# Commonwealth of Pennsylvania

# PRIMARY HEALTH CARE PRACTITIONER LOAN REPAYMENT PROGRAM

## Guidelines & Policies

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## DISCRIMINATION PROHIBITED

Under State and Federal Law, no person shall, on the ground of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination, under any program or activity receiving Federal or State financial assistance.

Title IX of the Education Amendments of 1972 and the implementing regulations (45 Code of Federal Regulations Part 86) provide that no person in the United States shall, based on their sex, be denied the benefits of, or be subjected to discrimination under any education program or activity receiving Federal financial assistance.

Section 504 of the Rehabilitation Act of 1973, as amended, provides that no otherwise qualified handicapped individual in the United States shall, solely by reason of handicap, be excluded from participation in, be denied the benefits of, or be subject to discrimination under any program or activity receiving Federal financial assistance.

## LOAN REPAYMENT PROGRAM

The Primary Health Care Practitioners Loan Repayment Program (LRP) is a program designed to improve the recruitment and retention of primary health care practitioners in underserved areas of Pennsylvania. A limited number of loan repayment participation contracts will be signed with participants in return for service in designated Health Professional Shortage Areas (HPSAs), and targeted to practitioners located at non-profit community-based or hospital-based primary care centers. Loan repayment benefits are to be used to repay qualifying health professional educational loans, and are based on availability of State and Federal funding.

## Disciplines and Specialties Eligible

The following disciplines and specialties are eligible:

Physicians board eligible/board certified and practicing in the following primary care specialties:

- Family Practice
- Internal Medicine (General)
- Pediatrics (General)
- Obstetrics/Gynecology*****
- Osteopathic General Practice (at least 2 years postgraduate training)
- General Dentists
- Certified Registered Nurse Practitioners (CRNPs) practicing in the above primary care specialties
- Physician Assistants (PA-C) practicing in the above primary care specialties.
- Certified Nurse Midwives (CNM)

*****Ob/Gyn practitioners must provide prenatal care and obstetric services. Practitioners who practice only gynecology are not eligible to participate in the LRP.

## Eligibility Criteria

To apply for the LRP, each practitioner must be a citizen of the United States who:

- Has a degree in allopathic or osteopathic medicine, or other health profession, or is certified/licensed as a nurse midwife, certified registered nurse practitioner, or physician assistant;
- Has a valid unrestricted Pennsylvania license/certificate to practice the health care profession for which the individual is applying to the program;
- Be enrolled in his/her final year in an approved residency program in allopathic or osteopathic medicine

OR

- Has completed an approved residency program in allopathic or osteopathic medicine;
- Is enrolled in his/her final year of an approved educational program leading to certification and licensure as a Registered Nurse Practitioner or as a Nurse Midwife, or certification as a Physician Assistant;
- Has submitted a complete application to participate in the LRP.

LRP participants must be employed continuously in a full-time (40 hours per week) primary care practice at an approved location.

The LRP may allocate a portion of the funding to retain those qualified primary care providers who are currently practicing in HPSAs. Priority will be given to those who have demonstrated a strong commitment to continue to work in underserved areas.

## Selection Criteria

All of an individual's professional qualifications and competency to practice in a shortage area will be considered, including:

- Board eligibility or certification in his/her specialty;
- Breadth of clinical skills which would be of particular value in a shortage area practice (as documented, e.g., by training records or by supervisors);
- Professional achievements (as documented, e.g., by training records or by supervisors);
- Other indicators of unusual professional competency received from department heads, supervisors, program directors, etc. during education, training, or employment; and
- References from superiors about applicant's clinical competency and particular skills relevant to shortage area practice during post-training or post-residency practice (particularly if in a HPSA).

The applicant's degree of commitment to serve in an area with a shortage of primary health care practitioners will be considered. Indications of the degree of commitment include:

- Practice experience in underserved areas;
- Stated commitment to practice in a designated Primary Care or Dental Health Professional Shortage Area made by the applicant for participation in the program; and
- Other facts, statements, or recommendations from professors, department chairpersons, or faculty advisors which indicate a commitment to practice in underserved areas.
- Commitment to participate in inter-disciplinary collaborative practice models involving primary care physicians and mid-level practitioners.

