Maryland
DEPARTMENT OF HEALTH

Larry Hogan, Governor · Boyd K. Rutherford, Lt. Governor · Dennis R. Schrader, Acting Secretary

December 15, 2020

The Honorable Bill Ferguson
President of the Senate
H-107, State House
100 State Circle
Annapolis, MD 21401

The Honorable Adrienne A. Jones
Speaker of the House of Delegates
H-101, State House
100 State Circle
Annapolis, MD 21401

RE: SB 501/CH 403 (2020) and HB 998/CH 402 (2020) – Maryland Loan Assistance Repayment Program (MLARP) for Physicians and Physicians Assistants - Administration and Funding – MSAR #12842

Dear President Ferguson and Speaker Jones:

Pursuant to Health-General Article §24-1701, the Maryland Department of Health submits the interim report of the Maryland Loan Assistance Repayment Program for Physicians and Physicians Assistants Stakeholder Workgroup to the General Assembly.

If you have any questions regarding this report, please contact, Webster Ye, Assistant Secretary for Health Policy at (410) 767-6481 or webster.ye@maryland.gov.

Sincerely,

Dennis R. Schrader
Acting Secretary

cc: Christine A. Farrelly, Board of Physicians
Webster Ye, Assistant Secretary for Health Policy
Sarah Albert, Department of Legislative Services

Maryland Loan Assistance Repayment Program (MLARP) for Physicians and Physician Assistants Workgroup

Interim Report

As Required by Senate Bill 501

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Introduction and Background

Introduction

In the 2020 session of the Maryland State legislature, Senate Bill 501 (SB501) was enacted to transfer oversight of the Maryland Loan Assistance Repayment Program (MLARP) for Physicians and Physician Assistants from the Maryland Higher Education Commission to the Maryland Department of Health (MDH), as well as set funding and program priorities for the coming years.[1] In addition, the bill directs MDH to convene a stakeholder workgroup to examine how the State can implement a program within or in addition to MLARP to further incentivize medical students to practice in health professional shortage areas and medically underserved areas of the State. The legislation requires the established workgroup to submit this document, an interim report of its findings and recommendations, in accordance with § 2–1257 of the State Government Article, to the General Assembly.

Policy Background

In order to provide optimal healthcare access to residents across the State of Maryland, it is vital that the healthcare workforce is available at sufficient levels in all geographic areas and across provider disciplines (e.g. physician, nurse practitioner, licensed clinical social worker, etc.) and specialties (primary care, oncology, neurology, etc.). In reality, it is the experience that providers in Maryland, like the United State as a whole, are less likely to choose to work in rural and medically underserved regions of the state than in more urban or thriving communities.[2] This situation creates health professional shortage areas (HPSAs) and medical underserved areas/populations (MUA/Ps). MLARP was introduced to attract and incentivize physicians and physician assistants to provide healthcare services in geographic areas of the State deemed to have provider shortages. As shortages persist, SB501 aims to further incentivize medical students and licensed providers to practice in HPSAs and MUAs.

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[1] Enacted as Chapter 403 of the 2020 Laws of Maryland

[2] Rural Health Information Hub: Rural Healthcare Workforce, https://www.ruralhealthinfo.org/topics/health-care-workforce#workforce

Program Background and Updates

The Maryland Loan Assistance Repayment Program has been a resource for provider recruitment and retention in Maryland since 1994. Administration of the program in most recent years has been shared by MHEC and MDH. SB501, as noted above, streamlined management of MLARP by centralizing oversight of the program in MDH. As of July 1, 2020, the program is now completely administered by MDH's Office of Workforce Development which resides within the Office of Population Health Improvement, Public Health Services. Since enactment of SB501, many transitional activities have occurred, including:

- **Operational Planning:** MDH developed a comprehensive and detailed operational plan to guide expected activities related to the transfer of MLARP oversight to the Department. The plan includes each of the overarching areas of activity described below: Program staffing, recipient documentation and communication, accounts receivable, awardee payments (accounts payable), and data handling and storage. In addition, the operational plan needed to incorporate the usual and customary tasks undertaken by MDH, including the 2020 application and award recommendation process.
    - The Deputy Secretary for Public Health Services has and continues to receive weekly reports of operational planning accomplishments and obstacles throughout the planning and implementation period.

