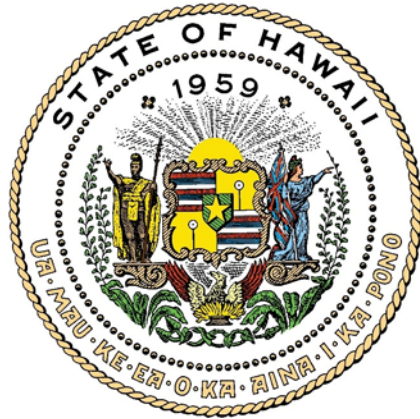


# State of Hawaii



## Report to the Legislature

### on the Health Professional Loan Repayment Program Hawaii Health Corps Program January 2009

*As required by Act 242, "Relating to Health Care," and requesting that the Department of Business, Economic Development, and Tourism (DBEDT) convene a working group to develop a plan to establish a program known as the Hawaii Health Corps Program to address physician and dentist shortages in the State. This report is DBEDT's response to Act 242, Session Laws of Hawaii 2008 (H. B. 2519, H. D. 2, S. D. 2, C. D. 1).*

*Submitted to the  
Twenty-Fifth State Legislature  
Regular Session of 2009*

*By the  
Department of Business, Economic Development, and Tourism*

## **Working Group Purpose**

Pursuant to Act 242, Session Laws of Hawaii 2008, (Act), the DBEDT convened a working group to develop a plan that establishes the Hawaii Health Corps program which will address physician and dentist shortages in the State. The working group consisted of the members listed in Appendix A (“working group”).

The working group held two meetings on September 16, and October 14, 2008. Prior to, between, and after those meetings research on similar programs in other jurisdictions was conducted including conversations with regional Health Resources and Services Administration (HRSA) staff, and National Conference of State Legislatures staff.

Presenting this report and the proposed enabling legislation to the Legislature is the charge of the working group. Inasmuch as this report is intended to be reviewed in conjunction with the attached legislation, references to the legislation are included in brackets (e.g., [Part I, -12], where applicable. The legislation is attached as Appendix B.

## **Definitions Applicable to this Report**

Throughout this report, the following terms have the following meanings:

“BHP” means the U.S. Department of Health and Human Services, Health Resources and Services Administration, Bureau of Health Professions.

“Department” means the Department of Health.

“Hawaii SLRP” means the state loan repayment program administered by the department and further described in this report.

“HPSA” means health professional shortage areas as determined periodically by the Health Resources and Services Administration, a department of the U.S. Department of Health and Human Services.

“Legislation” means the proposed Hawaii Health Corp program legislation attached as Appendix B.

“NHSC” means the federal National Health Services Corp which administers a federal loan repayment program.

“Recruitment Program” means the recruitment and retention program administered by the department and further described in this report.

“Report” means this report.

## **Overview**

The need to develop a workforce of health care professionals in rural and underserved areas in the state was acknowledged by the working group. There are unmet health care needs within the state and access to and delivery of health care in shortage areas within the state is critical.

Health care professionals, including specialists, are needed. Act 242 specifies that persons shall be selected to serve “regardless of specialty.” The working group found that all types of health care professionals are needed in underserved areas within the State, in addition to primary care physicians and dentists. For example, orthopedic surgeons represent a critical need in some areas within the state.

Recruitment and retention of health care professionals requires a multi-pronged approach. Creation of a state loan repayment program that qualifies for federal funding and a separate recruitment program that can provide a wide range of awards to all health care professionals is needed to address recruitment and retention in areas throughout the state. Without the inherent limitations and conditions of federal funding, the recruitment program, for example, would be able to make awards to mid-level practitioners, allied health professionals, pharmacists, and specialists in addition to physicians and dentists, unlike the state loan repayment program. The recruitment program would also have the flexibility to make awards to individuals, communities, and organizations located in areas that are experiencing shortages, but are not currently designated as HPSAs under federal guidelines.

The working group believes that a Hawaii Health Corps program that includes: (i) a Hawaii SLRP that qualifies for federal matching funds, and (ii) a recruitment program, should be implemented, as further described herein.

### **Recruitment and Retention Efforts are Needed**

An assessment of the need for physicians, dentists, and other medical specialists required that background information on HPSAs within the state, the number of actual practicing providers, and what types of health care professionals was assembled. Background information was received by the working group as context for the discussions:

- Act 242 and Governor’s Message No. 930.
- Department of Budget and Finance Memo No. 08-10
- Department of Budget and Finance memorandum dated August 19, 2008
- Executive Memorandum (Memo No. 08-05)
- National Health Service Corp information.
- List of HPSAs within the state as determined by HRSA.
- Grants to states under the state loan repayment program administered by Bureau of Health Professions.
- State of Hawaii Primary Care Needs Assessment Data Book 2007
- State Loan Repayment Program information.
- Kauai, Maui, and Hawaii Island Physician numbers.

