

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.

1 State of Arkansas
2 86th General Assembly
3 Regular Session, 2007
4

As Engrossed: H3/9/07
A Bill

HOUSE BILL 1324

5 By: Representative D. Johnson
6
7

8 **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

15 **Subtitle**

16 AN ACT TO ENSURE THAT COMPETING RURAL
17 COMMUNITIES IN NEED OF PHYSICIAN
18 PRACTITIONERS HAVE EQUAL OPPORTUNITY TO
19 ATTRACT PHYSICIANS.
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;
36 (E) General obstetrics and gynecology; ~~and~~



1 (F) General surgery; and

2 (G) Emergency medicine;

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

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

7 (B) The infant mortality rate;

8 (C) The percentage of:

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

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

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

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

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

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

20 ~~(3)~~(5) "Rural community" means a community within a health
 21 professions shortage area, as determined by the board, or a community having
 22 a population of no more than fifteen thousand (15,000) persons according to
 23 the most recent federal census taken prior to the execution of the loan
 24 contract or the most recent federal census taken prior to the time the
 25 recipient of the loan or loans shall be required to practice full time in
 26 such rural community as provided in ~~§ 6-81-708~~.

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

32
 33 6-81-702. Arkansas Rural Medical Practice Student Loan and Scholarship
 34 Board.

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

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

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

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

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

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

13 (F) Two (2) representatives appointed by the Arkansas
14 Hospital Association.

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

16 (b) The board shall:

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

23 (A) For a health professions shortage area; and

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

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

30 (3) Determine eligibility of applicants;

31 (4) Allow or disallow loan applications ~~for financial~~
32 ~~assistance;~~

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

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

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

5 (8) Sue in Pulaski County Circuit Court, and be sued as the
6 board in Pulaski County Circuit Court as authorized by law; and

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

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

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

15 ~~6-81-703. Medical Students — Loan applications.~~ Loan applications —
16 Medical students and medical school graduates.

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

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

29 SECTION 2. Arkansas Code §§ 6-81-704 through 6-81-708 are amended to
30 read as follows:

31 6-81-704. Medical students — Investigation after application.

32 When a rural medical practice loan application is filed with the
33 Arkansas Rural Medical Practice Student Loan and Scholarship board, the board
34 shall examine the application, investigate the ability, character, and
35 qualifications of the applicant, and investigate the financial standing of
36 the applicant or his or her parents to determine whether the applicant is in

1 need of a loan to advance his or her medical education.

2
3 6-81-705. Medical students – Purpose of loan.

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

9
10 6-81-706. Medical students – Eligibility for initial and renewal
11 loans.

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

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

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

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

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

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

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

29 (b) Subject to the availability of funds, an initial rural medical
30 practice loan for one (1) academic year shall be renewable annually for the
31 number of years required to complete studies leading to the Doctor of
32 Medicine degree or for additional amounts, not to exceed the maximum amounts
33 specified in § 6- 81-707, but all subsequent rural medical practice loans
34 shall be granted only upon application by the recipient and a finding by the
35 board that:

36 (1) The applicant has completed successfully the medical studies

1 of the preceding academic year and remains in good standing as an enrolled
2 student in the college;

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

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

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

8

9 6-81-707. ~~Medical students~~— Maximum amount of loans.

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

15 (b)(1) The maximum amount of each community match loan shall not
16 exceed eighty thousand dollars (\$80,000), or as the board otherwise shall
17 determine payable over a four-year period under § 6-81-716.

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

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

25

26 6-81-708. ~~Medical students~~— Loan contracts — Rural Medical Practice
27 Loans — Obligations and conditions.

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

31 (b) The contract shall be approved by the Attorney General and shall
32 be signed by the chair of the board, countersigned by the vice chair, and
33 signed by the applicant.

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

36 (d)(c) Each applicant to whom a rural medical practice loan or loans

1 shall be granted by the board ~~after May 1, 1991~~, shall execute a written loan
2 contract which shall incorporate the following obligations and conditions:

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

7 (i) His or her medical internship of one (1) year
8 undertaken immediately following the earning of the degree of Doctor of
9 Medicine; ~~or~~

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

15 (iii) At the request of the recipient of a rural
16 medical practice loan, the board shall approve the recipient's request to
17 practice in more than one (1) qualified rural community to meet his or her
18 obligation to practice full time if the board determines, on guidelines
19 established by the board, that the physician need in the rural communities
20 cannot sustain a full time medical practice.

