

CHAPTER 4810
HIGHER EDUCATION COORDINATING BOARD
MISCELLANEOUS STUDENT FUNDING PROGRAMS

LOANS TO MEDICAL AND OSTEOPATHY STUDENTS

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NOTE: See part 4830.0100 for definitions applicable to this chapter.

4810.0200 [Repealed, 8 SR 196]

4810.0300 [Repealed, 8 SR 196]

4810.0400 [Repealed, 8 SR 196]

4810.0500 [Repealed, 8 SR 196]

4810.0600 [Repealed, 8 SR 196]

4810.0700 [Repealed, 8 SR 196]

4810.0800 [Repealed, 8 SR 196]

4810.0900 [Repealed, 8 SR 196]

LOANS TO MEDICAL AND OSTEOPATHY STUDENTS

4810.2100 DEFINITIONS.

Subpart 1. **Scope.** The following terms shall have the meaning hereinafter ascribed to them.

Subp. 2. **Accredited medical school.** "Accredited medical school" shall be any medical school accredited by the Liaison Committee on Medical Education, as founded by the American Medical Association and the Association of American Medical Colleges and as recognized by the United States Office of Education.

Subp. 3. **Accredited school of osteopathy.** "Accredited school of osteopathy" shall be one whose graduates are eligible for licensure in Minnesota.

Subp. 4. **Area in need of medical doctors or osteopaths.** "Area in need of medical doctors or osteopaths" shall be a rural community in Minnesota where the health care needs of its residents are not fully met by available physicians and/or osteopaths. At least annually, by resolution, the board shall adopt a list of such areas based upon recommendations of the Minnesota Board of Medical Practice and other agencies concerned with planning health care of Minnesota residents. The list of areas in need is applicable to the student at the time the student commences practice.

Subp. 5. **Eighteen months of each initial or renewal period of the loan.** "Eighteen months of each initial or renewal period of the loan" shall mean 18 months times the number of years the student received funds from the program up to a maximum of five years.

Subp. 6. **Service requirement.** "Service requirement" shall mean the number of months the student must practice in an area in need of medical doctors or osteopaths in order to satisfy the loan cancellation provisions of the program.

Subp. 7. **Student in good standing.** "Student in good standing" shall mean that the student is attending full time in an approved school of medicine or osteopathy and is making satisfactory progress toward completion of academic and internship requirements according to standards of the institution the student is attending.

Statutory Authority: *MS s 136A.111 subd 2; 136A.16 subd 2; 136A.234; 136A.70; 147.30*

History: *10 SR 2319; L 1991 c 106 s 6*

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4810.2200 PURPOSE.

The purpose of parts 4810.2100 to 4810.2800 is to augment Minnesota Statutes, sections 147.30 et seq., as amended, establishing a state program of loans to medical and osteopathy students by providing standards, criteria, and rules therefor.

Statutory Authority: *MS s 147.30*

4810.2300 EXECUTIVE DIRECTOR.

The executive director of the board is hereby delegated the authority and responsibility for administration of the Minnesota medical and osteopathy loan program in accordance with these rules and state laws, for issuance of public information, designing of application forms, prescribing of procedures for submission of applications for loans, and for the selection of qualified recipients of loans provided by the term of this act.

Completed applications shall be reviewed, ranked, and forwarded by representatives of participating schools of medicine and osteopathy to the Board of Medical Practice. The Board of Medical Practice shall evaluate the respective qualifications of applicants and present its recommendations to the board for its final review and approval.

Statutory Authority: *MS s 136A.03;*

History: *L 1991 c 106 s 6*

4810.2400 CRITERIA FOR SELECTION.

Priority will be given to applicants with financial need. The applicant's need for loan assistance provided by the terms of this act shall be determined by the board, which shall take into account educational costs and financial resources available to the student. In selecting medical students, priority shall be given to students enrolled in schools in Minnesota. Once selected, program participants are eligible to borrow from the program each academic year until graduation from medical or osteopathy school.

Statutory Authority: *MS s 147.30*

4810.2500 TERMS OF LOANS.

Subpart 1. Amount. The amount of a loan shall not exceed \$6,000 for any given academic year nor \$24,000 in total to any one student.

Subp. 2. Note and interest. Each loan shall be evidenced by a promissory note payable on demand to the state of Minnesota and such note shall bear interest at the rate of eight percent per annum from the date of execution until paid or otherwise discharged in accordance with terms of this act.