- Typical medical and osteopathic education pathways.
- Typical dental education pathway.
- List of medical and osteopathic specialties.

Recruitment and retention efforts are required if the state desires to improve access to and delivery of health care in rural and underserved areas. A loan repayment program is an effective tool to attract health care professionals to initially work in HPSA's within the state. A recruitment and retention program is another tool that could be used to retain health care professionals in HPSA's or in other areas experiencing shortages of health care professionals. The working group recommends the implementation of both programs under the Hawaii Health Corp program which will be administered by the department. Each program will be discussed separately.

### Loan Repayment Program

The loan repayment program is intended to be administered in a manner that makes it eligible to receive federal matching funds in the form of grants from the BHP [Part II, § -11]. The eligibility to receive federal matching funds was considered by the working group to be important in light of the state's current fiscal outlook, even if the eligibility to receive federal matching funds contains restrictions and limitations as health professional workforce development in underserved areas within the state was considered important by the working group.

Receipt of federal matching funds from the BHP necessarily requires meeting certain conditions and restrictions. The restrictions and conditions for the loan repayment program include the following:

1. Specialists are not eligible to participate in the loan repayment program.
2. Allied health professionals are not eligible to participate in the loan repayment program.
3. Only primary health services providers<sup>1</sup> are eligible to participate in the loan repayment program.
4. Awards are limited to repaying certain educational loans.

Eligibility is limited to primary care physicians (family practitioners, internists, pediatricians, obstetricians and gynecologists, and general psychiatrists) and dentists, which is defined as "repayment health care professional" in the legislation [Part I, § -2, Part II, § -13(17)]. While the working group felt that the loan repayment program should be open to all "primary health services" providers (See, footnote 1), the working group took note of the state's

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<sup>1</sup> The term primary health services, according to BHP, means: allopathic and osteopathic primary care physicians (family practitioners, internists, pediatricians, obstetricians and gynecologists, and general psychiatrists); primary care nurse practitioners; certified nurse-midwives; primary care physician assistants; general practice dentists; registered clinical dental hygienists; clinical or counseling psychologists; clinical social workers; psychiatric nurse specialists; mental health counselors; licensed professional counselors; and marriage and family therapists.

current fiscal outlook and preferred to limit eligibility, at least initially, to primary care physicians and dentists. It is acknowledged by the working group that specialists, as well as mid-level practitioners, allied health professionals, and pharmacists, are critically needed in some areas of the state.

Criteria used to select recipients are to be determined by the department under the legislation [Part II, § -14(b)]. Rather than prescribe criteria in the legislation, flexibility was deemed important by the working group to take into account changing conditions, keeping in mind that the need for a particular provider in a HPSA within the state is and should be a “given”. Preference will be given first to (i) JABSOM graduates, (ii) graduates of a Hawaii residency program, or (iii) residents of the state, and second to graduates of out of state medical schools, dental schools, or residency programs.

Awards can only be used to pay qualifying educational loans [Part II, § -15]

The amount of the annual award per individual is also to be determined by the department under the legislation, but must not exceed the amount permitted to be awarded by the BHP [Part II, § -16]. This approach, again, affords the department flexibility in the amount of award given that the BHP limit may be revised from time-to-time, or the department may decide on a graduated award (i.e., smaller awards in the 1<sup>st</sup> and 2<sup>nd</sup> years and greater awards in the 3<sup>rd</sup> and 4<sup>th</sup> years) or varying amounts based on the provider type.

### Recruitment and Retention Program

The recruitment and retention program is intended to be administered by the department under the “Hawaii Health Corp Program”, but operated separately from the loan repayment program [Part III, § -31]. The BHP requires that the loan repayment program be operated separately from the recruitment program. However, having both programs housed administratively under the department will permit coordination of both programs for the purposes of: (i) determining, between the recruitment program and the loan repayment program, where the greatest needs are, and (ii) allocating state and private funding (not federal matching funds) between the programs, depending on the greatest needs [Part V, § -61, § -62].

The recruitment program will not qualify to receive federal matching funds from the BHP. Funding for the recruitment program will be solely from state and private sources [Part III, § -32(11)].

