

1993—Subsec. (b)(2). Pub. L. 103-183 inserted “compensation at a rate fixed by the Secretary (but not to exceed” before “the daily equivalent” and substituted “Schedule);” for “Schedule;”.

1983—Subsec. (a). Pub. L. 97-414 inserted “(other than section 254r of this title)” after “carrying out this subpart”.

1981—Subsec. (a). Pub. L. 97-35, § 2707(a), amended subsec. (a) generally, striking out pars. (1) to (5) respecting required status and background of members appointed by the Secretary.

Subsec. (b)(1). Pub. L. 97-35, § 2707(b), inserted “not” before “be reappointed”.

1979—Subsec. (b)(2). Pub. L. 96-32 substituted “section 5703 of title 5” for “section 5703(b) of title 5”.

#### TERMINATION OF ADVISORY COMMITTEES

Pub. L. 93-641, § 6, Jan. 4, 1975, 88 Stat. 2275, set out as a note under section 217a of this title, provided that an advisory committee established pursuant to the Public Health Service Act shall terminate at such time as may be specifically prescribed by an Act of Congress enacted after Jan. 4, 1975.

#### REFERENCES IN OTHER LAWS TO GS-16, 17, OR 18 PAY RATES

References in laws to the rates of pay for GS-16, 17, or 18, or to maximum rates of pay under the General Schedule, to be considered references to rates payable under specified sections of Title 5, Government Organization and Employees, see section 529 [title I, § 101(c)(1)] of Pub. L. 101-509, set out in a note under section 5376 of Title 5.

### § 254k. Authorization of appropriations

(a) For the purpose of carrying out this subpart, there are authorized to be appropriated such sums as may be necessary for each of the fiscal years 2008 through 2012.

(b) An appropriation under an authorization under subsection (a) of this section for any fiscal year may be made at any time before that fiscal year and may be included in an Act making an appropriation under an authorization under subsection (a) of this section for another fiscal year; but no funds may be made available from any appropriation under such authorization for obligation under sections 254d through 254h, section 254i, and section 254j of this title before the fiscal year for which such appropriation is authorized.

(July 1, 1944, ch. 373, title III, § 338, as added Pub. L. 94-484, title IV, § 407(b)(3), Oct. 12, 1976, 90 Stat. 2278; amended Pub. L. 95-626, title I, § 122, Nov. 10, 1978, 92 Stat. 3570; Pub. L. 96-76, title II, § 202(c), Sept. 29, 1979, 93 Stat. 582; Pub. L. 97-35, title XXVII, § 2708, Aug. 13, 1981, 95 Stat. 908; Pub. L. 100-177, title III, § 305, Dec. 1, 1987, 101 Stat. 1004; Pub. L. 101-597, title I, § 108, Nov. 16, 1990, 104 Stat. 3021; Pub. L. 107-251, title III, § 308, Oct. 26, 2002, 116 Stat. 1649; Pub. L. 110-355, § 3(a)(1), Oct. 8, 2008, 122 Stat. 3993.)

#### AMENDMENTS

2008—Subsec. (a). Pub. L. 110-355 substituted “2008 through 2012” for “2002 through 2006”.

2002—Subsec. (a). Pub. L. 107-251 struck out par. (1) designation before “For the purpose”, substituted “2002 through 2006” for “1991 through 2000”, and struck out par. (2) which read as follows: “In the case of individuals who serve in the Corps other than pursuant to obligated service under the Scholarship or Loan Repayment Program, the Secretary each fiscal year shall, to the extent practicable, make assignments under section 254f of this title of such individuals who are cer-

tified nurse midwives, certified nurse practitioners, or physician assistants.”

1990—Subsec. (a). Pub. L. 101-597 added subsec. (a) and struck out former subsec. (a) which read as follows: “To carry out this subpart, there are authorized to be appropriated \$65,000,000 for fiscal year 1988, \$65,000,000 for fiscal year 1989, and \$65,000,000 for fiscal year 1990.”

1987—Subsec. (a). Pub. L. 100-177 amended subsec. (a) generally. Prior to amendment, subsec. (a) read as follows: “To carry out the purposes of this subpart, there are authorized to be appropriated \$47,000,000 for the fiscal year ending September 30, 1978; \$64,000,000 for the fiscal year ending September 30, 1979; \$82,000,000 for the fiscal year ending September 30, 1980; \$110,000,000 for the fiscal year ending September 30, 1982; \$120,000,000 for the fiscal year ending September 30, 1983; and \$130,000,000 for the fiscal year ending September 30, 1984.”

1981—Subsec. (a). Pub. L. 97-35, § 2708(a), inserted provisions authorizing appropriations for fiscal years ending Sept. 30, 1982, 1983, and 1984.

Subsec. (b). Pub. L. 97-35, § 2708(b), substituted reference to sections 254d to 254h, 254i, and 254j of this title for reference to this subpart.

1979—Subsec. (a). Pub. L. 96-76 substituted “\$82,000,000” for “\$70,000,000”.

1978—Subsec. (a). Pub. L. 95-626 substituted “\$64,000,000” for “\$57,000,000” as amount authorized to be appropriated for fiscal year ending Sept. 30, 1979.

#### SUBPART III—SCHOLARSHIP PROGRAM AND LOAN REPAYMENT PROGRAM

##### AMENDMENTS

1987—Pub. L. 100-177, title II, § 202(f), Dec. 1, 1987, 101 Stat. 999, inserted subpart III heading and redesignated former subpart III as IV.

### § 254l. National Health Service Corps Scholarship Program

#### (a) Establishment

The Secretary shall establish the National Health Service Corps Scholarship Program to assure, with respect to the provision of primary health services pursuant to section 254d(a)(2) of this title—

(1) an adequate supply of physicians, dentists, behavioral and mental health professionals, certified nurse midwives, certified nurse practitioners, and physician assistants; and

(2) if needed by the Corps, an adequate supply of other health professionals.

#### (b) Eligibility; application; written contract

To be eligible to participate in the Scholarship Program, an individual must—

(1) be accepted for enrollment, or be enrolled, as a full-time student (A) in an accredited (as determined by the Secretary) educational institution in a State and (B) in a course of study or program, offered by such institution and approved by the Secretary, leading to a degree in medicine, osteopathic medicine, dentistry, or other health profession, or an appropriate degree from a graduate program of behavioral and mental health;

(2) be eligible for, or hold, an appointment as a commissioned officer in the Regular or Reserve Corps of the Service or be eligible for selection for civilian service in the Corps;

(3) submit an application to participate in the Scholarship Program; and

(4) sign and submit to the Secretary, at the time of submittal of such application, a writ-

ten contract (described in subsection (f) of this section) to accept payment of a scholarship and to serve (in accordance with this subpart) for the applicable period of obligated service in a health professional shortage area.

**(c) Review and evaluation of information and forms by prospective applicant**

(1) In disseminating application forms and contract forms to individuals desiring to participate in the Scholarship Program, the Secretary shall include with such forms—

(A) a fair summary of the rights and liabilities of an individual whose application is approved (and whose contract is accepted) by the Secretary, including in the summary a clear explanation of the damages to which the United States is entitled under section 254o of this title in the case of the individual's breach of the contract; and

(B) information respecting meeting a service obligation through private practice under an agreement under section 254n of this title and such other information as may be necessary for the individual to understand the individual's prospective participation in the Scholarship Program and service in the Corps, including a statement of all factors considered in approving applications for participation in the Program and in making assignments for participants in the Program.

(2) The application form, contract form, and all other information furnished by the Secretary under this subpart shall be written in a manner calculated to be understood by the average individual applying to participate in the Scholarship Program. The Secretary shall make such application forms, contract forms, and other information available to individuals desiring to participate in the Scholarship Program on a date sufficiently early to insure that such individuals have adequate time to carefully review and evaluate such forms and information.

(3)(A) The Secretary shall distribute to health professions schools materials providing information on the Scholarship Program and shall encourage the schools to disseminate the materials to the students of the schools.

(B)(i) In the case of any health professional whose period of obligated service under the Scholarship Program is nearing completion, the Secretary shall encourage the individual to remain in a health professional shortage area and to continue providing primary health services.

(ii) During the period in which a health professional is planning and making the transition to private practice from obligated service under the Scholarship Program, the Secretary may provide assistance to the professional regarding such transition if the professional is remaining in a health professional shortage area and is continuing to provide primary health services.

(C) In the case of entities to which participants in the Scholarship Program are assigned under section 254f of this title, the Secretary shall encourage the entities to provide options with respect to assisting the participants in remaining in the health professional shortage areas involved, and in continuing to provide primary health services, after the period of obligated service under the Scholarship Program is

completed. The options with respect to which the Secretary provides such encouragement may include options regarding the sharing of a single employment position in the health professions by 2 or more health professionals, and options regarding the recruitment of couples where both of the individuals are health professionals.

**(d) Factors considered in providing contracts; priorities**

(1) Subject to section 254f-1 of this title, in providing contracts under the Scholarship Program—

(A) the Secretary shall consider the extent of the demonstrated interest of the applicants for the contracts in providing primary health services;

(B) the Secretary, in considering applications from individuals accepted for enrollment or enrolled in dental school, shall consider applications from all individuals accepted for enrollment or enrolled in any accredited dental school in a State; and

(C) may<sup>1</sup> consider such other factors regarding the applicants as the Secretary determines to be relevant to selecting qualified individuals to participate in such Program.

(2) In providing contracts under the Scholarship Program, the Secretary shall give priority—

(A) first, to any application for such a contract submitted by an individual who has previously received a scholarship under this section or under section 294z<sup>1</sup> of this title;

(B) second, to any application for such a contract submitted by an individual who has characteristics that increase the probability that the individual will continue to serve in a health professional shortage area after the period of obligated service pursuant to subsection (f) of this section is completed; and

(C) third, subject to subparagraph (B), to any application for such a contract submitted by an individual who is from a disadvantaged background.

**(e) Commencement of participation in Scholarship Program; notice**

(1) An individual becomes a participant in the Scholarship Program only upon the Secretary's approval of the individual's application submitted under subsection (b)(3) of this section and the Secretary's acceptance of the contract submitted by the individual under subsection (b)(4) of this section.

(2) The Secretary shall provide written notice to an individual promptly upon the Secretary's approving, under paragraph (1), of the individual's participation in the Scholarship Program.

**(f) Written contract; contents**

The written contract (referred to in this subpart) between the Secretary and an individual shall contain—

(1) an agreement that—

(A) subject to paragraph (2), the Secretary agrees (i) to provide the individual with a scholarship (described in subsection (g) of this section) in each such school year or

<sup>1</sup> So in original.

years for a period of years (not to exceed four school years) determined by the individual, during which period the individual is pursuing a course of study described in subsection (b)(1)(B) of this section, and (ii) to accept (subject to the availability of appropriated funds for carrying out sections 254d through 254h and section 254j of this title) the individual into the Corps (or for equivalent service as otherwise provided in this subpart); and

(B) subject to paragraph (2), the individual agrees—

(i) to accept provision of such a scholarship to the individual;

(ii) to maintain enrollment in a course of study described in subsection (b)(1)(B) of this section until the individual completes the course of study;

(iii) while enrolled in such course of study, to maintain an acceptable level of academic standing (as determined under regulations of the Secretary by the educational institution offering such course of study);

(iv) if pursuing a degree from a school of medicine or osteopathic medicine, to complete a residency in a specialty that the Secretary determines is consistent with the needs of the Corps; and

(v) to serve for a time period (hereinafter in the subpart referred to as the “period of obligated service”) equal to—

(I) one year for each school year for which the individual was provided a scholarship under the Scholarship Program, or

(II) two years,

whichever is greater, as a provider of primary health services in a health professional shortage area (designated under section 254e of this title) to which he is assigned by the Secretary as a member of the Corps, or as otherwise provided in this subpart;

(2) a provision that any financial obligation of the United States arising out of a contract entered into under this subpart and any obligation of the individual which is conditioned thereon, is contingent upon funds being appropriated for scholarships under this subpart and to carry out the purposes of sections 254d through 254h and sections 254j and 254k of this title;

(3) a statement of the damages to which the United States is entitled, under section 254o of this title, for the individual’s breach of the contract; and

(4) such other statements of the rights and liabilities of the Secretary and of the individual, not inconsistent with the provisions of this subpart.

**(g) Scholarship provisions; contract with educational institution; increase in monthly stipend**

(1) A scholarship provided to a student for a school year under a written contract under the Scholarship Program shall consist of—

(A) payment to, or (in accordance with paragraph (2)) on behalf of, the student of the

amount (except as provided in section 292k<sup>2</sup> of this title) of—

(i) the tuition of the student in such school year; and

(ii) all other reasonable educational expenses, including fees, books, and laboratory expenses, incurred by the student in such school year; and

(B) payment to the student of a stipend of \$400 per month (adjusted in accordance with paragraph (3)) for each of the 12 consecutive months beginning with the first month of such school year.

(2) The Secretary may contract with an educational institution, in which a participant in the Scholarship Program is enrolled, for the payment to the educational institution of the amounts of tuition and other reasonable educational expenses described in paragraph (1)(A). Payment to such an educational institution may be made without regard to section 3324(a) and (b) of title 31.

(3) The amount of the monthly stipend, specified in paragraph (1)(B) and as previously adjusted (if at all) in accordance with this paragraph, shall be increased by the Secretary for each school year ending in a fiscal year beginning after September 30, 1978, by an amount (rounded to the next highest multiple of \$1) equal to the amount of such stipend multiplied by the overall percentage (under section 5303 of title 5) of the adjustment (if such adjustment is an increase) in the rates of pay under the General Schedule made effective in the fiscal year in which such school year ends.

**(h) Employment ceiling of Department unaffected**

Notwithstanding any other provision of law, individuals who have entered into written contracts with the Secretary under this section, while undergoing academic training, shall not be counted against any employment ceiling affecting the Department.

(July 1, 1944, ch. 373, title III, §338A, formerly title VII, §751, as added Pub. L. 94-484, title IV, §408(b)(1), Oct. 12, 1976, 90 Stat. 2281; amended Pub. L. 95-215, §5, Dec. 19, 1977, 91 Stat. 1506; Pub. L. 95-623, §12(c), Nov. 9, 1978, 92 Stat. 3457; Pub. L. 95-626, title I, §113(b), Nov. 10, 1978, 92 Stat. 3563; Pub. L. 96-32, §7(i), July 10, 1979, 93 Stat. 84; renumbered §338A and amended Pub. L. 97-35, title XXVII, §2709(a), (b), Aug. 13, 1981, 95 Stat. 908; Pub. L. 99-129, title II, §210(b), Oct. 22, 1985, 99 Stat. 537; Pub. L. 100-607, title VI, §629(a)(2), Nov. 4, 1988, 102 Stat. 3146; Pub. L. 101-509, title V, §529 [title I, §101(b)(4)(K)], Nov. 5, 1990, 104 Stat. 1427, 1440; Pub. L. 101-597, title II, §201, title IV, §401(b)[(a)], Nov. 16, 1990, 104 Stat. 3021, 3035; Pub. L. 107-251, title III, §309, Oct. 26, 2002, 116 Stat. 1649; Pub. L. 108-163, §2(j), Dec. 6, 2003, 117 Stat. 2022.)

REFERENCES IN TEXT

Section 294z of this title, referred to in subsec. (d)(2)(A), was omitted in the general revision of subchapter V of this chapter by Pub. L. 102-408, title I, §102, Oct. 13, 1992, 106 Stat. 1994.

<sup>2</sup> See References in Text note below.

Section 292k of this title, referred to in subsec. (g)(1)(A), was in the original a reference to section 711 of act July 1, 1944. Section 711 of that Act was renumbered as section 710 by Pub. L. 97-35, title XXVII, §2720(b), Aug. 13, 1981, 95 Stat. 915, and subsequently omitted in the general revision of subchapter V of this chapter by Pub. L. 102-408, title I, §102, Oct. 13, 1992, 106 Stat. 1994. Pub. L. 102-408 enacted a new section 710 of act July 1, 1944, relating to insurance accounts, a new section 711, relating to powers and responsibilities of the Secretary, and a new section 712, relating to participation by Federal credit unions, which are classified to sections 292i, 292j, and 292k, respectively, of this title.

#### CODIFICATION

In subsec. (g)(2), “section 3324(a) and (b) of title 31” substituted for “section 3648 of the Revised Statutes (31 U.S.C. 529)” on authority of Pub. L. 97-258, §4(b), Sept. 13, 1982, 96 Stat. 1067, the first section of which enacted Title 31, Money and Finance.

Section was formerly classified to section 294t of this title prior to its renumbering by Pub. L. 97-35.

#### AMENDMENTS

2003—Subsec. (d)(1)(B). Pub. L. 108-163 realigned margin.

2002—Subsec. (a)(1). Pub. L. 107-251, §309(1), inserted “behavioral and mental health professionals,” after “dentists.”

