

**Report Title:**

UH; Medical School Loan Repayment; Housing Stipend

**Description:**

Establishes loan repayment program and housing stipend program for University of Hawaii medical school graduates practicing in counties with a population of less than 500,000 for a minimum of six years. Effective July 1, 2020. (HB1369 HD1)

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# A BILL FOR AN ACT

RELATING TO THE UNIVERSITY OF HAWAII.

**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 subpart to part II to be appropriately  
3 designated and to read as follows:

4                                 " . HAWAII MEDICAL DOCTOR LOANS

5           **§304A-A Hawaii medical doctor loans; eligibility; amounts.**

6 There is created the Hawaii medical doctor loan program, to be  
7 administered by the university, to provide financial support to  
8 students who complete and graduate from a state-approved medical  
9 school program at the university and who agree to practice as a  
10 medical doctor for a minimum of six years in counties with a  
11 population of less than five hundred thousand. Loans shall be  
12 awarded by the university to students on a competitive basis.  
13 The amount to be loaned to a student shall be determined by the  
14 board of regents based upon need for financial aid and proof of  
15 acceptance into a state-approved medical school program at the  
16 university. The maximum amount of loans that a student may  
17 receive under this program shall be an aggregate amount

1 equivalent to tuition payments and costs of textbooks and other  
2 instructional and laboratory materials necessary to complete a  
3 state-approved medical school program.

4       **§304A-B Repayment of loans; late fees; practice and loan**  
5 **repayment forgiveness; collection agency.** (a) All loans made  
6 under this subpart shall bear interest at five per cent simple  
7 interest. Repayment of principal and interest charges shall  
8 commence one year after graduation or, if a loan recipient has  
9 not graduated, three months after the loan recipient ceases to  
10 be enrolled in a state-approved medical school program at the  
11 university and shall be paid in periodic installments within a  
12 six-year period.

13       (b) The university shall charge late fees and all other  
14 reasonable costs for the collection of delinquent loans.

15       (c) Upon a showing of proof that a loan recipient:

16       (1) Has completed and graduated from a state-approved  
17             medical school program at the university; and

18       (2) Is practicing as a medical doctor in a county with a  
19             population of less than five hundred thousand,

20 ten per cent of the total amount of the loan and interest shall  
21 be forgiven for each year of the first five years of medical  
22 practice within an eligible county, up to a maximum of fifty per

1 cent; provided that the remaining balance shall be forgiven if  
2 the loan recipient completes a sixth year of medical practice in  
3 an eligible county.

4 (d) If a loan recipient subject to this section does not  
5 practice or discontinues to practice medicine in an eligible  
6 county, for the minimum of six years from the loan recipient's  
7 initial date of employment, excluding temporary leaves of  
8 absence, the university shall withdraw its forgiveness of future  
9 loan repayments, and the loan recipient shall repay any  
10 remaining loan balance at the rate of ten per cent simple  
11 interest.

12 (e) In accordance with chapter 103D, the university shall  
13 enter into written contracts with collection agencies for the  
14 purpose of collecting delinquent student loans. All payments  
15 collected, including late fees and all other reasonable costs,  
16 exclusive of a collection agency's commissions, shall revert and  
17 be credited to the medical doctor loan revolving fund,  
18 established pursuant to section 304A-AA. A collection agency  
19 that enters into a written contract with the university for the  
20 collection of delinquent student loans, pursuant to this  
21 section, shall collect a commission from the debtor in

1 accordance with the terms of, and up to the amounts authorized  
2 in, the written contract.

3 (f) Liability for repayment of a loan shall be canceled  
4 upon the death or permanent total disability of the loan  
5 recipient.

6 **§304A-C Capacity of minors in qualifying for Hawaii**  
7 **medical doctor loans.** Any student otherwise qualifying for a  
8 loan under the Hawaii medical doctor loan program shall not be  
9 disqualified because the student is under the age of eighteen  
10 years, and for the purpose of applying for, receiving, and  
11 repaying the loan, the student shall be deemed to have full  
12 legal capacity to act and shall have all rights, powers,  
13 privileges, and obligations of an adult with respect thereto.

14 **§304A-D Rules governing Hawaii medical doctor loan**  
15 **program.** The university shall adopt rules to implement the  
16 Hawaii medical doctor loan program. The rules shall be adopted  
17 pursuant to chapter 91 but shall be exempt from the public  
18 notice and public hearing requirements."

