

1 State of Arkansas  
2 80th General Assembly  
3 Regular Session, 1995

# A Bill

HOUSE BILL 1805

4 By: Representatives Flanagin, Wren, Willems, Mitchell, Hogue, Goodwin, Watts,  
5 Dietz, Calhoun, Roberts, J. Smith, Curran, Molinaro, Stalnaker, Bryant,  
6 Wallis, Owens, von Gremp, Horn and Ferguson

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## For An Act To Be Entitled

10 "AN ACT TO AMEND THE ARKANSAS RURAL MEDICAL PRACTICE  
11 STUDENT LOAN AND SCHOLARSHIP PROGRAM, ARKANSAS CODE 6-81-  
12 701; AND FOR OTHER PURPOSES."

13

## Subtitle

14  
15 "TO AMEND THE ARKANSAS RURAL MEDICAL  
16 PRACTICE STUDENT LOAN AND SCHOLARSHIP  
17 PROGRAM."

18

19 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

20

21 SECTION 1. Arkansas Code § 6-81-701 is amended to read as follows:

22 "6-81-701. Definitions.

23 For purposes of this subchapter:

24 (1) Board means the Rural Medical Practice Student Loan and  
25 Scholarship Board;

26 (2) Rural community means a community within a Health Professions  
27 Shortage Area, as determined by the board, or a community having a population  
28 of no more than fifteen thousand (15,000) persons according to the most  
29 recent federal census taken prior to the execution of the loan contract or  
30 the most recent federal census taken prior to the time the recipient of the  
31 loan or loans shall be required to practice full time in such rural community  
32 as provided in § 6-81-708;

33 (3) Primary Care Medicine means health care provided in one of the  
34 following areas of practice: family medicine, general internal medicine,  
35 general internal medicine/pediatrics, general pediatrics and general

1 obstetrics/gynecology."

2

3 SECTION 2. Arkansas Code § 6-81-701 is amended to read as follows:

4 "6-81-702. Rural Medical Practice Student Loan and Scholarship Board.

5 (a) There is established the Arkansas Rural Medical Practice Student  
6 Loan and Scholarship Board to be composed of the Dean of the College of  
7 Medicine of the University of Arkansas as chairman; the President of the  
8 Arkansas Medical Association as vice-chairman; the Chancellor for Health  
9 Sciences of the University of Arkansas; one (1) representative of the College  
10 of Medicine, University of Arkansas, named by the dean of that school; and  
11 two (2) physicians named by the President of the Arkansas Medical  
12 Association. Vacancies shall be filled in similar manner.

13 (b) The board shall:

14 (1) Promulgate reasonable rules and regulations as may be  
15 necessary to execute the provisions of this subchapter, including regulations  
16 addressing the requirements for a Health Professions Shortage Area and the  
17 requirements to become a qualified rural community eligible to participate in  
18 the Community Match Loan and Scholarship Program;

19 (2) Prescribe forms for and regulate the submission of  
20 applications for financial assistance;

21 (3) Determine eligibility of applicants;

22 (4) Allow or disallow applications for financial assistance;

23 (5) Contract, increase, decrease, terminate, and otherwise  
24 regulate all grants for this purpose and receipt for their repayment, and  
25 convert loans to scholarships;

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

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

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

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

33 (c)(1) The members of the board shall be reimbursed their necessary  
34 travel expenses when in attendance at meetings of the board or otherwise  
35 incurred in the execution of their duties, pursuant to the state travel

1 regulations.

2           (2) In addition, those members of the board who are not state  
3 employees shall receive per diem of fifty dollars (\$50.00) for each day  
4 engaged in duties as board members."

5

6           SECTION 3. Arkansas Code § 6-81-706 is amended to read as follows:

7           "6-81-706. Medical students - Eligibility for initial and renewal  
8 loans.

