

JAN 19 2007

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# 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



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: Amil Y. Lee



**Report Title:**

Hawaii Health Corps

**Description:**

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

