

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2386H.011
 Bill No.: HB 1162
 Subject: Health Care; Physicians; Department of Health and Senior Services
 Type: #Corrected
 Date: February 21, 2023

#To correct the number of residency slots stated in the narrative on page 1 (from 200 to 20).

Bill Summary: This proposal creates provisions relating to a graduate medical education grant program.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND				
FUND AFFECTED	FY 2024	FY 2025	FY 2026	Fully Implemented (FY 2028)
General Revenue*	(Could exceed \$1,090,499)	(Could exceed \$2,103,462)	(Could exceed \$3,106,048)	(Could exceed \$4,109,701)
Total Estimated Net Effect on General Revenue	(Could exceed \$1,090,499)	(Could exceed \$2,103,462)	(Could exceed \$3,106,048)	(Could exceed \$4,109,701)

#*The grant medical education program is subject to appropriation. The Department of Health and Senior Services is to fund 20 residency slots per year. The estimated cost per residency grant is \$50,000. Oversight assumes the stated 20 residency grants per year would be retained for at least three years while a new 20 grantees would be awarded each year; therefore, the number of grants and the program would grow, possibly exceeding 60-80 awardees in a given year by year four.

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS				
FUND AFFECTED	FY 2024	FY 2025	FY 2026	Fully Implemented (FY 2028)
Graduate Medical Education Grant Program*	\$0	\$0	\$0	\$0 to Unknown
Colleges	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
Total Estimated Net Effect on <u>Other</u> State Funds	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown

*General Revenue appropriations and program costs net to \$0 until grant recipients do not fulfill the 3-year requirement to work in Missouri after the completion of their residency program.

ESTIMATED NET EFFECT ON FEDERAL FUNDS				
FUND AFFECTED	FY 2024	FY 2025	FY 2026	Fully Implemented (FY 2028)
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)				
FUND AFFECTED	FY 2024	FY 2025	FY 2026	Fully Implemented (FY 2028)
Graduate Medical Education Grant Program	Could exceed 1 FTE	Could exceed 1 FTE	Could exceed 1 FTE	Could exceed 1 FTE
Total Estimated Net Effect on FTE	Could exceed 1 FTE	Could exceed 1 FTE	Could exceed 1 FTE	Could exceed 1 FTE

- 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	Fully Implemented (FY 2028)
Local Government	\$0	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Due to time constraints, **Oversight** performed a limited analysis of agency responses. Oversight has presented this fiscal note on the best current information that we have or on information regarding a similar bill(s). Upon the receipt of agency responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval to publish a new fiscal note.

§191.592 – Graduate medical education grant program

Officials from the **Department of Health and Senior Services (DHSS)** state §191.592 of the proposed legislation adds the requirement that the DHSS establish a graduate medical education grant program to award grants to entities operating graduate medical education programs in Missouri. The amount awarded will need to be sufficient to fund twenty (20) residency slots each fiscal year beginning in FY 2024 through FY 2034. The individuals who have their residency funded, even partially, will be required to work in Missouri for three years after completing residency and if the individuals fail to do so, will be required to pay back the funds they received to the entity operating the graduate medical education program who shall return the funds for deposit into the Graduate Medical Education Grant Program fund.

Section 191.592 proposes the establishment of the “Graduate Medical Education Program Fund”; however, no specific revenue is cited and the amount required to fund the minimum of twenty residency slots is unknown. The average cost per student for the University of Missouri system is \$50,000 per year, however, the university system has three campuses and each have differing costs and those costs are not for medical residents. The fiscal impact analysis includes a minimum of \$1,000,000 to \$5,000,000 (\$250,000 per student is the cost calculated from another private program) per resident to cover the residency slots and the applicable expenses associated with the graduate medical education entity operating the graduate medical program.

Section 191.592 subsection 7, of the proposed legislation, would require DHSS to research funding from federal, private, and other sources to fund this program.

DHSS would be responsible for promulgating all rules and regulations relating to the program and administering the program, which would require creating and reviewing applications, contracts, residency and employment verification forms, making awardee selections, monitoring of entities awarded and monitoring those who receive funding for their residency to ensure all requirements are being met.

