

2009 SENATE EDUCATION

SB 2227

## 2009 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. 2227

Senate Education Committee

☐ Check here for Conference Committee

Hearing Date: January 28, 2009

Recorder Job Number: 7987

Committee Clerk Signature

Minutes:

Chairman Freborg opened the hearing on SB 2227. All members were present.

Tammy Wahl, Health and Human Services Policy Advisor for Governor John Hoeven, testified in favor of the bill. Governor Hoeven has included in his executive budget an increase in the Medical Loan Repayment Program of \$200,000. This increased amount speaks to the Governor's commitment to filling the healthcare practitioner's workforce needs. The medical loan repayment award for nurse practitioners, physician assistants, and certified nurse midwives will increase from \$10,000 to \$30,000 for 2 years of service. This will allow these health care practitioners to practice in areas of need in North Dakota. It is important we retain and recruit quality medical personnel. This bill changes the number of participants from 5 to any number. She introduced the next speaker, Gary Garland.

Gary Garland, Director of the North Dakota Department of Health's Primary Care Office, testified in favor of the bill. See written testimony.

Senator Flakoll asked for an explanation of the fiscal note.

Gary Garland said it is \$67,500 for the biennium which would pay for an anticipated 3 new applicants per year, the state pays half at \$30,000 and the community pays half, that would be 3 payments the first year of \$7500 each which \$22,500. Then the same group would receive

their second payment the second year that would be another \$22,500. Then in the second year, they are anticipating 3 more new applicants which would be another \$22,500 so the total would be \$67,500.

Senator Flakoll asked how many people statewide fall into the categories of physician assistant, nurse practitioner or certified nurse midwife.

Gary Garland said he can find out. They currently have three participants in this program, one at the Grafton Migrant Health Center, one in McClusky and one in Williston.

Senator Taylor asked where the community dollars come from.

Gary Garland said almost always from the employer.

Senator Lee asked what qualifies a community to accept a person in this program?

Gary Garland said any community can participate with high priority given to rural North Dakota communities. In the past these communities have participated: West Fargo, Wahpeton, Williston, Park River, Valley City, Garrison, Carrington, Beach, Halliday, Killdeer, New England, Regent, Harvey, Cavalier, Grafton, Lamoure, Fargo, Grafton, McClusky.

Senator Lee asked what is the unmet need in terms of these mid level practitioners?

Gary Garland said there is a shortage. His office contracts with the UND School of Medicine and Health Sciences to do some projects, one of which is a quarterly survey of all health systems in the state. The employer, mostly clinics and hospitals, will respond and state what type of practitioner they need – physician, mid level practitioners, lab techs, etc. On average, about there are 43 employers looking for some type of health professional and half of those are looking for mid level practitioners, the graduate trained mid level people. There is quite a need.

Senator Lee asked where are the North Dakota training programs.

Gary Garland said UND and University of Mary. He is going to try step up the marketing of this program this biennium by having noon lunches with the graduate students at both institutions.

Senator Flakoll said we have the money for 3 applicants, how many apply?

Gary Garland said recently they have had 3 applicants the number they have used for budgeting. If it increases, they may be back next biennium.

Senator Flakoll said the new level would be up to \$30,000. You could work within those numbers if there are more applicants?

Gary Garland said yes.

Senator Flakoll asked if this buy down is taxable to the practitioner.

Gary Garland said no it is not. They have followed the Federal National Health Service Corps advice, given that there was a change from the IRS about 5 years ago that exempted any money received. His parent federal agency, HERSA, has recommended all states do that.

The North Dakota Tax Department advised him the state dollars are not taxable. The recipients are not considered employees of the state nor do they provide any service for the state so they are not issued a 1099. This kind of money as unearned income would be an incredibly large tax and a good portion of the money would go to pay the tax.

Chairman Freborg closed the hearing on SB 2227.

Senator Flakoll moved a Do Pass and Rerefer to Appropriations on SB 2227, seconded by Senator Taylor. Motion passed 5 – 0. Senator Taylor will carry the bill.

**FISCAL NOTE**  
**Requested by Legislative Council**  
04/13/2009

Amendment to: SB 2227

**1A. State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2007-2009 Biennium		2009-2011 Biennium		2011-2013 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures				\$67,500		\$90,000
Appropriations				\$67,500		\$90,000

**1B. County, city, and school district fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

2007-2009 Biennium			2009-2011 Biennium			2011-2013 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

**2A. Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

The amendment to this bill provides an appropriation of \$67,500 from the community health trust fund.

With the defeat of SB 2063 there may not be enough funds in the community health trust fund to fund this project.

**B. Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

This bill includes two amendments to the current medical personnel loan repayment program. One amendment increases the amount of reimbursement for nurse practitioners, physician assistants and certified nurse midwives from \$10,000 to \$30,000 for two years of service and changes the number of participants from five to any number. The other amendment clarifies the language concerning how long a person may work full time in North Dakota and still qualify for the loan repayment program. The bill also includes an appropriation of \$67,500.

**3. State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

**A. Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

**B. Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

The cost for each participant is \$30,000 paid over a two year period. The Health Department's share would be one half or \$15,000. The bill allows any number of recipients to participate. However, this fiscal note assumes that only three recipients will participate in year one of the biennium and an additional three will be added in year two. The total would be 3 times \$7,500 for year one or \$22,500 and 6 times \$7,500 for year two or \$45,000 for a biennial total of \$67,500. For each additional recipient accepted into the program it would cost the department \$15,000 per biennium.

Ongoing costs for this program with three recipients would be \$45,000 per year for a total of \$90,000 for the 2011-13 biennium.

**C. Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and*

*appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.*

The House amendment removes \$67,500 from SB 2004 and adds it to SB 2227. It also changes the funding source from general fund to the community health trust fund. Please note with the defeat of SB 2063 there may not be enough funds in the community health trust fund to fund this project.

<b>Name:</b>	Kathy J. Albin	<b>Agency:</b>	Health Department
<b>Phone Number:</b>	328.4542	<b>Date Prepared:</b>	04/13/2009

**FISCAL NOTE**  
**Requested by Legislative Council**  
01/15/2009

Bill/Resolution No.: SB 2227

**1A. State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2007-2009 Biennium		2009-2011 Biennium		2011-2013 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures			\$67,500		\$90,000	
Appropriations			\$67,500		\$90,000	

**1B. County, city, and school district fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

2007-2009 Biennium			2009-2011 Biennium			2011-2013 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

**2A. Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

This bill increases the medical personnel loan repayment program from \$10,000 to \$30,000 for two years of service and increases the number of participants in the program. It also clarifies how long a person can work full time and still qualify as an applicant in the loan repayment program.

**B. Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

This bill includes two amendments to the current medical personnel loan repayment program. One amendment increases the amount of reimbursement for nurse practitioners, physician assistants and certified nurse midwives from \$10,000 to \$30,000 for two years of service and changes the number of participants from five to any number. The other amendment clarifies the language concerning how long a person may work full time in North Dakota and still qualify for the loan repayment program.

**3. State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

**A. Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

**B. Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

The costs for each participant is \$30,000 paid over a two year period. The Health Department's share would be one half or \$15,000. The bill allows any number of recipients to participate. However, this fiscal note assumes that only three recipients will participate in year one of the biennium and an additional three will be added in year two. The total would be 3 times \$7,500 for year one or \$22,500 and 6 times \$7,500 for year two or \$45,000 for a biennial total of \$67,500. For each additional recipient accepted into the program it would cost the department \$15,000 per biennium.

Ongoing costs for this program with three recipients would be \$45,000 per year for a total of \$90,000 for the 2011-13 biennium.

**C. Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and*

*appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.*

The Governor's budget includes an increase of \$122,500 for the medical personnel loan repayment program. This increase is to be used for health care practitioners which includes physicians, nurse practitioners, physician assistants and certified nurse midwives. Funds that are used for one medical group will not be available for the other.

