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**EDDIE BAZA CALVO**  
Governor

**RAY TENORIO**  
Lieutenant Governor

*Office of the Governor of Guam*

November 21, 2011

Honorable Judith T. Won Pat, Ed.D.  
Speaker  
*I Mina'trentai Unu Na Liheslaturan Guåhan*  
155 Hesler Street  
Hagåtña, Guam 96910

31-11-1122  
Office of the Speaker  
Judith T. Won Pat, Ed. D.  
Date 11/21/11  
Time 4:49 PM  
Received by [Signature]

Dear Madame Speaker:

Transmitted herewith is Bill No. 236-31 (COR) "AN ACT TO ADD A NEW CHAPTER 51 TO DIVISION 5 OF TITLE 17, GUAM CODE ANNOTATED, RELATIVE TO ESTABLISHING THE PHYSICIAN RECRUITMENT AND RETENTION EDUCATION DEBT REPAYMENT PROGRAM", which I signed into law on November 17, 2011 as Public Law 31-137.

*Senseramente,*

  
**EDDIE BAZA CALVO**

Attachment: copy of Bill

# 1122

**I MINA'TRENTAI UNU NA LIHESLATURAN GUÅHAN**  
**2011 (FIRST) Regular Session**

**CERTIFICATION OF PASSAGE OF AN ACT TO I MAGA'LAHEN GUÅHAN**

This is to certify that Substitute Bill No. 236-31 (COR), "AN ACT TO ADD A NEW CHAPTER 51 TO DIVISION 5 OF TITLE 17, GUAM CODE ANNOTATED, RELATIVE TO ESTABLISHING THE PHYSICIAN RECRUITMENT AND RETENTION EDUCATION DEBT REPAYMENT PROGRAM," was on the 8<sup>th</sup> day of November, 2011, duly and regularly passed.



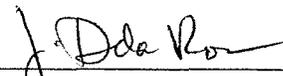
Judith T. Won Pat, Ed.D.  
Speaker

Attested:



Tina Rose Muña Barnes  
Legislative Secretary

This Act was received by *I Maga'lahaen Guåhan* this 9<sup>th</sup> day of Nov., 2011, at 4:25 o'clock P.M.



Assistant Staff Officer  
*Maga'lahaen's Office*

APPROVED:



EDWARD J.B. CALVO  
*I Maga'lahaen Guåhan*

**NOV 17 2011**

Date: \_\_\_\_\_

Public Law No. 31-1137



1           **THE PHYSICIAN RECRUITMENT AND RETENTION EDUCATION**  
2                                   **DEBT REPAYMENT PROGRAM**

3           § 51101.     Establishment and Short Title.

4           § 51102.     Purpose and Intent.

5           § 51103.     Definitions.

6           § 51104.     Administration.

7           § 51105.     PRR Evaluation Committee.

8           § 51106.     Program and Eligibility.

9           § 51107.     Program Benefits and Service Obligation.

10          § 51108.     Disqualification.

11          § 51109.     Creation of Fund.

12          **§ 51101.     Establishment and Short Title.**     There is hereby  
13          established the Physician Recruitment and Retention Education Debt  
14          Repayment Program, which *shall* be known and may be cited as the  
15          Physician Recruitment and Retention Act, or “PRR Act”.

16          **§ 51102.     Purpose and Intent.**

17          The purpose of this Act is to improve patient accessibility to  
18          healthcare providers through the retention and recruitment of physicians by  
19          encouraging eligible health care professionals to serve in shortage areas by  
20          providing financial support in the form of loan repayments if the participant  
21          serves on Guam.

22          *I Liheslaturan Guåhan* finds that there is a significant shortage of  
23          physician specialists around the world, and especially on Guam. Access to  
24          medical specialists on the island is very limited, and must be addressed. *I*  
25          *Liheslatura* recognizes that the recruitment of medical specialists is  
26          hampered by the pay given to physicians. *I Liheslatura* further recognizes  
27          that given the government of Guam’s current economic shortfall, the

1 government cannot afford to pay close to the national average of medical  
2 specialists. The American College of Emergency Physicians reports that  
3 physician incomes are higher than most occupations in order to allow for the  
4 repayment of high levels of debt.

5 It is the intent of *I Liheslatura* to offer other incentives that will attract  
6 residents and former residents of Guam, who have left the island to pursue a  
7 medical degree, to come back home and serve our community. One  
8 incentive is to offer a medical school debt repayment program. *I Liheslatura*  
9 finds that there has been a steady increase, climbing six percent (6%)  
10 annually, in school tuition and expenses for medical students that have  
11 resulted in high levels of graduating student indebtedness which leads  
12 medical students to find high paying medical jobs that will assist in the  
13 repayment of their educational loans. It is the intent of *I Liheslatura* to offer  
14 a medical school debt repayment program for residents and former residents  
15 of Guam who are willing to practice on Guam.

16 **§ 51103. Definitions.**

17 The following words, as used in this Chapter, *shall* have the following  
18 meanings:

- 19 (a) *Board* means the Board of Regents of the University of  
20 Guam.
- 21 (b) *Committee* means the Physician Recruitment and  
22 Retention Evaluation Committee.
- 23 (c) *Credentialed health care profession* means a health care  
24 profession regulated by the Guam Board of Medical Examiners.
- 25 (d) *Credentialed health care professional* means a person  
26 regulated by the Guam Board of Medical Examiners to practice a  
27 health care profession.

1 (e) *Eligible expenses* means reasonable expenses associated  
2 with the costs of acquiring a medical education, such as tuition, books,  
3 equipment, fees, room and board, and other expenses approved by the  
4 Board.

5 (f) *Health care facility* means any government health care  
6 facility, to include the Guam Memorial Hospital Authority, the  
7 Department of Public Health and Social Services, and the Department  
8 of Mental Health and Substance Abuse.

9 (g) *Health professional shortage areas* means those areas  
10 where credentialed health care professionals are in short supply in  
11 specialty health care areas as determined by the Physician Specialty  
12 Priority Listing established in §51106 of this Chapter.

13 (h) *Participant* means a credentialed health care professional  
14 who has received a loan repayment award, and has commenced  
15 practice as a credentialed health care provider in Guam.

16 (i) *Program* or *PRR Program* means the Physician  
17 Recruitment and Retention Education Debt Repayment Program.

18 (j) *Service obligation* means the obligation by the participant  
19 to provide health care services in a health professional shortage area  
20 for a period pursuant to §51107 of this Chapter.

21 **§ 51104. Administration.**

22 The provisions of this Chapter *shall* be administered by the Board of  
23 Regents of the University of Guam, with the assistance of the University of  
24 Guam Financial Aid Office. The Board *shall* promulgate rules and  
25 regulations pursuant to and *not* inconsistent with the provisions of this  
26 Chapter, subject to the provisions of the Administrative Adjudication Law.

1 In promulgating rules, and for the administration of the Program, the Board  
2 *shall*:

3 (1) develop guidelines for the administration of the Program, with  
4 the inclusion of an appeals process for applicants;

5 (2) collect and manage repayments from participants who do *not*  
6 meet their service obligations;

7 (3) develop criteria for a contract obligating recipients to a service  
8 obligation or repayment where appropriate;

9 (4) publicize the Program to maximize participation among  
10 individuals in shortage areas and among populations expected to experience  
11 the greatest growth in the work force;

12 (5) solicit and accept grants and donations from public and private  
13 sources for the Program; and

14 (6) submit an annual report to *I Liheslaturan Guåhan* no later than  
15 ninety (90) days after the end of each fiscal year, to include the number of  
16 PRR Program applicants and recipients, names of the recipients, amounts  
17 awarded, names of medical schools from which the recipients graduated,  
18 names of applicants that appeal (if any), the determination of the Committee  
19 in appealed applications, list of specialties of recipients, beginning and  
20 ending Physician Education Debt Repayment Fund balances, and  
21 administrative costs.

22 **§ 51105. PRR Evaluation Committee.**

23 There *shall* be established a Physician Recruitment and Retention  
24 Evaluation Committee that *shall* annually review applications and conduct  
25 applicant interviews for the purpose of selecting credentialed and eligible  
26 health care professionals to participate in the Program. The passing of such  
27 interviews and a careful evaluation of the government service award and

1 application packets of the candidates *shall* be considered in the selection of  
2 the scholarship recipients. The Committee *shall* report to the Board and *shall*  
3 provide the Board its recommendations. The Board *shall* have final approval  
4 of the recommendations of the Committee and may prescribe additional  
5 qualifications for admission to the PRR program.

6 The Committee *shall* be composed of the following:

7 (1) the Director of the Department of Public Health and  
8 Social Services;

9 (2) the Director of the Department of Mental Health and  
10 Substance Abuse;

11 (3) the Administrator of the Guam Memorial Hospital  
12 Authority;

13 (4) a medical doctor selected by the Guam Memorial  
14 Hospital Authority Board; and

15 (5) a member selected from the community-at-large by the  
16 Committee.

17 **§ 51106. Program and Eligibility.**

18 (a) There is established medical debt repayment awards for  
19 eligible participants selected under the Physician Recruitment and  
20 Retention Education Debt Repayment Program. Prior to the initial  
21 consideration of applications for the awards, the Board, in conjunction  
22 with the Committee, *shall* determine health professional shortage  
23 areas by establishing a Physician Specialty Priority Listing based on  
24 the greatest medical need of the community, with the Board having  
25 final approval. The list *shall* be updated every two (2) years, and *shall*  
26 be posted on the websites of the Department of Public Health and  
27 Social Services, the Department of Mental Health and Substance

1 Abuse, the Guam Memorial Hospital Authority, and the University of  
2 Guam. The Committee *shall* provide a written report and analysis on  
3 the basis of each Physician Specialty Priority Listing recommended to  
4 the Board, and *shall* post said report and analysis with the Physician  
5 Specialty Priority Listing. The awards provided in this Chapter are  
6 subject to the following limitations:

7 (1) the applicant must be an eligible credentialed  
8 health professional, and must have a degree in a health care  
9 program, and have completed an approved graduate training  
10 program, and have a current and valid license to practice such  
11 health profession in Guam by the time of execution of contract;  
12 and

13 (2) the applicant must *not* owe any form of service  
14 obligation for health professional service to the federal  
15 government, any state, or other entity *unless* that obligation will  
16 be completely satisfied prior to the beginning of service under  
17 this Program. If the applicant has been awarded funds under  
18 Chapter 15 of Title 17, Guam Code Annotated, for the  
19 individual's approved graduate training program, the individual  
20 *shall not* be eligible until he or she fulfills his or her service  
21 obligations required under Chapter 15 of Title 17, GCA.

22 (b) The Committee *shall* select participants of the awards  
23 based upon criteria that *shall* include, but *not* be limited to, the  
24 following:

25 (1) Applicant training. The individual's training is in a  
26 health profession or specialty needed to fulfill a health  
27 professional shortage area.

1           (2) Applicant qualifications. The individual's  
2 academic standing, prior professional experience in a medically  
3 underserved area or health personnel shortage area, board  
4 certification, residency achievements, peer recommendations,  
5 depth of past residency practice experience, and other criteria  
6 related to professional competence or conduct.

7           (3) Applicant service commitment. (A) The  
8 individual's commitment to serve in Guam; (B) the availability  
9 of the individual for service, with highest consideration being  
10 given to individuals who will be available for service at the  
11 earliest dates; and (C) the length of the individual's proposed  
12 service obligation to be contracted, with greatest consideration  
13 being given to persons who agree to serve for longer periods of  
14 time.

15           (4) Applicant residency. First priority *shall* be given to  
16 individuals who have resided on Guam for a period of *not less*  
17 *than* ten (10) consecutive years in such individual's life time.  
18 Should no applicants meet the residency requirement, the Board  
19 may grant an award to applicants who do *not* meet the  
20 residency requirement as required within this Subsection,  
21 subject to meeting all other requirements under this Chapter.  
22 Proof of residency *shall* be determined through providing the  
23 Committee and the Board any two (2) of the following that  
24 would constitute ten (10) consecutive years of Guam residency:

25           (A) Copies of filed income tax returns of the  
26 applicant or copies of the applicant's parent(s) income  
27 tax returns in which the applicant was claimed as a

1 dependent that were filed with the Department of  
2 Revenue and Taxation for a period of ten (10)  
3 consecutive years;

4 (B) Certification from the Director of Revenue  
5 and Taxation of the applicant's income tax returns filed  
6 for a period of ten (10) consecutive years;

7 (C) Certified statement from the Guam Election  
8 Commission on voter registration for five (5) general  
9 elections;

10 (D) Statement of mortgage on principal  
11 residence from a financial institution over a consecutive  
12 ten (10) year period; or

13 (E) Official school transcripts from schools  
14 attended on Guam for a period *not less than* five (5)  
15 years.

16 **§ 51107. Program Benefits and Service Obligation.**

17 (a) Benefits. Participants accepted into the Program *shall*  
18 receive up to Two Hundred Thousand Dollars (\$200,000) to pay for  
19 eligible expenses and loan indebtedness incurred in medical education  
20 and training.

21 (b) Service Obligation. Physicians receiving debt repayment  
22 assistance *shall* enter into a contract with the Board verifying the  
23 physician's understanding of the obligation to serve pursuant to this  
24 Subsection, or repay the Program according to the terms of the signed  
25 contract. The term of the contract *shall not* be less than two (2) years,  
26 and *not* be more than eight (8) years. Participants *shall* receive an  
27 annual payment from the Program in the amount of Twenty-Five

1 Thousand Dollars (\$25,000) *only* for the purpose of repaying  
2 educational loans secured while attending a program of health  
3 professional training which led to credentialing as a health  
4 professional, and for *no* other purposes. The contract *shall*  
5 automatically expire once the recipient ceases to have any student  
6 loan debt. The contract *shall* include, but *not* be limited to, the  
7 following terms and conditions:

8 (1) The physician *shall* agree to actively practice in  
9 Guam within three (3) months immediately following  
10 acceptance to the Program, *unless* extended by the Board for  
11 extenuating circumstances.

12 (2) The physician *shall* agree to actively practice in  
13 Guam for a term of *not* less than two (2) years, and *not* more  
14 than eight (8) years in the Program, with the amount of Twenty-  
15 Five Thousand Dollars (\$25,000) to be paid to the recipient for  
16 each year under contract.

17 (3) The physician *shall* agree to work a minimum of  
18 twenty (20) hours a month *pro bono*, while in the program, at a  
19 Department of Public Health and Social Services clinic to  
20 service those patients that do *not* have the ability to pay, and  
21 patients under the Medically Indigent Program.

22 (4) The physician *shall* permit the Board to monitor  
23 compliance with the service requirement in order to verify the  
24 terms of the agreement have been met for each payment period.

25 (5) If the physician's license to practice is suspended  
26 or revoked, the Board *shall* have the authority to terminate the  
27 physician's participation in the Program and require repayment

1 of all debt repayments rendered to date.

2 (6) A physician who fails to complete the obligations  
3 contracted *shall* reimburse the Program for all amounts received  
4 under this Act, which *shall* be subject to interest at the annual  
5 rate of ten percent (10%) retroactive to the date the initial award  
6 was received by the recipient, to be repaid over a period *not* to  
7 exceed ten (10) years from the date of termination of the  
8 contract. Both the physician and the Board *shall* make every  
9 effort to resolve conflicts in order to prevent a breach of  
10 contract.

11 (7) In the event of default, the balance due in  
12 monetary terms *shall* be the amount of award provided, less the  
13 amount repaid through service credit.

