

1 State of Arkansas
2 80th General Assembly
3 Regular Session, 1995

A Bill

ACT 1114 OF 1995
HOUSE BILL 1805

4 By: Representatives Flanagin, Wren, Willems, Mitchell, Hogue, Goodwin, Watts, Dietz, Calhoun, Roberts, J.
5 Smith, Curran, Molinaro, Stalnaker, Bryant, Wallis, Owens, von Grep, Horn and Ferguson

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For An Act To Be Entitled

9 "AN ACT TO AMEND THE ARKANSAS RURAL MEDICAL PRACTICE STUDENT LOAN AND
10 SCHOLARSHIP PROGRAM, ARKANSAS CODE 6-81-701; AND FOR OTHER PURPOSES."

11

Subtitle

12
13 "TO AMEND THE ARKANSAS RURAL MEDICAL PRACTICE STUDENT LOAN AND
14 SCHOLARSHIP PROGRAM."

15

16 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

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18 SECTION 1. Arkansas Code § 6-81-701 is amended to read as follows:

19 "6-81-701. Definitions.

20 For purposes of this subchapter:

21 (1) Board means the Rural Medical Practice Student Loan and
22 Scholarship Board;

23 (2) Rural community means a community within a Health Professions
24 Shortage Area, as determined by the board, or a community having a population
25 of no more than fifteen thousand (15,000) persons according to the most recent
26 federal census taken prior to the execution of the loan contract or the most
27 recent federal census taken prior to the time the recipient of the loan or
28 loans shall be required to practice full time in such rural community as
29 provided in § 6-81-708;

30 (3) Primary Care Medicine means health care provided in one of the
31 following areas of practice: family medicine, general internal medicine,
32 general internal medicine/pediatrics, general pediatrics and general
33 obstetrics/gynecology."

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35 SECTION 2. Arkansas Code § 6-81-701 is amended to read as follows:

36 "6-81-702. Rural Medical Practice Student Loan and Scholarship Board.

1 (a) There is established the Arkansas Rural Medical Practice Student
2 Loan and Scholarship Board to be composed of the Dean of the College of
3 Medicine of the University of Arkansas as chairman; the President of the
4 Arkansas Medical Association as vice-chairman; the Chancellor for Health
5 Sciences of the University of Arkansas; one (1) representative of the College
6 of Medicine, University of Arkansas, named by the dean of that school; and two
7 (2) physicians named by the President of the Arkansas Medical Association.
8 Vacancies shall be filled in similar manner.

9 (b) The board shall:

10 (1) Promulgate reasonable rules and regulations as may be
11 necessary to execute the provisions of this subchapter, including regulations
12 addressing the requirements for a Health Professions Shortage Area and the
13 requirements to become a qualified rural community eligible to participate in
14 the Community Match Loan and Scholarship Program;

15 (2) Prescribe forms for and regulate the submission of
16 applications for financial assistance;

17 (3) Determine eligibility of applicants;

18 (4) Allow or disallow applications for financial assistance;

19 (5) Contract, increase, decrease, terminate, and otherwise
20 regulate all grants for this purpose and receipt for their repayment, and
21 convert loans to scholarships;

22 (6) Manage, operate, and control all funds and property
23 appropriated or otherwise contributed for this purpose;

24 (7) Accept gifts, grants, bequests, or devises and apply them as
25 a part of this program;

26 (8) Sue and be sued as the board; and

27 (9) Accept moneys from federal programs which may be used for
28 furtherance of the purposes of this subchapter.

29 (c)(1) The members of the board shall be reimbursed their necessary
30 travel expenses when in attendance at meetings of the board or otherwise
31 incurred in the execution of their duties, pursuant to the state travel
32 regulations.

33 (2) In addition, those members of the board who are not state
34 employees shall receive per diem of fifty dollars (\$50.00) for each day
35 engaged in duties as board members."

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2 SECTION 3. Arkansas Code § 6-81-706 is amended to read as follows:

3 "6-81-706. Medical students - Eligibility for initial and renewal loans.

