

BOARD OF MEDICAL STUDENT LOANS
Minutes of the meeting of May 7, 2010

The Board of Medical Student Loans held an open public meeting on May 7, 2010 by videoconference at three locations: the University of Arizona College of Medicine, 1501 N. Campbell Avenue, Room 2141, Tucson, AZ 85724; the Phoenix Campus of the University of Arizona College of Medicine, 550 E. Van Buren Street, Room 1353, Phoenix, AZ 85004 and A. T. Still University, 5850 E. Still Circle, Mustang Conference Room, Mesa, Arizona, 85206.

From the Tucson location, Carol Q. Galper, Ed.D., Chairperson, called the meeting to order at 1:00 p.m. Board members in attendance were Ross J. Kosinski, Ph.D., Ram R. Krishna, M.D., Paul Steingard, D.O. at the Phoenix location, and Thomas E. McWilliams, D.O. at the Mesa location. Patricia Tarango joined the meeting at the Phoenix location shortly after it began. Shirley Rheinfelder, M.D. was not able to attend. William R. Martin III, M.D. resigned from the Board of Medical Student Loans on April 6, 2010 and his position has not yet been filled. In attendance in Tucson: Lee Jones, M.D., Associate Dean of Admissions and Student Affairs, University of Arizona College of Medicine, Tucson; Maggie Gumble, Executive Director, AZ Medical Student Loan Program, and Associate Director of the UA College of Medicine Financial Aid Office; Melanie Kim, Senior Office Specialist and Yolanda Carrasco, Senior Program Coordinator from the UA College of Medicine Financial Aid Office. Present in Mesa was Beth Poppre, Assistant Vice President of Student Services, A. T. Still University. Present in Phoenix were Keli Palmer, M. Ed., Coordinator, Financial Aid Services at the University of Arizona College of Medicine; Lisa Veliz, Financial Aid Administrator, and E. Thomas Billard, Director, Student Financial Services, Midwestern University. Present for a portion of the meeting from the Tucson location was Allison Castro, participant of the Arizona Medical Student Loan Program.

The minutes of the meeting of December 4, 2009 had been distributed to the Board for review. Dr. Krishna moved that the minutes be accepted; Dr. Kosinski seconded the motion and the motion was approved.

PARTICIPANT REQUESTS AND UPDATES:

Allison Castro submitted a letter and appeared before the Board of Medical Student Loans. She is a 4th year medical student graduating from the University of Arizona College of Medicine in Tucson. She entered the program expecting to practice primary care, or emergency medicine which had also been approved by the Board, and received funding for two years. Then she did a clinical rotation in anesthesiology and found she was interested in that field as a career and petitioned the Board to be allowed to have that specialty added to her contract. The Board declined her request. Since she believed she would want to enter anesthesiology, she declined further funding. Now that she is graduating, she appeared before the Board to discuss making loan repayment arrangements and to discuss the possibility of serving in an eligible service area in anesthesiology to meet her loan obligations for two years of funding. After considerable discussion regarding the possibility of the need for anesthesiologists in rural hospitals or Indian Health Service hospitals vs. urban areas, and the use of nurse anesthetists in rural areas, Dr. Galper moved that the Board revisit the issue when Allison Castro is finishing her residency in anesthesiology four years from now. She can come back to the Board at that time and present her case regarding the need for anesthesiologists in Arizona and openings in eligible service areas and the Board can decide then whether to allow her to serve in an eligible service area or repay the loan after her anesthesiology residency. Interest will continue to accrue. Dr. Krishna seconded the motion and it was passed unanimously.

Michael Kushner, who is graduating from the University of Arizona College of Medicine in Tucson in May 2010, submitted a letter to the Board. His intent was to inform the Board of his current situation and not to request any definitive response at this time. Last summer he married a medical student who is currently finishing her second year at Loyola in Chicago. He moved to Chicago and has been continuing his studies doing away rotations there. He has accepted a three-year family practice residency position in Chicago which will be completed in 2013. He plans to return to Arizona and meet his contractual obligations. His wife will finish medical school in 2012 and will make a choice of specialties in this next year. They would prefer not to be separated or train in different states. The letter is to inform the Board of his upcoming situation and that he will be in further communication regarding his plans to return to Arizona and meet his service obligations.