14 (8) The Board may, subject to the terms and  
15 conditions of a Memorandum of Understanding with the  
16 Department of Revenue and Taxation, garnish the tax refunds  
17 due to any participant of this Program, and/or the participant's  
18 co-signer(s), who has defaulted on the repayment of such award  
19 and a judgment has issued. Such garnishment *shall not* exceed  
20 the judgment amount.

21 (9) Student loans from both government and private  
22 sources may be repaid by the Program. Participants *shall* agree  
23 to allow the Board access to loan records and to acquire  
24 information from lenders necessary to verify eligibility and to  
25 determine payments. Financial debts or service obligations  
26 which do *not* qualify for payment include, but are *not* limited  
27 to, the Public Health and National Health Service Corps

1 scholarship training program, the National Health Service  
2 Corps scholarship program, and armed forces.

3 **§ 51108. Disqualification.**

4 Any person who knowingly or intentionally procures or obtains, or  
5 aids another to procure or obtain, a loan repayment under this Act through  
6 fraudulent means *shall* be disqualified from participation, and *shall* be liable  
7 to the Board for an amount equal to three (3) times the amount obtained.

8 **§ 51109. Creation of Fund.**

9 There is hereby established the Physician Education Debt Repayment  
10 Fund (Fund), in which awards granted to participants of the Physician  
11 Recruitment and Retention Program *shall* be financed. The Fund *shall* be  
12 held in an account separate and apart from all other accounts and funds of  
13 the government of Guam, and *shall not* be subject to the transfer authority of  
14 *I Maga'lahaen Guåhan*. The Board is authorized to accept gifts, devises,  
15 bequests, donations, and all other kinds of contributions for the purposes of  
16 the Fund. Up to Two Million Dollars (\$2,000,000) from the Healthy Futures  
17 Fund *shall* be annually transferred to the Physician Education Debt  
18 Repayment Fund, and any direct appropriations, from any source, by *I*  
19 *Liheslaturan Guåhan*.

20 Repayments to the Fund pursuant to §51107, and any unused  
21 amounts, *shall* remain in the Fund. Funds in the Physician Education Debt  
22 Repayment Fund *shall only* be used as awards for participants of the  
23 Program, *except* that not more than Fifty Thousand Dollars (\$50,000) shall  
24 be used to subsidize the administrative costs for the administration of this  
25 Program.”





I Mina'trentai Unu Na Liheslaturan Guåhan

Senator Vicente (ben) Cabrera Pangelinan (D)

OCT 27 2011

**The Honorable Judith T. Won Pat, Ed.D.**  
Speaker  
I Mina'trentai Unu Na Liheslaturan Guåhan  
155 Hesler Place  
Hagåtña, Guam 96910

Chairman  
Committee on Appropriations,  
Taxation, Public Debt, Banking,  
Insurance, Retirement, and  
Land

**VIA: The Honorable Rory J. Respicio**  
Chairperson, Committee on Rules

*Rory J. Respicio*

**RE: Committee Report on Bill No. 236-31 (COR), As Introduced**

Vice Chairman  
Committee on Education

Dear Speaker Won Pat:

Member  
Committee on Rules,  
Federal, Foreign &  
Micronesian Affairs and  
Human & Natural  
Resources

Transmitted herewith is the Committee Report on Bill No. 236-31 (COR), As Introduced: "An act to add Chapter 51 to Title 17 of the Guam Code Annotated, Relative to the Physician Recruitment and Retention Education Debt Repayment Program" and which was referred to the Committee on Appropriations, Taxation, Public Debt, Banking, Insurance, Retirement, and Land.

Committee votes are as follows:

Member  
Committee on  
Municipal Affairs,  
Tourism, Housing, and  
Recreation

4 TO PASS  
0 TO NOT PASS  
3 TO REPORT OUT ONLY  
0 TO ABSTAIN  
0 TO PLACE IN INACTIVE FILE

Member  
Committee on the Guam  
Military Buildup and  
Homeland Security

Member  
Committee on Health and  
Human Services, Senior  
Citizens, Economic  
Development, and Election  
Reform

*Si Yu'os Ma'ase'*

**Vicente (ben) Cabrera Pangelinan**  
**Chairman**

*65-31-39-02*

Committee  
Report  
On

Bill No. 236-31 (COR), As Introduced: “An act to add Chapter 51 to Title 17 of the Guam Code Annotated, Relative to the Physician Recruitment and Retention Education Debt Repayment Program”



the People

Chairman  
Committee on Appropriations,  
Taxation, Public Debt, Banking,  
Insurance, Retirement, and  
Land

Vice Chairman  
Committee on Education

Member  
Committee on Rules,  
Federal, Foreign &  
Micronesian Affairs and  
Human & Natural  
Resources

Member  
Committee on  
Municipal Affairs,  
Tourism, Housing, and  
Recreation

Member  
Committee on the Guam  
Military Buildup and  
Homeland Security

Member  
Committee on Health and  
Human Services, Senior  
Citizens, Economic  
Development, and Election  
Reform

# I Mina'trentai Unu Na Liheslaturan Guåhan

Senator Vicente (ben) Cabrera Pangelinan (D)

OCT 27 2011

## MEMORANDUM

**To:** **All Members**  
Committee on Appropriations, Taxation, Public Debt, Banking,  
Insurance, Retirement, and Land

**From:** Senator Vicente (ben) Cabrera Pangelinan  
Committee Chairman

**Subject:** **Committee Report on Bill No. 236-31 (COR), As Introduced**

Transmitted herewith for your consideration is the Committee Report on Bill No. 236-31 (COR), As Introduced: "An act to add Chapter 51 to Title 17 of the Guam Code Annotated, Relative to the Physician Recruitment and Retention Education Debt Repayment Program" sponsored by Speaker Judith Wont Pat.

This report includes the following:

1. Committee Voting Sheet
2. Committee Report Narrative
3. Copy of Bill No. 236-31 (COR), As Introduced
4. Public Hearing Sign-in Sheet
5. Copies of Submitted Testimony & Supporting Documents
6. Copy of COR Referral of Bill No. 236-31 (COR), As Introduced
7. Notices of Public Hearing
8. Copy of the Public Hearing Agenda
9. Fiscal Note

Please take the appropriate action on the attached voting sheet. Your attention to this matter is greatly appreciated. Should you have any questions or concerns, please do not hesitate to contact my office.

*Si Yu'os Ma'åse'.*

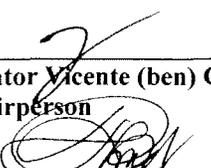
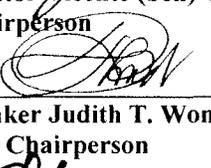
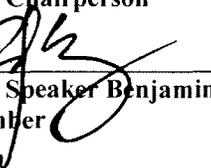
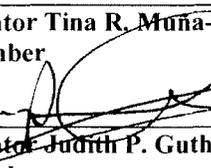
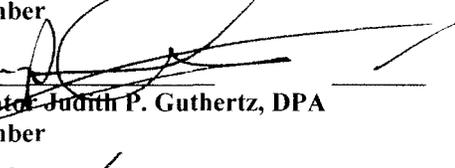
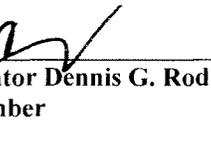
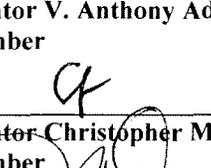
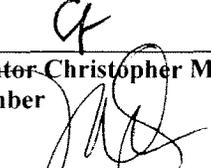
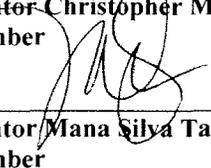
**Vicente (ben) Cabrera Pangelinan**  
**Chairman**

I MINA 'TRENTAI UNU NA LIHESLATURAN GUÅHAN

Committee Voting Sheet

Committee on Appropriations, Taxation, Public Debt, Banking, Insurance,  
Retirement, and Land

Bill No. 236-31 (COR), As Introduced: "An act to add Chapter 51 to Title 17 of the Guam Code Annotated, Relative to the Physician Recruitment and Retention Education Debt Repayment Program"

Committee Members	To Pass	Not To Pass	Report Out Only	Abstain	Inactive File
 Senator Vicente (ben) Cabrera Pangelinan Chairperson	✓ 10/26/11				
 Speaker Judith T. Won Pat, Ed.D. Vice Chairperson	✓ 10/26/11				
 Vice Speaker Benjamin J.F. Cruz Member					
 Senator Tina R. Muña-Barnes Member					
 Senator Judith P. Guthertz, DPA Member					
 Senator Dennis G. Rodriguez, Jr. Member			✓ 10/26/11		
 Senator V. Anthony Ada Member			10/26/11		
 Senator Christopher M. Dueñas Member			✓ 10/25/11		
 Senator Mana Silva Taijeron Member			✓		



the People

# I Mina'trentai Unu Na Liheslaturan Guåhan

Senator Vicente (ben) Cabrera Pangelinan (D)

## Committee Report

Bill No. 236-31 (COR), As Introduced: "An act to add Chapter 51 to Title 17 of the Guam Code Annotated, Relative to the Physician Recruitment and Retention Education Debt Repayment Program"

Chairman  
Committee on Appropriations,  
Taxation, Public Debt, Banking,  
Insurance, Retirement, and  
Land

The Committee on Appropriations, Taxation, Public Debt, Banking, Insurance, Retirement, and Land convened a public hearing on October 14, 2011 at 1:00 pm in *I Liheslatura's* public hearing room.

### **Public Notice Requirements**

Vice Chairman  
Committee on Education

Notices were disseminated via hand-delivery and e-mail to all senators and all main media broadcasting outlets on October 7, 2011 (5-Day Notice), and again on October 12, 2010 (48 Hour Notice).

Member  
Committee on Rules,  
Federal, Foreign &  
Micronesian Affairs and  
Human & Natural  
Resources

### **(a) Committee Members and Senators Present**

Senator Vicente (ben) Cabrera Pangelinan, Chairman  
Speaker Judith T. Won Pat Ed. D., Vice Chair  
Senator V. Anthony Ada, Member

Member  
Committee on  
Municipal Affairs,  
Tourism, Housing, and  
Recreation

### **(b) Appearing before the Committee**

Mr. Frank SN Shimizu  
Ms. Zita D. Pangelinan  
Mr. Victor Pangelinan  
Ms. Thelma Hechanova  
Dr. James Kiffe  
Mr. Phil Tydingco, Chief Deputy Attorney General

Member  
Committee on the Guam  
Military Buildup and  
Homeland Security

### **(c) Written Testimonies Submitted**

Member  
Committee on Health and  
Human Services, Senior  
Citizens, Economic  
Development, and Election  
Reform

Mr. Leo G. Casil, DPHSS Acting Director  
Mr. Karl Pangelinan, GEDA Administrator  
Mr. Robert A. Underwood, UOG President  
Ms. Zita D. Pangelinan  
Ms. Tamera C. Shimizu  
Mr. Frank SN Shimizu  
Ms. Maria-Elise Sanchez  
Mr. Frankie Mendiola

## I. COMMITTEE PROCEEDINGS

### (a) Bill Sponsor Summary

**Chairman Pangelinan:** We will now proceed to the last item on our agenda. Bill 236 is an act to add Chapter 51 to Title 17 of the Guam Code Annotated, Relative to the Physician Recruitment and Retention Education Debt Repayment Program. I have signed up to testify Mr. Frank Shimizu, Ms. Zita Pangelinan, Marie Sanchez, Thelma Hechanova, Deborah Pangelinan, and Mr. Phil Tydingco. Before we start I would like to give the author an opportunity to give us a short synopsis.

**Speaker Won Pat:** The purpose of this act is to improve patient accessibility to healthcare providers through the retention and recruitment of physicians by encouraging eligible health care professionals to serve in shortage areas by providing financial support in the form of loan repayments if the participant serves on Guam. We all know there is a significant shortage of physician specialists around the world, especially on the island of Guam. The intent is to offer other incentives that will attract residents and former residents of Guam who have left the island to pursue a medical degree to come back home and serve our community.

What this would do is the Board of Directors of GEDA who would promulgate the rules and regulations for this. We would also set up a physician recruitment and retention evaluation committee who would review application annually and conduct interviews. We wanted those individuals to be from Public Health, Mental Health, GMH, a doctor selected by the GMH Board, and a community member at large.

We want the applicant to be a eligible credentialed healthcare professional and they must not owe any service obligation. First priority will be those individuals who resided on Guam for no less than 5 consecutive years. We are looking at 300,000 to pay for eligible expenses. They would practice on Guam within 3 months after they have been selected into the program and for a term of two years for every 50,000 awarded. The funding we are looking at is the Healthy Futures Fund. That is what the bill is about thank you.

**Chairman Pangelinan:** Thank you very much Speaker Won Pat. We will now begin with Mr. Shimizu.

### (b) Testimony

#### 1. Mr. Frank Shimizu

**Mr. Frank Shimizu:** Thank you Senator Pangelinan. *(read written testimony; see attach).*

#### **Panel Comments and Questions**

None

**Chairman Pangelinan:** Thank you Frank Shimizu. Zita Pangelinan.

**2. Ms. Zita Pangelinan**

**Ms. Zita Pangelinan:** Thank you senator Ben. *(read written testimony; see attach).*

**Panel Comments and Questions**

None

**Chairman Pangelinan:** Thank you very much Zita. Victor Pangelinan.

**3. Mr. Victor Pangelinan**

**Mr. Victor Pangelinan:** My name is Victor Pangelinan. I am the uncle of Maria Sanchez. I just spoke to her on the phone and she asked me to read her testimony. With that I would like to begin. *(read written testimony; see attach).*

**Panel Comments and Questions**

None

**Chairman Pangelinan:** Thank you very much Mr. Pangelinan. Thelma Hechanova.

**4. Ms. Thelma Hechanova**

**Ms. Thelma Hechanova:** Buenas and hafa adai senator Pangelinan, Speaker, and senator Ada. I am going to take this time to read a letter from my niece, Tamera Shimizu, who is also looking to go to medical school. *(read written testimony; see attach).*

**Panel Comments and Questions**

None

**Chairman Pangelinan:** Thank you very much. Dr. Kiffer.

**5. Dr. James Kiffer**

**Dr. James Kiffer:** Thank you for authoring the bill Speaker Won Pat and thank you Senator Ben and Senator Ada for allowing us to testify. As you know I am the receiver at Mental Health and have been recruiting psychiatrist and psychologist for the positions there and had a great deal of difficulty. We could get part time people but full time people are hard to get. I think this bill will go a long way to allow additional incentives to bring people here. I certainly encourage those that have lived here to return to Guam and partake in this.

What I like to suggest is that the language be amended from physician to healthcare professional. We are having a difficult time recruiting clinical psychologist. A lot of the times they ask is there a student repayment program or are you under served in the National Health Service and can we get our student loans repaid? At this time we are not identified as underserved. There are several states that offer both the state and federal incentive program and it would be great if we could offer both to these healthcare professionals. The National Health Service does apply to clinical psychologist. In addition, I will be submitting this with my written testimony on the National Guard and the difficulty with obtaining psychological services. Also you might want to consider adding medical schools in the United States. I also think we are looking at U.S. citizens and not other citizens. Also the bill doesn't say full time or part time. You might want to put in full time and that they are involved with an agency like Mental Health. Although, the National Health Service says practicing in a location you should consider that they work in a government agency as oppose to private practice. We should look at the number of hours they work in each agency. Something like 20 hours a week. I think it is an excellent bill and I will be submitting a written testimony and some of these statements and Dr. Perez's white paper. Thank you very much.

