

STATE OF OKLAHOMA

1st Session of the 50th Legislature (2005)

HOUSE BILL 1685

By: Johnson

AS INTRODUCED

An Act relating to education; amending 70 O.S. 2001, Sections 625.2, 625.3, 625.5, as amended by Section 1, Chapter 80, O.S.L. 2004, 625.10a and 625.12 (70 O.S. Supp. 2004, Section 625.5), which relate to the Oklahoma Rural Medical Education Loan and Scholarship Fund; expanding scholarships to persons seeking a physician assistant degree; modifying service requirements to include employment as a physician assistant; clarifying statutory language; deleting obsolete language; providing an effective date; and declaring an emergency.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 1. AMENDATORY 70 O.S. 2001, Section 625.2, is amended to read as follows:

Section 625.2 The Physician Manpower Training Commission shall be authorized and empowered to grant scholarships to qualified students who are bona fide residents of the State of Oklahoma and who would not otherwise have funds necessary to finance the cost of a program of study leading to the Degree of Doctor of Medicine, ~~or~~ ~~to the~~ Degree of Doctor of Osteopathic Medicine, or Physician Assistant Degree to be granted by an accredited and recognized college ~~of medicine or college of osteopathic medicine~~ or higher education institution.

SECTION 2. AMENDATORY 70 O.S. 2001, Section 625.3, is amended to read as follows:

Section 625.3 A. The terms and conditions governing the scholarships shall be as prescribed and formulated by the Physician Manpower Training Commission, but shall include the condition that each recipient, upon completion of ~~his~~ a course of study, shall repay ~~his~~ the scholarship by practicing ~~his profession~~ as a Medical Doctor, Doctor of Osteopathic Medicine, or Physician Assistant in a rural community in Oklahoma having a population of seven thousand five hundred (7,500) persons or less according to the last preceding United States Decennial Census and having a need therefor, as determined by the Commission, for one (1) year for each one (1) year the scholarship is financed; ~~provided, however, that the.~~ The recipient will be given no credit for payment and reduction of said obligation by serving in the defined rural communities for a period less than two (2) years.

B. The terms of this subsection shall apply to recipients who accept assistance before July 1, 1993. The contract shall provide that in the event the recipient breaches the terms of the contract by not serving the designated community for the specified period of time he shall pay liquidated damages in an amount agreed upon by the Commission and the recipient and representing a reasonable estimate of the damage or loss to the community or the state. Said damages shall not exceed one hundred percent (100%) of the principal. After payment of the liquidated damages, repayment of the principal may be made in cash with interest at the rate of twelve percent (12%) per annum, said interest to accrue from the date each payment is made pursuant to the scholarship. No interest however shall accrue during any one period of time that the recipient thereof is required to serve in the Armed Forces of the United States or during any period of internship.

C. The terms of this subsection shall apply to recipients who accept assistance on or after July 1, 1993. The contract shall provide that in the event the recipient breaches the terms of the

contract by not serving the designated community for the specified period of time, the Commission shall be entitled to recover an amount equal to three times the principal disbursed, pursuant to the contract, plus interest. Interest on all amounts paid to or on behalf of the participant shall be computed at the current prime rate plus one percent (1%) with said interest to accrue from the date each payment is made, pursuant to the contract. The amount the Commission is entitled to recover shall be paid within ninety (90) days of the date the recipient becomes liable as determined by the Commission.

SECTION 3. AMENDATORY 70 O.S. 2001, Section 625.5, as amended by Section 1, Chapter 80, O.S.L. 2004 (70 O.S. Supp. 2004, Section 625.5), is amended to read as follows:

Section 625.5 A. An applicant may be eligible for the award of a scholarship upon demonstration that the applicant:

1. Desires a scholarship to any accredited school of medicine ~~or~~, school of osteopathic medicine or physician assistant program in the United States of America;

2. Is a bona fide resident of Oklahoma;

3. Has personal financial resources such that, in the absence of scholarship aid, will be unable to pursue the program of study desired;

4. Is a person of good moral character;

5. Has successfully completed the program of instruction prerequisite for admission to the program of study provided for in Section 625.1 et seq. of this title and has applied for admission to a ~~medical~~ school or program;

6. Has capacity to profit by the course of study for which the applicant seeks aid;

7. Desires to practice medicine in a rural community in Oklahoma; and

8. Submits proof that the applicant has not accepted or will not accept any other scholarship assistance which has a conflicting service obligation requirement.

