

Chapter 612: MAINE DENTAL EDUCATION LOAN AND LOAN REPAYMENT PROGRAMS

Summary: This rule establishes the criteria to be met by students to obtain a loan to pursue dental education or by dentists to enter into an agreement with the Authority for the repayment of their dental education loans.

I. Definitions

A. 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 426 shall have the meanings set forth therein, unless clearly specified otherwise or unless the context clearly indicates otherwise.

B. Defined Terms

1. "Advisory committee" means the Advisory Committee on Dental Education established pursuant to Title 20-A MRSA §12304.
2. "Chief executive officer" means the chief executive officer of the Authority or a person acting under the supervisory control of the chief executive officer.
3. "Completion of professional education" means completion of dental school, post-graduate dental training and obligated public health service, and/or obligated national service.
4. "Dental care facility" means any health care facility that offers primary dental care as either its primary service or as part of a broader medical practice and provides patients notice that with regard to primary dental care it:
 - a. Accepts patients regardless of ability to pay through insurance or other payment source;
 - b. Accepts payment through MaineCare, or a successor program;
 - c. Reserved;
 - d. Accepts payment based on a sliding fee scale to individuals evidencing a family income up to 200% of the poverty level as established annually by the United States Department of Health and Human Services; and
 - e. Does not limit service to any individual based on the payment source.
5. "Forgiveness" means the satisfaction of all or a portion of the loan obligation by a loan recipient through an eligible practice as set forth in section III.E.3.

6. "Indebtedness" shall be equal to any amount borrowed as a direct loan for dental education, plus any interest accrued thereon.
7. "Loan recipient" means any student who incurs indebtedness from the Authority for dental education, evidenced by a Note and Loan Agreement requiring the amount of money borrowed to be repaid either through cash installment payments or through forgiveness.
8. "Maine resident" means a person who has been a resident of the State for a minimum of two years for purposes other than education at the time of the person's entry to dental school. In determining whether an applicant is a Maine resident the Authority may consider (a) the amount of time the applicant has resided in the State for other than tuition purposes; (b) the secondary school the applicant attended; (c) the legal residence of the applicant's parents, if the applicant is dependent; (d) the location where the applicant is registered to vote, if any; (e) the jurisdiction(s) in which the applicant files income tax forms; (f) the jurisdiction where the applicant is licensed to drive, if any; (g) such other relevant documents and information as determined necessary or convenient in the opinion of the chief executive officer.
9. "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.
10. "Primary dental care" means oral health services, including those provided by general practice and pediatric dentists, but excluding dental specialties (examples of specialties include without limitation: endodontics, oral and maxillofacial pathology, prosthodontics, and oral and maxillofacial radiology).
11. "Postgraduate training" includes general practice dental residencies, dental residencies and any internships or fellowships in areas of primary dental care.
12. "Repayment period" means the period of time commencing six months after completion of professional education, post-graduate training, and obligated national service required by an Act of Congress, or withdrawal from school and continuing up to ten years.
13. "Return service" means employment in a practice that qualifies the loan recipient for forgiveness of any portion of the indebtedness.
14. "Underserved population area" means a population group or geographic area in the State receiving insufficient oral health care as determined by the Commissioner of Health and Human Services and as defined in rules adopted by the Department of Health and Human Services. Such a designation may be limited to a geographic area of the State or to a specific practice location in the discretion of the Commissioner of Health and Human Services. In the absence of a determination by the Commissioner of Health and Human Services or the adoption of rules by the Department of Health and Human Services defining an underserved population area, underserved population area means an area of the

State designated by the federal government as a dental health professional shortage area.

II. Loan Repayment Program

A. Application Deadline

Applications for a loan repayment agreement must be received at the Authority on or before the applicable deadline as set by the Authority, annually. In the event that the Authority does not receive any applications prior to such deadline, it may accept applications thereafter and, notwithstanding section II.D., enter into a loan repayment agreement with the first eligible applicant.

