

**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 1682 of the Regular Session**

1 State of Arkansas
2 85th General Assembly
3 Regular Session, 2005
4

A Bill

HOUSE BILL 2715

5 By: Representative Childers
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For An Act To Be Entitled

9 AN ACT TO ESTABLISH CONDITIONS UNDER THE
10 COMMUNITY MATCH LOAN PROGRAM BY WHICH A PHYSICIAN
11 MAY PRACTICE A DESIGNATED SPECIALTY IN A
12 QUALIFIED RURAL COMMUNITY; AND FOR OTHER
13 PURPOSES.
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Subtitle

15 AN ACT TO ESTABLISH CONDITIONS UNDER THE
16 COMMUNITY MATCH LOAN PROGRAM BY WHICH A
17 PHYSICIAN MAY PRACTICE A DESIGNATED
18 SPECIALTY IN A QUALIFIED RURAL
19 COMMUNITY.
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23 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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25 SECTION 1. Arkansas Code § 6-81-716 is amended to read as follows:

26 6-81-716. Medical students - Community match contract - Obligations
27 and conditions.

28 (a)(1) The maximum amount of each community match loan shall not
29 exceed sixteen thousand five hundred dollars (\$16,500) per academic year.

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

34 (B) Provided, however, that in the event the board does
35 not have sufficient funds to match the community's portion of the loan,



1 nothing shall preclude a qualified rural community from providing the total
 2 loan amount.

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

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

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

12 (1)(A) The recipient of a community match loan or loans shall
 13 bindingly contract that, upon completion of his or her medical internship of
 14 one (1) year undertaken immediately following the earning of the degree of
 15 Doctor of Medicine, or upon completion of three (3) additional years of
 16 medical training beyond the internship, if the training has been approved in
 17 advance by the board, he or she shall practice primary care medicine full
 18 time in the contracting qualified rural community or, if approved under
 19 subsection (d) of this section, he or she shall practice a designated
 20 specialty full time in the contracting qualified rural community.

21 (B) For each continuous whole calendar year of primary
 22 care medical practice in accordance with subdivision (c)(1)(A) of this
 23 section or for each continuous whole calendar year of a designated specialty
 24 approved under subsection (d) of this section, the board and the qualified
 25 rural community shall cancel, by converting to a scholarship grant, the full
 26 amount of one (1) year's loan plus accrued interest.

27 (2)(A) In the event that any loan recipient withdraws from the
 28 Community Match Loan and Scholarship Program while enrolled as a medical
 29 student at the College of Medicine of the University of Arkansas for Medical
 30 Sciences, the recipient shall be obligated to repay the community match loan
 31 or loans received, together with interest thereon at the maximum rate allowed
 32 by Arkansas law or the federal discount rate plus five percent (5%) per
 33 annum, whichever is the lesser, the interest to accrue from the date each
 34 payment of funds was received by the recipient.

35 (B) Repayment of principal, with interest, under
 36 subdivision (c)(2)(A) of this section, shall be due and payable in full at

1 the earliest to occur of the following events:

2 (i) Failure to remain enrolled in the medically
3 underserved and rural practice curriculum; or

4 (ii) Withdrawal from the program; or

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

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

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

21 (i) Failure to complete internship;

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

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

33 (C) In addition, because of the hardship placed upon the
34 rural community as a result of a breach of contract by the loan recipient and
35 the difficulty in ascertaining or determining damages arising out of a breach
36 of contract by the loan recipient, the loan contract shall provide for

1 liquidated damages in an amount equal to fifty percent (50%) of the principal
2 of the loan, which shall not preclude the board and the qualified rural
3 community from asserting other legal rights as a result of the breach of
4 contract.

5 (4) 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.

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

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

17 (2) The Arkansas Rural Medical Practice Student Loan and
18 Scholarship Board may approve the recipient's request to practice medicine in
19 the qualified rural community in a specialty other than primary care upon the
20 following conditions:

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

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

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

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

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

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36 APPROVED: 4/05/2005

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