

ARIZONA MEDICAL STUDENT LOAN PROGRAM
BOARD MEETING
November 7, 2003

The Board of Medical Student Loans held an open public meeting on November 7, 2003 at the University Medical Center, Cafeteria Room E, 1501 N. Campbell, Tucson, AZ 85724. Tim B. Hunter, M.D. called the meeting to order at 3:15 p.m. Other Board members attending: Lane P. Johnson, M.D., M.P.H., Ram R. Krishna, M.D., Lyn McKay, Tom McWilliams, D.O., Paul Steingard, D.O., and Patricia Tarango. Christopher A. Leadem, Ph.D. was unable to attend. Also present at the meeting: Carol Dolan, Director, Student Financial Services, Midwestern University; John Payne, Health Professions Specialist, Arizona Department of Health Services; Maggie Gumble, Senior Program Coordinator, University of Arizona College of Medicine.

The minutes of the meeting of April 4, 2003 had been mailed to the Board for review. Tom McWilliams moved that the minutes be accepted; the motion was seconded by Ram Krishna and unanimously approved.

Maggie Gumble presented the financial report. Beginning balance as of July 1, 2003 was \$41,274.46. The State appropriation from the Arizona Medical Board Fund was \$283,400.00. Loan repayments have been collected by the Arizona Attorney General's Office in the amount of \$36,099.20 with \$21,880.29 from Paul Budnick, M.D. and \$14,218.91 from Rosemarie Ibanez, M.D., J.D. These figures represent payment in full from those two individuals, less the 35% collection fee charged by the Attorney General's Office. Maggie noted that at the end of the fiscal year, the Board sometimes gets a \$100-\$200 reversion from the Attorney General's Office for the amount above collection expenses. Rey Palop, M.D. has submitted a proposed payment plan to be considered by the Board. The other individuals, Patrick Arambula, M.D., O. Dianna Bell, and David Damstra, M.D., have been referred to the Arizona Attorney General's Office. Receipts from the Arizona Medical Board and loan repayments total \$319,499.20. Eleven students have received disbursements totaling \$135,631.00. The balance in the account as of November 1, 2003 was \$225,142.66. Expenditures to date have been taken out of the State appropriation from the Arizona Medical Board Fund. The Medical Student Loan Fund appropriation of \$47,200.00 will be utilized with remaining disbursements except for about \$10.00. Note that the beginning balance in the account \$41,274.46 was less than the \$47,200.00 appropriated, and the recent loan repayments makes it possible to fund 13 students at \$25,430 each.

We are on a biennial budget schedule for FY 2004 and FY 2005, but were required to submit our request for the second year, FY 2005. Total amount appropriated for FY 2004 was \$330,600 and \$296,600 for FY 2005. The budget appropriation for FY 2004 reflected appropriation of funds collected from Colleen Huber, with a one-year increase in the Medical Student Loan Fund appropriation. The amount requested for FY 2005 is Arizona Medical Board Fund \$283,400 and a decrease in the amount from the Medical Student Loan Fund (representing loan repayments) from \$47,200 to \$13,200. For the academic year 2004-2005, the Board will need to either decrease the number of students funded from 13 to 11, with an increase in the amount to \$26,963, or decrease the amount per student from \$25,430 being funded this year, to \$22,815 for 13 students or \$24,716 for 12 students. Tom McWilliams moved that the Board fund 11 students for 2004-2005. The motion was approved by Ram Krishna and unanimously approved. Only one opening for a new student is anticipated for 2004-2005. There are two openings this year and eight eligible applicants to be considered.

There was discussion regarding the source of the funding for the Arizona Medical Student Loan Program. There was agreement that the program is fortunate to continue under the budget crisis in the State. Since all the funds go to the students, the Board serves with no remuneration, and the program is supported by the universities, there are no administrative costs charged to the Board. Due to the State budget crisis, no funds were appropriated from the General Fund and the State tapped the Arizona Medical Board's contingency fund for our program and two others. The only source of income for the Arizona Medical Board are allopathic physician licensing fees and a contingency fund of three months operating expenses is required by State law. There was discussion about trying to raise funds from private sources to expand our program. It has been cut from 16 students per year to 13 students this year due to lack of sufficient funding.

There were ten new applicants for the Arizona Medical Student Loan Program for 2003-2004. One student withdrew her application when she was selected by the National Health Service Corps for their scholarship program. One applicant, Tamara Turley, is from the Southwest College of Naturopathic Medicine. She

obtained the application from the University of Arizona website and modified the application to add the school she attends. The only two schools that meet the State qualifications to participate are the University of Arizona College of Medicine and Midwestern University's Arizona College of Osteopathic Medicine. Lane Johnson moved that Tamara Turley be notified that her application for the Arizona Medical Student Loan Program is not accepted. Ram Krishna seconded the motion and it was unanimously approved.

