

**COUNCIL ON MEDICAL EDUCATION 2011 LEGISLATIVE COMPENDIUM:
MEDICAL EDUCATION/PHYSICIAN WORKFORCE**

EXECUTIVE SUMMARY

The Texas Legislature continued to provide state funding for medical education and graduate medical education, albeit at sharply reduced levels from the prior biennium. Total funding allocations for medical students was reduced by 13 percent and graduate medical education, as a whole, received cuts of 37 percent, as described more fully below. The state’s physician education loan repayment program lost substantial funding, down \$17 million from the previous \$23 million – a cut of 78 percent.

**TABLE 1
FUNDING COMPARISONS FOR GRADUATE MEDICAL EDUCATION PROGRAMS
AND MEDICAL STUDENTS, 2010/11 AND 2012/13 (M=MILLIONS)**

	2010/11 State Budget	2012/13 State Budget	% Difference From 2010/11 to 2012/13
Graduate Medical Education Funding			
Formula Funding to Medical Schools for GME Programs	\$79.1 M.	\$56.9 M.	- 28%
Additional Funding for Primary Care GME Programs	26.8 M.	5.6 M.	- 79%
Additional Special-Item Funding to Medical Schools for GME Programs	15.6 M.	14 M.	- 10%
Total	121.5 M.	76.5 M.	- 37%
Medical Student Funding			
Formula Funding for Medical Students (adjusted to reflect <u>only</u> general revenue portion of Instruction & Operations, including small-class supplements. Formula generated by medical student enrollments.)	647 M.	561.7 M.	-13%
Medical School Expansions			
Texas A&M Health Science Center Medical School Bryan/College Station, Temple, and Round Rock	45 M.	26.3 M.	- 42%
Texas Tech Univ., Foster Medical School, El Paso	65.6 M.	46.7 M.	- 29%

Note: Numbers may not add due to rounding.

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

	2010/11 State Budget	2012/13 State Budget	% Difference From 2010/11 to 2012/13
Available Funds	\$23 M.	\$5.6 M.	-78%
		Only sufficient funds for repayment to physicians already in program; no new applications accepted.	

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I. STATE GRADUATE MEDICAL EDUCATION (GME) FUNDING

The state provides funding for graduate medical education (GME) through four funding methods: a) formula funding based on the number of eligible residents for each health-related institution; b) appropriations for primary care GME trustee funds at the Texas Higher Education Coordinating Board; c) special-item funding allocated directly to specific health-related institutions; and d) Medicaid GME funding to five state-owned teaching hospitals. More details about each funding method is provided below.

A. State GME Formula Funding

The state's GME formula funding process was established in 2006 to contribute state support toward the portion of faculty time devoted to teaching residents and for development of new GME positions. Per-capita formula funding for the 2012/13 state biennial budget received substantial cuts, down 29.6 percent to **\$9,364 per resident for the biennium** (based on HB 1 and HB 4 appropriations), from \$13,306 in the prior budget. With 6,045 eligible GME positions, a total of \$56.9 million was appropriated for the current budget.

The range of appropriations among institutions for 2012/13 is dependent on the number of eligible residents and the totals vary from the smallest at \$248,402 at The University of Texas Health Science Center at Tyler to the largest at \$13.7 million for 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	2012/13
Baylor, Houston	\$5.2 M.	\$12.8 M.	\$15.3 M.	\$10.9 M.
Texas A&M	1.4	5.4	6.7	5.1
Texas Tech	2.3	5.3	7.1	5.1
UNTHSC, Ft. Worth	0.6	1.6	2.1	1.7
UT Southwestern at Dallas	5.8	13.2	17.0	13.7
UTHSC at Houston	3.5	8.6	10.5	7.9
UTHSC at San Antonio	3.0	7.5	9.3	6.6
UTMB at Galveston	2.5	6.8	9.0	4.6
MD Anderson, Houston	0.4	1.2	1.7	1.2
UTHSC at Tyler	0.1	0.3	0.3	0.3
State Total	\$25.0 M.	\$62.8 M.	\$79.0 M.	\$56.9 M.
Per Resident Biennial Rate	\$4,806	\$11,268	\$13,306	\$9,364

Note: Totals may not add due to rounding.

