

ARIZONA MEDICAL STUDENT LOAN PROGRAM
BOARD MEETING
June 28, 2002

The Board of Medical Student Loans held an open public meeting on June 28, 2002 by videoteleconference at two locations: Arizona Health Sciences Center, 1501 N. Campbell Avenue, Room 2603, TV Studio, Tucson, AZ and Arizona Health Sciences Center, 4001 N. 3rd Street, Room 415-416, Phoenix, AZ. Tim B. Hunter, M.D. called the meeting to order at 2:04 p.m. from the Tucson location. Other Board members attending: in Phoenix, Thomas E. McWilliams, D.O., Paul Steingard, D.O., Patricia Tarango, and in Tucson: Lane P. Johnson, M.D., MPH, and Christopher A. Leadem, Ph.D. Board members not in attendance: Ram R. Krishna, M.D. and Lyn McKay. Present at the meeting: in Tucson, Maggie Gumble, Senior Program Coordinator, University of Arizona College of Medicine; in Phoenix, Carol Dolan, Director, Student Financial Services, Midwestern University and John Payne, Health Professions Specialist, AZ Department of Health Services.

The minutes of the April 5, 2002 meeting had been distributed to the Board for review. Chris Leadem moved that the minutes be accepted as written, Lane Johnson seconded the motion, and the minutes were unanimously approved.

Maggie Gumble was asked to present the financial review. Beginning balance in the Board of Medical Student Loan Fund July 1, 2001 was \$74,911.95. The General Fund appropriation as adjusted was \$283,358.00. Loan repayments have been received from Dr. Batiste-Milton, and through the Attorney General's Office, \$195.00 from O. Dianna Bell and \$2,145.00 from Rosemarie Ibanez. Total repayments received between July 1, 2001 and June 18, 2002 was \$7,240.00, with total receipts \$290,598.00. Sixteen students were paid by the program. Fifteen students received \$21,893.00 each and Lora Grimes received \$19,863.00 due to the budget cuts. She signed a revised contract and accepted College of Medicine scholarship funds to make up the difference. Expenditures totaled \$348,258.00. The balance in the Medical Student Loan Fund is \$17,251.95, which carries forward into the next fiscal year.

The State appropriation from the General Fund was originally \$285,500.00 and was reduced first by \$1,428.00 and a second time by \$714.00. The statement reviewed by the Board detailed the amount paid to each student through the General Fund. The appropriation from the Medical Student Loan Fund was \$64,900.00 and the Board was provided in writing with the amounts paid each student out of that fund. All appropriated funds were spent.

The State appropriation for 2002-2003 has been revised with a decrease to \$296,600. The amount appropriated from the General Fund was decreased to \$283,400 and the amount from the Medical Student Loan Fund was increased to \$13,200 from the original 2002-2003 appropriation, based upon the amount available at the time the analysis was made by the State.

Maggie reviewed the Agency Summary with the Board. The Strategic Plan had been discussed in detail at the last Board meeting. The Goals were reviewed and certain details: Goal #1: To successfully recruit and retain students to participate in the program by providing substantial funding of educational costs to medical students. The Board had anticipated funding 16 students in 2002-2003 with a loan amount of \$22,600 each. With the change to two schools in the program, and the change in the maximum loan amount in the statutes effective August 2001, it was expected that the number of students might be increased to 22 for 2003-2004 with a loan amount of \$26,700. Goal #2: To provide physicians to medically-underserved areas in Arizona. Maggie commented that decreased funding will probably impact that goal, since the number of students funded per year may go down. Goal #3: To increase the number of physicians providing service to medically-underserved areas in Arizona. The objectives are to provide a list of eligible service sites to participating physicians in the last year of their training. Maggie commented that she believed that the list of sliding fee-scale clinics and contact people provided by the AZ Dept. of

Health Services the last two years has strengthened the program. It has been a valuable resource for residents doing their job searches as well as being helpful to students considering the program. Maggie said she always tells students that the list will change over time.

The Board will submit budget requests for 2003-2004 and 2004-2005 to the State by September 1, 2002. For the last several years, the Board has funded 16 students per year, which will not be possible in 2002-2003 unless the students' funding is reduced. The maximum loan amount for each student for 2002-2003 is \$26,574. This is based on A.R.S. 15-1723B, which was effective August 9, 2001 and is determined by the amount of public medical school tuition (\$10,574) plus \$16,000. There is an inflationary factor built in and Maggie will be working with Christine Sato, Governor's Office of Strategic Planning and budgeting, to determine the applicable factor. Maggie had discussed with Chris Leadem a reasonable expectation for public medical school tuition increases and they decided upon \$450 each year. The Medical Student Loan Fund currently has \$17,251.95 available, with \$13,200.00 appropriated for 2002-2003.