**Chairman Pangelinan:** Thank you Dr. Kiffer. Speaker Won Pat.

#### **Panel Comments and Questions**

**Speaker Won Pat:** I want to thank you for all of your comments. We did discuss the issue of having them serve in private practice but we didn't want to limit them and be a total turn off because we are limiting the amount we are paying. Maybe in the mark up we could come to an agreement. The reason why we didn't put full time and part time is because when the rules and regulations are put in place those would be one of the things considered. I think the U.S. citizenship requirement might be discriminatory. In our other scholarships we include permanent resident. Thank you for your comments.

**Chairman Pangelinan:** Thank you Speaker. Senator Ada.

**Senator Ada:** Thank you everyone for testifying. My only concern would be the funding source. We don't know what kind of impacts they would have on other appropriation coming from the health future funds. Thank you Mr. Chair.

**Chairman Pangelinan:** Thank you very much. Mr. Shimizu.

**Mr. Frank Shimizu:** I agree with you Speaker. I know a lot of people that got their degree in the Philippines but did their internship and residency in the United States. That to me is OK. Us Micronesians use to get residency status in Hawaii but due to economic constraints the University of Hawaii had to stop that program. So its hard to get into medical schools in the U.S. We don't want to limit them even more. I just read somewhere that on call physicians gets a hefty compensation. In this legislation you might want to include on call but paid considerably less. Lastly I just would like to have a sister university for Guam, as far as tuition is concern. Thank you.

**Chairman Pangelinan:** Thank you very much Mr. Shimizu. Phil would you like to come up.

## **6. Mr. Phil Tydingco**

**Mr. Phil Tydingco:** Buenas Senator Pangelinan, Speaker, and Senator Ada. My name is Phil Tydingco. I certainly support the intent of the bill. I want to talk about the rebate program. We have issued a legal opinion on this and on the tax rebate issue. I have included the opinion right here. The second portion that mentions tax rebate doesn't mention what kind of tax rebate. As far as income tax rebate that would be inorganic based on the case law. Some states have a state and federal income tax and that's why they can do that. Other kinds of rebates are permissible. I see there is seed money from the Health Futures Fund of 2 million but if that fund was built up over the next few years good. Thank you.

**Chairman Pangelinan:** Thank you Mr. Tydingco. Speaker Won Pat.

## **Panel Comments and Questions**

**Speaker Won Pat:** As long as you're not throwing out the whole bill.

**Mr. Phil Tydingco:** Oh no, I would imagine in the mark-up just consider in 5 years if you put in 2 million you would have 10 million if that investment is done properly. You might be able to parlay it where there is a corpus of a trust that stays there all the time and the earnings and the residuals would pay for the repayment. Or you could craft this like the other federal programs that pay a percentage of your loans like the underserved areas and like the public defender. Thank you very much.

**Chairman Pangelinan:** Thank you. I would like to let everybody know the record for all the items on this public hearing will remain open and you can submit additional comments directly at the legislature and at my office or on the internet at [senbenp.com](http://senbenp.com). There being no further testimony this committee will adjourn.

## **II. FINDINGS & RECOMMENDATIONS**

The Committee on Appropriation, Taxation, Public Debt, Banking, Insurance, Retirement, and Land, hereby reports Bill No. 236-31 (COR), As Introduced, with the recommendation TO REPORT OUT ONLY.

I MINA' TRENTAI UNU LIHESLATURAN GUÅHAN  
2011 (FIRST) Regular Session

Bill No. 236-31 (cor)

Introduced by:

Judith T. Won Pat, Ed.D.

*Judith T. Won Pat*

2011 JUN 13 PM 2:59  
*JTW*

**AN ACT TO ADD CHAPTER 51 TO TITLE 17 OF  
THE GUAM CODE ANNOTATED, RELATIVE TO  
THE PHYSICIAN RECRUITMENT AND  
RETENTION EDUCATION DEBT REPAYMENT  
PROGRAM.**

**BE IT ENACTED BY THE PEOPLE OF GUAM:**

**Section 1. Physician Recruitment and Retention Program.** Chapter 51 is hereby  
*added* to Title 17 of the Guam Code Annotated to read:

**"CHAPTER 51**

**THE PHYSICIAN RECRUITMENT AND RETENTION EDUCATION DEBT  
REPAYMENT PROGRAM**

§ 51101. Establishment and Short Title.

§ 51102. Purpose and Intent.

§ 51103. Definitions.

§ 51104. Administration.

§ 51105. PRR Evaluation Committee.

§ 51106. Program and Eligibility.

§ 51107. Program Benefits and Service Obligation.

1 § 51108. Disqualification.

2 § 51109. Tax Rebate.

3 § 51110. Creation of Fund.

4

5 **§51101. Establishment and Short Title.**

6 There is hereby established the Physician Recruitment and Retention Education  
7 Debt Repayment Program, and shall be known and may be cited as the Physician  
8 Recruitment and Retention Act, or “PRR Act”.

9 **§51102. Purpose and Intent.**

10 The purpose of this act is to improve patient accessibility to healthcare providers  
11 through the retention and recruitment of physicians by encouraging eligible health care  
12 professionals to serve in shortage areas by providing financial support in the form of loan  
13 repayments if the participant serves on Guam.

14 *I Liheslaturan Guåhan* finds that there is a significant shortage of physician specialists  
15 around the world, especially on the island of Guam. Access to medical specialists on the  
16 island is very limited and must be addressed. *I Liheslatura* recognizes that the recruitment  
17 of medical specialists is hampered by the pay given to physicians. *I Liheslatura* further  
18 recognizes that given the government of Guam’s current economic shortfall, the  
19 government cannot afford to pay close to the national average of medical specialists.  
20 American College of Emergency Physicians reports that physician incomes are higher than  
21 most occupations in order to allow for the repayment of high levels of debt.

22 It is the intent of *I Liheslatura* to offer other incentives that will attract residents and  
23 former residents of Guam who have left the island to pursue a medical degree to come  
24 back home and serve our community. One incentive is to offer a medical school debt  
25 repayment program. *I Liheslatura* finds that there has been a steady increase, climbing six  
26 percent annually, in school tuition and expenses for medical students that have resulted in  
27 high levels of graduating student indebtedness which leads medical students to find high  
28 paying medical jobs that will assist in the repayment of their educational loans. It is the

1 intent of *I Liheslatura* to offer a medical school debt repayment program for residents and  
2 former residents of Guam who are willing to practice in Guam.

3 **§51103. Definitions.**

4 The following words, as used in this Chapter shall have the following meanings:

5 (a) '*the Board*' means the Board of Directors of the Guam Economic  
6 Development Authority.

7 (b) '*the Committee*' means the Physician Recruitment and Retention Evaluation  
8 Committee.

9 (c) '*Credentialed health care profession*' means a health care profession regulated  
10 by the Guam Board of Medical Exams.

11 (d) '*Credentialed health care professional*' means a person regulated by the  
12 Guam Board of Medical Exams to practice a health care profession.

13 (e) '*Eligible Expenses*' means reasonable expenses associated with the costs of  
14 acquiring a medical education such as tuition, books, equipment, fees, room and  
15 board, and other expenses approved by the Board.

16 (f) '*Health care facility*' means any government health care facility to include  
17 the Guam Memorial Hospital Authority, the Department of Public Health and Social  
18 Welfare, and the Department of Mental Health and Substance Abuse.

19 (g) '*Health professional shortage areas*' means those areas where credentialed  
20 health care professionals are in short supply in specialty health care areas as  
21 determined by the Physician Specialty Priority Listing established through §51106 of  
22 this Chapter.

23 (h) '*Participant*' means a credentialed health care professional who has  
24 received a loan repayment award and has commenced practice as a credentialed  
25 health care provider in Guam.

26 (i) '*Program*' or '*PRR Program*' means the Physician Recruitment and  
27 Retention Education Debt Repayment Program

1 (j) 'Service Obligation' means the obligation by the participant to provide  
2 health care services in a health professional shortage area for a period pursuant to  
3 §51107 of this Chapter.

4 **§51104. Administration.**

5 The provisions of this Chapter shall be administered by the Board of Directors of the  
6 Guam Economic Development Authority. The Board shall promulgate rules and  
7 regulations pursuant to and not inconsistent with the provisions of this Chapter, subject to  
8 the provisions of the Administrative Adjudication Law. In promulgating rules, and for the  
9 administration of the program, the Board shall:

10 (1) Develop guidelines for the administration of the Program;

11 (2) Collect and manage repayments from participants who do not meet their  
12 service obligations;

13 (3) Develop criteria for a contract obligating recipients to a service obligation  
14 or repayment where appropriate;

15 (4) Publicize the program to maximize participation among individuals in  
16 shortage areas and among populations expected to experience the greatest growth in  
17 the work force;

18 (5) Solicit and accept grants and donations from public and private sources  
19 for the program; and

20 (6) Submit annual reports to *I Liheslaturan Guåhnan* to include the number of  
21 PRR Program recipients, amounts awarded, list of specialties of recipients,  
22 beginning and end fund balances, and administrative costs.

23 **§51105. PRR Evaluation Committee.**

24 There shall be established a Physician Recruitment and Retention Evaluation  
25 Committee that shall annually review applications and conduct applicant interviews for  
26 the purpose of selecting credentialed and eligible health care professionals to participate in  
27 the program. The passing of such interviews and a careful evaluation of the government  
28 service award and application packets of the candidates shall be considered in the selection

1 of the scholarship recipients. The Board may prescribe additional qualifications for  
2 admission to the scholarship program.

3 The Committee shall be composed of the following:

- 4 (1) The Director of the Department of Public Health and Social Services;
- 5 (2) The Director of the Department of Mental Health and Substance Abuse;
- 6 (3) The Administrator of the Guam Memorial Hospital Authority;
- 7 (4) A doctor selected by the Guam Memorial Hospital Authority Board; and
- 8 (5) A member selected through community-at-large by the Committee.

9 **§51106. Program and Eligibility.**

10 (a) There are established medical debt repayment awards for eligible participants  
11 selected under the Physician Recruitment and Retention Education Debt Repayment  
12 Program. Prior to the initial consideration of applications for the awards, the Board, in  
13 conjunction with the Committee, shall determine health professional shortage areas by  
14 establishing the Physician Specialty Priority Listing based on the greatest medical need of  
15 the community. The list shall be updated every two (2) years. The awards provided in this  
16 Chapter are subject to the following limitations:

17 (1) The applicant must be an eligible credentialed health professional and  
18 must have a degree in a health care program and have completed an approved  
19 graduate training program and have a current and valid license to practice such  
20 health profession in Guam by the time of execution of contract;

21 (2) The applicant must not owe any form of service obligation for health  
22 professional service to the federal government, any state, or other entity unless that  
23 obligation will be completely satisfied prior to the beginning of service under this  
24 program. If the applicant has service obligations owed to the government of Guam  
25 pursuant to Chapter 15 of Title 17 of the Guam Code Annotated, such service  
26 obligations shall be concurrently fulfilled.

27 (b) The Committee shall select participants of the awards based upon criteria that  
28 shall include but not be limited to the following:

1 (1) Applicant training. The individual's training is in a health profession or  
2 specialty needed to fulfill a health professional shortage area.

3 (2) Applicant qualifications. The individual's academic standing, prior  
4 professional experience in a medically underserved area or health personnel  
5 shortage area, board certification, residency achievements, peer recommendations,  
6 depth of past residency practice experience, and other criteria related to professional  
7 competence or conduct.

8 (3) Applicant service commitment. (a) The individual's commitment to serve  
9 in Guam; (b) the availability of the individual for service, with highest consideration  
10 being given to individuals who will be available for service at the earliest dates; and  
11 (c) the length of the individual's proposed service obligation, with greatest  
12 consideration being given to persons who agree to serve for longer periods of time.

13 (4) Applicant residency. First priority shall be given to individuals who have  
14 resided in Guam for a period of not less than five (5) consecutive years in such  
15 individual's life time. Should no applicants meet the residency requirement, the  
16 Committee may grant an award to applicants who do not meet the residency  
17 requirement as required within this Item subject to meeting all requirements under  
18 Items (1), (2), and (3) of §51106(b) of this Chapter. Proof of residency shall be  
19 determined through any two (2) of the following:

20 (i) Copies of filed income tax records for a period of five (5) years;

21 (ii) Certification of validation of income tax filed from the Director of  
22 the Department of Revenue and Taxation;

23 (iii) Certified statement from the Guam Election Commission on voter  
24 registration for the past three (3) general elections;

25 (iv) Statement of mortgage on principal residence from a financial  
26 institution over five (5) year period;

27 (v) Official school transcripts from schools attended on Guam;

28 (vi) Certification of Residency from Mayor's Office; or

1 (vii) Notarized affidavit attesting applicant's residency from two (2)  
2 non-relatives, accompanying Mayor's Residency Verification of two (2) non-  
3 relatives.

4 **§51107. Program Benefits and Service Obligation.**

5 (a) Benefits. Participants accepted into the program shall receive up to Three  
6 Hundred Thousand Dollars (\$300,000) to pay for eligible expenses and loan indebtedness  
7 incurred in medical education and training.

8 (b) Service Obligation. Physicians receiving debt repayment assistance shall enter  
9 into a contract with the Board verifying the physician's understanding of the obligation to  
10 serve pursuant to this Subsection or repay the program according to the terms of the signed  
11 contract. Participants shall receive payment from the program for the purpose of repaying  
12 educational loans secured while attending a program of health professional training which  
13 led to credentialing as a health professional. The contract shall include, but not be limited  
14 to, the following terms and conditions:

15 (1) The physician shall agree to actively practice in Guam within three (3)  
16 months immediately following acceptance to Program, unless extended by the  
17 Board for extenuating circumstances, for a term of two (2) years for every Fifty  
18 Thousand Dollars (\$50,000) awarded.

19 (2) The physician shall agree not to discriminate against patients based on the  
20 ability to pay, and must accept patients under the Medically Indigent Program.

21 (3) The physician shall permit the Board to monitor compliance with the  
22 service requirement in order to verify the terms of the agreement have been met for  
23 each payment period.

24 (4) If the physician's license to practice is suspended or revoked, the Board  
25 shall have the authority to terminate the physician's participation in the program  
26 and demand repayment of all debt repayments rendered to date.

27 (5) A physician who fails to complete the obligations contracted shall  
28 reimburse the Program all amounts received under this act, which shall be subject to

1 interest at the annual rate of ten percent (10%), to be repaid over a period not to  
2 exceed ten (10) years from the date of termination of the contract. Both the physician  
3 and the Board shall make every effort to resolve conflicts in order to prevent a  
4 breach of contract.

5 (6) In the event of default, the balance due in monetary terms shall be the  
6 amount of award provided less the amount repaid through service credit.

7 (7) The Board may, subject to the terms and conditions of a Memorandum of  
8 Understanding with the Department of Revenue and Taxation, garnish the tax  
9 refunds due to any participant of this Program and/or the participant's co-signer(s)  
10 who has defaulted on the repayment of such award and a judgment has issued. Such  
11 garnishment shall not exceed the judgment amount.

12 (8) Loans from both government and private sources may be repaid by the  
13 program. Participants shall agree to allow the board access to loan records and to  
14 acquire information from lenders necessary to verify eligibility and to determine  
15 payments. Financial debts or service obligations which do not qualify for payment  
16 include: Public Health and National Health Service Corps scholarship training  
17 program, National Health Service Corps scholarship program, and armed forces.

18 **§51108. Disqualification.**

19 Any person, who knowingly or intentionally procures, obtains or aids another to  
20 procure or obtain loan repayment under this act through fraudulent means shall be  
21 disqualified from participation and shall be liable to the Board for an amount equal to three  
22 times the amount obtained.