Subsec. (b)(1)(B). Pub. L. 107-251, §309(2), inserted “, or an appropriate degree from a graduate program of behavioral and mental health” after “other health profession”.

Subsec. (c)(1). Pub. L. 107-251, §309(3), made technical amendment to references in original act which appear in subpar. (A) as reference to section 254o of this title and in subpar. (B) as reference to section 254n of this title.

Subsec. (d)(1)(B), (C). Pub. L. 107-251, §309(4), added subpar. (B) and redesignated former subpar. (B) as (C).

Subsec. (f)(1)(B)(iv), (v). Pub. L. 107-251, §309(5)(A), added cl. (iv) and redesignated former cl. (iv) as (v).

Subsec. (f)(3). Pub. L. 107-251, §309(5)(B), made technical amendment to reference in original act which appears in text as reference to section 254o of this title.

Subsec. (i). Pub. L. 107-251, §309(6), struck out subsec. (i), which required an annual report to Congress on the Scholarship Program.

1990—Subsec. (a). Pub. L. 101-597, §201(a)(1), substituted “Corps Scholarship Program to assure, with respect to the provision of primary health services pursuant to section 254d(a)(2) of this title—” and pars. (1) and (2) for “Corps Scholarship Program (hereinafter in this subpart referred to as the ‘Scholarship Program’) to assure an adequate supply of trained physicians, dentists, and nurses for the National Health Service Corps (hereinafter in this subpart referred to as the ‘Corps’) and, if needed by the Corps, podiatrists, optometrists, pharmacists, clinical psychologists, graduates of schools of veterinary medicine, graduates of schools of public health, graduates of programs in health administration, graduates of programs for the training of physician assistants, expanded function dental auxiliaries, and nurse practitioners (as defined in section 296m of this title), and other health professionals.”

Subsec. (b)(4). Pub. L. 101-597, §401(b)(a)], substituted reference to health professional shortage area for reference to health manpower shortage area.

Subsec. (c). Pub. L. 101-597, §401(b)(a)], substituted reference to health professional shortage area for reference to health manpower shortage area in par. (3)(B), (C).

Pub. L. 101-597, §201(b), inserted par. (1) designation, redesignated former pars. (1) and (2) as subpars. (A) and (B), inserted before period at end of subpar. (B) “, including a statement of all factors considered in approving applications for participation in the Program and in making assignments for participants in the Program”, inserted par. (2) designation, and added par. (3).

Subsec. (d). Pub. L. 101-597, §401(b)(a)], substituted reference to health professional shortage area for reference to health manpower shortage area in par. (2)(B).

Pub. L. 101-597, §201(c), amended subsec. (d) generally. Prior to amendment, subsec. (d) read as follows: “In determining which applications under the Scholarship Program to approve (and which contracts to accept), the Secretary shall give priority—

“(1) first, to applications made (and contracts submitted) by individuals who have previously received scholarships under the Scholarship Program or under section 294z of this title; and

“(2) second, to applications made (and contracts submitted)—

“(A) for the school year beginning in calendar year 1978, by individuals who are entering their first, second, or third year of study in a course of study or program described in subsection (b)(1)(B) of this section in such school year;

“(B) for the school year beginning in calendar year 1979, by individuals who are entering their first or second year of study in a course of study or program described in subsection (b)(1)(B) of this section in such school year; and

“(C) for each school year thereafter, by individuals who are entering their first year of study in a course of study or program described in subsection (b)(1)(B) of this section in such school year.”

Subsec. (f)(1)(B)(iv). Pub. L. 101-597, §401(b)(a)], substituted reference to health professional shortage area for reference to health manpower shortage area in closing provisions.

Pub. L. 101-597, §201(a)(2), substituted “as a provider of primary health services” after “whichever is greater.”

Subsec. (g)(3). Pub. L. 101-509 substituted “(under section 5303 of title 5)” for “(as set forth in the report transmitted to the Congress under section 5305 of title 5)”.

Subsec. (i). Pub. L. 101-597, §201(d)(1), amended introductory provisions generally. Prior to amendment, introductory provisions read as follows: “The Secretary shall report to Congress on March 1 of each year—”.

Subsec. (i)(4), (5). Pub. L. 101-597, §201(d)(2), added pars. (4) and (5) and struck out former par. (4) which read as follows: “the amount of tuition paid in the aggregate and at each educational institution for the school year beginning in such year and for prior school years.”

Subsec. (i)(6). Pub. L. 101-597, §401(b)(a)], substituted reference to health professional shortage area for reference to health manpower shortage area.

Pub. L. 101-597, §201(d)(2)(C), added par. (6).

1988—Subsec. (b)(1). Pub. L. 100-607 substituted “osteopathic medicine” for “osteopathy”.

1985—Subsec. (g)(1). Pub. L. 99-129 struck out “or under section 294z of this title (relating to scholarships for first-year students of exceptional financial need),” after “Scholarship Program”.

1981—Subsec. (a). Pub. L. 97-35, §2709(b)(1), inserted reference to clinical psychologists.

Subsec. (c). Pub. L. 97-35, §2709(b)(2), (3), substituted “254o” for “294w” in par. (1), and inserted provisions relating to information concerning meeting the service obligation in par. (2).

Subsec. (f). Pub. L. 97-35, §2709(b)(4)–(6), in par. (1) substituted reference to sections 254d to 254h and 254j of this title, for reference to subpart II of part D of subchapter II of this chapter, in par. (2) substituted reference to sections 254d to 254h, 254j and 254k of this title, for reference to subpart II of part D of subchapter II of this chapter, and in par. (3) substituted “254o” for “294w”.

Subsec. (j). Pub. L. 97-35, §2709(b)(7), struck out subsec. (j) which related to consultation and participation of schools.

1979—Subsec. (g)(3). Pub. L. 96-32 substituted “section 5305 of title 5” for “section 5303 of title 5”.

1978—Subsec. (f). Pub. L. 95-626 substituted “subpart II of part D” for “subpart II of part C” in pars. (1)(A) and (2).

Subsec. (i). Pub. L. 95-623 substituted March 1 for December 1 as the date for Secretary's annual report to Congress.

1977—Subsec. (d)(2). Pub. L. 95-215 substituted provisions relating to the school years beginning in calendar years 1978 and 1979 for provisions relating to the school year ending in the fiscal year beginning Oct. 1, 1977.

#### EFFECTIVE DATE OF 2003 AMENDMENT

Amendment by Pub. L. 108-163 deemed to have taken effect immediately after the enactment of Pub. L. 107-251, see section 3 of Pub. L. 108-163, set out as a note under section 233 of this title.

#### EFFECTIVE DATE OF 1990 AMENDMENT

Amendment by Pub. L. 101-509 effective on such date as the President shall determine, but not earlier than 90 days, and not later than 180 days, after Nov. 5, 1990, see section 529 [title III, §305] of Pub. L. 101-509, set out as a note under section 5301 of Title 5, Government Organization and Employees.

#### EFFECTIVE DATE OF 1985 AMENDMENT

Section 228 of Pub. L. 99-129 provided that:

“(a) Except as provided in subsection (b), this Act and the amendments and repeals made by this Act [enacting sections 294q-1 to 294q-3 of this title, amending this section and sections 292a, 292b, 292h, 292j, 293c, 294a, 294b, 294d, 294e, 294g, 294j, 294m to 294p, 294z, 295f to 295f-2, 295g, 295g-1, 295g-3, 295g-4, 295g-6 to 295g-8, 295g-8b, 295h, 295h-1a to 295h-1c, 296k, 296l, 296m, 297a, 298b-5, and 300aa-14 of this title, repealing sections 292c, 295 to 295e-5, 295g-2, 295g-5, 295g-8a, and 295g-9 of this title, enacting provisions set out as notes under sections 201, 292h, 293c, 294d, 294n, and 300aa-14 of this title and section 462 of the Appendix to Title 50, War and National Defense, and amending provisions set out as a note under section 298b-5 of this title] shall take effect on the date of enactment of this Act [Oct. 22, 1985].

“(b)(1) The amendments made by section 101(a) of this Act [amending section 294a of this title] shall take effect as of October 1, 1985.

“(2) The amendments made by section 208(e) of this Act [amending section 294e of this title] shall take effect nine months after the date of enactment of this Act [Oct. 22, 1985].

“(3) The amendment made by section 208(h) of this Act [amending section 294a of this title] shall take effect as of October 1, 1983.

“(4) The provisions of section 746 of the Public Health Service Act (as added by the amendment made by section 209(h)(2) of this Act) [section 294g-2 of this title] shall take effect as of June 30, 1984.

“(5) The amendments made by section 209(j) of this Act [amending sections 294m and 297a of this title] shall take effect as of June 30, 1984.

“(6) The amendments made by section 213(a) of this Act [amending section 295g-1 of this title] shall take effect as of October 1, 1985.”

#### EFFECTIVE DATE OF 1977 AMENDMENT

Section 5 of Pub. L. 95-215 provided that the amendment made by that section is effective Oct. 1, 1977.

#### EFFECTIVE DATE

Section 408(b)(1) of Pub. L. 94-484 provided that the enactment of sections 254I to 254r of this title and repeal of section 234 of this title by Pub. L. 94-484 is effective Oct. 1, 1977.

EFFECTIVE DATE; SAVINGS PROVISION; CREDIT FOR PERIOD OF INTERNSHIP OR RESIDENCY BEFORE SEPTEMBER 30, 1977, TOWARDS SERVICE OBLIGATION

Section 408(b)(2) of Pub. L. 94-484, as amended, eff. Oct. 12, 1976, by Pub. L. 95-83, title III, §307(p), Aug. 1, 1977, 91 Stat. 394, provided that:

“(A) Except as provided in subparagraphs (B) and (C), the amendment made by paragraph (1) of this sub-

section [enacting this section and sections 254I-1 to 254r of this title and repealing section 234 of this title] shall apply with respect to scholarships awarded under the National Health Service Corps Scholarship Program from appropriations for such Program for fiscal years beginning after September 30, 1977.

“(B) The provisions of section 225(f)(1) of the Public Health Service Act (as in effect on September 30, 1977) [former section 234(f)(1) of this title] prescribing the financial obligation of a participant in the Public Health and National Health Service Corps Scholarship Program who fails to complete an active duty service obligation incurred under that Program shall apply to any individual who received a scholarship under such Program from appropriations for such Program for any fiscal year ending before October 1, 1977.

“(C) If an individual received a scholarship under the Public Health and National Health Service Corps Scholarship Program for any school year beginning before the date of the enactment of this Act [Oct. 12, 1976], periods of internship or residency served by such individual in a facility of the National Health Service Corps or other facility of the Public Health Service shall be creditable in satisfying such individual's service obligation incurred under that Program for such scholarship or for any scholarship received under the National Health Service Corps Scholarship Program for any subsequent school year. If an individual received a scholarship under the Public Health and National Health Service Corps Program for the first time from appropriations for such Program for the fiscal year ending September 30, 1977, periods of internship or residency served by such individual in such a facility shall be creditable in satisfying such individual's service obligation incurred under that Program for such scholarship.”

#### SCHOLARSHIP AND LOAN REPAYMENT PROGRAMS

Pub. L. 107-251, title III, §302(c), Oct. 26, 2002, 116 Stat. 1644, provided that: “The Secretary of Health and Human Services, in consultation with organizations representing individuals in the dental field and organizations representing publicly funded health care providers, shall develop and implement a plan for increasing the participation of dentists and dental hygienists in the National Health Service Corps Scholarship Program under section 338A of the Public Health Service Act (42 U.S.C. 254I) and the Loan Repayment Program under section 338B of such Act (42 U.S.C. 254I-1).”

#### § 254I-1. National Health Service Corps Loan Repayment Program

##### (a) Establishment

The Secretary shall establish a program to be known as the National Health Service Corps Loan Repayment Program to assure, with respect to the provision of primary health services pursuant to section 254d(a)(2) of this title—

(1) an adequate supply of physicians, dentists, behavioral and mental health professionals, certified nurse midwives, certified nurse practitioners, and physician assistants; and

(2) if needed by the Corps, an adequate supply of other health professionals.

##### (b) Eligibility

To be eligible to participate in the Loan Repayment Program, an individual must—

(1)(A) have a degree in medicine, osteopathic medicine, dentistry, or another health profession, or an appropriate degree from a graduate program of behavioral and mental health, or be certified as a nurse midwife, nurse practitioner, or physician assistant;

(B) be enrolled in an approved graduate training program in medicine, osteopathic

medicine, dentistry, behavioral and mental health, or other health profession; or

(C) be enrolled as a full-time student—

(i) in an accredited (as determined by the Secretary) educational institution in a State; and

(ii) in the final year of a course of a study or program, offered by such institution and approved by the Secretary, leading to a degree in medicine, osteopathic medicine, dentistry, or other health profession;

(2) be eligible for, or hold, an appointment as a commissioned officer in the Regular or Reserve Corps of the Service or be eligible for selection for civilian service in the Corps; and

(3) submit to the Secretary an application for a contract described in subsection (f) of this section (relating to the payment by the Secretary of the educational loans of the individual in consideration of the individual serving for a period of obligated service).

**(c) Information to be included with application and contract forms; understandability; availability**

**(1) Summary and information**

In disseminating application forms and contract forms to individuals desiring to participate in the Loan Repayment Program, the Secretary shall include with such forms—

(A) a fair summary of the rights and liabilities of an individual whose application is approved (and whose contract is accepted) by the Secretary, including in the summary a clear explanation of the damages to which the United States is entitled under section 254o of this title in the case of the individual's breach of the contract; and

(B) information respecting meeting a service obligation through private practice under an agreement under section 254n of this title and such other information as may be necessary for the individual to understand the individual's prospective participation in the Loan Repayment Program and service in the Corps.

**(2) Understandability**

The application form, contract form, and all other information furnished by the Secretary under this subpart shall be written in a manner calculated to be understood by the average individual applying to participate in the Loan Repayment Program.

**(3) Availability**

The Secretary shall make such application forms, contract forms, and other information available to individuals desiring to participate in the Loan Repayment Program on a date sufficiently early to ensure that such individuals have adequate time to carefully review and evaluate such forms and information.

**(4) Recruitment and retention**

(A) The Secretary shall distribute to health professions schools materials providing information on the Loan Repayment Program and shall encourage the schools to disseminate the materials to the students of the schools.

(B)(i) In the case of any health professional whose period of obligated service under the

Loan Repayment Program is nearing completion, the Secretary shall encourage the individual to remain in a health professional shortage area and to continue providing primary health services.

(ii) During the period in which a health professional is planning and making the transition to private practice from obligated service under the Loan Repayment Program, the Secretary may provide assistance to the professional regarding such transition if the professional is remaining in a health professional shortage area and is continuing to provide primary health services.

(C) In the case of entities to which participants in the Loan Repayment Program are assigned under section 254f of this title, the Secretary shall encourage the entities to provide options with respect to assisting the participants in remaining in the health professional shortage areas involved, and in continuing to provide primary health services, after the period of obligated service under the Loan Repayment Program is completed. The options with respect to which the Secretary provides such encouragement may include options regarding the sharing of a single employment position in the health professions by 2 or more health professionals, and options regarding the recruitment of couples where both of the individuals are health professionals.

**(d) Factors considered in providing contracts; priorities**

(1) Subject to section 254f-1 of this title, in providing contracts under the Loan Repayment Program—

(A) the Secretary shall consider the extent of the demonstrated interest of the applicants for the contracts in providing primary health services; and

(B) may consider such other factors regarding the applicants as the Secretary determines to be relevant to selecting qualified individuals to participate in such Program.

(2) In providing contracts under the Loan Repayment Program, the Secretary shall give priority—

(A) to any application for such a contract submitted by an individual whose training is in a health profession or specialty determined by the Secretary to be needed by the Corps;

(B) to any application for such a contract submitted by an individual who has (and whose spouse, if any, has) characteristics that increase the probability that the individual will continue to serve in a health professional shortage area after the period of obligated service pursuant to subsection (f) of this section is completed; and

(C) subject to subparagraph (B), to any application for such a contract submitted by an individual who is from a disadvantaged background.

**(e) Approval required for participation**

An individual becomes a participant in the Loan Repayment Program only upon the Secretary and the individual entering into a written contract described in subsection (f) of this section.

