

MAR 6 2001

EDUCATION

HOUSE FILE 513
BY MASCHER

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act establishing a physician loan reduction program and making
2 an appropriation.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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HF 513

1 Section 1. PHYSICIAN LOAN REDUCTION PROGRAM. There is
2 appropriated from the general fund of the state to the college
3 student aid commission for the fiscal year beginning July 1,
4 2001, and ending June 30, 2002, the following amount, or so
5 much thereof as is necessary, to be used for the purpose
6 designated:

7 For physician loan reduction in accordance with section
8 261.18:

9 \$ 250,000

10 Sec. 2. NEW SECTION. 261.18 PHYSICIAN LOAN REDUCTION
11 PROGRAM.

12 1. A physician loan reduction program is established to be
13 administered by the college student aid commission. An
14 individual is eligible for loan reduction payments under the
15 program if the individual meets all of the following
16 conditions:

17 a. Graduates from the state university of Iowa college of
18 medicine and possesses a license to practice medicine under
19 chapter 148.

20 b. Has an outstanding debt with an eligible lender under
21 the Iowa guaranteed loan program, supplemental loans for
22 students program, or the PLUS loan program, or has parents
23 with an outstanding debt with an eligible lender under the
24 PLUS loan program.

25 c. Has never defaulted on a loan guaranteed by the
26 commission or by the federal government.

27 d. Agrees to practice in an eligible community of fewer
28 than five thousand population for a minimum period of four
29 consecutive years or is practicing in a federally approved
30 community health center or health manpower shortage area.

31 2. The maximum annual reduction payment for an eligible
32 physician during a year, for loans qualifying under subsection
33 1, paragraph "b", is five thousand dollars or the remainder of
34 the loan, whichever is less. Total payments for an eligible
35 physician are limited to a four-year period and shall not

1 exceed a total of twenty thousand dollars.

2 3. If a physician fails to practice for a year or portion
3 of a year during the four-year period as required under this
4 section, reduction payments shall not be made during that
5 year.

6 4. The commission may sign contracts with eligible
7 students at or after the time of loan origination to assure
8 loan repayment.

9 5. For purposes of this section, an "eligible community"
10 means a community which agrees to provide an eligible
11 physician with a first-year income guarantee, malpractice
12 insurance coverage for four years, family health insurance,
13 reimbursement for moving expenses, two weeks of vacation for
14 each of the first four years, and one week of continuing
15 medical education per year for four years.

16

EXPLANATION

17 This bill establishes a physician loan reduction program
18 within the college student aid commission for persons who have
19 graduated from the university of Iowa college of medicine and
20 agree to practice for at least four years in an eligible
21 community of less than 5,000 people, or to practice in a
22 federally approved community health center or health manpower
23 shortage area. The bill appropriates \$250,000 for FY 2001-
24 2002, from the general fund of the state, for the physician
25 loan reduction program.

26 The maximum annual reduction payment is \$5,000 or the
27 remainder of the loan, whichever is less. Total payments
28 shall not exceed \$20,000 over a four-year period. If a
29 physician fails to practice for a year or portion of a year
30 during the four-year period as required, reduction payments
31 shall not be made during that year.

32 An "eligible community", under the bill, means a community
33 that agrees to provide a physician with a first-year income
34 guarantee, malpractice insurance coverage for four years,
35 family health insurance, reimbursement for moving expenses,

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1 two weeks of vacation for each of the first four years, and
2 one week of continuing medical education per year for four
3 years.

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