

- SUBJECT:** Fee surcharge for physician education loan repayment program
- COMMITTEE:** Public Health — favorable, without amendment
- VOTE:** 8 ayes — Kolkhorst, Naishtat, Coleman, J. Davis, Gonzales, Laubenberg, McReynolds, Zerwas
- 0 nays
- 3 absent — Hopson, S. King, Truitt
- WITNESSES:** For — (*Registered, but did not testify:* Miryam Bujanda, Methodist Healthcare Ministries; Paula Johnson, Katy Kappel, Texas Silver-Haired Legislature)
- Against — None
- BACKGROUND:** Texas' Physician Education Loan Repayment Program (PELRP) was established in 1985 by the 69th Legislature and is administered by the Texas Higher Education Coordinating Board (THECB).
- The PELRP helps physicians repay their student loan debt in exchange for a term of service practicing in a health professional shortage area where the physician-to-population ratio is less than one physician for every 3,500 residents. These incentives help supplement the lower salaries physicians receive in rural and other under-served areas.
- Doctors serving in a health professional shortage area can earn up to \$9,000 per year from PELRP to repay their student loans and can apply to renew their contract annually for up to five years as long as they have qualifying debt. After the physician practices for a year at an approved site, THECB issues a co-payable check to the physician and the lending agency. Currently, 65 physicians are under contract with the program.
- DIGEST:** HB 2154 would amend Occupations Code, sec. 153 to increase the fee surcharge on initial and renewal registration permits for physicians from \$400 to \$425.

The bill also would increase and redistribute the fees on registration permits by:

- crediting \$25 to the fee to the physician education loan repayment program;
- increasing the amount of the fee to be deposited in the Foundation School Fund from \$100 to \$110; and
- providing the remainder, \$290 rather than \$300, be credited to the general revenue fund.

HB 2154 would amend Education Code, ch. 61 to provide that the PELRP account be a general revenue fund account and that the money be appropriated only for the PELRP.

The THECB would be required to deliver any repayment made in a lump sum payable to both the lender and the physician or electronically deliver it directly to the lender on behalf of the physician.

The bill would apply only to issuance of or renewal of registrations permits on or after the bill's September 1, 2009, effective date.

SUPPORTERS
SAY:

HB 2154 would implement a recommendation in the Legislative Budget Board's 2009 *Government Effectiveness and Efficiency Report*. More than 5.6 million Texans, or 23 percent, currently live in health professional shortage areas, including under-privileged or rural areas, or areas served primarily by community health clinics. The shortage of health professionals negatively affects the health and economic development of those areas.

HB 2154 would allow THECB to fund loan repayments to additional physicians and increase the annual loan repayment amount to \$20,000 for all eligible physicians, an amount more competitive with similar programs in other states. This would have a positive impact on the state by recruiting and retaining more physicians in under-served areas.

At \$9,000 per year, the program's current benefits are not competitive with programs in other states. As a result, Texas is losing interested physicians to other states with more lucrative benefits. An increase in the fee could generate additional funds to raise awards and cover more physicians.

The shift of general revenue to the program from the registration fee would be small, especially when compared to the benefits of quality medical care in underserved and rural areas.

OPPONENTS
SAY:

The THECB does not routinely track the length of time physicians remain in underserved areas beyond their practice obligation. Without information on retention rates, it cannot be determined if this program has had any long-term impact.

NOTES:

According to the fiscal note, the Texas Comptroller of Public Accounts estimates:

- a revenue gain to the physician education loan repayment fund of \$748,000 in fiscal 2010 and \$816,000 in fiscal 2011-14;
- a revenue gain to the Foundation School Fund of \$299,000 in fiscal 2010 and \$326,000 in fiscal 2011-14; and
- a revenue loss from the General Revenue Fund of \$299,000 in fiscal 2010 and \$326,000 in fiscal 2011-14.