In determining ~~an applicant's~~ the capacity of an applicant to profit by the course of study desired, the Commission shall consider the ~~applicant's~~ previous scholastic record of the applicant, the results of examinations conducted under the provisions of Section 625.1 et seq. of this title, and the results of interviews and such other tests or examinations which the Commission may deem advisable. In establishing ~~an applicant's~~ the financial need of an applicant, the Commission shall conduct a thorough and complete investigation of the financial resources of the applicant and family.

B. The amount of each scholarship grant shall not exceed Fifteen Thousand Dollars (\$15,000.00) per academic year for students engaged in their first, second, third or fourth year of study, or equivalent number of terms completed in an education program in a given period of months.

C. The method of payment of funds to each recipient of a scholarship grant shall be in accordance with rules formulated by the Commission governing the grants for each type of scholarship.

D. Each scholarship is renewable annually for the number of years required to complete the course of study in which the recipient is engaged. The Commission shall grant ~~such~~ an annual renewal only upon the ~~recipient's~~ application of the recipient and upon the ~~Commission's~~ finding by the Commission that the recipient:

1. Has completed successfully the work of the preceding year and presented evidence that the recipient is a student in good standing;

2. Remains a resident of Oklahoma; and

3. Is in a financial situation that warrants the award of a scholarship under the standards set forth in Section 625.1 et seq. of this title.

E. The Commission shall make an annual report to the Governor and Legislature on the activities of the Commission. This report shall include the names of the recipients of the scholarships, the amount of the scholarship awards, an accounting of the funds expended on scholarships and on the administration of the program and a budget requesting the funds necessary for the operation of the Commission. The report shall also include an accounting of repayments of scholarships, whether by services or in cash including interest.

SECTION 4. AMENDATORY 70 O.S. 2001, Section 625.10a, is amended to read as follows:

Section 625.10a The Physician Manpower Training Commission is hereby authorized and empowered to establish and administer cost-sharing scholarships and loan fund programs which shall provide for state assistance to and participation with community physician education and scholarship trust funds which are selected and approved by the Commission. Said state assistance and participation shall be on a state and community matching formula basis for the funding of the educational costs, fees and charges of a selected and qualified student in good standing and who is duly enrolled in an accredited college of medicine ~~or,~~ college of osteopathic medicine or physician assistant program and pursuing a course of study leading to the degree of Doctor of Medicine ~~or to the,~~ degree of Doctor of Osteopathic Medicine or Physician Assistant degree. Said student shall be a bona fide resident of the State of Oklahoma who desires and agrees to practice ~~his~~ the profession on completion of the course of study and training required for licensure and certification in the community providing the initial funds to be matched by the state funds. Communities shall deposit the initial trust funds with the Physician Manpower Training Commission to be administered and matched by the Commission for the education of selected and qualified students to serve and to practice in the

communities with trust funds so established for that purpose with the Commission. The Commission shall aid and advise communities in the selection of qualified students to participate in a given community scholarship program and the Commission shall approve the selection of a given student for a particular community physician education scholarship trust fund matching program. The Commission shall determine the percentage share for the state in the scholarship matching program with a given community to educate a given and duly selected student on the basis of the extent of need of the community and its surrounding area for the services of a practicing physician, the amount of the initial trust funds the community has raised and deposited in the physician education scholarship trust fund that is duly established and the matching funds schedule developed by the Commission and based upon both the population of the community determined by the latest Federal Decennial Census and the estimated median family annual income level as determined on the basis of the estimates of the Oklahoma Department of Commerce. The state matching assistance and participation in a given scholarship trust fund program shall not exceed seventy-five percent (75%) of the total amount calculated to be necessary to fund the costs of a course of study ~~for the degree of Doctor of Medicine or the degree of Doctor of Osteopathic Medicine~~ as determined annually by the Commission. Repayment of the total amount of the scholarship by the student on completion of ~~his~~ the course of study and on the establishment of ~~his~~ a medical practice in the community or employment as a physician assistant in the community shall be made to the state fund and to the community trust fund in accordance with the percentage and total amounts contributed by the state and by the community to the matching scholarship trust fund program and in accordance with the provisions of Section 625.5 of this title and contract requirements of Section 625.6 of this title which shall apply in all cases to students

