

The House Committee on Health and Human Services offers the following substitute to HB 866:

A BILL TO BE ENTITLED
AN ACT

To amend Title 31 of the Official Code of Georgia Annotated, relating to health, so as to authorize grants to hospitals and other health care entities, local governments, and civic organizations in physician underserved rural areas; to provide for grant requirements; to provide for conditions of grants; to provide for contracts; to provide for penalties; to provide for cancellation of contracts; to revise the eligibility criteria for a physician to receive a service cancelable loan; to provide for related matters; to repeal conflicting laws; and for other purposes.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

SECTION 1.

Title 31 of the Official Code of Georgia Annotated, relating to health, is amended by revising Chapter 34, relating to physicians for rural areas assistance, as follows:

"CHAPTER 34

31-34-1.

This chapter shall be known and may be cited as the 'Physicians for Rural Areas Assistance Act.'

31-34-2.

It is the purpose of this chapter to increase the number of physicians in physician underserved rural areas of Georgia by making loans to physicians who have completed their medical education and allowing such loans to be repaid by such physicians agreeing to practice medicine in such rural areas and by making grants to hospitals and, as determined by the State Medical Education Board, other health care entities, local governments, and civic organizations in physician underserved rural areas of Georgia that agree to provide matching funds to the grant, with the intent to enhance recruitment efforts in bringing physicians to such areas. It is the intent of the General Assembly that if funds

are available to the State Medical Education Board to make loans, grants, or scholarships under this chapter or under other applicable state law, the State Medical Education Board shall give priority to loans and scholarships under Part 6 of Article 7 of Chapter 3 of Title 20 and to loans under Code Section 31-34-4.

31-34-3.

This chapter shall be administered by the State Medical Education Board, and, as used in this chapter, the word 'board' means the State Medical Education Board created in Code Section 20-3-510.

31-34-4.

(a) A physician who receives a loan under the program provided for in this chapter shall be a citizen or national of the United States licensed to practice medicine within the State of Georgia at the time the loan is made, and shall be a graduate of an accredited ~~four-year medical school~~ graduate medical education program located in the United States which has received accreditation or provisional accreditation by ~~the Liaison Committee on Medical Education of the American Medical Association or the Bureau of Professional Education of the Accreditation Council for Graduate Medical Education or the American Osteopathic Association for a program of education designed to qualify the graduate for licensure by the Georgia Composite Medical Board.~~

(b) The board shall make a full investigation of the qualifications of an applicant for a loan under the provisions of this chapter to determine the applicant's fitness for participation in such loan program, and for such purposes, the board may propound such examinations to applicants as the board deems proper. The board's investigation shall include a determination of the outstanding medical education loans incurred by the applicant while completing his or her medical education and training.

(c) The board is authorized to consider among other criteria for granting loans under the provisions of this chapter the state residency status and home area of the applying physician and to give priority to those applicants who are physicians actively practicing or beginning active practice in specialties experiencing shortages or distribution problems in rural areas of this state as determined by the board pursuant to rules and regulations adopted by it in accordance with this chapter.

(d) The board may adopt and prescribe such rules and regulations as it deems necessary or appropriate to administer and carry out the loan program provided for in this chapter. Such rules and regulations shall provide for fixing the rate of regular interest to accrue on loans granted under the provisions of this chapter. Such regular rate of interest shall not exceed by more than 2 percent the prime rate published from time to time by the Board of

Governors of the Federal Reserve System. Within such limitation, the regular rate of interest may be increased for new recipients of loans under this chapter.

31-34-4.1.

(a) After providing priority consideration to granting loans pursuant to Code Section 31-34-4, the board is authorized to make grants to hospitals and, as determined by the board, other health care entities, local governments, and civic organizations in physician underserved rural areas of Georgia, provided that any such hospital, health care entity, local government, or civic organization matches such grant in an amount not less than such grant. Such grants shall be for the purpose of enhancing recruitment efforts in bringing physicians to such areas.

(b) Acceptable expenditures of grant funds by a hospital or other health care entity, local government, or civic organization include, but are not limited to, medical education loan repayment, salary supplements for physicians, and additional support staff for a physician's office. Grant funds shall not be used for hiring or paying a recruiting firm or individual recruiter.

(c) The board is authorized to give priority over other grant applicants to applicant hospitals and other health care entities, local governments, and civic organizations in rural areas of this state experiencing shortages or distribution problems of certain specialties as determined by the board pursuant to rules and regulations adopted by the board in accordance with this chapter.

(d) The board may adopt and prescribe such rules and regulations as it deems necessary or appropriate to administer and carry out the grant program provided for in this chapter. Such rules and regulations shall provide for the criteria that must be met by an applicant and the penalties that shall be incurred for failure to comply with the grant requirements.

31-34-5.

(a)(1) The board shall have the authority to grant to each applicant approved by the board on a one-year renewable basis a service cancelable loan for a period not exceeding four years. The amount of the loan shall be determined by the board, but such amount shall be related to the applicant's outstanding obligations incurred as a direct result of completing medical education and training.

