

BOARD OF MEDICAL SCHOLARSHIP AWARDS
ADMINISTRATIVE CODECHAPTER 550-X-4
REPAYMENT OF LOANS

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550-X-4-.01 Repayment With Cash.

Unless loans are to be repaid with service, under the provisions of these rules, the following shall apply:

(a) Loan recipients shall be required to repay loans under the terms and conditions of the written agreement entered into by such recipients.

(b) Any recipient who fails for any reason to continue his or her medical education may, at the discretion of the Board, be required to repay all outstanding loan amounts immediately upon such discontinuance, with simple interest at eight (8%) percent annually from the date of his or her departure or removal from medical school or a physician assistant program.

(c) The Board may excuse repayment of a loan, in whole or in part, based upon the disability of the recipient, or based upon other extreme hardship not the fault of the recipient.

(d) In the event of a default the Board may refer the matter to the Attorney General or to any district attorney for collection of all amounts due, pursuant to the provisions of Code of Ala. 1975, §16-47-127(b).

(e) In the event of a default the Board may refer the matter to the Alabama State Board of Medical Examiners for appropriate disciplinary action against the license of the recipient, pursuant to the provisions of Code of Ala. 1975, §16-47-128.

Author: Wayne P. Turner

Statutory Authority: Code of Ala. 1975, §§16-47-121 et seq.; 41-22-1 et seq.

History: Filed September 28, 1982. **Repealed and New Rule:** Filed October 13, 1994; effective November 17, 1994. **Repealed and New Rule:** Filed May 16, 2006; effective June 20, 2006. **Amended:** Published September 29, 2023; effective November 13, 2023.

550-X-4-.02 Repayment With Service.

A loan recipient may apply to the Board for approval to repay his or her loan with service, and such application may be granted by the Board subject to the following:

(a) Each application to repay with service must be approved by the Board based upon the facts and circumstances of each individual case.

(b) Each applicant may designate an intended practice location at the time of the signing of the loan agreement; provided, however, that such location must be on the State HPSA list and approved by the Board.

(c) No credit for loan repayment will be allowed unless the loan recipient actually practices in the designated area for one full year, and no credit for additional loan repayment will be allowed unless the loan recipient actually practices in the designated area for additional full year periods.

(d) To receive credit for loan repayment with service, each applicant must, annually, certify in writing that he or she has practiced in the approved area for the preceding year. Such form must be certified by an appropriate person approved by the Board, such as the Chairman or President of the County Medical Society, Chairman of County Board of Health, a hospital administrator, or a physician practicing in the area. A copy of a certification form is set forth in Appendix C.

(e) Annual credit for loan repayment with services shall be given as follows:

1. If the approved service is in a community of less than 5,000 population, repayment credit shall be one-fourth of the amount of the loan for each year of service.

2. If the approved service is in a community of more than 5,000 and less than 15,000 population, repayment credit shall be one-fifth of the loan amount each year.

3. If the approved service is in a community of more than 15,000 but less than 50,000 population, repayment shall be one-sixth of the loan amount each year.

(f) If the recipient fails to fulfill his or her agreement to repay his or her loan with service, he or she shall immediately be obligated to repay the balance of the loan in cash with interest at eight (8%) percent from the date of the

default. In addition, the following penalties shall be imposed:

1. Default or termination of loan for one scholastic year, a penalty equal to twenty (20%) percent of the total principal amount of the loan.
2. Default or termination for two scholastic years, a penalty equal to thirty (30%) percent of the total principal amount of the loan.
3. Default or termination for three scholastic years, a penalty equal to forty (40%) percent of the total principal amount of the loan.
4. Default or termination for four scholastic years, a penalty equal to fifty (50%) percent of the total principal amount of the loan.
5. If physician default or termination occurs after the fourth year, but prior to the completion of a residency training program accredited by the accreditation council on graduate medical education in a generalist specialty as determined by the Board, a penalty equal to one hundred (100%) percent of the total principal amount of the loan.
6. If physician default or termination occurs after completion of the residence training program, but prior to completion of the repayment obligation, as set forth in Code of Ala. 1975, §16-47-126, a penalty equal to two hundred (200%) percent of the total principal amount of the loan.

Author: Wayne P. Turner

Statutory Authority: Code of Ala. 1975, §§16-47-121 et seq.; 41-22-1 et seq.

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550-X-4-AC Appendix C.

CERTIFICATION OF PRACTICE IN UNDERSERVED AREA

I, _____, do hereby certify that _____,

 Name
Recipient

 Name of Loan

has practiced medicine in _____, for
 Locality

the time period of _____.

Signature

Title

Author: Wayne P. Turner

Statutory Authority: Code of Ala. 1975, §§1647121 et seq.; 41221 et seq.

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