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**An Act To Encourage Veterinary Practice in Maine
and Make Revisions to Related Medical Education
Programs Administered by the Finance Authority of Maine**

Be it enacted by the People of the State of Maine as follows:

Sec. 1. 20-A MRSA §12102, as enacted by PL 1991, c. 830, §4 and c. 832, §10, is amended to read:

§ 12102. Comprehensive programs

The chief executive officer shall administer the comprehensive programs established in this chapter and chapter 424A to address the shortage of primary health care professionals and veterinarians in underserved areas of the State. With the assistance of the Advisory Committee on Medical Education, established by Title 5, section 12004I, subsection 7, the chief executive officer shall plan, evaluate and update the programs to ensure that Maine residents have access to medical education and veterinary education and that Maine residents have access to primary health care and to veterinary care for their animals.

Sec. 2. 20-A MRSA §12103, sub-§1, as amended by PL 2009, c. 410, §2, is further amended to read:

1. Positions. The Access to Medical Education Program is established under this section. Under this program, the chief executive officer shall secure up to 21 positions annually for Maine students at schools of allopathic, osteopathic or veterinary medical education up to an aggregate of 84 positions. Five positions are for students of osteopathic medicine, 15 positions are for students of allopathic medicine and one position is for students of veterinary medicine. If there is an insufficient number of qualified applicants for positions in either allopathic or osteopathic medicine, the chief executive officer may increase or decrease the number of positions available in either discipline. The allopathic and osteopathic medicine positions are available only to eligible students commencing professional education on or after January 1, 1993 and on or before September 30, 2009. The veterinary medicine positions are available only to eligible students commencing professional education on or after January 1, 1999 and on or before September 30, 2010. Commencing January 1, 2010, the chief executive officer may not secure any new positions for students at schools of allopathic or osteopathic medicine and shall secure only the number of positions necessary to allow students already occupying such positions as of January 1, 2010 to complete their remaining medical education, up to 3 years, at the institution. Commencing January 1, 2011, the chief executive officer may not secure a new position for a student at a school of veterinary medicine and shall secure only the number of positions necessary to allow students occupying such positions as of January 1, 2011 to complete their remaining medical education, up to 3 years, at the institution. Commencing July 1, 2013, the chief executive officer may not secure any further positions at schools of allopathic

or osteopathic medicine under this section. ~~The veterinary medicine position is available to a student commencing medical education on or after January 1, 1999.~~ Commencing July 1, 2014, the chief executive officer may not secure any further positions at a school of veterinary medicine under this section.

Sec. 3. 20-A MRSA §12104, sub-§1, as enacted by PL 1991, c. 830, §4 and c. 832, §10, is amended to read:

1. Eligibility. Loans are available to Maine residents pursuing allopathic, osteopathic, ~~optometric~~, veterinary and dentistry education ~~who~~ and to Maine residents obtaining a first loan under this section for the pursuit of an education in optometry prior to January 1, 2011. To be eligible for a loan under this section, a person must meet eligibility criteria, established by rule of the authority, which at a minimum must require:

A. That the student show financial need for a loan; and

B. That priority be given to students:

(1) Who have previously received a loan pursuant to this section and who exhibit financial need as determined by the authority; ~~or~~

(2) Who are participants in the ~~access to medical education program~~ Access to Medical Education Program established in ~~this chapter.~~ section 12103; or

(3) Who are participants in the Maine Veterinary Medicine Loan Program established in chapter 424A.

~~Loans under this section are available only to eligible students on or after January 1, 1993.~~

Sec. 4. 20-A MRSA §12104, sub-§2, as enacted by PL 1991, c. 830, §4 and c. 832, §10, is repealed.

Sec. 5. 20-A MRSA §12104, sub-§2-A, as enacted by PL 2009, c. 410, §4, is amended to read:

2-A. Access to Medical Education Program students. As long as the student is otherwise eligible, a student occupying a position at a school of allopathic or osteopathic medicine pursuant to section 12103 that was secured by the chief executive officer on or before ~~June 30, 2009~~ January 1, 2010 continues to be eligible for loans under the program under this section through June 30, ~~2012~~ 2013. As long as the student is otherwise eligible, a student occupying a position at a school of veterinary medicine pursuant to section 12103 that was secured by the chief executive officer on or before January 1, 2011 continues to be eligible for loans under the program under this section through June 30, 2014.

