SECOND SUBSTITUTE HOUSE BILL 1668

AS AMENDED BY THE SENATE

Passed Legislature - 2019 Regular Session

State of Washington

66th Legislature

2019 Regular Session

By House Appropriations (originally sponsored by Representatives Slatter, Jinkins, DeBolt, Macri, Frame, Robinson, Tharinger, Bergquist, Senn, Cody, Pollet, Young, Davis, Kloba, Ortiz-Self, Lekanoff, Steele, Harris, Ormsby, Stanford, Goodman, Doglio, Fey, Leavitt, Valdez, and Hudgins)

READ FIRST TIME 03/01/19.

- AN ACT Relating to creating the Washington health corps to support health care professionals who provide service in underserved communities; amending RCW 28B.115.010, 28B.115.020, 28B.115.030, 28B.115.040, 28B.115.050, 28B.115.070, 28B.115.080, 28B.115.090, 28B.115.100, 28B.115.110, and 28B.115.120; adding a new section to chapter 28B.115 RCW; and creating a new section.
- 7 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:
- 8 **Sec. 1.** RCW 28B.115.010 and 1989 1st ex.s. c 9 s 716 are each 9 amended to read as follows:

10 The legislature finds that changes in demographics, the delivery 11 of health care services, and an escalation in the cost of educating 12 professionals has resulted in shortages of 13 professionals. A poor distribution of health care professionals has 14 resulted in a surplus of some professionals in some areas of the state and a shortage of others in other parts of the state, such as 15 16 in the more rural areas and in behavioral health services. The high 17 cost of health professional education requires that health care repay 18 practitioners command higher incomes to the financial 19 obligations incurred to obtain the required training. Health 20 professional shortage areas are often areas that have troubled 21 economies and lower per capita incomes. These areas often require

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more services because the health care needs are greater due to poverty or because the areas are difficult to service due to geographic circumstances. The salary potentials for shortage areas are often not as favorable when compared to nonshortage areas and practitioners are unable to serve. The legislature further finds that encouraging health professionals to serve in shortage areas is essential to assure continued access to health care for persons living in these parts of the state.

The legislature also finds that one in five adults in the United States experiences mental illness in any given year, but only fortyone percent of adults with a mental health condition received mental health services in 2016, according to the national institute of mental health. The children's mental health work group found that in 2013, only forty percent of children on medicaid with mental health treatment needs were receiving services. Individuals seeking behavioral health services may have trouble receiving the help they need from health care professionals because behavioral health services are limited due to workforce shortages of behavioral health providers. The legislature further finds that encouraging more health care professionals to practice behavioral health in areas with limited services would benefit the state by creating greater access to behavioral health services and by having more health care professionals experienced in providing behavioral health services.

Therefore, the legislature intends to establish the Washington health corps to encourage more health care professionals to work in underserved areas by providing loan repayment and conditional scholarships in return for completing a service commitment.

Sec. 2. RCW 28B.115.020 and 2013 c 19 s 46 are each amended to 29 read as follows:

Unless the context clearly requires otherwise, the definitions in this section apply throughout this chapter.

- (1) "Credentialed health care profession" means a health care profession regulated by a disciplining authority in the state of Washington under RCW 18.130.040 or by the pharmacy quality assurance commission under chapter 18.64 RCW and designated by the department in RCW 28B.115.070 as a profession having shortages of credentialed health care professionals in the state.
- (2) "Credentialed health care professional" means a person regulated by a disciplining authority in the state of Washington to

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practice a health care profession under RCW 18.130.040 or by the pharmacy quality assurance commission under chapter 18.64 RCW.

(3) "Department" means the state department of health.

- (4) "Eligible education and training programs" means education and training programs approved by the department that lead to eligibility for a credential as a credentialed health care professional.
- (5) "Eligible expenses" means reasonable expenses associated with the costs of acquiring an education such as tuition, books, equipment, fees, room and board, and other expenses determined by the office.
- (6) "Eligible student" means a student who has been accepted into an eligible education or training program and has a declared intention to serve in a health professional shortage area upon completion of the education or training program.
- (7) "Forgiven" or "to forgive" or "forgiveness" means to render health care services in a health professional shortage area <u>or an underserved behavioral health area</u> in the state of Washington in lieu of monetary repayment.
- (8) "Health professional shortage areas" means those areas where credentialed health care professionals are in short supply as a result of geographic maldistribution or as the result of a short supply of credentialed health care professionals in specialty health care areas and where vacancies exist in serious numbers that jeopardize patient care and pose a threat to the public health and safety. The department shall determine health professional shortage areas as provided for in RCW 28B.115.070. In making health professional shortage area designations in the state the department may be guided by applicable federal standards for "health manpower shortage areas," and "medically underserved areas," and "medically underserved populations."
- (9) "Loan repayment" means a loan that is paid in full or in part if the participant renders health care services in a health professional shortage area or an underserved behavioral health area as defined by the department.
- (10) "Nonshortage rural area" means a nonurban area of the state of Washington that has not been designated as a rural physician shortage area. The department shall identify the nonshortage rural areas of the state.
 - (11) "Office" means the office of student financial assistance.

