

Stricken language would be deleted from and underlined language would be added to the law as it existed prior to this session of the General Assembly.

Act 1058 of the Regular Session

As Engrossed: H3/9/07 H3/16/07 H3/19/07

A Bill

1 State of Arkansas
2 86th General Assembly
3 Regular Session, 2007

HOUSE BILL 1324

4
5 By: Representative D. Johnson
6
7

For An Act To Be Entitled

9 AN ACT TO AMEND THE RURAL MEDICAL PRACTICE
10 STUDENT LOANS AND SCHOLARSHIPS LAW TO ENSURE THAT
11 COMPETING RURAL COMMUNITIES IN NEED OF PHYSICIAN
12 PRACTITIONERS HAVE EQUAL OPPORTUNITY TO ATTRACT
13 PHYSICIANS; AND FOR OTHER PURPOSES.
14

Subtitle

15 AN ACT TO ENSURE THAT COMPETING RURAL
16 COMMUNITIES IN NEED OF PHYSICIAN
17 PRACTITIONERS HAVE EQUAL OPPORTUNITY TO
18 ATTRACT PHYSICIANS.
19
20
21

22 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
23

24 *SECTION 1. Arkansas Code §§ 6-81-701 through 6-81-703 are amended to*
25 *read as follows:*

26 6-81-701. Definitions.

27 ~~For purposes of~~ As used in this subchapter:

28 (1) "Board" means the Arkansas Rural Medical Practice Student
29 Loan and Scholarship Board;

30 (2) "Primary care medicine" means health care provided in one
31 (1) of the following areas of practice:

- 32 (A) Family medicine;
33 (B) General internal medicine;
34 (C) General internal medicine and pediatrics;
35 (D) General pediatrics;



1 (E) General obstetrics and gynecology; ~~and~~

2 (F) General surgery; and

3 (G) Emergency medicine;

4 (3) "Medically underserved" means an area that the board
 5 determines to have unmet needs for medical services due to factors including
 6 without limitation:

7 (A) The ratio of primary care physicians to population;

8 (B) The infant mortality rate;

9 (C) The percentage of:

10 (i) Population with incomes below the federal
 11 poverty level, as it existed on January 1, 2007;

12 (ii) Resident individuals sixty (60) years of age
 13 and older;

14 (iii) Physicians sixty (60) years of age and older;

15 (D) Accessibility within the area to primary care
 16 medicine; and

17 (E) Other relevant criteria the board may deem necessary
 18 to a determination of unmet needs for medical services;

19 (4) "Qualified rural community" means an area reasonably
 20 determined by the board to be medically underserved; and

21 ~~(3) "Rural community" means a community within a health~~
 22 ~~professions shortage area, as determined by the board, or a community having~~
 23 ~~a population of no more than fifteen thousand (15,000) persons according to~~
 24 ~~the most recent federal census taken prior to the execution of the loan~~
 25 ~~contract or the most recent federal census taken prior to the time the~~
 26 ~~recipient of the loan or loans shall be required to practice full time in~~
 27 ~~such rural community as provided in § 6-81-708.~~

28 (5) "Designated specialty" means a medical practice, other than
 29 primary care, that a loan recipient and the board have agreed will be
 30 practiced in the qualified rural community, provided the loan recipient has
 31 identified a community, or communities, that have agreed to accept that loan
 32 recipient in the designated specialty.

33

34 6-81-702. Arkansas Rural Medical Practice Student Loan and Scholarship
 35 Board.

36 (a)(1) There is established the Arkansas Rural Medical Practice

1 Student Loan and Scholarship Board composed of:

2 (A) The Dean of the College of Medicine of the University
3 of Arkansas for Medical Sciences as chair;

4 (B) ~~The President of~~ One (1) representative of the
5 Arkansas Medical Association Society as vice-chair;

6 (C) ~~The Chancellor for Health Sciences~~ of the University
7 of Arkansas for Medical Sciences;

8 (D) One (1) representative of the College of Medicine of
9 the University of Arkansas for Medical Sciences, named by the dean of that
10 school; ~~and~~

11 (E) ~~Two (2) physicians named by the President of~~ physician
12 member appointed by the Arkansas Medical Association Society, giving
13 preference to physicians who have received rural medical practice loans or
14 community match loans;

15 (F) Two (2) representatives appointed by the Arkansas
16 Hospital Association.

17 (2) Vacancies shall be filled in a similar manner.

18 (b) The board shall:

19 (1) Promulgate reasonable rules and regulations as may be
20 necessary to execute the provisions of this subchapter, including regulations
21 addressing the requirements and in conformance with the requirements of the
22 Arkansas Administrative Procedure Act, § 25-15-201 et seq., and other
23 appropriate state laws in promulgating and placing rules and regulations into
24 effect:

25 (A) ~~For a health professions shortage area; and~~

26 (B) To become a qualified rural community eligible to
27 participate in the ~~Community Match~~ Rural Medical Practice Loan and
28 Scholarship Program or the Community Match Loan and Rural Physician
29 Recruitment Program; and

30 (C) For a procedure to resolve disputes arising out of or
31 relating to a rural practice or community match loan contract.

