
A BILL FOR AN ACT

RELATING TO RURAL HEALTH CARE.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that Hawaii is
2 experiencing a nursing shortage in a time when the increasing
3 aging population demands quality nursing care. The legislature
4 responded to this shortage with the enactment of Act 116,
5 Session Laws of Hawaii 2005, which encourages nurses to enroll
6 in a master or doctoral program to prepare them for careers in
7 nursing education.

8 However, the legislature also finds that the rural areas of
9 the state are particularly the hardest hit by the acute
10 shortages of nurses and other health care professionals. In
11 addition, rural areas experience a high turnover rate, an aging
12 workforce population, and difficulty in recruitment and
13 retention.

14 The legislature further finds that, currently, Hawaii has
15 the following federal designations: five Medically Underserved
16 Populations, one Medically Underserved Area, and six primary
17 care Health Professional Shortage Areas. The legislature
18 believes it is necessary to offer financial incentives to



1 increase the number of students who will pursue degrees in
2 nursing and commit to working in rural areas.

3 The purpose of this Act is to establish a program to
4 encourage students to enroll in nursing programs that will
5 prepare them for careers that will provide nursing service in
6 rural areas.

7 SECTION 2. Chapter 304E, Hawaii Revised Statutes, is
8 amended by adding a new part to be appropriately designated and
9 to read as follows:

10 **"PART . RURAL NURSING PROGRAM**

11 **§304E- Definitions:** As used in this part, unless the
12 context otherwise requires:

13 "Department" means the University of Hawaii.

14 "Eligible expenses" means reasonable expenses associated
15 with the costs of acquiring an education such as tuition, books,
16 equipment, fees, room and board, and other expenses determined
17 by the department.

18 "Eligible student" means a student who has been accepted
19 into the training program and has declared an intention to serve
20 in a rural area upon completion of the education or training
21 program.



1 "Major medical hospital" refers to a facility containing
2 more than fifty beds and licensed as a hospital by the
3 department of health and accredited by the Joint Commission on
4 Accreditation of Health Care Organizations.

5 "Nurse" shall have the same meaning as defined in section
6 457-2.

7 "Program" means the rural nursing program.

8 "Rural area" means any site located more than fifty miles
9 from a major medical hospital.

10 "Rural nursing loan" means a loan that is forgiven in whole
11 or in part if the recipient renders nursing services in a rural
12 area.

13 "Training program" means education and training programs
14 approved by the department for purposes of this chapter that
15 lead to eligibility for a license as a licensed practical nurse,
16 registered nurse, or advanced practice registered nurse.

17 **§304E- Rural nursing program.** (a) There is established
18 a program to be known as the rural nursing program to be placed
19 within the department.

20 (b) The department may provide a rural nursing loan within
21 the program to eligible students. Awarding preference shall be



1 given to Hawaii residents. Rural nursing loans shall be granted
2 to cover eligible expenses.

3 (c) The department shall establish lists of approved
4 courses of study for the eligible student to become a licensed
5 nurse.

6 (d) To receive a rural nursing loan under this part, an
7 eligible student shall:

8 (1) Have graduated from high school;

9 (2) Maintain domicile in Hawaii during the term of the
10 rural nursing loan;

11 (3) Comply with any conditions placed on the rural nursing
12 loan by the department; and

13 (4) Enter into a written contract with the department
14 agreeing to:

15 (A) Satisfy all degree requirements and other
16 requirements under this part;

17 (B) Begin required nursing service obligation in a
18 rural area in this state within one year after
19 completion of the training program and receipt of
20 a nursing degree for a period of one year for
21 each academic year the eligible student receives
22 a rural nursing loan under this part, unless the



1 department determines that there are extenuating
2 circumstances; and

3 (C) Reimburse the State for all amounts received
4 under this part and interest thereon, as
5 determined by the department, if the student
6 fails to comply with this subsection.

7 (e) An eligible student applying for the rural nursing
8 loan shall apply to the department and include all information
9 and documentation required by the department.

