

**BILL #** SB 1040

**TITLE:** rural health providers; tax credit

**SPONSOR:** Arzberger

**STATUS:** As Amended by Senate Finance Committee

**REQUESTED BY:** Senate

**PREPARED BY:** Gina Guarascio

**FISCAL YEAR**

	<b>2001</b>	<b>2002</b>	<b>2003</b>
<b>EXPENDITURES</b>			
General Fund – Department of Health Services	\$-0-	\$958,000	\$958,000

**FISCAL ANALYSIS**

**Description**

As amended by the Senate Finance Committee, SB 1040 provides a General Fund appropriation of \$958,000 in FY 2002 to the Department of Health Services for a grant program for primary care physicians, dentists, optometrists, and mid-level providers that practice at least part-time in rural Health Professional Shortage Areas (HPSAs). The federal government designated HPSAs based upon a variety of indicators, including population and poverty levels. The bill provides a \$2,000 grant for primary care physicians or dentists who practice on average at least 32 hours a week in rural HPSAs. The bill further provides a \$1,000 grant for primary care physicians, optometrists, or dentists who practice on average 20 to 32 hours a week in rural areas. The bill also provides a \$1,000 grant for mid-level providers (i.e., physician assistants and nurse practitioners) who practice at least 32 hours a week in a rural area, and a \$500 grant for mid-level providers who practice between 20 and 32 hours a week. All providers must practice at least 48 weeks in a taxable year to qualify for the grant. This appropriation is exempt from the lapsing of appropriations.

**Estimated Impact**

We estimate that the bill would have a General Fund impact of \$958,000 in FY 2002 and \$958,000 in FY 2003.

**Assumptions**

DHS collects information from individual licensing boards on the number of licensed providers in rural areas. According to DHS, there are approximately 235 primary care physicians, 133 dentists, 178 mid-level providers, and 22 optometrists in HPSAs throughout the state. DHS believes that these numbers generally overstate the number of practicing providers in rural areas, since they include all licensed providers, rather than the number of providers in rural areas who may actually be practicing. Further, DHS is not able to provide information regarding the number of hours these providers work each week, so we assume that all providers are working full-time. The appropriation level of \$958,000 in FY 2002 assumes that all providers listed above will be eligible for the grant program and will choose to participate. Since this would be an on-going program, we estimate that the bill would continue to have an impact of \$958,000 in FY 2003. If the grant encourages additional providers to practice in HPSAs, the \$958,000 appropriation would be insufficient. It is difficult to estimate the bill's "incentive" impact.

**Local Government Impact**

None.

**Amendments**

As introduced, this bill provided tax credits to rural health providers. The Senate Finance Committee adopted an amendment that provides grants rather than tax credits to rural health providers.