<b>Name:</b>	Kathy J. Albin	<b>Agency:</b>	Health Department
<b>Phone Number:</b>	328.4542	<b>Date Prepared:</b>	01/26/2009



Date: 1/28/09 :  
Roll Call Vote #: 1 :

2009 SENATE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 2227

Senate Education Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken Do Pass and Refer to Appropriations

Motion Made By Sen. Flakoll Seconded By Sen. Taylor

Senators	Yes	No	Senators	Yes	No
Senator Freborg	✓		Senator Taylor	✓	
Senator Gary Lee	✓		Senator Bakke	✓	
Senator Flakoll	✓				

Total (Yes) 5 No 0

Absent 0

Floor Assignment Senator Taylor

If the vote is on an amendment, briefly indicate intent:

**REPORT OF STANDING COMMITTEE**

**SB 2227: Education Committee (Sen. Freborg, Chairman) recommends DO PASS and BE REREFERRED to the Appropriations Committee (5 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2227 was rereferred to the Appropriations Committee.**

2009 SENATE APPROPRIATIONS

SB 2227

## 2009 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. SB 2227

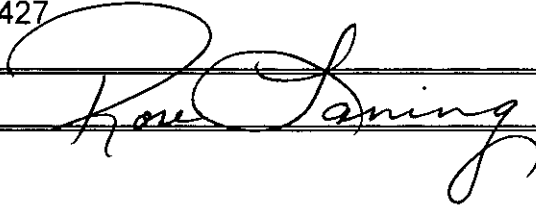
Senate Appropriations Committee

☐ Check here for Conference Committee

Hearing Date: February 3, 2009

Recorder Job Number: 8427

Committee Clerk Signature



Minutes:

**Chairman Holmberg** called the committee hearing to order at 8:30 am in regards to SB 2227 relating to the medical loan repayment program. Roll call was taken. All committee members were present, except **Senator Lindaas**.

**Tami Wahl, Governor's Office, Health and Human Services Policy Advisor**

Thank you for this opportunity to introduce SB 2227 and speak briefly in support of this bill.

Governor Hoeven has included in his executive budget an increased funding for the medical loan repayment program \$200,000. This increase amount speaks to the governor's commitment to filling the healthcare practitioner workforce need. The medical loan repayment partners practitioners, physician assistants and certified nurse midwives will increase from \$10,000 to \$30,000 for two years of service. This will allow the healthcare practitioners to practice in the area of the need of ND. Because it is important to retain and recruit quality medical personnel, SB 2227 will also change the number of participants of five to any number of wards per year. At this point, allow me to introduce Gary Garland. He is the director of the Primary Care Office in the Department of Health. He will supply you with detailed information on SB 2227. Thank you for your time.

**Senator Mathern:** None of the sponsors are here, has this been heard before?

**Tami Wahl:** This actually does not request the governor to pull it out of; this was included in the Department of Health's budget. This bill was taken, pulled apart and looked at the privacy part of it. It was heard in Education last week.

**Gary Garland, Director, North Dakota Department of Health's Primary Care Office.**

Testified in favor of SB 2227. (Written attached testimony # 1)

Clarified three changes being proposed to the existing loan repayment program for nurse practitioners, physician assistants, and certified nurse midwives.

**Senator Warner:** What is the distinction between a nurse practitioner and a physician's assistant?

**Gary Garland:** I can't give you the details of the training, but the educational background for both is graduate level training. They have bachelor's degree in nursing or some related field and then go on for advanced training at the graduate level. It is slightly different course work. Their responsibilities out in the field are very similar.

**V. Chair Bowman:** When this bill was put together and they increased the amount of money to the rural communities and rural hospitals to pay this loan down, did they take into consideration that most rural hospitals are losing money? Most rural hospitals are having a hard time making it, and now they're going to increase the amount of money to attract people that might help them to stay afloat, and it's going to cost them more money.

**Gary Garland:** We are very flexible within the department and that very fact is recognized. I'm working with a clinic trying to raise money that is their responsibility. We can go with a lesser amount and the state would match that. This clinic is looking for foundations that would put up the matching dollars for them.

**Senator Mathern:** In section 2 of the bill, you refer to change, and I presume the policy committee made those changes of two years to one year. How does that work in terms of

holding our own workers and citizens to stay here? It almost seems like it discourages people that are in a community who are already practicing from upgrading their education to another level. Somebody can't apply for this if they've been working. It seems like it's not really providing them the motivation.

**Gary Garland:** The change being recommended is to clarify the time frame in which an individual might apply for the program, and the original language stated that an individual may not apply for the program if he or she has worked fulltime in ND within the past three years prior to the application. That language is very confusing. I even asked the original senator who sponsored the bill back in 1993 what that means. I wasn't able to get a definitive answer from him. He didn't recall what the exact intent or meaning of that was. So we proposed that there be a one year period for an individual to work if he or she wishes and then still qualify for loan repayment.

**Senator Kilzer:** The fiscal note seems to be kind of low to me. How many people have taken full advantage of this since 1993?

**Gary Garland:** My records show that there have been about 22 people who have taken advantage of this program. We've had more applicants in recent years. The first year number of years when we started the program, we didn't have any applicants. We had very few for a number of years, and as the program became more known, we're getting about 3 a year now.

**V. Chair Bowman** asked if there were any other questions. Anyone else to testify? He closed the hearing on SB 2227.

**Senator Mathern** moved Do Pass for SB 2227

**Senator Wardner** seconded.

A Roll Call vote was taken. Yea: 13    Nay: 0    Absent: 1

Motion carried. SB 2227 - DO PASS.

Date: February 3, 2009

Roll Call Vote #: 1

**2009 SENATE STANDING COMMITTEE ROLL CALL VOTES**  
**BILL/RESOLUTION NO. SB 2227**

Senate \_\_\_\_\_ Senate Appropriations \_\_\_\_\_ Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken Do Pass

Motion Made By Senator Mathern Seconded By Senator Wardner

Representatives	Yes	No	Representatives	Yes	No
Chairman Holmberg	X		Senator Mathern	X	
V. Chair Grindberg	X		Senator Krauter	X	
V. Chair Bowman	X		Senator Robinson	X	
Senator Christmann	X		Senator Warner	X	
Senator Wardner	X		Senator Lindaas		
Senator Kilzer	X		Senator Seymour	X	
Senator Fischer	X				
Senator Krebsbach	X				

Total Yes 13 No 0

Absent 1

Floor Assignment Education Committee

If the vote is on an amendment, briefly indicate intent:

**REPORT OF STANDING COMMITTEE (410)**  
February 3, 2009 9:01 a.m.

**Module No: SR-21-1456**  
**Carrier: Taylor**  
**Insert LC: . Title: .**

**REPORT OF STANDING COMMITTEE**

**SB 2227: Appropriations Committee (Sen. Holmberg, Chairman) recommends DO PASS**  
(13 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). SB 2227 was placed on the  
Eleventh order on the calendar.



2009 HOUSE EDUCATION

SB 2227

## 2009 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. SB 2227

House Education Committee

☐ Check here for Conference Committee

Hearing Date: March 9, 2009

Recorder Job Number: 10465

Committee Clerk Signature

*Carmen Hart*

Minutes:

**Tami Wahl, Governor's Office**, appeared. Governor Hoeven has included in his executive budget increased funding for the medical loan repayment program, about \$200,000. This increased amount speaks to the Governor's commitment to filling the healthcare practitioners' workforce need. The medical loan repayment award for nurse practitioners, physician assistants, and certified nurse midwives will increase from \$10,000 to \$30,000 for two years of service. This will allow these healthcare practitioners to practice in areas of need in North Dakota. Because it is important that we retain and recruit quality medical personnel, SB 2227 will also change the number of participants awarded from five to any number of awards per year. She then introduced the next speaker, Gary Garland.

**Gary Garland, Director, ND Department of Health's Primary Care Office**, appeared. (See Attachment 1.)

There was no opposition.

The hearing was closed.

## 2009 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. SB 2227

House Education Committee

☐ Check here for Conference Committee

Hearing Date: March 9, 2009

Recorder Job Number: 10488

Committee Clerk Signature

*Carmen Hart*

Minutes:

**Rep. David Rust:** I am a little confused here. They came in and asked for from \$10,000 to \$30,000 and then eliminate up to five to any number. When I look at the fiscal note, they say we think there is only going to be three.

**Chairman Kelsch:** I am assuming that the reason that they did that is based on historical.

What they are hoping by lifting this, they will increase the number.

**Rep. David Rust:** Then they will increase the fiscal note?

**Chairman Kelsch:** No. The Governor's budget included an increase of \$122,5 for the medical personal loan repayment program. They can only give out as much as what they have in there, and I am assuming that they are hoping to get more and that it is successful and the funding would increase. This is another one that needs to go down to appropriations.

**Rep. David Rust:** Do you think there are going to be some eyebrows raised when you go from 10 to 30?

**Chairman Kelsch:** I highly doubt it partly because of where costs are for going into medicine and also with rural communities wanting these people to come to these communities.

**Rep. John Wall** moved a **Do Pass**. **Vice Chair Lisa Meier** seconded the motion.

**DO PASS AND REREFERRED TO APPROPRIATIONS. 13 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING.** **Chairman Kelsch** is the carrier of this bill.

