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# A BILL FOR AN ACT

RELATING TO HAWAII HEALTH CORPS.

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

1           SECTION 1. The legislature finds that changes in  
2 demographics, the delivery of health care services, and the  
3 escalating costs of education have resulted in severe shortages  
4 of health care professionals. A poor distribution of health  
5 care professionals has resulted in a surplus of these  
6 professionals in some areas of the State and a shortage in other  
7 parts of the State, particularly in the more rural areas. The  
8 rural shortage areas often require more services because the  
9 health care needs are greater due to socio-economic or  
10 geographic circumstances. The salary potential for shortage  
11 areas is often not as favorable when compared to non-shortage  
12 areas resulting in many health care practitioners being  
13 financially unable to serve in those shortage areas.

14           The legislature finds that in order to successfully address  
15 the health care shortage areas within the State, the following  
16 programs need to be implemented:

- 1           (1) Loan repayment program: Such a program should be  
2                   structured to obtain federal matching funds that would  
3                   be used to repay eligible student loans in exchange  
4                   for a service commitment by physicians and dentists  
5                   practicing in health professional shortage areas; and
- 6           (2) Recruitment program: Such a program would not receive  
7                   federal matching funds. Incentives would be awarded  
8                   to public or private nonprofit organizations,  
9                   communities, or recruitment health professionals  
10                  practicing in areas designated by the department of  
11                  business, economic development, and tourism that are  
12                  experiencing a shortage of health care professionals.  
13                  Unlike the loan repayment program, this program will  
14                  be open to all health care professionals, including  
15                  but not limited to physicians, dentists, mid-level  
16                  practitioners, pharmacists, allied health  
17                  professionals, and specialists, for example,  
18                  orthopedic surgeons for whom there is an acknowledged  
19                  need in some areas of the State. The incentives could  
20                  be also used to provide financial support for spouses  
21                  and families of recruitment health professionals as  
22                  doing so is critical in recruiting and retaining

1 health care professionals in these areas. Finally,  
2 unlike the loan repayment program, recruitment health  
3 professionals can practice in geographic areas not  
4 covered under the loan repayment program.

5 SECTION 2. The Hawaii Revised Statutes is amended by  
6 adding a new chapter to be appropriately designated and to read  
7 as follows:

8 **"CHAPTER**

9 **HAWAII HEALTH CORPS PROGRAM**

10 **PART I. GENERAL PROVISIONS**

11 § -1 **Definitions.** As used in this chapter, unless the  
12 context clearly requires otherwise:

13 "Applicant" means an individual who has submitted a  
14 completed application for the loan repayment program or the  
15 recruitment program and meets the application requirements  
16 established by the department for the respective program.

17 "Approved site" means, for the purposes of the loan  
18 repayment program, a provider site that is a public or nonprofit  
19 private entity located in a health professional shortage area  
20 and approved by the department.

21 "Dentist" means an individual licensed to practice  
22 dentistry in the State under chapter 448.

1 "Department" means the department of business, economic  
2 development, and tourism.

3 "Eligible education" means education and training programs  
4 approved by the department that lead to eligibility for  
5 licensure as a repayment health care professional.

6 "Eligible expenses" means reasonable expenses associated  
7 with the costs of acquiring an eligible education such as  
8 tuition, books, equipment, fees, room and board, and other  
9 expenses determined by the department.

10 "Health professional shortage area" is an area, designated  
11 by the department of health, in the State where there are  
12 shortages of health professionals. In making health  
13 professional shortage area designations in the State the  
14 department of health may be guided by applicable federal  
15 standards.

16 "Incentives" means the cash or in-kind award made to a  
17 recruitment recipient and includes awards made to a spouse or  
18 the family of a recruitment health professional.

19 "Loan repayment program" means the loan repayment program  
20 administered by the department.

21 "Physician" means an individual licensed to practice  
22 medicine in the State pursuant to chapter 453.

1 "Qualifying educational loan" means a government or  
2 commercial loan for eligible expenses.

3 "Recruitment health professional" means an individual who  
4 is a health professional, including allopathic and osteopathic  
5 physicians (family practitioners, internists, pediatricians,  
6 obstetricians and gynecologists, and general psychiatrists),  
7 nurse practitioners, certified nurse-midwives, physician  
8 assistants, dentists, registered clinical dental hygienists,  
9 clinical or counseling psychologists, clinical social workers,  
10 psychiatric nurse specialists, mental health counselors,  
11 licensed professional counselors, marriage and family  
12 therapists, and health care specialists.

