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HOUSE BILL 103

**52ND LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2016**

INTRODUCED BY

Terry H. McMillan and John L. Zimmerman

AN ACT

RELATING TO HEALTH CARE; PROVIDING FOR OSTEOPATHIC MEDICAL  
STUDENT LOANS TO STUDENTS OF A NEW MEXICO COLLEGE OF  
OSTEOPATHIC MEDICINE OR OSTEOPATHIC PHYSICIAN'S ASSISTANT  
PROGRAM IN EXCHANGE FOR SERVICE IN A HEALTH PROFESSIONAL  
SHORTAGE AREA; MAKING AN APPROPRIATION.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

**SECTION 1.** Section 21-22A-3 NMSA 1978 (being Laws 1978,  
Chapter 109, Section 3, as amended) is amended to read:

"21-22A-3. DEFINITIONS.--As used in the Osteopathic  
Medical Student Loan for Service Act:

A. [~~"commission"~~] "department" means the  
[~~commission on~~] higher education department;

B. "health professional shortage area" means an  
area in the state of New Mexico designated as having a shortage

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1 of primary care medical care, dental or mental health providers  
2 by the health resources and services administration of the  
3 United States department of health and human services;

4 [B-] C. "loan" means a grant of funds to defray the  
5 costs incidental to an osteopathic medical education, under a  
6 contract between the [commission] department and an osteopathic  
7 medical student, requiring either repayment with interest or  
8 repayment in services;

9 [G-] D. "osteopathic medical education" means the  
10 education required to be an osteopathic physician or  
11 osteopathic physician's assistant; and

12 [D-] E. "student" means [~~a resident of New Mexico~~  
13 ~~who is a student~~] a person enrolled in a school of osteopathic  
14 medicine or an osteopathic physician's assistant program in New  
15 Mexico."

16 SECTION 2. Section 21-22A-4 NMSA 1978 (being Laws 1978,  
17 Chapter 109, Section 4, as amended) is amended to read:

18 "21-22A-4. OSTEOPATHIC MEDICAL STUDENT LOANS--  
19 [COMMISSION] DEPARTMENT AUTHORIZED--QUALIFICATIONS.--

20 A. The [commission] department is authorized to  
21 grant a loan to defray the expenses of the osteopathic medical  
22 education of a student deemed qualified by the [commission]  
23 department to receive the osteopathic medical education, upon  
24 such terms and conditions as may be imposed by regulations of  
25 the [commission] department.

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1           B. The [~~commission~~] department shall only receive,  
2 pass upon and allow or disallow those applications for loans  
3 made by those students enrolled in or accepted by [~~colleges~~] a  
4 New Mexico college of osteopathic medicine or osteopathic  
5 physician's assistant [~~programs who are bona fide citizens and~~  
6 ~~residents of New Mexico and~~] program who declare their intent  
7 to practice as osteopathic physicians or osteopathic  
8 physician's assistants within designated areas of the state.

9           C. The [~~commission~~] department shall make a full  
10 and careful investigation of the ability, character and  
11 qualifications of each applicant and determine [~~his~~] the  
12 applicant's fitness to become a recipient of a student loan.  
13 The investigation of each applicant shall include an  
14 investigation of the ability of the applicant and [~~his~~] the  
15 applicant's parents or guardians to pay the applicant's  
16 expenses for an osteopathic medical education. The  
17 [~~commission~~] department shall give preference to qualified  
18 applicants who are unable, or whose parents or guardians are  
19 unable, to pay the applicant's expenses in obtaining an  
20 osteopathic medical education.

21           D. The [~~commission~~] department shall arrange for  
22 loan recipients to receive assistance in locating, planning and  
23 implementing the establishment and maintenance of a practice as  
24 an osteopathic physician or osteopathic physician's assistant  
25 in [~~designated underserved areas~~] a health professional

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1 shortage area."

2 SECTION 3. Section 21-22A-5 NMSA 1978 (being Laws 1978,  
3 Chapter 109, Section 5, as amended) is amended to read:

4 "21-22A-5. DELEGATION OF DUTIES TO OTHER STATE  
5 AGENCIES.--The [~~commission~~] department may arrange with other  
6 agencies for the performance of services required by the  
7 provisions of Section 21-22A-4 NMSA 1978."