Date: 3-9-09  
Roll Call Vote #: \_\_\_\_\_

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 2227

House Education Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken ☒ Do Pass ☐ Do Not Pass ☐ Amended

Motion Made By Rep Wall Seconded By Rep Meier

Representatives	Yes	No	Representatives	Yes	No
Chairman RaeAnn Kelsch	✓		Rep. Lyle Hanson	✓	
Vice Chairman Lisa Meier	✓		Rep. Bob Hunsakor	✓	
Rep. Brenda Heller			Rep. Jerry Kelsh	✓	
Rep. Dennis Johnson	✓		Rep. Corey Mock	✓	
Rep. Karen Karls	✓		Rep. Phillip Mueller	✓	
Rep. Mike Schatz	✓		Rep. Lee Myxter	✓	
Rep. John D. Wall	✓				
Rep. David Rust	✓				

Total (Yes) 13 No 0

Absent 1

Floor Assignment Rep Kelsch

If the vote is on an amendment, briefly indicate intent:

Rereferred  
to appropriations

**REPORT OF STANDING COMMITTEE**

**SB 2227: Education Committee (Rep. R. Kelsch, Chairman)** recommends **DO PASS** and **BE REREFERRED** to the **Appropriations Committee** (13 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). SB 2227 was rereferred to the **Appropriations Committee**.

2009 HOUSE APPROPRIATIONS

SB 2227

## 2009 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. SB 2227

House Appropriations Committee  
Human Resources Division

☐ Check here for Conference Committee

Hearing Date: 3/18/09

Recorder Job Number: 11184

Committee Clerk Signature

*Mollyan Denny*

Minutes:

**Chairman Pollert:** Opened the meeting. This is one of the sections that we pulled out. Office of Management and Budget will explain that to us.

**Lori Laschkewitsch:** The Governor's office was going to present this bill but had to leave for a funeral. Her testimony says that Governor Hoeven has included in his executive budget an increased funding for the medical loan repayment program of \$200,000. This is increased amounts because of the Governor's commitment to filling the healthcare practitioner's workforce need. The medical loan repayment award for nurse practitioners, physician assistants, and certified nurse midwife will increase from \$10,000 to \$30,000 for two years of service. This will allow these health care practitioners to practice in areas in need in ND. Because it is important that we retain and recruit quality medical personals SB 2227 will also change the number of participants from 5 to any number of awards per year. At this point allow me to introduce the director of the primary care office for the Department of Health, Gary Garland, who will be providing detailed information on SB 2227.

**Chairman Pollert:** The first time I read this I thought it was part of the physician's loan program but this is a turbo enhanced version?

**Gary Garland:** Testimony handout (Attachment A)

**Chairman Pollert:** How much money is that? Was it coming out of the community health trust fund?

**Lori Laschkewitsch:** We have \$72,500 coming out of the community health trust fund currently. Some of the money was unfunded that was previously funded. This is an increase of \$122,000. There is \$200,000 of general funds in this program.

**Chairman Pollert:** How come the fiscal note doesn't do that? Am I looking at it wrong?

**Lori Laschkewitsch:** The back page explains that there is an increase of \$122,500.

**Chairman Pollert:** So the Governor's budget in 2004 is for \$200,000. The biennium before we allocated \$72,500 is that correct?

**Lori Laschkewitsch:** In 2007-2009 there was \$150,000 appropriated out of the community health trust fund. We reduced that amount to \$72,500 for the 09-11 biennium and put \$200,000 in general funds.

**Chairman Pollert:** It was \$150,000 so what you are looking for is a \$50,000 net increase then? If you appropriate \$150,000 and didn't use it all?

**Lori Laschkewitsch:** They did not use it all.

**Chairman Pollert:** It's still \$150,000 so it is a net of \$50,000. If I look at what is appropriated in 2007-2009 and what is being appropriated in 09-11, you are looking for \$200,000 total?

**Lori Laschkewitsch:** No there would be \$272,500.

**Representative Bellew:** You decided to do general funds why?

**Lori Laschkewitsch:** Because of the tobacco measure.

**Representative Bellew:** So Measure 3 is costing the taxpayers more money if we approve this?



**Lori Laschkewitsch:** Measure 3 removes some of the revenue that is going into the community health trust fund and requires the 80% standing on tobacco. Therefore we do not have enough revenue to fund the program.

**Representative Wieland:** Measure 3 took some of the funds out, not all of them?

**Lori Laschkewitsch:** Correct. They just increased the tobacco amount for the next 10 years was the piece that went into the Measure 3 funding. That reduced the revenue that we were anticipating prior to that. You have to spend 80% of the revenue on tobacco repayment programs. The physician loan program wouldn't be considered tobacco related so we only have 20% of the revenue available to use which is \$1.5 million and that is all that can be spent on non tobacco related programs. With the other programs that were funded such as the dental loan, the EMS training grants, and the breast and cervical cancer to the DHS there wasn't enough money to fund what we wanted to fund for the physician loan and that is why we put in \$200,000 of general funds.

**Representative Wieland:** So there was \$72,500 left in that fund that we can use?

**Lori Laschkewitsch:** That is the piece we did.

**Chairman Pollert:** I want to pull out 2004. The green sheet shows on the last page, there is a box for funding for grants of \$1.5. It has the dental loan repayment program. It is an increase of \$5,3448. It has the medical, personal, loan repayment program at \$200,000. That is the \$200,000.

**Lori Laschkewitsch:** That is correct.

**Chairman Pollert:** That is in 2004. That includes the special population.

**Representative Bellew:** Maybe this is a question for Legislative Council. Shouldn't there be an appropriation in this bill to appropriate the funds and then stick them in there? Or is the way it is being done ok?

**Lori Laschkewitsch:** It is in 2004.

**Representative Bellew:** I know but I thought it was pulled out.

**Lori Laschkewitsch:** Just the policy language was pulled out and put into SB 2227. However, the dollars remained in 2004.

**Chairman Pollert:** That is why the \$200,000 is in there.

**Representative Nelson:** The questions I have relate to the remaining money in the account. In your opinion why didn't more people take advantage of this?

**Gary Garland:** We can speculate a bit. One of the arguments in favor of increasing the dollar amount is that \$10,000 didn't seem all that appealing to many of the new graduates who were looking at new opportunities to receive much more than that in other locations. We do lose some out of state in practice and other areas. That is part of the reason why there is money left in there.

**Chairman Pollert:** My feeling is with the medical loan repayment is hospitals are getting into a bidding war for physicians. They are offering more packages than what this loan repayment will do. I think every person going into that hospital and the insurance which is us is paying the bill. They aren't doing it for \$10 or 30,000. These physician packages are part of the compensation when they come on board with someone. I truly believe that. When we are doing the rebasing for hospitals, we are paying for physician recruitment.

**Gary Garland:** You might be right but we should be mindful as well. If there are two programs that are involved here. One is for physicians which will provide \$90,000 for a two year contract. SB 2227 is for midlevel practitioners. We are asking to increase that to \$30,000.

**Representative Nelson:** The other argument would be that I'm assuming the state of MN's program caused our state to respond. The reality is that no matter what is causing this, there is a critical shortage of physicians and the mid level providers pick up the increasing load of

patient care when there is a lack of physicians. It is an important part of the whole health care delivery. Does MN offer a program that is similar to this? I'm guessing it has a higher reimbursement than \$30,000.

**Gary Garland:** I can't answer that. I presume what you are saying is true but I don't have the figures.

**Chairman Pollert:** You talk about a \$90,000 figure.

**Gary Garland:** I was just pointing out that there are 2 loan repayment programs. When you look at the whole Health Department budget, grants for medical personnel is how it is phrased in SB 2004. That includes both the money for physicians the mid level practitioners that we are talking about today. The physicians may receive \$90,000 for a two year period of service. The midlevel practitioners are asking to receive \$30,000 for two years of service. SB 2227 is asking that we increase the amount for the mid level practitioners. That is nurse practitioners, physician assistant, and certified nurse midwives from \$10-30,000 for a two year period of service.

**Representative Kreidt:** Reading on the fiscal note, you are anticipating 3 people to anticipate over the 2 year period. Are you going to lock it in at 3. If you have 5 come forward would you take them?

**Gary Garland:** Like I said in my testimony the amount of debt varies. A few have excess of \$1,000 in debt. I've also seen a handful of about \$5,000 in debt. If we get that variability we didn't want to be locked into the 5%. We have the applicants who will make more awards.

**Representative Nelson:** Is this program the same? Is it the health council that selects the applicants that are awarded?

**Gary Garland:** That is correct.

**Representative Nelson:** All these grants have a 50% local match with physician loans and this loan as well.

**Chairman Pollert:** So the \$272,500 is a \$200,000 increase. It is all general funds. Is the \$72,500 still standing in the community health trust fund.