Eight additional applicants were considered by the Board of Medical Student Loans. Board members reviewed the applications and the evaluations submitted by interviewers in advance of the meeting, and held a lengthy discussion regarding the five strongest candidates. The need for physicians in rural areas and giving emphasis to meeting that need was discussed. There are eligible service sites in both rural and urban areas. Relative financial need, based upon public medical school tuition as called for in the Statutes was discussed briefly. The loan amount does not fully meet the cost of attendance at the University of Arizona, much less the Arizona College of Osteopathic Medicine whose tuition is over \$30,000. The evaluations rate the relative financial need against other students attending their respective institutions.

Tom McWilliams moved that **Loretta Belden** be selected; Ram Krishna seconded the motion and it passed unanimously. Lane Johnson moved that **Esther Smith** be selected; the motion was seconded by Tom McWilliams and unanimously approved. The Board discussed alternates and decided to select two alternates for 2003-2004. If not funded this year, students will need to reapply for consideration.

Tom McWilliams moved that **Ronael Eckman** and **Wayne Davis** be selected as alternates. The motion was seconded by Ram Krishna and unanimously approved. Lane Johnson moved that Ronael Eckman be ranked as the first alternate and Wayne Davis as the second alternate. Ram Krishna seconded the motion and it was unanimously approved.

Veronica Pimienta, M.D. has been offered a job to work at Kino Community Hospital as a primary care provider for adults. She confirmed prior to her interview that Kino at 2800 E. Ajo Way, Tucson, AZ 85713 is an eligible service site. She has worked at Mariposa Community Health Center in Nogales, AZ since July 2, 2002. Maggie provided a copy of the confirmation from the Arizona Department of Health Services that Kino is in a Health Professional Shortage Area, an Arizona Medically Underserved Area, and a federally-designated Medically Underserved Area. Ram Krishna moved to accept Dr. Pimienta's change of service locations. The motion was seconded by Lyn McKay and unanimously approved.

Denise Schweda, M.D. requested approval for her practice at the Yavapai-Apache Health Center, 2400 W. Datsi Road, Camp Verde, AZ 86322 where she works 20 hours per week. She is requesting that her work qualify as full-time equivalency with half-time credit towards her commitment for time served there. She also is working at Phoenix Indian Medical Center, 4212 N. 16th Street, Phoenix, AZ 85016, which she understood at the time she signed the contract didn't qualify, but the site administrator is pursuing clarification of its status under federal law. Maggie Gumble had contacted Board members on Denise's behalf between Board meetings to see if Denise would have support for approval for full-time equivalency and the answers had been yes. Denise is also asking for consideration for the 40-hour week she spent at the Native American Community Health Center which does qualify. Ram Krishna moved that the Board approve Denise Schweda's service at Camp Verde as a full-time equivalency position. The motion was seconded by Tom McWilliams and unanimously approved.

Maggie explained to the Board that the site administrator at Phoenix Indian Medical Center believes that the site should qualify because it qualifies for National Health Service Corps and his understanding was that all Indian Health Service sites are automatically designated as Health Professional Shortage Areas. They contacted John Payne who has also been in touch with the Department of Health and Human Services and the Indian Health Service.

Maggie noted that under the Arizona Revised Statutes governing the Board of Medical Student Loans § 15-1721, "Medically underserved area" means an area of this state designated by the department of health services pursuant to title 36, chapter 24, article 1 or by federal law. A.R.S. Title 36, Chapter 24, article 1, § 36-2352 Designation of medically-underserved areas A. The department shall designate areas of medical need in this state as medically-underserved if either: 1. The area is designated as a health professional shortage area as defined in 42 Code of Federal Regulations Part 5....

CFR Title 42 Public Health, Chapter 1, Part 5 Designation of Health Professional(s) Shortage Areas (10-1-02 Edition) Part II- Population Groups A. 2. "Indians and Alaska Natives will be considered for designation as having shortages of primary care professional(s) as follows: (a) Groups of members of Indian tribes (as defined in section 4(d) of Pub. L. 94-437, (the Indian Health Care Improvement Act of 1976) are automatically designated. (b) Other groups of Indians or Alaska Natives (as defined in section 4(c) of Pub. L. 94-437) will be designated if the general criteria in paragraph A are met. Part III-Facilities B, Public or Non-Profit Medical Facilities 1. Criteria. Public or non-profit private medical facilities will be designated as having a shortage of primary medical care professional(s) if: (a) the facility is providing primary medical care services to an area or population group designated as having a primary care professional(s) shortage; and (b) the facility has insufficient capacity to meet the primary care needs of that area or population group.