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

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

31 (2)(A) The recipient of a rural medical practice loan or loans
32 shall bindingly contract that not engaging in the practice of medicine in
33 accordance with the loan contract and with this ~~section shall result in~~
34 automatic subchapter may result in suspension of his or her license to
35 practice medicine in this state, if the recipient signed a written
36 acknowledgment of understanding that the suspension of license was explained

1 to him or her orally as a potential consequence of breach of the contractual
2 provisions.

3 (B) Any contract for a rural medical practice loan or
4 community match loan, that existed before August 1, 2007, and referenced the
5 loss of medical license as a consequence of breach is amended by operation of
6 law to state that the recipient's medical license may be suspended, but that
7 suspension is not automatic.

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

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

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

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

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

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

36 (ii) Failure to remain in enrollment status

1 continuously to completion of the degree of doctor of medicine for any reason
2 other than temporary personal illness;

3 (iii) Failure to complete internship;

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

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

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

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

16 (6) If an alternate on the waiting list for acceptance to the
17 College of Medicine of the University of Arkansas for Medical Sciences is
18 admitted conditioned upon the agreement to enter into a rural medical
19 practice program contract, then the alternate's contract shall contain an
20 additional term that breach of the contract may result in civil money
21 penalties in the amount of one hundred percent (100%) of the loan amount.

22 (7) Nothing stated in this subsection (c) shall be construed to
23 prohibit the board from considering and entering into a negotiated settlement
24 with the rural medical practice loan recipient involving the license
25 suspension and the terms of repayment of the loans.

26 ~~(e)(d)~~ The board may amend agreements entered into with any student
27 who is currently enrolled as a medical student or an intern or resident who
28 has not completed his or her postdoctoral training as approved by the board
29 pursuant to §6-81-701 et seq. loan recipient at any time prior to full
30 performance of the recipient's contractual obligations.

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

35 (2)(A) If the dean, as chair of the board, ~~and the Director of~~
36 ~~the Department of Health agree~~ determines that exigent circumstances warrant

1 a waiver, the loan recipient shall be notified in writing, ~~that his or her~~
2 ~~license to practice medicine shall be automatically reinstated.~~

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

5
6 SECTION 3. Arkansas Code § 6-81-709 is repealed.

7 ~~6-81-709. Medical students—Disability of minority.~~
8 ~~The disability of minority of all applicants granted loans under this~~
9 ~~subchapter to contract is removed for the purpose of this subchapter.~~

10
11 SECTION 4. Arkansas Code § 6-81-710 is amended to read as follows:

12 ~~6-81-710. Medical students—Funding of loans.~~

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

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

23 (b) ~~When collected, damages awarded pursuant to §§ 6-81-716—6-81-718~~
24 Funds collected as a result of a recipient's breach of a rural practice loan
25 or community match loan contract shall be administered as follows:

26 (1) Any funds that were contributed by a qualified rural
27 community, together with any interest collected on those funds shall be
28 returned to the community or at the community's option held in trust for the
29 community's use in funding future community match loans; and

30 (2) The remaining funds shall be held in trust for the use of
31 the Arkansas Rural Medical Practice Student Loan and Scholarship Program and
32 the Community Match Loan and Rural Physician Recruitment Loan and Scholarship
33 Program and disbursed by the fiscal officer of the University of Arkansas for
34 Medical Sciences pursuant to this subchapter.

35
36 ~~6-81-714. Appeals~~ Dispute resolution – Determination of breach.

1 ~~Any applicant for a loan issued by the Arkansas Rural Medical Practice~~
2 ~~Student Loan and Scholarship Board and any person who has been granted a loan~~
3 ~~by the board may appeal any decision or action relating to the application~~
4 ~~for a loan or relating to a loan granted by the board. An appeal from any~~
5 ~~decision or action of the board or of the Director of Student Aid of the~~
6 ~~University of Arkansas for Medical Sciences may be made at any time to the~~
7 ~~President of the University of Arkansas, except that the president may~~
8 ~~designate the General Counsel for the University of Arkansas to serve as the~~
9 ~~officer to hear such appeals. All contracts for loans under this subchapter~~
10 ~~shall include the following provisions that shall be binding on and~~
11 ~~enforceable against all parties to the contract:~~

