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# A BILL FOR AN ACT

RELATING TO RURAL HEALTHCARE.

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

1           SECTION 1. The legislature finds that changes in Hawaii's  
2 demographics and the delivery of healthcare services, and an  
3 escalation in the cost of educating healthcare professionals  
4 have resulted in a shortage of healthcare professionals. The  
5 poor distribution of healthcare professionals has also resulted  
6 in a surplus of professionals in some areas and a shortage of  
7 others in other parts of the state. Health professional  
8 shortage areas are often rural areas that have troubled  
9 economies and populations with lower per capita incomes. These  
10 areas often require more services because their healthcare needs  
11 are greater due to poverty or geographic remoteness.

12           The legislature further finds that healthcare practitioners  
13 need to earn high incomes to pay for the high cost of their  
14 health professional education. Because they earn less in  
15 shortage areas, few healthcare professionals choose to serve in  
16 such areas. Encouraging more healthcare professionals to serve  
17 in shortage areas is essential to ensuring that rural residents  
18 have access to healthcare services.





1 "Forgiven" or "to forgive" or "forgiveness" means repayment  
2 of monetary debt through the rendering of healthcare services in  
3 a health professional shortage area in the state in lieu of  
4 monetary repayment.

5 "Health professional shortage areas" means those areas in  
6 the state where licensed healthcare professionals are in short  
7 supply as a result of geographic maldistribution or as the  
8 result of a short supply of licensed healthcare professionals in  
9 specialty healthcare areas and where vacancies exist in serious  
10 numbers that jeopardize patient care and pose a threat to the  
11 public health and safety.

12 "Licensed healthcare professional" means a person licensed  
13 under chapter 453, 460, 447, 448, 467E, or 457.

14 "Loan" means a loan made by the school under section -10  
15 to be repaid in full or in part by a participant by rendering  
16 healthcare services in a health professional shortage area as  
17 defined by the school.

18 "Nonshortage rural area" means a nonurban area that has not  
19 been designated as a rural physician shortage area.

20 "Participant" means a licensed healthcare professional who  
21 has received a loan and has commenced practice as a licensed  
22 healthcare professional in a designated health professional



1 shortage area, or an eligible student who has received a  
2 scholarship under this program.

3 "Program" means the Hawaii health corps program.

4 "Required service obligation" means an obligation by the  
5 participant to provide healthcare services in a health  
6 professional shortage area for a period to be established as  
7 provided for in this chapter.

8 "Rural physician shortage area" means rural geographic  
9 areas where primary care physicians are in short supply as a  
10 result of geographic maldistribution and where their limited  
11 numbers jeopardize patient care and pose a threat to public  
12 health and safety.

13 "Satisfied" means paid-in-full.

14 "School" means the University of Hawaii John A. Burns  
15 school of medicine.

16 "Scholarship" means a loan that is intended to be forgiven  
17 in whole or in part by the eligible student recipient's  
18 rendering healthcare services in a health professional shortage  
19 area.

20 "Sponsoring community" means a hospital or county  
21 government.



1           §   -2   **Hawaii health corps program.**   The Hawaii health  
2 corps program is established in the University of Hawaii John A.  
3 Burns school of medicine to provide licensed healthcare  
4 professionals serving in health professional shortage areas.  
5 The program shall be administered by the school. In  
6 administrating this program, the school shall:

- 7           (1)   Select licensed healthcare professionals to  
8                 participate in the loan portion of the program and  
9                 select eligible students to participate in the  
10                scholarship portion of the program;
- 11          (2)   Adopt rules under chapter 91 and develop guidelines to  
12                 administer the program;
- 13          (3)   Collect and manage repayments from participants who do  
14                 not meet their required service obligations under this  
15                 chapter;
- 16          (4)   Publicize the program, particularly to maximize  
17                 participation by individuals in shortage areas and  
18                 among ethnic groups expected to experience the  
19                 greatest growth in the population;
- 20          (5)   Identify the nonshortage rural areas of the state;
- 21          (6)   Designate rural physician shortage areas;



1 (7) Solicit and accept grants and donations from public  
2 and private sources for the program; and

3 (8) Develop criteria for a contract for service in lieu of  
4 the required service obligation, where appropriate,  
5 that may be a combination of service and payment.

6 § -3 **Technical assistance for rural communities.** The  
7 school may provide technical assistance to rural communities  
8 that desire to participate in the program for the purpose of  
9 identifying prospective students for the program. Additionally,  
10 the school shall provide the following assistance:

11 (1) Assist prospective students to apply to an eligible  
12 education and training program;

13 (2) Make formal agreements with prospective students to  
14 provide licensed healthcare services in the community;

15 (3) Form agreements between rural communities in a service  
16 area to share licensed healthcare professionals; and

17 (4) Fulfill any matching fund requirements.

