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HOUSE BILL 295

43RD LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 1998

INTRODUCED BY

GAIL C. BEAM

FOR THE HEALTH AND WELFARE REFORM COMMITTEE

AN ACT

RELATING TO HEALTH; INCREASING THE PENALTY FOR A HEALTH
PROFESSIONAL'S FAILURE TO COMPLY WITH CERTAIN LOAN SERVICE
CONTRACTS.

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

Section 1. Section 21-22-6 NMSA 1978 (being Laws 1975,
Chapter 244, Section 6, as amended) is amended to read:

"21-22-6. MEDICAL STUDENT LOANS--CONTRACT TERMS--
REPAYMENT. --

A. Each applicant who is approved for a loan by
the commission may be granted a loan, in such amounts and for
such periods as determined by the commission, with which to
defray expenses incurred in obtaining a medical education at
any reputable and accredited medical school in the United
States if the applicant files with the commission a

Underscored material = new
[bracketed material] = delete

1 declaration of his intent to practice his profession as a
2 licensed physician or physician assistant in areas of New
3 Mexico designated as not being adequately served by medical
4 practitioners.

5 B. The loans shall not exceed the necessary
6 expenses incurred while attending a medical school or college
7 and shall bear interest at the rate of:

8 (1) eighteen percent per year if the student
9 completes his medical education and no portion of the
10 principal and interest is forgiven pursuant to Subsection E of
11 this section; and

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

14 C. The loan shall be evidenced by a contract
15 between the student and the commission acting on behalf of the
16 state. The contract shall provide for the payment by the
17 state of a stated sum covering the costs of a medical
18 education and shall be conditioned upon the repayment of the
19 loan to the state, together with interest, over a period
20 established by the commission in consultation with the student
21 after completion of medical school and any period of
22 internship or residency required to complete the student's
23 education. The contract shall further provide that
24 immediately upon completion or termination of the student's
25 medical education, all interest then accrued shall be

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1 capitalized.

2 D. Loans made to students who fail to complete
3 their medical education shall become due, together with
4 interest, immediately upon termination of their medical
5 education. The commission, in consultation with the student,
6 shall establish terms of repayment, alternate service or
7 cancellation terms.

8 E. The contract shall provide that the commission
9 shall forgive a portion of the loan principal and interest for
10 each year that a loan recipient practices his profession as a
11 licensed physician or physician assistant in areas approved by
12 the health profession advisory committee as not being
13 adequately served by medical practitioners. Loan principal
14 and interest shall be forgiven as follows:

15 (1) loan terms of one year shall require one
16 year of practice in a designated health professional shortage
17 area. Upon completion of service, one hundred percent of the
18 principal plus accrued interest shall be forgiven;

19 (2) loan terms of two years shall require one
20 year of practice in a designated health professional shortage
21 area for each year of the loan. Upon completion of the first
22 year of service, fifty percent of the principal plus accrued
23 interest shall be forgiven. Upon completion of the second
24 year of service, the remainder of the principal plus accrued
25 interest shall be forgiven; and

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1 (3) for loan terms of three years or more,
2 forty percent of the principal plus accrued interest shall be
3 forgiven upon completion of the first year of service in a
4 designated health professional shortage area, thirty percent
5 of the principal plus accrued interest shall be forgiven upon
6 completion of the second year of service and the remainder of
7 the principal plus accrued interest shall be forgiven upon
8 completion of the third year of service.

9 F. Recipients shall serve a complete year in order
10 to receive credit for that year. The minimum credit for a
11 year shall be established by the commission.

12 G. If a loan recipient completes his professional
13 education and does not serve in a health professional shortage
14 area or refuses to complete his service under this contract,
15 the commission shall assess a penalty of [~~up to~~] three times
16 the principal due, plus eighteen percent interest, unless the
17 commission finds acceptable extenuating circumstances [~~for~~]
18 why the student cannot serve. Acceptable extenuating
19 circumstances do not include the health professional's
20 preference not to continue practicing in the designated health
21 professional shortage area or his opportunity or desire to
22 practice in the employ or partnership of a person willing to
23 pay back his indebtedness. If the commission does not find
24 acceptable extenuating circumstances for the student's failure
25 to carry out his declared intent to serve in a health

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1 professional shortage area in the state, the commission shall
2 require immediate repayment of the unpaid principal amount of
3 the loan plus accrued interest owed the state plus the amount
4 of any penalty assessed pursuant to this subsection.