To implement this program, the Office of Rural Health and Primary Care would need a minimum of two (2) additional FTE: one (1) Senior Public Health Program Specialist and one (1) Public

Health Program Specialist with an average salary within the Division of Community and Public Health (DCPH) of \$58,876 and \$47,853 (respectively) as of January 2023.

Oversight notes grant recipients who fail to work in Missouri a minimum 3 years after they complete their residency will be required to pay back the grant funds they received to the entity operating the graduate medical education program in which they were enrolled. The entity shall then return the funds for deposit into the Graduate Medical Education Grant Program Fund.

Provisions of this proposal (§191.592.3) provide that in awarding grants, DHSS is to give priority to entities operating graduate medical education programs that 1) serve areas having the greatest need as determined by the department and 2) offer residency programs in primary care as defined in §191.500. Section 191.500, in part, defines primary care as including general or family practice, internal medicine, pediatric, psychiatric, obstetric and gynecological care. Based on an internet search, Oversight determined that residencies can last from 3 to 7 years, with the average residency training in the areas mention above being 3 or 4 years (medidits.com).

For fiscal note purposes, Oversight assumes a residency program is 3 years and that costs for each new cohort of grants could exceed \$1,000,000 annually (\$50,000 estimate provided by DHSS * 20 residencies = \$1,000,000 annually). Therefore, grants for FY 2024 could exceed \$1,000,000; grants for FY2025 could exceed \$2,000,000 (20 grants for 2nd year of FY2024 awards + 20 grants for FY2025 new awards) and so on. Therefore, Oversight assumes FY2028 is the first year health professionals could fail to work 3 years in Missouri after completion of their residency program. Oversight will present \$0 to Unknown income received by entities operating graduate medical education programs from health professionals failing to work in Missouri for 3 years and then a transfer for the same amount from the graduate medical education programs to the Graduate Medical Education Grant Program Fund beginning in FY2028.

Oversight also assumes the DHSS would not need 2 FTE in the first year or two of the program, but as the program continues could require additional FTE as the number of grant recipients increases. Therefore, for fiscal note purposes, Oversight assumes FTE and related costs could exceed the amounts provided by DHSS for the one (1) FTE Senior Public Health Program Specialist. Oversight, however, assumes DHSS would not need additional rental space for 1 new FTE for this single proposal. Oversight notes, depending on the number of proposals passed during the legislative session that, cumulatively, DHSS may need additional rental space or capital improvements as determined by the Office of Administration, Facilities Management, Design and Construction.

Officials from the **University of Missouri System (University)** state the proposed legislation could have a positive impact for the University of Missouri. The University currently has a total of 1,318 residents and fellows that could meet the criteria. The impact amount cannot be determined.

Officials from the **University of Central Missouri (UCM)** assume the proposal would have no fiscal impact unless the proposed statute leads to increased enrollment of students that choose

UCM because they plan to pursue a qualifying graduate medical education program under this section.

Officials from **Missouri State University** assume the proposal will have no fiscal impact on their organization.

Oversight does not have any information to the contrary. However, Oversight will reflect an unknown positive fiscal impact for colleges and universities as this proposal may encourage students to enroll in graduate medical education programs.

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.

In response to legislation from the current session that contains similar rule-making language, 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.