B. Eligibility

To be eligible for a loan repayment agreement the applicant must:

1. Be eligible for licensure to practice dental medicine in the State;
2. Have qualifying outstanding education loans, including loans for dental education;
3. Have received an offer to practice at a public or private dental care facility in an underserved population area, as evidenced by a letter of intent or other written offer of employment, or by providing written intent to establish a dental care facility in an underserved population area, which may be conditioned on obtaining a loan repayment agreement from the Authority;
4. Certify that he or she will:
 - a. Accept patients regardless of ability to pay through insurance or other payment source;
 - b. Accept payment through MaineCare, or any successor program;
 - c. *[Reserved]*;
 - d. Accept payment based on a sliding fee scale to individuals evidencing a family income up to 200% of the poverty level as established annually by the United States Department of Health and Human Services; and
 - e. Not limit service to any individual based on the payment source.
5. Certify that he or she is not currently practicing under a contract with the National Health Service Corps.; and
6. *[Reserved]*.

C. **Loan Repayment Agreement**

1. A successful applicant will receive repayment of outstanding education loans at a rate of up to \$20,000 per year of service for up to four years as long as the applicant continues to serve as dentist in the site originally approved by the Authority or a substitute site in an underserved population area approved by the Authority, and provided that no individual may receive more than \$80,000 in the aggregate of loans for dental students pursuant to section III hereof and through a loan repayment agreement.
2. Payments by the Authority under the loan repayment agreement will be made directly to the holder of the education loans in two disbursements annually. The dentist must provide evidence of total outstanding education loan debt from all lending institutions and instructions for payment to a specific holder. Upon receipt by the Authority of the loan repayment agreement signed by the dentist, the first disbursement of one half of the agreed upon annual amount will be made in approximately six months if the dentist has already begun eligible employment, or approximately six months after commencement of eligible employment.. Each subsequent disbursement will be made approximately six months after the previous disbursement assuming completion of additional eligible employment.
3. The loan repayment agreement will provide that the dentist must repay amounts paid under the agreement if applied to ineligible purposes or if the recipient does not complete two years of service in the underserved population area, subject to subsection C.5.
4. A person entering into a loan repayment agreement must agree to:
 - a. Accept patients regardless of ability to pay through insurance or other payment source;
 - b. Accept payment through MaineCare, or any successor program;
 - c. *[Reserved]*;
 - d. Accept payment based on a sliding fee scale to individuals evidencing a family income of up to 200% of the poverty level as established annually by the United States Department of Health and Human Services; and
 - e. Not limit service to any individual based on the payment source.

Notwithstanding the foregoing, an individual receiving loan repayment is not required to continue providing services to an individual who, in accordance with the sliding fee policy, shows the ability to pay all or a portion of the cost of treatment, but consistently fails to make timely payments.

5. The Authority may, after consultation with the advisory committee, approve a substitute site for completion of service under a contract if the individual receiving loan repayment submits a request to the Authority, which includes:

- a. A letter from the original approved dental care facility supporting the request for a change in practice location;
 - b. An offer to practice at another public or private dental care facility in an underserved population area.
6. The loan repayment agreement may require or encourage the recipient to participate in presentations at one or more high schools in the State concerning careers in oral health care, and such other terms and conditions as the Authority deems necessary to fulfill the policy objectives of the loan repayment program.

D. Prioritization of Applicants

1. The Authority will prioritize the applications received for loan repayment with the assistance of the advisory committee. The Authority and advisory committee may consider each of the following criteria when determining which applicant(s) receive(s) a loan repayment agreement:
 - a. Access to dental care generally and for the indigent population in the underserved population area where the dentist intends to practice;
 - b. Socio-economic status of individuals in the underserved population area;
 - c. The vacancy rate of the dental care facility the dentist intends to join;
 - d. The population to dentist ratio for the underserved population area in which the dentist would practice;
 - e. The number of dentists in private practice in the underserved population area who accept MaineCare (or any successor program) patients, with consideration of the percentage of those practices that are MaineCare (or any successor program) patients and whether new or only established patients can be seen;
 - f. The percentage of the population in the underserved population area that has access to optimally fluoridated water;
 - g. The percentage of the population in the underserved population area that is 65 years old and older; and
 - h. The percentage of the population in the underserved population area that is between the ages of 0 and 5.
2. Final determinations will be made by the chief executive officer.

