

**CHAPTER 617: HEALTH PROFESSIONS LOAN PROGRAM**

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Summary: This rule establishes the criteria to be met by students of allopathic, osteopathic and veterinary medicine or dentistry to obtain loans to defray the costs of such graduate education. These criteria are applicable to students obtaining first Program loans beginning in 2011. See Chapter 607 for the criteria applicable to Health Professions Loan Program loans obtained prior to January 1, 2011.

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**SECTION I. DEFINITIONS**

1. Certain terms used in this rule, which are defined in the Finance Authority of Maine Act, 10 M.R.S.A. § 961 and following and in 20-A M.R.S.A. Chapter 424 shall have the meanings set forth therein, unless clearly specified otherwise or unless the context clearly indicates otherwise.
2. Defined Terms
  - A. "Annual report" means a report provided annually by the Authority to the loan recipient, requiring the loan recipient to provide a current address and status of the loan recipient's professional education, training or practice and such other information the Authority deems useful or necessary for the efficient administration of the Program.
  - B. "Chief executive officer" means the chief executive officer of the Authority or a person acting under the supervisory control of the chief executive officer.
  - C. "Completion of professional education" means completion of medical, dental or veterinary school, post-graduate training and obligated public health service, and/or obligated national service, if any.
  - D. "Financial need" means the financial cost of attendance as published by the institution minus the loan recipient's expected family contribution as calculated under Title IV of the Higher Education Act of 1965, as amended.
  - E. "Health professional shortage area" means an area in Maine lacking in medical professionals as designated by the Maine Commissioner of Health and Human Services.

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- F. "Institution" or "school" means an institution or school of allopathic, osteopathic veterinary or dental education.
- G. "Insufficient veterinary services" means an insufficient number of practitioners of veterinary medicine in either a veterinary specialty or geographic area, as determined by the Maine Commissioner of Agriculture, Food and Rural Resources.
- H. "Maine resident" means a person who has been a resident of Maine for a minimum of one year at the time of matriculation at an institution for other than educational purposes. In determining whether an applicant is a Maine resident the Authority may consider (1) the secondary school the applicant attended; (2) the legal residence of the applicant's parents; (3) the location where the applicant is registered to vote, if any; (4) the jurisdiction(s) in which the applicant files income tax forms; (5) the jurisdiction where the applicant is licensed to drive, if any; (6) such other relevant documents and information as determined necessary or desirable in the opinion of the chief executive officer.
- I. "Obligated national service" means an obligation incurred for financial assistance during undergraduate or graduate education, for internship or residency training provided by the Armed Forces Services of the United States, or for compulsory national service required by an Act of Congress.
- J. "Postgraduate training" includes internships, residencies, and fellowships that fulfill the requirements for certifications/licensure by the corresponding Council/Board on Graduate Education of Allopathic Medicine, Osteopathic Medicine, Veterinary Medicine or Dentistry or the appropriate specialty.
- K. "Primary health care" means general or family practice of medicine, general internal medicine or internal medicine, general pediatrics or pediatrics, internal medicine-pediatrics, general dentistry and general obstetrics and gynecology.
- L. "Repayment period" means the period of time commencing six months following completion of professional education or upon withdrawal from school, and continuing for ten years.
- M. "Underserved group" means an underserved population group in Maine receiving insufficient primary health care or dental services as determined by the Maine Commissioner of Health and Human Services. Such a designation may be limited to a geographic area of Maine or to a specific practice location in the discretion of the Maine Commissioner of Health and Human Services.

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- N. "Underserved specialty" means a medical specialty in which there are insufficient practitioners either throughout Maine or within a designated geographic area of Maine, which may be a specific practice location, as determined by the Maine Commissioner of Health and Human Services.

