

JAN 19 2012

A BILL FOR AN ACT

RELATING TO HEALTH CARE.

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 as the health
9 care needs are greater due to socio-economic or geographic
10 circumstances. The salary potential for shortage areas is often
11 not as favorable when compared to non-shortage areas resulting
12 in many health care practitioners being financially unable to
13 serve in those shortage areas.

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

17 (1) Loan repayment program: Such a program should be
18 structured to obtain federal matching funds that would



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



1 professionals would be able to practice in geographic
2 areas not covered under the loan repayment program.

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

6 "CHAPTER

7 HAWAII HEALTH CORPS PROGRAM

8 PART I. GENERAL PROVISIONS

9 § -1 Definitions. As used in this chapter, unless the
10 context clearly requires otherwise:

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

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

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

21 "Department" means the department of business, economic
22 development, and tourism.



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

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

8 "Hawaii health corps program" means the loan repayment
9 program and recruitment program, collectively, established under
10 this chapter.

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

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

20 "Loan repayment program" means the loan repayment program
21 administered by the department under this chapter.



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

3 "Qualifying educational loan" means a government or
4 commercial loan for eligible expenses.

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

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

19 "Recruitment program" means the health professional
20 recruitment and retention program that is administered by the
21 department under this chapter.



1 "Recruitment recipient" means either a recruitment health
2 professional or a public or private nonprofit organization or
3 community that employs a recruitment health professional.

4 "Repayment health professional" means a primary care
5 physician, family care practitioner, internist, pediatrician,
6 obstetrician, physician assistant, advance practice registered
7 nurse, naturopathic physician, general psychologist, or general
8 practice dentist.

9 "Repayment participant" means a repayment health
10 professional who has received a loan repayment award under this
11 chapter and has commenced practice in a health professional
12 shortage area.

13 **PART II. LOAN REPAYMENT PROGRAM**

14 § -11 **Loan repayment program.** There is established the
15 loan repayment program within the department. The loan
16 repayment program shall be administered in a manner that is
17 consistent with the provisions of title 42 United States Code
18 section 254q-1, as the same may be amended from time to time.

19 § -12 **Administration.** The loan repayment program shall
20 be administered by the department. The department shall:

- 21 (1) Accept applications from interested persons;



- 1 (2) Develop criteria for the selection of repayment
2 participants;
- 3 (3) Select repayment health professionals to participate
4 in the loan repayment program; provided that the
5 department shall not select more than twenty
6 individuals in one year and have no more than one
7 hundred individuals participating in the loan
8 repayment program at any one time, subject to
9 available funding and the need for repayment health
10 professionals in health professional shortage areas;
- 11 (4) Collect and manage repayments from repayment
12 participants who do not meet their service obligations
13 under this chapter, including enforcing the remedies
14 for breach of the service obligation;
- 15 (5) Publicize and market the loan repayment program,
16 particularly to maximize participation among repayment
17 health professionals in health professional shortage
18 areas;
- 19 (6) Solicit and accept grants and donations from public
20 and private sources for the loan repayment program;
- 21 (7) Develop criteria for and enter into a contract with
22 the repayment participant that obligates the repayment



1 participant to complete the service obligation and to
2 comply fully with the terms and conditions of the loan
3 repayment program;

4 (8) Administer the recruitment program separately from the
5 loan repayment program;

6 (9) Establish a group, which shall be advisory only,
7 comprising representatives from government and the
8 health profession, including providers, community
9 health centers, and professional organizations, to:

10 (A) Assist the department in developing criteria to
11 select participants;

12 (B) Determine areas having the greatest need for
13 health professionals; and

14 (C) Advise on other matters related to the
15 administration of the loan repayment program.

16 The same members may serve on the advisory group for
17 the loan repayment program and the recruitment
18 program; and

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

21 § -13 **Eligibility.** To be eligible to participate in the
22 loan repayment program, an individual shall:



- 1 (1) Submit an application to the department;
- 2 (2) Have a signed employment agreement or contract with an
3 approved site;
- 4 (3) Provide copies of loan documentation;
- 5 (4) Be a United States citizen or a naturalized citizen of
6 the United States;
- 7 (5) Not have any other outstanding contractual obligations
8 for health professional services to the federal
9 government, to a state government, or other entity or
10 organization unless that service obligation will be
11 completely satisfied before the contract for the
12 service obligation under the loan repayment program is
13 signed;
- 14 (6) Not have a judgment lien against the individual's
15 property for a debt to the United States;
- 16 (7) Not have a history of failing to comply with, or
17 inability to comply with, service or payment
18 obligations;
- 19 (8) Not have defaulted on any federal payment obligation,
20 even if the creditor considers the obligation to be in
21 good standing;



