

HOUSE BILL REPORT

SSB 5615

As Reported by House Committee On:
Higher Education
Appropriations Subcommittee on Education

Title: An act relating to the health professional loan repayment and scholarship program.

Brief Description: Concerning the health professional loan repayment and scholarship program.

Sponsors: Senate Committee on Higher Education (originally sponsored by Senators Frockt, Becker, Cleveland, Keiser, Kohl-Welles, Schlicher, Kline, Conway and Chase).

Brief History:

Committee Activity:

Higher Education: 3/5/13, 3/12/13, 3/19/13 [DPA];

Appropriations Subcommittee on Education: 3/27/13, 4/4/13 [DPA(APPE w/o HE)].

**Brief Summary of Substitute Bill
(As Amended by Committee)**

- Requires the Office of Student Financial Assistance within the Washington Student Achievement Council to contract with a fundraiser, who is not a registered state lobbyist, to solicit and accept grants and donations from public and private sources for the Health Professional Loan Repayment and Scholarship Program (Program).
- Adds medical and dental residents as possible recipients of the Program.

HOUSE COMMITTEE ON HIGHER EDUCATION

Majority Report: Do pass as amended. Signed by 18 members: Representatives Seaquist, Chair; Pollet, Vice Chair; Haler, Ranking Minority Member; Zeiger, Assistant Ranking Minority Member; Fagan, Hansen, Hargrove, Johnson, Magendanz, Pedersen, Reykdal, Riccelli, Sawyer, Sells, Smith, Tarleton, Walsh and Wylie.

Minority Report: Do not pass. Signed by 1 member: Representative Scott.

Staff: Madeleine Thompson (786-7304).

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Background:

Health Professional Shortage Area.

State statute defines a health professional shortage area is an area where health care professionals are in short supply as a result of geographic maldistribution or as the result of a short supply of health care professionals in specialty health care areas, and where vacancies exist in serious numbers that jeopardize patient care and pose a threat to public health and safety.

Health Professional Loan Repayment and Scholarship Program.

The Health Professional Loan Repayment and Scholarship Program (Program) was created for credentialed health professionals that agree to meet the required service obligation in designated health professional shortage areas. The Program is administered by the Office of Student Financial Assistance (Office), which is overseen by the Washington Student Achievement Council (Council).

State funding for the program reached a peak in 2009 at \$4.35 million, but funding for the state program was suspended in the 2010 and 2011-13 budgets. The state match, that allows the state to participate in the federal State Loan Repayment Program (SLRP), is still funded at \$530,000.

In administering the Program, the Office must:

- select credentialed health care professionals to participate in the loan repayment portion of the Program and select eligible students to participate in the scholarship portion of the Program;
- adopt rules and develop guidelines to administer the Program;
- collect and manage repayments from participants who do not meet their service obligations under this chapter;
- publicize the Program, particularly to maximize participation among individuals in shortage areas and among populations expected to experience the greatest growth in the workforce;
- solicit and accept grants and donations from public and private sources for the Program; and
- develop criteria for a contract for service in lieu of the service obligation, where appropriate, that may be a combination of service and payment.

There are currently 56 active recipients in the conditional scholarship portion of the Program: 16 students and 40 in service. No new state conditional scholarships have been awarded since 2010. The primary care programs and active scholarship recipients are:

- Nurse Faculty - 6;
- Registered Nurse - 23;
- Bachelors of Science in Nursing - 11;
- Physician Assistant - 3;
- Licensed Practical Nurse - 5;
- Doctor of Osteopathic Medicine - 2;
- Medical Doctor - 1;
- Masters of Science in Nursing - 1;
- Nurse Practitioner - 2; and

- Certified Nurse Midwife - 2.

In the loan repayment portion of the Program there are 82 active recipients that include the suspended state program and the currently funded federal program. Two new awards have been given since 2010 for psychiatrists as authorized in the 2012 budget. The primary care provider types and number of active recipients are:

- Doctor of Dental Medicine - 2;
- Registered Dental Hygienist - 2;
- Doctor of Dental Surgery - 9;
- Pharmacist - 10;
- Registered Nurse - 9;
- Physician Assistant - 8;
- Nurse Practitioner - 12;
- Medical Doctor - 22;
- Psychiatrist - 2; and
- Doctor of Osteopathic Medicine - 6.

Summary of Amended Bill:

The Office must contract with a fundraiser, who is not a registered state lobbyist, to solicit and accept grants and donations from private sources for the Program. The Office must use a competitive process to choose the fundraiser and the fundraiser may be paid on a sliding scale but no more than a maximum of 15 percent out of those raised funds.