12 (1) In the event any party to a loan contract seeks to enforce
13 the terms of contract or a dispute arises between or among the parties
14 regarding the interpretation or enforceability of any provision of the
15 contract, the occurrence of an event of default or breach, or the assessment
16 or amount of civil money penalties as a result of breach, the parties shall
17 be governed by the dispute resolution procedures set forth in this section;

18 (2)(A) Notice of a dispute shall be submitted to the board in
19 writing on a form prepared by the board, or if none exists, by any form
20 deemed appropriate by the noticing party under the circumstances.

21 (B) The notice of dispute shall outline the facts and
22 circumstances giving rise to the dispute and shall set forth a request for
23 relief or a proposed resolution to the dispute.

24 (C) Any party to a contract, including the board, may file
25 a notice of dispute with the board at any time prior to a loan recipient's
26 fulfillment of his or her contractual obligations.

27 (D) Upon receipt, the board shall forthwith provide a copy
28 of the notice of dispute to the loan recipient, to the Arkansas State Medical
29 Board, and to a representative of any qualified rural community the board
30 determines to hold an interest in the issues set forth in the notice of
31 dispute.

32 (E) Within thirty (30) days after the notice of dispute is
33 filed with the board, any party against whom relief is sought shall file with
34 the board a written response to the requested relief.

35 (3)(A) If the dispute cannot be settled at this stage, any party
36 against whom relief is sought may request that the dispute be mediated.

1 (B) Mediation shall be conducted in Little Rock, Arkansas,
2 within thirty (30) days after the filing of the request for mediation by a
3 mutually acceptable mediator in accordance with the American Health Lawyers
4 Association Alternative Dispute Resolution Service Code of Ethics and Rules
5 of Procedure for Mediation, or such other rules as mutually agreed upon by
6 the parties.

7 (C) Mediation fees shall be split evenly among the parties
8 to the dispute.

9 (4)(A) If the dispute is not resolved by informal negotiation or
10 by mediation within one hundred twenty (120) days after the original filing
11 of the notice of dispute, any party may, thereafter, before the expiration of
12 one hundred fifty (150) days after the original filing of the notice of
13 dispute, file a notice of request for arbitration.

14 (B) Arbitration shall be conducted in Little Rock,
15 Arkansas, under § 16-108-201 et seq.

16 (C) The arbitrator may determine issues of breach; and
17 order repayment of loan amounts with interest, impose civil money penalties,
18 and determine other remedies to further effectuate the purposes of this
19 subchapter.

20 (D) All arbitration awards may be enforced and appealed
21 from in accordance with § 16-108-201 et seq.;

22 (5)(A) If the dispute is not resolved by informal negotiation,
23 mediation, or arbitration within one hundred fifty (150) days after the
24 original filing of the notice of dispute, on or before the expiration of one
25 hundred eighty (180) days after the original filing of the notice of dispute,
26 the Board shall conduct a hearing on the issues set forth in the notice of
27 dispute.

28 (B) The hearing shall be conducted under the
29 Administrative Procedure Act, § 25-15-201 et seq.

30 (C) The board may determine issues of breach; and order
31 repayment of loan amounts with interest, impose civil money penalties, and
32 determine other remedies to further effectuate the purposes of this
33 subchapter.

34 (D) The board's decision shall represent the agency's
35 final order from which an appeal may be taken under the Administrative
36 Procedure Act, § 25-15-101 et seq.

1 (E) All remedies shall be stayed pending final resolution
2 of the dispute;

3 (6)(A) The board's chairperson may assign the appeal to a fair
4 and impartial hearing officer who shall not be a member of the board or a
5 full-time employee of the University of Arkansas for Medical Sciences.

6 (B) The hearing officer shall preside over the hearing and
7 make findings of fact and conclusions of law in the form of a recommendation
8 to the chairperson.

9 (C) The chairperson shall review the hearing officer's
10 recommendation and make the final agency decision. The chairperson may:

11 (i) Approve the hearing officer's recommendation;
12 or

13 (ii) For good cause:

14 (a) Modify the recommendation in whole or in
15 part; or

16 (b)(1) Remand the recommendation to the
17 hearing officer for further proceedings.