19 SECTION 2. Chapter 304A, Hawaii Revised Statutes, is  
20 amended by adding two new sections to part V, subpart D, to be  
21 appropriately designated and to read as follows:

1           **"§304A-AA Medical doctor loan revolving fund.** There is  
2 established a revolving fund to be known as the medical doctor  
3 loan revolving fund. The fund shall be a revolving fund and all  
4 interest and payments received on account of principal shall be  
5 credited to the fund. The fund shall be administered by the  
6 board of regents and shall be disbursed to qualified students  
7 who meet eligibility requirements under section 304A-A pursuant  
8 to rules adopted by the board.

9           **§304A-BB Medical school graduates; practice in eligible**  
10 **county; housing stipend; medical doctor housing stipend**  
11 **revolving fund.** (a) Each student who completes and graduates  
12 from a state-approved medical school program at the university  
13 and who agrees to practice for a minimum of six years in a  
14 county with a population of less than five hundred thousand  
15 shall be eligible to receive a housing stipend for each year the  
16 graduate practices as a medical doctor in an eligible county.  
17 The maximum annual amount of the housing stipend shall be in  
18 accordance with rules adopted by the board pursuant to  
19 subsection (e).

20           (b) Upon a showing of proof that an applicant:

21           (1) Has completed a state-approved medical school program  
22           at the university; and

1       (2) Is practicing as a medical doctor in a county with a  
2           population of less than five hundred thousand,  
3 the graduate shall receive an annual housing stipend to be  
4 awarded prospectively for each year of practice within an  
5 eligible county, up to a maximum of six years.

6       (c) For each incomplete year that a housing stipend  
7 recipient who is subject to this section fails to practice  
8 medicine in an eligible county, the university shall rescind the  
9 annual housing stipend for that incomplete year, and the housing  
10 stipend recipient shall repay the full amount of the annual  
11 housing stipend awarded for that year.

12       (d) There is established a revolving fund to be known as  
13 the medical doctor housing stipend revolving fund. The fund  
14 shall be a revolving fund and all interest and payments received  
15 on account of principal shall be credited to the fund. The fund  
16 shall be administered by the board of regents and shall be  
17 disbursed to students who meet eligibility requirements under  
18 this section.

19       (e) The board shall adopt rules in accordance with chapter  
20 91, but exempt from the public notice and public hearing  
21 requirements, to implement this section, including provision for  
22 the prospective award of housing stipends, repayment of housing

1 stipends, necessary forms and documentary proof of residence,  
2 and disbursement from the revolving fund."

3 SECTION 3. There is appropriated out of the general  
4 revenues of the State of Hawaii the sum of \$ or so  
5 much thereof as may be necessary for fiscal year 2009-2010 and  
6 the same sum or so much thereof as may be necessary for fiscal  
7 year 2010-2011 for deposit into the medical doctor loan  
8 revolving fund established by this Act.

9 SECTION 4. There is appropriated out of the medical doctor  
10 loan revolving fund the sum of \$ or so much thereof as  
11 may be necessary for fiscal year 2009-2010 and the same sum or  
12 so much thereof as may be necessary for fiscal year 2010-2011 to  
13 fund the Hawaii medical doctor loan program.

14 The sums appropriated shall be expended by the University  
15 of Hawaii for the purposes of this Act.

16 SECTION 5. There is appropriated out of the general  
17 revenues of the State of Hawaii the sum of \$ or so  
18 much thereof as may be necessary for fiscal year 2009-2010 and  
19 the same sum or so much thereof as may be necessary for fiscal  
20 year 2010-2011 for deposit into the medical doctor housing  
21 stipend revolving fund established by this Act.



1 SECTION 6. There is appropriated out of the medical doctor  
2 housing stipend revolving fund the sum of \$ or so much  
3 thereof as may be necessary for fiscal year 2009-2010 and the  
4 same sum or so much thereof as may be necessary for fiscal year  
5 2010-2011 to fund the medical doctor housing stipend program.

6 The sums appropriated shall be expended by the University  
7 of Hawaii for the purposes of this Act.

8 SECTION 7. In codifying the new subpart added to chapter  
9 304A, Hawaii Revised Statutes, by sections 1 and 2 of this Act,  
10 the revisor of statutes shall substitute appropriate section  
11 numbers for the letters used in designating the new sections in  
12 this Act.

13 SECTION 8. New statutory material is underscored.

14 SECTION 9. This Act shall take effect on July 1, 2020.