
HOUSE BILL 2127

State of Washington 65th Legislature 2017 Regular Session

By Representatives Halper, Cody, Harris, Schmick, and Johnson

1 AN ACT Relating to establishing a medical student loan program;
2 and adding a new chapter to Title 28B RCW.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4 NEW SECTION. **Sec. 1.** The definitions in this section apply
5 throughout this chapter unless the context clearly requires
6 otherwise.

7 (1) "Eligible student" means a resident student who is enrolled
8 in an accredited doctor of medicine or doctor of osteopathic medicine
9 program in the state, is making satisfactory progress, and has
10 declared an intention to work as a physician in a rural area in
11 Washington following graduation.

12 (2) "Medical student loan" means a loan that is approved by the
13 office and awarded to a participant under the program.

14 (3) "Office" means the office of student financial assistance.

15 (4) "Participant" means an eligible student who has received a
16 medical student loan under the program.

17 (5) "Program" means the medical student loan program.

18 (6) "Rural" means a county or combination of counties with a
19 widely dispersed population that is not considered an urbanized area
20 according to the United States department of commerce, bureau of the
21 census.

1 NEW SECTION. **Sec. 2.** Subject to availability of amounts
2 appropriated for this specific purpose, the medical student loan
3 program is established to increase the rural physician workforce in
4 Washington state. The office shall administer the program and has the
5 following powers and duties:

6 (1) To design and implement a low interest medical student loan
7 program with the following elements:

8 (a) A low interest rate, comparable to or more favorable than the
9 federal direct loan program, that begins once the participant
10 finishes his or her medical residency program;

11 (b) An annual loan limit not to exceed forty thousand dollars and
12 no more than the participant's estimated cost of attendance as
13 determined by his or her medical program;

14 (c) Loan repayments that do not commence until:

15 (i) Six months after the participant completes his or her medical
16 residency program; or

17 (ii) Six months after a participant leaves his or her doctor of
18 medicine program, doctor of osteopathic medicine program, or medical
19 residency program before completing; and

20 (d) A penalty interest rate of at least twelve percent plus
21 capitalized interest that was deferred during the participant's
22 doctor of medicine or doctor of osteopathic medicine program and
23 residency program if the participant does not work as a physician in
24 a rural area in Washington for three years following completion of
25 his or her medical residency program;

26 (2) To establish an application, selection, and notification
27 process for awarding medical student loans to eligible students;

28 (3) To define the terms of repayment, including applicable
29 interest rates, fees, and deferments;

30 (4) To collect and manage repayments on the medical student
31 loans;

32 (5) To solicit and accept grants and donations from public and
33 private sources for the program;

34 (6) To exercise discretion to revise repayment obligations in
35 certain cases, such as economic hardship or disability;

36 (7) To publicize the program; and

37 (8) To adopt necessary rules.

38 NEW SECTION. **Sec. 3.** (1) The medical student loan account is
39 created in the custody of the state treasurer. No appropriation is

1 required for expenditures of funds from the account for medical
2 student loans. An appropriation is required for expenditures of funds
3 from the account for costs associated with program administration by
4 the office. The account is not subject to allotment procedures under
5 chapter 43.88 RCW.

6 (2) The office shall deposit into the account all moneys received
7 for the program. The account shall be self-sustaining and consist of
8 moneys received for the program by the office, and receipts from
9 participant repayments, including principal and interest.

10 (3) Expenditures from the account may be used solely for medical
11 student loans to participants in the program established by this
12 chapter and costs associated with program administration by the
13 office.

14 (4) Disbursements from the account may be made only on the
15 authorization of the office.

16 NEW SECTION. **Sec. 4.** (1) The office shall submit an annual
17 report regarding the program to the governor and the appropriate
18 committees of the legislature in accordance with the reporting
19 requirements in RCW 43.01.036.

20 (2) The annual report shall describe the design and
21 implementation of the program, and must include the following:

22 (a) The number of applicants for medical student loans;

23 (b) The number of participants in the program;

24 (c) The number of participants in the program who complete their
25 medical program;

26 (d) The number of participants in the program who are placed in
27 employment;

28 (e) The nature of that employment, including the type of job;
29 whether the job is full-time, part-time, or temporary; and the income
30 range;

31 (f) Whether the participant is working in a rural area;

32 (g) Demographic profiles of both applicants and participants; and

33 (h) An estimate of when the program will be self-sustaining.

34 (3) The annual report must be submitted by December 1st of each
35 year after July 1, 2020.

1 NEW SECTION. **Sec. 5.** Sections 1 through 4 of this act
2 constitute a new chapter in Title 28B RCW.

--- END ---