The GME formula allocation for 2012/13 is lower than the two previous budgets, with a peak in funding in 2010/11. Only resident positions at accredited programs affiliated with a health-related institution are eligible for this funding, excluding independent residency programs.

B. Texas Higher Education Coordinating Board GME Trusteed Funding Programs

Another method of providing state funding to GME provides a considerably smaller amount than the formula funding process shown above. In this case, funds are trustee to the Texas Higher Education Coordinating Board for funding some primary care residency programs. In 2012/13, two of the three primary care GME trustee programs received zero funding. Overall, the trustee funds were reduced by 79 percent for a total net loss of \$21.2 million, as shown in Table 2.

TABLE 2
Texas Higher Education Coordinating Board GME Trusteed Funding

Program	State Appropriations in Millions (M.)			
	2006/07	2008/09	2010/11	2012/13
Family Medicine Residency	\$17.5 M.	\$17.5 M.	\$21.2 M.	\$5.6 M.
Primary Care Residency	5.0	5.0	5.0	0
GME	3.6	0.6	0.6	0
Total	\$26 M.	\$23* M.	\$26.8 M.	\$5.6 M.

The **Family Medicine Residency Program**, established in 1977, provides funding to family medicine residency programs for the purposes of increasing the number of physicians who select careers in family medicine and to encourage physicians to establish practice in rural and underserved communities. The 2012/13 funding level is \$3,895 per resident, down 73 percent from \$14,396 for the previous biennium. A total of 706 residents will be funded.

From 1995 to 2011, the **Primary Care Residency Program** provided funding for new primary care residency positions and positions that had previously not received funding with the objective of increasing the number of primary care physicians. Funding was provided in 2011 to support 122 residents in 23 residency programs. These funds were targeted toward GME slots filled by residents most likely to remain in the state to practice as identified by GME program directors. Zero funding was provided for 2012/13.

The “**Graduate Medical Education**” program provided funding to primary care GME programs from 1997 to 2011 with the goal of increasing the state’s support for primary care residencies. In 2011, funding for this program was limited by an appropriations rider 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 the state GME formula funding process. The board funded 313 primary care residents at \$910 in the prior budget but zero funding was appropriated for 2012/13.

C. Additional State GME Funding

Four health-related institutions receive funding for GME programs in their budgets as special-item funding. For the 2012/13 biennium, a total of \$14 million was appropriated, as shown in Table 3 below, about \$1 million less than the previous biennium, a loss of 10 percent.

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

Institution	2012/13 Biennial State Appropriations for GME to Medical Schools as Special-Item Funding (M=Millions)
<i>Texas Tech University Health Sciences Center</i>	<ul style="list-style-type: none"> ●Midland Medical Residency: \$2.76 M. (now includes Midland Cardiology and Midland Medical Residency which were previously funded separately) ●Family/Community Medicine GME: \$0.9 M. ●Border Health-Resident Support (GME), El Paso: \$0.6 M. ●Odessa Medical Education (Primary Care GME): \$2.2 M. TOTAL: \$6.46 M.
<i>UT Health Science Center, San Antonio</i>	●Family Medicine GME \$0.4 M.
<i>UT Health Science Center, Tyler</i>	●Family Medicine GME \$5.0 M.
<i>UT Southwestern Medical Center, Dallas</i>	●Primary Care GME \$2.2 M.
STATE TOTAL	\$14.06 M.

Note: Totals may not add due to rounding. All appropriations in the table above represent continued funding from prior years and are not new funding. UTMB also received special-item funding for “Primary Care Physician Services.” This activity funds primary care physician services in east and southeast Texas and also supports undergraduate and graduate education programs that produce more primary care physicians, particularly to serve rural, minority, and other medically underserved communities. This allows for expansion of UTMB’s Family Medicine Rural Track, gives medical students and residents the opportunity to experience

practice in rural communities, and produces physicians for rural Texas. A total of \$6.1 million is received per year for this activity; however it is not included above because it is not known how much of this appropriation is for GME.

Texas Tech University Health Sciences Center receives the largest amount of GME special-item funding, about \$6.5 million. The second highest amount is received by The University of Texas Health Science Center at Tyler at \$5 million. At least 3/4th of these monies are for primary care GME programs.