**Representative Nelson:** I don't think we should take action on this today. We may have other options.

**Chairman Pollert:** We will close the hearing on SB 2227

## 2009 HOUSE STANDING COMMITTEE MINUTES

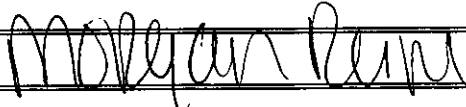
Bill/Resolution No. SB 2227

House Appropriations Committee  
Human Resources Division

☐ Check here for Conference Committee

Hearing Date: 3/30/09

Recorder Job Number: 11567

Committee Clerk Signature 

Minutes:

**Chairman Pollert:** Opened the discussion on SB 2227. This is dealing with what used to be a physician's loan repayment program but now is a medical loan repayment program dealing with loan repayments. This is going to the midlevel like nurse practitioners, nursing assistants, and certified nurse midwives. This was heard in the human services committee and then went to education. If I'm correct the funding mechanism is in SB 2004. It seems to me there was \$200,000 when I look at the green sheet in SB 2004. It says on the 4<sup>th</sup> page of the green sheet it says medical personal loan repayment program for \$200,000. My question will be was the last biennium the medical physicians loan repayment program \$200,000. Not it is \$267,500? Am I doing that right?

**Arvy Smith:** The loan programs fluctuate depending on how many loans get made. They are over more than one biennium so then you have to finish the payments on the current loan and build in the new loans that are allowed by law. If you have 2 loans from the previous biennium and three new ones in the current biennium you are still paying on those other 2 loans plus the three new ones. Those numbers fluctuate relating to that. In order to fully fund the medical loan repayment and do SB 2227 with the increase, what 2227 does is allows the nurse practitioners and the physician assistants to go from \$10-30,000 be available for them. Those numbers

haven't been changed for a very long time. The \$30,000 is more reflective of the cost. The amount relating to that increase of \$30,000 in SB 2227 is around \$60,000. It's in the fiscal note.

**Chairman Pollert:** Am I looking at this right? You mentioned a 195. Are you saying this total cost in SB 2227 is \$267,500? We have \$200,000 last biennium coming out of the community health trust fund. Is that why there is \$200,000 general funds in 2004?

**Arvy Smith:** I believe that is the dental loan repayment that you are thinking of there. This would only address the physicians.

**Chairman Pollert:** So \$277,500 is just for physicians. The dental loan repayment program says \$53,448. The medical personal loan repayment program says \$200,000 and it has a reduction of the physician loan repayment program of \$277. Is that because all of the physician loan repayment program is now put into SB 2227?

**Arvy Smith:** That is not the situation. I can describe to you in general terms what happened. I don't have specific numbers on that because you have called me down to talk about SB 2063. That is why I'm scrambling. I can tell you the theory on what was done. What happened was for the physician and dental loan payment those were funded mostly out of the community health trust fund, the tobacco money. As we were moving forward we knew we wouldn't be able to fund those out of the tobacco money because we saw what was happening in Measure 3. What we did was the current loans that we have committed in this biennium now we sustained those out of the tobacco money and the community health trust fund but any new loans for the new biennium we had to put to general funds. That is the \$195,000 that you are seeing for physicians and nurse practitioners is the new \$200,000. One of them is \$195,000.

The \$200,000 that you see for nurse practitioners covers new loans that will be given in the 2009-2011 biennium and that increase to \$30,000. \$200,000 covers both of those. You don't

need to add \$67,000 to the \$200,000. The current loan commitments are coming out of the tobacco money.

**Representative Nelson:** The \$67,500 that is in the fiscal note from the general fund what is that made up of?

**Arvy Smith:** It is related to increasing from \$10,000-\$30,000. If we stayed at the \$10,000 level there would be no fiscal note.

**Representative Nelson:** Can you tell me from a net standpoint going forward the number of things that get funded at each biennium.

**Arvy Smith:** I think it's 3 a year. That one now is whatever we can afford. We also had in there that some may not need \$30,000. We aren't going to give them \$30,000 if they don't need that. If they only need a loan repayment of less than that, we may go to that. Right now it is set up for whatever it allows.

**Representative Nelson:** The physicians are \$45 right?

**Arvy Smith:** I don't remember that but they come out of there too.

**Representative Nelson:** There is going to be significantly less utilization of the physician loan program in the next biennium as far as new applicants.

**Arvy Smith:** I'm not sure of that.

**Chairman Pollert:** I'm fuzzy on this too. Out of the \$200,000 we are funding all of the new applicants plus the midlevels.

**Arvy Smith:** Yes but the midlevels were also already coming out of the pool. The midlevels were in there but not at the \$30,000 but at the \$10,000.

**Chairman Pollert:** I have my notes right. The \$200,000 of the general funds that show in the green sheets that cover the current?

**Lori Laschkewitsch:** The \$200,000 is an increase of \$122,500 over the current biennium. The reason for that gap is because of the \$77,500 that we were short in the community health trust fund. That is why those numbers are difficult to make them add up. We have previously appropriated \$150,000 out of the community health trust fund. At that time we only appropriated \$72,500 out of the community health trust fund and \$200,000 out of general funds which is an increase to the program of \$122,500.

**Chairman Pollert:** So there is \$272,500 of old loans coming by the community health trust fund?

**Lori Laschkewitsch:** I'm not certain what piece are old loans versus potential new loans. I know that there was money in the program for some loans.

**Sheila Sandness:** The \$72,500 would be related to current loans we have in place.

**Chairman Pollert:** The \$72,500 is in there? I don't know why I'm having so much trouble with this then. So \$72,500 and then the \$200,000 general funds covers that?

**Sheila Sandness:** The \$200,000 would cover adding new positions and mid levels in the 09-11 biennium.

**Chairman Pollert:** So would the total amount of SB 2227 be \$272,500?

**Sheila Sandness:** Because the \$200,000 was funded in the Governor's budget in 2004. The \$67,000 is within the \$200,000.

**Chairman Pollert:** The cost of the fiscal note? The \$67,500 is to go to the \$10,000 to the \$30,000?

**Sheila Sandness:** I think what you are looking at is if you increased the amount that you give to the physician assistants. You are going to increase what you pay out. That will be less money for the physician loans. The pot is big and if you increase what you give a group you will decrease the other.



**Representative Wieland:** If we can start right at the top, what is the total amount of this bill that needs to be appropriated from all sources of funds?

**Arvy Smith:** I can't answer that I don't have those numbers on me.

**Chairman Pollert:** Can we get them?

**Arvy Smith:** Let's start with the current biennium. We have a total of \$225,000 for physicians and mid levels. \$75,000 of that is general funds. This is confusing because there is not a standard amount. Even in the current biennium if we are allotted 3 loans sometimes they come through late and we only end up funding 2. We still have to manage them next biennium. We previously had several funds in this program but those have gotten away. There have been a lot of changes. It is confusing. (Attachment A) We have all sorts of funding changes going on as well as activity levels as well as having the change and going from \$10,000-\$30,000.

**Chairman Pollert:** The green sheet for 2004 shows the physician's loan repayment program a negative of \$277,500 and it shows the medical personal loan repayment program of \$200,000 increase.

**Sheila Sandness:** The reason for that is the physician loan repayment program is going down is that encompasses all funding sources. That is reflecting that \$200,000 decrease as well.

**Arvy Smith:** The schedule you have in front of you does not reflect the federal money at all. In the current biennium I believe there was \$200,000 federally appropriated. I don't believe we got it. The \$200,000 federal she talked about eliminating is gone. We didn't even have it this current biennium. The appropriation authority was there because we didn't know we were losing it until after session was over. That is why the schedule doesn't reflect that. If you start at the top of the current biennium we have a program of \$225,000. \$75,000 is general funds.

That has been in the department for a long time like 20 years. Then we have the special funds coming from the community health trust fund of \$150,000. That is what the current biennium

program is. As we project forward looking at our current biennium contracts we see that we would have three current physician loan contracts to continue. We would have 3 new physician contracts, 2 current mid level and 3 new mid level. In order to do three new physicians each year and 3 new mid levels each year would cost \$200,000. That totals to the total cost of \$347,500. Like I said we knew the community health trust fund couldn't afford all of that. What we did was have the community health trust fund pay for those that were already committed which is \$72,500.

**Representative Wieland:** For me it's not adding up to \$347,500. Let me try it one more time.

**Chairman Pollert:** So since we have gone that far with the total. SB 2227 comes in and asks for \$67,500.

**Arvy Smith:** The \$67,500 is already within here. It is in the Governor's budget. If you kill SB 2227 you would fold that out of 2004. The loans would stay at 10,000 to \$30,000. It would be limited to \$10,000.

**Chairman Pollert:** The loans would stay at \$10,000? The reason we have to go to \$30,000.

**Arvy Smith:** 10 doesn't even begin to cover the costs we are seeing. We are having low interest in this area because of that. They have commitments to serve in certain areas and have rules they have to follow. We really need to get to using mid levels. It's what we need in ND. We need to be focusing on those because that is why we try to build the amount up to incentivize getting more.

