



Legislative Fiscal Bureau

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May 23, 2001

Joint Committee on Finance

Paper #178

Tribal Gaming Revenue Allocations

Dental Loan Reimbursement Program (Commerce -- Departmentwide and Economic Development)

[LFB 2001-03 Budget Summary: Page 175, #11]

CURRENT LAW

Under current law, Commerce is responsible for administering the Physician Loan Assistance Program (PLAP) and the Health Care Provider Loan Assistance Program (HCPLAP). The programs provide loan repayments for physicians and certain health care professionals who practice in areas of the state that have a shortage of physicians or health care professionals. Under PLAP, Commerce may repay up to \$50,000 in educational loans for eligible physicians. HCPLAP authorizes the Department to repay up to \$25,000 in educational loans for eligible health care providers. The eleven-member Rural Health Development Council, which is attached to Commerce, advises the Department on matters related to PLAP, HCPLAP, and related rural health care issues. Commerce is also required to contract with the University of Wisconsin Office of Rural Health for certain services. Annual state funding of \$388,700 PR in tribal gaming revenue is provided through a single appropriation. In addition, federal matching funding of \$150,000 for federal fiscal year 2000-01 was provided.

GOVERNOR

Provide \$40,000 PR in 2001-02 and \$80,000 PR in 2002-03 to expand the current Physician Loan Assistance Program (PLAP) to include dentists. The source of program revenue funding would be tribal gaming revenue provided under the state-tribal gaming compact amendments.

DISCUSSION POINTS

1. The PLAP and HCPLAP are programs that repay loans for physicians, nurse practitioners (NPs), physician assistants (PAs), and certified nurse midwives (CNMs) who agree to practice in medical shortage areas. Physicians who are board-eligible or board-certified in the specialties of family practice, general internal medicine, general pediatrics, obstetrics and psychiatry can participate in the program. The physician, NP, PA, or CNM enters into an agreement with Commerce to practice at least 32 clinic hours per week for three years in one or more eligible practice areas in the state. The physician or health care provider must also agree to care for patients who are insured or for whom health benefits are payable under Medicare, medical assistance or any other governmental program. An eligible practice area is a primary care shortage area or mental health shortage area as defined under federal law or an American Indian reservation or trust lands of an American Indian tribe.

Physicians, NPs, PAs, and CNMs may participate in an expanded loan assistance program funded with federal and matching state funding if they are a U.S. citizen and do not have a judgment lien against their property for a debt to the U.S. The physician must also meet the following requirements: (a) agree to practice at a public or private nonprofit entity in a health professional shortage area as defined under federal law; (b) accept Medicare assignment as payment in full for services or articles provided; and (c) use a sliding fee scale or a comparable method of determining payment arrangements for patients who are not eligible for Medicare or medical assistance and who are unable to pay the customary fee for the physician's services.

Through the programs, Commerce may repay up to \$50,000 in educational loans for physicians and up to \$25,000 in educational loans for NPs, PAs and CNMs over a three-year period. The programs repay educational loans obtained from public or private lending institutions for education in an accredited school of medicine or for postgraduate medical training for physicians and for education related to health care provider's field of practice. The loans are repaid according to the following schedule: (a) in the first year, 40% of the principal balance or a maximum of \$20,000 for physicians and \$10,000 for healthcare providers; (b) in the second year, 40% of the principal balance or a maximum of \$20,000 for physicians and \$10,000 for health care providers; (c) in the third year, 20% of the principal balance or a maximum of \$10,000 for physicians and \$5,000 for health care providers.

Commerce is authorized to establish priorities among applicants using certain criteria, such as the need for medical care in the practice area, in cases where funding is insufficient to repay the loans of all applicants. Commerce can also impose penalties on physicians who breach loan repayment agreements.

2. As of January, 2001, 101 physicians and 25 health care providers had participated in the loan assistance programs. Attachments 1 and 2 shows the location where physicians and health care providers, respectively, have practiced.

3. Under the bill, the PLAP would be expanded to include dentists. Commerce would repay educational loans for dentists that agreed to practice in dental health shortage areas. Dentists would have to meet the practice and service criteria applied to physicians for both the

state and expanded federal programs. Loans of up to \$50,000 would be repaid over three years according to the schedule used for physician loans. Commerce would have authority to establish priorities for awarding grants and to impose penalties on dentists who breached loan agreements.

The Rural Health Development Council would be increased from 11 to 12 members to include a licensed dentist. The Council would be authorized to advise the Department on matters related to the dental loan assistance program.

