
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 537 Session of
2013

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BROOKS, MOLCHANY, FREEMAN AND KIRKLAND, FEBRUARY 6, 2013

REFERRED TO COMMITTEE ON EDUCATION, FEBRUARY 6, 2013

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

6 "Program." The Physician Retention Loan Forgiveness Program
7 established by this act.

8 Section 4. Program.

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

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

14 (1) Demonstrated need.

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

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

18 (1) A citizen of the United States.

19 (2) Licensed to practice medicine in this Commonwealth
20 and specializing in one of the following:

21 (i) Internal medicine.

22 (ii) Family medicine.

23 (iii) Pediatrics.

24 (iv) Obstetrics and gynecology.

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

27 (1) Recipients of loans who by contract with the agency
28 agree to practice medicine in an area of this Commonwealth
29 that is reported by the Department of Health as medically
30 underserved or in a primary care health professional shortage

1 area.

2 (2) Commonwealth physicians completing training in this
3 Commonwealth.

4 (3) Out-of-State applicants completing training in this
5 Commonwealth.

6 (4) Commonwealth natives completing out-of-State
7 training.

8 (5) Out-of-State candidates completing out-of-State
9 training.

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

12 Section 5. Amount of loan forgiveness.

13 (a) Physicians practicing full time.--A physician accepted
14 into the program practicing full time may be reimbursed an
15 amount up to 100% of the total loan for physician training at a
16 rate of 10% per year for each year of practice in this
17 Commonwealth.

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

23 (1) First year of service, 5%.

24 (2) Second year of service, 5%.

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

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

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

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

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

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

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

2 (10) Tenth year of service, 20%.

3 Section 6. Contract.

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

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

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

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

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

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

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

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

28 (8) If the physician's license to practice is suspended
29 or revoked, the agency shall have the authority to terminate
30 the physician's participation in the program and demand

1 repayment of all loan forgiveness payments rendered to date.

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

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

11 Section 7. Disqualification.

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

17 Section 8. Tax consequences.

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

22 Section 9. Regulations.

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

25 Section 10. Funding.

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

29 Section 20. Effective date.

30 This act shall take effect in 90 days.