- 1 (9) Not have breached a prior service obligation to the
2 federal, state, or local government or other entity or
3 organization, even if the obligation was subsequently
4 satisfied;
- 5 (10) Not have had any federal debt written off as
6 uncollectible (pursuant to title 31 United States Code
7 section 3711(a)) or had any federal service or payment
8 obligation waived;
- 9 (11) Perform the service obligation at an approved site;
- 10 (12) Provide full-time clinical services at an approved
11 site;
- 12 (13) Charge for the individual's professional services at
13 the usual and customary prevailing rates in the area
14 where the services are provided; except that if a
15 person is unable to pay the charge, the person may be
16 charged at a reduced rate or not charged any fee;
- 17 (14) Agree not to discriminate on the basis of the
18 patient's ability to pay or on the basis that the
19 payment for care will be made pursuant to medicare,
20 medicaid, or the state children's health insurance
21 program;



- 1 (15) Agree to accept assignment under medicare under title
2 XVIII of the Social Security Act, enter into an
3 appropriate agreement with the state agency that
4 administers the state plan for medicaid under title
5 XIX of the Social Security Act, and enter into an
6 appropriate agreement with the state children's health
7 insurance program to provide service to children under
8 title XXI of the Social Security Act;
- 9 (16) Agree to pay the amount specified by the department if
10 the service obligation is not completed for any
11 reason;
- 12 (17) Be a licensed and qualified repayment health
13 professional in the State and maintain licensure and
14 qualifications during the service obligation period;
- 15 (18) Obtain and maintain any other licensure required of
16 repayment health professionals in the State; and
- 17 (19) Meet any other requirements that may be established by
18 the department.

19 § -14 **Preference and selection.** (a) In selecting
20 repayment participants, the department shall give preference in
21 the following order of priority:



- 1 (1) Graduates of the University of Hawaii John A. Burns
2 school of medicine;
- 3 (2) Graduates of out-of-state medical schools who are
4 legal residents of Hawaii and are engaged in medical
5 residency or practicing medicine in Hawaii; and
- 6 (3) Graduates of out-of-state medical schools who are
7 graduates of high schools located in Hawaii and are
8 engaged in medical residency or practicing medicine in
9 Hawaii.

10 (b) The criteria used to select repayment participants for
11 the loan repayment program shall be determined by the
12 department. The criteria may include:

- 13 (1) The need for primary care physicians and dentists in
14 the health professional shortage areas;
- 15 (2) The willingness of an applicant to work full-time in
16 the health professional shortage area; or
- 17 (3) The likelihood of the applicant continuing to practice
18 in the health professional shortage area after the
19 service obligation has been completed.

20 § -15 **Eligible expenses.** The department shall repay
21 only qualifying educational loans.



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

8 § **-17 Service obligation.** A repayment participant shall
9 agree to serve full-time at an approved site for a minimum of
10 two years with the possibility of extending the service
11 obligation for one-year terms for a total service obligation not
12 to exceed five years. Periods of internship, preceptorship,
13 clinical training, or other postgraduate training shall not be
14 counted toward the service obligation.

15 § **-18 Cancellation of service obligation.** The
16 department may cancel a contract with a repayment participant
17 only upon the death of the repayment participant.

18 § **-19 Waiver of service obligation.** The department may
19 permanently waive the service obligation upon the documentation
20 by the repayment participant that a medical condition or a
21 personal situation makes compliance with the service obligation
22 permanently impossible, as determined by the department.



1 § -20 **Suspension.** The department may temporarily
2 suspend the repayment participant's service obligation upon the
3 documentation by the repayment participant of a medical
4 condition or personal situation that makes compliance with the
5 service obligation temporarily impossible, as determined by the
6 department.

7 § -21 **Default.** A repayment participant who fails to
8 complete the service obligation shall pay as a penalty the sum
9 of the following:

- 10 (1) The amount paid to or on behalf of a repayment
11 participant for any period of obligated service not
12 served;
- 13 (2) The amount equal to the number of months of obligated
14 service not served multiplied by \$7,500; and
- 15 (3) Interest on the above amount at the maximum prevailing
16 interest rate determined by the Treasurer of the
17 United States from the day of the default; provided
18 that the amount the State is entitled to collect shall
19 not be less than \$31,000.

