

Board of Medical Student Loans Meeting December 6, 2005

The Board of Medical Student Loans held an open public meeting on December 6, 2005 by video-conference 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. Tim B. Hunter, M.D., Chairperson of the Board of Medical Student Loans, called the meeting to order at 10: 35 a.m. from the Tucson location. Board members present were Lane P. Johnson, M.D., MPH, Ram Krishna, M.D. and Christopher A. Leadem, Ph.D., in Tucson, and Lyn McKay, Thomas McWilliams, D.O., and Miriam Vega, M.D., MPH in Phoenix. Paul Steingard, D.O. was unable to attend. Also present in Tucson were Maggie Gumble, Associate Director, and Yolanda Carrasco, Senior Program Coordinator, from The University of Arizona College of Medicine Financial Aid Office, and Leila Barraza, University of Arizona Rural Health Office. Carol Dolan, Director of Student Financial Services, Midwestern University, Glendale, AZ, attended at the Phoenix location. Fabian Valle, MS, Workforce Program Manager and Tanja James, Workforce Programs Specialist II from the Arizona Department of Health Services attended in Phoenix.

The minutes of the meeting of November 10, 2005 had been distributed to the Board for review. Lane Johnson moved that the minutes be approved. The motion was seconded by Ram Krishna, and unanimously approved.

Maggie Gumble reviewed the financial reports. The Medical Student Loan fund began with a balance of \$25,701.01 on July 1, 2005. The State appropriation for 2005-2006 from the Arizona Medical Board Fund is \$283,400.00. Loan repayments received total \$30,000.00 from Dr. Lourdes Vizcarra, who had tried to serve her commitment in Arizona with her family's residence in Albuquerque, New Mexico. After 20 months, she decided to repay the portion of the loans not met with service and has made an initial payment of \$30,000.00. Her loans are due in full May 31, 2006. Seven students have been paid a portion of their loans according to the semester or quarters thus far in their academic schedules. These expenditures total \$114,308.50. Funds have been utilized from the AZ Medical Board Fund appropriation. The Medical Student Loan Fund appropriation for the year is \$13,200.00. Tim Hunter noted that the Medical Student Loan Fund reflects money from individuals who have repaid their loans; the amount received varies from year to year and the fund is subject to appropriation. The Arizona Medical Student Scholarship Program was appropriated \$1,500,000.00 from the General Fund and the first applicants will be considered today. The application just became available following the Board meeting on November 10, 2005. Those appropriated funds go into the Medical Student Scholarship Fund and is a non-lapsing appropriation; if the Board does not make use of the funds, it would be expected that at some point they might be appropriated elsewhere.

For 2005-2006, the maximum loan for the University of Arizona College of Medicine (UA) is \$31,004.00 and at the Arizona College of Osteopathic Medicine (AZCOM) \$53,131.00, subject to the availability of funds. The loans granted after August 12, 2005 must cover at least tuition at the school and allows for a living allowance. The maximum scholarship amount, beginning in 2005-2006 when the program was established, is \$30,359.00 for UA and \$52,486.00 for AZCOM.

At the Board's request, the Scholarship and Loan Program provisions were reviewed. Maggie indicated that the programs are very similar in that they both require the student to go into the same primary care specialties and serve in the same eligible service areas. The Loan and Scholarship maximum amounts are similar and depend primarily upon the availability of funds. Scholarships are taxable while the student is in school and students are referred to their tax advisor or the Internal Revenue Service for tax questions. The Scholarship Program is restricted to First-Year medical students. Both require Arizona residency. Preference for selection of applicants for the Loan Program is financial need and preference for selection of Scholarship recipients is based upon academic and extracurricular merit.

One provision in the Loan Program statutes which is not repeated in the Scholarship Program statutes is that the Board may specify an eligible service area in a student's contracts which can be designated as an approved service location. Maggie Gumble plans to ask the Arizona Attorney General's Office if that provision can apply

to the Scholarship Program. Tom McWilliams currently has a potential scholarship applicant requesting information about specifying a currently eligible area in the greater metropolitan Phoenix area in his contract. Tom recollected that the Board had discussed this issue previously and the consensus was that the Board wanted to limit this specification to rural areas and not urban areas. After Board discussion, this was still the consensus, to be determined on a case-by-case basis. Miriam Vega observed that the Health Professional Shortage Areas (HPSA) can change every three years and she's seeing more changes in rural areas at this point. Maggie indicated that the provisions had been put in the statutes due to the Board's concern over students from underserved areas in Arizona wanting to plan to return to their home communities and not being able to do so when the designations changed during the medical training. One student who had subsequently requested that the Board approve an underserved area in the Glendale/Phoenix area had been declined by the Board because it is an urban location and her request had resulted in the previous discussion and denial.

