
SENATE BILL 5498

State of Washington

68th Legislature

2023 Regular Session

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

Read first time 01/20/23. Referred to Committee on Higher Education & Workforce Development.

1 AN ACT Relating to creating the hospital-based nurse student loan
2 repayment assistance program under the Washington health corps;
3 amending RCW 28B.115.010, 28B.115.020, 28B.115.030, 28B.115.080,
4 28B.115.090, and 28B.115.110; adding a new section to chapter 28B.115
5 RCW; creating a new section; and providing an expiration date.

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

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

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

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

8 The legislature also finds that one in five adults in the United
9 States experiences mental illness in any given year, but only forty-
10 one percent of adults with a mental health condition received mental
11 health services in 2016, according to the national institute of
12 mental health. The ~~((children's—mental))~~ children and youth
13 behavioral health work group found that in 2013, only forty percent
14 of children on medicaid with mental health treatment needs were
15 receiving services. Individuals seeking behavioral health services
16 may have trouble receiving the help they need from health care
17 professionals because behavioral health services are limited due to
18 workforce shortages of behavioral health providers. The legislature
19 further finds that encouraging more health care professionals to
20 practice behavioral health in areas with limited services would
21 benefit the state by creating greater access to behavioral health
22 services and by having more health care professionals experienced in
23 providing behavioral health services.

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

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

37 **Sec. 2.** RCW 28B.115.020 and 2022 c 276 s 1 are each amended to
38 read as follows:

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

3 (1) "Approved nursing program" means a nursing educational
4 program that leads to a degree or licensure in nursing that is
5 approved by the nursing care quality assurance commission under RCW
6 18.79.070 and is located at an institution of higher education that
7 is authorized to participate in state financial aid programs under
8 chapter 28B.92 RCW.

9 (2) "Credentialed health care profession" means a health care
10 profession regulated by a disciplining authority in the state of
11 Washington under RCW 18.130.040 or by the pharmacy quality assurance
12 commission under chapter 18.64 RCW and designated by the department
13 in RCW 28B.115.070 as a profession having shortages of credentialed
14 health care professionals in the state.

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

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

20 (5) "Eligible education and training programs" means education
21 and training programs approved by the department that lead to
22 eligibility for a credential as a credentialed health care
23 professional.

24 (6) "Eligible expenses" means reasonable expenses associated with
25 the costs of acquiring an education such as tuition, books,
26 equipment, fees, room and board, and other expenses determined by the
27 office.

28 (7) "Eligible student" means a student who has been accepted into
29 an eligible education or training program and has a declared
30 intention to serve in a health professional shortage area upon
31 completion of the education or training program.

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

36 (9) "Health professional shortage areas" means those areas where
37 credentialed health care professionals are in short supply as a
38 result of geographic maldistribution or as the result of a short
39 supply of credentialed health care professionals in specialty health
40 care areas and where vacancies exist in serious numbers that

1 jeopardize patient care and pose a threat to the public health and
2 safety. The department shall determine health professional shortage
3 areas as provided for in RCW 28B.115.070. In making health
4 professional shortage area designations in the state the department
5 may be guided by applicable federal standards for "health manpower
6 shortage areas," and "medically underserved areas," and "medically
7 underserved populations."

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

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

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

14 (11) "Nonshortage rural area" means a nonurban area of the state
15 of Washington that has not been designated as a rural physician
16 shortage area. The department shall identify the nonshortage rural
17 areas of the state.

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

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

23 ~~((13))~~ (14) "Office" means the office of student financial
24 assistance.

25 ~~((14))~~ (15) "Participant" means:

26 (a) A credentialed health care professional who has received a
27 loan repayment award and has commenced practice as a credentialed
28 health care provider in a designated health professional shortage
29 area or an underserved behavioral health area;

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

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

33 ~~((15))~~ (16) "Participating hospital" means a hospital licensed
34 under chapter 70.41 RCW or a psychiatric hospital licensed under
35 chapter 71.12 RCW that has elected to participate in the hospital-
36 based nurse student loan repayment assistance program.

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

1 (a) Provide health care services in a health professional
2 shortage area or an underserved behavioral health area for a period
3 to be established as provided for in this chapter; (~~(e)~~)

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

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

9 (~~(16)~~) (18) "Rural physician shortage area" means rural
10 geographic areas where primary care physicians are in short supply as
11 a result of geographic maldistributions and where their limited
12 numbers jeopardize patient care and pose a threat to public health
13 and safety. The department shall designate rural physician shortage
14 areas.

15 (~~(17)~~) (19) "Satisfied" means paid-in-full.

16 (~~(18)~~) (20) "Scholarship" means a loan that is forgiven in
17 whole or in part if the recipient renders health care services in a
18 health professional shortage area or an underserved behavioral health
19 area.

