

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2021**

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HOUSE BILL 1090

Short Title: Family Medicine Loan Forgiveness Pilot. (Public)

Sponsors: Representatives K. Baker, Sasser, Potts, and White (Primary Sponsors).
For a complete list of sponsors, refer to the North Carolina General Assembly web site.

Referred to: Appropriations, if favorable, Rules, Calendar, and Operations of the House

May 27, 2022

A BILL TO BE ENTITLED
AN ACT TO ESTABLISH THE FAMILY MEDICINE IN RURAL OR MEDICALLY
UNDERSERVED AREAS FORGIVABLE LOAN PILOT PROGRAM AND TO
APPROPRIATE FUNDS FOR THAT PURPOSE.

The General Assembly of North Carolina enacts:

SECTION 1.(a) Definitions. – The following definitions apply in this section:

- (1) Authority. – The State Education Assistance Authority.
- (2) Department. – The Department of Health and Human Services, Office of Rural Health.
- (3) Eligible medical school. – A medical school at an institution of higher education that is any of the following:
 - a. A postsecondary constituent institution of The University of North Carolina, as defined in G.S. 116-2(4).
 - b. An eligible private postsecondary institution, as defined in G.S. 116-280(3).
- (4) Eligible medical student. – A person enrolled in an eligible medical school in the 2023-2024 academic year as a first-year student for the purpose of becoming a licensed physician.
- (5) Loan. – A forgivable loan made under the Program.
- (6) Program. – Family Medicine in Rural or Medically Underserved Areas Forgivable Loan Pilot Program.
- (7) Rural or medically underserved area. – A rural area in North Carolina that is designed by the Department, in consultation with the Authority, as a health professional shortage area or medically underserved area.

SECTION 1.(b) Program; Purpose. – There is established the Family Medicine in Rural or Medically Underserved Areas Forgivable Loan Pilot Program to be administered by the Authority, in consultation with the Department. The purpose of the Program is, to the extent funds are provided pursuant to this act, to provide forgivable loans to eligible medical students who agree to practice primary care medicine on a full-time basis in a rural or medically underserved area.

SECTION 1.(c) Eligibility. – The Authority, in consultation with the Department, shall establish the criteria for initial and continuing eligibility to participate in the Program. All loan recipients shall be residents of North Carolina and shall attend an eligible medical school.

The Authority shall adopt standards deemed appropriate by the Authority to ensure that only qualified, potential recipients receive a loan under the Program. The standards shall



1 include priority for applicants from rural or medically underserved areas and may include
2 minimum grade point average and satisfactory academic progress.

3 To the extent funds provided pursuant to this act are insufficient to award forgivable
4 loans to all interested eligible medical students, the Authority may establish a lottery process for
5 selection of loan recipients from among qualified applicants within criteria established by this
6 section.

7 **SECTION 1.(d)** Loan Terms and Conditions. – To the extent funds are available to
8 provide loans pursuant to the Program, the following terms and conditions shall apply to each
9 loan made pursuant to this section:

- 10 (1) Promissory note. – All loans shall be evidenced by promissory notes made
11 payable to the Authority.
- 12 (2) Interest. – All promissory notes shall bear an interest rate established by the
13 Authority that does not exceed ten percent (10%) and is in relation to the
14 current interest rate for non-need-based federal loans made pursuant to Title
15 IV of the Higher Education Act of 1965, as amended. Interest shall accrue
16 from the date of disbursement of the loan funds.
- 17 (3) Loan amount. – Loans shall be awarded to eligible medical students in an
18 amount of twenty-five thousand dollars (\$25,000) per academic year, per
19 eligible medical student, up to four academic years.
- 20 (4) Forgiveness and repayment. – The Authority shall forgive loans in an amount
21 of twenty-five thousand dollars (\$25,000) for each year that the recipient
22 works as a licensed physician practicing primary care medicine on a full-time
23 basis in a rural or medically underserved area, up to one hundred thousand
24 dollars (\$100,000). The Authority shall establish any other necessary criteria
25 for loan forgiveness for employment as a licensed physician in North
26 Carolina. These criteria may provide for accelerated repayment and less than
27 full-time employment options. The Authority shall collect cash repayments
28 when service repayment is not completed. The Authority shall establish the
29 terms for cash repayment, including a minimum monthly repayment amount
30 and maximum period of time to complete repayment. All funds received by
31 the Authority in repayment of a loan shall revert to the General Fund at the
32 end of the fiscal year in which they are received.
- 33 (5) Death and disability. – The Authority may forgive all or part of a loan if it
34 determines that it is impossible for the recipient to repay the loan in cash or
35 service because of the death or disability of the recipient.
- 36 (6) Hardship. – The Authority may grant a forbearance, a deferment, or both in
37 hardship circumstances when a good-faith effort has been made to repay the
38 loan in a timely manner.
- 39 (7) Other. – The Authority may establish other terms and conditions that are
40 necessary or convenient to effectuate the Program.

41 **SECTION 1.(e)** Rulemaking Authority. – The Authority may adopt rules necessary
42 to implement, administer, market, and enforce the provisions of this section.

43 **SECTION 1.(f)** Advisory Board. – The Department shall establish an informal
44 advisory board of licensed primary care physicians who have practiced or are practicing in rural
45 or medically underserved areas of the State. The advisory board shall advise the Department and
46 the Authority on policies, procedure, and applicants, as needed.

47 **SECTION 1.(g)** Additional Services. – The Authority, in consultation with the
48 Department, shall establish procedures for the following:

- 49 (1) Providing technical assistance to applicants and loan recipients.
- 50 (2) Facilitating social gatherings among loan recipients in an eligible medical
51 school.

- 1 (3) Preparing loan recipients in an eligible medical school to enter practice in a
2 rural or medically underserved area and select a primary care practice.
3 (4) Otherwise facilitate the student's successful completion of medical school and
4 selection of a primary care residency location.

5 **SECTION 1.(h)** Report to the General Assembly. – The Authority shall report no
6 later than December 1, 2023, and annually thereafter while loans are held or forgiven by the
7 Authority, to the Joint Legislative Education Oversight Committee regarding the Program and
8 loans awarded pursuant to the Program.

9 **SECTION 2.** There is appropriated from the General Fund to the Board of Governors
10 of The University of North Carolina for the 2022-2023 fiscal year the sum of one million four
11 hundred thousand dollars (\$1,400,000) in nonrecurring funds to be allocated to the State
12 Education Assistance Authority to provide forgivable loans to up to 12 eligible medical students
13 in accordance with the Family Medicine in Rural or Medically Underserved Areas Forgivable
14 Loan Pilot Program established pursuant to Section 1 of this act. Except as provided in Section
15 1(d)(4) of this act, these funds shall not revert to the General Fund at the end of the 2022-2023
16 fiscal year but shall remain available until expended. The Authority may use up to two hundred
17 thousand dollars (\$200,000) of these funds for administrative costs related to the Program.

18 **SECTION 3.** This act becomes effective July 1, 2022.