8 SECTION 4. Section 21-22A-6 NMSA 1978 (being Laws 1978,  
9 Chapter 109, Section 6, as amended by Laws 2005, Chapter 321,  
10 Section 4 and by Laws 2005, Chapter 323, Section 2) is amended  
11 to read:

12 "21-22A-6. OSTEOPATHIC MEDICAL STUDENT LOANS--CONTRACT  
13 TERMS--REPAYMENT.--

14 A. Each applicant who is approved for a loan by the  
15 [~~commission~~] department may be granted a loan, in such amounts  
16 and for such periods as determined by the [~~commission~~]  
17 department, with which to defray expenses incurred in obtaining  
18 an osteopathic medical education at [~~any reputable and~~] an  
19 accredited osteopathic medical school in [~~the United States~~]  
20 New Mexico if the applicant files with the [~~commission~~]  
21 department a declaration of [~~his~~] intent to practice [~~his~~  
22 profession] as a licensed osteopathic physician or osteopathic  
23 physician's assistant in [~~areas of New Mexico designated as not~~  
24 being adequately served by osteopathic medical practitioners] a  
25 health professional shortage area.

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1           B. The loan shall not exceed the necessary expenses  
2 incurred while attending [~~an~~] a New Mexico osteopathic medical  
3 school or college or osteopathic physician's assistant program  
4 and shall bear interest at the rate of:

5                   (1) eighteen percent per year if the [~~student~~]  
6 loan recipient completes [~~his~~] an osteopathic medical education  
7 and no portion of the principal and interest is forgiven  
8 pursuant to Subsection F of this section; and

9                   (2) seven percent per year in all other cases.

10           C. Loans made pursuant to the Osteopathic Medical  
11 Student Loan for Service Act shall not accrue interest until  
12 the department:

13                   (1) [~~the commission~~] determines the loan  
14 recipient has terminated the recipient's osteopathic medical  
15 education prior to completion;

16                   (2) [~~the commission~~] determines the loan  
17 recipient has failed to fulfill the recipient's obligation to  
18 serve in [~~an area of New Mexico designated as not being~~  
19 ~~adequately served by osteopathic medical practitioners~~] a  
20 health professional shortage area; or

21                   (3) [~~the commission~~] cancels a contract  
22 between a [~~student~~] loan recipient and the [~~commission~~]  
23 department pursuant to Section 21-22A-9 NMSA 1978.

24           D. The loan shall be evidenced by a contract  
25 between the [~~student~~] loan recipient and the [~~commission~~]

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1 department acting on behalf of the state. The contract shall  
2 provide for the payment by the state of a stated sum covering  
3 the costs of an osteopathic medical education and shall be  
4 conditioned upon the repayment of the loan to the state over a  
5 period established by the [~~commission~~] department in  
6 consultation with the [~~student~~] loan recipient after the  
7 completion of osteopathic medical school or an osteopathic  
8 physician's assistant program and any period of internship or  
9 residency required to complete the [~~student's~~] loan recipient's  
10 education.

11 E. Loans made to [~~students~~] loan recipients who  
12 fail to complete their osteopathic medical education shall  
13 become due immediately upon termination of their osteopathic  
14 medical education. The [~~commission~~] department, in  
15 consultation with the [~~student~~] loan recipient, shall establish  
16 terms of repayment, alternate service or cancellation terms.

17 F. The contract shall provide that the [~~commission~~]  
18 department shall forgive a portion of the loan for each year  
19 that a loan recipient practices [~~his profession~~] as a licensed  
20 osteopathic physician or osteopathic physician's assistant in  
21 [~~areas approved by the commission as not being adequately~~  
22 ~~served by osteopathic medical practitioners. The loan shall be~~  
23 ~~forgiven as follows:~~

24 (1) ~~loan terms of one year shall require one~~  
25 ~~year of practice in a designated health professional shortage~~

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1 ~~area. Upon completion of service, one hundred percent of the~~  
2 ~~loan shall be forgiven;~~

3 ~~(2) loan terms of two years shall require one~~  
4 ~~year of practice in a designated health professional shortage~~  
5 ~~area for each year of the loan. Upon completion of the first~~  
6 ~~year of service, fifty percent of the loan shall be forgiven.~~  
7 ~~Upon completion of the second year of service, the remainder of~~  
8 ~~the loan shall be forgiven; and~~

9 ~~(3) for loan terms of three years or more,~~  
10 ~~forty] a health professional shortage area and shall require a~~  
11 ~~period of four years of service in exchange for the loan. Ten~~  
12 ~~percent of the loan shall be forgiven upon completion of the~~  
13 ~~first year of service [~~in a designated health professional~~~~  
14 ~~~~shortage area, thirty], twenty percent of the loan shall be~~~~  
15 ~~forgiven upon completion of the second year of service, thirty~~  
16 ~~percent of the loan shall be forgiven upon completion of the~~  
17 ~~third year of service and the remainder of the loan shall be~~  
18 ~~forgiven upon completion of the [~~third~~] fourth year of service.~~

19 G. Loan recipients shall serve a complete year in  
20 order to receive credit for that year. The minimum credit for  
21 a year shall be established by the [~~commission~~] department.

