



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

August 4, 2009

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Health Services: Governor's Section 13.10 Requests for the Use of Federal Economic Stimulus Funding for Primary Care Office Activities -- Agenda Item V

REQUEST

The Governor requests that the Joint Committee on Finance approve the allocation and expenditure of \$48,338 in each year of the 2009-11 biennium, from moneys received under the federal American Recovery and Reinvestment Act (ARRA) of 2009, to support activities conducted by the primary care office in the Department of Health Services (DHS).

BACKGROUND

The DHS primary care office conducts a variety of activities to increase access to primary care, dental and mental health services in Wisconsin. These activities include the coordination of federal and state programs that address the provision of services in underserved areas. The office has an annual budget of \$295,700 (all funds), which includes \$129,300 in federal funds the state receives from the U.S. Department of Health and Human Services, Health Resources and Services Administration (HRSA), \$60,700 GPR, \$54,100 FED in medical assistance (administrative) funding, and a \$51,600 FED grant from the U.S. Centers for Disease Control and Prevention (CDC). The office is authorized 2.50 full-time equivalent (FTE) positions, although the office is currently staffed with 1.00 FTE director, and a 0.50 FTE support staff.

HRSA designates health professional shortage areas (HPSAs) and medically underserved areas (MUAs), which exhibit a severe shortage of health care providers and other difficulties providing basic health care. There are currently 115 primary care HPSAs, 105 mental health HPSAs, and 73 dental HPSAs in Wisconsin. HPSAs may fall in one of three categories: geographic HPSAs, automatic HPSAs (for federally qualified health centers), and facility HPSAs (mainly for correctional facilities). The primary care office contracts with the Wisconsin Primary Health Care

Association to collect data for the purpose of designating HPSAs.

Certain types of health care providers that practice in HPSAs can receive enhanced reimbursement for services they provide to Medicare and MA recipients. Providers in geographic HPSAs can qualify for a 10% Medicare reimbursement increase for covered physician or psychiatrist services, and a 20% MA reimbursement increase for covered services provided by primary care physicians, advanced practice nurses and physician assistants (as well as a 50% bonus for certain obstetric services). Also, certified rural health clinics are eligible for Medicare and MA cost-based reimbursement for outpatient services in rural HPSAs or rural MUAs.

Designation as a HPSA also allows for certain state and federal provider recruitment incentives for clinics in that area. Clinicians who work in eligible clinics in a HPSA may qualify for repayment of educational loans through the federal National Health Service Corps (NHSC) loan repayment program, or the Wisconsin Health Professions Loan Assistance program (administered by the Office of Rural Health, in the University of Wisconsin School of Medicine and Public Health). The federal program provides a repayment of \$50,000 of student loans, in exchange for working for two years in a HPSA. Clinicians may apply for two one-year extensions, and receive an additional \$35,000 of loan repayment in each of those years. The state program provides \$50,000 of loan repayment, for a commitment of three years. The federal government also offers a scholarship program for students pursuing a degree in certain health care professions, with an agreement to practice at an eligible clinic in a HPSA upon graduation.

As of June 2009, there were 94 practicing clinicians in Wisconsin participating in the loan repayment or scholarship programs, and 12 current students participating in the scholarship program.

ANALYSIS

The federal economic stimulus package increases the amount of funding available for the NHSC loan repayment program by \$200 million, with non-ARRA funding for this program of approximately \$135 million in 2009. The NHSC estimates that up to 3,300 new clinicians nationwide could access the loan repayment program between 2009 and 2011, which would nearly double the current number of participants in the program. The additional funding provided under ARRA for this program is provided as an increase in a formula grant the state receives.

ARRA provides funding to state primary care offices to coordinate and support the recruitment of eligible health care professionals who may access the loan repayment program. The intent of these funds is to allow state primary care offices to meet the increased demand from clinicians for ARRA-funded loan repayment, and assist clinics that seek NHSC eligibility to allow loan repayment for clinicians that work at that site.

The administration originally requested the authority to allocate and expend \$48,338 of ARRA funds in each year of the biennium to conduct outreach activities to clinics and

professionals, and to provide technical assistance in the completion of applications for the expanded program. The primary care office also plans to conduct outreach activities on the availability of increased loan repayment funds for county departments that provide mental health services, tribal clinics, rural clinics, and correctional facilities.

After communications with HRSA, DHS learned that not all states have chosen to compete for this funding, and that Wisconsin will be able to access a small amount of additional funding for these purposes. Due to this change, the administration requests that the Committee approve the allocation and expenditure of approximately \$51,300 in each year of the 2009-11 biennium (an increase of approximately \$6,000 over the biennium). DHS has not yet submitted an application for these funds to HRSA, but expects to receive the full amount specified above.

ALTERNATIVES

1. Approve the Governor's request to allocate \$48,338 in each year of the 2009-11 biennium to support activities related to increased NHSC loan repayment opportunities.
2. Approve the Governor's revised request to allocate \$51,338 in each year of the 2009-11 biennium to support activities related to increased NHSC loan repayment opportunities. This amount differs from the original request, as some states will not seek this allocation, allowing Wisconsin to access a slightly larger amount.
3. Deny the request.

Prepared by: Sam Austin