The Indian Health Service and the HPSA Designation Office at the Department of Health and Human Services are reviewing that section of the law. Patricia Tarango indicated that they are waiting to hear from the supervisor of the designation office to determine if an actual designation evaluation and application would need to be submitted as Indian Health Service facilities do not show up on the federal register as designated sites.

The Board directed Maggie Gumble to advise Dr. Schweda that it is unclear at this point if Phoenix Indian Medical Center qualifies, and if later it is determined to qualify, that reconsideration will be made. The Board did not approve the 40 hours at the Native American Community Health Center because the intent is long-term service at an eligible location.

Kimberly Gerhart, M.D. had a two-year service commitment and has been serving at Ponderosa Pediatrics in Yavapai County since it qualified for service August 9, 2001. There are now three office locations and she has worked at all three. The entire county is designated a Medically Underserved Population. Lyn McKay made a motion for approval that Dr. Gerhart has met her commitment; it was seconded by Ram Krishna and unanimously approved.

The situation in Yavapai County was discussed. There are a lot of providers, but historically, they would not take AHCCCS patients, Medicare, or Medicaid. John Payne met with the physician who opened Ponderosa Pediatrics. He came from out-of-state and was committed to providing care to the medically-underserved. The Board requested that John meet with him again and be sure that the underserved population is being served in his facilities. Under the current statutes, Ponderosa Pediatrics qualifies for service.

Brenda Sipes, M.D. submitted certifications of practice in June 2002 and June 2003 as requested, confirming that she has completed the 22 months left for completion of her service obligation. Her practice is located at 2078 Willow Creek Road, Prescott, AZ 86305. Her original approved location had reorganized and her position was terminated and so she opened a practice with her husband. It became a qualified location on August 10, 2001. Tom McWilliams moved for Board approval that Dr. Sipes has completed her service obligation. Ram Krishna seconded the motion and it was unanimously approved.

Matthew Hinton, M.D. requested Board approval for service at Ponderosa Pediatrics at two locations: 3120 Clearwater Drive, Prescott, AZ 86305 and 3198 N. Windsong Drive, Prescott Valley, AZ 86314. Paul Steingard moved that the Board accept these locations for service. The motion was seconded by Ram Krishna and unanimously approved.

Diane C. Downing, M.D. requested that the Board approve extending her residency from three to four years, in order to incorporate an additional one year fellowship in Integrative medicine. She would begin her service obligation after completing the fellowship in June 2006. Ram Krishna moved that the Board accept her proposal. It was seconded by Lane Johnson and unanimously approved.

Lora Grimes, M.D. requested that the Board approve a fellowship in Integrated Medicine that is incorporated into her Primary Care, Family Practice Residency. She would finish her training in May 2006. The Board discussed some of the wording in her letter, and wanted to make it clear that the fellowship would not qualify for service under the Arizona Medical Student Loan Program. Ram Krishna moved that the Board approve of her

delay of service until May 2006 in order that she can participate in the Integrative Medicine fellowship. The motion was seconded by Lyn McKay and unanimously approved.

Rey Palop, M.D. responded to the Board's request for a payment plan. In his letter of October 31, 2003, he said "I plan to make installments of \$200/month with gradual increases after a year or so as my pay increases. I will make payments on the 15th of each month." He included a check for \$200.00. Ram Krishna moved to accept this payment plan, the motion was seconded by Paul Steingard, and unanimously approved by the Board.

Maggie Gumble submitted a proposal to the Board determining how payments would be applied to Dr. Palop's account:

"The Board orders that payments be applied first to the principal of the loans of 1990-1991 and 1991-1992 with 7% simple interest accruing on the declining balance. Payments will be applied first to the principal beginning with the oldest loan disbursement for the academic year 1990-1991 until the principal for that loan is paid in full. Payments will next be applied to the principal of the disbursements for 1991-1992 beginning with the older disbursement until the principal for that loan is paid in full. Payments will then be applied to the accrued interest on those loans beginning with the oldest loan disbursement for 1990-1991 and then 1991-1992. Payments will next be applied to the \$5,000.00 liquidated damages for the loans for those two years, at no interest. Payment of loans for 1992-1993 and 1993-1994 will then be paid following the same pattern. Payments will be applied first to the principal of the loan disbursement for the academic year 1992-1993. Payments will next be applied to the principal of the disbursements for academic year 1993-1994 beginning with the older disbursement until the principal for that loan is paid in full. Payments will then be applied to the accrued interest on those loans beginning with the oldest loan disbursement for 1992-1993 and then 1993-1994. Payments will finally be applied to the liquidated damages for those loans in the amount of \$33,160.00 at no interest."

Ram Krishna moved that the proposal be accepted by the Board and Paul Steingard seconded the motion. It was unanimously approved.

The meeting was adjourned at 5: 45 p.m.

Minutes available for review Monday, November 10, 2003.

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