22 H. If a loan recipient completes [~~his~~] a  
23 professional education and does not [~~serve in a health~~  
24 ~~professional shortage area] meet all requirements of this~~  
25 section, the [~~commission~~] department shall assess a penalty of

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1 up to three times the principal due, plus eighteen percent  
2 interest, unless the [~~commission~~] department finds acceptable  
3 extenuating circumstances for why the [~~student cannot serve~~]  
4 requirements should be waived. If the [~~commission~~] department  
5 does not find acceptable extenuating circumstances for the  
6 [~~student's~~] loan recipient's failure to [~~carry out his declared~~  
7 ~~intent to serve in a health professional shortage area in the~~  
8 ~~state~~] meet the requirements of this section, the [~~commission~~]  
9 department shall require immediate repayment of the loan plus  
10 the amount of any interest and penalty assessed pursuant to  
11 this section.

12 I. The [~~commission~~] department shall adopt  
13 [~~regulations~~] rules to implement the provisions of this  
14 section. The [~~regulations~~] rules may provide for the repayment  
15 of osteopathic medical student loans in annual or other  
16 periodic installments."

17 SECTION 5. Section 21-22A-7 NMSA 1978 (being Laws 1978,  
18 Chapter 109, Section 7, as amended) is amended to read:

19 "21-22A-7. CONTRACTS--LEGAL ASSISTANCE--ENFORCEMENT.--The  
20 general form of the contract provided for in Section 21-22A-6  
21 NMSA 1978 shall be prepared and approved by the attorney  
22 general and signed by the [~~student~~] loan recipient and a  
23 designee of the [~~commission~~] department on behalf of the state.  
24 The [~~commission~~] department is vested with full and complete  
25 authority and power to sue in its own name for any balance due

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1 the state from any [~~student~~] loan recipient on any such  
2 contract."

3 SECTION 6. Section 21-22A-8 NMSA 1978 (being Laws 1978,  
4 Chapter 109, Section 8, as amended) is amended to read:

5 "21-22A-8. FUND CREATED--METHOD OF PAYMENT.--There is  
6 created in the state treasury the "osteopathic medical student  
7 loan for service fund". All money appropriated for loans to  
8 osteopathic medical students under the Osteopathic Medical  
9 Student Loan for Service Act shall be credited to the fund.  
10 All payments of principal and interest on loans made pursuant  
11 to that act received by the [~~commission~~] department shall be  
12 deposited with the state treasurer to the credit of the fund or  
13 shall be deposited with the [~~commission's~~] department's  
14 administrative agent. All payments of funds for loans shall be  
15 made upon vouchers signed by designated representatives of the  
16 [~~commission~~] department."

17 SECTION 7. Section 21-22A-9 NMSA 1978 (being Laws 1978,  
18 Chapter 109, Section 9, as amended) is amended to read:

19 "21-22A-9. CANCELLATION.--The [~~commission~~] department is  
20 authorized to cancel any contract made between it and any  
21 [~~student~~] loan recipient for any reasonable cause deemed  
22 sufficient by the [~~commission~~] department."

23 SECTION 8. Section 21-22A-10 NMSA 1978 (being Laws 1978,  
24 Chapter 109, Section 10, as amended) is amended to read:

25 "21-22A-10. REPORTS.--The [~~commission~~] department shall

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1 make annual reports to the governor and to the legislature,  
2 prior to each regular session, of its activities, the loans  
3 granted and the names and addresses of persons to whom loans  
4 were granted and the osteopathic medical schools or colleges or  
5 osteopathic physician's assistant programs attended by those  
6 receiving the loans, together with a list of the names and  
7 locations of practice of those ~~[students]~~ loan recipients who  
8 have completed their education and have become licensed  
9 osteopathic physicians or osteopathic physician's assistants in  
10 New Mexico as a result of a student loan pursuant to the  
11 Osteopathic Medical Student Loan for Service Act."

12 SECTION 9. APPROPRIATION.--One hundred fifty thousand  
13 dollars (\$150,000) is appropriated from the general fund to the  
14 higher education department for expenditure in fiscal year 2017  
15 and subsequent fiscal years to provide loans to osteopathic  
16 medical students pursuant to the Osteopathic Medical Student  
17 Loan for Service Act. Any unexpended or unencumbered balance  
18 remaining at the end of a fiscal year shall not revert to the  
19 general fund.

20 SECTION 10. REPEAL.--Section 21-22A-2 NMSA 1978 (being  
21 Laws 1978, Chapter 109, Section 2, as amended) is repealed.