

**COUNCIL ON MEDICAL EDUCATION
LEGISLATIVE COMPENDIUM: MEDICAL EDUCATION/
PHYSICIAN WORKFORCE**

EXECUTIVE SUMMARY

STRONG LEGISLATIVE SUPPORT FOR INCREASING TEXAS' PHYSICIAN SUPPLY

Texas legislators took a firm stand in support of producing and recruiting more physicians for Texas. Funding increases were approved for both medical students and residents as shown in Table 1 below. There was a strong coordinated effort to educate legislators this session about the growing physician shortage and the need to educate and train more physicians in the state. Lawmakers also provided underserved communities with a stronger recruitment tool by quadrupling the total repayment amount available to physicians to retire education-related loans (Table 2). Increased funding for medical students, residents, and loan repayment are all emphasized in the 2009 Medical Education Consensus Statement agreed to by Texas medical schools, state teaching hospital associations, and TMA.

**TABLE 1
FUNDING COMPARISONS FOR GRADUATE MEDICAL EDUCATION PROGRAMS
AND MEDICAL STUDENTS, 2008/09 AND 2010/11 (M=MILLIONS)**

	2008/09 State Budget	2010/11 State Budget	Difference From 2008/09 to 2010/11
Graduate Medical Education Funding			
Formula Funding to Medical Schools for GME Programs	\$62.8 M.	\$79.1 M.	+26%
Additional Funding for Primary Care GME Programs	23.1 M.	26.8 M.	+16.3%
Additional Special-Item Funding to Medical Schools for GME Programs	15.6 M.	15.6 M.	0%
Total	101.5 M.	121.5 M.	+19.8%
Medical Student Funding			
Formula Funding for Medical Students (adjusted to reflect only general revenue portion of Instruction & Operations Formula generated by medical student enrollments)	565.6 M.	613.2 M.	+8.4%
Medical School Expansions			
Texas A&M Health Science Center Medical School Bryan/College Station, Temple, and Round Rock	33 M.	45 M.	+36%
Texas Tech Univ., Paul L. Foster Medical School, El Paso	48 M.	65.6 M.	+36.7%

**TABLE 2
STATE FUNDING FOR PHYSICIAN EDUCATION LOAN REPAYMENT**

	2008/09 State Budget	2010/11 State Budget
Available Funds	\$2 M.	\$25 M.
Maximum Total Amount of Loan Repayment Per Physician	\$45,000	\$160,000

GRADUATE MEDICAL EDUCATION

Texas legislators demonstrated support for the training of additional physicians in the state by continuing three sources of funding for GME programs. Combined funding for GME totaled \$121.5 million for the biennium, or \$60.75 million per year, representing an increase of \$20 million or almost 20 percent over the 2008/09 state budget. Texas currently has about the same number of filled entry-level GME positions as number of medical school graduates. When considering that Texas medical schools have increased enrollments by 22 percent since 2004 and expect to reach an overall increase of at least 30 percent by 2015, concerns remain about the relatively slow growth of GME positions in the state. A shortage of entry-level GME positions will force some Texas medical graduates to leave the state for GME and historical trends indicate few of those who leave will return to Texas to practice.

Of the three state GME funding sources, the largest by far is state per-capita formula funding to Texas medical schools. State budget writers specified that \$79.1 million be used over the biennium for both new GME positions and to help pay for faculty costs related to the training of residents. This marks a 26 percent gain over the \$62.8 million appropriated for this purpose in the 2008/09 biennium. On a per capita basis, GME programs received a boost of 18.1 percent as a result of an increased base rate of \$6,653 per resident, up from \$5,634 in the previous budget.

Although an effort was made by the Health and Human Services Commission early in the legislative process to seek restoration of the critically important Medicaid GME program for teaching hospitals that are not state-owned, the effort was not sustained and legislators took no such action. This leaves these teaching hospitals without an important funding source and ranks Texas as one of only few states without this form of Medicaid GME funding.

MEDICAL SCHOOL FUNDING

Texas legislators also recognized the need to educate more medical students in the state and responded by providing a small increase in the base funding per medical student and by giving state support towards medical school expansions. Medical schools will receive \$52,896 per medical student each year of the biennium, for a gain of almost 2.7 percent over the current year's \$51,527. The overall total for medical student funding through formula funding (adjusted to reflect only general revenue portion of the Instruction & Operations Formula) generated by medical student enrollments grew 8.4 percent from \$565.6 million to \$613.2 million, a gain of \$47.5 million for Texas medical schools, as a result of the slightly higher per student funding amount and the increased number of medical school enrollments.

In response to the growing demand for physicians, the legislature also provided funding to expand medical school capacity. A total of \$110.6 million was appropriated for expansions, including \$65.6 million for the Paul L. Foster Medical School at the Texas Tech University Health Sciences Center at El Paso, and \$45 million for the expansion of Texas A&M Health Science Center Medical School in Bryan/College Station, Temple, and Round Rock.

PHYSICIAN EDUCATION LOAN REPAYMENT PROGRAM

Gov. Perry signed into law HB 2154, authored by Rep. Al Edwards (D-Houston), which allows physicians who practice in medically underserved communities for four years to receive a total of \$160,000 towards repayment of educational loans. This revision quadruples the maximum loan repayment amount from the current total of \$45,000. Program expansions are to be funded through a new dedicated funding source that changes the state tax on smokeless tobacco. This change is expected to raise an estimated \$104.8 million during the next biennium. Of this amount, \$7 million is appropriated to the Higher Education Coordinating Board for loan repayment expansions in 2010 and \$15 million for 2011. It is estimated that \$5.6 million will be distributed in loan repayment in 2011. Once fully established, 225 physicians are expected to receive loan repayment each year through the program.

