
A BILL FOR AN ACT

RELATING TO RURAL HEALTH CARE.

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 health care services, and an
3 escalation in the cost of educating health care professionals
4 have resulted in shortages of health care professionals. A poor
5 distribution of health care professionals has resulted in a
6 surplus of some professionals in some areas of the State and a
7 shortage of others in other parts of the State, such as in rural
8 areas. Health professional shortage areas are often areas that
9 have troubled economies and lower per capita incomes. These
10 areas often require more services because their health care
11 needs are greater due to poverty or because these areas are
12 difficult to serve due to geographic remoteness.

13 The legislature further finds that health care
14 practitioners need to earn high incomes in order to pay for the
15 high cost of their health professional education. Because they
16 earn less in shortage areas, few health care professionals serve
17 in shortage areas. Encouraging them to serve in shortage areas



1 is essential to ensure that rural residents continue to have
2 access to health care.

3 The purpose of this Act is to establish the Hawaii health
4 corps, which will provide mechanisms to encourage health care
5 professionals to accept positions in shortage areas.

6 SECTION 2. The Hawaii Revised Statutes is amended by
7 adding a new chapter to be appropriately designated and to read
8 as follows:

9 **"CHAPTER**

10 **HAWAII HEALTH CORPS**

11 **§ -1 Definitions.** As used in this chapter:

12 "Department" means the department of health.

13 "Eligible education and training programs" means education
14 and training programs approved by the department for purposes of
15 this chapter that lead to eligibility for a license as a
16 licensed health care professional.

17 "Eligible expenses" means reasonable expenses associated
18 with the costs of acquiring a professional education such as
19 tuition, books, equipment, fees, room and board, and other
20 expenses determined by the department.

21 "Eligible student" means a student who has been accepted
22 into an eligible education and training program and has a



1 declared intention to serve in a health professional shortage
2 area upon completion of the education and training program.

3 "Forgiven" or "to forgive" or "forgiveness" means repayment
4 of monetary debt through the rendering of health care services
5 in a health professional shortage area in the State in lieu of
6 monetary repayment.

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

14 "Licensed health care professional" means a person licensed
15 under chapter 453, 460, 447, 448, 467E, or 457.

16 "Loan" means a loan made by the department under section
17 -10 to be repaid in full or in part by a participant by
18 rendering health care services in a health professional shortage
19 area as defined by the department.

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



1 "Participant" means a licensed health care professional who
2 has received a loan and has commenced practice as a licensed
3 health care professional in a designated health professional
4 shortage area, or an eligible student who has received a
5 scholarship under this program.

6 "Program" means the Hawaii health corps program.

7 "Required service obligation" means an obligation by the
8 participant to provide health care services in a health
9 professional shortage area for a period to be established as
10 provided for in this chapter.

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

16 "Satisfied" means paid-in-full.

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

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



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

- 7 (1) Select licensed health care 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 department may provide technical assistance to rural communities
8 that desire to participate in the program for the purpose of
9 identification of prospective students for the program.
10 Additionally, the department shall provide the following
11 assistance:

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

14 (2) Make formal agreements with prospective students to
15 provide licensed health care services in the
16 community;

17 (3) Form agreements between rural communities in a service
18 area to share licensed health care professionals; and

19 (4) Fulfill any matching fund requirements.

20 § -4 **Criteria for selecting participants.** The
21 department shall establish a planning committee to assist the
22 department in developing criteria for the selection of



1 participants. The department shall include on the planning
2 committee representatives of the department, the John A. Burns
3 school of medicine of the University of Hawaii, health care
4 facilities, provider groups, consumers, community and technical
5 colleges, and other appropriate public and private agencies and
6 organizations.

7 § **-5 Required service obligations.** (a) The department
8 shall:

- 9 (1) Establish loans for persons licensed to practice
10 medicine or surgery or as a physician assistant
11 pursuant to chapter 453, osteopathy pursuant to
12 chapter 460, dentistry pursuant to chapter 448, dental
13 hygiene pursuant to chapter 447, clinical social work
14 under chapter 467E, or nursing pursuant to chapter
15 457. The amount of a loan shall not exceed:
- 16 (A) \$10,000 per year of service for physicians and
17 osteopathic physicians;
- 18 (B) \$5,000 per year of service for physician
19 assistants and advanced practice registered
20 nurses; or
- 21 (C) \$2,500 per year of service for nurses other than
22 advance practice registered nurses; and



1 (2) Establish a scholarship program for eligible students
2 who have been accepted into an eligible education and
3 training program leading to a license pursuant to
4 chapter 453, 460, 448, or 457. The amount of the
5 scholarship shall not exceed:

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

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

11 (C) \$2,500 per year of service for programs for
12 nursing other than programs for advanced practice
13 registered nurses; or

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

18 (b) In determining scholarship awards for prospective
19 physicians, the selection criteria shall include requirements
20 that eligible student recipients declare an interest in serving
21 in rural areas of the State. Preference for scholarships shall
22 be given to eligible students who reside in a rural physician



1 shortage area or a nonshortage rural area of the State prior to
2 admission to the eligible education and training program in
3 medicine. Highest preference shall be given to eligible
4 students seeking admission who are recommended by sponsoring
5 communities and who declare an intent to serve as a physician in
6 a rural area. The department may require the sponsoring
7 community located in a nonshortage rural area to financially
8 contribute to the eligible expenses of a medical student if the
9 eligible student will serve in the nonshortage rural area.

