

JAN 23 2009

A BILL FOR AN ACT

RELATING TO PHYSICIANS.

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

1 SECTION 1. The legislature finds that there is a critical
2 shortage of licensed physicians on the neighbor islands and that
3 access to health care in these medically underserved areas will
4 only deteriorate as the population ages. While it is reported
5 that Hawaii ranks highly for physicians per capita, because of
6 uneven distribution, neighbor island residents have limited or
7 no access to primary care physicians and specialists. According
8 to the department of commerce and consumer affairs professional
9 and vocational licensing division, of the 4,083 licensed
10 physicians practicing in Hawaii as of June 30, 2008, less than
11 thirty-three per cent practice outside of Oahu. Immediate
12 action is necessary to retain and attract licensed physicians to
13 practice medicine on the neighbor islands.

14 The purpose of this Act is to establish and appropriate
15 funds for a rural physician loan program for licensed physicians
16 who graduate from an education and training program for
17 physicians administered by the University of Hawaii John A.



1 Burns school of medicine and commit to practice medicine for at
2 least three to five years on the neighbor islands.

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

6 "§304A- Hawaii rural physician loan program and special
7 fund. (a) There is created the Hawaii rural physician loan
8 program to be administered by the University of Hawaii in
9 partnership with a financial institution whose operations are
10 principally conducted in Hawaii. The program shall provide
11 loans to at least five students per year who:

12 (1) 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 (2) Agree to practice as a licensed physician within six
17 months of completion of their residency:

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

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



1 Rural and nonrural health professional shortage areas shall be
2 designated by the department of health by rule for counties in
3 this state with a population of 500,000 or less.

4 Eligibility shall be determined by the John A. Burns school
5 of medicine on a competitive basis. The number of loans awarded
6 each year shall be determined by the board of regents based on
7 available funds, provided that at least five loans shall be
8 awarded each year. Each loan shall be made to cover the cost of
9 resident tuition necessary to complete the education and
10 training program under subsection (a)(1); provided that the
11 total amount of a loan to any individual shall not exceed the
12 cost of five years of resident tuition.

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

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

21 (2) For loan recipients employed as licensed physicians in
22 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)(1),
5 or service obligation under subsection (a)(2), 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 3. Section 304A-502, Hawaii Revised Statutes, is
21 amended to read as follows:



1 " [†]§304A-502 [†] **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 may waive the nonresident tuition
6 and fee differential for nonresident students of the John A.
7 Burns school of medicine for not more than five years. The
8 waiver shall be conditioned on the agreement of the nonresident
9 student to meet the enrollment requirements and service
10 obligations set forth under section 304A- (a) (1) and (2).

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

16 SECTION 4. 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 to be deposited into the Hawaii rural physician
21 loan program special fund.



1 SECTION 5. There is appropriated out of the general
 2 revenues of the State of Hawaii the sum of \$ or so
 3 much thereof as may be necessary for fiscal year 2009-2010 and
 4 the same sum or so much thereof as may be necessary for fiscal
 5 year 2010-2011 for the Hawaii rural physician loan program fund
 6 pursuant to section 2 of this Act.

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

9 SECTION 6. Statutory material to be repealed is bracketed
 10 and stricken. New statutory material is underscored.

11 SECTION 7. This Act shall take effect upon its approval,
 12 provided that sections 4 and 5 shall take effect on July 1,
 13 2009.

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Report Title:

Loan Repayment; Rural Physicians; Appropriation

Description:

Provides loan repayment assistance to graduates of the John A. Burns school of medicine who practice medicine in underserved communities on the neighbor islands for a minimum of three to five years. Appropriates funds.