9           (a) The board may make rural medical practice loans to the applicant,  
10 each rural medical practice loan being expressly made subject to the  
11 provisions of §§ 6-81-708(c) and 6-81-710, if it finds that:

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

13           (2) The applicant has been accepted for admission to, or is  
14 enrolled in good standing in, the College of Medicine of the University of  
15 Arkansas, in studies leading to the degree of Doctor of Medicine;

16           (3) The applicant, beginning with the 1995-96 school year, is  
17 enrolled in a medically underserved and rural practice curriculum;

18           (4) The applicant needs financial assistance to complete his  
19 medical studies;

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

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

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

31           (1) The applicant has completed successfully the medical studies  
32 of the preceding academic year and remains in good standing as an enrolled  
33 student in the College of Medicine of the University of Arkansas for Medical  
34 Sciences;

35           (2) That, beginning with the 1995-96 school year, the applicant

1 is enrolled or participating in a medically underserved and rural practice  
2 curriculum;

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

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

6

7 SECTION 4. Arkansas Code § 6-81-708(d) and (e) are amended to read as  
8 follows:

9 "(d) Each applicant to whom a rural medical practice loan or loans  
10 shall be granted by the board after May 1, 1991, shall execute a written loan  
11 contract which shall incorporate the following obligations and conditions:

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

19 (B) For each continuous whole calendar year of medical  
20 practice in accordance with subdivision (d)(1)(A) of this section, the board  
21 shall cancel, by converting to a scholarship grant, the full amount of one  
22 year's loan plus accrued interest.

23 (2)(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

1 and payable in full at the earliest to occur of the following events:

2 (i) Failure, beginning with the 1995-96 school year,  
3 to remain enrolled in a medically underserved and rural practice curriculum;

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

7 (iii) Failure to complete internship;

8 (iv) Failure to practice medicine on a regularly  
9 sustained basis while residing in a rural community in Arkansas, as defined  
10 in § 6-81-701, provided however, that the board may waive the residency  
11 requirement on a case-by-case basis; and

12 (v) Failure to establish such practice within six (6)  
13 months unless otherwise deferred by approval of the board, following either  
14 internship or three (3) additional years of medical education continuously  
15 beyond his or her internship where approved by the board.

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

18 (e) The board may amend agreements entered into with any student who  
19 is currently enrolled as a medical student or an intern or resident who has  
20 not completed his or her postdoctoral training as approved by the board  
21 pursuant to § 6-81-701 et seq."

22

23 SECTION 5. Arkansas Code § 6-81-710 is amended to read as follows:

24 "6-81-710. Medical students - Funding of loans.

25 (a) All payments for loans under this subchapter shall be made on  
26 requisitions signed by the chairman of the board drawn against the funds held  
27 for the purpose of this subchapter. These funds, consisting of state  
28 appropriations so designated, revolving amounts received from repayment of  
29 loans and interest, and all funds and property, and income therefrom,  
30 received by the board under its authority to accept and apply gifts,  
31 bequests, and devises, shall be held in trust and disbursed by the fiscal  
32 officers of the Medical Center, University of Arkansas, for the aforesaid  
33 purposes.

34 (b) When collected, damages awarded pursuant to Arkansas Code §§ 6-81-  
35 716, 6-81-717 and 6-81-718 shall be held in trust for the use of the Rural

1 Medical Practice Student Loan and Scholarship Program and the Community Match  
2 Student Loan and Scholarship Program and disbursed by the fiscal officer of  
3 the Medical Center, University of Arkansas pursuant to this subchapter."  
4

5 SECTION 6. Subchapter 7 of Chapter 81 of Title 6 is amended by adding  
6 the following sections:

7 "6-81-715. Medical Students - Community Match Contract - Eligibility  
8 for initial and renewal loans.

9 (a) The board shall administer the Community Match Loan and  
10 Scholarship Program. Interested rural communities may apply to the board to  
11 participate in the Community Match Loan and Scholarship Program as a  
12 qualified rural community. The board shall approve a designated  
13 representative or representatives of the qualified rural community to assist  
14 the board in matters relating to any community match contracts entered into  
15 by the board and the qualified rural community.

16 (b) The board, in conjunction with a qualified rural community, may  
17 make community match loans to applicants, each loan being expressly made  
18 subject to the provisions of 6-81-716, 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, in studies leading to the degree of Doctor of Medicine;

23 (3) The applicant, beginning with the 1995-96 school year, is  
24 enrolled in a medically underserved and rural practice curriculum;

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

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) 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 additional amounts, not to exceed the maximum amounts specified in  
35 Arkansas Code Annotated 6-81-716, but all subsequent loans shall be granted

1 only upon application by the recipient and a finding by the board that:

2           (1) The applicant has completed successfully the medical studies  
3 of the preceding academic year and remains in good standing as an enrolled  
4 student in the College of Medicine of the University of Arkansas for Medical  
5 Sciences;

6           (2) That, beginning with the 1995-96 school year, the applicant  
7 is enrolled or participating in a medically underserved and rural practice  
8 curriculum; and

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

10          6-81-716. Medical Students - Community Match Contract - Obligations  
11 and Conditions.

