

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2985 Session of
2002

INTRODUCED BY PALLONE, NOVEMBER 19, 2002

REFERRED TO COMMITTEE ON EDUCATION, NOVEMBER 19, 2002

AN ACT

1 Providing for the establishment of a nursing loan forgiveness
2 program for persons employed in the nursing profession at
3 county continuing care facilities.

4 The General Assembly of the Commonwealth of Pennsylvania
5 hereby enacts as follows:

6 Section 1. Short title.

7 This act shall be known and may be cited as the County Home
8 Nurse Loan Forgiveness Act.

9 Section 2. Purpose.

10 The purpose of this act is to provide an incentive to
11 Pennsylvania nurses and Pennsylvania students who pursue higher
12 education and training in nursing programs to seek and accept
13 full-time employment at facilities.

14 Section 3. Definitions.

15 The following words and phrases when used in this act shall
16 have the meanings given to them in this section unless the
17 context clearly indicates otherwise:

18 "Agency." The Pennsylvania Higher Education Assistance

1 Agency.

2 "Approved course of study." A program or curriculum offered
3 by a postsecondary educational institution which provides
4 instruction in nursing and has been approved by the board.

5 "Approved educational institution." A postsecondary
6 educational institution located in this Commonwealth which is
7 authorized to provide approved courses of study and diplomas or
8 certificates approved by the agency as an institution in which
9 students may enroll to participate in the program.

10 "Board." The State Board of Nursing of the Commonwealth.

11 "Continuing care." The furnishing to an individual, other
12 than an individual related by consanguinity or affinity to the
13 individual furnishing such care, of board and lodging, nursing
14 services, medical services or other health-related services.

15 "Facility." A place which:

16 (1) provides continuing care; and

17 (2) is operated by a county.

18 "Licensed practical nurse." An individual licensed under the
19 laws of this Commonwealth to practice practical nursing.

20 "Nurse." A licensed practical or registered nurse.

21 "Program." The County Home Nurse Loan Forgiveness Program
22 established in section 4.

23 "Registered nurse." An individual licensed under the laws of
24 this Commonwealth to practice professional nursing.

25 "Student." An individual domiciled in this Commonwealth who
26 attends or is about to attend a postsecondary educational
27 institution located in this Commonwealth.

28 "Work requirement." Postgraduate, full-time employment in
29 direct patient care with a facility in an occupation related to
30 an approved course of study under this act. The term does not

1 include a paid student internship, a paid fellowship, volunteer
2 service or employment before graduation.

3 Section 4. Establishment.

4 (a) Establishment.--The County Home Nurse Loan Forgiveness
5 Program is established. The program shall be for repayment of
6 student loans for nurses providing direct patient care in
7 facilities.

8 (b) Administration.--The program shall be administered by
9 the agency.

10 Section 5. Repayment assistance.

11 The agency may provide assistance for the repayment of an
12 agency-administered student loan for education at an institution
13 of higher learning received by a nurse. Repayment assistance may
14 not be made for a loan that is in default at the time of the
15 application or for an agency-administered loan being repaid
16 through any other loan repayment assistance program. Repayment
17 shall be made by the agency to the lending institution on behalf
18 of the loan recipient.

19 Section 6. Eligibility.

20 Consideration for loan repayment assistance shall be as
21 follows:

22 (1) The applicant must be an individual who:

23 (i) has completed an approved course of study;

24 (ii) has been licensed by the board as a licensed
25 practical nurse or a registered nurse; and

26 (iii) is employed full time as a nurse in the
27 provision of direct patient care in a facility.

28 (2) An applicant who is qualified under paragraph (1)
29 must agree to practice in a facility as a nurse for not less
30 than three years.

1 Section 7. Amount of loan forgiveness.

2 (a) Licensed practical nurse.--A licensed practical nurse
3 who is eligible under section 6 shall be eligible to receive up
4 to \$3,000 in loan repayments based on the following repayment
5 schedule:

6 (1) Year one, 30%.

7 (2) Year two, 35%.

8 (3) Year three, 35%.

9 (b) Registered nurse.--A registered nurse who is eligible
10 under section 6 shall be eligible to receive up to \$20,000 in
11 loan repayments based on the following repayment schedule:

12 (1) Year one, 25%.

13 (2) Year two, 25%.

14 (3) Year three, 25%.

15 (4) Year four, 25%.

