

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1533H.011
 Bill No.: HB 542
 Subject: Health Care Professionals; Education, Higher; Department of Health and Senior Services
 Type: Original
 Date: March 6, 2023

Bill Summary: This proposal creates provisions relating to a health professional loan repayment program.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
General Revenue*	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
Total Estimated Net Effect on General Revenue	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)

*The Health Professional Loan Incentive Fund is subject to appropriations (therefore reflected as “\$0 or”) by the General Assembly. Along with the loss of revenue on forgiven loans, unknown costs for the program are assumed to exceed \$250,000 annually.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
Health Professional Loan Incentive*	\$0	\$0	\$0
Colleges & Universities**	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
Total Estimated Net Effect on <u>Other State Funds</u>	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown

*Appropriations and loans/costs net to \$0.

**Increase in tuition and fees.

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
Total Estimated Net Effect on FTE	0	0	0

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

§§191.430 - 191.831 – Health professional loan repayment program

Officials from the **Department of Health and Senior Services (DHSS)** state the proposed legislation was written in conjunction with a New Decision Item that would be necessary for successful implementation of the legislative changes. This proposed legislation will require General Revenue (GR) to run the Health Professional Loan Repayment Program, including funds for loan awards, based off regular appropriation process.

Oversight does not have any information to the contrary. Therefore, Oversight will reflect fiscal impact as provided by DHSS.

DHSS states in its FY2024 Budget Preview that it will transition fully to a loan repayment program funding professionals and practitioners with educational debt for the purpose of paying all or a portion of their existing educational loans.

The Primary Care Resource Initiative of Missouri (PRIMO) program addresses the needs of areas with a shortage of health professionals by assisting in the development and expansion of community-based health systems that provide medical, dental, and behavioral health services. In addition, the PRIMO program provides forgivable student loans to health care professional students who agree to work within shortage areas.

The Missouri Professional and Practical Nursing Student Loan (NSL) and Loan Repayment Program (LRP) provides forgivable student loans to nursing students in exchange for service in designated underserved communities and/or facilities that are experiencing nursing shortages upon completion of training. The program also provides loan repayment to practicing nurses in exchange for service in communities and/or facilities that are experiencing nursing shortages.

The Health Professional Loan and Health Professional Student Loan Repayment Program provides educational loan repayment to practicing primary care medical and dental health professionals in exchange for service in areas with a shortage of primary care medical and dental professionals.

FY 2024 Governor’s Recommended Program funding for PRIMO, NSL and Loan Repayment Programs:

GR	\$700,000
Fed	\$425,000
Other	<u>\$2,256,790</u>
Total	\$3,381,790

FY 2020 Actual appropriations	\$3,131,542
FY 2021 Actual appropriation	\$3,310,292
FY 2022 Actual appropriations	\$3,060,540
FY 2023 Actual appropriations	\$3,181,790

Oversight notes that forgiveness of student loans includes the forgiveness of any accrued interest associated with those loans while the health professional meets the service obligations determined by DHSS.

Oversight assumes appropriations to the Health Professional Loan Repayment Program and loans/expenses incurred by the program will net to \$0.

Officials from the **Department of Revenue (DOR)** state this proposal will create a Health Professional Loan Repayment Program that would provide certain taxpayers a loan. The loans are to be used to pay off a qualified taxpayer's student loan debt. The loans offered under this program are eligible for forgiveness if certain criteria are met.

The Department of Health and Senior Services (DHSS) is the administrator of this program and has the authority to set criteria for receipt of the loans.

It should be noted that under current federal law IRC Section 108(f)(1)-(2), income from the discharge/forgiveness of a student loan from December 31, 2020 to January 1, 2026 is not taxable. However, after January 1, 2026, they may potentially be taxable. At this time, DOR cannot determine how many students may receive these loans, how much of these loans will be distributed, or if any of the loans received will be discharged/forgiven or when and, therefore, the DOR is unable to determine an impact from this portion of the proposal. Any loss would be unknown and would be considered foregone revenue.

This does not have an administrative impact on DOR.

Oversight does not have any information to the contrary. Therefore, Oversight will reflect no fiscal impact for this agency.

Officials from the **University of Missouri Health Care System** have reviewed the proposed legislation and has determined that as written it should not create expenses in excess of \$100,000.

Oversight does not have any information to the contrary. Oversight assumes less than \$100,000 in expenses to the University of Missouri Health Care is an amount that can be absorbed within current funding levels and is not significant. Therefore, Oversight will reflect no fiscal impact for the University of Missouri Health Care System.

Officials from the **University of Central Missouri (UCM)** state this proposal could result in potential increased revenue if it leads to increased enrollment.

