

**LEGISLATIVE EDUCATION STUDY COMMITTEE
BILL ANALYSIS**

Bill No: CS/CS/SB 593a¹

49th Legislature, 1st Session, 2009

Short Title: Medical Student Conditional Tuition Waiver

Sponsor(s): Senator Dede Feldman

Analyst: James Ball

Date: March 13, 2009

**SENATE FINANCE COMMITTEE SUBSTITUTE FOR
SENATE PUBLIC AFFAIRS COMMITTEE SUBSTITUTE FOR
SENATE BILL 593**

AS AMENDED

The Senate Finance Committee amendments:

- **require a participant in the program to be a New Mexico resident as well as a graduate of either a New Mexico high school or a New Mexico college or university; and**
- **add a clause repealing the act on January 1, 2020.**

Original Bill Summary:

CS/CS/SB 593 creates the *Conditional Tuition Waiver for Primary Care Medical Students Act* and establishes the Primary Care Physician Conditional Tuition Waiver Program. This program provides for the waiver of tuition and fees and for living expense stipends for up to 10 new students annually who are enrolled in the medical education program at the University of New Mexico School of Medicine (UNMSOM). In return, the students must agree to practice as licensed primary care physicians in underserved healthcare areas of New Mexico based on the number of years that they received funding from the program for a period of up to five years.

The bill also identifies:

- the Higher Education Department (HED), in collaboration with UNMSOM, as the administering agency responsible for implementing the primary care physician conditional tuition waiver program;
- the eligibility requirements for program participants;
- the underserved healthcare areas of the state as those which are defined in the *Rural Primary Health Care Act*;
- the service obligations for program participants to successfully complete the program;
- the manner in which waivers of tuition, fees, and stipends shall be forgiven as program participants meet their service obligations;
- the repayment guidelines for participants who do not meet their service obligations; and
- the penalties for participants who default on their service, which could be up to three times the principal due plus 18 percent interest.

¹ Version .177893.1, received 03/12/2009.

Finally, CS/CS/HB 593 also:

- requires HED to promulgate rules to implement the program, in consultation with the university;
- requires that participation in the program be in the form of a contract between the participant and HED;
- requires HED to collect repayments from defaulting participants, as needed; and
- specifies an effective date of January 1, 2010.

Fiscal Impact:

CS/CS/SB 593 creates the Primary Care Physician Conditional Tuition Waiver Fund in the State Treasury as a non-reverting fund to receive appropriations from the Legislature, contributions from private donors, and receipts from participant repayments.

According to the Fiscal Impact Report by the Legislative Finance Committee, the costs to waiver tuition and fees would be \$15,000 and a reasonable stipend for living expenses would add another \$15,000 for a total cost of \$30,000 per student per year. The amount for 10 new students each year totals \$300,000. In order to fully implement the program, HED recommends increasing appropriations by increments of \$300,000, as follows:

- first year: \$300,000;
- second year: \$600,000;
- third year: \$900,000;
- fourth year: \$1.2 million; and
- \$1.2 million at the end of the fourth year as an annual recurring appropriation to sustain a total of 40 participants each year.

Issues:

According to HED, the proposed Primary Care Physician Conditional Tuition Waiver Program would provide two important benefits:

- to attract primary care physicians to the state; and
- to provide medical students with a reduced debt load upon graduation from medical school (the national average is approximately \$140,000).

HED's analysis also notes an increased level of participation in a similar program, the Health Professional Loan Repayment Program, which repays medical loan debt, up to \$25,000 per year, for those willing to obligate themselves to serve in a healthcare shortage community for up to two years. This increase, from 92 applicants in academic year 2007-2008 to 232 applicants in academic year 2008-2009, demonstrates a willingness among medical practitioners to work in underserved areas in exchange for assistance with the expenses of medical school.

Background:

According to the Department of Health, the original SB 593 would support the department's goal of increasing the number of physical healthcare, allied professionals and oral health workers in New Mexico. SB 593 also supports statements made by the Governor in the 2009 State of the State address: "Meanwhile our state still has an urgent need for healthcare

professionals in our rural and underserved communities. That's why we must continue to offer scholarships to attract and retain dentists, doctors and nurses..."

Related Bill:

SB 202 *Expand Primary Care Training & Workforce*