

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

# A Bill

HOUSE BILL 1324

5 By: Representative D. Johnson  
6  
7

## For An Act To Be Entitled

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

## Subtitle

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

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

24 SECTION 1. Arkansas Code § 6-81-701 and 702 are amended to read as  
25 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) “Full-time practice of medicine” means practicing forty (40)  
4 hours in any seven-day period or eighty (80) hours in any fourteen-day  
5 period;

6 (4) “Medically underserved” means an area that the board  
7 determines to have unmet needs for medical services due to factors including  
8 without limitation:

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

10 (B) The infant mortality rate;

11 (C) The percentage of:

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

14 (ii) Resident individuals sixty (60) years of age  
15 and older;

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

17 (D) Accessibility within the area to primary care  
18 manpower; and

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

21 (5) “Qualified rural community” means an area reasonably  
22 determined by the board to be medically underserved; and

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

30

31 6-81-702. Arkansas Rural Medical Practice Student Loan and Scholarship  
32 Board.

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

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

1 (B) The President of the Arkansas Medical ~~Association~~  
2 Society as vice chair;

3 (C) The Chancellor for Health Sciences of the University  
4 of Arkansas for Medical Sciences;

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

8 (E) Two (2) physicians named by the President of the  
9 Arkansas Medical ~~Association~~ Society.

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 addressing the requirements and in conformance with the requirements of the  
15 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; and

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

22 (2) Prescribe forms for and regulate the submission of  
23 applications for financial assistance;

24 (3) Determine eligibility of applicants;

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

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

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

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

33 (8) Sue on behalf of itself and the rural community in Pulaski  
34 County Circuit Court, and be sued as the board in the Pulaski County Circuit  
35 Court by any person who has been granted a loan by the board; and

36 (9) Accept moneys from federal programs which may be used for

1 furtherance of the purposes of this subchapter.

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

4  
 5 SECTION 2. Arkansas Code §§ 6-81-708 through 6-81-710 are amended to  
 6 read as follows:

7 6-81-708. ~~Medical students~~—Loan contracts — Rural Medical Practice  
 8 Loans — Obligations and conditions.

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

12 (b) The contract shall be approved by the Attorney General and shall  
 13 be signed by the chair of the board, countersigned by the vice chair, and  
 14 signed by the applicant.

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

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

20 (1)(A) The recipient of a rural medical practice loan or loans  
 21 shall bindingly contract that he or she shall practice medicine full time in  
 22 a qualified rural community upon completion of:

23 (i) His or her medical internship of one (1) year  
 24 undertaken immediately following the earning of the degree of Doctor of  
 25 Medicine; ~~or~~

26 (ii) Four (4) additional years of medical training  
 27 beyond the internship if the training has been approved in advance by the  
 28 board and includes practice experience in a rural community or if approved  
 29 under subsection (c)(2) of this section, he or she shall practice a  
 30 designated specialty in a rural community; ~~or~~

31 (iii) At the request of the recipient of a rural  
 32 medical practice loan, the board shall approve the recipient's request to  
 33 practice in more than one (1) qualified rural community to meet his or her  
 34 obligation to practice full time if the board determines, on guidelines  
 35 established by the board, that the physician need in the rural communities  
 36 cannot sustain a full time medical practice.

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

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

11 (2)(A) A rural medical practice loan recipient who has  
 12 successfully completed three (3) years of medical school at the University of  
 13 Arkansas for Medical Sciences may seek approval from the board to practice  
 14 medicine in a rural community in a specialty other than primary care.

15 (B) The board may approve the recipient's request to  
 16 practice medicine in a rural community in a specialty other than primary care  
 17 if:

18 (i) A qualified rural community determines that the  
 19 requested specialty meets the needs of the community;

20 (ii) The rural medical practice contract is amended  
 21 to recite:

22 (a) The recipient's obligation to practice the  
 23 designated specialty in the qualified rural community; and

24 (b) If the recipient fails to complete the  
 25 training program and all other qualifications for the designated specialty,  
 26 the recipient is obligated to practice primary care in the qualified rural  
 27 community; and

28 (iii) The remaining terms of the rural medical  
 29 practice contract are amended to be consistent with the changes in the  
 30 practice obligations of the recipient.

