

HOUSE BILL NO. 1396

Introduced by

Representatives Sukut, Damschen, Fehr, Hatlestad, Lefor, Rohr

Senator Bekkedahl

1 A BILL for an Act to create and enact a new section to chapter 23-01 of the North Dakota
2 Century Code, relating to student loan repayment grants for health professionals; to amend and
3 reenact sections 43-17.2-01, 43-17.2-02, 43-17.2-03, 43-17.2-04, 43-17.2-05, 43-17.2-06,
4 43-17.2-08, and 43-17.2-09 of the North Dakota Century Code, relating to the physician loan
5 repayment program; and to provide for the application of this Act.

6 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

7 **SECTION 1.** A new section to chapter 23-01 of the North Dakota Century Code is created
8 and enacted as follows:

9 **Health professionals - Student loan repayment grants.**

- 10 1. The health council shall administer a grant program to assist with the repayment of
11 student loans incurred by eligible health professionals.
- 12 2. To be eligible for a student loan repayment grant under this section, an applicant must:
13 a. Be employed as a health professional by a public or private healthcare provider
14 in this state; and
15 b. Have a student loan with the Bank of North Dakota or other participating lender.
- 16 3. The health council shall distribute grants awarded under this section directly to the
17 Bank of North Dakota or to another participating lender to assist in the repayment of
18 the applicant's outstanding student loan principal balance.
- 19 4. The maximum repayment grant for which an applicant may qualify under this section is
20 ten thousand dollars.
21 a. One-third of the total grant amount is payable at the conclusion of the first twelve
22 months of employment;
23 b. One-third of the total grant amount is payable at the conclusion of twenty-four
24 months of employment; and

- 1 c. One-third of the total grant amount is payable at the conclusion of thirty-six
2 months of employment.
- 3 5. If in any year the grant applications exceed the amount appropriated for this program,
4 the health council shall prorate the grants among all eligible applicants.
- 5 6. For purposes of this section, an "eligible health professional" means an individual who
6 is authorized by this state to function as a:
- 7 a. Clinical laboratory scientist or technician;
8 b. Medical assistant;
9 c. Nutritionist;
10 d. Occupational therapist;
11 e. Paramedic;
12 f. Pharmacist;
13 g. Physical therapist;
14 h. Practical nurse;
15 i. Radiologic technologist;
16 j. Registered dietician;
17 k. Registered nurse;
18 l. Respiratory therapist;
19 m. Sonographer; or
20 n. Surgical technician.

21 **SECTION 2. AMENDMENT.** Section 43-17.2-01 of the North Dakota Century Code is
22 amended and reenacted as follows:

23 **43-17.2-01. State-community matching physician loan repayment program.**

- 24 1. The North Dakota state-community matching physician loan repayment program is
25 established as provided by this chapter.
- 26 2. The purpose of the program is to increase the number of physicians practicing
27 medicine in North Dakota communities with defined health professional medical need.
- 28 3. Under the program, loan repayments may be made to a lending institution on behalf of
29 a recipient for educational expenses incurred ~~while~~by the recipient ~~was~~while attending
30 an accredited four-year allopathic or osteopathic medical school located in the United

1 States, its possessions, territories, or Canada and approved by the state board of
2 medical examiners or by an accrediting body approved by the board.

3 4. ~~Each recipient is limited to a forty-five thousand dollar~~

4 a. ~~The maximum loan repayment from the state to be paid over tweek~~ behalf of a
5 recipient under this chapter is one hundred thousand dollars and the maximum
6 term of repayment is five years. The loan repayment from the selected
7 community ~~must be in an amount that equals or exceeds the amount equal~~
8 twenty-five percent of the loan repayment provided by the state. ~~The selected-~~
9 ~~community may negotiate a period of service longer than two years.~~

10 b. The repayments must be made to a lending institution at the conclusion of each
11 six-month period using a graduated repayment schedule as follows:

12 (1) Five thousand dollars at the conclusion of the first six months of service;

13 (2) Five thousand dollars at the conclusion of twelve months of service;

14 (3) Seven thousand five hundred dollars at the conclusion of eighteen months
15 of service;

16 (4) Seven thousand five hundred dollars at the conclusion of twenty-four
17 months of service;

18 (5) Ten thousand dollars at the conclusion of thirty months of service;

19 (6) Ten thousand dollars at the conclusion of thirty-six months of service;

20 (7) Twelve thousand five hundred dollars at the conclusion of forty-two months
21 of service;

22 (8) Twelve thousand five hundred dollars at the conclusion of forty-eight months
23 of service;

24 (9) Fifteen thousand dollars at the conclusion of fifty-four months of service;
25 and

26 (10) Fifteen thousand dollars at the conclusion of sixty months of service.