5 H. The commission shall adopt regulations to
6 implement the provisions of this section. The regulations may
7 provide for the repayment of medical student loans in annual
8 or other periodic installments. "

9 Section 2. Section 21-22A-6 NMSA 1978 (being Laws 1978,
10 Chapter 109, Section 6, as amended) is amended to read:

11 "21-22A-6. OSTEOPATHIC MEDICAL STUDENT LOANS-- CONTRACT
12 TERMS-- REPAYMENT. --

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

23 B. The loan shall not exceed the necessary
24 expenses incurred while attending an osteopathic medical
25 school or college or osteopathic physician's assistant program

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1 and shall bear interest at the rate of:

2 (1) eighteen percent per year if the student
3 completes his osteopathic medical education and no portion of
4 the principal and interest is forgiven pursuant to Subsection
5 E of this section; and

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

8 C. The loan shall be evidenced by a contract
9 between the student and the commission acting on behalf of the
10 state. The contract shall provide for the payment by the
11 state of a stated sum covering the costs of an osteopathic
12 medical education and shall be conditioned upon the repayment
13 of the loan to the state, together with interest, over a
14 period established by the commission in consultation with the
15 student after the completion of osteopathic medical school or
16 an osteopathic physician's assistant program and any period of
17 internship or residency required to complete the student's
18 education. The contract shall further provide that
19 immediately upon completion or termination of the student's
20 osteopathic medical education, all interest then accrued shall
21 be capitalized.

22 D. Loans made to students who fail to complete
23 their osteopathic medical education shall become due, together
24 with interest, immediately upon termination of their
25 osteopathic medical education. The commission, in

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Underscored material = new
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1 consultation with the student, shall establish terms of
2 repayment, alternate service or cancellation terms.

3 E. The contract shall provide that the commission
4 shall forgive a portion of the loan principal and interest for
5 each year that a loan recipient practices his profession as a
6 licensed osteopathic physician or osteopathic physician's
7 assistant in areas approved by the health profession advisory
8 committee as not being adequately served by osteopathic
9 medical practitioners. Loan principal and interest shall be
10 forgiven as follows:

11 (1) loan terms of one year shall require one
12 year of practice in a designated health professional shortage
13 area. Upon completion of service, one hundred percent of the
14 principal plus accrued interest shall be forgiven;

15 (2) loan terms of two years shall require one
16 year of practice in a designated health professional shortage
17 area for each year of the loan. Upon completion of the first
18 year of service, fifty percent of the principal plus accrued
19 interest shall be forgiven. Upon completion of the second
20 year of service, the remainder of the principal plus accrued
21 interest shall be forgiven; and

22 (3) for loan terms of three years or more,
23 forty percent of the principal plus accrued interest shall be
24 forgiven upon completion of the first year of service in a
25 designated health professional shortage area, thirty percent

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1 of the principal plus accrued interest shall be forgiven upon
2 completion of the second year of service and the remainder of
3 the principal plus accrued interest shall be forgiven upon
4 completion of the third year of service.

5 F. Recipients shall serve a complete year in order
6 to receive credit for that year. The minimum credit for a
7 year shall be established by the commission.

8 G. If a loan recipient completes his professional
9 education and does not serve in a health professional shortage
10 area, the commission shall assess a penalty of [~~up to~~] three
11 times the principal due, plus eighteen percent interest,
12 unless the commission finds acceptable extenuating
13 circumstances [~~for~~] why the student cannot serve. Acceptable
14 extenuating circumstances do not include the health
15 professional's preference not to continue practicing in the
16 designated health professional shortage area or his
17 opportunity or desire to practice in the employ or partnership
18 of a person willing to pay back his indebtedness. If the
19 commission does not find acceptable extenuating circumstances
20 for the student's failure to carry out his declared intent to
21 serve in a health professional shortage area in the state, the
22 commission shall require immediate repayment of the unpaid
23 principal amount of the loan plus accrued interest owed the
24 state plus the amount of any penalty assessed pursuant to this
25 section.

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Underscored material = new
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1 H. The commission shall adopt regulations to
2 implement the provisions of this section. The regulations may
3 provide for the repayment of osteopathic medical student loans
4 in annual or other periodic installments."

5 Section 3. Section 21-22B-6 NMSA 1978 (being Laws 1987,
6 Chapter 299, Section 6, as amended) is amended to read:

7 "21-22B-6. NURSING STUDENT LOANS--CONTRACT TERMS--
8 REPAYMENT.--

9 A. Each applicant who is approved for a loan by
10 the commission may be granted a loan, in such amounts for such
11 periods as determined by the commission, with which to defray
12 expenses incurred in obtaining a nursing education; provided
13 that the applicant files with the commission a declaration of
14 intent to practice as a licensed nurse in areas of New Mexico
15 designated as underserved.