31 ~~(2)(A)(3)(A)~~ The recipient of a rural medical practice loan or  
 32 loans shall bindingly contract that not engaging in the practice of medicine  
 33 in accordance with the loan contract and with this section ~~shall result in~~  
 34 automatic may result in suspension of his or her license to practice medicine  
 35 in this state.

36 (B) The suspension shall be for a period of years

1 equivalent to the number of years that the recipient is obligated to practice  
 2 medicine in a rural area, ~~and the suspension shall continue until the loan,~~  
 3 ~~with interest thereon, is paid in full~~ but has not so practiced or until the  
 4 loan, with interest, as reduced by each full year of medical practice, is  
 5 paid in full.

6 ~~(3)(4)~~ (4) Any communication from the College of Medicine of the  
 7 University of Arkansas for Medical Sciences with any state medical licensing  
 8 board shall include a notation that the recipient of a rural medical practice  
 9 loan has a contract with the State of Arkansas to practice medicine in a  
 10 rural community and that breach of that contract will result ~~in automatic~~ may  
 11 result in suspension of the recipient's Arkansas medical license.

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

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

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

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

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

31 (iii) Failure to complete internship;

32 (iv)~~(a)~~ Failure to engage in the full-time practice  
 33 of medicine on a regularly sustained basis while residing in a rural  
 34 community in Arkansas as defined in § 6-81-701~~r~~; and

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

1 (v) Failure to establish such a practice within six (6)  
 2 months following either internship or four (4) additional years of medical  
 3 education that include practice experience in a rural community, or a  
 4 designated specialty in accordance with subsection (c)(2) of this section,  
 5 beyond his or her internship where approved by the board.

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

8 (6) Nothing stated in this subdivision (c) shall be construed to  
 9 prohibit the board from considering and entering into a negotiated settlement  
 10 with the rural medical practice loan recipient involving the license  
 11 suspension and the terms of repayment of the loans.

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

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

20 (2)(A) If the dean, as chair of the board, ~~and the Director of~~  
 21 ~~the Department of Health agree~~ determines that exigent circumstances warrant  
 22 a waiver, the loan recipient shall be notified in writing that his or her  
 23 license to practice medicine shall ~~be automatically reinstated~~ not be  
 24 suspended.

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

27  
 28 6-81-709. Medical students – Disability of minority.

29 ~~The~~ If the Arkansas Rural Medical Practice Student Loan and Scholarship  
 30 Board notifies the applicant in writing of the right to have an attorney  
 31 review the loan contract, the disability of minority of all applicants  
 32 granted loans under this subchapter to contract is removed for the purpose of  
 33 this subchapter.

34  
 35 6-81-710. Medical students – Funding of loans.

36 (a)~~(1)~~ All payments for loans under this subchapter shall be made on

1 requisitions signed by the Chair of the Arkansas Rural Medical Practice  
 2 Student Loan and Scholarship Board drawn against the funds held for the  
 3 purpose of this subchapter.

4 ~~(2)(b)~~ These funds, consisting of state appropriations so designated,  
 5 revolving amounts received from repayment of loans and interest, and all  
 6 funds and property, and income therefrom, received by the board under its  
 7 authority to accept and apply gifts, bequests, and devises shall be held in  
 8 trust and disbursed by the fiscal officers of the University of Arkansas for  
 9 Medical Sciences for the aforesaid purposes.

10 ~~(b) When collected, damages awarded pursuant to §§ 6-81-716—6-81-718~~  
 11 ~~shall be held in trust for the use of the Arkansas Rural Medical Practice~~  
 12 ~~Student Loan and Scholarship Program and the Community Match Loan and~~  
 13 ~~Scholarship Program and disbursed by the fiscal officer of the University of~~  
 14 ~~Arkansas for Medical Sciences pursuant to this subchapter.~~

15  
 16 SECTION 3. Arkansas Code § 6-81-714 is amended to read as follows:  
 17 6-81-714. Appeals.

18 (a)(1) Any applicant for a loan issued by the Arkansas Rural Medical  
 19 Practice Student Loan and Scholarship Board and any person who has been  
 20 granted a loan by the board may appeal any decision or action relating to the  
 21 application for a loan or relating to a loan granted by the board.

22 (2) An appeal from any decision or action of the board or of the  
 23 Director of Student Aid of the University of Arkansas for Medical Sciences  
 24 may be made at any time to the President of the University of Arkansas,  
 25 except that the president may designate the General Counsel for the  
 26 University of Arkansas to serve as the officer to hear such appeals.