27 5. The state health council may select any number of recipients and communities each
28 year as participants in the program, subject to the availability of funding.

29 **SECTION 3. AMENDMENT.** Section 43-17.2-02 of the North Dakota Century Code is
30 amended and reenacted as follows:

1 **43-17.2-02. Powers of state health council.**

2 The state health council may:

- 3 1. Determine eligibility and qualifications of an applicant to receive loan repayment in
4 accordance with section 43-17.2-03;
- 5 2. Identify communities with health professional medical need and establish a priority
6 ranking for program participation of the selected communities;
- 7 3. Determine the amount of the loan repayment an applicant may receive within the
8 parameters of this chapter. ~~This, provided this~~ determination must include an
9 investigation of the outstanding education loans incurred by the applicant;
- 10 4. Determine the condition of loan repayment to an applicant;
- 11 5. Enter into a ~~two-year~~five-year nonrenewable loan repayment program contract with
12 the applicant and the selected community to provide repayment of education loans in
13 exchange for the physician agreeing to practice medicine in the selected community;
- 14 6. Receive and use funds appropriated for the program;
- 15 7. Receive and use funds paid by the selected communities for repayment of education
16 loans for physicians who apply and qualify for assistance under the program;
- 17 8. Enforce any contract under the program;
- 18 9. Cancel a contract for reasonable cause;
- 19 10. Participate in federal programs supporting repayment of loans to eligible physicians,
20 and agree to the conditions of the federal programs;
- 21 11. Create a loan repayment application packet;
- 22 12. Accept property from any entity; and
- 23 13. Work with the university of North Dakota's center for rural health in implementing this
24 chapter.

25 **SECTION 4. AMENDMENT.** Section 43-17.2-03 of the North Dakota Century Code is
26 amended and reenacted as follows:

27 **43-17.2-03. Physician selection criteria - Eligibility for loan repayment.**

- 28 1. The state health council shall establish criteria to apply to an applicant for a loan
29 repayment. The criteria must include:
 - 30 a. The extent to which an applicant's training is in a medical specialty determined by
31 the state health council to be needed in a selected community;

- 1 b. The applicant's commitment to serve in a community with defined health
2 professional medical need;
- 3 c. The applicant's achieving a match with a selected community;
- 4 d. The availability of the applicant for service, with the highest consideration being
5 given to an applicant who is available for service at the earliest date;
- 6 e. The applicant's professional competence and conduct; and
- 7 f. The applicant's willingness to accept medicare and medicaid assignment.
- 8 2. The state health council shall give priority for program participation to an applicant
9 who:
 - 10 a. Graduated from the university of North Dakota school of medicine and health
11 sciences and is enrolled in or has completed a university of North Dakota school
12 of medicine and health sciences postgraduate residency training program;
 - 13 b. Graduated from an accredited out-of-state medical or osteopathic college and is
14 enrolled in or has completed a university of North Dakota school of medicine and
15 health sciences postgraduate residency training program; or
 - 16 c. Graduated from the university of North Dakota school of medicine and health
17 sciences and is enrolled in or has completed an accredited out-of-state
18 postgraduate residency training program in a specialty training program not
19 available in this state.
- 20 3. A physician who receives loan repayment under this chapter:
 - 21 a. Must be a graduate of an accredited four-year allopathic or osteopathic medical
22 school located in the United States, its possessions, territories, or Canada and
23 approved by the state board of medical examiners or by an accrediting body
24 approved by the board;
 - 25 b. Must have a full and unrestricted license to practice medicine in this state;
 - 26 c. Shall submit an application to participate in the loan repayment program; and
 - 27 d. Must have entered into an agreement with a selected community to provide
28 full-time medical services for a minimum of ~~two~~five years at the selected
29 community, if the applicant receives a loan repayment program contract.

