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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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HOUSE BILL

No. 1093 Session of  
2007

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INTRODUCED BY SHAPIRO, BAKER, BELFANTI, BIANCUCCI, BISHOP,  
CUTLER, DePASQUALE, FABRIZIO, GEORGE, GOODMAN, HELM,  
HENNESSEY, JAMES, LEACH, MARKOSEK, McILHATTAN, MOYER, MUSTIO,  
NAILOR, PETRONE, REED, STABACK, WHEATLEY, MAHONEY, SCAVELLO,  
MURT, SOLOBAY, WALKO, BOYD, GERGELY, KORTZ, M. SMITH, SURRA,  
GINGRICH AND YOUNGBLOOD, APRIL 18, 2007

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REFERRED TO COMMITTEE ON HEALTH AND HUMAN SERVICES,  
APRIL 18, 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  
16 have the meanings given to them in this section unless the

1 context clearly indicates otherwise:

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

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

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

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

10 Section 4. Program.

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

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

16 (1) Demonstrated need.

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

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

20 (1) A citizen of the United States.

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

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

24 (1) Commonwealth physicians completing training in this  
25 Commonwealth.

26 (2) Out-of-State applicants completing training in this  
27 Commonwealth.

28 (3) Commonwealth natives completing out-of-State  
29 training.

30 (4) Out-of-State candidates completing out-of-State

1 training.

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

4 Section 5. Amount of loan forgiveness.

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

9 (1) First year of service, 10%.

10 (2) Second year of service, 10%.

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

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

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

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

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

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

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

18 (10) Tenth year of service, 10%.

19 (b) Physicians practicing part time.--A physician accepted  
20 into the program practicing part time may be reimbursed an  
21 amount directly proportional to the number of hours worked of  
22 the total loan for physician training based upon the following  
23 repayment assistance schedule:

24 (1) First year of service, 10%.

25 (2) Second year of service, 10%.

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

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

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

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

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

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

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

3           (10) Tenth year of service, 10%.

4 Section 6. Contract.

5       (a) General rule.--Physicians receiving loan forgiveness  
6 shall enter into a contract with the agency. The contract shall  
7 include, but not be limited to, the following terms and  
8 conditions:

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

13          (2) The physician shall agree to accept Medicare and  
14 Medicaid patients.

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

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

19          (5) The agency shall certify compliance of the physician  
20 receiving a loan forgiveness award for years subsequent to  
21 the initial year of the loan.

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

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

29          (8) If the physician's license to practice is suspended  
30 or revoked, the agency shall have the authority to terminate

1 the physician's participation in the program and demand  
2 repayment of all loan forgiveness payments rendered to date.

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

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

#### 12 Section 7. Disqualification.

13 Any person who knowingly or intentionally procures, obtains  
14 or aids another to procure or obtain loan forgiveness under this  
15 act through fraudulent means shall be disqualified from  
16 participation and shall be liable to the agency for an amount  
17 equal to three times the amount obtained.

#### 18 Section 8. Tax consequences.

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

#### 23 Section 9. Regulations.

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

#### 26 Section 10. Funding.

27 Loan forgiveness payments shall be made to the extent that  
28 funds are appropriated to the Physician Retention Loan  
29 Forgiveness Program by the General Assembly.

#### 30 Section 11. Effective date.

1        This act shall take effect in 90 days.