The Senate added an amendment to the bill that allows excess revenues from the tax to be used to offset increased exemptions for small businesses subject to the new business margins tax. The increased exemption applies to businesses with revenues below \$1 million, which is expected to result in the exemption of many small medical practices.

LEGISLATIVE COMPENDIUM: MEDICAL EDUCATION/ PHYSICIAN WORKFORCE

I. STATE GRADUATE MEDICAL EDUCATION (GME) FUNDING

A. State GME Formula Funding

The nine public health-related institutions and Baylor College of Medicine received GME funding based on a per resident biennial base rate of \$13,306 for 5,944 GME positions for the 2010/11 biennium. In the 2006/07 biennium, the first budget containing state GME formula funding, the base per capita biennial rate originated at \$4,806. For the 2008/09 biennium, the resident per capita rate grew by 134 percent to \$11,268, and then another 18 percent to \$13,306 for 2010/11. The total amount of appropriations per institution for 2010/11 ranges from \$319,000 at The University of Texas Health Science Center at Tyler to \$17 million at The University of Texas Southwestern Medical Center at Dallas, as shown in Table 1.

TABLE 1
State GME Formula Funding for Health-Related Institutions

Health-Related Institution	State Appropriations in Millions (M.)		
	2006/07	2008/09	2010/11
Baylor, Houston	\$5.2 M.	\$12.8 M.	\$15.3 M.
Texas A&M	1.4	5.4	6.7
Texas Tech	2.3	5.3	7.1
UNTHSC, Ft. Worth	0.6	1.6	2.1
UT Southwestern at Dallas	5.8	13.2	17.0
UTHSC at Houston	3.5	8.6	10.5
UTHSC at San Antonio	3.0	7.5	9.3
UTMB at Galveston	2.5	6.8	9.0
MD Anderson, Houston	0.4	1.2	1.7
UTHSC at Tyler	0.1	0.3	0.3
State Total	\$25.0 M.	\$62.8 M.	\$79. M.
Per Resident Biennial Rate	\$4,806	\$11,268	\$13,306

Note: Totals may not add due to rounding.

Legislative interest in providing increased funding for GME held steady during the session, with a difference of only \$3 million in the initial budget proposals put forward by the House and Senate. The initial House budget asked for \$79.4 million compared with the Senate’s initial request for \$76.4 million. The state budget conference committee settled on a compromise of \$79 million. As in previous years, the appropriations bill directs that GME formula funding dollars be used to create new GME slots and to help offset faculty costs related to GME.

B. Texas Higher Education Coordinating Board GME Programs

The second method of state funding for GME is considerably smaller than GME formula funding and is allocated to the Texas Higher Education Coordinating Board exclusively for the funding of primary care residency programs. For the first time in many years, the Family Medicine Residency Program received increased funding, with a boost of \$3.75 million to bring the overall total to \$26.8 million, for an increase of 16.3 percent over the previous biennium (Table 2).

TABLE 2
Texas Higher Education Coordinating Board GME Funding

Program	State Appropriations in Millions (M.)		
	2006-07	2008-09	2010-11
Family Medicine Residency	\$17.5 M.	\$17.5 M.	\$21.2 M.
Primary Care Residency	5.0	5.0	5.0
GME	3.6	0.6	0.6
<i>Transferred to GME formula funding</i>		-3,000,000	
Total	\$26 M.	\$23* M.	\$26.8 M.

*Note: \$3 million was transferred from the Coordinating Board’s “GME” program to state GME formula funding for direct allocation to the medical schools in the 2008/09 budget. This does not represent a loss to GME funding overall.

The **Family Medicine Residency Program** provides direct support to the state’s 29 GME programs in this specialty with an overall objective of producing family physicians for practice in underserved areas. It is expected that the funding increase will boost the annual per-resident allocation from \$12,680 to \$14,205, for the support of 700 residents. The Senate budget proposal included \$7.5 mil. in additional funds for the 2010/11 biennium, however, the House version contained level funding, providing for no increase. The budget conference committee reached a compromise by funding an additional \$3.75 million.

Out of the funds allocated to this program, almost \$400,000 a year is distributed to the Family Practice Faculty Development Center in Waco, which provides training to faculty at family medicine residency programs and medical schools as well as residents.

The **Primary Care Residency Program** provides funding to new primary care residency programs with the objective of increasing the primary care physician workforce. An estimated 166 residents in 26 programs will be funded at about \$15,000 each in 2010 and 2011. These funds are targeted toward GME slots filled by residents most likely to remain in the state to practice as identified by GME program directors. Funds may be used for educational enhancements that benefit all residents at a particular program.

Since 1997, the program entitled “**Graduate Medical Education**” provides funding to primary care GME programs. Rider 14 in the Higher Education Coordinating Board’s budget for 2010/11 limits this program’s funding (about \$938 per resident a year) to primary care residency programs not affiliated with a medical school. The legislature began targeting this funding to independent GME programs in this way in 2007 after \$6 million of the program’s funding was transferred to state GME formula funding. The board will fund an estimated 334 primary care residents each year in 2010/11 and is required by Rider 14 to have program rules to ensure equitable distribution of the funds.

C. Medicaid GME Funding to Teaching Hospitals

The 2010/11 legislative appropriations request submitted by the Health and Human Services Commission asked for \$240 million in biennial exceptional-item funding to restore state funding to the Medicaid GME program for distribution to teaching hospitals that are not state-owned. This funding request included \$100 million in state general revenue funds to be matched by an additional \$140 million in federal funds. Funding for this program was stopped by the legislature in 2006 as a cost-saving measure, resulting in the loss of an estimated \$72 million previously distributed to GME programs and leaving Texas as one of few states without a Medicaid program to support GME at teaching hospitals.

D. Additional State GME Funding

Almost \$16 million in GME funding was reauthorized by the legislature for continued funding of special-items to four health-related institutions as shown in Table 3.

