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# A BILL FOR AN ACT

RELATING TO HEALTH CARE PROFESSIONALS.

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

1           SECTION 1. Chapter 304A, Hawaii Revised Statutes, is  
2 amended by adding a new section to be appropriately designated  
3 and to read as follows:

4           "§304A-           Hawaii rural physician loan program.    (a)

5           There is created the Hawaii rural physician loan program to be  
6           administered by the University of Hawaii in partnership with a  
7           financial institution whose operations are principally conducted  
8           in Hawaii. The program shall provide loans to five nonresident  
9           students per year who:

10           (1) Have been given a nonresident tuition waiver pursuant  
11           to section 304A-502;

12           (2) Are or will be enrolled in an education and training  
13           program for physicians administered by the University  
14           of Hawaii John A. Burns School of Medicine that leads  
15           to eligibility for a license under chapter 453; and

16           (3) Agree to practice as a licensed physician within six  
17           months of completion of their residency:



1           (A) In a rural health professional shortage area for  
2           a minimum of three consecutive years; or

3           (B) In a nonrural health professional shortage area  
4           for a minimum of five consecutive years.

5 Rural and nonrural health professional shortage areas shall be  
6 designated by the department of health by rule.

7           Each loan shall be made to cover the cost of resident  
8 tuition necessary to complete the education and training program  
9 under subsection (a) (2); provided that the total amount of a  
10 loan to any individual shall not exceed the cost of five years  
11 of resident tuition.

12           (b) Loan repayment obligations under the Hawaii rural  
13 physician loan program shall be forgiven and considered a grant  
14 under the following conditions and in the following amounts plus  
15 interest accrued on that amount:

16           (1) For loan recipients employed as licensed physicians in  
17 a rural health professional shortage area of the  
18 state, one-third of the total amount owed and unpaid  
19 shall be forgiven for each year employed; or

20           (2) For loan recipients employed as licensed physicians in  
21 a nonrural health professional shortage area of the



1           state, one fifth of the total amount owed and unpaid  
2           shall be forgiven for each year employed.

3           (c) Beginning three months after the loan recipient fails  
4           to complete the enrollment requirement under subsection (a)(2),  
5           or service obligation under subsection (a)(3), a loan recipient  
6           shall repay three times the amount of the outstanding loan in  
7           periodic installments within a period not to exceed seven years.  
8           The University of Hawaii may charge late fees and all other  
9           reasonable costs for the collection of delinquent loans.

10           (d) Repayment under subsection (c) shall be deferred for a  
11           loan recipient who is performing a service obligation imposed by  
12           the National Health Service Corps or the Uniformed Service  
13           Scholarship Program. The University of Hawaii may waive or  
14           adjust the conditions of repayment of a loan under subsection  
15           (c) for loan recipients who fail to meet their service  
16           obligation for good cause. Liability for repayment of a loan  
17           shall be canceled upon the death or permanent total disability  
18           of the borrower. As used in this subsection, "total disability"  
19           shall have the same meaning as "person totally disabled" as  
20           defined under section 235-1.

21           (e) The University of Hawaii may enter into written  
22           contracts with collection agencies for the purpose of collecting



1 delinquent loans or nonresident tuition and fees owed in  
2 accordance with chapter 103D. All loan payments collected,  
3 exclusive of a collection agency's commissions, shall revert and  
4 be credited to the Hawaii rural physician loan program special  
5 fund. A collection agency that enters into a written contract  
6 with the University of Hawaii pursuant to this section for the  
7 collection of delinquent loans may collect a commission from the  
8 debtor in accordance with the terms of, and up to the amounts  
9 authorized in the written contract.

10 (f) There is established in the treasury of the State the  
11 Hawaii rural physician loan program special fund to be  
12 administered by the University of Hawaii. Any funds  
13 appropriated by the legislature for the program, gifts,  
14 donations, and grants from public agencies and private persons,  
15 loan payments, proceeds of the operations of the program, and  
16 interest earned or accrued on moneys deposited in the fund shall  
17 become a part of the fund.

18 The University of Hawaii may expend moneys from the fund  
19 for the purposes of this section."

20 SECTION 2. Section 304A-502, Hawaii Revised Statutes, is  
21 amended to read as follows:



1 " [f] §304A-502 [f] Power of regents to grant tuition

2 **waivers.** (a) The board of regents, or its designated  
3 representatives, is authorized to grant, modify, or suspend  
4 tuition waivers.

5 The board may:

6 (1) Waive entirely or reduce the tuition fee or any of the  
7 other fees for graduate teaching and research  
8 assistants;

9 (2) Enter into agreements with government and university  
10 officials of any other state or foreign country to  
11 provide for reciprocal waiver of the nonresident  
12 tuition and fee differential;

13 (3) Waive the nonresident tuition and fee differential for  
14 selected students from Pacific and Asian jurisdictions  
15 when their presence would be beneficial to the  
16 university or the State;

17 (4) Waive entirely or reduce the tuition fee or any of the  
18 other fees for students, resident or nonresident; and

19 (5) Waive the nonresident tuition and fee differential for  
20 members in good standing of the following military  
21 units, regardless of their actual state of residence:

22 (A) The Hawaii national guard; and



1           (B) The federal reserve components of the Army, Navy,  
2           Air Force, Marine Corps, and Coast Guard who  
3           attend drills with units located within the  
4           State.

5           (b) The board of regents shall waive the nonresident  
6           tuition and fee differential for five nonresident students of  
7           the John A. Burns School of Medicine per year for not more than  
8           five years. The waiver shall be conditioned on the agreement of  
9           the nonresident student to meet the enrollment requirements and  
10          service obligations set forth under section 304A- (a) (2) and  
11          (3).

12          (c) The board shall determine the percentage of allowable  
13          tuition and fee waivers for financial need and other university  
14          priorities. These tuition waivers and waivers of the  
15          nonresident tuition and fee differential shall be awarded in  
16          accordance with guidelines established by the board."

17          SECTION 3. There is appropriated out of the general  
18          revenues of the State of Hawaii the sum of \$1,000,000 or so much  
19          thereof as may be necessary for fiscal year 2008-2009 to be  
20          deposited into the Hawaii rural physician loan program fund.

21          The sum appropriated shall be expended by the department of  
22          health for the purposes of this Act.



1 SECTION 4. Statutory material to be repealed is bracketed  
2 and stricken. New statutory material is underscored.

3 SECTION 5. This Act shall take effect on July 1, 2008.

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INTRODUCED BY:

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JAN 15 2008



**Report Title:**

Health Care Access; Nonresident Medical School Students

**Description:**

Provides for the resident tuition rates repayment of tuition for five nonresident students of the medical education program at the John A. Burns School of Medicine to encourage nonresident medical school graduates to remain in Hawaii.