Anne Maiden, D.O. submitted a proposal to pursue a Pediatric Endocrinology Fellowship in an underserved area in Arizona. She is a first year resident in Pediatrics and is requesting that her training be extended for three years to complete this fellowship. She is hoping to go to Phoenix Children's Hospital. After discussion, Dr. Galper moved that Dr. Maiden first complete her service obligation in Pediatrics and then pursue the Pediatric Endocrinology Fellowship. Dr. Krishna seconded the motion and it was unanimously approved.

Bryan T. McConnell, D.O. is a second-year Family Medicine resident at the Kingman Regional Medical Center. He wrote the Board, requesting that he be approved to tailor the remaining months of his residency training toward becoming a hospitalist at the Kingman Regional Medical Center. Documentation was submitted through Fabian Valle, Arizona Department of Health Services, documenting that Kingman Regional Medical Center, 3269 Stockton Hill Rd. Kingman, AZ 86409, is located in a Primary Care Health Professional Shortage Area and in a Medically Underserved Area/Population. Dr. Galper moved that the Board accept Bryan McConnell's practice as a hospitalist at this Kingman location; the motion was seconded by Dr. Krishna and unanimously approved.

Susan L. Steffans, D.O. (maiden name Benz) wrote to request the Board's approval to meet her service commitment by practicing at the 7th Avenue Family Health Center, 1205 S. 7th Avenue, Phoenix, AZ. Fabian Valle, Arizona Department of Health Services, confirmed the eligibility of this site with the corrected zip code of 85007. It is located in a Primary Care Health Professional Shortage Area and in a designated Medically Underserved Area. It is a satellite clinic in the Maricopa Integrated Health System and the main telephone number is (602) 344-6600. Dr. Galper moved that the Board approve Dr. Steffan's request to serve at this site; the motion was seconded by Dr. Kosinski and unanimously approved.

Bridget B. Stiegler, D.O. who is currently Chief Resident, Internal Medicine, at Banner Good Samaritan Medical Center, wrote the Board of Medical Student Loans to request approval to meet her service commitment as an Internal Medicine Academic Teaching Attending at Good Samaritan Medical Center located in downtown Phoenix. She did not specify an address in the letter, but Lisa Veliz did confirm with her in a subsequent email that the location is 1111 E. McDowell Road, Phoenix, AZ 85006. Board discussion included that the letter of approval needs to include that address and that the position be full-time at that location because Banner does have other sites that do not qualify for service. Dr. McWilliams moved that Dr. Stiegler be approved for full-time service at Banner Good Samaritan Medical Center, 1111 E. McDowell Road, Phoenix, AZ 85006. Dr. Galper seconded the motion. The motion passed with Dr. Steingard abstaining.

Janet Vargas, M.D. wrote to update the Board and request an extension to pass the USMLE Step 3 exam and become licensed to practice medicine in Arizona and meet her loan obligation to the State of Arizona. Dr. Galper moved to allow her an extension until the next Board meeting; Dr. Krishna seconded the motion and it passed unanimously. A Board meeting is expected to be held in the Fall 2010.

An update on students graduating in 2010 and their residency plans, and anticipated completion dates of current residents was presented to the Board by Maggie Gumble. Eleven students are graduating in 2010, with 2 students from Midwestern's Arizona College of Osteopathic Medicine and 9 students from the University of Arizona College of Medicine. Participants in the Arizona Medical Student Loan Program include 4 students continuing at the UA College of Medicine, 1 student from Midwestern, and 3 students from A. T. Still University's School of Osteopathic Medicine in Arizona.

Residents: Dr. Steffans and Dr. Stiegler have been approved to enter service in 2010. **Valerie Miranda, M.D.** contacted Maggie Gumble in 2009 and was sent the 2009-2010 Eligible Service Site List for Primary Care and the Survey of Openings completed in Fall 2009. Dr. Miranda expects to complete her Family Practice residency in August 2010 and begin her service obligation but did not submit a letter for this meeting. She will be on the agenda for the next Board meeting.

Maggie Gumble reports that there are **eight (8) residents expected to begin service in 2011, twelve (12) in 2012, and four (4) in 2013. In addition, the 11 students that are just graduating are expected to begin service in 2013 or 2014.** She is concerned because due to the shortfall of revenue in Arizona, the Arizona Department of Health Services (ADHS), Bureau of Health Systems Development, has been cut 4 full-time positions and lost 3.5 million dollars in contractual funding. They report that they cannot provide the level of service support that they have in the past and don't have the resources to update the Eligible Service Site List for Primary Care for 2010-

2011. Maggie indicates that the list has really strengthened the program over the past number of years because it provides a list of service sites in Arizona, particularly rural clinics, that otherwise residents might not consider; the list is approved by the Board of Medical Student Loans for a designated time period so that residents can be assured that they are interviewing at sites that can be approved for service. The eligibility of sites can change over a period of time. She provided the Board with a copy of the email that she and Lisa Veliz are sending out to all the students graduating in 2010. It gives them the 2009-2010 Eligible Service Site List for Primary Care, the Survey of Openings which includes contact people for the many clinics that responded with openings (including their telephone, fax, email, and mailing address). Also provided was a federal Health and Human Services website URL sent to us by Fabian Valle, ADHS, which allows the participants to put in an address and zip code to determine if the site is in a Health Professional Shortage Area (HPSA), Medically Underserved Area/Medically Underserved Population (MUA/MUP). Our email also reminds the students that working on any Indian Reservation located in Arizona also qualifies to meet their service obligation. Students are told to seek the written approval of the Board of Medical Student Loans in advance of signing any contract to practice and they are encouraged to do so up to a year in advance. ADHS still plans to provide support to the Board and staff, but resources are limited. Fabian Valle's last day is today, May 7, 2010, and he is leaving to take a position as Director of Workforce Programs with the Colorado Rural Health Center in Aurora, Colorado. Tanja James, who used to update the list, left in 2009 to take another job when her position at ADHS was eliminated.

The University of Arizona has also been cut about \$100 million in the last two years and may lose another \$42 million in State funding if the sales tax proposal is not passed by the voters on May 18, 2010. There is an anticipated reduction of 500 jobs at the UA if that doesn't pass. A reduction in State support may include a reduction in staff at the UA College of Medicine Financial Aid Office which provides support services to the Board of Medical Student Loans. The UA College of Medicine office acts as the central office in the State for this program, coordinating with the two private osteopathic medical schools and various State agencies.

FINANCIAL REVIEW:

Maggie Gumble reviewed the financial report covering the period from **July 1, 2009 through April 8, 2010**. The **Medical Student Loan Fund had a beginning balance of \$55,523.33**. The **General Fund Appropriation was \$866,900.00 and was reduced by \$65,000.00 with a revised appropriation of \$801,900.00**

Loan Repayments: Patrick Arambula, M.D. has paid in full through the Arizona Attorney General's Office. The Attorney General's Office reserves 35% for collection costs and sends 65% to the Board of Medical Student Loans with the total received by the Board during this fiscal year **\$18,696.66**.

O. Dianna Bell became unemployed and the Attorney General's Office suspended payments temporarily. The Board has received **\$1,921.71** since July 1, 2009.

David Damstra, M.D. is still in the military and stationed overseas per the Attorney General's Office. No funds have been collected by the Arizona Attorney General's Office and they have been unable to get a response from him.

Juanita Padilla, M.D. A settlement was made by the Arizona Attorney General's Office with her ex-husband who settled for payment of \$30,000. The Attorney General's Office transferred **\$19,500.00** to the Board of Medical Student Loans. They will pursue Juanita Padilla for the remainder she owes. She is working but not as a physician.

Rey Palop, M.D. resumed payments as agreed and is sending regular payments of \$300.00 per month for a total of \$1,500 to date. He submitted documentation of his employment in Wisconsin and is working full time as a primary care physician and Medical Director for St. Croix Tribal Health Department. He plans to submit a plan to meet his loan obligations by June 30, 2010 as ordered by the Board.

Loan repayments have totaled \$41,618.37 between July 1, 2009 and April 8, 2010.

Student loans provided to 12 students at the University of Arizona College of Medicine totaled \$487,416.00. Claudia Chavez was on a leave of absence Fall 2010 and was paid \$21,192.00 for Spring semester as approved by

the Board in the last meeting. The other students received \$42,384.00 each for the academic year (tuition plus \$20,000 living allowance).

Student loans provided to 3 students attending A. T. Still's School of Osteopathic Medicine in Arizona totaled \$174,825.00. Each student received \$58,275.00 for the academic year (tuition plus \$20,000 living allowance).

Student loans provided to 3 students attending Midwestern University's Arizona College of Osteopathic Medicine totaled \$196,407.00. Each student received \$65,469.00 for the academic year (tuition plus \$20,000 living allowance).

Total expenditures for student loans: \$858,648.00.

The balance in the Medical Student Loan fund: \$40,393.70.

The General Fund appropriation of \$801,900.00 was utilized in full for student loans and a list of the students and amounts funded through the General Fund was provided to the Board.

The Medical Student Loan Fund is continuously appropriated. The non-lapsing appropriation originally provided in 2005 to fund Medical Student Scholarships was expended in full with the last of the funds partially funding Valerie Matthew, who began as a scholarship student. The scholarship program was repealed and the students were continued on the loan program and funds were transferred into the Medical Student Loan Fund. \$56,748.00 was paid in student loan funding to two students in 2009-2010 with the balance in the Medical Student Loan Fund \$40,393.70.

Maggie Gumble provided the Board with selected pages from the State of Arizona website detailing the Summary of Enacted FY 2011 Budget. **The Board of Medical Student Loans baseline of \$801,900.00 was reduced to \$402,900.00 for FY 2011 to fund continuing students only. The Medical Student Loan Fund was reduced from \$47,000.00 to \$29,000.00 due to the anticipation that the Board would only have \$29,000 available. Since that time, the Arizona Attorney General's Office made the settlement on a case which gives the Board some additional funds. The Medical Student Loan Fund is continuously appropriated but the intent of the appropriation is to reflect the total program amount to fund the students. FY 2011 Conditional Enactments: reductions that would occur if the sales tax increase is not approved by voters in the May election. The Board of Medical Student Loans would have the General Fund appropriation reduced by \$20,200.00. Maggie Gumble anticipates that if the reduction occurs that the Board would be able to access Medical Student Loan Fund monies to make up the difference and fund the continuing students.**

Higher Education –HB 2009

Board of Medical Student Loans: "As session law, continue to suspend the requirement that at least 50% of loan monies be apportioned for students attending private medical schools retroactive to June 30, 2010."

Maggie Gumble provided the Board of Medical Student Loans a chart with **student loan projections for 2010-2011. If the Board were to provide loans in the amount of tuition plus \$20,000 living allowance, the following loan amounts would be provided:**

Midwestern University's Arizona College of Osteopathic Medicine: \$67,742 (tuition is \$47,742);

A. T. Still University's School of Osteopathic Medicine in Arizona: \$59,700 (tuition is \$39,700);

University of Arizona College of Medicine: \$45,562 (tuition is \$25,562).

A total of \$429,090 would fund 8 continuing students: 4 continuing students at the UA College of Medicine, 1 continuing student at Midwestern University, and 3 continuing students at A. T. Still University.

