

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

AN ACT  
RELATING TO HEALTH CARE; PROVIDING FOR OSTEOPATHIC MEDICAL  
STUDENT LOANS TO STUDENTS OF A NEW MEXICO COLLEGE OF  
OSTEOPATHIC MEDICINE OR OSTEOPATHIC PHYSICIAN'S ASSISTANT  
PROGRAM IN EXCHANGE FOR SERVICE IN A HEALTH PROFESSIONAL  
SHORTAGE AREA.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

SECTION 1. Section 21-22A-3 NMSA 1978 (being Laws 1978,  
Chapter 109, Section 3, as amended) is amended to read:

"21-22A-3. DEFINITIONS.--As used in the Osteopathic  
Medical Student Loan for Service Act:

A. "department" means the higher education  
department;

B. "health professional shortage area" means an  
area in the state of New Mexico designated as having a  
shortage of primary care medical care, dental or mental  
health providers by the health resources and services  
administration of the United States department of health and  
human services;

C. "loan" means a grant of funds to defray the  
costs incidental to an osteopathic medical education, under a  
contract between the department and an osteopathic medical  
student, requiring either repayment with interest or  
repayment in services;

1           D. "osteopathic medical education" means the  
2 education required to be an osteopathic physician or  
3 osteopathic physician's assistant; and

4           E. "student" means a person enrolled in a school  
5 of osteopathic medicine or an osteopathic physician's  
6 assistant program in New Mexico."

7           **SECTION 2.** Section 21-22A-4 NMSA 1978 (being Laws 1978,  
8 Chapter 109, Section 4, as amended) is amended to read:

9           "21-22A-4. OSTEOPATHIC MEDICAL STUDENT LOANS--  
10 DEPARTMENT AUTHORIZED--QUALIFICATIONS.--

11           A. The department is authorized to grant a loan to  
12 defray the expenses of the osteopathic medical education of a  
13 student deemed qualified by the department to receive the  
14 osteopathic medical education, upon such terms and conditions  
15 as may be imposed by regulations of the department.

16           B. The department shall only receive, pass upon  
17 and allow or disallow those applications for loans made by  
18 those students enrolled in or accepted by a New Mexico  
19 college of osteopathic medicine or osteopathic physician's  
20 assistant program who declare their intent to practice as  
21 osteopathic physicians or osteopathic physician's assistants  
22 within designated areas of the state.

23           C. The department shall make a full and careful  
24 investigation of the ability, character and qualifications of  
25 each applicant and determine the applicant's fitness to

1 become a recipient of a student loan. The investigation of  
2 each applicant shall include an investigation of the ability  
3 of the applicant and the applicant's parents or guardians to  
4 pay the applicant's expenses for an osteopathic medical  
5 education. The department shall give preference to qualified  
6 applicants who are unable, or whose parents or guardians are  
7 unable, to pay the applicant's expenses in obtaining an  
8 osteopathic medical education.

9 D. The department shall arrange for loan  
10 recipients to receive assistance in locating, planning and  
11 implementing the establishment and maintenance of a practice  
12 as an osteopathic physician or osteopathic physician's  
13 assistant in a health professional shortage area."

14 SECTION 3. Section 21-22A-5 NMSA 1978 (being Laws 1978,  
15 Chapter 109, Section 5, as amended) is amended to read:

16 "21-22A-5. DELEGATION OF DUTIES TO OTHER STATE  
17 AGENCIES.--The department may arrange with other agencies for  
18 the performance of services required by the provisions of  
19 Section 21-22A-4 NMSA 1978."

20 SECTION 4. Section 21-22A-6 NMSA 1978 (being Laws 1978,  
21 Chapter 109, Section 6, as amended by Laws 2005, Chapter 321,  
22 Section 4 and by Laws 2005, Chapter 323, Section 2) is  
23 amended to read:

24 "21-22A-6. OSTEOPATHIC MEDICAL STUDENT LOANS--CONTRACT  
25 TERMS--REPAYMENT.--

1           A. Each applicant who is approved for a loan by  
2 the department may be granted a loan, in such amounts and for  
3 such periods as determined by the department, with which to  
4 defray expenses incurred in obtaining an osteopathic medical  
5 education at an accredited osteopathic medical school in New  
6 Mexico if the applicant files with the department a  
7 declaration of intent to practice as a licensed osteopathic  
8 physician or osteopathic physician's assistant in a health  
9 professional shortage area.

10           B. The loan shall not exceed the necessary  
11 expenses incurred while attending a New Mexico osteopathic  
12 medical school or college or osteopathic physician's  
13 assistant program and shall bear interest at the rate of:

14                   (1) eighteen percent per year if the loan  
15 recipient completes an osteopathic medical education and no  
16 portion of the principal and interest is forgiven pursuant to  
17 Subsection F of this section; and

18                   (2) seven percent per year in all other  
19 cases.

20           C. Loans made pursuant to the Osteopathic Medical  
21 Student Loan for Service Act shall not accrue interest until  
22 the department:

23                   (1) determines the loan recipient has  
24 terminated the recipient's osteopathic medical education  
25 prior to completion;

1                   (2) determines the loan recipient has failed  
2 to fulfill the recipient's obligation to serve in a health  
3 professional shortage area; or

4                   (3) cancels a contract between a loan  
5 recipient and the department pursuant to Section 21-22A-9  
6 NMSA 1978.