18 (2) If the recommendation is
19 remanded, the hearing officer shall conduct further proceedings as directed
20 by the chairperson and shall submit an amended recommendation to the
21 chairperson.

22 (D) If the chairperson modifies a recommendation, in whole
23 or in part, or remands the decision, he or she shall state in writing at the
24 time of the remand or modification all grounds for the remand or
25 modification, including statutory, regulatory, factual, or other grounds.

26 (E) The modification or approval of a recommendation by
27 the chairperson shall be the final agency action under the Administrative
28 Procedure Act, § 25-15-201 et seq;

29 (7) Upon the expiration of one-hundred eighty (180) days after
30 the original filing of the notice of dispute and no request is filed for
31 arbitration or agency hearing within the time period specified in this
32 section, any party in interest may initiate suit in Pulaski County Circuit
33 Court to resolve the dispute; and

34 (8) The Arkansas State Medical Board may, at its discretion,
35 adopt any or all recommendations, findings of fact, and conclusions of law
36 issued or adopted by the board, an arbitrator, or a court in connection with

1 the Medical Board's authority to suspend a loan recipient's medical license
 2 pursuant to § 17-95-409(b).

3
 4 SECTION 6. Arkansas Code §§ 6-81-715 and 6-81-716 are amended as
 5 follows:

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

8 (a)(1) The Arkansas Rural Medical Practice Student Loan and
 9 Scholarship Board shall administer the Community Match Loan and ~~Scholarship~~
 10 Rural Physician Recruitment Program.

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

13 (B) The board shall approve a designated representative or
 14 representatives of the qualified rural community to assist the board in
 15 matters relating to any community match contracts entered into by the board
 16 and the qualified rural community.

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

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

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

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

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

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

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

36 ~~(5) The applicant is a person of good moral character and one~~

1 ~~who has the talent and capacity to profit by medical studies; and~~

2 ~~(6)(5) The designated representative or representatives of the~~
3 ~~qualified rural community approve the applicant.~~

4 ~~(e) Subject to the availability of funds, an initial community match~~
5 ~~loan for one (1) academic year shall be renewable annually for the number of~~
6 ~~years required to complete studies leading to the Doctor of Medicine degree~~
7 ~~or for additional amounts, not to exceed the maximum amounts specified in §~~
8 ~~6-81-716, but all subsequent loans shall be granted only upon application by~~
9 ~~the recipient and a finding by the board that:~~

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

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

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

16
17 ~~6-81-716. Medical students school graduates - Community match contract~~
18 ~~- Obligations and conditions.~~

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

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

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

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

30 ~~(B) Any agreements made between the qualified rural~~
31 ~~community and a recipient to induce the recipient to enter into the loan~~
32 ~~contract must be in writing and included as a part of the joint loan~~
33 ~~contract.~~

34 ~~(2) The community match loan contract shall be approved by the~~
35 ~~Attorney General and shall be signed by the chair of the board, the vice~~
36 ~~chair of the board, the designated representative or representatives of the~~

1 qualified rural community, and the applicant.

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

5 (1)(A) The recipient of a community match loan ~~or loans~~ shall
6 bindingly contract that, ~~upon completion of his or her medical internship of~~
7 ~~one (1) year undertaken immediately following the earning of the degree of~~
8 ~~Doctor of Medicine, or upon completion of three (3) additional years of~~
9 ~~medical training beyond the internship, if the training has been approved in~~
10 ~~advance by the board, he or she shall practice primary care medicine full~~
11 ~~time in the contracting qualified rural community for a period of four (4)~~
12 ~~years or, if approved by the board, under subsection (d) of this section, he~~
13 ~~or she shall practice a designated specialty full time in the contracting~~
14 ~~qualified rural community for a period of four (4) years.~~

15 (B)(i) ~~For each continuous whole calendar year of primary~~
16 ~~care medical practice in accordance with subdivision (e)(1)(A) of this~~
17 ~~section or for each continuous whole calendar year of a designated specialty~~
18 ~~approved under subsection (d) of this section, the board and the qualified~~
19 ~~rural community shall cancel, by converting to scholarship grant, the full~~
20 ~~amount of one (1) year's loan plus accrued interest; The recipient shall~~
21 ~~receive the loan funds according to a disbursement schedule acceptable to the~~
22 ~~board, the qualified rural community and the recipient as set forth in~~
23 ~~writing in the loan contract.~~

24 (ii) For each three-month period of full-time
25 medical practice by the recipient, the board and the qualified rural
26 community shall cancel, by converting to a grant, a pro rata portion of the
27 loan amount plus accrued interest.

