

# Sunshine Act Meetings

Federal Register

Vol. 54, No. 62

Monday, April 3, 1989

This section of the FEDERAL REGISTER contains notices of meetings published under the "Government in the Sunshine Act" (Pub. L. 94-409) 5 U.S.C. 552b(e)(3).

## EQUAL EMPLOYMENT OPPORTUNITY COMMISSION

**DATE AND TIME:** 2:00 p.m. (Eastern Time) Monday, April 10, 1989.

**PLACE:** Clarence M. Mitchell, Jr., Conference Room, No. 200-C on the Second Floor of the Columbia Plaza Office Building, 2401 "E" Street, NW., Washington DC 20507.

**STATUS:** Part of the meeting will be open to the public and part will be closed to the public.

### MATTERS TO BE CONSIDERED:

#### Open Session

1. Announcement of Notation Vote(s).
2. A Report on Commission Operations—(Given by the Office of Management—Information Systems Services).

#### Closed Session

1. Agency Adjudication and Determination on Federal Agency Discrimination Complaint Appeals.
2. Litigation Authorization: General Counsel Recommendations.
3. Discussion of Commissioners' Charges.

**Note.**—Any matter not discussed or concluded may be carried over to a later meeting. (In addition to publishing notices on EEOC Commission meetings in the Federal Register, the Commission also provides a recorded announcement a full week in advance on future Commission sessions. Please telephone (202) 634-6748 at any time for information on these meetings.)

### CONTACT PERSON FOR MORE

**INFORMATION:** Frances M. Hart, Executive Officer on (202) 634-6748.

Dated: March 29, 1989

Frances M. Hart,

Executive Officer, Executive Secretariat.

[FR Doc. 89-7883 Filed 3-30-89; 10:38 am]

BILLING CODE 6750-06-M

## FEDERAL DEPOSIT INSURANCE CORPORATION

Pursuant to the provisions of the "Government in the Sunshine Act" (5 U.S.C. 552b), notice is hereby given that at 10:08 a.m. on Tuesday, March 28, 1989, the Board of Directors of the Federal Deposit Insurance Corporation

met in closed session to consider (1) matters relating to the possible closing of certain insured banks, and (2) a recommendation regarding an administrative enforcement proceeding.

In calling the meeting, the Board determined, on motion of Chairman L. William Seidman, seconded by Director C. C. Hope, Jr. (Appointive), concurred in by Director Robert L. Clarke (Comptroller of the Currency), that Corporation business required its consideration of the matters on less than seven days' notice to the public; that no earlier notice of the meeting was practicable; that the public interest did not require consideration of the matters in a meeting open to public observation; and that the matters could be considered in a closed meeting by authority of subsections (c)(4), (c)(6), (c)(8), (c)(9)(A)(ii), and (c)(9)(B) of the "Government in the Sunshine Act" (5 U.S.C. 552b(c)(4), (c)(6), (c)(8), (c)(9)(A)(ii), and (c)(9)(B)).

The meeting was held in the Board Room of the FDIC Building located at 550-17th Street, NW., Washington, DC.

Dated: March 29, 1989.

Federal Deposit Insurance Corporation.

Robert E. Feldman,

Deputy Executive Secretary.

[FR Doc. 89-7954 Filed 3-30-89; 2:34 pm]

BILLING CODE 6714-01-M

## NATIONAL COMMISSION ON LIBRARIES AND INFORMATION SCIENCE (NCLIS)

**DATE AND TIME:** April 13-14, 1989.

### PLACE:

April 13, 1989, Embassy Suites Hotel, Delegate Room, 1250 22nd Street, NW., Washington, DC 20037

April 14, 1989, Martin Luther King Memorial Library, Room 443, 901 G Street NW., Washington, DC 20001

### STATUS:

April 13, 1989, 1:00 p.m.—4:00 p.m., Open

April 13, 1989, 4:00 p.m.—5:45 p.m.,

Closed, Sec. 1703.202(2) and (6) of the Code of Federal Regulations, 45 CFR, Part 1703

April 14, 1989, 9:15 a.m.—12:00 noon, Open

### MATTERS TO BE DISCUSSED:

Chairman's Report

Executive Director's Report

FY '89 Second Quarter Program Reports

Administrative Report

Approval of January 26-27, 1989 Minutes

Report on Georgia State Library Programs and Activities—Joe Forsee, State Librarian

Discussion on A130—Frank Reeder, Information Policy Director, OMB

Discussion on Indian Library Services—Dr. Anne J. Mathews, Director of Library Programs, Department of Education; Mr. William Ragsdale, Acting Assistant Secretary of Indian Affairs, Department of Interior

Report on District of Columbia Public Library Programs and Activities—Dr. Hardy R. Franklin, Director, DC Public Library System

NCLIS Committee Reports

Budget and Finance

Governance

Indian Library Services

Information Age

International

Legislative

Program Review

White House Conference on Library and Information Services II

Special provisions will be made for handicapped individuals by calling Jane McDuffie (202) 254-3100, no later than one week in advance of the meeting.

### FOR FURTHER INFORMATION CONTACT:

Susan K. Martin, NCLIS Executive Director, 1111 18th Street, N.W., Suite 310, Washington, DC 20036, (202) 254-3100.

Dated: March 28, 1989.

Jane D. McDuffie,

Staff Assistant.

[DR Doc. 89-7913 Filed 3-3-89; 12:51pm]

BILLING CODE 7527-01-M

## NATIONAL COMMISSION ON LIBRARIES AND INFORMATION SCIENCE (NCLIS)

**DATE AND TIME:** April 12, 1989.

**PLACE:** The Library of Congress, Madison Building, Sixth Floor, Mumford Room, 101 Independence Avenue, SE., Washington, DC 20540.

**STATUS:** April 12, 1989, 10:00 a.m.—4:30 p.m., Open.

### MATTERS TO BE DISCUSSED:

White House Conference on Library and Information Services Conference II

Review Public Law 100-382

Review White House Conference

Advisory Committee (WHCAC)

Charge and Responsibilities

Election of White House Conference on Library and Information Service



**Chairman**

Review White House Conference  
Preliminary Design Group Report  
Tentative Establishment of WHCAC  
Committee Structure  
Review Video of the 1979 White  
House Conference on Library and  
Information Conference  
WHCAC Committee Meetings  
WHCAC Committee Reports and  
Discussion  
Review Status of Funding of Pub. L.  
100-382  
Fund Raising  
Future Activities

Special provisions will be made for  
handicapped individuals by calling Jane  
Mc Duffie (202) 254-3100, no later than  
one week in advance of the meeting.

**FOR FURTHER INFORMATION CONTACT:**  
Mary Alice Hedge Reszetar, NCLIS  
Associate Director, 1111 18th Street,  
NW., Suite 310, Washington, DC 20036,  
(202) 254-3100.

Dated: March 28, 1989.

**Jane D. Mc Duffie,**  
*Staff Assistant.*

[FR Doc. 89-7912 Filed 3-3-89; 12:51 pm]

BILLING CODE 7527-01-M

**NATIONAL FOUNDATION ON THE ARTS  
AND THE HUMANITIES**

**AGENCY:** Institute of Museum Services.

**ACTION:** Notice of meeting.

**SUMMARY:** This notice sets forth the  
agenda of a forthcoming meeting of the  
National Museum Services Board. This  
notice also describes the functions of  
the Board. Notice of this meeting is  
required under the Government in the  
Sunshine Act (Public Law 94-409) and  
regulations of the Institute of Museum  
Services, 45 CFR 1180.84.

**TIME & DATE:** 08:00 a.m., Thursday, April  
27, 1989.

**STATUS:** Open.

**ADDRESS:** The Inn on the Alameda, 303  
East Alameda, Santa Fe, New Mexico  
87501, (505) 984-2121.

**FOR FURTHER INFORMATION CONTACT:**  
William Laney, Executive Assistant to  
the National Museum Services Board,  
Room 510, 1100 Pennsylvania Avenue,  
NW., Washington, DC 20506 (202) 786-  
0536.

**SUPPLEMENTARY INFORMATION:** The  
National Museum Services Board is  
established under the Museum Services  
Act, Title II of the Arts, Humanities, and  
Cultural Affairs Act of 1976, Public Law

94-462. The Board has responsibility for  
the general policies with respect to the  
powers, duties, and authorities vested in  
the Institute under the Museum Services  
Act.

The meeting of April 27, 1989 will be  
open to the public.