**(f) Contents of contracts**

The written contract (referred to in this subpart) between the Secretary and an individual shall contain—

(1) an agreement that—

(A) subject to paragraph (3), the Secretary agrees—

(i) to pay on behalf of the individual loans in accordance with subsection (g) of this section; and

(ii) to accept (subject to the availability of appropriated funds for carrying out sections 254d through 254h of this title and section 254j of this title) the individual into the Corps (or for equivalent service as otherwise provided in this subpart); and

(B) subject to paragraph (3), the individual agrees—

(i) to accept loan payments on behalf of the individual;

(ii) in the case of an individual described in subsection (b)(1)(C) of this section, to maintain enrollment in a course of study or training described in such subsection until the individual completes the course of study or training;

(iii) in the case of an individual described in subsection (b)(1)(C) of this section, while enrolled in such course of study or training, to maintain an acceptable level of academic standing (as determined under regulations of the Secretary by the educational institution offering such course of study or training); and

(iv) to serve for a time period (hereinafter in this subpart referred to as the “period of obligated service”) equal to 2 years or such longer period as the individual may agree to, as a provider of primary health services in a health professional shortage area (designated under section 254e of this title) to which such individual is assigned by the Secretary as a member of the Corps or released under section 254n of this title;

(2) a provision permitting the Secretary to extend for such longer additional periods, as the individual may agree to, the period of obligated service agreed to by the individual under paragraph (1)(B)(iv), including extensions resulting in an aggregate period of obligated service in excess of 4 years;

(3) a provision that any financial obligation of the United States arising out of a contract entered into under this subpart and any obligation of the individual that is conditioned thereon, is contingent on funds being appropriated for loan repayments under this subpart and to carry out the purposes of sections 254d through 254h of this title and sections 254j and 254k of this title;

(4) a statement of the damages to which the United States is entitled, under section 254o of this title for the individual’s breach of the contract; and

(5) such other statements of the rights and liabilities of the Secretary and of the individual, not inconsistent with this subpart.

**(g) Payments****(1) In general**

A loan repayment provided for an individual under a written contract under the Loan Repayment Program shall consist of payment, in accordance with paragraph (2), on behalf of the individual of the principal, interest, and related expenses on government and commercial loans received by the individual regarding the undergraduate or graduate education of the individual (or both), which loans were made for—

(A) tuition expenses;

(B) all other reasonable educational expenses, including fees, books, and laboratory expenses, incurred by the individual; or

(C) reasonable living expenses as determined by the Secretary.

**(2) Payments for years served****(A) In general**

For each year of obligated service that an individual contracts to serve under subsection (f) of this section the Secretary may pay up to \$50,000, plus, beginning with fiscal year 2012, an amount determined by the Secretary on an annual basis to reflect inflation, on behalf of the individual for loans described in paragraph (1). In making a determination of the amount to pay for a year of such service by an individual, the Secretary shall consider the extent to which each such determination—

(i) affects the ability of the Secretary to maximize the number of contracts that can be provided under the Loan Repayment Program from the amounts appropriated for such contracts;

(ii) provides an incentive to serve in health professional shortage areas with the greatest such shortages; and

(iii) provides an incentive with respect to the health professional involved remaining in a health professional shortage area, and continuing to provide primary health services, after the completion of the period of obligated service under the Loan Repayment Program.

**(B) Repayment schedule**

Any arrangement made by the Secretary for the making of loan repayments in accordance with this subsection shall provide that any repayments for a year of obligated service shall be made no later than the end of the fiscal year in which the individual completes such year of service.

**(3) Tax liability**

For the purpose of providing reimbursements for tax liability resulting from payments under paragraph (2) on behalf of an individual—

(A) the Secretary shall, in addition to such payments, make payments to the individual in an amount equal to 39 percent of the total amount of loan repayments made for the taxable year involved; and

(B) may make such additional payments as the Secretary determines to be appropriate with respect to such purpose.

**(4) Payment schedule**

The Secretary may enter into an agreement with the holder of any loan for which payments are made under the Loan Repayment Program to establish a schedule for the making of such payments.

**(h) Employment ceiling**

Notwithstanding any other provision of law, individuals who have entered into written contracts with the Secretary under this section, while undergoing academic or other training, shall not be counted against any employment ceiling affecting the Department.

(July 1, 1944, ch. 373, title III, § 338B, as added Pub. L. 100-177, title II, § 201(3), Dec. 1, 1987, 101 Stat. 992; amended Pub. L. 100-607, title VI, § 629(a)(2), Nov. 4, 1988, 102 Stat. 3146; Pub. L. 101-597, title II, § 202(a)-(g)(1), (h), title IV, § 401(b)[(a)], Nov. 16, 1990, 104 Stat. 3023-3026, 3035; Pub. L. 105-392, title I, § 109, Nov. 13, 1998, 112 Stat. 3562; Pub. L. 107-251, title III, § 310, Oct. 26, 2002, 116 Stat. 1650; Pub. L. 108-163, § 2(k), Dec. 6, 2003, 117 Stat. 2022; Pub. L. 111-148, title X, § 10501(n)(4), Mar. 23, 2010, 124 Stat. 1003.)

## PRIOR PROVISIONS

A prior section 338B of act July 1, 1944, was renumbered section 338C by section 201(2) of Pub. L. 100-177 and is classified to section 254m of this title.

## AMENDMENTS

2010—Subsec. (g)(2)(A). Pub. L. 111-148 substituted “\$50,000, plus, beginning with fiscal year 2012, an amount determined by the Secretary on an annual basis to reflect inflation,” for “\$35,000” in introductory provisions.

2003—Subsec. (e). Pub. L. 108-163 made technical amendment.

2002—Subsec. (a)(1). Pub. L. 107-251, § 310(1)(A), inserted “behavioral and mental health professionals,” after “dentists.”

Subsec. (a)(2). Pub. L. 107-251, § 310(1)(B), struck out “(including mental health professionals)” before period at end.

Subsec. (b)(1)(A). Pub. L. 107-251, § 310(2), added subpar. (A) and struck out former subpar. (A) which read as follows: “must have a degree in medicine, osteopathic medicine, dentistry, or other health profession, or be certified as a nurse midwife, nurse practitioner, or physician assistant;”

Subsec. (e)(1). Pub. L. 107-251, § 310(3), struck out par. (1) designation and heading.

Subsec. (i). Pub. L. 107-251, § 310(4), struck out subsec. (i), which required an annual report to Congress about the Loan Repayment Program.

1998—Subsec. (b)(1)(B). Pub. L. 105-392 substituted “behavioral and mental health, or other health profession” for “or other health profession”.

1990—Subsec. (a). Pub. L. 101-597, § 202(a)(1), substituted “Corps Loan Repayment Program to assure, with respect to the provision of primary health services pursuant to section 254d(a)(2) of this title—” and pars. (1) and (2) for “Corps Loan Repayment Program (hereinafter in this subpart referred to as the ‘Loan Repayment Program’) in order to assure—

“(1) an adequate supply of trained physicians, dentists, and nurses for the Corps; and

“(2) if needed by the Corps, an adequate supply of podiatrists, optometrists, pharmacists, clinical psychologists, graduates of schools of veterinary medicine, graduates of schools of public health, graduates of programs in health administration, graduates of programs for the training of physician assistants, expanded function dental auxiliaries, and nurse practitioners (as defined in section 296m of this title), and other health professionals.”

Subsec. (b)(1). Pub. L. 101-597, § 202(b)(1)(A), amended par. (1) generally. Prior to amendment, par. (1) read as follows:

“(A) be enrolled—

“(i) as a full-time student—

“(I) in an accredited (as determined by the Secretary) educational institution in a State; and

“(II) in the final year of a course of study or program, offered by such institution and approved by the Secretary, leading to a degree in medicine, osteopathic medicine, dentistry, or other health profession; or

“(ii) in an approved graduate training program in medicine, osteopathic medicine, dentistry, or other health profession; or

“(B) have—

“(i) a degree in medicine, osteopathic medicine, dentistry, or other health profession; and

“(ii) completed an approved graduate training program in medicine, osteopathic medicine, dentistry, or other health profession in a State, except that the Secretary may waive the completion requirement of this clause for good cause; and

“(iii) a license to practice medicine, osteopathic medicine, dentistry, or other health profession in a State;”

Subsec. (b)(2) to (4). Pub. L. 101-597, § 202(b)(2)(A), inserted “and” at end of par. (2), added par. (3), and struck out former pars. (3) and (4) which read as follows:

“(3) submit an application to participate in the Loan Repayment Program; and

“(4) sign and submit to the Secretary, at the time of the submission of such application, a written contract (described in subsection (f) of this section) to accept repayment of educational loans and to serve (in accordance with this subpart) for the applicable period of obligated service in a health manpower shortage area.”

Subsec. (c)(4). Pub. L. 101-597, § 401(b)[(a)], substituted reference to health professional shortage area for reference to health manpower shortage area in subpars. (B) and (C).

Pub. L. 101-597, § 202(c), added par. (4).

Subsec. (d). Pub. L. 101-597, § 401(b)[(a)], substituted reference to health professional shortage area for reference to health manpower shortage area in par. (2)(B).

Pub. L. 101-597, § 202(d), amended subsec. (d) generally. Prior to amendment, subsec. (d) read as follows: “In determining which applications under the Loan Repayment Program to approve (and which contracts to accept), the Secretary shall give priority to applications made by—

“(1) individuals whose training is in a health profession or specialty determined by the Secretary to be needed by the Corps; and

“(2) individuals who are committed to service in medically underserved areas.”

Subsec. (e). Pub. L. 101-597, § 202(b)(2)(B), substituted “only upon the Secretary and the individual entering into a written contract described in subsection (f) of this section.” for “only on the Secretary’s approval of the individual’s application submitted under subsection (b)(3) of this section and the Secretary’s acceptance of the contract submitted by the individual under subsection (b)(4) of this section.” in par. (1) and struck out par. (2) which read as follows: “The Secretary shall provide written notice to an individual promptly on—

“(A) the Secretary’s approving, under paragraph (1), of the individual’s participation in the Loan Repayment Program; or

“(B) the Secretary’s disapproving an individual’s participation in such Program.”

Subsec. (f)(1)(B)(ii), (iii). Pub. L. 101-597, § 202(b)(1)(B), substituted “subsection (b)(1)(C)” for “subsection (b)(1)(A)”.

Subsec. (f)(1)(B)(iv). Pub. L. 101-597, § 401(b)[(a)], substituted reference to health professional shortage area for reference to health manpower shortage area.

Pub. L. 101-597, § 202(a)(2), inserted “as a provider of primary health services” before “in a health”.

Subsec. (f)(2). Pub. L. 101-597, § 202(e), inserted before semicolon at end “, including extensions resulting in an aggregate period of obligated service in excess of 4 years”.

Subsec. (g)(1). Pub. L. 101-597, § 202(f)(1), inserted “regarding the undergraduate or graduate education of the individual (or both), which loans were made” after “loans received by the individual”.

Subsec. (g)(2)(A). Pub. L. 101-597, § 401(b)(a), substituted reference to health professional shortage area for reference to health manpower shortage area in cls. (ii) and (iii).

Pub. L. 101-597, § 202(f)(2)(A), substituted “For each year” for “Except as provided in subparagraph (B) and paragraph (3), for each year” and “\$35,000” for “\$20,000”, inserted at end “In making a determination of the amount to pay for a year of such service by an individual, the Secretary shall consider the extent to which each such determination—”, and added immediately thereafter cls. (i) to (iii).

Subsec. (g)(2)(B), (C). Pub. L. 101-597, § 202(f)(2)(B), redesignated subpar. (C) as (B) and struck out former subpar. (B) which read as follows: “For each year of obligated service that an individual contracts under subsection (f) of this section to serve in the Indian Health Service, or to serve in a health program or facility operated by a tribe or tribal organization under the Indian Self-Determination Act (25 U.S.C. 450f et seq.), the Secretary may pay up to \$25,000 on behalf of the individual for loans described in paragraph (1).”

Subsec. (g)(3). Pub. L. 101-597, § 202(g)(1), amended par. (3) generally. Prior to amendment, par. (3) read as follows: “In addition to payments made under paragraph (2), in any case in which payments on behalf of an individual under the Loan Repayment Program result in an increase in Federal, State, or local income tax liability for such individual, the Secretary may, on the request of such individual, make payments to such individual in a reasonable amount, as determined by the Secretary, to reimburse such individual for all or part of the increased tax liability of the individual.”

Subsec. (i). Pub. L. 101-597, § 401(b)(a), substituted reference to health professional shortage area for reference to health manpower shortage area in par. (8).

Pub. L. 101-597, § 202(h), amended subsec. (i) generally. Prior to amendment, subsec. (i) read as follows: “The Secretary shall, not later than March 1 of each year, submit to the Congress a report specifying—

“(1) the number, and type of health profession training, of individuals receiving loan payments under the Loan Repayment Program;

“(2) the educational institution at which such individuals are receiving their training;

“(3) the number of applications filed under this section in the school year beginning in such year and in prior school years; and

“(4) the amount of loan payments made in the year reported on.”

1988—Subsec. (b)(1). Pub. L. 100-607 substituted “osteopathic medicine” for “osteopathy” wherever appearing.

#### EFFECTIVE DATE OF 2003 AMENDMENT

Amendment by Pub. L. 108-163 deemed to have taken effect immediately after the enactment of Pub. L. 107-251, see section 3 of Pub. L. 108-163, set out as a note under section 233 of this title.

#### EFFECTIVE DATE OF 1990 AMENDMENT

Pub. L. 101-597, title II, § 202(g)(2), Nov. 16, 1990, 104 Stat. 3026, provided that: “The amendment made by paragraph (1) [amending this section] shall apply only with respect to contracts under section 338B of the Public Health Service Act [this section] (relating to service in the National Health Service Corps) that are entered into on or after the effective date of this Act [Nov. 16, 1990].”

#### REGULATIONS

Section 205 of title II of Pub. L. 100-177 provided that: “Not later than 180 days after the effective date of the

amendments made by this title [Dec. 21, 1987], the Secretary of Health and Human Services shall issue regulations for the loan repayment programs established by the amendments [enacting this section and sections 254q and 254q-1 of this title, amending sections 242a, 254d, 254g, 254h-1, and 254o of this title, and repealing former section 254q of this title].”

### § 254m. Obligated service under contract

#### (a) Service in full-time clinical practice

Except as provided in section 254n of this title, each individual who has entered into a written contract with the Secretary under section 254l or 254l-1 of this title shall provide service in the full-time clinical practice of such individual's profession as a member of the Corps for the period of obligated service provided in such contract. The Secretary may treat teaching as clinical practice for up to 20 percent of such period of obligated service. Notwithstanding the preceding sentence, with respect to a member of the Corps participating in the teaching health centers graduate medical education program under section 256h of this title, for the purpose of calculating time spent in full-time clinical practice under this section, up to 50 percent of time spent teaching by such member may be counted toward his or her service obligation.

#### (b) Notice to individual; information for informed decision; eligibility; notice to Secretary; qualification and appointment as commissioned officer; appointment as civilian member; designation of non-United States employee as member; deferment of obligated service

(1) If an individual is required under subsection (a) of this section to provide service as specified in section 254l(f)(1)(B)(v) or 254l-1(f)(1)(B)(iv) of this title (hereinafter in this subsection referred to as “obligated service”), the Secretary shall, not later than ninety days before the date described in paragraph (5), determine if the individual shall provide such service—

(A) as a member of the Corps who is a commissioned officer in the Regular or Reserve Corps of the Service or who is a civilian employee of the United States, or

(B) as a member of the Corps who is not such an officer or employee,

and shall notify such individual of such determination.

(2) If the Secretary determines that an individual shall provide obligated service as a member of the Corps who is a commissioned officer in the Service or a civilian employee of the United States, the Secretary shall, not later than sixty days before the date described in paragraph (5), provide such individual with sufficient information regarding the advantages and disadvantages of service as such a commissioned officer or civilian employee to enable the individual to make a decision on an informed basis. To be eligible to provide obligated service as a commissioned officer in the Service, an individual shall notify the Secretary, not later than thirty days before the date described in paragraph (5), of the individual's desire to provide such service as such an officer. If an individual qualifies for an appointment as such an officer,

the Secretary shall, as soon as possible after the date described in paragraph (5), appoint the individual as a commissioned officer of the Regular or Reserve Corps of the Service and shall designate the individual as a member of the Corps.

(3) If an individual provided notice by the Secretary under paragraph (2) does not qualify for appointment as a commissioned officer in the Service, the Secretary shall, as soon as possible after the date described in paragraph (5), appoint such individual as a civilian employee of the United States and designate the individual as a member of the Corps.

(4) If the Secretary determines that an individual shall provide obligated service as a member of the Corps who is not an employee of the United States, the Secretary shall, as soon as possible after the date described in paragraph (5), designate such individual as a member of the Corps to provide such service.

(5)(A) In the case of the Scholarship Program, the date referred to in paragraphs (1) through (4) shall be the date on which the individual completes the training required for the degree for which the individual receives the scholarship, except that—

(i) for an individual receiving such a degree after September 30, 2000, from a school of medicine or osteopathic medicine, such date shall be the date the individual completes a residency in a specialty that the Secretary determines is consistent with the needs of the Corps; and

(ii) at the request of an individual, the Secretary may, consistent with the needs of the Corps, defer such date until the end of a period of time required for the individual to complete advanced training (including an internship or residency).