20 (~~(19)~~) (21) "Sponsoring community" means a rural hospital or
21 hospitals as authorized in chapter 70.41 RCW, a rural health care
22 facility or facilities as authorized in chapter 70.175 RCW, or a city
23 or county government or governments.

24 (~~(20)~~) (22) "Underserved behavioral health area" means a
25 geographic area, population, or facility that has a shortage of
26 health care professionals providing behavioral health services, as
27 determined by the department.

28 **Sec. 3.** RCW 28B.115.030 and 2022 c 276 s 2 are each amended to
29 read as follows:

30 The Washington health corps is the state's initiative to
31 encourage health care professionals to work in underserved
32 communities. In exchange for service, the health care professional
33 receives assistance with higher education, in the form of loan
34 repayment or a conditional scholarship. The Washington health corps
35 consists of the health professional loan repayment and scholarship
36 program, the behavioral health loan repayment program, the hospital-
37 based nurse student loan repayment assistance program, and the nurse
38 educator loan repayment program.

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

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

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

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

12 ((+4)) (5) The office is the administrator of the programs under
13 the Washington health corps. In administering the programs, the
14 office shall:

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

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

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

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

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

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

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

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

35 (f) Use a competitive procurement to contract with a fund-raiser
36 to solicit and accept grants and donations from private sources for
37 the programs. The fund-raiser shall be paid on a contingency fee
38 basis on a sliding scale but must not exceed fifteen percent of the
39 total amount raised for the programs each year. The fund-raiser shall
40 not be a registered state lobbyist; ((and))

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

8 (h) Develop criteria for a contract for service in lieu of the
9 service obligation where appropriate, that may be a combination of
10 service and payment.

11 **Sec. 4.** RCW 28B.115.080 and 2022 c 276 s 5 are each amended to
12 read as follows:

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

15 (1) Establish the annual award amount for each credentialed
16 health care profession which shall be based upon an assessment of
17 reasonable annual eligible expenses involved in training and
18 education for each credentialed health care profession for both the
19 health professional loan repayment and scholarship program and the
20 behavioral health loan repayment program. The annual award amount may
21 be established at a level less than annual eligible expenses. The
22 annual award amount shall be established by the office for each
23 eligible health profession. The awards shall not be paid for more
24 than a maximum of five years per individual;

25 (2) Determine any scholarship awards for prospective physicians
26 in such a manner to require the recipients declare an interest in
27 serving in rural areas of the state of Washington. Preference for
28 scholarships shall be given to students who reside in a rural
29 physician shortage area or a nonshortage rural area of the state
30 prior to admission to the eligible education and training program in
31 medicine. Highest preference shall be given to students seeking
32 admission who are recommended by sponsoring communities and who
33 declare the intent of serving as a physician in a rural area. The
34 office may require the sponsoring community located in a nonshortage
35 rural area to financially contribute to the eligible expenses of a
36 medical student if the student will serve in the nonshortage rural
37 area;

38 (3) Establish the required service obligation for each
39 credentialed health care profession, which shall be no less than

1 three years or no more than five years, for the health professional
2 loan repayment and scholarship program and the behavioral health loan
3 repayment program. The required service obligation may be based upon
4 the amount of the scholarship or loan repayment award such that
5 higher awards involve longer service obligations on behalf of the
6 participant;

7 (4) Establish the annual award amount and the required service
8 obligation for nurse educators participating in the nurse educator
9 loan repayment program. The annual award amount shall be based upon
10 an assessment of reasonable annual eligible expenses involved in
11 training and education. The awards shall not be paid for more than a
12 maximum of five years per individual. The required service obligation
13 shall be no less than three years or no more than five years. The
14 required service obligation may be based upon the amount of the loan
15 repayment award such that higher awards involve longer service
16 obligations on behalf of the participant;

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

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

36 ((+6)) (7) Honor loan repayment and scholarship contract terms
37 negotiated between the office and participants prior to May 21, 1991,
38 concerning loan repayment and scholarship award amounts and service
39 obligations authorized under this chapter or chapter 70.180 RCW.

1 **Sec. 5.** RCW 28B.115.090 and 2022 c 276 s 6 are each amended to
2 read as follows:

3 (1) The office may grant loan repayment and scholarship awards to
4 eligible participants from the funds appropriated to the Washington
5 health corps program. Participants are ineligible to receive loan
6 repayment under the Washington health corps program if they have
7 received a scholarship from programs authorized under this chapter or
8 chapter 70.180 RCW or are ineligible to receive a scholarship if they
9 have received loan repayment authorized under this chapter.

10 (2) Funds appropriated for the health professional loan repayment
11 and scholarship program, including reasonable administrative costs,
12 may be used by the office for the purposes of loan repayments or
13 scholarships. The office shall annually establish the total amount of
14 funding to be awarded for loan repayments and scholarships and such
15 allocations shall be established based upon the best utilization of
16 funding for that year.