A loan amount of \$45,562 would meet 94% of the 4 year average cost of attendance for a single student living off-campus at the University of Arizona, using the 2010-2011 Financial Aid Cost of Attendance. Note that a number of Arizona Medical Student Loan Program participants are older students and support children, so their individual cost of attendance may vary.

A loan amount of \$67,742 would meet 84% of the 4 year average cost of attendance for a single student living off-campus at Midwestern University, using the 2010-2011 Financial Aid Cost of Attendance. The difference is in the higher living costs in the Phoenix metropolitan area. Note some University of Arizona student participants live in Phoenix.

The 2010-2011 financial aid budgets for students attending A. T. Still University in Mesa, AZ are not yet available.

The Board discussed the **Budget Requests for FY 2012 and FY 2013** to be submitted by September 1, 2010. The Board considers the Arizona Medical Student Loan Program a valuable resource in recruiting students to serve in eligible service areas in Arizona and wants the value of the program to be expressed in the budget submission. The continuing students who have signed contracts to serve the State of Arizona have made life-changing decisions when they signed the contracts and have full Board support for funding through their graduation from medical school. It is clear with the revenue shortfall that the State is not likely to approve new students on the program, but if they supported even one new student, the staff resources necessary to support the application and interview process and involving the Arizona Department of Health Services' assistance is not available. In the past, each school interviewed their own students and ADHS provided two people trained in the evaluation of candidates for primary care service programs. ADHS interviewed the applicants at all three schools. All interviewers submitted written evaluations for consideration by the Board of Medical Student Loans. Dr. Galper moved that the Board of Medical Student Loans seek financial support for students already on the program and not request funds for new students, making it clear why the Board is not asking for additional funding for new students. Dr. Krishna seconded the motion and it passed unanimously.

REVIEW OF FUNDING OF RENEWAL APPLICANTS 2010-2011:

A.T. Still University School of Osteopathic Medicine in Arizona:

Brandon Abbott: Dr. Krishna moved to approve his application in the amount of \$59,700. Dr. Kosinski seconded the motion and it passed unanimously. **Jesse Crane and Linda Shuler:** Dr. McWilliams moved to approve their applications in the amount of \$59,700 each; the motion was seconded by Dr. Kosinski and passed unanimously. **Juan Gabriel Martinez, Midwestern University:** Dr. Krishna moved to approve his application in the amount of \$67,742; the motion was seconded by Dr. Galper and passed unanimously. **University of Arizona College of Medicine: Darrell Brimhall and Claudia Chavez:** Dr. Krishna moved to approve their applications in the amount of \$45,562 each; Dr. Galper seconded the motion and it was unanimously approved. **Tomas Acuna and Juan Hernandez** have not passed USMLE Step 1 and will retake the exam in May and June. They have completed the 3rd year curriculum but cannot go into the 4th year medical curriculum until they pass Step 1. They need to complete their M.D. degrees in order to meet their AZ Medical Student Loan Program obligations by service as physicians. They may be able to continue enrollment in the UA College of Medicine taking Public Health courses until they pass Step 1. After Board discussion, Dr. Galper moved that Tomas Acuna and Juan Hernandez must pass Step 1 and enroll in 4th year medical classes for their loans to be approved; the motion was seconded by Dr. Krishna and passed unanimously.