If you need special accommodations  
due to a disability, please contact:  
Institute of Museum Services, Room 510,  
1100 Pennsylvania Avenue, NW.,  
Washington, DC 20506, (202) 786-0536,  
TDD (202) 682-5496 at least seven (7)  
days prior to the meeting.

*A True Copy, National Museum  
Services Board, April 27, 1989, Meeting  
Agenda*

- I. NMSB Chairman's Report & Approval  
of Minutes of November 18, 1988  
NMSB Meeting
- II. IMS Director's Report
- III. IMS Regulatory Report
- IV. IMS Reauthorization—General  
Board Discussion
- V. IMS Program Report

Dated: March 27, 1989.

**Lois Burke Shepard,**  
*IMS Director.*

[FR Doc. 89-7964 Filed 3-30-89; 3:46 pm]

BILLING CODE 7036-01-M



# Corrections

Federal Register

Vol. 54, No. 62

Monday, April 3, 1989

This section of the FEDERAL REGISTER contains editorial corrections of previously published Presidential, Rule, Proposed Rule, and Notice documents. These corrections are prepared by the Office of the Federal Register. Agency prepared corrections are issued as signed documents and appear in the appropriate document categories elsewhere in the issue.

## FEDERAL RESERVE SYSTEM

### 12 CFR Part 226

[Reg. Z; TIL-1]

#### Truth in Lending; Update to Official Staff Commentary

##### Correction

In rule document 89-5161 beginning on page 9417 in the issue of Tuesday, March 7, 1989, make the following corrections:

##### Supplement 1-[Amended]

1. On page 9421, in the third column, in the paragraph numbered 17(c), "paragraph 17(c)(1)" should be moved to the next line.

2. On the same page, in the same column, in the last paragraph, in the 13th line "premium" was misspelled.

3. On page 9422, in the first column, in the paragraph numbered 14, in the third line "typically" was misspelled.

4. On page 9423, in the second column, in the paragraph numbered 6, in the sixth line "disclosure" should read "disclosed".

5. On the same page, in the same column, in the paragraph numbered 7, in the last line of the paragraph, "now" should read "not".

6. On the same page, in the same column, in the paragraph numbered 1, in the last line, "§ 226.19(b)(x)" should read "§ 226.19(b)(2)(x)".

7. On the same page, in the same column, in the paragraph numbered 2, in the second line, insert a comma after "payments".

8. On the same page, in the third paragraph, in the paragraph numbered 4, in the eighth line, "payment" should read "payments".

BILLING CODE 1505-01-D

## DEPARTMENT OF TRANSPORTATION

### Federal Aviation Administration

#### 14 CFR Part 71

[Airspace Docket No. 88-AWA-3]

#### Establishment of an Airport Radar Service Area; San Jose, CA

##### Correction

In the issue of Monday, March 27, 1989, on page 12532, beginning in the second column, in the correction to rule document 89-5137, the date of the original publication should read "March 6, 1989".

BILLING CODE 1505-01-D

The first part of the report is devoted to a general description of the country, its position, and its resources. It is followed by a detailed account of the various districts, and the manner in which they are cultivated. The author then proceeds to describe the principal occupations of the people, and the state of their industry and commerce.

The second part of the report is devoted to a description of the principal towns and cities, and the manner in which they are situated. It is followed by a detailed account of the various districts, and the manner in which they are cultivated. The author then proceeds to describe the principal occupations of the people, and the state of their industry and commerce.

The third part of the report is devoted to a description of the principal occupations of the people, and the state of their industry and commerce. It is followed by a detailed account of the various districts, and the manner in which they are cultivated. The author then proceeds to describe the principal towns and cities, and the manner in which they are situated.

The fourth part of the report is devoted to a description of the principal towns and cities, and the manner in which they are situated. It is followed by a detailed account of the various districts, and the manner in which they are cultivated. The author then proceeds to describe the principal occupations of the people, and the state of their industry and commerce.

The fifth part of the report is devoted to a description of the principal occupations of the people, and the state of their industry and commerce. It is followed by a detailed account of the various districts, and the manner in which they are cultivated. The author then proceeds to describe the principal towns and cities, and the manner in which they are situated.

The sixth part of the report is devoted to a description of the principal towns and cities, and the manner in which they are situated. It is followed by a detailed account of the various districts, and the manner in which they are cultivated. The author then proceeds to describe the principal occupations of the people, and the state of their industry and commerce.

The seventh part of the report is devoted to a description of the principal occupations of the people, and the state of their industry and commerce. It is followed by a detailed account of the various districts, and the manner in which they are cultivated. The author then proceeds to describe the principal towns and cities, and the manner in which they are situated.

The eighth part of the report is devoted to a description of the principal towns and cities, and the manner in which they are situated. It is followed by a detailed account of the various districts, and the manner in which they are cultivated. The author then proceeds to describe the principal occupations of the people, and the state of their industry and commerce.



# Federal Register

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Monday  
April 3, 1989

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## Part II

### Department of Health and Human Services

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#### Public Health Service

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#### 42 CFR Part 62

National Health Service Corps Loan  
Repayment Program; Grants for State  
Loan Repayment Programs and Special  
Repayment Program; Interim Rule With  
Request for Comments



**DEPARTMENT OF HEALTH AND HUMAN SERVICES**

**PUBLIC HEALTH SERVICE**

**42 CFR Part 62**

**National Health Service Corps Loan Repayment Program; Grants for State Loan Repayment Programs; and Special Repayment Program**

**AGENCY:** Health Resources and Services Administration, HHS.

**ACTION:** Interim rule with request for comments.

**SUMMARY:** This rule responds to certain requirements of the "Public Health Service Amendments of 1987," which was enacted on December 1, 1987.

The rule establishes requirements for: (1) A new Federal program to be known as the National Health Service Corps (NHSC) Loan Repayment Program; (2) a new program of grants for States to establish loan repayment programs similar to the NHSC Loan Repayment Program; and (3) a new Special Repayment Program for persons in default of NHSC scholarship obligations. The statute requires that regulations be published for the NHSC Loan Repayment Program and Grants for State Loan Repayment Programs within 180 days of the passage of the act. The statute also requires that the Secretary establish guidelines regarding monetary payments under the Special Repayment Program and issue regulations providing for the allowance of partial credit for service performed under this program.

It is the current plan of the Department that funding for the National Health Service Corps Loan Repayment Program be phased down over the first 2 years of the program's operation and that funding for the grants for State Loan Repayment Programs be increased so that communities totally rely on State Loan Repayment Programs during the third year of operation of these programs. States should begin to develop State Loan Repayment programs to compete for future Federal funding for such programs.

**DATES:** Interim rule effective April 3, 1989. Comments must be received on or before June 2, 1989.

**ADDRESS:** Comments must be in writing and addressed to Director, Office of Program and Policy Development, Bureau of Health Care Delivery and Assistance, Room 7A08, 5600 Fishers Lane, Rockville, Maryland 20857. Comments will be available for examination by the public between 8:30 a.m. and 5:00 p.m., in Room 7A08,

Monday through Friday, except Federal holidays at this address.

**FOR FURTHER INFORMATION CONTACT:** Ms. Rhoda Abrams, Director, Office of Program and Policy Development, Bureau of Health Care Delivery and Assistance, 5600 Fishers Lane, Room 7A08, Rockville, Maryland 20857, (301) 443-1034.

**SUPPLEMENTARY INFORMATION:** NHSC Loan Repayment Program: The Public Health Service Amendments of 1987, Pub. L. 100-177, amended section 338B of the Public Health Service (PHS) Act (42 U.S.C. 2541-1) by substituting a new section authorizing the Secretary to establish the National Health Service Corps Loan Repayment Program (LRP). The purpose of the LRP is to assure an adequate supply of trained health professionals to be used by the Secretary to improve the delivery of health services in sites or areas which are determined to have the greatest need for health services personnel and for which alternative sources of health care services are not readily available. The NHSC will regularly select health manpower shortage areas which are in the greatest need of health providers and will establish a list of "NHSC Loan Repayment Service Sites" at which LRP participants may fulfill their service obligations.

