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**SENATE BILL 5498**

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**State of Washington 68th Legislature 2023 Regular Session**

**By** Senators Mullet, Holy, Rivers, King, Cleveland, Braun, Conway, Pedersen, Shewmake, and C. Wilson

AN ACT Relating to creating the hospital-based nurse student loan repayment assistance program under the Washington health corps; amending RCW 28B.115.010, 28B.115.020, 28B.115.030, 28B.115.080, 28B.115.090, and 28B.115.110; adding a new section to chapter 28B.115 RCW; creating a new section; and providing an expiration date.

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

**Sec.**  RCW 28B.115.010 and 2019 c 302 s 1 are each amended to read as follows:

The legislature finds that changes in demographics, the delivery of health care services, and an escalation in the cost of educating health professionals has resulted in shortages of health professionals. A poor distribution of health care professionals has 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 in the more rural areas and in behavioral health services. The high cost of health professional education requires that health care practitioners command higher incomes to repay the financial obligations incurred to obtain the required training. Health professional shortage areas are often areas that have troubled economies and lower per capita incomes. These areas often require 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 forty-one 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~~)) children and youth behavioral 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.

The legislature also finds that hospitals in all parts of Washington state are facing a long-standing registered nurse workforce shortage that has been exacerbated by the COVID-19 pandemic. Workforce shortages lead to reductions and closures of hospital services and stress on the existing workforce. The legislature further finds that encouraging more already-trained registered nurses to move to Washington to practice in hospitals would benefit the state by maintaining access to hospital services across the state.

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.**  RCW 28B.115.020 and 2022 c 276 s 1 are each amended to read as follows:

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

(1) "Approved nursing program" means a nursing educational program that leads to a degree or licensure in nursing that is approved by the nursing care quality assurance commission under RCW 18.79.070 and is located at an institution of higher education that is authorized to participate in state financial aid programs under chapter 28B.92 RCW.

(2) "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.

(3) "Credentialed health care professional" means a person regulated by a disciplining authority in the state of Washington to practice a health care profession under RCW 18.130.040 or by the pharmacy quality assurance commission under chapter 18.64 RCW.

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

(5) "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.

(6) "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.

(7) "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.

(8) "Forgiven" or "to forgive" or "forgiveness" means to render health care services in a health professional shortage area, an underserved behavioral health area, or as a nurse educator in the state of Washington in lieu of monetary repayment.

(9) "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."

(10) "Loan repayment" means a loan that is paid in full or in part if the participant:

(a) Renders health care services in a health professional shortage area or an underserved behavioral health area as defined by the department; or

(b) Teaches as a nurse educator for an approved nursing program.

(11) "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.

(12) "Nurse" or "nursing" has the same meaning as described under chapter 18.79 RCW.

(13) "Nurse educator" means an individual with an advanced nursing degree beyond a bachelor's degree that teaches nursing curriculum and is a faculty member for an approved nursing program.

((~~(13)~~)) (14) "Office" means the office of student financial assistance.

((~~(14)~~)) (15) "Participant" means:

(a) 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;

(b) A nurse educator teaching in an approved nursing program; or

(c) An eligible student who has received a scholarship under this program.

((~~(15)~~)) (16) "Participating hospital" means a hospital licensed under chapter 70.41 RCW or a psychiatric hospital licensed under chapter 71.12 RCW that has elected to participate in the hospital-based nurse student loan repayment assistance program.

(17) "Required service obligation" means an obligation by the participant to:

(a) 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; ((~~or~~))

(b) Teach as a nurse educator for a period to be established as provided for in this chapter; or

(c) Provide nursing services as an employee of a participating hospital for a period to be established as provided for in this chapter.

((~~(16)~~)) (18) "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.

((~~(17)~~)) (19) "Satisfied" means paid-in-full.

((~~(18)~~)) (20) "Scholarship" means a loan that is forgiven in whole or in part if the recipient renders health care services in a health professional shortage area or an underserved behavioral health area.

((~~(19)~~)) (21) "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.

((~~(20)~~)) (22) "Underserved behavioral health area" means a geographic area, population, or facility that has a shortage of health care professionals providing behavioral health services, as determined by the department.

**Sec.**  RCW 28B.115.030 and 2022 c 276 s 2 are each amended to 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 consists of the health professional loan repayment and scholarship program, the behavioral health loan repayment program, the hospital-based nurse student loan repayment assistance program, and the nurse educator loan repayment program.

(1) The health professional loan repayment and scholarship program is established for credentialed health professionals and residents serving in health professional shortage areas.

(2) The behavioral health loan repayment program is established for credentialed health professionals serving in underserved behavioral health areas.

(3) The hospital-based nurse student loan repayment assistance program is established for nurses employed by and serving in participating hospitals.

(4) The nurse educator loan repayment program is established for nurse educators teaching for approved nursing programs.

