

**HF804 - 1CE - "Health Prof Loan Forgiveness Program"**

Chief Author: **Debra Kiel**  
 Committee: **Health and Human Services Finance**  
 Date Completed: **03/07/2017**  
 Lead Agency: **Health Dept**  
 Other Agencies:  
     Human Services Dept

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact	X	

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2017	FY2018	FY2019	FY2020	FY2021
<b>Health Dept</b>						
<b>General Fund</b>	-	1,001	1,001	1,001	1,001	1,001
<b>Human Services Dept</b>						
<b>General Fund</b>	-	-	6	15	15	15
<b>State Total</b>						
<b>General Fund</b>	-	1,001	1,007	1,016	1,016	1,016
	<b>Total</b>	<b>-</b>	<b>1,001</b>	<b>1,007</b>	<b>1,016</b>	<b>1,016</b>
			<b>Biennial Total</b>	<b>2,008</b>	<b>2,032</b>	<b>2,032</b>

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2017	FY2018	FY2019	FY2020	FY2021
<b>Health Dept</b>					
General Fund	-	.5	.5	.5	.5
<b>Human Services Dept</b>					
General Fund	-	-	-	-	-
	<b>Total</b>	<b>-</b>	<b>.5</b>	<b>.5</b>	<b>.5</b>

**Lead Executive Budget Officer's Comment**

I have reviewed this fiscal note for reasonableness of content and consistency with MMB's Fiscal Note policies.

EBO Signature: Paul Moore      Date: 03/07/2017  
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**State Cost (Savings) Calculation Details**

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

\*Transfers In/Out and Absorbed Costs are only displayed when reported.

<b>State Cost (Savings) = 1-2</b>		<b>Biennium</b>			<b>Biennium</b>	
<b>Dollars in Thousands</b>		<b>FY2017</b>	<b>FY2018</b>	<b>FY2019</b>	<b>FY2020</b>	<b>FY2021</b>
<b>Health Dept</b>						
General Fund	-	1,001	1,001	1,001	1,001	1,001
<b>Human Services Dept</b>						
General Fund	-	-	6	15	15	15
<b>Total</b>	<b>-</b>	<b>1,001</b>	<b>1,007</b>	<b>1,016</b>	<b>1,016</b>	<b>1,016</b>
	<b>Biennial Total</b>		<b>2,008</b>		<b>2,032</b>	<b>2,032</b>
<b>1 - Expenditures, Absorbed Costs*, Transfers Out*</b>						
<b>Health Dept</b>						
General Fund	-	1,001	1,001	1,001	1,001	1,001
<b>Human Services Dept</b>						
General Fund	-	-	6	15	15	15
<b>Total</b>	<b>-</b>	<b>1,001</b>	<b>1,007</b>	<b>1,016</b>	<b>1,016</b>	<b>1,016</b>
	<b>Biennial Total</b>		<b>2,008</b>		<b>2,032</b>	<b>2,032</b>
<b>2 - Revenues, Transfers In*</b>						
<b>Health Dept</b>						
General Fund	-	-	-	-	-	-
<b>Human Services Dept</b>						
General Fund	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Biennial Total</b>		<b>-</b>		<b>-</b>	<b>-</b>

**HF804 - 1CE - "Health Prof Loan Forgiveness Program"**

Chief Author: **Debra Kiel**  
 Committee: **Health and Human Services Finance**  
 Date Completed: **03/07/2017**  
 Agency: **Health Dept**

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings) Dollars in Thousands	Biennium			Biennium	
	FY2017	FY2018	FY2019	FY2020	FY2021
General Fund	-	1,001	1,001	1,001	1,001
<b>Total</b>	<b>-</b>	<b>1,001</b>	<b>1,001</b>	<b>1,001</b>	<b>1,001</b>
<b>Biennial Total</b>			<b>2,002</b>		<b>2,002</b>

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2017	FY2018	FY2019	FY2020	FY2021
General Fund	-	.5	.5	.5	.5
<b>Total</b>	<b>-</b>	<b>.5</b>	<b>.5</b>	<b>.5</b>	<b>.5</b>

**Executive Budget Officer's Comment**

I have reviewed this fiscal note for reasonableness of content and consistency with MMB's Fiscal Note policies.