28 (2)(A) In the event that any loan recipient ~~withdraws from the~~
29 ~~Community Match Loan and Scholarship Program while enrolled as a medical~~
30 ~~student at the College of Medicine of the University of Arkansas for Medical~~
31 ~~Sciences does not begin or ceases the full-time practice of medicine in~~
32 ~~breach of the loan contract or otherwise breaches the loan contract, the~~
33 ~~recipient shall be obligated to repay the community match loan or loans~~
34 ~~received entire amount of the community match loan received with interest,~~
35 ~~together with any civil money penalties, as reduced by any amount that has~~
36 ~~been converted to a grant pursuant to the terms of the loan contract,~~

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

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

8 ~~(i) Failure to remain enrolled in the medically~~
9 ~~underserved and rural practice curriculum;~~

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

11 ~~(iii) Failure to remain in enrollment status~~
12 ~~continuously to completion of the degree of Doctor of Medicine for any reason~~
13 ~~other than temporary personal illness;~~

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

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

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

27 ~~(ii) Failure to practice primary care medicine on a~~
28 ~~regularly sustained basis while residing in the contracting qualified rural~~
29 ~~community in Arkansas. However, the board, in conjunction with the qualified~~
30 ~~rural community, may waive the residency requirement on a case by case basis~~
31 ~~or may waive the primary care practice requirement as provided in subsection~~
32 ~~(d) of this section; and~~

33 ~~(iii) Failure to establish a primary care practice~~
34 ~~within six (6) months unless otherwise deferred by approval of the board~~
35 ~~following either internship or four (4) additional years of medical education~~
36 ~~continuously beyond his or her internship where approved by the board or as~~

1 ~~provided in subsection (d) of this section.~~

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

10 ~~(B) The board may impose civil money penalties of up to~~
11 ~~fifty percent (50%) of the principal amount of the loan as a consequence of~~
12 ~~breach.~~

13 ~~(4)(3) No interest shall accrue, nor obligation to repay the~~
14 ~~principal sums accrued, during any one (1) period of time that the recipient~~
15 ~~involuntarily serves on active duty in the United States armed forces; and.~~

16 ~~(5)(4) In the event of the death of the recipient, all loans~~
17 ~~unpaid the entire loan amount that has not been converted to a grant pursuant~~
18 ~~to the terms of the loan contract shall be due and payable.~~

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

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

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

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

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

34 ~~(ii) If the recipient fails to complete the training~~
35 ~~program and all other qualifications for the designated specialty, the~~
36 ~~recipient's obligation to practice primary care in the qualified rural~~

1 ~~community; and~~

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

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

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

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

13
14 SECTION 7. Arkansas Code §§ 6-81-717 is repealed.

15 ~~(a)(1)(A) If an alternate on the waiting list for acceptance to the~~
16 ~~College of Medicine of the University of Arkansas for Medical Sciences enters~~
17 ~~into a community match contract conditioned only upon the applicant's being~~
18 ~~accepted for admission to the college and otherwise meets the requirements of~~
19 ~~§ 6-81-715, the applicant shall be moved to the top of the waiting list upon~~
20 ~~entering into the contract.~~

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

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

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

33 ~~(c) Each community match contract made with an alternate shall be~~
34 ~~subject to the provisions of § 6-81-716, except that, if the alternate is~~
35 ~~admitted to the college under the Community Match Loan and Scholarship~~
36 ~~Program and the individual breaches his or her contract by withdrawing from~~

1 ~~the program during medical school or by failing to engage in the practice of~~
2 ~~primary care medicine in the contracting qualified rural community in~~
3 ~~accordance with the terms of his or her loan contract in order to have the~~
4 ~~loan contract recognized as a scholarship, damages shall include an amount~~
5 ~~equal to one hundred percent (100%) of the loan amount and other unspecified~~
6 ~~damages, with the minimum amount of damages being equal to the difference~~
7 ~~between resident and out of state tuition at the college for four (4) years~~
8 ~~of medical school, but no less than twenty five thousand dollars (\$25,000).~~

9
10 SECTION 8. § 6-81-718 is amended to read as follows:

11 6-81-718. Medical school alternates - Rural medical practice loans.

