
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1093 Session of
2007

INTRODUCED BY SHAPIRO, GERBER, BAKER, BELFANTI, BIANCUCCI,
BISHOP, CUTLER, DePASQUALE, FABRIZIO, GEORGE, GOODMAN, HELM,
HENNESSEY, JAMES, LEACH, MARKOSEK, McILHATTAN, MOYER, MUSTIO,
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SAINATO, McILVAINE SMITH, HARHAI, CALTAGIRONE AND GALLOWAY,
APRIL 18, 2007

AS AMENDED ON SECOND CONSIDERATION, HOUSE OF REPRESENTATIVES,
MAY 23, 2007

AN ACT

1 Establishing the Physician Retention Loan Forgiveness Program in
2 the Pennsylvania Higher Education Assistance Agency; and
3 providing for powers and duties of the Pennsylvania Higher
4 Education Assistance Agency.

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

7 Section 1. Short title.

8 This act shall be known and may be cited as the Physician
9 Retention Loan Forgiveness Act.

10 Section 2. Purpose.

11 The purpose of this act is to improve patient access to
12 health care by assisting the Commonwealth with recruitment and
13 retention of physicians.

14 Section 3. Definitions.

15 The following words and phrases when used in this act shall

1 have the meanings given to them in this section unless the
2 context clearly indicates otherwise:

3 "Agency." The Pennsylvania Higher Education Assistance
4 Agency.

5 "Health care facility." As defined in section 103 of the act
6 of July 19, 1979 (P.L.130, No.48), known as the Health Care
7 Facilities Act.

8 "Physician." A medical doctor or doctor of osteopathy.

9 "Program." The Physician Retention Loan Forgiveness Program
10 established by this act.

11 Section 4. Program.

12 (a) Establishment.--The Physician Retention Loan Forgiveness
13 Program is established in the agency.

14 (b) Applications.--The agency shall promulgate guidelines
15 for the selection of candidates to the program based upon the
16 following criteria:

17 (1) Demonstrated need.

18 (2) Willingness to continue practicing as a physician in
19 this Commonwealth after completing the program.

20 (c) Eligibility.--A program applicant must be:

21 (1) A citizen of the United States.

22 (2) Licensed to practice medicine in this Commonwealth.

23 (d) Selection.--The agency shall give preference to
24 physicians in the following order:

25 (1) RECIPIENTS OF LOANS WHO BY CONTRACT WITH THE AGENCY <—
26 AGREE TO PRACTICE MEDICINE IN AN AREA OF THIS COMMONWEALTH
27 THAT IS REPORTED BY THE DEPARTMENT OF HEALTH AS MEDICALLY
28 UNDERSERVED OR IN A PRIMARY CARE HEALTH PROFESSIONAL SHORTAGE
29 AREA.

30 ~~(1)~~ (2) Commonwealth physicians completing training in <—

1 this Commonwealth.

2 ~~(2)~~ (3) Out-of-State applicants completing training in ←
3 this Commonwealth.

4 ~~(3)~~ (4) Commonwealth natives completing out-of-State ←
5 training.

6 ~~(4)~~ (5) Out-of-State candidates completing out-of-State ←
7 training.

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

10 Section 5. Amount of loan forgiveness.

11 (a) Physicians practicing full time.--A physician accepted
12 into the program practicing full time may be reimbursed an
13 amount up to 100% of the total loan for physician training based
14 upon the following repayment assistance schedule:

- 15 (1) First year of service, 10%.
- 16 (2) Second year of service, 10%.
- 17 (3) Third year of service, 10%.
- 18 (4) Fourth year of service, 10%.
- 19 (5) Fifth year of service, 10%.
- 20 (6) Sixth year of service, 10%.
- 21 (7) Seventh year of service, 10%.
- 22 (8) Eighth year of service, 10%.
- 23 (9) Ninth year of service, 10%.
- 24 (10) Tenth year of service, 10%.

25 (b) Physicians practicing part time.--A physician accepted
26 into the program practicing part time may be reimbursed an
27 amount directly proportional to the number of hours worked of
28 the total loan for physician training based upon the following
29 repayment assistance schedule:

- 30 (1) First year of service, 10%.

- 1 (2) Second year of service, 10%.
- 2 (3) Third year of service, 10%.
- 3 (4) Fourth year of service, 10%.
- 4 (5) Fifth year of service, 10%.
- 5 (6) Sixth year of service, 10%.
- 6 (7) Seventh year of service, 10%.
- 7 (8) Eighth year of service, 10%.
- 8 (9) Ninth year of service, 10%.
- 9 (10) Tenth year of service, 10%.

10 Section 6. Contract.

11 (a) General rule.--Physicians receiving loan forgiveness
12 shall enter into a contract with the agency. The contract shall
13 include, but not be limited to, the following terms and
14 conditions:

15 (1) The physician shall agree to practice not fewer than
16 ten full consecutive years in a licensed health care facility
17 in this Commonwealth immediately following completion of
18 training pursuant to the schedule provided in section 5.

19 (2) The physician shall agree to accept Medicare and
20 Medicaid patients.

21 (3) The physician shall agree not to discriminate
22 against patients based on the ability to pay.

23 (4) The physician shall permit the agency to monitor
24 compliance with the work requirement.

25 (5) The agency shall certify compliance of the physician
26 receiving a loan forgiveness award for years subsequent to
27 the initial year of the loan.

28 (6) The contract shall be renewable on an annual basis
29 upon certification by the agency that the physician has
30 complied with the terms of the contract.

1 (7) The contract shall terminate if the physician dies,
2 is not able to perform the duties of a physician or is not
3 able to maintain the physician's license to practice medicine
4 due to physical or mental disability.

5 (8) If the physician's license to practice is suspended
6 or revoked, the agency shall have the authority to terminate
7 the physician's participation in the program and demand
8 repayment of all loan forgiveness payments rendered to date.

9 (9) A physician who fails to begin or complete the
10 obligations contracted for shall reimburse the Commonwealth
11 all amounts received under this act and interest thereon as
12 determined by the agency. Both the physician and the agency
13 shall make every effort to resolve conflicts in order to
14 prevent a breach of contract.

15 (b) Contract enforcement.--The agency shall have the
16 authority to seek garnishment of wages for the collection of
17 damages provided for in subsection (a)(9).

18 Section 7. Disqualification.

19 Any person who knowingly or intentionally procures, obtains
20 or aids another to procure or obtain loan forgiveness under this
21 act through fraudulent means shall be disqualified from
22 participation and shall be liable to the agency for an amount
23 equal to three times the amount obtained.

24 Section 8. Tax consequences.

25 Loan forgiveness payments received by a physician shall not
26 be considered taxable income for purposes of Article III of the
27 act of March 4, 1971 (P.L.6, No.2), known as the Tax Reform Code
28 of 1971.

29 Section 9. Regulations.

30 The agency shall adopt regulations and procedures necessary

1 to carry out the purposes of this act.

2 Section 10. Funding.

3 Loan forgiveness payments shall be made to the extent that
4 funds are appropriated to the Physician Retention Loan
5 Forgiveness Program by the General Assembly.

6 Section 11. Effective date.

7 This act shall take effect in 90 days.