

Board of Medical Student Loans Meeting March 10, 2006

The Board of Medical Student Loans held an open public meeting on March 10, 2006 by video-teleconference at the University of Arizona College of Medicine/University Medical Center, 1501 N. Campbell Avenue, Room 3230, Tucson, AZ and at the University of Arizona College of Medicine Arizona Health Sciences Center, 4001 N. 3rd Street, Suite 415, Phoenix, AZ, and Yuma Regional Medical Center, 2400 S. Avenue A, Medical Staff Conference Room, Yuma, AZ. Tim B. Hunter, M.D., Chairperson of the Board of Medical Student Loans, called the meeting together at 10:40 am from the Tucson location. Board members present were Christopher A. Leadem, Ph.D., in Tucson, Thomas McWilliams, D.O., Paul Steingard, D.O., and Lyn McKay in Phoenix, and Ram R. Krishna, M.D. in Yuma. Lane P. Johnson, M.D., M.P.H. and Miriam Vega, M.D. M.P.H. were unable to attend. Also present in Tucson were Leila F.S. Barraza, M.P.H. from the University of Arizona Rural Health Office, and Maggie Gumble, Associate Director, University of Arizona College of Medicine Financial Aid, Tucson. In attendance in Phoenix were Carol Dolan, Director, Office of Student Financial Services, and Tanja James and Fabian Valle from the Arizona Department of Health Services.

The minutes of the meeting of December 6, 2005 had been distributed to the Board for review. Maggie Gumble asked that a typing error listing 2005 twice on Page 3 be corrected. The sentence should have read "The last list was provided in April 2004 and approved for residents looking for service sites in 2004 and 2005." Tom McWilliams moved that the minutes be approved as corrected. The motion was seconded by Paul Steingard and unanimously approved.

Three Board members were reappointed by the Governor until January 18, 2010: Lyn McKay, Thomas McWilliams, and Lane Johnson.

The financial summary for the Medical Student Scholarship Program was reviewed. \$1,500,000.00 was appropriated for this new program which became effective August 12, 2005. The first scholarships were funded to two UA students, **Rachel Martin** and **Valerie Matthew**, at \$30,359.00 each. The Medical Student Loan Fund had a beginning balance of \$25,701.01 on July 1, 2005. The State appropriation from the Arizona Medical Board Fund was \$283,400.00. Loan repayments received by March 1, 2006 from **O. Dianna Bell** through the Arizona Attorney General's Office was \$162.50. Other participants who have been referred to the Attorney General's Office are **Dr. Patrick Arambula**, **Dr. David Damstra**, and **Dr. Juanita Padilla**. **Daniel J. Sabol, D.O.** paid his loan obligation in full in the amount of \$148,962.00. He was the borrower whose wife had triplets, adding to their other children. He stayed in New Mexico and the hospital paid his debt. **Lourdes Vizcarra, M.D.** had paid \$30,000.00 and sent in another \$11,000.00 for a total of \$41,000.00 paid. The balance of her account is due at the end of May 2006. **Dr. Rey Palop** is in repayment status through the Board. Total receipts from loan repayments \$190,124.50.

Student loans for nine students total \$286,746.00, with the final loans in process. The appropriation from the Arizona Medical Board has been utilized in full and \$3,346.00 from the Medical Student Loan Fund. **Christopher Dixon** has submitted a letter to the Board declining the increase to his loan amount because he would have to give up his WICHE funding in order to do so and he suggested it be used for another student. Maggie explained that the WICHE funding was considerably higher than the increased loan offered him. Consequently, there is \$9,854.00 remaining in the appropriation from the Medical Student Loan Fund. **Susan Benz** wrote a letter giving up her WICHE funding and signed her contract for \$38,428.00.

The best use of the \$9,854.00 was discussed. In the last meeting, the two students attending **Midwestern's Arizona College of Osteopathic Medicine** who had been renewed for 2005-2006, prior to the change of the statutes allowing private medical school tuition to be funded, had been funded at \$28,577.00 each. This was prior to the change of the statutes funding private medical school tuition. When two new AZCOM

students were selected, all AZCOM students were offered \$38,428.00 each. Christopher Leadem moved that the \$9,854.00 remaining be divided equally among the five University of Arizona students who are still funded at \$28,577.00. The amount would be \$1970.00 each and they would sign revised contracts. Dr. Krishna seconded the motion. Maggie noted that the maximum loan for UA students for 2005-2006 is \$31,004 and the new loan would still be under the maximum. The University of Arizona students are **Trent Batty, Elizabeth Bierer, Katharine Gee, Esther Smith, and Janet Vargas.**

Maggie Gumble continued by reviewing the financial report and had provided the Board with a copy of the letter to the Governor that accompanied the Budget Request for FY 2007, and charts showing the maximum loan and scholarship amounts for 2005-2006 and estimated for 2006-2007. The amounts for 2006-2007 depend upon the tuition set at each school. The Arizona Board of Regents is meeting today, March 10, 2006 to set tuition for the University of Arizona. Carol Dolan reported that tuition for AZCOM is expected to be determined in June.