4 (a) The board may make rural medical practice loans to the applicant,
5 each rural medical practice loan being expressly made subject to the
6 provisions of §§ 6-81-708(c) and 6-81-710, if it finds that:

7 (1) The applicant is a bona fide resident of Arkansas;

8 (2) The applicant has been accepted for admission to, or is
9 enrolled in good standing in, the College of Medicine of the University of
10 Arkansas, in studies leading to the degree of Doctor of Medicine;

11 (3) The applicant, beginning with the 1995-96 school year, is
12 enrolled in a medically underserved and rural practice curriculum;

13 (4) The applicant needs financial assistance to complete his
14 medical studies;

15 (5) The applicant desires to practice medicine in an eligible
16 qualifying rural community as determined by the board; and

17 (6) The applicant is a person of good moral character and one who
18 has the talent and capacity to profit by medical studies.

19 (b) Subject to the availability of funds, an initial rural medical
20 practice loan for one (1) academic year shall be renewable annually for the
21 number of years required to complete studies leading to the Doctor of Medicine
22 degree or additional amounts, not to exceed the maximum amounts specified in
23 Arkansas Code Annotated 6-81-707, but all subsequent rural medical practice
24 loans shall be granted only upon application by the recipient and a finding by
25 the board that:

26 (1) The applicant has completed successfully the medical studies
27 of the preceding academic year and remains in good standing as an enrolled
28 student in the College of Medicine of the University of Arkansas for Medical
29 Sciences;

30 (2) That, beginning with the 1995-96 school year, the applicant
31 is enrolled or participating in a medically underserved and rural practice
32 curriculum;

33 (3) The applicant continues to be a resident of Arkansas; and

34 (4) The applicant's financial situation continues to warrant
35 financial assistance made under the conditions of this section."

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2 SECTION 4. Arkansas Code § 6-81-708(d) and (e) are amended to read as
3 follows:

4 "(d) Each applicant to whom a rural medical practice loan or loans
5 shall be granted by the board after May 1, 1991, shall execute a written loan
6 contract which shall incorporate the following obligations and conditions:

7 (1)(A) The recipient of a rural medical practice loan or loans
8 shall bindingly contract that upon completion of his or her medical internship
9 of one (1) year undertaken immediately following the earning of the degree of
10 Doctor of Medicine, or upon completion of three (3) additional years of
11 medical training beyond the internship, if the training has been approved in
12 advance by the board, he or she shall practice medicine full-time in a rural
13 community.

14 (B) For each continuous whole calendar year of medical
15 practice in accordance with subdivision (d)(1)(A) of this section, the board
16 shall cancel, by converting to a scholarship grant, the full amount of one
17 year's loan plus accrued interest.

18 (2)(A) In the event that any rural medical practice loan
19 recipient under this subchapter does not engage in the practice of medicine in
20 accordance with the terms of this section and of his or her loan contract in
21 order to have the loan contract recognized as a scholarship, the recipient
22 shall remain obligated to repay the loan or loans received, together with
23 interest thereon, at the maximum rate allowed by Arkansas law, or the federal
24 discount rate plus five percent (5%) per annum, whichever is the lesser, the
25 interest to accrue from the date each payment of funds was received by the
26 recipient.

27 (B) No interest shall accrue, nor obligation to repay the
28 principal sums accrued during any one (1) period of time that the recipient
29 involuntarily serves on active duty in the United States armed forces.

30 (C) Repayment of principal, with interest, shall be due and
31 payable in full at the earliest to occur of the following events:

32 (i) Failure, beginning with the 1995-96 school year,
33 to remain enrolled in a medically underserved and rural practice curriculum;

34 (ii) Failure to remain in enrollment status
35 continuously to completion of the degree of Doctor of Medicine for any reason

1 other than temporary personal illness;

2 (iii) Failure to complete internship;

3 (iv) Failure to practice medicine on a regularly
4 sustained basis while residing in a rural community in Arkansas, as defined in
5 § 6-81-701, provided however, that the board may waive the residency
6 requirement on a case-by-case basis; and

7 (v) Failure to establish such practice within six (6)
8 months unless otherwise deferred by approval of the board, following either
9 internship or three (3) additional years of medical education continuously
10 beyond his or her internship where approved by the board.

11 (D) In the event of the death of the recipient, all loans
12 unpaid shall be due and payable.

13 (e) The board may amend agreements entered into with any student who is
14 currently enrolled as a medical student or an intern or resident who has not
15 completed his or her postdoctoral training as approved by the board pursuant
16 to § 6-81-701 et seq."

