
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's 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 and provide
5 those students with incentives to work as nurses in rural areas.

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

9 **"PART . RURAL NURSING PROGRAM**

10 **§304E- Definitions:** As used in this part, unless the
11 context otherwise requires:

12 "Department" means the University of Hawaii.

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

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

21 "Major medical hospital" refers to a facility containing
22 more than fifty beds and licensed as a hospital by the



1 department of health and accredited by the Joint Commission on
2 Accreditation of Health Care Organizations.

3 "Nurse" shall have the same meaning as defined in section
4 457-2.

5 "Program" means the rural nursing program.

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

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

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

15 **§304E- Rural nursing program.** (a) There is established
16 a program to be known as the rural nursing program to be placed
17 within the department.

18 (b) The department may award loans under the program to
19 students who have declared an intention to serve in rural areas
20 upon completion of the education or training required under the
21 program. Awarding preference shall be given to Hawaii
22 residents. Rural nursing loans shall cover eligible expenses.



1 (c) The department shall establish lists of approved
2 courses of study under the program for eligible students.

3 (d) To receive a rural nursing loan under this part, a
4 student shall:

5 (1) Have graduated from high school;

6 (2) Reside in Hawaii during the term of the rural nursing
7 loan;

8 (3) Comply with all conditions of the rural nursing loan;
9 and

10 (4) Enter into a written contract with the department
11 agreeing to:

12 (A) Satisfy all degree requirements and other
13 requirements under this part;

14 (B) Begin fulfilling the rural nursing service
15 obligation within one year of completion of the
16 training program and receipt of a nursing degree,
17 which obligation shall continue for a period of
18 one year for each academic year the eligible
19 student receives a rural nursing loan under this
20 part, unless the department determines that there
21 are extenuating circumstances; and



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

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

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

11 **§304E- Rural nursing loans.** (a) The department shall
12 award a rural nursing loan in an amount up to \$5,000 per
13 academic year to an eligible student enrolled full-time in the
14 department's approved nursing course of study.

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

18 (c) The rural nursing loan, including interest, shall be
19 forgiven on a year for year basis while the recipient is
20 employed in a rural area; provided the recipient works a full
21 calendar year for each year the loan is forgiven.



1 **§304E- Program administration.** (a) The department
2 shall monitor and verify a student's fulfillment of all the
3 conditions of a rural nursing loan under this part.

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

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

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

16 (e) Any person who knowingly or intentionally procures,
17 obtains, or aids another to procure or obtain a rural nursing
18 loan under the program through fraudulent means shall be
19 disqualified from participation in the program and shall be
20 liable to the department for repayment of the loan and subject
21 to a penalty of twice the amount of the loan.



1 **§304E- Annual report.** The department shall submit an
2 annual report to the governor and the legislature no later than
3 twenty days prior to the convening of each regular session of
4 the operation of the program, including but not limited to:

- 5 (1) The total number of students receiving rural nursing
6 loans;
- 7 (2) The total amount of rural nursing loans awarded; and
- 8 (3) The total number of students who withdraw from the
9 program.

10 **§304E- Rural nursing program revolving fund.** (a) There
11 is established a rural nursing program revolving fund. The fund
12 shall be used by the department to provide and enforce repayment
13 of rural nursing loans, and for any and all other purposes
14 consistent with this part.

15 (b) The fund shall not be considered part of the general
16 fund and shall consist of moneys:

- 17 (1) Appropriated by the legislature;
- 18 (2) Received as repayments of loans;
- 19 (3) Earned on investments;
- 20 (4) Received pursuant to a venture agreement;
- 21 (5) Received as royalties; and



1 (6) Received as premiums, or as fees charged by the
 2 department or otherwise received by the department,
 3 and
 4 any other moneys contributed or transferred to the fund."

5 SECTION 3. Chapter 304E, Hawaii Revised Statutes, is
 6 amended as follows:

7 1. By amending its title to read:

8 "NURSING [~~SCHOLARS PROGRAM~~] PROGRAMS"

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

11 "PART I. NURSING SCHOLARS PROGRAM"

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

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

15 "Approved course of study" means a course of study that
 16 leads to enrollment in a graduate nursing program approved by
 17 the state board of nursing or a course of study in a graduate
 18 nursing program approved by the state board of nursing.

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



1 "Department" means the University of Hawaii.

2 "Program" means the nursing scholars program established
3 under this chapter.

4 "Student" means any individual domiciled in this State who
5 attends or is about to attend a post-secondary educational
6 institution located in this State leading to a master's or
7 doctoral degree in nursing and who intends to teach in a nursing
8 program in Hawaii designed to prepare students for licensure as
9 registered nurses.

10 "Work requirement" means teaching at a school of nursing
11 located in Hawaii after receiving a master's degree or doctoral
12 degree in nursing."

13 SECTION 4. There is appropriated out of the general
14 revenues of the State of Hawaii the sum of \$1 or so much thereof
15 as may be necessary for fiscal year 2006-2007 to be deposited
16 into the rural nursing program revolving fund established in
17 section 304E- for the purposes of this Act.

18 SECTION 5. There is appropriated out of the rural nursing
19 program revolving fund the sum of \$1 or so much thereof as may
20 be necessary for fiscal year 2006-2007 for the rural nursing
21 program.



1 The sum appropriated shall be expended by the University of
2 Hawaii for the purposes of this Act.

3 SECTION 6. Statutory material to be repealed is bracketed
4 and stricken. New statutory material is underscored.

5 SECTION 7. This Act shall take effect on July 1, 2006.



HB 2162 HD1

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. (HB2162 HD1)