REIMBURSEMENT OF PRIVATE SCHOOLS TO UNIVERSITY OF ARIZONA COLLEGE OF MEDICINE:

In the meeting of December 4, 2009, the Board required that the University of Arizona College of Medicine administration provide a written request, with justification, for the amount they are requesting from the private schools. It was to be submitted to the Board of Medical Student Loans and distributed to all Board members so that the Board members from the private schools could take it up for consideration prior to the next Board meeting. The letter was submitted December 23, 2009 and distributed to Board members at that time. Written responses were submitted in April 2010 from A. T. Still University by Dr. McWilliams, and from Midwestern University by Dr. Kosinski. The University of Arizona College of Medicine judged the cost of administering the program in 2009-2010 to be \$30,000 and detailed the administrative tasks involved. For 2009-2010, there are 12 UA College of Medicine students, 3 Midwestern University students, and 3 A. T. Still University students funded by the program. Dean Goldschmid requested \$5,000 from Midwestern University and \$5,000 from A. T. Still University with \$20,000 borne by the University of Arizona College of Medicine. In the letter from A.T. Still University, they requested that any increase be deferred until the 2011-12 academic year. An increase from \$1000 is not in the current budget or the budget set for 2010-2011. Midwestern University indicated that their 2010-2011 budget was

finalized in December 2009 and they would prefer to defer any added reimbursements to the University of Arizona until such costs could be included in the 2011-2012 budget.

Discussion included the fact that the statutes do not specify a formula for reimbursement and the Board of Medical Student Loans, which administers the program under the statutes, needs to decide what is reasonable. There was discussion about taking into account the number of students funded for each school. Since there is not the likelihood of adding any new students in the near future, there is a cohort of students that have been funded. These include current students, residents, physicians in service, and the required tracking of participants who completed their service requirements. The latter physicians must be tracked annually for at least 10 years after their commitment has been completed to determine their practice locations and if they are in eligible service areas in Arizona. A. T. Still University has only had a total of 3 students on the program since they began participating in 2007 and their students have not graduated. Maggie Gumble reviewed the total funding provided at each school since the program was opened to private schools in 1999. The University of Arizona received 3.8 million in funding for students attending the University of Arizona College of Medicine. Midwestern University received 4.0 million in funding. A. T. Still University has received \$456,805 for their 3 students. Midwestern University reimbursed the UA \$500 per year beginning in 2001-2002 and both schools began reimbursing the UA College of Medicine \$1000 each in 2007-2008. Billing has not been done for 2009-2010 since the amount wasn't set at the Board meeting in December 2009.

Dr. Kosinski moved that the private schools be billed \$1000 each for 2009-2010 and \$5,000 each for 2010-2011. A proposal for a formula taking into account the number of participants funded at each school will be considered at the Fall 2010 Board meeting for the 2011-2012 fiscal year. Dr. Galper seconded the motion and it was unanimously approved.

RECOGNITION OF SERVICE TO THE BOARD OF MEDICAL STUDENT LOANS:

Carol Galper recognized the service provided to the Board of Medical Student Loans by the following individuals who have been active in various capacities the past several years:

William R. Martin, III, M.D. resigned from the Board April 6, 2010 to take a position as Medical Director for the American Academy of Orthopaedic Surgeons in Washington D.C. He has served on the Board since July 2007.

Debbie Richards, Assistant Director of Financial Services at A. T. Still University, assisted in coordinating the participation of their medical students in the Arizona Medical Student Loan Program since 2007. Debbie resigned in April 2010 to take a Director's position at Phoenix School of Law.

Fabian Valle, MS, Workforce Program Manager, Arizona Department of Health Services, Bureau of Health Systems Development: Fabian has assisted the Arizona Medical Student Loan Program since 2004. He interviewed and submitted written evaluations to the Board for all the student applicants from the three schools; he provided technical assistance to the Board, school support staff, and residents looking for job opportunities at eligible service sites. Fabian has accepted the position of Director of Workforce Programs with the Colorado Rural Health Center in Aurora, Colorado.

Dr. Galper said they would all be provided certificates in recognition of their service.

The next meeting of the Board of Medical Student Loans will be scheduled in September or October 2010.

The meeting was adjourned at 3:30 pm.

Minutes available for review May 12, 2010.

Respectfully submitted,



Maggie Gumble, Executive Director
Arizona Medical Student Loan Program

Approved:



Carol Q. Galper, Ed.D., CHES
Chairperson, Board of Medical Student Loans