The legislature gave the Department of State Health Services continued authority, through an appropriations rider, to use funds appropriated to the South Texas Health Care System in Harlingen to help support the Family Medicine Residency Program in McAllen in collaboration with The University of Texas Health Science Center at San Antonio [25. State Health Care Facility Provisions DSHS, Article II].

D. Medicaid GME Funding to State-Owned Teaching Hospitals

Appropriations Rider #42 gives the Texas Health and Human Services Commission renewed authority to utilize funds transferred by the five state-owned teaching hospitals to serve as the state portion of a state/federal match for funding Medicaid GME payments to state-owned teaching hospitals. Note: these are the *only* Texas teaching hospitals receiving Medicaid GME payments.

42. Graduate Medical Education. The Health and Human Services Commission is authorized to spend Appropriated Receipts - Match for Medicaid and matching Medicaid Federal Funds out of Strategy B.2.1, Cost Reimbursed Services, for Graduate Medical Education payments to *state-owned teaching hospitals*, contingent upon receipt of allowable funds from state-owned teaching hospitals to be used as the non-federal share for Medicaid Graduate Medical Education. Appropriated Receipts - Match for Medicaid shall be the only source of funds used for the nonfederal share for Medicaid Graduate Medical Education, and the Health and Human Services Commission shall develop a payment methodology for Medicaid Graduate Medical Education payments to state-owned teaching hospitals.

The five state-owned teaching hospitals include: The University of Texas MD Anderson Cancer Center, Houston; The University of Texas Health Science Center, Tyler; The University of Texas Medical Branch, Galveston; The University of Texas Southwestern St. Paul Hospital, Dallas; and The University of Texas Southwestern Zale Lipshy Hospital, Dallas. How much funding will be provided through this process in 2012/13 is not yet known but, as a reference, \$32.8 million was received in FY 2011 (the most recent data available), as reported by the Teaching Hospitals of Texas Association. Prior to 2006, the Texas Medicaid program also provided Medicaid GME funding to teaching hospitals that were not state-owned. As an example, \$72 million was allocated from the 2004/05 biennial budget.

II. STATE MEDICAL SCHOOL FUNDING

State funding for medical students has been allocated on a per-capita formula basis since 1999. The per-capita base funding level peaked at \$11,776 per student in 2002/03. The per-capita amount is determined by calculating the base value funding level by a per-student weighted amount. This weight has been unchanged since the formula process was established in 1999 and is set at **4.753 per medical student**.

2012/13 Funding

The per-capita base funding level of \$42,181 for 2012 and 2013 is the lowest level since the process was implemented in 1999 (Table 3). Per-student funding levels for 2012/13 are 20 percent less than the prior biennial budget and 25 percent less than the peak of \$55,971 reached in 2002/03. Please note: the 2012/13 funding level and per-capita amount in the table reflect appropriations made in HB 1 (General Appropriations Act) and HB 4 (supplemental funding bill).

TABLE 3
Comparison of State Medical Student Formula Funding by Biennial Budget

State Biennial Budget	State Funding Per Medical Student	Base Value Funding Level	% Difference from Peak in 2002/03
2000/01	\$54,103	\$11,383	-3.3%
2002/03	55,971 (Peak)	11,776	-
2004/05	47,216	9,934	-16%
2006/07	52,221	10,987	-6.7%
2008/09	51,527	10,841	-7.9%
2010/11	52,896	11,129	-5.5%
2012/13	42,181 (Low)	8,875	-24.6%

Note: Funding amounts for 2012/13 reflect both HB 1 and HB 4 appropriations.

The total medical student allocation for formula funding in 2012/13 is \$561.7 million. This is the adjusted funding amount that only reflects the general revenue portion of the “Instruction and Operations” items in the budget, excluding other types of appropriations to the health-related institutions. Also included are the additional appropriations for small-class supplements. Appropriations for medical education to Baylor College of Medicine through the Texas Higher Education Coordinating Board are part of this total.

Medical student formula funding yielded a total of \$647 million for the 2010/11 biennial budget. The current budget amount is \$85.3 million or 13.2 percent less. The additional 421 students eligible for formula funding in 2012/13 offset some degree of loss in the total amount of funding.