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**State Cost (Savings) Calculation Details**

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

\*Transfers In/Out and Absorbed Costs are only displayed when reported.

<b>State Cost (Savings) = 1-2</b>		Biennium			Biennium	
Dollars in Thousands	FY2017	FY2018	FY2019	FY2020	FY2021	
General Fund	-	1,001	1,001	1,001	1,001	1,001
<b>Total</b>	<b>-</b>	<b>1,001</b>	<b>1,001</b>	<b>1,001</b>	<b>1,001</b>	<b>1,001</b>
			<b>2,002</b>			<b>2,002</b>
<b>1 - Expenditures, Absorbed Costs*, Transfers Out*</b>						
General Fund	-	1,001	1,001	1,001	1,001	1,001
<b>Total</b>	<b>-</b>	<b>1,001</b>	<b>1,001</b>	<b>1,001</b>	<b>1,001</b>	<b>1,001</b>
			<b>2,002</b>			<b>2,002</b>
<b>2 - Revenues, Transfers In*</b>						
General Fund	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
			<b>-</b>			<b>-</b>

**Bill Description**

**Section 1** amends M.S. section 144.1501, subdivision 2, to create eligibility in the existing MDH loan forgiveness program for nurses who work in licensed housing with services establishments and home care agencies. Currently, only nurses who work in nursing homes are eligible for loan forgiveness awards.

**Section 3** is a blank appropriation from the general fund for FY 2018 and FY 2019 to add funding to the existing MDH Home and Community Based (HCBS) Scholarship program under M.S. 144.1503, and authorizes up to \$50,000 additional funding to for administration of the scholarship program.

**Assumptions**

**Section 1.** The MDH Office of Rural Health and Primary Care (ORHPC) administers the existing program, and would implement this change. Awards to all eligible professions in the loan forgiveness program derive from the same budget. This means that without an additional appropriation for this expansion, awards for the new category would reduce the awards of other eligible professions in the program.

To calculate the effect of this change on the existing appropriation, MDH calculated the number and amount of available awards for each eligible profession, using the award formulas in statute (M.S. 144.1501). The first formula to determine the number of awards per profession is based on the vacancy rate of each profession. The higher the vacancy rate of the profession, the more awards available in the loan forgiveness program. The second formula to determine the maximum dollar amount of awards for each profession is based on the average student debt of graduates from each profession.

Currently, nurses who work in nursing homes are awarded up to 20 awards annually, based on the vacancy rate for the profession. The award amount for each individual is \$5,000 per year for up to four years, based on the average debt load of graduates.

MDH assumes the same vacancy rate and average debt for nurses working in housing with services establishments and home care agencies. This means an estimated 20 new awards per year, at \$5000 per individual per year -- \$100,000 per year for new awards -- for up to four years. When fully implemented, four years of awards would run concurrently, meaning this expansion of the program would require \$400,000 per year from the existing appropriation, and would reduce by an equal amount the awards from currently eligible professions physicians, dentists, pharmacists, midlevel practitioners, dental therapists, mental health professionals, nurses in nursing homes, public health nurses, and nurse faculty.

**Section 3.** MDH Office of Rural Health and Primary Care administers the existing HCBS Scholarship program, and would

implement this change. MDH's effort to administer this expansion of the HCBS Scholarship grant program would require 0.5 FTE state program administrator senior and associated costs, including communications, computing and supplies, and travel. New grant administration activities would include: reviewing additional applications for completeness; organizing and facilitating multiple review committees of external stakeholders; encumbering funds and contracting with grantees; processing invoices and progress reports; performing site visits; collecting and analyzing data and information on the program; and providing significant technical assistance to additional applicants and grantees, many of whom have little or no experience with state grants. MDH's calculated costs of \$51,000 are approximate to the \$50,000 operating appropriation in the bill.

