

SENATE FINANCE COMMITTEE SUBSTITUTE FOR
SENATE PUBLIC AFFAIRS COMMITTEE SUBSTITUTE FOR
SENATE BILL 593

49TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2009

AN ACT

RELATING TO HEALTH CARE; PROVIDING FOR CONDITIONAL TUITION
WAIVERS FOR MEDICAL STUDENTS WHO CHOOSE PRIMARY CARE PRACTICE
IN UNDERSERVED AREAS OF THE STATE; MAKING AN APPROPRIATION.

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

Section 1. SHORT TITLE.--This act may be cited as the
"Conditional Tuition Waiver for Primary Care Medical Students
Act".

Section 2. DEFINITIONS.--As used in the Conditional
Tuition Waiver for Primary Care Medical Students Act:

A. "course of study" means a medical student's
medical education, including any residency program;

B. "department" means the higher education
department;

C. "fund" means the primary care physician

.177893.1

underscored material = new
[bracketed material] = delete

1 conditional tuition waiver program fund;

2 D. "participant" means an individual that has
3 applied to participate in, has been accepted into and has
4 signed a contract agreeing to the terms of the program;

5 E. "primary care physician" means a medical doctor
6 with specialty training in family medicine, general internal
7 medicine or general pediatrics;

8 F. "program" means the primary care physician
9 conditional tuition waiver program;

10 G. "residency" means three years of specialty
11 training in family medicine, general internal medicine or
12 general pediatrics after medical school;

13 H. "secretary" means the secretary of higher
14 education;

15 I. "underserved area" means a health care
16 underserved area as defined in the Rural Primary Health Care
17 Act;

18 J. "university" means the university of New Mexico
19 school of medicine; and

20 K. "waiver" means a loan to cover tuition, fees and
21 a stipend that is forgiven in whole or in part if the
22 participant renders service as a primary care physician in an
23 underserved area of the state pursuant to the provisions of the
24 Conditional Tuition Waiver for Primary Care Medical Students
25 Act.

.177893.1

1 Section 3. PRIMARY CARE PHYSICIAN CONDITIONAL TUITION
2 WAIVER PROGRAM CREATED--ADMINISTRATION--RULEMAKING--SELECTION
3 PROCESS--REPAYMENT.--

4 A. The "primary care physician conditional tuition
5 waiver program" is created and shall be administered by the
6 department. The department shall:

7 (1) promulgate rules for implementing the
8 program in consultation with the university;

9 (2) publicize the program to medical students
10 and to prospective medical students;

11 (3) collect and manage repayments from
12 students who do not meet their obligations under the program;
13 and

14 (4) solicit and accept funds for the program,
15 including grants and donations.

16 B. The department shall select participants
17 according to rules it promulgates and, in consultation with the
18 university, shall create a standard process for medical
19 students to declare their intentions to be primary care
20 physicians and to apply to participate in the program.

21 C. The department shall award no more than ten new
22 waivers a year, in addition to renewing existing waivers for
23 eligible participants, subject to the availability of funding.

24 D. Participation in the program shall be evidenced
25 by a contract between the participant and the department. The

.177893.1

underscoring material = new
[bracketed material] = delete

1 contract shall provide for the payment of a participant's
2 medical school tuition, fees and a reasonable stipend at the
3 university from the fund and shall be conditioned upon the
4 participant fulfilling the program obligations. An applicant
5 whom the department offers to accept for enrollment in the
6 program shall sign the contract before being accepted into the
7 program. The department shall award a waiver to a medical
8 student upon accepting the student into the program.

9 E. The department shall promulgate rules setting
10 the maximum amount of the reasonable living stipend. The
11 department shall determine the maximum amount of the living
12 stipend based upon the availability of funds and information
13 provided by the university regarding the current cost of
14 attendance at the school of medicine.

15 F. For a period of no more than five years, the
16 department shall allow participants to remain in the program
17 and receive continued waivers in accordance with the
18 availability of funds and the department's finding that the
19 participant is meeting the university's standards for
20 satisfactory academic progress.

21 G. The department shall award waivers to
22 participants from the fund. The department shall approve the
23 amount of the waiver granted to a participant. The amount of
24 the waiver awarded to a participant shall not exceed a
25 reasonable living stipend plus the amount of resident tuition

.177893.1

1 and fees that a participant incurs. A student may receive a
2 waiver on the following terms:

3 (1) interest shall accrue upon termination of
4 the participant's course of study; the waiver amount shall bear
5 interest at the rate of:

6 (a) eighteen percent per year if the
7 participant completes a course of study and no portion of the
8 principal and interest is forgiven pursuant to Subsection J of
9 this section; and

10 (b) seven percent per year in all other
11 cases; and

12 (2) the maximum period for repayment shall be
13 ten years, commencing six months from the date the participant
14 completes or discontinues the course of study, including a
15 residency.

16 H. The department shall promulgate rules to
17 implement the provisions of the Conditional Tuition Waiver for
18 Primary Care Medical Students Act.