13 "Recruitment health professional shortage area" means a  
14 health professional shortage area or other area determined by  
15 the department of health to be experiencing a shortage of  
16 recruitment health professionals.

17 "Recruitment program" means the health professional  
18 recruitment and retention program that is administered by the  
19 department.

20 "Recruitment recipient" means either a recruitment health  
21 professional or a public or private nonprofit organization or  
22 community that employs a recruitment health professional.

1 "Repayment health care professional" means a primary care  
2 physician, family care practitioner, internist, pediatrician,  
3 obstetrician, general psychologist, or general practice dentist.

4 "Repayment participant" means a repayment health care  
5 professional who has received a loan repayment award and has  
6 commenced practice in a health professional shortage area.

7 **PART II. LOAN REPAYMENT PROGRAM**

8 § -11 **Loan repayment program established.** There is  
9 established the loan repayment program within the department.  
10 The loan repayment program shall be administered in a manner  
11 that is consistent with the provisions of 42 United States Code  
12 254q-1, as the same may be amended from time to time.

13 § -12 **Administration.** The loan repayment program shall  
14 be administered by the department. The department shall:

- 15 (1) Accept applications from interested persons;  
16 (2) Develop criteria for the selection of repayment  
17 participants;  
18 (3) Select repayment health care professionals to  
19 participate in the loan repayment program, provided  
20 that the department shall not select more than twenty  
21 individuals in one year and have no more than one  
22 hundred individuals participating in the loan

- 1            repayment program at any one time, subject to  
2            available funding and the need for repayment health  
3            care professionals in health professional shortage  
4            areas;
- 5            (4) Collect and manage repayments from repayment  
6            participants who do not meet their service obligations  
7            under this chapter, including enforcing the remedies  
8            for breach of the service obligation;
- 9            (5) Publicize and market the loan repayment program,  
10           particularly to maximize participation among  
11           individuals in health professional shortage areas;
- 12           (6) Solicit and accept grants and donations from public  
13           and private sources for the loan repayment program;
- 14           (7) Develop criteria for and enter into a contract with  
15           the repayment participant that obligates the repayment  
16           participant to complete the service obligation and to  
17           comply fully with the terms and conditions of the loan  
18           repayment program;
- 19           (8) Administer the recruitment program separately from the  
20           loan repayment program;
- 21           (9) Establish a group, which shall be advisory only,  
22           comprising representatives from government and the

1 health profession, including providers, community  
2 health centers, and professional organizations, to  
3 assist the department in developing criteria to select  
4 participants, determining areas having the greatest  
5 need for health professionals, and advising on other  
6 matters related to the administration of the loan  
7 repayment program. The same members may serve on the  
8 advisory group for the loan repayment program and the  
9 recruitment program; and

- 10 (10) Take any and all other actions necessary to administer  
11 the loan repayment program.

12 § -13 **Eligibility.** To be eligible to participate in the  
13 loan repayment program, an individual shall:

- 14 (1) Submit an application to the department;  
15 (2) Have a signed employment agreement or contract with an  
16 approved site;  
17 (3) Provide copies of loan documentation;  
18 (4) Be a United States citizen or a naturalized citizen of  
19 the United States;  
20 (5) Not have any other outstanding contractual obligations  
21 for health professional services to the federal  
22 government, to a state government, or other entity or

1 organization unless that service obligation will be  
2 completely satisfied before the contract for the  
3 service obligation under the loan repayment program is  
4 signed;

5 (6) Not have a judgment lien against the individual's  
6 property for a debt to the United States;

7 (7) Not have a history of failing to comply with, or  
8 inability to comply with, service or payment  
9 obligations;

10 (8) Not have defaulted on any federal payment obligation,  
11 even if the creditor considers the obligation to be in  
12 good standing;

13 (9) Not have breached a prior service obligation to the  
14 federal, state, or local government or other entity or  
15 organization, even if the obligation was subsequently  
16 satisfied;

