
A BILL FOR AN ACT

RELATING TO PHYSICIAN SHORTAGES.

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

1 SECTION 1. The legislature finds that many of the
2 residents of Hawaii are increasingly unable to obtain timely and
3 appropriate health care because of physician shortages,
4 especially in disciplines such as family practice,
5 obstetrics/gynecology, and orthopedics.

6 Loan repayment programs have been successfully used in
7 Hawaii to increase the number of educators serving in hard-to-
8 fill teaching positions, and can also be used to encourage and
9 enable physicians to provide care in shortage areas.

10 The purpose of this Act is to establish the Hawaii rural
11 health care provider loan repayment program that will provide
12 loan repayment for physicians who agree to work in health
13 professional shortage areas of the state for a specified number
14 of years.

15 SECTION 2. The Hawaii Revised Statutes is amended by
16 adding a new chapter to be appropriately designated and to read
17 as follows:



1 "CHAPTER

2 RURAL HEALTH CARE PROVIDER LOAN REPAYMENT

3 § -1 Definitions. As used in this chapter, unless the
4 context otherwise requires:

5 "Department" means the department of health.

6 "Director" means the director of health.

7 "Eligible education and training program" means an
8 education and training program that leads to eligibility for
9 licensure under chapter 453.

10 "Health professional shortage area" means areas of the
11 state designated by the Health Resources and Services
12 Administration of the United States Department of Health and
13 Human Services as having shortages of primary medical care or
14 mental health care.

15 "Loan repayment" means the payment of the lesser of up to
16 \$25,000 per year for not more than five years or twenty per cent
17 of the amount outstanding on a loan or loans to pay for an
18 eligible education and training program.

19 "Physician" means a person licensed under chapter 453.

20 "Program" means the Hawaii rural health care provider loan
21 repayment program.



1 "Service obligation" means the physician's duty to provide
2 health care services in a health professional shortage area of
3 the state undertaken in exchange for program loan repayment.

4 **§ -2 Hawaii rural health care provider loan repayment**

5 **program.** (a) There is created the Hawaii rural health care
6 provider loan repayment program to be administered by the
7 department in partnership with a financial institution whose
8 operations are principally conducted in Hawaii. The program
9 shall provide loan repayments to not more than ten licensed
10 physicians per year who graduate from an eligible education and
11 training program within the United States and commit to serve as
12 a physician in a health professional shortage area of the state
13 at the same practice site for five consecutive years; provided
14 that there shall be not more than one hundred participants at
15 any given time.

16 (b) Loan repayments shall not exceed \$25,000 per year over
17 a maximum of five years or twenty per cent of the amount
18 outstanding on a loan or loans used to pay for a physician's
19 eligible education and training program, whichever is less.

20 Eligibility for loan repayments shall be determined by the
21 department on a competitive basis. Preference for loan
22 repayments shall be given to licensed physicians who:



1 (1) Reside in or were residents of a health professional
2 shortage area; and

3 (2) Graduated from the John A. Burns school of medicine.

4 (c) If a loan repayment recipient fails to satisfy the
5 recipient's service obligation, the recipient shall reimburse
6 the program for the total amount of loan repayments received
7 under the program, in periodic installments within a period not
8 to exceed five years, commencing three months after the loan
9 repayment recipient fails to honor the service obligation. The
10 department may charge initial late fees and the costs of
11 collecting delinquent reimbursements of loan repayments.

12 (d) In accordance with chapter 103D, the department may
13 enter into written contracts with collection agencies to collect
14 delinquent reimbursements of loan repayments. All payments
15 collected, exclusive of a collection agency's commissions, shall
16 revert and be credited to the Hawaii rural health care provider
17 loan repayment fund. A collection agency that enters into a
18 written contract with the department to collect delinquent
19 reimbursements of loan repayments pursuant to this section may
20 collect a commission from the debtor in accordance with the
21 terms of, and up to the amounts authorized in, the written
22 contract.



1 (e) Liability for reimbursement of a loan repayment may be
2 waived or the conditions of reimbursement adjusted for loan
3 repayment recipients who fail to meet their service obligation
4 for good cause. Liability for reimbursement of a loan repayment
5 shall be canceled upon the death or permanent total disability
6 of the borrower. As used in this subsection, "total disability"
7 shall have the same meaning as "person totally disabled" in
8 section 235-1.

9 **§ -3 Criteria for selecting loan repayment recipients.**

10 The department shall establish a planning committee to assist
11 the department in developing criteria for the selection of loan
12 repayment recipients. The department shall include on the
13 planning committee representatives of the department, the
14 University of Hawaii John A. Burns school of medicine, health
15 care facilities, provider groups, consumers, community and
16 technical colleges, county government, and other appropriate
17 public and private agencies and organizations.

18 **§ -4 Rules.** The department shall adopt rules to
19 implement the program. The rules shall be adopted pursuant to
20 chapter 91, but shall be exempt from public notice and public
21 hearing requirements.



1 **§ -5 Hawaii rural health care provider loan repayment**

2 **fund.** (a) There is established in the treasury of the State
3 the Hawaii rural health care provider loan repayment fund, to be
4 administered by the department. Any funds appropriated by the
5 legislature for the program, gifts, donations, and grants from
6 public agencies and private persons, reimbursements of loan
7 repayments, proceeds of the operations of the program, and
8 interest earned or accrued on moneys deposited in the fund shall
9 become a part of the fund.

10 (b) The department may expend moneys from the fund for the
11 purposes of this chapter."

12 SECTION 3. The department of health shall implement the
13 Hawaii rural health care provider loan repayment program no
14 later than June 30, 2010.

15 The director of health shall report to the legislature on
16 the status of the Hawaii rural health care provider loan
17 repayment program no later than twenty days prior to the
18 convening of each regular session of the legislature beginning
19 with the regular session of 2010.

20 SECTION 4. There is appropriated out of the general
21 revenues of the State of Hawaii the sum of \$250,000 or so much
22 thereof as may be necessary for fiscal year 2009-2010 to be



1 deposited into the Hawaii rural health care provider loan
2 repayment fund.

3 SECTION 5. There is appropriated out of the Hawaii rural
4 health care provider loan repayment fund the sum of \$250,000 or
5 so much thereof as may be necessary for fiscal year 2009-2010
6 for the creation of the Hawaii rural health care provider loan
7 repayment program.

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

10 SECTION 6. This Act shall take effect on July 1, 2009.

11

INTRODUCED BY:

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JAN 23 2009



Report Title:

Health Professional Shortages; Physician Loan Repayment Program

Description:

Establishes the Hawaii Rural Health Care Provider Loan Repayment Program to provide student loan repayments to physicians who practice in federally designated health professional shortage areas of the state.