16 B. The loans shall not exceed the necessary
17 expenses incurred while attending a program of nursing and
18 shall bear interest at the rate of:

19 (1) eighteen percent per year if the student
20 completes his nursing education and no portion of the
21 principal and interest is forgiven pursuant to Subsection E of
22 this section; and

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

25 C. The loan shall be evidenced by a contract

Underscored material = new
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1 between the student and the commission acting on behalf of the
2 state. The contract shall provide for the payment by the
3 state of a stated sum covering the costs of a nursing
4 education and shall be conditioned upon the repayment of the
5 loan to the state, together with interest, over a period
6 negotiated between the student and the commission after
7 completion of a nursing program. The contract shall further
8 provide that immediately upon completion or termination of the
9 student's nursing education, all interest then accrued shall
10 be capitalized.

11 D. Loans made to students who fail to complete
12 their nursing education shall become due, together with
13 interest, immediately upon termination of nursing education.
14 The commission, in consultation with the student, shall
15 establish terms of repayment, alternate service or
16 cancellation terms with the commission.

17 E. The contract shall provide that the commission
18 may forgive a portion of the loan principal and interest for
19 each year that a loan recipient practices nursing in areas
20 approved by the health profession advisory committee. Loan
21 principal and interest shall be forgiven as follows:

22 (1) loan terms of one year shall require one
23 year of practice in a designated health professional shortage
24 area. Upon completion of service, one hundred percent of the
25 principal plus accrued interest shall be forgiven;

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Underscored material = new
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1 (2) loan terms of two years shall require one
2 year of practice in a designated health professional shortage
3 area for each year of the loan. Upon completion of the first
4 year of service, fifty percent of the principal plus accrued
5 interest shall be forgiven. Upon completion of the second
6 year of service, the remainder of the principal plus accrued
7 interest shall be forgiven; and

8 (3) for loan terms of three years or more,
9 forty percent of the principal plus accrued interest shall be
10 forgiven upon completion of the first year of service in a
11 designated health professional shortage area, thirty percent
12 of the principal plus accrued interest shall be forgiven upon
13 completion of the second year of service and the remainder of
14 the principal plus accrued interest shall be forgiven upon
15 completion of the third year of service.

16 F. Recipients shall serve a complete year in order
17 to receive credit for that year. The minimum credit for a
18 year shall be established by the commission.

19 G. If a recipient does not comply with the terms
20 of the contract, the commission shall assess a penalty of
21 three times the amount of the award disbursed plus eighteen
22 percent interest, unless the commission finds acceptable
23 extenuating circumstances why the health professional cannot
24 serve or comply with the terms of the contract. Acceptable
25 extenuating circumstances do not include the health

Underscored material = new
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1 professional's preference not to continue practicing in the
2 designated health professional shortage area or his
3 opportunity or desire to practice in the employ or partnership
4 of a person willing to pay back his indebtedness, and the
5 contract shall so provide.

6 [G-] H. The commission shall adopt regulations to
7 implement the provisions of this section. The regulations may
8 provide for the repayment of nursing student loans in annual
9 or other periodic installments. "

10 Section 4. Section 21-22C-6 NMSA 1978 (being Laws 1994,
11 Chapter 57, Section 8, as amended) is amended to read:

12 "21-22C-6. ALLIED HEALTH STUDENT LOANS-- CONTRACT
13 TERMS-- REPAYMENT. --

14 A. Prior to receiving a loan, each applicant
15 approved for a loan shall file with the commission a
16 declaration of intent to practice as a licensed allied health
17 professional in areas of New Mexico designated as underserved.

18 B. The loans shall not exceed the necessary
19 expenses incurred while attending an allied health profession
20 program and shall bear interest at the rate of:

21 (1) eighteen percent per year if the student
22 completes his allied health profession education and no
23 portion of the principal and interest is forgiven pursuant to
24 Subsection E of this section; and

25 (2) seven percent per year in all other

Underscored material = new
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1 cases.

2 C. The loan shall be evidenced by a contract
3 between the student and the commission acting on behalf of the
4 state. The contract shall provide for the payment by the
5 state of a stated sum covering the costs of an allied health
6 profession education and shall be conditioned on the repayment
7 of the loan to the state, together with interest, over a
8 period negotiated between the student and the commission after
9 completion of an allied health profession education. The
10 contract shall further provide that immediately upon
11 completion or termination of the student's allied health
12 profession education, all interest then accrued shall be
13 capitalized.