(B) No period of internship, residency, or other advanced clinical training shall be counted toward satisfying a period of obligated service under this subpart.

(C) In the case of the Loan Repayment Program, if an individual is required to provide obligated service under such Program, the date referred to in paragraphs (1) through (4)—

(i) shall be the date determined under subparagraph (A) in the case of an individual who is enrolled in the final year of a course of study;

(ii) shall, in the case of an individual who is enrolled in an approved graduate training program in medicine, osteopathic medicine, dentistry, or other health profession, be the date the individual completes such training program; and

(iii) shall, in the case of an individual who has a degree in medicine, osteopathic medicine, dentistry, or other health profession and who has completed graduate training, be the date the individual enters into an agreement with the Secretary under section 254l-1 of this title.

**(c) Obligated service period; commencement**

An individual shall be considered to have begun serving a period of obligated service—

(1) on the date such individual is appointed as an officer in a Regular or Reserve Corps of the Service or is designated as a member of

the Corps under subsection (b)(3) or (b)(4) of this section, or

(2) in the case of an individual who has entered into an agreement with the Secretary under section 254n of this title, on the date specified in such agreement,

whichever is earlier.

**(d) Assignment of personnel**

The Secretary shall assign individuals performing obligated service in accordance with a written contract under the Scholarship Program to health professional shortage areas in accordance with sections 254d through 254h and sections 254j and 254k of this title. If the Secretary determines that there is no need in a health professional shortage area (designated under section 254e of this title) for a member of the profession in which an individual is obligated to provide service under a written contract and if such individual is an officer in the Service or a civilian employee of the United States, the Secretary may detail such individual to serve his period of obligated service as a full-time member of such profession in such unit of the Department as the Secretary may determine.

(July 1, 1944, ch. 373, title III, § 338C, formerly title VII, § 752, as added Pub. L. 94-484, title IV, § 408(b)(1), Oct. 12, 1976, 90 Stat. 2284; amended Pub. L. 95-626, title I, § 113(b), Nov. 10, 1978, 92 Stat. 3563; Pub. L. 96-76, title II, § 202(a), (b), Sept. 29, 1979, 93 Stat. 582; renumbered § 338B and amended Pub. L. 97-35, title XXVII, § 2709(a), (c), Aug. 13, 1981, 95 Stat. 908, 909; Pub. L. 97-414, § 8(g)(1), Jan. 4, 1983, 96 Stat. 2061; renumbered § 338C and amended Pub. L. 100-177, title II, § 201(2), title III, § 306, Dec. 1, 1987, 101 Stat. 992, 1004; Pub. L. 100-607, title VI, § 629(a)(2), Nov. 4, 1988, 102 Stat. 3146; Pub. L. 101-597, title IV, § 401(b)(a), Nov. 16, 1990, 104 Stat. 3035; Pub. L. 107-251, title III, § 311, Oct. 26, 2002, 116 Stat. 1650; Pub. L. 111-148, title V, § 5508(b), title X, § 10501(n)(5), Mar. 23, 2010, 124 Stat. 670, 1003.)

**CODIFICATION**

Section was formerly classified to section 294u of this title prior to its renumbering by Pub. L. 97-35.

**PRIOR PROVISIONS**

A prior section 338C of act July 1, 1944, was renumbered section 338D by section 201(2) of Pub. L. 100-177 and is classified to section 254n of this title.

**AMENDMENTS**

2010—Subsec. (a). Pub. L. 111-148, § 10501(n)(5), in second sentence, substituted “The Secretary may treat teaching as clinical practice for up to 20 percent of such period of obligated service” for “For the purpose of calculating time spent in full-time clinical practice under this subsection, up to 50 percent of time spent teaching by a member of the Corps may be counted toward his or her service obligation” and inserted at end “Notwithstanding the preceding sentence, with respect to a member of the Corps participating in the teaching health centers graduate medical education program under section 256h of this title, for the purpose of calculating time spent in full-time clinical practice under this section, up to 50 percent of time spent teaching by such member may be counted toward his or her service obligation.”

Pub. L. 111-148, § 5508(b), amended subsec. (a) generally. Prior to amendment, text read as follows: “Except as provided in section 254n of this title, each individual

who has entered into a written contract with the Secretary under section 254l or 254l-1 of this title shall provide service in the full-time clinical practice of such individual's profession as a member of the Corps for the period of obligated service provided in such contract."

2002—Subsec. (b)(1). Pub. L. 107-251, §311(1)(A), substituted "section 254l(f)(1)(B)(v)" for "254l(f)(1)(B)(iv)" in introductory provisions.

Subsec. (b)(5)(A). Pub. L. 107-251, §311(1)(B)(i), added subpar. (A) and struck out former subpar. (A) which read as follows: "In the case of the Scholarship Program, with respect to an individual receiving a degree from a school of medicine, osteopathic medicine, dentistry, veterinary medicine, optometry, podiatry, or pharmacy, the date referred to in paragraphs (1) through (4) shall be the date on which the individual completes the training required for such degree, except that—

"(i) at the request of such an individual with whom the Secretary has entered into a contract under section 254l of this title prior to October 1, 1985, the Secretary shall defer such date until the end of the period of time (not to exceed the number of years specified in subparagraph (B) or such greater period as the Secretary, consistent with the needs of the Corps, may authorize) required for the individual to complete an internship, residency, or other advanced clinical training; and

"(ii) at the request of such an individual with whom the Secretary has entered into a contract under section 254l of this title on or after October 1, 1985, the Secretary may defer such date in accordance with clause (i)."

Subsec. (b)(5)(B). Pub. L. 107-251, §311(1)(B)(i), (iii), redesignated subpar. (C) as (B) and struck out former subpar. (B) which read as follows:

"(B)(i) In the case of the Scholarship Program, with respect to an individual receiving a degree from a school of medicine, osteopathic medicine, or dentistry, the number of years referred to in subparagraph (A)(i) shall be 3 years.

"(ii) In the case of the Scholarship Program, with respect to an individual receiving a degree from a school of veterinary medicine, optometry, podiatry, or pharmacy, the number of years referred to in subparagraph (A)(i) shall be 1 year."

Subsec. (b)(5)(C). Pub. L. 107-251, §311(1)(B)(iii), redesignated subpar. (E) as (C). Former subpar. (C) redesignated (B).

Subsec. (b)(5)(C)(i). Pub. L. 107-251, §311(1)(B)(iv), substituted "subparagraph (A)" for "subparagraph (A), (B), or (D)".

Subsec. (b)(5)(D). Pub. L. 107-251, §311(1)(B)(ii), struck out subpar. (D) which read as follows: "In the case of the Scholarship Program, with respect to an individual receiving a degree from an institution other than a school referred to in subparagraph (A), the date referred to in paragraphs (1) through (4) shall be the date on which the individual completes the academic training of the individual leading to such degree."

Subsec. (b)(5)(E). Pub. L. 107-251, §311(1)(B)(iii), redesignated subpar. (E) as (C).

Subsec. (e). Pub. L. 107-251, §311(2), struck out subsec. (e) which related to service under National Research Service Award program as credit against obligated service time.

1990—Subsec. (d). Pub. L. 101-597 substituted reference to health professional shortage area for reference to health manpower shortage area wherever appearing.

1988—Subsec. (b)(5). Pub. L. 100-607 substituted "osteopathic medicine" for "osteopathy" wherever appearing.

1987—Subsec. (a). Pub. L. 100-177, §306(1), inserted "or 254l-1", and made technical amendment to reference to section 254n of this title to reflect renumbering of corresponding section of original act.

Subsec. (b)(1). Pub. L. 100-177, §306(2), inserted reference to section 254l-1(f)(1)(B)(iv).

Subsec. (b)(5). Pub. L. 100-177, §306(3), substituted par. (5) consisting of subpars. (A) to (E) for former par. (5) consisting of subpars. (A) and (B).

Subsec. (c)(2). Pub. L. 100-177, §306(4), made technical amendment to reference to section 254n of this title to reflect renumbering of corresponding section of original act.

1983—Subsec. (e). Pub. L. 97-414 inserted "or under section 234 of this title as in effect on September 30, 1977" after "Scholarship Program".

1981—Subsec. (a). Pub. L. 97-35, §2709(c)(1), substituted "254n" for "294v" and "254l" for "294t".

Subsec. (b). Pub. L. 97-35, §2709(c)(2), substituted provisions relating to notice, information, etc., for individuals required to give obligated service, for provisions relating to notice, information, etc., for individuals required to provide service under the Scholarship Program.

Subsec. (c). Pub. L. 97-35, §2709(c)(3), (4), in par. (1) inserted reference to designation under subsec. (b)(3) or (4) of this section, and in par. (2) substituted "254n" for "294v".

Subsec. (d). Pub. L. 97-35, §2709(c)(5), inserted provision relating to individuals who are officers in the Service or civilian employees of the United States, and substituted reference to sections 254d to 254h, 254j, and 254k of this title, for reference to subpart II of part D of subchapter II of this chapter.

Subsec. (e). Pub. L. 97-35, §2709(c)(6), substituted provisions respecting mandatory determination of service requirement, for provisions respecting discretionary determination of service requirement.

1979—Subsec. (b)(5)(A). Pub. L. 96-76, §202(a), (b)(1), (2), inserted provisions authorizing a greater period than three years for individuals receiving degrees from schools of medicine, osteopathy, and dentistry, and provisions respecting individuals receiving degrees from schools of veterinary medicine, optometry, podiatry, and pharmacy, and substituted "No period" for "No such period".

Subsec. (b)(5)(B). Pub. L. 96-76, §202(b)(3), substituted "referred to in subparagraph (A)" for "of medicine, osteopathy, or dentistry".

1978—Subsec. (d). Pub. L. 95-626 substituted "subpart II of part D" for "subpart II of part C".

#### EFFECTIVE DATE OF 1981 AMENDMENT

Pub. L. 97-35, title XXVII, §2709(h), Aug. 13, 1981, 95 Stat. 912, provided that: "The amendments made by paragraphs (2), (3), and (5)(B) of subsection (c) [amending this section] shall apply with respect to contracts entered into under the National Health Service Corps scholarship program under subpart III of part C of title VII of the Public Health Service Act [section 294r et seq. of this title] after the date of the enactment of this Act [Aug. 13, 1981]. An individual who before such date has entered into such a contract and who has not begun the period of obligated service required under such contract shall be given the opportunity to revise such contract to permit the individual to serve such period as a member of the National Health Service Corps who is not an employee of the United States."

#### EFFECTIVE DATE

Section effective Oct. 1, 1977, see section 408(b)(1) of Pub. L. 94-484, set out in part as a note under section 254l of this title.

EFFECTIVE DATE; SAVINGS PROVISION; CREDIT FOR PERIOD OF INTERNSHIP OR RESIDENCY BEFORE SEPTEMBER 30, 1977, TOWARDS SERVICE OBLIGATION

See section 408(b)(2) of Pub. L. 94-484, set out as a note under section 254l of this title.

SPECIAL RETENTION PAY FOR REGULAR OR RESERVE OFFICERS FOR PERIOD OFFICER IS OBLIGATED UNDER THIS SECTION

Pub. L. 100-446, title II, Sept. 27, 1988, 102 Stat. 1816, provided that: "the Secretary of Health and Human Services may authorize special retention pay under paragraph (4) of 37 U.S.C. 302(a) to any regular or reserve officer for the period during which the officer is

obligated under section 338B [now 338C] of the Public Health Service Act [this section] and assigned and providing direct health services or serving the officer's obligation as a specialist".

Similar provisions were contained in the following prior appropriation acts:

Pub. L. 100-202, §101(g) [title II], Dec. 22, 1987, 101 Stat. 1329-213, 1329-246.

Pub. L. 99-500, §101(h) [title II], Oct. 18, 1986, 100 Stat. 1783-242, 1783-277, and Pub. L. 99-591, §101(h) [title II], Oct. 30, 1986, 100 Stat. 3341-242, 3341-277.

#### § 254n. Private practice

##### (a) Application for release of obligations; conditions

The Secretary shall, to the extent permitted by, and consistent with, the requirements of applicable State law, release an individual from all or part of his service obligation under section 254m(a) of this title or under section 234<sup>1</sup> of this title (as in effect on September 30, 1977) if the individual applies for such a release under this section and enters into a written agreement with the Secretary under which the individual agrees to engage for a period equal to the remaining period of his service obligation in the full-time private clinical practice (including service as a salaried employee in an entity directly providing health services) of his health profession—

(1) in the case of an individual who received a scholarship under the Scholarship Program or a loan repayment under the Loan Repayment Program and who is performing obligated service as a member of the Corps in a health professional shortage area on the date of his application for such a release, in the health professional shortage area in which such individual is serving on such date or in the case of an individual for whom a loan payment was made under the Loan Repayment Program and who is performing obligated service as a member of the Corps in a health professional shortage area on the date of the application of the individual for such a release, in the health professional shortage area selected by the Secretary; or

(2) in the case of any other individual, in a health professional shortage area (designated under section 254e of this title) selected by the Secretary.

##### (b) Written agreement; actions to ensure compliance

(1) The written agreement described in subsection (a) of this section shall—

(A) provide that, during the period of private practice by an individual pursuant to the agreement, the individual shall comply with the requirements of section 254g of this title that apply to entities; and

(B) contain such additional provisions as the Secretary may require to carry out the objectives of this section.

(2) The Secretary shall take such action as may be appropriate to ensure that the conditions of the written agreement prescribed by this subsection are adhered to.

##### (c) Breach of service contract

If an individual breaches the contract entered into under section 254l or 254l-1 of this title by

failing (for any reason) to begin his service obligation in accordance with an agreement entered into under subsection (a) of this section or to complete such service obligation, the Secretary may permit such individual to perform such service obligation as a member of the Corps.

##### (d) Travel expenses

The Secretary may pay an individual who has entered into an agreement with the Secretary under subsection (a) of this section an amount to cover all or part of the individual's expenses reasonably incurred in transporting himself, his family, and his possessions to the location of his private clinical practice.

##### (e) Sale of equipment and supplies

Upon the expiration of the written agreement under subsection (a) of this section, the Secretary may (notwithstanding any other provision of law) sell to the individual who has entered into an agreement with the Secretary under subsection (a) of this section, equipment and other property of the United States utilized by such individual in providing health services. Sales made under this subsection shall be made at the fair market value (as determined by the Secretary) of the equipment or such other property, except that the Secretary may make such sales for a lesser value to the individual if he determines that the individual is financially unable to pay the full market value.

##### (f) Malpractice insurance

The Secretary may, out of appropriations authorized under section 254k of this title, pay to individuals participating in private practice under this section the cost of such individual's malpractice insurance and the lesser of—

(1)(A) \$10,000 in the first year of obligated service;

(B) \$7,500 in the second year of obligated service;

(C) \$5,000 in the third year of obligated service; and

(D) \$2,500 in the fourth year of obligated service; or

(2) an amount determined by subtracting such individual's net income before taxes from the income the individual would have received as a member of the Corps for each such year of obligated service.

##### (g) Technical assistance

The Secretary shall, upon request, provide to each individual released from service obligation under this section technical assistance to assist such individual in fulfilling his or her agreement under this section.

(July 1, 1944, ch. 373, title III, §338D, formerly title VII, §753, as added Pub. L. 94-484, title IV, §408(b)(1), Oct. 12, 1976, 90 Stat. 2285; amended Pub. L. 96-538, title IV, §403, Dec. 17, 1980, 94 Stat. 3192; renumbered §338C and amended Pub. L. 97-35, title XXVII, §2709(a), (d), Aug. 13, 1981, 95 Stat. 908, 910; renumbered §338D and amended Pub. L. 100-177, title II, §201(2), title III, §307, Dec. 1, 1987, 101 Stat. 992, 1005; Pub. L. 101-597, title IV, §401(b)[(a)], Nov. 16, 1990, 104 Stat. 3035; Pub. L. 107-251, title III, §312, Oct. 26, 2002, 116 Stat. 1650.)

<sup>1</sup> See References in Text note below.

## REFERENCES IN TEXT

Section 234 of this title, referred to in subsec. (a), was repealed by Pub. L. 94-484, title IV, § 408(b)(1), Oct. 12, 1976, 90 Stat. 2281, effective Oct. 1, 1977.

## CODIFICATION

Section was formerly classified to section 294v of this title prior to its renumbering by Pub. L. 97-35.

## PRIOR PROVISIONS

A prior section 338D of act July 1, 1944, was renumbered section 338E by section 201(2) of Pub. L. 100-177 and is classified to section 254o of this title.

## AMENDMENTS

2002—Subsec. (b). Pub. L. 107-251 added subsec. (b) and struck out former subsec. (b) which related to written agreements, regulations, and actions to ensure compliance.

1990—Subsec. (a)(1), (2). Pub. L. 101-597 substituted reference to health professional shortage area for reference to health manpower shortage area wherever appearing.