As in prior years, the legislature directed the coordinating board to appoint study committees to review and recommend updates to student formula funding rates, in this case for the 2014/15 state budget with a reporting deadline of June 1, 2012 [Section 28, Special Provisions Relating Only to State Agencies of Higher Education, Article III].

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 for almost 600 medical students who are Texas residents. The funding formula is defined by law based on an average of the state per-capita funding rate for UT Southwestern and UTMB. In the 2012/13 appropriations bill, the legislature directed the Texas Higher Education Coordinating Board to report actual and budgeted expenditures for Baylor, including distributions from the Permanent Health Fund for Higher Education and the 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 these institutions do not provide formal medical education, they do not qualify for what is termed “instruction” support. The institutions receive mission-specific funding instead.

For 2012/13, general revenue funds were appropriated for M.D. Anderson for cancer center operations based on the total Texas cancer patients served by the institution in 2010, using a rate of \$1,752 per patient, per year [reduced from the 2010/11 amount of \$2,773 per patient], for a total appropriation of \$201,266,747 [reduced from \$235,399,704 in the prior budget, a reduction of 37 percent in the base rate]. Further, there is a stipulation that any growth in formula funding for this institution cannot exceed the average growth in funding for other state health-related institutions in the budget categories entitled “instruction” and “operations” for 2012/13.

The University of Texas Health Science Center at Tyler was appropriated \$44,693,374 in general revenue funds for the Chest Disease Center operations [reduction of 14 percent from \$52,272,952 in the prior budget]. For 2012/13, the formula is based on the number of cases in which disease diagnoses were treated by this institution in 2010, using a rate of \$322 per case [reduced by 17 percent from \$389 per case in 2010/11].

C. UTMB-Galveston Post-Hurricane Ike Restoration and Indigent Care

The University of Texas Medical Branch at Galveston suffered significant structural damage and operational interruptions as a result of Hurricane Ike in September 2008. An additional \$150 million in 2010/11 from general revenue was provided to cover general costs associated with the damage caused by the storm and for use in qualifying for matching funds from the Federal Emergency Management Agency (FEMA). HB 4 gave UTMB the authority to use unexpended and unencumbered balances from those previously appropriated funds during 2012/13.

In addition to the funding provided in Article III of the state appropriations act, HB 4 also appropriated \$19.9 million to UTMB for 2013 for tuition revenue bond debt service and institutional operations.

As in prior years, UTMB is eligible to receive reimbursement funds for indigent health care from available unclaimed lottery funds, administered by the Department of State Health Services. Up to \$11,500,000 was approved by the legislature for reimbursement in 2012/13 [reduced 4 percent from \$20 million in 2010/11]. Funds are to be used for care provided to indigent patients from any county, with the exception that care to indigent residents of the following six counties: Galveston, Brazoria, Harris, Montgomery, Fort Bend, and Jefferson can only be provided if the county indigent health care program or county hospital district for these counties exceed their allocations of 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 admitted in fall 2009. Previously, 50 medical students transferred from the Lubbock medical school each year to the previous El Paso Regional Academic Health Center to complete their third and fourth years of medical school. The Foster Medical School received line-item funding of \$46.7 million for 2012/13 [down \$18.9 million or 28.9 percent from \$65.6 million in 2010/11].

B. Texas A&M University Health Science Center

Texas A&M received \$26.4 million for 2012/13 to continue expansion of the medical education programs in College Station, Temple, and Round Rock. 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. Rider #8 directs that \$7.5 million is to be used for the Temple campus and \$6.75 million for the Round Rock campus. Any unexpended balances at the end of Fiscal Year (FY) 2012 can be carried over to FY 2013. [Current appropriation is \$18.6 million or 40-percent less than 2010/11, including a cut of \$10.6 million in the appropriation and the loss of \$8 million in federal stimulus dollars].

C. The University of Texas Health Science Center at San Antonio Lower Rio Grande Valley Regional Academic Health Center

The Lower Rio Grande Valley Regional Academic Health Center in Harlingen has a two-year medical education program for 24 medical students who transfer from the UT Health Science Center at San Antonio medical school for their third and fourth years of medical school. The program was funded at \$17.2 million for the 2012/13 biennium [loss of \$6.9 million from the 2010/11 appropriation and a loss of \$6.5 million in federal stimulus dollars, for a total funding loss of \$13.4 million or 44 percent]. The center has authority to carry over any unexpended balances from 2012 to 2013 [Rider #3, UTHSC-San Antonio, Article III].