32 (2) Prescribe forms for and regulate the submission of loan
33 applications ~~for financial assistance;~~

34 (3) Determine eligibility of applicants;

35 (4) Allow or disallow loan applications ~~for financial~~
36 ~~assistance;~~

1 (5) Contract, increase, decrease, terminate, and otherwise
2 regulate all ~~grants for this purpose~~ loan disbursements for these purposes,
3 receipt for their repayment, and convert loans to scholarships or grants, as
4 applicable;

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

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

9 (8) Sue, and be sued as the board; and

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

12 (c) The members of the board may receive expense reimbursement and
13 stipends in accordance with § 25-16-901 et seq.

14 (d) The Arkansas Rural Medical Practice Student Loan and Scholarship
15 Board shall administer the Rural Medical Practice Loan and Scholarship
16 Program and the Community Match Loan and Rural Physician Recruitment Program.

17
18 ~~6-81-703. Medical Students—Loan applications.~~ Loan applications –
19 Medical students and medical school graduates.

20 (a) Any student accepted for admission to or enrolled in good standing
21 in the College of Medicine of the University of Arkansas for Medical Sciences
22 in studies leading to the degree of Doctor of Medicine who is a bona fide
23 resident of Arkansas may apply for a loan under this subchapter on forms
24 prescribed by the Arkansas Rural Medical Practice Student Loan and
25 Scholarship Board.

26 (b) A graduate of the College of Medicine of the University of
27 Arkansas for Medical Sciences or any accredited medical school in the United
28 States who is a bona fide resident of Arkansas may apply for a community
29 match loan under this subchapter on forms prescribed by the board as long as
30 the applicant satisfies the criteria set forth in § 6-81-715.

31
32 SECTION 2. Arkansas Code §§ 6-81-704 through 6-81-708 are amended to
33 read as follows:

34 6-81-704. Medical students – Investigation after application.

35 When a rural medical practice loan application is filed with the
36 Arkansas Rural Medical Practice Student Loan and Scholarship board, the board

1 shall examine the application, investigate the ability, character, and
2 qualifications of the applicant, and investigate the financial standing of
3 the applicant or his or her parents to determine whether the applicant is in
4 need of a loan to advance his or her medical education.

5
6 6-81-705. Medical students – Purpose of loan.

7 ~~The Rural medical practice~~ loans provided for in this subchapter shall
8 be made for the sole purpose of paying the applicant's tuition, maintenance,
9 and educational expenses and the necessary living expenses of his or her
10 dependents while the applicant is enrolled in a program of medical education
11 as described in this subchapter.

12
13 6-81-706. Medical students – Eligibility for initial and renewal
14 loans.

15 (a) The Arkansas Rural Medical Practice Student Loan and Scholarship
16 Board may make rural medical practice loans to the applicant, each rural
17 medical practice loan being expressly made subject to the provisions of §§ ~~6-~~
18 ~~81-708 (d)~~ 6-81-708(c) and 6-81-710, if it finds that:

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

20 (2) The applicant has been accepted for admission to or is
21 enrolled in good standing in the College of Medicine of the University of
22 Arkansas for Medical Sciences in studies leading to the degree of Doctor of
23 Medicine;

24 (3) The applicant is enrolled in a medically underserved and
25 rural practice curriculum;

26 (4) The applicant needs financial assistance to complete his or
27 her medical studies;

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

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

32 (b) Subject to the availability of funds, an initial rural medical
33 practice loan for one (1) academic year shall be renewable annually for the
34 number of years required to complete studies leading to the Doctor of
35 Medicine degree or for additional amounts, not to exceed the maximum amounts
36 specified in § 6- 81-707, but all subsequent rural medical practice loans

1 shall be granted only upon application by the recipient and a finding by the
2 board that:

3 (1) The applicant has completed successfully the medical studies
4 of the preceding academic year and remains in good standing as an enrolled
5 student in the college;

6 (2) The applicant is enrolled or participating in a medically
7 underserved and rural practice curriculum;

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

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

11

12 6-81-707. ~~Medical students~~— Maximum amount of loans.

13 (a) The maximum amount of each rural practice loan for medical
14 students shall not exceed ~~twelve thousand dollars (\$12,000)~~ sixteen thousand
15 five hundred dollars (\$ 16,500) per academic year, or those costs which are
16 reasonable and necessary for the student's attendance as determined by the
17 Arkansas Rural Medical Practice Student Loan and Scholarship Board.

18 (b)(1) The maximum amount of each community match loan shall not
19 exceed eighty thousand dollars (\$80,000), or as the board otherwise shall
20 determine payable under § 6-81-716.

21 (2) The Arkansas Rural Medical Practice Student Loan and
22 Scholarship Board shall provide one-half (1/2) of the community match loan,
23 and the qualified rural community shall provide the other one-half (1/2) of
24 the loan.

