

State of Arkansas
92nd General Assembly
Regular Session, 2019

A Bill

HOUSE BILL 1841

By: Representative L. Johnson

By: Senator M. Pitsch

For An Act To Be Entitled

AN ACT TO CREATE THE OSTEOPATHIC RURAL MEDICAL PRACTICE STUDENT LOAN AND SCHOLARSHIP; TO CREATE THE OSTEOPATHIC RURAL MEDICAL PRACTICE STUDENT LOAN AND SCHOLARSHIP BOARD; TO DECLARE AN EMERGENCY; AND FOR OTHER PURPOSES.

Subtitle

TO CREATE THE OSTEOPATHIC RURAL MEDICAL PRACTICE STUDENT LOAN AND SCHOLARSHIP; TO CREATE THE OSTEOPATHIC RURAL MEDICAL PRACTICE STUDENT LOAN AND SCHOLARSHIP BOARD; AND TO DECLARE AN EMERGENCY.

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

SECTION 1. Arkansas Code Title 6, Chapter 81, is amended to add an additional subchapter to read as follows:

Subchapter 18 – Osteopathic Rural Medical Practice Student Loans and Scholarships

6-81-1801. Creation.

There is established within the Department of Higher Education the Osteopathic Rural Medical Practice Student Loan and Scholarship fund to be administered by the Osteopathic Rural Medical Practice Student Loan and Scholarship Board.



6-81-1802. Definitions.As used in this subchapter:

(1) "Medically underserved" means an area in Arkansas that the Osteopathic Rural Medical Practice Student Loan and Scholarship Board determines has unmet needs for medical services due to factors, including without limitation:

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

(B) The infant mortality rate;

(C) The percentage of:

(i) Population with incomes below the federal poverty level, as it existed on January 1, 2019;

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

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

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

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

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

(A) Family medicine;

(B) General internal medicine;

(C) General internal medicine and pediatrics;

(D) General pediatrics;

(E) General obstetrics and gynecology;

(F) General surgery;

(G) Emergency medicine; and

(H) Geriatrics; and

(3) "Qualified rural community" means an area:

(A) With a population below twenty thousand (20,000) according to the most recent federal census;

(B) That is at least twenty (20) miles from a city or town with a population of more than twenty thousand (20,000) according to the most recent federal census; and

(C) That is reasonably determined by the board to be medically underserved.

6-81-1803. Osteopathic Rural Medical Practice Student Loan and Scholarship Board.

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

(A) One (1) representative of each medical school in Arkansas that is not the University of Arkansas for Medical Sciences;

(B) One (1) representative of the Arkansas Osteopathic Medical Association, who shall serve as vice chair;

(C) Two (2) physician members appointed by the Arkansas Osteopathic Medical Association, giving preference to physicians who have received osteopathic rural medical practice loans, community match loans, or income incentives; and

(D) Two (2) representatives appointed by the Arkansas Hospital Association, Inc.

(2) Members of the board shall:

(A) Serve a term of three (3) years; and

(B) Not serve more than two (2) consecutive terms.

(3) Except as provided under subsection (c) of this section, members of the board shall serve without compensation.

(4) Vacancies shall be filled in a similar manner as provided under subdivisions (a)(1) and (2) of this section.

(b) The board shall:

(1) Promulgate reasonable rules necessary to execute the provisions of this subchapter, including without limitation rules addressing the requirements and in conformance with the requirements of the Arkansas Administrative Procedure Act, § 25-15-201 et seq., and other appropriate state laws in promulgating and placing rules into effect:

(A) For a health professions shortage area;

(B) To become a qualified rural community eligible to participate in the Osteopathic Rural Medical Practice Student Loan and Scholarship Program under this subchapter; and

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

(2) Prescribe forms for and regulate the submission of loan

applications;

(3) Determine eligibility of applicants;

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

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

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

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

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

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

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

(d) The board shall administer the Osteopathic Rural Medical Practice Student Loan and Scholarship Program and the Community Match Rural Physician Recruitment Program.

6-81-1804. Loan applications – Medical students and medical school graduates.

(a) An individual may apply for a loan under this subchapter on forms prescribed by the Osteopathic Rural Medical Practice Student Loan and Scholarship Board if the individual is:

(1) Accepted for admission to or enrolled in good standing in a medical school in Arkansas in studies that lead to the degree of Doctor of Osteopathic Medicine; and

(2) A bona fide resident of Arkansas.

