

EDUCATION: Varn, Chair; Boswell and Corning

FILED FEB 27 1989  
Education

SENATE FILE 281  
BY COMMITTEE ON SMALL BUSINESS  
AND ECONOMIC DEVELOPMENT

(SUCCESSOR TO SSB 244)

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

**A BILL FOR**

1 An Act establishing a tuition reimbursement and loan program for  
2 medical students and physicians practicing in certain  
3 communities.

4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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SF 281

1 Section 1. STATEMENT OF PURPOSE -- INTENT.

2 1. The general assembly finds and declares that:

3 a. Communities and rural areas of the state depend upon  
4 adequate medical care.

5 b. Communities with physicians and medical services  
6 available have a positive influence on persons locating in the  
7 community.

8 c. Communities with medical services and other essential  
9 services are more attractive locations for business and  
10 economic development.

11 d. A principal goal of the department of economic de-  
12 velopment in this state is to increase the growth and economic  
13 development in communities and rural areas.

14 e. A program should be established to assist communities  
15 in obtaining physicians and medical services.

16 2. It is the intent of the general assembly that a tuition  
17 reimbursement and loan program be established for students who  
18 attend medical school and agree to practice medicine in an  
19 eligible community in Iowa.

20 Sec. 2. NEW SECTION. 15.291 TUITION REIMBURSEMENT AND  
21 LOAN PROGRAM.

22 A tuition reimbursement and loan program is created in the  
23 department of economic development. The purpose of the  
24 program is to assist rural communities in need of health care  
25 services by providing medical school tuition assistance to a  
26 physician or medical school student who practices in an  
27 eligible community as required under this division.

28 For purposes of this division, an eligible community is any  
29 community in this state which has a population of five  
30 thousand persons or less and shows a need for a physician.

31 Sec. 3. NEW SECTION. 15.292 ELIGIBILITY.

32 1. A physician is eligible to receive tuition reimburse-  
33 ment payments under section 15.294 if the physician is  
34 licensed to practice medicine pursuant to chapters 148 and  
35 150A and if the physician agrees to practice in an eligible

1 community for a minimum period of four years. The  
2 reimbursement shall be paid upon completion of the required  
3 practice period and is contingent upon the person's possession  
4 of a valid license to practice medicine in this state unless  
5 the board provides otherwise.

6 2. A student is eligible to receive a student loan for  
7 tuition to attend a licensed medical school if the student has  
8 been admitted to an accredited medical school and agrees to  
9 practice in an eligible community for a minimum period of four  
10 years.

11 Sec. 4. NEW SECTION. 15.293 BOARD OF REVIEW -- DUTIES.

12 1. The department shall establish a three-member board of  
13 review to administer the program, and the department shall  
14 provide staff and support as necessary.

15 2. The board shall adopt rules pursuant to chapter 17A to  
16 implement the program, including but not limited to rules  
17 which:

18 a. Provide for extending the time for completing the  
19 required practice period beyond four years because of  
20 hardship.

21 b. Provide that the recipient of a loan may be required to  
22 provide security for the loan.

23 c. Require that a financially responsible person agree to  
24 be jointly liable with the recipient for the repayment of the  
25 loan.

26 d. Provide for requiring immediate repayment of the loan  
27 if the recipient fails to make timely payments; fails to  
28 notify the board of a change of name, address, or place of  
29 practice; terminates the student's education; or fails to  
30 comply with any other requirement or to perform any other  
31 obligation required pursuant to an agreement under the  
32 program.

33 Sec. 5. NEW SECTION. 15.294 AMOUNT OF TUITION REIMBURSE-  
34 MENT -- REPAYMENT OF STATE LOAN.

35 1. A physician who fulfills the requirements of this

1 division is entitled to receive tuition reimbursement in an  
2 amount equal to the university of Iowa medical school resident  
3 tuition which the physician would have paid if the physician  
4 had attended the university of Iowa school of medicine during  
5 the years in which the physician actually attended medical  
6 school. The amount of reimbursement shall not include any  
7 interest payments incurred by the physician.

8 2. A medical student who fulfills the requirements of this  
9 division is entitled to receive tuition loans to cover actual  
10 tuition up to a maximum yearly amount equal to the university  
11 of Iowa medical school resident tuition for that year.

12 Sec. 6. NEW SECTION. 15.295 TUITION REIMBURSEMENT AND  
13 LOAN FUND.

14 A tuition reimbursement and loan revolving fund is estab-  
15 lished under the control of the department of economic de-  
16 velopment. The department may make loans to medical school  
17 students or reimbursements to physicians from the revolving  
18 fund as provided in this division. Moneys in the fund are  
19 appropriated for these purposes. Interest on moneys in the  
20 fund and principle and interest payments on loans made from  
21 the fund shall be deposited in the fund. Gifts or grants for  
22 the purposes of the fund shall be deposited in the fund.  
23 Notwithstanding section 8.33, moneys in the fund shall not  
24 revert at the end of a fiscal period, but shall remain in the  
25 fund.