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18 SECTION 5. Arkansas Code § 6-81-710 is amended to read as follows:

19 "6-81-710. Medical students - Funding of loans.

20 (a) All payments for loans under this subchapter shall be made on
21 requisitions signed by the chairman of the board drawn against the funds held
22 for the purpose of this subchapter. These funds, consisting of state
23 appropriations so designated, revolving amounts received from repayment of
24 loans and interest, and all funds and property, and income therefrom, received
25 by the board under its authority to accept and apply gifts, bequests, and
26 devises, shall be held in trust and disbursed by the fiscal officers of the
27 Medical Center, University of Arkansas, for the aforesaid purposes.

28 (b) When collected, damages awarded pursuant to Arkansas Code §§ 6-81-
29 716, 6-81-717 and 6-81-718 shall be held in trust for the use of the Rural
30 Medical Practice Student Loan and Scholarship Program and the Community Match
31 Student Loan and Scholarship Program and disbursed by the fiscal officer of
32 the Medical Center, University of Arkansas pursuant to this subchapter."

33

34 SECTION 6. Subchapter 7 of Chapter 81 of Title 6 is amended by adding
35 the following sections:

1 "6-81-715. Medical Students - Community Match Contract - Eligibility
2 for initial and renewal loans.

3 (a) The board shall administer the Community Match Loan and Scholarship
4 Program. Interested rural communities may apply to the board to participate in
5 the Community Match Loan and Scholarship Program as a qualified rural
6 community. The board shall approve a designated representative or
7 representatives of the qualified rural community to assist the board in
8 matters relating to any community match contracts entered into by the board
9 and the qualified rural community.

10 (b) The board, in conjunction with a qualified rural community, may
11 make community match loans to applicants, each loan being expressly made
12 subject to the provisions of 6-81-716, if it finds that:

- 13 (1) The applicant is a bona fide resident of Arkansas;
- 14 (2) The applicant has been accepted for admission to, or is
15 enrolled in good standing in, the College of Medicine of the University of
16 Arkansas, in studies leading to the degree of Doctor of Medicine;
- 17 (3) The applicant, beginning with the 1995-96 school year, is
18 enrolled in a medically underserved and rural practice curriculum;
- 19 (4) The applicant desires to practice primary care medicine in
20 the qualified rural community;
- 21 (5) The applicant is a person of good moral character and one who
22 has the talent and capacity to profit by medical studies; and
- 23 (6) The designated representative or representatives of the
24 qualified rural community approve the applicant.

25 (c) Subject to the availability of funds, an initial community match
26 loan for one (1) academic year shall be renewable annually for the number of
27 years required to complete studies leading to the Doctor of Medicine degree or
28 additional amounts, not to exceed the maximum amounts specified in Arkansas
29 Code Annotated 6-81-716, but all subsequent loans shall be granted only upon
30 application by the recipient and a finding by the board that:

- 31 (1) The applicant has completed successfully the medical studies
32 of the preceding academic year and remains in good standing as an enrolled
33 student in the College of Medicine of the University of Arkansas for Medical
34 Sciences;
- 35 (2) That, beginning with the 1995-96 school year, the applicant

1 is enrolled or participating in a medically underserved and rural practice
2 curriculum; and

3 (3) The applicant continues to be a resident of Arkansas.

4 6-81-716. Medical Students - Community Match Contract - Obligations and
5 Conditions.

6 (a) The maximum amount of each community match loan shall not exceed
7 sixteen thousand five hundred dollars (\$16,500) per academic year. The board
8 shall provide one-half (1/2) of the community match loan, and the qualified
9 rural community shall provide the other one-half (1/2) of the loan; provided,
10 however, that in the event the board does not have sufficient funds to match
11 the community's portion of the loan, nothing shall preclude a qualified rural
12 community from providing the total loan amount.

13 (b)(1) The board and the qualified rural community shall enter a joint
14 loan contract with the applicant to whom a loan is made.

15 (2) The community match contract shall be approved by the
16 Attorney General of the State of Arkansas and shall be signed by the chairman
17 of the board, the vice-chairman of the board, the designated representative or
18 representatives of the qualified rural community and the applicant.