Maggie Gumble reviewed a chart created by the Governor's Office of Strategic Planning and Budgeting (OSPB) when that office and the Joint Legislative Budget Committee (JLBC) analysts were trying to develop their recommendations while the Medical Student Scholarship Program was being developed. Nine students were expected to be funded by loans in 2005-2006 for a total of \$296,597 out of an appropriation of \$296,600. Two students from the University of Arizona were expected to be funded scholarships at \$30,359 each and 9 Midwestern University students at \$52,486 each. Total Scholarship expenditures expected \$533,092 and Grand Total \$829,689. A chart for 2006-2007 awards were estimated with 4 loans each at University of Arizona and Midwestern University, at the estimated maximum loan amounts of \$32,717 and \$56,063 respectively. Estimated total loan amount to be expended \$355,120. The number of scholarship recipients expected was doubled, with 4 University of Arizona students and 18 Midwestern University students at estimated maximum scholarship amounts of \$32,057 and \$55,403. Scholarship total \$1,125,482 with a grand total \$1,480,602.

The Executive Recommendation was in the amount the Board requested \$355,100 for the loan program. The Board had reported the large repayment amounts and OSPB recommended \$190,000 from the Medical Student Loan Fund and \$165,100 from the General Fund. The appropriation recommended for the scholarship program for FY 2007 was \$1,500,000.

JLBC had recommended that the Legislature consider whether to retain distinct loan and scholarship programs or combine them into one program. They recommended that the Medical Student Loan Fund and the Medical Student Scholarship Fund be combined into one Medical Student Financial Assistance Fund. The recommendation was published before the Board's report of the increased amount available could be included, but they verbally recommended the increase be appropriated. The Appropriations Committee reportedly approved the JLBC's recommendation, but moved that \$296,600 be appropriated from the Medical Student Loan Fund. When the error was later drawn to their attention by a staff member, that the Board did not have that amount available, it was decided not to make a change. Maggie Gumble noted for the Board that with repayments from Dr. Vizcarra that over \$200,000 is expected to be available.

Maggie provided a summary sheet she provided to the Appropriations Committee at the first hearing. It compared the two programs. The Board's recommendation to increase the living allowance from \$16,000 to \$20,000 was included. The Appropriations Committee hearing lasted late into the evening and the Committee Chairmen asked for additional information in writing. A copy of the letter provided to them was provided to the Board. Included was an estimate of the operating costs of the program at the University of Arizona and Midwestern University. The UA estimate was \$22,000 and Midwestern \$6,800.

Nine students from the Arizona College of Osteopathic Medicine submitted applications for the Medical Student Scholarship Program. Each student had been interviewed by five people and independently evaluated, and there was noted consistency between interviewers regarding the candidates' assessed qualifications for the program. Statutes require that students be First-year medical students, Arizona

residents, intend to enter and complete a residency program to become board certified in family practice, general pediatrics, obstetrics and gynecology, general internal medicine, or combined medicine and pediatrics. Preference is to be given to students who commit to an Arizona residency program, and to qualified applicants who demonstrate superior academic and extracurricular merit and who demonstrate a commitment to serve in an underserved area. The Board unanimously voted to offer scholarship contracts to the following students: **Nathan W. Hileman, Heather L. Holley, Jennifer L. Holmgren, Anne Maiden, Virginia A. Savala, and Monica Viteri-Giordano.** The Board deferred **Tam T. Chu's** application for a year and agreed to send her a letter indicating the Board's interest in her application and encouraging her to reapply. They noted that she could apply for the loan program, which is not restricted to First Year students, and there are expected to be openings in that program for 2006-2007.

Kirstin Grahn, M.D., M.P.H. wrote a letter requesting that the Board approve service in pediatrics at the Mariposa Community Health Center, 1852 N. Mastick Way, Nogales, AZ 85621. She has a five year commitment. Maggie explained that Dr. Grahn completed the five-year integrated M.D./M.P.H. degree program at the University of Arizona College of Medicine and received funding for five years. This location is on the approved list of service sites. Ram Krishna moved that this location be approved for her service. The motion was seconded by Lyn McKay and unanimously approved.

