

Chapter 607: ACCESS TO MEDICAL EDUCATION AND HEALTH PROFESSIONS LOAN PROGRAMS

Summary: This rule establishes the criteria to be met by students of medicine in obtaining a position at medical schools pursuant to a contract between the Authority and the medical school and the criteria necessary to obtain loans to defray the costs of medical education. The provisions of this rule related to the Health Professions Loan Program loans are applicable to borrowers who obtained their first Program loans prior to January 1, 2011. See Chapter 617 for criteria applicable to Health Professions Loan Program loans for other students.

I. DEFINITIONS

- A. Certain terms used in this rule, which are defined in the Finance Authority of Maine Act, 10 M.R.S.A. §961 and following and in 20-A M.R.S.A. Chapter 424 shall have the meanings set forth therein, unless clearly specified otherwise or unless the context clearly indicates otherwise.
- B. Defined Terms
 - 1. "Annual report" means a report provided annually by the Authority to the loan recipient, requiring the loan recipient to provide a current address and status of the loan recipient's professional education, training or practice and such other information the Authority deems useful or necessary for the efficient administration of the Program.
 - 2. "Chief executive officer" means the chief executive officer of the Authority or a person acting under the supervisory control of the chief executive officer.
 - 3. "Clinical education" means any on-location teaching environment ranging from a one-to-one training between a physician, or as to students of veterinary medicine a veterinarian, and a medical student to a training in a health clinic or hospital with or without a residency program.
 - 4. "Contract student" means a person who obtained a position in an institution pursuant to an agreement between the Authority and the institution.
 - 5. "Completion of professional education" means completion of medical school, post-graduate medical training and obligated public health service, and/or obligated national service.
 - 6. "Entire family practice residency program in the State" means any family practice residency in the State approved by the Liaison Committee on Medical Education, American Medical Association - Association of American Medical Colleges or any general practice residency approved by the Bureau of Professional Education of the American Osteopathic Association and also

includes: (a) a residency composed of a combination of those; or (b) an approved family practice or general practice residency in the State which accepts a one year internship as meeting part of the requirement of the residency.

7. "Family contribution" means the aggregate of the student and family contribution. In the event an institution uses any methodology other than federal methodology to determine family contribution, the institution shall provide the Authority an explanation of how it calculates family contribution.
- 7A. "Federal methodology" means the process used by the United States Department of Education to determine a student's financial need.
8. "Forgiveness" means the satisfaction of all or a portion of the loan obligation by the loan recipient through an eligible practice as set forth in section III.E.3, section IV.D. or section V.C.
9. "Health professional shortage area" means an area in the State lacking in medical professionals as designated by the Commissioner of Human Services.
10. "Indebtedness" shall be equal to (1) the tuition differential, plus any interest accrued thereon and (2) any amount borrowed as a direct loan for medical education, plus any interest accrued thereon.
11. "Institution" means an institution of allopathic or osteopathic medical education. For students commencing medical education prior to January 1, 1993, institution includes any institution of medical education that has had a contract to provide access to medical education for Maine students with the Authority or any agency which administrated the Post Graduate Health Professions Program prior to the Authority.
12. "Insufficient veterinary services" means an insufficient number of practitioners of veterinary medicine in either a veterinary specialty or a geographic area, as determined by the Commissioner of Agriculture, Food and Rural Resources.
- 12A. "Large animal(s)", as that term is used in Section II (A)(2), Section II (B) (2), Section II (C) (1), and Section III (B), means cattle, oxen, horses, pigs, sheep, goats, llamas, alpacas, bison raised for food, and/or domesticated deer and/or elk, and may also include other animals, upon request, in the Authority's sole discretion.
13. "Loan recipient" means any student who incurs indebtedness evidenced by a Note and Loan Agreement requiring the amount of money borrowed to be repaid either through cash installment payments or through forgiveness.
14. "Maine resident" means a person who has been a resident of the State for a minimum of one year at the time of matriculation at medical school for other than educational purposes. In determining whether an applicant is a Maine resident the Authority may consider (1) the secondary school the applicant attended; (2) the legal residence of the applicant's parents, if the applicant is dependent; (3) the location where the applicant is registered to vote, if any; (4) the jurisdiction(s) in which the applicant files income tax forms; (5) the jurisdiction where the applicant is licensed to drive, if any; (6) such other relevant documents and information as determined necessary or convenient in the opinion of the chief executive officer.

15. "Nonresident tuition" means tuition charged to persons who do not reside in the state where the institution is located. If no distinction is made between the tuition charged residents and nonresident students at the institution, then nonresident tuition means the tuition charged all students.
16. "Obligated national service" means an obligation incurred for financial assistance during undergraduate or graduate education, for internship or residency training provided by the Armed Forces Services of the United States, or for compulsory national service required by an Act of Congress.
17. "Postgraduate medical training" includes internships, residencies, and fellowships that fulfill the requirements for certifications/licensure by the corresponding Council/Board on Graduate Education of Allopathic Medicine, Osteopathic Medicine or Dentistry in the specialty. Postgraduate medical training for Optometric students includes postdoctoral residencies and fellowships affiliated with and administered by a professional Optometry school. Postgraduate medical training for veterinary graduates includes one-year internships with a practicing veterinarian and/or internships, residencies, and fellowships that prepare the practitioners for certification(s) by the corresponding Council Board of veterinary medicine in the specialty.
18. "Primary health care" means general or family practice of medicine, general internal medicine, general pediatrics, general dentistry and obstetrics and gynecology.
19. "Repayment period" means the period of time following completion of professional education or upon withdrawal from school, post-graduate training, and obligated national service required by an Act of Congress, commencing six (6) months after completion of professional education and continuing ten (10) years.
20. "Return service" means employment in a practice that qualifies the loan recipient for forgiveness of any portion of the indebtedness.
21. "Tuition differential" means the difference between the nonresident tuition at the institution being attended by the contract student and the tuition charged the contract student for each year of attendance as a contract student.
22. "Underserved group" means an underserved population group in the State receiving insufficient primary health care or dental services as determined by the Commissioner of Human Services. Such a designation may be limited to a geographic area of the State or to a specific practice location in the discretion of the Commissioner of Human Services.
23. "Underserved specialty" means a medical specialty in which there are insufficient practitioners either throughout the State or within a designated geographic area of the State, which may be a specific practice location, as determined by the Commissioner of Human Services.

II. ACCESS TO MEDICAL EDUCATION PROGRAM

A. Contracts with Institutions

1. Prior to January 1, 2010, the Authority may enter into a contract with one or more institutions to secure positions for students of allopathic or osteopathic medicine. Prior to January 1, 2011, the Authority may enter into a contract with an institution to secure positions for students of veterinary medicine.
2. Each contract shall require contract students at the institution to complete clinical education in rural areas and health professional shortage areas of the State or, with respect to students of veterinary medicine, to complete clinical education in an area of the State with insufficient veterinary services relating to large animals, all upon such terms and conditions as may be agreed. Each contract shall further require the institution to provide the Authority annually a list of the clinical education completed in the preceding year by each contract student attending that institution.
3. Each contract may require the institution to improve opportunities for clinical education in rural areas, health professional shortage areas and areas of the State with insufficient veterinary services relating to large animals.
4. Each contract may require the institution to allow the Authority or a representative of the Authority to participate in the admission of applicants to the Access to Medical Education Program.
5. Each contract may require the institution to assist the Authority in determining the financial need of applicants participating in the Health Professions Loan Program.
6. Each contract will provide that payments will be made for each student for a maximum of four years.

B. Eligibility

1. Maine residents who have been accepted to an institution with which the Authority has a contract are eligible.
2. All applicants must show evidence of a desire to practice primary health care in the State, or to practice in a health professional shortage area, or as to applicants for veterinary medicine positions, to practice veterinary medicine, specializing in large animal medicine, in an area of the State with insufficient veterinary services.
3. Applicants must commence their professional education on or after January 1, 1993 and prior to January 1, 2010, except as to applicants for available veterinary medicine positions, who must commence their professional education on or after January 1, 1999 and prior to January 1, 2011.

C. Requirements

1. For allopathic or osteopathic medical students, each contract student selected to participate in the program must sign a written Agreement with the Authority

whereby the student agrees to complete a minimum of two primary care, clinical education rotations in Maine. One rotation must occur at a Maine primary care residency program, and consist of not less than 50% outpatient care. The other rotation must occur in either a health professional shortage area or an ambulatory site defined as rural by the Authority. No ambulatory site rotations shall occur prior to completion of a student's core curriculum. For veterinary medical students, the student must sign an Agreement with the Authority that must provide that the student agrees to complete clinical education in an area of the State with insufficient veterinary services relating to large animals.

2. If any portion of the amounts expended by the Authority to secure positions at an institution are used to reduce the tuition paid by the contract student, the contract student must sign an agreement with the Authority to repay such amounts on such terms and conditions as are set forth in section III.E.3 hereof.
3. The Agreement signed by a contract student may require or encourage the student to participate in presentations at one or more high schools in the state concerning careers in the veterinary or health profession, and such other terms and conditions as the Authority deems necessary to fulfill the policy objectives of the program.

III. HEALTH PROFESSIONS LOAN PROGRAM

A. Eligibility. To receive a loan an applicant must:

1. Be a Maine resident.
2. Provide all financial aid information requested by the Authority prior to any deadline established by the Authority and evidence financial need for a loan.
3. Be admitted to a program of allopathic, osteopathic, optometric, veterinary medicine or dentistry at an institution of medical education that has been accredited by the appropriate accreditation agency.
4. Loans may not be used as a substitute for:
 - a. Subsidized Federal Stafford loans;
 - b. Federal Perkins loans;
 - c. Financial aid from funds of an institution;
 - d. Any other financial aid available from the loan applicant's undergraduate college or university or any professional medical associations;
 - e. Loans made pursuant to Title VII of the Federal Public Health Service Act, excluding Health Education Assistance Loans;
 - f. Notwithstanding the foregoing, a financial aid officer from an institution may request that loans from the Authority pursuant to this Rule substitute for any of the financial aid listed if such substitution will be in the best

interests of the applicant. Such requests may be granted in the discretion of the chief executive officer. The chief executive officer's decision on such request shall be final.

5. Have obtained a first Program loan prior to January 1, 2011. The loans described herein shall not be available to students occupying positions at schools of allopathic and osteopathic medicine after the 2012-2013 academic year or to any other students after the 2013-2014 academic year.
- B. Priority for loans. Awards of loans shall be made according to the following order of priority with loan applications within each priority further prioritized to provide loans to applicants exhibiting the greatest financial need and an intent to practice primary health care, general optometry or large animal veterinary medicine.
1. First priority for loans is for students enrolled in the Access program who are seeking loan renewal and who continue to demonstrate financial need.
 2. Second priority for loans is for students of allopathic or osteopathic medicine not enrolled in the Access Program who wish to renew loans and continue to demonstrate financial need.
 3. Third priority is for students studying dentistry, optometry, or veterinary medicine.
- C. The Authority will determine financial need as follows:
1. For applicants who are under 30 or who have not been independent for financial aid purposes for at least five years, in accordance with the following formula:

$$\text{Student's Financial Need} = \text{Student's Cost of Attendance} - \text{Family Contribution} - \text{Other Financial Aid identified in Section III.A.4}$$
 2. For applicants who are 30 or older or who have been independent for financial aid purposes for at least five years, in accordance with federal methodology.
- D. In no event may a student receive loan funds which when combined with other financial assistance, will exceed the student's cost of attendance at the institution.
- E. Agreement Requirements. Each loan recipient must sign an agreement with the Authority including at a minimum each of the following provisions:
1. The loan recipient must provide the annual report to the Authority on forms supplied annually on or before the date indicated by the Authority as the due date.
 2. Until the loan is satisfied, the loan recipient must report any change of address to the Authority within four weeks of any address change.
 3. Repayment/Forgiveness
 - a. Upon compliance with all necessary procedures, the following practitioners will be forgiven the greater of 25% of their original

outstanding indebtedness under this program or up to \$7,500 for each full year of practice during the repayment period:

- (1) Primary health care physicians and general dentists practicing in a designated health professional shortage area; except that primary health care physicians and general dentists practicing in the State, but not in a designated health professional shortage area, will be forgiven the greater of 12.5% of their original outstanding indebtedness under this program or up to \$3,750 for each full year of practice during the repayment period;
 - (2) Any physician practicing in an underserved specialty;
 - (3) Any physician providing services to a designated underserved group;
 - (4) Veterinarians providing services to Maine residents with insufficient veterinary services.
- b. Upon compliance with all necessary procedures, any loan recipient completing a primary health care residency program in the State will be forgiven 50% of the original indebtedness for each year of primary health care practice in a designated health professional shortage area, or as a physician providing services to an underserved group or 25% of the original outstanding indebtedness for each year of primary health care practice in the State not in a designated health professional shortage area or providing services to an underserved group.
- c. The repayment period will begin six (6) months following completion of professional education, or upon withdrawal from school for whatever reason. The loan recipient is responsible for notifying the Authority of such completion of professional education or withdrawal from school.
- d. Payments must be made in monthly installments on a repayment schedule established by the Authority.
- e. Interest will begin to accrue at the beginning of the repayment period. The first monthly installment will be due one month following the date determined as the beginning of the repayment period.
- f. Loan recipients may receive partial loan forgiveness on a pro rata basis if they fulfill all the criteria but maintain the appropriate practice for less than a full calendar year. The accrual of interest will commence one month after the cessation of a practice situation allowing for forgiveness of a loan. Cash payments will be due four months after the cessation of a practice situation allowing for forgiveness of the loan.
- g. *(Repealed effective May 5, 1996)*
- h. Loan recipients who practice in a situation which does not qualify them to receive forgiveness of their loan and later establish a practice which qualifies them to receive forgiveness during the ten (10) year repayment

period may reduce the balance due through return service. Any monies due and payable for the time spent in the practice ineligible for forgiveness must be paid in cash and will not be forgiven for return service in Maine. Each year of return service will reduce the remaining balance including accrued interest by the greater of \$7,500 or 25% of the total original indebtedness.

- i. The Authority may, in the discretion of the chief executive officer, refuse to credit all or any part of forgiveness of any loan if the loan recipient fails to return the annual report or any information requested by the Department of Health and Human Services by the due date which shall be no less than 30 days after the mailing of the annual report by the Authority.
 - j. The Department of Health and Human Services, Office of Rural Health and Primary Care or any agency or bureau succeeding to its responsibilities may require a loan recipient requesting loan forgiveness or an interest rate benefit, excluding veterinarians, to report annually the level of service provided by the loan recipient to Medicaid and Medicare patients and in public health clinics. If the Office of Rural Health and Primary Care determines that such level of service provided was not reasonable, the Authority may refuse to grant any loan forgiveness or interest rate benefit for the period of the loan.
4. Default. If a payment is not made within 30 days following the due date the Authority may declare the loan in default and give the loan recipient 30 days to cure the default. If the loan recipient fails to cure the default after 30 days notice, the Authority may declare the entire amount due and payable including attorney's fees.
5. Deferment
 - a. Deferments during the repayment period may be granted by the chief executive officer. A written request must be made to the chief executive officer requesting a deferment by a student. The request must state the justification for the deferment and must include all supporting documentation. Deferments will be decided on a case by case basis. The decision of the chief executive officer shall be final. Deferments may be granted for each of the following reasons:
 - (1) The temporary disability of the borrower;
 - (2) The student's temporary inability to meet the requirements necessary to obtain forgiveness of the loan, if the student evidences the intent to pursue one of the forgiveness provisions;
 - (3) The demonstration of the student that immediate repayment of the loan will cause an undue hardship, as determined by the chief executive officer;
 - (4) Such other reasons as the chief executive officer may approve.

- b. A deferment will not ordinarily be granted for a period greater than one year. However, upon request of the student, the chief executive officer may renew any deferment on a case-by-case basis.
 - c. During the period of an approved deferment, simple interest will be assessed at the same rate set forth in the promissory note executed by the loan recipient. At the conclusion of the deferment period the total outstanding balance including principal and interest shall be repaid either through return service or cash payments within the years remaining in the ten (10) year repayment period.
- 6. **Loan Term.** Loans must be repaid over a term no greater than ten years. The term may be extended upon a finding by the chief executive officer that such an extension is necessary to assure the repayment of the loan.
- 7. **Maximum Loan Amount**
 - a. Loans to loan recipients participating in the Access to Medical Education program may not exceed \$25,000. Notwithstanding the financial need of the students, the Authority may, in the discretion of the chief executive officer, provide loans of a lesser amount based on demand for loans, the actual funds available, and such other factors as the chief executive officer deems to be material.
 - b. Loans to all other loan recipients, including contract students who have entered into an Agreement with the Authority pursuant to 20-A M.R.S.A. §11804-A may not exceed the lesser of \$10,000 or 60% of the student's tuition annually.
 - c. For the purposes of determining terms of repayment and forgiveness, all loans made under this section III shall be combined.
- 8. **Interest Rate**
 - a. *(Repealed effective May 5, 1996)*
 - b. *(Repealed effective May 5, 1996)*
 - c. Any loan recipient who maintains a practice in the State, but who does not devote 75% or more of the practice to the provision of primary care and is not eligible for forgiveness pursuant to section III.E.3 shall owe the Authority interest at the rate of the then current rate applicable to the federal Stafford loan program or any successor thereto minus 1.5% per annum computed as simple annual interest and fixed at the time the loan recipient signs the initial note, which rate will be applicable to all renewal notes.
 - d. Any loan recipient who does not maintain a practice in the State shall owe the Authority interest at the rate of the then current rate applicable to the federal Stafford loan program or any successor thereto plus 1.5% per annum computed as simple annual interest and fixed at the time the loan recipient signs the initial note, which rate will be applicable to all renewal notes.

- e. No interest shall accrue on the loan recipient's indebtedness while the loan recipient maintains a practice which entitles the loan recipient to receive forgiveness pursuant to section III.E.3.a or b.