(b) A graduate of an accredited osteopathic medical school in the United States may apply for the community match income incentive program under this subchapter on forms prescribed by the board so long as the applicant satisfies the criteria set forth in § 6-81-1814.

6-81-1805. Medical students – Investigation after application.

When an osteopathic rural medical practice loan application is filed

with the Osteopathic Rural Medical Practice Student Loan and Scholarship Board, the board shall examine the application, investigate the ability, character, and qualifications of the applicant, and investigate the financial standing of the applicant or his or her parents to determine whether the applicant is in need of a loan to advance his or her medical education.

6-81-1806. Medical students – Purpose of loan.

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

6-81-1807. Medical students – Eligibility for initial and renewal loans.

(a) The Osteopathic Rural Medical Practice Student Loan and Scholarship Board may make osteopathic rural medical practice loans to the applicant, each osteopathic rural medical practice loan being expressly made subject to the provisions of § 6-81-1809(c) and § 6-81-1810, if it finds that:

- (1) The applicant is a bona fide resident of Arkansas;
- (2) The applicant has been accepted for admission to or is enrolled in good standing in studies that lead to the degree of Doctor of Osteopathic Medicine;
- (3) The applicant is enrolled in a medically underserved and rural practice curriculum;
- (4) The applicant needs financial assistance to complete his or her medical studies;
- (5) The applicant desires to practice medicine in an eligible qualified rural community; and
- (6) The applicant is a person of good moral character and one who has the talent and capacity to profit by medical studies.

(b) Subject to the availability of funds, an initial osteopathic rural medical practice loan for one (1) academic year shall be renewable annually for the number of years required to complete studies leading to the Doctor of Osteopathic Medicine degree or for additional amounts, not to exceed the

maximum amounts specified in § 6-81-1808, but all subsequent osteopathic rural medical practice loans shall be granted only upon application by the recipient and a finding by the board that:

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

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

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

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

6-81-1808. Maximum amount of loans.

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

(b)(1) The maximum amount of each community match income incentive shall not exceed eighty thousand dollars (\$80,000) or as the board otherwise shall determine payable under § 6-81-1816.

(2) The board shall provide fifty percent (50%) of the community match income incentive, and the qualified rural community shall provide the other fifty percent (50%) of the income incentive.

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

6-81-1809. Loan contracts – Osteopathic rural medical practice loans – Obligations and conditions.

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

(b) The contract shall be approved by the Attorney General and shall be signed by the Chair of the Osteopathic Rural Medical Practice Student Loan and Scholarship Board, countersigned by the Secretary of the board, and

signed by the applicant.

(c) Each applicant to whom an osteopathic rural medical practice loan or loans is granted by the board shall execute a written loan contract that incorporates the following obligations and conditions:

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

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

(ii) Four (4) additional years of medical training beyond the internship if the training has been approved in advance by the board and includes practice experience in a rural community; or

(iii) At the request of the recipient of an osteopathic rural medical practice loan, the board may approve the recipient's request to practice in more than one (1) qualified rural community to meet his or her obligation to practice full time if the board determines, based upon guidelines established by the board, that the physician need in the rural communities cannot sustain a full-time medical practice or that other compelling circumstances exist.

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

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

(2)(A) The recipient of an osteopathic rural medical practice loan or loans shall bindingly contract that not engaging in the practice of medicine in accordance with the loan contract and with this subchapter may result in suspension of his or her license to practice medicine in this state.

(B) The recipient's medical license may not be suspended

unless the recipient's contract contained a specific term that loss of license was a consequence of breach and the recipient signed a written acknowledgment of understanding that the suspension of license was explained to him or her orally as a potential consequence of breach of the contractual provisions.

(C) The suspension may be for a period of years equivalent to the number of years that the recipient is obligated to practice medicine in a rural area but has not so practiced and until the loan with interest together with any civil money penalties, as reduced by each full year of medical practice according to the terms of the loan contract, is paid in full;

(3) Any communication from a medical school in Arkansas that is not the University of Arkansas for Medical Sciences with any state medical licensing board shall include a notation that the recipient of an osteopathic rural medical practice loan has a contract with the State of Arkansas to practice medicine in a rural community and that breach of that contract may result in suspension of the recipient's Arkansas medical license;

(4)(A) In the event that any osteopathic rural medical practice loan recipient under this subchapter does not engage in the practice of medicine in accordance with the terms of this section and of his or her loan contract in order to have the loan contract recognized as a scholarship, the recipient shall remain obligated to repay the loan or loans received, together with interest 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) Neither interest nor the obligation to repay the principal sums accrued shall accrue during any one (1) period of time that the recipient involuntarily serves on active duty in the United States Armed Forces.

