

As Engrossed: 2/27/91

1 **State of Arkansas**
2 **78th General Assembly**
3 **Regular Session, 1991**
4 **By: Representative Lipton**

A BILL ACT 359 OF 1991
HOUSE BILL 1408

For An Act To Be Entitled

8 "AN ACT TO AMEND ARKANSAS CODE 6-81-708 (d) TO STRENGTHEN
9 THE ARKANSAS RURAL MEDICAL PRACTICE STUDENT LOAN AND
10 SCHOLARSHIP PROGRAM; TO MODIFY THE INTEREST RATE AND
11 DEFERMENT PROVISIONS FOR BORROWERS WHO FAIL TO COMPLY WITH
12 THE CONTRACTUAL AGREEMENT TO PRACTICE FULL-TIME MEDICINE
13 IN A QUALIFYING RURAL COMMUNITY; TO AMEND ARKANSAS CODE 6-
14 81-701 TO DEFINE A RURAL COMMUNITY FOR PURPOSES OF THE
15 RURAL MEDICAL PRACTICE STUDENT LOAN AND SCHOLARSHIP
16 PROGRAM; AND FOR OTHER PURPOSES."

17
18 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

19
20 SECTION 1. Subsection (d) of Arkansas Code 6-81-708 is hereby amended
21 to read as follows:

22 "(d) Each applicant to whom a loan or loans shall be granted by the
23 Rural Medical Practice Student Loan and Scholarship Board after May 1, 1991 ,
24 shall execute a written loan contract which shall incorporate the following
25 obligations and conditions:

26 (1) (A) The recipient of a loan or loans shall bindingly contract that
27 upon completion of his or her medical internship of one (1) year undertaken
28 immediately following the earning of the degree of Doctor of Medicine, or upon
29 completion of three (3) additional years of medical training beyond the
30 internship, if the training has been approved in advance by the board, he or
31 she shall practice medicine full time in a rural community or practice
32 medicine full time in an area determined by the board to be medically
33 underserved due to an unmet need for medical services, taking into
34 consideration the ratio of primary care physicians to population, infant
35 mortality rate, percent of population below the poverty level, percent of
36 population, and physicians age sixty (60) or over, and accessibility of the

1 area to primary care manpower.

2 (B) For each continuous whole calendar year of medical practice in
3 accordance with subsection (c) (1) (A) of this section, the board shall
4 cancel, by converting to a scholarship grant, the full amount of one year's
5 loan plus accrued interest.

6 (2) (A) In the event that any loan recipient under this subchapter does
7 not engage in the practice of medicine in accordance with the terms of this
8 section and of his or her loan contract in order to have the loan contract
9 recognized as a scholarship, the recipient shall remain obligated to repay the
10 loan or loans received, together with interest thereon, at the maximum rate
11 allowed by Arkansas law, or the federal discount rate plus five (5%) percent
12 per annum, whichever is the *lesser*, the interest to accrue from the date each
13 payment of funds was received by the recipient.

14 (B) No interest shall accrue, nor obligation to repay the principal
15 sums accrue:

16 (i) During any one (1) period of time that the recipient
17 involuntarily serves on active duty in the United States armed forces .

18
19 (C) Repayment of principal, with interest, shall be due and payable in
20 full at the earlier to occur of the following events:

21 (i) Failure to remain in enrollment status continuously to
22 completion of the degree of Doctor of Medicine for any reason other than
23 temporary personal illness;

24 (ii) Failure to complete internship;

25 (iii) Failure to practice medicine on a regularly sustained basis
26 while residing in a rural community in Arkansas, as defined in 6-81-701,
27 provided however, that the board may waive the residency requirement on a case
28 by case basis; and

29 (iv) Failure to establish such practice within six (6) months
30 unless otherwise deferred by approval of the board, following either
31 internship or three (3) additional years of medical education continuously
32 beyond his or her internship where approved by the board.

33 (D) In the event of the death of the recipient, all loans unpaid shall
34 be due and payable."

35

1 SECTION 2. Arkansas 6-81-701 is amended to read as follows:

2 "6-81-701. Definitions. For purposes of this subchapter, unless the
3 context otherwise requires, a rural community is a community having a
4 population of no more than eight thousand (8,000) persons according to the
5 most recent federal census taken prior to the execution of the loan contract
6 or the most recent federal census taken prior to the time the recipient of the
7 loan or loans shall be required to practice full time in such rural community
8 as provided in §6-81-708."
9

10 SECTION 3. Section 2 of this act shall be applied retroactively to loan
11 contracts entered into prior to the effective date of this act.
12

13 SECTION 4. CODE. All provisions of this Act of a general and permanent
14 nature are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas
15 Code Revision Commission shall incorporate the same in the Code.
16

17 SECTION 5. SEVERABILITY CLAUSE. Any provision of this Act or the
18 application thereof to any person or circumstance is held invalid, such
19 invalidity shall not affect other provisions or applications of the Act which
20 can be given effect without the invalid provision or application, and to this
21 end the provisions of this Act are declared to be severable.
22

23 SECTION 6. GENERAL REPEALER. All laws and parts of laws in conflict
24 with this Act are hereby repealed.
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26 SECTION 7. EMERGENCY. It is found and determined by the General
27 Assembly that the Arkansas Rural Medical Practice Student Loan and Scholarship
28 Program should be revised for the purpose of strengthening the program; that
29 the definition of rural community as used in the Rural Medical Student Loan
30 and Scholarship Act should be expanded to include a community which meets the
31 definition at the time the loan recipient is required to enter into the
32 practice of medicine in the community; that revision of the definition is
33 necessary to provide encouragement for physicians to practice in rural
34 communities; and that the change in the definition should be applied
35 retroactively to loan contracts entered into prior to the effective date of

1 the act in order to encourage more loan recipients to practice full time in
2 such rural communities. Therefore, an emergency is hereby declared to exist
3 and this act being necessary for the immediate preservation of the public
4 peace, health and safety shall be in full force and effect from and after its
5 passage and approval.

6 /s/ John Lipton

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8 APPROVED: 3-5-91
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