18 § -4 **Criteria for selecting participants.** The school  
19 shall establish a planning committee to assist the school in  
20 developing criteria for the selection of participants. The  
21 school shall include on the planning committee representatives  
22 of the school, department of health, healthcare facilities,



1 provider groups, consumers, community and technical colleges,  
2 and other appropriate public and private agencies and  
3 organizations.

4 § -5 **Required service obligations.** (a) The school  
5 shall:

6 (1) Establish loans for persons licensed to practice  
7 medicine or surgery or as a physician assistant  
8 pursuant to chapter 453, osteopathy pursuant to  
9 chapter 460, dentistry pursuant to chapter 448, dental  
10 hygiene pursuant to chapter 447, clinical social work  
11 under chapter 467E, or nursing pursuant to chapter  
12 457. The amount of a loan shall not exceed:

13 (A) \$10,000 per year of service for physicians and  
14 osteopathic physicians;

15 (B) \$5,000 per year of service for physician  
16 assistants and advanced practice registered  
17 nurses; or

18 (C) \$2,500 per year of service for nurses other than  
19 advance practice registered nurses; and

20 (2) Establish a scholarship program for eligible students  
21 who have been accepted into an eligible education and  
22 training program leading to a license pursuant to



1 chapter 453, 460, 448, or 457. The amount of the  
2 scholarship shall not exceed:

3 (A) \$10,000 per year of service for programs for  
4 medicine, surgery, osteopathy, or dentistry;

5 (B) \$5,000 per year of service for programs for  
6 physician assistants, advanced practice  
7 registered nurses, and psychologists;

8 (C) \$2,500 per year of service for programs for  
9 nursing other than programs for advanced practice  
10 registered nurses; or

11 (D) \$2,500 per year of service for programs for  
12 clinical social workers and dental hygienists,  
13 and shall be awarded for a maximum of five years of  
14 service.

15 (b) In determining scholarship awards for prospective  
16 physicians, the selection criteria shall include requirements  
17 that eligible student recipients declare an interest in serving  
18 in rural areas of the state. Preference for scholarships shall  
19 be given to eligible students who reside in a rural physician  
20 shortage area or a nonshortage rural area of the State prior to  
21 admission to the eligible education and training program in  
22 medicine. Highest preference shall be given to eligible



1 students seeking admission who are recommended by sponsoring  
2 communities and who declare an intent to serve as a physician in  
3 a rural area. The school may require the sponsoring community  
4 located in a nonshortage rural area to financially contribute to  
5 the eligible expenses of a medical student if the eligible  
6 student serves in the nonshortage rural area.

7 § -6 **Health professional shortage areas.** The school  
8 shall:

9 (1) Determine eligible licensed healthcare professions for  
10 the purposes of the loan and scholarship program  
11 authorized by this chapter. Eligibility shall be  
12 based upon an assessment that determines that there is  
13 a shortage or insufficient availability of  
14 practitioners of a licensed profession so as to  
15 jeopardize patient care and pose a threat to the  
16 public health and safety. The school shall consider  
17 the relative degree of shortages among professions  
18 when determining eligibility. The school may add or  
19 remove professions from eligibility based upon the  
20 determination that a profession is no longer in  
21 shortage. Should a profession no longer be eligible,  
22 loan recipients or eligible students who have received



1           scholarships shall be eligible to continue to receive  
2           scholarships or loans until they are no longer  
3           eligible or until their required service obligations  
4           have been completed; and

5           (2) Determine health professional shortage areas for each  
6           of the eligible licensed healthcare professions. In  
7           making health professional shortage area designations,  
8           the school may be guided by applicable federal  
9           standards for health manpower shortage areas,  
10          medically underserved areas, and medically underserved  
11          populations.

12          §   -7   **Annual award amount; scholarship preferences;**  
13   **required service obligations.** The school shall:

14          (1) Establish the annual award amount for each licensed  
15          healthcare profession, which shall be based upon an  
16          assessment of reasonable annual eligible expenses  
17          involved in training and educating each licensed  
18          healthcare profession. The annual award amount may be  
19          established at a level less than annual eligible  
20          expenses. The annual award amount shall be  
21          established by the school for each eligible healthcare



1 profession. The awards shall not be paid for more  
2 than a maximum of ten years per individual;

3 (2) Determine any scholarship awards for eligible students  
4 in a manner that requires the recipients to declare an  
5 interest in serving in rural areas of the state.