Last session, the legislature gave UT System the authority to establish a new medical school in South Texas by converting the regional academic health center to a four-year program as part of an academic health center to be

known as The University of Texas Health Science Center-South Texas. In the event such a center is established, the legislature also specified that no state funds are to be appropriated for this program before Aug. 31, 2015.

D. UTMB Programs in Austin: Student and Resident Training [Budget Rider #8, UTMB 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 specific legislative action was taken towards establishing a new medical school in Austin (see summary of SB 1648 in listing of bills that did not pass).

IV. GENERAL MEDICAL SCHOOL PROVISIONS

A. Minimum Medical School Enrollments [Budget Rider Continued; Section 15, Special Provisions Relating Only to State Agencies of Higher Education, Article III]

The legislature established the following minimum medical school enrollments for state institutions, with no changes from the previous biennium:

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, Special Provisions, Article III]

Once again, 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]

The legislature made no changes to a rider that allows UT Southwestern Medical Center at Dallas to 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, Special Provisions Relating Only to State Agencies of Higher Education, Article III]

Also, 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; the students are not required to be Texas residents [Section 13.3, Special Provisions Relating Only to State Agencies of Higher Education, Article III].

D. Town/Gown [Budget Rider Continued, Section 25, Special Provisions Relating Only to State Agencies of Higher Education, 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.

E. Faculty Practice Plans [Budget Rider Continued, Section 20, Special Provisions Relating Only to State Agencies of Higher Education, 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.

Near Misses

Stem Cell Research

No bills were passed that would impose additional reporting requirements related to stem cell research. SB 228 by Nelson (R-Denton) would have required higher education institutions to provide an annual report to the Texas Legislature on the amount of funds expended on human embryonic and adult stem cell research. This is in sharp contrast to prior years when multiple bills were filed on mandatory reporting of stem cell research.

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 graduated from medical school in 2010. The legislature authorized \$7 million for 2012 and provided the authority for any unexpended funds to be carried over to 2013 [reduction of \$3.6 million or 34-percent from the 2010/11 biennium]. TMA has policy in support of sufficient funding to enable the program to be fully operational.

B. Prairie View A&M Undergraduate Medical Academy [Budget Rider #4, Continued, Prairie View A&M University, Article III]

Prairie View A&M University in Prairie View is authorized to support the undergraduate medical academy out of \$17.8 million appropriated for the Academic Development Initiative for the 2012/13 biennium [down -\$7.2 million or 29-percent from the \$25 million appropriated for 2010/11]. 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, Section 11, Special Provisions Relating Only to State Agencies of Higher Education, Article III]

Once again, a budget rider (Special provisions for state agencies of higher education) directs health science centers to use funds for need-based student scholarships regardless of race, gender, color, or ethnicity of the student recipient. This bars medical schools from using these state scholarship funds to directly recruit underrepresented minority students and is the first time a reference to “gender” was included.

VI. OTHER EDUCATIONAL PROGRAMS, INCLUDING RESEARCH

A. Border Health Research

Texas Tech University Health Sciences Center [Budget Rider, Continued, Rider #4, TTUHSC, 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 \$3 million for the research program focused on rare and aggressive breast cancer to contribute toward improving the diagnostics in patients with breast cancer [reduced from the 2010/11 appropriation of \$4 million, or 25 percent].

Rural and Underserved Area Clinical Trials in Cancer Research [Budget Rider, Texas Tech University Health Sciences Center, Rider #9, Article III]

Authorizes Texas Tech University Health Sciences Center to use \$3.42 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 [reduced from the 2010/11 appropriation of \$ 4.8 million, or 29 percent].

Texas Cancer Registry [New Funding Source, Rider #56, DSHS, Article II and Rider #51, THECB, Article III]
Contingent on enactment of legislation authorizing the Cancer Prevention and Research Institute of Texas to issue bonds on an as-needed basis (*note: authority was granted to issue bonds*), the Department of State Health Services is directed to use \$5.94 million in the 2012/13 biennium from an Interagency Contract with the institute for the purposes of maintaining the infrastructure of the cancer registry. If the legislation is not enacted, DSHS is to use the same amount of money from an Interagency Contract with the Texas Higher Education Coordinating Board and/or the Health-Related Institutions of Higher Education to maintain the cancer registry.