Sec. 6. 20-A MRSA §12104, sub-§4, as enacted by PL 1991, c. 830, §4 and c. 832, §10, is repealed.

Sec. 7. 20-A MRSA §12104, sub-§5, as amended by PL 1995, c. 117, Pt. D, §2 and affected by §3 and amended by PL 2003, c. 689, Pt. B, §6, is further amended to read:

5. Loan agreement for students obtaining first program loans prior to January 1, 2010 or January 1, 2011. This subsection applies to allopathic and osteopathic students under section 12103 who obtained their first program loan prior to January 1, 2010 and to all other students who obtained their first program loan prior to January 1, 2011. The student shall enter into a loan agreement that provides for the following.

A. Upon completion of professional education the student shall repay the loan in accordance with the following schedule.

(1) A loan recipient who does not obtain loan forgiveness pursuant to this section shall repay the entire principal portion of the loan plus simple interest at a rate to be determined by rule of the authority. Interest does not begin to accrue until the loan recipient completes medical education, including residency and internship. The authority may establish differing interest rates to encourage loan recipients to practice primary health care medicine in the State.

(2) Primary health care physicians and dentists practicing in a designated health professional shortage area, any physician practicing in an underserved specialty or any physician providing services to a designated underserved group are forgiven the larger of 25% of the original outstanding indebtedness plus any accrued interest or \$7,500 for each year of practice.

Primary health care physicians and dentists practicing in the State, but not practicing in a designated health professional shortage area, are forgiven the larger of 12.5% of the original outstanding indebtedness plus any accrued interest or \$3,750 for each year of practice.

(3) Veterinarians providing services to Maine residents with insufficient veterinary services are forgiven the larger of 25% of the original outstanding indebtedness plus any accrued interest or \$7,500 for each year of practice.

(4) Any student completing an entire residency at any primary health care residency program in the State is forgiven 50% of the original outstanding indebtedness for each year of practice in a designated health professional shortage area, as a physician practicing in an underserved specialty or as a physician providing services to an underserved group or 25% of the original outstanding indebtedness for each year of primary health care practice in the State.

B. Loans must be repaid over a term no greater than 10 years, except that the chief executive officer may extend an individual's term as necessary to ensure repayment of the loan. Repayment must commence when the loan recipient completes, withdraws from or otherwise fails to continue medical education.

C. ~~Any~~The Department of Health and Human Services may require a loan recipient requesting forgiveness or an interest rate reductionbenefit under this section, excluding veterinarians, shallto report annually to the Department of Health and Human Services, Office of Rural Healthoffice of rural health and primary care the following:

- (1) The number of Medicaid patients served by the loan recipient and the percentage of the loan recipient's overall service provided to Medicaid patients;
- (2) The number of instances in which a loan recipient accepted a Medicare assignment and the number of and basis for any rejections during the period of the report; and
- (3) The amount of time devoted by the loan recipient to practice in a public health clinic during the period of the report.

~~The Department of Health and Human Services, Office of Rural Health and the Finance Authority of Maine shall determine whether the level of service provided by the loan recipient to Medicaid and Medicare patients and in public health clinics was reasonable. If the Office of Rural Health and the Finance Authority of Maine determineoffice of rural health and primary care determines that the level of service provided was not reasonable or if the loan recipient fails to provide the report by the date required, the loan recipient is not entitled to any loan forgiveness or interest rate reductionbenefit under this section for the year of the report.~~

Sec. 8. 20-A MRSA §12104, sub-§5-A is enacted to read:

5-A. Loan agreement for students obtaining first program loans after January 1, 2010 or January 1, 2011. This subsection applies to students who are not eligible for loan agreements under subsection 5. The student shall enter into a loan agreement that provides for the following.