~~(b)~~(2) A loan or loans to each approved applicant shall be granted on the condition that the full amount of the loan or loans shall be repaid to the State of Georgia in services to be rendered by the applicant's practicing his or her profession in a board approved physician underserved rural area of Georgia. For each full year of practicing his or her profession in such a physician underserved rural area, the physician who obtained the loan shall receive

credit for the full amount of one year's loan plus regular interest which accrued on such amount.

(b)(1) The board shall have the authority to make grants to each applicant hospital or other health care entity, local government, or civic organization approved by the board on a yearly basis, renewable each year at the discretion of the board. The amount of the grant shall be determined by the board, but such amount shall be related to and shall not exceed the applicant's proposed expenditures to enhance recruitment efforts in bringing one or more physicians to the physician underserved rural area.

(2) A grant to an approved applicant shall be made on any condition or conditions determined by the board, which may include, but not be limited to, that one or more physicians are employed and retained in the physician underserved rural area for a prescribed minimum length of time.

(c) In making a determination of physician underserved rural areas of Georgia, the board shall seek the advice and assistance of the Department of Community Health, the Georgia Board for Physician Workforce, the University of Georgia Cooperative Extension Service, the Department of Community Affairs, and such other public or private associations or organizations as the board determines to be of assistance in making such determinations. Criteria to determine physician underserved rural areas shall include, but shall not be limited to, relevant statistical data related to the following:

- (1) The ratio of physicians to population in the area;
- (2) Indications of the health status of the population in the area;
- (3) The poverty level and dependent age groups of the population in the area;
- (4) Indications of community support for more physicians in the area; and
- (5) Indications that access to the physician's services is available to every person in the underserved area regardless of ability to pay.

31-34-6.

(a)(1) Before being granted a service cancelable loan provided for in this chapter, each applicant therefor shall enter into a contract with the State of Georgia agreeing to the terms and conditions upon which the loan is granted, which contract shall include such terms and conditions as will carry out the purposes and intent of this chapter. The ~~chairman~~ chairperson of the board and the executive director of the board, acting for and on behalf of the State of Georgia, shall execute the contract for the board. The contract shall also be properly executed by the applicant. The board is vested with full and complete authority to bring an action in its own name against any recipient of a loan under the provisions of this chapter for the performance of the contract and to collect any amount that may be due under the contract.

~~(b)(2)~~ Any recipient of a loan under the provisions of this chapter who breaches the contract for such loan by either failing to begin or failing to complete the rural practice service obligation under the contract shall be immediately liable to the board for twice the total uncredited amount of all loans contracted for with the recipient, such uncredited amount to be prorated on a monthly basis respecting the recipient's actual service rendered and the total service obligation. For compelling reasons provided for in rules or regulations of the board, the board may agree to and accept a lesser measure of damages for the breach of a contract.

(b)(1) Before receiving a grant under this chapter, each approved applicant hospital or other health care entity, local government, or civic organization shall enter into a service cancelable contract with the State of Georgia agreeing to the terms and conditions upon which the grant is made, which contract shall include such terms and conditions as will carry out the purposes and intent of this chapter. The chairperson of the board and the executive director of the board, acting for and on behalf of the State of Georgia, shall execute the contract for the board. The contract shall also be properly executed by the applicant. The board is vested with full and complete authority to bring an action in its own name against any recipient of a grant under the provisions of this chapter for the performance of the contract and to collect any amount that may be due under the contract.

(2) Any recipient of a grant under the provisions of this chapter who breaches the contract for such grant shall be liable for the measure of damages specified in the contract for the breach of such contract.

31-34-7.

(a) The board shall have the authority to cancel the contract of any recipient of a loan under this chapter for cause deemed sufficient by the board, provided that such authority shall not be arbitrarily or unreasonably exercised. Upon such cancellation, the total uncredited amount paid to the recipient shall at once become due and payable to the board in cash, and interest at the rate of 12 percent per annum shall accrue on such total uncredited amount from the date of cancellation to the date of payment.

(b) The board shall have the authority to cancel the contract of any recipient of a grant under this chapter for cause deemed sufficient by the board, provided that such authority shall not be arbitrarily or unreasonably exercised. Upon such cancellation, the grant recipient shall not be eligible to receive further grant funds pursuant to this chapter.

31-34-8.

The funds necessary to carry out the loan and grant program authorized by this chapter may come from funds made available to the board from private, federal, ~~or~~ state, or local

sources. Funds appropriated by the General Assembly for the purposes of this chapter shall be appropriated to the Department of Community Health for the specific purpose of the cancelable loan and grant program authorized by this chapter. The board shall be assigned to the Department of Community Health for administrative purposes only, except that such department shall prepare and submit the budget for that board in concurrence with that board.

31-34-9.

The board shall make a biennial report to the General Assembly of its activities under the provisions of this chapter. Such report shall include the name of each recipient of a loan made under the provisions of this chapter, the amount of each such loan, and the rural area in which the recipient is practicing medicine. Such report shall include the name of each recipient of a grant made under the provisions of this chapter, the amount of each such grant, and the rural area in which the recipient is located. Such report shall also report the amount of administrative expenses incurred by the board in carrying out the provisions of this chapter."

SECTION 2.

All laws and parts of laws in conflict with this Act are repealed.