

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

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underscored material = new
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1 conditional tuition waiver program fund;

2 D. "loan" means a waiver that the department has
3 reclassified as a temporary provision of money after a
4 participant has only partially fulfilled or failed to fulfill
5 the participant's obligation under the primary care physician
6 conditional tuition waiver program pursuant to the Conditional
7 Tuition Waiver for Primary Care Medical Students Act;

8 E. "participant" means an individual that has
9 applied to participate in, has been accepted into and has
10 signed a contract agreeing to the terms of the program;

11 F. "primary care physician" means a medical doctor
12 with specialty training in family medicine, general internal
13 medicine or general pediatrics;

14 G. "program" means the primary care physician
15 conditional tuition waiver program;

16 H. "residency" means three years of specialty
17 training in family medicine, general internal medicine or
18 general pediatrics after medical school;

19 I. "secretary" means the secretary of higher
20 education;

21 J. "university" means the university of New Mexico;
22 and

23 K. "waiver" means the conditional waiver of tuition
24 and stipend granted to primary care medical students at the
25 university school of medicine through the program.

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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. In
21 consultation with the university, the department shall set
22 program standards for academic progress according to which
23 continued participation in the program shall be contingent.

24 C. The department shall award no more than ten new
25 waivers a year, in addition to renewing existing waivers for

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1 eligible participants.

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

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

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

24 G. The department shall award waivers to
25 participants from the fund. The department shall approve the

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1 amount of the waiver granted to a participant. The amount of
2 the waiver awarded to a participant shall not exceed a
3 reasonable living stipend plus the amount of resident tuition
4 and fees that a participant incurs. A student may receive a
5 waiver on the following terms:

6 (1) interest shall accrue upon termination of
7 the participant's course of study; the waiver amount shall bear
8 interest at the rate of:

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

13 (b) seven percent per year in all other
14 cases; and

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

19 H. The department shall promulgate rules to
20 implement the provisions of the Conditional Tuition Waiver for
21 Primary Care Medical Students Act.

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

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1 Health Care Act. Waivers shall be reclassified as loans if the
2 department determines that the recipient has terminated the
3 participant's course of study prior to completion or that the
4 participant has failed to fulfill the participant's program
5 obligation to practice as a primary care physician in New
6 Mexico.

7 J. The loan shall be forgiven as follows:

8 (1) a loan term of one year shall require one
9 year of practice as a primary care physician in an underserved
10 area of the state for the one-year term of the waiver received.
11 Upon completion of service, one hundred percent of the loan and
12 accrued interest shall be forgiven;

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

20 (3) a loan term of three years shall require
21 three years of practice as a primary care physician in an
22 underserved area of the state for the three-year term of the
23 waiver received. Upon completion of the first year of service,
24 twenty-five percent of the loan and accrued interest shall be
25 forgiven; upon completion of the second year of service, fifty

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1 percent of the loan and accrued interest shall be forgiven; and
2 upon completion of the third year of service, the remainder of
3 the loan and accrued interest shall be forgiven;

4 (4) a loan term of four years shall require
5 four years of practice as a primary care physician in an
6 underserved area of the state for the four-year term of the
7 waiver received. Upon completion of the first year of service,
8 thirty percent of the loan and accrued interest shall be
9 forgiven; upon completion of the second year of service, forty
10 percent of the loan and accrued interest shall be forgiven;
11 upon completion of the third year of service, fifty percent of
12 the loan and accrued interest shall be forgiven; and upon
13 completion of the fourth year of service, the remainder of the
14 loan and accrued interest shall be forgiven; or

15 (5) a loan term of five years shall require
16 five years of practice as a primary care physician in an
17 underserved area of the state for the five-year term of the
18 waiver received. Upon completion of the first year of service,
19 ten percent of the loan and accrued interest shall be forgiven;
20 upon completion of the second year of service, twenty percent
21 of the loan and accrued interest shall be forgiven; upon
22 completion of the third year of service, thirty percent of the
23 loan and accrued interest shall be forgiven; upon completion of
24 the fourth year of service, fifty percent of the loan and
25 accrued interest shall be forgiven; and upon completion of the

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1 fifth year of service, the remainder of the loan and accrued
2 interest shall be forgiven.

3 K. In the event that a participant completes the
4 participant's course of study and does not meet the program
5 obligation to serve as a primary care physician in an
6 underserved area of the state, the department shall assess a
7 penalty of up to three times the principal due, plus eighteen
8 percent interest, unless the department finds acceptable
9 extenuating circumstances for why the participant cannot serve.
10 The department shall collect the penalty and remit it to the
11 state treasury for deposit in the current school fund.

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

17 M. The department shall be responsible for
18 collecting repayments made pursuant to this section and shall
19 exercise due diligence in collecting repayments and maintaining
20 all necessary records to ensure that full repayments are made.
21 The department shall collect and service repayments under this
22 section to the full extent of the law, including wage
23 garnishment where practicable. The department shall forgive
24 all or parts of repayments under the criteria established in
25 this section and shall maintain all necessary records of

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1 repayments it forgives.

2 N. When a participant makes payment of principal or
3 interest to the department pursuant to the provisions of this
4 section, the department shall deposit these payments into the
5 fund and shall use these payments to cover the costs of
6 granting waivers and the administrative expenses associated
7 with the program and collection activity on its behalf. The
8 department shall maintain accurate records of these expenses,
9 and all receipts beyond those necessary to pay these expenses
10 shall be used to grant waivers to participants.

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

13 A. The "primary care physician conditional tuition
14 waiver fund" is created as a nonreverting fund in the state
15 treasury. The department shall deposit into the fund all funds
16 received for the program. The fund shall be self-sustaining
17 and consist of money appropriated by the legislature for the
18 program, private contributions to the program and receipts from
19 participant repayments.

20 B. Expenditures from the fund shall be used solely
21 to make waivers to participants in the program and
22 administrative expenses associated with the program and
23 collection activity on its behalf.

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

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