Section 62.23 of the regulation sets out criteria for acceptance of applications from eligible applicants and assigns priority for funding approval as specified in the statute (i.e., for applications from individuals trained in professions or specialties most needed by the NHSC and to persons who are most committed to serve in health manpower shortage areas). The acceptance criteria include consideration of the needs of the NHSC for individuals with the applicant's health professions and specialty training, the applicant's commitment to serve in a health manpower shortage area, the applicant's readiness to serve, the length of the applicant's proposed service (3 or 4 years as opposed to 2 years), and the applicant's professional qualifications. The criterion relating to the degree of readiness to serve is designed to reduce the time between the point at which a provider commits himself to participate in the program and the time that such service actually begins. In the NHSC Scholarship Program, the commitment to serve was made many years before such service was actually to begin. The NHSC program has learned that, over time, the priorities and needs of the individuals in the program and the priorities and needs of the NHSC can change. Reaching

agreement with program participants more closely to the point of service helps to assure a meeting of the minds and, thereby, reduces the possibility of default under the Program. The criterion related to the health professions and specialty needs of the NHSC will also permit the NHSC to more accurately target the kinds of providers needed. A final criterion is added to allow the Secretary to consider the professional qualifications, experience, and competence of the applicants.

Section 62.24 of the regulation describes the statutory conditions of eligibility for participation in the LRP. The eligibility requirements specify that applicants must, as part of the application process for this program, submit a signed contract agreeing to accept loan repayments and to serve in a health manpower shortage area to which they are assigned by the Secretary.

The LRP will follow the same procedure as the NHSC Scholarship Program in paying for one site visit for the potential assignee (and spouse, if married) to the site where an assignment is being considered.

Applications will be accepted from persons who have an obligation to provide health professions service to any other Federal or State Government agency or any other public or private organization only if such obligation will be completely satisfied prior to the beginning of the applicants' service under this Program. See § 62.24(b). The purpose of the LRP is to increase the supply of physicians, dentists and other health professions personnel in areas where such services are in great need. The Secretary does not want to undermine the effectiveness of State or other programs by substituting one service obligation for another or by delaying one service obligation for another.

Section 62.24(c) of this regulation denies eligibility for participation in this Program to any person who has breached a health professions service obligation to the Federal Government or a State or local government entity. Persons who have breached a service obligation are not considered to be good risks for the receipt of benefits under the LRP.

The Secretary is authorized to repay educational loans health professionals used to pay for their health education in amounts up to \$20,000 for each year of a participant's service performed under the LRP and up to \$25,000 may be repaid for each year if the service is performed in specified sites serving Indian populations. Only loans incurred for and



during health professions academic training are eligible for repayment under the LRP. Applicants must document that their loans were incurred for health professions education expenses, including reasonable living expenses, during the time that such training was being received. See section 62.22. Loans for living expenses during periods of internship and/or residency cannot be repaid under the program. These provisions of the regulation are intended to ensure that the loans repaid by the Secretary are valid health profession educational loans.

The Secretary, based on the availability of appropriated funds, the needs and best interests of the areas to be served and/or the request of the applicant, may reimburse loan repayment participants at levels which are less than the amounts set forth in the preceding paragraph. Accordingly, the regulation provides at § 62.25(a) that the Secretary may establish different levels of annual loan repayment for participants to encourage service in a manner that is determined to be in the best interests of the NHSC. For example, the Secretary may use this provision to pay the maximum annual loan repayment amount for a LRP participant who agrees to provide service for 3 or 4 years, and a lower annual amount for a LRP participant who agrees to serve the minimum 2-year obligation. This allows the Secretary to encourage LRP participants to increase the amount of service provided. Willingness to serve for longer periods of time is also a selection criterion under § 62.23.

It is anticipated that payments on loans will be made on a regular basis to lenders (i.e. monthly or quarterly). Once a contract is finalized with a Program participant and the participant begins service, the Secretary will begin payments of the amount the program has agreed to pay toward the participant's qualifying health professions educational loans. Subsequent payments will be made as long as the participant continues to provide health professions service under the Program contract. Participants should understand that the loan repayments may not cover the full indebtedness of the participant.

For each year of service under the LRP, a participant may be given the opportunity to request a tax liability supplement as provided in the statute. The conditions under which these supplements will be paid and the method to apply for these supplements are described in § 62.25(c).

A participant in the LRP must provide obligated service through full-time clinical practice: (1) As a Commissioned

Officer of the Public Health Service; (2) as a civil service employee of the Federal Government; (3) as a civilian member of the NHSC who is not an employee of the Federal Government but who may be employed by State agencies or other public or nonprofit private agencies, such as Community Health Centers, under a Private Practice Assignment (PPA) arrangement; or (4) as a private practitioner or as an employee of a private group practice, Health Maintenance Organization or other similar agency under a Private Practice Option (PPO) arrangement.

The statute provides that the Secretary may repay health professions loans which have been incurred for actual tuition and for reasonable educational and living expenses. These regulations, in the definitions at § 62.22, define reasonableness of educational and living expenses as follows. Educational and living expenses equal to or less than the level of such expenses that is/was estimated by the Program participant's school in the standard student budgets for the degree program in which the Program participant is/was enrolled during the years in which the Program participant is/was enrolled are deemed by the Secretary to be reasonable. As long as the Program participant's educational and living expenses are equal to or less than the applicable standard student budget, no documentation of these expenses will be required by the Secretary and the entire amount of the loan for these expenses will qualify for loan repayment. In those instances where the Program participant's school did not maintain a standard student budget or the Program participant seeks loan repayment for educational and/or living expenses in excess of the standard student budgets, the Program participant must submit documentation, as required by the Secretary, to substantiate the reasonableness of all the educational and living expenses incurred by the Program participant. To the extent the Secretary determines, upon review of the Program participant's documentation, that all or a portion of the educational and living expenses incurred by the Program participant were reasonable, these expenses will qualify for loan repayment.

Grants for State Loan Repayment Programs: Pub. L. 100-177 also amended the PHS Act by adding a new section 338H authorizing the Secretary to establish a program of grants to support State loan repayment programs that are "similar to" the NHSC LRP. The statute provides little specificity as to how these State programs are to be administered at the State or Federal

level. This regulation identifies those program components which are considered necessary for the State program to be similar to the Federal program and for the orderly conduct and administration of this program.

The Secretary has chosen to use a standard grant application form for this program. Section 62.54 sets forth those items which must be included in the program narrative of the grant applications. Two specific items are required by the statute to be contained in the application: A description of the State's standard for designation of medically underserved areas and for the determination of obligated service requirements under the State Loan Repayment Program. The Secretary has determined that, in order to promote consistency in targeting health manpower resources to areas of greatest need, States may utilize health manpower shortage areas as designated by the Secretary pursuant to section 332 of the PHS Act in lieu of individually developing State standards for the designation of medically underserved areas. See § 62.22. If a State chooses to use the health manpower shortage areas as determined by the Department as its shortage area criteria, such State will not need to individually develop (or describe in its application) standards for designation of medically underserved areas. See § 62.54(b)(1). State standards for the determination of medically underserved areas will be subject to review and approval by the Secretary as provided in the statute.

The application narrative should also contain information and appropriate data on the need of the State for health professions manpower, with special emphasis on health professionals trained in a profession or specialty identified by the Secretary as needed (see § 62.23(c)), and the State's efforts to obtain such manpower; the availability, amount and use of the State's matching funds; and the program and management plans, experience, and qualifications of the State agency administering the program. These factors, and others included in § 62.54, will be evaluated as described in § 62.57 and will be used in selecting applicants for approval under this program. The State's program description in its application is, by statute, the standard for the conduct of the State program.

The statute authorizes the Secretary to make grants to States to support the establishment by States of State programs similar to the NHSC LRP. The Secretary has determined that the following NHSC LRP elements are necessary to ensure that a State's



program is similar to the NHSC LRP: (1) The priority for the selection of applicants; (2) the training level of applicants; (3) the obligated service requirements of State program participants and (4) the practice requirements for State program participants. These elements, as well as a few additional elements set forth at § 62.55, are considered necessary elements of a State program to meet the requirements of the statute that State programs are to be similar to the NHSC LRP. These requirements also include specifications that State program participants must provide service in medically underserved areas determined by the State to have the greatest need and demand for health manpower. See § 62.55.

States are required to provide at least 25 percent of the cost of the approved State program and are expected to increase the amount of money available for loan repayment by proposing State funds for use for repayment of loans in addition to State funds proposed for administrative costs. The Federal share of the program must be spent entirely for loan repayments. None of the Federal share is to be used for program administration costs. See § 62.56. Under § 62.57(g) the Secretary will, in determining which State applications will be approved, consider the level and use of the State match and the percentage of the State's match which is proposed for use for repayment of loans.