- (12) "Participant" means a credentialed health care professional who has received a loan repayment award and has commenced practice as a credentialed health care provider in a designated health professional shortage area or an underserved behavioral health area or an eligible student who has received a scholarship under this program.
- (13) (("Program" means the health professional loan repayment and scholarship program.
- (14)) "Required service obligation" means an obligation by the participant to provide health care services in a health professional shortage area or an underserved behavioral health area for a period to be established as provided for in this chapter.
- (((15))) <u>(14)</u> "Rural physician shortage area" means rural geographic areas where primary care physicians are in short supply as a result of geographic maldistributions and where their limited numbers jeopardize patient care and pose a threat to public health and safety. The department shall designate rural physician shortage areas.
- 19 $((\frac{16}{16}))$ (15) "Satisfied" means paid-in-full.

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- 20 (((17))) <u>(16)</u> "Scholarship" means a loan that is forgiven in 21 whole or in part if the recipient renders health care services in a 22 health professional shortage area <u>or an underserved behavioral health</u> 23 area.
 - $((\frac{(18)}{(18)}))$ <u>(17)</u> "Sponsoring community" means a rural hospital or hospitals as authorized in chapter 70.41 RCW, a rural health care facility or facilities as authorized in chapter 70.175 RCW, or a city or county government or governments.
- 28 (18) "Underserved behavioral health area" means a geographic 29 area, population, or facility that has a shortage of health care 30 professionals providing behavioral health services, as determined by 31 the department.
- 32 **Sec. 3.** RCW 28B.115.030 and 2013 c 298 s 1 are each amended to 33 read as follows:
- The Washington health corps is the state's initiative to
 encourage health care professionals to work in underserved
 communities. In exchange for service, the health care professional
 receives assistance with higher education, in the form of loan
 repayment or a conditional scholarship. The Washington health corps

- 1 consists of the health professional loan repayment and scholarship 2 program and the behavioral health loan repayment program.
- 3 <u>(1)</u> The health professional loan repayment and scholarship 4 program is established for credentialed health professionals and 5 residents serving in health professional shortage areas.

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- (2) The behavioral health loan repayment program is established for credentialed health professionals serving in underserved behavioral health areas.
- 9 (3) The <u>health professional loan repayment and scholarship and</u>
 10 <u>the behavioral health loan repayment programs</u> shall be administered
 11 by the office. In administering ((this)) the programs, the office
 12 shall:
 - (((1))) <u>(a)(i)</u> Select credentialed health care professionals and residents to participate in the loan repayment portion ((of the loan repayment and scholarship program and select eligible students to participate)) <u>and</u> in the scholarship portion of the <u>health professional</u> loan repayment and scholarship program; <u>and</u>
- 18 <u>(ii) Select credentialed health care participants to participate</u>
 19 <u>in the behavioral health loan repayment program;</u>
- 20 $((\frac{2}{2}))$ Adopt rules and develop guidelines to administer the programs;
- $((\frac{3}{3}))$ (c) Collect and manage repayments from participants who do not meet their service obligations under this chapter;
 - (((4))) <u>(d)</u> Publicize the program, particularly to maximize participation among individuals in shortage <u>and underserved</u> areas and among populations expected to experience the greatest growth in the workforce;
- 28 $((\frac{(5)}{)})$ (e) Solicit and accept grants and donations from public 29 and private sources for the programs;
 - (((6))) (f) Use a competitive procurement to contract with a fund-raiser to solicit and accept grants and donations from private sources for the programs. The fund-raiser shall be paid on a contingency fee basis on a sliding scale but must not exceed fifteen percent of the total amount raised for the programs each year. The fund-raiser shall not be a registered state lobbyist; and
- $((\frac{(7)}{)})$ <u>(g)</u> Develop criteria for a contract for service in lieu of the service obligation where appropriate, that may be a combination of service and payment.