17 (10) Not have had any federal debt written off as  
18 uncollectible (pursuant to 31 United States Code  
19 3711(a)) or had any federal service or payment  
20 obligation waived;

21 (11) Perform the service obligation at an approved site;

- 1 (12) Provide full-time clinical services at an approved  
2 site;
- 3 (13) Charge for the individual's professional services at  
4 the usual and customary prevailing rates in the area  
5 where the services are provided; except that if a  
6 person is unable to pay the charge, the person may be  
7 charged at a reduced rate or not charged any fee;
- 8 (14) Agree not to discriminate on the basis of the  
9 patient's ability to pay or on the basis that the  
10 payment for care will be made pursuant to medicare,  
11 medicaid, or the state children's health insurance  
12 program;
- 13 (15) Agree to accept assignment under medicare under title  
14 XVIII of the Social Security Act, enter into an  
15 appropriate agreement with the state agency that  
16 administers the state plan for medicaid under title  
17 XIX of the Social Security Act, and enter into an  
18 appropriate agreement with the state children's health  
19 insurance program to provide service to children under  
20 title XXI of the Social Security Act;

1 (16) Agree to pay the amount specified by the department if  
2 the service obligation is not completed for any  
3 reason;

4 (17) Be a licensed and qualified repayment health care  
5 professional in the State and maintain licensure and  
6 qualifications during the service obligation period;

7 (18) Obtain and maintain any other licensure required of  
8 repayment health care professionals in the State; and

9 (19) Meet any other requirements that may be established by  
10 the department.

11 § -14 Preference and selection. (a) In selecting  
12 repayment participants, the department shall give first priority  
13 preference to:

14 (1) Graduates of the University of Hawaii John A. Burns  
15 school of medicine;

16 (2) Graduates of a Hawaii residency program; or

17 (3) Residents of the State who have obtained residency  
18 through a minimum of three of the following six  
19 criteria:

20 (A) Legal residence of the applicant for at least  
21 twelve months;

22 (B) Legal residence of the applicant's parents;

- 1 (C) The applicant's place of birth;
- 2 (D) Location of the high school from which the
- 3 applicant graduated;
- 4 (E) The applicant is a native Hawaiian;
- 5 (F) Location of the college or university that the
- 6 applicant attended; or
- 7 (G) The applicant's parent or legal guardian is a
- 8 John A. Burns school of medicine graduate,
- 9 graduate of a Hawaii residency program, or is a
- 10 University of Hawaii John A. Burns school of
- 11 medicine faculty member.

12 (b) The department shall give second priority preference  
13 to graduates of out-of-state medical schools, osteopathic  
14 colleges, dental schools, or residency programs.

15 (c) The criteria used to select repayment participants for  
16 the loan repayment program shall be determined by the  
17 department. The criteria may include: need for primary care  
18 physicians and dentists in the health professional shortage  
19 areas, the willingness of an applicant to work full-time in the  
20 health professional shortage area, or the likelihood of the  
21 applicant continuing to practice in the health professional  
22 shortage area after the service obligation has been completed.

1           §    **-15 Eligible expenses.** The department shall only  
2 repay qualifying educational loans.

3           §    **-16 Amount of the award.** Subject to the availability  
4 of funding and need for repayment health care professionals in  
5 health professional shortage areas, the amount of the award  
6 shall be determined by the department but shall not exceed the  
7 maximum amounts permitted to be awarded to repayment  
8 participants under 42 United States Code 254q-1, as the same may  
9 be amended from time to time.

10          §    **-17 Service obligation.** A repayment participant shall  
11 agree to serve full-time at an approved site for a minimum of  
12 two years with the possibility of extending the service  
13 obligation for one-year terms for a total service obligation not  
14 to exceed five years. Periods of internship, preceptorship,  
15 clinical training, or other postgraduate training shall not be  
16 counted toward the service obligation.

17          §    **-18 Cancellation of service obligation.** The  
18 department may cancel a contract with a repayment participant  
19 only upon the death of the repayment participant.

20          §    **-19 Waiver of service obligation.** The department may  
21 permanently waive the service obligation upon the documentation  
22 by the repayment participant that a medical condition or a

1 personal situation makes compliance with the service obligation  
2 permanently impossible, as determined by the department.

