procedural requirements of Executive Order 12044.

Effective on May 18, 1979, Part 180, Subpart C, section 180.153, is amended by adding a tolerance for residues of the subject insecticide on rutabagas at 0.75 ppm as set forth below.

(Section 408(e) of the Federal Food, Drug, and Cosmetic Act [21 U.S.C. 346a(e)].

Dated: May 14, 1979.

Edwin L. Johnson,

Deputy Assistant Administrator for Pesticide Programs.

PART 180—TOLERANCES AND EXEMPTIONS FROM TOLERANCES FOR PESTICIDE CHEMICALS IN OR ON RAW AGRICULTURAL COMMODITIES

Part 180, Subpart C, § 180.153 is amended by alphabetically inserting the tolerance of 0.75 ppm on rutabagas to read as follows:

§ 180.153 O,O-diethyl O-(2-isopropyl-6-methyl-4-pyrimidinyl) phosphorothioate, tolerances for residues.

* * * * *

Commodity:	Parts per million
* * * * *	
Rutabagas	0.75
* * * * *	

[FR Doc. 79-15661 Filed 5-17-79; 8:45 am]

BILLING CODE 6560-01-M

40 CFR Part 228

[FRL 1204-3]

Final Designation of Disposal Sites for Ocean Dumping

AGENCY: Environmental Protection Agency (EPA).

ACTION: Final rule.

SUMMARY: EPA today designates as EPA approved Ocean Dumping Sites the existing sewage sludge dump site located in the New York Bight Apex and an alternate ocean dumping site in the New York Bight for the dumping of sewage sludge in the event that the existing site cannot safely accommodate any more sewage sludge.

DATES: These site designations shall become effective on May 18, 1979.

FOR FURTHER INFORMATION CONTACT: Mr. T. A. Wastler, Chief, Marine Protection Branch (WH-548), EPA Washington, DC 20460. 202/245-3051.

SUPPLEMENTARY INFORMATION: Section 102(c) of the Marine Protection, Research, and Sanctuaries Act of 1972, as amended, 33 U.S.C. 1401 et seq., (hereafter "the Act") gives the Administrator of EPA the authority to designate sites where ocean dumping may be permitted. The EPA Ocean Dumping Regulations (40 CFR Chapter I, Subchapter H, Section 228.4) state that ocean dumping sites will be designated by publication in this Part 228. A list of "Approved Interim and Final Ocean Dumping Sites" was published on January 11, 1977 (42 FR 2461 et seq.).

The proposed designation of two ocean dumping sites in the New York Bight for the dumping of sewage sludge was published in the **Federal Register** on November 30, 1978. The period for public comment expired on January 30, 1979.

A Final Environmental Impact Statement (FEIS) entitled "Environmental Impact Statement on the Ocean Dumping of Sewage Sludge in the New York Bight" was prepared in accordance with EPA policy which provides for the voluntary preparation of EIS's for certain specific regulatory actions. A notice of availability of the FEIS was published in the **Federal Register** on October 16, 1978. The public comment period expired on November 17, 1978.

A number of comments were received on the FEIS, and one comment was received on the proposed site designation. Comments from the New Jersey Department of Environmental Protection, the National Wildlife Federation, the Nassau County Department of Health, and others supported the continuing use of the existing site and the designation of an alternate site for use in the event that the existing site cannot safely accommodate any more sewage sludge. Nassau County pointed out that the FEIS neglected to reference their yearly reports on monitoring of the impact of ocean sludge disposal on nearshore waters and sediment quality offshore Nassau County. The reports were in fact used in the preparation of the FEIS, and Nassau County was notified of this fact.

The New Jersey Department of the Public Advocate, in commenting on both the FEIS and the proposed site designation, requested clarification on the relationship among the FEIS mentioned above, the Proposed Rulemaking on the existing and alternate sites, and the EIS being prepared on the industrial wastes (106-mile) site. The Public Advocate was informed that the FEIS on sewage sludge dumping in the New York Bight is being utilized to provide part of the documentation for formal designation of the existing and alternate sewage sludge sites. The EIS presently being prepared on the industrial wastes site will evaluate the feasibility of dumping sewage sludge at that site as well as industrial wastes and will be used in a similar manner to provide documentation for the formal designation of that site. The designation of either the existing or alternate site will not limit the evaluation of the feasibility of the use of the 106-mile site for the disposal of sewage sludge or its use as appropriate subsequent to designation. The Public Advocate was also informed that, in any specific permit action, the permitting authority has to decide which site to use for dumping a particular waste and may choose, on a case-by-case basis, which of the available designated sites shall be used.