A. Upon completion of professional education the student shall repay the entire principal portion of the loan plus simple interest at a rate that may range from 0% up to a maximum to be determined by rule of the authority and depending upon the type and location of medical practice undertaken by the loan recipient. Interest does not begin to accrue until the loan recipient completes medical education, including residency and internship. The authority may establish differing interest rates to encourage loan recipients to provide primary health care or dentistry in certain areas of the State, or to certain underserved groups, to practice in underserved specialties or to provide veterinary services in areas of the State with insufficient veterinary services as defined in chapter 424A.

B. Loans must be repaid over a term no greater than 10 years, except that the chief executive officer may extend an individual's term as necessary to ensure repayment of the loan. Repayment must commence when the loan recipient completes, withdraws from or otherwise fails to continue medical education.

C. The Department of Health and Human Services may require a loan recipient requesting an interest rate benefit under this section, excluding veterinarians, to report annually to the Department of Health and Human Services, office of rural health and primary care the following:

(1) The number of Medicaid patients served by the loan recipient and the percentage of the loan recipient's overall service provided to Medicaid patients;

(2) The number of instances in which a loan recipient accepted a Medicare assignment and the number of and basis for any rejections during the period of the report; and

(3) The amount of time devoted by the loan recipient to practice in a public health clinic during the period of the report.

If the Department of Health and Human Services, office of rural health and primary care determines that the level of service provided was not reasonable or if the loan recipient fails to provide the report by the date required, the loan recipient is not entitled to any interest rate benefit under this section for the year of the report.

Sec. 9. 20-A MRSA §12104, sub-§6, as enacted by PL 1991, c. 830, §4 and c. 832, §10, is amended to read:

6. Deferments. Deferments may be granted for causes established by rule of the authority. Interest at a rate to be determined by rule of the authority must be assessed during the deferment. The student's total debt to the authority, including principal and interest, must be repaid either through return service, if eligible, or cash payments. The chief executive officer shall make determinations of deferment on a case-by-case basis. The decision of the chief executive officer is final.

Sec. 10. 20-A MRSA §12105, sub-§1, as amended by PL 2009, c. 410, §5, is repealed and the following enacted in its place:

1. Fund created. A nonlapsing, interest-earning, revolving fund under the jurisdiction of the authority is created to carry out the purposes of this chapter and chapter 424A. The fund may be used only for the following purposes:

A. Prior to July 1, 2013, to secure positions under section 12103 and make loans under section 12104 for allopathic and osteopathic medical students;

B. Prior to July 1, 2014, to secure positions under section 12103 and make loans under section 12104 for veterinary students;

C. Beginning January 1, 2011, to make loans under the Maine Veterinary Medicine Loan Program established in chapter 424A;

D. Prior to July 1, 2014, to make loans under section 12104 to students who are not occupying positions secured under section 12103 and who obtain their first loan under section 12104 prior to January 1, 2011; and

E. Beginning January 1, 2011, to make loans under section 12104 to students who have not received a loan under section 12104 prior to January 1, 2011.

Beginning July 1, 2009, the authority shall use any unexpended balance of funds previously designated for the purchase of positions of allopathic or osteopathic medicine under section 12103 to fund scholarships awarded under section 12103A. Any unexpended balance in the fund after the unused portion is redesignated to support the scholarships described in section 12103A carries over for use under section 12104.

The authority may receive, invest and expend, on behalf of the fund, money from gifts, grants, bequests and donations, or other sources in addition to money appropriated or allocated by the State. Loan repayments under this chapter or chapter 424A or other repayments to the authority under section 12103 or 12104 must be invested by the authority, as provided by law, with the earned income to be added to the fund. Money received by the authority on behalf of the fund, except interest income, must be used for such purposes; interest income may be used for such purposes or to pay student financial assistance administrative costs incurred by the authority.

Sec. 11. 20-A MRS §12105, sub-§2, as amended by PL 2009, c. 410, §6, is further amended to read:

2. Separate account authorized. The authority may divide each of the funds under subsection 1 and section 12103A, subsection 6 into separate accounts it determines necessary or convenient for implementing this chapter or chapter 424A, including, but not limited to, accounts reserved for the purchase of positions and accounts reserved for loans under this chapter or chapter 424A and accounts reserved for scholarships under this chapter.