**TABLE 3
CONTINUED SPECIAL-ITEM FUNDING FOR GME PROGRAMS BY INSTITUTION**

Institution	2010/11 Biennial State Appropriations for GME to Medical Schools as Special-Item Funding
<i>Texas Tech University Health Sciences Center</i>	<ul style="list-style-type: none"> ●Midland Medical Residency: \$3.9 M. (now includes Midland Cardiology and Midland Medical Residency which were previously funded separately) ●Family/Community Medicine GME: \$1.2 M. ●Border Health-Resident Support (GME), El Paso: \$0.8 M. ●Odessa Medical Education (Primary Care GME): \$3.1 M. TOTAL: \$5,860,974
<i>UT Health Science Center, San Antonio</i>	●Family Medicine GME \$1.1 M.
<i>UT Health Science Center, Tyler</i>	●Family Medicine GME \$2.4 M.
<i>UT Southwestern Medical Center, Dallas</i>	●Primary Care GME \$3.1 M.
State Total	\$15.6 M.

Note: These special-items represent continued funding from prior years and do not represent new funding.

The Department of State Health Services is authorized through an appropriations rider to use funds appropriated to the South Texas Health Care System to help support the Family Medicine Residency Program in McAllen, in collaboration with The University of Texas Health Science Center at San Antonio.

Near Misses

HB 2687 (Shelton, R-Fort Worth) would have established a new GME matching grant program for new training slots in physician shortage specialties. The Higher Education Coordinating Board would have provided new grants of up to \$65,000 a year per slot for a maximum of 420 slots per year, proportional to funding provided by collaborative groups (not defined in the bill). The Legislative Budget Board estimated a fiscal impact of \$2.9 million in general revenue and an additional \$2.5 million in local matching funds for 2010/11. The House Committee on Higher Education passed the bill but it was not adopted by the full House or Senate.

SB 2077 (Uresti, D-San Antonio) would have established a new GME funding program at the Higher Education Coordinating Board to support development of GME programs in physician shortage specialties located in underserved communities. The board estimated that 60 new GME slots could have been added in 2010 at \$15,000 per resident and 120 in 2011, with an overall fiscal impact of \$3 million. The bill was adopted by the full Senate and referred to the House Public Health Committee but did not pass.

II. STATE MEDICAL SCHOOL FUNDING

After a slight decline in base rates for medical students in the 2008/09 state budget, legislators provided a small boost of 2.7 percent for per-capita funding from \$51,527 to \$52,896 for each year of the next biennium (Table 4). Per-student amounts were calculated using the base rate of \$11,129 multiplied by an additional weight of 4.753, as specified by the legislature, for a total of \$52,896. The cumulative state total for medical student funding grew 8.4 percent from \$565 million (adjusted to reflect only the general revenue portion of the Instruction & Operations Formula) to \$613.2 million¹, a gain of \$47.5 million for Texas medical schools. The gain was a result of the combined effects of the boost in per-student funding and recent expansions in medical school enrollments.

**TABLE 4
STATE MEDICAL SCHOOL UNDERGRADUATE FUNDING (Adjusted)**

Health-Related Institution	State Appropriations in Millions (M.)		
	2006/07	2008/09	2010/11
Baylor College of Medicine	\$83.3 M.	\$77.6 M.	\$83.3 M.
Texas A&M Health Science Center	33.1	34.7	42.6
Texas Tech Univ. Health Sciences Ctr.	58	58.7	61.6
UNTHSC	47.8	53	62.4
UT Southwestern Medical Center	86.3	89.8	91.7
UTHSC-Houston	81.4	84.3	90
UTHSC-San Antonio	81.2	83.8	90.5
UTMB	80.9	83.8	91
STATE TOTAL	\$552 M.	\$565.7 M.	\$613.2 M.
Per-Capita Student Funding (Actual)	\$52,221	\$51,527	\$52,896

Note: Totals may not add due to rounding. Adjustments were made to more accurately identify appropriations specific to medical students, as identified by The University of Texas System. Excludes special-item funding, including \$3 million in special-item funding to Texas Tech in 2008/09 and 2010/11 for medical education at Odessa regional campus.

State funding for medical students has been allocated on a per-capita formula basis since 1999. The legislature directed the coordinating board to appoint study committees to review and recommend updates to student formula funding rates for the 2012/13 state budget, with a reporting deadline of June 1, 2010.

OTHER FUNDING TO ACADEMIC HEALTH CENTERS

A. Baylor College of Medicine

Although a private institution, Baylor College of Medicine in Houston has a longstanding contractual arrangement with the state, dating back to 1971, to assist in educating more physicians for Texas. Baylor receives state funding

¹ Inclusive of \$51 million in federal stimulus dollars (American Recovery Reinvestment Act) allocated to health-related institutions for Fiscal Year 2010.

for almost 600 medical students who are Texas residents. The funding formula is defined in statute based on an average of the state per-capita funding level for UT Southwestern and UTMB, the state's largest public medical schools. In the 2010/11 appropriations bill, the legislature directed the Higher Education Coordinating Board to report actual and budgeted expenditures for Baylor, including distributions from the Permanent Health Fund for Higher Education and Permanent Endowment Fund.

B. The University of Texas' M.D. Anderson Cancer Center and Health Science Center at Tyler

In recognition of the unique and specific missions of The University of Texas' M.D. Anderson Cancer Center and Health Science Center at Tyler, these institutions have distinct state funding processes. Because they do not provide formal medical education which qualifies for "instruction" support, these institutions receive mission-specific funding.

During the last biennium, the Higher Education Coordinating Board was directed by the legislature to monitor a new funding formula pilot program for M.D. Anderson that changed the base funding rate from a process linked with the number of *new cancer cases* in the state to linkage with the number of *cancer patients served* instead. The board determined that the process used in the pilot was accurate, hence this method was used to calculate general revenue funds for 2010/11.

