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SENATE BILL NO. 717

Offered January 14, 2015

Prefiled December 8, 2014

A *BILL to amend and reenact § 32.1-122.6 of the Code of Virginia, relating to medical school scholarships.*

Patrons—Stanley and Ruff; Delegate: Kory

Referred to Committee on Education and Health

Be it enacted by the General Assembly of Virginia:

1. That § 32.1-122.6 of the Code of Virginia is amended and reenacted as follows:

§ 32.1-122.6. Conditional grants for certain medical students.

A. With such funds as are appropriated for this purpose, the Board of Health shall establish annual medical scholarships for students who intend to enter the designated specialties of family practice medicine, general internal medicine, pediatrics, and obstetrics/gynecology ~~for students and who are in good standing at the Medical College of Virginia of Virginia Commonwealth University, the University of Virginia School of Medicine, and the Eastern Virginia Medical School~~ *a medical school in the United States that has received accreditation or provisional accreditation from the Liaison Committee on Medical Education or the Bureau of Professional Education of the American Osteopathic Association.* No recipient shall be awarded more than five scholarships. The amount and number of such scholarships and the apportionment of the scholarships among the medical schools shall be determined annually as provided in the appropriation act; ~~however, the Board shall reallocate annually any remaining funds from awards made pursuant to this section and § 32.1-122.5:1 among the schools participating in these scholarship programs, proportionally to their need, for additional medical scholarships for eligible students.~~ The Commissioner shall act as fiscal agent for the Board in administration of the scholarship funds.

The governing boards of Virginia Commonwealth University, the University of Virginia, and the Eastern Virginia Medical School shall submit to the Commissioner the names of those eligible applicants who are most qualified as determined by the regulations of the Board for these medical scholarships. The Commissioner shall award the scholarships to the applicants whose names are submitted by the governing boards.

B. The Board, after consultation with the Medical College of Virginia of Virginia Commonwealth University, the University of Virginia School of Medicine, and the Eastern Virginia Medical School, shall promulgate regulations to administer this scholarship program ~~which that shall include, but not be limited to:~~

1. Qualifications of applicants;

2. Criteria for award of the scholarships to assure that recipients will fulfill the practice obligations established in this section;

3. Standards to assure that these scholarships increase access to primary health care for individuals who are indigent or who are recipients of public assistance;

4. Assurances that bona fide residents of Virginia, as determined by § 23-7.4, students of economically disadvantaged backgrounds and residents of medically underserved areas are given preference over nonresidents in determining scholarship eligibility and awards;

5. Assurances that scholarship recipients will begin medical practice in one of the designated specialties in an underserved area of the Commonwealth within two years following completion of their residencies;

6. Methods for reimbursement of the Commonwealth by recipients who fail to complete medical school or who fail to honor the obligation to engage in medical practice for a period of years equal to the number of annual scholarships received;

7. Procedures for reimbursing any recipient who has repaid the Commonwealth for part or all of any scholarship and who later fulfills the terms of his contract; *and*

8. ~~Procedures for transferring unused funds upon the recommendation of the Commissioner and the approval of the Department of Planning and Budget in the event any of the medical schools has not recommended the award of its full complement of scholarships by January of each year and one or both of the other medical schools has a demonstrated need for additional scholarships for that year; and~~

9. Reporting of data related to the recipients of the scholarships by the medical schools.

C. Prior to the award of any scholarship, the applicant shall sign a contract in which he agrees to pursue the medical course of the school nominating him for the award until his graduation or to pursue

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59 his first year of postgraduate training at the hospital or institution approved by the school nominating
60 him for the award and upon completing a term not to exceed three years, or four years for the
61 obstetric/gynecology specialty, as an intern or resident at an approved institution or facility intends to
62 promptly begin and thereafter engage continuously in one of the designated specialties of medical
63 practice in an underserved area in Virginia for a period of years equal to the number of annual
64 scholarships received. The contract shall specify that no form of medical practice such as military
65 service or public health service may be substituted for the obligation to practice in one of the designated
66 specialties in an underserved area in the Commonwealth.

67 The contract shall provide that the applicant will not voluntarily obligate himself for more than the
68 minimum period of military service required for physicians by the laws of the United States and that,
69 upon completion of this minimum period of obligatory military service, the applicant will promptly
70 begin to practice in an underserved area in one of the designated specialties for the requisite number of
71 years. The contract shall include other provisions as considered necessary by the Attorney General and
72 the Commissioner.

73 The contract may be terminated by the recipient while the recipient is enrolled in medical school
74 upon providing notice and immediate repayment of the total amount of scholarship funds received plus
75 interest at the prevailing bank rate for similar amounts of unsecured debt.

76 D. In the event the recipient fails to maintain a satisfactory scholastic standing, the recipient may,
77 upon certification of the Commissioner, be relieved of the obligations under the contract to engage in
78 medical practice in an underserved area upon repayment to the Commonwealth of the total amount of
79 scholarship funds received plus interest at the prevailing bank rate for similar amounts of unsecured
80 debt.

81 E. In the event the recipient dies or becomes permanently disabled so as not to be able to engage in
82 the practice of medicine, the recipient or his estate may, upon certification of the Commissioner, be
83 relieved of the obligation under the contract to engage in medical practice in an underserved area upon
84 repayment to the Commonwealth of the total amount of scholarship funds plus interest on such amount
85 computed at eight percent per annum from the date of receipt of scholarship funds. This obligation may
86 be waived in whole or in part by the Commissioner in his discretion upon application by the recipient or
87 his estate to the Commissioner with proof of hardship or inability to pay.

88 F. Except as provided in subsections D and E, any recipient of a scholarship who fails or refuses to
89 fulfill his obligation to practice medicine in one of the designated specialties in an underserved area for
90 a period of years equal to the number of annual scholarships received shall reimburse the
91 Commonwealth three times the total amount of the scholarship funds received plus interest at the
92 prevailing bank rate for similar amounts of unsecured debt. If the recipient has fulfilled part of his
93 contractual obligations by serving in an underserved area in one of the designated specialties, the total
94 amount of the scholarship funds received shall be reduced by the amount of the annual scholarship
95 multiplied by the number of years served.

96 G. The Commissioner shall collect all repayments required by this section and may establish a
97 schedule of payments for reimbursement consistent with the regulations of the Board. No schedule of
98 payments shall amortize the total amount due for a period of longer than two years following the
99 completion of the recipient's postgraduate training or the recipient's entrance into the full-time practice of
100 medicine, whichever is later. All such funds, including any interest thereon, shall be used only for the
101 purposes of this section and shall not revert to the general fund. If any recipient fails to make any
102 payment when and as due, the Commissioner shall notify the Attorney General. The Attorney General
103 shall take such action as he deems proper. In the event court action is required to collect a delinquent
104 scholarship account, the recipient shall be responsible for the court costs and reasonable attorneys'
105 attorney fees incurred by the Commonwealth in such collection.

106 H. For purposes of this section, the term "underserved area" ~~shall include~~ *includes* those medically
107 underserved areas designated by the Board pursuant to § 32.1-122.5 and health professional shortage
108 areas designated in accordance with the criteria established in 42 C.F.R. Part 5.