Medical and dental students that are serving residencies are added as possible recipients of the Program.

Amended Bill Compared to Substitute Bill:

The Office is required to contract with a fundraiser, who is not a registered state lobbyist, in order to solicit and accept grants and donations. The fundraiser may not solicit grants and donations from public sources. The Office is required to use a competitive process to choose the fundraiser, and is permitted to pay the fundraiser on a sliding scale.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Amended Bill: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) Many doctors come out of medical school with over \$100,000 in debt. It is important to come up with a way to enhance current mechanisms in state law to help doctors who want to serve in underserved areas. The state has shortages in primary care fields. This proposal enhances the Program that has been underfunded in recent years. This bill is modeling this enhancement on the opportunity scholarship program where the state partners with the private sector. The bill does not prioritize any particular profession over another. The proposal opens the Program to doctors going to serve their residency in underserved areas. This Program has an impressive amount of cooperation among the Department of Health and the Department of Social and Health Services and others.

This bill is an important part of improving the dental safety net in Washington and improves opportunities for dental residents. Registered nurses have historically been the greatest recipients of these loan repayment funds. Almost half of the state's nurse practitioners do primary care. The high cost of tuition is still a problem, and these scholarship programs are necessary to help with the aging wave and increasing demand for chronic care. The shortfall in practitioners is coming in 2015, these programs are vital to keep our nurses and nurse practitioners to work in areas that are vital to our state. This is a creative idea for funding a program that improves affordability for students in health care fields. A lot of students come from small towns in eastern Washington and intend to return to those communities. This proposal provides more opportunities for students as medical programs expand and helps students who may not know how they could pay for a medical degree or more advanced health care degrees.

(Neutral) This aligns with the plan laid out in the state strategic plan for higher education. The proposal does not change the Program. It is the intent to contract on a sliding scale. It would likely take more than one full-time equivalent staff member to undertake this fundraising work.

(Opposed) None.

Persons Testifying: (In support) Senator Frockt, prime sponsor; Bracken Killpack, Washington State Dental Association; Melissa Johnson, Washington State Nurses Association; Kate White Tudor, Washington Association of Community and Migrant Health Centers; Melanie Mayock, University of Washington Graduate and Professional Student Senate; and Tristan Hanon, Associated Students of Washington State University.

(Neutral) Blake Chard and Julie Japhet, Washington Student Achievement Council.

Persons Signed In To Testify But Not Testifying: None.

HOUSE COMMITTEE ON APPROPRIATIONS SUBCOMMITTEE ON EDUCATION

Majority Report: Do pass as amended by Committee on Appropriations Subcommittee on Education and without amendment by Committee on Higher Education. Signed by 10 members: Representatives Haigh, Chair; Fagan, Ranking Minority Member; Carlyle, Dahlquist, Haler, Maxwell, Pettigrew, Seaquist, Sullivan and Wilcox.

Staff: Catrina Lucero (786-7192).

Summary of Recommendation of Committee On Appropriations Subcommittee on Education Compared to Recommendation of Committee On Higher Education:

The current bill retains the current law provision that allows the Washington Student Achievement Council to accept grants from public sources in addition to private sources, including federal government grants. It also clarifies that the fundraiser must be selected through a competitive procurement process and requires that the fundraiser must not be a registered state lobbyist.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Amended Bill: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) Community health centers are the primary employers of students who participate in programs like the Health Professional Conditional Scholarship and Loan Repayment Program (Program). These health centers are located in rural and underserved communities. The centers heavily rely on loan repayment and scholarship as a recruitment tool. The Medicaid expansion will likely increase the demand at community health centers and thus the need for more trained and qualified staff. Tuition rates, including those for health professionals at state-supported schools, have risen rapidly in recent years. This increases the need for scholarship and loan repayment programs like those addressed by this bill. The median debt load for University of Washington medical students is approximately \$152,000 and for dentistry students is approximately \$193,000. Higher debt load limits student choice and opportunity after graduation and limits who chooses to go into these fields. This Program provides much needed funds to students who accept lower paid jobs in choosing to serve underserved populations in our state. This bill offers a creative approach to funding an important Program.

(Opposed) None.

Persons Testifying: Kate White Tudor, Washington Association of Community and Migrant Health Centers; Melanie Mayock, University of Washington Graduate and Professional Student Senate; and Tristan Hanon, Associated Students of Washington State University.

Persons Signed In To Testify But Not Testifying: None.