

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 708 of the Regular Session

1 State of Arkansas  
2 87th General Assembly  
3 Regular Session, 2009

# A Bill

HOUSE BILL 1950

4  
5 By: Representative Shelby  
6 By: Senator D. Johnson

## For An Act To Be Entitled

10 AN ACT TO AUTHORIZE COMMUNITY MATCH INCOME  
11 INCENTIVE PROGRAM THROUGH THE ARKANSAS RURAL  
12 MEDICAL PRACTICE STUDENT LOAN AND SCHOLARSHIP  
13 BOARD; AND FOR OTHER PURPOSES.

## Subtitle

14  
15 AN ACT TO AUTHORIZE COMMUNITY MATCH  
16 INCOME INCENTIVE PROGRAM THROUGH THE  
17 ARKANSAS RURAL MEDICAL PRACTICE STUDENT  
18 LOAN AND SCHOLARSHIP BOARD.

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21  
22 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

23  
24 SECTION 1. Arkansas Code § 6-81-701 and 6-81-702 are amended to read  
25 as follows:

26 6-81-701. Definitions.

27 As used in this subchapter:

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

30 (2) "Designated specialty" means a medical practice other than  
31 primary care that a loan or income incentive recipient and the board have  
32 agreed will be practiced in the qualified rural community, ~~provided the loan~~  
33 ~~recipient has identified a community or communities that have agreed to~~  
34 ~~accept that loan recipient in the designated specialty;~~

35 (3) "Medically underserved" means an area that the board



1 determines to have unmet needs for medical services due to factors including  
 2 without limitation:

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

4 (B) The infant mortality rate;

5 (C) The percentage of:

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

8 (ii) Resident individuals sixty (60) years of age  
 9 and older; and

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

11 (D) Accessibility within the area to primary care  
 12 medicine; and

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

15 (4) "Primary care medicine" means health care provided in one  
 16 (1) of the following areas of practice:

17 (A) Family medicine;

18 (B) General internal medicine;

19 (C) General internal medicine and pediatrics;

20 (D) General pediatrics;

21 (E) General obstetrics and gynecology;

22 (F) General surgery; ~~and~~

23 (G) Emergency medicine; and

24 (H) Geriatrics; and

25 (5) "Qualified rural community" means an area reasonably  
 26 determined by the board to be medically underserved.

27  
 28 6-81-702. Arkansas Rural Medical Practice Student Loan and Scholarship  
 29 Board.

30 (a)(1) There is established the Arkansas Rural Medical Practice  
 31 Student Loan and Scholarship Board composed of:

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

34 (B) One (1) representative of the Arkansas Medical Society  
 35 as vice-chair;

36 (C) The Chancellor of the University of Arkansas for

1 Medical Sciences;

2 (D) One (1) representative of the College of Medicine of  
3 the University of Arkansas for Medical Sciences, named by the dean of that  
4 school;

5 (E) Two (2) physician members appointed by the Arkansas  
6 Medical Society, giving preference to physicians who have received rural  
7 medical practice loans, ~~or~~ community match loans, or income incentives; and

8 (F) Two (2) representatives appointed by the Arkansas  
9 Hospital Association.

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

11 (b) The board shall:

12 (1) Promulgate reasonable rules ~~and regulations as may be~~  
13 necessary to execute the provisions of this subchapter, including ~~regulations~~  
14 rules addressing the requirements and in conformance with the requirements of  
15 the Arkansas Administrative Procedure Act, § 25-15-201 et seq., and other  
16 appropriate state laws in promulgating and placing rules ~~and regulations~~ into  
17 effect:

18 (A) For a health professions shortage area;

19 (B) To become a qualified rural community eligible to  
20 participate in the Rural Medical Practice Student Loan and Scholarship  
21 Program or the Community Match ~~Loan and~~ Rural Physician Recruitment Program;  
22 and

23 (C) For a procedure to resolve disputes arising out of or  
24 relating to a rural practice or community match loan or income incentive  
25 contract;

26 (2) Prescribe forms for and regulate the submission of loan  
27 applications;

28 (3) Determine eligibility of applicants;

29 (4) Allow or disallow loan or income incentive applications;

30 (5) Contract, increase, decrease, terminate, and otherwise  
31 regulate all loan and income incentive disbursements for these purposes,  
32 receipts for their repayment, and convert loans to scholarships or grants, as  
33 applicable;

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

36 (7) Accept gifts, grants, bequests, or devises and apply them as

1 a part of this program;

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

3 (9) Accept moneys from federal programs that may be used for  
4 furtherance of the purposes of this subchapter.