12          (a) The maximum amount of each community match loan shall not exceed  
13 sixteen thousand five hundred dollars (\$16,500) per academic year. The board  
14 shall provide one-half (1/2) of the community match loan, and the qualified  
15 rural community shall provide the other one-half (1/2) of the loan; provided,  
16 however, that in the event the board does not have sufficient funds to match  
17 the community's portion of the loan, nothing shall preclude a qualified rural  
18 community from providing the total loan amount.

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

21                 (2) The community match contract shall be approved by the  
22 Attorney General of the State of Arkansas and shall be signed by the chairman  
23 of the board, the vice-chairman of the board, the designated representative  
24 or representatives of the qualified rural community and the applicant.

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

28                 (1)(A) The recipient of a community match loan or loans shall  
29 bindingly contract that upon completion of his or her medical internship of  
30 one (1) year undertaken immediately following the earning of the degree of  
31 Doctor of Medicine, or upon completion of three (3) additional years of  
32 medical training beyond the internship, if the training has been approved in  
33 advance by the board, he or she shall practice primary care medicine  
34 full-time in the contracting qualified rural community.

35                 (B) For each continuous whole calendar year of primary

1 care medical practice in accordance with subdivision (c)(1)(A) of this  
2 section, the board and the qualified rural community shall cancel, by  
3 converting to a scholarship grant, the full amount of one year's loan plus  
4 accrued interest.

5           (2)(A) In the event that any loan recipient withdraws from the  
6 Community Match Loan and Scholarship Program while enrolled as a medical  
7 student at the College of Medicine, the recipient shall be obligated to repay  
8 the community match loan or loans received, together with interest thereon,  
9 at the maximum rate allowed by Arkansas law, or the federal discount rate  
10 plus five percent (5%) per annum, whichever is the lesser, the interest to  
11 accrue from the date each payment of funds was received by the recipient.

12           (B) Repayment of principal, with interest, under  
13 subdivision (c)(2) shall be due and payable in full at the earliest to occur  
14 of the following events:

15                   (i) Failure, beginning with the 1995-96 school year,  
16 to remain enrolled in the medically underserved and rural practice  
17 curriculum; or

18                   (ii) withdrawal from the Community Match Loan and  
19 Scholarship Program; or

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

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

32           (B) Repayment of principal, with interest and *liquidated*  
33 *damages*, under subdivision (c)(3) shall be due and payable in full at the  
34 earliest to occur of the following events:

35                   (i) Failure to complete internship;

1 (ii) Failure to practice primary care medicine on a  
2 regularly sustained basis while residing in the contracting qualified rural  
3 community in Arkansas, provided however, that the board, in conjunction with  
4 the qualified rural community, may waive the residency requirement on a  
5 case-by-case basis; and

6 (iii) *Failure to establish a primary care practice*  
7 *within six (6) months, unless otherwise deferred by approval of the board,*  
8 *following either internship or three (3) additional years of medical*  
9 *education continuously beyond his or her internship where approved by the*  
10 *board.*

11 (C) *In addition, because of the hardship placed upon the*  
12 *rural community as a result of a breach of contract by the loan recipient and*  
13 *the difficulty in ascertaining or determining damages arising out of a breach*  
14 *of contract by the loan recipient, the loan contract shall provide for*  
15 *liquidated damages in an amount equal to fifty percent (50%) of the principal*  
16 *of the loan which shall not preclude the board and the qualified rural*  
17 *community from asserting other legal rights as a result of the breach of*  
18 *contract.*

19 (4) No interest shall accrue, nor obligation to repay the  
20 principal sums accrued during any one (1) period of time that the recipient  
21 involuntarily serves on active duty in the United States armed forces.

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

24 6-81-717. Medical School Alternates - Community Match Loan.