IV. PROVISIONS AFFECTING STUDENTS WHO COMMENCE PROFESSIONAL EDUCATION ON OR AFTER JULY 1, 1981 AND PRIOR TO JANUARY 1, 1993

A. General Provisions

1. The contract student shall sign a written Agreement, and Promissory Note and Disclosure Statement through which the student agrees to conditions for repayment of indebtedness as a participant in the Postgraduate Health Professions Program.
2. The contract student upon completion of professional education or upon withdrawal from school for whatever reason shall enter the repayment period.
3. Any contract student commencing professional education on or after July 1, 1981 shall repay the State the tuition differential for each year of attendance as a contract student if the student's obligation has not been fulfilled under the forgiveness provisions.
4. Each student shall return an annual report to the Authority no later than the date set forth by the Authority.
5. The student will report any change of address when such occurs to the Authority.

B. Repayment

1. The amount due the State shall include interest at 9% on a simple annual basis. Interest will be assessed starting on the date which marks the beginning of the repayment period.
2. Within three months following completion of professional education; including internship, residency, fellowship, and obligated public health service, and/or obligated national service, or upon withdrawal from school for whatever reason, a specific date will be determined marking the beginning of the repayment period.
3. Payments will be made in ten (10) annual installments on a repayment schedule established by the Authority. The contract student may request a monthly or quarterly payment schedule.
4. The first annual installment will be due three months following the date determined as marking the beginning of the repayment period.
5. Contract students who practice either within or outside the State of Maine for less than a full calendar year will have their repayment computed on a pro rata basis.

- ##### **C. Default.**
- If a payment is not made within 90 days following the due date, the State may declare the entire amount due and payable including attorney's fees of up to 15% of the amount in default subject to the student's right to receive a notice of right to cure.

D. Forgiveness

1. Contract students who return to Maine to practice in a designated underserved area may reduce the indebtedness by 25% for each year of practice.
2. Contract students who complete an entire family practice residency program in the State may have their indebtedness reduced by 50% of the original outstanding indebtedness upon completion.
3. Contract students eligible for the reduction of debt through return service must complete the "Practice Location and Date Form" section of the annual report duly notarized indicating the exact date of the beginning of the Maine practice.
4. Contract students who practice out-of-state and then establish a Maine practice at some point during the ten (10) year repayment period may reduce the balance due through return service. Any monies due and payable for the time period spent in out-of-state practice must be paid in cash and will not be forgiven for return service in Maine. Each year of return service will reduce the existing balance by 25% of the total original tuition differential.

E. Deferment

1. Deferments during the repayment period may be granted by the chief executive officer for a maximum of three years. A written request shall be made to the chief executive officer requesting a deferment by a contract student who during the repayment period, either returns to a Maine practice and then leaves the State or who initially remains out-of-state and then returns to a Maine practice. The request must state justification for the deferment and will be decided on a case-by-case basis. The decision of the chief executive officer shall be final.
2. During the period of an approved deferment, simple interest will be assessed at the annual rate of 9%. At the conclusion of the deferment period, the total outstanding balance, including principal and interest shall be repaid either through return service or cash payments within the years remaining in the ten (10) year repayment period. Each year of return service will reduce the balance by 25% of the original total tuition differential.
3. Deferments for other reasons may be granted in the discretion of the chief executive officer. Any request must state the justification for the deferment and must include supporting documentation. Deferments will be determined on a case-by-case basis. The decision of the chief executive officer shall be final.

V. PROVISIONS AFFECTING STUDENTS WHO COMMENCE PROFESSIONAL EDUCATION ON OR AFTER SEPTEMBER°1977 AND PRIOR TO JULY 1, 1981

- A. Annual Report. Contract students shall indicate on the annual report their status commencing with graduation from the institution and annually throughout the remaining years of professional training and repayment period.

B. Repayment

1. Any students commencing their professional education on or after September 1977, but prior to July 1, 1981 shall repay the State an amount of money equal to the capitation payments expended by the State in purchasing the student's space if the student's obligation has not been fulfilled under the forgiveness provision.
2. The amount of money due the State shall include interest at 6% on a simple annual basis for students covered under P.L. 1977, chap. 703, with the interest assessed starting on the date which marks the beginning of the repayment period. The amount due shall be paid in not more than ten (10) annual equal installments. For students covered under P.L. 1975, chap. 769, the amount shall be repaid in twenty (20) annual equal installments without interest. A student may request a monthly or quarterly payment schedule.
3. The first payment will be due three months following the date determined as marking the beginning of the repayment period.
4. Contract students who practice either within or outside the State of Maine for less than a full calendar year will have their repayment computed on a monthly basis.

C. Forgiveness

1. Contract students who return to Maine to practice within a reasonable period of time in primary care or other specialized areas as determined by the Authority after consultation with the Commissioner of Human Services may reduce the indebtedness by 25% per year of practice.
2. Contract students who practice out-of-state and then establish a Maine practice at some point during the ten (10) year repayment period may reduce the balance due through return service, excepting any monies due and payable for the time period spent in out-of-state practice. Each year of return service will reduce the existing balance by 25% of the original indebtedness.
3. Whenever the balance due is less than one-quarter (1/4) of the indebtedness, the return service time to complete the student's obligation will be a proportionally prorated part of a year, and return service for the computed time will sever the contractual obligations between the State and the student.
4. The student will complete and have notarized the annual report including the "Practice Location and Date Form" section indicating the exact date of the beginning of the Maine practice in order to be eligible for the reduction of his debt through return service.
5. A contract student who has selected a field of practice which is other than primary care or other specialized areas as determined by the Authority after consultation with the Commissioner of Human Services is entitled to 25% forgiveness for each of the first two years in a Maine practice. The remaining debt must be repaid in the time remaining in the original ten (10) year repayment period.

D. Deferment

1. Deferments may be granted by the chief executive officer during the repayment period for a maximum of three years. A written request shall be made to the chief executive officer requesting a deferment by a contract student who during the repayment period, either returns to a Maine practice and then leaves the State or who initially remains out-of-state and then returns to a Maine practice. Deferments may be granted to students covered under P.L. 1975, chap. 769 with a simple annual interest of 6 percent being assessed during the deferment period only.
2. During the period of an approved deferment, simple interest will be assessed at the annual rate of 6%. At the conclusion of the deferment period, the total outstanding balance, including principal and interest shall be repaid either through return service or cash payments within the years remaining in the ten (10) year repayment period. Each year of return service will reduce the balance by 25% of the original indebtedness.
3. Deferments for other reasons may be granted in the discretion of the chief executive officer. Any request must state the justification for the deferment and must include supporting documentation. Deferments will be determined on a case-by-case basis. The decision of the chief executive officer will be final.

