

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 278 Session of 2011

INTRODUCED BY ERICKSON, TARTAGLIONE, YAW, RAFFERTY, BROWNE,
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BRUBAKER, WAUGH AND GREENLEAF, JANUARY 26, 2011

REFERRED TO EDUCATION, JANUARY 26, 2011

AN ACT

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

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
17 context clearly indicates otherwise:

18 "Agency." The Pennsylvania Higher Education Assistance

1 Agency.

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

5 "Medically underserved area." An area of this Commonwealth
6 that is reported by the Department of Health as medically
7 underserved.

8 "Physician." A medical doctor, doctor of osteopathy or
9 dentist.

10 "Primary care health professional shortage area." An area of
11 this Commonwealth that is reported by the Department of Health
12 as having a shortage of primary care health professionals.

13 "Program." The Physician Retention Loan Forgiveness Program
14 established by this act.

15 Section 4. Program.

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

18 (b) Applications.--The agency shall promulgate guidelines
19 for the selection of candidates to the program based upon the
20 following criteria:

21 (1) Demonstrated need.

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

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

25 (1) A citizen of the United States.

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

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

29 (1) Commonwealth physicians completing training in this
30 Commonwealth who agree to practice medicine in a medically

underserved area or in a primary care health professional shortage area.

(2) Commonwealth physicians completing training in this Commonwealth.

(3) Commonwealth natives completing out-of-State training who agree to practice in a medically underserved area or a primary care health professional shortage area.

(4) Out-of-State applicants completing training in this Commonwealth who agree to practice in a medically underserved area or a primary care health professional shortage area.

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

Section 5. Amount of loan forgiveness.

(a) Physicians practicing full time.--A physician accepted into the program practicing full time may be reimbursed an amount up to 100% of the total loan for physician training or no more than \$75,000, whichever is less, based upon the following repayment assistance schedule:

(1) First year of service, 10%.

(2) Second year of service, 15%.

(3) Third year of service, 15%.

(4) Fourth year of service, 15%.

(5) Fifth year of service, 15%.

(6) Sixth year of service, 15%.

(7) Seventh year of service, 15%.

(b) Physicians practicing part time.--A physician accepted into the program practicing part time may be reimbursed an amount directly proportional to the number of hours worked of the total loan for physician training or no more than \$75,000, whichever is less, based upon the following repayment assistance

1 schedule:

- 2 (1) First year of service, 10%.
- 3 (2) Second year of service, 15%.
- 4 (3) Third year of service, 15%.
- 5 (4) Fourth year of service, 15%.
- 6 (5) Fifth year of service, 15%.
- 7 (6) Sixth year of service, 15%.
- 8 (7) Seventh year of service, 15%.

9 Section 6. Contract.

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

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

18 (2) The physician shall agree not to discriminate
19 against patients based on the ability to pay.

20 (3) The physician shall permit the agency to monitor
21 compliance with the work requirement.

22 (4) The agency shall certify compliance of the physician
23 receiving a loan forgiveness award for years subsequent to
24 the initial year of the loan.

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

28 (6) The contract shall terminate if the physician dies,
29 is not able to perform the duties of a physician or is not
30 able to maintain the physician's license to practice medicine

1 due to physical or mental disability.

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

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

12 (b) Contract enforcement.--The agency shall have the
13 authority to seek garnishment of wages for the collection of
14 damages provided for in subsection (a) (8).

15 Section 7. Disqualification.

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

21 Section 8. Tax consequences.

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

26 Section 9. Regulations.

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

29 Section 10. Funding.

30 Loan forgiveness payments shall be made to the extent that

1 funds are appropriated to the Physician Retention Loan
2 Forgiveness Program by the General Assembly.

3 Section 11. Appropriation.

4 The sum of \$10,000,000 shall be appropriated annually to
5 carry out the purposes of this act.

6 Section 30. Effective date.

7 This act shall take effect in 90 days.