E. **Breach of Loan Repayment Agreement**

1. If a dentist fails to complete a full year of service the Authority may declare the loan repayment agreement to have been breached and award the loan repayment agreement to another eligible applicant.
2. In the event that the dental care facility chooses not to renew the contract of any individual receiving loan repayment, the Authority is not under any obligation to locate another dental care facility which will accept the individual. The loan repayment agreement will terminate and the Authority may offer the funds available to eligible applicants. The loan repayment recipient may reapply for loan repayment at another site.

III. **Loans for Dental Students Program**

- A. **Application deadline.** Applications for loans must be received at the Authority on or before the application deadline as set by the Authority, annually. In the event funds are available for additional loans after the Authority has considered all applications received on or before the deadline, the Authority may, in consultation with the advisory committee, consider additional applications.
- B. **Eligibility.** To receive a loan an applicant must:
1. Be a Maine resident.
 2. Provide all financial aid information 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 dentistry at an institution of medical education that has been accredited by the appropriate accreditation agency.
 4. Demonstrate, in an application essay, an interest in practicing primary dental care in an underserved population area and serving all patients regardless of ability to pay through insurance or other payment sources.
 5. Applicants agree to be interviewed if requested by the Authority.
 6. Loans may not be used as a substitute for:
 - a. *[Reserved]*;
 - b. *[Reserved]*;
 - c. Financial aid from funds of an institution;

- d. Any other financial aid available from the loan applicant's undergraduate college or university or any professional medical associations;
 - e. Loans made pursuant to Title VII of the *Federal Public Health Service Act*;
 - f. Notwithstanding the foregoing, a financial aid officer from an institution may request that loans from the Authority pursuant to this Rule substitute for any of the financial aid listed if such substitution will be in the best interests of the applicant. Such requests may be granted in the discretion of the chief executive officer. The chief executive officer's decision on any such request shall be final.
- C. **Priority for loans.** Awards of loans shall be made according to the following order of priority:
- 1. First priority for loans is for students who wish to renew loans and who continue to demonstrate financial need, with priority within this category in order of greatest financial need.
 - 2. Second priority for loans is for incoming students with intent to practice primary dental care in an underserved population area, with priority within this category in order of greatest financial need.
- D. The Authority will determine financial need in accordance with federal methodology.
- E. In no event may a student receive loan funds which when combined with other financial assistance, will exceed the student's cost of attendance at the institution.
- F. **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 an 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/Forgiveness**
 - a. Upon compliance with all necessary procedures loan recipients practicing primary dental care in an underserved population area in a dental care facility will be forgiven 25% of their original outstanding indebtedness under this section III. The loan recipient must provide evidence of such practice satisfactory to the chief executive officer.
 - b. 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 completion of professional education or withdrawal from school.

- c. Payments must be made in monthly installments on a repayment schedule established by the Authority.
- d. 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 marking the beginning of the repayment period.
- e. Loan recipients may receive partial loan forgiveness on a pro rata basis for eligible employment of at least 20 hours per week, and/or for eligible employment for less than a full calendar year. The accrual of interest will commence one month after the cessation of a practice situation allowing for forgiveness of a loan. Cash payments will be due after the cessation of a practice situation allowing for forgiveness of the loan.
- f. Loan recipients who practice in a situation which does not qualify them to receive forgiveness of their loan and later establish a practice which qualifies them to receive forgiveness during the repayment period may reduce the balance due through return service. Any monies due and payable for the time spent in the practice ineligible for forgiveness must be paid in cash and will not be forgiven for return service in Maine. Each year of return service will reduce the remaining balance including accrued interest by 25% of the total original indebtedness.
- g. The Authority may, in the discretion of the chief executive officer, refuse to credit all or any part of forgiveness of any loan if the loan recipient fails to return the annual report or any information requested by the 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 form by the Authority.

4. **Default**

- a. 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. The Authority may increase the interest rate up to an additional 5% in the event of a default.
- b. A loan recipient may be granted permission to default without penalty from an agreement to practice in an underserved population area by petitioning the Authority. The Authority may grant permission to default without penalty if the recipient provides evidence that catastrophic circumstances prohibit the recipient's practice in the underserved population area for the required period of time, and for such other reasons as may be determined by the chief executive officer on a case-by-case basis. The Authority will credit a successful petitioner with forgiveness for the number of months served. The remaining obligation must be paid in full with interest.