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

32 (4) Funds collected from participating hospitals under RCW
33 28B.115.030(5)(g) shall be used by the office solely to fund loan
34 repayment for participants of the hospital-based nurse student loan
35 repayment assistance program.

36 **Sec. 6.** RCW 28B.115.110 and 2022 c 276 s 7 are each amended to
37 read as follows:

38 Participants in the Washington health corps who are awarded loan
39 repayments shall receive payment for the purpose of repaying

1 educational loans secured while attending a program of health
2 professional training which led to a credential as a credentialed
3 health professional in the state of Washington.

4 (1) Participants shall agree to meet the required service
5 obligation.

6 (2) Repayment shall be limited to eligible educational and living
7 expenses as determined by the office and shall include principal and
8 interest.

9 (3) Loans from both government and private sources may be repaid
10 by the program. Participants shall agree to allow the office access
11 to loan records and to acquire information from lenders necessary to
12 verify eligibility and to determine payments. Loans may not be
13 renegotiated with lenders to accelerate repayment.

14 (4) Repayment of loans established pursuant to the Washington
15 health corps shall begin no later than (~~ninety~~) 90 days after the
16 individual has become a participant. Payments shall be made
17 quarterly, or more frequently if deemed appropriate by the office, to
18 the participant until the loan is repaid or the participant becomes
19 ineligible due to discontinued service in a health professional
20 shortage area, an underserved behavioral health area, as a nurse
21 employed by a participating hospital, or as a nurse educator at an
22 approved nursing program after the required service obligation when
23 eligibility discontinues, whichever comes first.

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

30 (6) (a) Except for circumstances beyond their control,
31 participants who serve less than the required service obligation
32 shall be obligated to repay to the program an amount equal to the
33 unsatisfied portion of the service obligation, or the total amount
34 paid by the program on their behalf, whichever is less. This amount
35 is due and payable immediately. Participants who are unable to pay
36 the full amount due shall enter into a payment arrangement with the
37 office, including an arrangement for payment of interest. The maximum
38 period for repayment is ten years. The office shall determine the
39 applicability of this subsection. The interest rate shall be
40 determined by the office and be established by rule.

1 (b) In the case of a nurse participating in the hospital-based
2 nurse student loan repayment assistance program who is subject to
3 this subsection, the office shall ensure all amounts paid by a
4 participating hospital under RCW 28B.115.030(5)(g) in connection with
5 the nurse's participation in the program are returned to the
6 hospital-based nurse student loan repayment assistance program
7 account created under section 7 of this act and credited toward that
8 participating hospital's future obligations under RCW
9 28B.115.030(5)(g).

10 (7) The office is responsible for the collection of payments made
11 on behalf of participants from the participants who discontinue
12 service before completion of the required service obligation. The
13 office shall exercise due diligence in such collection, maintaining
14 all necessary records to ensure that the maximum amount of payment
15 made on behalf of the participant is recovered. Collection under this
16 section shall be pursued using the full extent of the law, including
17 wage garnishment if necessary.

18 (8) The office shall not be held responsible for any outstanding
19 payments on principal and interest to any lenders once a
20 participant's eligibility expires.

21 (9) The office shall temporarily or, in special circumstances,
22 permanently defer the requirements of this section for eligible
23 students as defined in RCW 28B.10.017.

24 (10) The office shall establish an appeal process by rule.

25 NEW SECTION. Sec. 7. A new section is added to chapter 28B.115
26 RCW to read as follows:

27 (1) Any funds appropriated by the legislature for the hospital-
28 based nurse student loan repayment assistance program, or any other
29 public or private funds intended for loan repayments under this
30 program, including funds collected from hospitals under RCW
31 28B.115.030(5)(g) to fund loan repayment for participants of the
32 hospital-based nurse student loan repayment assistance program, must
33 be placed in the account created by this section.

34 (2) The hospital-based nurse student loan repayment assistance
35 program account is created in the custody of the state treasurer. All
36 receipts from the program must be deposited into the account.
37 Expenditures from the account may be used only for the hospital-based
38 nurse student loan repayment assistance program. Only the office, or
39 its designee, may authorize expenditures from the account. The

1 account is subject to allotment procedures under chapter 43.88 RCW,
2 but an appropriation is not required for expenditures.

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

6 NEW SECTION. **Sec. 8.** If specific funding for the purposes of
7 this act, referencing this act by bill or chapter number, is not
8 provided by June 30, 2023, in the omnibus appropriations act, this
9 act is null and void.

10 NEW SECTION. **Sec. 9.** Sections 1 through 7 of this act expire
11 January 1, 2026.

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