

107TH CONGRESS  
2D SESSION

# S. 1806

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IN THE HOUSE OF REPRESENTATIVES

OCTOBER 7, 2002

Referred to the Committee on Energy and Commerce

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## AN ACT

To amend the Public Health Service Act with respect to health professions programs regarding the practice of pharmacy.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Pharmacy Education  
5       Aid Act of 2002”.

1 **SEC. 2. FINDINGS.**

2 Congress makes the following findings:

3 (1) Pharmacists are an important link in our  
4 Nation's health care system. A critical shortage of  
5 pharmacists is threatening the ability of pharmacies  
6 to continue to provide important prescription related  
7 services.

8 (2) In the landmark report entitled "To Err is  
9 Human: Building a Safer Health System", the Insti-  
10 tute of Medicine reported that medication errors can  
11 be partially attributed to factors that are indicative  
12 of a shortage of pharmacists (such as too many cus-  
13 tomers, numerous distractions, and staff shortages).

14 (3) Congress acknowledged in the Healthcare  
15 Research and Quality Act of 1999 (Public Law 106-  
16 129) a growing demand for pharmacists by requiring  
17 the Secretary of Health and Human Services to con-  
18 duct a study to determine whether there is a short-  
19 age of pharmacists in the United States and, if so,  
20 to what extent.

21 (4) As a result of Congress' concern about how  
22 a shortage of pharmacists would impact the public  
23 health, the Secretary of Health and Human Services  
24 published a report entitled "The Pharmacist Work-  
25 force: A Study in Supply and Demand for Phar-  
26 macists" in December of 2000.

1           (5) “The Pharmacist Workforce: A Study in  
 2       Supply and Demand for Pharmacists” found that  
 3       “While the overall supply of pharmacists has in-  
 4       creased in the past decade, there has been an un-  
 5       precedented demand for pharmacists and for phar-  
 6       maceutical care services, which has not been met by  
 7       the currently available supply” and that the “evi-  
 8       dence clearly indicates the emergence of a shortage  
 9       of pharmacists over the past two years”.

10          (6) The same study also found that “The fac-  
 11       tors causing the current shortage are of a nature not  
 12       likely to abate in the near future without funda-  
 13       mental changes in pharmacy practice and edu-  
 14       cation.” The study projects that the number of pre-  
 15       scriptions filled by community pharmacists will in-  
 16       crease by 20 percent by 2004. In contrast, the num-  
 17       ber of community pharmacists is expected to in-  
 18       crease by only 6 percent by 2005.

19          (7) The demand for pharmacists will increase  
 20       as prescription drug use continues to grow.

21 **SEC. 3. HEALTH PROFESSIONS PROGRAM RELATED TO THE**  
 22 **PRACTICE OF PHARMACY.**

23       (a) IN GENERAL.—Part E of title VII of the Public  
 24       Health Service Act (42 U.S.C. 294n et seq.) is amended  
 25       by adding at the end the following:

1       **“Subpart 3—Pharmacy Workforce Development**

2       **“SEC. 781. LOAN REPAYMENT PROGRAM.**

3           “(a) IN GENERAL.—In the case of any individual—

4               “(1) who has received a baccalaureate degree in  
5       pharmacy or a Doctor of Pharmacy degree from an  
6       accredited program; and

7               “(2) who obtained an educational loan for phar-  
8       macy education costs;

9       the Secretary may enter into an agreement with such indi-  
10      vidual who agrees to serve as a full-time pharmacist for  
11      a period of not less than 2 years at a health care facility  
12      with a critical shortage of pharmacists, to make payments  
13      in accordance with subsection (b), for and on behalf of  
14      that individual, on the principal of and interest on any  
15      loan of that individual described in paragraph (2) which  
16      is outstanding on the date the individual begins such serv-  
17      ice.

18       “(b) MANNER OF PAYMENTS.—

19           “(1) IN GENERAL.—The payments described in  
20      subsection (a) may consist of payment, in accord-  
21      ance with paragraph (2), on behalf of the individual  
22      of the principal, interest, and related expenses on  
23      government and commercial loans received by the in-  
24      dividual regarding the undergraduate or graduate  
25      education of the individual (or both), which loans  
26      were made for—

1           “(A) tuition expenses;

2           “(B) all other reasonable educational ex-  
3           penses, including fees, books, and laboratory ex-  
4           penses, incurred by the individual; or

5           “(C) reasonable living expenses as deter-  
6           mined by the Secretary.