**Chairman Pollert:** So the \$67,500 is for mid levels? It's not for physicians?

**Arvy Smith:** Yes.

**Chairman Pollert:** I had that wrong.

**Representative Nelson:** Can you explain your assumptions with the 3 new mid level contracts in 2008. My guess is that you aren't fully funding each one of them. If there is more interest

how do the guidelines work that you wouldn't be given the whole \$15,000 from the state?

**Arvy Smith:** If you are trying to calculate the \$200,000. That does not completely fund this. That is the amount we were given. It depends on when those new ones come in each year. They may come in later. We are capped with this appropriation. They are limited by the appropriation. There is no magic with how you use that money we just use it until the money runs out.

**Representative Wieland:** As I understand it we appropriated \$225,000 in the last biennium and we are appropriating a 122.5% increase from last year which is all general funds. \$275,000 is general and \$72,500 in community health trust funds. There are no carry overs from the previous biennium is that correct?

**Arvy Smith:** That is correct. Any of our general funds in the current biennium that we don't spend go back to the general fund. Any of the community trust that we don't spend would stay in community health trust but we are projected to fully expend in the current biennium.

**Representative Wieland:** When I looked at the fiscal note there is no way that in looking at the way that the fiscal note is presented, it doesn't show in there anywhere where there would be a total of \$347,500 appropriated unless someone can show me how that is appropriated as far as the fiscal note is concerned.

**Arvy Smith:** That is because SB 2227 takes the mid levels from an available amount of \$10,000 up to \$30,000.

**Chairman Pollert:** So all it does is the cost that goes from the mid levels from \$10,000 to \$30,000? If it's \$20,000 or less but the max is \$30,000.

**Representative Nelson:** So in the special funds for the 09-11 the \$72,500 how hard of a number is that. That is to continue what we have done.

**Arvy Smith:** That is to continue or current commitments. That is a hard number. We know what loans we have outstanding now and how much loans we will have to pay on those next biennium. We have already got them. We have committed them.

**Representative Nelson:** So we know that the \$72,500 is needed and all of that money should zero out that portion of it.

**Chairman Pollert:** Let me ask this question. The \$67,500 is the cost to do that. Why couldn't that come out of the community health trust fund?

**Arvy Smith:** We didn't have enough money. That is why we went to the \$200,000. In the current biennium we got \$150,000 coming out of the trust fund. We knew if Measure 3 passed we were losing \$3 million out of the community health trust fund. We had to pick which things couldn't come out of there anymore. This was one of them. We backed that down to the

\$72,500 just to sustain our current contractual commitments and the rest went to general fund. If we don't get to general fund then we can't do anymore contracts. We felt like we had to protect things that were already legally bound. We have signed contracts for these. That is why we prioritize those in the community health trust fund. Then said we will have to get general funds if we want to continue the program and do new loan reimbursements.

**Representative Nelson:** This is a good program. The physician loan programs is one of the few bright spots in what is a critical need across the state. I'm a little concerned about when we get to full appropriations with the general fund commitment. If I remember right, I know we are down to \$46,000 in the community health trust fund.

**Representative Bellew:** According to this, this biennium they have a \$157,000 in it. The current biennium has \$157,000 in it.

**Chairman Pollert:** Are you saying in 09-11?

**Representative Bellew:** Yes.

**Chairman Pollert:** With the numbers, I remember that chart, the \$67,500 could go in there but we would be deficit in 11-13.

**Representative Nelson:** I think we should find the number that is left in community health trust.

**Arvy Smith:** I was confused where the \$157,000 is coming from. The reason those numbers change so much is they are putting the Governor's budget together it's like 9 months ago. We are estimating what we know at that time. Then we will just put out estimates of what the spending would be and that is what the estimates of the spending would be. There is a little bit more estimated to be left in the community health trust fund than what was in there when we put the budget together.

**Chairman Pollert:** So the \$157,000 is correct then.

**Representative Nelson:** I would ask for an amendment that we would move to take the \$67,500 from the community trust fund before full appropriations.

**Chairman Pollert:** There is a motion for an amendment.

**Representative Bellew:** I think the appropriations section should be put right in the bill so there is no confusion.

**Sheila Sandness:** So you want to add an appropriation from the community health trust fund? And we will take the other \$67,000 out?

**Chairman Pollert:** Is there any other questions? If not we will call the roll. That motion passes 6-1-1. Is there any other discussion on SB 2227?

**Representative Nelson:** I move a do pass as amended.

**Representative Bellew:** I second that.

**Chairman Pollert:** Is there any other discussion? If not we will call the roll. That passes 6-1-1.

**Representative Nelson:** I will carry that.

## 2009 HOUSE STANDING COMMITTEE MINUTES

SB 2227

House Appropriations Committee

☐ Check here for Conference Committee

Hearing Date: April 8, 2009

Recorder Job Number: 11793

Committee Clerk Signature

*Shirley Branning*

Minutes:

**Chm. Svedjan** turned the Committee's attention to SB 2227 relating to the Medical Loan Repayment Program.

Amendment .0101 (Attachment A) was distributed.

**Rep. Nelson moved amendment .0101. Rep. Wieland seconded the motion.**

**Rep Nelson** explained the amendment. It increases the level from \$10,000 to \$30,000 reimbursement, the hospital has 50% and the Health Department is responsible for the other half for a 2 year commitment for someone practicing in those communities. The amendment appropriates \$67,500 out of the Community Health Trust fund.

**Rep. Kaldor:** The Fiscal Note was originally from the General Fund.

**Rep. Nelson:** I believe that's right. At the time we heard the bill, when the balance was \$151,000 in the Community Health Trust Fund (CHTF) that was the amount that was needed for three additional students. Some of that money was for the current biennium. There are a staggered number of applicants that get funded each year.

**Rep. Kaldor:** This is one of those measures that the Senate pulled out of the Governor's budget. I am correct that this was part of the Governor's budget and he must have made the decision to take it from the CHTF.

**Rep. Nelson:** That's true. That was the only amendment we made. Because the physician loan fund had some funding. It was a funding source from the CHTF.

**Rep. Klein:** How much was in SB 2004? How much are we adding?

**Rep. Pollert:** SB 2227 the increase was \$67,500. The Community Health Trust Fund shows a personal loan repayment of \$200,000. Of that \$200,000, \$132,500 that is the difference in the increase. That's why this bill is there. It was pulled out of CHTF because it was pulled out to be general funds, well we all know SB 2063 and the difference was \$67,000. If you look back over the amendments you will see Rep. Bellew talked about, you will see there's a little statement for \$132,500.

**Rep. Kaldor:** This speaks to the issue that I raised on the floor this afternoon. I appreciate the Governor's foresight in budgeting this out of General Fund dollars. I understand the effect of SB 2063. I am going to oppose the amendments but this relates directly to what we talked about today. The way the CHTF always disappears because we always have a program to use the funds for. I think the Governor's budget was appropriate as written.

**Chairman Svedjan:** On the motion to adopt .0101 to SB 2227, **voice vote taken and carried.**

**Rep. Nelson:** **Move SB 2227 as amended.**

**Rep. Bellew:** **Second.**

**Chairman Svedjan:** Calling for discussion and hearing none, a Roll Call Vote on a Do Pass is taken.

**Vote Taken: Yes 22 No 1 Absent 2 Motion Carried. Carrier: Rep. Nelson.**

VR  
4/9/09

PROPOSED AMENDMENTS TO SENATE BILL NO. 2227

Page 1, line 3, after "program" insert "; and to provide an appropriation"

Page 2, after line 6, insert:

**"SECTION 3. APPROPRIATION - COMMUNITY HEALTH TRUST FUND.**

There is appropriated out of any moneys in the community health trust fund in the state treasury, not otherwise appropriated, the sum of \$67,500, or so much of the sum as may be necessary, to the state department of health for the purpose of providing funding for the medical loan repayment program, for the biennium beginning July 1, 2009, and ending June 30, 2011."

Renumber accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**

This amendment appropriates \$67,500 from the community health trust fund for the medical loan repayment program. This amount is in addition to the funding for this program included in Senate Bill No. 2004.



