

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 the Office of Management and Budget under control number 0915-0131)

[54 FR 13462, Apr. 3, 1989, as amended at 57 FR 56996, Dec. 2, 1992]

§ 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) success-

fully 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.

(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

§ 62.27

(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.

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

§ 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

42 CFR Ch. I (10-1-02 Edition)

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).

SOURCE: 54 FR 13464, Apr. 3, 1989, unless otherwise noted.

§ 62.51 What is the scope and purpose 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: