

**TITLE 5 POST-SECONDARY EDUCATION**  
**CHAPTER 7 TUITION AND FINANCIAL AID**  
**PART 4 PRIMARY CARE PHYSICIAN STUDENT LOAN-FOR-SERVICE PROGRAM**

**5.7.4.1 ISSUING AGENCY:** State of New Mexico Higher Education Department  
[5.7.4.1 NMAC - N, 10/31/2013]

**5.7.4.2 SCOPE:** Provisions of 5.7.4 NMAC apply to New Mexico residents that are selected to participate in primary care physician loan for service program described in this rule. Participants must be pursuing a medical doctor degree in with the intent to serve as primary care physician in an underserved area.  
[5.7.4.2 NMAC - N, 10/31/2013]

**5.7.4.3 STATUTORY AUTHORITY:** Sections 9-25-8, 21-1-26 and 21-22G-1 through 21-22G-4, NMSA 1978.  
[5.7.4.3 NMAC - N, 10/31/2013]

**5.7.4.4 DURATION:** [December 31, 2019] Permanent.  
[5.7.4.4 NMAC - N, 10/31/2013; A, 12/31/2019]

**5.7.4.5 EFFECTIVE DATE:** October 31, 2013, unless a later date is cited at the end of a section.  
[5.7.4.5 NMAC - N, 10/31/2013]

**5.7.4.6 OBJECTIVE:** The objective and purpose of 5.7.4 NMAC is to increase the number of primary care physicians in underserved areas of the state, by making educational loans to medical students seeking to become primary care physicians. The program requires, as a condition of each loan, that the student declare the intent to practice as a primary care physician within one of the counties of the state designated by the U.S. department of health and human services as having a shortage of primary care physicians.  
[5.7.4.6 NMAC - N, 10/31/2013]

**5.7.4.7 DEFINITIONS:**

- A. "Course of study"** means a medical student's medical education, including residency program.
  - B. "Department"** means New Mexico higher education department.
  - C. "Extenuating circumstances"** means circumstances not within the control of the recipient.
  - D. "Fund"** means the primary care physician loan for service fund.
  - E. "Loan"** means a grant of funds or waiver to defray the educational expenses of medical school, under a contract between the department and a student, requiring repayment with services or repayment of principal and interest and any fees.
  - F. "Participant"** means an individual that has applied to participate in, has been accepted into and has signed a contract agreeing to the terms of the program.
  - G. "Primary care physician"** means a medical doctor with specialty training in family medicine, general internal medicine or general pediatrics.
  - H. "Program"** means the primary care physician student loan for service program.
  - I. "Residency"** means three years of specialty training in family medicine, general internal medicine or general pediatrics after medical school.
  - J. "Secretary"** means the secretary of higher education.
  - K. "Service"** means full-time, on-site practice area as a primary care physician.
  - L. "Student"** means a student who is a resident of New Mexico and is enrolled at least half-time in, or has been accepted by a university for medical school.
  - M. "Underserved area"** means a health care underserved area as defined in the Rural Primary Health Care Act (Section 24-1A-1 NMSA 1978).
  - N. "University"** means the university of New Mexico school of medicine.
- [5.7.4.7 NMAC - N, 10/31/2013]

**5.7.4.8 STUDENT ELIGIBILITY:** To be eligible for this program, a student must:  
**A.** be pursuing a medical degree, and enrolled in or accepted by the university;

**B.** be enrolled at the time the loan is awarded and disbursed in a program leading to a medical degree at the university.

**C.** be a resident of New Mexico and either a graduate of a New Mexico high school or a graduate of a New Mexico college or university; and

**D.** declare his/her intent to practice as a primary care physician for at least one year, not to exceed five years, with year to year renewal within an underserved area.