E. Students Subject to the Provisions of P.L. 1975, chap. 769

1. Those contract students subject to the provisions of P.L. 1975, chap. 769 may reduce the indebtedness, through return service, the full amount of their indebtedness. Each year of practice in Maine will allow the students to have one-quarter (1/4) of their original indebtedness forgiven.
2. For those contract students subject to the provisions of P.L. 1975, chap. 769, the phrase "completion of professional education" does not include obligated public health service.
3. All other provisions of this section V will apply where appropriate to this section.

- VI.** In the event that an application for a loan or request for deferment or extension is denied by the chief executive officer, the applicant shall have the right to appeal the decision of the chief executive officer to the members. An appeal of the denial of an application shall not affect the processing or priority of other applications. Notice of the appeal, together with a statement of the reasons why the decision of the chief executive officer should be reversed or modified must be given to the chief executive officer in writing within 20 days after the date the chief executive officer mailed the notice of denial to the applicant. The appeal shall be heard at a meeting of the members, and the applicant must be present to support the appeal. The appeal shall be based on the record before the chief executive officer on the date of the denial. The decision of the chief executive officer shall be final unless the members determine that the denial by the chief executive officer was arbitrary, capricious or an abuse of discretion, in which event the members may overturn or modify the decision of the chief executive officer and may direct the chief executive officer to take further action with respect to the application.

- VII.** The chief executive officer may waive any requirement of this rule, except to the extent that the requirement is mandated by the Act, in cases where the deviation from the rule is insubstantial and is not contrary to the purposes of the program.

STATUTORY AUTHORITY: 20-A M.R.S.A. §§ 11810, 12107

EFFECTIVE DATE:

February 8, 1993

AMENDED:

May 14, 1994 – III.E.3.a.1

May 5, 1996 – II.C.1, III.E.3.a.1 and b, III.E.3.g (repealed), and III.E.8.a and b (repealed)

EFFECTIVE DATE (ELECTRONIC CONVERSION):

May 4, 1996

NON-SUBSTANTIVE CORRECTIONS:

June 12, 1996 – includes incorporation of May 4, 1996 amendment

October 7, 1996 – minor spelling

AMENDED:

July 13, 1998 – I.B.3, II.A.2 - 3, II.B.2 - 3, II.C.1, 3

NON-SUBSTANTIVE CORRECTIONS:

August 12, 1998 – minor formatting and punctuation

AMENDED:

January 13, 2001 – I.B.7A, III.C.2. (added); III.B.2, III.B.3, III.B.6, III.C.1, III.E.3 I, III.E.5.c, III.E.8.c, III.E.8.d (amended)

NON-SUBSTANTIVE CORRECTIONS:

February 19, 2001 – minor punctuation

AMENDED:

August 4, 2001 – III.E.7.a

March 2, 2003 – I.B.12A (added); I.B.14, 19; III.E.3.c, e

June 2, 2004 – III.E.5.c, III.E.7.a, filing 2004-178

January 23, 2007 – II.C.1, filing 2007-13

January 1, 2011 – II.A.1, II.B.3 (amended); III.A.5 (new); III.B (amended); III.E.3(j) (amended), filing 2011-605

94-457

FINANCE AUTHORITY OF MAINE

CHAPTER 617: HEALTH PROFESSIONS LOAN PROGRAM

Summary: This rule establishes the criteria to be met by students of allopathic, osteopathic and veterinary medicine or dentistry to obtain loans to defray the costs of such graduate education. These

criteria are applicable to students obtaining first Program loans beginning in 2011. See Chapter 607 for the criteria applicable to Health Professions Loan Program loans obtained prior to January 1, 2011.

SECTION 1. DEFINITIONS

1. Certain terms used in this rule, which are defined in the Finance Authority of Maine Act, 10 M.R.S.A. §961 and following and in 20-A M.R.S.A. Chapter 424 shall have the meanings set forth therein, unless clearly specified otherwise or unless the context clearly indicates otherwise.
2. Defined Terms
 - A. "Annual report" means a report provided annually by the Authority to the loan recipient, requiring the loan recipient to provide a current address and status of the loan recipient's professional education, training or practice and such other information the Authority deems useful or necessary for the efficient administration of the Program.
 - B. "Chief executive officer" means the chief executive officer of the Authority or a person acting under the supervisory control of the chief executive officer.
 - C. "Completion of professional education" means completion of medical, dental or veterinary school, post-graduate training and obligated public health service, and/or obligated national service, if any.
 - D. "Financial need" means the financial cost of attendance as published by the institution minus the loan recipient's expected family contribution as calculated under Title IV of the Higher Education Act of 1965, as amended.
 - E. "Health professional shortage area" means an area in Maine lacking in medical professionals as designated by the Maine Commissioner of Health and Human Services.
 - F. "Institution" or "school" means an institution or school of allopathic, osteopathic veterinary or dental education.
 - G. "Insufficient veterinary services" means an insufficient number of practitioners of veterinary medicine in either a veterinary specialty or geographic area, as determined by the Maine Commissioner of Agriculture, Food and Rural Resources.
 - H. "Maine resident" means a person who has been a resident of Maine for a minimum of one year at the time of matriculation at an institution for other than educational purposes. In determining whether an applicant is a Maine resident the Authority may consider (1) the secondary school the applicant attended; (2) the legal residence of the applicant's parents; (3) the location where the applicant is registered to vote, if any; (4) the jurisdiction(s) in which the applicant files income tax forms; (5) the jurisdiction where the applicant is licensed to drive, if

any; (6) such other relevant documents and information as determined necessary or desirable in the opinion of the chief executive officer.

