

R434. Health, Family Health and Preparedness, Primary Care and Rural Health.

R434-45. Rural Physician Loan Repayment Program Rules.

R434-45-1. Purpose.

This rule implements the Rural Physician Loan Repayment Program, Utah Code, Title 26, Chapter 46a; which governs the award of funds to rural physicians to repay eligible bona fide loans taken for educational expenses.

R434-45-2. Authority.

This rule is required by Section 26-46a-103(6)(a) and is promulgated under the authority of Section 26-1-5 and 26-1-17.

R434-45-3. Definitions.

The definitions as they appear in Section 26-46a-102 apply. In addition:

- (1) "Applicant" means a physician who submits a completed application and meets the application requirements established by the Department for loan repayment, including a written agreement with a rural hospital to provide matching funds.
- (2) "Approved rural hospital" means a hospital located in a rural county as defined by Section 26-46a-102, who has entered into a written agreement with the recipient to provide matching funds for the program.
- (3) "Committee" means the Rural Physician Loan Repayment Program Advisory Committee created by Section 26-46a-104.
- (4) "Contract year" means a 12 month period beginning with the effective date of the contract between the recipient and the approved rural hospital.
- (5) "Educational expenses" means the cost of allopathic or osteopathic medical education, including books, equipment, fees, materials, reasonable living expenses, supplies, and tuition.
- (6) "Eligible bona fide loan" means a loan used to pay for educational expenses leading to an allopathic or osteopathic medical degree and license in Utah that is:
  - a. A commercial loan made by a bank, credit union, savings and loan association, insurance company, school, or credit institution;
  - b. A governmental loan made by a federal, state, county or city agency;
  - c. A loan made by another person that is documented by a contract notarized at the time of making of the loan, indicative of an arm's length transaction, and with competitive terms and rates as other loans available to students; or
  - d. A loan that the application conclusively demonstrates to the Department is a bona fide loan.
- (7) "Loan repayment contract" means a contract for funds to defray educational loans in exchange for a service obligation at an approved site.
- (8) "Recipient" means an applicant selected to receive a loan repayment.
- (9) "Service obligation" means the required professional services rendered under a loan repayment contract at an approved site for a minimum of two years.

R434-45-4. Loan Repayment Contract Administration.

- (1) The Department may enter into education loan repayment contracts with physicians, in accordance with 26-46a-103(2).
- (2) The Department may award loan repayment contracts up to \$15,000 per contract year per physician.
- (3) The Department may pay recipient at the end of the first quarter of the contract year.
- (4) The Department may not enter into a loan repayment contract with an applicant who is in default of any scholarship or loan repayment program at the time of application.
- (5) Recipient shall enter into a written loan repayment contract with the Department and the approved rural hospital that binds them to the terms of the program before receiving Department funds.
- (6) The approved rural hospital shall provide a copy of the contract with recipient to the Department showing evidence of the payment method used by the rural hospital to match funds.
- (7) Recipient shall have and maintain a permanent, unrestricted license to practice as a physician in Utah before his first day of service under the contract and during the service obligation.

- (8) Recipient shall provide a progress report as defined by the Department from the hospital on a biannual basis to the Department.
- (9) Recipient shall provide information reasonably necessary for administration of the program, as determined by the Department.
- (10) Recipient may not enter into any other similar contract for loan repayment until recipient satisfies the service obligation of the loan repayment contract.

#### R434-45-5. Full-Time Equivalency Provisions for Recipient.

- (1) Loan repayment contract amount is based on the level of full-time equivalency of recipient.
- (2) Recipient may work full time or part time.
- (3) As used in this rule:
  - a. Full time means providing services for at least 40 hours per week for forty-seven 47 weeks per year; or
  - b. Part-time means providing services for at least 20 hours per week for 47 weeks per year.

#### R434-45-6. Loan Repayment Contract Eligibility and Selection Criteria.

- (1) Applicant shall be selected based on eligibility criteria, such as:
  - a. Prior experience living, working, or both in a rural community;
  - b. Board certification or eligibility;
  - c. The applicant obtaining a contract with an approved rural hospital that will match the loan funds;
  - d. Status as a United States Citizen or legal resident; and
  - e. Application within one year of beginning professional practice in a rural community.

#### R434-45-7. Loan Repayment Contract Service Obligation.

- (1) Recipient shall enter into written loan repayment contracts with the Department and the approved rural hospital agreeing to the conditions upon which the award is to be made before receipt of award under the act.
- (2) The contract shall include conditions necessary to carry out the purposes of the act.
- (3) Recipient shall serve at a rural site, approved by the Department, for a period established at the time of award, no less than 24 months.
- (4) Periods of internship, preceptorship, or other clinical training may not satisfy service obligation.

#### R434-45-8. Loan Repayment Contract Breach, Repayment and Penalties.

- (1) If recipient fails to complete the service obligation, he shall:
  - a. Pay a penalty twice the total amount of the award, on a prorated basis, according to a schedule established by the loan repayment contract;
  - b. Pay 12% annum interest on the unpaid penalty; and
  - c. Pay all costs and expenses incurred, including attorney fees, in collection of penalty.
- (2) If recipient is in breach of contract he shall begin to repay within 30 days of breach.
- (3) If recipient does not begin to repay within 30 days, the Department may submit for immediate collection of the total amount of the penalty.
- (4) Recipient shall repay the penalty in no less than one year of breach of contract.
- (5) Recipient shall make quarterly payments, no less than one-fourth of the total amount of the penalty.
- (6) The total amount of the penalty shall be determined from the end of the month in which breach of contract was made.
- (7) Recovered funds and damages collected under this section shall be deposited as dedicated credits to be used to carry out the provisions of the act.

#### R434-45-9. Extension of Loan Repayment Contracts.

- (1) The Department may extend the service obligation period for one year if:
  - a. Recipient has completed his first year of service under a two-year contract;
  - b. The approved rural hospital will continue to match the Department funds; and
  - c. Recipient informs the Department and rural hospital, in writing, of his interest in extending the contract at least six months prior to the end of the service obligation.

R434-45-10. Release of Recipient from Loan Repayment Contract and Service Obligations.

(1) The Department and the rural hospital may cancel or release, in full or in part, a recipient from his service obligation if:

- a. The service obligation has been fulfilled;
- b. Recipient is unable to fulfill the service obligation due to permanent disability, preventing him from performing any work as a physician for remuneration or profit;
- c. Recipient dies; or
- d. Good cause is shown, as determined by the Department and the approved rural hospital.

KEY: rural, physician, loan repayment  
2015

26-46a