3       §   -20   **Suspension.** The department may temporarily  
4 suspend the repayment participant's service obligation upon the  
5 documentation by the repayment participant of a medical  
6 condition or personal situation that makes compliance with the  
7 service obligation temporarily impossible, as determined by the  
8 department.

9       §   -21   **Default.** A repayment participant who fails to  
10 complete the service obligation shall pay as a penalty the sum  
11 of the following:

- 12       (1) The amount paid to or on behalf of a repayment  
13            participant for any period of obligated service not  
14            served;
- 15       (2) The amount equal to the number of months of obligated  
16            service not served multiplied by \$7,500; and
- 17       (3) Interest on the above amount at the maximum prevailing  
18            interest rate determined by the Treasurer of the  
19            United States from the day of the default;

20 provided that the amount the State is entitled to collect shall  
21 not be less than \$31,000.

1           §    -22   **Hawaii health corps first responder service**  
2   **obligation.**  If a civil defense or other emergency is proclaimed  
3   under section 127-10 or 128-7, physicians and dentists  
4   participating in the Hawaii health corps program may be ordered  
5   into service by the governor as a critical action relief lineup  
6   to serve in areas of the State and in a capacity determined by  
7   the director.

8           §    -23   **Hawaii health corps special fund.**  (a)  There is  
9   established within the state treasury a special fund to be known  
10  as the Hawaii health corps special fund to be administered and  
11  expended by the department.

12           (b)  The fund shall be used to provide stipends to  
13  qualifying Hawaii health corps physicians and dentists pursuant  
14  to this chapter.

15           (c)  Moneys deposited into this fund shall include  
16  appropriations made by the legislature from general funds,  
17  private contributions, stipend repayments, and interest on and  
18  other income from the fund, which shall be separately accounted  
19  for.

20           §    -24   **Rules.**  The department may adopt rules under  
21  chapter 91 relating to the loan repayment program.

22                                   **PART III.  RECRUITMENT PROGRAM**

1           §   **-31 Established.** There is established the recruitment  
2 program within the department.

3           §   **-32 Administration.** The recruitment program shall be  
4 administered by the department and shall:

5           (1) Maintain listings of communities and areas within the  
6 State with need for recruitment health professionals;

7           (2) Maintain listings of recruitment health professionals  
8 interested in working in the communities and areas;

9           (3) Act as an intermediary between communities or public  
10 or private nonprofit organizations and recruitment  
11 health professionals desiring to practice in  
12 recruitment health professional shortage areas;

13           (4) Work with communities and public or private nonprofit  
14 organizations to recruit and retain recruitment health  
15 professionals to work and live in communities  
16 experiencing a shortage of recruitment health  
17 professionals;

18           (5) Work with recruitment health professionals desiring to  
19 work in recruitment health professional shortage  
20 areas;

- 1           (6)   Develop funding models for the recruitment program  
2           that provide for security and flexibility for  
3           recruitment health professionals;
- 4           (7)   Develop incentive payment structures and packages that  
5           support the recruitment health professionals, their  
6           spouses, and families, including but not limited to  
7           professional liability insurance relief, cost of  
8           living allowances, income guarantee payments, housing  
9           allowances, vehicle, vehicle allowance, continuing  
10          medical education, telemedicine capability, waiver of  
11          fees, or providing employment opportunities for the  
12          spouses of recruitment health professionals;
- 13          (8)   Work with other agencies to minimize or remove  
14          regulatory barriers to relocating or practicing in  
15          health professional shortage areas;
- 16          (9)   Select recruitment recipients using criteria  
17          established by the department;
- 18          (10)  Publicize and market the recruitment program;
- 19          (11)  Solicit and accept grants and donations from public  
20          and private sources for the recruitment program;

- 1           (12) Administer the recruitment program separately from the  
2           loan repayment program, except to the extent provided  
3           in this chapter;
- 4           (13) Enter into a contract with a recruitment recipient  
5           that obligates the recruitment health professional to  
6           provide the services of the recruitment health  
7           professional in the recruitment health professional  
8           shortage area for the length of the service  
9           obligation;
- 10          (14) Establish a group, which shall be advisory only,  
11          comprising representatives from government and the  
12          health profession, including providers, community  
13          health centers, and professional organizations, to  
14          assist the department in developing criteria to select  
15          recruitment health professionals, determining areas  
16          having the greatest need for health professionals, and  
17          advising on other matters related to the  
18          administration of the recruitment program. The same  
19          members may serve on the advisory group for the loan  
20          repayment program and the recruitment program; and
- 21          (15) Take any and all other actions necessary to administer  
22          the recruitment program.