For 2010/11, general revenue funds were appropriated for M.D. Anderson based on the total Texas cancer patients served by the institution in 2006, using a rate of \$2,773 per patient. Further, the growth in formula funding for this institution cannot exceed the average growth in funding for other state health-related institutions in the "instruction" and "operations" budget categories.

Although The University of Texas Health Science Center at Tyler was not included in the pilot program for M.D. Anderson in the past biennium, a similar change in the funding formula was requested for this institution. In prior years, funding was tied to the number of new primary chest disease diagnoses each year in Texas as reported by participating Texas hospitals to the Texas Hospital Association Patient Data System. For 2010/11, funding for the Chest Disease Center operations is based on the number of cases in which disease diagnoses were treated by this institution in 2006, using a rate of \$389 per case.

C. Restoration of UTMB, Galveston

The University of Texas Medical Branch at Galveston suffered significant structural damage and operational interruptions as a result of Hurricane Ike in September 2008. In advance of the storm, 500 hospital patients, 900 medical students, 1,300 faculty members, an estimated 600 resident physicians, and additional health professions students, faculty and ancillary personnel were evacuated from UTMB facilities. Federal Emergency Management Agency (FEMA) identified an estimated \$667 million in expenses for repairs and mitigation and another \$120 million in clean-up costs.

The legislature provided an increase of \$109 million in state appropriations for 2010/11, including approximately \$12 million in increased formula funding and a \$97 million increase for health care operations. The Supplemental Appropriations bill (HB 4586) provided an additional \$150 million to match FEMA's \$450 million payment for Ike-related mitigation and repairs. HB 51 authorizes \$150 million in tuition revenue bonds to be sold to finance a new hospital building to restore inpatient capacity to pre-Ike status. As in previous years, UTMB can draw up to \$10 million per year in reimbursement for indigent health care from available unclaimed lottery funds, to be administered by the Department of State Health Services.

Linked with the authority to issue tuition revenue bonds is a stipulation that requires the Legislative Budget Board to consider whether steps have been taken by Galveston County toward increasing local funding for indigent care, including options such as raising the county indigent care program income eligibility level to 100 percent of the federal poverty level, or creating a hospital district. UTMB is to provide indigent care to residents of specified counties (Galveston, Brazoria, Harris, Montgomery, Fort Bend, and Jefferson) only if the county indigent health care program or county hospital district for these counties exceeds their minimum statutory obligations for indigent care.

III. MEDICAL SCHOOL EXPANSIONS

A. Paul L. Foster Medical School at the Texas Tech University Health Sciences Center at El Paso

Texas Tech gained legislative approval in 2003 to establish a four-year medical school in El Paso, with the first full medical school class to be admitted in fall 2009. Previously, 50 medical students transferred from the Lubbock medical school each year to the El Paso Regional Academic Health Center to complete their third or fourth year of medical school. The Foster Medical School received line-item funding for 2010/11, as follows:

- \$65.6 million for medical school operations and additional faculty. This includes base funding of \$48 million for instruction and operations and an additional \$17.6 million in exceptional-item funding to recruit clinical scientists/subspecialists, provide library resources, and fund physical plant operations.

A request was not approved this session for the authority to raise up to \$58.5 million through tuition revenue bonds for the purposes of constructing a third building at the medical school, the El Paso Medical Science Building II.

B. Texas A&M Health Science Center

Similar to the 2008/09 budget, the legislature approved \$37 million for the next biennium to sustain the expansion of the Texas A&M Health Science Center School of Medicine across its two four-year campuses in Bryan/College Station and Temple, and at its clinical campus in Round Rock, north of Austin. Previously, A&M students spent the first two years of medical school in College Station and the third and fourth years at Scott & White in Temple. In addition, \$8 million in federal stimulus dollars were provided in one-time funding for expansions. The combined total of \$45 million represents an increase of \$12 million over the previous biennium, or 36 percent.

C. Authority to Establish The University of Texas Health Science Center-South Texas (NEW)

Gov. Perry and Texas legislators gave The University of Texas System the authority to establish a new medical school in South Texas by passing SB 98, authored by Eddie Lucio (D-Brownsville), with broad support from the South Texas legislative delegation. The bill authorizes UT Regents to convert the existing two-year medical student program at the Lower Rio Grande Valley Regional Academic Health Center to a four-year medical school as part of a broader authority to establish an academic health center to be known as The University of Texas Health Science Center-South Texas. *SB 98 specifies that no state funds are to be appropriated for a health science center in south Texas before Aug. 31, 2015.*

The current program was established in 2002 and is primarily based in Harlingen, with additional programs in McAllen, Brownsville, and Edinburg. Twenty-four medical students transfer each year from The University of Texas medical school in San Antonio to the Valley campus for their third and/or fourth year(s) of medical school. Should UT Regents decide to establish a four-year medical school at this institution, it would become the 10th medical school in the state. Consistent with prior years, the Valley campus received \$24 million for the next biennium in Article III of the state budget (the education section). Additionally, the program received \$6.5 million in one-time federal stimulus funding in Article XII, for a total of \$30.5 million in biennial funding.

D. UTMB Programs in Austin: Student and Resident Training (Budget Rider Continued)

Once again, the legislature authorized The University of Texas Medical Branch at Galveston to expend funds to develop student and resident training programs in Austin. No other legislative action was taken towards establishing a new medical school in Austin.

IV. GENERAL MEDICAL SCHOOL PROVISIONS

A. Minimum Medical School Enrollments (Budget Rider Continued; Section 15)

Once again, the legislature established the following minimum medical school enrollments for state institutions:

Texas Tech University Health Sciences Center at Lubbock	100
University of North Texas Health Science Center	100
University of Texas Medical Branch	200
University of Texas Southwestern Medical Center at Dallas	200
University of Texas Health Science Center at Houston	200
University of Texas Health Science Center at San Antonio	200

Should a medical school fall more than 5 percent below the defined minimum, the school is required to file a report with the Legislative Budget Board on the reasons for failing to meet the minimum.