The Board reviewed applicants for the Loan and Scholarship Programs for 2005-2006. One applicant from AZCOM, **Sarah Henderson-Hall**, was determined to be a non-Arizona resident and not eligible for either program. **Anandani Nellan** withdrew her application from consideration. Five students had applied for one or both programs and were considered by the Board. Two First-Year students from The University of Arizona College of Medicine, **Rachel Martin** and **Valerie Matthew**, had initially applied for the Loan Program and both also submitted Scholarship applications. Three students attending the Arizona College of Osteopathic Medicine had submitted Loan applications: **Jennifer Holmgren**, a First-Year student, plans to submit a Scholarship application as well. **Susan Benz**, Third-Year student, and **Bryan McConnell**, Second-Year student, applied for the Loan Program and are not eligible for Scholarship consideration because of the restriction in the statutes to First-Year students. Students at the UA had been interviewed by Lane Johnson, Chris Leadem and Maggie Gumble. Students at AZCOM had been interviewed by Tom McWilliams, Carol Dolan, and Ross Kosinski. All five students were interviewed by Tanja James and Fabian Valle from the AZ Department of Health Services.

Carol Dolan indicated that about 10 students had contacted her regarding their interest in the Scholarship Program and she set December 9 as the deadline to apply so that interviews could be arranged. She and Maggie had discussed setting a mid-February Board meeting to consider these new applicants.

Two of the student applicants from AZCOM receive WICHE funding, provided because Arizona does not have a public osteopathic school in the State. They are each receiving \$16,600 for 2005-2006 and have a commitment to practice in Arizona after residency. Since the statutes governing our program have changed and covers private medical school tuition plus a living allowance, these two students would need to return 2005-2006 funding if they participate in the Arizona Medical Student Loan or Scholarship Program under the newly-revised statutes. They have both indicated to Carol Dolan that they wish to do that if the Board of Medical Student Loans approves higher funding.

After review of each of the students' applications and evaluations, and reports by the interviewers, Lane Johnson moved that the two students not eligible for the Scholarship Program be funded under the Loan Program. Chris Leadem seconded the motion and it was unanimously approved. Students approved for the Loan Program are **Susan Benz** and **Bryan McConnell**.

The two UA students who applied for the Medical Student Scholarship Program, **Rachel Martin** and **Valerie Matthew**, were approved for funding at the maximum scholarship amount for 2005-2006. The University of Arizona amount is \$30,359 and the AZ College of Osteopathic Medicine amount is \$52,486. Tom McWilliams moved to approve and it was seconded by Lyn McKay and unanimously approved.

The Medical Student Loan Program total appropriation for 2005-2006 is \$296,600. The Board discussed various scenarios regarding the funds available and the students approved for the program. Seven students were previously approved for the Loan at \$28,577 each, with five of those students being from UA and two of the students from AZCOM. Two additional AZCOM students have been approved for Loan funding. There is a large cost of education disparity between the two schools because UA medical school tuition is \$14,359 and AZCOM is \$36,486. Chris Leadem moved to keep the five UA students who already signed contracts at

\$28,577 and fund the four AZCOM students at \$38,428 each. Two of the students would sign revised contracts and two are the new students selected by the Board. Lane Johnson seconded the motion and it was unanimously approved.

A list of Arizona Provider Eligible Service Sites was prepared by the Arizona Department of Health Services. Tanja James has coordinated this effort and has plans to add a few more sites. The last list was provided in April 2004 and approved for residents looking for service sites in 2005 and 2005. Maggie Gumble requested that this list be approved for residents looking for service sites in 2006. Chris Leadem moved to approve the list; it was seconded by Lyn McKay and unanimously approved.

The Board reviewed the letter submitted by **Rey Palop, M.D.** who is having financial difficulties and wants the Board to know that he fully intends to fulfill his obligation to repay. After discussion, the Board decided to review his situation again at the next Board meeting.

Carol Dolan provided an update on **Daniel Sabol, D.O.** His wife had triplets to add to two other children already in the family. He completed his residency and in order to live near family who could assist them in caring for the children, he went into practice in New Mexico. He had told Carol that San Juan Medical Center had expressed an interest in paying his outstanding loan balance, but she has not heard from him for a year. She provided a copy of the letter to the Board which she wrote him October 26, 2005. She has since learned a newer address from his federal loan servicer and will resend the letter. His loans are due July 1, 2006.