25 (3) However, in the event the board does not have sufficient
26 funds to match the community's portion of the loan, nothing precludes a
27 qualified rural community from providing the total loan amount.

28

29 6-81-708. ~~Medical students~~— Loan contracts — Rural Medical Practice
30 Loans — Obligations and conditions.

31 (a) The Arkansas Rural Medical Practice Student Loan and Scholarship
32 Board shall enter into a loan contract with the applicant to whom a rural
33 medical practice loan is made.

34 (b) The contract shall be approved by the Attorney General and shall
35 be signed by the chair of the board, countersigned by the vice chair, and
36 signed by the applicant.

1 ~~(e) Section 6-81-701 and this section shall not apply to loans made~~
2 ~~after May 1, 1987, by the board.~~

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

6 (1)(A) The recipient of a rural medical practice loan or loans
7 shall bindingly contract that he or she shall practice primary care medicine,
8 or a designated specialty approved by the board, full time in a qualified
9 rural community upon completion of:

10 (i) His or her medical internship of one (1) year
11 undertaken immediately following the earning of the degree of Doctor of
12 Medicine; ~~or~~

13 (ii) Four (4) additional years of medical training
14 beyond the internship if the training has been approved in advance by the
15 board and includes practice experience in a rural community or, if approved
16 by the board, he or she shall practice a designated specialty in a qualified
17 rural community or communities; or

18 (iii) At the request of the recipient of a rural
19 medical practice loan, the board may approve the recipient's request to
20 practice in more than one (1) qualified rural community to meet his or her
21 obligation to practice full time if the board determines, on guidelines
22 established by the board, that the physician need in the rural communities
23 cannot sustain a full time medical practice or other compelling circumstances
24 exist.

25 (B) The recipient of a rural medical practice loan or
26 loans shall bindingly contract that, for each year's loan, he or she shall
27 practice medicine in accordance with subdivision ~~(d)(1)(A)(c)(1)(A)~~ of this
28 section for a whole ~~calendar~~ year.

29 (C) For each continuous whole ~~calendar~~ year of medical
30 practice, in accordance with subdivision ~~(d)(1)(A)(c)(1)(A)~~ of this section,
31 subject to reasonable leave periods, including without limitation, vacation,
32 sick leave, continuing medical education, jury duty, funerals, holidays, or
33 military service, the board shall cancel, by converting to a scholarship
34 grant, the full amount of one (1) year's loan plus accrued interest.

35 (2)(A) The recipient of a rural medical practice loan or loans
36 shall bindingly contract that not engaging in the practice of medicine in

1 accordance with the loan contract and with this ~~section shall result in~~
2 ~~automatic~~ subchapter may result in suspension of his or her license to
3 practice medicine in this state.

4 (B) For any contract entered into after August 1, 2007,
5 the recipient's medical license may not be suspended unless the recipient's
6 contract contained a specific term that loss of license was a consequence of
7 breach and the recipient signed a written acknowledgment of understanding
8 that the suspension of license was explained to him or her orally as a
9 potential consequence of breach of the contractual provisions.

10 ~~(B)(C)~~ The suspension shall may be for a period of years
11 equivalent to the number of years that the recipient is obligated to practice
12 medicine in a rural area, ~~and the suspension shall continue until the loan,~~
13 ~~with interest thereon, is paid in full~~ but has not so practiced, and until
14 the loan with interest together with any civil money penalties, as reduced by
15 each full year of medical practice according to the terms of the loan
16 contract, is paid in full.

17 (3) Any communication from the College of Medicine of the
18 University of Arkansas for Medical Sciences with any state medical licensing
19 board shall include a notation that the recipient of a rural medical practice
20 loan has a contract with the State of Arkansas to practice medicine in a
21 rural community and that breach of that contract ~~will result in automatic~~ may
22 result in suspension of the recipient's Arkansas medical license.

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

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

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

1 (i) Failure to remain enrolled in a medically
2 underserved and rural practice curriculum;

3 (ii) Failure to remain in enrollment status
4 continuously to completion of the degree of doctor of medicine for any reason
5 other than temporary personal illness;

6 (iii) Failure to complete internship;

7 (iv)(a) Failure to engage in the full-time practice
8 of medicine on a regularly sustained basis while residing in a qualified
9 rural community in Arkansas as defined in § 6-81-701;

10 (b) ~~Provided, however~~ However, the board may
11 waive the residency requirement on a case by case basis; and

12 (v) Failure to establish such a practice within six (6)
13 months following either internship or four (4) additional years of medical
14 education that include practice experience in a rural community, or a
15 designated specialty in accordance with subsection (c)(1)(A) of this section,
16 beyond his or her internship where approved by the board.

17 (D) In the event of the death of the recipient, ~~all loans~~
18 ~~unpaid~~ the entire loan amount that has not been converted to a scholarship
19 grant pursuant to the terms of the loan contract shall be due and payable.