Sec. 12. 20-A MRS §12105, sub-§3, as amended by PL 2009, c. 410, §7, is further amended to read:

3. Allocation of repayments. The authority may allocate a portion of the annual loan repayments received under section 12104 for the purpose of recruiting primary health care physicians for designated health professional shortage areas and a portion of any loan repayments received under chapter 424A for the purpose of recruiting veterinarians to areas of the State with insufficient veterinary services as defined in chapter 424A. ~~That portion~~ Those portions may be used:

A. To generate additional matching funds for recruitment of physicians for designated health professional shortage areas or veterinarians to areas with insufficient veterinary services as defined in chapter 424A; or

B. In accordance with criteria established by the authority, to encourage primary health care physicians to practice medicine in health professional shortage areas or to encourage veterinarians to practice in areas of the State with insufficient veterinary services as defined in chapter 424A, as applicable.

Sec. 13. 20-A MRSA §12106, sub-§2, as amended by PL 2001, c. 417, §§21 to 24 and PL 2003, c. 689, Pt. B, §7, is further amended to read:

2. Members. The Advisory Committee on Medical Education consists of the following 19 members:

A. Nine members appointed by the chief executive officer and subject to approval by the joint standing committee of the Legislature having jurisdiction over education matters. Of these members:

- (1) One must be a representative of a major statewide agency representing allopathic physicians;
- (2) One must be a representative of a major statewide agency representing osteopathic physicians;
- (3) One must be a representative of a major statewide agency representing family physicians;
- (4) One must be a member of the major statewide agency representing hospitals;
- (5) One must be a representative of the major statewide agency representing community health centers;
- (7) One must be a representative of an association of commercial health insurance companies doing business in the State;
- (8) One must be a representative of a statewide area health education center program; and
- (9) Two must be at-large members;

B. The Commissioner of Health and Human Services or the commissioner's designee;

D. Three at-large members from areas of the State lacking reasonable access to health care: one appointed by the Governor; one appointed by the President of the Senate; and one appointed by the Speaker of the House of Representatives, all of whom are subject to approval by the joint standing committee of the Legislature having jurisdiction over education matters; and

E. ~~Six~~The following members appointed by the chief executive officer and subject to approval by the joint standing committee of the Legislature having jurisdiction over education matters. ~~These members must include:~~

- (1) A chief executive of a family practice residency in the State;
- ~~(2) A representative of an institution of allopathic medical education at which the authority secures positions for students;~~
- ~~(3) A representative of an institution of osteopathic medical education at which the authority secures positions for students;~~
- (4) A Maine student, resident or practicing physician who has obtained a position secured by the authority at an institution of allopathic medical education under section 12103 or who has obtained a scholarship under section 12103A;
- (5) A Maine student, resident or practicing physician who has obtained a position secured by the authority at an institution of osteopathic medical education under section 12103 or who has obtained a scholarship under section 12103A; and
- (6) A representative of a major ~~teaching hospital in the State~~each qualifying Maine-based medical school program with students receiving scholarships under section 12103-A.

Sec. 14. 20-A MRSA c. 424-A is enacted to read:

CHAPTER 424-A

MAINE VETERINARY MEDICINE LOAN PROGRAM

§ 12121. Definitions

As used in this chapter, unless the context otherwise indicates, the following terms have the following meanings.

- 1. Authority.** "Authority" means the Finance Authority of Maine.
- 2. Chief executive officer.** "Chief executive officer" means the Chief Executive Officer of the Finance Authority of Maine.
- 3. Insufficient veterinary services.** "Insufficient veterinary services" means an insufficient number of practitioners of veterinary medicine in a veterinary specialty related to livestock, as determined by the Commissioner of Agriculture, Food and Rural Resources.

4. Maine resident. "Maine resident" means a person who has been a resident of the State for a minimum of 2 years for purposes other than education at the time of the person's entry to a school of veterinary medicine as determined by rule of the authority. In determining residency, the authority shall consider:

- A. Length of residence in the State for other than tuition purposes;
- B. Secondary school attended;
- C. Legal residence of parents;
- D. Place of voting registration, if registered to vote;
- E. Place where taxes are paid; and
- F. Other indicators established by the authority.