The use of both dump sites is for sewage sludge only, and the period of use expires December 31, 1981. Management authority for both sites is delegated to the Regional Administrator of EPA Region II.

Although this proposed site designation may have substantial local impacts in the vicinity of the dump sites and to those who use them, we have determined that this proposed rule is not a "significant" regulatory action within the meaning of Executive Order 12044, Improving Government Regulations (March 23, 1978).

The proposed site designations are hereby promulgated without change, as set forth below.

(33 U.S.C. Sections 1412 and 1418)

Dated: May 11, 1979.

Douglas M. Costle,

Administrator.

In consideration of the foregoing, Subchapter H of Chapter I of Title 40 is amended by adding to § 228.12(b) two sewage sludge dump sites for Region II as follows:

§ 228.12 Delegation of management authority for interim ocean dumping sites.

* * * * *

(b) * * *

(4) Sewage Sludge Site—Region II.

Location: Latitude—40°22′30″N to 40°25′00″N;

Longitude: 73°41′30″W to 73° 45′ 00″W.

Size: 22.7 square kilometers (6.6 square nautical miles).

Depth: 27 meters (90 feet).

Primary Use: Sewage sludge.

Period of Use: Until December 31, 1981.

Restriction: Disposal shall be limited to sewage sludge generated by those permitees holding ocean dumping permits which were in force on January 1, 1979. Disposal of other wastes at this site is not permitted until adequate studies of the probable impacts of those wastes on the site have been completed.

(5) Alternate Sewage Sludge Site—Region II.

Location: Latitude—40°10'30"N to 40°13'30"N;

Longitude: 72°40'30"W to 72°43'30"W.

Size: 31 square kilometers (9 square nautical miles).

Depth: 55 meters (180 feet).

Primary Use: Sewage sludge.

Period of Use: Until December 31, 1981.

Restriction: Disposal of sewage sludge at this site shall take place only upon a finding by EPA that the existing site cannot safely accommodate any more sewage sludge without endangering public health or degrading coastal water quality. Disposal of other wastes at this site is not permitted until adequate studies of the probable impacts of those wastes on the site have been completed.

[FR Doc. 79-15646 Filed 5-17-79; 8:45 am]

BILLING CODE 6560-01-M

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Public Health Service

42 CFR Part 57

Health Professions Student Loans

AGENCY: Public Health Service, HEW.

ACTION: Final regulations.

SUMMARY: These regulations set forth requirements for health professions schools to be eligible to participate in the Health Professions Student Loan Program and for individuals to receive repayment of their eligible loans for service in designated health manpower shortage areas under the Public Health Service Act, as amended by Pub. L. 94-484, Pub L. 95-83 and Pub. L. 95-623.

EFFECTIVE DATE: These regulations are effective May 18, 1979.

FOR FURTHER INFORMATION CONTACT: Mrs. Alice Swift, Associate Director for Planning, Evaluation, and Legislation, Division of Manpower Training Support, Bureau of Health Manpower, Health Resources Administration 3700 East-West Highway, Center Building, Room 9-50, Hyattsville, Md. 20782 (telephone 301-436-6383).

SUPPLEMENTARY INFORMATION: In the Federal Register of November 13, 1978 (43 FR 52487), the Assistant Secretary for Health, Department of Health, Education, and Welfare, revised Subpart C of 42 CFR Part 57, entitled "Health Professions Student Loans," to implement the amendments made by the Health Professions Educational Assistance Act of 1976 (Pub. L. 94-484) and by the Health Planning and Health Services Research and Statistics Extension Act of 1977 (Pub. L. 95-83) to the authority for student loans in Title VII of the Public Health Service Act.

Section 740 of the Public Health Service Act ("the Act") (42 U.S.C. 294m) authorizes the Secretary of Health, Education, and Welfare ("the Secretary") to enter into an agreement for the establishment and operation of a student loan fund with any public or other nonprofit school of medicine, osteopathy, dentistry, pharmacy, podiatry, optometry, or veterinary medicine which is located in a State and is accredited as provided in section 721(b)(1)(B) of the Act. Each school must meet the statutory requirements in this section regarding maintenance and use of the fund. Section 741 of the Act (42 U.S.C. 294n) sets forth the provisions under which loans may be made to students from a loan fund (established under an agreement with a school under section 740).

The regulations, as so revised, reflect the statutory provisions respecting the amount of the loan, the annual interest rate, repayment by the student, and repayment by the Secretary when the borrower practices in a health manpower shortage area designated under section 332(b) of the Act.