20 (6) If an alternate on the waiting list for acceptance to the College
21 of Medicine of the University of Arkansas for Medical Sciences enters into a
22 rural medical practice program contract conditioned only upon the applicant's
23 being accepted for admission to the College and otherwise meets the
24 requirements of § 6-81-706 and if the applicant is moved to the top of the
25 waiting list under § 6-81-718, the alternate's contract shall contain an
26 additional term that breach of the contract may result in civil money
27 penalties in the amount of one hundred percent (100%) of the loan amount.

28 (7) Nothing stated in this subsection (c) shall be construed to
29 prohibit the board from considering and entering into a negotiated settlement
30 with the rural medical practice loan recipient involving the license
31 suspension, the amount of the civil money penalty, and the terms of repayment
32 of the loans.

33 ~~(e)(d)~~ The board may amend agreements entered into with any ~~student~~
34 ~~who is currently enrolled as a medical student or an intern or resident who~~
35 ~~has not completed his or her postdoctoral training as approved by the board~~
36 ~~pursuant to §6-81-701 et seq.~~ loan recipient at any time prior to full

1 performance of the recipient's contractual obligations.

2 ~~(f)(1)(e)(1)~~ A rural medical practice loan recipient may apply to the
3 Dean of the College of Medicine of the University of Arkansas for Medical
4 Sciences for a waiver of the contractual provisions set forth in subdivision
5 ~~(d)(2)(c)(2)~~ of this section.

6 (2)(A) If the dean, as chair of the board, ~~and the Director of~~
7 ~~the Department of Health agree~~ determines that exigent circumstances warrant
8 a waiver, the loan recipient shall be notified in writing, ~~that his or her~~
9 ~~license to practice medicine shall be automatically reinstated.~~

10 (B) The dean ~~and the director~~ shall immediately notify the
11 Arkansas State Medical Board of such determination.

12
13 SECTION 3. Arkansas Code § 6-81-709 is repealed.

14 ~~6-81-709. Medical students—Disability of minority.~~
15 ~~The disability of minority of all applicants granted loans under this~~
16 ~~subchapter to contract is removed for the purpose of this subchapter.~~

17
18 SECTION 4. Arkansas Code § 6-81-710 is amended to read as follows:

19 ~~6-81-710. Medical students—Funding of loans.~~

20 (a)(1) All payments for rural practice loans and community match loans
21 under this subchapter shall be made on requisitions signed by the Chair of
22 the Arkansas Rural Medical Practice Student Loan and Scholarship Board drawn
23 against the funds held for the purpose of this subchapter.

24 (2) These funds, consisting of state appropriations so designated,
25 revolving amounts received from repayment of loans and interest, and all
26 funds and property, and income therefrom, received by the board under its
27 authority to accept and apply gifts, bequests, and devises shall be held in
28 trust and disbursed by the fiscal officers of the University of Arkansas for
29 Medical Sciences for the aforesaid purposes.

30 (b) ~~When collected, damages awarded pursuant to §§ 6-81-716—6-81-718~~
31 Funds collected as a result of a recipient's breach of a rural practice loan
32 contract or community match loan contract shall be held in trust for the use
33 of the Arkansas Rural Medical Practice Student Loan and Scholarship Program
34 and the Community Match Loan and ~~Scholarship~~ Rural Physician Recruitment
35 Program, or as otherwise deemed appropriate by the board in its discretion,
36 and disbursed by the fiscal officer of the University of Arkansas for Medical

1 Sciences ~~pursuant to~~ under this subchapter.

2
3 ~~6-81-714. Appeals~~ Dispute resolution – Determination of breach.

4 (a) Any applicant for a loan issued by the Arkansas Rural Medical
5 Practice Student Loan and Scholarship Board, and any person who has been
6 granted a loan by the board, or any party to a rural medical practice or
7 community match loan may appeal any decision or action by the board relating
8 to the application for a loan or relating to a loan granted by the board
9 pursuant to the dispute resolution procedure established under this
10 subchapter. An appeal from any decision or action of the board or of the
11 Director of Student Aid of the University of Arkansas for Medical Sciences
12 may be made at any time to the President of the University of Arkansas,
13 except that the president may designate the General Counsel for the
14 University of Arkansas to serve as the officer to hear such appeals.

15 (b)(1) The board, under § 6-81-702(b)(1), shall promulgate rules
16 establishing a procedure that may be used by a loan recipient, the board, or
17 a qualified rural community to resolve any dispute arising out of or relating
18 to a rural practice or community match loan contract, including the validity
19 or interpretation of a contract term, contract enforcement or defenses, the
20 occurrence of an event of default or breach, loan repayment, the assessment
21 or imposition of contract damages or civil money penalties, or other related
22 disputes.

23 (2) The rules may provide for alternative dispute resolution,
24 such as mediation, as appropriate.

25 (3) The dispute resolution procedure established by the board
26 shall be followed before the initiation of any litigation related to a rural
27 practice or community match loan contract.

28 (c) Nothing in this subchapter shall prohibit informal disposition by
29 stipulation, settlement, or consent.