6 Preference for scholarships shall be given to eligible  
7 students who reside in a rural physician shortage area  
8 or a nonshortage rural area of the state prior to  
9 admission to the eligible education and training  
10 program in medicine. Highest preference shall be  
11 given to eligible students seeking admission who are  
12 recommended by sponsoring communities and who declare  
13 the intent of serving as a physician in a rural area.

14 The school may require the sponsoring community  
15 located in a nonshortage rural area to financially  
16 contribute to the eligible expenses of a medical  
17 student if the eligible student serves in the  
18 nonshortage rural area;

19 (3) Establish the required service obligation for each  
20 licensed healthcare profession, which shall be no  
21 fewer than three years and no more than five years of  
22 service. The required service obligation may be based



1           upon the amount of the scholarship or loan award such  
2           that higher awards involve longer service obligations  
3           by the participant; and

4           (4) Determine eligible education and training programs for  
5           purposes of the scholarship portion of the program.

6           §   -8   **Loan and scholarship awards.**   (a) The school may  
7           grant loan and scholarship awards to eligible participants from  
8           the funds appropriated for this purpose, or from any private or  
9           public funds given to the school for this purpose. An  
10          individual is ineligible to receive a loan if the person has  
11          received or would be ineligible to receive a scholarship from  
12          the program authorized under this chapter.

13          (b) Funds appropriated for the program may be used by the  
14          school for:

15          (1) Loans or scholarships. The school shall annually  
16          establish the total amount of funding to be awarded  
17          for loans and scholarships, and such allocations shall  
18          be established based upon the best use of funding for  
19          that year; and

20          (2) As a recruitment incentive for activities in state-  
21          operated institutions, county public health  
22          departments, county human service agencies, federal



1 and state contracted community health clinics, and  
2 other healthcare facilities identified by the school  
3 as providing substantial amounts of charity care or  
4 publicly subsidized healthcare.

5 § -9 **Discrimination by participants prohibited;**

6 **violation.** In providing healthcare services, the participant  
7 shall:

8 (1) Not discriminate against a person on the basis of the  
9 person's ability to pay for services or because  
10 payment for the healthcare services provided to these  
11 persons will be made under the insurance program  
12 established under Part A or B of Title XVIII of the  
13 federal Social Security Act or under a state plan for  
14 medical assistance, including Title XIX of the federal  
15 Social Security Act; and

16 (2) Agree to accept assignment under Section  
17 1842(b)(3)(B)(ii) of the federal Social Security Act  
18 for all services for which payment may be made under  
19 Part B of Title XVIII of the federal Social Security  
20 Act and enter into an appropriate agreement with the  
21 school for medical assistance under Title XIX of the  
22 federal Social Security Act to provide services to



1 individuals entitled to medical assistance under the  
2 plan.

3 Participants found by the school to be in violation of this  
4 section shall be declared ineligible to receive assistance under  
5 the program authorized by this chapter.

6 § -10 **Participant obligation; loans.** (a) A participant  
7 who is awarded a loan shall receive payment from the program for  
8 the purpose of repaying educational loans secured while  
9 attending a program of healthcare professional training which  
10 led to a license as a licensed healthcare professional in the  
11 state.

12 (b) Each participant shall agree to meet the required  
13 service obligation in a designated health professional shortage  
14 area.

15 (c) Repayment amounts shall be limited to those  
16 attributable to eligible expenses as determined by the school  
17 and shall include principal and interest.

18 (d) Loans from both government and private sources may be  
19 repaid by the program. Participants shall agree to allow the  
20 school access to loan records and to acquire information from  
21 lenders necessary to verify eligibility and to determine



1 payments. Loans may not be renegotiated with lenders to  
2 accelerate repayment.

3 (e) Loan repayments established pursuant to this program  
4 shall begin no later than ninety days after the individual has  
5 become a participant. Payments to the participant shall be made  
6 quarterly or more frequently if deemed appropriate by the school  
7 until:

- 8 (1) The educational loan has been repaid;
- 9 (2) The participant becomes ineligible due to discontinued  
10 service in a health professional shortage area; or
- 11 (3) The required service obligation ends when eligibility  
12 discontinues,
- 13 whichever occurs first.

14 (f) If a participant discontinues providing service in a  
15 health professional shortage area, payments for educational  
16 loans of that participant shall cease to be effective on the  
17 date that the participant discontinues service.

18 (g) Except for circumstances beyond their control,  
19 participants who serve less than the required service obligation  
20 shall be obligated to repay to the program an amount equal to  
21 twice the total amount paid by the program on their behalf, in  
22 addition to any payments on the unsatisfied portion of the



1 principal and interest. The school shall determine the  
2 applicability of this subsection.