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

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

(ii) Failure to remain in enrollment status continuously to completion of the degree of Doctor of Osteopathic Medicine

for any reason other than temporary personal illness;

(iii) Failure to complete internship;

(iv)(a) Failure to engage in the full-time practice of medicine while residing in a qualified rural community in Arkansas as defined in § 6-81-1802.

(b) However, the board may waive the residency requirement on a case-by-case basis; and

(v) Failure to establish a practice as described under subdivision (c)(4)(C)(iv)(a) of this section within six (6) months following either internship or four (4) additional years of medical education that includes practice experience in a rural community.

(D) In the event of the death of the recipient, the entire loan amount that has not been converted to a scholarship grant pursuant to the terms of the loan contract shall be due and payable;

(5) If an alternate on the waiting list for acceptance to an osteopathic medical school in Arkansas enters into an osteopathic rural medical practice program contract conditioned only upon the applicant's being accepted for admission to the college and otherwise meets the requirements of § 6-81-1807 and if the applicant is moved to the top of the waiting list under § 6-81-1815, the alternate's contract shall contain an additional term that breach of the contract may result in civil money penalties in the amount of one hundred percent (100%) of the loan amount; and

(6) This subsection shall not prohibit the board from considering and entering into a negotiated settlement with the osteopathic rural medical practice loan recipient involving the license suspension, the amount of the civil money penalty, and the terms of repayment of the loan.

(d) The board may amend agreements entered into with any loan recipient at any time prior to full performance of the recipient's contractual obligations.

(e)(1) An osteopathic rural medical practice loan recipient may apply to an osteopathic medical school in Arkansas for a waiver of the contractual provisions set forth in subdivision (c)(2) of this section.

(2)(A) If the osteopathic medical school in Arkansas determines that exigent circumstances warrant a waiver, the loan recipient shall be notified in writing.

(B) The osteopathic medical school in Arkansas shall

immediately notify the Arkansas State Medical Board of such determination.

6-81-1810. Funding of loans.

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

(2) These funds, consisting of state appropriations so designated, revolving amounts received from repayment of loans and interest, and all funds and property and income received by the board under its authority to accept and apply gifts, bequests, and devises shall be held in trust and disbursed by the fiscal officers of a medical school in Arkansas that is not the University of Arkansas for Medical Sciences for the aforesaid purposes.

(b) Funds collected as a result of a recipient's breach of an osteopathic rural practice loan contract or community match loan contract shall be:

(1) Held in trust for the use of the Osteopathic Rural Medical Practice Student Loan and Scholarship Program and the Community Match Rural Physician Recruitment Program, or as otherwise deemed appropriate by the board in its discretion; and

(2) Disbursed by the fiscal officer of an osteopathic medical school in Arkansas under this subchapter.

6-81-1811. Annual report.

(a) The Osteopathic Rural Medical Practice Student Loan and Scholarship Board shall make an annual report to the Governor concerning the activities of the board and shall file a copy of its report with the Legislative Council.

(b)(1) The report under subsection (a) of this section shall include:

(A) The names of the recipients of the loans;

(B) The amount of each loan;

(C) An accounting of the funds granted, on hand, and expended for necessary expenses;

(D) The total amount of funds received during the year from gifts, federal grants, bequests, and devises; and

(E) The amount of loans which, during the year, become scholarships through compliance with the conditions of the loan contracts.

(2) This report shall include the names and addresses, and amount of loans to each person, of those recipients who are in default of repayment obligations.

6-81-1812. Dispute resolution – Determination of breach.

(a) Any applicant for a loan or income incentive issued by the Osteopathic Rural Medical Practice Student Loan and Scholarship Board, any person who has been granted a loan or has been granted income incentives by the board, or any party to an osteopathic rural medical practice or community match loan or income incentive may appeal any decision or action by the board relating to the application for a loan or income incentive or relating to a loan or income incentive granted by the board under the dispute resolution procedure established under this subchapter.

(b)(1) The board, under § 6-81-1803(b)(1), shall promulgate rules establishing a procedure that may be used by a loan or income incentive recipient, the board, or a qualified rural community to resolve any dispute arising out of or relating to an osteopathic rural practice or community match loan or income incentive contract, including the validity or interpretation of a contract term, contract enforcement or defenses, the occurrence of an event of default or breach, loan repayment, the assessment or imposition of contract damages or civil money penalties, or other related disputes.