30
31 SECTION 6. Arkansas Code §§ 6-81-715 and 6-81-716 are amended as
32 follows:

33 ~~6-81-715. Medical students~~ school graduates – Community match contract
34 – Eligibility for ~~initial and renewal loans~~ community match loans.

35 (a)(1) The Arkansas Rural Medical Practice Student Loan and
36 Scholarship Board shall administer the Community Match Loan and ~~Scholarship~~

1 Rural Physician Recruitment Program.

2 (2)(A) Interested rural communities may apply to the board to
3 participate in the program as a qualified rural community.

4 (B) The board shall approve a designated representative or
5 representatives of the qualified rural community to assist the board in
6 matters relating to any community match contracts entered into by the board
7 and the qualified rural community.

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

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

12 (2) ~~The applicant has been accepted for admission to or is~~
13 ~~enrolled in good standing in~~ is a graduate of the College of Medicine of the
14 University of Arkansas for Medical Sciences in studies leading to the degree
15 of Doctor of Medicine or any accredited medical school in the United States;

16 (3) ~~The applicant is enrolled in a medically underserved and~~
17 ~~rural practice curriculum~~ satisfies one (1) of the following criteria:

18 (A) He or she is enrolled in a residency or other training
19 program in an area of primary care medicine or, upon approval of the board,
20 in a designated specialty; or

21 (B) No more than two (2) years prior to the date of the
22 loan application, he or she completed a residency or other training program
23 in an area of primary care medicine or, upon approval of the board, in a
24 designated specialty;

25 (4) The applicant desires to practice ~~primary care~~ medicine in
26 the qualified rural community; and

27 ~~(5) The applicant is a person of good moral character and one~~
28 ~~who has the talent and capacity to profit by medical studies; and~~

29 ~~(6)~~(5) The designated representative or representatives of the
30 qualified rural community approve the applicant.

31 ~~(c) Subject to the availability of funds, an initial community match~~
32 ~~loan for one (1) academic year shall be renewable annually for the number of~~
33 ~~years required to complete studies leading to the Doctor of Medicine degree~~
34 ~~or for additional amounts, not to exceed the maximum amounts specified in §~~
35 ~~6-81-716, but all subsequent loans shall be granted only upon application by~~
36 ~~the recipient and a finding by the board that:~~

1 ~~(1) The applicant has completed successfully the medical studies~~
 2 ~~of the preceding academic year and remains in good standing as an enrolled~~
 3 ~~student in the college;~~

4 ~~(2) The applicant is enrolled or participating in a medically~~
 5 ~~underserved and rural practice curriculum; and~~

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

7
 8 6-81-716. Medical students school graduates - Community match contract
 9 - Obligations and conditions.

10 ~~(a)(1) The maximum amount of each community match loan shall not~~
 11 ~~exceed sixteen thousand dollars (\$16,500) per academic year.~~

12 ~~(2)(A) The Arkansas Rural Medical Practice Student Loan and~~
 13 ~~Scholarship Board shall provide one half ($\frac{1}{2}$) of the community match loan, and~~
 14 ~~the qualified rural community shall provide the other one half ($\frac{1}{2}$) of the~~
 15 ~~loan.~~

16 ~~(B) Provided, however, that in the event the board does not have~~
 17 ~~sufficient funds to match the community's portion of the loan, nothing shall~~
 18 ~~preclude a qualified rural community from providing the total loan amount.~~

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

21 (B) Any agreements made between the qualified rural
 22 community and a recipient regarding the loan contract, including establishing
 23 a medical practice in the community, shall be in writing and included as an
 24 addendum to the loan contract.

25 (2) The form of the community match loan contract shall be
 26 approved by the Attorney General and shall be signed by the chair of the
 27 board, the vice chair of the board, the designated representative or
 28 representatives of the qualified rural community, and the applicant.

29 ~~(e)(b)~~ Each applicant to whom a community match loan ~~or loans~~ is
 30 granted by the board shall execute a written loan contract which shall
 31 incorporate the following obligations and conditions:

32 (1)(A) The recipient of a community match loan ~~or loans~~ shall
 33 bindingly contract that, ~~upon completion of his or her medical internship of~~
 34 ~~one (1) year undertaken immediately following the earning of the degree of~~
 35 ~~Doctor of Medicine, or upon completion of three (3) additional years of~~
 36 ~~medical training beyond the internship, if the training has been approved in~~

1 ~~advance by the board, he or she shall practice primary care medicine full~~
2 ~~time in the contracting qualified rural community for a period of four (4)~~
3 ~~years or, if approved by the board, ~~under subsection (d) of this section, he~~~~
4 ~~or she shall practice a designated specialty full time in the contracting~~
5 ~~qualified rural community for a period of four (4) years.~~

