

## THE GENERAL ASSEMBLY OF PENNSYLVANIA

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**HOUSE BILL****No. 1093** Session of  
2007

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INTRODUCED BY SHAPIRO, GERBER, BAKER, BELFANTI, BIANCUCCI,  
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SAINATO, McILVAINE SMITH, HARHAI, CALTAGIRONE, GALLOWAY,  
TRUE, LENTZ, QUINN, M. O'BRIEN, PAYNE, WOJNAROSKI, CLYMER AND  
MANTZ, APRIL 18, 2007

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AS RE-REPORTED FROM COMMITTEE ON APPROPRIATIONS, HOUSE OF  
REPRESENTATIVES, AS AMENDED, JUNE 20, 2007

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## 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 AND SPECIALIZING IN ONE OF THE FOLLOWING: <—

24 (I) INTERNAL MEDICINE.

25 (II) FAMILY MEDICINE.

26 (III) PEDIATRICS.

27 (IV) OBSTETRICS AND GYNECOLOGY.

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

30 (1) Recipients of loans who by contract with the agency

1 agree to practice medicine in an area of this Commonwealth  
2 that is reported by the Department of Health as medically  
3 underserved or in a primary care health professional shortage  
4 area.

5 (2) Commonwealth physicians completing training in this  
6 Commonwealth.

7 (3) Out-of-State applicants completing training in this  
8 Commonwealth.

9 (4) Commonwealth natives completing out-of-State  
10 training.

11 (5) Out-of-State candidates completing out-of-State  
12 training.

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

15 Section 5. Amount of loan forgiveness.

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

20 (1) First year of service, ~~10%~~ 5%. <—

21 (2) Second year of service, ~~10%~~ 5%. <—

22 (3) Third year of service, 10%.

23 (4) Fourth year of service, 10%.

24 (5) Fifth year of service, 10%.

25 (6) Sixth year of service, 10%.

26 (7) Seventh year of service, 10%.

27 (8) Eighth year of service, 10%.

28 (9) Ninth year of service, 10%.

29 (10) Tenth year of service, ~~10%~~ 20%. <—

30 (b) Physicians practicing part time.--A physician accepted

1 into the program practicing part time may be reimbursed an  
2 amount directly proportional to the number of hours worked of  
3 the total loan for physician training based upon the following  
4 repayment assistance schedule:

- 5 (1) First year of service, ~~10%~~ 5%. <—
- 6 (2) Second year of service, ~~10%~~ 5%. <—
- 7 (3) Third year of service, 10%.
- 8 (4) Fourth year of service, 10%.
- 9 (5) Fifth year of service, 10%.
- 10 (6) Sixth year of service, 10%.
- 11 (7) Seventh year of service, 10%.
- 12 (8) Eighth year of service, 10%.
- 13 (9) Ninth year of service, 10%.
- 14 (10) Tenth year of service, ~~10%~~ 20%. <—

15 Section 6. Contract.

16 (a) General rule.--Physicians receiving loan forgiveness  
17 shall enter into a contract with the agency. The contract shall  
18 include, but not be limited to, the following terms and  
19 conditions:

- 20 (1) The physician shall agree to practice not fewer than  
21 ten full consecutive years in a licensed health care facility  
22 in this Commonwealth immediately following completion of  
23 training pursuant to the schedule provided in section 5.
- 24 (2) The physician shall agree to accept Medicare and  
25 Medicaid patients.
- 26 (3) The physician shall agree not to discriminate  
27 against patients based on the ability to pay.
- 28 (4) The physician shall permit the agency to monitor  
29 compliance with the work requirement.
- 30 (5) The agency shall certify compliance of the physician

1 receiving a loan forgiveness award for years subsequent to  
2 the initial year of the loan.

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

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

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

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

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

### 23 Section 7. Disqualification.

24 Any person who knowingly or intentionally procures, obtains  
25 or aids another to procure or obtain loan forgiveness under this  
26 act through fraudulent means shall be disqualified from  
27 participation and shall be liable to the agency for an amount  
28 equal to three times the amount obtained.

### 29 Section 8. Tax consequences.

30 Loan forgiveness payments received by a physician shall not

1 be considered taxable income for purposes of Article III of the  
2 act of March 4, 1971 (P.L.6, No.2), known as the Tax Reform Code  
3 of 1971.

4 Section 9. Regulations.

5 The agency shall adopt regulations and procedures necessary  
6 to carry out the purposes of this act.

7 Section 10. Funding.

8 Loan forgiveness payments shall be made to the extent that  
9 funds are appropriated to the Physician Retention Loan  
10 Forgiveness Program by the General Assembly.

11 Section 11. Effective date.

12 This act shall take effect in 90 days.