1987—Subsec. (a). Pub. L. 100-177, § 307(1)–(3), made technical amendment to reference to section 254m of this title to reflect renumbering of corresponding section of original act, in introductory provisions, in par. (1) inserted “who received a scholarship under the Scholarship Program or a loan repayment under the Loan Repayment Program and” after “individual” the first time it appeared as the probable intent of Congress, and inserted “or in the case of an individual for whom a loan payment was made under the Loan Repayment Program and who is performing obligated service as a member of the Corps in a health manpower shortage area on the date of the application of the individual for such a release, in the health manpower shortage area selected by the Secretary”, and in par. (2) inserted “selected by the Secretary”.

Subsec. (b). Pub. L. 100-177, § 307(4), inserted at end “The Secretary shall take such action as may be appropriate to ensure that the conditions of the written agreement prescribed by this subsection are adhered to.”

Subsec. (c). Pub. L. 100-177, § 307(5), inserted reference to section 254l-1.

Subsec. (e). Pub. L. 100-177, § 307(b), designated par. (2) as entire subsection and struck out par. (1) which read as follows: “The Secretary may make such arrangements as he determines are necessary for the individual for the use of equipment and supplies and for the lease or acquisition of other equipment and supplies.”

1981—Subsec. (a). Pub. L. 97-35, § 2709(d)(1), inserted provision respecting requirements of applicable State law, substituted references to sections 254m(a) and 234 of this title, for reference to section 294u(a) of this title, and in cl. (2) struck out priority requirement under section 254f(c) of this title.

Subsec. (b)(1)(B). Pub. L. 97-35, § 2709(d)(2), inserted “(i)” before “shall not” and added cl. (ii).

Subsecs. (c) to (g). Pub. L. 97-35, § 2709(d)(3), added subsecs. (c) to (g).

1980—Subsec. (a). Pub. L. 96-538 substituted in par. (2) “which has” for “which (A) has” and struck out subpar. (B) which referred to a health manpower shortage area which has a sufficient financial base to sustain private practice and provide the individual with income of not less than the income of members of the Corps, and struck out provision following par. (2) which provided that in the case of an individual described in par. (1), the Secretary release the individual from his service obligation under this subsection only if the Secretary determines that the area in which the individual is serving met the requirements of cl. (B) of par. (2).

## EFFECTIVE DATE

Section effective Oct. 1, 1977, see section 408(b)(1) of Pub. L. 94-484, set out in part as a note under section 254l of this title.

EFFECTIVE DATE; SAVINGS PROVISION; CREDIT FOR PERIOD OF INTERNSHIP OR RESIDENCY BEFORE SEPTEMBER 30, 1977, TOWARDS SERVICE OBLIGATION

See section 408(b)(2) of Pub. L. 94-484, set out as a note under section 254l of this title.

### § 254o. Breach of scholarship contract or loan repayment contract

#### (a) Failure to maintain academic standing; dismissal from institution; voluntary termination; liability; failure to accept payment

(1) An individual who has entered into a written contract with the Secretary under section 254l of this title and who—

(A) fails to maintain an acceptable level of academic standing in the educational institution in which he is enrolled (such level determined by the educational institution under regulations of the Secretary);

(B) is dismissed from such educational institution for disciplinary reasons; or

(C) voluntarily terminates the training in such an educational institution for which he is provided a scholarship under such contract, before the completion of such training,

in lieu of any service obligation arising under such contract, shall be liable to the United States for the amount which has been paid to him, or on his behalf, under the contract.

(2) An individual who has entered into a written contract with the Secretary under section 254l-1 of this title and who—

(A) in the case of an individual who is enrolled in the final year of a course of study, fails to maintain an acceptable level of academic standing in the educational institution in which such individual is enrolled (such level determined by the educational institution under regulations of the Secretary) or voluntarily terminates such enrollment or is dismissed from such educational institution before completion of such course of study; or

(B) in the case of an individual who is enrolled in a graduate training program, fails to complete such training program and does not receive a waiver from the Secretary under section 254l-1(b)(1)(B)(ii) of this title,

in lieu of any service obligation arising under such contract shall be liable to the United States for the amount that has been paid on behalf of the individual under the contract.

#### (b) Failure to commence or complete service obligations; formula to determine liability; payment to United States; recovery of delinquent damages; disclosure to credit reporting agencies

(1)(A) Except as provided in paragraph (2), if an individual breaches his written contract by failing (for any reason not specified in subsection (a) of this section or section 254p(d) of this title) to begin such individual's service obligation under section 254l of this title in accordance with section 254m or 254n of this title, to complete such service obligation, or to complete

a required residency as specified in section 254(f)(1)(B)(iv) of this title, the United States shall be entitled to recover from the individual an amount determined in accordance with the formula

$$A=3\phi \left( \frac{t-s}{t} \right)$$

in which "A" is the amount the United States is entitled to recover, "φ" is the sum of the amounts paid under this subpart to or on behalf of the individual and the interest on such amounts which would be payable if at the time the amounts were paid they were loans bearing interest at the maximum legal prevailing rate, as determined by the Treasurer of the United States; "t" is the total number of months in the individual's period of obligated service; and "s" is the number of months of such period served by him in accordance with section 254m of this title or a written agreement under section 254n of this title.

(B)(i) Any amount of damages that the United States is entitled to recover under this subsection or under subsection (c) of this section shall, within the 1-year period beginning on the date of the breach of the written contract (or such longer period beginning on such date as specified by the Secretary), be paid to the United States. Amounts not paid within such period shall be subject to collection through deductions in Medicare payments pursuant to section 1395ccc of this title.

(ii) If damages described in clause (i) are delinquent for 3 months, the Secretary shall, for the purpose of recovering such damages—

(I) utilize collection agencies contracted with by the Administrator of the General Services Administration; or

(II) enter into contracts for the recovery of such damages with collection agencies selected by the Secretary.

(iii) Each contract for recovering damages pursuant to this subsection shall provide that the contractor will, not less than once each 6 months, submit to the Secretary a status report on the success of the contractor in collecting such damages. Section 3718 of title 31 shall apply to any such contract to the extent not inconsistent with this subsection.

(iv) To the extent not otherwise prohibited by law, the Secretary shall disclose to all appropriate credit reporting agencies information relating to damages of more than \$100 that are entitled to be recovered by the United States under this subsection and that are delinquent by more than 60 days or such longer period as is determined by the Secretary.

(2) If an individual is released under section 254n<sup>1</sup> of this title from a service obligation under section 234<sup>1</sup> of this title (as in effect on September 30, 1977) and if the individual does not meet the service obligation incurred under section 254n<sup>1</sup> of this title, subsection (f) of such section 234<sup>1</sup> of this title shall apply to such individual in lieu of paragraph (1) of this subsection.

(3) The Secretary may terminate a contract with an individual under section 254l of this title

if, not later than 30 days before the end of the school year to which the contract pertains, the individual—

(A) submits a written request for such termination; and

(B) repays all amounts paid to, or on behalf of, the individual under section 254l(g) of this title.

**(c) Failure to commence or complete service obligations for other reasons; determination of liability; payment to United States; waiver of recovery for extreme hardship or good cause shown**

(1) If (for any reason not specified in subsection (a) of this section or section 254p(d) of this title) an individual breaches the written contract of the individual under section 254l-1 of this title by failing either to begin such individual's service obligation in accordance with section 254m or 254n of this title or to complete such service obligation, the United States shall be entitled to recover from the individual an amount equal to the sum of—

(A) the total of the amounts paid by the United States under section 254l-1(g) of this title on behalf of the individual for any period of obligated service not served;

(B) an amount equal to the product of the number of months of obligated service that were not completed by the individual, multiplied by \$7,500; and

(C) the interest on the amounts described in subparagraphs (A) and (B), at the maximum legal prevailing rate, as determined by the Treasurer of the United States, from the date of the breach;

except that the amount the United States is entitled to recover under this paragraph shall not be less than \$31,000.

(2) The Secretary may terminate a contract with an individual under section 254l-1 of this title if, not later than 45 days before the end of the fiscal year in which the contract was entered into, the individual—

(A) submits a written request for such termination; and

(B) repays all amounts paid on behalf of the individual under section 254l-1(g) of this title.

(3) Damages that the United States is entitled to recover shall be paid in accordance with subsection (b)(1)(B) of this section.

**(d) Cancellation of obligation upon death of individual; waiver or suspension of obligation for impossibility, hardship, or unconscionability; release of debt by discharge in bankruptcy; time limitations**

(1) Any obligation of an individual under the Scholarship Program (or a contract thereunder) or the Loan Repayment Program (or a contract thereunder) for service or payment of damages shall be canceled upon the death of the individual.

(2) The Secretary shall by regulation provide for the partial or total waiver or suspension of any obligation of service or payment by an individual under the Scholarship Program (or a contract thereunder) or the Loan Repayment Program (or a contract thereunder) whenever compliance by the individual is impossible or would

<sup>1</sup> See References in Text note below.

involve extreme hardship to the individual and if enforcement of such obligation with respect to any individual would be unconscionable.

(3)(A) Any obligation of an individual under the Scholarship Program (or a contract thereunder) or the Loan Repayment Program (or a contract thereunder) for payment of damages may be released by a discharge in bankruptcy under title 11 only if such discharge is granted after the expiration of the 7-year period beginning on the first date that payment of such damages is required, and only if the bankruptcy court finds that nondischarge of the obligation would be unconscionable.

(B)(i) Subparagraph (A) shall apply to any financial obligation of an individual under the provision of law specified in clause (ii) to the same extent and in the same manner as such subparagraph applies to any obligation of an individual under the Scholarship or Loan Repayment Program (or contract thereunder) for payment of damages.

(ii) The provision of law referred to in clause (i) is subsection (f) of section 234<sup>2</sup> of this title, as in effect prior to the repeal of such section by section 408(b)(1) of Public Law 94-484.

**(e) Inapplicability of Federal and State statute of limitations on actions for collection**

Notwithstanding any other provision of Federal or State law, there shall be no limitation on the period within which suit may be filed, a judgment may be enforced, or an action relating to an offset or garnishment, or other action, may be initiated or taken by the Secretary, the Attorney General, or the head of another Federal agency, as the case may be, for the repayment of the amount due from an individual under this section.

**(f) Effective date**

The amendment made by section 313(a)(4) of the Health Care Safety Net Amendments of 2002 (Public Law 107-251) shall apply to any obligation for which a discharge in bankruptcy has not been granted before the date that is 31 days after October 26, 2002.

(July 1, 1944, ch. 373, title III, § 338E, formerly title VII, § 754, as added Pub. L. 94-484, title IV, § 408(b)(1), Oct. 12, 1976, 90 Stat. 2286; amended Pub. L. 95-83, title III, § 307(g), Aug. 1, 1977, 91 Stat. 391; renumbered § 338D and amended Pub. L. 97-35, title XXVII, § 2709(a), (e)(1)-(4)(A), Aug. 13, 1981, 95 Stat. 908, 911; Pub. L. 97-414, § 8(g)(2), Jan. 4, 1983, 96 Stat. 2061; renumbered § 338E and amended Pub. L. 100-177, title II, §§ 201(2), 202(e), title III, § 308(a), Dec. 1, 1987, 101 Stat. 992, 997, 1006; Pub. L. 100-203, title IV, § 4052(b), Dec. 22, 1987, 101 Stat. 1330-97; Pub. L. 100-360, title IV, § 411(f)(10)(B), July 1, 1988, 102 Stat. 780; Pub. L. 101-597, title II, § 203(a), Nov. 16, 1990, 104 Stat. 3027; Pub. L. 107-251, title III, § 313(a), Oct. 26, 2002, 116 Stat. 1651; Pub. L. 108-163, § 2(l)(1), Dec. 6, 2003, 117 Stat. 2022.)

REFERENCES IN TEXT

Section 234 of this title, referred to in subsecs. (b)(2) and (d)(3)(B)(ii), was repealed by Pub. L. 94-484, title IV, § 408(b)(1), Oct. 12, 1976, 90 Stat. 2281, effective Oct. 1, 1977.

<sup>2</sup> See References in Text note below.

Section 254n of this title, referred to in subsec. (b)(2), in the original referred to section 753, meaning section 753 of the Public Health Service Act, which was classified to section 294v of this title. Section 753 was redesignated section 338C of the Public Health Service Act by Pub. L. 97-35, title XXVII, § 2709(a), Aug. 13, 1981, 95 Stat. 908, and was transferred to section 254n of this title. Section 338C of the Public Health Service Act was renumbered section 338D by Pub. L. 100-177, title II, § 201(2), Dec. 1, 1987, 101 Stat. 992.

Section 313(a)(4) of the Health Care Safety Net Amendments of 2002, referred to in subsec. (f), is section 313(a)(4) of Pub. L. 107-251, which amended subsec. (d)(3)(A) of this section. See 2002 Amendment note below.

CODIFICATION

Section was formerly classified to section 294w of this title prior to its renumbering by Pub. L. 97-35.

PRIOR PROVISIONS

A prior section 338E of act July 1, 1944, was renumbered section 338F by Pub. L. 100-177 and classified to section 254p of this title, and subsequently renumbered 338G by Pub. L. 101-597.

AMENDMENTS

2003—Subsec. (c)(1). Pub. L. 108-163, § 2(l)(1)(A), realigned margins.

Subsec. (f). Pub. L. 108-163, § 2(l)(1)(B), added subsec. (f).

2002—Subsec. (a)(1). Pub. L. 107-251, § 313(a)(1), substituted semicolon for comma at end of subpar. (A) and “; or” for comma at end of subpar. (B), struck out “or” at end of subpar. (C), and struck out subpar. (D) which read as follows: “fails to accept payment, or instructs the educational institution in which he is enrolled not to accept payment, in whole or in part, of a scholarship under such contract.”

Subsec. (b)(1)(A). Pub. L. 107-251, § 313(a)(2)(A)(ii)-(iv), struck out “either” before “to begin”, substituted “254n of this title,” for “254m of this title or”, and inserted “or to complete a required residency as specified in section 254l(f)(1)(B)(iv) of this title,” before “the United States” the first time appearing.

Pub. L. 107-251, § 313(a)(2)(A)(i), made technical amendment to reference in original act which appears in text as reference to section 254p of this title.

Subsec. (b)(3). Pub. L. 107-251, § 313(a)(2)(B), added par. (3).

Subsec. (c)(1). Pub. L. 107-251, § 313(a)(3)(A)(ii), added subpars. (A) to (C) and concluding provisions and struck out former subpars. (A) to (C) which related, respectively, to amounts to be recovered in the case of a contract for a 2-year period of obligated service, in the case of a contract for a period of obligated service of greater than 2 years where the breach occurred before the end of the first 2 years of such period, and in the case of a contract for a period of obligated service of greater than 2 years, where the breach occurred after the first 2 years of such period.

Pub. L. 107-251, § 313(a)(3)(A)(i), in introductory provisions, made technical amendment to reference in original act which appears in text as reference to section 254p(d) of this title.

Subsec. (c)(2). Pub. L. 107-251, § 313(a)(3)(B), added par. (2) and struck out former par. (2) which read as follows: “For purposes of paragraph (1), the term ‘unserved obligation penalty’ means the amount equal to the product of the number of months of obligated service that were not completed by an individual, multiplied by \$1,000, except that in any case in which the individual fails to serve 1 year, the unserved obligation penalty shall be equal to the full period of obligated service multiplied by \$1,000.”

Subsec. (c)(3), (4). Pub. L. 107-251, § 313(a)(3)(B), (C), redesignated par. (4) as (3) and struck out former par. (3) which read as follows: “The Secretary may waive, in whole or in part, the rights of the United States to re-

cover amounts under this section in any case of extreme hardship or other good cause shown, as determined by the Secretary.”

Subsec. (d)(3)(A). Pub. L. 107-251, §313(a)(4), substituted “7-year period” for “five-year period”.

Subsec. (e). Pub. L. 107-251, §313(a)(5), added subsec. (e).

1990—Subsec. (d)(3). Pub. L. 101-597 designated existing provision as subpar. (A) and added subpar. (B).

1988—Subsec. (b)(1)(B)(i). Pub. L. 100-360 made technical amendment to directory language of Pub. L. 100-203, see 1987 Amendment note below.

1987—Pub. L. 100-177, §202(e)(6), inserted “or loan repayment contract” in section catchline.

Subsec. (a). Pub. L. 100-177, §202(e)(1), designated existing provisions as par. (1), and former pars. (1) to (4) as subpars. (A) to (D), respectively, and added par. (2).

Subsec. (b)(1). Pub. L. 100-177, §202(e)(2), designated existing provisions as subpar. (A), made technical amendments to references to sections 254m, 254n, and 254p of this title wherever appearing to reflect renumbering of corresponding sections of original act, inserted “under section 254l of this title” after first reference to “service obligation” as the probable intent of Congress, struck out at end “Any amount of damages which the United States is entitled to recover under this subsection shall, within the one year period beginning on the date of the breach of the written contract (or such longer period beginning on such date as specified by the Secretary for good cause shown), be paid to the United States.”, and added subpar. (B).