19 I. The contract shall provide that the department
20 forgive a portion of the waiver for each year that a
21 participant practices as a primary care physician in an
22 underserved area of New Mexico as defined in the Rural Primary
23 Health Care Act.

24 J. The waiver shall be forgiven as follows:

25 (1) a waiver term of one year shall require

.177893.1

underscored material = new
[bracketed material] = delete

1 one year of practice as a primary care physician in an
2 underserved area of the state for the one-year term of the
3 waiver received. Upon completion of service, one hundred
4 percent of the waiver and accrued interest shall be forgiven;

5 (2) a waiver term of two years shall require
6 two years of practice as a primary care physician in an
7 underserved area of the state for the two-year term of the
8 waiver received. Upon completion of the first year of service,
9 fifty percent of the waiver and accrued interest shall be
10 forgiven; upon completion of the second year of service, the
11 remainder of the waiver and accrued interest shall be forgiven;

12 (3) a waiver term of three years shall require
13 three years of practice as a primary care physician in an
14 underserved area of the state for the three-year term of the
15 waiver received. Upon completion of the first year of service,
16 twenty-five percent of the waiver and accrued interest shall be
17 forgiven; upon completion of the second year of service, fifty
18 percent of the waiver and accrued interest shall be forgiven;
19 and upon completion of the third year of service, the remainder
20 of the waiver and accrued interest shall be forgiven;

21 (4) a waiver term of four years shall require
22 four years of practice as a primary care physician in an
23 underserved area of the state for the four-year term of the
24 waiver received. Upon completion of the first year of service,
25 thirty percent of the waiver and accrued interest shall be

.177893.1

1 forgiven; upon completion of the second year of service, forty
2 percent of the waiver and accrued interest shall be forgiven;
3 upon completion of the third year of service, fifty percent of
4 the waiver and accrued interest shall be forgiven; and upon
5 completion of the fourth year of service, the remainder of the
6 waiver and accrued interest shall be forgiven; or

7 (5) a waiver term of five years shall require
8 five years of practice as a primary care physician in an
9 underserved area of the state for the five-year term of the
10 waiver received. Upon completion of the first year of service,
11 ten percent of the waiver and accrued interest shall be
12 forgiven; upon completion of the second year of service, twenty
13 percent of the waiver and accrued interest shall be forgiven;
14 upon completion of the third year of service, thirty percent of
15 the waiver and accrued interest shall be forgiven; upon
16 completion of the fourth year of service, fifty percent of the
17 waiver and accrued interest shall be forgiven; and upon
18 completion of the fifth year of service, the remainder of the
19 waiver and accrued interest shall be forgiven.

20 K. In the event that a participant completes the
21 participant's course of study and does not meet the program
22 obligation to serve as a primary care physician in an
23 underserved area of the state, the department shall assess a
24 penalty of up to three times the principal due, plus eighteen
25 percent interest, unless the department finds acceptable

.177893.1

1 extenuating circumstances for why the participant cannot serve.
2 The department shall collect the penalty and remit it to the
3 state treasury for deposit in the fund.

4 L. The department is authorized to cancel any
5 contract made between it and any participant pursuant to the
6 Conditional Tuition Waiver for Primary Care Medical Students
7 Act, or set terms of alternative service in lieu of monetary
8 repayment, for any cause the department deems reasonable.

9 M. The department shall be responsible for
10 collecting repayments made pursuant to this section and shall
11 exercise due diligence in collecting repayments and maintaining
12 all necessary records to ensure that full repayments are made.
13 The department shall collect and service repayments under this
14 section to the full extent of the law, including wage
15 garnishment where practicable. The department shall forgive
16 all or parts of repayments under the criteria established in
17 this section and shall maintain all necessary records of
18 repayments it forgives.

19 N. When a participant makes payment of principal or
20 interest to the department pursuant to the provisions of this
21 section, the department shall deposit these payments into the
22 fund and shall use these payments to cover the costs of
23 granting waivers and the administrative expenses associated
24 with the program and collection activity on its behalf. The
25 department shall maintain accurate records of these expenses,

.177893.1

1 and all receipts beyond those necessary to pay these expenses
2 shall be used to grant waivers to participants.

3 Section 4. PRIMARY CARE PHYSICIAN CONDITIONAL TUITION
4 WAIVER FUND--CREATED.--

5 A. The "primary care physician conditional tuition
6 waiver fund" is created as a nonreverting fund in the state
7 treasury. The department shall deposit into the fund all funds
8 received for the program. The fund shall be self-sustaining
9 and consist of money appropriated by the legislature for the
10 program, private contributions to the program and receipts from
11 participant repayments.

12 B. Expenditures from the fund shall be used solely
13 to make waivers to participants in the program and
14 administrative expenses associated with the program and
15 collection activity on its behalf.

16 C. Disbursements from the fund shall be made only
17 by authorization of the secretary or the secretary's designee.

18 Section 5. EFFECTIVE DATE.--The effective date of the
19 provisions of this act is January 1, 2010.