

# MAINE STATE LEGISLATURE

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M  
R.S.

L.D. 1965

DATE: 5-4-99

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EDUCATION AND CULTURAL AFFAIRS

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STATE OF MAINE  
HOUSE OF REPRESENTATIVES  
119TH LEGISLATURE  
FIRST REGULAR SESSION

COMMITTEE AMENDMENT "A" to H.P. 1367, L.D. 1965, Bill, "An Act to Establish the Maine Dental Education Loan Program"

Amend the bill in section 2 in the first line (page 1, line 10 in L.D.) by striking out the following: "Sec. 2. 20-A c. 426 is enacted to read:" and inserting in its place the following: 'Sec. 2. 20-A MRSA c. 426 is enacted to read:'

Further amend the bill in section 2 in that part designated "~~§12301.~~" in subsection 4 in the 2nd line (page 1, line 48 in L.D.) by inserting after the following: "or" the following: 'geographical'

Further amend the bill in section 2 in that part designated "~~§12301.~~" in subsection 4 in the 2nd line (page 1, line 48 in L.D.) by striking out the following: "in the State"

Further amend the bill in section 2 in that part designated "~~§12301.~~" in subsection 4 in the last line (page 2, line 2 in L.D.) by inserting after the following: "Services." the following: 'The rules must take into consideration factors that include, but are not limited to, family income levels, availability of dental care and percentage of families qualifying for Medicaid coverage.'

Further amend the bill in section 2 by striking out all of that part designated "~~§12302.~~" and inserting in its place the following:

§12302. Maine Dental Education Loan Program

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2       1. Establishment. The Maine Dental Education Loan Program,  
3 referred to in this chapter as the "program," is established.  
4 The authority shall administer the program. Under this program,  
5 the chief executive officer shall award up to 3 loans or loan  
6 repayment agreements annually up to an aggregate of 12. As  
7 provided in subsection 3:

8           A. Loans are available to Maine residents enrolled in a  
9 dental school; or

10           B. A loan repayment agreement is available to a person who  
11 is eligible for licensure as a doctor of dental medicine in  
12 Maine and who has outstanding dental education loans.

13       2. Application process. Application must be made directly  
14 to the authority.  
15

16       3. Eligibility. The following persons are eligible to  
17 participate in the program:  
18

19           A. Applicants under subsection 1, paragraph A who meet  
20 eligibility criteria established by rule of the authority,  
21 which at a minimum must require:

22                   (1) That the student be a Maine resident;

23                   (2) That the student is enrolled in a dental school;  
24 and

25                   (3) That priority be given to a student:

26                           (a) Who previously received a loan pursuant to  
27 this section;

28                           (b) Who exhibits financial need; and

29                           (c) Who demonstrates an interest in serving an  
30 underserved population area; and

31           B. Applicants under subsection 1, paragraph B who meet  
32 eligibility criteria established by rule of the authority,  
33 which at a minimum must require:

34                   (1) That the applicant is eligible for licensure to  
35 practice dental medicine in Maine;

36                   (2) That the applicant have outstanding dental  
37 education loans; and

38                   (3) That the applicant is willing to serve an  
39 underserved population area.  
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2 4. Maximum amount. The maximum loan or loan repayment  
3 amount available to each participant is \$20,000 per year for a  
4 period of up to 4 years.

5 5. Loan agreement; forgiveness. A student applying under  
6 subsection 1, paragraph A shall enter into a loan agreement as  
7 set out in this subsection.

8  
9 A. Upon completion of professional education, the student  
10 shall repay the loan in accordance with this paragraph.

11 (1) A loan recipient who does not obtain loan  
12 forgiveness pursuant to subparagraph (2) shall repay  
13 the entire principal of the loan plus simple interest  
14 at a rate to be determined by rule of the authority.

15 Interest does not begin to accrue until the loan  
16 recipient completes dental education.

17 (2) A loan recipient who, upon conclusion of the  
18 recipient's professional education, including any  
19 fellowships, elects to serve as a practitioner of  
20 dental medicine in an underserved population area is  
21 forgiven 25% of the original outstanding indebtedness  
22 for each year of that practice.

23 B. Loans must be repaid over a term no longer than 10  
24 years, except that the chief executive officer may extend an  
25 individual's term as necessary to ensure repayment of the  
26 loan. Repayment must commence when the loan recipient  
27 completes, withdraws from or otherwise fails to continue  
28 dental education.

29 C. A loan recipient serving an underserved population area  
30 pursuant to paragraph A, subparagraph (2) must serve all  
31 patients regardless of ability to pay through insurance or  
32 other payment source.

33  
34 6. Loan repayment agreement. An applicant under subsection  
35 1, paragraph B shall enter into a loan repayment agreement as set  
36 out in this subsection.

37 A. An applicant will receive payment from the authority on  
38 the applicant's outstanding indebtedness for dental  
39 education at a rate of \$20,000 per year of service for up to  
40 4 years as long as the applicant continues to serve as a  
41 practitioner of dental medicine in an underserved population  
42 area.