19 (c) Each applicant to whom a community match loan or loans is granted
20 by the board shall execute a written loan contract which shall incorporate the
21 following obligations and conditions:

22 (1)(A) The recipient of a community match loan or loans shall
23 bindingly contract that upon completion of his or her medical internship of
24 one (1) year undertaken immediately following the earning of the degree of
25 Doctor of Medicine, or upon completion of three (3) additional years of
26 medical training beyond the internship, if the training has been approved in
27 advance by the board, he or she shall practice primary care medicine full-time
28 in the contracting qualified rural community.

29 (B) For each continuous whole calendar year of primary care
30 medical practice in accordance with subdivision (c)(1)(A) of this section, the
31 board and the qualified rural community shall cancel, by converting to a
32 scholarship grant, the full amount of one year's loan plus accrued interest.

33 (2)(A) In the event that any loan recipient withdraws from the
34 Community Match Loan and Scholarship Program while enrolled as a medical
35 student at the College of Medicine, the recipient shall be obligated to repay

1 the community match loan or loans received, together with interest thereon, at
2 the maximum rate allowed by Arkansas law, or the federal discount rate plus
3 five percent (5%) per annum, whichever is the lesser, the interest to accrue
4 from the date each payment of funds was received by the recipient.

5 (B) Repayment of principal, with interest, under
6 subdivision (c)(2) shall be due and payable in full at the earliest to occur
7 of the following events:

8 (i) Failure, beginning with the 1995-96 school year,
9 to remain enrolled in the medically underserved and rural practice curriculum;
10 or

11 (ii) withdrawal from the Community Match Loan and
12 Scholarship Program; or

13 (iii) Failure to remain in enrollment status
14 continuously to completion of the degree of Doctor of Medicine for any reason
15 other than temporary personal illness.

16 (3)(A) In the event that any loan recipient from the community
17 match loan and scholarship program under this section does not engage in the
18 practice of primary care medicine in accordance with the terms of this section
19 and of his or her loan contract in order to have the loan contract recognized
20 as a scholarship, the recipient shall be obligated to repay the loan or loans
21 received, together with interest thereon, at the maximum rate allowed by
22 Arkansas law, or the federal discount rate plus five percent (5%) per annum,
23 whichever is the lesser, the interest to accrue from the date each payment of
24 funds was received by the recipient.

25 (B) Repayment of principal, with interest and *liquidated*
26 *damages*, under subdivision (c)(3) shall be due and payable in full at the
27 earliest to occur of the following events:

28 (i) Failure to complete internship;

29 (ii) Failure to practice primary care medicine on a
30 regularly sustained basis while residing in the contracting qualified rural
31 community in Arkansas, provided however, that the board, in conjunction with
32 the qualified rural community, may waive the residency requirement on a
33 case-by-case basis; and

34 (iii) *Failure to establish a primary care practice*
35 *within six (6) months, unless otherwise deferred by approval of the board,*

1 following either internship or three (3) additional years of medical education
2 continuously beyond his or her internship where approved by the board.

3 (C) In addition, because of the hardship placed upon the
4 rural community as a result of a breach of contract by the loan recipient and
5 the difficulty in ascertaining or determining damages arising out of a breach
6 of contract by the loan recipient, the loan contract shall provide for
7 liquidated damages in an amount equal to fifty percent (50%) of the principal
8 of the loan which shall not preclude the board and the qualified rural
9 community from asserting other legal rights as a result of the breach of
10 contract.

11 (4) No interest shall accrue, nor obligation to repay the
12 principal sums accrued during any one (1) period of time that the recipient
13 involuntarily serves on active duty in the United States armed forces.

14 (5) In the event of the death of the recipient, all loans unpaid
15 shall be due and payable.

16 6-81-717. Medical School Alternates - Community Match Loan.

17 (a)(1) If an alternate on the waiting list for acceptance to the
18 College of Medicine enters into a community match contract conditioned only
19 upon the applicant being accepted for admission to the College of Medicine and
20 otherwise meets the requirements of 6-81-715, the applicant shall be moved to
21 the top of the waiting list upon entering into the contract; provided however,
22 if two or more alternates enter into a community match contract as between or
23 among them their priority for admission shall be determined according to their
24 ranking on the waiting list as alternates.

25 (2) The College of Medicine shall make available on the alternate
26 list as many positions as necessary for alternates who enter into community
27 match contracts.