The recruitment program is designed to enhance existing recruitment and retention programs for *all healthcare professionals*, referred to as a “recruitment health professional” in the legislation. A broader range of health care professionals would be eligible to participate in the recruitment program. While the loan repayment program, as currently proposed, is limited to primary care physicians and dentists (pursuant to the limitations established by the BHP), the recruitment program is intended to be open to mid-level practitioners, allied health professionals, pharmacists, in addition to primary care physicians and dentists. This acknowledges the critical

need within the state for disciplines not allowed to be covered under the loan repayment program.<sup>2</sup>

Participants in the recruitment program should not be limited to practicing in HPSA's. The BHP requires that participants in a loan repayment program work in designated HPSA's. The recruitment program, as mentioned above, will not receive federal matching funds from the BHP. As such, recruitment program participants could work in other areas of the state experiencing a shortage of health professionals or in HPSA's, referred to as "recruitment health professional shortage areas" in the legislation [Part I, § -2, Part III, § -37]. The working group recognized that a HPSA is only one indicator of an area experiencing a shortage of health care professionals and that other areas in the state, while not designated a HPSA, might nevertheless be experiencing shortages. The recruitment program should have the flexibility to place participants in areas of the state experiencing a documented shortage of health care professionals even if those areas are not designated as HPSA's.

Participants in the recruitment program are not limited to individuals. Individual providers, or public or private nonprofit organizations or communities recruiting or employing an eligible recruitment health professional can apply to participate in the recruitment program. Public or private nonprofit organizations could also compete for awards as the working group recognized that community health centers could also be recipients of awards.

Criteria used to select recruitment program participants are to be determined by the department under the legislation. Like the loan repayment program, the determination of selection criteria, including any competitive selection procedures, was thought to be better left to the discretion of the department. The amount and type of award should also be determined by the department, but not exceed \$17,500 per year [Part III, § -34]. Giving flexibility to the Department was deemed important by the working group to take into account changing conditions, keeping in mind that the need for a particular provider in a HPSA or any other area experiencing a health professional shortage within the state are minimum requirements. Preference will be given to (i) JABSOM graduates, (ii) graduates of a Hawaii residency program, or (iii) residents of the state over graduates of mainland medical schools, dental schools, or residency programs.

The award must be used for recruitment and retention. Recruitment and, more importantly, retention of health care professionals in underserved or rural areas necessitate that incentives be broad. The working group felt that recruitment and retention incentives need to also recognize the living conditions for the health care professionals' spouse and family are important factors; so cost of living allowances, relocation assistance, housing allowances, and employment for the spouse should be considered. In underserved areas, health care professionals need a support mechanism, such as tele-medicine, continuing medical education expense reimbursement, and *locum tenens* coverage. With the rising cost of professional liability insurance, full or partial professional liability premium payments might also be offered. In kind awards could also be offered and include provision of an automobile. Contract execution

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<sup>2</sup> The Colorado Rural Outreach Program, administered by the Colorado Rural Health Center, is intended to have the broadest application and is open to all health care professionals. See, <http://www.coruralhealth.org/crhc/index.html>.

payments (i.e., signing bonuses) or income guarantees could also be offered to organizations (either nonprofit or for profit) that intend to employ health care professionals in shortage areas. In order to mitigate the disparity in compensation that could be earned by health care professionals in areas not deemed to be underserved, an income guarantee could also be offered.<sup>3</sup>

### **Service Commitment/Obligation**

Participants in both the loan repayment and recruitment programs must agree to a full time service commitment. A minimum of two years with the possibility of extending the service obligation for one-year periods for a total service obligation not to exceed five years is recommended. Periods of internship, preceptorship, clinical training, or other post-graduate training shall not be counted toward the service obligation [Part II, § -17, Part III, § -36].

### **First Responders**

Participants in both programs must agree to serve as first responders in the event of a declared state emergency or as directed by the director of health [Part IV].

### **Coordination of the Programs/Funds**

The programs will be operated separately, but coordinated by the department. Since the department will administer both programs, determinations of the greatest need as between the loan repayment program and the recruitment program can be made. If greater needs exist for participants in the recruitment program, funds appropriated by the Legislature should be flexible so as to be allocated between programs based on need. Donations from private sources should also be freely allocable between programs based on need, unless the donor imposes restrictions on the use of the donation (i.e., the donation is earmarked or designated for use in one of the programs) [Part V].

### **Advisory Group**

The Department shall establish an advisory group comprised of representatives from the public and private sector to advise the Department on matters related to the Loan Repayment Program and Recruitment Program [Part II, § -12, Part III, § -32].

### **Proposed Funding for FY 2009 and 2010**

The Legislature must set funding levels for FY 2009 and 2010. However, the Working Group felt that funding for ten (10) participants in the Loan Repayment Program for each of FY 2009 and FY 2010 (total of \$350,000), and funding for four (4) participants in the Recruitment Program for each of FY 2009 and FY 2010 (total of \$140,000) plus allocable administrative

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<sup>3</sup> The Greater New Orleans Area Health Service Corp, a post Katrina program, offers similar incentives. This program is not funded by BHP. See, <http://www.dhh.louisiana.gov>.

costs for each of FY 2009 and 2010 (total of \$50,000) is reasonable. The funding is based on state funding of \$17,500 for each participant.<sup>4</sup>

Total proposed funding is \$270,000 for each of FY 2009 and FY 2010.