An update was also provided by Carol Dolan on **Ed Wehling, D.O.** who had received funding for one year from the Arizona Medical Student Loan Program and has a two-year commitment. He turned down the loan for the second year when he decided to go into Emergency Medicine, and wrote the Board at that time. Since then he has not been in touch with the Board or responded to Dr. McWilliams or Carol Dolan. To her knowledge, he is in a General Surgery residency at Henry Ford Bi-County Hospital in Michigan. Carol has also learned a newer address in Clinton, Michigan from the federal loan servicer and will try again to contact him by letter as well as by a telephone number she has secured. His loans are due by July 1, 2007, one year after his residency ends.

Maggie Gumble received an email today from Amy Strauss, Joint Legislative Budget Committee analyst, asking the following questions, for which she is seeking Board response: If the scholarship and loan programs were to be merged, what do you think the best format would be? Do you think a combination of loans and scholarships is best?

After discussion, the consensus of the Board is that there is no advantage to having two programs and that it is confusing. They would recommend one program, the Arizona Medical Student Loan Program, which does not have the taxability issues for students during the time they are in school, and fully fund the program so that the students' expenses can be met at each school in return for the service commitment in eligible service areas. Each student should be provided tuition plus a living allowance which should specify that it includes course-related expenses, such as fees, books, supplies, and equipment.

The Board recommends that the formula in the Arizona Revised Statutes, which allows for inflation and tuition increases without necessitating a change in the statutes, be continued. The wording "no more than" (i.e. no more than \$16,000) is important in case insufficient funds are available to provide a student full funding, to avoid an all or none situation in providing student loans or scholarships.

For comparison purposes, the federal financial aid budgets at the University of Arizona College of Medicine and at Midwestern University's Arizona College of Osteopathic Medicine are used to compare to the Loan and Scholarship amounts to determine if students are being adequately funded. For 2005-2006, the average cost of attendance at The University of Arizona College of Medicine is \$32,484 and at AZCOM \$59,215. The maximum Scholarship amounts are \$30,359 and \$52,486 respectively. It was suggested that the \$16,000 as adjusted by the GDP Price Deflators should be increased because it has not kept up with the cost of attendance figures used for federal financial aid at the medical schools. The amount was based upon UA average cost of

attendance in 2001-2002. The base year of 2002-2003 was deleted in the Loan statutes under SB 1517 and 2005-2006 was used as the base year for the Scholarship program. It was suggested that an amount "no more than" \$20,000 rather than \$16,000 would be more appropriate.

Students should be guaranteed that they could be funded for the 4 or 5 years of their M.D. or D.O. degree. The stability of the programs is critical to success. Students need to know that if they sign a contract, that funding will be available for the 4 or 5 years of their medical school education.

If a change is made to eliminate the Scholarship Program, the statutes would need to be rewritten in such a way as to provide for the students approved for the Scholarship Program in 2005-2006, so that students can continue to be funded with no change in the minimum number of years of service if they were to change to the Loan Program.

The Board recommends that the First-Year student restriction under the Scholarship Program be removed so that students can enter the program after their first year of medical school. The programs require a huge commitment on the student's part and students may come to the decision to enter primary care after the first year, or funds may not be available the first year of their medical education.

There is a provision in the Loan Program which allows the Board to specify an eligible service area in the student's contracts and approve that area as a service location. This was added to the statutes due to the Board's concern over students from rural underserved areas in Arizona wanting to plan to return to their home communities and not being able to do so if the designations change during their medical training. The Board wanted these students to be assured they could return to their home communities to practice after completing their medical education. The Board would like to have that same wording in the Scholarship Program statutes if both programs are to continue.

The Board would like to be able to fully fund a reasonable number of students per year. The Loan Program has been decreased from 16 students per year to 9 students for 2005-2006 because of insufficient funding and the need to keep the funding level per student substantial. There is expected to be considerable interest in the Scholarship Program from the AZCOM students since they can be fully funded for the first time and sufficient funds have been appropriated. The total number of students who will apply for 2005-2006 is not known at this point but will be limited by the life-changing commitment required by the programs. Students close many career options by signing a contract to enter Family Practice, general Pediatrics, Obstetrics and Gynecology, general Internal Medicine, or combined Medicine and Pediatrics.

The meeting was adjourned at 1:10 p.m.

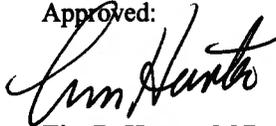
Minutes available for review Tuesday, December 6, 2005.

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