The contract with the University of Wisconsin Office of Rural Health would be modified to require the Office to: (a) advise the Department and Rural Health Development Council (Council) on the identification of dental health shortage areas with an extremely high need for dental care; (b) assist in publicizing the program to dentists and eligible communities; (c) assist dentists who are interested in applying to participate in the program; and (d) assist communities in obtaining dentists through the program.

4. In April, 2000, the Rural Health Development Council voted to recommend to the Secretary of Commerce that the PLAP program be expanded to include dentists. The Council was presented with information that indicated that there was a shortage of dentists in the state and that many individuals, particularly the working poor and individuals participating in Badger Care and Medicaid lacked sufficient access to dental care. The Wisconsin Dental Association provided information indicating that the number of dentists practicing in the state will decline substantially by 2010 and there are fewer dentists and specialists in smaller population areas. In addition, the council was informed that many dentists were graduating with significant debt and concern about paying off the debt affected job choices. Many dentists decided to practice with larger dental clinics that provided loan forgiveness programs. Such programs are generally not available in rural areas. The Legislative Council Committee on Dental Care Access recently recommended legislation that would expand PLAP to include dentists and dental hygienists. Twenty-six states offer loan repayment programs for dentists.

5. The bill provides \$40,000 PR in 2001-02 and \$80,000 PR in 2002-03 in tribal gaming revenues to fund the program expansion. This would allow Commerce to fund loan repayments for two dentists each year of the biennium. In order to fund repayments for two new dentists each year, ongoing funding of \$100,000 PR would need to be provided, beginning in the first year of the 2003-05 biennium.

6. Eight tribal gaming agreements contain government-to-government MOU that relate to the use of additional compact payments. A common element in most agreements is a provision that the Governor undertake his best efforts within the scope of his authority to assure that monies paid to the state under the agreements are expended for specified purposes. With certain exceptions these purposes are: (a) economic development initiatives for benefit of tribes and/or Native Americans within Wisconsin; (b) economic development initiatives in regions around casinos; (c) promotion of tourism within the state; and (d) support of programs and services of the county in which the tribe is located. Several of the MOU add a fifth purpose relating to either law enforcement or public safety initiatives on the reservations. However, two of the amended compact agreements do not include MOU on government-to-government matters

and are silent on the issue of how the state uses the tribal gaming revenue. It could be argued that these revenues are unrestricted and may be used for any purpose.

7. PLAP and HCPLAP require physicians and health care providers to practice in underserved, rural areas of the state, many of which are near Indian Reservations. Moreover, eligible practice areas for physicians and health care providers include American Indian reservations and trust lands of American Indian tribes.

8. Prior to 1997, the PLAP, HCPLAP and contract with the Office of Rural Health were funded through separate appropriations. The 1997-99 biennial budget consolidated the appropriations into one appropriation. The consolidated appropriation gives Commerce more flexibility in making awards based on the qualifications and number of applicants rather than based on the profession of the applicant (physician or health care provider). In addition, the consolidation allows the Department to leverage matching federal funds and offer the expanded state federal program. Commerce is authorized to establish priorities among applicants in cases where funding is insufficient to repay the loans of all applicants.

9. Since the appropriations were consolidated, Commerce has been funding more loan repayments for physicians than would have been possible using separate appropriations for PLAP and the HCPLAP. If the Department believes that creating a dentist loan repayment program is a high priority, some of the funding currently used for physicians could be reallocated to repay dental loans. In addition, the National Health Service Corporation (NHSC) administers a loan repayment program for eligible health professionals who agree to practice a minimum of two years at an eligible site in federally designated health professional shortage areas. Eligible health professionals include: (a) physicians specializing in family medicine, general pediatrics, general internal medicine, general psychiatry, or obstetrics/gynecology; (b) primary care nurse practitioners; (c) primary care physician assistants; (d) certified nurse midwives; (e) dentists; (f) dental hygienists; and (g) certain mental health professionals (doctoral clinical psychologists, clinical social workers, psychiatric nurse specialists, or marriage and family therapists). The maximum loan repayment is \$25,000 for each year of the two-year commitment period. The loan repayment may be extended beyond two years, one year at a time, to the extent the individual has unpaid qualified educational loans and agrees to serve at an eligible site. The maximum loan repayment for each additional year of service is \$35,000. Participants also receive a payment equal to 39% of the total loan repayment amount for the year for income tax payments. As of March 1, 2001, there were 12 primary care physicians, 1 psychiatrist, and three dentists serving in Wisconsin with NHSC commitments.