**Special Repayment Provisions:** Section 204 of Pub. L. 100-177, established a new program which is not a part of the PHS Act and which provides a time-limited opportunity for persons who are in default or otherwise in breach of any written obligation under the present NHSC Scholarship Program or the former Public Health and National Health Service Corps Scholarship (PH/NHSC) Training Program, to repay these obligations through service or through a combination of service and monetary payment. Participants in this Special Repayment Program may thus avoid the financial consequences under the default provisions of the scholarship statutes. Service may be performed at a site on the 1988 or 1989 Health Manpower Shortage Area Placement Opportunity List (HPOL) or at a site on the Supplemental HPOL (SHPOL) in 1989. A SHPOL will be established by the Secretary, in accordance with Pub. L. 100-177, exclusively for this program and will include various sites which do not otherwise appear on a HPOL because they are not considered as critically needy as HPOL sites. Service

at SHPOL sites requires an additional commitment on the part of the participant (i.e., to serve 150 percent of the remaining service obligation or to serve 100 percent of the remaining service obligation and repay the original scholarship amounts paid to, or on behalf of, the participant under the scholarship programs).

All persons in default or breach of a scholarship obligation as of November 1, 1987, may be eligible for this program and, except as noted below, have been sent a notice on or before February 29, 1988, as required by statute. The notice described the provisions of the Special Repayment Program and required a response by May 29, 1988, from persons interested in participating in the program.

The eligibility notice under this program was sent to the last address on record with the Division of Health Services Scholarships. Mailing of the notice to the last known address of the individual constituted a legal notice for the purpose of the statute and no further effort is required to locate new addresses for persons whose notices were returned undelivered.

Notices were not sent to individuals who were serving their scholarship obligations on December 1, 1987, under a judgment, forbearance agreement or other written agreement to serve. While these individuals may have been in breach of a scholarship obligation on November 1, 1987, the Secretary considers that their acceptance and commencement of a service assignment before the statute was enacted, places them outside the intended scope of the statute. Persons who were in breach on November 1, 1987, and who began serving under such agreements after December 1, 1987, and who wish to participate in the Special Repayment Program, may participate but must assume full responsibility for extricating themselves from existing employment contracts.

Participants in this program are responsible for matching to a site. The prospective participant is also responsible for the cost of contacting and matching to a site, including site visits, if any.

The statute directs the Secretary to issue regulations allowing for a reduction in an individual's financial liability by providing credit for partial service under this program. The regulations contain this provision at § 62.75. The Secretary will allow NHSC Scholarship Program recipients a credit of 50 percent of any time served under an agreement under this program toward their remaining service

obligation (including any additional months of service incurred by agreeing to serve 150 percent of the remaining service obligation at a SHPOL site). Thus, an individual with a two-year service obligation who elects to serve 100 percent of that obligation at a HPOL or SHPOL site and then serves only one year of that obligation would receive a ¼ reduction of his or her debt under the NHSC Scholarship Program. An individual with a two-year service obligation who elects to serve 150 percent of that obligation at a SHPOL site and then serves only one year of that obligation would receive a ½ reduction of his or her debt under the NHSC Scholarship Program. The Secretary will allow no partial credit for service under the Public Health Service and National Health Service Corp Scholarship Training Program because of the relative ease of the monetary repayment under the PH/NHSC Scholarship Training Program provisions.

Credit for approved service performed or monetary payments made prior to beginning service in the Special Repayment Program is allowed under the circumstances outlined in § 62.74 of the regulations. An individual will receive one day of service credit for each day of approved prior service performed by the individual. If a participant has made monetary payments and elects to serve 150 percent of the remaining service obligation at a SHPOL site or 100 percent of the remaining service obligation at a HPOL site, the monetary payments would be converted into days of service credit in accordance with § 62.74(b) of the proposed regulations. However, if a participant has made monetary payments and elects to serve 100 percent of the remaining service obligation at a SHPOL site and pay an amount equal to the original scholarship amount, prior monetary payments will first be credited against the participant's liability for the original scholarship amount. Thus, payments previously posted against the participant's total scholarship debt, as defined by § 62.72, will be credited instead by the Secretary to the participant's liability under the Special Repayment Program to pay the original scholarship amount, and the Secretary will increase the participant's outstanding scholarship debt in the amount equal to the amount credited to the participant's liability under the Special Repayment Program for the original scholarship amount. Payments in excess of the scholarship amount will be converted into days of service in accordance with § 62.74(c).



If a participant fails to complete service under the program, the monies previously paid will be applied to the outstanding scholarship debt. Except that, any amount paid to extinguish an additional liability for the payment of the scholarship amount under the option to serve 100 percent of the remaining service obligation at a SHPOL site will not be refunded and will not be applied to the outstanding scholarship debt. The Secretary will treat this up-front payment as a cost of exercising this particular SHPOL option in order to place individuals selecting the other SHPOL option (i.e. to serve 150 percent of their remaining service obligation) on more equal footing with respect to the financial consequences of only

completing a portion of the service obligation.

#### Paperwork Reduction Act of 1980

This interim-final rule contains information collections which have been approved by the Office of Management and Budget under the Paperwork Reduction Act of 1980. The title, description, and respondent description of the information collection are shown below with an estimate of the annual reporting and recordkeeping burden. Included in the estimate is the time for reviewing the instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

*Title:* National Health Service Corps Loan Repayment Program.

*Description:* This information is used to review qualifications and experience of the applicant for eligibility for the Loan Repayment Program (LRP) and State Loan Repayment Program. This information is also required for individuals who wish to receive benefits from the tax reimbursement provision under the LRP and to monitor the continuing eligibility of LRP recipients who are still in training.

*Description of Respondents:* Individuals and State and local government.

*Estimated Annual Reporting and Recordkeeping Burden:*

Section No.	Annual No. of Respondents	Annual Frequency	Average Burden Per Response	Annual Burden Hours
62.25(a)(1)(i) .....	2000	1	2	4000
62.25(c) .....	40	1	1.25	50
62.26(b)(2) .....	1	1	10	10
62.54 .....	35	1	40	1400
Total .....				5460

#### Regulatory Flexibility Act and Executive Order 12291

The rule affects only private individuals and a few States. Within States, the impact of the State Loan Repayment Program is generally limited to the agency administering the State manpower programs. Therefore, the Department of Health and Human Services has determined that this rulemaking will not significantly impact on a substantial number of small entities and does not require preparation of a regulatory flexibility analysis under the Regulatory Flexibility Act, Pub. L. 96-354.

The Department also has determined that this rule is not a "major rule" under Executive Order 12291. Thus, a regulatory impact analysis is not required because it will not: (1) Have an annual effect on the economy of \$100 million or more; (2) Impose a major increase in costs or prices for consumers; individual industries; Federal, State or local government agencies; or geographic regions; or (3) Result in significant adverse effects on competition, employment, investment, productivity, innovation, or on the ability of United States-based enterprises to compete with foreign-based enterprises in domestic or export markets.

#### List of Subjects in 42 CFR Part 62

Health professions, Loan programs—health, Grant programs—health, Scholarships and fellowships.

#### Justification for Publication of Interim Final Regulations

Pub. L. 100-177 was enacted on December 1, 1987. The statute authorized three new programs that must be implemented by the end of the current fiscal year. With respect to the Special Repayment Program, the statute also established a rigid time frame for implementation of the program, requiring notification of defaulters 90 days after enactment and a response from defaulters 90 days after the notice. It was therefore necessary to develop the policies and procedures, forms, guidelines, and other program materials simultaneously with the regulations so that they could be provided to potential participants in the program in timely fashion along with the required notice. It is also necessary that participants who wish to participate in the 1988 cycle have final regulations at the earliest possible date to guide them in the process of matching to sites and signing employment agreements with sites and/or agreements with the Department, all of which must be accomplished by October 1, 1988.

With respect to the NHSC LRP and the Grants for State Loan Repayment

Programs, it is essential that final regulations be in place as soon as possible in order to reach health professionals eligible to participate in Fiscal Year 1988, many of whom must make employment decisions by the middle of the calendar year. Moreover, grant applications from States must be completed and sent to the Department by July 29, 1988, in order to be processed so that grant awards can be made this fiscal year.

Accordingly, the Secretary has determined, in accordance with 5 U.S.C. 553(b)(3)(B), that notice and opportunity for public comment on the regulations set out below are impracticable and contrary to the public interest. Interested persons are, however, invited to submit comments on these final regulations by June 2, 1989. Comments so received will be considered by the Department and, if warranted, changes may be made in the regulations in the future based on those comments.

For the reasons set out in the preamble, Subparts B, C, and D of Part 62 of Title 42, Code of Federal Regulations, are revised as set forth below.

The OMB Catalog of Federal Domestic Assistance number for the NHSC/LRP is 13.162 and the catalog number for Grants for State Loan Repayment Programs is 13.165.



Dated: August 1, 1988.