B. Ten-Percent Cap in Non-Texas Resident Medical School Enrollments (Budget Rider Continued; Section 13)

The admission of non-Texas resident medical students at public medical schools is limited to no more than 10 percent. Should this cap be exceeded and a qualified Texas resident was denied admission, the schools are barred from further use of state appropriations.

C. Special Enrollment Provisions (Budget Riders Continued)

UT Southwestern Medical Center at Dallas may admit up to 25 competitively recruited medical students in each entering class for a specialized six-year program of clinical and research training designed to lead to MD and PhD degrees, irrespective of whether those students are Texas residents (**Section 13.2**).

Texas medical schools may enroll up to six competitively recruited medical students, who already have the DDS degree, in each second-year medical school class for a specialized six-year program in oral and maxillofacial surgery comprised of the last three years of medical school and a three year-GME program, irrespective of whether those students are Texas residents (**Section 13.3, Article III**).

D. Psychiatric and Psychotherapy Services (NEW Budget Rider, Section 81, Article II)

The Department of State Health Services is authorized to spend \$500,000 during the biennium to hire psychiatrists and psychotherapists to train third-year medical students and provide psychiatric and psychotherapy services for uninsured and underinsured patients at a community health center working in conjunction with the Texas A&M Health Science Center College of Medicine in Round Rock.

E. Town/Gown (Budget Rider Continued, Section 25, Article III)

Once again, health-related institutions cannot use state appropriations to replace or duplicate services provided by Driscoll Children's Hospital in Corpus Christi in caring for children with special health-care needs, including pediatric cardiovascular diseases.

F. Faculty Practice Plans (Budget Rider Continued, Section 20, Article III)

As in the past, medical schools are required to file an annual report on the use of practice plan funds within 120 days following the end of the state fiscal year; otherwise state appropriations will be frozen and unavailable to the institutions.

G. Special-Item Funding Study (Budget Rider, NEW, Section 54, Article III)

The legislature directed the Higher Education Coordinating Board and the Legislative Budget Board to study each institution's Special-Item Support Goals before the start of the 2011 legislative session. The study is to evaluate: 1) items receiving start-up funding to assess how long start-up funding should be continued; 2) whether the item also receives formula funding; and 3) whether the item still serves its original purpose, and if so, how long it should be continued. The rider clarifies that legislative intent is for start-up funding to be provided for no longer than six years.

H. Emerging Public Research Universities and Stem Cell Research (NEW)

HB 51 (Branch, R-Dallas) appropriates \$50 million to the Higher Education Coordinating Board in 2010/11 for funding and incentives to support emerging public research universities in developing and maintaining Tier 1 programs. Sen. Kirk Watson (D-Austin) added an amendment to the bill which will require an interim study on the feasibility of technology research data collection by institutions and facilities including biomedical science research that involves stem cells or human cloning.

Near Misses

Stem Cell Research

Although several bills on stem cell research and/or human cloning were filed, only the limited provision in HB 51 described above gained passage. The bills included: HB 543 (Raymond, D-Laredo) and SB 1802 (Zaffirini, D-Laredo); HB 1190 (Homer, D-Paris) and SB 641 (Ellis, D-Houston); SB 73 (Nelson, R-Flower Mound); and

SB 208 (Shapleigh, D-El Paso). In addition, a rider was initially added by Sen. Steve Ogden (R-Bryan/College Station) to the Senate's version of the appropriations bill that would have prohibited the use of state funds for research that involved the destruction of human embryos. The rider was not approved in the final budget. SB 73, adopted by the Senate but not the House, would have established the Texas Adult Stem Cell Research Consortium to distribute grants and develop recommendations on best practices for stem cell research. Sen. Ogden added a floor amendment to the bill that would have defined annual reporting requirements for biomedical research involving human stem cells or human cloning. As noted, the bill did not gain passage in the House.

V. EFFORTS TO INCREASE MEDICAL SCHOOL DIVERSITY

A. Joint Admission Medical Program (JAMP)

The Joint Admission Medical Program (JAMP) was created by the Texas Legislature in 2001 to increase access to medical education for economically disadvantaged students, including underrepresented minority students. Each of the eight Texas medical schools sets aside 10 percent of each medical school class for JAMP students. Students enter the program in their second year of college. The first cohort of JAMP students will graduate from medical school in 2010. Now that the seven-year program is fully established, there are increased funding needs. The legislature responded to this need by doubling the previous funding level to reach a total of \$10.6 million in 2010/11. TMA has policy in support of sufficient funding to allow the program to be fully operational.

SB 1728 (West, D-Dallas) removes the requirement that a student must enroll in the JAMP program not later than the first fall semester following the student's graduation from high school. The bill also adds the new Texas Tech medical school in El Paso, the Paul L. Foster Medical School, as an eligible school. The Foster Medical School is required to provide internships and mentoring to JAMP participants beginning with the 2011/12 academic year but is not required to admit participating students to the medical school until 2012/13.

B. Prairie View A&M Undergraduate Medical Academy (Continued)

Prairie View A&M University in Prairie View is authorized to support the undergraduate medical academy out of \$15 million appropriated for the Academic Development Initiative. The academy was created in 2003 by a bill authored by Rep. Ruth Jones McClendon (D-San Antonio) with the goal of expanding the minority medical school applicant pool.

C. Scholarships (Budget Rider Continued)

Once again, a budget rider (Sec. 11 Method of Financing Scholarships of the special provisions for state agencies of higher education) directs health science centers to use funds for need-based student scholarships regardless of race, color, or ethnicity of the student recipient. This bars medical schools from using these state scholarship funds to directly recruit underrepresented minority students.