26 Sec. 7. NEW SECTION. 15.296 STUDENT LOAN -- TERMS.

27 Loans from the fund created in section 15.295 to students  
28 who enter the program must be made upon the following terms:

29 1. All loans must bear interest at eight percent per annum  
30 from the date when the student receives the loan.

31 2. Each student receiving a loan must repay the loan with  
32 interest following the termination of the student's education  
33 or completion of the student's internship for which the loan  
34 is made. The loan must be repaid in monthly installments over  
35 the period allowed with the first installment due one year

1 after the date of the termination of the student's education  
2 or the completion of the student's internship for which the  
3 loan is made. The amounts of the installments shall not be  
4 less than fifty dollars and may be calculated to allow a  
5 smaller payment at the beginning of the repayment period, with  
6 each succeeding payment gradually increasing so that the total  
7 amount due will have been paid within the period allowed for  
8 repayment. The three board members shall schedule the  
9 repayment within the following periods:

10 a. Five years for loans which total less than ten thousand  
11 dollars.

12 b. Eight years for loans which total ten thousand dollars  
13 or more but less than twenty thousand dollars.

14 c. Ten years for loans which total twenty thousand dollars  
15 or more.

16 However, if the student fulfills the agreement to practice  
17 medicine for four years in an eligible community, repayment  
18 shall not be required during that practice period, and one-  
19 fourth of the loan amount due, with interest, shall be  
20 canceled each year of that practice period until the entire  
21 amount, with interest, is canceled at the end of four years.

22 3. A student loan shall not exceed fifty percent of the  
23 student fees for any academic year.

24 4. A delinquency charge may be assessed on any installment  
25 delinquent ten days or more in the amount of eight percent of  
26 the installment or four dollars, whichever is greater, but not  
27 more than fifteen dollars.

28 5. The reasonable costs of collection and an attorney's  
29 fee may be recovered in the event of delinquency.

30 Sec. 8. NEW SECTION. 15.297 INELIGIBILITY.

31 A person is not eligible to participate in the programs  
32 established in this division if the person is participating  
33 in, or has participated in, any other state or federal tuition  
34 reimbursement or loan program for the person's tuition in  
35 medical school.

EXPLANATION

1  
2 This bill establishes a program in the department of  
3 economic development to assist certain communities in obtain-  
4 ing practicing physicians. The bill creates a tuition reim-  
5 bursement fund for physicians and tuition loan fund for  
6 students who agree to practice medicine in an eligible  
7 community. A community eligible for assistance is a community  
8 of five thousand persons or less that shows a need for a  
9 physician.

10 A physician who agrees to practice in an eligible community  
11 for four years is eligible for reimbursement of tuition the  
12 physician paid for medical school at an amount equal to  
13 resident tuition for medical school at the state university of  
14 Iowa. A student, who agrees to practice medicine in an  
15 eligible community for four years, upon successfully  
16 completing medical education, is eligible for loans for  
17 tuition to attend medical school in an amount up to the  
18 resident tuition for medical school at the state university of  
19 Iowa. However, if the student practices in Iowa as agreed,  
20 the tuition loan will be canceled.

21 The bill provides for a board of review to award the loans  
22 and approve the tuition reimbursements. The bill also  
23 provides for the board to make rules governing loan payments.

24 The bill provides that persons are not eligible for the  
25 program if they are already participating in or have partici-  
26 pated in any other state or federal tuition reimbursement or  
27 tuition loan program for physicians and medical students.

28 A tuition reimbursement and loan fund is established under  
29 the control of the department of economic development. The  
30 bill also provides for the terms for repayment of the student  
31 loans.

32 There is no appropriation in the bill.

33 The bill creates and refers to new sections 15.291 through  
34 15.297 which are to be a new division of chapter 15.

35

BOSWELL, CH.  
SCOTT  
VANDE HOEF

SSB 244  
SMALL BUSINESS &  
ECONOMIC DEVELOPMENT  
SENATE FILE 281  
BY (PROPOSED COMMITTEE ON  
SMALL BUSINESS AND  
ECONOMIC DEVELOPMENT BILL)

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
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A physician who agrees to practice in an eligible community for four years is eligible for reimbursement of tuition the physician paid for medical school at an amount equal to resident tuition for medical school at the state university of Iowa. A student, who agrees to practice medicine in an eligible community for four years, upon successfully completing medical education, is eligible for loans for tuition to attend medical school in an amount up to the resident tuition for medical school at the state university of Iowa. However, if the student practices in Iowa as agreed, the tuition loan will be canceled.

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There is no appropriation in the bill.

The bill creates and refers to new sections 15.291 through 15.297 which are to be a new division of chapter 15.