20 § -22 **Rules.** The department may adopt rules under
21 chapter 91 necessary to effectuate this part.

22 **PART III. RECRUITMENT PROGRAM**



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

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

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

8 (2) Maintain listings of recruitment health professionals
9 interested in working in the areas designated by the
10 department to be experiencing a shortage of health
11 care professionals;

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

16 (4) Develop funding models for the recruitment program
17 that provide for security and flexibility for
18 recruitment health professionals;

19 (5) Develop incentive payment structures and packages that
20 support recruitment health professionals, their
21 spouses, and families, including but not limited to
22 professional liability insurance relief, cost of



- 1 living allowances, income guarantee payments, housing
2 allowances, vehicle, vehicle allowance, continuing
3 medical education, telemedicine capability, waiver of
4 fees, or providing employment opportunities for the
5 spouses of recruitment health professionals;
- 6 (6) Work with other agencies to minimize or remove
7 regulatory barriers to relocating or practicing in
8 health professional shortage areas;
- 9 (7) Select recruitment recipients using criteria
10 established by the department;
- 11 (8) Publicize and market the recruitment program;
- 12 (9) Solicit and accept grants and donations from public
13 and private sources for the recruitment program;
- 14 (10) Administer the recruitment program separately from the
15 loan repayment program, except to the extent provided
16 in this chapter;
- 17 (11) Enter into a contract with a recruitment recipient
18 that obligates the recruitment health professional to
19 provide the services of the recruitment health
20 professional in the recruitment health professional
21 shortage area for the length of the service
22 obligation;



- 1 (12) Establish a group, which shall be advisory only,
2 comprising representatives from government and the
3 health profession, including providers, community
4 health centers, and professional organizations, to:
5 (A) Assist the department in developing criteria to
6 select recruitment health professionals;
7 (B) Identify areas having the greatest need for
8 health professionals; and
9 (C) Advise on other matters related to the
10 administration of the recruitment program.

11 The same members may serve on the advisory group
12 for the loan repayment program and the
13 recruitment program; and

- 14 (13) Take any and all other actions necessary to administer
15 the recruitment program.

16 § -33 **Eligibility.** (a) The recruitment program shall
17 accept applications from recruitment health professionals, or
18 public or nonprofit private entities or communities intending to
19 employ or currently employing a recruitment health professional.

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



1 (1) In the case of a public or nonprofit private entity or
2 community, employ or intend to employ and provide the
3 services of a recruitment health professional for the
4 length of the service obligation in the recruitment
5 health professional shortage area; or

6 (2) In the case of a recruitment health professional,
7 provide the full-time services of a recruitment health
8 professional in a recruitment health professional
9 shortage area.

10 (c) In addition to the requirements set forth in
11 subsection (b), to be eligible to participate in the recruitment
12 program, a recruitment health professional shall also:

13 (1) Be a United States citizen or a naturalized citizen of
14 the United States;

15 (2) Charge for the recruitment health professional's
16 professional services at the usual and customary
17 prevailing rates in the area where the services are
18 provided, except that if a person is unable to pay the
19 charge, the person may be charged at a reduced rate or
20 not charged any fee;

21 (3) Agree not to discriminate on the basis of the
22 patient's ability to pay or on the basis that the



- 1 payment for the care will be made pursuant to
2 medicare, medicaid, or the state children's health
3 insurance program;
- 4 (4) Agree to accept assignment under medicare under title
5 XVIII of the Social Security Act, enter into an
6 appropriate agreement with the state agency that
7 administers the state plan for medicaid under title
8 XIX of the Social Security Act, and enter into an
9 appropriate agreement with the state children's health
10 insurance program to provide service to children under
11 title XXI of the Social Security Act;
- 12 (5) Agree to pay the amount specified by the department if
13 the service obligation is not completed for any
14 reason;
- 15 (6) Be a licensed and qualified recruitment health
16 professional in the State and maintain the licensure
17 and qualifications during the service obligation
18 period;
- 19 (7) Obtain and maintain any other licensure required of
20 recruitment health professionals in the State; and
- 21 (8) Meet any other requirements that may be established by
22 the department.