Subsec. (b)(1)(B)(i). Pub. L. 100-203, as amended by Pub. L. 100-360, inserted at end “Amounts not paid within such period shall be subject to collection through deductions in Medicare payments pursuant to section 1395ccc of this title.”

Subsec. (c). Pub. L. 100-177, §202(e)(4), added subsec. (c). Former subsec. (c) redesignated (d).

Subsec. (d). Pub. L. 100-177, §§202(e)(3), (5), 308(a), redesignated subsec. (c) as (d), in pars. (1), (2), and (3), inserted “or the Loan Repayment Program (or a contract thereunder”, and in par. (3) inserted “, and only if the bankruptcy court finds that nondischarge of the obligation would be unconscionable”.

1983—Subsec. (b)(1). Pub. L. 97-414 substituted “section 254p(d)” for “section 254q(b)”.

1981—Subsec. (a). Pub. L. 97-35, §2709(e)(1), (2), redesignated subsec. (b) as (a) and, as so redesignated, in introductory text substituted “254l” for “294t” and added par. (4). Former subsec. (a), which related to liability of individual upon failure to accept payment, was struck out.

Subsec. (b). Pub. L. 97-35, §2709(e)(1), (3), redesignated subsec. (c) as (b) and, as so redesignated, designated existing provisions as par. (1) and made numerous changes to reflect renumbering of subpart sections, and added par. (2). Former subsec. (b) redesignated (a).

Subsecs. (c), (d). Pub. L. 97-35, §2709(e)(1), (4)(A), redesignated subsec. (d) as (c) and, as so redesignated, in par. (2) inserted reference to partial or total waiver. Former subsec. (c) redesignated (b).

1977—Subsec. (c). Pub. L. 95-83 substituted “‘ $\phi$ ’ is the sum of the amounts paid under this subpart to or on behalf of the individual and the interest on such amounts which would be payable if at the time the amounts were paid they were loans” for “‘ $\phi$ ’ is the sum of the amount paid under this subpart to or on behalf of the individual and the interest on such amount which would be payable if at the time it was paid it was a loan”.

#### EFFECTIVE DATE OF 2003 AMENDMENT

Amendments by Pub. L. 108-163 deemed to have taken effect immediately after the enactment of Pub. L. 107-251, see section 3 of Pub. L. 108-163, set out as a note under section 233 of this title.

#### EFFECTIVE DATE OF 2002 AMENDMENT

Pub. L. 107-251, title III, §313(b), Oct. 26, 2002, 116 Stat. 1652, which provided that the amendment to this sec-

tion made by section 313(a)(4) of Pub. L. 107-251 was applicable to any obligation for which a discharge in bankruptcy had not been granted before the date that was 31 days after Oct. 26, 2002, was repealed by Pub. L. 108-163, §§2(l)(2), 3, Dec. 6, 2003, 117 Stat. 2023, effective immediately after enactment of Pub. L. 107-251.

#### EFFECTIVE DATE OF 1990 AMENDMENT

Section 203(b) of Pub. L. 101-597 provided that: “With respect to any financial obligation of an individual under subsection (f) of section 225 of the Public Health Service Act [former section 234 of this title], as in effect prior to the repeal of such section by section 408(b)(1) of Public Law 94-484, the amendment made by subsection (a) of this section [amending this section] applies to any bankruptcy [sic] proceeding in which discharge of such an obligation has not been granted before the date that is 31 days after the date of the enactment of this Act [Nov. 16, 1990].”

#### EFFECTIVE DATE OF 1988 AMENDMENT

Except as specifically provided in section 411 of Pub. L. 100-360, amendment by Pub. L. 100-360, as it relates to a provision in the Omnibus Budget Reconciliation Act of 1987, Pub. L. 100-203, effective as if included in the enactment of that provision in Pub. L. 100-203, see section 411(a) of Pub. L. 100-360, set out as a Reference to OBRA; Effective Date note under section 106 of Title 1, General Provisions.

#### EFFECTIVE DATE

Section effective Oct. 1, 1977, see section 408(b)(1) of Pub. L. 94-484, set out in part as a note under section 254l of this title.

EFFECTIVE DATE; SAVINGS PROVISION; CREDIT FOR PERIOD OF INTERNSHIP OR RESIDENCY BEFORE SEPTEMBER 30, 1977, TOWARDS SERVICE OBLIGATION

See section 408(b)(2) of Pub. L. 94-484, set out as a note under section 254l of this title.

#### SPECIAL REPAYMENT PROVISIONS

Section 204 of Pub. L. 100-177 provided that an individual who breached a written contract entered into under section 254l of this title by failing either to begin such individual’s service obligation in accordance with section 254m of this title or to complete such service obligation; or otherwise breached such a contract; and, as of Nov. 1, 1987, was liable to United States under subsec. (b) of this section was to be relieved of liability to United States under such section if the individual provided notice to Secretary and service in accordance with a written contract with the Secretary that obligated the individual to provide service in accordance with section and authorized Secretary to exclude an individual from relief from liability under this section for reasons related to the individual’s professional competence or conduct.

#### EXISTING PROCEEDINGS

Section 308(b) of Pub. L. 100-177 provided that: “The amendment made by subsection (a) [amending this section] applies to any bankruptcy proceeding in which discharge of an obligation under section 338E(d)(3) of the Public Health Service Act [subsec. (d)(3) of this section] (as redesignated by sections 201(2) and 202(e)(3) of this Act) has not been granted before the date that is 31 days after the date of enactment of this Act [Dec. 1, 1987].”

### § 2540-1. Fund regarding use of amounts recovered for contract breach to replace services lost as result of breach

#### (a) Establishment of Fund

There is established in the Treasury of the United States a fund to be known as the National Health Service Corps Member Replace-

ment Fund (hereafter in this section referred to as the “Fund”). The Fund shall consist of such amounts as may be appropriated under subsection (b) of this section to the Fund. Amounts appropriated for the Fund shall remain available until expended.

**(b) Authorization of appropriations to Fund**

For each fiscal year, there is authorized to be appropriated to the Fund an amount equal to the sum of—

(1) the amount collected during the preceding fiscal year by the Federal Government pursuant to the liability of individuals under section 254o of this title for the breach of contracts entered into under section 254l or 254l-1 of this title;

(2) the amount by which grants under section 254q-1 of this title have, for such preceding fiscal year, been reduced under subsection (g)(2)(B) of such section; and

(3) the aggregate of the amount of interest accruing during the preceding fiscal year on obligations held in the Fund pursuant to subsection (d) of this section and the amount of proceeds from the sale or redemption of such obligations during such fiscal year.

**(c) Use of Fund**

**(1) Payments to certain health facilities**

Amounts in the Fund and available pursuant to appropriations Act may, subject to paragraph (2), be expended by the Secretary to make payments to any entity—

(A) to which a Corps member has been assigned under section 254f of this title; and

(B) that has a need for a health professional to provide primary health services as a result of the Corps member having breached the contract entered into under section 254l or 254l-1 of this title by the individual.

**(2) Purpose of payments**

An entity receiving payments pursuant to paragraph (1) may expend the payments to recruit and employ a health professional to provide primary health services to patients of the entity, or to enter into a contract with such a professional to provide the services to the patients.

**(d) Investment**

**(1) In general**

The Secretary of the Treasury shall invest such amounts of the Fund as such Secretary determines are not required to meet current withdrawals from the Fund. Such investments may be made only in interest-bearing obligations of the United States. For such purpose, such obligations may be acquired on original issue at the issue price, or by purchase of outstanding obligations at the market price.

**(2) Sale of obligations**

Any obligation acquired by the Fund may be sold by the Secretary of the Treasury at the market price.

(July 1, 1944, ch. 373, title III, § 338F, as added Pub. L. 101-597, title II, § 204, Nov. 16, 1990, 104 Stat. 3027.)

PRIOR PROVISIONS

A prior section 338F of act July 1, 1944, was renumbered section 338G by Pub. L. 101-597 and is classified to section 254p of this title.

Another prior section 338F of act July 1, 1944, was renumbered section 338G by section 201(2) of Pub. L. 100-177 and classified to section 254q of this title, prior to repeal by Pub. L. 100-177, title II, § 203, Dec. 1, 1987, 101 Stat. 999.

**§ 254p. Special loans for former Corps members to enter private practice**

**(a) Persons entitled; conditions**

The Secretary may, out of appropriations authorized under section 254k of this title, make one loan to a Corps member who has agreed in writing—

(1) to engage in the private full-time clinical practice of the profession of the member in a health professional shortage area (designated under section 254e of this title) for a period of not less than 2 years which—

(A) in the case of a Corps member who is required to complete a period of obligated service under this subpart, begins not later than 1 year after the date on which such individual completes such period of obligated service; and

(B) in the case of an individual who is not required to complete a period of obligated service under this subpart, begins at such time as the Secretary considers appropriate;

(2) to conduct such practice in accordance with section 254n(b)(1) of this title; and

(3) to such additional conditions as the Secretary may require to carry out this section.

Such a loan shall be used to assist such individual in meeting the costs of beginning the practice of such individual's profession in accordance with such agreement, including the costs of acquiring equipment and renovating facilities for use in providing health services, and of hiring nurses and other personnel to assist in providing health services. Such loan may not be used for the purchase or construction of any building.

**(b) Amount of loan; maximum interest rate**

(1) The amount of a loan under subsection (a) of this section to an individual shall not exceed \$25,000.

(2) The interest rate for any such loan shall not exceed an annual rate of 5 percent.

**(c) Application for loan; submission and approval; interest rates and repayment terms**

The Secretary may not make a loan under this section unless an application therefor has been submitted to, and approved by, the Secretary. The Secretary shall, by regulation, set interest rates and repayment terms for loans under this section.

**(d) Breach of agreement; notice; determination of liability**

If the Secretary determines that an individual has breached a written agreement entered into under subsection (a) of this section, he shall, as soon as practicable after making such determination, notify the individual of such determination. If within 60 days after the date of giv-

ing such notice, such individual is not practicing his profession in accordance with the agreement under such subsection and has not provided assurances satisfactory to the Secretary that he will not knowingly violate such agreement again, the United States shall be entitled to recover from such individual—

(1) in the case of an individual who has received a grant under this section (as in effect prior to October 1, 1984), an amount determined under section 254o(b) of this title, except that in applying the formula contained in such section “ $\phi$ ” shall be the sum of the amount of the grant made under subsection (a) of this section to such individual and the interest on such amount which would be payable if at the time it was paid it was a loan bearing interest at the maximum legal prevailing rate, “ $t$ ” shall be the number of months that such individual agreed to practice his profession under such agreement, and “ $s$ ” shall be the number of months that such individual practices his profession in accordance with such agreement; and

(2) in the case of an individual who has received a loan under this section, the full amount of the principal and interest owed by such individual under this section.

(July 1, 1944, ch. 373, title III, § 338G, formerly title VII, § 755, as added Pub. L. 94-484, title IV, § 408(b)(1), Oct. 12, 1976, 90 Stat. 2287; renumbered § 338E and amended Pub. L. 97-35, title XXVII, § 2709(a), (f), Aug. 13, 1981, 95 Stat. 908, 911; Pub. L. 97-414, § 8(g)(3), Jan. 4, 1983, 96 Stat. 2061; renumbered § 338F and amended Pub. L. 100-177, title II, § 201(2), title III, § 309, Dec. 1, 1987, 101 Stat. 992, 1006; renumbered § 338G and amended Pub. L. 101-597, title II, § 204, title IV, § 401(b)[(a)], Nov. 16, 1990, 104 Stat. 3027, 3035.)

#### CODIFICATION

Section was formerly classified to section 294x of this title prior to renumbering by Pub. L. 97-35.

#### PRIOR PROVISIONS

A prior section 338G of act July 1, 1944, was renumbered section 338H by Pub. L. 101-597 and is classified to section 254q of this title.

Another prior section 338G of act July 1, 1944, was renumbered section 338I by section 201(1) of Pub. L. 100-177 and classified to section 254r of this title, prior to repeal by Pub. L. 100-713, title I, § 104(b)(1), Nov. 23, 1988, 102 Stat. 4787.

Another prior section 338G of act July 1, 1944, was classified to section 254q of this title prior to repeal by Pub. L. 100-177, title II, § 203, Dec. 1, 1987, 101 Stat. 999.

#### AMENDMENTS

1990—Subsec. (a)(1). Pub. L. 101-597, § 401(b)[(a)], substituted reference to health professional shortage area for reference to health manpower shortage area.

1987—Subsec. (a). Pub. L. 100-177, § 309(1), substituted subsec. (a) consisting of pars. (1) to (3) for former subsec. (a) consisting of pars. (1) and (2).

Subsec. (b). Pub. L. 100-177, § 309(1), added subsec. (b) and struck out former subsec. (b) which read as follows: “The amount of the grant or loan under subsection (a) of this section to an individual shall be—

“(1) \$12,500 if the individual agrees to practice his profession in accordance with the agreement for a period of at least one year, but less than two years; or

“(2) \$25,000 if the individual agrees to practice his profession in accordance with the agreement for a period of at least two years.”

Subsec. (c). Pub. L. 100-177, § 309(2), struck out “grant or” before “loan” in first sentence.

Subsec. (d)(1). Pub. L. 100-177, § 309(3), substituted “under this section (as in effect prior to October 1, 1984)” for “under this section”, and made technical amendment to reference to section 254o(b) of this title to reflect renumbering of corresponding section of original act.

1983—Subsec. (d)(1). Pub. L. 97-414 substituted “section 254o(b)” for “section 254o(c)”.

1981—Subsec. (a). Pub. L. 97-35, § 2709(f)(2)–(4), made numerous changes to reflect renumbering of subpart sections, among them inserting references to section 254k of this title and striking out references to section 294v of this title, and added applicability to loans.

Subsec. (b). Pub. L. 97-35, § 2709(f)(5), inserted applicability to loans.

Subsec. (c). Pub. L. 97-35, § 2709(f)(6), inserted provisions relating to loans and interest rates, etc.

Subsec. (d). Pub. L. 97-35, § 2709(f)(7), restructured and revised criteria determining amount of liability of individual within 60 days after the date of notice instead of within 120 days after the date of notice.

#### EFFECTIVE DATE

Section effective Oct. 1, 1977, see section 408(b)(1) of Pub. L. 94-484, set out in part as a note under section 254f of this title.

EFFECTIVE DATE; SAVINGS PROVISION; CREDIT FOR PERIOD OF INTERNSHIP OR RESIDENCY BEFORE SEPTEMBER 30, 1977, TOWARDS SERVICE OBLIGATION

See section 408(b)(2) of Pub. L. 94-484, set out as a note under section 254f of this title.

### § 254q. Authorization of appropriations

#### (a) Authorization of appropriations

For the purpose of carrying out this section,<sup>1</sup> there is authorized to be appropriated, out of any funds in the Treasury not otherwise appropriated, the following:

- (1) For fiscal year 2010, \$320,461,632.
- (2) For fiscal year 2011, \$414,095,394.
- (3) For fiscal year 2012, \$535,087,442.
- (4) For fiscal year 2013, \$691,431,432.
- (5) For fiscal year 2014, \$893,456,433.
- (6) For fiscal year 2015, \$1,154,510,336.
- (7) For fiscal year 2016, and each subsequent

fiscal year, the amount appropriated for the preceding fiscal year adjusted by the product of—

(A) one plus the average percentage increase in the costs of health professions education during the prior fiscal year; and

(B) one plus the average percentage change in the number of individuals residing in health professions shortage areas designated under section 254f of this title during the prior fiscal year, relative to the number of individuals residing in such areas during the previous fiscal year.

#### (b) Scholarships for new participants

Of the amounts appropriated under subsection (a) of this section for a fiscal year, the Secretary shall obligate not less than 10 percent for the purpose of providing contracts for—

(1) scholarships under this subpart to individuals who have not previously received such scholarships; or

(2) scholarships or loan repayments under the Loan Repayment Program under section

<sup>1</sup> So in original. Probably should be “subpart.”

254l-1 of this title to individuals from disadvantaged backgrounds.

**(c) Scholarships and loan repayments**

With respect to certification as a nurse practitioner, nurse midwife, or physician assistant, the Secretary shall, from amounts appropriated under subsection (a) of this section for a fiscal year, obligate not less than a total of 10 percent for contracts for both scholarships under the Scholarship Program under section 254l of this title and loan repayments under the Loan Repayment Program under section 254l-1 of this title to individuals who are entering the first year of a course of study or program described in section 254l(b)(1)(B) of this title that leads to such a certification or individuals who are eligible for the loan repayment program as specified in section 254l-1(b) of this title for a loan related to such certification.