In earlier budget proposals this session, the burden of funding the registry was placed solely on the health-related institutions and Baylor College of Medicine.

C. Cardiovascular Research

The University of Texas Health Science Center at Houston and Texas Heart Institute Gene Therapy and Cardiovascular Research Program [Budget Rider Continued, Rider #3, UTHSC at Houston, Article III]
Up to \$894,133 in each year of the biennium for gene therapy and up to \$399,086 each year for cardiovascular research [no changes from the previous biennium].

The University of Texas Health Science Center at Houston
Heart Disease/Stroke Research: \$7.8 million [*Special-Item Funding Continued, UTHSC at Houston, Article III*]
[appropriation is 24 percent less than previous appropriation of \$10.3 million].

Texas A&M University Health Science Center Cardiovascular Research Institute [Budget Rider Continued, Rider #3, TA&MHSC, Article II]
Up to \$2,055,000 in 2012 and \$2,305,000 in 2013 for Cardiovascular Research Institute activities conducted primarily at health science center facilities in Temple.

D. Diabetes Research

Texas Tech University Health Sciences Center
Line-item funding for Diabetes Research Center: \$412,024 [29 percent less than previous appropriation of \$578,000].

E. Indigent Care

Best Business Practices for Indigent Care, M.D. Anderson [Budget Rider #6, Continued, M.D. Anderson, Article III]

Once again, 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 million
[23 percent less than previous appropriation of \$2.6 million].

The University of Texas Medical Branch-Galveston Uncompensated Care Program in McAllen [Budget Rider #11 Continued, UTMB, Article III]
UTMB is directed to use at least \$712,500 for 2012/13 to operate and provide uncompensated care at the Cervical Dysplasia and Cancer Stop Clinic in McAllen.

F. Physician Practice Plan Upper Payment Limit [Budget Rider Continued, Section 22, Special Provisions Relating Only to State Agencies of Higher Education]

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.

G. Neurological Research

Collaborative Research on Acute Neurological Injuries [Budget Rider Continued, Rider #7, TAMUHSC]

Texas A&M Health Science Center has the authority to spend \$2 million to conduct joint research endeavors with 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 [unchanged from previous biennium].

H. 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 [Budget Rider Continued, Section 35 Special Provisions Relating Only to State Agencies of Higher Education]

Authority for up to \$1 million to be used out of funds appropriated to Baylor College of Medicine, The University of Texas Health Science Center at Houston, and The University of Texas Medical Branch in Galveston to support an endowed chair or professorship for spinal cord injury research.

I. Border Areas

The University of Texas Health Science Center at Houston

Line-item funding for Service Delivery Valley/Border: \$807,172
[19 percent less than previous \$1 million appropriation].

Texas A&M Health Science Center

Line-item funding for South Texas Health Center: \$1.3 million
[28 percent less than previous \$1.8 million appropriation].

J. Family Planning

Family Planning Service [Budget Rider, Rider 77, DSHS, Article II]

Funding, administered through the Department of State Health Services, for family planning is to be set aside (an unspecified amount) for public entities such as state, county, local community health clinics, Federally Qualified Health Centers (FQHCs), and clinics under Baylor College of Medicine and non-public entities that provide family planning services. Additionally, as in previous years, up to \$2 million may specifically be allocated to clinics for core family planning services provided under the auspices of Baylor College of Medicine in Houston.

K. 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.

Attempts were made by Sen. Steve Ogden (R-Bryan), in an effort to offset the dramatic cuts to the health science centers, to partially liquidate the endowment funds, estimated to be about \$430 million. The proposal would have allowed the institutions to either spend the money allocated to them or create their own endowments, while preserving a portion of the funds for future annual allocations. The Senate Finance Committee passed the proposal as part of their budget recommendation but the enabling legislation for this to go into effect, SB 1581, was pronounced dead by procedural action and the measure ultimately failed.