VI. OTHER EDUCATIONAL PROGRAMS, INCLUDING RESEARCH

A. Border Health Research

Texas Tech University Health Sciences Center (Rider 5 Continued, Article III)

Texas Tech University Health Sciences Center is authorized to use an unspecified amount of appropriated funds to conduct collaborative research with The University of Texas at El Paso and the El Paso Center for Border Health Research in areas such as infectious diseases, e.g., tuberculosis, Hispanic health issues such as diabetes and hypertension, border environmental health issues, such as those associated with water and air quality, and children's health.

B. Cancer Research

Rare and Aggressive Breast Cancer Research Program (Budget Rider Continued, Rider 8, M.D. Anderson, Article III)

The University of Texas M.D. Anderson Cancer Center received \$4 million for the research program focused on rare and aggressive breast cancer to contribute toward improving the diagnostics in patients with breast cancer.

Rural and Underserved Area Clinical Trials in Cancer Research (New Budget Rider, Texas Tech University Health Sciences Center, Rider 8, Article III)

Authorizes Texas Tech University Health Sciences Center to use \$4.8 million to fund new research opportunities using clinical trials in rural and underserved areas in partnership with an established research entity conducting peer-reviewed research in cancer therapy and control.

Texas Cancer Registry (New Funding Source, Section 58)

The state provided an appropriation of \$1.9 million to the Department of State Health Services to support the Texas Cancer Registry thereby relieving the health-related institutions and Baylor College of Medicine from the previous requirement to fund the registry.

C. Cardiovascular Research

The University of Texas Health Science Center at Houston and Texas Heart Institute Gene Therapy and Cardiovascular Research (New Budget Rider)

Up to \$894,133 in each year of the biennium for gene therapy and up to \$399,086 each year for cardiovascular research.

The University of Texas Health Science Center at Houston

Adult Stem Cell Program: \$5 million (Federal Stimulus Funding, **New**, Article XII)

Heart Disease/Stroke Research: \$10.3 million (Special-Item Funding **Continued**, Article III)

*Texas A&M University Health Science Center Cardiovascular Research Institute (Budget Rider **Continued**, Article III)*

Up to \$2,055,000 in 2010 and \$2,305,000 in 2011 for Cardiovascular Research Institute activities conducted primarily at the health science center facilities in Temple.

D. Diabetes Research

Texas Tech University Health Sciences Center

Line-item funding for Diabetes Research Center: \$578,000

E. Indigent Care

Best Business Practices for Indigent Care, M.D. Anderson (NEW Budget Rider 6, Article III)

Directs M.D. Anderson to adopt appropriate measures to initiate the most cost-effective practices when delivering indigent care to maximize benefits for patients, the state, and the institution.

The University of Texas Health Science Center at Tyler

Line-item funding for indigent care: \$2.6 million

F. Un-sponsored Charity Care (Budget Rider **Continued**)

Once again, the state's health-related institutions are to use the federal poverty level as the index for establishing the threshold below which patients are deemed financially indigent.

G. Physician Practice Plan Upper Payment Limit (Budget Rider **Continued**, Section 22)

Funds received by the health-related institutions' Physician Practice Plans from the Medicaid Upper Payment Limit program are to be counted as payments received for uncompensated care.

H. Neurological Research

*Collaborative Research on Acute Neurological Injuries (Budget Rider **Continued**)*

Texas A&M Health Science Center has the authority to spend \$2 million to conduct joint research endeavors with the Baylor College of Medicine in Houston, The University of Texas Health Science Center at Houston, and The University of Texas Medical Branch at Galveston to develop treatments to repair acute neurological injuries such as those caused by trauma and strokes.

I. Spinal Cord Injury Research

Endowed Chairs, Baylor College of Medicine, The University of Texas's Health Science Center at Houston and Medical Branch at Galveston (NEW Budget Rider, Section 35)

Authority to use up to \$1 million out of funds appropriated to each of the health-related institutions to support an endowed chair or professorship for spinal cord injury research.

J. Border Areas

The University of Texas Health Science Center at Houston

Service Delivery Valley/Border: \$1 million

Texas A&M Health Science Center

South Texas Health Center: \$1.8 million

K. Genetic & Molecular Disease

Institute for Genetic & Molecular Disease, The University of Texas Southwestern Medical Center at Dallas (NEW, Article XII, Federal Stimulus Funding) \$8 million

L. Family Planning

Family Planning Services at Federally Qualified Health Centers (Budget Rider Continued, Rider 56, DSHS, Article III)

Once again, up to \$20 million in state funding for family planning services is to be set aside for Federally Qualified Health Centers (FQHCs) and up to \$2 million may be allocated to clinics for core family planning services provided under the auspices of Baylor College of Medicine in Houston. Funds not distributed to FQHCs are to be made available to other providers.

M. Tobacco Endowment Funds

Tobacco Endowment Funds (Budget Riders Continued)

In addition to state appropriations, all health-related institutions, including Baylor College of Medicine and the Lower Rio Grande Valley Regional Academic Health Center in Harlingen/McAllen, will receive funding from the tobacco permanent endowment fund.

VII. PHYSICIAN WORKFORCE AND OTHER HEALTH PROFESSIONS

A. Physician Licensure Changes

Time-Limited Underserved Area-Only Medical License

SB 202 (Shapleigh, D-El Paso) gives the Texas Medical Board the authority to issue a provisional license to a physician who applies for full medical licensure prior to having a determination made on the applicants' application for full licensure if certain conditions are met.