- I. "Obligated national service" means an obligation incurred for financial assistance during undergraduate or graduate education, for internship or residency training provided by the Armed Forces Services of the United States, or for compulsory national service required by an Act of Congress.
- J. "Postgraduate training" includes internships, residencies, and fellowships that fulfill the requirements for certifications/licensure by the corresponding Council/Board on Graduate Education of Allopathic Medicine, Osteopathic Medicine, Veterinary Medicine or Dentistry or the appropriate specialty.
- K. "Primary health care" means general or family practice of medicine, general internal medicine or internal medicine, general pediatrics or pediatrics, internal medicine-pediatrics, general dentistry and general obstetrics and gynecology.
- L. "Repayment period" means the period of time commencing six months following completion of professional education or upon withdrawal from school, and continuing for ten years.
- M. "Underserved group" means an underserved population group in Maine receiving insufficient primary health care or dental services as determined by the Maine Commissioner of Health and Human Services. Such a designation may be limited to a geographic area of Maine or to a specific practice location in the discretion of the Maine Commissioner of Health and Human Services.
- N. "Underserved specialty" means a medical specialty in which there are insufficient practitioners either throughout Maine or within a designated geographic area of Maine, which may be a specific practice location, as determined by the Maine Commissioner of Health and Human Services.

SECTION 2. ELIGIBILITY

To be a loan recipient an applicant must:

- 1. Be a Maine resident.
- 2. Provide all financial aid information, including but not limited to filing the FAFSA, requested by the Authority prior to any deadline established by the Authority and evidence financial need for a loan.
- 3. Be admitted to a program of allopathic, osteopathic, veterinary medicine or dentistry at an institution of medical education that has been accredited by the appropriate accreditation agency, which program culminates in a M.D., D.O., D.M.D. or D.D.S., or D.V.M. degree.
- 4. Be obtaining a first Program loan after January 1, 2011.

SECTION 3. LOANS

Loans to loan recipients also benefiting from the Doctors for Maine's Future Scholarship Program may not exceed \$10,000 annually. Loans to all other loan recipients may not exceed \$25,000 annually. All loans are limited to a total of four years. Loans may not replace any available institutional grant aid. A loan recipient may not receive loan funds which, when combined with other financial assistance, will exceed the loan recipient's unmet financial need at the institution, as certified by the institution.

SECTION 4. PRIORITY FOR LOANS

Awards of loans shall be made according to the following order of priority with loan applications within each priority further prioritized to provide loans to applicants exhibiting the greatest financial need and intent to practice primary health care, or veterinary medicine in an area with insufficient veterinary services.

1. First priority for loans is for loan recipients who wish to renew loans up to three times and continue to demonstrate financial need.
2. Second priority for loans is for incoming allopathic and osteopathic students not participating in the Doctors for Maine's Future Scholarship Program.
3. Third priority for loans is for students studying dentistry, or veterinary medicine.
4. Fourth priority for loans is for incoming students participating in the Doctors for Maine's Future Scholarship Program.

SECTION 5. AGREEMENT REQUIREMENTS

Each loan recipient must sign an agreement with the Authority including at a minimum each of the following provisions:

1. The loan recipient must provide the annual report to the Authority on forms supplied annually on or before the date indicated by the Authority as the due date.
2. Until the loan is satisfied, the loan recipient must report any change of address to the Authority within four weeks of any address change.
3. Repayment Terms
 - A. Upon compliance with all necessary procedures, the following practitioners who maintain the specified practice for at least 20 hours per week, will owe all principal plus interest on their outstanding obligations at the rate of 0% per annum:
 - (1) Primary health care physicians and general dentists practicing in a designated health professional shortage area.
 - (2) Veterinarians providing services to Maine residents with insufficient veterinary services and providing at least 20 hours per week of veterinary services to livestock.

- B. Upon compliance with all necessary procedures, the following practitioners who maintain the specified practice for at least 20 hours per week attending to patients, will owe all principal plus interest on their outstanding obligations at the rate of 3% per annum:
 - (1) Primary health care physicians and general dentists practicing in Maine, but not in a designated health professional shortage area.
 - (2) Any physician practicing in an underserved specialty.
 - (3) Any physician providing services to a designated underserved group.
- C. Loan recipients practicing in Maine, other than those identified in subsections A and B above, will owe all principal plus interest on their outstanding obligations at the rate of 5% per annum.
- D. Loan recipients not practicing in Maine or who have withdrawn from professional education will owe all principal plus interest on their outstanding obligations at the rate of 8% per annum.
- E. The repayment period will begin six months following completion of professional education, or upon withdrawal from school for whatever reason. The loan recipient is responsible for notifying the Authority of such completion of professional education or withdrawal from school.
- F. Payments must be made in monthly installments on a repayment schedule established by the Authority.
- G. Interest will begin to accrue at the beginning of the repayment period. The first monthly installment will be due one month following the date determined as the beginning of the repayment period.
- H. Notwithstanding any other provision of this rule, if the loan recipient fails to return the annual report or any information requested by the Maine Department of Health and Human Services by the due date which shall be no less than 30 days after the mailing of the annual report by the Authority, the Authority may require the loan recipient to pay all principal plus interest on their outstanding obligations at the rate of 8% per annum.
- I. The Maine Department of Health and Human Services, Office of Rural Health and Primary Care or any agency or bureau succeeding to its responsibilities may require a loan recipient requesting an interest rate benefit, excluding veterinarians, to report annually the level of service provided by the loan recipient to Medicaid and Medicare patients and in public health clinics. If the Office of Rural Health and Primary Care determines that the level of service provided was not reasonable, the Authority may refuse to grant any interest rate reduction for the period of the loan.
- J. Default. If a payment is not made within 30 days following the due date the Authority may declare the loan in default and give the loan recipient 30 days to cure

the default. If the loan recipient fails to cure the default after 30 days notice, the Authority may declare the entire amount due and payable including attorney's fees.

K. Deferment

- (1) Deferments during the repayment period may be granted by the chief executive officer upon written request made to the chief executive officer by the loan recipient. The request must state the justification for the deferment and must include all supporting information and documentation. Deferments will be decided on a case by case basis. The decision of the chief executive officer shall be final. Deferments may be granted for each of the following reasons:
 - (a) Temporary disability of the borrower;
 - (b) Demonstration by the loan recipient that immediate repayment of the loan will cause an undue hardship, as determined by the chief executive officer;
 - (c) Such other reasons as the chief executive officer may approve.
- (2) A deferment will not ordinarily be granted for a period greater than one year. However, upon request of the loan recipient, the chief executive officer may renew any deferment on a case-by-case basis.
- (3) During the period of an approved deferment, simple interest will be assessed at the rate of 5%. At the conclusion of the deferment period the total outstanding balance including principal and interest shall be repaid within the years remaining in the ten year repayment period.