Due to the need to implement requirements for the allocation of funds for the 1978-79 school year, those regulations were issued as interim-final regulations, without benefit of proposed rulemaking procedures. Notwithstanding the omission of these rulemaking procedures, interested persons were invited to submit comments not later than January 12, 1979. Following the close of the comment period, the regulations were to be revised as warranted by public comments received. The Department received 181 comments from students, school officials, professional and student organizations, health organizations, and families of medical students. The comments and the Department's response to the comments are discussed below. For clarity, the comments and responses are arranged according to the section numbers and titles of the interim-final regulations to which they pertain.

§ 57.202 Definitions.

One respondent suggested that the definition of "full-time student" be revised to include students who are pursuing degrees in clinical engineering.

The Department cannot accept this proposal because the statutory section establishing eligibility for health professions student loans, section 741(b) of the Act, does not include clinical engineerng as a degree which may be pursued under a loan.

§ 57.206(a) Eligibility of health professions student loan recipients.

The majority of the repondents commented on the provision for determining "exceptional financial need" of medical or osteopathic students graduating after June 30, 1979, a requirement of Pub. L. 94-484. The former regulation governing health professions student loans permitted the school to determine the financial need of the applicant, with no provision for exception financial need. The interim-final regulation provided that to be of exceptional financial need a student must have *no* financial resources to meet the costs of attendance at the school. Most of the comments objected that this requirement was overly restrictive. In response to the concerns expressed in these comments, the Department has modified this requirement in the final regulation to permit a student to have resources equal to the lesser of $5,000 or 50 percent of the cost of education at his or her school.

Many of the comments suggested that the Department retain the former provision, which permitted the school to determine the financial need of a student for a health professions student loan.

Since the statute requires that the criteria for determining the financial need of medical or osteopathic students who will graduate after June 30, 1979, be more restrictive than the criteria for determining financial need of other applicants, the Department did not adopt this suggestion. The legislative history of this provision directs the Department to restrict support for students of exceptional financial need to those whose financial need is greatest. Consequently, the former provision on the determination of financial need for all health professions student loan recipients did not meet the legislative intent in regard to medical or osteopathic students.

Some respondents proposed that the Department adopt the criteria for determining exceptional financial need which are applied under the Supplementary Educational Opportunity Grant Program authorized in section 413c(a)(2)(C) of the Higher Education Act, as amended. The regulations implementing this program define a student as being in exceptional financial need if "his expected family contribution * * * does not exceed 50 percent of his cost of education at the institution in which he is enrolled or accepted for enrollment" (45 CFR 176.9(C)(1)). It was also suggested that the provision should require the establishment of a funding order by ranking student applicants according to greatest financial need up to an eligibility cut-off point based on the percentage of the cost of education at his or her school which the student's resources constitutes.

Other respondents objected to the definition of exceptional financial need because only the resources of the student were considered, and not the cost of attending the school.

Two respondents proposed that the regulations determine whether a student is of exceptional financial need on the basis of his or her need for the maximum amount available by statute under the Health Professions Student Loan Program—the cost of tuition at his or her school and $2,500.

As pointed out above, the Department has revised the definition of exceptional financial need. The modified provision differs from that of the Supplementary Educational Opportunity Grant Program in that the eligibility cut-off point for the amount of resources which a student may have is the lesser of $5,000 or 50 percent of the cost of education at his or her school. This change is consistent with the legislative history, which suggests that health professions student loans should go to medical or osteopathic students graduating after June 30, 1979, who come from low-income families.

Several respondents objected to the inclusion of a student's earnings during the school year as resources in determining eligibility.

In response to these comments, the Department has modified the definition of a student's resources for purposes of determining exceptional financial need to exclude earnings during the school year.

Eight commenters objected to the inclusion of parental income as a resource in determining recipients for health professions student loan funds. Conversely, two other commenters objected that under the interim-final regulations, parental income might be excluded as a resource because some of the national need analysis systems provide for analysis without parental financial information under certain specified conditions.

The Department has revised this section to clarify the fact that in determining a student's resources, the school must use a national need analysis system and other information which the school may have about the student's finances and must take into account the expected contribution of parents, spouse, self, or other family members (regardless of the tax status of the student). The Department believes that where there is the possibility of a student receiving necessary support from family members, a student should not receive a health professions student loan in view of the limited resources available in this program.

Respondents also questioned the application of the exceptional financial need criteria only to medical and osteopathic students graduating after June 30, 1979. Since this is a requirement imposed by Pub. L. 94–484, the Department cannot revise this provision.

§ 57.206(a)(2) Loan repayment notification.

Two respondents suggested that schools be required to notify in writing only approved applicants, rather than all applicants, of the provisions under which the loans may be repaid by the Secretary. The Department cannot accept this suggestion because section 740(b)(5) of the Act specifically requires notifying each applicant.