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

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

(c) This subchapter does not prohibit informal disposition by stipulation, settlement, or consent.

6-81-1813. Medical school graduates – Community match contract – Eligibility.

(a)(1) The Osteopathic Rural Medical Practice Student Loan and

Scholarship Board shall administer the Community Match Rural Physician Recruitment Program.

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

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

(b) The board, in conjunction with a qualified rural community, may grant community match income incentives to applicants, each incentive being expressly made subject to § 6-81-1814, if it finds that:

(1) The applicant is a graduate of:

(A) An accredited osteopathic medical school in the United States; or

(B) A foreign medical school if the applicant:

(i) Was a resident of Arkansas and citizen of the United States prior to enrollment in the foreign medical school; and

(ii) Has been licensed by the Arkansas State Medical Board;

(2) The applicant satisfies one (1) of the following criteria:

(A) He or she is enrolled in a residency or other training program in an area of primary care medicine; or

(B) No more than two (2) years before the date of the application, he or she completed a residency or other training program in an area of primary care medicine;

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

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

6-81-1814. Medical school graduates – Community match contract – Obligations and conditions.

(a)(1) The Osteopathic Rural Medical Practice Student Loan and Scholarship Board and the qualified rural community shall enter a joint community match contract with the applicant.

(2) The form of the community match contract shall be approved

by the Attorney General and shall be signed by the Chair of the board, the Secretary of the board, the designated representative or representatives of the qualified rural community, and the applicant.

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

(1)(A) The recipient of a community match income incentive shall bindingly contract that he or she shall practice primary care medicine full time in the contracting qualified rural community for a period of four (4) years.

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

(ii) For each three-month period of full-time medical practice by the recipient, according to the terms of the community match contract, the board and the qualified rural community shall award one-fourth ($\frac{1}{4}$) of the income incentive for the year of service;

(2)(A) If any recipient does not begin or ceases the full-time practice of medicine in breach of the community match contract or otherwise breaches the community match contract, the recipient shall pay twenty thousand dollars (\$20,000) for each uncompleted full year of the four-year contract term, and any civil money penalties that apply.

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

(3) Neither interest nor the obligation to repay the principal sums accrued shall accrue during any one (1) period of time that the recipient involuntarily serves on active duty in the United States Armed Forces.

(c) Subsection (b) of this section does not prohibit the board from considering and entering into a negotiated settlement with the income incentive recipient involving the terms of repayment of amounts paid under the terms of the community match contract.

(d) Community match contracts may be amended at any time before the income incentive has been paid in full or terms and conditions of the

contract are satisfied.

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

6-81-1815. Medical school alternates – Rural medical practice loans.

(a) If an alternate on the waiting list for acceptance to an osteopathic medical school in Arkansas demonstrates a willingness to enter into an osteopathic rural medical practice loan contract and meets the requirements of § 6-81-1807, the applicant shall be moved to the top of the waiting list upon entering into an osteopathic rural medical practice loan contract.

(b) The priority on the waiting list for an alternate who enters into an osteopathic rural medical practice loan contract shall be determined by the date and time such alternate enters into the rural medical practice loan contract.

6-81-1816. Tracking loan contract compliance.

An osteopathic medical school in Arkansas shall:

(1) Track graduates who were recipients of osteopathic rural medical practice loans under this subchapter for the length of their contractual obligations; and

(2) Report to the Legislative Council by October 1 of each even-numbered year regarding the compliance of those graduates with the terms of their contracts.

6-81-1817. Osteopathic Rural Medical Practice Student Loan and Scholarship Program Administrator.

(a) There is established an Osteopathic Rural Medical Practice Student Loan and Scholarship Program Administrator.

(b) The administrator shall:

(1) Be employed by the Department of Higher Education;

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

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

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

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

(4) Prepare annual program evaluations and present the evaluations to the Osteopathic Rural Medical Practice Student Loan and Scholarship Board;

(5) Assist with preparation and submission of program reports;

(6) Attend board meetings in a nonvoting capacity; and

(7) Perform other functions assigned by the board.

SECTION 2. EMERGENCY CLAUSE. It is found and determined by the General Assembly of the State of Arkansas that, in order to carry out the requirements of this act for the next fiscal year, it is necessary that this act become effective in time for purposes of budgeting. Therefore, an emergency is declared to exist, and this act being necessary for the preservation of the public peace, health, and safety shall become effective on July 1, 2019.

APPROVED: 4/10/19