



# ARIZONA HOUSE OF REPRESENTATIVES

## **SB 1354: graduate medical education; appropriation**

**PRIME SPONSOR:** Senator Carter, LD 15

**BILL STATUS:** [Caucus & COW](#)

APPROP: DPA 10-1-0-0

### **Overview**

Appropriates monies from the state General Fund (GF) in FY 2020 to address the state's physician shortage.

### **History**

[A.R.S. § 36-2901](#) defines *Graduate Medical Education* (GME) as a program, including an approved fellowship, that prepares a medical student, who has completed a recognized undergraduate medical education program, for independent practice of medicine. Arizona law established the GME program in 1997, housed within the Arizona Health Care Cost Containment System (AHCCCS), to reimburse hospitals that have approved GME programs ([A.R.S. § 36-2903.01](#)).

The Department of Health Services (DHS) oversees the Primary Care Provider (PCP) Loan Repayment Program that assists in the payoff of education loans taken out by physicians, dentists, pharmacists, advance practice providers and behavioral health providers ([A.R.S. § 36-2172](#)).

The Board of Medical Student Loans (Board) is responsible for granting loans for qualified medical students intending to enter and complete a residency program for assistance with tuition and living expenses ([A.R.S. § 15-1723](#)). The Board consists of the following members:

1. Two members appointed by the chairman of the Arizona medical board.
2. Three members knowledgeable in the problems of health care in Arizona, appointed by the Governor.
3. One member of the staff of the college of medicine of the University of Arizona, appointed by the president of the University of Arizona.
4. One licensed doctor of osteopathic medicine, appointed by the Board of Osteopathic Examiners.
5. The director of DHS or the director's designee as a nonvoting member ([A.R.S. § 15-1722](#))

### **Provisions**

1. Appropriates the following monies from the GF in FY 2020:
  - a. \$20 million to AHCCCS for GME programs in critical access hospitals and community health centers in rural areas;
  - b. \$11 million to the University of Arizona Health Science Center;
  - c. \$10 million to DHS to create a grant program to supplement the following existing funding:
    - i. Assistance to universities and community colleges that operate and maintain faculty development, clinical education and training and program expansion for registered nurse and advanced nurse practitioner programs; and
    - ii. Assistance to health care institutions to develop and operate programs that use retired physicians and nurses through the payment of stipends, malpractice premiums or other benefits to provide oversight and guidance to new medical and nursing graduates;
  - d. \$4 million to DHS for the PCP Loan Repayment Program; and

Prop 105 (45 votes)     Prop 108 (40 votes)     Emergency (40 votes)     Fiscal Note

- e. \$5 million to the Board for medical student loans. (Sec. 1)
- 2. Contains a legislative intent clause. (Sec. 2)

### **Amendments**

#### Committee on Appropriations

##### ***Graduate Medical Education***

- 1. Establishes criteria for new GME programs established after July 1, 2019 to include separate allocation pools for GME programs in rural and urban counties if the legislature appropriates monies for this purpose. (Sec. 5)
- 2. Requires AHCCCS to prioritize distribution of GME monies to counties and areas with health professional and provider shortages as outlined in the amendment. (Sec. 5)
- 3. Defines rural county as a county with a population of less than 500,000 persons and an urban county as a county with a population of 500,000 persons or more for purposes of the new GME programs. (Sec. 5)
- 4. Allows distributions made in urban counties to be used to establish new GME programs in rural counties in year one of the new GME programs. (Sec. 5)
- 5. Clarifies that the GME program is subject to approval by the Federal Centers for Medicare and Medicaid Services. (Sec 5)
- 6. Specifies that \$15 million of the GME appropriation is for programs at hospitals or community health centers in urban counties and \$5 million is for hospitals or community health centers in rural counties.

##### ***Board of Medical Student Loans***

- 7. Modifies the membership of the Board to consist of an appointee from each accredited medical school, appointed by the president or chief officer of that medical school, and the director of DHS, or the director's designee as a non-voting member. (Sec. 1).
- 8. Allows current members of the Board to continue to serve until the expiration of their terms. (Sec. 7)
- 9. Eliminates the requirement that at least 50% of the Medical Student Loan Fund monies be apportioned to students attending private medical schools. (Sec. 2)
- 10. Removes the requirement that DHS administer the Medical Student Loan Fund. (Sec. 4)
- 11. Sets the penalty for liquidated damages for failure to fulfill a contract with the Board of Medical Student Loans at 10% of the loan amount if the recipient withdraws from the program during residency and 25% of the loan amount if the recipient withdraws from the program while serving the area listed in the recipient's contract. (Sec. 3)

##### ***Miscellaneous***

- 12. Clarifies that the appropriation to DHS may be used for programs that use retired physicians and nurses for oversight and guidance to medical and nursing students, instead of just new graduates.
- 13. Makes the appropriations non-lapsing.
- 14. Makes technical and conforming changes.