23 **§51109. Tax Rebate.**

24 A tax rebate shall be awarded pursuant to Chapter 53 of Title 11 of the Guam Code  
25 Annotated.

26 **§51109. Creation of Fund.**

27 There is hereby established the Physician Education Debt Repayment Fund ('Fund')  
28 in which awards granted to participants of the Physician Recruitment and Retention

1 Program shall be financed. The Fund shall be held in an account separate and apart from  
2 all other accounts and funds of the government of Guam and shall not be subject to the  
3 transfer authority of *I Magalahen Guåhan*. The Board is authorized to accept for the Fund  
4 gifts, devices, bequests, donations and all other kinds of contributions for the purposes of  
5 the Fund. Two Million Dollars (\$2,000,000.00) from the Healthy Futures Fund shall be  
6 annually transferred to the Physician Education Debt Repayment Fund and any direct  
7 appropriations, from any source, by *I Liheslaturan Guahan*.

8 Repayments to the Fund pursuant to §51107 and any unused amounts shall remain  
9 in the Fund. Funds in the Physician Education Debt Repayment Fund shall only be used as  
10 awards for participants of the Program, except that not more than Fifty Thousand Dollars  
11 (\$50,000) shall be used to subsidize the administrative costs for the administration of this  
12 program.”

13 **Section 2. Tax Rebates for PRR Program.** Chapter 53 is hereby *added* to Title 11 of  
14 the Guam Code Annotated to read:

15 **“CHAPTER 53**

16 **THE PHYSICIAN EDUCATION DEBT REPAYMENT PROGRAM**

17 **TAX REBATES**

- 18
- 19 §53101. Definitions
- 20 §53102. Tax Rebates for Participants.
- 21 §53103. Procedure to Claim Rebated Taxes.
- 22 §53104. Rebate Fund.
- 23 §53105. Implementation by Tax Commissioner.

24

25 **§53101. Definitions.**

26 As used in this Chapter:

27 (a) ‘*Participant*’ means a credentialed health care professional who has  
28 received a loan repayment award pursuant to Chapter 51 of Title 17 GCA.

1 (b) 'Physician Education Qualifying Certificate (PEQC)' means the declaration of  
2 a participant, made pursuant to Title 6 GCA §4308, of the awards received pursuant  
3 to Chapter 51 of Title 17 GCA.

4 **§53102. Tax Rebates for Participants.**

5 A tax rebate in an amount equal to the award received pursuant to Chapter 51 of  
6 Title 17 GCA is hereby established and declared.

7 **§53103. Procedure to Claim Rebated Taxes.**

8 When a tax return is accompanied by a PEQC, the amount of tax due prior to the  
9 rebate shall be deposited with the government of Guam when the return is filed.  
10 Alternatively, if no payment is due when the tax return is filed, the Tax Commissioner of  
11 Guam shall credit the amount of the PEQC to the Rebate Fund from taxes paid by the  
12 taxpayer. Unless the Tax Commissioner finds that the rebate is not payable, the rebate shall  
13 be withdrawn from the deposit and returned to the taxpayer within one hundred eighty  
14 (180) days of the deposit without interest.

15 **§53104. Rebate Fund.**

16 Deposits made pursuant to §53103 of this Chapter shall be covered and deposited  
17 into the fund created by §58138 of Title 12 GCA.

18 **§53105. Implementation by Tax Commissioner.**

19 The Tax Commissioner of Guam shall, *no later than* ninety (90) days after the  
20 effective date hereof, develop necessary procedures to implement this Chapter, and to that  
21 end shall:

22 (a) issue such rules and regulations as he or she may deem necessary to  
23 implement this Chapter;

24 (b) promulgate such forms and publications as are necessary to assist eligible  
25 taxpayers to take advantage of this Chapter; and

26 (c) develop a procedure to allow the set off of an unpaid tax rebate from a  
27 prior year against a current year's tax liability."



**Mina'trentai Unu Na Liheslaturan Guahan**  
**THIRTY-FIRST GUAM LEGISLATURE**

**Senator Vicente "ben" Cabrera Pangelinan**

**COMMITTEE ON APPROPRIATIONS, TAXATION, PUBLIC DEBT, BANKING,  
 INSURANCE, RETIREMENT AND LAND**

Friday, October 14, 2011

**Bill No. 236-31 (COR)**

**SIGN UP SHEET**

NAME	ADDRESS	PHONE	EMAIL	WRITTEN	ORAL	SUPPORT	
						Yes	No
FRANK JN SHIMIZU	P.O. Box 761 AGANA		fsns@ambrosguam.com	✓	✓	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Lita Pangelinan	Box 3766 Hagatna	727-7717	zpangelinan@gmail.com	✓	✓	Yes	
Maria Elise Sanchez							
Phil Tydings	ABC						



**Mina'trentai Unu Na Liheslaturan Guahan**  
**THIRTY-FIRST GUAM LEGISLATURE**

**Senator Vicente "ben" Cabrera Pangelinan**

**COMMITTEE ON APPROPRIATIONS, TAXATION, PUBLIC DEBT, BANKING,  
 INSURANCE, RETIREMENT AND LAND**

Friday, October 14, 2011

**Bill No. 236-31 (COR)**

**SIGN UP SHEET**

NAME	ADDRESS	PHONE	EMAIL	WRITTEN	ORAL	SUPPORT	
						Yes	No
Thelma Hechanova	241 Cando Lane, #208	671. 929-2184	thelma.hechanova@gmail.com		✓	✓	
Deborah Pangelinan	P.O. Box 997 Hagatna, GU	671. 789-1055	info@sspsur.com		✓	✓	
Dr. James Kiffer	DMA	467-7555	jm kiffer@gmail.com				
Victor Pangelinan					✓	✓	

Not Present. →



**EDDIE BAZA CALVO**  
GOVERNOR

**RAY TENORIO**  
LIEUTENANT GOVERNOR



**JAMES W. GILLAN**  
DIRECTOR

**LEO G. CASIL**  
DEPUTY DIRECTOR

**OCT 12 2011**

**WRITTEN TESTIMONY ON BILL NO. 236-31(COR) TO  
THE COMMITTEE ON APPROPRIATIONS, TAXATION, PUBLIC DEBT,  
BANKING, INSURANCE, RETIREMENT, AND LAND**

Hafa Adai, Honorable Senator Vicente Pangelinan:

Thank you for the opportunity for allowing me to provide a written testimony on Bill No. 236-31.

Department of Public Health & Social Services supports any attempt to enhance the recruitment of physicians and therefore supports the intent of Bill No. 236-31.

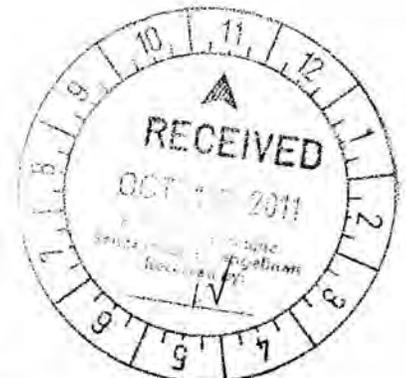
I would like to point out several sections of the bill that might need minor corrections and clarification as presented. In Section 51103 (c) on the last words "Guam Board of Medical Exams", should it be Examiners instead? Under "Section 51105". PRR Evaluation Committee", will the committee be under GEDA?

A final concern we have is in utilizing the Healthy Futures Fund as the funding source for this account. We object to it being the funding source at this time since the status of the fund continues to decrease as tobacco revenues also has been decreasing. Our current programs funded by the Healthy Futures Fund under the Public Health Division and the Community Health Centers just experienced a decrease of about \$1.8 million in our fiscal year 2012 budget when compared to fiscal year 2011.

Again on behalf of our Director Mr. James Gillan, who is off-island thank you again and to please let me know if you should have any questions or comments.

Si Yu 'os Ma'ase:

Leo G. Casil  
Acting, Director





EDDIE BAZA CALVO  
GOVERNOR OF GUAM  
I MAGA' LAHEN GUAHAN  
RAY TENORIO  
LT. GOVERNOR OF GUAM  
I SEGUNDO NA MAGA' LAHEN GUAHAN  
KARL PANGELINAN  
ADMINISTRATOR  
ADMINISTRADOT

*Aturidá Inadilánton Ikunumihan Guahan*

WRITTEN TESTIMONY ON  
BILL 236-31 AN ACT TO ADD CHAPTER 51 TO TITLE 17 OF THE GUAM CODE ANNOTATED, RELATIVE  
TO THE PHYSICIAN RECRUITMENT AND RETENTION EDUCATION DEBT REPAYMENT PROGRAM

Submitted by  
KARL A. PANGELINAN  
Administrator  
Guam Economic Development Authority  
October, 14, 2011

On behalf of the Guam Economic Development Authority I am submitting written testimony in favor of Bill 236-31 the "Physician Recruitment and Retention Act". GEDA is in complete support of this program's intentions to mitigate if not resolve Guam's crippling shortage of doctors and healthcare professionals. Should it successfully be enacted into law, GEDA is committed to utilizing its resources, limited though they may be, to initiate this program.

As a practical matter we do request that the Committee give consideration to having the PEDR Fund established and administered within GEDA and not as special account managed by the Department of Administration for the following reasons further outlined in Section 51104 of Bill 236-31:

- All of the administrative, disbursement, and compliance monitoring functions for this program are the sole responsibility of GEDA.
- The GEDA Board is the only entity identified in the law who are (1) authorized to accept for deposit into the PEDR Fund gifts, devices, bequests, donations and all other kinds of contributions for the purposes of the Fund and (2) collect and manage repayments from participants who have defaulted on their service obligation.

The passage into law of Bill 236-31 would do much to support the growth of the healthcare industry on our island and positively impact patient access to quality medical care. We ask that you look favorably on Bill 236-31.

Thank you for this opportunity to submit my comments. If you or any member of the committee have any questions or wish to discuss this further, please contact me at 647-4332.

  
KARL A. PANGELINAN  
Administrator



**UNIVERSITY OF GUAM  
UNIBETSIDÁT GUAHAN**

**OFFICE OF THE PRESIDENT**

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October 14, 2011

The Honorable Vicente (ben) Cabrera Pangelinan  
Chair, Committee on Appropriations, Taxation, Public Debt,  
Banking, Insurance, Retirement and Land  
324 W. Soledad Ave., Suite 100  
Hagåtña, Guam 96910



Dear Senator Pangelinan,

Thank you for the opportunity to provide comment and testimony concerning Bill No. 236-31 (COR): An Act to add Chapter 51 to Title 17 of the Guam Code Annotated, Relative to Physician Recruitment and Retention Education Debt Repayment Program.

The University of Guam supports the intent and purpose of this bill. Certain medical specialists and health care providers are in very short supply on our island. As the island continues to battle an exploding epidemic of chronic diseases, specifically heart disease, cancer and diabetes, it is clear that we must find a way to support health professionals to live and work on Guam. While no study has been done to determine what motivates physicians to come to Guam and practice, it seems reasonable to offer an incentive via a grant or loan payment or bonus to entice the specific types of professionals we need to keep our island healthy. Other surveys done in the United States conclude that the high debt load for medical school (Vanderbilt University states that the average student debt for 2011 graduates was \$155,000), the high cost of liability insurance, the cost of setting up a practice, and the low Medicare reimbursement rate all contribute to the decision on where to locate a practice.

This issue is not unique to our island as the attached article from the Council of State Governments (CSC) indicates. This article provides some suggestions on best practice policies across the US for both short and long term solutions. These include:

1. Income tax credits;
2. Grants directly to physicians;
3. Programs to encourage high school students to work in biomedical fields;
4. Providing *locum tenens* for temporary relief to physicians;
5. Use of nurse practitioners and physician assistants to augment the role of physicians.

Looking ahead, this study argues that the most effective incentive to lure physicians would be for us to increase the Medicaid reimbursement rates, and there are Federal programs available to assist.

Given the above and our experience in handling collections and monitoring of scholarships and service credit, we offer the following comments specific to Bill N. 236-31 (COR).

While the intent of the bill is clear, to attract "residents and --former residents of Guam who have left the island to pursue a medical degree to come back home and serve our community," later on the bill allows support to those who do not meet the residency requirements.

The requirements are cumbersome to administer and difficult to monitor and enforce. If this is to be a loan repayment program, payments should be made directly to the loan provider on behalf of the recipient, without any funds going directly to the person involved. If, however, this is to be a grant program, the funds could be paid each year at the end of the year in a lump sum for the person to use as they see fit. This essentially provides an increase in salary, supported by a tax write off. The grant method would be less cumbersome to administer.

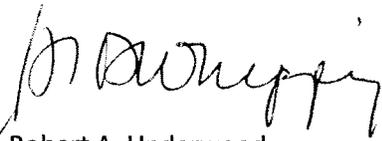
The one-time payment of \$50,000 does not provide enough support for administering the Fund, complete with an endowment provision, reviews, monitoring, selection, payment and ongoing reporting requirements. Such a program requires legal assistance, clerical support and professional staff, as well as an office which would need to be set up properly and maintained. This is an expensive proposal.

Possibly, a tax credit might work just as well for doctors in private practice, rather than direct payments or grants? Alternatively, an offer of liability insurance under the Government of Guam may help relieve their cost burden in some way.

In addition, on page 5, line 26, it states that "other service obligations **shall** be concurrently filled," it is suggested that the line read "**may** be concurrently filled" subject to the approval of the UOG Board of Regents who administer the various scholarship programs. In some cases, where there is a default, payment may be required rather than service and the statement may be interpreted to mean that service credit is approved. In any case, the decision on service credit appropriately rests with the Board of Regents, who I am sure would be amenable to considering the cases favorably.

Thank you for your efforts to ensure that health care is available on Guam for our residents. We support the intent of this legislation and hope there is some solution to the issue, both long term and short term.

Yours sincerely,



Robert A. Underwood  
President

# PHYSICIAN SHORTAGES AND THE MEDICALLY UNDERSERVED

It's been at least 20 years since a doctor has practiced in Armstrong County, in the Texas panhandle. And there's no point in the county's 2,000 residents driving north to neighboring Carson County or south to Briscoe County to see a doctor. No physician practices in those counties either.

In many rural counties across the country, it's easier to rent a video or check out a book from a public library than to find a doctor to provide medical treatment. In Texas alone, 23 counties—mostly in the western half of the state—have no physician, according to the Texas Medical Board. At least 150 counties—more than half the state—lack an obstetrician, and many medical specialties are likewise limited to more populated areas.

All states face some physician shortages. In Idaho, which has the fewest doctors per capita in the country, approximately one-third of the state's 44 counties have been designated Health Professional Shortage Areas by the federal Health Resources and Services Administration (HRSA). But even Massachusetts, which has the most physicians per capita, has medically underserved pockets. For example, only three physicians serve Nantucket County, which should have nine doctors for its population, according to HRSA.

Sixty million people—approximately one-fifth of the country's population—reside in more than 3,000 shortage areas. The lack of doctors in those places has dramatic consequences for access to medical care. It can mean longer waits in busier doctors' offices, increased travel times to see physicians, less exposure to preventive strategies and poorer outcomes following traumatic injuries and illnesses. Many small rural hospitals have closed due to financial problems and many others are in danger of closing, further compounding the problem of access to care in medically underserved areas.

