
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 or
4 from a school of medicine with training based in
5 Hawaii.

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

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



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

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

11 **§ -3 Criteria for selecting loan repayment recipients.**

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

20 **§ -4 Rules.** The department shall adopt rules to
21 implement the program. The rules shall be adopted pursuant to



1 chapter 91, but shall be exempt from public notice and public
2 hearing requirements.

3 **§ -5 Hawaii rural health care provider loan repayment**

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

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

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

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



1 SECTION 4. There is appropriated out of the general
2 revenues of the State of Hawaii the sum of \$250,000 or so much
3 thereof as may be necessary for fiscal year 2009-2010 to be
4 deposited into the Hawaii rural health care provider loan
5 repayment fund.

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

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

13 SECTION 6. This Act shall take effect on July 1, 2020.



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. (HB691 HD1)