5. **Deferment**

- a. Deferments during the repayment period may be granted by the chief executive officer. A written request must be made to the chief executive officer requesting a deferment by a borrower. The request must state the justification for the deferment and must include all supporting documentation. Deferments will be decided on a case-by-case basis. The decision of the chief executive officer shall be final. Deferments may be granted for each of the following reasons:
 - (1) The temporary disability of the borrower;
 - (2) The borrower's temporary inability to meet the requirements necessary to obtain forgiveness of the loan, if the student evidences the intent to pursue one of the forgiveness provisions;
 - (3) The demonstration of the borrower that immediate repayment of the loan will cause an undue hardship, as determined by the chief executive officer;
 - (4) Such other reasons as the chief executive officer may approve.
- b. A deferment will not ordinarily be granted for a period greater than one year. However, upon request of the borrower, the chief executive officer may renew any deferment on a case-by-case basis.
- c. During the period of an approved deferment, simple interest will be assessed at an annual rate of interest equal to the rate of interest applicable to Federal Stafford loans at the time of the recipient's first note plus 1.5%. During deferment of loans first made after January 1, 2016, and renewals of those loans, the annual interest rate is 5%. At the conclusion of the deferment period the total outstanding balance including principal and interest shall be repaid either through return service or cash payments within the years remaining in the ten year repayment period.

6. **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.

7. **Maximum Loan Amount**

- a. Loans may not exceed \$20,000 annually. Notwithstanding the financial need of the students, the Authority may, in the discretion of the chief executive officer, provide loans of a lesser amount based on demand for loans, the actual funds available, and such other factors as the chief executive officer deems to be material. No applicant may receive an aggregate amount greater than \$80,000 of amounts received under section II and section III hereof.

- b. For the purposes of determining terms of repayment and forgiveness, all loans made under this section III shall be combined.

8. **Interest Rate**

- a. Any loan recipient who maintains a practice in the State, who devotes 75% or more of the practice to the provision of primary dental care and is not eligible for forgiveness pursuant to section III.F.3 shall owe the Authority interest at an annual rate of interest equal to the rate of interest applicable to Stafford loans at the time of the recipient's original note plus .5% per annum computed as simple annual interest. For loans first made after January 1, 2016, and renewals of those loans, the annual interest rate pursuant to this subsection shall be 3%.
- b. Any loan recipient who maintains a practice in the State, but who does not devote 75% or more of the practice to the provision of primary dental care and is not eligible for forgiveness pursuant to section III.F.3 shall owe the Authority interest at an annual rate of interest equal to the rate of interest applicable to Stafford loans at the time of the recipient's original note plus 1% per annum computed as simple annual interest. For loans first made after January 1, 2016, and renewals of those loans, the annual interest rate pursuant to this subsection shall be 5%.
- c. Any loan recipient who does not maintain a practice in the State shall owe the Authority interest at an annual rate of interest equal to the rate of interest applicable to Stafford loans at the time of the recipient's original note plus 1.5%, computed as simple annual interest. For loans first made after January 1, 2016, and renewals of those loans, the annual interest rate pursuant to this subsection shall be 8%.
- d. No interest shall accrue on the loan recipient's indebtedness while the loan recipient receives loan forgiveness.

9. **Death or Permanent Disability**

On the death of the recipient as evidenced by a certified death certificate or on the total and permanent disability of the recipient, as certified by a licensed physician, all amounts or service remaining due from the recipient will be forgiven.

IV. **Allocation of Funds**

The chief executive officer, after consultation with the advisory committee, shall announce, no later than July 30 annually, the allocation of available funds between the Loan Repayment Program and the Loans for Dental Students Program. In the event that all funds available for use in the programs have not been awarded by September 30, the chief executive officer may reallocate funds among the programs.

V. Waiver of Rule

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.

STATUTORY AUTHORITY: 20-A MRSA §12305

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EFFECTIVE DATE:

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AMENDED:

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EFFECTIVE DATE:

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AMENDED:

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