§ 57.207 Maximum amount of loan.

Four respondents objected to the establishment of the maximum amount of any health professions student loan as tuition plus $2,500. Since that maximum is set forth in section 741(a) of the Act, the Department cannot revise the terms of this provision.

§ 57.210 Repayment and collection of health professions student loans.

One respondent requested that this section be revised to permit one-half of the health professions student loan to be repaid by service in the National Health Service Corps.

It is noted that this section currently provides for repayment of portions of health professions student loans, as well as certain other loans, by the Secretary in return for an agreement to practice for at least two years in a health manpower shortage area as a member of the National Health Service Corps or otherwise. The amount of repayment is dependent on the length of time of service of the borrower. Accordingly, no change has been made in this section.

Another respondent suggested that the period of time during which the repayment of a health professions student loan may be suspended for advanced professional training be extended to seven years.

No change is necessary in response to this comment because there is no limit on the advanced training period with respect to health professions student loans made after November 18, 1971.

Another respondent proposed that the Department increase the time when the loan recipient must begin repayment from one to two years after graduation.

The Department cannot accept this proposal because the time of repayment is set forth in section 741(c) of the Act.

§ 57.211 Cancellation of health professions student loans for disability or death.

One respondent suggested the revision of this section, which permits the Secretary to cancel a health professions student loan upon the borrower's permanent disability or death, to prevent loan recipients from claiming cancellation based on permanent disabilities which existed before entering school.

The Department regards this proposed change as unnecessary because any permanent disability serious enough to warrant cancellation would likely have prevented the student from entering medical school, thus no health professions student loan could have been awarded.

§ 57.215(b) Records, reports, inspection, and audit.

In response to the requests of several respondents, the Department has revised this section concerning recordkeeping, audit and inspection requirements to reflect amendments made to section 705 of the Act by Pub. L. 95–623, "The Health Services Research, Health Statistics and Health Care Technology Act of 1978." This amendment changed the audit requirement from annual to biennial and removed the requirement that it be performed by a certified public accountant.

§ 57.217 Additional conditions.

One respondent objected to the "open-ended" nature of this section as thwarting the rulemaking procedures. The Department points out that this provision merely permits the Secretary to exercise discretion, consistent with the requirements of the regulations, in the administration of individual loan agreements among schools.

Several respondents objected to the initial publication of these regulations in interim-final form rather than as a Notice of Proposed Rulemaking. The Department decided that the publication of these regulations in interim-final form was necessary in order to implement regulations for the allocation of funds for the 1978–79 school year. Although the regulations were effective upon publication, the Department invited the public to comment, and the regulations are being revised in response to these comments.

Finally, the Department has made several minor changes of an editorial or technical nature to clarify the regulations, as published in interim-final. Accordingly, Subpart C of 42 CFR Part 57 is revised and adopted as set forth below.

Dated: March 16, 1979.

Julius B. Richmond,
Assistant Secretary for Health.

Approved: May 9, 1979.

Joseph A. Califano, Jr.,
Secretary.

Subpart C—Health Professions Student Loans

Authority: Sec. 215 of the Public Health Service Act, 58 Stat. 690, as amended, 63 Stat. 35 (42 U.S.C. 216); Secs. 740–744 of the Public Health Service Act, 77 Stat. 170–173, 90 Stat. 2266–2268, 91 Stat. 390–391 (42 U.S.C. 294m–q).

§ 57.201 Applicability.

The regulations of this subpart apply to the federal capital contributions made by the Secretary to public or other nonprofit health professions schools for the establishment of health professions student loan funds and to loans made to students by schools from these funds.

§ 57.202 Definitions.

As used in this subpart:

"Act" means the Public Health Service Act, as amended.

"Date upon which a student ceases to be a full-time student" means the first day of the month which is nearest to the date upon which an individual ceases to be a full-time student as defined in this section.

"Federal capital loan" means a loan made by the Secretary to a school under section 744(a) of the Act, as in effect prior to October 1, 1977, the proceeds of which are to be returned to the Secretary.

"Full-time student" means a student who is enrolled in a health professions school and pursuing a course of study which is a full-time academic workload, as determined by the school, leading to a degree specified in section 741(b) of the Act.

"Health professions school" or "school" means a public or private nonprofit school of medicine, school of dentistry, school of osteopathy, school of pharmacy, school of podiatry, school of optometry, and school of veterinary medicine as defined in section 701(4) of the Act.

"Health professions student loan" means the amount of money advanced to a student by a school from a health professions student loan fund under a properly executed promissory note.

"Institutional capital contribution" means the money provided by a school, in an amount not less than one-ninth of the federal capital contribution, and deposited in a health professions student loan fund.