1           §    -33   **Selection and preference.**   (a)   In selecting  
2   recruitment recipients, the department shall give first priority  
3   preference to recruitment health professionals who are:

4           (1)   Graduates of the University of Hawaii John A. Burns  
5                school of medicine;

6           (2)   Graduates of a Hawaii residency program; or

7           (3)   Residents of the State of Hawaii who have obtained  
8                residency through a minimum of three of the following  
9                six criteria:

10           (A)   Legal residence of the applicant for at least  
11                twelve months;

12           (B)   Legal residence of the applicant's parents;

13           (C)   The applicant's place of birth;

14           (D)   Location of the high school from which the  
15                applicant graduated;

16           (E)   The applicant is native Hawaiian;

17           (F)   Location of the college or university that the  
18                applicant attended; or

19           (G)   The applicant's parent or legal guardian is a  
20                University of Hawaii John A. Burns school of  
21                medicine graduate, graduate of a Hawaii residency

1                   program, or is a University of Hawaii John A.  
2                   Burns school of medicine faculty member.

3           (b) The department shall give second priority preference  
4 to recruitment health professionals who are graduates of out-of-  
5 state schools or residency programs.

6           (c) The department shall develop criteria for selecting  
7 recruitment recipients. The criteria may include the need for  
8 recruitment health professionals in the recruitment health  
9 professional shortage areas, the willingness of an applicant to  
10 work full-time in the recruitment health professional shortage  
11 areas, or the likelihood of the applicant continuing to practice  
12 in the recruitment health professional shortage area after the  
13 service obligation has been completed.

14           §   -34   **Award of incentives.** (a) Incentives shall only  
15 be awarded to recruitment recipients.

16           (b) Subject to available funding and need for recruitment  
17 health professionals in the recruitment health professional  
18 shortage area, the amount of the incentives awarded to each  
19 recruitment recipient shall be determined by the department, but  
20 shall not exceed the amount of \$17,500 per recruitment recipient  
21 per year.

1           §   **-35 Eligibility.** (a) The recruitment program shall  
2 accept applications from recruitment health professionals, or  
3 public or nonprofit private entities or communities intending to  
4 employ or currently employing a recruitment health professional.

5           (b) To be eligible to participate in the recruitment  
6 program, the recruitment recipient shall:

7           (1) In the case of a public or nonprofit private entity or  
8 community, employ or intend to employ and provide the  
9 services of a recruitment health professional for the  
10 length of the service obligation in the recruitment  
11 health professional shortage area; or

12           (2) In the case of a recruitment health professional,  
13 provide the services of a recruitment health  
14 professional in a recruitment health professional  
15 shortage area.

16           (c) In addition to the requirements set forth in  
17 subsection (a), to be eligible to participate in the recruitment  
18 program, a recruitment health professional shall also:

19           (1) Be a United States citizen or a naturalized citizen of  
20 the United States;

- 1           (2) Provide full-time services of a recruitment health  
2           professional in the recruitment health professional  
3           shortage area;
- 4           (3) Charge for the recruitment health professional's  
5           professional services at the usual and customary  
6           prevailing rates in the area where the services are  
7           provided, except that if a person is unable to pay the  
8           charge, the person may be charged at a reduced rate or  
9           not charged any fee;
- 10          (4) Agree not to discriminate on the basis of the  
11          patient's ability to pay or on the basis that the  
12          payment for the care will be made pursuant to  
13          medicare, medicaid, or the state children's health  
14          insurance program;
- 15          (5) Agree to accept assignment under medicare under title  
16          XVIII of the Social Security Act, enter into an  
17          appropriate agreement with the state agency that  
18          administers the state plan for medicaid under title  
19          XIX of the Social Security Act, and enter into an  
20          appropriate agreement with the state children's health  
21          insurance program to provide service to children under  
22          title XXI of the Social Security Act;

1 (6) Agree to pay the amount specified by the department if  
2 the service obligation is not completed for any  
3 reason;

4 (7) Be a licensed and qualified recruitment health  
5 professional in the State and maintain the licensure  
6 and qualifications during the service obligation  
7 period;

8 (8) Obtain and maintain any other licensure required of  
9 recruitment health professionals in the State; and

10 (9) Meet any other requirements that may be established by  
11 the department.