- **Program Staffing:** Staffing roles and responsibilities were identified among current Office of Population Health Improvement staff. The Office of Workforce Development has a total of two staff, totaling a 0.8 full time equivalent assigned to its programs (state loan repayment programs, Conrad 30 (J-1 Visa Waiver) Program, and Tax Credit for Preceptors). The OPHI Fiscal Officer will also be engaged in payment processing.

- **Recipient Documentation and Communication:** Awardee documentation (e.g. Promissory Note, Service Obligation Agreement, Lender Verification Forms, etc.) was revised with MDH as the sole point of contact and its use approved by the MDH Assistant Attorney General and Office of Communications.

- Current awardees received notice of the program transfer and are actively submitting required documentation to allow for processing of their second-year payment.
- The Office of Workforce Development Program Coordinator is now the singular contact for MLARP matters related to general program information, application inquiries, award and payment processes, and service obligation monitoring.

- **Accounts Receivable:** An accounts receivable process was developed in consultation with MHEC, Board of Physicians, and MDH General Accounting.
  - Fiscal Year 2021 funds were successfully received into MDH accounts from the Board of Physicians.
  - MHEC completed a reconciliation of the MLARP Fund as of June 30, 2020, and submitted a final balance of the Fund to MDH for development of a funds transfer request.

- **Awardee Payments:** MDH consulted with the Office of the Inspector General, the Revenue Administration Division of the Comptroller of Maryland, and MDH General Accounting to draft Standard operating procedures (SOPs) related to the awardee payment process. These were developed to meet MDH internal processing requirements and accountability standards.
  - In conjunction with a four-year spending calendar, an earlier payment timeline was developed to provide awards to recipients earlier in the fiscal year going forward. The revised schedule will best allow for efficient use of available federal and state funding.
  - Documentation was developed to collect necessary information from awardees' educational loan holders so that MDH can provide payments directly to lenders on behalf of MLARP awardees.

- **Data Handling and Storage:** Extensive conversations have occurred to discuss identified data system needs for this program, including capacity to accept electronic program applications, track review processes, provide award tracking, securely store

applicant and awardee data, and more efficiently provide reporting. Such a system will enable efficiencies as well as accountability to fiscal and statutory requirements. No current MDH system meets necessary specifications.

  - Data transition: MDH worked with the Office of Enterprise Technology to ensure secure transfer of current MLARP awardee data from MHEC to MDH.

- **2020 Application Cycle:** MDH administered the 2020 MLARP application cycle in Spring 2020, allowing an extended deadline for supportive documentation required from third parties (i.e. applicant employers, academic institutions, and educational loan holders) due to the declared public health emergency (COVID-19).
  - Per usual processes, MDH staff provided inquiry responses and technical assistance to applicants as needed during the application process.

Additional activities took place to officially appoint and organize members of the mandated MLARP workgroup as noted below.

Workgroup Selection and Process

The legislation calls for the establishment of a workgroup to explore and recommend how the State should consider moving forward to further recruitment and retention of providers in geographic priority areas as noted above. In compliance with SB501, the workgroup membership consists of the following 14 stakeholders:

1. the Chair of the Health Services Cost Review Commission, or the Chair's designee;
2. the Chair of the Health Care Commission, or the Chair's designee;
3. the President of the Maryland Hospital Association, or the President's designee;
4. the Dean of the University of Maryland School of Medicine, or the Dean's designee;
5. the Dean of the Johns Hopkins School of Medicine, or the Dean's designee;
6. the President of MedChi, or the President's designee;
7. the Director of the Office of Primary Care;
8. a representative of the Board Chair of the State Board of Physicians;
9. a representative of the Maryland Academy of Physician Assistants; and
10. any other members as determined by the Secretary of Health. Five additional members were designated by the Secretary, including the Director of the MDH Office of Population Health Improvement, two additional representatives of the Maryland Hospital Association, an additional representative of the Board of Physicians, and a member of the Maryland Legislature.