### **Conclusion**

The working group concurs with the intent of Act 242 and recognizes the merits of creating a loan repayment program for the state. Lack of access to and delivery of health care in some areas of the state are acknowledged by the working group.

Fiscal prudence in light of the economic outlook for the state necessitates leveraging of state funds, when possible. Receiving matching federal funds for the loan repayment program and will ensure the most efficient use of limited state funds.

The recruitment program, while not qualifying to receive matching federal funds, nonetheless should be established as the program will enhance the state's recruitment and retention efforts for underserved areas within the state.

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<sup>4</sup> For the Loan Repayment Program, \$17,500 represents the state's matching funds.

## Hawaii Health Corp Program Working Group List of Attendees

1. Dr. Morgan Barrett, Deputy Director of Health Resources  
Department of Health
2. Mr. Darryl Schutter  
Mr. Ronald Terry  
Ms. Shirley S. Kidani  
State of Hawaii Planning  
Department of Health
3. Dr. Kenneth Fink, Department of Human Services MedQuest Administrator  
Department of Human Services
4. Ms. Lydia Hemmings, Administrator  
Clinical Standards Office  
Department of Human Services
5. Dr. Anthea Wang, Medical Director  
Clinical Standards Office  
Department of Human Services
6. Dr. Jerris Hedges, Dean  
John A. Burns School of Medicine
7. The Honorable David Ige, State Senate  
Hawaii State Legislature
8. Ms. Maria Franco, House of Representative Staff  
Representative John Mizuno's Office
9. The Honorable John Mizuno, State House of Representatives  
Hawaii State Legislature
10. Mr. Theodore E. Liu, Director  
Department of Business, Economic Development & Tourism
11. Mr. Mark Anderson, Deputy Director  
Department of Business, Economic Development & Tourism

**Report Title:**

HAWAII HEALTH CORP PROGRAM

**Description:**

Establishes the Hawaii Health Corp Program



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1 compared to non-shortage areas and practitioners are unable to  
2 serve in shortage areas.

3 The legislature finds that addressing the health addresses  
4 the shortage areas within the state:

5 (1) Loan Repayment Program: This program is structured to  
6 obtain federal matching funds that will be used to  
7 repay eligible student loans in exchange for a service  
8 commitment by physicians and dentists practicing in  
9 health professional shortage areas.

10 (2) Recruitment Program: This program will not receive  
11 federal matching funds. Incentives will be awarded to  
12 public or private nonprofit organizations,  
13 communities, or recruitment health professionals  
14 practicing in areas designated by the department that  
15 are experiencing a shortage of health care  
16 professionals. Unlike the loan repayment program,  
17 this program will be open to all health care  
18 professionals, including but not limited to,  
19 physicians, dentists, mid-level practitioners,  
20 pharmacists, allied health professionals, and  
21 specialists as there is acknowledged need for  
22 orthopedic surgeons, for example, in some areas of the

1           state. The incentives could be also used to provide  
2           financial support for spouses and families of  
3           recruitment health professionals as providing support  
4           for the families as doing so is critical in recruiting  
5           and retaining health care professionals in these  
6           areas. Finally, unlike the loan repayment program,  
7           recruitment health professionals can practice in  
8           geographic areas not covered under the loan repayment  
9           program.

10           **§ -2 Definitions.** Unless the context clearly requires  
11 otherwise, the definitions in this section apply throughout this  
12 chapter:

13           (1) "Applicant" means an individual who has submitted a  
14           completed application for the loan repayment program  
15           or the recruitment program and meets the application  
16           requirements established by the department for the  
17           respective program.

18           (2) "Approved site" means, for the purposes of the loan  
19           repayment program, a provider site that is a public or  
20           nonprofit private entity located in a health  
21           professional shortage area and approved by the  
22           department.

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- 1           (3) "Dentist" means an individual licensed to practice  
2                   dentistry in the state under Chapter 448.
- 3           (4) "Department" means the Department of Health.
- 4           (5) "Eligible education" means education and training  
5                   programs approved by the department that lead to  
6                   eligibility for licensure as repayment health care  
7                   professional.
- 8           (6) "Eligible expenses" means reasonable expenses  
9                   associated with the costs of acquiring an eligible  
10                  education such as tuition, books, equipment, fees,  
11                  room and department, and other expenses determined by  
12                  the department.
- 13          (7) "Health professional shortage area" is an area in the  
14                  state where there are shortages of health  
15                  professionals. In making health professional shortage  
16                  area designations in the state the department may be  
17                  guided by applicable federal standards.
- 18          (8) "Incentives" means the cash or in-kind award made to a  
19                  recruitment recipient, and includes awards made to a  
20                  spouse or the family of a recruitment health  
21                  professional.

