

(3) *Default penalties.* The PH/NHSC Scholarship Training Program default penalty will apply to a participant who fails to begin or complete the active duty service obligation incurred under that Program, and the §62.10 default penalties will apply to a participant who fails to begin or complete the service obligation incurred under §62.8 of these regulations. In determining which default penalty to apply when an individual who has received a Scholarship award under both the PH/NHSC Scholarship Training Program and the Scholarship Program fails to begin or complete his service obligation, the service obligations will be considered to have been served in the order in which they were incurred.

### Subpart B—National Health Service Corps 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).

**SOURCE:** 54 FR 13462, Apr. 3, 1989, unless otherwise noted.

#### § 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 §62.2.

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*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