participating in said community physician education scholarship trust fund programs administered by the Commission with the exception of the maximum amount allowable in payment to the student which shall be based on an annual review of the costs, fees and charges of the school ~~of medicine or school of osteopathic medicine~~ in which the student is enrolled and participating which shall be made by the Commission.

The procedures, terms and conditions governing the scholarships and how they are administered shall be as prescribed and formulated by the Physician Manpower Training Commission but shall include the following:

1. Communities desiring to participate in a loan and scholarship program shall select a student who meets the requirements for participation and give notice to the Commission.

2. The Commission shall aid and advise communities in the selection of qualified students to participate in a given community loan and scholarship program.

3. The communities shall deposit with the Commission the initial year scholarship funds provided by the community which funds shall be a percentage of the total educational and associated costs of the student in the course of study in an accredited college ~~of medicine or college of osteopathic medicine~~ or program and which funds are to be used in the education of the selected student.

4. The Commission shall review and approve the selection of a given student and shall then match the initial community funds with state funds from the Oklahoma Community Physician Education Loan and Scholarship Program Fund in the amount needed to meet the total cost for educating the student for one (1) year as agreed by the Commission and the community in each particular case.

5. The Commission shall determine the percentage share for the state in the loan and scholarship program with a given community to educate a selected student on the basis of:

- a. the extent of need of the community and its surrounding area for the services of a practicing physician;
- b. the amount of the initial trust funds the community has raised and deposited with the Commission for the education of a selected student;
- c. the population of the community which shall be determined on the basis of the current estimates made by the Oklahoma Department of Commerce.

6. The state matching assistance and participation by the Commission in a given loan and scholarship program for a particular student shall not exceed seventy-five percent (75%) of the total amount calculated to be necessary to fund one (1) year of study for the degree of Doctor of Medicine ~~or~~, the degree of Doctor of Osteopathic Medicine or Physician Assistant degree as determined annually by the Commission at the school ~~of medicine or osteopathic medicine~~ in which the selected student is enrolled.

7. Each scholarship recipient, upon completion of his course of study, shall repay his loan and scholarship to the state and to the community and receive forgiveness on repayment of the funds from the state and from the community by practicing his profession in the community in Oklahoma providing the initial funds at a minimum for one (1) year for each Five Thousand Dollars (\$5,000.00) the community and the state financed the scholarship program for the student; ~~provided, however, that the~~. The recipient will be given no credit for payment, repayment and reduction of said obligation to the community and the state by serving the given community for a period less than two (2) years or, when approved by the Commission in agreement with the community and terms of the contracts involved, repayment may be made in cash with interest at the rate of twelve percent (12%) per annum, said interest to accrue from the date each payment of funds pursuant to the loan and scholarship program is

made. In addition, should a recipient who accepts financial assistance after July 1, 1977, elect not to perform ~~his~~ the obligated service in the sponsoring community, the agreed upon sum denoted as liquidated damages in the contract shall be assessed the recipient. No interest shall accrue on the principal during any one period of time that the recipient thereof is required to serve in the Armed Forces of the United States, or during ~~his~~ internship or residency, if in a primary care area and the required service, internship or residency does not exceed four (4) years. ~~Provided that no~~ No interest shall accrue for six (6) months following each of the above exceptions.