Workgroup appointments were finalized and communication with MDH staff began in early October 2020. Over the course of the month, workgroup members contributed relevant data and resources into a common cloud-based storage folder. The initial meeting of the workgroup took place virtually on October 28, 2020 and was open to public attendance in accordance with the Maryland Open Meetings Act.

During the meeting, the workgroup set forth a general meeting schedule for the 2021 calendar year and determined that facilitation of the group will be conducted by the Director of the MDH Office of Population Health Improvement and the Director of the MDH Office of Workforce Development. Also, the group drafted a general workplan to enable the group to move toward report submission of MLARP recommendations to the General Assembly by December 1, 2021.

Work Plan for Deliverables

Workgroup members are diverse, representing a variety of viewpoints across the state. However, priorities noted by members of the workgroup do fall within several similar strands to be considered by the workgroup moving forward. These are listed in no particular order below:

Priority #1: Seek out a broader array of stakeholders and revenue sources. The source of funding for MLARP has always been physician and allied health practitioner licensing fees via the Board of Physicians Fund as established in Maryland Code, Health Occupations, § 14-207. Since 1997, the Board of Physicians Fund has distributed more than $11 million for MLARP. Expansion of MLARP should be accompanied by a more robust funding source representative of the provider disciplines to be served.

Priority #2: Take full advantage of federal funds available through the State Loan Repayment Program (SLRP), which provide loan repayment for eligible primary care providers who serve in federally-designated HPSAs.[3] A larger range of provider disciplines are eligible for SLRP than Maryland currently allows (physicians and physician assistants only). SLRP requires a 1:1 match of state (non-federal) to federal funds. This is an important aspect when determining potential revenue sources. Of note,

[3] Health Resources and Services Administration State Loan Repayment Program: https://nhsc.hrsa.gov/loan-repayment/state-loan-repayment-program/index.html

SLRP funds are available for those practicing in primary care only, not sub-specialties. Expanded revenue is needed in order to fund specialty types beyond primary care.

Priority #3: Ensure flexibility of provider disciplines and specialties/sub-specialties benefiting from MLARP based on the stated needs and available data of local communities.

Priority #4: Obtain additional provider workforce data. State level data regarding the provider workforce is needed in order to build a more robust methodology to determine population-provider ratios across provider disciplines and specialties. There are currently no state level data sources providing full time equivalent data by provider discipline to MDH. The Department must currently rely on claims data for this information, which does not provide a complete story.

Priority #5: Balance the efforts undertaken at the state level with those of local healthcare organizations and offices. Though hospitals and individual provider practices that directly fund loan repayment for employees pay the loan repayments and associated taxes out of their bottom line, doing so allows them to meet their specific provider shortage needs with less administrative burden than at the state level.

Over the course of the coming months, the workgroup will consider these priorities in conjunction with the areas noted in SB501:

- Medical school student debt experienced in the United States and in Maryland;

- Other models for physician recruitment and retention that operate in other states, including how to improve the Maryland Loan Assistance Repayment Program to ensure that the Program is competitive with other states;

- Methods to incentivize medical students to commit to practicing in medically underserved areas in the State before entering a residency program or on graduation from medical school; and

- The availability of other federal grants to further expand loan repayment and loan forgiveness for other health professionals in Maryland.

Data collection and analysis will enable the group to build a concrete set of recommendations related to the further incentivization of healthcare providers to serve Maryland's underserved communities, and produce advice regarding a long-term advisory council for MLARP.

Conclusion

The development and passing of SB501 demonstrates the General Assembly's commitment to achieving universal healthcare access across Maryland. The Maryland Department of Health and members of the workgroup are appreciative of the opportunity to examine and offer recommendations related to strengthening MLARP and the Maryland healthcare provider workforce through its work between this interim report and final reporting by December 1, 2021.