## Widespread Shortages Predicted

The shortage of physicians in underserved areas may become worse before it gets better. Additionally, many areas that currently have enough physicians are expected to face shortages during the next decade. Medical groups are warning of widespread physician shortages in the U.S. as the percentage of elderly people grows, increasing demand for doctors. Also, as many baby boomer-generation physicians reach retirement age, the supply of physicians is expected to dwindle. Several studies by medical groups have concluded the U.S. will need between 85,000 and 200,000



additional physicians by 2020. As the shortage of physicians becomes more widespread, rural areas—those already facing severe shortages—are likely to be hit hardest.

Ironically, until the mid-1990s, the American Medical Association and other medical groups were warning of a surplus of doctors. In 1994, the Journal of the American Medical Association predicted a surplus of 165,000 doctors by 2000. As a result of concerns over physician surpluses, many medical colleges instituted enrollment freezes. From 1980 until 2005, enrollment in medical schools remained virtually unchanged, even though the country's population increased by nearly a third.

The American Association of Medical Colleges has proposed increasing enrollment in medical schools by 30 percent by 2015 through expanding existing medical education programs, as some medical schools have already done, and creating new programs. These new and/or expanded programs would result in an additional 5,000 physicians annually in the U.S. Because it typically takes more than 10 years to train new physicians from the time they enter college—and even longer for specialists—health policy experts say creating new medical colleges needs to begin immediately.

The twin problems of physician shortages and maldistribution of doctors are complex public health policy issues. As Dr. Kevin Grumbach noted in an article published in *Health Affairs*, the vexing problem in health care policy is getting the right number of physicians in the right specialties in the right locations at the right times. Several federal programs can help in communities that are designated as shortage areas.

## Understanding Shortage Designations

Typically, HRSA designates a county as a Health Professional Shortage Area when it has a population-to-primary care physician ratio of more than 3,500-to-1. The administration also created similar but separate designations for dentists and mental health professionals. The designation may apply to a geographic area (usually a county), specific population groups (such as low-income individuals) or facilities (such as prisons).

More than 30 federal programs depend on the shortage area designation to determine eligibility or funding preferences. The National Health Service Corps, for example, provides loan repayment only to health

providers who locate in an area or serve a population that has received a shortage area designation. In addition, other designations—such as Medically Underserved Areas or Medically Underserved Populations and Governor's Certified Shortage Areas—are used by HRSA to determine eligibility of areas without enough physicians for other federal programs.

In addition to the federal programs, state policymakers have a variety of program options and strategies to increase the number of physicians in underserved areas.

## The States Respond

To convince physicians to practice in underserved areas, many states now offer incentive packages. Loan repayment, visa waivers and flexible work options are all on the table as states attempt to lure doctors away from more lucrative practices in metropolitan areas and into shortage areas.

## Loan Repayment Programs

Medical school-related debt has increased fivefold during the past 25 years. According to the Association of American

Medical Colleges, nearly 90 percent of 2007 medical school graduates carried student loans with a median amount of approximately \$140,000. Given the high debt load most new doctors carry, many states have found student loan repayment programs can entice physicians to locate in areas where they are most needed.

The federal government provides scholarships and loan repayment to health professionals who agree to practice for at least two years in a shortage area through the National Health Service Corps. In addition, the National Health Service Corps also awards matching funds to states to operate their own loan repayment programs. Primary care health professionals who provide full-time clinical services in a public or nonprofit facility located in a designated shortage area are eligible for the program. Eligibility requirements and benefits vary among the 35 states that participate in the program.

States often find that by creating their own loan repayment programs independent of the National Health Service Corps, they can design more flexible eligibility rules and establish a program to serve their needs more effectively. Nebraska, for example, established a loan repayment program in 1994 and requires communities to share in the program's cost. Physicians, dentists and clinical psychologists can receive up to \$40,000 per year for three years if they locate their practice in a shortage area designated by the Nebraska Rural Health Advisory Commission. Lower loan repayment amounts are also available to nurse practitioners, physician assistants, physical therapists, pharmacists and other health professionals. The actual amount of the awards in Nebraska is based on the education debt load and the availability of funds.

Communities are required to provide an equal match to state dollars, and the practitioner must agree to a three-year commitment in the underserved area. Since the program's inception, Nebraska has provided loan repayment for more than 100 physicians in addition to nearly twice that number of health professionals from other fields.

## Physicians Per Capita (per 100,000 population)



Source: United States Census Bureau

## J-1 Visa Waivers

In order to solve America's physician shortage, some state policymakers are looking overseas for answers. International medical graduates account for approximately 25 percent of all physicians practicing in the U.S., according to the American Medical Association. Without foreign-born medical doctors, many places in the U.S. would face even more severe physician shortages than those they already confront.

The J-1 visa program targets foreign medical graduates who attend medical school in the U.S. The visa allows holders to remain in the U.S. only until their studies are completed. After that, they typically must return to their home countries for two years before applying for a permanent visa to work in the U.S.

A J-1 visa waiver removes the two-year home residency requirement and allows a physician sponsored by a federal or state government agency to stay in the U.S. to practice in a federally designated Health Professional Shortage Area or Medically Underserved Area. Under these programs—known as Conrad 30 or State 30 programs—the federal government limits the number of visa waivers available to any state at 30 per year. Some advocates of this program support increasing the number to provide more physicians in underserved areas.

Nearly all states have J-1 visa waiver programs. Some limit the program to certain medical specialties or cap the number of J-1 waivers they will sponsor below the 30 allowed by the federal government.

## Telemedicine

Telemedicine—medical services delivered to or from a distant site via telephone, computer, fax machine or interactive video system—can reduce the sense of isolation many rural practitioners face. Telemedicine saves time and travel expenses for providers and patients, allows for reductions or substitutions in medical personnel and improves the chances for early diagnosis of disease.

Texas Tech University Health Sciences Center received a federal demonstration grant in 1989 from the U.S. Department of Health and Human Service's Office of Rural Health Policy to establish a telemedicine program. HealthNet connects the school's four campuses in west Texas with rural health care facilities and many prisons in remote regions of the state.

HealthNet serves an area including 108 west Texas counties, 99 of which are rural. Half of those counties have a population density of fewer than seven people per square mile. HealthNet provides medical services such as interactive video consultations, teleradiology and data services for rural hospitals, health care consultations for prisons, continuing education for rural hospitals and providers, and training for emergency service personnel.

## Health Professional Shortage Area Designations by State or Territory

State/Territory	Single County	Geographic Area	Population Group	Native American Tribal Population	Facility	Total
Alabama	23	8	32	1	22	86
Alaska	13	3	1	30	23	70
Arizona	5	41	16	28	46	136
Arkansas	18	28	19	0	23	88
California	2	108	72	45	278	505
Colorado	17	14	29	4	44	108
Connecticut	0	7	18	2	14	41
Delaware	0	4	4	0	4	12
District of Columbia	0	4	2	0	8	14
Florida	16	4	106	5	109	240
Georgia	58	9	65	0	56	188
Hawaii	0	6	3	0	22	31
Idaho	14	6	26	3	14	63
Illinois	24	36	66	0	148	274
Indiana	13	14	26	1	41	95
Iowa	14	7	25	1	41	88
Kansas	25	0	64	4	50	143
Kentucky	39	1	47	0	48	135
Louisiana	46	18	9	4	44	121
Maine	0	15	22	5	33	75
Maryland	7	4	16	0	19	46
Massachusetts	2	5	15	1	45	68
Michigan	9	19	55	13	104	200
Minnesota	12	21	28	12	48	121
Mississippi	54	4	19	2	30	109
Missouri	31	1	85	1	62	180
Montana	21	15	14	11	30	91
Nebraska	26	4	1	4	38	73
Nevada	10	9	5	22	9	55
New Hampshire	0	3	5	0	16	24
New Jersey	0	4	7	0	24	35
New Mexico	18	14	8	21	30	91
New York	8	52	31	4	79	174
North Carolina	21	8	30	1	55	115
North Dakota	28	15	7	4	22	76
Ohio	11	32	24	0	47	114
Oklahoma	23	9	29	97	39	197
Oregon	5	15	27	8	44	99
Pennsylvania	2	42	43	0	87	174
Rhode Island	0	2	4	2	12	20
South Carolina	9	9	38	2	30	88
South Dakota	26	20	3	10	32	91
Tennessee	29	11	37	0	43	120
Texas	119	49	67	3	168	406
Utah	10	2	23	5	19	59
Vermont	0	7	1	0	15	23
Virginia	31	23	5	0	56	115
Washington	7	23	29	29	59	147
West Virginia	17	17	8	0	53	95
Wisconsin	12	34	12	16	35	109
Wyoming	13	9	1	3	12	38
American Samoa	0	1	0	0	1	2
Micronesia	4	0	0	0	1	5
Guam	1	0	0	0	1	2
Marshall Islands	0	1	0	0	1	2

Source: U.S. Health Resources and Services Administration as of 6/10/2008

## Other Approaches

State policymakers are using a variety of other programs and strategies to attract physicians to underserved areas.

- At least six states offer income tax credits to physicians who practice in underserved areas. For example, Georgia provides a maximum tax credit of \$5,000 per year for five years to physicians who practice in designated shortage areas. New Jersey legislators also approved a bill in 2004 that provides tax deductions to primary care physicians working in underserved areas. That legislation also created a low-interest loan program to physicians to construct or renovate office spaces in areas designated as Health Enterprise Zones by the state commissioner of health and senior services.
- The Arkansas Rural Physician Incentive Revolving Fund provides grants to physicians who locate in underserved areas. The grants are determined by physician eligibility and a community's need. The medical practice must offer primary care in an underserved area with a population of 15,000 or less and must serve Medicaid and Medicare patients. Qualifying physicians can receive grant amounts up to \$25,000 at the start of the first year of the contract and \$10,000 in each of the next three years, totaling up to \$55,000 over the life of the grant.
- Some states have adopted a "grow your own" approach to encourage high school and college students from medically underserved areas to pursue careers in medicine and to return to those areas to practice medicine. The Pennsylvania Governor's School for Health Care, established in 1991, exposes advanced high school students to careers in a variety of health care fields. More than 100 disadvantaged and minority students from rural and urban underserved areas across the state participate in a five-week program in the summer between the junior and senior years of high school.
- States can also assist rural practitioners by providing locum tenens, a tempo-

rary replacement for a medical professional who wants a leave of absence to pursue a professional development opportunity or to take a vacation, or one who faces an illness. A program in New Mexico provides temporary relief to physicians in underserved areas. Practice sites are usually billed a per diem rate for replacement coverage based on a sliding scale that prioritizes rural and medically underserved practices. Between 1993 and 2006, the program provided more than 30,000 total days of physician replacement.

- Physician extenders such as nurse practitioners and physician assistants can augment the role of primary care physicians and fill access gaps in places without enough physicians. Physician assistants and nurse practitioners, if properly trained, can perform many of the same routine diagnostic and treatment services typically provided in other places by primary care physicians. However, their scope of practice varies by state and some states still deny or limit their ability to prescribe medications. Armstrong County, Texas, previously mentioned as an example of a county with no physicians, has a medical clinic with a nurse practitioner. Texas law allows physician extenders to practice in locations separate from those of supervising physicians only in medically underserved areas. Texas also requires physicians to provide on-site consultation and oversight at least once every 10 days.

## Looking Ahead

Some analysts argue the most effective incentive to lure physicians to rural underserved areas might be for states to increase Medicaid reimbursement rates. People in rural areas are more likely to be poor and elderly and are less likely to have private health insurance as those in metropolitan areas. Rural practitioners tend to depend on Medicaid as payment for services more than their suburban and urban counterparts. Consequently, increasing Medicaid reimbursement rates is

frequently cited as one of the most promising incentives to encourage physicians to locate in underserved areas and to reduce the disparity between the medical haves and have-nots. The federal government has begun to address the issue through enhanced reimbursement rates at Federally Qualified Health Centers in designated medically underserved areas or areas with underserved populations.

The shortage of physicians in many rural areas is not a new problem, but predictions of more widespread shortages make it a more worrisome policy issue. Many states are discovering that no single solution will lure enough physicians to underserved areas. Clearly, a combination of strategies and more creative approaches will be required to reduce the number of shortage areas and to meet future demands. Policymakers should consider increasing medical school enrollments to ensure the country has an adequate supply of primary care physicians. They also should consider which approaches will be most effective in recruiting and retaining physicians in underserved areas of their states.

Tim Weldon is a health policy analyst for the Council of State Governments.



# ZITA D. PANGELINAN

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P.O. Box 3766  
Hagatna, Guam 96932

October 14, 2011

Honorable Judith Won Pat  
Speaker and Members of  
**I Mina' Trentai Unu Na Liheslaturan Guåhan**

Dangkulo na Si Yu'os ma'ase for the opportunity to appear before you to testify on Bill 236-61. I appear before you as a mother of a medical student Maria Elise Pangelinan Sanchez and also a professional in the field of Human Resources for over 20+ years in support of Bill 236-61.

There is a shortage and will be a shortage of physicians in the coming years. According to the Bureau of Labor Statistics, U.S. Department of Labor, Occupational Outlook Handbook, 2010-11 Edition the job prospects for physicians and surgeons is expected to grow much faster than the average for all occupations. Opportunities for individuals interested in becoming physicians and surgeons are expected to be very good. In addition to job openings from employment growth, openings will result from the need to replace the relatively high number of physicians and surgeons expected to retire over the 2008-18 decade.

I attended my daughter's "white coat ceremony" at Howard University in Washington DC in August and the keynote speaker shared how the Medical Profession is now actively addressing what they consider a major crisis situation with the projected shortage of doctors in the next four years and are relooking at how physicians practice.

With this information, how will our island compete for the much needed human resources in this profession given our circumstances? I believe Bill 236-61 is one in the right direction. I am fortunate to have a very passionate and persistent daughter. I never knew all the steps it took to get accepted to Medical School. I never knew the costs involved in the application process. Maria worked three jobs to finance all the applications to about 25 institutions. As a single mother, I support my daughter and as a family, we come together and make major sacrifices to financially make this happen. When I asked how we will be paying for med school, her response was "First let me get in, and then we can figure it out." Financially, in addition to the loans, we fork out for all the other expenses of pursuing this education. As a community, we need to stand together and not only support our children, but understand the challenges they encounter every step of the way to pursue their passion. They definitely make a lot of sacrifices. For her passion is not only to be a doctor, but to serve the people of Guahan! I know there are others like her and many who wish to pursue this profession but are without the resources. Let us support those for the future of health care of our people. I also stand ready to assist in this effort when called upon.

Dangkulo na Si Yu'os Ma'ase!

  
Zita D. Pangelinan  
Familian Kotla

Honorable Judith T. Won Pat, Ed.D  
Speaker of the 31<sup>st</sup> Guam Legislature  
155 Hesler St. Suite 201  
Hagåtña, Guam 96910

Hafa Adai Senator Won Pat,

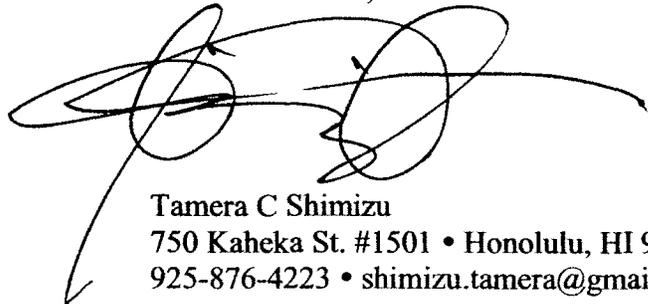
October 12, 2011

My name is Tamera C Shimizu, and I am writing in support of Bill 236-31, the bill to enact a Physician Recruitment and Retention Education Debt Repayment Program. I was born and raised on Guam, and I am currently in the process of applying to medical school. It has always been my intention to return to Guam to practice medicine after getting my degree, however, the increasing costs of medical education might prolong or even prevent my return to my island home.

