

MAINE STATE LEGISLATURE

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1 SECOND REGULAR SESSION
2

3 ONE HUNDRED AND TENTH LEGISLATURE
4

5 **Legislative Document**

No. 1925

6
7 H. P. 1948 House of Representatives, February 4, 1982
Approved for introduction by the Legislative Council pursuant to
Joint Rule 26.

Referred to the Committee on Education. Sent up for concurrence
and ordered printed.

8 EDWIN H. PERT, Clerk
Presented by Representative Thompson of South Portland.

Cosponsors: Representative Gowan of Standish, Senator Perkins
of Hancock and Senator Gill of Cumberland.

9
10 **STATE OF MAINE**
11

12 IN THE YEAR OF OUR LORD
13 NINETEEN HUNDRED AND EIGHTY-TWO
14

15 **AN ACT to Create Manpower Distribution**
16 **Incentives in the Fields of Medicine,**
17 **Dentistry, Optometry and Veterinary**
18 **Medicine.**
19

20 Be it enacted by the People of the State of Maine as follows:

21 **Sec. 1.** 20 MRSA §2271, sub-§3, as enacted by PL 1977,
22 c. 703, §2, is amended by adding at the end a new sentence
23 to read:

24 The advisory committee shall advise the Commissioner of
25 Human Services and the Commissioner of Agriculture, Food and
26 Rural Resources in the determination of underserved areas.

27 **Sec. 2.** 20 MRSA §2272, sub-§1, first sentence, as
28 enacted by PL 1977, c. 703, §2, is amended to read:

1 For purposes of this chapter, a state contract student is
2 any Maine resident who is or has been enrolled in an educa-
3 tional program at an educational institution for which pro-
4 gram the State:

5 Sec. 3. 20 MRSA §2273, sub-§1-A, as enacted by PL
6 1981, c. 316, Pt. M, §3, is repealed.

7 Sec. 4. 20 MRSA §2273-A is enacted to read:

8 §2273-A. Capitation loan for students entering on or after
9 July 1, 1981

10 1. Definitions. As used in this section, unless the
11 context otherwise indicates, the following terms have the
12 following meanings.

13 A. "Capitation loan" means the amount agreed upon
14 between the State and the institution to reserve a seat
15 to be occupied by a contract student.

16 B. "Interest" means 9% simple annual interest.

17 C. "Underserved area" means an underserved geographic
18 area, underserved specialty area, underserved popu-
19 lation group or any combination of these in the State.

20 2. Eligibility. All students entering an educational
21 program on or after July 1, 1981 shall be eligible to become
22 contract students.

23 3. State contract students. All state contract stu-
24 dents are obligated to repay capitation loans.

25 4. Commencement of interest. The interest charge
26 shall commence at the start of the repayment period.

27 5. Repayment amount; repayment period. The amount a
28 contract student shall repay to the State shall equal the
29 capitation loan plus interest. The amount shall be repaid
30 in not more than 10 equal annual installments.

31 6. Commencement of the repayment period. The repay-
32 ment period shall commence at the end of the contract
33 student's professional education, including internship, res-
34 idency and fellowship training. The Commissioner of Educa-
35 tional and Cultural Services may grant up to an additional 4
36 years deferment for further training or research if the com-
37 missioner determines that further training or research is in

1 the best interest of the State; under exceptional circum-
2 stances, the commissioner may grant additional time for
3 repayment.

4 7. Forgiveness. Repayment of the capitation loan may
5 be forgiven as follows:

6 A. Up to 25% of the total principal and associated
7 interest shall be forgiven for each of the first 4
8 years following the commencement of the repayment
9 period in which the contract student practices in an
10 underserved area; or

11 B. If there are no designated underserved areas in
12 Maine in the contract student's profession and spe-
13 cialty at the time at which the contract student estab-
14 lishes a practice and if the Commissioner of Educa-
15 tional and Cultural Services determines the contract
16 student is in economic need based on income, other
17 assets and total indebtedness, up to 10% of the prin-
18 cipal and associated interest shall be forgiven for
19 each of the first 4 years following the commencement of
20 the repayment period.