30 **SECTION 5. AMENDMENT.** Section 43-17.2-04 of the North Dakota Century Code is
31 amended and reenacted as follows:

1 **43-17.2-04. Community selection criteria.**

- 2 1. The state health council shall apply at least the following criteria for selecting a
3 community with defined health professional medical need:
- 4 a. The ratio of physicians to population in the community;
- 5 b. Access by the residents of the community to medical care within the community
6 and in the surrounding area;
- 7 c. Assessment of the expected number of physician visits within the community per
8 year;
- 9 d. The mix of physician specialties within the community; and
- 10 e. Indications of community support for more physicians within the community.
- 11 2. The state health council shall give priority for participation to a community that:
- 12 a. Demonstrates a need for primary care physicians or for a physician trained in the
13 specialty of psychiatry; or
- 14 b. Has a population of not more than fifteen thousand persons.
- 15 3. In selecting a community with health professional medical need, the state health
16 council may consult public and private associations and organizations and make an
17 onsite visit to a community for assessment.

18 **SECTION 6. AMENDMENT.** Section 43-17.2-05 of the North Dakota Century Code is
19 amended and reenacted as follows:

20 **43-17.2-05. Eligible loans.**

21 The state health council may provide for an educational loan repayment to a lending
22 institution on behalf of a loan recipient of any education loan. The health council may not
23 provide for repayment of any loan that is in default at the time of the application. The amount of
24 repayment must be related to the applicant's outstanding education loans. No applicant may
25 receive repayment in an amount greater than the total outstanding balance on the applicant's
26 education loans together with applicable interest. Loan payments may not be used to satisfy
27 other service obligations under similar programs.

28 **SECTION 7. AMENDMENT.** Section 43-17.2-06 of the North Dakota Century Code is
29 amended and reenacted as follows:

1 **43-17.2-06. Breach of loan repayment contract.**

2 A recipient of loan repayment under this chapter ~~physician~~ who breaches the loan
3 repayment program contract by failing to begin or complete the obligated service is liable for
4 twice the total uncredited amount of all loan repayment that was contracted on a prorated
5 monthly basis. Any damages the state is entitled to recover under this chapter must be paid to
6 the health council within one year from the date of the breach of the loan repayment program
7 contract. Amounts not paid within the one-year period may be subject to collection through
8 deductions in medicaid payments or other collection methods. Damages recoverable for breach
9 of contract include all interest, costs, and expenses incurred in collection, including attorney's
10 fees. Damages collected under this section must be prorated among the state and the involved
11 community. The state share must be deposited in the general fund. For compelling reasons, the
12 health council may agree to and accept a lesser measure of damages for breach of a loan
13 repayment program contract.

14 **SECTION 8. AMENDMENT.** Section 43-17.2-08 of the North Dakota Century Code is
15 amended and reenacted as follows:

16 **43-17.2-08. Term of obligated service.**

17 The length of the term of obligated service of a recipient of a loan repayment ~~required of a~~
18 physician under this chapter is a minimum of ~~two~~five years.

19 **SECTION 9. AMENDMENT.** Section 43-17.2-09 of the North Dakota Century Code is
20 amended and reenacted as follows:

21 **43-17.2-09. Payment.**

22 No payment may be made under this chapter until the physician has practiced at least six
23 months on a full-time basis in a selected community with health professional medical need. ~~Any~~
24 ~~arrangement made by the state~~The health council ~~for~~shall forward any loan repayment in
25 accordance with this chapter ~~must provide that any loan repayment for a year of obligated~~
26 ~~service be made no later than the end of the fiscal year in which the physician completes the~~
27 ~~year of obligated service~~thirty days after the conclusion of the six-month period referenced in
28 section 43-17.2-01.

29 **SECTION 10. APPLICATION.** This Act applies to physician loan repayment contracts
30 entered into on or after August 1, 2015. Any physician loan repayment contract entered into
31 before August 1, 2015, is governed by chapter 43-17.2, as it existed on July 31, 2015.