

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 7009 - SB 7052

August 22, 2023

SUMMARY OF BILL: Creates a mental healthcare professionals student loan repayment grant program, administered by the Department of Health (DOH), to incentivize certain mental healthcare professionals to provide mental health services in the state following completion of their training. Authorizes the DOH to award mental healthcare professionals student loan repayment grants to qualifying professionals for the amount of principal, interest, and related expenses of the individual's medical school educational loans, not to exceed the individual's total student loan indebtedness.

Establishes that to be eligible a person must be a: (1) licensed as a physician or osteopathic physician with expertise in psychiatry and whose practice is primarily limited to psychiatry; (2) licensed as a psychologist and designated as a health service provider; or (3) licensed professional counselor designated as a mental health service provider and certified to practice trauma therapy. In order to receive a student loan repayment grant, requires an individual to enter into a contract with the DOH to provide mental health services in this state for at least six years within the eight years following the date of application approval.

Authorizes certain individuals to apply for a grant while in training to become a licensed psychiatrist, psychologist, or professional counselor, but must not receive a grant until the individual completes all necessary training to be a licensed provider

Requires the DOH to issue an annual report to the Governor, the Chair of the Education Administration Committee of the House of Representatives, and the Chair of the Senate Education Committee detailing the number of individuals applying for and receiving grants, and making any recommendations for program improvements

Authorizes the DOH, in consultation with the Tennessee Student Assistance Corporation, the Board of Medical Examiners, the Board of Osteopathic Examination, the Board of Professional Counselors, and the Board of Examiners in Psychology to promulgate rules and regulations for the management and administration of the family medicine student loan repayment program.

For the purpose of promulgating rules, takes effect upon becoming a law. For all other purposes, takes effect January 1, 2024.

FISCAL IMPACT:

Increase State Expenditure - \$21,850,000/FY24-25

Exceeds \$21,850,000/FY25-26 and Subsequent Years

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Assumptions:

- The proposed legislation establishes the amount of student loan repayment grants be for the amount of principal, interest, and related expenses of the individual's medical school educational loans, not to exceed the individual's total student loan debt.
- It is assumed student loan repayments will begin in FY24-25.
- According to Association of American Medical Colleges, the median education debt of medical school graduates was \$200,000, as of the year 2020.
- Grant recipients are required to provide mental health services in this state for at least six years within the eight years following the date of application approval.
- It is estimated that the average recipient will receive a \$25,000 award each year for eight years.
- According to the Association of American Colleges, there were 577 practicing physicians specializing in psychiatry in Tennessee as of 2021.
- Based on information provided by the DOH, there are approximately 1,392 active licensed psychologists with a health service provider designation in the state.
- According to the Tennessee Licensed Professional Counselor's Association, there were 2,400 licensed professional counselors with a mental health service provider designation, as of December 2020.
- A total of approximately 4,369 individuals (577 + 1,392 + 2,400) eligible to apply for student loan repayment grant.
- This analysis assumes that 20 percent of eligible individuals will participate in the grant program, or 874 individuals (4,369 x 20%).
- The increase to state expenditures is estimated to be \$21,850,000 (874 recipients x \$25,000) in FY24-25.
- The increase to state expenditures is estimated to exceed \$21,850,000 in FY25-26 and subsequent years.
- The DOH can administer the program and submit the required reports within existing resources.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Krista Lee Carsner, Executive Director

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