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

7 (d) The Arkansas Rural Medical Practice Student Loan and Scholarship  
8 Board shall administer the Rural Medical Practice Student Loan and  
9 Scholarship Program and the Community Match ~~Loan and~~ Rural Physician  
10 Recruitment Program.

11

12 SECTION 2. Arkansas Code § 6-81-703(b), concerning loan applications  
13 for medical students and medical school graduates, is amended to read as  
14 follows:

15 (b) A graduate of the College of Medicine of the University of  
16 Arkansas for Medical Sciences or any accredited medical school in the United  
17 States ~~who is a bona fide resident of Arkansas~~ may apply for a the community  
18 match ~~loan~~ income incentive program under this subchapter on forms prescribed  
19 by the board so long as the applicant satisfies the criteria set forth in §  
20 6-81-715.

21

22 SECTION 3. Arkansas Code § 6-81-707(b), concerning the maximum amount  
23 of loans for medical students and medical school graduates, is amended to  
24 read as follows:

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

28 (2) The Arkansas Rural Medical Practice Student Loan and  
29 Scholarship Board shall provide one-half (1/2) of the community match ~~loan~~  
30 income incentive, and the qualified rural community shall provide the other  
31 one-half (1/2) of the ~~loan~~ income incentive.

32 (3) However, ~~in the event~~ if the board does not have sufficient  
33 funds to match the community's portion of the ~~loan~~ income incentive, nothing  
34 precludes a qualified rural community from providing the total ~~loan~~ income  
35 incentive amount.

36

1 SECTION 4. Arkansas Code § 6-81-708(b), concerning Rural Medical  
 2 Practice Loans loan contracts. is amended to read as follows:

3 (b) The contract shall be approved by the Attorney General and shall  
 4 be signed by the chair of the board, countersigned by the ~~vice chair~~  
 5 secretary of the board, and signed by the applicant.

6  
 7 SECTION 5. Arkansas Code § 6-81-714 through 6-81-716 are amended to  
 8 read as follows:

9 6-81-714. Dispute resolution – Determination of breach.

10 (a) Any applicant for a loan or income incentive issued by the  
 11 Arkansas Rural Medical Practice Student Loan and Scholarship Board, any  
 12 person who has been granted a loan or has been granted income incentives by  
 13 the board, or any party to a rural medical practice or community match loan  
 14 or income incentive may appeal any decision or action by the board relating  
 15 to the application for a loan or income incentive or relating to a loan or  
 16 income incentive granted by the board ~~pursuant to~~ under the dispute  
 17 resolution procedure established under this subchapter.

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

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

28 (3) The dispute resolution procedure established by the board  
 29 shall be followed before the initiation of any litigation related to a rural  
 30 practice or community match loan or income incentive contract.

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

33  
 34 6-81-715. Medical school graduates – Community match contract –  
 35 Eligibility for community match loans.

36 (a)(1) The Arkansas Rural Medical Practice Student Loan and

1 Scholarship Board shall administer the Community Match ~~Loan and~~ Rural  
 2 Physician Recruitment Program.

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

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

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

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

14 ~~(2)(1)~~ (1) The applicant is a graduate of the College of Medicine of  
 15 the University of Arkansas for Medical Sciences or any accredited medical  
 16 school in the United States;

17 ~~(3)(2)~~ (2) The applicant satisfies one (1) of the following  
 18 criteria:

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

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

26 ~~(4)(3)~~ (3) The applicant desires to practice medicine in the  
 27 qualified rural community; and

28 (5)(4) The designated representative or representatives of the  
 29 qualified rural community approve the applicant.