Subp. 3. Length of services. Each recipient of a loan provided under Minnesota Statutes shall be required to agree in writing to practice medicine or osteopathy as follows.

If the recipient first received assistance from the program before July 1, 1975, the recipient must practice in an area in need of medical doctors or osteopaths for three years.

Recipients receiving assistance from the program for the first time after July 1, 1975, must practice in an area in need of medical doctors or osteopaths for a period not less than 18 months for each year the student received funds from the program or for a period of five years, whichever is less.

Subp. 4. Discharge of obligation. The recipient of a loan provided by terms of this act shall be considered to have discharged the full amount of obligation, both principal and interest, of loans, upon certification of satisfactory completion of required medical practice as defined in subpart 3.

Subp. 5. Commencing service. Recipients who agree to practice in an area in need of medical doctors or osteopaths shall begin not later than three months after being certified as qualified to practice medicine or osteopathy in Minnesota except as otherwise provided in subpart 6.

Subp. 6. Deferment of obligation. After being certified by the Board of Medical Practice as qualified to practice medicine or osteopathy in Minnesota, the recipient of a loan provided by this act may, upon proper application to the executive director, be granted deferment of the recipient's obligation for a period not exceeding four years for the purpose of advanced specialized study or for service in the armed forces of the United States.

Subp. 7. **Breach of contract.** If the recipient of a loan provided by this act fails to fulfill the agreement to practice medicine or osteopathy as set forth in subpart 3 the full amount of loan obligations, both principal and interest, shall become due and payable upon demand.

Subp. 8. **Appeal procedure.** During the year that a recipient is due to commence service in Minnesota, the recipient may appeal the exclusion of a community from the list of eligible areas in need. The appeal must contain at least the following:

A. a written request for an appeal to the executive director; and

B. documentation to establish that a community be added to the board's list of eligible areas in need, including:

(1) documentation from the representative of the local health systems agency defining the health care needs of the residents, and services provided by available physicians and osteopaths;

(2) notarized statements from available physicians and osteopaths documenting their intention to retire, leave the area, or otherwise reduce their services to the community;

(3) demographic and geographic data demonstrating the level of medical service provided within the community; and

(4) other relevant data concerning the health care of the community.

The executive director shall initially decide the appeal. An adverse decision must automatically be forwarded to the financial aid committee of the board, or its representatives, for a decision. The recipient may appeal an adverse determination of the financial aid committee to the Office of Administrative Hearings.

Statutory Authority: *MS s 136A.111 subd 2; 136A.16 subd 2; 136A.234; 136A.70; 147.30*

History: *10 SR 2319; 17 SR 1279; L 1991 c 106 s 6*

4810.2600 PAYMENT TO STUDENTS.

Upon approval of a loan under terms of this act and after the promissory note and service agreement have been executed in accordance with requirements set forth in part 4810.2500, subparts 2 and 3, respectively, the executive director of the board shall cause to be remitted to the loan recipient the principal amount of the loan. Pursuant to terms of this act, a loan may be granted for full-time attendance at an approved school of medicine or osteopathy for a specified academic term.

Statutory Authority: *MS s 147.30*

4810.2700 REPAYMENT UPON DEMAND.

A recipient of a loan obtained under provisions of this act who ceases to be a full-time student, in good standing, at an approved school of medicine or osteopathy for any reason shall be required to repay to the board the entire amount of loan obligations, both principal and interest, upon demand.

Statutory Authority: *MS s 147.30*

History: *17 SR 1279*

4810.2800 RESERVE FUND.

The board shall be required to maintain a reserve fund. Loan obligations forgiven in accordance with part 4810.2500, subpart 4 and any uncollectible loans made in accordance with the terms of this act shall be charged to the reserve fund and the loan fund credited for the amount so charged.

Statutory Authority: *MS s 147.30*

RURAL PHYSICIAN LOAN FORGIVENESS PROGRAM

4810.3000 SCOPE.

Parts 4810.3010 to 4810.3070 apply to the rural physician loan forgiveness program.

Statutory Authority: *MS s 136A.04; 136A.16; 136A.234*

History: *15 SR 1925*

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4810.3010 DEFINITIONS.

