

1 AN ACT relating to medical school loan repayment.

2 *Be it enacted by the General Assembly of the Commonwealth of Kentucky:*

3 ➔SECTION 1. A NEW SECTION OF KRS CHAPTER 164 IS CREATED TO
4 READ AS FOLLOWS:

5 *(1) The General Assembly hereby establishes the physician recruitment and retention*
6 *program to encourage Kentucky medical school students to stay in Kentucky to*
7 *practice medicine upon graduation.*

8 *(2) As used in this section:*

9 *(a) "Authority" means the Kentucky Higher Education Assistance Authority;*

10 *(b) "Eligible medical institution" means a nonprofit medical institution located*
11 *in Kentucky;*

12 *(c) "Eligible medical school" means a public medical school in Kentucky;*

13 *(d) "Eligible medical student" means a student who:*

14 *1. Is a citizen or permanent resident of the United States;*

15 *2. Is a Kentucky resident, as determined by the participating institution*
16 *in accordance with criteria established by the Council on*
17 *Postsecondary Education for the purposes of admission and tuition*
18 *assessment;*

19 *3. Has graduated or is graduating from an eligible medical school; and*

20 *4. Meets any other criteria established in administrative regulations*
21 *promulgated by the authority; and*

22 *(e) "Qualified medical service" means full-time employment of forty (40) or*
23 *more hours per week as a physician providing medical services at an*
24 *eligible medical institution.*

25 *(3) The authority may, to the extent of appropriations and other funds available to it*
26 *pursuant to subsection (8) of this section, award medical school loan interest*
27 *amounts to an eligible medical student for the first five (5) years after medical*

1 school completion and award a sum of twenty percent (20%) of the loan principal
2 and interest amounts for each of the subsequent five (5) years in accordance with
3 subsection (4) of this section. Each award shall be evidenced by a promissory
4 note that requires repayment or cancellation pursuant to subsection (5) of this
5 section.

6 (4) Physician recruitment and retention program awards shall be provided to eligible
7 medical students who agree to qualified medical service. To the extent funds are
8 available, the authority shall provide eligible medical students a maximum award,
9 not to exceed the medical student's total cost of attendance minus other financial
10 assistance received or expected to be received by the medical student during
11 medical school.

12 (5) (a) The authority shall disburse awards to eligible medical students who agree
13 to render qualified medical service and provide documentation of such
14 service by the eligible medical institution.

15 (b) An award shall not be provided or a promissory note cancellation shall not
16 be granted to any person who is in default on any obligation to the authority
17 under any program administered by the authority pursuant to KRS 164.740
18 to 164.7870 until financial obligations to the authority are satisfied, except
19 that ineligibility for this reason may be waived by the authority for cause.

20 (c) Recipients shall render ten (10) years of qualified medical service.

21 (d) If the recipient of an award fails to render qualified medical service and the
22 failure is not temporarily waived for cause by the authority, the recipient
23 shall immediately become liable to the authority for repayment of the sum
24 of all outstanding promissory notes and interest accrued. Persons liable for
25 repayment of awards under this paragraph shall be liable for interest
26 accruing from the date on which the recipient ceases to render qualified
27 medical service.

- 1 (e) The authority shall establish, by administrative regulation promulgated in
2 accordance with KRS Chapter 13A, the terms and conditions, cancellation,
3 and repayment of awards, including but not limited to the selection criteria,
4 eligibility for renewal, amount of payments, deferments, the rate of
5 repayment, and the interest rate thereon.
- 6 (f) Notwithstanding any other statute to the contrary, the maximum interest
7 rate applicable to repayment of a promissory note under this section shall be
8 eight percent (8%) per annum, except that if a judgment is rendered to
9 recover payment, the judgment shall bear interest at the rate of five percent
10 (5%) greater than the rate actually charged on the promissory note.
- 11 (6) A repayment obligation imposed by this section shall not be voidable by reason of
12 the age of the recipient at the time of receiving the award.
- 13 (7) Failure to meet repayment obligations imposed by this section may be cause for
14 the revocation of a person's medical license, subject to the discretion of the
15 Kentucky Board of Medical Licensure.
- 16 (8) All moneys repaid to the authority under this section shall be added to the
17 appropriations made for purposes of this section, and the funds and unobligated
18 appropriations shall not lapse.
- 19 (9) The authority may execute appropriate contracts and promissory notes for
20 administering this section.
- 21 (10) Notwithstanding any other statute to the contrary, if available funds are
22 insufficient for all requested awards for eligible medical students during any
23 fiscal year, the authority shall give priority consideration to eligible medical
24 students who previously received awards under this section.
- 25 (11) The authority shall submit a report on the number of physician recruitment and
26 retention program awards provided in each fiscal year, the eligible medical
27 institutions at which recipients are employed, recipient retention rates, total

1 *number of applications, and recruitment strategies to the Legislative Research*
2 *Commission for referral to the Interim Joint Committees on Education and*
3 *Health Services by December 1 of each year.*