30

31 6-81-716. Medical school graduates – Community match contract –  
 32 Obligations and conditions.

33 (a)(1)(A) The board and the qualified rural community shall enter a  
 34 joint ~~loan~~ community match contract with the applicant ~~to whom a loan is~~  
 35 ~~made.~~

36 (B) Any agreements made between the qualified rural

1 community and a recipient regarding the ~~loan~~ community match contract,  
 2 including establishing a medical practice in the community, shall be in  
 3 writing and included as an addendum to the ~~loan~~ contract.

4 (2) The form of the community match ~~loan~~ contract shall be  
 5 approved by the Attorney General and shall be signed by the chair of the  
 6 board, the ~~vice chair~~ secretary of the board, the designated representative  
 7 or representatives of the qualified rural community, and the applicant.

8 (b) Each applicant to whom a community match ~~loan~~ income incentive is  
 9 granted by the board shall execute a written ~~loan~~ contract that shall  
 10 incorporate the following obligations and conditions:

11 (1)(A) The recipient of a community match ~~loan~~ income incentive  
 12 shall bindingly contract that he or she shall practice primary care medicine  
 13 full time in the contracting qualified rural community for a period of four  
 14 (4) years or, if approved by the board, he or she shall practice a designated  
 15 specialty full time in the contracting qualified rural community for a period  
 16 of four (4) years.

17 (B)(i) The recipient shall receive the ~~loan~~ income  
 18 incentive funds according to a disbursement schedule acceptable to the board,  
 19 the qualified rural community, and the recipient as set forth in writing in  
 20 the ~~loan~~ community match contract.

21 (ii) For each three-month period of full-time  
 22 medical practice by the recipient, according to the terms of the ~~loan~~  
 23 community match contract, the board and the qualified rural community shall  
 24 ~~cancel, by converting to a grant, a pro rata portion of the loan amount plus~~  
 25 ~~accrued interest~~ award one-quarter (1/4) of the income incentive for the year  
 26 of service;

27 (2)(A) ~~In the event that~~ If any ~~loan~~ recipient does not begin or  
 28 ceases the full-time practice of medicine in breach of the ~~loan~~ contract or  
 29 otherwise breaches the loan contract, the recipient shall ~~be obligated to~~  
 30 ~~repay the entire amount of the community match loan received with interest,~~  
 31 ~~together with any civil money penalties, as reduced by any amount that has~~  
 32 ~~been converted to a grant pursuant to the terms of the loan contract~~ repay  
 33 all unearned income paid under the terms of the contract, any actual costs  
 34 paid by the community in reliance for the income-incentive-recipient's  
 35 agreement to practice full time in that community, and any civil money  
 36 penalties that apply.

1 (B) The board may impose civil money penalties of up to  
2 fifty percent (50%) of the principal amount of the ~~loan~~ income incentive paid  
3 under the terms of the community match contract as a consequence of breach;

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

7 (4) In the event of the death of the recipient, ~~the entire loan~~  
8 ~~amount that has not been converted to a grant pursuant to the terms of the~~  
9 ~~loan~~ any unearned income paid under the terms of the community match contract  
10 ~~shall be~~ is due and payable.

11 (c) ~~Nothing in subsection (b) of this section shall be construed to~~  
12 Subsection (b) of this section does not prohibit the board from considering  
13 and entering into a negotiated settlement with the ~~loan~~ income incentive  
14 recipient involving the terms of repayment of amounts paid under the terms of  
15 the community match ~~loan~~ contract.

16 (d) Community match loan contracts may be amended at any time ~~prior to~~  
17 ~~the time that the loan has been repaid in full or fully converted to a grant~~  
18 before the income incentive has been paid in full or terms and conditions of  
19 the contract are satisfied.

20 (e) The board shall promulgate rules setting forth additional terms  
21 and conditions of community match ~~loans~~ contracts.

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23 **APPROVED: 3/31/2009**  
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