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- 1           (9) "JABSOM" shall mean the John A. Burns School of  
2           Medicine.
- 3           (10) "Loan repayment program" means the loan repayment  
4           program administered by the department.
- 5           (11) "Recruitment health professional" means an individual  
6           who is a health professional, including allopathic and  
7           osteopathic physicians (family practitioners,  
8           internists, pediatricians, obstetricians and  
9           gynecologists, and general psychiatrists), nurse  
10          practitioners, certified nurse-midwives, physician  
11          assistants, dentists, registered clinical dental  
12          hygienists, clinical or counseling psychologists,  
13          clinical social workers, psychiatric nurse  
14          specialists, mental health counselors, licensed  
15          professional counselors, marriage and family  
16          therapists, and specialists.
- 17          (12) "Recruitment health professional shortage area" means  
18          a health professional shortage area or other area  
19          determined by the department to be experiencing a  
20          shortage of recruitment health professionals.
- 21          (13) "Recruitment recipient" means either a public or  
22          private nonprofit organization or community that

1           employs a recruitment health professional, or a  
2           recruitment health professional.

3           (14) "Repayment health care professional" means a primary  
4           care physician (family care practitioner, internists,  
5           pediatricians, obstetrician, or general psychologists)  
6           or general practice dentist.

7           (15) "Repayment participant" means a repayment health care  
8           professional who has received a loan repayment award  
9           and has commenced practice in a health professional  
10          shortage area.

11          (16) "Recruitment program" means the health professional  
12          recruitment and retention program that is administered  
13          by the department.

14          (17) "Physician" means an individual licensed to practice  
15          medicine in the state under Chapter 453.

16          (18) "Qualifying educational loan" means a government or  
17          commercial loan for eligible expenses.

18          (19) "State" means the State of Hawaii.

19                                   **PART II. LOAN REPAYMENT PROGRAM**

20          §    -11 **Loan repayment program established.** There is  
21          established the loan repayment program within the department.  
22          The loan repayment program shall be administered in a manner

1 that is consistent with the provisions under 42 United States  
2 Code 254q-1, as the same may be amended from time to time.

3       **§ -12 Administration.** The loan repayment program shall  
4 be administered by the department. The department shall:

- 5       (1) Accept applications from interested persons;
- 6       (2) Develop criteria for the selection of repayment  
7             participants;
- 8       (3) Select repayment health care professionals to  
9             participate in the loan repayment program, provided  
10            that the department shall not select more than twenty  
11            individuals in one year and have no more than one  
12            hundred individuals participating in the loan  
13            repayment program at any one time, subject to  
14            available funding and the need for repayment health  
15            care professionals in health professional shortage  
16            areas;
- 17       (4) Collect and manage repayments from repayment  
18            participants who do not meet their service obligations  
19            under this chapter, including enforcing the remedies  
20            for breach of the service obligation;

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- 1           (5) Publicize and market the loan repayment program,  
2                    particularly to maximize participation among  
3                    individuals in health professional shortage areas;
- 4           (6) Solicit and accept grants and donations from public  
5                    and private sources for the loan repayment program;
- 6           (7) Develop criteria for and enter into a contract with  
7                    the repayment participant that obligates the repayment  
8                    participant to complete the service obligation and to  
9                    comply fully with the terms and conditions of the loan  
10                  repayment program;
- 11          (8) Administer the recruitment program separately from the  
12                  loan repayment program;
- 13          (9) Establish a group, which shall be advisory only,  
14                  comprised of representatives from government and the  
15                  health profession, including providers, community  
16                  health centers, professional organizations, to assist  
17                  the Department in developing criteria to select  
18                  participants, determining areas having the greatest  
19                  need for health professionals, and on advising on  
20                  other matters related to the administration of the  
21                  loan repayment program. The same members may serve on

1           the advisory group for the loan repayment program and  
2           the recruitment program.