((~~(4)~~)) (5) The office is the administrator of the programs under the Washington health corps. In administering the programs, the office shall:

(a)(i) Select credentialed health care professionals and residents to participate in the loan repayment portion and in the scholarship portion of the health professional loan repayment and scholarship program;

(ii) Select credentialed health care participants to participate in the behavioral health loan repayment program; ((~~and~~))

(iii) Select nurses to participate in the hospital-based nurse student loan repayment assistance program on a quarterly basis; and

(iv) Select nurse educators to participate in the nurse educator loan repayment program;

(b) Adopt rules and develop guidelines to administer the programs;

(c) Collect and manage repayments from participants who do not meet their service obligations under this chapter;

(d) Publicize the programs, particularly to maximize participation among individuals in shortage and underserved areas and among populations expected to experience the greatest growth in the workforce;

(e) Solicit and accept grants and donations from public and private sources for the programs;

(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~~))

(g) Administer a process for hospitals to elect to become participating hospitals and collect payments from participating hospitals, other than a hospital designated by medicare as a critical access hospital or sole community hospital, that amount to 50 percent of the amounts paid to nurses serving in their hospitals and participating in the hospital-based nurse student loan repayment assistance program in the previous quarter; and

(h) 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.**  RCW 28B.115.080 and 2022 c 276 s 5 are each 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) Establish the annual award amount and the required service obligation for nurse educators participating in the nurse educator loan repayment program. The annual award amount shall be based upon an assessment of reasonable annual eligible expenses involved in training and education. The awards shall not be paid for more than a maximum of five years per individual. The required service obligation shall be no less than three years or no more than five years. The required service obligation may be based upon the amount of the loan repayment award such that higher awards involve longer service obligations on behalf of the participant;

(5) Establish the annual award amount and the required service obligation for nurses participating in the hospital-based nurse student loan repayment assistance program. The annual award amount shall be based on a calculation of 50 percent of the sum of the required monthly student loan payments for 130 percent of the median participating nurse's loan amount for the required service obligation. The total amount awarded per fiscal year cannot exceed the appropriation for that fiscal year. The awards shall not be paid for more than a maximum of five years per individual. The required service obligation shall be no less than three years or no more than five years. The required service obligation may be based upon the amount of the loan repayment award such that higher awards involve longer service obligations on behalf of the participant. Any nurse employed by a participating hospital and serving in a participating hospital is eligible for student loan repayment assistance while they are employed by and serving in a participating hospital;

(6) Determine eligible education and training programs for purposes of the scholarship portion of the health professional loan repayment and scholarship program;

((~~(6)~~)) (7) Honor loan repayment and scholarship contract terms negotiated between the office and participants prior to May 21, 1991, concerning loan repayment and scholarship award amounts and service obligations authorized under this chapter or chapter 70.180 RCW.

**Sec.**  RCW 28B.115.090 and 2022 c 276 s 6 are each amended to read as follows:

(1) The office may grant loan repayment and scholarship awards to eligible participants from the funds appropriated to the Washington health corps program. Participants are ineligible to receive loan repayment under the Washington health corps 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.

(2) Funds appropriated for the health professional loan repayment and scholarship program, including reasonable administrative costs, 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.

(4) Funds collected from participating hospitals under RCW 28B.115.030(5)(g) shall be used by the office solely to fund loan repayment for participants of the hospital-based nurse student loan repayment assistance program.

**Sec.**  RCW 28B.115.110 and 2022 c 276 s 7 are each amended to read as follows:

Participants in the Washington health corps who are awarded loan repayments shall receive payment 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.

(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 the Washington health corps shall begin no later than ((~~ninety~~)) 90 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, an underserved behavioral health area, as a nurse employed by a participating hospital, or as a nurse educator at an approved nursing program after the required service obligation when eligibility discontinues, whichever comes first.

(5) Should the participant discontinue service in a health professional shortage area, an underserved behavioral health area, as a nurse employed by a participating hospital, or as a nurse educator at an approved nursing program, payments against the loans of the participants shall cease to be effective on the date that the participant discontinues service.

(6)(a) 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 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.

(b) In the case of a nurse participating in the hospital-based nurse student loan repayment assistance program who is subject to this subsection, the office shall ensure all amounts paid by a participating hospital under RCW 28B.115.030(5)(g) in connection with the nurse's participation in the program are returned to the hospital-based nurse student loan repayment assistance program account created under section 7 of this act and credited toward that participating hospital's future obligations under RCW 28B.115.030(5)(g).

(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.

NEW SECTION. **Sec.**  A new section is added to chapter 28B.115 RCW to read as follows:

(1) Any funds appropriated by the legislature for the hospital-based nurse student loan repayment assistance program, or any other public or private funds intended for loan repayments under this program, including funds collected from hospitals under RCW 28B.115.030(5)(g) to fund loan repayment for participants of the hospital-based nurse student loan repayment assistance program, must be placed in the account created by this section.

(2) The hospital-based nurse student loan repayment assistance 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 hospital-based nurse student loan repayment assistance 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.

(3) The first awards from the account cannot be made until two quarters after funds are appropriated by the legislature for the hospital-based nurse student loan repayment assistance program.

NEW SECTION. **Sec.**  If specific funding for the purposes of this act, referencing this act by bill or chapter number, is not provided by June 30, 2023, in the omnibus appropriations act, this act is null and void.

NEW SECTION. **Sec.**  Sections 1 through 7 of this act expire January 1, 2026.

**--- END ---**