Date: 3-30-09  
Roll Call Vote #:

**2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES**  
**BILL/RESOLUTION NO.**

House Appropriations Human Resources Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number

Action Taken \_\_\_\_\_

Motion Made By \_\_\_\_\_ Seconded By \_\_\_\_\_

Representatives	Yes	No	Representatives	Yes	No
Chairman Pollert	X		Representative Ekstrom		
Vice Chairman Bellew	X		Representative Kerzman		X
Representative Kreidt	X		Representative Metcalf	X	
Representative Nelson	X				
Representative Wieland	X				

Total (Yes) 64 No 1

Absent 1

Floor Assignment \_\_\_\_\_

If the vote is on an amendment, briefly indicate intent:

Date: 3-30-09.  
Roll Call Vote #:

**2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO.**

House Appropriations Human Resources Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number SB 2227

Action Taken DO pass as amended

Motion Made By Rep. Nelson Seconded By Rep. Bellew

Representatives	Yes	No	Representatives	Yes	No
Chairman Pollert	X		Representative Ekstrom		
Vice Chairman Bellew	X		Representative Kerzman	X	
Representative Kreidt	X		Representative Metcalf	✓	
Representative Nelson	X				
Representative Wieland	X				

Total (Yes) 7 No 0

Absent 1

Floor Assignment Rep. Nelson

If the vote is on an amendment, briefly indicate intent:

Date: 4/8/09  
Roll Call Vote #: 1

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 2227

Full House Appropriations Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number 0101

Action Taken Adopt Amendment 0101

Motion Made By Nelson Seconded By Wieland

Representatives	Yes	No	Representatives	Yes	No
Chairman Svedjan					
Vice Chairman Kempenich					
Rep. Skarphol			Rep. Kroeber		
Rep. Wald			Rep. Onstad		
Rep. Hawken			Rep. Williams		
Rep. Klein					
Rep. Martinson					
Rep. Delzer			Rep. Glassheim		
Rep. Thoreson			Rep. Kaldor		
Rep. Berg			Rep. Meyer		
Rep. Dosch					
Rep. Pollert			Rep. Ekstrom		
Rep. Bellew			Rep. Kerzman		
Rep. Kreidt			Rep. Metcalf		
Rep. Nelson					
Rep. Wieland					

Total (Yes) \_\_\_\_\_ No \_\_\_\_\_

Absent \_\_\_\_\_

Floor Assignment Vice Mte - carries

If the vote is on an amendment, briefly indicate intent:

Date: 4/8/09  
Roll Call Vote #: 2

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 2027

Full House Appropriations Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number 0101

Action Taken Do Pass as Amended

Motion Made By Nelson Seconded By Bellew

Representatives	Yes	No	Representatives	Yes	No
Chairman Svedjan	✓				
Vice Chairman Kempenich	✓				
Rep. Skarphol	✓		Rep. Kroeber	✓	
Rep. Wald		✓	Rep. Onstad	✓	
Rep. Hawken	✓		Rep. Williams	✓	
Rep. Klein	✓				
Rep. Martinson	✓				
Rep. Delzer	✓		Rep. Glassheim	✓	
Rep. Thoreson	✓		Rep. Kaldor	✓	
Rep. Berg	✓		Rep. Meyer	✓	
Rep. Dosch	✓				
Rep. Pollert	✓		Rep. Ekstrom	✓	
Rep. Bellew	✓		Rep. Kerzman	✓	
Rep. Kreidt	✓		Rep. Metcalf	✓	
Rep. Nelson	✓				
Rep. Wieland	✓				

Total (Yes) 22 No 1

Absent 2

Floor Assignment Nelson

If the vote is on an amendment, briefly indicate intent:

**REPORT OF STANDING COMMITTEE**

**SB 2227: Appropriations Committee (Rep. Svedjan, Chairman) recommends AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (22 YEAS, 1 NAY, 2 ABSENT AND NOT VOTING). SB 2227 was placed on the Sixth order on the calendar.

Page 1, line 3, after "program" insert "; and to provide an appropriation"

Page 2, after line 6, insert:

**"SECTION 3. APPROPRIATION - COMMUNITY HEALTH TRUST FUND.**

There is appropriated out of any moneys in the community health trust fund in the state treasury, not otherwise appropriated, the sum of \$67,500, or so much of the sum as may be necessary, to the state department of health for the purpose of providing funding for the medical loan repayment program, for the biennium beginning July 1, 2009, and ending June 30, 2011."

Renumber accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**

This amendment appropriates \$67,500 from the community health trust fund for the medical loan repayment program. This amount is in addition to the funding for this program included in Senate Bill No. 2004.

2009 TESTIMONY

SB 2227

Testimony  
Senate Bill 2227  
Senate Education Committee  
Wednesday, January 28, 2009; 9:45 a.m.  
North Dakota Department of Health

*Same given  
to Senate  
Approp. & House  
Education*

Good morning, Chairman Freborg and members of the Senate Education Committee. My name is Gary Garland, and I am director of the North Dakota Department of Health's Primary Care Office. I am here today to testify in support of Senate Bill 2227.

Senate Bill 2227 makes three changes to the loan repayment law that assists newly graduated nurse practitioners, physician assistants and certified nurse midwives who work in North Dakota.

The first change increases the amount of the loan repayment award from \$10,000 for two years of service in a selected community to \$30,000 (half is paid by the state and half is paid by the community, usually by a hospital or clinic). This request is based on the increase in educational expenses since the original law was passed in 1993. In 1993, the \$10,000 award was about equal to the amount of educational debt incurred by these postgraduate health-care practitioners. Today, the educational cost of a graduate-level education in these health-care fields is about \$30,000.

The second change allows any number of awards per year, subject to the availability of funding. There is some variability in the amount of educational debt incurred by nurse practitioners, physician assistants and certified nurse midwives. Some have educational loans of less than \$30,000. Others have loans far in excess of \$30,000. The difference in the two amounts could be used to make additional awards in excess of the five per year as the current law specifies.

The third change provides a clear timeframe in which an applicant can decide whether to apply for the program. The current law states that an applicant may not have practiced full-time in North Dakota within three years of the date of the application. The new language says the applicant may not have worked full-time in North Dakota for more than one year before the date of the application. This change allows an applicant to take up to a year to decide if he or she wants to apply for the program and commit to practicing in a particular community.

This concludes my testimony. I am happy to answer any questions you may have.

## Testimony

### SB 2277 – Senate Appropriations Committee Senator Ray Holmberg, Chairman

February 9, 2009

Chairman Holmberg, members of the Senate Appropriations Committee, I am Ken Tupa representing the ND Retired Teachers Association. Thank you for the opportunity to provide testimony this evening in support of SB 2277. SB 2277 is a "companion" bill to funding included in the Governor's budget in HB 1022. HB 1022 is the money; SB 2277 is the policy formula for the purpose of providing a supplemental retirement payment to members of the Teachers Fund For Retirement (TFFR).

Retired educators last received a cost of living adjustment in 2001-02 using a formula of service credit and number of years retired, plus a .75% increase for each of these years. The average increase was \$78/month.

In 2007 we began exploring options that would provide some form of increase for retired educators. As the committee are aware, funding an ongoing, cost of living adjustment from Fund margin was not an option, though we did discuss it with the TFFR board and other interest groups early in 2008. Since we are now entering the 7th year without a cost of living adjustment, we met with the Governor's office to address the issue and request one-time funding with general funds for the purpose of providing a supplemental payment. At that time, Senator David O'Connell had introduced an interim bill No. 109 that provided for a supplemental payment using a formula similar to that in SB 2277. As the bill was reviewed by the Employee Benefits Programs Committee, it was modified to address administrative and IRS issues.



*North Dakota Retired Teachers Association*



Originally, the bill provided two payments – one in 2009 and one in 2010. Funding for two payments was estimated by the TFFR actuary at \$10.9 million (\$5.4 million for 2009 and \$5.5 million for 2010). HB 1022, the RIO budget, includes \$5 million for the “purpose of making supplemental payments, based on years of service and years of retirement.” This amount would be transferred to TFFR in July, 2009 for the purpose of making the payments. The purpose of SB 2277 is therefore to provide the formula for making the supplemental payment. While we would certainly appreciate the Legislature’s consideration for funding the two payments at \$10.9 million, SB 2277 was introduced to provide one payment in December, 2009, and we have requested that an additional \$400,000 be added to HB 1022 to fully fund the one payment.

SB 2277 would provide a supplemental payment for all retired members drawing an annuity from TFFR who retired before January 1, 2009. In other words, all retired members of TFFR having retired in 2008 and prior, and receiving an annuity check on December 1, 2009 would qualify for the supplemental payment. The bill provides the formula to be used to calculate the payment by taking \$24 multiplied by the member’s years of service credit and adding to this amount \$18 multiplied by the number of years the member has been retired. This formula, used in 2001 and 1999 to determine ongoing cost of living adjustments, takes into account differences in annuities which are calculated using final average salaries and the multiplier. As is shown on the History sheet provided by TFFR, prior to 2001 there were lower retirement multipliers and certainly lower final average salaries. Additionally, SB 2277 provides a “limit” to the supplemental payment which may not exceed the greater of 10% of the members’ annual annuity, of \$750. This language was included in the bill to address IRS regulations governing supplemental payments.

Thank You Chairman Holmberg and members of the committee; I appreciate the opportunity to testify before you this evening and ask for your favorable consideration and Do Pass recommendation on SB 2277.