1 § -34 **Preference and selection.** (a) In selecting
2 recruitment recipients, the department shall give preference in
3 the following order of priority:

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 seven 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:

8 (1) The need for recruitment health professionals in the
9 recruitment health professional shortage areas;

10 (2) The willingness of an applicant to work full-time in
11 the recruitment health professional shortage areas; or

12 (3) The likelihood of the applicant continuing to practice
13 in the recruitment health professional shortage area
14 after the service obligation has been completed.

15 § -35 **Award of incentives.** (a) Incentives shall only
16 be awarded to recruitment recipients.

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



1 § -36 **Service obligation.** The recruitment recipient, in
2 the case of a public or nonprofit private entity or community,
3 shall obligate the recruitment health professional to practice
4 full-time in a recruitment health professional shortage area for
5 a minimum of two years with the possibility of extending the
6 service obligation for one-year terms for a total service
7 obligation not to exceed five years. Periods of internship,
8 preceptorship, clinical training, or other post-graduate
9 training shall not be counted toward the service obligation.

10 § -37 **Recruitment health professional shortage areas.**
11 The recruitment recipients shall be located in and shall provide
12 services of a recruitment health professional in a recruitment
13 health professional shortage area.

14 § -38 **Waiver of service obligation.** The department may
15 permanently waive the service obligation upon documentation by
16 the recruitment health professional that a medical condition or
17 a personal situation makes compliance with the service
18 obligation permanently impossible, as determined by the
19 department.

20 § -39 **Suspension.** The department may temporarily
21 suspend the service obligation upon documentation by the
22 recruitment health professional of a medical condition or



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

4 § -40 **Default.** A recruitment recipient who fails to
5 complete the service obligation shall pay as a penalty the sum
6 of the following:

- 7 (1) The amount paid to or on behalf of a repayment
8 participant for any period of obligated service not
9 served;
- 10 (2) The amount equal to the number of months of obligated
11 service not served multiplied by \$7,500; and
- 12 (3) Interest on the above amount at the maximum prevailing
13 interest rate determined by the Treasurer of the
14 United States from the day of the default; provided
15 that the amount the State is entitled to collect shall
16 not be less than \$31,000.

17 § -41 **Rules.** The department may adopt rules under
18 chapter 91 necessary to effectuate this part.

19 **PART IV. FIRST RESPONDERS**

20 § -51 **First responders.** In the event of a declared
21 emergency in the State by the governor, at the request of the
22 governor or director of health, all repayment participants and



1 all recruitment health professionals participating in the
2 recruitment program shall commit to serve as first responders.

3 **PART V. COORDINATION OF PROGRAMS**

4 § -61 **Coordination.** Notwithstanding that the loan
5 repayment program and recruitment program shall be administered
6 separately, the department shall determine the need for
7 repayment health professionals and recruitment health
8 professionals in areas of the State experiencing a shortage of
9 health care professionals and select participants for the
10 respective programs.

11 § -62 **Hawaii health corps special fund.** (a) There is
12 established within the state treasury a special fund to be known
13 as the Hawaii health corps special fund to be administered and
14 expended by the department.

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

20 (c) The fund shall be used for the Hawaii health corps
21 program pursuant to this chapter.



1 § -63 **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 professionals
6 or recruitment health professionals within the State."

7 SECTION 3. (a) The department of business, economic
8 development, and tourism shall implement the Hawaii health corps
9 program no later than July 1, 2013.

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

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 2013.

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 2012-2013 for
16 deposit into the Hawaii health corps special fund.

17 SECTION 6. There is appropriated out of the Hawaii health
18 corps special fund of the State of Hawaii the sum of \$
19 or so much thereof as may be necessary for fiscal year 2012-2013
20 to provide stipends to qualifying recipients for the
21 implementation of the Hawaii health corps program.



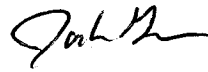
S.B. NO. 2090

1 The sum appropriated shall be expended by the department of
2 business, economic development, and tourism for the purposes of
3 this Act.

4 SECTION 7. This Act shall take effect on July 1, 2012.

5

INTRODUCED BY: _____



S.B. NO. 2090

Report Title:

Hawaii Health Corps Program; Physician Shortage; Appropriation

Description:

Creates the Hawaii health corps program, by which student loans will be repaid or incentives given to health care professionals to work in areas that have been designated as underserviced.

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