The current base appropriation for the HCBS Scholarship program is \$950,000 per year for grants, and \$50,000 to administer the program. Since the blank appropriation in the bill also allows up to \$50,000 for administration, MDH assumes a corresponding additional appropriation of \$950,000 for grants in FY 2018 and FY 2019, assuming 19 additional awards at \$50,000.

**Expenditure and/or Revenue Formula**

FUND BACT	EXPENDITURES (dollars in thousands)	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
GF 1000 BACT 1	Salary and Fringe Benefits	-	44	44	44	44
	Other Operating Costs	-	2	2	2	2
	Grants	-	950	950	950	950
	Administrative Services	-	5	5	5	5
	OR Indirect Cost	-	-	-	-	-
	<b>TOTAL EXPENSES</b>	-	1,001	1,001	1,001	1,001
	<b>TOTAL REVENUES</b>	-	-	-	-	-
	<b>NET COST &lt;SAVINGS&gt;</b>	-	1,001	1,001	1,001	1,001

**Long-Term Fiscal Considerations**

**Local Fiscal Impact**

**References/Sources**

MDH Nurse Loan Forgiveness Program: <http://www.health.state.mn.us/divs/orhpc/funding/loans/nurse.html>

MDH HCBS Scholarship Grant Program: <http://www.health.state.mn.us/divs/orhpc/funding/index.html#hcbs>

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**HF804 - 1CE - "Health Prof Loan Forgiveness Program"**

Chief Author: **Debra Kiel**  
 Committee: **Health and Human Services Finance**  
 Date Completed: **03/07/2017**  
 Agency: **Human Services Dept**

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact	X	

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2017	FY2018	FY2019	FY2020	FY2021
General Fund	-	-	6	15	15	
<b>Total</b>	-	-	<b>6</b>	<b>15</b>	<b>15</b>	
<b>Biennial Total</b>			<b>6</b>		<b>30</b>	

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2017	FY2018	FY2019	FY2020	FY2021
General Fund	-	-	-	-	-
<b>Total</b>	-	-	-	-	-

**Executive Budget Officer's Comment**

I have reviewed this fiscal note for reasonableness of content and consistency with MMB's Fiscal Note policies.

EBO Signature: Travis Bunch      Date: 3/7/2017 11:40:19 AM  
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### State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

\*Transfers In/Out and Absorbed Costs are only displayed when reported.

<b>State Cost (Savings) = 1-2</b>		Biennium			Biennium	
Dollars in Thousands	FY2017	FY2018	FY2019	FY2020	FY2021	
General Fund	-	-	6	15	15	
<b>Total</b>	-	-	<b>6</b>	<b>15</b>	<b>15</b>	
<b>Biennial Total</b>			<b>6</b>		<b>30</b>	
<b>1 - Expenditures, Absorbed Costs*, Transfers Out*</b>						
General Fund	-	-	6	15	15	
<b>Total</b>	-	-	<b>6</b>	<b>15</b>	<b>15</b>	
<b>Biennial Total</b>			<b>6</b>		<b>30</b>	
<b>2 - Revenues, Transfers In*</b>						
General Fund	-	-	-	-	-	
<b>Total</b>	-	-	-	-	-	
<b>Biennial Total</b>			-		-	

### Bill Description

As amended, this proposal modifies loan forgiveness and scholarship programs for individuals who provide long-term care; repeals a rule related to the administration of medications by unlicensed personnel in nursing facilities; and appropriates money for the home and community-based services employee scholarship program.

**Sections 1:** This section makes changes to the health education loan forgiveness account which is administered by the Department of Health. This section does not have an impact on DHS.