VII. PHYSICIAN WORKFORCE AND OTHER HEALTH PROFESSIONS

A. Primary Care and Rural Physician Workforce

Physician Education Loan Repayment Program

The state's Physician Education Loan Repayment Program was updated by the legislature in 2009 in response to increased education-related debt levels by physicians. The maximum loan repayment amount was increased from \$45,000 to \$160,000 per physician. A new funding source was also established which linked the program with an increased state sales tax on smokeless tobacco products. Although the tax has generated funds, the legislature only

authorized an allocation of \$5.6 million for loan repayment and the remaining funds were allocated for other purposes.

The original goal was to provide loan repayment for 225 physicians each year. To receive the full benefits, program participants are required to practice four years in an underserved community. This program was regarded as one of the state's most effective tools for addressing the geographic maldistribution of physicians.

Funding was cut from \$23 million in 2010/11 to \$5.6 million in 2012 and zero funding in 2013, for a biennial loss of \$17.4 million or 78 percent. Sufficient funds are available to provide repayment to the physicians already in the program, however, no new physicians will be added to the program.

Family Medicine Faculty Development Center, Waco

The Family Medicine Faculty Development Center in Waco, established in 1978, provided training for family medicine faculty and residents. In prior years, almost \$400,000 was provided, but zero funding was available in 2012/13. The program temporarily closed in August 2011 and was transferred to the University of North Texas Health Science Center in Fort Worth in April 2012 and has resumed operations.

Family Medicine Rural and Public Health Rotations [Budget Rider# 46, THECB, Article III, Continued]

The Texas Higher Education Coordinating Board determined that \$50,000 from funding to the Family Medicine Residency Program should be used to fund 25 rural rotations for family medicine residents at \$2,000 each (20 percent less per resident than prior budget year). Of the \$2,000, residents receive \$500 upon completion of the rotation and \$1,500 goes to the residency program. No funding was provided for public health rotations for family medicine residents in 2012/13. A total of \$168,425 was available for both rural and public health rotations in the prior budget with the objective of recruiting additional physicians to these types of practices.

VIII. ITEMS NOT FUNDED IN 2012/13 BUDGET:

A. Primary Care Preceptorship Programs

Zero funding was allocated to the Texas Higher Education Coordinating Board for the primary care preceptorship programs, including family medicine, general internal medicine, and general pediatrics. This was a loss of \$904,000 from the previous biennium. The programs were designated in the past to promote interest in primary care careers among medical students by offering a one-month optional preceptorship with primary care physicians in community practice. Funds covered stipends and travel expenses for participants. The state specialty societies for these three specialties have assumed responsibility for the programs and they have continued to operate without state funding.

B. Funding for Psychiatry Training and Services to Department of State Health Services

During the 2009 session, to DSHS was authorized to spend \$500,000 during the next 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. Funding for this initiative was not extended this year.

C. The University of Texas Health Science Center at Houston

Adult Stem Cell Program, previously funded at \$5 million from Federal Stimulus Funding.

D. The University of Texas Southwestern Medical Center at Dallas

Institute for Genetic & Molecular Disease, previously funded at \$8 million from Federal Stimulus Funding.

E. Funding to Facilitate Formation of New Federally Qualified Health Centers

Funding was zeroed out for a program at the Department of State Health Services to promote the formation or expansion of Federally Qualified Health Centers (FQHCs). Previously, \$10 million was available to support institutions seeking to become FQHCs through assistance with planning, grant writing, initial operating costs, and/or initial capital costs.

F. Rural Physician Relief Program

Another program to fall victim to budget cuts was the Rural Physician Relief Program. Since 2003, the Texas Department of Rural Affairs (previously The Office of Rural Community Affairs) has facilitated the program to assist rural physicians in family medicine, general internal medicine or general pediatrics seeking coverage of their practices during a brief absence for vacation, medical care, or CME. The program provided assistance in identifying a physician to provide locum tenens services as well as providing payment for the locums coverage. Zero funding was provided in the 2012/13 budget to continue the program.

G. FREW Medicaid Children's Loan Repayment Program

Zero funding was provided to continue the Medicaid physician and dentist loan repayment program established in 2008 as part of the court settlement of FREW vs. Hawkins. This program received \$32.9 million in the 2010/11 budget.

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