

11 KAR 19:020. Service cancellation and repayment of Coal County Pharmacy Scholarship.

RELATES TO: KRS 164.740, 164.7890

STATUTORY AUTHORITY: KRS 164.744(2), 164.748(4), 164.753(3), 164.7890(9)

NECESSITY, FUNCTION, AND CONFORMITY: KRS 164.744(2) authorizes the authority to provide scholarships. KRS 164.748(4) and 164.753(3) require the authority to promulgate administrative regulations pertaining to the awarding of scholarships as provided in KRS 164.740 to 164.7891. KRS 164.7890(9) requires the authority to promulgate administrative regulations establishing the terms and conditions for the award, cancellation, and repayment of coal county scholarships for pharmacy students. This administrative regulation establishes the requirements for service cancellation and repayment of scholarships provided under the program.

Section 1. Definitions.

- (1) "Coal-producing county" is defined in KRS 164.7890(2).
- (2) "Default" means the status of an obligation under this program that has entered repayment and upon which no payment has been made for a cumulative period of 180 days following the repayment begin date for the obligation.
- (3) "Full-time practice" means providing services as a pharmacist in a coal-producing county for a minimum of 2,000 hours per calendar year.
- (4) "Qualified service" is defined in KRS 164.7890(3)(d).

Section 2. Cancellation.

- (1) A recipient shall receive cancellation under this program for each year during which service is provided as specified in KRS 164.7890(5)(b) if the recipient:
 - (a) Has completed the program of study;
 - (b) Has provided qualified service in a coal-producing county in Kentucky; and
 - (c) Has submitted to the authority written verification of qualified service.
- (2) A recipient rendering qualified service shall remain eligible for the credit cancellation if:
 - (a) The county in which qualified service is provided ceases to be a coal-producing county as defined in KRS 164.7890(2); and
 - (b) The recipient continues to render continuous qualified service in the area.

Section 3. Repayment.

- (1) Interest at the rate of six (6) percent per annum shall be applicable to the coal county scholarship under this section and shall begin accruing upon disbursement of the award.
- (2) If repayment becomes necessary pursuant to KRS 164.7890(5)(c), the authority shall send a written notification of demand for repayment to the scholarship recipient's last known address. The notification shall be effective upon mailing.

Section 4. Application of Payment.

- (1) The authority may agree to accept repayment in installments in accordance with a schedule established by the authority.
- (2) Payments shall first be applied to interest and then to principal on the earliest unpaid promissory note.
- (3) If a repayment obligation subsequently becomes eligible for service credit cancellation as a result of the recipient's provision of pharmacy service, refund of payments previously made shall not be given to the recipient.

Section 5. Default.

- (1) Upon default on a repayment obligation under this program, the recipient's account shall be transferred to the appropriate agency of the Commonwealth of Kentucky for

collections and shall be subject to the collection charges and fees assessed by that agency.
(2) A recipient whose repayment obligation has defaulted and who subsequently begins providing pharmacy service in a coal-producing county in the Commonwealth of Kentucky shall be removed from default status.

Section 6. Rehabilitation.

- (1) The authority shall offer a recipient in default under this program an opportunity to rehabilitate the loan obligation in order to remove it from default.
- (2) A defaulted recipient interested in pursuing loan rehabilitation shall contact the authority and enter into a written agreement to submit six (6) consecutive, voluntary, on-time monthly payments to the agency of the Commonwealth currently charged with collecting the obligation.
- (3) At the completion of the rehabilitation repayment agreement, the recipient's loan shall be removed from default and the account shall be transferred back to the authority which shall resume servicing the loan.
- (4) A refund of fees or charges assessed during the default period shall not be due a recipient who completes rehabilitation.
- (5) A recipient whose loan obligation has been removed from default due to rehabilitation shall not be eligible for subsequent rehabilitation if there is a subsequent default.

Section 7. Disability Discharge. A conditional or permanent discharge of the repayment obligation required by this program shall be granted by the Authority upon submission by the recipient of the documentation required by this section.

- (1) Conditional discharge. A conditional discharge shall be granted for a maximum two (2) year period, subject to annual review by the Authority, upon the submission of one (1) of the following as proof of the recipient's qualifying disability:
 - (a) A finding of permanent disability by the Social Security Administration; or
 - (b) A statement by the recipient's treating physician that:
 1. Identifies:
 - a. The nature of the condition; and
 - b. The date the condition occurred; and
 2. Certifies that the:
 - a. Recipient is unable to work or earn money; and
 - b. Condition is expected to persist indefinitely.
- (2) Permanent discharge. At the expiration of the two (2) year Conditional Discharge period specified in subsection (1) of this section, the Authority shall grant a permanent discharge to a recipient under this program upon the Authority's review of the submission by the recipient of current documentation verifying that the qualifying disability continues to exist at the time the documentation is submitted.

(37 Ky.R. 1925; 2152; eff. 4-1-2011; Crt eff. 9-28-2018; Crt eff. 2-25-2025.)