21 8. Determination of underserved areas. The Commis-
22 sioner of Human Services shall determine underserved areas
23 by specialty for the fields of medicine, dentistry and
24 optometry and determine the percent of forgiveness for each
25 area and specialty. The Commissioner of Agriculture, Food
26 and Rural Resources shall determine the underserved areas
27 for veterinary medicine and determine the percentage of for-
28 giveness in each area. The Commissioner of Human Services
29 and the Commissioner of Agriculture, Food and Rural
30 Resources shall annually submit a list of underserved areas
31 and their respective percent of forgiveness to the Commis-
32 sioner of Educational and Cultural Services.

33 9. Rules. The Commissioner of Educational and Cul-
34 tural Services, the Commissioner of Human Services and the
35 Commissioner of Agriculture, Food and Rural Resources shall
36 each establish rules to carry out respective responsibili-
37 ties under this section.

38 Sec. 5. 20 MRSA §2273-B is enacted to read:

39 §2273-B. Tuition loan

40 1. Definitions. As used in this section, unless the
41 context otherwise indicates, the following terms have the
42 following meanings.

1 A. "Interest" means 9% simple annual interest.

2 B. "Tuition loan" means a loan in an amount not to
3 exceed the cost of tuition.

4 2. Eligibility. All contract students enrolled on or
5 after July 1, 1982 shall be eligible based on financial
6 need.

7 3. Repayment amount; repayment period. The amount a
8 contract student shall repay to the State shall include the
9 tuition loan plus interest. The amount shall be paid back
10 in not more than 10 equal annual installments.

11 4. Commencement of interest. Interest charges shall
12 commence at the beginning of the repayment period.

13 5. Commencement of the repayment period. The repay-
14 ment period shall commence at the end of the contract
15 student's professional education. The Commissioner of Edu-
16 cational and Cultural Services may grant up to an additional
17 4-year deferment for additional study or research if the
18 commissioner determines further study or research is in the
19 best interest of the State.

20 6. Forgiveness. Up to 25% of the total principal and
21 associated interest shall be forgiven for each of the first
22 4 years following commencement of the repayment period if
23 the tuition loan recipient practices in an underserved area
24 in Maine, as determined in section 2273-A, subsection 8 and
25 if the Commissioner of Educational and Cultural Services
26 determines the loan recipient is in financial need based on
27 income, other assets and total indebtedness.

28 7. Rules. The Commissioner of Educational and Cul-
29 tural Services shall establish rules to carry out this
30 section.

31 Sec.6. 20 MRSA §2278, sub-§1, as repealed and replaced
32 by PL 1981, c. 316, Pt. M, §7, is amended to read:

33 1. Nonlapsing fund. Any unexpected money appropriated
34 by the Legislature under section 2276 shall not lapse, but
35 shall be carried forward to the following year to be
36 expended by the department for the purpose of purchasing
37 contract positions at- medical- schools or tuition loans.
38 Moneys returned to the State shall be deposited in a revol-
39 ving account, to be expended for the purpose of purchasing
40 contract spaces at- medical- schools positions or tuition

1 loans.

2 STATEMENT OF FACT

3 This bill addresses the high cost of health profes-
4 sional education for Maine students under the compact and
5 the maldistribution of health professionals in the State.

6 The purpose of the proposed capitation loan forgiveness
7 and tuition loan plan of the contract program is to maintain
8 access to health professions education, limit the growth of
9 financial barriers to health professions education for Maine
10 residents, assist students having limited financial
11 resources in pursuing a career in health care and simulta-
12 neously address problems of distribution of health profes-
13 sionals in the State.

14 Current law does not provide legislative control over
15 location of practice or financial assistance for needy stu-
16 dents.

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