Robert E. Windom,  
Assistant Secretary for Health.

Approved: October 11, 1988.

Otis R. Bowen,  
Secretary.

## PART 62—NATIONAL HEALTH SERVICE CORPS SCHOLARSHIP AND LOAN REPAYMENT PROGRAMS

### Subpart A—National Health Service Corps Scholarship Program

### Subpart B—National Health Service Corps Loan Repayment Program

Sec.

62.21 What is the scope and purpose of the National Health Service Corps Loan Repayment Program?

62.22 Definitions.

62.23 How will individuals be selected to participate in the Loan Repayment Program?

62.24 Who is eligible to apply for the Loan Repayment Program?

62.25 What does the Loan Repayment Program provide?

62.26 What does an individual have to do in return for loan payments received under the Loan Repayment Program?

62.27 What will happen if an individual does not comply with the terms and conditions of participation in the Loan Repayment Program?

62.28 Under what circumstances can the service or payment obligation be canceled, waived or suspended?

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62.51 What is the scope and purpose of the State Loan Repayment Program?

62.52 Definitions.

62.53 Who is eligible for this program?

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### Subpart D—Special Repayment Program

62.71 What is the scope and purpose of the Special Repayment Program?

62.72 Definitions.

62.73 What are the procedures for participation in the Special Repayment Program?

62.74 How much credit will a Program participant receive for monetary repayments made, or for approved service performed, before beginning service under the Special Repayment Program?

62.75 Will individuals serving under the Special Repayment Program receive credit for partial service?

62.76 How will amounts of money due under the option under section 204(c)(1) of Pub. L. 100-177 be required to be repaid?

### Subpart B—National Health Service Corp Loan Repayment Program

Authority: Sec. 215 of the Public Health Service Act, 58 Stat. 690, as amended, 63 Stat. 35 (42 U.S.C. 216); Sec. 338B of the Public Health Service Act, 101 Stat. 992 (42 U.S.C. 2541-1).

#### § 62.21 What is the scope and purpose of the National Health Service Corps Loan Repayment Program?

The regulations of this subpart apply to the award of health professions educational loan payments under the National Health Service Corps Loan Repayment Program authorized by section 338B of the Public Health Service Act (42 U.S.C. 2541-1). The purpose of the Program is to assure an adequate supply of trained health professionals for the National Health Service Corps. These professionals will be assigned by the Secretary to provide necessary health services to persons living in designated health manpower shortage areas.

#### § 62.22 Definitions.

The definitions in § 62.2 of this part will apply for the purpose of this subpart, except for the definition of "approved graduate training." The following definitions will also apply for purposes of this subpart:

"Approved graduate training" means a program of graduate training in allopathic or osteopathic medicine, dentistry or other health profession which (a) leads to eligibility for board certification or which provides other evidence of completion, (b) has been approved by the appropriate health professions body as determined by the Secretary and (c) is in the specialty or type of training specified by the Program participant in the Loan Repayment Program Contract or, at the Program participant's request and at the Secretary's option, is in a specialty or area of training determined by the Secretary to be consistent with the needs of the National Health Service Corps.

"Commercial loans" means loans made by banks, credit unions, savings and loan associations, insurance

companies, schools, and other financial or credit institutions which are subject to examination and supervision in their capacity as lenders by an agency of the United States or of the State in which the lender has its principal place of business.

"Educational expenses" means the costs of the health professions education, exclusive of the tuition, such as fees, books, supplies, and educational equipment and materials.

"Government loans" means loans which are made by Federal, State, county or city agencies which are authorized by law to make such loans.

"Living expenses" means the costs of room and board, transportation and commuting costs and other costs incurred during an individual's attendance at a health professions school.

"Loan Repayment Program" means the National Health Service Corps Loan Repayment Program authorized by section 338B of the Act (42 U.S.C. 2541-1).

"Loan Repayment Program Contract" means the agreement, which is signed by an applicant and the Secretary, for the Loan Repayment Program wherein the applicant agrees to accept repayment of health professions educational loans and to serve in accordance with the provisions of section 338B of the Act and this subpart for a prescribed period of obligated service.

"Medically underserved area" means "health manpower shortage area" as defined in section 62.2.

"Program participant" means an individual whose application to the Loan Repayment Program has been approved and whose contract has been accepted and signed by the Secretary.

"Qualifying loans" means government and commercial loans for actual costs paid for tuition, reasonable educational expenses, and reasonable living expenses relating to the obtainment of a degree in allopathic or osteopathic medicine, dentistry, or other health profession. Such loans must have documentation which is contemporaneous with the training received in a health professions school. If health professions educational loans are refinanced, the original documentation of the loan(s) will be required to be submitted to the Secretary to establish the contemporaneous nature of such loans.

"Reasonable educational and living expenses" means those educational and living expenses which are equal to or less than the sum of the school's estimated standard student budgets for



educational and living expenses for the degree program and for the year(s) during which the Program participant is/was enrolled in the school. However, if the school attended by the Program participant does/did not have a standard student budget or if a Program participant requests repayment for educational and living expenses which are in excess of the standard student budgets described in the preceding sentence, the Program participant must submit documentation, as required by the Secretary, to substantiate the reasonableness of all educational and living expenses incurred by the Program participant. To the extent that the Secretary determines, upon review of the Program participant's documentation, that all or a portion of the educational and living expenses are reasonable, these expenses will qualify for repayment.

**§ 62.23 How will individuals be selected to participate in the Loan Repayment Program?**

(a) In determining which applications from eligible individuals for participation in the Loan Repayment Program will be accepted for consideration, the Secretary will apply the following criteria:

(1) The extent to which an individual's training is in a health profession or specialty determined by the Secretary to be needed by the National Health Service Corps;

(2) The individual's commitment to serve in medically underserved areas;

(3) The availability of the individual for service, with highest consideration being given to individuals who will be available for service at the earliest dates;

(4) The length of the individual's proposed service obligation, with greatest consideration being given to persons who agree to serve for longer periods of time; and

(5) The individual's academic standing, prior professional experience in a health manpower shortage area, board certification, residency achievements, peer recommendations, depth of past residency practice experience and other criteria related to professional competence or conduct.

(b) Among qualified applicants, the Secretary will give priority to applications from individuals whose health professions or specialties are most needed by the NHSC and who are, in the Secretary's judgement, most committed to practice in medically underserved areas.

(c) By notice published in the *Federal Register* from time to time, the Secretary will specify the professions and

specialties most needed by the National Health Service Corps.

**§ 62.24 Who is eligible to apply for the Loan Repayment Program?**

(a) To be eligible to participate in the Loan Repayment Program an individual must:

(1)(i) Be enrolled as a full-time student in the final year of a course of study or program approved by the Secretary which leads to a degree in allopathic or osteopathic medicine, dentistry or other health profession and which is offered by an accredited school in a State or (ii) be enrolled in an approved graduate training program in allopathic or osteopathic medicine or dentistry or other health profession in a State, or (iii) have a degree in allopathic or osteopathic medicine or dentistry or other health profession and have completed an approved graduate training program in a State (or received a waiver of the completion requirement under § 62.26(d) of this subpart) and have a current and valid license to practice such health profession in a State;

(2) Be eligible for, or hold, an appointment as a commissioned officer in the Regular or Reserve Corps of the Public Health Service or be eligible for selection for civilian service in the National Health Service Corps;

(3) Submit an application to participate in the Loan Repayment Program; and

(4) Sign and submit to the Secretary, at the time of the submission of such application, a written contract agreeing to accept repayment of health professions educational loans and to serve (in accordance with this subpart) for the applicable period of obligated service in a health manpower shortage area as determined by the Secretary.

(b) Any individual who owes an obligation for health professional service to the Federal Government or a State or other entity under an agreement with such Federal, State or other entity is ineligible for the Loan Repayment Program unless such obligation will be completely satisfied prior to the beginning of service under this Program.

(c) Individuals in breach of a written contract entered into under section 338A of the Act and liable to the United States under section 338E(b) of the Act, in breach of a written contract entered into under section 225 of the Act (as in effect on September 30, 1977) and liable to the United States under section 225(f)(1) of the Act (as in effect on September 30, 1977) or in breach of any other obligation for health professional service to a Federal, State or local government entity are not eligible for

participation in the Loan Repayment Program.

