

OFFICE OF FISCAL ANALYSIS

Legislative Office Building, Room 5200
Hartford, CT 06106 ◊ (860) 240-0200
<http://www.cga.ct.gov/ofa>

sSB-449

AN ACT CONCERNING THE RECRUITMENT AND RETENTION OF PHYSICIANS IN THE STATE.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 23 \$	FY 24 \$
Higher Ed., Off.	GF - Cost	Significant	Significant
Higher Ed., Off.	GF - Cost	90,000	90,000
State Comptroller - Fringe Benefits ¹	GF - Cost	36,477	36,477
UConn Health Ctr.	Various - Savings	Potential	Potential

Note: Various=Various; GF=General Fund

Municipal Impact: None

Explanation

The bill results in a significant cost to the Office of Higher Education (OHE) associated with the creation of a physician student loan reimbursement grant program, starting in FY 23.

The bill establishes a student loan reimbursement program for people who are employed in-state as licensed physicians and meet various graduation and other requirements. Eligible participants are to receive reimbursement grants of 20% of the physician's federal and state student loan balance per year, for five years. It is estimated that the median student loan burden, of a physician, upon graduation is approximately \$161,000. This would equate to a loan reimbursement

¹The fringe benefit costs for most state employees are budgeted centrally in accounts administered by the Comptroller. The estimated active employee fringe benefit cost associated with most personnel changes is 40.53% of payroll in FY 23.

award in the first year of up to \$32,200. If 50 eligible applicants were to receive such an award, the cost to OHE would exceed \$1.6 million for their first year of awards.

OHE does not currently have the funds available to operate this program. The awards result in a significant cost to OHE; the scope of the costs is dependent upon the number of approved applicants and their student loan balance reimbursements awarded annually.

OHE does not currently have the staff available to operate the program and would require one full-time program administrator, resulting in annual salary expenses of approximately \$90,000 and corresponding fringe benefit costs of approximately \$36,477.

The bill may have a positive fiscal impact to the University of Connecticut (UConn) Health Center, beginning FY 23. It is possible that the loan reimbursement program will make Connecticut medical schools and job opportunities more attractive, compared to options in other states. In the 2020-21 academic year, substantial shares of UConn's resident graduates and fellowship graduates left Connecticut to practice elsewhere. To the extent that the bill results in more qualified applicants for UConn Health physician vacancies, producing a quicker recruitment process for revenue-generating positions, then higher revenues may result. The bill may also improve physician retention, resulting in lower recruitment expenses (a savings), but this impact is anticipated to be minimal because few UConn Health physicians have left for out-of-state positions in recent years.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to changes in physicians' student loan debt levels, the amount appropriated for the program, and the availability of similar programs in other states.