- L. Loan Term. Loans must be repaid over a term no greater than ten years. The term may be extended upon a finding by the chief executive officer that such an extension is necessary to assure the repayment of the loan.

SECTION 6.

In the event that an application for a loan or request for deferment or extension is denied by the chief executive officer, the applicant shall have the right to appeal the decision of the chief executive officer to the members. An appeal of the denial of an application shall not affect the processing or priority of other applications. Notice of the appeal, together with a statement of the reasons why the decision of the chief executive officer should be reversed or modified must be given to the chief executive officer in writing within 20 days after the date the chief executive officer mailed the notice of denial to the applicant. The appeal shall be heard at a meeting of the members, and the applicant must be present to support the appeal. The appeal shall be based on the record before the chief executive officer on the date of the denial. The decision of the chief executive officer shall be final unless the members determine that the denial by the chief executive officer was arbitrary, capricious or an abuse of discretion, in which event the members may overturn or modify the decision of the chief executive officer and may direct the chief executive officer to take further action with respect to the application.

SECTION 7.

The chief executive officer may waive any requirement of this rule, except to the extent that the requirement is mandated by the Act, in cases where the deviation from the rule is insubstantial and is not contrary to the purposes of the Program.

STATUTORY AUTHORITY: P.L. 2009, Ch. 488; 20-A M.R.S.A. §12107

EFFECTIVE DATE:

January 1, 2011 – filing 2010-606

94-457 FINANCE AUTHORITY OF MAINE

Chapter 618: MAINE VETERINARY MEDICINE LOAN PROGRAM

SUMMARY: This rule establishes the criteria to be met by students commencing veterinary medical education after December 31, 2010 who seek forgivable loans to defray the costs of studying veterinary medicine.

SECTION 1. DEFINITIONS

1. Certain terms used in this rule, which are defined in the Finance Authority of Maine Act, 10 M.R.S.A. §961 and following and in 20-A M.R.S.A. Chapter 424-A shall have the meanings set forth therein, unless clearly specified otherwise or unless the context clearly indicates otherwise.
2. Defined Terms
 - A. "Annual report" means a report provided annually by the Authority to the loan recipient, requiring the loan recipient to provide a current address and status of the loan recipient's professional education, training or practice and such other information the Authority deems useful or necessary for the efficient administration of the Program.
 - B. "Chief executive officer" means the chief executive officer of the Authority or a person acting under the supervisory control of the chief executive officer.
 - C. "Clinical experiences" means any on-location teaching environment ranging from one-to-one training with a veterinarian to training in a veterinary clinic or hospital.
 - D. "Completion of professional education" means completion of veterinary school, post-graduate medical training, and obligated public health and/or national service, if any.
 - E. "Financial need" means the financial cost of attendance as published by the

institution of veterinary medicine minus the student's expected family contribution as calculated under Title IV of the Higher Education Act of 1965, as amended.

- F. "Forgiveness" means the satisfaction of all or a portion of the loan obligation by the loan recipient through an eligible practice as set forth herein.
- G. "Insufficient veterinary services" means an insufficient number of practitioners of veterinary medicine in a veterinary specialty related to livestock, as determined by the Maine Commissioner of Agriculture, Food and Rural Resources.
- H. "Livestock" means such animals as determined by the Maine Commissioner of Agriculture, Food and Rural Resources.
- I. "Maine resident" means a person who has been a resident of the Maine for a minimum of two years for other than educational purposes at the time of entry to a school of veterinary medicine. In determining whether an applicant is a Maine resident, the Authority shall consider (a) length of residence in Maine for other than tuition purposes; (b) the secondary school the applicant attended; (c) the legal residence of the applicant's parents; (d) the location where the applicant is registered to vote, if any; (e) the jurisdiction(s) in which the applicant files income tax forms; (f) the jurisdiction where the applicant is licensed to drive, if any; (g) such other documents and information as determined necessary or relevant in the opinion of the chief executive officer.
- J. "Postgraduate training" includes one-year internships with a practicing veterinarian and/or internships, residencies, and fellowships that prepare practitioners for certification(s) by the corresponding Council Board of veterinary medicine in the specialty.
- K. "Program" means the Maine Veterinary Medicine Loan Program.
- L. "Repayment period" means the period of time beginning six months following completion of professional education or withdrawal from school and continuing for ten years.
- M. "Return service" means employment in a practice that qualifies the loan recipient for forgiveness of any portion of the indebtedness.
- N. "Selection Committee" means the committee convened by the chief executive officer pursuant to Section IV herein.

SECTION 2. ELIGIBILITY

1. The applicant must be a Maine resident admitted to an institution of veterinary medicine in a program of study leading to a Doctor of Veterinary Medicine degree.
2. The applicant must have provided all financial and other application information requested by the Authority, in a timely manner.
3. All applicants must show evidence of a desire to practice veterinary medicine related to

livestock in an area of Maine with insufficient veterinary services.

4. Applicants must not have commenced veterinary medical education prior to January 1, 2011.
5. Awards of loans shall be made according to the following order of priority:
 - A. First priority is for students who are seeking loan renewal and who continue to demonstrate financial need as certified by the institution of veterinary medicine.
 - B. Second priority is for incoming students who demonstrate financial need as certified by the institution of veterinary medicine.
 - C. After prioritizing applicants in accordance with the first and second priorities, the Selection Committee shall consider:
 - (1) The applicant's background including past or current residence and/or employment on a farm;
 - (2) The applicant's involvement, if any, with farm or livestock related organizations;
 - (3) The applicant's undergraduate degree and farm or livestock related experiences as an undergraduate;
 - (4) The applicant's employment or any internships or related experiences with a licensed veterinarian; and
 - (5) Such other factors as the Authority and the Selection Committee deem relevant to assessing the likelihood that the applicant will practice veterinary medicine related to livestock in underserved areas of Maine.

SECTION 3. LOAN AMOUNTS AND CONSOLIDATION

The maximum loan amount available under the Program to each loan recipient is \$25,000 per year for a period of up to four years. In no event may a student receive loan funds which, when combined with other financial assistance, will exceed the student's cost of attendance at the institution. For purposes of determining terms of repayment and forgiveness, all loans under the Program will be consolidated.