(Approved by Office of Management and Budget under control number 0915-0127)

**§ 62.25 What does the Loan Repayment Program provide?**

(a) *Loan repayment.* For each year of service the individual agrees to serve, with a minimum of 2 years of obligated service, the Secretary may pay: (1) Except as provided in paragraph (2), up to \$20,000 per year of a Program participant's qualifying loans or (2) up to \$25,000 per year for a Program participant's qualifying loans if the Program participant agrees to provide obligated service in the Indian Health Service or a health facility or program operated by a tribe or tribal organization under the Indian Self-Determination Act. Loan repayments by the Secretary in advance of service will be limited to one month or less. The Secretary may establish different levels of annual loan repayment to encourage Program participants to serve in a manner which is in the best interest of the Loan Repayment Program. No loan repayments will be made for any professional practice performed prior to the effective date of the Loan Repayment Program Contract. Once a loan repayment contract has been signed by both parties, the Secretary will obligate such funds as will be necessary to ensure that sufficient funds will be available to make loan repayments for the duration of the period of obligated service.

(b) *Site visit.* The Secretary may reimburse an individual for the actual and reasonable travel expenses associated with one trip from the individual's residence to a site for the purpose of evaluating such site for service under the the Loan Repayment Program.

(c) *Tax liability payments.* The Secretary may, upon a Program participant's written request, make payments in a reasonable amount, as determined by the Secretary, to reimburse the Program participant for all or part of the increased Federal, State and local tax liability resulting from loan repayments received under the Loan Repayment Program. To maximize the Federal resources available for placing participants in HMSAs, supplementary payments for increased tax liability will only be made under unusual circumstances, and in no cases will these tax liability payments exceed 20% of the annual amounts of the loans being repaid. Program participants wishing to receive tax liability payments must submit their requests for such



payments in a manner prescribed by the Secretary and must provide the Secretary with any documentation the Secretary determines is necessary to establish a Program participant's increased tax liability. The Secretary will determine, based on the availability of funds and such other factors as the Secretary determines, the amounts of any such payments that may be made.

(Information collection requirements contained in paragraph (c) were approved by Office of Management and Budget under control number 0915-0131)

**§ 62.26 What does an individual have to do in return for loan repayments received under the Loan Repayment Program?**

(a) A Program participant whose eligibility for the Loan Repayment Program is based on § 62.24(a)(1)(i) of this subpart must maintain full-time enrollment, at an acceptable level of academic standing, in that course of study until its completion. Upon completion of that course of study, a Program participant who received a degree in allopathic or osteopathic medicine must enter approved graduate training and a Program participant who received a degree in a health profession other than allopathic or osteopathic medicine may enter approved graduate training. Once a Program participant enters approved graduate training, he or she must also meet the requirements set forth in paragraphs (b) (1), (2), (3), and (4) of this section. If a Program participant who received a degree in a health profession other than allopathic or osteopathic medicine does not enter approved graduate training; service, in accordance with paragraph (e) of this section, must commence as soon as possible upon the Program participant's completion of the course of study leading to his or her health professions degree.

(b) A Program participant whose eligibility for the Loan Repayment Program is based on § 62.24(a)(1)(ii) of this subpart must: (1) Continue in his or her approved graduate training program at an acceptable level of academic standing; (2) provide the Secretary with annual documentation of continued participation in that approved graduate training program at an acceptable level of academic standing; (3) successfully complete that approved graduate training program; and (4) commence service, in accordance with paragraph (e) of this section, as soon as possible upon completion of approved graduate training.

(c) A Program participant whose eligibility for the Loan Repayment Program is based on § 62.24(a)(1)(iii) of this subpart must commence service, in

accordance with paragraph (e) of this section, as soon as possible after the effective date of the Loan Repayment Program Contract.

(d) If a Program participant fails to complete approved graduate training, the Secretary may, on his or her own initiative or at the Program participant's request, waive, for good cause, the completion requirement. Good cause will be deemed to exist if the Secretary determines that the Program participant has sufficient health professions training to be utilized by and make a substantial contribution to the National Health Service Corps. If waiver of the completion requirement in paragraph (b) of this section is granted; service, in accordance with paragraph (e) of this section, must commence as soon as possible after the granting of the waiver.

(Information collection requirements contained in paragraph (b)(2) were approved by Office of Management and Budget under control number 0915-0131).

(e) Except for Program participants who fail to complete their course of study leading to a health professions degree or who fail to complete approved graduate training and do not receive a waiver pursuant to paragraph (d) of this section, each program participant must: (1) Serve in a health manpower shortage area to which he or she is assigned by the Secretary as a member of the National Health Service Corps or serve pursuant to section 338D of the Act in a health manpower shortage area selected by the Secretary and (2) accept employment in a full-time clinical practice of the Program participant's profession, as (i) a commissioned officer in the Regular or Reserve Corps of the Public Health Service, (ii) a civilian member of the National Health Service Corps who is an employee of the United States, (iii) a member of the National Health Service Corps who is not an employee of the United States, or (iv) a private practitioner who is providing obligated service under the provisions of section 338D of the Act.

(f) The minimum length of obligated service is two years, or such longer period as the Program participant may agree to. The maximum length of obligated service is four years. If a Program participant agrees to an original contract of two or three years, such contract may be extended, subject to the availability of appropriated funding, for one year or two years (up to the four-year maximum). A one-year extension will not reactivate the statutory minimum requirement of two years of service.

**§ 62.27 What will happen if an individual does not comply with the terms and conditions of participation in the Loan Repayment Program?**

Program participants who default on their Loan Repayment Program Contracts will be subject to the applicable monetary payment provisions set forth at section 338E of the Act. Payment of any amount owed under section 338E of the Act shall be made within one year of the date the participant breached his or her Loan Repayment Contract, as determined by the Secretary.

**§ 62.28 Under what circumstances can the service or payment obligation be canceled, waived or suspended?**

A service or payment obligation under the Loan Repayment Program will be canceled or may be waived or suspended as provided in § 62.12 of this part of the regulations.

**§ 62.29 Under what circumstances can the Loan Repayment Program obligation be discharged in bankruptcy?**

Any payment obligation incurred under § 62.27 of this subpart may be released by a discharge in bankruptcy under Title 11 of the United States Code only if such discharge is granted after the expiration of the five-year period beginning on the first date that payment was required, and only if the bankruptcy court finds that nondischarge of the obligation would be unconscionable.

**§ 62.30 What other regulations and statutes apply?**

Other regulations and statutes which apply to this subpart include but are not limited to:

Debt Collection Act of 1982, Pub. L. 97-365 (5 U.S.C. 5514) including Section 4, Requirement that Applicant Furnish Taxpayer Identifying Number;

Fair Credit Reporting Act (15 U.S.C. 1681 et seq.);

Privacy Act of 1974 (5 U.S.C. 552a);

Section 215(a) of the Public Health Service Act, as amended (42 U.S.C. 216(a)), for PHS commissioned officers, and 5 U.S.C. 3301 for civil service employees both of which authorize verification of an individual's suitability for employment;

Privacy Act of 1974; Alteration of System of Records, 52 FR 21622-21627, June 8, 1987, regarding the collection, maintenance and allowable use of personal information requested from program applicants.

**Subpart C—Grants for State Loan Repayment Programs**

Authority: Sec. 215 of the Public Health Service Act, 58 Stat. 690 as amended, 63 Stat.



35 (42 U.S.C. 216); Sec. 338H of the Public Health Service Act, 101 Stat. 999 (42 U.S.C. 254q-1).

**§ 62.51 What is the scope and purposes of the State Loan Repayment Program?**

The regulations of this subpart apply to the award of grants authorized by section 338H of the Public Health Service Act (42 U.S.C. 254q-1) to support the establishment of State programs similar to the National Health Service Corps Loan Repayment Program authorized by section 338B of the Public Health Service Act (42 U.S.C. 2541-1). The purpose of this program is to improve the delivery of health services in medically underserved areas.

**§ 62.52 Definitions.**

In addition to the definitions in § 62.2 of this part, the following definitions will apply for purposes of this subpart:

The definitions of "Qualifying loans," "Commercial loans," "Government loans," "Educational expenses," and "Living expenses" as contained in § 62.22 of this part will apply for purposes of this subpart.

"Medically underserved area" means "health manpower shortage area" or an area which has been designated by a State pursuant to standards described in § 62.54(b)(1) of this subpart which the Secretary has deemed acceptable.

"State Loan Repayment Program" or "program" means a State loan repayment program authorized under section 338H (42 U.S.C. 254q-1) of the Act.

**§ 62.53 Who is eligible for this program?**

Any State is eligible to apply for a grant under this subpart.

**§ 62.54 What must applications for the State Loan Repayment Program contain?**

(a) An application for a grant under this subpart shall be submitted to the Secretary at such time and in such form and manner as the Secretary requires.

