

**RULES
OF
TENNESSEE STUDENT ASSISTANCE CORPORATION**

**CHAPTER 1640-1-4
MEDICAL LOAN-SCHOLARSHIP PROGRAM**

TABLE OF CONTENTS

1640-1-4-.01	Eligibility Requirements and General Regulations	1640-1-4-.04	Penalty for Failure to Fulfill Service Obligation
1640-1-4-.02	Amount of Loan-Scholarship, Interest Rate and Restriction on Additional Aid	1640-1-4-.05	Definitions
1640-1-4-.03	Repayment, Deferment and Cancellation	1640-1-4-.06	Method of Selection

1640-1-4-.01 ELIGIBILITY REQUIREMENTS AND GENERAL REGULATIONS.

- (1) Resident of the State of Tennessee ... a person will be deemed a resident for the purpose of this program who would meet the requirements for in-state tuition under policies established by the governing board of any public institution of higher education in this state.
- (2) Enrolled, or accepted for enrollment, in an accredited medical school anywhere in the United States, or a medical school in a foreign nation.
- (3) Intend to practice in an area of the State of Tennessee where there is a shortage of physicians ... the application must be accompanied by an affidavit to the effect that the applicant will practice in an area of the State of Tennessee where there is a shortage of physicians existing at the time he completes his "course of study."
- (4) Express an intent to enter into one of the primary care specialties: Family Practice, Internal Medicine, Pediatrics, Obstetrics, and Gynecology.
- (5) All loan-scholarships shall be evidenced by notes payable to the Tennessee Student Assistance Corporation.
- (6) Notes of minor students must be co-signed by a parent or guardian.
- (7) Any application received, or approved, shall be subject to the availability of funds.
- (8) Priority for awards to be made for the year beginning in July shall be given to applications received prior to May 15 of that year.

Authority: T.C.A. §49-5004. **Administrative History:** Original rule filed January 23, 1976; effective April 15, 1976.

1640-1-4-.02 AMOUNT OF LOAN-SCHOLARSHIP, INTEREST RATE AND RESTRICTION ON ADDITIONAL AID.

- (1) The maximum amount of a loan-scholarship shall not exceed four thousand dollars (\$4,000) per year to any student enrolled in a five (5) year medical program. The maximum amount of a loan-scholarship shall not exceed five thousand dollars (\$5,000) per academic year to any student enrolled in a four (4) year medical program, or six thousand five hundred dollars (\$6,500) per calendar year to any student enrolled in a three (3) year program. No more than twenty thousand dollars (\$20,000) total in a three, four, or five-year medical school program may be borrowed.

(Rule 1640-1-4-.02, continued)

- (2) A loan-scholarship shall bear interest at the rate of eight percent (8%) simple per annum, starting at the beginning of the repayment period.
- (3) A recipient of a medical loan-scholarship shall not accept any other financial assistance that carries with it a service obligation after graduation from medical school.

Authority: T.C.A. §49-5004. **Administrative History:** Original rule filed January 23, 1976; effective April 15, 1976.

1640-1-4-.03 REPAYMENT, DEFERMENT AND CANCELLATION.

- (1) Repayment:
 - (a) Repayment shall be in monthly installments at the commencement of the repayment period.
 - (b) The debt shall be amortized over a period of not more than 7 years.
 - (c) The repayment period for students who fail to complete the course of study shall begin on the date the recipient ceases his course of study.
 - (d) The repayment period for students completing the course of study shall begin at the end of the grace period.
 - (e) If a recipient who completed his course of study fails to practice in a shortage area for a period sufficient to cancel the debt, the remainder of the debt must be repaid in monthly installments sufficient to repay the debt during the remainder of the repayment period.
 - (f) If a borrower issues a check, draft, warrant or electronic funds transfer, which is subsequently returned to the Tennessee Student Assistance Corporation for reason of insufficient funds, a stop payment order by the issuer, or any other reason, the payment to which these funds was applied shall be reversed on the borrower's account and interest shall continue to accrue from the date of the last valid payment.
- (2) Repayment shall be deferred, but interest shall accrue during any period in which the recipient is practicing in a designated shortage area.
- (3) Cancellation:
 - (a) For each year of continuous full-time practice of medicine in a shortage area, as designated at the time of completion of the course of study, the recipient shall receive a credit of five thousand dollars (\$5,000) toward repayment of the debt, to be applied first to accrued interest and remainder to principal.
 - (b) The credit shall be applied at the end of each year of continuous full-time practice.
 - (c) Cancellation will not be given for a part of a year of practice.
 - (d) The cancellation provisions of this program shall not be applicable to any loan made under this program that is eligible for cancellation under the Comprehensive Health Manpower Training Act of 1971 (Public Law 92-157), or eligible for cancellation under provisions of any future law of Congress.
 - (e) The debt shall be cancelled in case of death.

(Rule 1640-1-4-.03, continued)

- (f) In case of permanent and total disability, the debt shall be cancelled. The determination of permanent and total disability shall be made by the Board of Directors of the Tennessee Student Assistance Corporation.