"National of the United States" means (1) a citizen of the United States, or (2) a person who, though not a citizen of the United States, owes permanent allegiance to the United States.

"School year" means the traditional approximately 9-month September to June annual session. For the purpose of computing school year equivalents for students who, during a 12-month period, attend for a longer period than the traditional school year, the school year will be considered to be 9 months in length.

"Secretary" means the Secretary of Health, Education, and Welfare and any other officer or employee of the Department of Health, Education, and Welfare to whom the authority involved has been delegated.

"State" means, in addition to the several States, only the District of Columbia, the Commonwealth of Puerto Rico, The Northern Mariana Islands, the Virgin Islands, Guam, American Samoa, and the Trust Territory of the Pacific Islands.

§ 57.203 Application by school.

(a) Each school seeking a federal capital contribution must submit an application at the time and in the form and manner than the Secretary may require.[1] The application must be signed by an individual authorized to act for the applicant and to assume on behalf of the applicant the obligations imposed by the statute, the regulations of this subpart, and the terms and conditions of the award.

(b) Each application will be reviewed to determine eligibility and the reasonableness of the amount of Federal support requested. The Secretary may require the applicant to submit additional data for this purpose.

(c) An application will not be approved unless an agreement between the Secretary and the applicant school for a federal capital contribution under section 740 of the Act is reached.

§ 57.204 Payment of Federal capital contributions.

(a) *Annual payment.* The Secretary will make payments to each school with which he or she has entered into an agreement under the Act at a time determined by him or her. If the total of the amounts requested for any fiscal year by all schools for federal capital contributions exceeds the amount of Federal funds determined by the Secretary at the time of payment to be available for this purpose, the payment to each school will be reduced to whichever is smaller: (1) the amount requested in the application, or (2) an amount which bears the same ratio to the total amount of Federal funds determined by the Secretary at the time of payment to be available for that fiscal year for the Health Professions Student Loan Program as the number of full-time students estimated by the Secretary to be enrolled in that school bears to the estimated total number of full-time students in all participating schools during that year. Amounts remaining after these payments are made will be distributed in accordance with this paragraph among schools whose applications requested more than the amount paid to them, but with whatever adjustments that may be necessary to prevent the total paid to any school from exceeding the total requested by it.

[1] Applications and instructions are available from the Division of Manpower Training Support, Bureau of Health Manpower, Center Building, 3700 East-West Highway, Hyattsville, Maryland 20782.

(b) *Method of payment.* The payment of federal capital contributions to a school will be paid in a manner that avoids unnecessary accumulations of money in any health professions student loan fund.

§ 57.205 Health professions student loan funds.

(a) *Funds established with federal capital contributions.* Any fund established by a school with federal capital contributions will be deposited and carried in a special account of the school. At all times the fund must contain monies representing the institutional capital contribution. This fund is to be used by the school only for (1) health professions student loans to full-time students; (2) capital distribution as provided in section 743 of the Act or as agreed to by the school and the Secretary, (3) costs of litigation and, to the extent specifically approved by the Secretary, other collection costs that exceed the usual expenses incurred in the collection of health professions student loans.

(b) *Funds established with federal capital loans.*

(1) Each federal capital loan is subject to the terms of the promissory note executed by an authorized official on behalf of the borrowing school.

(2) The federal capital loans must be carried in a special account of the school, to be used by the school only for (i) repayments of principal and interest on federal capital loans; and (ii) costs of litigation and, to the extent specifically approved by the Secretary, other collection costs that exceed the usual expenses incurred in the collection of health professions student loans.

§ 57.206 Eligibility and selection of health professions student loan applicants.

(a) *Determination of eligibility.* (1) Applicants are eligible for consideration for a health professions student loan if they are:

(i) Nationals of the United States, permanent residents of the Trust Territory of the Pacific Islands or the Northern Mariana Islands or lawful permanent residents of the United States, Puerto Rico, the Virgin Islands or Guam;

(ii) Enrolled, or accepted for enrollment in the school as full-time students;

(iii) In need of the amount of the loan to pursue a full-time course of study at the school; and

(iv) Of exceptional financial need in the case of students of medicine or osteopathy who will graduate after June 30, 1979. A student will be considered to demonstrate exceptional financial need if the school determines that his or her resources do not exceed the lesser of $5,000 or one-half of the costs of attendance at the school. Summer earnings, educational loans, veterans (G.I.) benefits and earnings during the school year will not be considered as resources in determining whether an applicant meets the eligibility criteria for exceptional financial need.

(2) The school must provide written notification to each applicant of the provisions of section 741(f) of the Act under which the Secretary may repay all or part of a loan.