5. Program. "Program" means the Maine Veterinary Medicine Loan Program established under section 12122.

§ 12122. Maine Veterinary Medicine Loan Program

1. Establishment. The Maine Veterinary Medicine Loan Program is established. The authority shall administer the program. Beginning January 1, 2011, the chief executive officer shall, as resources allow, award up to 2 loans annually up to an aggregate of 8. Loans are available to Maine residents enrolled in a school of veterinary medicine.

2. Application process. Application for participation in the program must be made directly to the authority.

3. Eligibility. To be eligible to participate in the program, a person must be a Maine resident, be enrolled in a school of veterinary medicine and meet additional eligibility criteria established in rules adopted under section 12124. In selecting recipients, priority must be given to a student who:

- A. Previously received a loan pursuant to this section;
- B. Exhibits financial need; and
- C. Demonstrates an interest in practicing in an area of the State with insufficient veterinary services.

4. Maximum amount. The maximum loan amount available under the program to each participant is \$25,000 per year for a period of up to 4 years.

5. Loan agreement; forgiveness. A student selected as a loan recipient shall enter into a loan agreement as set out in this subsection.

- A. Upon completion of professional education, the loan recipient shall repay the loan in accordance with this paragraph.

(1) A loan recipient who does not obtain loan forgiveness pursuant to subparagraph (2) shall repay the entire principal of the loan plus simple interest at a rate to be determined by rule of the authority. Interest does not begin to accrue until the loan recipient completes veterinary medical education.

(2) A loan recipient who, upon conclusion of the loan recipient's professional education, including any fellowships, elects to serve as a veterinarian in an area of the State with insufficient veterinary services is forgiven 25% of the original outstanding indebtedness for each year of that practice. A loan recipient who practices in an area of the State with insufficient veterinary services less than full time may receive prorated loan forgiveness. A loan recipient who devotes less than 50% of the recipient's practice to the care of livestock may receive prorated loan forgiveness.

(3) A loan recipient must make a commitment to undertake specific training, including clinical experiences in livestock medicine.

B. Loans must be repaid over a term no longer than 10 years, except that the chief executive officer may extend an individual's term as necessary to ensure repayment of the loan. Repayment must commence within 6 months of when the loan recipient completes, withdraws from or otherwise fails to continue veterinary medical education.

C. A veterinarian requesting forgiveness or an interest rate benefit under this section shall report annually to the Department of Agriculture, Food and Rural Resources on the portion of the veterinarian's practice dedicated to livestock.

6. Default. A loan recipient under the program who agrees to practice in an area of the State with insufficient veterinary services and who fails to complete the period of service required to pay off the loan is liable to the authority for an amount equal to the sum of the total amount paid by or on behalf of the authority to or on behalf of the recipient under the agreement plus interest at a rate determined by the authority. Credit for practicing in an area with insufficient veterinary services is awarded for each consecutive 12-month period served. Exceptions may be made by the authority in accordance with subsection 7.

7. Deferrals. Deferments on the repayment of a loan under the program may be granted for causes established by rule of the authority. Interest at a rate to be determined by rule of the authority must be assessed during the deferment. The loan recipient's total debt to the authority, including principal and interest, must be repaid either through return service or cash payments. The chief executive officer shall make determinations of deferment on a case-by-case basis. The decision of the chief executive officer is final.

§ 12123. Selection committee for students of veterinary medicine

The chief executive officer shall annually convene a selection committee of not fewer than 3 members to advise the authority in developing application materials designed to identify students likely to practice livestock veterinary medicine in the State and to make recommendations to the authority regarding the priority of applicants for loans to students of veterinary medicine. The selection committee must include the state veterinarian and a representative of a statewide association of veterinarians.

§ 12124. Rules

The authority shall establish rules necessary to implement this chapter. The Commissioner of Agriculture, Food and Rural Resources shall adopt rules to establish criteria for determining areas of insufficient veterinary services for livestock, a definition of livestock and a method for determining the percent of a practice that is devoted to livestock. Rules adopted pursuant to this section are routine technical rules as defined in Title 5, chapter 375, subchapter 2A.

Effective 90 days following adjournment of the 124th
Legislature, Second Regular Session, unless otherwise indicated.