Authority: T.C.A. §49-4-204. **Administrative History:** Original rule filed January 23, 1976; effective April 15, 1976. Amendment filed July 17, 1991; effective October 29, 1991.

1640-1-4-.04 PENALTY FOR FAILURE TO FULFILL SERVICE OBLIGATION.

- (1) If any medical loan-scholarship recipient obligates himself to a service commitment under another loan-scholarship program, or fails to fulfill his obligation in a designated physician shortage area, such recipient assumes a liability, upon demand, for the total amount of the loan-scholarship rendered, plus retroactive interest at the rate of eight percent (8%) per annum, compounded semi-annually, plus a penalty of \$2,500.
- (2) The State Attorney General shall assume the legal responsibility forcing the collection of any such indebtedness against the individual.

Authority: T.C.A. §49-5004. **Administrative History:** Original rule filed January 23, 1976; effective April 15, 1976.

1640-1-4-.05 DEFINITIONS.

- (1) Course of study is that period of time in which a student is enrolled as a full-time student in an accredited medical school, or during a period of internship or residency.
- (2) Grace period is a period of one year that shall begin on the date a student completes his "course of study", in which repayment is not required and interest shall not accrue on a medical loan-scholarship.
- (3) Repayment period is a period of not more than seven (7) years in which the loan-scholarship will be repaid in monthly installments.
- (4) Shortage area is an area in the State of Tennessee, designated by the Commissioner of the Tennessee Department of Public Health, as an area where there is a shortage of physicians.

Authority: T.C.A. §49-5004. **Administrative History:** Original rule filed January 23, 1976; effective April 15, 1976.

1640-1-4-.06 METHOD OF SELECTION.

- (1) First priority will be given to renewal applications.
- (2) Recipients shall be selected by a point system from applicants who have been ranked in order of the following priorities:
 - (a) Date of Graduation - In order to provide a physician within the shortest possible time, points shall be assigned to date of graduation as follows:

1. One year or less	6 points
2. One and one-half years	5 points
3. Two years	4 points

(Rule 1640-1-4-.06, continued)

- 4. Two and one-half years3 points
- 5. Three years2 points
- 6. Four years1 point
- 7. Five years0 points

(b) Community of Origin - The community of origin of the applicant is reported to be an indicator of a physician’s choice of a practice. The counties designated by the Commissioner of Public Health as shortage areas of physicians reflect this type of community. Points shall be assigned to community and county origins as follows:

- 1. Community of Origin (3 points) - Applicants will be asked to list their places of residence prior to college attendance. Points will be awarded on the basis of population as follows:
 - (i) Farm or town or less than 45003 points
 - (ii) Town of 4501-60002 points
 - (iii) Town of 6001-85001 point
- 2. Native County (2 points) - The applicant will state his native county. Should this county be listed as a shortage area for physicians, two points shall be given. No points will be assigned to non-shortage area counties.

(c) Interview by Primary Care Faculty Members - The applicant shall be interviewed by two designated members of the primary care faculty of the medical school in which he is enrolled or accepted for enrollment or, if more convenient, with designated primary care faculty members of a licensed school of medicine within Tennessee. Names of faculty members available for these interviews will be furnished to the applicants. The interview will seek to determine the aptitude of the applicant for primary care medicine. A report of the interviews will indicate the following:

- 1. Poor-2 points
- 2. Below average-1 point
- 3. Average0 points
- 4. Good1 point
- 5. Excellent2 points
- 6. Outstanding3 points

(d) Preceptorship or Prior Primary Care Experience (3 points) - The applicant shall undertake or be accepted for a working educational experience in a primary care physician’s office in either a non-metropolitan community or an inner city practice for a period of four weeks. The preceptorship shall be completed prior to or within six months of award. This experience must be supervised and evaluated by one of the approved medical schools in Tennessee. Names of approved preceptors will be furnished by the approved medical schools within the state.

- 1. If the applicant has previous working experience in the field of primary care medicine for a minimum of four weeks, this experience shall count in lieu of the preceptorship.

(e) Financial Need-The applicant shall be requested to submit, by either copy from his Financial Aid Office or direct report to the Tennessee Student Assistance Corporation, financial data through the SFS, ACT, or PCS financial reports. Points will be assigned to the amount of contribution available to the applicant as follows:

<u>Contribution</u>	<u>Points</u>
---------------------	---------------

(Rule 1640-1-4-.06, continued)

\$ 0-750	4	
751-1500	3	
	1501-2250	2
	2251-3000	1

- (3) In the event funds are totally utilized at a point in the ranking in which a group of applicants have the same number of points, earliest Date of Graduation will be given first consideration; in the event of a further tie, determination by ranking of financial need, and if still tied, ranking of points awarded by faculty interview.

Authority: T.C.A. §49-5004. **Administrative History:** Original rule filed January 23, 1976; effective April 15, 1976.