

REFERENCE TITLE: primary care providers; loan repayment

State of Arizona  
Senate  
Forty-fifth Legislature  
First Regular Session  
2001

## **SB 1209**

Introduced by  
Senators Gerard, Nichols

AN ACT

AMENDING SECTION 36-2172, ARIZONA REVISED STATUTES; RELATING TO MEDICALLY  
UNDERSERVED AREAS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 36-2172, Arizona Revised Statutes, is amended to  
3 read:

4 36-2172. Primary care provider loan repayment program; purpose;  
5 eligibility; default; civil penalty; exemption

6 A. The primary care provider loan repayment program is established in  
7 the department to pay off portions of education loans taken out by  
8 physicians, dentists and mid-level providers.

9 B. The department shall prescribe application and eligibility  
10 requirements that are consistent with the requirements of the national health  
11 service corps loan repayment program (42 Code of Federal Regulations part  
12 62). To be eligible to participate in the primary care provider loan  
13 repayment program, an applicant shall meet all of the following requirements:

14 1. Have completed the final year of a course of study or program  
15 approved by recognized accrediting agencies for higher education in a health  
16 profession licensed pursuant to title 32 or hold an active license in a  
17 health profession licensed pursuant to title 32.

18 2. Demonstrate current or prospective employment with a public or  
19 nonprofit entity located and providing services in a federally designated  
20 health professional shortage area in this state as designated under 42 Code  
21 of Federal Regulations section 62.52.

22 3. Contract with the department to serve and be qualified to serve in  
23 dentistry, family practice, pediatrics, obstetrics or internal medicine.

24 C. In addition to the requirements of subsection B of this section, an  
25 applicant who is a physician shall meet both of the following requirements:

26 1. Have completed a professional residency program in family practice,  
27 pediatrics, obstetrics or internal medicine.

28 2. Contract with the department to serve for at least ~~two~~ FOUR years.

29 D. A mid-level provider or dentist who participates in the primary  
30 care provider loan repayment program shall contract with the department to  
31 provide services pursuant to this section for ~~two~~ FOUR years.

32 E. In making recommendations for the primary care provider loan  
33 repayment program, the department shall give priority to applicants who  
34 intend to practice in rural areas most in need of primary care services. In  
35 determining the areas most in need of primary care services, the department  
36 shall consider areas that are either designated as medically underserved by  
37 the department or have been assigned to a high-degree-of-shortage group  
38 pursuant to 42 Code of Federal Regulations section 62.52.

39 F. All loan repayment contract obligations are subject to the  
40 availability of monies and legislative appropriation. The department may  
41 cancel or suspend a loan repayment contract based on unavailability of monies  
42 for the program. The department is not liable for any claims, actual damages  
43 or consequential damages arising out of a cancellation or suspension of a  
44 contract.

1 G. This section does not prevent the department from encumbering an  
2 amount that is sufficient to assure payment of each primary care provider  
3 loan for a period of up to ~~two~~ FOUR years.

4 H. The department shall issue program monies to pay primary care  
5 provider loans that are limited to the amount of principal, interest and  
6 related expenses of educational loans according to the following schedule:

7 1. For physicians and dentists:

8 (a) For the first year of service, a maximum of twenty thousand  
9 dollars.

10 (b) For the second year of service, a maximum of twenty thousand  
11 dollars.

12 (c) For the third year of service, a maximum of twenty-two thousand  
13 dollars.

14 (d) For the fourth year of service, a maximum of twenty-five thousand  
15 dollars.

16 2. For mid-level providers, a maximum of seven thousand five hundred  
17 dollars for each of the ~~two~~ FOUR years of service.

18 I. A physician or dentist who enters into an original ~~two-year~~  
19 contract may apply for additional contracts for one ~~or two~~ TO FOUR years,  
20 subject to approval by the department.

21 J. A participant in the primary care provider loan repayment program  
22 who breaches the loan repayment contract by failing to begin or to complete  
23 the obligated services is liable for liquidated damages in an amount  
24 equivalent to twice the total uncredited amount of the loan repayment  
25 contracted for on a prorated monthly basis. The department may waive the  
26 liquidated damages provisions of this subsection if it determines that death  
27 or permanent physical disability accounted for the failure of the participant  
28 to fulfill the contract. The department may prescribe additional conditions  
29 for default, cancellation, waiver or suspension that are consistent with the  
30 national health service corps loan repayment program (42 Code of Federal  
31 Regulations sections 62.27 and 62.28).

32 K. Notwithstanding section 41-192, the department may retain legal  
33 counsel and commence whatever actions are necessary to collect loan payments  
34 and charges if there is a default or a breach of a contract entered into  
35 pursuant to this section.