(b) The application shall contain a budget and narrative statement describing the manner in which the applicant intends to conduct the project and carry out the requirements of this subpart. In addition, applications must include:

(1) A description of the State's standards for the designation of medically underserved areas, except that no description of designation standards will be required if the State elects to use health manpower shortage areas designated by the Secretary;

(2) An assessment of the need and demand in medically underserved areas within the State for health professions manpower with special emphasis on individuals whose training is in a health

profession or specialty identified by the Secretary pursuant to § 62.23(b) of this Part. This assessment should include such demographic indicators of the need as the economic accessibility of health care services in the State as measured by poverty levels, the percentage of the service area population without health insurance, and the health status of the population as measured by the rates of infant mortality, low birth weight, geographic barriers and other indicators;

(3) A proposal for the placement of the health profession providers in medically underserved areas with the greatest need and demand in accordance with the need/demand assessment completed in compliance with paragraph (b)(2) of this section;

(4) Adequate assurances that sufficient current year State funds are available to cover the non-Federal share of State Loan Repayment Program costs;

(5) A description of how the program would meet the requirements of § 62.55 to demonstrate its similarity to the NHSC Loan Repayment program;

(6) A description of the source of, and plans for the use of, State matching funds;

(7) A description of how the program would be coordinated with Federal, State and other organized activities within the State which relate to health manpower services and resources;

(8) Identification of the State entity and key personnel who would administer the grant and a description of the qualifications and experience of that entity and its personnel concerning the State's health service delivery system and health manpower needs;

(9) A description of the State's plans for administration of the State's Loan Repayment Program which may include such provisions as annual levels of loan repayment to be made under the program, the number of health professionals to be funded, the frequency and timing of the loan repayments, program incentives for longer periods of service, procedures for monitoring the service of program participants and placing professionals in default for failure to complete their service obligation, penalties for default, provisions for waivers and suspensions, and a description of the contract/obligation process to be used by the State to obligate individuals receiving State loan repayments;

(10) A description of the State's need for Federal assistance in obtaining health professions resources and demonstrated inability to obtain such resources without Federal assistance;

(11) A description of how the State will accord special consideration to

medically underserved areas with large minority populations; and

(12) The signature of an individual authorized to act for the State and to assume on behalf of the State the obligations imposed by the statute, the applicable regulations of this subpart and any additional conditions of the grant.

(Approved by Office of Management and Budget under control number 0915-0131)

**§ 62.55 What State Program Elements are required to ensure similarity with the NHSC Loan Repayment Program?**

A State Loan Repayment Program supported under this subpart must:

(a) Establish priorities for loan repayment applicants consistent with the provisions of § 62.23 of this Part;

(b) Contract only with a person who is (1) enrolled as a full-time student in the final year of a course of study or program in an accredited school in a State leading to a degree in allopathic or osteopathic medicine, dentistry or other health profession, or (2) enrolled in an accredited graduate training program in a State in allopathic or osteopathic medicine or dentistry or other health profession, or (3) a practitioner licensed by a State who has completed training in an accredited graduate training program in allopathic or osteopathic medicine, dentistry or other health profession;

(c) Provide that health professionals participating in a State Loan Repayment Program shall (1) serve for at least 2 years in a medically underserved area identified pursuant to § 62.54(b)(3) of this subpart in the full-time clinical practice of their profession, (2) charge for his or her professional services at the usual and customary rate prevailing in the area in which such services are provided, except that if a person is unable to pay such charge, such person shall be charged at a reduced rate or not charged any fee, (3) in providing health services, not discriminate against any person on the basis of such person's ability to pay for such services or because payment for the health services provided to such person will be made under the insurance program established under part A or B of Title XVIII of the Social Security Act or under a State plan for medical assistance approved under Title XIX of such Act, and (4) agree to accept an assignment under section 1842(b)(3)(B)(ii) of such Act for all services for which payment may be made under part B of Title XVIII of such Act and enter into an appropriate agreement with the State agency which administers the State plan for medical assistance under Title XIX of such Act



to provide service to individuals entitled to medical assistance under the plan;

(d) Repay qualifying loans for participating health professionals;

(e) Provide that the loans of health professionals will be repaid on a periodic basis after the receipt of obligated services by such participant for such period; and

**§ 62.56 How are the Federal grant funds and State matching funds to be used under this program?**

The Federal share of any program shall not exceed 75 percent of the cost of the approved State program. The Federal share must be used to repay the qualifying loans of health professionals. No portion of the Federal share shall be used to pay for administrative costs of any State Loan Repayment Program. The State's share of the program may be used to repay qualifying loans of health professionals or administrative costs of the State's Loan Repayment Program, or a combination of both. All program administrative costs are to be borne by the State. No portion of the State's share of the program shall consist of Federal funds.

**§ 62.57 How will States be selected to participate in this program?**

Within the limits of funds available under Section 338H of the Act, the Secretary may award grants to State applicants whose proposed Loan Repayment Programs will, in his or her judgment, best promote the purposes of section 338H of the Act, taking into account, among other pertinent factors:

(a) The need of the State for health professions manpower;

(b) The number and type of providers the State proposes to support through this program;

(c) The acceptableness of the State's standards for the designation of medically underserved areas and the appropriateness of the proposed placements of obligated providers;

(d) The degree of similarity between the proposed State Loan Repayment Program and the National Health Service Corps Loan Repayment Program;

(e) The adequacy of the qualifications, the administrative and managerial ability and the experience of the State staff to administer and carry out the proposed project;

(f) The suitability of the applicant's approach and the degree to which the applicant's project is coordinated with Federal, State and other organized activities for meeting the State's health professions manpower needs and resources, including mechanisms for an

ongoing evaluation of the program's activities;

(g) The source and plans for use of the State match (including the percentage of the State's match that is proposed to be used for loan repayments), the degree to which the State match exceeds 25% or has increased over time, and the amount of the match relative to the needs and resources of the States; and

(h) The extent to which special consideration will be extended to medically underserved areas with large minority populations.

**§ 62.58 What other regulations apply?**

Other regulations which apply to this subpart include but are not limited to:

45 CFR Part 80—Nondiscrimination under programs receiving Federal assistance through the Department of Health and Human Services—Effectuation of Title VI of the Civil Rights Act of 1964

45 CFR Part 81—Practice and procedure for hearings under part 80 of this title

45 CFR Part 84—Nondiscrimination on the basis of handicap in programs and activities receiving or benefiting from Federal financial assistance

45 CFR Part 86—Nondiscrimination on the basis of sex in programs and activities receiving or benefiting from Federal financial assistance

45 CFR Part 91—Nondiscrimination on the basis of age in HHS programs or activities receiving Federal financial assistance

45 CFR Part 50—Policies of general applicability: Subpart D—Public Health Service grant appeals procedure

45 CFR Part 16—Procedures of the Departmental Grant Appeals Board

45 CFR Part 74—Administration of grants

45 CFR Part 75—Informal grant appeals procedures

45 CFR Part 92—Administrative Requirements for grants and cooperative agreements to State and local governments (effective October 1, 1988)

**Subpart D—Special Repayment Program**

**Authority:** Sec. 215 of the Public Health Service Act 58 Stat. 690, as amended, 63 Stat. 35 (42 U.S.C. 216); sec. 204, Pub. L. 100-177, 101 Stat. 1000.

**§ 62.71 What is the scope and purpose of the Special Repayment Program?**

These regulations apply to the Special Repayment Program authorized under section 204 of Pub. L. 100-177, which provides a time-limited opportunity for persons who were, on November 1, 1987, in breach of a written contract under the

Public Health and National Health Service Corps Scholarship Training Program or the National Health Service Corps Scholarship Program to satisfy their scholarship obligations through full-time clinical service. These regulations do not apply to any Public Health and National Health Service Corps Scholarship Training Program or National Health Service Corps Scholarship Program obligation which the Secretary has determined was completely satisfied through service or monetary payment prior to November 1, 1987. The purpose of this program is to supply trained health professionals for the National Health Service Corps, which is used by the Secretary to improve the delivery of health services in health manpower shortage areas.

**§ 62.72 Definitions.**

In addition to the definitions in § 62.2 of this Part, the following definitions will apply for purposes of this subpart:

"Prior approved service" means service performed prior to a Program participant's service start date under the Special Repayment Program (1) as a member of the National Health Service Corps pursuant to an assignment by the Secretary under section 333 of the Act, (2) under a written private practice option agreement signed by the Secretary pursuant to section 338D of the Act, or (3) in compliance with section 338C(e) of the Act.