28 (b) Each community match contract made with an alternate shall be
29 subject to the provisions of 6-81-716, except that if the alternate is
30 admitted to the College of Medicine under the Community Match Loan and
31 Scholarship Program and the individual breaches his or her contract by
32 withdrawing from the program during medical school or by failing to engage in
33 the practice of primary care medicine in the contracting qualified rural
34 community in accordance with the terms of his or her loan contract in order to
35 have the loan contract recognized as a scholarship, damages shall include an

1 amount equal to one hundred percent (100%) of the loan amount and other
2 unspecified damages with the minimum amount of damages being equal to the
3 difference between resident and out-of-state tuition at the College of
4 Medicine for four (4) years of medical school but no less than twenty-five
5 thousand dollars (\$25,000).

6 (c) The College of Medicine shall meet the requirements set forth at 6-
7 64-406 for allocation of enrollment positions for medical students among
8 congressional districts before accepting for admission an alternate who has
9 entered into a community match contract with the board and a qualified rural
10 community.

11 6-81-718. Medical School Alternates - Rural Medical Practice Loans.

12 (a)(1) If an alternate on the waiting list for acceptance to the
13 College of Medicine demonstrates a willingness to enter into a rural medical
14 practice loan contract and meets the requirements of 6-81-706, the applicant
15 shall be moved to the top of the waiting list to a position just below
16 alternates entering into community match contracts upon entering into a rural
17 medical practice loan contract. *The priority on the waiting list for those*
18 *alternates who enter into a rural medical practice loan contract shall be*
19 *determined by the date and time such alternate enters into the rural medical*
20 *practice loan contract.*

21 (2) The College of Medicine shall designate up to ten (10)
22 positions on the alternate list per year for alternates who enter into rural
23 medical practice loan contracts.

24 (b) Each rural medical practice loan made to an alternate shall be
25 subject to the provisions of 6-81-708, except that:

26 (1) *An alternate entering a rural medical practice loan contract*
27 *shall be guaranteed participation in the program for four (4) years of medical*
28 *school provided that he or she continues to meet the eligibility requirements*
29 *for renewal of a loan set forth in 6-81-706(b).*

30 (2) The alternate shall bindingly contract to practice primary
31 medical care in a rural community for four (4) years; and

32 (3) If the alternate is admitted to the College of Medicine under
33 the Rural Medical Practice Student Loan and Scholarship Program and the
34 individual breaches his or her contract by withdrawing from the program during
35 medical school or by failing to engage in the practice of medicine in

1 accordance with the terms of his or her loan contract in order to have the
2 loan contract recognized as a scholarship, damages shall include monies in an
3 amount equal to the difference between resident and out-of-state tuition at
4 the College of Medicine for four (4) years of medical school and other
5 unspecified damages with the minimum amount of damages no less than twenty-
6 five thousand dollars (\$25,000).

7 (c) The College of Medicine shall meet the requirements set forth at 6-
8 64-406 for allocation of enrollment positions for medical students among
9 congressional districts before accepting for admission an alternate who has
10 entered into a rural medical practice loan contract with the board."

11

12 SECTION 7. All provisions of this act of a general and permanent nature
13 are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas Code
14 Revision Commission shall incorporate the same in the Code.

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16 SECTION 8. If any provision of this act or the application thereof to
17 any person or circumstance is held invalid, such invalidity shall not affect
18 other provisions or applications of the act which can be given effect without
19 the invalid provision or application, and to this end the provisions of this
20 act are declared to be severable.

21

22 SECTION 9. All laws and parts of laws in conflict with this act are
23 hereby repealed.

24

25 SECTION 10. EMERGENCY. It is hereby found and determined by the
26 Eightieth General Assembly that there is a pressing and immediate need for
27 additional physicians in rural areas of Arkansas; that this act has as its
28 purposes the furnishing of financial assistance to medical students attending
29 the University of Arkansas College of Medicine who have the interest and
30 desire to engage in rural community practice in Arkansas and will so obligate
31 themselves. Therefore, an emergency is hereby declared to exist and this act
32 being necessary for the immediate preservation of the public peace, health and
33 safety shall be in full force and effect from and after its passage and
34 approval.

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/s/Rep. Flanagan, et al

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APPROVED: 4-10-95