Sec. 4. RCW 28B.115.040 and 1991 c 332 s 17 are each amended to read as follows:

The department may provide technical assistance to rural communities desiring to become sponsoring communities for the purposes of identification of prospective students for the health professional loan repayment and scholarship program, assisting prospective students to apply to an eligible education and training program, making formal agreements with prospective students to provide credentialed health care services in the community, forming agreements between rural communities in a service area to share credentialed health care professionals, and fulfilling any matching requirements.

Sec. 5. RCW 28B.115.050 and 2011 1st sp.s. c 11 s 206 are each amended to read as follows:

The office shall establish a planning committee to assist it in developing criteria for the selection of participants for both the health professional loan repayment and scholarship program and the behavioral health loan repayment program. The office shall include on the planning committee representatives of the department, the department of social and health services, appropriate representatives from health care facilities, provider groups, consumers, the state board for community and technical colleges, the superintendent of public instruction, institutions of higher education, representatives from the behavioral health and public health fields, and other appropriate public and private agencies and organizations. The criteria may require that some of the participants meet the definition of "needy student" under RCW 28B.92.030.

- **Sec. 6.** RCW 28B.115.070 and 2017 3rd sp.s. c 1 s 958 are each 29 amended to read as follows:
- $((\frac{1}{1}))$ After June 1, 1992, the department, in consultation with 31 the office and the department of social and health services, shall:
 - (((a))) <u>(1)</u> Determine eligible credentialed health care professions for the purposes of the <u>health professional</u> loan repayment and scholarship program <u>and the behavioral health loan repayment program</u> authorized by this chapter. Eligibility shall be based upon an assessment that determines that there is a shortage or insufficient availability of a credentialed profession so as to jeopardize patient care and pose a threat to the public health and

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- safety. The department shall consider the relative degree shortages among professions when determining eligibility. The department may add or remove professions from eligibility based upon the determination that a profession is no longer in shortage. Should a profession no longer be eligible, participants or eligible students who have received scholarships shall be eligible to continue to receive scholarships or loan repayments until they are no longer eligible or until their service obligation has been completed;
- 9 (((b))) <u>(2)</u> Determine health professional shortage areas for each of the eligible credentialed health care professions; and

- (3) Determine underserved behavioral health areas for each of the eligible credentialed health care professions.
- (((2) For the 2017-2019 fiscal biennium, consideration for eligibility shall also be given to registered nursing students who have been accepted into an eligible nursing education program and have declared an intention to teach nursing upon completion of the nursing education program.))
- **Sec. 7.** RCW 28B.115.080 and 2011 1st sp.s. c 11 s 208 are each 19 amended to read as follows:

After June 1, 1992, the office, in consultation with the department and the department of social and health services, shall:

- (1) Establish the annual award amount for each credentialed health care profession which shall be based upon an assessment of reasonable annual eligible expenses involved in training and education for each credentialed health care profession for both the health professional loan repayment and scholarship program and the behavioral health loan repayment program. The annual award amount may be established at a level less than annual eligible expenses. The annual award amount shall be established by the office for each eligible health profession. The awards shall not be paid for more than a maximum of five years per individual;
- (2) Determine any scholarship awards for prospective physicians in such a manner to require the recipients declare an interest in serving in rural areas of the state of Washington. Preference for scholarships shall be given to students who reside in a rural physician shortage area or a nonshortage rural area of the state prior to admission to the eligible education and training program in medicine. Highest preference shall be given to students seeking admission who are recommended by sponsoring communities and who

declare the intent of serving as a physician in a rural area. The office may require the sponsoring community located in a nonshortage rural area to financially contribute to the eligible expenses of a medical student if the student will serve in the nonshortage rural area;

- (3) Establish the required service obligation for each credentialed health care profession, which shall be no less than three years or no more than five years, for the health professional loan repayment and scholarship program and the behavioral health loan repayment program. The required service obligation may be based upon the amount of the scholarship or loan repayment award such that higher awards involve longer service obligations on behalf of the participant;
 - (4) Determine eligible education and training programs for purposes of the scholarship portion of the <u>health professional loan</u> repayment and scholarship program;
- 17 (5) Honor loan repayment and scholarship contract terms
 18 negotiated between the office and participants prior to May 21, 1991,
 19 concerning loan repayment and scholarship award amounts and service
 20 obligations authorized under chapter 28B.115((, 28B.104,)) or 70.180
 21 RCW.
- **Sec. 8.** RCW 28B.115.090 and 2011 1st sp.s. c 11 s 209 are each 23 amended to read as follows:
 - (1) The office may grant loan repayment and scholarship awards to eligible participants from the funds appropriated ((for this purpose)) to the health professional loan repayment and scholarship program, or from any private or public funds given to the office for this purpose. The office may grant loan repayment to eligible participants from the funds appropriated to the behavioral health loan repayment program or from any private or public funds given to the office for this purpose. Participants are ineligible to receive loan repayment under the health professional loan repayment and scholarship program or the behavioral health loan repayment program if they have received a scholarship from programs authorized under this chapter or chapter 70.180 RCW or are ineligible to receive a scholarship if they have received loan repayment authorized under this chapter or chapter 28B.115 RCW.
 - (2) Funds appropriated for the <u>health professional loan repayment</u> and <u>scholarship</u> program, including reasonable administrative costs,