6 ~~(B)(i) For each continuous whole calendar year of primary~~
7 ~~care medical practice in accordance with subdivision (c)(1)(A) of this~~
8 ~~section or for each continuous whole calendar year of a designated specialty~~
9 ~~approved under subsection (d) of this section, the board and the qualified~~
10 ~~rural community shall cancel, by converting to scholarship grant, the full~~
11 ~~amount of one (1) year's loan plus accrued interest; The recipient shall~~
12 ~~receive the loan funds according to a disbursement schedule acceptable to the~~
13 ~~board, the qualified rural community and the recipient as set forth in~~
14 ~~writing in the loan contract.~~

15 ~~(ii) For each three-month period of full-time~~
16 ~~medical practice by the recipient, according to the terms of the loan~~
17 ~~contract, the board and the qualified rural community shall cancel, by~~
18 ~~converting to a grant, a pro rata portion of the loan amount plus accrued~~
19 ~~interest.~~

20 ~~(2)(A) In the event that any loan recipient ~~withdraws from the~~~~
21 ~~~~Community Match Loan and Scholarship Program while enrolled as a medical~~~~
22 ~~~~student at the College of Medicine of the University of Arkansas for Medical~~~~
23 ~~~~Sciences does not begin or ceases the full-time practice of medicine in~~~~
24 ~~~~breach of the loan contract or otherwise breaches the loan contract, the~~~~
25 ~~~~recipient shall be obligated to repay the ~~community match loan or loans~~~~~~
26 ~~~~~~received entire amount of the community match loan received with interest,~~~~~~
27 ~~~~together with any civil money penalties, as reduced by any amount that has~~~~
28 ~~~~been converted to a grant pursuant to the terms of the loan contract,~~~~
29 ~~~~~~together with interest thereon at the maximum rate allowed by Arkansas law or~~~~~~
30 ~~~~~~the federal discount rate plus five percent (5%) per annum, whichever is the~~~~~~
31 ~~~~~~lesser, the interest to accrue from the date each payment of funds was~~~~~~
32 ~~~~~~received by the recipient.~~~~~~

33 ~~(B) Repayment of principal with interest under subdivision~~
34 ~~(c)(2)(A) of this section shall be due and payable in full at the earliest to~~
35 ~~occur of the following events:~~

36 ~~(i) Failure to remain enrolled in the medically~~

1 ~~underserved and rural practice curriculum;~~

2 ~~(ii) Withdrawal from the program; or~~

3 ~~(iii) Failure to remain in enrollment status~~

4 ~~continuously to completion of the degree of Doctor of Medicine for any reason~~
5 ~~other than temporary personal illness;~~

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

15 ~~(B) Repayment of principal with interest and liquidated~~
16 ~~damages under subdivision (c)(3)(A) of this section shall be due and payable~~
17 ~~in full at the earliest to occur of the following events:~~

18 ~~(i) Failure to complete internship;~~

19 ~~(ii) Failure to practice primary care medicine on a~~
20 ~~regularly sustained basis while residing in the contracting qualified rural~~
21 ~~community in Arkansas. However, the board, in conjunction with the qualified~~
22 ~~rural community, may waive the residency requirement on a case by case basis~~
23 ~~or may waive the primary care practice requirement as provided in subsection~~
24 ~~(d) of this section; and~~

25 ~~(iii) Failure to establish a primary care practice~~
26 ~~within six (6) months unless otherwise deferred by approval of the board~~
27 ~~following either internship or four (4) additional years of medical education~~
28 ~~continuously beyond his or her internship where approved by the board or as~~
29 ~~provided in subsection (d) of this section.~~

30 ~~(C) In addition, because of the hardship placed upon the~~
31 ~~rural community as a result of a breach of contract by the loan recipient and~~
32 ~~the difficulty in ascertaining or determining damages arising out of a breach~~
33 ~~of contract by the loan recipient, the loan contract shall provide for~~
34 ~~liquidated damages in an amount equal to fifty percent (50%) of the principal~~
35 ~~of the loan, which shall not preclude the board and the qualified rural~~
36 ~~community from asserting other legal rights as a result of the breach of~~

1 ~~contract;~~

2 (B) The board may impose civil money penalties of up to
3 fifty percent (50%) of the principal amount of the loan as a consequence of
4 breach.

5 ~~(4)(3) No interest shall accrue, nor obligation to repay the~~
6 ~~principal sums accrued, during any one (1) period of time that the recipient~~
7 ~~involuntarily serves on active duty in the United States armed forces; and.~~

8 ~~(5)(4) In the event of the death of the recipient, all loans~~
9 ~~unpaid the entire loan amount that has not been converted to a grant pursuant~~
10 ~~to the terms of the loan contract shall be due and payable.~~

11 ~~(d)(1) A recipient of a community match loan or loans who has~~
12 ~~successfully completed three (3) years of medical school at the University of~~
13 ~~Arkansas for Medical Sciences may seek approval from the qualified community~~
14 ~~that is a party to the recipient's community match contract and the board to~~
15 ~~practice medicine in the qualified rural community in a specialty other than~~
16 ~~primary care.~~

17 ~~(2) The board may approve the recipient's request to practice~~
18 ~~medicine in the qualified rural community in a specialty other than primary~~
19 ~~care upon the following conditions:~~