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

5           **§ -13 Eligibility.** To be eligible to participate in  
6 the loan repayment program, an individual must:

7           (1) Submit an application to the department;

8           (2) Have a signed employment agreement or contract with an  
9           approved site;

10          (3) Provide copies of loan documentation;

11          (4) Be a United States citizen or a naturalized citizen of  
12          the United States;

13          (5) Not have any other outstanding contractual obligations  
14          for health professional services to the federal  
15          government, to a state government, or other entity or  
16          organization unless that service obligation will be  
17          completely satisfied before the contract for the  
18          service obligation under the loan repayment program is  
19          signed;

20          (6) Not have a judgment lien against its property for a  
21          debt to the United States;

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- 1           (7) Not have a history of failing to comply with, or  
2           inability to comply with service or payment  
3           obligations;
- 4           (8) Not have defaulted on any Federal payment obligations  
5           even if the creditor considers the obligations to be  
6           in good standing;
- 7           (9) Not have breached a prior service obligation to the  
8           Federal, state, or local government or other entity or  
9           organization, even if the obligation was subsequently  
10          satisfied;
- 11          (10) Not have had any Federal debt written off as  
12          uncollectible (pursuant to 31 United States Code  
13          3711(a)) or had any Federal service or payment  
14          obligation waived;
- 15          (11) Perform the service obligation at an approved site;
- 16          (12) Provide full time clinical services at an approved  
17          site;
- 18          (13) Charge for their professional services at the usual  
19          and customary prevailing rates in the area where the  
20          services are provided, except that if a person is  
21          unable to pay such charge, the person may be charged  
22          at a reduced rate or not charged any fee;

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- 1 (14) Agree not to discriminate on the basis of the  
2 patient's ability to pay or on the basis that the  
3 payment for such care will be made pursuant to  
4 Medicare, Medicaid, or the State Children's Health  
5 Insurance Program;
- 6 (15) Agree to accept assignment under Medicare under Title  
7 XVIII of the Social Security Act, enter into an  
8 appropriate agreement the state agency that  
9 administers the state plan for Medicaid under Title  
10 XIX of the Social Security Act, and enter into an  
11 appropriate agreement with the State Children's Health  
12 Insurance Program to provide service to children under  
13 Title XXI of the Social Security Act;
- 14 (16) Agree to pay the amount specified by the department if  
15 the service obligation is not completed for any  
16 reason;
- 17 (17) Be a licensed and qualified repayment health care  
18 professional in the state and maintain such licensure  
19 and qualifications during the service obligation  
20 period;
- 21 (18) Obtain and maintain any other licensure required of  
22 repayment health care professionals in the state; and

1           (19) Meet any other requirements that may be established by  
2           the department.

3           **§ -14 Preference and selection.** (a) In selecting  
4 repayment participants, the department shall give first priority  
5 preference to (i) JABSOM graduates, (ii) graduates of a Hawaii  
6 residency program, or (iii) residents of the state using the  
7 criteria listed below and second preference to graduates of out-  
8 of-state medical schools, osteopathic colleges, dental schools,  
9 or residency programs. The residency criteria are as follows:

- 10           (1) Legal residence of the applicant;
- 11           (2) Legal residence of the applicant's parents;
- 12           (3) Place of birth;
- 13           (4) Location of high school graduated from;
- 14           (5) Native Hawaiians;
- 15           (6) Location of college or university attended; and
- 16           (7) Parent or legal guardian is a JABSOM graduate,  
17           graduate of a Hawaii residency program, or is a JABSOM  
18           faculty member. An applicant is required to have a  
19           minimum of three out of the six criteria to be  
20           considered a resident for the purposes of the loan  
21           repayment program and recruitment program.

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1           (b) The criteria used to select repayment participants for  
2 the loan repayment program shall be determined by the  
3 department. The criteria may include: need for primary care  
4 physicians and dentists in the health professional shortage  
5 areas, the willingness of an applicant to work full time in the  
6 health professional shortage area, or the likelihood of the  
7 applicant continuing to practice in the health professional  
8 shortage area after the service obligation has been completed.

9           **§ -15 Eligible expenses.** The department shall only  
10 repay qualifying educational loans.

11           **§ -16 Amount of the award.** Subject to the availability  
12 of funding and need for repayment health care professionals in  
13 health professional shortage areas, the amount of the award  
14 shall be determined by the department but shall not exceed the  
15 maximum amounts permitted to be awarded to repayment  
16 participants under 42 United States Code 254q-1, as the same may  
17 be amended from time to time.

18           **§ -17 Service obligation.** A repayment participant must  
19 agree to serve full time at an approved site for a minimum of  
20 two years with the possibility of extending the service  
21 obligation for one-year amendments for a total service  
22 obligation not to exceed five years. Periods of internship,

1 preceptorship, clinical training, or other post-graduate  
2 training shall not be counted toward the service obligation.

3       **§ -18 Cancellation of service obligation.** The  
4 department may cancel a contract with a repayment participant  
5 only upon the death of the repayment participant.

6       **§ -19 Waiver of service obligation.** The department may  
7 permanently waive the service obligation upon the documentation  
8 by the repayment participant that a medical condition or a  
9 personal situation makes compliance with the service obligation  
10 permanently impossible, as determined by the department.