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may be used by the office for the purposes of loan repayments or scholarships. The office shall annually establish the total amount of funding to be awarded for loan repayments and scholarships and such allocations shall be established based upon the best utilization of funding for that year.

(3) One portion of the funding appropriated for the health professional loan repayment and scholarship program shall be used by the office as a recruitment incentive for communities participating in the community-based recruitment and retention program as authorized by chapter 70.185 RCW; one portion of the funding shall be used by the office as a recruitment incentive for recruitment activities in state-operated institutions, county public health departments and districts, county human service agencies, federal and state contracted community health clinics, and other health care facilities, such as rural hospitals that have been identified by the department, as providing substantial amounts of charity care or publicly subsidized health care; one portion of the funding shall be used by the office for all other awards. The office shall determine the amount of total funding to be distributed between the three portions.

Sec. 9. RCW 28B.115.100 and 1991 c 332 s 23 are each amended to 22 read as follows:

In providing health care services the participant shall not discriminate against a person on the basis of the person's ability to pay for such services or because payment for the health care services provided to such persons will be made under the insurance program established under part A or B of Title XVIII of the federal social security act or under a state plan for medical assistance including Title XIX of the federal social security act or under the state medical assistance program authorized by chapter 74.09 RCW and agrees to accept assignment under section 18.42(b)(3)(B)(ii) of the federal social security act for all services for which payment may be made under part B of Title XVIII of the federal social security act and enters into an appropriate agreement with the department of social and health services for medical assistance under Title XIX of the federal social security act to provide services to individuals entitled to medical assistance under the plan and enters into appropriate agreements with the department of social and health services for medical care services under chapter 74.09 RCW.

- 1 Participants found by the (($\frac{board}{}$)) \underline{office} or the department in
- 2 violation of this section shall be declared ineligible for receiving
- 3 assistance under the programs authorized by this chapter.

Sec. 10. RCW 28B.115.110 and 2011 1st sp.s. c 11 s 210 are each amended to read as follows:

Participants in the <u>Washington</u> health ((professional loan repayment and scholarship program)) corps who are awarded loan repayments shall receive payment ((from the program)) for the purpose of repaying educational loans secured while attending a program of health professional training which led to a credential as a credentialed health professional in the state of Washington.

- (1) Participants shall agree to meet the required service obligation ((in a designated health professional shortage area)).
- (2) Repayment shall be limited to eligible educational and living expenses as determined by the office and shall include principal and interest.
- (3) Loans from both government and private sources may be repaid by the program. Participants shall agree to allow the office access to loan records and to acquire information from lenders necessary to verify eligibility and to determine payments. Loans may not be renegotiated with lenders to accelerate repayment.
- (4) Repayment of loans established pursuant to ((this program)) the Washington health corps shall begin no later than ninety days after the individual has become a participant. Payments shall be made quarterly, or more frequently if deemed appropriate by the office, to the participant until the loan is repaid or the participant becomes ineligible due to discontinued service in a health professional shortage area or an underserved behavioral health area after the required service obligation when eligibility discontinues, whichever comes first.
- (5) Should the participant discontinue service in a health professional shortage area or an underserved behavioral health area, payments against the loans of the participants shall cease to be effective on the date that the participant discontinues service.
- (6) Except for circumstances beyond their control, participants who serve less than the required service obligation shall be obligated to repay to the program an amount equal to ((twice)) the unsatisfied portion of the service obligation, or the total amount paid by the program on their behalf, whichever is less. This amount

is due and payable immediately. Participants who are unable to pay the full amount due shall enter into a payment arrangement with the office, including an arrangement for payment of interest. The maximum period for repayment is ten years. The office shall determine the applicability of this subsection. The interest rate shall be determined by the office and be established by rule.