(b) *Selection of applicants.* The school will select qualified applicants and determine the amount of student loans by considering:

(1) The financial resources available to the student by using one of the national need analysis systems or any other procedure approved by the Commissioner of Education and published under 45 CFR 144.13 in combination with other information which the school has regarding the student's financial status. The school must take into account, regardless of the tax status of the student, the expected contribution from parents, spouse, self or other family members; and

(2) The costs resonably necessary for the student's attendance at the school, including any special needs and obligations which directly affect the student's ability to attend the school on a full-time basis. The school must document the criteria used for determining these costs.

(c) *Selection of medical and osteopathic student applicants.* The school must consider medical and osteopathic students graduating after June 30, 1979, in the order of greatest need, taking into consideration the other resources available to the student through the school. For purposes of establishing priority for selecting medical and osteopathic student applicants to receive health professions student loans, summer earnings, educational loans, veterans (G.I.) benefits, and earnings during the school year will be considered as financial resources.

§ 57.207 Maximum amount of health professions student loans.

The total of the health professions student loans made from the fund to any student for a school year may not exceed $2,500 and the cost of tuition. The maximum amount loaned during a 12-month period to any student enrolled in a school which provides a course of study longer than the 9-month school year may be proportionately increased.

§ 57.208 Health professions student loan promissory note.

(a) *Promissory note form.* Each health professions student loan must be evidenced by a promissory note approved by the Secretary.

(1) Each promissory note must state that the loan will bear interest on the unpaid balance computed only for periods during which repayment of the loan is required, at the rate of 7 percent per year.

(2) A copy of each executed note must be supplied by the school to the student borrower.

(b) *Security.* A school may require security or endorsement only if the borrower is a minor and if, under the applicable State law, the note signed by him or her would not create a binding obligation.

§ 57.209 Payment of health professions student loans.

(a) Health professions student loans from any fund may be paid to or on behalf of student borrowers in installments considered appropriate by the school except that a school may not pay to or on behalf of any borrower more during any given installment period (e.g., semester, term, or quarter) than the school determines the student needs for that period.

(b) No payment may be made from a fund to or on behalf of any student borrower if at the time of the payment the borrower is not a full-time student.

§ 57.210 Repayment and collection of health professions student loans.

(a) Each health professions student loan, including accured interests, will be repayable in equal or graduated periodic installments in amounts calculated on the basis of a 10-year repayment period. Except as otherwise provided in this paragraph, repayment of a loan must begin one year after the student ceases to be a full-time student.

(1) If a borrower reenters the same or another school as a full-time student within the 1-year period, the date upon which interest will accure and the repayment period will begin will be determined by the date on which the student last ceases to be a full-time student at that school.

(2) The following periods will be excluded from the 10-year repayment period: (i) all periods for up to a total of 3 years of active duty performed by the borrower as a member of the Army, Navy, Air Force, Marine Corps, Coast Guard, National Oceanic and Atmospheric Administration Corps or

the U.S. Public Health Service Corps; (ii) all periods for up to a total of 3 years of service as a volunteer under the Peace Corps Act; and (iii) all periods of advanced professional training except that with respect to health professions student loans made prior to November 18, 1971 but after June 30, 1969, these periods of advanced training may not exceed a total of 5 years.[2]

(3) Each student borrower may, subject to the provisions of paragraph (b)(3) of this section, choose the repayment schedule which he or she prefers from those in use by the school, but a student borrower may at his or her option and without penalty, prepay all or part of the principal and accrued interest at any time.

(b) *Collection of health professions student loans.*

(1) Each school at which a fund is established must exercise due diligence in the collection of all health professions student loans due the fund. The school must use the collection practices which are generally accepted among institutions of higher education and which are at least as extensive and effective as those used in the collection of other student loan accounts due the school.

(2) With respect to any health professions student loan made after June 30, 1969, the school may fix a charge for failure of the borrower to pay all or any part of an installment when it is due, and in the case of a borrower who is entitled to a deferment under section 741(c) of the Act, or cancellation or repayment under section 741(f) of the Act for any failure to file timely and satisfactory evidence of the entitlement. The amount of the charge may not exceed $1 for the first month or part of a month by which the installment or evidence is late and $2 for each succeeding month or part of a month. The school may elect to add the amount of this charge to the principal amount of the loan as of the day after the day on which the installment or evidence was due, or to make the amount of the charge payable to the school no later than the due date of the next installment following receipt of the notice of the charge by the borrower.

(3) With respect to any health professions student loan made after June 30, 1969, the school may require the borrower to make payments of at least $15 per month on all outstanding health professions student loans during the repayment period.

