

**HF1403 - 0 - "Alcohol Drug Counselors Loan Forgiveness"**

Chief Author: **Debra Kiel**  
 Committee: **Health and Human Services Finance**  
 Date Completed: **03/26/2018**  
 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)	Biennium			Biennium	
	Dollars in Thousands	FY2017	FY2018	FY2019	FY2020
Health Care Access	-	-	34	34	68
<b>Total</b>	-	-	<b>34</b>	<b>34</b>	<b>68</b>
<b>Biennial Total</b>			<b>34</b>		<b>102</b>

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2017	FY2018	FY2019	FY2020	FY2021
Health Care Access	-	-	.3	.3	.6
<b>Total</b>	-	-	<b>.3</b>	<b>.3</b>	<b>.6</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>		<b>Biennium</b>			<b>Biennium</b>	
Dollars in Thousands	FY2017	FY2018	FY2019	FY2020	FY2021	
Health Care Access	-	-	34	34	68	
<b>Total</b>	-	-	<b>34</b>	<b>34</b>	<b>68</b>	
<b>Biennial Total</b>			<b>34</b>		<b>102</b>	
<b>1 - Expenditures, Absorbed Costs*, Transfers Out*</b>						
Health Care Access	-	-	34	34	68	
<b>Total</b>	-	-	<b>34</b>	<b>34</b>	<b>68</b>	
<b>Biennial Total</b>			<b>34</b>		<b>102</b>	
<b>2 - Revenues, Transfers In*</b>						
Health Care Access	-	-	-	-	-	
<b>Total</b>	-	-	-	-	-	
<b>Biennial Total</b>			-		-	

**Bill Description**

Section 1 of this bill amends M.S. sections 144.1501, by adding licensed alcohol and drug counselors who agree to practice in rural areas to the list of health professionals qualifying for Minnesota’s health professional loan forgiveness program.

**Assumptions**

The Minnesota Department of Health’s (MDH) Office of Rural Health and Primary Care (ORHPC) administers the existing loan forgiveness 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. In the case of licensed alcohol and drug counselors (LADC), the change would increase the overall number of awards that MDH must administer, leading to higher administrative costs.

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 for that profession 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.

A LADC requires a bachelor’s degree, and most LADC programs in the state attend the Minnesota State community and technical college system, so MDH assumes that average debt, and thus available award amounts, will be comparable to nurse with a Bachelor of Science (BSN) degree. MDH estimates that annual awards would be roughly \$5,000 per year. Based on the current, relatively high vacancy rate data for LADCs, the distribution formula defined in statute would create roughly 20 new awards for LADCs.

When fully implemented, four years of awards would run concurrently, meaning this expansion of the program would allow a total of 80 LADCs to be receiving loan forgiveness at any given time. The change would redistribute \$400,000 per year from the existing appropriation, and would reduce the awards from other currently eligible professions physicians, dentists, pharmacists, midlevel practitioners, dental therapists, mental health professionals, nurses in nursing homes, public health nurses, and nurse faculty. However, the net change to the program fewer awards for currently eligible professions with lower vacancy rates and more awards for LADCs would mean an overall increase of 60 awards, once fully implemented.

MDH’s effort to administer this expansion of the Loan Forgiveness program would require an additional 0.3 FTE for the

first two years of implementation as the program ramps up, and 0.6 FTE thereafter.

New grant administration activities for LADC recipients would include:

- Marketing the program to potential applicants.
- Developing and publishing a request for proposal and relevant forms.
- Significant technical assistance to individual students and licensed providers interested in applying; reviewing applications for completeness.
- Organizing and facilitating multiple review committees of external stakeholders.
- Obtaining written verification that selected applicants understand the requirements of the program; encumbering funds and contracting with individual recipients.
- Processing employment verification and debt repayment confirmation for each individual.
- Negotiating and managing repayment plans with recipients placed in default.
- Collecting and analyzing data and information on the program.

Other operating costs each year are for communications, computing and supplies that are necessary for the staff to conduct their work.

**Expenditure and/or Revenue Formula**

<b>FISCAL TRACKING (dollars in thousands)</b>						
FUND	BACT	DESCRIPTION	FY 2018	FY 2019	FY 2020	FY 2021
2360	01	Health Improvement	-	34	34	68

<b>EXPENDITURE (dollars in thousands)</b>				
DESCRIPTION	FY 2018	FY 2019	FY 2020	FY 2021
Salary and Fringe	-	26	26	53
Contracts	-	-	-	-
Grants & Aid	-	-	-	-
Other Operating	-	1	1	2
Administrative Indirect	-	6	6	13
<b>TOTAL EXPENSES</b>	<b>-</b>	<b>34</b>	<b>34</b>	<b>68</b>

**Long-Term Fiscal Considerations**

This activity is supported by appropriations from the health care access fund. The largest source of revenue for the health care access fund, the provider tax, is scheduled to sunset January 1, 2020. We assume that activities currently supported by health care access fund appropriations will cease when the fund becomes insolvent.

**Local Fiscal Impact**

**References/Sources**

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