Oversight does not have any information to the contrary. Therefore, Oversight will reflect a \$0 to Unknown increase in revenues for Colleges and Universities for fiscal note purposes.

Officials from the **Attorney General's Office**, the **Department of Commerce and Insurance**, the **Department of Higher Education and Workforce Development**, the **Department of Mental Health**, the **Office of Administration**, **St. Charles Community College**, the **Missouri Office of Prosecution Services** and the **Office of the State Courts Administrator** each assume the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

Officials from the **Office of Administration - Budget and Planning** defer to the Department of Health and Senior Services for response relating to the fiscal impact of this proposal on their organization.

Oversight notes a standard monthly payment (at current rates) for \$100,000 in student loans would be approximately \$1,150, or \$13,800 annually. To reach the \$250,000 annual threshold, the program would only have to include 19 participants ($19 \times \$13,800 = \$262,200$). Oversight assumes the \$250,000 threshold, subject to appropriation, could be met in any given year.

Rule Promulgation

Officials from the **Joint Committee on Administrative Rules** assume this proposal is not anticipated to cause a fiscal impact beyond its current appropriation.

Officials from the **Office of the Secretary of State (SOS)** note many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$5,000. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with its core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Officials from the **Office of the State Treasurer** did not respond to **Oversight's** request for a statement of fiscal impact.

Oversight only reflects the responses received from state agencies and political subdivisions; however, other colleges and universities were requested to respond to this proposed legislation but did not. A listing of political subdivisions included in the Missouri Legislative Information System (MOLIS) database is available upon request.

<u>FISCAL IMPACT – State Government</u>	FY 2024 (10 Mo.)	FY 2025	FY 2026
GENERAL REVENUE			
<u>Transfer to – Health Professional Loan Incentive Fund – appropriations</u> (§191.450) p.3-4	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
HEALTH PROFESSIONAL LOAN INCENTIVE FUND			
<u>Transfer in – from General Revenue – appropriations</u> (§191.450) p.3-4	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
<u>Income – DHSS (§§191.430 – 191.831) – Loan repayments/penalties for breach of contract</u> p.3-4	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
<u>Costs – DHSS – Loans to health professionals</u> (§§191.430 - 191.831)* p.3-4	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
ESTIMATED NET EFFECT ON THE HEALTH PROFESSIONAL LOAN INCENTIVE FUND	\$0	\$0	\$0
*Income/appropriations and costs of loans distributed net to \$0			

COLLEGES AND UNIVERSITIES			
<u>Income</u> – Colleges & Universities – increase in tuition and fees (§§191.430 - 191.831) p.5	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>
ESTIMATED NET EFFECT ON COLLEGES AND UNIVERSITIES	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2024 (10 Mo.)	FY 2025	FY 2026
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT – Small Business

This proposal could directly impact small business health care providers. (§§191.430 – 191.831)

FISCAL DESCRIPTION

This bill establishes the Health Professional Loan Repayment Program within the Department of Health and Senior Services, offering forgivable loans to pay off existing student loans and other education expenses for health care, mental health, and public health professionals.

The Department of Health and Senior Services is the chief administrative agency and is responsible for oversight and rulemaking of the program, the Director shall be in charge of determining who will receive forgivable health professional loans, and the professionals or disciplines that receive funding in any given year are contingent on consultation with the Department of Mental Health and the Department of Higher Education and Workforce Development.

The Department will enter into a written contract with each qualifying individual for a forgivable loan, the provisions of which are specified in the bill. The contract shall include an agreement that the individual serve for a period equal to at least two years in an area of defined need, in order for the loan to be forgiven. The Department of Health and Senior Services will designate counties, communities, or sections of areas in the state as "areas of defined need" for health care, mental health, or public health services.

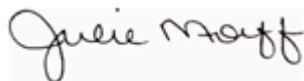
All health professional loans shall be made from funds appropriated to the health professional loan incentive fund by the General Assembly, which also includes funds from an individual and/or funds generated by loan repayments. Further stipulations of the fund may be found in the bill.

This bill repeals an existing loan program for students enrolled in certain health care degree programs. (§§191.430 – 191.831)


This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Attorney General's Office
Office of Administration - Budget and Planning
Department of Commerce and Insurance
Department of Higher Education and Workforce Development
Department of Health and Senior Services
Department of Mental Health
Department of Revenue
Office of Administration
Office of the Secretary of State
University of Missouri Health Care System
University of Central Missouri
St. Charles Community College
Joint Committee on Administrative Rules
Missouri Office of Prosecution Services
Office of the State Courts Administrator



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