20 ~~(A) The qualified rural community that is a party to the~~
21 ~~recipient's contract determines that the requested specialty meets the needs~~
22 ~~of the community;~~

23 ~~(B) The community match contract is amended to recite:~~

24 ~~(i) The recipient's obligation to practice the~~
25 ~~designated specialty in the qualified rural community; and~~

26 ~~(ii) If the recipient fails to complete the training~~
27 ~~program and all other qualifications for the designated specialty, the~~
28 ~~recipient's obligation to practice primary care in the qualified rural~~
29 ~~community; and~~

30 ~~(C) The remaining terms of the community match contract~~
31 ~~are amended to be consistent with the changes in the practice obligations of~~
32 ~~the recipient.~~

33 (c) Nothing in subsection (b) of this section shall be construed to
34 prohibit the board from considering and entering into a negotiated settlement
35 with the loan recipient involving the terms of repayment of the community
36 match loan.

1 (d) Community match loan contracts may be amended at any time prior to
2 the time that the loan has been repaid in full or fully converted to a grant.

3 (e) The board shall promulgate rules setting forth additional terms
4 and conditions of community match loans.

5
6 SECTION 7. Arkansas Code §§ 6-81-717 is repealed.

7 ~~(a)(1)(A) If an alternate on the waiting list for acceptance to the~~
8 ~~College of Medicine of the University of Arkansas for Medical Sciences enters~~
9 ~~into a community match contract conditioned only upon the applicant's being~~
10 ~~accepted for admission to the college and otherwise meets the requirements of~~
11 ~~§ 6-81-715, the applicant shall be moved to the top of the waiting list upon~~
12 ~~entering into the contract.~~

13 ~~(B) Provided, however, if two (2) or more alternates enter~~
14 ~~into a community match contract, as between or among them, their priorities~~
15 ~~for admission shall be determined according to their ranking on the waiting~~
16 ~~list as alternates.~~

17 ~~(2) The college shall make available on the alternate list as~~
18 ~~many positions as necessary for alternates who enter into community match~~
19 ~~contracts.~~

20 ~~(b) The college shall meet the requirements set forth in § 6-64-406~~
21 ~~for allocation of enrollment positions for medical students among~~
22 ~~congressional districts before accepting for admission an alternate who has~~
23 ~~entered into a community match contract with the Arkansas Rural Medical~~
24 ~~Practice Student Loan and Scholarship Board and a qualified rural community.~~

25 ~~(c) Each community match contract made with an alternate shall be~~
26 ~~subject to the provisions of § 6-81-716, except that, if the alternate is~~
27 ~~admitted to the college under the Community Match Loan and Scholarship~~
28 ~~Program and the individual breaches his or her contract by withdrawing from~~
29 ~~the program during medical school or by failing to engage in the practice of~~
30 ~~primary care medicine in the contracting qualified rural community in~~
31 ~~accordance with the terms of his or her loan contract in order to have the~~
32 ~~loan contract recognized as a scholarship, damages shall include an amount~~
33 ~~equal to one hundred percent (100%) of the loan amount and other unspecified~~
34 ~~damages, with the minimum amount of damages being equal to the difference~~
35 ~~between resident and out-of-state tuition at the college for four (4) years~~
36 ~~of medical school, but no less than twenty five thousand dollars (\$25,000).~~

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36

SECTION 8. § 6-81-718 is amended to read as follows:

6-81-718. Medical school alternates - Rural medical practice loans.

(a)(1)~~(A)~~ If an alternate on the waiting list for acceptance to the College of Medicine of the University of Arkansas for Medical Sciences demonstrates a willingness to enter into a rural medical practice loan contract and meets the requirements of § 6-81-706, the applicant shall be moved to the top of the waiting list ~~to a position just below alternates entering into community match contracts~~ upon entering into a rural medical practice loan contract.

~~(B)(2)~~ The priority on the waiting list for those alternates who enter into a rural medical practice loan contract shall be determined by the date and time such alternate enters into the rural medical practice loan contract.

~~(2)~~ ~~The college shall designate up to ten (10) positions on the alternate list per year for alternates who enter into rural medical practice loan contracts.~~

(b) The college shall meet the requirements set forth at § 6-64-406 for allocation of enrollment positions for medical students among congressional districts before accepting for admission an alternate who has entered into a rural medical practice loan contract with the Arkansas Rural Medical Practice Student Loan and Scholarship Board.

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

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

~~(2)~~ ~~The alternate shall bindingly contract to practice primary medical care in a rural community for four (4) years.~~

~~(3)~~ ~~If the alternate is admitted to the college under the Arkansas Rural Medical Practice Student Loan and Scholarship Program and the individual breaches his or her contract by withdrawing from the program during medical school or by failing to engage in the practice of medicine in accordance with the terms of his or her loan contract in order to have the loan contract recognized as a scholarship, damages shall include moneys in an~~

~~1 amount equal to the difference between resident and out-of-state tuition at
2 the college for four (4) years of medical school and other unspecified
3 damages, with the minimum amount of damages no less than twenty-five thousand
4 dollars (\$25,000).~~

5
6 SECTION 9. Arkansas Code Title 6, Chapter 81, Subchapter 7 is amended
7 to add three additional sections to read as follows:

8 6-81-720. Rural Medical Practice Program administrator.