### **SECTION II. ELIGIBILITY**

To be a loan recipient an applicant must:

1. Be a Maine resident.
2. Provide all financial aid information, including but not limited to filing the FAFSA, requested by the Authority prior to any deadline established by the Authority and evidence financial need for a loan.
3. Be admitted to a program of allopathic, osteopathic, veterinary medicine or dentistry at an institution of medical education that has been accredited by the appropriate accreditation agency, which program culminates in a M.D., D.O., or D.V.M. degree.
4. Be obtaining a first Program loan after January 1, 2011.

### **SECTION III. LOANS**

Loans to loan recipients also benefitting from the Doctors for Maine's Future Scholarship Program may not exceed \$10,000 annually. Loans to all other loan recipients may not exceed \$25,000 annually. All loans are limited to a total of four years. Loans may not replace any available institutional grant aid. A loan recipient may not receive loan funds which, when combined with other financial assistance, will exceed the loan recipient's unmet financial need at the institution, as certified by the institution.

### **SECTION IV. PRIORITY FOR LOANS**

Awards of loans shall be made according to the following order of priority with loan applications within each priority further prioritized to provide loans to applicants exhibiting the greatest financial need and intent to practice primary health care, or veterinary medicine in an area with insufficient veterinary services.

1. First priority for loans is for loan recipients who wish to renew loans up to three times and continue to demonstrate financial need.
2. Second priority for loans is for incoming allopathic and osteopathic students not participating in the Doctors for Maine's Future Scholarship Program.
3. Third priority for loans is for students studying dentistry, or veterinary medicine.

5. Fourth priority for loans is for incoming students participating in the Doctors for Maine's Future Scholarship Program.

**SECTION V. AGREEMENT REQUIREMENTS**

Each loan recipient must sign an agreement with the Authority including at a minimum each of the following provisions:

1. The loan recipient must provide the annual report to the Authority on forms supplied annually on or before the date indicated by the Authority as the due date.
2. Until the loan is satisfied, the loan recipient must report any change of address to the Authority within four weeks of any address change.
3. Repayment Terms
  - A. Upon compliance with all necessary procedures, the following practitioners who maintain the specified practice for at least 20 hours per week, will owe all principal plus interest on their outstanding obligations at the rate of 0% per annum:
    - (1) Primary health care physicians and general dentists practicing in a designated health professional shortage area.
    - (2) Veterinarians providing services to Maine residents with insufficient veterinary services and providing at least 20 hours per week of veterinary services to livestock.
  - B. Upon compliance with all necessary procedures, the following practitioners who maintain the specified practice for at least 20 hours per week attending to patients, will owe all principal plus interest on their outstanding obligations at the rate of 3% per annum:
    - (1) Primary health care physicians and general dentists practicing in Maine, but not in a designated health professional shortage area.
    - (2) Any physician practicing in an underserved specialty.
    - (3) Any physician providing services to a designated underserved group.
  - C. Loan recipients practicing in Maine, other than those identified in subsections 1 and 2 above, will owe all principal plus interest on their outstanding obligations at the rate of 5% per annum.

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- D. Loan recipients not practicing in Maine or who have withdrawn from professional education will owe all principal plus interest on their outstanding obligations at the rate of 8% per annum.
- E. The repayment period will begin six months following completion of professional education, or upon withdrawal from school for whatever reason. The loan recipient is responsible for notifying the Authority of such completion of professional education or withdrawal from school.
- F. Payments must be made in monthly installments on a repayment schedule established by the Authority.
- G. Interest will begin to accrue at the beginning of the repayment period. The first monthly installment will be due one month following the date determined as the beginning of the repayment period.
- H. Notwithstanding any other provision of this rule, if the loan recipient fails to return the annual report or any information requested by the Maine Department of Health and Human Services by the due date which shall be no less than 30 days after the mailing of the annual report by the Authority, the Authority may require the loan recipient to pay all principal plus interest on their outstanding obligations at the rate of 8% per annum.
- I. The Maine Department of Health and Human Services, Office of Rural Health and Primary Care or any agency or bureau succeeding to its responsibilities may require a loan recipient requesting an interest rate benefit, excluding veterinarians, to report annually the level of service provided by the loan recipient to Medicaid and Medicare patients and in public health clinics. If the Office of Rural Health and Primary Care determines that the level of service provided was not reasonable, the Authority may refuse to grant any interest rate reduction for the period of the loan.
- J. Default. If a payment is not made within 30 days following the due date the Authority may declare the loan in default and give the loan recipient 30 days to cure the default. If the loan recipient fails to cure the default after 30 days notice, the Authority may declare the entire amount due and payable including attorney's fees.
- K. Deferment.
  - (1) Deferments during the repayment period may be granted by the chief executive officer upon written request made to the chief executive officer by the loan recipient. The request must state the justification for the deferment and must include all supporting information and documentation. Deferments will be decided on a case by case basis. The decision of the chief executive officer

