

---

**HOUSE BILL 2127**

---

**State of Washington**

**65th Legislature**

**2017 Regular Session**

**By** Representatives Haler, 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** ---