

42 USC 254q-1: Grants to States for loan repayment programs

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From Title 42-THE PUBLIC HEALTH AND WELFARE
CHAPTER 6A-PUBLIC HEALTH SERVICE
SUBCHAPTER II-GENERAL POWERS AND DUTIES
Part D-Primary Health Care
subpart iii-scholarship program and loan repayment program

§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), 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) 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) 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) 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) 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), 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); 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) 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-1 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).

(e) Reports

The Secretary may not make a grant under subsection (a) 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) 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) 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) 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) 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), there are authorized 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 254I–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 subsecs. (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.

¹ See References in Text note below.