25 (a)(1) *If an alternate on the waiting list for acceptance to the*  
26 *College of Medicine enters into a community match contract conditioned only*  
27 *upon the applicant being accepted for admission to the College of Medicine*  
28 *and otherwise meets the requirements of 6-81-715, the applicant shall be*  
29 *moved to the top of the waiting list upon entering into the contract;*  
30 *provided however, if two or more alternates enter into a community match*  
31 *contract as between or among them their priority for admission shall be*  
32 *determined according to their ranking on the waiting list as alternates.*

33 (2) The College of Medicine shall make available on the  
34 alternate list as many positions as necessary for alternates who enter into  
35 community match contracts.

1 (b) Each community match contract made with an alternate shall be  
2 subject to the provisions of 6-81-716, except that if the alternate is  
3 admitted to the College of Medicine under the Community Match Loan and  
4 Scholarship Program and the individual breaches his or her contract by  
5 withdrawing from the program during medical school or by failing to engage in  
6 the practice of primary care medicine in the contracting qualified rural  
7 community in accordance with the terms of his or her loan contract in order  
8 to have the loan contract recognized as a scholarship, damages shall include  
9 an amount equal to one hundred percent (100%) of the loan amount and other  
10 unspecified damages with the minimum amount of damages being equal to the  
11 difference between resident and out-of-state tuition at the College of  
12 Medicine for four (4) years of medical school but no less than twenty-five  
13 thousand dollars (\$25,000).

14 (c) The College of Medicine shall meet the requirements set forth at  
15 6-64-406 for allocation of enrollment positions for medical students among  
16 congressional districts before accepting for admission an alternate who has  
17 entered into a community match contract with the board and a qualified rural  
18 community.

19 6-81-718. Medical School Alternates - Rural Medical Practice Loans.

20 (a)(1) If an alternate on the waiting list for acceptance to the  
21 College of Medicine demonstrates a willingness to enter into a rural medical  
22 practice loan contract and meets the requirements of 6-81-706, the applicant  
23 shall be moved to the top of the waiting list to a position just below  
24 alternates entering into community match contracts upon entering into a rural  
25 medical practice loan contract. *The priority on the waiting list for those*  
26 *alternates who enter into a rural medical practice loan contract shall be*  
27 *determined by the date and time such alternate enters into the rural medical*  
28 *practice loan contract.*

29 (2) The College of Medicine shall designate up to ten (10)  
30 positions on the alternate list per year for alternates who enter into rural  
31 medical practice loan contracts.

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

34 (1) *An alternate entering a rural medical practice loan contract*  
35 *shall be guaranteed participation in the program for four (4) years of*

1 *medical school provided that he or she continues to meet the eligibility*  
2 *requirements for renewal of a loan set forth in 6-81-706(b).*

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

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

15           (c) The College of Medicine shall meet the requirements set forth at  
16 6-64-406 for allocation of enrollment positions for medical students among  
17 congressional districts before accepting for admission an alternate who has  
18 entered into a rural medical practice loan contract with the board."  
19

20           SECTION 7. All provisions of this act of a general and permanent  
21 nature are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas  
22 Code Revision Commission shall incorporate the same in the Code.  
23

24           SECTION 8. If any provision of this act or the application thereof to  
25 any person or circumstance is held invalid, such invalidity shall not affect  
26 other provisions or applications of the act which can be given effect without  
27 the invalid provision or application, and to this end the provisions of this  
28 act are declared to be severable.  
29

30           SECTION 9. All laws and parts of laws in conflict with this act are  
31 hereby repealed.  
32

33           SECTION 10. EMERGENCY. It is hereby found and determined by the  
34 Eightieth General Assembly that there is a pressing and immediate need for  
35 additional physicians in rural areas of Arkansas; that this act has as its

1 purposes the furnishing of financial assistance to medical students attending  
2 the University of Arkansas College of Medicine who have the interest and  
3 desire to engage in rural community practice in Arkansas and will so obligate  
4 themselves. Therefore, an emergency is hereby declared to exist and this act  
5 being necessary for the immediate preservation of the public peace, health  
6 and safety shall be in full force and effect from and after its passage and  
7 approval.

8 */s/Rep. Flanagan, et al*

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