14 D. Loans made to students who fail to complete
15 their allied health profession education shall become due,
16 together with interest, immediately upon termination of that
17 education. The commission, in consultation with the student,
18 shall establish repayment terms, alternate service or
19 cancellation terms.

20 E. The contract shall provide that the commission
21 shall forgive a portion of the loan principal and interest for
22 each year that a loan recipient practices an allied health
23 profession in areas approved by the health profession advisory
24 committee. Loan principal and interest shall be forgiven as
25 follows:

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1 (1) loan terms of one year shall require one
2 year of practice in a designated health professional shortage
3 area. Upon completion of service, one hundred percent of the
4 principal plus accrued interest shall be forgiven;

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

12 (3) for loan terms of three years or more,
13 forty percent of the principal plus accrued interest shall be
14 forgiven upon completion of the first year of service, thirty
15 percent of the principal plus accrued interest shall be
16 forgiven upon completion of the second year of service and the
17 remainder of the principal plus accrued interest shall be
18 forgiven upon completion of the third year of service.

19 F. Recipients shall serve a complete year in order
20 to receive credit for that year. The minimum credit for a
21 year shall be established by the commission.

22 G. If a loan recipient completes his professional
23 education and does not serve the required number of years in a
24 health professional shortage area, the commission shall assess
25 a penalty of ~~up to~~ three times the principal due, plus

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1 eighteen percent interest, unless the commission finds
2 acceptable extenuating circumstances [for] why the student
3 cannot serve. Acceptable extenuating circumstances do not
4 include the health professional's preference not to continue
5 practicing in the designated health professional shortage area
6 or his opportunity or desire to practice in the employ or
7 partnership of a person willing to pay back his indebtedness,
8 and the contract shall so provide. If the commission does not
9 find acceptable extenuating circumstances for the student's
10 failure to carry out his declared intent to serve in a health
11 professional shortage area in the state, the commission shall
12 require immediate repayment of the unpaid principal amount of
13 the loan plus accrued interest owed the state plus the amount
14 of any penalty assessed pursuant to this subsection.

15 H. The commission shall adopt regulations to
16 implement the provisions of this section. The regulations may
17 provide for the repayment of allied health student loans in
18 annual or other periodic installments. "

19 Section 5. Section 21-22D-6 NMSA 1978 (being Laws 1995,
20 Chapter 144, Section 21) is amended to read:

21 "21-22D-6. AWARD CRITERIA-- CONTRACT TERMS-- PAYMENT. --

22 A. Prior to receiving an award, the health
23 professional shall file with the commission a declaration of
24 intent to practice as a health professional in areas of New
25 Mexico designated as underserved by the health profession

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1 advisory committee.

2 B. Award criteria shall provide that:

3 (1) amounts shall be dependent upon the
4 location of the practice, the applicant's total health
5 professional [~~educational~~] education indebtedness and
6 characteristics of the practice;

7 (2) preference in making awards shall be to
8 individuals who have graduated from a New Mexico public post-
9 secondary educational institution;

10 (3) recruitment awards shall be made to
11 eligible participants who agree to relocate to an approved
12 designated area;

13 (4) highest priority shall be given to
14 participants in practices in which health profession vacancies
15 are difficult to fill, practices that require after-hours
16 [~~eat~~] availability at least every other night and practices
17 that have heavy obstetrical responsibilities;

18 (5) award amounts may be modified based upon
19 available funding or other special circumstances; and

20 (6) an award shall not exceed the total
21 medical [~~educational~~] education indebtedness of any
22 participant.

23 C. The following [~~educational~~] education debts are
24 not eligible for repayment pursuant to the Health Professional
25 Loan Repayment Act:

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1 (1) amounts incurred as a result of
2 participation in state loan-for-service programs or other
3 state programs whose purpose states that service be provided
4 in exchange for financial assistance;

5 (2) scholarships that have a service
6 component or obligation;

7 (3) personal loans from friends or relatives;
8 and

9 (4) loans that exceed individual standard
10 school expense levels.

11 D. The loan repayment award shall be evidenced by
12 a contract between the health professional and the commission
13 acting on behalf of the state. The contract shall provide for
14 the payment by the state of a stated sum to the health
15 professional's debtors and shall state the obligations of the
16 health professional under the program, including a minimum
17 two-year period of service, quarterly reporting requirements
18 and other policies established by the commission.