Maggie reviewed the Budget Request instructions and learned that for FY 2004 and FY 2005, "Decision Package Requests" are limited to fulfilling statutory funding formulas, or other reasons that either do not apply to our agency or must result in a General Fund impact of \$0. Since all appropriated funds go to students, the latter is not applicable to our agency. "Critical Issues" may be submitted but are not incorporated into an agency's total funding request on the Transmittal Statement.

The Board agreed that 16 students is a reasonable number for our program, considering the annual number of applications received, so the Board agreed not to attempt to increase the number to 22 as planned. The budget requests will be based on the maximum loan amount for FY 2004 and FY 2005 by the statutory formula. The Critical Issue will address the number of students the Board would like to be able to fund (16) since that impacts the number of physicians committed to serving in medically-underserved areas.

The Board discussed the loan amount for 2002-2003 with the decrease in funding to \$296,600. A maximum of 13 students could be funded without decreasing the amount from that each student received in 2001-2002. The loan amount for 2001-2002 was \$21,893. The Board expected to be able to fund 16 students at about \$22,600 per student in 2002-2003, which had been estimated to represent 86% of the average annual cost of public medical school education. Carol Dolan reported that the tuition for the AZ College of Osteopathic Medicine went up to \$30,283 with an average annual cost of education per student totaling about \$41,000. The University of Arizona College of Medicine tuition increased to \$10,574, which was a \$914.00 increase from 2001-2002. Per Maggie Gumble, the average cost of education at the UA is about \$26,000-\$27,000 per year, depending upon the year in school and including tuition, books and living expenses. After discussion, Tom McWilliams moved to fund 13 students at \$22,815 each for 2002-2003. Chris Leadem seconded the motion and it was unanimously approved. This will utilize all the General Fund Appropriation and all except \$5.00 of the Medical Student Loan Fund appropriation, per Maggie, who recommended that the loan amount be an even dollar figure.

The Board considered the issue of the Arizona College of Osteopathic Medicine's reimbursement to the University of Arizona for costs associated with loan processing. The Board had decided in May 2001 on the amount of \$500, which AZCOM paid when billed for 2001-2002. After discussion, Lane Johnson moved that the amount of \$500 be a yearly charge which would be ongoing unless changed by the Board. Paul Steingard seconded the motion and it was unanimously approved.

Maggie requested that the Board and other attendees review the page attached to the list of Board members. It describes the program and the support services provided the University of Arizona College of Medicine, Midwestern University, and the Arizona Department of Health Services (ADHS).

Maggie provided two documents for Board discussion: the list of eligible clinics which ADHS distributed August 9, 2001 and the Arizona Medically Underserved Areas (AzMUA) list provided in May 2001. The list of clinics is not comprehensive, but is a valuable resource, especially for residents looking for service

sites. The AzMUA list is updated every two years by statute. There are a few physicians looking for positions and using those lists, and Maggie was concerned that the lists might change during the time they are being used. Lourdes Vizcarra-Wurzel, M.D., Gabrielle Ochoa, M.D., and Shirley Rheinfelder, M.D. are using those lists. Dr. Ochoa's contract is expiring at Kino Hospital and she is looking for another service site since Kino is having difficulties. Dr. Vizcarra and Dr. Rheinfelder will begin service in 2003. If clinics fall off the list, Maggie wants to be able to tell them right away. Patricia Tarango said a new list will be prepared for August 2002 and clinics will be added to the list. The AzMUA list will be updated in October 2002. Tom McWilliams asked if a subset of the neediest sites in the state could be identified for consideration for students who wish to commit in advance to an area. Patricia said that they could; that the state ranks the areas and that there are always certain sites that are consistently among the neediest, although they do not always have clinics. She also mentioned that once the physician has completed their service commitment, s/he can apply for the Arizona Loan Repayment Program, and that might help retain physicians as well as assist with the educational debt levels of the students.

Richard P. Benedict, M.D. requested Board approval for service in the Ft. Mohave area. He will begin general Ob/Gyn practice at 5221 South Highway 95, Suite 12, Ft. Mohave, AZ 86426, somewhere between the middle of July and the first of August 2002. Maggie noted that Dr. Benedict had determined in April 2002 that the proposed address in Ft. Mohave, AZ was in a Federal HPSA and a Federal MUA. The final address is slightly different, but Patricia Tarango, Arizona Department of Health Services, confirmed that his business address is in a federal MUA and a HPSA. She said the site is not on the clinic list but meets the criteria for the Arizona Medical Student Loan Program. Paul Steingard moved that Dr. Benedict's site be approved; the motion was seconded by Tom McWilliams, and unanimously approved by the Board.