**Example: Retired Teacher A, has 20 years of service credit and has been retired for 20 years. Retired Teacher A's retirement annuity from TFFR is \$600 a month.**

<b>\$24 X 20 (years of service credit) = \$480</b>	<b>\$480.00</b>
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**plus**

<b>\$18 X 20 (years retired) = \$360</b>	<b><u>\$360.00</u></b>
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<b>Total Calculated Supplemental Payment</b>	<b>\$840.00</b>
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**Now apply the limit test: Annual annuity may not exceed the greater of 10% of Retired Teacher A's annual annuity (10% of \$7,200 is \$720), or \$750. In this case, Retired Teacher A supplemental payment would be \$750.**

**Example: Retired Teacher B, has 20 years of service credit and has been retired for 3 years. Retired Teacher B's retirement annuity from TFFR is \$1800 a month.**

<b>\$24 X 20 (years of service credit) = \$480</b>	<b>\$480.00</b>
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**plus**

<b>\$18 X 3 (years retired) = \$54</b>	<b><u>\$54.00</u></b>
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<b>Total Calculated Supplemental Payment</b>	<b>\$534.00</b>
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**Now apply the limit test: Annual annuity may not exceed the greater of 10% of Retired Teacher B's annual annuity (10% of \$21,600 is \$2160), or \$750. In this case, Retired Teacher B supplemental payment would be \$534.**

# History of TFFR Retirement Plan Changes

July 1	Plan Changes	Benefit Formula	Retiree Benefit Increase	\$ Average Increase	% Average Increase	Average Monthly Benefit
2007	<p>Effective 7-01-07</p> <ul style="list-style-type: none"> <li>Require employer contributions of 7.75% on re-employed retirees.</li> </ul> <p>Effective 7-01-08</p> <ul style="list-style-type: none"> <li>Increase employer contributions from 7.75% to 8.25% on active and retired members' salaries (until TFFR reaches 90% funded level).</li> <li>Create new tier of reduced member benefits:                             <ul style="list-style-type: none"> <li>Tier 1 – Rule of 85, 3 yr vesting, 3 yr FAS</li> <li>Tier 2 – Rule of 90, 5 yr vesting, 5 yr FAS</li> </ul> </li> </ul>	No Change	No Increase	-0-	-0-	*2007-\$1434 2006-\$1383
2005	<ul style="list-style-type: none"> <li>None.</li> </ul>	No Change	No Increase	-0-	-0-	2005-\$1309 2004-\$1255
2003	<ul style="list-style-type: none"> <li>Clarified definition of salary.</li> <li>Updated dual membership guidelines.</li> <li>Added 20 year term certain and partial lump sum distribution (PLSO) options.</li> <li>Expanded refund &amp; rollover options to purchase service credit.</li> <li>Allow employers to purchase service credit on behalf of members.</li> </ul>	No Change	No Increase	-0-	-0-	2003-\$1203 2002-\$1152
2001	<ul style="list-style-type: none"> <li>Modified retiree employment provisions by adding exceptions for critical shortage areas and educational foundation donations, and improved recalculation of retiree benefits after returning to teach.</li> </ul>	Multiplier increased to 2.00% FAS X 2.00% X years of service	Increase equal to \$2 month X member's years of service credit + \$1 month X number of years since member's retirement plus 0.75% annual adjustment for 7-1-01 and 7-1-02.	\$78.00	7.8%	2001-\$995 2000-\$970
1999	<ul style="list-style-type: none"> <li>Vesting and eligibility for benefits reduced from 5 to 3 years.</li> <li>Early retirement reduction changed from age 65 to earlier of age 65 or Rule of 85.</li> <li>Purchase of service credit modified; air time and leave of absence added.</li> <li>Member's spouse required to be beneficiary and spousal consent to choice of benefit option.</li> </ul>	Multiplier increased to 1.88% FAS X 1.88% X years of service	Increase equal to \$2 month X member's years of service credit + \$1 month X number of years since member's retirement.	\$70.00	8.5%	1999-\$833 1998-\$810
1997	<ul style="list-style-type: none"> <li>Employer and employee contributions increased to 7.75%.</li> <li>Allow rollovers to purchase service credit.</li> <li>Expand TFFR Board to 7 members.</li> </ul>	Multiplier increased to 1.75% FAS X 1.75% X years of service	\$30 month increase.	\$30.00	4.1%	1997-\$729 1996-\$719
1995	<ul style="list-style-type: none"> <li>Allow members to rollover refunds from TFFR to IRA or qualified plan.</li> </ul>	No Change	No Increase	-0-	-0-	1995-\$690 1994-\$663

# History of TFFR Retirement Plan Changes

July 1	Plan Changes	Benefit Formula	Retiree Benefit Increase	\$ Average Increase	% Average Increase	Average Monthly Benefit
1993	<ul style="list-style-type: none"> <li>Disability retirement formula changed to coincide with retirement formula.</li> </ul>	Multiplier increased to 1.55% FAS X 1.55% X years of service	10% of current benefit or leveling benefit increase based on retirement date and years of service. (Maximum of \$100/mo)	\$75.00	13.80%	1993-\$547 1992-\$549
1991	<ul style="list-style-type: none"> <li>Provisions for military service credit under Veterans' Reemployment Rights Act (VRRRA) added.</li> </ul>	Multiplier increased to 1.39% FAS X 1.39% X years of service	10% of current benefit or leveling benefit increase based on retirement date and years of service. (Maximum of \$75/mo)	\$63.24	14.66%	1991-\$513 1990-\$415
1989	<ul style="list-style-type: none"> <li>"Pop-up" to single life annuity for joint and survivor options.</li> <li>Level income with Social Security.</li> <li>"Rule of 85" replaced the "Rule of 90."</li> <li>Employer and employee contributions increased to 6.75%.</li> </ul>	Multiplier increased to 1.275% FAS x 1.275% X years of service	Increase equal to \$.05 X years of service X number of years since member's retirement.	\$18.30	5.2%	1989-\$361 1988-\$352
1987	<ul style="list-style-type: none"> <li>Eligibility for disability benefits changed to one year of service and disability benefit improved.</li> <li>Vesting for retirement benefits reduced from 10 to 5 years.</li> </ul>	Multiplier increased to 1.22% FAS X 1.22% X years of service	\$1.50/mo increase for every year since member's retirement. Members receiving benefits under 1967 & 1969 formulas rec'd \$15/mo bonus (Max \$75/mo)	\$27.25	9.1%	1987-\$327 1986-\$312
1985	<ul style="list-style-type: none"> <li>Partial retirement possible at age 62.</li> <li>Dual membership for vesting of benefits for members under TFFR, PERS, and Highway Patrol Retirement System.</li> </ul>	Multiplier increased to 1.15% FAS X 1.15% X years of service	1% increase in benefits for every year since member's retirement. (Max of 10% or \$40)	\$17.88	7.39%	1985-\$269 1984-\$242
1983	<ul style="list-style-type: none"> <li>"Rule of 90" (age + service = 90) approved.</li> <li>Employer payment of member assessments allowed.</li> <li>School day for TFFR purposes set at 4 duty hours.</li> <li>FAS changed to high 3 years of career.</li> </ul>	Multiplier increased to 1.05% FAS X 1.05% X years of service	15% increase in current benefit to all retirees. (Max of \$45/mo)	\$29.78	15.93%	1983-\$221 1982-\$187
1981	<ul style="list-style-type: none"> <li>Early retirement age reduced to age 55.</li> <li>Eligibility for disability benefits reduced from 15 to 10 years.</li> </ul>	No Change	No Increase	-0-	-0-	1981-\$182 1980-\$174
1979	<ul style="list-style-type: none"> <li>New benefit formula using multiplier, years of service and final average salary (high 5 of last 10 years).</li> <li>Normal retirement @ 65 w/10 yrs or age 60 w/35 yrs service</li> <li>Employee and employer contribution rate increased from 5% to 6.25% each.</li> </ul>	Established multiplier of 1.0% FAS X 1.0% X years of service	No Increase	-0-	-0-	1979-\$171 1978-\$165

# North Dakota Teachers' Fund for Retirement

## Schedule of Retired Members by Monthly Benefit As of July 1, 2008

Monthly Benefit Amount	Number of Members	Female	Male	Average Service
(1)	(2)	(3)	(4)	(5)
Less than \$100	48	39	9	3.84
\$100 - \$199	137	95	42	7.90
\$200 - \$299	207	147	60	10.98
\$300 - \$399	263	220	43	15.01
\$400 - \$499	269	224	45	18.22
\$500 - \$599	270	219	51	21.27
\$600 - \$699	267	221	46	24.74
\$700 - \$799	239	192	47	25.60
\$800 - \$899	189	142	47	25.53
\$900 - \$999	230	173	57	27.28
\$1,000 - \$1,199	538	387	151	28.45
\$1,200 - \$1,399	498	327	171	29.80
\$1,400 - \$1,599	534	328	206	30.97
\$1,600 - \$1,799	510	317	193	31.22
\$1,800 - \$1,999	499	298	201	31.80
\$2,000 - \$2,199	377	213	164	31.83
\$2,200 - \$2,399	329	174	155	32.88
\$2,400 - \$2,599	250	130	120	33.58
\$2,600 - \$2,799	185	87	98	33.93
\$2,800 - \$2,999	144	55	89	33.73
\$3,000 - \$3,199	102	42	60	34.48
\$3,200 - \$3,399	50	14	36	34.33
\$3,400 - \$3,599	60	18	42	34.69
\$3,600 - \$3,799	35	6	29	33.67
\$3,800 - \$3,999	15	2	13	34.55
\$4,000 & Over	72	14	58	37.46
Total/Average	6,317	4,084	2,233	27.62