(July 1, 1944, ch. 373, title III, §338H, formerly §338G, as added Pub. L. 100-177, title II, §203, Dec. 1, 1987, 101 Stat. 999; renumbered §338H and amended Pub. L. 101-597, title II, §§204, 205, Nov. 16, 1990, 104 Stat. 3027, 3028; Pub. L. 107-251, title III, §314, Oct. 26, 2002, 116 Stat. 1652; Pub. L. 110-355, §3(a)(2), Oct. 8, 2008, 122 Stat. 3993; Pub. L. 111-148, title V, §5207, Mar. 23, 2010, 124 Stat. 612.)

**PRIOR PROVISIONS**

A prior section 254q, act July 1, 1944, ch. 373, title III, §338G, formerly title VII, §756, as added Oct. 12, 1976, Pub. L. 94-484, title IV, §408(b)(1), 90 Stat. 2288; renumbered §338F and amended Aug. 13, 1981, Pub. L. 97-35, title XXVII, §2709(a), (g), 95 Stat. 908, 912; renumbered §338G, Dec. 1, 1987, Pub. L. 100-177, title II, §201(2), 101 Stat. 992, authorized appropriations for fiscal years 1978 to 1987, prior to repeal by Pub. L. 100-177, §203.

A prior section 338H of act July 1, 1944, was renumbered section 338I by Pub. L. 101-597 and is classified to section 254q-1 of this title.

**AMENDMENTS**

2010—Subsec. (a). Pub. L. 111-148 amended subsec. (a) generally. Prior to amendment, subsec. (a) related to authorization of appropriations for the purposes of carrying out this subpart as follows: for fiscal year 2008, \$131,500,000; for fiscal year 2009, \$143,335,000; for fiscal year 2010, \$156,235,150; for fiscal year 2011, \$170,296,310; and for fiscal year 2012, \$185,622,980.

2008—Subsec. (a). Pub. L. 110-355 substituted “appropriated—” for “appropriated \$146,250,000 for fiscal year 2002, and such sums as may be necessary for each of fiscal years 2003 through 2006.” and added pars. (1) to (5).

2002—Pub. L. 107-251 amended section generally. Prior to amendment, section related to annual report to Congress, authorization of appropriations for fiscal years 1991 through 2000, and reservation of percentage of appropriated amounts for scholarships for new participants and for first-year study in certain fields.

1990—Subsec. (a). Pub. L. 101-597, §205(a), substituted “March 1” for “January 20” and “5 fiscal years” for “3 fiscal years” wherever appearing.

Subsec. (b). Pub. L. 101-597, §205(b), amended subsec. (b) generally. Prior to amendment, subsec. (b) read as follows: “There are authorized to be appropriated such sums as may be necessary for scholarships and loan repayments under this subpart.”

**§ 254q-1. Grants to States for loan repayment programs**

**(a) In general**

**(1) Authority for grants**

The Secretary, acting through the Administrator of the Health Resources and Services

Administration, may make grants to States for the purpose of assisting the States in operating programs described in paragraph (2) in order to provide for the increased availability of primary health care services in health professional shortage areas. The National Advisory Council established under section 254j of this title shall advise the Administrator regarding the program under this section.

**(2) Loan repayment programs**

The programs referred to in paragraph (1) are, subject to subsection (c) of this section, programs of entering into contracts under which the State involved agrees to pay all or part of the principal, interest, and related expenses of the educational loans of health professionals in consideration of the professionals agreeing to provide primary health services in health professional shortage areas.

**(3) Direct administration by State agency**

The Secretary may not make a grant under paragraph (1) unless the State involved agrees that the program operated with the grant will be administered directly by a State agency.

**(b) Requirement of matching funds**

**(1) In general**

The Secretary may not make a grant under subsection (a) of this section unless the State agrees that, with respect to the costs of making payments on behalf of individuals under contracts made pursuant to paragraph (2) of such subsection, the State will make available (directly or through donations from public or private entities) non-Federal contributions in cash toward such costs in an amount equal to not less than \$1 for each \$1 of Federal funds provided in the grant.

**(2) Determination of amount of non-Federal contribution**

In determining the amount of non-Federal contributions in cash that a State has provided pursuant to paragraph (1), the Secretary may not include any amounts provided to the State by the Federal Government.

**(c) Coordination with Federal program**

**(1) Assignments for health professional shortage areas under Federal program**

The Secretary may not make a grant under subsection (a) of this section unless the State involved agrees that, in carrying out the program operated with the grant, the State will assign health professionals participating in the program only to public and nonprofit private entities located in and providing health services in health professional shortage areas.

**(2) Remedies for breach of contracts**

The Secretary may not make a grant under subsection (a) of this section unless the State involved agrees that the contracts provided by the State pursuant to paragraph (2) of such subsection will provide remedies for any breach of the contracts by the health professionals involved.

**(3) Limitation regarding contract inducements**

(A) Except as provided in subparagraph (B), the Secretary may not make a grant under

subsection (a) of this section unless the State involved agrees that the contracts provided by the State pursuant to paragraph (2) of such subsection will not be provided on terms that are more favorable to health professionals than the most favorable terms that the Secretary is authorized to provide for contracts under the Loan Repayment Program under section 254l-1 of this title, including terms regarding—

- (i) the annual amount of payments provided on behalf of the professionals regarding educational loans; and
- (ii) the availability of remedies for any breach of the contracts by the health professionals involved.

(B) With respect to the limitation established in subparagraph (A) regarding the annual amount of payments that may be provided to a health professional under a contract provided by a State pursuant to subsection (a)(2) of this section, such limitation shall not apply with respect to a contract if—

- (i) the excess of such annual payments above the maximum amount authorized in section 254l-1(g)(2)(A) of this title for annual payments regarding contracts is paid solely from non-Federal contributions under subsection (b) of this section; and
- (ii) the contract provides that the health professional involved will satisfy the requirement of obligated service under the contract solely through the provision of primary health services in a health professional shortage area that is receiving priority for purposes of section 254f-1(a)(1) of this title and that is authorized to receive assignments under section 254f of this title of individuals who are participating in the Scholarship Program under section 254l of this title.

**(d) Restrictions on use of funds**

The Secretary may not make a grant under subsection (a) of this section unless the State involved agrees that the grant will not be expended—

- (1) to conduct activities for which Federal funds are expended—
  - (A) within the State to provide technical or other nonfinancial assistance under subsection (f) of section 254c<sup>1</sup> of this title;
  - (B) under a memorandum of agreement entered into with the State under subsection (h) of such section; or
  - (C) under a grant under section 254r of this title; or
- (2) for any purpose other than making payments on behalf of health professionals under contracts entered into pursuant to subsection (a)(2) of this section.

**(e) Reports**

The Secretary may not make a grant under subsection (a) of this section unless the State involved agrees—

- (1) to submit to the Secretary such reports regarding the States loan repayment program, as are determined to be appropriate by the Secretary; and

- (2) to submit such a report not later than January 10 of each fiscal year immediately following any fiscal year for which the State has received such a grant.

**(f) Requirement of application**

The Secretary may not make a grant under subsection (a) of this section unless an application for the grant is submitted to the Secretary and the application is in such form, is made in such manner, and contains such agreements, assurances, and information as the Secretary determines to be necessary to carry out such subsection.

**(g) Noncompliance**

**(1) In general**

The Secretary may not make payments under subsection (a) of this section to a State for any fiscal year subsequent to the first fiscal year of such payments unless the Secretary determines that, for the immediately preceding fiscal year, the State has complied with each of the agreements made by the State under this section.

**(2) Reduction in grant relative to number of breached contracts**

(A) Before making a grant under subsection (a) of this section to a State for a fiscal year, the Secretary shall determine the number of contracts provided by the State under paragraph (2) of such subsection with respect to which there has been an initial breach by the health professionals involved during the fiscal year preceding the fiscal year for which the State is applying to receive the grant.

(B) Subject to paragraph (3), in the case of a State with 1 or more initial breaches for purposes of subparagraph (A), the Secretary shall reduce the amount of a grant under subsection (a) of this section to the State for the fiscal year involved by an amount equal to the sum of the expenditures of Federal funds made regarding the contracts involved and an amount representing interest on the amount of such expenditures, determined with respect to each contract on the basis of the maximum legal rate prevailing for loans made during the time amounts were paid under the contract, as determined by the Treasurer of the United States.

**(3) Waiver regarding reduction in grant**

The Secretary may waive the requirement established in paragraph (2)(B) with respect to the initial breach of a contract if the Secretary determines that such breach by the health professional involved was attributable solely to the professional having a serious illness.

**(h) "State" defined**

For purposes of this section, the term "State" means each of the 50 States, the District of Columbia, the Commonwealth of Puerto Rico, the United States Virgin Islands, Guam, American Samoa, Palau, the Marshall Islands, and the Commonwealth of the Northern Mariana Islands.

**(i) Authorization of appropriations**

**(1) In general**

For the purpose of making grants under subsection (a) of this section, there are authorized

<sup>1</sup> See References in Text note below.

to be appropriated \$12,000,000 for fiscal year 2008, and such sums as may be necessary for each of fiscal years 2009 through 2012.

**(2) Availability**

Amounts appropriated under paragraph (1) shall remain available until expended.

**(j) Public health loan repayment**

**(1) In general**

The Secretary may award grants to States for the purpose of assisting such States in operating loan repayment programs under which such States enter into contracts to repay all or part of the eligible loans borrowed by, or on behalf of, individuals who agree to serve in State, local, or tribal health departments that serve health professional shortage areas or other areas at risk of a public health emergency, as designated by the Secretary.

**(2) Loans eligible for repayment**

To be eligible for repayment under this subsection, a loan shall be a loan made, insured, or guaranteed by the Federal Government that is borrowed by, or on behalf of, an individual to pay the cost of attendance for a program of education leading to a degree appropriate for serving in a State, local, or tribal health department as determined by the Secretary and the chief executive officer of the State in which the grant is administered, at an institution of higher education (as defined in section 1002 of title 20), including principal, interest, and related expenses on such loan.

**(3) Applicability of existing requirements**

With respect to awards made under paragraph (1)—

(A) the requirements of subsections (b), (f), and (g) shall apply to such awards; and

(B) the requirements of subsection (c) shall apply to such awards except that with respect to paragraph (1) of such subsection, the State involved may assign an individual only to public and nonprofit private entities that serve health professional shortage areas or areas at risk of a public health emergency, as determined by the Secretary.

**(4) Authorization of appropriations**

There are authorized to be appropriated to carry out this subsection, such sums as may be necessary for each of fiscal years 2007 through 2010.

(July 1, 1944, ch. 373, title III, §338I, formerly §338H, as added Pub. L. 100-177, title II, §203, Dec. 1, 1987, 101 Stat. 999; renumbered §338I and amended Pub. L. 101-597, title II, §204, title III, §301, title IV, §401(b)[(a)], Nov. 16, 1990, 104 Stat. 3027, 3029, 3035; Pub. L. 105-392, title IV, §408, Nov. 13, 1998, 112 Stat. 3589; Pub. L. 107-251, title III, §315, Oct. 26, 2002, 116 Stat. 1653; Pub. L. 109-417, title II, §203(b), Dec. 19, 2006, 120 Stat. 2849; Pub. L. 110-355, §3(e), Oct. 8, 2008, 122 Stat. 3994.)

REFERENCES IN TEXT

Section 254c of this title, referred to in subsec. (d)(1)(A), was in the original a reference to section 330, meaning section 330 of act July 1, 1944, which was omitted in the general amendment of subpart I (§254b et

seq.) of this part by Pub. L. 104-299, §2, Oct. 11, 1996, 110 Stat. 3626. Sections 2 and 3(a) of Pub. L. 104-299 enacted new sections 330 and 330A of act July 1, 1944, which are classified, respectively, to sections 254b and 254c of this title.

PRIOR PROVISIONS

A prior section 338I of act July 1, 1944, was classified to section 254r of this title prior to repeal by Pub. L. 100-713, title I, §104(b)(1), Nov. 23, 1988, 102 Stat. 4787.

AMENDMENTS

2008—Subsec. (h). Pub. L. 110-355, §3(e)(1), substituted “50 States, the District of Columbia, the Commonwealth of Puerto Rico, the United States Virgin Islands, Guam, American Samoa, Palau, the Marshall Islands, and the Commonwealth of the Northern Mariana Islands” for “several States”.

Subsec. (i)(1). Pub. L. 110-355, §3(e)(2), substituted “2008, and such sums as may be necessary for each of fiscal years 2009 through 2012.” for “2002 and such sums as may be necessary for each of fiscal years 2003 through 2006.”

2006—Subsec. (j). Pub. L. 109-417 added subsec. (j).

2002—Subsec. (a)(1). Pub. L. 107-251, §315(1), added par. (1) and struck out heading and text of former par. (1). Text read as follows: “The Secretary, acting through the Administrator of the Health Resources and Services Administration, may make grants to States for the purpose of assisting the States in operating programs described in paragraph (2) in order to provide for the increased availability of primary health services in health professional shortage areas.”

Subsec. (e)(1). Pub. L. 107-251, §315(2), added par. (1) and struck out former par. (1) which read as follows: “to submit to the Secretary reports providing the same types of information regarding the program operated pursuant to such subsection as reports submitted pursuant to subsection (i) of section 254l-1 of this title provide regarding the Loan Repayment Program under such section; and”.

Subsec. (i)(1). Pub. L. 107-251, §315(3), added par. (1) and struck out heading and text of former par. (1). Text read as follows: “For the purpose of making grants under subsection (a) of this section, there is authorized to be appropriated \$10,000,000 for each of the fiscal years 1991 through 1995, and such sums as may be necessary for each of the fiscal years 1998 through 2002.”

1998—Subsec. (i)(1). Pub. L. 105-392 inserted “, and such sums as may be necessary for each of the fiscal years 1998 through 2002” before period at end.

1990—Pub. L. 101-597, §401(b)[(a)], substituted reference to health professional shortage area for reference to health manpower shortage area wherever appearing in subssecs. (a)(1), (2) and (c)(1), (3)(B)(ii).

Pub. L. 101-597, §301, amended section generally, substituting present provisions for provisions which related to: in subsec. (a), grants; in subsec. (b), applications; in subsec. (c), Federal share; and in subsec. (d), authorization of appropriations.

**§ 254r. Grants to States for operation of offices of rural health**

**(a) In general**

The Secretary, acting through the Director of the Office of Rural Health Policy (established in section 912 of this title), may make grants to States for the purpose of improving health care in rural areas through the operation of State offices of rural health.

**(b) Requirement of matching funds**

**(1) In general**

The Secretary may not make a grant under subsection (a) of this section unless the State involved agrees, with respect to the costs to be incurred by the State in carrying out the pur-

pose described in such subsection, to provide non-Federal contributions toward such costs in an amount equal to—

(A) for the first fiscal year of payments under the grant, not less than \$1 for each \$3 of Federal funds provided in the grant;

(B) for any second fiscal year of such payments, not less than \$1 for each \$1 of Federal funds provided in the grant; and

(C) for any third fiscal year of such payments, not less than \$3 for each \$1 of Federal funds provided in the grant.

**(2) Determination of amount of non-Federal contribution**

(A) Subject to subparagraph (B), non-Federal contributions required in paragraph (1) may be in cash or in kind, fairly evaluated, including plant, equipment, or services. Amounts provided by the Federal Government, or services assisted or subsidized to any significant extent by the Federal Government, may not be included in determining the amount of such non-Federal contributions.

(B) The Secretary may not make a grant under subsection (a) of this section unless the State involved agrees that—

(i) for the first fiscal year of payments under the grant, 100 percent or less of the non-Federal contributions required in paragraph (1) will be provided in the form of in-kind contributions;

(ii) for any second fiscal year of such payments, not more than 50 percent of such non-Federal contributions will be provided in the form of in-kind contributions; and

(iii) for any third fiscal year of such payments, such non-Federal contributions will be provided solely in the form of cash.

**(c) Certain required activities**

The Secretary may not make a grant under subsection (a) of this section unless the State involved agrees that activities carried out by an office operated pursuant to such subsection will include—

(1) establishing and maintaining within the State a clearinghouse for collecting and disseminating information on—

(A) rural health care issues;

(B) research findings relating to rural health care; and

(C) innovative approaches to the delivery of health care in rural areas;

(2) coordinating the activities carried out in the State that relate to rural health care, including providing coordination for the purpose of avoiding redundancy in such activities; and

(3) identifying Federal and State programs regarding rural health, and providing technical assistance to public and nonprofit private entities regarding participation in such programs.

**(d) Requirement regarding annual budget for office**

The Secretary may not make a grant under subsection (a) of this section unless the State involved agrees that, for any fiscal year for which the State receives such a grant, the office operated pursuant to subsection (a) of this section will be provided with an annual budget of not less than \$50,000.