Colleen Huber wrote the Board in a letter dated May 6, 2002, which stated in part: "I am writing in response to your demand in your letter of April 17, 2002 for accelerated repayment of my Arizona Medical Student Loan. I will be a full-time naturopathic student beginning this August 2002. Therefore it is impossible for me to pay the entire balance of medical student loans by July 1, 2003.....It seems to me that I am in compliance with the terms of my loan contracts. If you believe otherwise, please show me specifically how I would be "unable to fulfill the provisions and conditions set forth in the contract" as you claimed. On the contrary, I will be able to fulfill the service commitment as a general practice physician, licensed as such by the State of Arizona." After discussion, the Board agreed to send Colleen a letter reconfirming the Board's decisions and clarifying the bases upon which the decisions were made. The letter will explain that the Arizona Medical Student Loan Program is governed by the Arizona Revised Statutes and includes osteopathic and allopathic medicine. The letter will include a copy of Colleen's contracts and refer her to #3 which states that the loans were for her attendance at the Arizona College of Osteopathic Medicine (AZCOM) and #5c which gives her a year following withdrawal to repay all funds, together with interest, with no penalty. Colleen's last date of attendance at AZCOM was May 18, 2001. The loans would be due and payable in a year and the Board had voted to grant her an extension until July 1, 2003 to arrange for repayment. The letter will include a statement that failure to pay as scheduled would result in Colleen's being referred to the Arizona Attorney General's Office. It will be suggested that she obtain a loan through a bank if necessary to repay on time.

Shirley Rheinfelder, M.D. requested approval for a potential practice site for August or September 2003 after she finishes her Family Practice residency program. The site is Gila Valley Clinic, 2016 W. 16th Street, Safford, AZ 85546. Tim Hunter asked if the Board had ever approved a location that far in advance. Maggie Gumble indicated that the Board had approved Alan DeWitt, M.D. for Snowflake, AZ over a year in advance, where the existing clinic was being expanded to provide for his practice. She indicated that Diane Brennan, past Chairperson, had said that clinics frequently try to secure physicians a year ahead of time. Documentation from the Arizona Department of Health Services was presented, documenting that Graham County is designated a Medically Underserved Population. Safford is located in Graham County. Lane Johnson moved to accept Gila Valley Clinic as a potential service site for Dr. Rheinfelder; Paul Steingard seconded the motion and it was unanimously approved by the Board.

Update on Participants per Maggie Gumble:

Dario L. Lizarraga, M.D. reported that he will be moving into his new office on July 2, 2002 at 65 E. Ruggles, P.O. Box 2818, Florence, AZ 85232, Tel. (520) 868-1400, FAX (520) 868-1500. At the April 5, 2002 meeting, the Board had approved his request to open his own practice in Florence, remaining within the 85232 zipcode.

Referrals to Arizona Attorney General's Office:

Patrick J. Arambula, M.D. The Attorney General's Office is monitoring his bankruptcy situation. **Olanethia Dianna Bell** has begun repaying under a repayment agreement of \$100 per month. This will be renegotiated when she finishes her car payments in October.

Paul A. Budnick, M.D. The Attorney General's Office is retaining out-of-state counsel to pursue Dr. Budnick's case in Michigan.

David Damstra, M.D. has not responded to the demand letter the Attorney General's Office sent on May 30, 2002. The Attorney General's Office plans to send a letter to his commanding officer. Dr. Damstra has been located in Annapolis, M.D.

Maggie Gumble said she would expect funds to be collected from Dr. Budnick and Dr. Damstra in the next year or two, but we have not in the past requested that money be appropriated from the Medical Student Loan Fund when funds are not currently available. The Attorney General's Office keeps 35% of collections for expenses. Maggie does not have the updated amounts due, but a year ago, Dr. Budnick owed \$30,920 and Dr. Damstra owed \$38,380.

Update on other participants:

Gabrielle Ochoa, M.D. contacted Maggie Gumble in June 2002 and is using the current list of clinics to search for a new location. Her contract is expiring with Kino Hospital. She said "Kino is falling apart" and she is seeking another eligible service site. John Payne said he had heard from Dr. Arthur Martinez and expects Dr. Ochoa to be hired at El Rio. Tim Hunter asked if El Rio qualified for service, and John confirmed that it does (El Rio Health Center, Tucson, AZ). Maggie expects Dr. Ochoa to contact her.

Lourdes Vizcarra-Wurzel, M.D. has begun her search for an eligible service site. She is completing her Family Practice residency in Albuquerque, New Mexico and the Board has deferred her service for a year until her husband completes his Ob/Gyn residency in July 2003.

Tim Hunter excused himself from discussion on Laura Harrington-Zautra, M.D.

Laura Harrington-Zautra, M.D. is still working with BOMEX and DEA to clear her record, per Maggie Gumble's updated information from her.

Lane Johnson moved that the meeting be adjourned. Tom McWilliams seconded the motion, which passed at 3:10 p.m.

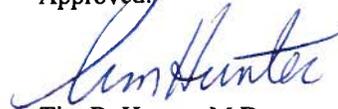
Minutes available for review Tuesday, July 2, 2002.

Respectfully submitted,



Maggie Gumble
Senior Program Coordinator
University of Arizona College of Medicine

Approved:



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