SECTION 4. SELECTION OF LOAN RECIPIENTS

A Selection Committee convened by the chief executive officer of not fewer than three members, one of whom shall be the State of Maine veterinarian and one of whom shall be a representative of a state-wide Maine association of veterinarians, shall meet annually to advise the Authority in prioritizing the eligible applicants in accordance with the factors identified in Section II.5(C).

SECTION 5. LOAN AGREEMENT REQUIREMENTS

Each loan recipient must sign a Loan Agreement with the Authority including at minimum the following provisions:

1. The loan recipient must provide the annual report to the Authority on forms supplied annually on or before the date indicated by the Authority as the due date.
2. Until the loan is satisfied, the loan recipient must report any change of address to the Authority within four weeks of any address change.
3. A loan recipient must make a commitment to undertake specific training, including clinical experiences in livestock medicine, and report such experiences annually to the Authority in the annual report.
4. Forgiveness
 - A. Upon compliance with all necessary procedures, practitioners who practice veterinary medicine full time in an area of Maine with insufficient veterinary services and whose practice is devoted to livestock at least 20 hours per week will be forgiven 25% of their original outstanding indebtedness under this Program for each full year of practice during the repayment period.
 - B. Upon compliance with all necessary procedures, practitioners who practice veterinary medicine full time in an area of Maine with insufficient veterinary services and whose practice is devoted to livestock less than 20 hours per week, but not less than 10 hours per week, will be forgiven 12.5% of their original outstanding indebtedness under this Program for each full year of practice during the repayment period.
 - C. Upon compliance with all necessary procedures, practitioners who practice veterinary medicine less than full time in an area of Maine with insufficient veterinary services, but devote at least 10 hours per week to the care of livestock, will be forgiven 12.5% of their original outstanding indebtedness under this Program for each full year of practice during the repayment period.
 - D. Loan recipients may receive partial loan forgiveness on a pro rata basis if they fulfill all the criteria but maintain the appropriate practice for less than a full calendar year. Loan recipients must notify the Authority as soon as practicable of the cessation of a practice allowing for loan forgiveness. The accrual of interest will commence one day after cessation of such a practice regardless of when notice is received. Cash payments will be due the earlier of one month after cessation of the practice or one month after the Authority has received notice.
 - E. Loan recipients who practice in a situation which does not qualify them to receive forgiveness of their loan and later establish a practice which qualifies them to receive forgiveness during the ten year repayment period may reduce the balance due through return service. Any monies due and payable for the time spent in the practice ineligible for forgiveness must be paid in cash and will not be forgiven for return service in Maine. Each year of return service will reduce the remaining balance including accrued interest by the applicable amount of the total original indebtedness.

- F. The Authority may, in the discretion of the chief executive officer, refuse to credit all or any part of forgiveness of any loan if the loan recipient fails to return the annual report within 30 days of the due date of such report or fails to provide any information requested by the Maine Department of Agriculture, Food and Rural Resources within 30 days of any such request.
 - G. The Maine Department of Agriculture, Food and Rural Resources shall assist the Authority in determining whether the level of service provided by the loan recipient to livestock was reasonable. If the Maine Department of Agriculture, Food and Rural Resources determines that the level of service provided was not reasonable, the Authority may refuse to grant any loan forgiveness for the period of the loan.
5. Repayment. All loan recipients who do not qualify for loan forgiveness must repay their indebtedness plus 5% annual interest on the following terms:
- A. The repayment period will begin six months following completion of professional education or upon withdrawal from school for whatever reason. The loan recipient is responsible for notifying the Authority of such completion of professional education or withdrawal from school.
 - B. Payments must be made in monthly installments on a repayment schedule established by the Authority.
 - C. Interest will begin to accrue at the beginning of the repayment period. The first monthly installment will be due one month following the date determined as the beginning of the repayment period.
 - D. Loans must be repaid over a term no greater than ten years. The term may be extended upon a finding by the chief executive officer that such an extension is necessary to assure the repayment of the loan.
 - E. Default. If a payment is not made within 30 days following the due date the Authority may declare the loan in default and give the loan recipient 30 days to cure the default. If the loan recipient fails to cure the default after 30 days notice, the Authority may declare the entire amount due and payable including attorney's fees.
 - F. Deferment. Deferments during the repayment period may be granted by the chief executive officer upon written request by a student. The request must state the reason for the deferment and must include all supporting information and documentation. Deferments will be decided on a case by case basis. The decision of the chief executive officer is final. Deferments may be granted for each of the following reasons:
 - (1) The temporary disability of the borrower;
 - (2) The borrower's temporary inability to meet the requirements necessary to obtain forgiveness of the loan, if the borrower evidences the intent to pursue one of the forgiveness provisions;

- (3) The demonstration by the borrower that immediate repayment of the loan will cause an undue hardship, as determined by the chief executive officer;
- (4) Such other reasons as the chief executive officer may approve.

SECTION 6.

In the event that an application for a loan is denied by the chief executive officer, the applicant shall have the right to appeal the decision of the chief executive officer to the members. An appeal shall not affect the processing or priority of other applications. Notice of the appeal, together with a statement of the reasons why the decision of the chief executive officer should be reversed or modified must be given to the chief executive officer in writing within 20 days after the date the chief executive officer mailed the notice of denial to the applicant. The appeal shall be heard at a meeting of the members, and the applicant must be present to support the appeal. The appeal shall be based on the record before the chief executive officer on the date of the denial. The decision of the chief executive officer shall be final unless the members determine that the denial by the chief executive officer was arbitrary, capricious or an abuse of discretion, in which event the members may overturn or modify the decision of the chief executive officer and may direct the chief executive officer to take further action with respect to the application.

SECTION 7.

The chief executive officer may waive any requirement of this rule, except to the extent that the requirement is mandated by the Act, in cases where the deviation from the rule is insubstantial and is not contrary to the purposes of the Program.

STATUTORY AUTHORITY: P.L. 2009, Ch. 488; 20-A M.R.S.A. §12124

EFFECTIVE DATE:

January 1, 2011 – filing 2010-607