16 Section 8. Administration.

17 (a) Contracts.--A recipient of loan repayment assistance
18 must enter into a contract with the agency, which shall be
19 considered a contract with the Commonwealth. The contract must
20 include the following terms and conditions:

21 (1) The nurse agrees to practice in a facility at a
22 repayment assistance schedule provided in section 7 for not
23 less than:

24 (i) three full years if the nurse is a licensed
25 practical nurse; or

26 (ii) four full years if the nurse is a registered
27 nurse.

28 (2) The nurse agrees to practice on a full-time basis.

29 (3) The agency monitors compliance with the work
30 requirement.

1 (4) The agency certifies compliance with the terms of
2 the contract for purposes of receipt by the nurse of loan
3 repayment awards for years subsequent to the initial year of
4 the loan.

5 (5) The contract is renewable on an annual basis upon
6 certification by the agency that the nurse has complied with
7 the terms of the contract.

8 (6) Upon the recipient's death or total or permanent
9 disability, the agency nullifies the work requirement of the
10 recipient.

11 (7) If the board has determined that the recipient has
12 committed an act of gross negligence or that the recipient's
13 license to practice is suspended or revoked, the agency has
14 authority to terminate the recipient's service in the program
15 and demand repayment of the assistance rendered to date.

16 (8) Loan recipients who fail to begin or complete the
17 obligations contracted for are required to reimburse to the
18 Commonwealth all amounts received under this act and interest
19 on the amounts as determined by the agency. Falsification or
20 misrepresentation on an application or in verification of
21 service shall be construed to be a default. Determination as
22 to the time of breach of contract shall be made by the
23 agency. Both the recipient and the agency shall make every
24 effort to resolve conflicts in order to prevent a breach of
25 contract.

26 (b) Contract enforcement.--The agency has authority to seek
27 garnishment of wages for the collection of damages provided for
28 in subsection (a)(8).

29 (c) Ineligibility.--The agency may deny loan forgiveness to
30 a student who is convicted under section 8.2 of the act of

1 January 25, 1966 (1965 P.L.1546, No.541), referred to as the
2 Higher Education Scholarship Law.

3 (d) Fraud.--A person that knowingly or intentionally obtains
4 or aids another in obtaining loan forgiveness under this act
5 through fraudulent means shall be disqualified from
6 participation and shall be liable to the agency for an amount
7 equal to three times the amount obtained.

8 (e) Verification.--The agency shall monitor and verify a
9 student's fulfillment of all requirements under this act.

10 (f) Tax.--Loan forgiveness repayments received by a student
11 shall not be considered taxable income for purposes of Article
12 III of the act of March 4, 1971 (P.L.6, No.2), known as the Tax
13 Reform Code of 1971.

14 Section 9. Annual report.

15 (a) Development of report.--The agency shall publish a
16 report by September 1, 2003, and every year thereafter for the
17 immediately preceding fiscal year. The report shall include
18 information regarding the operation of the program, including:

19 (1) The number of applications received for the program.

20 (2) The number and amount of program contracts executed
21 and contracts renewed for licensed practical nurses and
22 registered nurses.

23 (3) The number of defaulted loan forgiveness program
24 contracts, reported by cause.

25 (4) The number of nurses participating in the program,
26 reported by:

27 (i) type of institution attended, including four-
28 year educational institutions, community colleges,
29 independent two-year colleges, private licensed schools,
30 hospital-based courses of study and certificate programs;

1 and

2 (ii) location of facility of employment.

3 (5) The number and type of enforcement actions taken by
4 the agency.

5 (b) Submission.--The annual report shall be submitted to the
6 Governor, the chairman and minority chairman of the
7 Appropriations Committee of the Senate, the chairman and
8 minority chairman of the Appropriations Committee of the House
9 of Representatives, the chairman and minority chairman of the
10 Public Health and Welfare Committee of the Senate and the
11 chairman and minority chairman of the Health and Human Services
12 Committee of the House of Representatives.

13 Section 10. Appeals.

14 The program is subject to 22 Pa. Code Ch. 121 (relating to
15 student financial aid).

16 Section 11. Regulations.

17 The agency shall promulgate regulations and procedures
18 necessary to carry out the purposes of this act.

19 Section 12. Funding.

20 Loan forgiveness repayments shall be made to the extent that
21 funds are appropriated by the General Assembly for this act.

22 Section 20. Effective date.

23 This act shall take effect in 60 days.