10. On the other hand, the Department would note that it requested the additional funding for the program expansion because existing funding is not sufficient to meet the current level of demand for participation in the PLAP and HCPLAP and also provide funding for dentist loan repayments. In 2000-01, a total of six physicians and one health care provider received loan repayment assistance. However, a total of nine physicians and 10 health care providers applied to participate in the PLAP and HCPLAP. Historically, demand for participation in the program has been greater than the number that could be funded. Similarly, federal funding has not been sufficient to meet demand for participation in the NHSC loan repayment program. In fiscal year

2000, NHSC received 27 loan repayment applications and awarded four contracts.

ALTERNATIVES TO BASE

1. Approve the Governor's recommendation to Provide \$40,000 PR in 2001-02 and \$80,000 PR in 2002-03 to expand the current Physician Loan Assistance Program (PLAP) to include dentists. Provide that the source of program revenue funding would be tribal gaming revenue provided under the state-tribal gaming compact amendments. Require that any unencumbered balance in the appropriation used to fund the physician, dentist, health care provider loan assistance programs and the contract with the Office of Rural Health [20.143(1)(kr)] on June 30 of each odd-numbered year would revert to the Indian gaming receipts appropriation from which the tribal gaming revenue is transferred. Increase the Rural Health Development Council from 11 to 12 members to include a licensed dentist. Authorize the Council to advise the Department on matters related to the dental loan assistance program. Under the Commerce contract, require the University of Wisconsin Office of Rural Health to: (a) advise the Department and Rural Health Development Council on the identification of dental health shortage areas with an extremely high need for dental care; (b) assist in publicizing the program to dentists and eligible communities; (c) assist dentists who are interested in applying to participate in the program; and (d) assist communities in obtaining dentists through the program.

Alternative 1	PR
2001-03 FUNDING (Change to Base) [Change to Bill]	\$120,000 \$0]

2. Approve the Governor's recommendation to expand the current Physician Loan Assistance Program (PLAP) to include dentists, but delete the additional funding (\$120,000 PR in tribal gaming revenues) that would be provided.

Alternative 2	PR
2001-03 FUNDING (Change to Base) [Change to Bill]	\$0 - \$120,000]

3. Maintain current law.

Alternative 3	PR
2001-03 FUNDING (Change to Base) [Change to Bill]	\$0 - \$120,000]

Prepared by: Ron Shanovich
Attachment

ATTACHMENT 1

Listing of Physician Awards by Location Physician Loan Assistance Program January, 2001

<u>Number</u>	<u>Town</u>	<u>Number</u>	<u>Town</u>
1	Arcadia	17	Milwaukee
2	Ashland (OB Shortage Area Only)	1	Mineral Point
1	Augusta	1	Mondovi
1	Bayfield	1	Monroe (OB Shortage Area Only)
1	Beloit	1	Muscoda
4	Boscobel	1	Osseo
1	Chetek	1	Peshtigo
1	Chilton	1	Plain
2	Columbus	1	Platteville
2	Darlington	1	Portage
2	Dodgeville	1	Pound
1	Elcho	1	Rib Lake
2	Elmwood	1	Shell Lake
1	Fennimore	4	Sparta/Chaston
2	Grantsburg	1	Spring Green
5	Hayward	1	Spooner
5	Keshena	4	Sturgeon Bay
1	Kewaunee	1	Superior (no longer a shortage area)
1	Ladysmith	4	Tomahawk
1	Lancaster	1	Turtle Lake
2	Luxemburg	1	Washington Island
3	Madison (All psychiatrists at the Mendota Mental Health Institute)	3	Wausau
3	Marinette	1	Wautoma
1	Markesan	1	Wild Rose
4	Medford	1	Wisconsin Dells

ATTACHMENT 2

Listing of Health Care Provider Awards by Location Health Care Provider Loan Assistance Program April, 2001

<u>Number</u>	<u>Town</u>
1	Arcadia
1	Blanchardville
1	Boscobel
1	Cashton
1	Darlington
1	Fennimore
1	Greenwood
1	Hurley
1	Kenosha
1	Lancaster
1	Luck
1	Medford
2	Milwaukee
1	Mineral Point
1	Norwalk
2	Osseo
1	Pardeeville
1	Potosi
1	Rome
2	Sparta
1	Spooner
1	Turtle Lake