3 (h) The school shall be responsible for the collection of  
4 debts to the school from participants who discontinue providing  
5 service before completion of the required service obligation.  
6 The school shall exercise due diligence in making collections  
7 and maintaining all necessary records to ensure that the maximum  
8 amount of payment made on behalf of the defaulting participant  
9 is recovered. Collection under this section shall be pursued  
10 using the full extent of the law, including wage garnishment if  
11 necessary.

12 (i) The school shall not be held responsible for any  
13 outstanding payments on principal and interest to any lenders  
14 once a participant's eligibility expires.

15 **§ -11 Participant obligation; scholarships.** (a)  
16 Participants who are awarded scholarships incur an obligation to  
17 repay the scholarship, with interest, unless they serve the  
18 required service obligation in a health professional shortage  
19 area in the state.

20 (b) The interest rate shall be eight per cent for the  
21 first four years of repayment and ten per cent beginning with  
22 the fifth year of repayment.



1 (c) The period for repayment shall coincide with the  
2 required service obligation, with payments of principal and  
3 interest accruing quarterly commencing no later than nine months  
4 from the date the participant completes or discontinues the  
5 course of study or completes or discontinues the required  
6 residency. Provisions for deferral of payment shall be  
7 determined by the school.

8 (d) The entire principal and interest of each payment  
9 shall be forgiven for each payment period in which the  
10 participant serves in a health professional shortage area until  
11 the entire repayment obligation is satisfied. Should the  
12 participant cease to serve in a health professional shortage  
13 area of this state before the participant's repayment obligation  
14 is completed, payments on the unsatisfied portion of the  
15 principal and interest shall begin the next payment period and  
16 continue until the remainder of the participant's repayment  
17 obligation is satisfied. Except for circumstances beyond their  
18 control, participants who serve less than the required service  
19 obligation shall be obligated to repay to the program an amount  
20 equal to twice the total amount paid by the program on their  
21 behalf.



1           (e) The school shall be responsible for the collection of  
2 repayments made under this section and shall exercise due  
3 diligence in making collections and maintaining all necessary  
4 records to ensure that maximum repayments are made. Collection  
5 and servicing of repayments under this section shall be pursued  
6 using the full extent of the law, including wage garnishment if  
7 necessary. The school shall forgive all or parts of the  
8 required repayments under the criteria established in this  
9 section and shall maintain all necessary records of forgiven  
10 payments.

11           (f) Moneys collected that are paid by or on behalf of  
12 participants under this section, shall be deposited in the  
13 Hawaii health corps fund and shall be used to cover the costs of  
14 granting the scholarships, maintaining necessary records, and  
15 making collections under subsection (e). The school shall  
16 maintain accurate records of these costs, and all moneys beyond  
17 those necessary to pay such costs shall be used to grant  
18 scholarships to eligible students.

19           (g) Sponsoring communities who financially contribute to  
20 the eligible expenses of eligible medical students may enter  
21 into agreements with the student to require repayment should the  
22 student not serve the required service obligation in the



1 community as a primary care physician. The school may develop  
2 criteria for the content of those agreements with respect to  
3 reasonable provisions and obligations between communities and  
4 eligible students.

5 (h) The school may make exceptions to the conditions for  
6 participation and repayment obligations should circumstances  
7 beyond the control of individual participants warrant those  
8 exceptions.

9 § -12 **Hawaii health corps fund.** (a) There is  
10 established in the state treasury the Hawaii health corps fund  
11 which shall be a revolving fund to be administered by the  
12 school. Any funds appropriated by the legislature for the  
13 program or any other public or private funds intended for loans  
14 or scholarships under this program shall be placed in the Hawaii  
15 health corps fund.

16 (b) All moneys received from the program shall be  
17 deposited into the fund. The school may authorize expenditures  
18 from the fund for purposes of this chapter."

19 SECTION 3. There is appropriated out of the general  
20 revenues of the State of Hawaii the sum of \$1 or so much thereof  
21 as may be necessary for fiscal year 2007-2008 and the same sum  
22 or so much thereof as may be necessary for fiscal year 2008-2009



1 for purposes of the Hawaii health corps program and for the  
2 establishment of two full-time equivalent (2.00 FTE) permanent  
3 administrative assistant positions in the University of Hawaii  
4 John A. Burns school of medicine to assist in the administration  
5 of Hawaii health corps program.

6 The sums appropriated shall be expended by the University  
7 of Hawaii John A. Burns school of medicine for the purposes of  
8 this Act.

9 SECTION 4. This Act shall take effect on July 1, 2007.



**Report Title:**

Hawaii Health Corps

**Description:**

Establishes the Hawaii health corps program to encourage healthcare professionals to serve in underserved areas of the State. (HB229 HD2)

