11 KAR 14:060. Osteopathic Medicine Scholarship Program application of payments.

RELATES TO: KRS 164.7891
STATUTORY AUTHORITY: KRS 164.748(4), 164.7891(9)
NECESSITY, FUNCTION, AND CONFORMITY: KRS 164.7891(9) requires the authority to promulgate administrative regulations for administration of the Osteopathic Medicine Scholarship Program. This administrative regulation establishes procedures for the application of payments made under the Osteopathic Medicine Scholarship Program.

Section 1. Definitions. (1) "Authority" is defined in KRS 164.740(1).
(2) "Default" means the status of an obligation under this program that has entered repayment and upon which no payment has been made for a cumulative period of 180 days following the repayment begin date for the obligation.
(3) "Disbursement" means the date the school indicates on the disbursement roster that funds were either credited to the student's account or disbursed to the student in accordance with 11 KAR 14:030, Section 2.
(4) "Full-time practice in the Commonwealth of Kentucky as a licensed doctor of osteopathy for a majority of the calendar year" means practicing in a qualified field for at least 2000 hours per calendar year.
(5) "Qualified field" means family practice, general practice, general internal medicine, general pediatrics, general obstetrics or gynecology.
(6) "Qualified service" is defined in KRS 164.7891(3)(c).

Section 2. (1) The scholarship recipient shall immediately become liable for repayment of all outstanding promissory notes, including unpaid principal and interest accrued since the date of disbursement, if the scholarship recipient:
(a) Ceases enrollment at the school of osteopathic medicine prior to completion of the program of study;
(b) Begins, but fails to complete, an internship leading to licensure to provide qualified service;
(c)1. Fails to begin a residency in a qualified field immediately following completion of the program of study at the school of osteopathic medicine or immediately following completion of an intervening internship; or
2. Begins, but fails to complete, a residency in a qualified field;
(d) Fails to obtain a license to practice osteopathic medicine in the Commonwealth; or
(e) Otherwise fails to perform qualified service in full-time practice in the Commonwealth of Kentucky as a licensed doctor of osteopathy for a majority of the calendar year after obtaining a license to practice osteopathic medicine.
(2) If the authority has reason to believe that an event specified in subsection (1) of this section has occurred, the authority shall send to the scholarship recipient's last known address written notification of demand for payment of all outstanding promissory notes, including unpaid principal and interest accrued since the date of disbursement, that shall be effective upon mailing.
(3) The authority may agree, in its sole discretion, to accept repayment in installments in accordance with a schedule established by the authority. If more than one (1) promissory note has come due for repayment and remains unpaid, payments shall first be applied to the earliest unpaid promissory note. Payments shall be applied first to accrued interest and then to principal.

Section 3. If the scholarship recipient obligated for repayment remits a partial payment, the payment shall first be applied to accrued interest and then to unpaid principal on the earliest unpaid promissory note and on each unpaid promissory note in the order in which the promissory notes were executed.

Section 4. (1) The interest rate applicable to repayment of a promissory note under this program shall be six (6) percent per annum beginning April 1, 2005. Prior to April 1, 2005, the interest rate shall be twelve (12) percent per annum.

(2) If a repayment obligation subsequently becomes eligible for service credit cancellation as a result of the recipient's completion of an eligible program of study and provision of qualified service through full-time practice in the Commonwealth of Kentucky as a licensed doctor of osteopathy, refund of payments previously made shall not be given to the recipient.

Section 5. Default. (1) Upon default on a repayment obligation under this program, the recipient's account shall be transferred to the appropriate agency of the Commonwealth of Kentucky for collections and shall be subject to the collection charges and fees assessed by that agency.

(2) A recipient whose repayment obligation has defaulted and who subsequently begins providing qualified service in the Commonwealth of Kentucky shall be removed from default status. (25 Ky.R. 459; Am. 815; eff. 10-1-98; 26 Ky.R. 1434; eff. 3-10-2000; 28 Ky.R. 657; eff. 11-5-01; 30 Ky.R. 365; 839; eff. 10-31-03; 31 Ky.R. 1323; 1508; eff. 3-11-05; 35 Ky.R. 957; 1428; eff. 1-5-2009.)