Subpart 1. **Scope.** The terms defined in Minnesota Statutes, section 136A.1351, are applicable to parts 4810.3010 to 4810.3070.

Subp. 1a. **Designated rural area.** "Designated rural area" means the area defined in part 4830.0100, subpart 3a.

Subp. 2. **Emergency circumstances.** "Emergency circumstances" means those conditions that make it impossible for the participant to fulfill the service commitment. The conditions include death, total and permanent disability, or temporary disability lasting more than two years.

Subp. 3. **Qualified loans.** "Qualified loans" means:

- A. Perkins Loans/National Direct Student Loans (NDSLs);
- B. Stafford Loans/Guaranteed Student Loans (GSLs);
- C. Health Professions Student Loans (HPSLs);
- D. Supplemental Loans for Students (SLSs)/Auxiliary Loans to Assist Students (ALASs);
- E. Health Education Assistance Loans (HEALs);
- F. Mayo Foundation Loans;
- G. MedLoans;
- H. Minnesota Medical Association Loans (MMAs);
- I. University of Minnesota Trust Fund Loans (TFLs);
- J. Minnesota Student Educational Loan Fund (SELF loans);
- K. Student Loan Marketing Association Consolidation Loans (SMART) and other student loan consolidation loans approved by the United States Department of Education;
- L. Professional Education Plan (PEP loans);
- M. TER1 Supplemental Loans;
- N. Norwest Collegiate Loans;
- O. Graduate EXCEL (Nellie Mae); and
- P. Minnesota Medical Foundation Loans (MMFs).

Statutory Authority: *MS s 136A.04; 136A.16; 136A.234*

History: *15 SR 1925; 17 SR 1021*

4810.3020 CRITERIA FOR SELECTION.

Subpart 1. **Classification of applicants.** The executive director shall place applicants in one of the following classifications:

- A. Minnesota residents who fulfill residency training in Minnesota;
- B. Minnesota residents who fulfill residency training outside Minnesota;
- C. applicants who are not Minnesota residents, but fulfill residency training in Minnesota; or
- D. applicants who are not Minnesota residents and do not fulfill residency training in Minnesota.

Subp. 2. **Insufficient award availability.** If more than eight applicants start to serve as physicians in a designated rural area, the executive director shall choose participants in the order specified in subpart 1 for participation. Applicants not chosen to participate initially must be placed on an alternate list from which additional participants will be chosen if a chosen participant declines to participate.

Statutory Authority: *MS s 136A.04; 136A.16; 136A.234*

History: *15 SR 1925*

4810.3030 APPLICATION PROCESS.

Subpart 1. **Acknowledgment letter.** On receipt of a letter of interest from a prospective physician, the executive director shall send the prospective physician more detailed information about the program.

Subp. 2. [Repealed, 16 SR 2162]

Subp. 3. **Application form and contract.** Prospective physicians accepted into this program must complete and return the application form and contract provided by the executive director. The prospective physician agrees to serve at least three of the first five years following residency in a designated rural area. Failure to complete and return the application form and contract by the specified deadline date results in the elimination of the applicant from the classification list.

Subp. 4. **Notification of service.** The prospective physician must notify the executive director in writing immediately after starting service as a physician in a designated rural area.

Subp. 5. **Agreement or promissory note.** Before any payments are made by the executive director on qualified loans designated by the participant, the participant must sign the agreement or promissory note provided by the executive director. The participant must work as a physician at least 30 hours per week in a designated rural area.

Statutory Authority: *MS s 136A.04; 136A.16; 136A.234*

History: *15 SR 1925; 16 SR 2162; 17 SR 1021*

4810.3040 LOAN PAYMENT.

Subpart 1. **Designation of loans.** Each program participant must designate which eligible loans the executive director must make payments on. Payments by the executive director cannot exceed \$10,000 per year for each participant, unless the participant fulfills the requirements in subpart 6.

Subp. 2. **Payment billings.** The participant must provide necessary information for payment purposes on eligible loans to the executive director in a timely manner. The participant must provide the executive director with all payment books for the designated loans or forward monthly billing statements for the loans so that the executive director has ample time to make the monthly payments on time.

Subp. 3. **Terms of payments.** The executive director shall make loan payments according to the terms and conditions of the designated loans to the lenders or servicers in an amount that, when annualized, does not exceed \$10,000 per year. The participant must continue to serve as a physician in a designated rural area during the period the executive director is making loan payments for the participant.