11       **§ -20 Suspension.** The department may temporarily  
12 suspend the repayment participant's service obligation upon the  
13 documentation by the repayment participant of a medical  
14 condition or personal situation that makes compliance with the  
15 service obligation temporarily impossible, as determined by the  
16 department.

17       **§ -21 Default.** A repayment participant who fails to  
18 complete the service obligation shall pay as a penalty the sum  
19 of the following:

- 20           (1) The amount paid to or on behalf of a repayment  
21                participant for any period of obligated service not  
22                served; plus

- 1           (2) The amount equal to the number of months of obligated  
2           service not served multiplied by \$7,500; plus
- 3           (3) Interest on the above amount at the maximum prevailing  
4           interest rate determined by the Treasurer of the  
5           United States from the day of the default, provided  
6           that the amount the state is entitled to collect shall  
7           not be less than \$31,000.

8           §    -22 **Rules.** The department may promulgate rules under  
9 Chapter 91 relating to the loan repayment program.

10                                   **PART III. RECRUITMENT PROGRAM**

11           §    -31 **Established.** There is established the  
12 recruitment program within the department.

13           §    -32 **Administration.** The department will administer  
14 the recruitment program. The department shall:

- 15           (1) Maintain listings of communities and areas within the  
16           state with need for recruitment health professionals;
- 17           (2) Maintain listings of recruitment health professionals  
18           interested in working in such communities and areas;
- 19           (3) Act as an intermediary between communities or public  
20           or private nonprofit organizations and recruitment  
21           health professionals desiring to practice in  
22           recruitment health professional shortage areas;

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- 1           (4) Work with communities and public or private nonprofit  
2           organizations to recruit and retain recruitment health  
3           professionals to work and live in communities  
4           experiencing a shortage of recruitment health  
5           professionals;
- 6           (5) Work with recruitment health professionals desiring to  
7           work in recruitment health professional shortage  
8           areas;
- 9           (6) Develop funding models for the recruitment program  
10          that provide for security and flexibility for  
11          recruitment health professionals;
- 12          (7) Develop incentive payment structures and packages that  
13          support the recruitment health professionals, their  
14          spouses, and families, including but not limited to,  
15          professional liability insurance relief, cost of  
16          living allowances, income guarantee payments, housing  
17          allowances, vehicle, vehicle allowance, continuing  
18          medical education, telemedicine capability, waiver of  
19          fees, or providing employment opportunities for the  
20          spouses of recruitment health professionals;

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- 1 (8) Work with other agencies to minimize or remove  
2 regulatory barriers to relocating or practicing in  
3 health professional shortage areas;
- 4 (9) Select recruitment recipients using criteria  
5 established by the department;
- 6 (10) Publicize and market the recruitment program;
- 7 (11) Solicit and accept grants and donations from public  
8 and private sources for the recruitment program;
- 9 (12) Administer the recruitment program separately from the  
10 loan repayment program, except to the extent provided  
11 in this Chapter;
- 12 (13) Enter into a contract with a recruitment recipient  
13 that obligates the recruitment health professional to  
14 provide the services of recruitment health  
15 professional in the recruitment health professional  
16 shortage area for the length of the service obligation  
17 and
- 18 (14) Establish a group, which shall be advisory only,  
19 comprised of representatives from government and the  
20 health profession, including providers, community  
21 health centers, professional organizations, to assist  
22 the Department in developing criteria to select

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1 participants, determining areas having the greatest  
2 need for health professionals, and advising on other  
3 matters related to the administration of the  
4 recruitment program. The same members may serve on the  
5 advisory group for the loan repayment program and the  
6 recruitment program.

7 (15) Take any and all other actions necessary to administer  
8 the recruitment program.

9 § -33 **Selection and preference.** (a) In selecting  
10 recruitment recipients, the department shall give first priority  
11 preference to recruitment health professionals who are (i)  
12 JABSOM graduates, (ii) graduates of a Hawaii residency program,  
13 or (iii) residents of the state using the criteria contained in  
14 Chapter \_\_-14 and second preference to recruitment health  
15 professionals who are graduates of out-of-state schools or  
16 residency programs.

17 (b) The department shall develop criteria for selecting  
18 recruitment recipients. The criteria may include: need for  
19 recruitment health professionals in the recruitment health  
20 professional shortage areas, the willingness of an applicant to  
21 work full time in the recruitment health professional shortage  
22 areas, or the likelihood of the applicant continuing to practice

1 in the recruitment health professional shortage area after the  
2 service obligation has been completed.

3 § -34 **Award of incentives.** (a) Incentives shall only  
4 be awarded to recruitment recipients.