I know that if this bill is passed, it will help attract many individuals like myself who are only hindered by debt from returning home to help improve the island's healthcare. The Debt Repayment Program will also help attract specialists such as cardio thoracic surgeons, neurosurgeons, and many other sub-specialty surgeons—all of which are desperately needed by the island's health care system. It is especially crucial now to start recruiting new doctors because many local doctors with sub-specialties are nearing retirement, and if there is no one to replace them, disadvantages in local healthcare will only get worse.

The passing of Bill 236-31 is essential to the stability and continued improvement of Guam's healthcare. I am thankful that you authored Bill 236-31, and I pray that you get enough votes to pass it.

Si Yu'os Ma'ase,

A handwritten signature in black ink, appearing to be 'Tamera C Shimizu', written in a cursive style with loops and a long tail extending downwards and to the left.

Tamera C Shimizu  
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October 13, 2011

Guam Legislature  
The 30<sup>th</sup> Guam Legislature  
155 Hesler Place  
Hagatna, Guam 96910

Dear Senators of the 31<sup>st</sup> Guam Legislature:

Appreciate the opportunity to testify in support of Bill 236-31, the **PHYSICIAN RECRUITMENT AND RETENTION (PRR) ACT**. Thank you, Senator Won Pat and others who crafted this bill; it is needed.

The bill correctly recognizes the costs facing students from Guam who are attending medical schools in the U.S. (Medical school tuition alone costs \$60 to \$80,000 per year.) Because these costs very quickly add up to hundreds of thousands of dollars, graduating Guamanian physicians face huge debts that must be paid back. Returning to Guam to practice is often not an option since first priority is debt repayment and Guam's compensation is admittedly below those in California, Hawaii, and elsewhere.

Guam lacks and needs credentialed medical professionals such as Heart Specialists, Neurologists, Cardio-thoracic surgeons, Dermatologists, EENTs, Cardiologists, Orthopedic surgeons, Sports Medicine specialists, Physical Therapists, to name some. To get needed and often urgent treatment, Guamanians must go off island or wait for visiting specialists from off island such as from Modesto, Fresno, LA and elsewhere to come here. Bill 236 is a good start in encouraging med school graduates from Guam to return home and practice here where they are most needed.

From a grateful grandparent and uncle of future medical students, thank you very much for the opportunity to be heard.



Frank SN Shimizu  
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## ***Maria-Elise P. Sanchez***

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The Honorable Judith T. Won Pat, Ed.D.  
Speaker  
I Mina' Trentai Unu Na Liheslaturan Guåhan  
155 Hesler Place  
Hagåtña, Guam 96910

Hafa Adai Speaker Won Pat,

Greetings from Washington, DC! My name is Maria-Elise Sanchez and I am a first year medical student at Howard University College of Medicine.

I want to begin by saying Saina ma'ase for the introduction of Bill 236-31. I believe that the proposed legislation is a huge step forward in the effort to encourage Guam physicians to return home. For many, the financial burden of a medical education is the single greatest obstacle to practicing in Guam. Bill 236-31 not only recognizes that burden but it provides the means to mitigate that burden and make serving our island, our community a viable option for Guam's young physicians.

I am proud to be a Chamorro student who is committed to returning home to serve our community. It is my dream to give back to our island community through a career in medicine.

However, financing a medical education is an enormous burden. This year alone, I have taken out \$60,000 in student loans to fund my education. I estimate that by the time I finish medical school I will have amassed \$280,000 in debt.

Repayment of that debt is a huge obstacle to making my dream a reality. So I can certainly understand why physicians from our island opt for higher salaries in the states to relieve this financial burden. There are too many stories like this, of physicians who are discouraged and find it easier to practice medicine elsewhere.

As a community, as a matter of policy, Guam should find the means for our island's physicians to come home. There are currently a little over 200 physicians on island who struggle to provide care for 154,000 people. Heart disease is the leading cause of death, yet we have only one cardiologist. The prevalence of diabetes and end-stage renal disease is so high that we have four hemodialysis units running six days a week, yet we have only two nephrologists. Soon our island will be facing an even larger shortage in medical professionals as many of our physicians approach retirement age and the number of Chamorro physicians who return home to practice dwindles in the absence of effective recruitment efforts. Bill 236-31 is an excellent recruitment tool.

Bill 236-31 is also a good alternative to the Professional-Technical Awards offered through the University of Guam. In my case, I was accepted to medical school in March. The deadline for Guam's Pro-Tech awards is in January. And now that I'm in medical school I no longer qualify for Pro-Tech over the next

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Speaker Judith T. Won Pat, Ed.D.

October 13, 2011

three years because I will not have lived on Guam for 5 consecutive years prior to applying. Most medical students from Guam do not receive any funding from Guam and have to look to alternative options to fund their education.

I am one of the few students from Guam who are currently enrolled in medical school. According to American Association of Medical Colleges, Pacific Islanders have one of the lowest acceptance rates in the nation. While we must accept that many external influences pose challenges to Guam students on the journey to medical school, it would be good to know that we have the support of our community of Guam.

I believe that the enactment of Bill 236-31 would make tremendous strides towards bringing physicians home by offering physicians a viable choice. Guam cannot compete with the salaries in the states, but the provisions of Bill 236-31 would make up for much of that gap. I'm sure many physicians from Guam started out determined to serve our community but found the option unaffordable. With this bill, it might be easier for them to come home without hesitation.

I realize that funding is one of our biggest challenges. In spite of the challenges, I see your commitment to being a part of Guam's healthcare solution. This bill is a step in that direction.

I look forward to working with you, Madame Speaker, and anyone else you think can help to find incentives for physicians to return home. I appreciate your time. Saina Ma'ase.

Sincerely,



Maria-Elise Sanchez  
Howard University College of Medicine  
2015 Candidate for Medical Degree

Frankie Torres Mendiola  
2216 Pine Park Trail Apt 2712  
Orlando, Florida 32817  
October 13, 2011

The Honorable Judith T. Won Pat, Ed.D.  
Speaker  
I Mina' Trentai Unu Na Liheslaturan Guahan  
155 Hesler Place  
Hagatna, Guam 96910

Hafa Adai Speaker Won Pat,

I am writing in support of Bill 236-31. This bill would have an immediate and long term impact on the island's healthcare system. With an increasing shortage of doctors nationwide, Guam will be in a dire situation. This is compounded by several facts; Many Guam students find it difficult to obtain a U.S. medical education. Even when they are competitive enough to apply, they are at a disadvantage as a non-resident of any state with no direct access to a medical school. Furthermore, the few students who matriculate into a school must find other resources of funding because of the failure of the Professional Technical Award.

I am a son of Guam. My father is a retired Guam firefighter, my mother is a retired Guam educator, and my grandmother is the late Tan Lucia Torres, is one of Guam's Master weavers. My roots run deep in our island. I graduated from George Washington High School, finished college at University of Guam, and obtained my medical degree at the University of Hawaii. Now, I am in my first year residency in Emergency Medicine in Orlando, Florida. I became a physician to serve our island community.

However, I have had my disappointments along the way. I have applied several times for the Professional Technical Award, and was denied each time I applied. The system that was designed to help students like me, failed me. After being forced to take out federal loans due to the timing of when the Pro-tech scholarship is dispersed, I was denied those funds because I did not show financial need. What made matters worse is that I was receiving financial aid and grants from the State of Hawaii, as a resident of Guam and was being supported by leaders in a Government I did not vote for.

My debt will be almost \$350,000 by the time I finish my residency. Due to this financial burden my dreams of coming home will certainly be delayed. I am forced to find alternative routes to pay back my loans. I can either seek a higher paying position to pay my loans back quicker, or I have the option of joining the military to relieve this burden. If Bill 236-31 was passed into law, I will not hesitate to apply.

My resolve in coming home is steadfast. The main reason I became a physician is to serve the island community in which I love. I sincerely thank you for introducing Bill 236-31, to aide us young Guam physicians in fulfilling our dreams of returning to the island.

Sincerely

Frankie Mendiola MD

**Bureau of Budget & Management Research  
Fiscal Note of Bill No. 236-31 (COR)**

**AN ACT TO ADD CHAPTER 51 TO TITLE 17 OF THE GUAM CODE ANNOTATED, RELATIVE TO THE PHYSICIAN RECRUITMENT AND RETENTION EDUCATION DEBT REPAYMENT PROGRAM.**

**Department/Agency Appropriation Information**

Dept./Agency Affected: Guam Economic and Development Authority	Dept./Agency Head: Karl A. Pangelinan, GEDA
Department's General Fund (GF) appropriation(s) to date:	-
Department's Other Fund (Specify appropriation(s) to date):	-
<b>Total Department/Agency Appropriation(s) to date:</b>	<b>\$0</b>

**Fund Source Information of Proposed Appropriation**

	General Fund:	(Healthy Futures Fund):	Total:
FY 2010 Unreserved Fund Balance <sup>1</sup>		\$20,226	\$20,226
FY 2011 Adopted Revenues	\$0	\$20,297,556	\$20,297,556
FY 2011 Appro. (P.L. 30-196)	\$0	(\$17,797,550)	(\$17,797,550)
Sub-total:	\$0	\$2,520,232	\$2,520,232
Less appropriation in Bill	\$0	(\$2,000,000)	(\$2,000,000)
<b>Total:</b>	<b>\$0</b>	<b>\$520,232</b>	<b>\$520,232</b>

**Estimated Fiscal Impact of Bill**

	One Full Fiscal Year	For Remainder of FY 2011 (if applicable)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund	\$0	\$0	\$0	\$0	\$0	\$0
(Healthy Future Fund)	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000
<b>Total</b>	<b>\$2,000,000</b>	<b>\$2,000,000</b>	<b>\$2,000,000</b>	<b>\$2,000,000</b>	<b>\$2,000,000</b>	<b>\$2,000,000</b>

- Does the bill contain "revenue generating" provisions? / / Yes /X/ No  
If Yes, see attachment
- Is amount appropriated adequate to fund the intent of the appropriation? / / N/A /X/ Yes / / No  
If no, what is the additional amount required? \$ \_\_\_\_\_ / / N/A
- Does the Bill establish a new program/agency? /X/ Yes / / No  
If yes, will the program duplicate existing programs/agencies? / / N/A / / Yes /X/ No  
Is there a federal mandate to establish the program/agency? / / Yes /X/ No
- Will the enactment of this Bill require new physical facilities? / / Yes /X/ No
- Was Fiscal Note coordinated with the affected dept/agency? If no, indicate reason: / / Yes /X/ No  
/ / Requested agency comments not received by due date /X/ Other: Time Constraint

Analyst: Joseph Certeza  Date: 06/16/2011 Director: Benita A. Manglona  Date: 6/17/11  
Benita A. Manglona, Acting Director

**Footnotes:**

- (Healthy Future Fund) Unreserved Fund Balance is based on (Audited or Unaudited) FY 2010 Financial Statements.



# COMMITTEE ON RULES

*I Mina'trentai Unu na Liheslaturan Guåhan* • The 31<sup>st</sup> Guam Legislature  
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E-mail: [roryforguam@gmail.com](mailto:roryforguam@gmail.com) • Tel: (671)472-7679 • Fax: (671)472-3547

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June 14, 2011

**MEMORANDUM**

**To: Pat Santos**  
*Clerk of the Legislature*

**Attorney Therese M. Terlaje**  
*Legislative Legal Counsel*

**From: Senator Rory J. Respicio**  
*Chairperson, Committee on Rules*

**Subject: Referral of Bill Nos. 233-31 (COR) to 238-31 (COR)**

As Chairperson of the Committee on Rules, I am forwarding my referral of Bill Nos. 233-31(COR) to 238-31 (COR).

Please ensure that the subject bills are referred, in my name, to the respective committee, as shown on the attachment. I also request that the same be forwarded to all Senators of *I Mina'trentai Unu na Liheslaturan Guåhan*.

Should you have any questions, please feel free to contact our office at 472-7679.

*Si Yu'os ma'åse!*

(3) Attachments

2011 JUN 15 AM 11:33

*I Mina'Trentai Unu Na Liheslaturan Guåhan*

**Bill Log Sheet**

**June 14, 2011**

Page 1 of 1

Bill No.	Sponsor(s)	Title	Date Introduced	Date Referred	120 Day Deadline	Committee Referred	Public Hearing Date	Date Committee Report Filed	Status (Date) Passed? Failed? Vetoed? Overridden? Public Law?
235-31 (COR)	T. R. Muna Barnes, B. J.F. Cruz	AN ACT TO AUTHORIZE I MAGA 'LAHEN GUÅHAN TO TRANSFER ABANDONED STAFF HOUSING PROPERTIES HELD BY THE GOVERNMENT OF GUAM TO THE ATURIDAT GIMINA' YAN RENUEBAN SUIDAT GUAHAN (GUAM HOUSING AND URBAN RENEWAL AUTHORITY) FOR THE PUROSE OF AFFORDABLE HOUSING	6/13/11 2:55 p.m.	6/14/11		Committee on Appropriati ons, Taxation, Public Debt, Banking, Insurance, Retirement and Land.			
236-31 (COR)	Judith T. Won Pat, Ed.D., T. R. Muna Barnes	AN ACT TO ADD CHAPTER 51 TO TITLE 17 OF THE GUAM CODE ANNOTATED, RELATIVE TO THE PHYSICIAN RECRUITMENT AND RETENTION EDUCATION DEBT REPAYMENT PROGRAM.	6/13/11 2:59 P.m.	6/14/11		Committee on Appropriati ons, Taxation, Public Debt, Banking, Insurance, Retirement and Land.			



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**Please disregard the previous email. Thank you.**

Hafa A dai,  
Senator Vicente (ben) Cabrera Pangelinan and the Committee on Appropriations, Taxation, Public Debt, Banking, Insurance, Retirement and Land will hold a public hearing beginning at 1:00pm on Friday, October 14, 2011. The agenda is as follows:

**(PUBLIC HEARING)**

*gi Betnes, gi diha 14 gi Oktubre, 2011.*  
(Friday, October 14, 2011)

*Kuátton Inekungok Pupleko gi I Liheslaturan Guåhan*  
(Guam Legislature Public Hearing Room)

**TAREHA**  
(AGENDA)

*ala una gi despues di talo'ani*  
(1:00 PM)

**Komfitmasion Siha:**  
(Confirmation Hearing)

**Mr. John R. Ilaa, Member Alcoholic Beverage Control Board**  
**Ms. Conchita D. Bathan, Member Guam Land Use Commission**

**Priniponi Siha**  
(Bills)

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Yanggen un nisisita espesial na setbisyon, pat fabot agang i Hfisinan Sinadot Vicente (ben) Cabrera Pangelinan gi 473-4236/7. Yanggen un nisisita kopian i priniponi siha ginon este na tareha, halom gi i despues i Liheslaturan Guåhan gi [www.guamlegislature.com](http://www.guamlegislature.com). Yanggen para un na'halom testigu-mu, chule' para i ifisinan-mamr gi 324 West Soledad Avenue gi nya Hagåtña, pat guatro gi i Kuatton Kata gi i Liheslatura, pat faks gi 473-4238, paisino imel gi [senbenp@guam.net](mailto:senbenp@guam.net). Este na nusiia inapasi nu i fendon gubetnamento.