Subp. 4. **Additional payment amount.** If the amounts paid by the executive director on the designated loans for a participant is less than \$10,000 for a 12-month period, during the 12th month the executive director will pay an additional amount on the designated loans to equal \$10,000 for the 12-month period. Participants who meet the requirements in part 4810.3040, subpart 6, may designate an additional \$2,000 above the \$10,000 maximum specified in subpart 1 for each applicable year of residency. The total amount paid during the 12-month period cannot exceed the principal and accrued interest of the designated loans.

Subp. 5. **Discontinuation of service.** The participant must reimburse the executive director for payments made during any period when the participant is not serving as a physician in a designated rural area.

Subp. 6. **Additional designation of loans.** If a program participant serves at least four weeks during a year of residency substituting for a rural physician to temporarily relieve the rural physician of rural practice commitments, the participant may designate up to an additional \$2,000 above the \$10,000 maximum specified in subpart 1, for each year of residency during which the resident substitutes in this capacity. In order to designate additional loans, the program participant must provide the executive director with written verification from the rural physician documenting the period of time the program participant relieves the rural physician of rural practice commitments.

The program participant must be a licensed physician in Minnesota when performing the services specified in this subpart.

Statutory Authority: *MS s 136A.04; 136A.16; 136A.234*

History: *15 SR 1925; 17 SR 1021*

4810.3050 PENALTY FOR NONFULFILLMENT.

Subpart 1. **Payment amount.** If a participant fails to fulfill the service requirement of this program, the amount paid on designated loans by the executive director must be repaid

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with interest at a rate established according to Minnesota Statutes, section 270.75, subdivision 5. Interest accrues from the date the participant ceases to practice as a physician in a designated rural area.

Subp. 2. **Payment plan.** The executive director shall set up a payment plan after consulting with the participant. The participant must repay the money within five years.

Subp. 3. **Waiver.** A participant may request a waiver from the repayment obligation from the executive director. The request must be in writing and must provide written documentation on the emergency circumstances that support the need for the waiver. The executive director shall review the documentation and shall grant a full or partial waiver if the executive director finds that the emergency circumstances justify the waiver.

Subp. 4. **Release of information.** The following information about the participant may be released to a consumer credit reporting agency until the participant has repaid in full all money owed the board:

- A. the name and address of participant;
- B. the date the repayment started;
- C. the outstanding balance;
- D. the amount past due;
- E. the number of payments past due;
- F. the number of late payments in the previous 12 months; and
- G. the status or remarks code.

Statutory Authority: *MS s 136A.04; 136A.16; 136A.234*

History: *15 SR 1925*

4810.3060 PARTICIPANT RESPONSIBILITIES.

Subpart 1. **Service status verification.** Annually, the participant must complete and return to the executive director by the deadline the service status verification form provided by the executive director.

Subp. 2. **Status change.** The participant must inform the executive director in writing within 30 days of a change of address or service location.

Statutory Authority: *MS s 136A.04; 136A.16; 136A.234*

History: *15 SR 1925*

4810.3070 INFORMATION; FORMS; TERMS.

Subpart 1. **Additional information.** The executive director or the executive director's agent may require additional information from the participant that is not inconsistent with law that is helpful in the executive director's judgment to efficiently administer the program.

Subp. 2. **Forms.** The executive director may provide to participants and require the use of uniform forms in the administration of the program.

Statutory Authority: *MS s 136A.04; 136A.16; 136A.234*

History: *15 SR 1925*

4810.4100 [Repealed, 8 SR 196]

4810.4200 [Repealed, 8 SR 196]

4810.4300 [Repealed, 8 SR 196]

4810.4400 [Repealed, 8 SR 196]

4810.4500 [Repealed, 8 SR 196]

4810.4600 [Repealed, 8 SR 196]

4810.4700 [Repealed, 8 SR 196]

4810.4800 [Repealed, 8 SR 196]

4810.4900 [Repealed, 8 SR 196]

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4810.6100 [Repealed, 8 SR 196]

4810.6200 [Repealed, 8 SR 196]

4810.6300 [Repealed, 8 SR 196]

4810.6400 [Repealed, 8 SR 196]

4810.6500 [Repealed, 8 SR 196]