10 (f) Rural nursing loans awarded under the program shall be
11 limited to funds appropriated for the purpose of awarding loans
12 or funds otherwise matched by external entities.

13 **§304E- Rural nursing loans.** (a) The department shall
14 award a rural nursing loan in an amount up to \$5,000 per
15 academic year to an eligible student enrolled full-time in the
16 department's approved nursing course of study.

17 (b) The rural nursing loan shall be for the maximum number
18 of years it takes to complete the approved course of study
19 required for the nursing degree.

20 (c) The rural nursing loan, including interest, shall be
21 forgiven on a year for year basis while the recipient is



1 employed in a rural area; provided the recipient works a full
2 calendar year for each year the loan is forgiven.

3 **§304E- Program administration.** (a) The department
4 shall monitor and verify a student's fulfillment of all
5 requirements for a rural nursing loan under this part.

6 (b) If a student does not comply with the requirements of
7 the rural nursing loan, a default interest rate of per
8 cent shall be imposed and the department shall enforce repayment
9 of all amounts received under this part and interest thereon.
10 Enforcement shall include the use of all lawful collection
11 procedures, including private collection agencies.

12 (c) Rural nursing loans received by a student under the
13 program shall not be considered taxable income under chapter
14 235.

15 (d) Rural nursing loans received by a student under the
16 program shall not be considered financial assistance or
17 appropriations to the department.

18 (e) Any person who knowingly or intentionally procures,
19 obtains, or aids another to procure or obtain a rural nursing
20 loan under the program through fraudulent means shall be
21 disqualified from participation in the program and shall be



1 liable to the department to repay the loan and a penalty of
2 twice the amount of the loan.

3 **§304E- Annual report.** The department shall submit an
4 annual report to the governor and the legislature no later than
5 twenty days prior to the convening of each regular session, to
6 include information regarding the operation of the program, such
7 as:

- 8 (1) The total number of students receiving rural nursing
9 loans;
10 (2) The total amount of rural nursing loans awarded; and
11 (3) The total number of students who withdraw from the
12 program."

13 SECTION 3. Chapter 304E, Hawaii Revised Statutes, is
14 amended as follows:

15 1. By amending its title to read:

16 **"NURSING [~~SCHOLARS PROGRAM~~] PROGRAMS"**

17 2. By designating sections 304E-1 to 304E-5 as part I and
18 inserting a title before section 304E-1 to read:

19 **"PART I. NURSING SCHOLARS PROGRAM"**

20 3. By amending section 304E-1, to read:

21 "~~[§]~~**§304E-1**~~[§]~~ **Definitions.** As used in this ~~[chapter,~~
22 part, unless the context otherwise requires:



1 "Approved course of study" means a course of study that
2 leads to enrollment in a graduate nursing program approved by
3 the state board of nursing or a course of study in a graduate
4 nursing program approved by the state board of nursing.

5 "Approved educational institution" means a public post-
6 secondary educational institution located in this State that has
7 been accredited by a nationally recognized accrediting agency
8 that is listed by the United States Secretary of Education.

9 "Department" means the University of Hawaii.

10 "Program" means the nursing scholars program established
11 under this chapter.

12 "Student" means any individual domiciled in this State who
13 attends or is about to attend a post-secondary educational
14 institution located in this State leading to a master's or
15 doctoral degree in nursing and who intends to teach in a nursing
16 program in Hawaii designed to prepare students for licensure as
17 registered nurses.

18 "Work requirement" means teaching at a school of nursing
19 located in Hawaii after receiving a master's degree or doctoral
20 degree in nursing."

21 SECTION 4. Statutory material to be repealed is bracketed
22 and stricken. New statutory material is underscored.



1 SECTION 5. This Act shall take effect on July 1, 2006.

2

INTRODUCED BY:

Calvin Kelly

BY REQUEST

JAN 20 2006



H.B. NO. 2162

Report Title:

Rural Nursing Program

Description:

Establishes the Rural Nursing Program within the University of Hawaii to provide financial assistance to students who commit to serving in rural areas of the state following completion of nursing degree programs.

