement.ⁱⁱⁱ Unfortunately, contributions to MLARP have decreased from the original funding level to \$400,000 despite growing demand and a high number of eligible applicants. This means the state is not capturing

the additional \$600,000 federal dollars that could be used to attract and keep physicians. In fiscal years 2019 and 2020, more than 100 eligible applicants were denied loan assistance due to lack of funding.

Choosing to increase funding now allows the state to take full advantage of the federal matching dollars for the next four-year grant award in 2022. Currently, the state contributes funding annually, either through an appropriation by the Governor or through the Maryland Board of Physicians' licensure and renewal fees.^{iv} Although at one time, utilization of the hospital rate setting system was considered a potential funding source, the Centers for Medicare & Medicaid Services rejected this request. The Total Cost of Care Model prohibits the rate setting system from being used for this purpose as referenced in Section 8.a.iii.2. However, hospitals are committed to working with the state to explore alternative, long-term funding sources. HB 998 would support this next step by establishing a stakeholder work group to explore ways to expand the program while ensuring funding sustainability.

This legislation would also centralize oversight of the loan repayment program which is currently shared between MDH and the Maryland Health Education Commission. Transitioning the program to be solely under MDH will improve the state's efficiency and make it easier to navigate for physicians. Since a majority of the administrative functions are already handled by MDH, this is expected to be a seamless transition.

Passage of HB 998 would allow the state to leverage a powerful, existing program to retain and recruit primary care, behavioral health and other specialty physicians—expanding access to care in underserved and rural areas. We are asking the state to invest in our health care workforce. By doing so, we are also investing in the health of all Marylanders.

For these reasons, we urge a *favorable* report.

For more information, please contact:

Nicole Stallings

Nstallings@mhaonline.org

ⁱ IHS Markit. (September 20, 2018). Maryland Primary Care and Selected Specialty Health Workforce Study: Study Methods and Findings

ⁱⁱ Health Resources & Services Administration. (February 28, 2018). State Loan Repayment Program (SLRP): Notice of Funding Opportunity

ⁱⁱⁱ Maryland Department of Health, Office of Workforce Development. (n.d.). HRSA 18-011 State Loan Repayment Program, CFDA No. 93.165

Attract and Keep Physicians in Maryland

Solve Critical Workforce Shortage

Maryland is a top exporter of physicians, losing nearly **60%** of medical school graduates



Maryland has a tool to help keep physicians where we need them most:

The **Loan Assistance Repayment Program** supports those who agree to practice in underserved areas of Maryland for at least 2 years

Reduced state funding drastically limits access to care

	FY19
Qualified Applicants	80
Denied For Lack of Funds	68
Funded	12
% Funded	15%

85% of applicants turned away due to lack of funding



Maryland Hospital Association

in collaboration with



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Program encourages physicians to stay in high-need communities



84% of recipients continue to practice in state after 2-year commitment

How you can help:

Invest in access to care by restoring funding to the Maryland Loan Assistance Repayment Program.



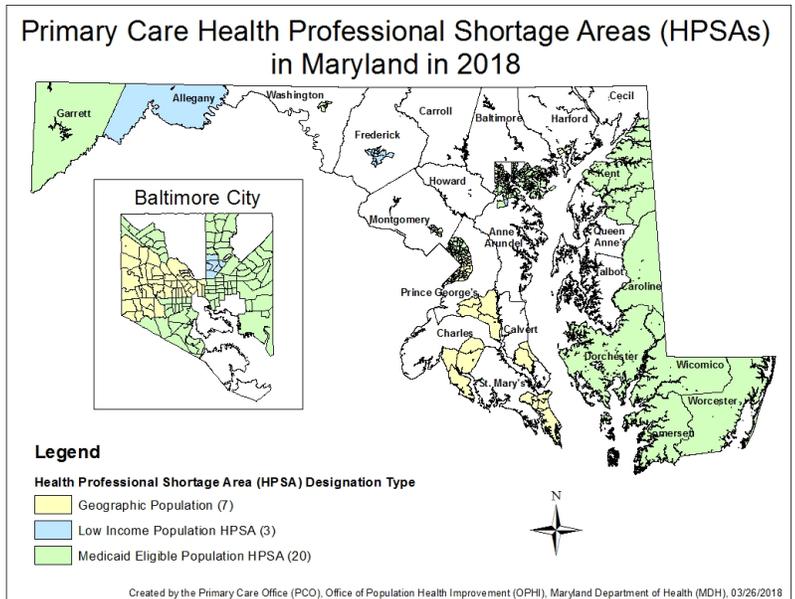
Recruit and Retain Physicians and Physician Assistants Restore Funding for Maryland Loan Assistance Repayment Program

SB 501/HB 998 would **improve the efficiency** of the state’s loan repayment program and enhance Maryland’s ability to **respond to a growing demand for physicians in underserved and rural areas** by:

- Restoring funding to *at least* the original funding level of \$750,000. Fully funding the Maryland Loan Assistance Repayment Program (LARP) allows Maryland to take full advantage of the federal match and gives flexibility to support additional medical specialties in high need areas.
- Centralizing oversight of the Loan Assistance Program to the Maryland Department of Health to streamline administration.
- Evaluating opportunities to expand loan repayment assistance to first- and second-year medical residents so physicians trained in Maryland stay in Maryland, identifying additional future funding sources.

The Issue:

Since 1992 Maryland has received federal funding to operate a State Loan Repayment Program (SLRP). The program helps primary care and behavioral health care providers pay off their student loans in exchange for a commitment to work in health workforce shortage areas for a minimum of two years. States participating in this program *must* contribute funds to match each federal dollar received. **Failing to provide those matching dollars leaves federal dollars on the table, up to \$1 million can be requested.**



State funding for the MLARP program decreased from \$750,000 in 2016 to \$400,000 today. **This decline has meant that in FY 2019 and FY 2020 there were more than 100 applicants who met eligibility criteria but were denied due to lack of funding.**



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Despite rising interest of physicians who want to work in underserved and rural areas, available funding could only support 12 awards in FY 2019 and 15 in FY 2020.

Physician Retention Rates:

The state has reported high retention levels for providers participating in the loan assistance program. According to a 2017 survey, **84% (N=274) reported staying at their current practice site or remaining in the state after completing their two-year service commitment.**

Maryland’s Loan Assistance Repayment:

The federally-funded SLRP requires each participant to work at a practice site operated by a federal, state, or local governmental entity or nonprofit medical care facility. Eligible sites are those located in Primary Care Health Professional Shortage Areas (HPSA). The state has more flexibility with its state-only funded program, the Maryland Loan Assistance Repayment Program (MLARP). For example, the state has chosen to expand eligibility to additional physician specialties and sites to include medically underserved areas and locations in the 18 rural counties in the state. **Based on MDH’s priorities and identified shortages, additional physician and physician assistant specialties other than primary care, are also eligible to apply.**

Eligible Providers & Practice Sites for Loan Assistance Repayment Programs

Program	Provider Type	Specialty
Federal SLRP	Physicians	Family Practice, Internal Medicine, Pediatrics, Geriatrics, OB/Gyn and Psychiatry
State MLARP	Physicians	All of the above specialties, plus Women’s Health and Emergency Medicine*
Federal SLRP	Physician Assistants (PA)	Adult, Family, Geriatric, Psychiatry, Mental Health, Women’s Health
State MLARP	Physician Assistants	All of the above PA specialties, plus Pediatrics and Emergency Medicine*
State MLARP	Medical Residents	Same specialties as physicians

Support SB 501/HB 998 to recruit and retain physicians to care for Marylanders where we need them most