7                   D. The loan shall be evidenced by a contract  
8 between the loan recipient and the department acting on  
9 behalf of the state. The contract shall provide for the  
10 payment by the state of a stated sum covering the costs of an  
11 osteopathic medical education and shall be conditioned upon  
12 the repayment of the loan to the state over a period  
13 established by the department in consultation with the loan  
14 recipient after the completion of osteopathic medical school  
15 or an osteopathic physician's assistant program and any  
16 period of internship or residency required to complete the  
17 loan recipient's education.

18                   E. Loans made to loan recipients who fail to  
19 complete their osteopathic medical education shall become due  
20 immediately upon termination of their osteopathic medical  
21 education. The department, in consultation with the loan  
22 recipient, shall establish terms of repayment, alternate  
23 service or cancellation terms.

24                   F. The contract shall provide that the department  
25 shall forgive a portion of the loan for each year that a loan

1 recipient practices as a licensed osteopathic physician or  
2 osteopathic physician's assistant in a health professional  
3 shortage area and shall require a period of four years of  
4 service in exchange for the loan. Ten percent of the loan  
5 shall be forgiven upon completion of the first year of  
6 service, twenty percent of the loan shall be forgiven upon  
7 completion of the second year of service, thirty percent of  
8 the loan shall be forgiven upon completion of the third year  
9 of service and the remainder of the loan shall be forgiven  
10 upon completion of the fourth year of service.

11 G. Loan recipients shall serve a complete year in  
12 order to receive credit for that year. The minimum credit  
13 for a year shall be established by the department.

14 H. If a loan recipient completes a professional  
15 education and does not meet all requirements of this section,  
16 the department shall assess a penalty of up to three times  
17 the principal due, plus eighteen percent interest, unless the  
18 department finds acceptable extenuating circumstances for why  
19 the requirements should be waived. If the department does  
20 not find acceptable extenuating circumstances for the loan  
21 recipient's failure to meet the requirements of this section,  
22 the department shall require immediate repayment of the loan  
23 plus the amount of any interest and penalty assessed pursuant  
24 to this section.

25 I. The department shall adopt rules to implement

1 the provisions of this section. The rules may provide for  
2 the repayment of osteopathic medical student loans in annual  
3 or other periodic installments."

4 SECTION 5. Section 21-22A-7 NMSA 1978 (being Laws 1978,  
5 Chapter 109, Section 7, as amended) is amended to read:

6 "21-22A-7. CONTRACTS--LEGAL ASSISTANCE--ENFORCEMENT.--  
7 The general form of the contract provided for in Section  
8 21-22A-6 NMSA 1978 shall be prepared and approved by the  
9 attorney general and signed by the loan recipient and a  
10 designee of the department on behalf of the state. The  
11 department is vested with full and complete authority and  
12 power to sue in its own name for any balance due the state  
13 from any loan recipient on any such contract."

14 SECTION 6. Section 21-22A-8 NMSA 1978 (being Laws 1978,  
15 Chapter 109, Section 8, as amended) is amended to read:

16 "21-22A-8. FUND CREATED--METHOD OF PAYMENT.--There is  
17 created in the state treasury the "osteopathic medical  
18 student loan for service fund". All money appropriated for  
19 loans to osteopathic medical students under the Osteopathic  
20 Medical Student Loan for Service Act shall be credited to the  
21 fund. All payments of principal and interest on loans made  
22 pursuant to that act received by the department shall be  
23 deposited with the state treasurer to the credit of the fund  
24 or shall be deposited with the department's administrative  
25 agent. All payments of funds for loans shall be made upon

1 vouchers signed by designated representatives of the  
2 department."

3 SECTION 7. Section 21-22A-9 NMSA 1978 (being Laws 1978,  
4 Chapter 109, Section 9, as amended) is amended to read:

5 "21-22A-9. CANCELLATION.--The department is authorized  
6 to cancel any contract made between it and any loan recipient  
7 for any reasonable cause deemed sufficient by the  
8 department."

9 SECTION 8. Section 21-22A-10 NMSA 1978 (being Laws  
10 1978, Chapter 109, Section 10, as amended) is amended to  
11 read:

12 "21-22A-10. REPORTS.--The department shall make annual  
13 reports to the governor and to the legislature, prior to each  
14 regular session, of its activities, the loans granted and the  
15 names and addresses of persons to whom loans were granted and  
16 the osteopathic medical schools or colleges or osteopathic  
17 physician's assistant programs attended by those receiving  
18 the loans, together with a list of the names and locations of  
19 practice of those loan recipients who have completed their  
20 education and have become licensed osteopathic physicians or  
21 osteopathic physician's assistants in New Mexico as a result  
22 of a student loan pursuant to the Osteopathic Medical Student  
23 Loan for Service Act."

24 SECTION 9. REPEAL.--Section 21-22A-2 NMSA 1978 (being  
25 Laws 1978, Chapter 109, Section 2, as amended) is repealed.==



1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25