Oversight only reflects the responses received from state agencies and political subdivisions; however, other colleges 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	Fully Implemented (FY 2028)
GENERAL REVENUE FUND				
<u>Transfer-out</u> – to Graduate Medical Education Grant Program Fund (§191.592)	(Could exceed \$1,090,499)	(Could exceed \$2,103,462)	(Could exceed \$3,106,048)	(Could exceed \$4,109,701)
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	<u>(Could exceed \$1,090,499)</u>	<u>(Could exceed \$2,103,462)</u>	<u>(Could exceed \$3,106,048)</u>	<u>(Could exceed \$4,109,701)</u>
GRADUATE MEDICAL EDUCATION GRANT PROGRAM FUND				
<u>Transfer-in</u> – from General Revenue (§191.592)	(Could exceed \$1,090,499)	(Could exceed \$2,103,462)	(Could exceed \$3,106,048)	(Could exceed \$4,109,701)
<u>Income</u> – gifts, contributions, grants or bequests.	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<u>Transfer-in</u> – from Colleges and Universities – grant repayments	\$0	\$0	\$0	\$0 to Unknown
<u>Costs</u> – DHSS (§191.592)	Could exceed...	Could exceed...	Could exceed...	Could exceed...
Personal service	(\$49,063)	(\$59,465)	(\$61,255)	(\$63,729)
Fringe benefits	(\$31,344)	(\$37,833)	(\$38,503)	(\$39,428)
Equipment and expense	(\$10,092)	(\$6,164)	(\$6,290)	(\$6,544)
Medical education grants	<u>(\$1,000,000)</u>	<u>(\$2,000,000)</u>	<u>(\$3,000,000)</u>	<u>(\$4,000,000)</u>
Total Costs - DHSS	<u>(\$1,090,499)</u>	<u>(\$2,103,462)</u>	<u>(\$3,106,048)</u>	<u>(\$4,109,701)</u>
FTE Change – DHSS	Could exceed 1 FTE	Could exceed 1 FTE	Could exceed 1 FTE	Could exceed 1 FTE
ESTIMATED NET EFFECT ON THE GRADUATE EDUCATION GRANT PROGRAM FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0 to Unknown</u>

<u>FISCAL IMPACT – State Government</u> (continued)	FY 2024 (10 Mo.)	FY 2025	FY 2026	Fully Implemented (FY 2028)
Estimated Net FTE Change on the Graduate Medical Education Grant Program Fund	Could exceed 1 FTE	Could exceed 1 FTE	Could exceed 1 FTE	Could exceed 1 FTE
COLLEGES AND UNIVERSITIES				
<u>Income</u> – Colleges and Universities – increase in tuition and fees (§191.592)	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
<u>Income</u> – Colleges and Universities– grant repayments (§191.592)	\$0	\$0	\$0	\$0 to Unknown
<u>Transfer-out</u> – to Graduate Medical Education Grant Program Fund from Colleges and Universities – grant repayments (§191.592)	<u>\$0</u>	<u>\$0</u>	<u>\$0</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>\$0 to Unknown</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2024 (10 Mo.)	FY 2025	FY 2026	Fully Implemented (FY 2028)
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT – Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

Subject to appropriation, this bill requires the Department of Health and Senior Services to establish a graduate medical education grant program, awarding grants to entities operating graduate medical education programs in this state. The total amount awarded must be enough to fund 20 residency slots, across all recipients, in each fiscal year beginning with FY2024 and ending with FY2034.

When awarding grants, the Department must prioritize entities operating programs that serve areas of greatest need, as determined by the Department; and that offer residency programs in primary care. The Department must also publish on its website eligibility criteria, criteria for determining the amount and duration of grants, the contents of the grant application, and the procedures and timelines by which entities may apply for grants.

If an individual who completed residency training that had been funded, in whole or in part, by a grant as depicted in this bill fails to work in Missouri for a minimum of three years following their training in the state, they are responsible for paying back the funds on a prorated basis to the entity operating the graduate medical education program that initially received the funds. That entity, then, must return the funds for deposit in the Graduate Medical Education Grant Program Fund described in this bill.

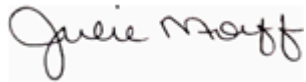
This bill creates the "Graduate Medical Education Grant Program Fund", which will consist of moneys appropriated to it by the General Assembly, all funds returned from an individual who failed to work in the state for three years following the culmination of their training, and any gifts, contributions, grants, or bequests received from federal, private, or other sources. The funds within this Fund, at the end of the biennium, shall not revert to the credit of the General Revenue Fund, notwithstanding the provisions of Section 33.080 to the contrary. Additionally, the Department must conduct research on funding options and seek additional funding from federal, private, and other sources.

The Department of Health and Senior Services may promulgate any and all necessary rules and regulations for the administration of this bill.

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

Department of Health and Senior Services
University of Missouri System
Missouri State University
University of Central Missouri
Joint Committee on Administrative Rules



Julie Morff
Director
February 21, 2023



Ross Strobe
Assistant Director
February 21, 2023