[2] Individuals who received health professions student loans prior to July 1, 1969, remain subject to the repayment provisions of 42 CFR 57.214(a)(2) (1976) as adopted on February 7, 1974. These provisions can be found at 39 FR 4773 (Feb. 7, 1974) and a copy can be obtained by writing the Divisions of Manpower Training Support, Bureau of Health Manpower, Center Building, 3700 East-west Highway, Hyattsville, Maryland. 20782.

§ 57.211 Cancellation of health professions students loans for disability or death.

(a) *Permanent and total disability.* The Secretary will cancel a student borrower's indebtedness in accordance with section 741(d) of the Act if the borrower is found to be permanently and totally disabled on recommendation of the school and as supported by whatever medical certification the Secretary may require. A borrower is totally and permanently disabled if he or she is unable to engage in any substantial gainful activity because of a medically determinable impairment, which the Secretary expects to continue for a long time or to result in death.

(b) *Death.* The Secretary will cancel a student borrower's indebtedness in accordance with section 741(d) of the Act upon the death of the borrower. The school to which the borrower was indebted must secure a certification of death or whatever official proof is conclusive under State law.

§ 57.212 Repayment or cancellation of loans for practice in a health manpower shortage area.

(a) *Practicing in a health manpower shortage area.* A person who: (1) has obtained a degree as specified in section 741(f)(1)(A) of the Act; (2) has obtained one or more health professions student loans or, under a written loan agreement entered before October 12, 1976, any other loans necessary for costs (including tuition, books, fees, equipment, living and other expenses which the Secretary determines were necessary) of attending a health professions school; and (3) enters into an agreement to practice his or her profession for at least 2 consecutive years in a health manpower shortage area designated under section 332 of the Act, is entitled to have a portion of these loans repaid by the Secretary in accordance with paragraph (b) below. Prior to entering an agreement for repayment of loans, other than health professions student loans, the Secretary will require an individual to provide evidence satisfactory to the Secretary of the existence and reasonableness of the education loans, including a copy of the written loan agreement establishing the loan, and a notarized statement that the copy is a true copy of the loan agreement.

(b) *Repayment.* Loan repayment will be made to persons who meet the conditions set forth in paragraph (a) as follows:

(i) Upon completion by the borrower of the first year of practice as specified in the agreement, the Secretary will pay 30 percent of the principal of, and the interest on, each loan which was unpaid as of the date the borrower began his or her practice.

(ii) Upon completion by the borrower of the second year of practice the Secretary will pay another 30 percent of the principal of, and the interest on, each loan which was unpaid as of the date the borrower began his or her practice.

(iii) Upon completion by the borrower of a third year of practice, the Secretary will pay another 25 percent of the principal of, and interest on, each loan which was unpaid as of the date the borrower began his or her practice except that, the amount of loan repayments that may be made on behalf of a borrower in any year under paragraph (a) of this section may not exceed $10,000, and the total amount of payment which can be made under this section with respect to any loan may not exceed $50,000.

(c) *National Health Service Corps (NHSC) Scholarship recipients.* A recipient of an NHSC Scholarship under 42 CFR Part 62 may not enter into an agreement with the Secretary under this section until either (1) the participant has completed the NHSC Scholarship service obligation; (2) the Secretary has recovered from the participant an amount determined under 42 CFR 62.10, or (3) any service or payment obligation has been waived under 42 CFR 62.12. An NHSC Scholarship is not an educational loan for purposes of an agreement under this section.

§ 57.213 Continuation of provisions for cancellation of loans made prior to November 18, 1971.

Individuals who received health professions student loans as students of medicine, osteopathy, dentistry or optometry prior to November 18, 1971, may still receive cancellation of these loans for practicing in a shortage area or for practicing in a rural shortage area characterized by low family income. The regulations set forth in 42 CFR 57.216(b) (1976), as adopted on February 7, 1974 remain applicable to cancellation on this basis. The provisions can be found at 39 FR 4774 (February 7, 1974) and a copy can be obtained by writing to the Division of Manpower Training Support, Bureau of Health Manpower, Center Building, 3700 East-West Highway, Hyattsville, Maryland 20782.

§ 57.214 Repayment of loans made after November 17, 1971, for failure to complete a program of study.

