

**STATEMENT OF NEED AND REASONABLENESS**  
**PERMANENT RULES RELATING TO FINANCIAL AID**

as administered by

the Minnesota Higher Education Coordinating Board

In the Matter of the Proposed Adoption of Rules  
Governing Rural and Urban Primary Care Physicians  
Loan Forgiveness Program

STATE OF MINNESOTA  
MINNESOTA HIGHER EDUCATION COORDINATING BOARD

In the Matter of the Proposed Rules  
Governing Rural and Urban Primary Care  
Physicians Loan Forgiveness (Minn. Rules  
Parts 4810.3010 to 4810.3070)

STATEMENT OF NEED  
AND REASONABLENESS

**SECTION I: AUTHORITY TO PRESCRIBE RULES**

The Minnesota Higher Education Coordinating Board is authorized by statute to adopt policies and prescribe rules and regulations for student financial aid programs. [Minnesota Statutes 1992, 136A.04, Subd. 1(8) and 136A.16, Subd. 2]

**SECTION II: BACKGROUND**

The proposed changes are due to statutory changes enacted by the 1993 Legislature. These changes expanded the Rural Physician Loan Forgiveness Program to include urban primary care physicians practicing in "underserved urban communities." The proposed rule changes are necessary to include eligible urban care physicians in the program rules.

Under the provisions of the Rural and Urban Primary Care Physicians Loan Forgiveness Program, participating physicians agree to practice in a designated rural area or eligible underserved urban community for at least 3 of the first 5 years following completion of residency training. For each year of service, up to a maximum of 4 years, the Board annually pays an amount equal to one year of qualified loans specified by the physician plus accrued interest. The maximum amount paid by the Board for each physician annually is \$10,000. The Board may accept up to 12 rural physicians per year and 4 urban underserved community physicians per year for participation in the loan forgiveness program.

**SECTION III: PROPOSED CHANGES**

The proposed changes are summarized below:

- Add language to include urban primary care physicians in the scope of these program rules.
- Delete/add appropriate statutory citation number for scope of these rules.

- Add definition of "underserved urban community."
- Add language specifying the classification categories of rural physician applicants.
- Add language specifying that applicants in classification categories will be ranked further as Minnesota residents/non-residents and location of physician residency training.
- Add language specifying the types of individuals eligible to apply as "underserved urban community applicants," as specified in statute.
- Add/delete language explaining the procedure that will be followed if insufficient program monies are available to accept all eligible applicants into this program.
- Add language to include urban primary care physician applicants with rural physician applicants in the application form and contract explanation in rules.
- Add language to specify that both rural and underserved urban community physician participants must notify the executive director in writing of their service locations.
- Add language to clarify that according to statute, program rules part 4810.3040, subpart 6 applies to rural physician program participants only.
- Add language to include urban primary care physicians under the "discontinuation of service" provisions of these rules.
- Add language to include urban primary care physicians as an eligible category under the subpart dealing with "payment amount."

## **CHAPTER II: Part-by-Part Explanation**

This chapter provides an explanation for each part of the rules relating to Rural and Urban Primary Care Physicians Loan Forgiveness Program.

### **4810.3000 SCOPE.**

Add reference to "urban primary care" as eligible participants under this program. This is a statutory change.

### **4810.3010 DEFINITIONS.**

Subpart 1. **Scope.** Delete/add correct statutory citation for terms applicable to these rules. This change is for accuracy and completeness.

Subp. 4. **Underserved urban community.** Add definition of "underserved urban community." This definition is to avoid confusion and ensure uniform treatment of program participants. The federal list chosen for designation of such areas is updated annually and will provide an objective determination of such areas in Minnesota. The definition of "designated rural area" is defined elsewhere in agency rules and referenced earlier in Definitions section of these rules [i.e., 4810.3010, subp. 1a.]. The Board felt it necessary to include a definition for "underserved urban community " for consistency in defining eligible areas for program participants.

### **4810.3020 CRITERIA FOR SELECTION.**

Subpart 1. **Classification of rural physician applicants.** Add language specifying the types of classifications applied to rural physician applicants. This process is necessary in order to select program participants according to statutory provisions. This subpart is meant for clarity and completeness, and to ensure equitable treatment of all rural physician applicants.

Subp. 1a. **Ranking.** Add language specifying that applicants classified in subpart 1 will also be ranked for selection purposes. This language is added for clarity and to avoid confusion and misunderstanding of the selection process.

Subp. 1b. **Underserved urban community applicants.** Add language to indicate the types of physician specialties eligible for participation in this program as urban primary care physicians. This language is necessary in order to comply with the statutory requirements for selecting program applicants. This addition is meant for clarity and to avoid confusion.

Subp. 2. **Insufficient award availability.** Add/delete language to comply with statutory program changes related to the number of physicians accepted into the program annually, and the inclusion of urban primary care physicians practicing in urban underserved communities. These changes are for completeness and correctness.

#### 4810.3030 APPLICATION PROCESS.

Subp. 3. **Application form and contract.** Add language to include applicants in underserved urban communities and to clarify that both rural and urban primary care applicants must comply with the application process. These additions are to ensure equitable treatment of all applicants and consistency in program operations.

Subp. 4. **Notification of service.** Add language to include underserved urban communities as eligible areas of service. This addition is necessary with the inclusion of urban primary care participants in this program. This addition is for consistency and completeness.

Subp. 5. **Agreement or promissory note.** Add language to include "underserved urban communities" as eligible locations for participating physicians under this program. This change is necessary due to the statutory change, which added urban primary care physicians as eligible program applicants.

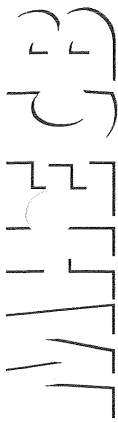
#### 4810.3040 LOAN PAYMENT.

Subp. 4. **Additional payment amount.** Add language specifying that additional payment amounts apply only to rural physician program participants. This addition is for clarity and to avoid possible confusion due to the addition of urban primary care physicians into the program.

Subp. 5. **Discontinuation of service.** Add language specifying underserved urban communities as an eligible service location. This change is necessary due to the statutory change including urban primary care physicians as eligible program participants.

#### 4810.3050 PENALTY FOR NONFULFILLMENT.

Subpart 1. **Payment amount.** Add language to include the reference to "underserved urban community." This change is due to the statutory change including underserved urban communities as eligible areas of participant practice.



**Minnesota  
Higher Education  
Coordinating Board**

---

Suite 400  
Capitol Square  
550 Cedar Street  
Saint Paul, Minnesota 55101

612-296-3974

August 31, 1993

Maryanne V. Hruby  
LCRAR  
Rm. 55, State Office Bldg.  
100 Constitution Ave.  
St. Paul, MN 55155-1201

Dear Ms. Hruby:

Enclosed is a copy of the Statement of Need and Reasonableness for the Minnesota Higher Education Coordinating Board agency rules governing the Rural and Urban Primary Care Physician Loan Forgiveness Program.

These rules will be published in the September 7, 1993 issue of the *State Register*.

If you have any questions, please contact me at 296-3974.

Sincerely,

Mary Lou Dresbach  
Administrative Associate

Enclosure