The bill established a new location-specific and time-limited (maximum of nine months) medical license in the state in an effort to recruit physicians to underserved communities. Physicians must commit to a practice in an underserved area {federally designated Health Professional Shortage Area (HPSA) or Medically Underserved Area}, and meet the following requirements: licensed in good standing in another state and not have had a license in any state or Canada that was suspended, revoked, or subject to restriction, disciplinary or probationary order; provisional license is restricted to no more than nine months and is not renewable; required to have a sponsor who is licensed under the Medical Practice Act with whom the physician will practice (can be waived if determined to be a hardship); must have passed a national exam as specified by the board; must provide information to enable the board to conduct a criminal background check. This provision goes into effect January 2010.

Changes in Licensing Laws for International Medical Graduates

HB 3674 (Thompson, D-Houston; Nelson, R-Flower Mound) makes several changes that streamline the process for international medical graduates to qualify for licensure in Texas. State law requires graduates of schools outside the U.S. to demonstrate that their medical education was "substantially equivalent" to an education received at a Texas medical school. HB 3674 allows foreign graduates who are board certified to waive this requirement. State

law also requires foreign graduates to complete three years of postgraduate (residency) training to be eligible for licensure, as compared to a single year for U.S. graduates. HB 3674 allows foreign graduates to qualify for the three-year requirement if they have at least two years of postgraduate training in the U.S. or Canada (that was approved by the board) and at least one year of postgraduate training outside the U.S. or Canada that was approved for advanced standing by a specialty board organization approved by the board. Foreign graduates are no longer required to prove that he/she is eligible for licensure in the country in which they completed medical school.

This bill simplifies the licensing process for all applicants by doing away with the requirement that the physician “must subscribe to an oath in writing before an officer authorized by law to administer oaths.” The applicant is now only required to submit a written oath as part of the application but is no longer required to sign the oath in front of an authorized officer.

Expanded Eligibility for Faculty Temporary Medical License

SB 1225 (Huffman, R-Houston/Galveston; Eissler, R-The Woodlands) expands eligibility for temporary medical licenses for faculty to include the Paul L. Foster Medical School in El Paso. Further, it expands eligibility beyond faculty at medical schools to also include faculty at health care institutions or nonprofit health corporations, including medical education foundations or federally qualified health centers, which sponsor or are affiliated with an accredited GME program. Physicians with this type of license must limit their practice to the sponsoring medical school, health care institution, or nonprofit health corporation.

In the Texas Medical Board’s proposed rules, the board would require that the sponsoring institution must affirm in an affidavit that a review was made of the physician’s criminal background, disciplinary history with other state licensing entities, and medical malpractice history.

B. Primary Care and Rural Practice Incentive Programs

Physician Education Loan Repayment Program (Expanded)

Gov. Perry signed into law **HB 2154**, authored by Rep. Al Edwards (D-Houston), which allows physicians who practice in medically underserved communities for four years to receive a total of \$160,000 towards repayment of educational loans. The bill incorporated basic elements of HB 1876 (Chisum, R-Pampa) which did not pass. The program revisions quadruple the maximum loan repayment amount from \$45,000 to \$160,000. Program expansions are to be funded through a new dedicated funding source that changes the state tax on smokeless tobacco that is expected to raise an estimated \$104.8 million during the next biennium. Of this amount, \$7 million is appropriated to the Higher Education Coordinating Board for loan repayment expansions in 2010 and \$15 million for 2011. It is estimated that \$5.6 million will be distributed in loan repayment in 2011. Once fully established, 225 physicians are expected to receive loan repayment each year through the program.

The Senate added an amendment to the bill that allows excess revenues from the tax to be used to offset increased exemptions for small businesses subject to the new business margins tax. The increased exemption applies to businesses with revenues below \$1 million, which is expected to result in the exemption of many small medical practices.

The expanded program will offer escalating annual loan repayment amounts as a retention incentive, as follows: Year 1) \$25,000; Year 2) \$35,000; Year 3) \$45,000; and Year 4) \$55,000, for a total of \$160,000. The previous maximum annual loan repayment amount was \$9,000 and it is expected that the annual increases will provide an incentive for physicians to remain in underserved communities to qualify for the larger loan repayment amounts.

Approval was given to add four new positions to assist in staffing the expanded program and the board may enter into a memorandum of understanding with the Dept. of State Health Services to assist in administering the program. The legislature directed the board to begin conducting analysis of physician retention rates in underserved communities after completion of their service obligations. Findings are to be reported to the Legislative Budget Board and the governor by Sept. 1 during even-numbered years (Article III-58, Sec. 49).

In addition to HB 1876, several other bills on physician education loan repayment were filed during the session, including SB 2243 and SB 814, but were unsuccessful.

Funding for Primary Care Preceptorship Programs (Continued)

State allocations to the primary care preceptorship programs, including family medicine, general internal medicine, and general pediatrics were unchanged, despite a strong effort by the Texas Chapter of the American College of Physicians and TMA to restore the 50 percent funding cut dating from 2003. Continued funding was provided in the amount of \$450,000 per year (\$900,000 for the biennium). The programs seek to engender interest in primary care careers among medical students by offering a one-month optional preceptorship with primary care physicians in community practice. The funding is allocated to the Higher Education Coordinating Board. This agency's 2010/11 appropriations request sought \$1.94 million in total funding, an amount that would have come close to restoring funding levels to the peak level of \$2 million in 2003.

Family Practice Rural and Public Health Rotations (Budget Rider 12, THECB Article III, Continued)

Of the \$11 million appropriated for the Higher Education Coordinating Board's Family Medicine Residency Program, \$363,000 each year (or a biennial total of \$726,000) is to be designated for one month-rural or public health rotations for family medicine residents. Funding was unchanged from the previous budget. An effort to expand the program to include rotations in oncology programs was included in SB 2077 and SB 814 and in other bills that were not adopted.