7           “(2) PAYMENTS FOR YEARS SERVED.—

8           “(A) IN GENERAL.—For each year of obli-  
9           gated service that an individual contracts to  
10          serve under subsection (a)(3) the Secretary may  
11          pay up to \$35,000 on behalf of the individual  
12          for loans described in paragraph (1). In making  
13          a determination of the amount to pay for a year  
14          of such service by an individual, the Secretary  
15          shall consider the extent to which each such de-  
16          termination—

17               “(i) affects the ability of the Secretary  
18               to maximize the number of agreements  
19               that may be provided under this section  
20               from the amounts appropriated for such  
21               agreements;

22               “(ii) provides an incentive to serve in  
23               areas with the greatest shortages of phar-  
24               macists; and

1           “(iii) provides an incentive with re-  
2           spect to the pharmacist involved remaining  
3           in the area and continuing to provide phar-  
4           macy services after the completion of the  
5           period of obligated service under agree-  
6           ment.

7           “(B) REPAYMENT SCHEDULE.—Any ar-  
8           rangement made by the Secretary for the mak-  
9           ing of loan repayments in accordance with this  
10          subsection shall provide that any repayments  
11          for a year of obligated service shall be made not  
12          later than the end of the fiscal year in which  
13          the individual completes such year of service.

14          “(3) TAX LIABILITY.—For the purpose of pro-  
15          viding reimbursements for tax liability resulting  
16          from payments under paragraph (2) on behalf of an  
17          individual—

18               “(A) the Secretary shall, in addition to  
19               such payments, make payments to the indi-  
20               vidual in an amount equal to 39 percent of the  
21               total amount of loan repayments made for the  
22               taxable year involved; and

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

1           “(4) PAYMENT SCHEDULE.—The Secretary  
 2           may enter into an agreement with the holder of any  
 3           loan for which payments are made under this section  
 4           to establish a schedule for the making of such pay-  
 5           ments.

6           “(c) PREFERENCES.—In entering into agreements  
 7           under subsection (a), the Secretary shall give preference  
 8           to qualified applicants with the greatest financial need.

9           “(d) REPORTS.—

10           “(1) ANNUAL REPORT.—Not later than 18  
 11           months after the date of enactment of the Pharmacy  
 12           Education Aid Act, and annually thereafter, the Sec-  
 13           retary shall prepare and submit to Congress a report  
 14           describing the program carried out under this sec-  
 15           tion, including statements regarding—

16                   “(A) the number of enrollees, loan repay-  
 17                   ments, and recipients;

18                   “(B) the number of graduates;

19                   “(C) the amount of loan repayments made;

20                   “(D) which educational institution the re-  
 21                   cipients attended;

22                   “(E) the number and placement location of  
 23                   the loan repayment recipients at health care fa-  
 24                   cilities with a critical shortage of pharmacists;

25                   “(F) the default rate and actions required;

1           “(G) the amount of outstanding default  
2 funds of the loan repayment program;

3           “(H) to the extent that it can be deter-  
4 mined, the reason for the default;

5           “(I) the demographics of the individuals  
6 participating in the loan repayment program;  
7 and

8           “(J) an evaluation of the overall costs and  
9 benefits of the program.

10          “(2) 5-YEAR REPORT.—Not later than 5 years  
11 after the date of enactment of the Pharmacy Edu-  
12 cation Aid Act, the Secretary shall prepare and sub-  
13 mit to Congress a report on how the program car-  
14 ried out under this section interacts with other Fed-  
15 eral loan repayment programs for pharmacists and  
16 determining the relative effectiveness of such pro-  
17 grams in increasing pharmacists practicing in areas  
18 with a critical shortage or pharmacists.

19          “(e) BREACH OF AGREEMENT.—

20          “(1) IN GENERAL.—In the case of any program  
21 under this section under which an individual makes  
22 an agreement to provide health services for a period  
23 of time in accordance with such program in consid-  
24 eration of receiving an award of Federal funds re-  
25 garding education as a pharmacists (including an



1       award for the repayment of loans), the following ap-  
2       plies if the agreement provides that this subsection  
3       is applicable:

4               “(A) In the case of a program under this  
5       section that makes an award of Federal funds  
6       for attending an accredited program of phar-  
7       macy (in this section referred to as a ‘pharmacy  
8       program’), the individual is liable to the Fed-  
9       eral Government for the amount of such award  
10      (including amounts provided for expenses re-  
11      lated to such attendance), and for interest on  
12      such amount at the maximum legal prevailing  
13      rate, if the individual—

14              “(i) fails to maintain an acceptable  
15      level of academic standing in the pharmacy  
16      program (as indicated by the program in  
17      accordance with requirements established  
18      by the Secretary);

19              “(ii) is dismissed from the pharmacy  
20      program for disciplinary reasons; or

21              “(iii) voluntarily terminates the phar-  
22      macy program.