27 (b)(1) Appeals conducted under this chapter, including notice and an  
 28 opportunity for a hearing, shall conform to §§ 25-15-208 to 25-15-214, and  
 29 rules of the Arkansas Rural Medical Practice Student Loan and Scholarship  
 30 Board shall be promulgated under the Arkansas Administrative Procedure Act, §  
 31 25-15-201 et seq.

32 (2) The decision of the President of the University of Arkansas  
 33 shall be the final agency action as provided by the Arkansas Administrative  
 34 Procedure Act, §§ 25-15-210 and 25-15-212.

35  
 36 SECTION 4. Arkansas Code §§ 6-81-715 through 6-81-718 are repealed.



1           ~~6-81-715. Medical students—Community match contract—Eligibility for~~  
 2 ~~initial and renewal loans.~~

3           ~~(a)(1) The Arkansas Rural Medical Practice Student Loan and~~  
 4 ~~Scholarship Board shall administer the Community Match Loan and Scholarship~~  
 5 ~~Program.~~

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

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

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

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

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

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

22           ~~(4) The applicant desires to practice primary care medicine in~~  
 23 ~~the qualified rural community;~~

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

26           ~~(6) The designated representative or representatives of the~~  
 27 ~~qualified rural community approve the applicant.~~

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

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

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

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

4  
 5           ~~6-81-716. Medical students — Community match contract — Obligations and~~  
 6 ~~conditions.~~

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

9           ~~(2)(A) The Arkansas Rural Medical Practice Student Loan and~~  
 10 ~~Scholarship Board shall provide one half (1/2) of the community match loan,~~  
 11 ~~and the qualified rural community shall provide the other one half (1/2) of~~  
 12 ~~the loan.~~

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

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

19           ~~(2) The community match contract shall be approved by the~~  
 20 ~~Attorney General and shall be signed by the chair of the board, the vice~~  
 21 ~~chair of the board, the designated representative or representatives of the~~  
 22 ~~qualified rural community, and the applicant.~~

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

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

35           ~~(B) For each continuous whole calendar year of primary~~  
 36 ~~care medical practice in accordance with subdivision (c)(1)(A) of this~~

~~section or for each continuous whole calendar year of a designated specialty approved under subsection (d) of this section, the board and the qualified rural community shall cancel, by converting to a scholarship grant, the full amount of one (1) year's loan plus accrued interest;~~

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

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

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

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

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

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

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

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

~~(ii) Failure to practice primary care medicine on a regularly sustained basis while residing in the contracting qualified rural~~

1 community in Arkansas. However, the board, in conjunction with the qualified  
 2 rural community, may waive the residency requirement on a case-by-case basis  
 3 or may waive the primary care practice requirement as provided in subsection  
 4 ~~(d) of this section; and~~

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

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

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

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

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

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

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

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

36 ~~(i) The recipient's obligation to practice the~~

1 ~~designated specialty in the qualified rural community; and~~

2 ~~(ii) If the recipient fails to complete the training~~  
 3 ~~program and all other qualifications for the designated specialty, the~~  
 4 ~~recipient's obligation to practice primary care in the qualified rural~~  
 5 ~~community; and~~

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

9  
 10 ~~6-81-717. Medical school alternates — Community match loan.~~

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

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

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

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

29 ~~(c) Each community match contract made with an alternate shall be~~  
 30 ~~subject to the provisions of § 6-81-716, except that, if the alternate is~~  
 31 ~~admitted to the college under the Community Match Loan and Scholarship~~  
 32 ~~Program and the individual breaches his or her contract by withdrawing from~~  
 33 ~~the program during medical school or by failing to engage in the practice of~~  
 34 ~~primary care medicine in the contracting qualified rural community in~~  
 35 ~~accordance with the terms of his or her loan contract in order to have the~~  
 36 ~~loan contract recognized as a scholarship, damages shall include an amount~~

1 equal to one hundred percent (100%) of the loan amount and other unspecified  
 2 damages, with the minimum amount of damages being equal to the difference  
 3 between resident and out-of-state tuition at the college for four (4) years  
 4 of medical school, but no less than twenty-five thousand dollars (\$25,000).  
 5

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

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

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

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

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

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

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

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

34 ~~(3)—If the alternate is admitted to the college under the~~  
 35 ~~Arkansas Rural Medical Practice Student Loan and Scholarship Program and the~~  
 36 ~~individual breaches his or her contract by withdrawing from the program~~

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

8  
 9 SECTION 5. Arkansas Code Title 6, Chapter 81, Subchapter 7 is amended  
 10 to add an additional section to read as follows:

11 6-81-720. Retroactive application.