- (7) The office is responsible for the collection of payments made on behalf of participants from the participants who discontinue service before completion of the required service obligation. The office shall exercise due diligence in such collection, maintaining all necessary records to ensure that the maximum amount of payment made on behalf of the participant is recovered. Collection under this section shall be pursued using the full extent of the law, including wage garnishment if necessary.
- (8) The office shall not be held responsible for any outstanding payments on principal and interest to any lenders once a participant's eligibility expires.
- (9) The office shall temporarily or, in special circumstances, permanently defer the requirements of this section for eligible students as defined in RCW 28B.10.017.
 - (10) The office shall establish an appeal process by rule.
- **Sec. 11.** RCW 28B.115.120 and 2011 1st sp.s. c 11 s 211 are each 23 amended to read as follows:
 - (1) Participants in the <u>Washington</u> health ((professional loan repayment and scholarship program)) corps who are awarded scholarships incur an obligation to repay the scholarship, with penalty and interest, unless they serve the required service obligation in a health professional shortage area in the state of Washington.
 - (2) The interest rate shall be determined by the office and established by rule. Participants who fail to complete the service obligation shall incur an equalization fee based on the remaining unforgiven balance. The equalization fee shall be added to the remaining balance and repaid by the participant.
 - (3) The period for repayment shall coincide with the required service obligation, with payments of principal and interest commencing no later than six months from the date the participant completes or discontinues the course of study or completes or

discontinues the required postgraduate training. Provisions for deferral of payment shall be determined by the office.

- (4) The entire principal and interest of each payment shall be forgiven for each payment period in which the participant serves in a health professional shortage area until the entire repayment obligation is satisfied or the borrower ceases to so serve. Should the participant cease to serve in a health professional shortage area of this state before the participant's repayment obligation is completed, payment of the unsatisfied portion of the principal and interest is due and payable immediately.
- (5) ((In addition to the amount determined in subsection (4) of this section, except for circumstances beyond their control, participants who serve less than the required service obligation shall be obliged to pay a penalty of an amount equal to twice the unsatisfied portion of the principal.
- (6))) Participants who are unable to pay the full amount due shall enter into a payment arrangement with the office for repayment including interest. The <u>office shall set the</u> maximum period for repayment ((is ten years)) by rule.
- (((7))) (6) The office is responsible for collection of repayments made under this section and shall exercise due diligence in such collection, maintaining all necessary records to ensure that maximum repayments are made. Collection and servicing of repayments under this section shall be pursued using the full extent of the law, including wage garnishment if necessary, and shall be performed by entities approved for such servicing by the Washington student loan guaranty association or its successor agency. The office is responsible to forgive all or parts of such repayments under the criteria established in this section and shall maintain all necessary records of forgiven payments.
- ((+8)) (7) Receipts from the payment of principal or interest or any other subsidies to which the office as administrator is entitled, which are paid by or on behalf of participants under this section, shall be deposited with the office and shall be used to cover the costs of granting the scholarships, maintaining necessary records, and making collections under subsection ((+7)) (6) of this section. The office shall maintain accurate records of these costs, and all receipts beyond those necessary to pay such costs shall be used to grant scholarships to eligible students.

- 1 $((\frac{9}{1}))$ (8) Sponsoring communities who financially contribute to 2 the eligible financial expenses of eligible medical students may enter into agreements with the student to require repayment should 3 the student not serve the required service obligation in the 4 community as a primary care physician. The office may develop 5 6 criteria for the content of such agreements with respect to 7 reasonable provisions and obligations between communities and eligible students. 8
- 9 (((10))) <u>(9)</u> The office may make exceptions to the conditions for 10 participation and repayment obligations should circumstances beyond 11 the control of individual participants warrant such exceptions. The 12 office shall establish an appeal process by rule.
- NEW SECTION. Sec. 12. A new section is added to chapter 28B.115
 RCW to read as follows:
- 15 (1) Any funds appropriated by the legislature for the behavioral 16 health loan repayment program, or any other public or private funds 17 intended for loan repayments under this program, must be placed in 18 the account created by this section.

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- (2) The behavioral health loan repayment program account is created in the custody of the state treasurer. All receipts from the program must be deposited into the account. Expenditures from the account may be used only for the behavioral health loan repayment program. Only the office, or its designee, may authorize expenditures from the account. The account is subject to allotment procedures under chapter 43.88 RCW, but an appropriation is not required for expenditures.
- NEW SECTION. Sec. 13. If specific funding for the purposes of this act, referencing this act by bill or chapter number, is not provided by June 30, 2019, in the omnibus appropriations act, this act is null and void.

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