23              “(B) The individual is liable to the Federal  
24      Government for the amount of such award (in-  
25      cluding amounts provided for expenses related

1 to such attendance), and for interest on such  
2 amount at the maximum legal prevailing rate,  
3 if the individual fails to provide health services  
4 in accordance with the program under this sec-  
5 tion for the period of time applicable under the  
6 program.

7 “(2) WAIVER OR SUSPENSION OF LIABILITY.—

8 In the case of an individual or health facility making  
9 an agreement for purposes of paragraph (1), the  
10 Secretary shall provide for the waiver or suspension  
11 of liability under such subsection if compliance by  
12 the individual or the health facility, as the case may  
13 be, with the agreements involved is impossible, or  
14 would involve extreme hardship to the individual or  
15 facility, and if enforcement of the agreements with  
16 respect to the individual or facility would be uncon-  
17 scionable.

18 “(3) DATE CERTAIN FOR RECOVERY.—Subject

19 to paragraph (2), any amount that the Federal Gov-  
20 ernment is entitled to recover under paragraph (1)  
21 shall be paid to the United States not later than the  
22 expiration of the 3-year period beginning on the date  
23 the United States becomes so entitled.

24 “(4) AVAILABILITY.—Amounts recovered under

25 paragraph (1) with respect to a program under this

1 section shall be available for the purposes of such  
2 program, and shall remain available for such pur-  
3 poses until expended.

4 “(f) DEFINITION.—In this section, the term ‘health  
5 care facility’ means an Indian Health Service health cen-  
6 ter, a Native Hawaiian health center, a hospital, a phar-  
7 macy, a Federal qualified health center, a rural health  
8 clinic, a nursing home, a home health agency, a hospice  
9 program, a public health clinic, a State or local depart-  
10 ment of public health, a skilled nursing facility, an ambu-  
11 latory surgical center, or any other facility determined ap-  
12 propriate by the Secretary.

13 “(g) AUTHORIZATION OF APPROPRIATIONS.—For the  
14 purpose of payments under agreements entered into under  
15 subsection (a), there are authorized to be appropriated  
16 such sums as may be necessary for each of fiscal years  
17 2003 through 2007.

18 **“SEC. 782. PHARMACIST FACULTY LOAN PROGRAM.**

19 “(a) ESTABLISHMENT.—The Secretary, acting  
20 through the Administrator of the Health Resources and  
21 Services Administration, may enter into an agreement  
22 with any school of pharmacy for the establishment and  
23 operation of a student loan fund in accordance with this  
24 section, to increase the number of qualified pharmacy fac-  
25 ulty.

1       “(b) AGREEMENTS.—Each agreement entered into  
2 under subsection (a) shall—

3           “(1) provide for the establishment of a student  
4 loan fund by the school involved;

5           “(2) provide for deposit in the fund of—

6               “(A) the Federal capital contributions to  
7 the fund;

8               “(B) an amount equal to not less than  
9 one-ninth of such Federal capital contributions,  
10 contributed by such school;

11               “(C) collections of principal and interest  
12 on loans made from the fund; and

13               “(D) any other earnings of the fund;

14           “(3) provide that the fund will be used only for  
15 loans to students of the school in accordance with  
16 subsection (c) and for costs of collection of such  
17 loans and interest thereon;

18           “(4) provide that loans may be made from such  
19 fund only to students pursuing a full-time course of  
20 study or, at the discretion of the Secretary, a part-  
21 time course of study; and

22           “(5) contain such other provisions as are nec-  
23 essary to protect the financial interests of the  
24 United States.

1       “(c) LOAN PROVISIONS.—Loans from any student  
 2 loan fund established by a school pursuant to an agree-  
 3 ment under subsection (a) shall be made to an individual  
 4 on such terms and conditions as the school may determine,  
 5 except that—

6               “(1) such terms and conditions are subject to  
 7 any conditions, limitations, and requirements pre-  
 8 scribed by the Secretary;

9               “(2) in the case of any individual, the total of  
 10 the loans for any academic year made by schools of  
 11 pharmacy from loan funds established pursuant to  
 12 agreements under subsection (a) may not exceed  
 13 \$30,000, plus any amount determined by the Sec-  
 14 retary on an annual basis to reflect inflation;

15               “(3) an amount up to 85 percent of any such  
 16 loan (plus interest thereon) shall be canceled by the  
 17 school as follows:

18                       “(A) upon completion by the individual of  
 19 each of the first, second, and third year of full-  
 20 time employment, required by the loan agree-  
 21 ment entered into under this subsection, as a  
 22 faculty member in a school of pharmacy, the  
 23 school shall cancel 20 percent of the principle  
 24 of, and the interest on, the amount of such loan

