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**Memorandum: Rural Iowa Primary Care Loan Repayment Program  
Proposed Amendments to Iowa Code Section 261.113**

**Background and Summary of Amendments to Iowa Code Section 261.113:**

The Rural Iowa Primary Care Loan Repayment Program provides up to \$200,000 in loan repayment benefits to Iowa physicians who agree to practice in eligible service commitment areas for up to five years.

Currently there are recoupment provisions in the program (261.113, subsection 11, lettered paragraph 'd') that would require Iowa College Aid to collect all loan repayment awards applied to a recipient physician's federal student loans if that physician doesn't complete all 5 years of practice in an eligible area (ex: if the physician completes 4 years of the 5-year obligation and for some reason leaves, that physician would need to pay Iowa College Aid \$160,000 plus interest). The intent of this amendment is to provide a loan repayment award upon completion of each year of practice, and if the individual stops practicing in a service commitment area at some point before the 5-year obligation is completed, they would forgo any future loan repayment awards (\$40,000/year would not be paid, instead of trying to go back and collect awards for years of service completed in the service commitment area).

Explanation (preliminary language):

§	Amendment	Summary
261.113, subsection 5	<p><b>5. Loan repayment amounts.</b> The amount of loan repayment an eligible student who enters into an agreement pursuant to subsection 3 shall receive if in compliance with obligations under the agreement shall be forty thousand dollars annually for an eligible loan if the total loan amount equals or exceeds two hundred thousand dollars. Payments under this section made pursuant to an agreement entered into under subsection 3 may be made <b>for after the completion of</b> each year of eligible practice during a period of five consecutive years and shall not exceed a total of two hundred thousand dollars. If the total amount of an eligible student's eligible loan upon graduation is less than two hundred thousand dollars, the commission shall divide the total amount of the eligible student's eligible loan by five to determine the annual amount of loan repayment the loan recipient is eligible to receive.</p>	<p>Allows Iowa College Aid to only pay the award after completion of each year of service.</p>

<p>261.113, subsection 11, paragraph 'd'</p>	<p><i>d.</i> If a loan repayment recipient fails to fulfill the obligation to engage in practice in accordance with <a href="#">subsection 3</a>, the <del>recipient shall be subject to repayment to the commission of the loan amount plus interest as specified by rule shall not make additional loan repayments to the recipient.</del> A loan repayment recipient who fails to meet the requirements of the obligation to engage in practice in accordance with <a href="#">subsection 3</a> may also be subject to repayment of moneys advanced by the service commitment area as provided in any agreement with the service commitment area.</p>	<p>Allows Iowa College Aid to only pay for years of service completed.</p>
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**Governor’s Key Goals:**

Preparing for a Future Ready Iowa.

**Fiscal and Jobs Impact:**

No fiscal impact.