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

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

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

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

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

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

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

3 ~~(3) If the alternate is admitted to the college under the~~
4 ~~Arkansas Rural Medical Practice Student Loan and Scholarship Program and the~~
5 ~~individual breaches his or her contract by withdrawing from the program~~
6 ~~during medical school or by failing to engage in the practice of medicine in~~
7 ~~accordance with the terms of his or her loan contract in order to have the~~
8 ~~loan contract recognized as a scholarship, damages shall include moneys in an~~
9 ~~amount equal to the difference between resident and out-of-state tuition at~~
10 ~~the college for four (4) years of medical school and other unspecified~~
11 ~~damages, with the minimum amount of damages no less than twenty-five thousand~~
12 ~~dollars (\$25,000).~~

13
14 SECTION 9. Arkansas Code Title 6, Chapter 81, Subchapter 7 is amended
15 to add two additional sections to read as follows:

16 6-81-720. Rural Medical Practice Program administrator.

17 (a) There is established a Rural Medical Practice Program
18 administrator.

19 (b) The administrator shall:

20 (1) Be employed by the University of Arkansas for Medical
21 Sciences;

22 (2) Serve as liaison between loan recipients and rural
23 communities by:

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

27 (ii) Assisting medical students and residents to
28 identify medically underserved and other rural communities that suit their
29 personal and medical practice needs and to meet their contractual
30 obligations;

31 (3) Collect and monitor program data, including demographic data
32 of participants and communities, service completion rates, retention rates
33 beyond service completion, satisfaction of obligated physicians and
34 communities, and other information;

35 (4) Prepare annual program evaluations and present the
36 evaluations to the board;

- 1 (5) Assist with preparation and submission of program reports;
 2 (6) Attend board meetings in a non-voting capacity; and
 3 (7) Perform other functions assigned by the board.

4
 5 6-81-721. Retroactive application.

6 The General Assembly expressly intends that §§ 6-81-701, 6-81-702, 6-
 7 81-708, 6-81-710, 6-81-714 and 17-95-409(b) shall apply retroactively to loan
 8 recipients under Title 6, Chapter 81, subchapter 7, having completed their
 9 residencies or approved fellowship training on or before August 1, 2007.

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

13 (b)(1)(A)(i) The board ~~shall~~ may suspend an existing license in the
 14 event the holder breached a contract to practice medicine in a rural
 15 community that was entered into under the provisions of § 6-81-701 et seq. if
 16 the holder was given written notice in the loan contract or in an
 17 acknowledgement that suspension of medical license was a potential
 18 consequence of breach of the loan contracts, or both.

19 (ii) Subsection (b)(1)(A)(i) of this section is
 20 curative and shall apply retroactively to 1995.

21 (B) The suspension shall be for a period of years
 22 equivalent to the number of years that the recipient is obligated to practice
 23 medicine in a rural area, ~~and the suspension shall continue until the loan,~~
 24 ~~with interest thereon~~ but has not so practiced and until the loan with
 25 interest together with any civil money penalties, as reduced by each full
 26 year of medical practice, is paid in full.

27 (2) Upon notification from the Dean of the College of Medicine
 28 of the University of Arkansas for Medical Sciences and the Director of the
 29 Department of Health that exigent circumstances warrant a waiver of the
 30 suspension, the board shall reinstate the holder's license.

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

35
 36 SECTION 10. EMERGENCY CLAUSE. It is found and determined by the

1 General Assembly of the State of Arkansas that amendments and clarifications
2 are needed in order for all rural communities to have more equal access to
3 physician providers, for the Rural Medical Practice Student Loan and
4 Scholarship Board to have more flexibility in working with loan recipients to
5 remedy contractual obligations when unforeseen circumstances occur that may
6 impair the recipients' abilities to perform their obligations, and for due
7 process proceedings to occur when the board finds loan recipients in breach
8 of contractual obligations; and that it is imperative that changes be made in
9 state law to remedy these problems. Therefore, an emergency is declared to
10 exist, and this act being necessary for the preservation of the public peace,
11 health, and safety shall become effective on:

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

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

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

18
19 /s/ D. Johnson
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