## TESTIMONY ON SB 2277

Senate Appropriations Committee  
February 9, 2009

Fay Kopp - Deputy Director, ND Retirement and Investment Office (RIO)  
Chief Retirement Officer, ND Teachers' Fund for Retirement (TFFR)

SB 2277 affects more than 6,300 retired teachers and administrators receiving monthly benefits from TFFR. While SB 2277 was not submitted by the TFFR Board, we recognize how important this bill is to retired teachers who are greatly impacted by the ever increasing costs of health care, groceries, fuel, and other basic necessities.

### Formula for Supplemental Retiree Payment

As explained by the bill's sponsor, SB 2277 provides for a one-time supplemental retiree benefit payment to TFFR retirees and beneficiaries who retired before January 1, 2009 and are receiving annuity benefits on December 1, 2009. The payment is equal to an amount determined by taking \$24 per year of service credit, plus \$18 per number of years since the member's retirement. The supplemental payment cannot exceed the greater of 10% of the member's annual annuity or \$750. If approved, the supplemental payment would be made in December 2009. The bill is structured to provide the greatest benefit to those teachers and administrators who taught the longest and who have been retired the longest.

**Example 1:** Retiree with 30 years of service credit who retired in 1994 (15 years retired). Current annuity is \$1,500 per month.

\$24 X 30 years (service credit)	720
\$18 X 15 years (retired)	+270
Supplemental Payment Amount	<b>\$990 paid December 2009</b>

The supplemental payment cannot exceed the greater of \$750 or 10% of annual annuity benefit ( $\$1,500 \times 12 \text{ months} \times 10\% = 1,800$ ). Since the supplemental payment does not exceed \$1,800, the payment will not be capped in Example 1.

**Example 2:** Retiree with 15 years of service credit who retired in 1979 (30 years retired). Current annuity is \$600 per month.

\$24 X 15 years (service credit)	360
\$18 X 30 years (retired)	+ 540
Supplemental Payment Amount	\$900 capped at \$750, so <b>\$750 paid in December 2009</b>

The supplemental payment cannot exceed the greater of \$750 or 10% of annual annuity benefit ( $\$600 \times 12 \text{ months} \times 10\% = \$720$ ). Since the supplemental payment exceeds \$750, the payment will be capped in Example 2.

### Average Supplemental Retiree Payment

According to TFFR's 2008 actuarial valuation report, as of June 30, 2008, there were 6,317 annuitants in TFFR. The average annuitant's benefit was \$1,477 per month, and the average annuitant had 27.63 years of service. As of 2009, these annuitants will have been retired on average for 12.9 years.

Based on the formula outlined in SB 2277, TFFR's actuary has determined that retirees would receive an average supplemental payment of about \$846 in December 2009. Payment would be limited to the maximum (greater of 10% of the retiree's annual annuity or \$750 to comply with IRS requirements) for about 1,000 – 1,100 annuitants. In general, this means for retirees with less than a \$625 monthly benefit, the supplemental payment is capped at \$750 since \$750 is more than 10% of their annual annuity. For retirees with greater than a \$625 monthly benefit, the supplemental payment is capped at 10% of their annual annuity.

Here is a breakdown of TFFR annuitants by years of service credit, and estimated amount of supplemental retiree payment provided for in SB 2277.

Service Credit (5 year incr)	<5	5-9	10-14	15-19	20-24	25-29	30-34	35+
Average Years Service (group)	2.8	7.4	12.6	17.4	22.6	27.5	32.1	38.3
Average Years Retired (all)	12.9	12.9	12.9	12.9	12.9	12.9	12.9	12.9
<b>SUPP RETIREE PAYMENT</b>	<b>\$299</b>	<b>\$410</b>	<b>\$535</b>	<b>\$650</b>	<b>\$775</b>	<b>\$892</b>	<b>\$1003</b>	<b>\$1151</b>
<b>Number of retirees</b>	<b>83</b>	<b>222</b>	<b>451</b>	<b>421</b>	<b>670</b>	<b>1363</b>	<b>1938</b>	<b>1169</b>

Note: Estimates given in this breakdown were developed by RIO and are based on averages in each category. Calculations provided by TFFR's actuary are more precise because the actuary applies the formula to each individual TFFR annuitant.

### Cost of Supplemental Retiree Payment – Fiscal Note

According to TFFR's actuarial consultant, total cost of the supplemental retiree payment is estimated to be about \$5,400,000. The cost of administering the bill (computer programming and member communications) is estimated to be about \$25,000 which we would ask to be added to RIO's appropriation. Therefore, the fiscal note for SB 2277 totals \$5,425,000. The supplemental retiree payment in SB 2277 would be funded through a transfer from the State's General Fund to TFFR. Any dollars not used would be returned to the General Fund.

Please note that Governor Hoeven included \$5 million for the supplemental retiree payment in his budget recommendation which is included in RIO's budget bill, HB 1022. These two bills will need to be reconciled, along with the request for RIO administrative expenses.

Because the supplemental retiree payment is expected to be covered by the General Fund transfer, there would be no financial impact on TFFR.

**Testimony  
Senate Bill 2227  
House Appropriations Committee  
Human Resources Division  
Wednesday, March 18, 2009; 10 a.m.  
North Dakota Department of Health**

Good morning, Chairman Pollert and members of the Human Resources Division of the House Appropriations Committee. My name is Gary Garland, and I am director of the North Dakota Department of Health's Primary Care Office. I am here today to testify in support of Senate Bill 2227.

Senate Bill 2227 makes three changes to the loan repayment law that assists newly graduated nurse practitioners, physician assistants and certified nurse midwives who work in North Dakota.

The first change increases the amount of the loan repayment award from \$10,000 for two years of service in a selected community to \$30,000 (half is paid by the state and half is paid by the community, usually by a hospital or clinic). This request is based on the increase in educational expenses since the original law was passed in 1993. In 1993, the \$10,000 award was about equal to the amount of educational debt incurred by these postgraduate health-care practitioners. Today, the educational cost of a graduate-level education in these health-care fields is about \$30,000.

The second change allows any number of awards per year, subject to the availability of funding. There is some variability in the amount of educational debt incurred by nurse practitioners, physician assistants and certified nurse midwives. Some have educational loans of less than \$30,000. Others have loans far in excess of \$30,000. The difference in the two amounts could be used to make additional awards in excess of the five per year as the current law specifies.

The third change provides a clear timeframe in which an applicant can decide whether to apply for the program. The current law states that an applicant may not have practiced full-time in North Dakota within three years of the date of the application. The new language says the applicant may not have worked full-time in North Dakota for more than one year before the date of the application. This change allows an applicant to take up to a year to decide if he or she wants to apply for the program and commit to practicing in a particular community.



The costs related to Senate Bill 2227 have been included in the governor's budget for the Department of Health, which is before you in Senate Bill 2004.

This concludes my testimony. I am happy to answer any questions you may have.

A

## Physicians and Mid Level Practitioners

### 07-09 Appropriation

#### Physicians and Mid Level Practitioners

**07-09 Biennium**  
**225,000**

<b>General Funds</b>	75,000
<b>Special Funds</b>	150,000
<b>07-09 Biennium</b>	<b>225,000</b>

### 09-11 Recommendation

**09-11 Biennium**

3 Current Physician Loan Contracts	67,500
3 New Physician Loan Contracts July 2008 (1 year)	67,500
2 Current Mid Level Practitioner Contracts	5,000
3 New Mid Level Practitioner Contracts July 2008 (1 year)	7,500
3 New Physician Loan Contracts July 2009 (2 years)	*
3 New Physician Loan Contracts July 2010 (1 year)	*
3 New Mid Level Practitioner Contracts July 2009 (2 years)	200,000
3 New Mid Level Practitioner Contracts July 2010 (1 year)	*
	<b>347,500</b>

<b>General Funds</b>	275,000
<b>Special Funds</b>	72,500
<b>09-11 Biennium</b>	<b>347,500</b>

\* Amount applied per year to physician loan and mid level practitioner will depend on applications received