12 § -36 **Service obligation.** The recruitment recipient, in  
13 the case of a public or nonprofit private entity or community,  
14 shall obligate the recruitment health professional to practice  
15 full-time in a recruitment health professional shortage area for  
16 a minimum of two years with the possibility of extending the  
17 service obligation for one-year terms for a total service  
18 obligation not to exceed five years. Periods of internship,  
19 preceptorship, clinical training, or other post-graduate  
20 training shall not be counted toward the service obligation.

21 § -37 **Recruitment health professional shortage areas.**

22 The recruitment recipients shall be located in and shall provide

1 services of a recruitment health professional in a recruitment  
2 health professional shortage area.

3 § -38 **Waiver of service obligation.** The department may  
4 permanently waive the service obligation upon the documentation  
5 by the recruitment health professional that a medical condition  
6 or a personal situation makes compliance with the service  
7 obligation permanently impossible, as determined by the  
8 department.

9 § -39 **Suspension.** The department may temporarily  
10 suspend the service obligation upon the documentation by the  
11 recruitment health professional of a medical condition or  
12 personal situation that makes compliance with the service  
13 obligation temporarily impossible, as determined by the  
14 department.

15 § -40 **Default.** A recruitment recipient who fails to  
16 complete the service obligation shall pay as a penalty the sum  
17 of the following:

- 18 (1) The amount paid to or on behalf of a repayment  
19 participant for any period of obligated service not  
20 served;
- 21 (2) The amount equal to the number of months of obligated  
22 service not served multiplied by \$7,500; and



1           §    **-62 Coordination of funds.** Funds appropriated by the  
2 legislature for the purposes of this chapter or received from  
3 private sources may be allocated by the department between the  
4 loan repayment program and recruitment program based on the need  
5 for the funds and need for either repayment health care  
6 professionals or recruitment health professionals within the  
7 State."

8           SECTION 3. (a) The department of business, economic  
9 development, and tourism shall implement the Hawaii health corps  
10 program no later than June 30, 2010.

11           (b) For the purposes of efficiency in the implementation  
12 of this new program, the department shall award a minimum of  
13 thirty stipends of \$30,000 per recipient in the first year of  
14 the program, an additional thirty stipends of \$30,000 per  
15 recipient in the second year of the program, and an additional  
16 thirty stipends of \$30,000 per recipient in the third year of  
17 the program. Thereafter, the department shall award annually a  
18 maximum of one hundred stipends in perpetuity.

19           (c) The director of business, economic development, and  
20 tourism shall report to the legislature on the status of the  
21 Hawaii health corps program no later than twenty days prior to

1 the convening of each regular session of the legislature  
2 beginning with the regular session of 2010.

3 SECTION 4. If any part of this Act is found to be in  
4 conflict with federal requirements that are a prescribed  
5 condition for the allocation of federal funds to the State, the  
6 conflicting part of this Act is inoperative solely to the extent  
7 of the conflict and with respect to the agencies directly  
8 affected, and this finding does not affect the operation of the  
9 remainder of this Act in its application to the agencies  
10 concerned. The rules under this Act shall meet federal  
11 requirements that are a necessary condition to the receipt of  
12 federal funds by the State.

13 SECTION 5. There is appropriated out of the general  
14 revenues of the State of Hawaii the sum of \$ or so  
15 much thereof as may be necessary for fiscal year 2009-2010 and  
16 the same sum or so much thereof as may be necessary for fiscal  
17 year 2010-2011 to carry out the purposes this Act.

18 SECTION 6. The sums appropriated shall be expended by the  
19 department of business, economic development, and tourism for  
20 the purposes of this Act.

21 SECTION 7. This Act shall take effect on July 1, 2050.

**Report Title:**

Hawaii Health Corps Program; Physician Shortage; Health Care

**Description:**

Establishes the Hawaii health corps program to address physician shortages in rural areas of the State; establishes a loan repayment program and an incentive plan for the recruitment of health care professionals to serve shortage areas. (SD2)