43 B. A person receiving loan repayment payments under this  
44 subsection must serve all patients regardless of ability to  
45 pay through insurance or other payment source.  
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2           7. Default. A loan recipient who agrees to practice in an  
4           underserved population area and who fails to complete the period  
6           of service required to pay off the loan is liable to the  
8           authority for an amount equal to the sum of the total amount paid  
10          by or on behalf of the authority to or on behalf of the recipient  
12          under the contract plus interest at a rate determined by the  
14          authority. Credit for practice in an underserved population area  
16          will be awarded for each consecutive 12-month period served.  
18          Exceptions may be made by the authority in accordance with  
20          subsection 8.

22          A loan recipient may be granted permission to default without  
24          penalty from an agreement to serve in an underserved population  
26          area by petitioning the authority. Grounds for permission to  
28          default without penalty include, but are not limited to,  
30          catastrophic circumstances that prevent the recipient from  
32          remaining in an underserved population area for the required  
34          period of time. The recipient receives credit for the number of  
36          months served and the remaining financial obligation plus  
38          interest must be repaid to the authority in cash under the terms  
40          of the original agreement.

42           8. Deferments. Deferments on the repayment of a loan under  
44           the program may be granted for causes established by rule of the  
46           authority. Interest at a rate to be determined by rule of the  
48           authority must be assessed during the deferment. The student's  
50           total debt to the authority, including principal and interest,  
52           must be repaid either through return service or cash payments.  
          The chief executive officer shall make determinations of  
          deferment on a case-by-case basis. The decision of the chief  
          executive officer is final.'

34           Further amend the bill in section 2 in that part designated  
36           "~~§12303.~~" in subsection 2 in the 3rd line (page 4, line 38 in  
38           L.D.) by inserting after the following: "underserved" the  
40           following: 'population'

42           Further amend the bill in section 2 in that part designated  
44           "~~§12303.~~" in subsection 2 by striking out all of paragraphs A to  
46           C and inserting in their place the following:

48           'A. In accordance with criteria established by the  
50           authority, to encourage dentists to practice in underserved  
52           population areas; or

B. To repay education loans for the dental education of  
          licensed dentists to enable the dentists to practice in  
          underserved population areas.'

52           Further amend the bill in section 2 in that part designated  
          "~~§12107.~~" in the first line (page 6, line 12 in L.D.) by striking

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out the following: "~~\$12107.~~" and inserting in its place the following: '~~\$12305.~~'

Further amend the bill in section 2 in that part designated "~~\$12107.~~" in the 3rd and 4th lines (page 6, lines 16 and 17 in L.D.) by striking out the following: "populations, underserved areas and underserved specialties" and inserting in its place the following: 'underserved population areas'

Further amend the bill by inserting after section 2 the following:

'Sec. 3. Appropriation. The following funds are appropriated from the General Fund to carry out the purposes of this Act.

	<b>1999-00</b>	<b>2000-01</b>
<b>18</b>	<b>FINANCE AUTHORITY OF MAINE</b>	
<b>20</b>	<b>Maine Dental Education Loan Program</b>	

22	All Other	\$60,000	\$120,000
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24 Provides funds for loans to  
26 Maine residents enrolled in a  
school of dental education or  
28 to repay loan agreements for  
practicing doctors of dental  
30 medicine who practice in  
underserved population areas.'

32 Further amend the bill by inserting at the end before the  
summary the following:

**36** 'FISCAL NOTE

	<b>1999-00</b>	<b>2000-01</b>
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**40** APPROPRIATIONS/ALLOCATIONS

42	General Fund	\$60,000	\$120,000
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44  
46 The bill establishes the Maine Dental Education Loan Program  
to provide loans of up to \$20,000 annually to Maine students at  
48 schools of dental education or to repay up to \$20,000 annually of  
the loans of practicing dentists who serve in underserved  
50 population areas. Since the Finance Authority of Maine is  
authorized to provide up to 3 loans or loan repayments annually  
until an aggregate of 12 loans or loan repayments have been

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provided, this bill includes General Fund appropriations of \$60,000 and \$120,000 in fiscal years 1999-00 and 2000-01, respectively, to the authority. The estimated third year cost in fiscal year 2001-02 is \$180,000. Annual ongoing costs, estimated to be \$240,000 annually, will be required beginning in fiscal year 2002-03.

The Department of Human Services will incur some minor additional costs to develop and adopt rules and to serve on the advisory committee. These costs can be absorbed within the department's existing budgeted resources.'

### SUMMARY

This amendment expands application of the Maine Dental Education Loan Program established in the bill. In addition to providing loans to students enrolled in dental school, the amendment provides that the program will offer loan forgiveness to assist a licensed dentist in paying off existing loans if the dentist practices dental medicine in an underserved population area. The amendment also clarifies the loan default provisions of the program and adds an appropriation section and fiscal note to the bill.