In the event that the Secretary undertakes to repay educational loans under section 741(*1*) of the Act, he or she will use the following criteria to make a determination as to each applicant's eligibility:

(a) An applicant will be considered to have failed to complete the course of study leading to the first professional degree for which an eligible education loan was made upon certification by a health professions school that the individual ceased to be enrolled in the school subsequent to November 17, 1971;

(b) An applicant will be considered to be in exceptionally needy circumstances if, upon comparison of the income and other financial resources of the applicant with his or her expenses and financial obligations, the Secretary determines that repayment of the loan would constitute a serious economic burden on the applicant. In making this determination, the Secretary will take into consideration the applicant's net financial assets, his or her potential earning capacity, and the relationship of the income available to the applicant to the low-income levels published annually by the Secretary under paragraph (c) of this section;

(c) An applicant will be considered to be from a low-income family if the applicant comes from a family with an annual income below a level based on low-income thresholds according to family size published by the U.S. Bureau of the Census, adjusted annually for changes in the Consumer Price Index, and adjusted by the Secretary for use in this program, and the family has no substantial net financial assets. Income levels as adjusted will be published annually by the Secretary in the **Federal Register.**

(d) An applicant will be considered to be from a disadvantaged family if the individual comes from a family in which the annual income minus unusual expenses which contribute to the economic burdens borne by the family does not exceed the low-income levels published by the Secretary under paragraph (c) of this section and the family has no substantial net financial assets;

(e) An applicant will be considered as not having resumed his or her health professions studies within two years following the date the individual ceased to be a student upon a certification so stating from the applicant; and

(f) An applicant will be considered as not reasonably expected to resume his or her health professions studies within two years following the date upon which he or she terminated these studies, based upon consideration of the reasons for the applicant's failure to complete these studies, taking into account such factors as academic, medical, or financial difficulties.

The Secretary will only repay education loans made subsequent to November 17, 1971.

§ 57.215 Records, reports, inspection, and audit.

(1) Each Federal capital contribution and Federal capital loan is subject to the condition that the school must maintain those records and file with the Secretary those reports relating to the operation of its health professions student loan fund that the Secretary may find necessary to carry out the purposes of the Act and these regulations. The school also must comply with the requirements of 45 CFR Part 74 and section 705 of the Act concerning recordkeeping, audit, and inspection.

(2) The following student records must be retained by the school for five years after an individual student ceases to be a full-time student:

(i) Approved student applications for health professions student loans;

(ii) Documentation of the financial need of applicants;

(iii) Reasons for approval or disapproval of applications and;

(iv) Other records as the Secretary may prescribe. Individual student records may be destroyed at the end of the five-year period, except that in all cases where questions have arisen as a result of a Federal audit, the records must be retained until resolution of all the questions.

§ 57.216 Nondiscrimination.

(a) Participating schools are advised that in addition to complying with the terms and conditions of these regulations, the following laws and regulations apply:

(1) Section 704 of the Act (42 U.S.C. 292d) and its implementing regulation, 45 CFR Part 83 (prohibiting discrimination on the basis of sex in the admission of individuals to training programs).

(2) Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d *et seq.*) and its implementing regulation, 45 CFR Part 80 (prohibiting discrimination in Federally assisted programs on the grounds of race, color, or national origin).

(3) Title IX of the Education Amendments of 1972 (20 U.S.C. 1681 *et seq.*) and its implementing regulation, 45 CFR Part 86 (prohibiting discrimination on the basis of sex in Federally assisted education programs).

(4) Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) and its implementing regulation, 45 CFR Part 84 (prohibiting discrimination in Federally assisted programs on the basis of handicap).

(b) The recipient may not discriminate on the basis of religion in the admission of individuals to its training programs.

§ 57.217 Additional conditions.

The Secretary may with respect to any agreement entered into with any school under § 57.205, impose additional conditions prior to or at the time of any award when in his or her judgment these conditions are necessary to assure or protect the advancement of the purposes of the agreement, the interest of the public health, or the conservation of funds awarded.

§ 57.218 Noncompliance.

Wherever the Secretary finds that a participating school has failed to comply with the applicable provisions of the Act or the regulations of this subpart, he or she may, on reasonable notice to the school, withhold further payment of Federal capital contributions, and take such other action, including the termination of any agreement, as he or she finds necessary to enforce the Act and regulations. In this case no further expenditures shall be made from the health professions student loan fund or funds involved until the Secretary determines that there is no longer any failure of compliance.

[FR Doc. 79-15450 Filed 5-17-79; 8:45 am]
BILLING CODE 4110-83-M

Health Care Financing Administration

42 CFR Part 405

Requirements of the Contract Between the Secretary and a Health Maintenance Organization Under Medicare

AGENCY: Health Care Financing Administration (HCFA), HEW.

ACTION: Final rule.

SUMMARY: These regulations set forth various requirements concerning the contract between the Secretary and a Health Maintenance Organization (HMO) under the Medicare program. They include requirements for: (1) Contract application procedures, criteria for eligibility and denial of application; (2) contract provisions, effective dates, renewals, and terminations; (3) information access and disclosure; (4)