1           unpaid on the first day of such employment;  
2           and

3           “(B) upon completion by the individual of  
4           the fourth year of full-time employment, re-  
5           quired by the loan agreement entered into  
6           under this subsection, as a faculty member in  
7           a school of pharmacy, the school shall cancel 25  
8           percent of the principle of, and the interest on,  
9           the amount of such loan unpaid on the first day  
10          of such employment;

11          “(4) such a loan may be used to pay the cost  
12          of tuition, fees, books, laboratory expenses, and  
13          other reasonable education expenses;

14          “(5) such a loan shall be repayable in equal or  
15          graduated periodic installments (with the right of  
16          the borrower to accelerate repayment) over the 10-  
17          year period that begins 9 months after the individual  
18          ceases to pursue a course of study at a school of  
19          pharmacy; and

20          “(6) such a loan shall—

21                 “(A) beginning on the date that is 3  
22                 months after the individual ceases to pursue a  
23                 course of study at a school of pharmacy, bear  
24                 interest on the unpaid balance of the loan at  
25                 the rate of 3 percent per annum; or

1           “(B) subject to subsection (e), if the school  
2           of pharmacy determines that the individual will  
3           not complete such course of study or serve as  
4           a faculty member as required under the loan  
5           agreement under this subsection, bear interest  
6           on the unpaid balance of the loan at the pre-  
7           vailing market rate.

8           “(d) PAYMENT OF PROPORTIONATE SHARE.—Where  
9           all or any part of a loan, or interest, is canceled under  
10          this section, the Secretary shall pay to the school an  
11          amount equal to the school’s proportionate share of the  
12          canceled portion, as determined by the Secretary.

13          “(e) REVIEW BY SECRETARY.—At the request of the  
14          individual involved, the Secretary may review any deter-  
15          mination by a school of pharmacy under subsection  
16          (c)(6)(B).

17          “(f) INFORMATION TECHNOLOGY.—The Secretary  
18          may make awards of grants or contracts to qualifying  
19          schools of pharmacy for the purpose of assisting such  
20          schools in acquiring and installing computer-based sys-  
21          tems to provide pharmaceutical education. Education pro-  
22          vided through such systems may be graduate education,  
23          professional education, or continuing education. The com-  
24          puter-based systems may be designed to provide on-site

1 education, or education at remote sites (commonly re-  
 2 ferred to as distance learning), or both.

3 “(g) REQUIREMENT REGARDING EDUCATION IN  
 4 PRACTICE OF PHARMACY.—With respect to the school of  
 5 pharmacy involved, the Secretary shall ensure that pro-  
 6 grams and activities carried out with Federal funds pro-  
 7 vided under this section have the goal of educating stu-  
 8 dents to become licensed pharmacists, or the goal of pro-  
 9 viding for faculty to recruit, retain, and educate students  
 10 to become licensed pharmacists.

11 “(h) DEFINITIONS.—For purposes of this section:

12 “(1) SCHOOL OF PHARMACY.—the term ‘school  
 13 of pharmacy’ means a college or school of pharmacy  
 14 (as defined in section 799B) that, in providing clin-  
 15 ical experience for students, requires that the stu-  
 16 dents serve in a clinical rotation in which pharmacist  
 17 services (as defined in section 331(a)(3)(E)) are pro-  
 18 vided at or for—

19 “(A) a medical facility that serves a sub-  
 20 stantial number of individuals who reside in or  
 21 are members of a medically underserved com-  
 22 munity (as so defined);

23 “(B) an entity described in any of sub-  
 24 paragraphs (A) through (L) of section



1           340B(a)(4) (relating to the definition of covered  
2           entity);

3           “(C) a health care facility of the Depart-  
4           ment of Veterans Affairs or of any of the  
5           Armed Forces of the United States;

6           “(D) a health care facility of the Bureau  
7           of Prisons;

8           “(E) a health care facility operated by, or  
9           with funds received from, the Indian Health  
10          Service; or

11          “(F) a disproportionate share hospital  
12          under section 1923 of the Social Security Act.

13          “(2) PHARMACIST SERVICES.—The term ‘phar-  
14          macist services’ includes drug therapy management  
15          services furnished by a pharmacist, individually or  
16          on behalf of a pharmacy provider, and such services  
17          and supplies furnished incident to the pharmacist’s  
18          drug therapy management services, that the phar-  
19          macist is legally authorized to perform (in the State  
20          in which the individual performs such services) in  
21          accordance with State law (or the State regulatory  
22          mechanism provided for by State law).

23          “(i) AUTHORIZATION OF APPROPRIATIONS.—For the  
24          purpose of carrying out this section, there are authorized

1 to be appropriated such sums as may be necessary for  
2 each of the fiscal years 2003 through 2007.”.

Passed the Senate October 3, 2002.

Attest:

JERI THOMSON,  
*Secretary.*