5 (b) Subject to available funding and need for recruitment  
6 health professional in the recruitment health professional  
7 shortage area, the amount of the incentives awarded to each  
8 recruitment recipient shall be determined by the department, but  
9 shall not exceed the amount of \$17,500 per recruitment recipient  
10 per year.

11 § -35 **Eligibility.** (a) The recruitment program shall  
12 accept applications from recruitment health professionals, or  
13 public or nonprofit private entities or communities intending to  
14 or employing a recruitment health professional.

15 (b) To be eligible to participate in the recruitment  
16 program, the recruitment recipient must:

17 (1) In the case of a public or nonprofit private entity or  
18 community, employ or intend to employ and provide the  
19 services of a recruitment health professional for the  
20 length of the service obligation in the recruitment  
21 health professional shortage area.

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1           (2) In the case of a recruitment health professional,  
2           provide services of a recruitment health professional  
3           in a recruitment health professional shortage area.

4           (b) In addition to the requirements set forth in  
5           Subsection (a), to be eligible to participate in the recruitment  
6           program, a recruitment health professional must also:

7           (1) Be a United States citizen or a naturalized citizen of  
8           the United States;

9           (2) Provide full time services of a recruitment health  
10          professional in the recruitment health professional  
11          shortage area;

12          (3) Charge for their professional services at the usual  
13          and customary prevailing rates in the area where the  
14          services are provided, except that if a person is  
15          unable to pay such charge, the person may be charged  
16          at a reduced rate or not charged any fee;

17          (4) Agree not to discriminate on the basis of the  
18          patient's ability to pay or on the basis that the  
19          payment for such care will be made pursuant to  
20          Medicare, Medicaid, or the State Children's Health  
21          Insurance Program;

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1 (5) Agree to accept assignment under Medicare under Title  
2 XVIII of the Social Security Act, enter into an  
3 appropriate agreement 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 (6) Agree to pay the amount specified by the department if  
10 the service obligation is not completed for any  
11 reason;

12 (7) Be a licensed and qualified recruitment health  
13 professional in the state and maintain such licensure  
14 and qualifications during the service obligation  
15 period;

16 (8) Obtain and maintain any other licensure required of  
17 recruitment health professionals in the state; and

18 (9) Meet any other requirements that may be established by  
19 the department.

20 § -36 **Service obligation.** The recruitment recipient,  
21 in the case of an public or nonprofit private entity or  
22 community, must obligate the recruitment health professional to

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1 practice full time in a recruitment health professional shortage  
2 area for a minimum of two years with the possibility of  
3 extending the service obligation for one-year amendments for a  
4 total service obligation not to exceed five years. Periods of  
5 internship, preceptorship, clinical training, or other post-  
6 graduate training shall not be counted toward the service  
7 obligation.

8       **§     -37 Recruitment health professional shortage areas.**

9 The recruitment recipients shall be located in and providing  
10 services of a recruitment health professional in a recruitment  
11 health professional shortage area.

12       **§     -38 Waiver of service obligation.** The department may  
13 permanently waive the service obligation upon the documentation  
14 by the recruitment health professional that a medical condition  
15 or a personal situation makes compliance with the service  
16 obligation permanently impossible, as determined by the  
17 department.

18       **§     -39 Suspension.** The department may temporarily  
19 suspend the service obligation upon the documentation by the  
20 recruitment health professional of a medical condition or  
21 personal situation that makes compliance with the service

1 obligation temporarily impossible, as determined by the  
2 department.

3       **§ -40 Default.** A recruitment recipient who fails to  
4 complete the service obligation shall pay as a penalty the sum  
5 of the following:

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

16       **§ -41 Rules.** The department may promulgate rules under  
17 Chapter 91 relating to the recruitment program.

18                                   **PART IV. FIRST RESPONDERS**

19       **§ -51 First responders.** All repayment participants and  
20 all recruitment health professionals participating in the  
21 recruitment program shall commit to serve as first responders in

1 the event of a declared emergency in the state or at the request  
2 of the director of health.

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 care 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 **Coordination of funds.** Funds appropriated by the  
12 Legislature for the purposes of this Act or received from  
13 private sources (unless restricted by the donor) may be  
14 allocated by the department between the loan repayment program  
15 and recruitment program based on the need for the funds and need  
16 for either repayment health care professionals or recruitment  
17 health professionals within the state."

18 SECTION 2. There is appropriated out of the general  
19 revenues of the state of Hawaii the sum of \$\_\_\_\_\_, or so much  
20 thereof as may be necessary, for fiscal year 2010-2011 to be  
21 used for the purposes this Act.

22 SECTION 3. This Act shall take effect upon its approval.

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INTRODUCED BY: \_\_\_\_\_

By Request