19 E. Recipients shall serve a complete year in order
20 to receive credit for that year. The minimum credit for a
21 year shall be established by the commission.

22 F. If a health professional does not comply with
23 the terms of the contract, the commission shall assess a
24 penalty of [up to] three times the amount of award disbursed
25 plus eighteen percent interest, unless the commission finds

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1 acceptable extenuating circumstances for why the health
2 professional cannot serve or comply with the terms of the
3 contract. Acceptable extenuating circumstances do not include
4 the health professional's preference not to continue
5 practicing in the designated underserved area or his
6 opportunity or desire to practice in the employ or partnership
7 of a person willing to pay back his indebtedness, and the
8 contract shall so provide. If the commission does not find
9 acceptable extenuating circumstances for the health
10 professional's failure to comply with the contract, the
11 commission shall require immediate repayment plus the amount
12 of the penalty.

13 G. The commission shall adopt regulations to
14 implement the provisions of this section. The regulations may
15 provide for the disbursement of loan repayment awards to the
16 lenders of health professionals in annual or other periodic
17 installments. "

1 FORTY-THIRD LEGISLATURE
2 SECOND SESSION, 1998
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6 February 10, 1998
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8 Mr. Speaker:
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10 Your BUSINESS AND INDUSTRY COMMITTEE, to whom has
11 been referred
12

13 HOUSE BILL 295
14

15 has had it under consideration and reports same with
16 recommendation that it DO PASS, and thence referred to the
17 JUDICIARY COMMITTEE.

18 Respectfully submitted,
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22 _____
23 Fred Luna, Chairman
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FORTY-THIRD LEGISLATURE
SECOND SESSION, 1998

3 HBI\HB 295

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4 Adopted _____ Not Adopted _____

6 (Chief Clerk)

(Chief Clerk)

8 Date _____

10 The roll call vote was 9 For 0 Against

11 Yes: 9

12 Excused: Olguin, J. G. Taylor, Varela

13 Absent: Getty

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1 FORTY-THIRD LEGISLATURE
2 SECOND SESSION, 1998
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4 February 17, 1998
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7 Mr. Speaker:
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9 Your JUDICIARY COMMITTEE, to whom has been referred
10

11 HOUSE BILL 295
12

13 has had it under consideration and reports same with
14 recommendation that it DO PASS, amended as follows:
15

16 1. On page 8, line 10, after the word "area" insert "or
17 refused to complete his service under this contract,".

18 2. On page 11, line 21, delete "award disbursed" and
19 insert in lieu thereof "principal due".

20 3. On page 12, line 5, after the end of the sentence,
21 add
22 "If the commission does not find acceptable extenuating
23 circumstances for the student's failure to carry out his
24 declared intent to serve in a health professional shortage area
25 in the state, the commission shall require immediate repayment
of the unpaid principal amount of the loan plus accrued interest

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1 FORTY-THIRD LEGISLATURE
2 SECOND SESSION, 1998

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4 owed the state plus the amount of any penalty assessed pursuant
5 to this subsection.”.

6
7 4. On page 14, line 24, after “area” insert “or refuses
8 to
9 complete his service under this contract,”.

10
11 Respectfully submitted,

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14 _____
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16 Thomas P. Foy, Chairman

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18 Adopted _____

Not Adopted _____

19
20 (Chief Clerk)

(Chief Clerk)

21
22 Date _____

FORTY-THIRD LEGISLATURE
SECOND SESSION, 1998

3 HJC/HB 295

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4 The roll call vote was 8 For 0 Against

5 Yes: 8

6 Excused: Carpenter, Larranaga, Luna, Pederson, Sanchez

7 Absent: None

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FORTY-THIRD LEGISLATURE
SECOND SESSION, 1998

1 HJC/HB 295

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FORTY-THIRD LEGISLATURE
SECOND SESSION, 1998

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February 18, 1998

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Mr. President:

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Your CORPORATIONS & TRANSPORTATION COMMITTEE, to

12

whom has been referred

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14

HOUSE BILL 295, as amended

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has had it under consideration and reports same with

16

recommendation that it DO PASS.

17

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Respectfully submitted,

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Roman M. Maes, III, Chairman

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. 120943. 2

FORTY-THIRD LEGISLATURE
SECOND SESSION, 1998

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Adopted _____ Not

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Adopted _____

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(Chief Clerk)

(Chief Clerk)

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Date _____

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The roll call vote was 9 For 1 Against

12

Yes: 9

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No: Robinson

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Excused: None

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Absent: None

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