"Eligible defaulters" means those individuals who, as of November 1, 1987, were: (1) in breach of a written contract entered into under section 338A of the Act and liable to the United States under section 338E(b) of the Act and/or in breach of a written contract entered into under section 225 of the Act (as in effect on September 30, 1977) and liable to the United States under section 225(f)(1) of the Act (as in effect on September 30, 1977), and (2) not already serving their obligations on December 1, 1987, under a judgment, forbearance agreement, or other written agreement to serve.

"HPOL" means the Health Manpower Shortage Area Placement Opportunity List described in section 204(b) of Pub. L. 100-177.

"Match" means that the Secretary has received documentation of (1) an offer of employment from a site which specifies at least the agreed upon salary and start date, and (2) the Program participant's acceptance of that offer. Provided, however, that if the Program participant would be self-employed, a "match" means that the Secretary has approved a program participant's private practice



option application under section 338D(a) of the Act.

"Program participant" means an eligible defaulter whose contract under section 204 of Pub. L. 100-177 has been accepted and signed by the Secretary.

"SHPOL" means the Supplemental Health Manpower Shortage Area Placement Opportunity List described in section 204(d) of Pub. L. 100-177.

"Scholarship amount" means the sum of any amounts paid to, or on the behalf of, a scholarship recipient under the PH/NHSC Scholarship Training Program and/or the Scholarship Program.

"Special Repayment Program" or "Program" means the program authorized by section 204 of Pub. L. 100-177.

"Total debt" means the debt that would be owed by a Program participant under section 225(f)(1) of the Act, as in effect on September 30, 1977, and/or section 338E(b) of the Act, as if no payments had been made on the debt.

**§ 62.73 What are the procedures for participation in the Special Repayment Program?**

(a) *Notice of eligibility for participation in the program.* On or before February 29, 1988, the Secretary will, subject to paragraph (h) of this section, send written notice to each eligible defaulter of the opportunity provided under this Program. The notice will be sent to the last known address of each eligible defaulter and will describe the special repayment options available under the Program.

(b) *Selection of repayment method.* On or before May 29, 1988, eligible defaulters who wish to participate in this Program must notify the Secretary of their intent to enter into a written contract to provide service in accordance with either section 204(b) or section 204(c) of Pub. L. 100-177. The election between section 204(b) and section 204(c) of Pub. L. 100-177 is binding on the eligible defaulters.

(c) *Service sites.* Eligible defaulters who enter into a written contract to serve under section 204 of Pub. L. 100-177 will receive a listing of approved sites appropriate to the service option they have selected. Program participants electing service under section 204(b) of Pub. L. 100-177 will receive a HPOL. Program participants electing service under section 204(c) of Pub. L. 100-177 will receive a SHPOL. The HPOL or SHPOL sent to the Program participant will be specific to the Program participant's profession and his or her specialty training, which is most needed by the National Health Service Corps. The Secretary is not required to identify placements for Program participants in a

medical specialty for which the National Health Service Corps has no need.

(d) *Time frames for matching and commencing service.* If a Program participant electing to serve under section 204(b) of Pub. L. 100-177 chooses to serve at a remaining site on the 1988 HPOL, such participant must match to a site and must begin serving at the site by October 1, 1988. If a Program participant electing to serve under section 204(b) of Pub. L. 100-177 chooses to serve at a site on the 1989 HPOL, such participant must match to a HPOL site by February 15, 1989, and must begin service at the site by October 1, 1989. If a Program participant has elected to serve under section 204(c) of Pub. L. 100-177, such participant will have until May 15, 1989 to match to a SHPOL site and must begin service at that site by October 1, 1989.

(e) *Site visits.* The Program participant is responsible for the costs of any site visit(s) and any other contact with the site to obtain employment at the site.

(f) *Effect of failure to meet established time frames.* If a Program participant does not match to a site or begin service at that site within the time frames described in paragraph (d) of this section, his or her participation in the Special Repayment Program will be automatically ended and he or she will remain liable for the full scholarship debt(s), including accrued interest and/or damages.

(g) *Service.* Service must be performed in accordance with subpart II of Part D of Title III of the PHS Act. Service credit will begin after a Program participant has matched to a HPOL or SHPOL site and has commenced service at that site in accordance with subpart II of Part D of Title III of the PHS Act.

(h) *Secretary's exclusion authority.* The Secretary is authorized, at any time, to deny or terminate an individual's participation in the Program for reasons related to the individual's professional competence or conduct.

**§ 62.74 How much credit will a Program participant receive for monetary repayments made, or for approved service performed, before beginning service under the Special Repayment Program?**

(a) Prior approved service performed by a Program participant will be credited to the Program participant for the purpose of calculating the Program participant's remaining service obligation under this Program. Thus, the Program participant's remaining service obligation will be calculated by subtracting the number of days of the Program participant's prior approved service from the number of days of the Program participant's original service

obligation under the PH/NHSC Scholarship Training Program and/or the Scholarship Program. If a Program participant has made monetary payments, his or her remaining service obligation will be reduced by converting the monetary payments into days of service credit as set forth in paragraph (b) or (c) of this section, whichever is applicable.

(b) Program participants who elect to serve pursuant to sections 204(b) and 204(c)(2) of Pub. L. 100-177, will not receive a refund of any amounts previously paid but will receive service credit for those payments as follows:

(1) The number of days of service credit will be calculated by dividing the total amount paid by the Program participant prior to the Program participant's service start date by the total debt as of the service start date and multiplying the result of that division by the number of days of the participant's remaining service obligation (as determined by the formula set forth in the second sentence of paragraph (a) of this section).

(2) If the Program participant defaults on a contract under this Program, prior monetary payments will not be credited to service but will be applied to the monetary debt owed by the Program participant.

(c) Program participants who elect to serve under section 204(c)(1) of Pub. L. 100-177 must pay an amount equal to the scholarship amount. Any amounts paid by the Program participant prior to or after entry into the Program, in accordance with § 62.76 of this subpart, will be used to reduce the Program participant's financial obligation incurred under section 204(c)(1) of Pub. L. 100-177. In some cases, the amounts paid before or after entry into the Program will exceed the scholarship amount. These payments in excess of the scholarship amount will be converted into days of service credit under the formula set forth in paragraph (b)(1) of this section. If a Program participant defaults on a contract under this option, the monies paid in excess of the scholarship amount will not be credited to service but will be credited toward the monetary debt owed by the Program participant under section 338E(b) of the Act or section 225(f)(1) of the Act, as in effect on September 30, 1977. The scholarship amount paid upon entering this option will be forfeited.

**§ 62.74 Will individuals serving under the Special Repayment Program receive credit for partial service?**

(a) With respect to obligations under the Scholarship Program, a credit will be



allowed for partial service under the Special Repayment Program and will result in a reduction of the Program participant's financial obligation in accordance with the following formula:

$$A = 30 \frac{t - (s + 1/2r)}{t}$$

In which:

'A' is the amount the United States is entitled to recover,

'O' is the sum of the amounts paid to or on behalf of the Program participant under the Scholarship Program and the interest on such amounts which would be payable if, at the time the amounts were paid, they were loans bearing interest at the maximum legal prevailing rate, as determined by the Treasurer of the United States.

't' is the total number of months in the Program participant's period of obligated service under the Program including any

additional months of service incurred pursuant to section 204(c)(1) of Pub. L. 100-177

's' is the number of months of prior approved service performed by the Program participant before commencing service under this Program, and

'r' is the number of months of service performed by the Program participant in compliance with this Program.

However, where a judgment has been entered against a Program participant, the formula will be revised such that "30" equals the amount of the judgment representing the Program participant's liability under the Scholarship Program, including any accrued postjudgment interest and excluding any monetary payments on the judgment which may have been made by the Program participant and "s" equals the number of months of prior approved service performed by the Program participant after the entry of the judgment but before commencing service under this Program.

(b) With respect to obligations under the PH/NHSC Scholarship Training

Program, if a Program participant fails to complete the period of obligated service under the Program (including any additional months of service incurred pursuant to section 204(c)(1) of Pub. L. 100-177), no credit for partial service under this Program will be allowed.

(c) Where participants have obligations under both the Scholarship Program and the PH/NHSC Scholarship Training Program, credit for service will be applied against the scholarship obligations in the order in which they were incurred.

**§ 62.76 How will amounts of money due under the option under section 204(c)(1) of Pub. L. 100-177 be required to be repaid?**

Program participants who elect to serve under section 204(c)(1) of Pub. L. 100-177 will be required to pay the full scholarship amount at least 60 days prior to the service start date specified in the documentation submitted to the Secretary.

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