10 § -6 **Health professional shortage areas.** The department
11 shall:

12 (1) Determine eligible licensed health care professions
13 for the purposes of the loan and scholarship program
14 authorized by this chapter. Eligibility shall be
15 based upon an assessment that determines that there is
16 a shortage or insufficient availability of
17 practitioners of a licensed profession so as to
18 jeopardize patient care and pose a threat to the
19 public health and safety. The department shall
20 consider the relative degree of shortages among
21 professions when determining eligibility. The
22 department may add or remove professions from



1 eligibility based upon the determination that a
2 profession is no longer in shortage. Should a
3 profession no longer be eligible, loan recipients or
4 eligible students who have received scholarships shall
5 be eligible to continue to receive scholarships or
6 loans until they are no longer eligible or until their
7 required service obligations have been completed; and

8 (2) Determine health professional shortage areas for each
9 of the eligible licensed health care professions. In
10 making health professional shortage area designations,
11 the department may be guided by applicable federal
12 standards for health manpower shortage areas,
13 medically underserved areas, and medically underserved
14 populations.

15 § -7 **Annual award amount; scholarship preferences;**
16 **required service obligations.** The department shall:

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



1 expenses. The annual award amount shall be
2 established by the department for each eligible health
3 care profession. The awards shall not be paid for
4 more than a maximum of ten years per individual;

- 5 (2) Determine any scholarship awards for eligible students
6 in a manner that requires the recipients to declare an
7 interest in serving in rural areas of the State.

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

16 The department may require the sponsoring community
17 located in a nonshortage rural area to financially
18 contribute to the eligible expenses of a medical
19 student if the eligible student will serve in the
20 nonshortage rural area;

- 21 (3) Establish the required service obligation for each
22 licensed health care profession, which shall be no



1 fewer than three years and no more than five years of
2 service. The required service obligation may be based
3 upon the amount of the scholarship or loan award such
4 that higher awards involve longer service obligations
5 by the participant; and

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

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

15 (b) Funds appropriated for the program may be used by the
16 department for:

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



1 (2) As a recruitment incentive for activities in state-
2 operated institutions, county public health
3 departments, county human service agencies, federal
4 and state contracted community health clinics, and
5 other health care facilities identified by the
6 department as providing substantial amounts of charity
7 care or publicly subsidized health care.

8 § -9 **Discrimination by participants prohibited;**
9 **violation.** In providing health care services, the participant
10 shall:

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

19 (2) Agree to accept assignment under Section
20 1842(b)(3)(B)(ii) of the federal Social Security Act
21 for all services for which payment may be made under
22 Part B of Title XVIII of the federal Social Security



1 Act and enters into an appropriate agreement with the
2 department for medical assistance under Title XIX of
3 the federal Social Security Act to provide services to
4 individuals entitled to medical assistance under the
5 plan.

6 Participants found by the department to be in violation of this
7 section shall be declared ineligible to receive assistance under
8 the program authorized by this chapter.

9 § -10 **Participant obligation; loans.** (a) A participant
10 who is awarded a loan shall receive payment from the program for
11 the purpose of repaying educational loans secured while
12 attending a program of health care professional training which
13 led to a license as a licensed health care professional in the
14 State.

15 (b) Each participant shall agree to meet the required
16 service obligation in a designated health professional shortage
17 area.

18 (c) Repayment amounts shall be limited to those
19 attributable to eligible expenses as determined by the
20 department and shall include principal and interest.

21 (d) Loans from both government and private sources may be
22 repaid by the program. Participants shall agree to allow the



1 department access to loan records and to acquire information
2 from lenders necessary to verify eligibility and to determine
3 payments. Loans may not be renegotiated with lenders to
4 accelerate repayment.

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

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

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

20 (g) Except for circumstances beyond their control,
21 participants who serve less than the required service obligation
22 shall be obligated to repay to the program an amount equal to



1 twice the total amount paid by the program on their behalf, in
2 addition to any payments on the unsatisfied portion of the
3 principal and interest. The department shall determine the
4 applicability of this subsection.

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

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

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



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

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

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



1 equal to twice the total amount paid by the program on their
2 behalf.

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

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

21 (g) Sponsoring communities who financially contribute to
22 the eligible expenses of eligible medical students may enter



1 into agreements with the student to require repayment should the
 2 student not serve the required service obligation in the
 3 community as a primary care physician. The department may
 4 develop criteria for the content of those agreements with
 5 respect to reasonable provisions and obligations between
 6 communities and eligible students.

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

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

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

21 SECTION 3. There is appropriated out of the general
 22 revenues of the State of Hawaii the sum of \$, or so much



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1 thereof as may be necessary for fiscal year 2007-2008, and the
2 same sum, or so much thereof as may be necessary for fiscal year
3 2008-2009, for purposes of the Hawaii health corps program.

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

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

7 INTRODUCED BY: Josh Green MD

Mark
Raymond
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JAN 23 2007



Report Title:

Hawaii Health Corps

Description:

Establishes the Hawaii health corps program to provide health care to underserved areas of the State.