[5.7.4.8 NMAC - N, 10/31/2013]

**5.7.4.9 SELECTION OF LOAN RECIPIENTS:** The department shall select participants according to rules it promulgates and, in consultation with the university, shall create a standard process for medical students to declare their intentions to be primary care physicians and to apply to participate in the program. The department shall select loan recipients based on the following considerations and preferences:

**A.** the ability, character, and qualifications of each applicant; this is to include:

(1) review of the applicant's educational transcripts,

(2) letters of recommendation from educational and medical field professionals, and

(3) references;

**B.** the demonstrated interest of the applicant in serving in an underserved area;

**C.** an underserved area endorsement of the applicant; and

**D.** an applicant seeking to obtain a medical degree in a New Mexico certified/accredited program.

[5.7.4.9 NMAC - N, 10/31/2013]

**5.7.4.10 RESPONSIBILITIES OF THE DEPARTMENT:** The department shall:

**A.** promulgate rules for implementing the program in consultation with the university;

**B.** publicize the program to medical students and to prospective medical students;

**C.** collect and manage repayments from students who do not meet their obligations under the program;

**D.** solicit and accept funds for the program, including grants and donations;

**E.** award no more than 10 new loans a year, in addition to renewing existing waivers for eligible participants, subject to the availability of funding;

**F.** promulgate rules setting the maximum amount of the reasonable living stipend. The department shall determine the maximum amount of the living stipend based upon the availability of funds and information provided by the university regarding the current cost of attendance at the school of medicine;

**G.** for a period of no more than five years, allow participants to remain in the program and receive continued loans in accordance with the availability of funds and the department's finding that the participant is meeting the university's standards for satisfactory academic progress;

**H.** shall award loans to participants from the fund. Approve the amount of the loan granted to a participant. The amount of the loan awarded to a participant shall not exceed a reasonable living stipend plus the amount of resident tuition and fees that a participant incurs.

[5.7.4.10 NMAC - N, 10/31/2013]

**5.7.4.11 LOANS:** Loans can be made to students to defray educational expenses incurred in obtaining a medical degree under the following conditions and limitations:

**A.** the amount is dependent upon relative need of each student, but may not exceed \$30,000 per academic year;

**B.** upon approval of the loan, a contract shall be drawn between the student and the department and signed by the student and the department;

**C.** a student may receive a loan on the following terms:

(1) interest shall accrue upon termination of the participant's course of study; the waiver amount shall bear interest at the rate of eighteen percent per year if the participant completes a course of study and no portion of the principal and interest is forgiven pursuant to Subsection D of this section; and

(2) the maximum period for repayment shall be 10 years, commencing six months from the date the participant completes or discontinues the course of study, including a residency; and

**D.** the contract shall provide that the department forgive a portion of the waiver for each year that a participant practices as a primary care physician in an underserved area of New Mexico as defined in the Rural Primary Health Care Act (Section 24-1A-1 NMSA 1978).

[5.7.4.11 NMAC - N, 10/31/2013]

**5.7.4.12 LOAN REPAYMENT AND FORGIVENESS:** All loans shall be repaid to the state together with interest or forgiven.

**A.** the loan shall be forgiven as follows:

(1) a loan term of one year shall require one year of practice as a primary care physician in an underserved area of the state for the one-year term of the loan received. Upon completion of service, one hundred percent of the loan and accrued interest shall be forgiven;

(2) a loan term of two years shall require two years of practice as a primary care physician in an underserved area of the state for the two-year term of the loan received. Upon completion of the first year of service, fifty percent of the loan and accrued interest shall be forgiven; upon completion of the second year of service, the remainder of the loan and accrued interest shall be forgiven;

(3) a loan term of three years shall require three years of practice as a primary care physician in an underserved area of the state for the three-year term of the loan received. Upon completion of the first year of service, twenty-five percent of the loan and accrued interest shall be forgiven; upon completion of the second year of service, fifty percent of the loan and accrued interest shall be forgiven; and upon completion of the third year of service, the remainder of the loan and accrued interest shall be forgiven;