If you require any special accommodations, please call the Office of Senator Vicente (ben) Cabrera Pangelinan at 473-4236/7. For copies of any of the Bills or Resolutions listed on this agenda, you may log on to the Guam Legislature's website at [www.guamlegislature.com](http://www.guamlegislature.com). Testimonics may be submitted directly to our office at 324 West Soledad Avenue in Hagåtña or at the Mail Room of the Guam Legislature, via fax at 473-4238, or via email at [senbenp@guam.net](mailto:senbenp@guam.net).

Lisa Cipollone  
Office of Staff  
Office of Senator Vicente Pangelinan  
(671) 473-4236  
[cipo@guamlegislature.org](mailto:cipo@guamlegislature.org)

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wilcastro671@gmail.com



I Mina'trentai Unu Na Liheslaturan Guåhan

Senator Vicente (ben) Cabrera Pangelinan (D)

October 7, 2011

Memorandum

To: Senators

From: Senator Vicente (ben) Cabrera Pangelinan

Re: Public Hearing Notice – FIRST NOTICE

Chairman  
Committee on Appropriations,  
Taxation, Public Debt, Banking,  
Insurance, Retirement, and  
Land

Vice Chairman  
Committee on Education

Member  
Committee on Rules,  
Federal, Foreign &  
Micronesian Affairs and  
Human & Natural  
Resources

Member  
Committee on  
Municipal Affairs,  
Tourism, Housing, and  
Recreation

Member  
Committee on the Guam  
Military Buildup and  
Homeland Security

Member  
Committee on Health and  
Human Services, Senior  
Citizens, Economic  
Development, and Election  
Reform

The Committee on Appropriations, Taxation, Public Debt, Banking, Insurance and Land will conduct a public hearing beginning at **1:00pm, Friday, October 14, 2011** at the Guam Legislature's Public Hearing Room. The following is on the agenda:

***Komfitmasion Siha:***  
**(Confirmation Hearing)**

**Mr. John R. Ila, Member Alcoholic Beverage Control Board**  
**Ms. Conchita D. Bathan, Member Guam Land Use Commission**

**Priniponi Siha**  
**(Bills)**

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**Memo to Senators**  
**October 7, 2011**  
**Page 2**

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Yanggen un nisisita spesiât na setbision, put fabot âgang i Ifisinin Sinadot Vicente (ben) Cabrera Pangelinan gi 473-4236/7. Yanggen un nisisita kopian i priniponi siha ginen este na tareha, hâlom gi i uepsait i Liheslaturan Guâhan gi [www.guamlegislature.com](http://www.guamlegislature.com). Yanggen para un na'hâlom testigu-mu, chule' para i ifisinin-mâmi gi 324 West Soledad Avenue gi iya Hagâtña, pat guatto gi i Kuation Katta gi i Liheslatura, pat faks gi 473-4238, patsino imel gi [senbenp@guam.net](mailto:senbenp@guam.net). Este na nutisiu inapâsi nu i fendon gubetnamento.

If you require any special accommodations, please call the Office of Senator Vicente (ben) Cabrera Pangelinan at 473-4236/7. For copies of any of the Bills or Resolutions listed on this agenda, you may log on to the Guam Legislature's website at [www.guamlegislature.com](http://www.guamlegislature.com). Testimonies may be submitted directly to our office at 324 West Soledad Avenue in Hagâtña or at the Mail Room of the Guam Legislature, via fax at 473-4238, or via email at [senbenp@guam.net](mailto:senbenp@guam.net)



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**Please disregard the previous email. Thank you.**

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gi Betnes, gi diha 14 gi Oktubre, 2011  
(Friday, October 14, 2011)

Kuátton Inekungok Pupleko gi l Liheslaturan Guáhan  
(Guam Legislature Public Hearing Room)

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(AGENDA)**

ala una gi despues di talo'áni  
(1:00 PM)

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(Confirmation Hearing)**

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Hafa Adal,  
 Senator Vicente (ben) Cabrera Pangelinan and the Committee on Appropriations, Taxation, Public Debt, Banking, Insurance, Retirement and Land will hold a public hearing beginning at 1:00pm on Friday, October 14, 2011. The agenda is as follows:

**INEKUNGOK PUPBLEKO (PUBLIC HEARING)**

gi Betnes, gi diha 14 gi Oktubre, 2011 (Friday, October 14, 2011)

**Kuàttion Inekungok Pupbleko gi I Liheslaturan Guàhan (Guam Legislature Public Hearing Room)**

**TAREHA (AGENDA)**

*ala una gi despues di talo'ani (1:00 PM)*

**Komfirmasion Siha: (Confirmation Hearing)**

Mr. John R. Iao, Member Alcoholic Beverage Control Board  
 Ms. Conchita D. Bathan, Member Guam Land Use Commission

**Prinsiponi Siha (Bills)**

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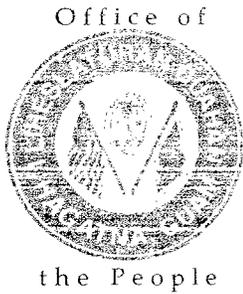
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# I Mina'trentai Unu Na Liheslaturan Guåhan

Senator Vicente (ben) Cabrera Pangelinan (D)

October 12, 2011

Memorandum

To: Senators

From: Senator Vicente (ben) Cabrera Pangelinan

Re: Public Hearing Notice – SECOND NOTICE

Chairman  
Committee on Appropriations,  
Taxation, Public Debt, Banking,  
Insurance, Retirement, and  
Land

Vice Chairman  
Committee on Education

Member  
Committee on Rules,  
Federal, Foreign &  
Micronesian Affairs and  
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Resources

Member  
Committee on  
Municipal Affairs,  
Tourism, Housing, and  
Recreation

Member  
Committee on the Guam  
Military Buildup and  
Homeland Security

Member  
Committee on Health and  
Human Services, Senior  
Citizens, Economic  
Development, and Election  
Reform

The Committee on Appropriations, Taxation, Public Debt, Banking, Insurance and Land will conduct a public hearing beginning at **1:00pm, Friday, October 14, 2011** at the Guam Legislature's Public Hearing Room. The following is on the agenda:

***Komfitmasion Siha:***  
**(Confirmation Hearing)**

**Mr. John R. Ila, Member Alcoholic Beverage Control Board**  
**Ms. Conchita D. Bathan, Member Guam Land Use Commission**

**Priniponi Siha**  
**(Bills)**

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**Memo to Senators**  
**October 12, 2011**  
**Page 2**

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 Senator Vicente (ben) Cabrera Pangelinan and the Committee on Appropriations, Taxation, Public Debt, Banking, Insurance, Retirement and Land will hold a public hearing beginning at 1:00pm on Friday, October 14, 2011. The agenda is as follows:

**INEKUNGOK PUPBLEKO  
 (PUBLIC HEARING)**

*gi Betnes, gi diha 14 gi Oktubre, 2011  
 (Friday, October 14, 2011)*

*Kuátton Inekungok Pupbleko gi I Lihestaturan Guáhan  
 (Guam Legislature Public Hearing Room)*

**TAREHA  
 (AGENDA)**

*ala una gi despues di talo'ani  
 (1:00 PM)*

**Komfitmasion Siha:  
 (Confirmation Hearing)**

Mr. John R. Ito, Member Alcoholic Beverage Control Board  
 Ms. Conchita D. Bathan, Member Guam Land Use Commission

**Priniponi Siha  
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**INEKUNGOK PUPBLEKO**  
(PUBLIC HEARING)

*gi Betnes, gi diha 14 gi Oktubre, 2011*  
(Friday, October 14, 2011)

*Kuåtton Inekungok Pubbleko gi I Liheslaturan Guahan*  
(Guam Legislature Public Hearing Room)

**TAREHA**  
(AGENDA)

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(1:00 PM)

*Komfitmasion Siha:*  
(Confirmation Hearing)

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Ms. Conchita D. Bathan, Member Guam Land Use Commission

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**OPINION**

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**Question Presented**

Whether income tax rebates for educator expenses enacted as part of P.L. 28-20, by the Legislature and administered outside the realm of the Guam Economic Development and Commerce Authority is authorized under the Organic Act and the Guam Territorial Income Tax Code.

**Answer**

No. P.L. 28-20, which authorizes tax rebates on personal income tax for educator expenses is not permitted under the Guam Territorial Income Tax Code as implemented by the Organic Act.

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**Discussion**

P.L. 28-20 amends Title 11 of the Guam Code Annotated, and establishes the "Educator's Qualifying Certificate" ("EQC") program. This law permits a rebate in an amount equal to the qualified expenses incurred, but not to exceed Five Hundred Dollars (\$500.00) of personal income tax paid by resident individual taxpayers, who are eligible educators. P.L. 28-20, §4303.

The term "qualified expenses" means unreimbursed expenses exceeding Two Hundred-Fifty Dollars which is incurred for books, supplies, computer equipment, other equipment and supplementary materials that an educator used in his or her classroom. PL 28-20, §4302(b). When a tax return is accompanied by an EQC, the amount of tax due prior to the rebate shall be deposited with the government of Guam at the time of the filing of the income tax return. If no payment is due at the time the tax return is filed, the Tax Commissioner shall credit the amount of the EQC to the Rebate Fund from taxes paid by the taxpayer. The rebate shall then be withdrawn from the deposit and returned to the taxpayer within 180 days. P.L. 28-20, §4304.

In passing this Bill, the Guam Legislature noted that the United States Congress currently allows a deduction of Two Hundred-Fifty Dollars from a taxpayer's adjusted income. PL 28-20, §4301. The Legislature further stated:

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Subsections 4302(a) and (b) of this Chapter are substantially similar to §62(a)(2)(D) of the Internal Revenue Code [26 USC §62(a)(2)(D)] and should be construed consistently therewith *except* where manifestly inapplicable.

PL 28-20, §4308 (emphasis in original).

In essence, the Guam Legislature is authorizing income tax rebates to certain taxpayers.

#### A. Guam Territorial Income Tax ("GTIT")

The U.S. income tax laws in force in the United States are applicable to Guam pursuant to 48 USCA §1421i. 48 USCA §1421i(a) provides:

The income-tax laws in force in the United States of America and those which may hereafter be enacted *shall* be held to be likewise in force in Guam: *Provided*, That notwithstanding any other provision of law, the Legislature of Guam may levy a separate tax on all taxpayers in an amount not to exceed 10 per centum of their annual income tax obligation to the Government of Guam.

(emphasis added).

This income tax, payable to the government of Guam, is referred to as the "Guam Territorial Income Tax" ("GTIT"). 48 USCA §1421i(b). In applying the GTIT, except as manifestly otherwise required, the applicable provisions of the Internal Revenue Codes of 1986 and 1939, shall be read to substitute "Guam" for the "United States", "Governor or his delegate" for "Secretary or his delegate", as well other applicable substitutions as specified in the Organic Act. 48 USCA §1421i(e). This substitution process is commonly referred to as "mirroring". *Sayre & Co. v. Riddell*, 395 F.2d 407 (9<sup>th</sup> Cir. 1968).

As further noted in *Sayre*:

The general conclusion that we draw from the available evidence, then, is that Congress intended that Guam should apply the Internal Revenue Code (with those deletions prescribed by section 1421i(d)(1)) to persons and income within its territory just as the United States applies the Code to persons and income within its territory.

The interpretative omissions and substitutions of language authorized by section 1421i(d)(1) and (e) are those which are necessary to effectuate this intention. We may not adopt a construction inconsistent with it, as we did in *Atkins-Kroll*, simply because we consider the result more equitable. *Deviations from the intended dual structure by substantive revision of the basic scheme of the Code as applied to Guam must be left to Congress.*

*Sayre & Co. v. Riddell*, 395 F.2d 407, 412 -413 (9<sup>th</sup> Cir. 1968) (fn omitted; emphasis added). *See also, Bank of America v. Chaco*, 539 F.2d 1229 (C.A. Guam 1976) ("the Government of Guam is powerless to vary the terms of the Internal Revenue Code as applied to Guam, except as permitted by Congress.")

As such, the Guam Legislature does not have authority to amend, or deviate from the GTIT. Only the U.S. Congress may amend provisions of the income tax code.

#### B. P.L. 28-20

P.L. 28-20 is an attempt to amend the GTIT by allowing a rebate of income tax paid by eligible educators. As discussed above, only the U.S. Congress can amend the income tax code that is mirrored by Guam notwithstanding §4308 of the Public Law.

Although it is true that Guam is permitted to rebate certain income taxes pursuant to the Qualifying Certificate Program administered by the Guam Economic Development and Commerce Authority (GEDCA), the GEDCA rebate does not extend to individuals outside of the Qualifying Certificate Program. The Qualifying Certificate statute, which authorized for tax rebates, was enacted into law prior to 1968 at a time when the Organic Act permitted implied congressional approval of Guam laws under certain circumstances. As explained in *Ramsey v. Chaco*, 549 F.2d 1335 (9<sup>th</sup> Cir. 1977), a case which addressed the Qualifying Certificate Program:

Prior to amendment in 1968, however, the Organic Act also provided that all laws enacted by the Guam legislature ultimately would be reported to Congress, and unless Congress acted to annul the law within one year, it was deemed to have congressional approval. Guam Organic Act s 19, ch. 512, s 19, 64 Stat. 389 (1950), as amended 48 U.S.C. s 1423i. The original law granting tax rebates was passed by the Guam legislature and submitted to Congress while this pre-1968 version was still in effect, and Congress failed to annul the law within the one-year period. In 1968, Section 19 of the Organic Act was amended to eliminate the provision of implied congressional approval in the absence of annulment by it within one year. Thereafter, in 1969, the present rebate act was passed, changing only the percentage of taxes rebated.

*Ramsey v. Chaco*, 549 F.2d 1335, 1338 (C.A.Guam 1977).

The Court concluded:

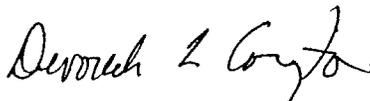
We agree with the defendants that Congress' failure to annul the original rebate bill within one year constituted an implied approval under former Section 19 of the Organic Act. Despite its possible conflict with the Organic Act, the original rebate law was implicitly ratified by Congress' inaction, and the Guam legislature's later alteration of the specific rebate percentages did not give rise to a possible independent violation of the Organic Act and therefore did not require congressional approval.

*Id.*

In the instant case, the former Section 19 of the Organic Act, which provided for implied congressional approval of amendments of laws by the Guam Legislature was amended to eliminate that provision. ~~Guam no longer has authority to pass laws that could alter the mirror tax code. Therefore, any tax rebate provided by the Guam Legislature in P.L. 28-20 with respect to income tax is not permitted unless the U.S. Congress amends the income tax code to provide for the tax rebates. As such P.L. 28-20 is contrary to the GTIT and the Organic Act.~~

#### Conclusion

The Guam Legislature is without authority to amend the provisions of the Guam Territorial Income Tax Code. P.L. 28-20, which authorizes an income tax rebate for qualified expenses made by an eligible educator, is contrary to the GTIT and the Organic Act.

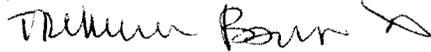


DEVORAH L. COVINGTON  
Assistant Attorney General

I MINA' TRENTAI UNU LIHESLATURAN GUÅHAN  
2011 (FIRST) Regular Session

Bill No. 236-31(car)

Introduced by:

Judith T. Won Pat, Ed.D. 

2011 JUN 13 PM 2:59  
JTW

**AN ACT TO ADD CHAPTER 51 TO TITLE 17 OF  
THE GUAM CODE ANNOTATED, RELATIVE TO  
THE PHYSICIAN RECRUITMENT AND  
RETENTION EDUCATION DEBT REPAYMENT  
PROGRAM.**

**BE IT ENACTED BY THE PEOPLE OF GUAM:**

**Section 1. Physician Recruitment and Retention Program.** Chapter 51 is hereby  
*added* to Title 17 of the Guam Code Annotated to read:

**"CHAPTER 51**

**THE PHYSICIAN RECRUITMENT AND RETENTION EDUCATION DEBT  
REPAYMENT PROGRAM**

§ 51101. Establishment and Short Title.