Each student who applies to participate in a community and state matching loan and scholarship program shall enter into a contract administered by the Commission on behalf of the state and a given community which has provided the initial scholarship funds to educate a selected student. The contract shall be between the State of Oklahoma and the selected student by which contract the student agrees to return to the community which provided the initial loan and scholarship funds and to practice ~~his~~ the profession of the student, on completion of the course of study and training required for licensure and certification, for the number of years for which the student received assistance from the community and the state and in accordance with the conditions specified in the contract agreed to by the student and the given community which selected the student. Any repayment of the total amount of the scholarship or any portion thereof as provided in this act and in the contract between the state and the student shall be made to the state deposited into the Community Matching Loan and Scholarship Repayment Revolving Fund hereby created in the State Treasury. The community portion of any repayment monies deposited in said fund shall be withdrawn from the revolving fund and returned to the community on request or, if the community so chooses, said repayment monies shall be held available

in said fund for reallocation by the community and the state to the Community Physician Education Loan and Scholarship Program Fund to educate another student selected by the community and approved by the Commission. The form of the contracts shall be prepared and approved by the Attorney General. The Commission is hereby vested with full and complete authority and power to sue in its own name any applicant for any balance due the Commission for repayment of the scholarship on any contract or for failure by the applicant to fulfill the terms of ~~his~~ the contract in any way. Said contracts shall be signed by the Chairman of the Commission and by the student for and by a representative of the community which selected the student. The Commission shall have authority to cancel the contract it makes between the Commission and any recipient of a scholarship upon cause deemed sufficient by the Commission.

SECTION 5. AMENDATORY 70 O.S. 2001, Section 625.12, is amended to read as follows:

Section 625.12 A. A student may be eligible to apply for and be granted a scholarship under the community and state matching program when the following conditions are met:

1. That the student desires a scholarship to cover the costs and expenses of pursuing the degree of Doctor of Medicine ~~or the,~~ degree of Doctor of Osteopathic Medicine or Physician Assistant degree at any accredited school of medicine or school of osteopathic medicine in the United States of America;

2. That the student is a bona fide resident of the State of Oklahoma;

3. That the student desires and agrees to practice ~~his profession~~ as a Medical Doctor, Doctor of Osteopathic Medicine, or Physician Assistant in the community in Oklahoma providing the initial funds and subject to the terms and conditions of the contract between the student and the community and the contract between the student and the state;

4. That the student is a person of good moral character;

5. That the student has a capacity to profit by the course of study for which ~~he seeks~~ aid is sought;

6. That the student has successfully completed the program of instruction prerequisite for admission to or continuation in the program of study provided for in this act and has applied and been accepted or is currently a student at an accredited school ~~of medicine or school of osteopathic medicine~~ or program;

7. That the personal financial resources of the student are such that ~~he~~ the student can demonstrate need for assistance to pursue successfully the course of study in which ~~he~~ the student is engaged; and

8. That the student submits proof that ~~he has not accepted or will not accept any~~ no other scholarship assistance has been accepted or will be accepted which has a conflicting service obligation requirement.

In determining ~~an applicant student's~~ the capacity of an applicant to profit by the course of study ~~he~~ the applicant desires to pursue, the Commission shall consider ~~his~~ previous scholastic record, the results of examinations conducted under the provisions of this act, and the results of interviews and such other tests or examinations which the Commission may deem advisable.

In establishing ~~an applicant student's~~ the financial need of the applicant, the Commission shall conduct a thorough and complete investigation of the financial resources of the applicant and ~~his~~ family.

B. The method of payment of funds to each student participating in the scholarship program shall be in accordance with rules formulated by the Commission governing the grants for each type of scholarship involved.

C. Each scholarship shall be renegotiated annually by the Commission to determine if a change has occurred in the ability of

the community to match funds at the agreed level or if a change has occurred in the ~~student's~~ financial need of the student or desire to practice in the community providing the initial funds. Each scholarship may be renewed annually for the number of years required to complete the course of study in which the recipient is engaged. The Commission shall grant such an annual renewal only upon ~~the recipient's~~ application by the recipient and upon the ~~Commission's~~ finding by the Commission that the student has completed successfully the work of the preceding year and presented evidence that ~~he is a~~ the student is in good standing, and ~~that he~~ remains a resident of Oklahoma.

SECTION 6. This act shall become effective July 1, 2005.

SECTION 7. It being immediately necessary for the preservation of the public peace, health and safety, an emergency is hereby declared to exist, by reason whereof this act shall take effect and be in full force from and after its passage and approval.

50-1-5508

KB

01/17/05