(4) a loan term of four years shall require four years of practice as a primary care physician in an underserved area of the state for the four-year term of the loan received. Upon completion of the first year of service, thirty percent of the loan and accrued interest shall be forgiven; upon completion of the second year of service, forty percent of the loan and accrued interest shall be forgiven; upon completion of the third year of service, fifty percent of the loan and accrued interest shall be forgiven; and upon completion of the fourth year of service, the remainder of the loan and accrued interest shall be forgiven; or

(5) a loan term of five years shall require five years of practice as a primary care physician in an underserved area of the state for the five-year term of the loan received. Upon completion of the first year of service, ten percent of the loan and accrued interest shall be forgiven; upon completion of the second year of service, twenty percent of the loan and accrued interest shall be forgiven; upon completion of the third year of service, thirty percent of the loan and accrued interest shall be forgiven; upon completion of the fourth year of service, fifty percent of the loan and accrued interest shall be forgiven; and upon completion of the fifth year of service, the remainder of the loan and accrued interest shall be forgiven;

**B.** in the event that a participant completes the participant's course of study and does not meet the program obligation to serve as a primary care physician in an underserved area of the state, the department shall assess a penalty of up to three times the principal due, plus eighteen percent interest, unless the department finds acceptable extenuating circumstances for why the participant cannot serve. The department shall collect the penalty and remit it to the state treasury for deposit in the fund;

**C.** the department is authorized to cancel any contract made between it and any participant pursuant to the Conditional Tuition Waiver for Primary Care Medical Students Act, or set terms of alternative service in lieu of monetary repayment, for any cause the department deems reasonable;

**D.** the department shall be responsible for collecting repayments made pursuant to this section and shall exercise due diligence in collecting repayments and maintaining all necessary records to ensure that full repayments are made. The department shall collect and service repayments under this section to the full extent of the law, including wage garnishment where practicable. The department shall forgive all or parts of repayments under the criteria established in this section and shall maintain all necessary records of repayments it forgives; and

**E.** when a participant makes payment of principal or interest to the department pursuant to the provisions of this section, the department shall deposit these payments into the fund and shall use these payments to cover the costs of granting waivers and the administrative expenses associated with the program and collection activity on its behalf. The department shall maintain accurate records of these expenses, and all receipts beyond those necessary to pay these expenses shall be used to grant waivers to participants.

[5.7.4.12 NMAC - N, 10/31/2013]

**5.7.4.13 CONTRACTS:** A contract shall be drawn between each student receiving a loan and the department on behalf of the state of New Mexico. The contract shall:

**A.** provide for the payment by the department of a specified sum as determined in 5.7.4.12 NMAC;

**B.** state that the borrower shall select from the list of underserved areas at the time he/she is ready to begin service;

**C.** state that immediately upon completion or termination of the student's eligible medical degree education, to include residency, the loan shall become due;

- D.** state the conditions of repayment or forgiveness as detailed in 5.7.4.12 NMAC;
  - E.** state that the loan shall bear interest at the designated rate per annum from the date of default until paid, making provision for conversion to a payout note, and state that interest will be charged on the unpaid balance of the principal only;
  - F.** state the legal responsibilities of the borrower and that delinquent loans shall be referred to the department for appropriate action, which may include referral to the office of the attorney general, if deemed necessary;
  - G.** state that the borrower's obligations of the contract with the department shall be binding on borrower's estate;
  - H.** state that the department may cancel any contract on 30 days written notice for any reasonable and sufficient cause;
  - I.** state that in the event the borrower fails to make any payment when due, the entire indebtedness including interest due and accrued thereon shall, at the option of the department, become immediately due and payable; and
  - J.** state that jurisdiction and venue shall be proper in Bernalillo or Santa Fe county, New Mexico for purposes of any suit to enforce the contract.
- [5.7.4.13 NMAC - N, 10/31/2013]

**5.7.4.14 REPORTS:** The department shall submit a report to the governor and the legislature prior to each regular legislative session. The report shall describe the activities during the previous years, including the statistics, and analysis of the progress of the program in meeting the health and medical needs of the citizens of the state.  
[5.7.4.14 NMAC - N, 10/31/2013]

**HISTORY OF 5.7.4 NMAC: [RESERVED]**