12 The General Assembly expressly intends that §§ 6-81-701(3), 6-81-  
 13 702(8), 6-81-708, 6-81-710, 6-81-714, 6-81-716(c)(3)(C), 6-81-717(c), and 6-  
 14 81-718(c)(3) shall apply retroactively to loan recipients under Title 6,  
 15 Chapter 81, subchapter 7, having completed their residencies or approved  
 16 fellowship training on or before the effective date of this act.

17  
 18 SECTION 6. Arkansas Code § 17-95-409(b), concerning grounds for the  
 19 suspension of a physician's license, is amended to read as follows:

20 (b)(1)(A)(i) The board ~~shall~~ may suspend an existing license in the  
 21 event the holder breached a contract to practice medicine in a rural  
 22 community that was entered into under the provisions of ~~§ 6-81-701 et seq §§~~  
 23 6-81-706 – 6-81-708.

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

26 (B) The suspension shall be for a period of years  
 27 equivalent to the number of years that the recipient is obligated to practice  
 28 medicine in a rural area, ~~and the suspension shall continue until the loan,~~  
 29 ~~with interest thereon~~ but has not so practiced or until the loan, with  
 30 interest, as reduced by each full year of medical practice, is paid in full.

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

35  
 36 SECTION 7. EMERGENCY CLAUSE. It is found and determined by the

1 General Assembly of the State of Arkansas that this act will bring parity to  
2 rural communities competing for physician practitioners wherein many  
3 communities do not have the financial resources to contribute to the  
4 community match program, yet have unmet needs for physician services that may  
5 or may not be full time; that this act will protect young medical school  
6 applicants, many of whom are the first college graduates in their families,  
7 who may enter into significant contractual obligations without a fair  
8 understanding of their commitments and obligations, and the consequences of  
9 failing to meet those obligations; that this act provides an opportunity for  
10 a fair hearing should the Arkansas Rural Medical Practice Student and  
11 Scholarship Board declare the loan recipient in breach of contract; that this  
12 act provides the Arkansas Rural Medical Practice Student and Scholarship  
13 Board with flexibility in working with a medical practice loan recipient when  
14 unforeseen circumstances occur that may impair the student's ability to  
15 perform his or her contractual obligations; that some rural communities  
16 participating in the community match program offer medical students financial  
17 and other resource inducements orally, but later repudiate the promises,  
18 causing loan recipients obligated to those communities immediate and  
19 irreparable harm when they have thousands of dollars in outstanding medical  
20 training debt and no money in the bank, and yet, are expected to procure  
21 housing; and open, furnish, equip, and staff a full-time medical office, all  
22 with no assurance that there will be patients sufficient to pay the practice  
23 overhead, let alone an income; that medical students apply for the community  
24 match contracts in preference over the rural medical practice contracts to  
25 avoid the contractual and statutory medical license suspension penalty in the  
26 event of breach of the rural medical practice contract; that in practice the  
27 University of Arkansas has read the law to apply the authority to suspend  
28 licenses to both the Rural Medical Practice Program and the Community Match  
29 Program; that this reading has placed many Community Match Loan recipients in  
30 the unfortunate position of facing lawsuits or the suspension of their  
31 medical licenses for up to four (4) years, that when the Arkansas Rural  
32 Medical Practice Student and Scholarship Board declares a loan recipient in  
33 breach of contract, the recipient has been afforded no opportunity for a fair  
34 hearing; that this act will clarify that the suspension of medical license in  
35 § 17-95-409(b)(1)(A) applies only to license holders who have breached a  
36 contract to practice medicine in a rural community if the contact was entered



1 into under the provisions of §§ 6-81-706 – 6-81-708; and that this act is  
2 immediately necessary to avoid immediate and irreparable harm to loan  
3 recipients who have been denied due process and who are currently facing  
4 suspension of their licenses for breaches of contracts entered into under the  
5 provisions of §§ 6-81-715 – 6-81-716. Therefore, an emergency is declared to  
6 exist and this act being necessary for the preservation of the public peace,  
7 health, and safety shall become effective on:

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

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

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

14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31  
32  
33  
34  
35  
36