**(e) Certain uses of funds**

**(1) Restrictions**

The Secretary may not make a grant under subsection (a) of this section unless the State involved agrees that—

(A) if research with respect to rural health is conducted pursuant to the grant, not more than 10 percent of the grant will be expended for such research; and

(B) the grant will not be expended—

(i) to provide health care (including providing cash payments regarding such care);

(ii) to conduct activities for which Federal funds are expended—

(I) within the State to provide technical and other nonfinancial assistance under subsection (f) of section 254c<sup>1</sup> of this title;

(II) under a memorandum of agreement entered into with the State under subsection (h) of such section; or

(III) under a grant under section 254q-1 of this title;

(iii) to purchase medical equipment, to purchase ambulances, aircraft, or other vehicles, or to purchase major communications equipment;

(iv) to purchase or improve real property; or

(v) to carry out any activity regarding a certificate of need.

**(2) Authorities**

Activities for which a State may expend a grant under subsection (a) of this section include—

(A) paying the costs of establishing an office of rural health for purposes of subsection (a) of this section;

(B) subject to paragraph (1)(B)(ii)(III), paying the costs of any activity carried out with respect to recruiting and retaining health professionals to serve in rural areas of the State; and

(C) providing grants and contracts to public and nonprofit private entities to carry out activities authorized in this section.

**(f) Reports**

The Secretary may not make a grant under subsection (a) of this section unless the State involved agrees—

(1) to submit to the Secretary reports containing such information as the Secretary may require regarding activities carried out under this section by the State; and

(2) to submit such a report not later than January 10 of each fiscal year immediately following any fiscal year for which the State has received such a grant.

**(g) Requirement of application**

The Secretary may not make a grant under subsection (a) of this section unless an application for the grant is submitted to the Secretary and the application is in such form, is made in such manner, and contains such agreements, assurances, and information as the Secretary de-

<sup>1</sup> See References in Text note below.

termines to be necessary to carry out such subsection.

**(h) Noncompliance**

The Secretary may not make payments under subsection (a) of this section to a State for any fiscal year subsequent to the first fiscal year of such payments unless the Secretary determines that, for the immediately preceding fiscal year, the State has complied with each of the agreements made by the State under this section.

**(i) "State" defined**

For purposes of this section, the term "State" means each of the several States.

**(j) Authorization of appropriations**

**(1) In general**

For the purpose of making grants under subsection (a) of this section, there are authorized to be appropriated \$3,000,000 for fiscal year 1991, \$4,000,000 for fiscal year 1992, \$3,000,000 for fiscal year 1993, and such sums as may be necessary for each of the fiscal years 1998 through 2002.

**(2) Availability**

Amounts appropriated under paragraph (1) shall remain available until expended.

**(k) Termination of program**

No grant may be made under this section after the aggregate amounts appropriated under subsection (j)(1) of this section are equal to \$36,000,000.

(July 1, 1944, ch. 373, title III, §338J, as added Pub. L. 101-597, title III, §302, Nov. 16, 1990, 104 Stat. 3032; amended Pub. L. 105-392, title III, §301, Nov. 13, 1998, 112 Stat. 3585.)

REFERENCES IN TEXT

Section 254c of this title, referred to in subsec. (e)(1)(B)(ii)(I), was in the original a reference to section 330, meaning section 330 of act July 1, 1944, which was omitted in the general amendment of subpart I (§254b et seq.) of this part by Pub. L. 104-299, §2, Oct. 11, 1996, 110 Stat. 3626. Sections 2 and 3(a) of Pub. L. 104-299 enacted new sections 330 and 330A of act July 1, 1944, which are classified, respectively, to sections 254b and 254c of this title.

PRIOR PROVISIONS

A prior section 254r, act July 1, 1944, ch. 373, title III, §338I, formerly title VII, §757, as added Aug. 1, 1977, Pub. L. 95-83, title III, §307(n)(1), 91 Stat. 392; amended Dec. 17, 1980, Pub. L. 96-537, §3(d), 94 Stat. 3174; renumbered §338G, Aug. 13, 1981, Pub. L. 97-35, title XXVII, §2709(a), 95 Stat. 908; Oct. 30, 1984, Pub. L. 98-551, §3, 98 Stat. 2817; renumbered §338I, Dec. 1, 1987, Pub. L. 100-177, title II, §201(1), 101 Stat. 992; Nov. 4, 1988, Pub. L. 100-607, title VI, §629(a)(3), 102 Stat. 3146, which related to Indian Health Scholarships and was classified to section 294y-1 of this title prior to renumbering by Pub. L. 97-35, was repealed by Pub. L. 100-713, title I, §104(b)(1), Nov. 23, 1988, 102 Stat. 4787. For provisions continuing scholarships provided on or before Nov. 23, 1988, see section 104(b)(2) of Pub. L. 100-713.

A prior section 338J of act July 1, 1944, was renumbered section 338K by Pub. L. 101-597 and is classified to section 254s of this title.

AMENDMENTS

1998—Subsec. (b)(1). Pub. L. 105-392, §301(1), struck out "in cash" after "contributions" in introductory provisions.

Subsec. (j)(1). Pub. L. 105-392, §301(2), struck out "and" after "1992," and inserted before period at end "; and such sums as may be necessary for each of the fiscal years 1998 through 2002".

Subsec. (k). Pub. L. 105-392, §301(3), substituted "\$36,000,000" for "\$10,000,000".

COMMUNICATIONS FOR RURAL HEALTH PROVIDERS

Pub. L. 102-538, title I, §154, formerly §134, Oct. 27, 1992, 106 Stat. 3541, renumbered §154 by Pub. L. 103-66, title VI, §6001(a)(2), Aug. 10, 1993, 107 Stat. 379, directed Secretary of Commerce, in conjunction with Secretary of Health and Human Services, to establish an advisory panel to develop recommendations for the improvement of rural health care through the collection of information needed by providers and the improvement in the use of communications to disseminate such information and, not later than 1 year after establishment of Panel to prepare and submit to Congress a report summarizing the recommendations made by the Panel. Similar provisions were contained in Pub. L. 101-555, §3, Nov. 15, 1990, 104 Stat. 2760.

**§ 254s. Native Hawaiian Health Scholarships**

**(a) Eligibility**

Subject to the availability of funds appropriated under the authority of subsection (d) of this section, the Secretary shall provide funds to Papa Ola Lokahi for the purpose of providing scholarship assistance to students who—

- (1) meet the requirements of section 254l(b) of this title, and
- (2) are Native Hawaiians.

**(b) Terms and conditions**

(1) The scholarship assistance provided under subsection (a) of this section shall be provided under the same terms and subject to the same conditions, regulations, and rules that apply to scholarship assistance provided under section 254l of this title.

(2) The Native Hawaiian Health Scholarship program shall not be administered by or through the Indian Health Service.

**(c) "Native Hawaiian" defined**

For purposes of this section, the term "Native Hawaiian" means any individual who is—

- (1) a citizen of the United States,
- (2) a resident of the State of Hawaii, and
- (3) a descendant of the aboriginal people, who prior to 1778, occupied and exercised sovereignty in the area that now constitutes the State of Hawaii, as evidenced by—

- (A) genealogical records,
- (B) Kupuna (elders) or Kama'aina (long-term community residents) verification, or
- (C) birth records of the State of Hawaii.

**(d) Authorization of appropriations**

There are authorized to be appropriated \$1,800,000 for each of the fiscal years 1990, 1991, and 1992 for the purpose of funding the scholarship assistance provided under subsection (a) of this section.

(July 1, 1944, ch. 373, title III, §338K, formerly §338J, as added Pub. L. 100-713, title I, §106, Nov. 23, 1988, 102 Stat. 4787; renumbered §338K, Pub. L. 101-597, title III, §302, Nov. 16, 1990, 104 Stat. 3032; amended Pub. L. 101-644, title IV, §401, Nov. 29, 1990, 104 Stat. 4668; Pub. L. 107-116, title V, §514(b), Jan. 10, 2002, 115 Stat. 2220.)

AMENDMENTS

2002—Subsec. (a). Pub. L. 107-116, which directed the amendment of subsec. (a) by substituting "Papa Ola

Lokahi” for “Kamehameha School/Bishop Estate”, was executed by making the substitution for “Kamehameha Schools/Bishop Estate” to reflect the probable intent of Congress.

1990—Subsec. (a). Pub. L. 101-644, which directed the general amendment of subsec. (a) of section 338J of the Public Health Service Act, was executed to subsec. (a) of this section, to reflect the probable intent of Congress and the intervening renumbering of section 338J as 338K by Pub. L. 101-597. Prior to amendment, subsec. (a) read as follows: “Subject to the availability of funds appropriated under the authority of subsection (d) of this section, the Secretary shall provide scholarship assistance, pursuant to a contract with the Kamehameha Schools/Bishop Estate, to students who—

“(1) meet the requirements of section 254l(b) of this title, and

“(2) are Native Hawaiians.”

#### § 254t. Demonstration project

##### (a) Program authorized

The Secretary shall establish a demonstration project to provide for the participation of individuals who are chiropractic doctors or pharmacists in the Loan Repayment Program described in section 254l-1 of this title.

##### (b) Procedure

An individual that receives assistance under this section with regard to the program described in section 254l-1 of this title shall comply with all rules and requirements described in such section (other than subparagraphs (A) and (B) of section 254l-1(b)(1) of this title) in order to receive assistance under this section.

##### (c) Limitations

###### (1) In general

The demonstration project described in this section shall provide for the participation of individuals who shall provide services in rural and urban areas.

###### (2) Availability of other health professionals

The Secretary may not assign an individual receiving assistance under this section to provide obligated service at a site unless—

(A) the Secretary has assigned a physician (as defined in section 1395x(r) of this title) or other health professional licensed to prescribe drugs to provide obligated service at such site under section 254m or 254n of this title; and

(B) such physician or other health professional will provide obligated service at such site concurrently with the individual receiving assistance under this section.

###### (3) Rules of construction

###### (A) Supervision of individuals

Nothing in this section shall be construed to require or imply that a physician or other health professional licensed to prescribe drugs must supervise an individual receiving assistance under the demonstration project under this section, with respect to such project.

###### (B) Licensure of health professionals

Nothing in this section shall be construed to supersede State law regarding licensure of health professionals.

##### (d) Designations

The demonstration project described in this section, and any providers who are selected to

participate in such project, shall not be considered by the Secretary in the designation of a health professional shortage area under section 254e of this title during fiscal years 2002 through 2004.

##### (e) Rule of construction

This section shall not be construed to require any State to participate in the project described in this section.

##### (f) Report

###### (1) In general

The Secretary shall evaluate the participation of individuals in the demonstration projects under this section and prepare and submit a report containing the information described in paragraph (2) to—

(A) the Committee on Health, Education, Labor, and Pensions of the Senate;

(B) the Subcommittee on Labor, Health and Human Services, and Education of the Committee on Appropriations of the Senate;

(C) the Committee on Energy and Commerce of the House of Representatives; and

(D) the Subcommittee on Labor, Health and Human Services, and Education of the Committee on Appropriations of the House of Representatives.

###### (2) Content

The report described in paragraph (1) shall detail—

(A) the manner in which the demonstration project described in this section has affected access to primary care services, patient satisfaction, quality of care, and health care services provided for traditionally underserved populations;

(B) how the participation of chiropractic doctors and pharmacists in the Loan Repayment Program might affect the designation of health professional shortage areas; and

(C) whether adding chiropractic doctors and pharmacists as permanent members of the National Health Service Corps would be feasible and would enhance the effectiveness of the National Health Service Corps.

##### (g) Authorization of appropriations

###### (1) In general

There are authorized to be appropriated to carry out this section, such sums as may be necessary for fiscal years 2002 through 2004.

###### (2) Fiscal year 2005

If the Secretary determines and certifies to Congress by not later than September 30, 2004, that the number of individuals participating in the demonstration project established under this section is insufficient for purposes of performing the evaluation described in subsection (f)(1) of this section, the authorization of appropriations under paragraph (1) shall be extended to include fiscal year 2005.

(July 1, 1944, ch. 373, title III, §338L, as added Pub. L. 107-251, title III, §317, Oct. 26, 2002, 116 Stat. 1653.)

##### PRIOR PROVISIONS

A prior section 254t, act July 1, 1944, ch. 373, title III, §338L, as added Pub. L. 101-527, §8, Nov. 6, 1990, 104 Stat.

2328, related to demonstration grants to States for community scholarship programs, prior to repeal by Pub. L. 107-251, title III, §316, Oct. 26, 2002, 116 Stat. 1653.

#### § 254u. Public health departments

##### (a) In general

To the extent that funds are appropriated under subsection (e), the Secretary shall establish a demonstration project to provide for the participation of individuals who are eligible for the Loan Repayment Program described in section 254l-1 of this title and who agree to complete their service obligation in a State health department that provides a significant amount of service to health professional shortage areas or areas at risk of a public health emergency, as determined by the Secretary, or in a local or tribal health department that serves a health professional shortage area or an area at risk of a public health emergency.

##### (b) Procedure

To be eligible to receive assistance under subsection (a), with respect to the program described in section 254l-1 of this title, an individual shall—

- (1) comply with all rules and requirements described in such section (other than section 254l-1(f)(1)(B)(iv) of this title); and
- (2) agree to serve for a time period equal to 2 years, or such longer period as the individual may agree to, in a State, local, or tribal health department, described in subsection (a).

##### (c) Designations

The demonstration project described in subsection (a), and any healthcare providers who are selected to participate in such project, shall not be considered by the Secretary in the designation of health professional shortage areas under section 254e of this title during fiscal years 2007 through 2010.

##### (d) Report

Not later than 3 years after December 19, 2006, the Secretary shall submit a report to the relevant committees of Congress that evaluates the participation of individuals in the demonstration project under subsection (a), the impact of such participation on State, local, and tribal health departments, and the benefit and feasibility of permanently allowing such placements in the Loan Repayment Program.

##### (e) Authorization of appropriations

There are authorized to be appropriated to carry out this section, such sums as may be necessary for each of fiscal years 2007 through 2010. (July 1, 1944, ch. 373, title III, §338M, as added Pub. L. 109-417, title II, §203(a), Dec. 19, 2006, 120 Stat. 2848.)

#### SUBPART IV—HOME HEALTH SERVICES

##### AMENDMENTS

1987—Pub. L. 100-177, title II, §202(f)(1), Dec. 1, 1987, 101 Stat. 999, substituted “IV” for “III” as subpart designation.

1983—Pub. L. 97-414, §6(a), Jan. 4, 1983, 96 Stat. 2057, added heading “Subpart III—Home Health Services”.

1978—Pub. L. 95-626, title I, §105(b), title II, §207(a), Nov. 10, 1978, 92 Stat. 3560, 3585, struck out heading

“Part D—Lepers” and added heading “Subpart III—Home Health Services”.

#### § 255. Home health services

##### (a) Purpose; authorization of grants and loans; considerations; conditions on loans; appropriations

(1) For the purpose of encouraging the establishment and initial operation of home health programs to provide home health services in areas in which such services are inadequate or not readily accessible, the Secretary may, in accordance with the provisions of this section, make grants to public and nonprofit private entities and loans to proprietary entities to meet the initial costs of establishing and operating such home health programs. Such grants and loans may include funds to provide training for paraprofessionals (including homemaker home health aides) to provide home health services.

(2) In making grants and loans under this subsection, the Secretary shall—

(A) consider the relative needs of the several States for home health services;

(B) give preference to areas in which a high percentage of the population proposed to be served is composed of individuals who are elderly, medically indigent, or disabled; and

(C) give special consideration to areas with inadequate means of transportation to obtain necessary health services.

(3)(A) No loan may be made to a proprietary entity under this section unless the application of such entity for such loan contains assurances satisfactory to the Secretary that—

(i) at the time the application is made the entity is fiscally sound;

(ii) the entity is unable to secure a loan for the project for which the application is submitted from non-Federal lenders at the rate of interest prevailing in the area in which the entity is located; and

(iii) during the period of the loan, such entity will remain fiscally sound.

(B) Loans under this section shall be made at an interest rate comparable to the rate of interest prevailing on the date the loan is made with respect to the marketable obligations of the United States of comparable maturities, adjusted to provide for administrative costs.

(4) Applications for grants and loans under this subsection shall be in such form and contain such information as the Secretary shall prescribe.

(5) There are authorized to be appropriated for grants and loans under this subsection \$5,000,000 for each of the fiscal years ending on September 30, 1983, September 30, 1984, September 30, 1985, September 30, 1986, and September 30, 1987.

##### (b) Grants and contracts for training programs for paraprofessionals; considerations; applications; appropriations

(1) The Secretary may make grants to and enter into contracts with public and private entities to assist them in developing appropriate training programs for paraprofessionals (including homemaker home health aides) to provide home health services.

(2) Any program established with a grant or contract under this subsection to train homemaker home health aides shall—