9 (a) There is established a Rural Medical Practice Program
10 administrator.

11 (b) The administrator shall:

12 (1) Be employed by the University of Arkansas for Medical
13 Sciences;

14 (2) Serve as liaison between loan recipients and rural
15 communities by:

16 (i) Working with the communities to identify their
17 unique needs, to develop profiles of their ideal candidates, and to prepare
18 for recruitment visits; and

19 (ii) Assisting medical students and residents to
20 identify medically underserved and other rural communities that suit their
21 personal and medical practice needs and to meet their contractual
22 obligations;

23 (3) Collect and monitor program data, including demographic data
24 of participants and communities, service completion rates, retention rates
25 beyond service completion, satisfaction of obligated physicians and
26 communities, and other information;

27 (4) Prepare annual program evaluations and present the
28 evaluations to the board;

29 (5) Assist with preparation and submission of program reports;

30 (6) Attend board meetings in a non-voting capacity; and

31 (7) Perform other functions assigned by the board.

32
33 6-81-721. Non-interference with pending litigation.

34 Nothing in this subchapter is intended to affect pending litigation
35 existing as of the effective date of this act.

36

1 6-81-722. Sunset Clause.

2 (a) Loan recipients enrolled in the community match program on or
3 before the day before the effective date of this act shall not have their
4 loan contracts impaired by the amendments to the community match program.

5 (b)(1) Subject to the availability of funds, the loan for the academic
6 year shall be renewable annually for the number of years required to complete
7 studies leading to the Doctor of Medicine degree or for additional amounts,
8 not to exceed sixteen thousand five hundred dollars (\$16,500).

9 (2) However, all subsequent loans shall be granted only upon
10 application by the recipient and a finding by the board that the applicant:

11 (A) Has completed successfully the medical studies of the
12 preceding academic year and remains in good standing as an enrolled student
13 in the college;

14 (B) Is enrolled or participating in a medically
15 underserved and rural practice curriculum; and

16 (C) Continues to be a resident of Arkansas.

17 (c) This section expires on August 31, 2014.

18
19 SECTION 10. Arkansas Code § 17-95-409(b), concerning grounds for the
20 suspension of a physician's license, is amended to read as follows:

21 ~~(b)(1)(A) The board shall suspend an existing license in the event the~~
22 ~~holder breached a contract to practice medicine in a rural community that was~~
23 ~~entered into under the provisions of §6-81-701 et seq.~~ Upon receipt of a
24 final order from another agency of the State of Arkansas or a final order
25 from a court of this state after all appeal rights have been exhausted, that
26 finds a physician licensed to practice medicine in this state has breached
27 the loan contract entered into by the physician under §§ 6-81-701 et seq.,
28 the board may suspend the license of that physician.

29 (B) The suspension shall be for a period of years
30 equivalent to the number of years that the recipient is obligated to practice
31 medicine in a rural area, ~~and the suspension shall continue until the loan,~~
32 ~~with interest thereon~~ but has not so practiced and until the loan with
33 interest together with any civil money penalties, as reduced by each full
34 year of medical practice according to the terms of the loan contract, is paid
35 in full.

36 (2) Upon notification from the Dean of the College of Medicine

1 of the University of Arkansas for Medical Sciences and the Director of the
2 Department of Health that exigent circumstances warrant a waiver of the
3 suspension, the board shall reinstate the holder's license.

4 (3) In deciding whether to suspend a holder's medical license,
5 the board may, at its discretion, adopt any or all recommendations, findings
6 of fact, and conclusions of law issued or adopted by the Rural Medical
7 Practice Student Loan and Scholarship Board, an arbitrator, or a court.

8
9 SECTION 10. EMERGENCY CLAUSE. It is found and determined by the
10 General Assembly of the State of Arkansas that amendments and clarifications
11 are needed in order for all rural communities to have more equal access to
12 physician providers, for the Rural Medical Practice Student Loan and
13 Scholarship Board to have more flexibility in working with loan recipients to
14 remedy contractual obligations, and for attempts at resolution to occur; and
15 that it is imperative that changes be made in state law to remedy these
16 problems. Therefore, an emergency is declared to exist, and this act being
17 necessary for the preservation of the public peace, health, and safety shall
18 become effective on:

19 (1) The date of its approval by the Governor;

20 (2) If the bill is neither approved nor vetoed by the Governor,
21 the expiration of the period of time during which the Governor may veto the
22 bill; or

23 (3) If the bill is vetoed by the Governor and the veto is
24 overridden, the date the last house overrides the veto.

25
26 /s/ D. Johnson

27
28 APPROVED: 4/4/2007
29
30
31
32
33
34
35
36