Lora Grimes, M.D. is requesting approval of a potential position for which she is applying at El Rio Community Health Center in Tucson. If offered, she would work either at the main clinic at 839 W. Congress Street, Tucson, AZ 85745 or the Southwest Clinic at 1510 W. Commerce Court, Tucson, AZ 85746. Both of these locations are on the approved list of service sites. Christopher Leadem moved that these locations be approved for service for Lora Grimes; the motion was seconded by Ram Krishna, and unanimously approved.

Celia Perez Valenzuela, M.D. wrote a letter to the Board requesting approval for fulfillment of her three-year service commitment as an Ob/Gyn at the three sites listed in her letter. The name of the group is Associates in Women's Health, LLC and as an intern she was inspired by one of the physicians in the group. She noted their commitment to providing care to underserved women is evidenced by the fact that two of their offices are located in such an area. Dr. Valenzuela noted that her time would be split between the offices and that she would easily surpass the 2,000 hours of duty per year set forth in her loan agreement. She said she would like to request that the Board consider hours that she will spend on call, where she will be directly caring for patients from those communities who are hospitalized for deliveries, antenatal and postpartum care. Documentation attached by Maggie Gumble from the Arizona Department of Health Services determined that two addresses qualify: 1400 W. Valencia #130, Tucson, AZ 85746 and 1930 N. La Canada, Bldg, 2, Green Valley, AZ 85614. The Valencia address is in Tucson Southwest Health Professional Shortage Area. The Green Valley address is in the Arivaca Federal Medically Underserved Area. The address at 2325 N. Wyatt, Drive, Ste. 107, Tucson, AZ 85712 does not qualify. After discussion, Paul Steingard moved that Dr. Valenzuela's service in the two eligible service locations be approved with the requirement that she keep a log, signed by the Senior Partner, of the hours at the two eligible locations. If the time served falls short per year, the total length of time of her commitment is extended. The motion was seconded by Ram Krishna and unanimously approved.

Rey Palop, M.D. wrote a letter to the Board requesting deferment of his repayment obligation until at least March 2007. Tim Hunter notes that he had requested Maggie Gumble to contact Dr. Palop and ask for a fuller explanation of his circumstances than in the letter he submitted in November, and to submit a timeline. Ram Krishna moved to defer Dr. Palop's repayment until March 2007, and that if he fails to comply at that time, that he be referred to the Attorney General's Office for collection. Christopher Leadem seconded the motion and it passed unanimously.

Senate Bill 1441 strike-everything amendment proposed by Senator Robert Cannell and passed by the Senate Appropriations Committee, was provided to the Board for review. Maggie Gumble noted that the amendment continues to eliminate the requirement that students intend to specialize in the primary care

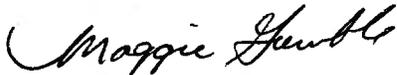
areas, and to serve in primary care. It added language for the Board to give preference to qualified applicants who demonstrate a strong commitment to seek a residency program in this state, who intend to become board certified in family practice, general pediatrics, obstetrics and gynecology, general internal medicine or combined medicine and pediatrics and who demonstrate a commitment to practice medicine in this state and to serve in the defined eligible service areas. It raises the living allowance from \$16,000 to \$20,000. It repeals the scholarship program and moves the monies remaining in the medical student scholarship fund into the medical student loan fund; it provides that it may be used for prior scholarship recipients. It does not change the contracts or obligations of the recipients of medical student scholarships that were in existence.

Tom McWilliams expressed concern that if this bill is passed unchanged, that it would dramatically diminish the effectiveness of the program. Students can say they will go into primary care during the selection process, but go into whatever field they wish to at a later point. The Board would have no effective control. He hopes that the Board members will give feedback to legislators that this is significantly flawed. Board discussion did not come up with a solution that would give the Board flexibility under the statutes to allow participants to go into a needed specialty and still provide the rural and other eligible service areas the primary care physicians they need. Even if needed specialties are identified, they may not be needed seven years from now. Another point made was that all the statistics of physicians needed are based on primary care specialties at both the federal and state levels.

The meeting was adjourned at 12:20 p.m.

Minutes available for review Friday, March 10, 2006.

Respectfully submitted,



Maggie Gumble, Associate Director
University of Arizona College of Medicine
Financial Aid Office

Approved:



Tim B. Hunter, M.D.
Chairperson
Board of Medical Student Loans