Rural Physician Relief Program (Continued)

The Office of Rural Community Affairs (ORCA) received \$330,000 in continued funding for the Rural Physician Relief Program. Rural physicians in family medicine, general internal medicine or general pediatrics who are seeking coverage of their practices during a brief absence for vacation, medical care, or CME can receive assistance in identifying a physician to provide locum tenens services. ORCA provides a forum for physicians to: specify their locum tenens needs, register their willingness to provide locum tenens, as well as payment for the locums coverage, all in the interest of recruiting and retaining physicians to rural practices. ORCA also received \$6.6 million in continued funding for programs that increase access to health care in rural areas, including the Texas Health Service Corps and Medically Underserved Community/State Matching Incentive Program. The Office of Rural Community Affairs will be renamed as the Texas Department of Rural Affairs effective Sept. 1, 2009, as directed by HB 1918.

C. Nursing Supply

Nursing Shortage

At least half a dozen bills were filed to create greater incentives for students to pursue nursing careers and to recruit additional nursing faculty.

Change in Nurse Licensing Law

HB 4353 (Gonzales, D-McAllen; Lucio, D-Brownsville) establishes a new, time-limited licensing pathway for Mexican nurses who meet certain eligibility criteria and agree to practice only at a hospital in a border county. The nurse must: be licensed to practice nursing in Mexico; have graduated from an accredited nursing program in Mexico; provide proof of verified professional credentials through a report issued by a credentials evaluation service approved by the board; receive a score of at least 475 on a Test of English as a Foreign Language exam (note: the required minimum score is 560 for a non-restricted nursing license in cases where the nursing training was completed in a language other than English); receive a score acceptable to the board on an English language version of the appropriate National Council Licensure Examination; be eligible for employment in the U.S.; and practice nursing in a hospital in a county that borders Mexico. The license is time-limited in two ways: the license is good for only one year and is not eligible for renewal. Further, this licensing pathway expires Sept. 1, 2013.

D. Requirements for Employment of Surgical Technologists at Health Care Facilities

HB 643 (Zerwas, R-Houston; Uresti, D-San Antonio) defines the duties and responsibilities of surgical technologists and lays out the requirements to be followed by licensed or state health care facilities in order to employ surgical technologists. To be eligible for employment by health care facilities, the surgical technologist must: 1) have completed an approved educational program and hold certification by a national certification body approved by the Department of State Health Services; 2) have completed an appropriate training program provided by the U.S. Armed Forces; 3) have been employed to practice surgical technology in a health care facility before

Sept. 1, 2009; or 4) be employed by the federal government. Health care facilities are allowed to employ new graduates in this profession for up to 180 days following graduation. At that time, the professional must meet the certification requirement previously identified. The certification requirement can be waived for hospitals unable to recruit a certified surgical technologist after a diligent and thorough effort. Violations of these requirements are subject to penalties and/or disciplinary actions.

E. Amended Licensing Requirements for Occupational Therapists

HB 1785 (Kuempel, R-Seguin; Nichols, R-Jacksonville) makes limited changes to the licensing requirements for occupational therapists. The bill amends current laws in response to the recent national change in the minimum educational requirements for the profession, raising it from baccalaureate to master's degree-level. HB 1785 clarifies that OTs who obtained a baccalaureate degree before Jan. 1, 2007 (either in OT, or in another area if they also completed the necessary OT course work), continue to maintain eligibility for licensure. OT's who complete their education after that date are required to have a post-baccalaureate degree. Provisions were also added for reinstating an OT's Texas license in cases where the license had lapsed for at least a year, including those who had a license in good standing in another state.

F. Temporary Faculty License for Chiropractors

HB 3450 (Legler, R-Houston; Jackson, Mike, R-La Porte) creates two new pathways for a temporary (one-year) faculty license for chiropractors. First, the chiropractor must have been active in the three years preceding application in: 1) the practice of chiropractic; or 2) as a chiropractic educator; must have an unrestricted license in another state; must pass an exam, as specified, and must hold a salaried faculty position of at least the level of assistant professor and be working full-time at Parker College of Chiropractic or Texas Chiropractic College. Further, their employment in the state is limited to these institutions. Chiropractors on active duty in the Armed Forces are also eligible if he/she holds a faculty position of at least assistant professor; works at least part time at the two colleges named herein; and fulfills critical needs of the citizens of Texas. The chiropractic board is directed to adopt applicable board rules by Jan. 1, 2010.

G. New Health Professions Agency Reporting Requirements

SB 1058 (Uresti, D-San Antonio) specifies a new annual reporting requirement for state health occupation regulatory agencies to be used by the legislature in assessing agency effectiveness. By February 1 of each year, these agencies are required to provide statistics on health professionals regulated by the agency to chairs of appropriate house and senate committees. Agencies are to report the following for the professionals under their regulation the previous year: total number; number of new professionals; total number by county; tally and description of complaints reported to the agency; number of complaints investigated and description of final resolution; total fees collected; total expenses; and any unfunded needs. The Health Professions Council is directed to adopt a standard reporting format for the agencies by Jan. 1, 2010.

H. Continuing Medical Education (CME) Updates

There were no bills found that would impact continuing medical education requirements.

I. Funding For Federally Qualified Health Centers (Budget Rider **Continued**)

A continued appropriation of \$10 million is allocated to the Department of State Health Services for new or expanded Federally Qualified Health Centers (FQHCs) during the biennium and to provide support to existing or new institutions seeking to become FQHCs through assistance with planning, grant writing, initial operating costs, and/or initial capital costs. State community primary care clinics are to coordinate services with FQHCs in their county or to seek FQHC status if none exist in the county. The rider specifies that clinics receiving funds through this appropriation are to operate extended weekend and evening hours.

J. University of North Texas Pharmacy School Feasibility Study (**NEW**)

Authority given to use \$400,000 to conduct a feasibility study and curriculum and facility planning for a pharmacy school to include existing pre-pharmacy studies and Doctor of Pharmacy courses at both the University of North Texas and the University of North Texas at Dallas.

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