§ 51102. Purpose and Intent.

§ 51103. Definitions.

§ 51104. Administration.

§ 51105. PRR Evaluation Committee.

§ 51106. Program and Eligibility.

§ 51107. Program Benefits and Service Obligation.

1 § 51108. Disqualification.

2 § 51109. Tax Rebate.

3 § 51110. Creation of Fund.

4

5 **§51101. Establishment and Short Title.**

6 There is hereby established the Physician Recruitment and Retention Education  
7 Debt Repayment Program, and shall be known and may be cited as the Physician  
8 Recruitment and Retention Act, or “PRR Act”.

9 **§51102. Purpose and Intent.**

10 The purpose of this act is to improve patient accessibility to healthcare providers  
11 through the retention and recruitment of physicians by encouraging eligible health care  
12 professionals to serve in shortage areas by providing financial support in the form of loan  
13 repayments if the participant serves on Guam.

14 *I Liheslaturan Guåhan* finds that there is a significant shortage of physician specialists  
15 around the world, especially on the island of Guam. Access to medical specialists on the  
16 island is very limited and must be addressed. *I Liheslatura* recognizes that the recruitment  
17 of medical specialists is hampered by the pay given to physicians. *I Liheslatura* further  
18 recognizes that given the government of Guam’s current economic shortfall, the  
19 government cannot afford to pay close to the national average of medical specialists.  
20 American College of Emergency Physicians reports that physician incomes are higher than  
21 most occupations in order to allow for the repayment of high levels of debt.

22 It is the intent of *I Liheslatura* to offer other incentives that will attract residents and  
23 former residents of Guam who have left the island to pursue a medical degree to come  
24 back home and serve our community. One incentive is to offer a medical school debt  
25 repayment program. *I Liheslatura* finds that there has been a steady increase, climbing six  
26 percent annually, in school tuition and expenses for medical students that have resulted in  
27 high levels of graduating student indebtedness which leads medical students to find high  
28 paying medical jobs that will assist in the repayment of their educational loans. It is the

1 intent of *I Liheslatura* to offer a medical school debt repayment program for residents and  
2 former residents of Guam who are willing to practice in Guam.

3 **§51103. Definitions.**

4 The following words, as used in this Chapter shall have the following meanings:

5 (a) '*the Board*' means the Board of Directors of the Guam Economic  
6 Development Authority.

7 (b) '*the Committee*' means the Physician Recruitment and Retention Evaluation  
8 Committee.

9 (c) '*Credentialed health care profession*' means a health care profession regulated  
10 by the Guam Board of Medical Exams.

11 (d) '*Credentialed health care professional*' means a person regulated by the  
12 Guam Board of Medical Exams to practice a health care profession.

13 (e) '*Eligible Expenses*' means reasonable expenses associated with the costs of  
14 acquiring a medical education such as tuition, books, equipment, fees, room and  
15 board, and other expenses approved by the Board.

16 (f) '*Health care facility*' means any government health care facility to include  
17 the Guam Memorial Hospital Authority, the Department of Public Health and Social  
18 Welfare, and the Department of Mental Health and Substance Abuse.

19 (g) '*Health professional shortage areas*' means those areas where credentialed  
20 health care professionals are in short supply in specialty health care areas as  
21 determined by the Physician Specialty Priority Listing established through §51106 of  
22 this Chapter.

23 (h) '*Participant*' means a credentialed health care professional who has  
24 received a loan repayment award and has commenced practice as a credentialed  
25 health care provider in Guam.

26 (i) '*Program*' or '*PRR Program*' means the Physician Recruitment and  
27 Retention Education Debt Repayment Program

1 (j) 'Service Obligation' means the obligation by the participant to provide  
2 health care services in a health professional shortage area for a period pursuant to  
3 §51107 of this Chapter.

4 **§51104. Administration.**

5 The provisions of this Chapter shall be administered by the Board of Directors of the  
6 Guam Economic Development Authority. The Board shall promulgate rules and  
7 regulations pursuant to and not inconsistent with the provisions of this Chapter, subject to  
8 the provisions of the Administrative Adjudication Law. In promulgating rules, and for the  
9 administration of the program, the Board shall:

10 (1) Develop guidelines for the administration of the Program;

11 (2) Collect and manage repayments from participants who do not meet their  
12 service obligations;

13 (3) Develop criteria for a contract obligating recipients to a service obligation  
14 or repayment where appropriate;

15 (4) Publicize the program to maximize participation among individuals in  
16 shortage areas and among populations expected to experience the greatest growth in  
17 the work force;

18 (5) Solicit and accept grants and donations from public and private sources  
19 for the program; and

20 (6) Submit annual reports to *I Liheslaturan Guåhan* to include the number of  
21 PRR Program recipients, amounts awarded, list of specialties of recipients,  
22 beginning and end fund balances, and administrative costs.

23 **§51105. PRR Evaluation Committee.**

24 There shall be established a Physician Recruitment and Retention Evaluation  
25 Committee that shall annually review applications and conduct applicant interviews for  
26 the purpose of selecting credentialed and eligible health care professionals to participate in  
27 the program. The passing of such interviews and a careful evaluation of the government  
28 service award and application packets of the candidates shall be considered in the selection

1 of the scholarship recipients. The Board may prescribe additional qualifications for  
2 admission to the scholarship program.

3 The Committee shall be composed of the following:

- 4 (1) The Director of the Department of Public Health and Social Services;
- 5 (2) The Director of the Department of Mental Health and Substance Abuse;
- 6 (3) The Administrator of the Guam Memorial Hospital Authority;
- 7 (4) A doctor selected by the Guam Memorial Hospital Authority Board; and
- 8 (5) A member selected through community-at-large by the Committee.

9 **§51106. Program and Eligibility.**

10 (a) There are established medical debt repayment awards for eligible participants  
11 selected under the Physician Recruitment and Retention Education Debt Repayment  
12 Program. Prior to the initial consideration of applications for the awards, the Board, in  
13 conjunction with the Committee, shall determine health professional shortage areas by  
14 establishing the Physician Specialty Priority Listing based on the greatest medical need of  
15 the community. The list shall be updated every two (2) years. The awards provided in this  
16 Chapter are subject to the following limitations:

17 (1) The applicant must be an eligible credentialed health professional and  
18 must have a degree in a health care program and have completed an approved  
19 graduate training program and have a current and valid license to practice such  
20 health profession in Guam by the time of execution of contract;

21 (2) The applicant must not owe any form of service obligation for health  
22 professional service to the federal government, any state, or other entity unless that  
23 obligation will be completely satisfied prior to the beginning of service under this  
24 program. If the applicant has service obligations owed to the government of Guam  
25 pursuant to Chapter 15 of Title 17 of the Guam Code Annotated, such service  
26 obligations shall be concurrently fulfilled.

27 (b) The Committee shall select participants of the awards based upon criteria that  
28 shall include but not be limited to the following:

1 (1) Applicant training. The individual's training is in a health profession or  
2 specialty needed to fulfill a health professional shortage area.

3 (2) Applicant qualifications. The individual's academic standing, prior  
4 professional experience in a medically underserved area or health personnel  
5 shortage area, board certification, residency achievements, peer recommendations,  
6 depth of past residency practice experience, and other criteria related to professional  
7 competence or conduct.

8 (3) Applicant service commitment. (a) The individual's commitment to serve  
9 in Guam; (b) the availability of the individual for service, with highest consideration  
10 being given to individuals who will be available for service at the earliest dates; and  
11 (c) the length of the individual's proposed service obligation, with greatest  
12 consideration being given to persons who agree to serve for longer periods of time.

13 (4) Applicant residency. First priority shall be given to individuals who have  
14 resided in Guam for a period of not less than five (5) consecutive years in such  
15 individual's life time. Should no applicants meet the residency requirement, the  
16 Committee may grant an award to applicants who do not meet the residency  
17 requirement as required within this Item subject to meeting all requirements under  
18 Items (1), (2), and (3) of §51106(b) of this Chapter. Proof of residency shall be  
19 determined through any two (2) of the following:

20 (i) Copies of filed income tax records for a period of five (5) years;

21 (ii) Certification of validation of income tax filed from the Director of  
22 the Department of Revenue and Taxation;

23 (iii) Certified statement from the Guam Election Commission on voter  
24 registration for the past three (3) general elections;

25 (iv) Statement of mortgage on principal residence from a financial  
26 institution over five (5) year period;

27 (v) Official school transcripts from schools attended on Guam;

28 (vi) Certification of Residency from Mayor's Office; or

1 (vii) Notarized affidavit attesting applicant's residency from two (2)  
2 non-relatives, accompanying Mayor's Residency Verification of two (2) non-  
3 relatives.

4 **§51107. Program Benefits and Service Obligation.**

5 (a) Benefits. Participants accepted into the program shall receive up to Three  
6 Hundred Thousand Dollars (\$300,000) to pay for eligible expenses and loan indebtedness  
7 incurred in medical education and training.

8 (b) Service Obligation. Physicians receiving debt repayment assistance shall enter  
9 into a contract with the Board verifying the physician's understanding of the obligation to  
10 serve pursuant to this Subsection or repay the program according to the terms of the signed  
11 contract. Participants shall receive payment from the program for the purpose of repaying  
12 educational loans secured while attending a program of health professional training which  
13 led to credentialing as a health professional. The contract shall include, but not be limited  
14 to, the following terms and conditions:

15 (1) The physician shall agree to actively practice in Guam within three (3)  
16 months immediately following acceptance to Program, unless extended by the  
17 Board for extenuating circumstances, for a term of two (2) years for every Fifty  
18 Thousand Dollars (\$50,000) awarded.

19 (2) The physician shall agree not to discriminate against patients based on the  
20 ability to pay, and must accept patients under the Medically Indigent Program.

21 (3) The physician shall permit the Board to monitor compliance with the  
22 service requirement in order to verify the terms of the agreement have been met for  
23 each payment period.

24 (4) If the physician's license to practice is suspended or revoked, the Board  
25 shall have the authority to terminate the physician's participation in the program  
26 and demand repayment of all debt repayments rendered to date.

27 (5) A physician who fails to complete the obligations contracted shall  
28 reimburse the Program all amounts received under this act, which shall be subject to

1 interest at the annual rate of ten percent (10%), to be repaid over a period not to  
2 exceed ten (10) years from the date of termination of the contract. Both the physician  
3 and the Board shall make every effort to resolve conflicts in order to prevent a  
4 breach of contract.

5 (6) In the event of default, the balance due in monetary terms shall be the  
6 amount of award provided less the amount repaid through service credit.

7 (7) The Board may, subject to the terms and conditions of a Memorandum of  
8 Understanding with the Department of Revenue and Taxation, garnish the tax  
9 refunds due to any participant of this Program and/or the participant's co-signer(s)  
10 who has defaulted on the repayment of such award and a judgment has issued. Such  
11 garnishment shall not exceed the judgment amount.

12 (8) Loans from both government and private sources may be repaid by the  
13 program. Participants shall agree to allow the board access to loan records and to  
14 acquire information from lenders necessary to verify eligibility and to determine  
15 payments. Financial debts or service obligations which do not qualify for payment  
16 include: Public Health and National Health Service Corps scholarship training  
17 program, National Health Service Corps scholarship program, and armed forces.

18 **§51108. Disqualification.**

19 Any person, who knowingly or intentionally procures, obtains or aids another to  
20 procure or obtain loan repayment under this act through fraudulent means shall be  
21 disqualified from participation and shall be liable to the Board for an amount equal to three  
22 times the amount obtained.

23 **§51109. Tax Rebate.**

24 A tax rebate shall be awarded pursuant to Chapter 53 of Title 11 of the Guam Code  
25 Annotated.

26 **§51109. Creation of Fund.**

27 There is hereby established the Physician Education Debt Repayment Fund ('Fund')  
28 in which awards granted to participants of the Physician Recruitment and Retention

1 Program shall be financed. The Fund shall be held in an account separate and apart from  
2 all other accounts and funds of the government of Guam and shall not be subject to the  
3 transfer authority of *I Magalalen Guåhan*. The Board is authorized to accept for the Fund  
4 gifts, devices, bequests, donations and all other kinds of contributions for the purposes of  
5 the Fund. Two Million Dollars (\$2,000,000.00) from the Healthy Futures Fund shall be  
6 annually transferred to the Physician Education Debt Repayment Fund and any direct  
7 appropriations, from any source, by *I Liheslaturan Guahan*.

8 Repayments to the Fund pursuant to §51107 and any unused amounts shall remain  
9 in the Fund. Funds in the Physician Education Debt Repayment Fund shall only be used as  
10 awards for participants of the Program, except that not more than Fifty Thousand Dollars  
11 (\$50,000) shall be used to subsidize the administrative costs for the administration of this  
12 program.”

13 **Section 2. Tax Rebates for PRR Program.** Chapter 53 is hereby *added* to Title 11 of  
14 the Guam Code Annotated to read:

15 **“CHAPTER 53**  
16 **THE PHYSICIAN EDUCATION DEBT REPAYMENT PROGRAM**  
17 **TAX REBATES**

- 18  
19 §53101. Definitions  
20 §53102. Tax Rebates for Participants.  
21 §53103. Procedure to Claim Rebated Taxes.  
22 §53104. Rebate Fund.  
23 §53105. Implementation by Tax Commissioner.

24  
25 **§53101. Definitions.**

26 As used in this Chapter:

27 (a) ‘*Participant*’ means a credentialed health care professional who has  
28 received a loan repayment award pursuant to Chapter 51 of Title 17 GCA.

1 (b) 'Physician Education Qualifying Certificate (PEQC)' means the declaration of  
2 a participant, made pursuant to Title 6 GCA §4308, of the awards received pursuant  
3 to Chapter 51 of Title 17 GCA.

4 **§53102. Tax Rebates for Participants.**

5 A tax rebate in an amount equal to the award received pursuant to Chapter 51 of  
6 Title 17 GCA is hereby established and declared.

7 **§53103. Procedure to Claim Rebated Taxes.**

8 When a tax return is accompanied by a PEQC, the amount of tax due prior to the  
9 rebate shall be deposited with the government of Guam when the return is filed.  
10 Alternatively, if no payment is due when the tax return is filed, the Tax Commissioner of  
11 Guam shall credit the amount of the PEQC to the Rebate Fund from taxes paid by the  
12 taxpayer. Unless the Tax Commissioner finds that the rebate is not payable, the rebate shall  
13 be withdrawn from the deposit and returned to the taxpayer within one hundred eighty  
14 (180) days of the deposit without interest.

15 **§53104. Rebate Fund.**

16 Deposits made pursuant to §53103 of this Chapter shall be covered and deposited  
17 into the fund created by §58138 of Title 12 GCA.

18 **§53105. Implementation by Tax Commissioner.**

19 The Tax Commissioner of Guam shall, *no later than* ninety (90) days after the  
20 effective date hereof, develop necessary procedures to implement this Chapter, and to that  
21 end shall:

22 (a) issue such rules and regulations as he or she may deem necessary to  
23 implement this Chapter;

24 (b) promulgate such forms and publications as are necessary to assist eligible  
25 taxpayers to take advantage of this Chapter; and

26 (c) develop a procedure to allow the set off of an unpaid tax rebate from a  
27 prior year against a current year's tax liability."