**Section 2:** This section of this proposal expands the existing nursing facility scholarship loan forgiveness program by removing the requirements that scholarship recipients be recent graduates. Funding for these scholarship program costs will be paid to nursing facility providers via an increase to their external fixed rate. Effective date for this section was not specified, therefore July 1, 2017 was assumed because there are costs associated with this proposal.

**Section 3:** Provides an unspecified appropriation for fiscal years 2018 and 2019 for the home and community-based services employee scholarship program under Minnesota Statutes, section 144.1503; up to \$50,000 of the annual appropriation may be used for the administration of this program. This section does not have an impact on DHS.

**Section 4:** Requires the Revisor's office to correct a cross reference. This section does not have an impact on DHS.

**Section 5:** Is a repealer that does not have an impact on DHS.

### Assumptions

The Nursing Facility Rates and Policy Division used the following assumptions and computations to approximate the fiscal impact of this bill. After estimating the annual fiscal impact of the bill, the department adjusts that amount to determine the State Budget impact by using the following assumptions:

- This proposal can be implemented within the existing administrative resources of the Department.
- July 1, 2017 is the earliest date at which cost reports will be affected by Section 2 of this bill. Therefore the earliest date of a rate increase under Section 2 of this bill will be January 1, 2019.
- Minnesota's first fiscal year related to this bill ends on June 30, 2019.
- The state share of costs/savings is determined by amounts paid by other governmental units:
- the base federal share average is 50.85% of the total; a small amount of payments are eligible for higher federal rates;
- the county share is estimated to be 1.12% of the total;
- the state share is the total minus the federal share and the county share.
- Projected costs were not adjusted for case-mix acuity because these costs are reimbursed via the external fixed rate

which is not weighted for acuity.

- Funding for this scholarship loan forgiveness program will be paid to all participating nursing facility providers; facility participation level was assumed to remain stable.
- A 30 day payment delay factor was used; payment for nursing facility services lags the provision of services by one month.
- The annual cost of providing loan forgiveness for this group of newly eligible nurses (recently hired but not necessarily a recent graduate) is assumed to be equivalent to approximately 30% of the annual cost to provide loan forgiveness to the group of nurses that are eligible under current law. The 30% assumption was based on the average retention rate for nurses working in nursing facilities; 70%.
- Annual costs after 2019 were projected to remain relatively stable because this program reimburses for the minimum monthly loan installment, not the entire balance of student loans.
- The estimated cost of this proposal for 2019 is lower than the subsequent years due to the lag between when providers incur and report their costs to the state on the annual cost report and when the state uses the reported costs to establish payment rates.
- An inflation factor was not applied as the reimbursement to the newly eligible nurses is based on fixed minimum loan payments.

**Expenditure and/or Revenue Formula**

All Dollars in Thousands (\$000's)	FY 2018	FY 2019	FY 2020	FY 2021
Medicaid external fixed rate	0	12	30	30
Case-mix acuity increase factor	0.0%	0.0%	0.0%	0.0%
Factor to balance MA days to forecast	98.3%	97.8%	98.9%	99.4%
MA occupancy factor	100.0%	100.0%	100.0%	100.0%
Adjusted costs	0	12	30	30
<b>Projected MA costs</b>	0	12	30	30
Federal share	0	6	15	15
State budget	0	6	15	15
County share	0	0	0	0
MA Grants (state budget) BACT 33 LF	0	6	15	15
Administrative Costs	0	0	0	0
Total Costs/(Savings)	0	6	15	15

Fiscal Tracking Summary (\$000's)						
Fund	BACT	Description	FY2018	FY2019	FY2020	FY2021
GF	33	MA-LF	0	6	15	15
		<b>Total Net Fiscal Impact</b>	<b>0</b>	<b>6</b>	<b>15</b>	<b>15</b>
		<b>Full Time Equivalents</b>	0	0	0	0



**Long-Term Fiscal Considerations**

**Local Fiscal Impact**

There is a very minimal county share associated with the bill beginning in State FY 2020 (less than \$1,000).

**References/Sources**

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