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shall be final. Deferments may be granted for each of the following reasons:

- (a) Temporary disability of the borrower;
  - (b) Demonstration by the loan recipient that immediate repayment of the loan will cause an undue hardship, as determined by the chief executive officer;
  - (c) Such other reasons as the chief executive officer may approve.
- (2) A deferment will not ordinarily be granted for a period greater than one year. However, upon request of the loan recipient, the chief executive officer may renew any deferment on a case-by-case basis.
  - (3) During the period of an approved deferment, simple interest will be assessed at the rate of 5%. At the conclusion of the deferment period the total outstanding balance including principal and interest shall be repaid within the years remaining in the ten year repayment period.
- L. Loan Term. Loans must be repaid over a term no greater than ten years. The term may be extended upon a finding by the chief executive officer that such an extension is necessary to assure the repayment of the loan.

## SECTION VI.

In the event that an application for a loan or request for deferment or extension is denied by the chief executive officer, the applicant shall have the right to appeal the decision of the chief executive officer to the members. An appeal of the denial of an application shall not affect the processing or priority of other applications. Notice of the appeal, together with a statement of the reasons why the decision of the chief executive officer should be reversed or modified must be given to the chief executive officer in writing within 20 days after the date the chief executive officer mailed the notice of denial to the applicant. The appeal shall be heard at a meeting of the members, and the applicant must be present to support the appeal. The appeal shall be based on the record before the chief executive officer on the date of the denial. The decision of the chief executive officer shall be final unless the members determine that the denial by the chief executive officer was arbitrary, capricious or an abuse of discretion, in which event the members may overturn or modify the decision of the chief executive officer and may direct the chief executive officer to take further action with respect to the application.

**SECTION VII.**

The chief executive officer may waive any requirement of this rule, except to the extent that the requirement is mandated by the Act, in cases where the deviation from the rule is insubstantial and is not contrary to the purposes of the Program.

**BASIS STATEMENT**

The rule implements the Health Professions Loan Program for students applying for a first Program loan beginning in 2011 in accordance with P.L. 2009, Chapter 488, which transitions the Health Professions Loan Program from forgivable loans to loans which must be repaid at varying interest rates. The rule identifies eligible applicants and sets forth maximum loan amounts for categories of applicants, standards for prioritizing applicants, and the applicable repayment interest rates for various health professions practitioners. Loans to optometry students are no longer available.

**FISCAL IMPACT NOTE:** The proposed rule will not impose any cost on municipalities or counties or have any impact on small businesses.

The rule will provide benefits to the citizens of Maine by making loans available to students of allopathic, osteopathic and veterinary medicine and dentistry which are subject to repayment at more favorable interest rates if the borrower becomes a practitioner providing certain services in Maine. The rule is not expected to have the effect of any economic benefit except to students who are able to repay their Program loans at more favorable interest rates. The rule is not expected to cause any increased costs to the State of Maine.

**AUTHORITY:** P.L. 2009, Ch. 488; 20-A M.R.S.A. Section 12107

**EFFECTIVE DATE:** January 1, 2011 (original rule)