## Preferential Consideration

Preferential consideration will be given to an individual who is:

- Immediately eligible and available for service;
- Commits to serve four years or longer;
- A member of a minority group;
- A legal resident of the Commonwealth of Pennsylvania;
- A graduate of a Pennsylvania institution which provides primary health care education;
- A native of a rural or urban underserved area.

## Application Procedure

Individuals must complete an Application Form and all required additional information and documentation. Application packets can be obtained by telephone at (717) 772-5298 or by written request addressed to:

**Primary Health Care Practitioners Loan Repayment Program**
**Pennsylvania Department of Health, Bureau of Health Planning**
**Division of Health Professions Development**
**Room 1033, Health & Welfare Bldg.**
**625 Forster Street**
**Harrisburg, Pennsylvania 17120**

All information submitted will be verified with the appropriate educational institution(s) and/or residency program(s).

All qualified applications will be reviewed in conjunction with the Loan Repayment Application Review Committee, which is comprised of representatives from the following:

- Pennsylvania Forum for Primary Health Care
- Penn State University - Office of Rural Health
- The Hospital and Health System Association of Pennsylvania
- Pennsylvania Higher Education Assistance Agency
- Pennsylvania Academy of Family Physicians
- Pennsylvania Osteopathic Medical Association
- Pennsylvania Society of Physician Assistants
- Pennsylvania Coalition of Nurse Practitioners
- Pennsylvania Chapter of the American College of Nurse Midwives
- Pennsylvania Dental Association

The Department of Health will consider all applicants for approval or denial of participation in its loan repayment programs upon receipt of the Committee's recommendations and satisfactory completion of the application process.

The Pennsylvania Higher Education Assistance Agency, the organization responsible for management of the State's educational loan programs, will verify applicant financial information and perform checks on the current loan status of all reported loans. Staff of the Department of Health will review applications for eligibility.

A list of pre-approved HPSA practice sites and the contact person for each site will be provided upon request. It will be the responsibility of each practitioner to contact the site(s) of their choosing for an interview. A practitioner or a site director may request approval of a site at any time.

When the practitioner obtains an offer of employment from a HPSA practice site, an application for participation in the LRP should be submitted. Applicants will be notified by the Department of Health of their eligibility to participate in the Loan Repayment Program.

When an applicant is approved for participation in the LRP, a Participation Contract will be prepared for signature by the practitioner, the Secretary of Health and the President of PHEAA (or authorized representative).

## Obligation

In exchange for loan repayment, the participant will be required to provide primary health care services at an approved site in a designated HPSA for a minimum period of three (3) years. Eligibility for the maximum amount of loan repayment requires a four year commitment. All LRP participation will be contingent upon continuous, full-time practice in the HPSA. "Full-time" means at least forty (40) hours per week for forty-eight (48) weeks per year. The minimum 40-hour week must not be performed in less than four (4) days per week, with no more than twelve (12) hours of work to be performed in any twenty-four (24) hour period. Time spent in an "on-call" status will not count toward the forty (40) hour week. Any exceptions to the on-call provisions of this policy (for example, attendance at deliveries) must be approved in advance by the Secretary of Health prior to placement.

The participant must agree to perform health services without discrimination due to:

- A person's ability to pay for health services;
- Payment of health services under the Medicare insurance plan; and;
- Payment of health services under the Medicaid insurance plan.
- Further, the participant must agree to comply with all policies, rules, and regulations of the designated HPSA site.

Dependent upon the availability of State and Federal funds for the Loan Repayment Program, awards may be renewed for an additional one year beyond the minimum three year term of service.

## Incentive for Longer Period of Service

Preference for participation will be given to those individuals who agree to serve in a HPSA for four years or longer.

## Loan Repayment Amount

The amount that the State agrees to repay will depend upon the total student indebtedness, but no amount will exceed the total student indebtedness. For each year of the loan repayment participation agreement, a percentage of the applicant’s total remaining indebtedness will be reduced by the following amounts:

| Year of Service | Physicians | Mid-Levels |
|---|---|---|
| First | 15% up to $ 9,600 | 15% up to $ 6,000 |
| Second | 20% up to $ 12,800 | 20% up to $ 8,000 |
| Third | 30% up to $ 19,200 | 30% up to $ 12,000 |
| Fourth | 35% up to $ 22,400 | 35% up to $ 14,000 |

## Loans Qualifying for Repayment

**The Program will pay for the cost of education necessary to attain a health professions degree, which must be a degree qualifying under the Program.** Eligible education includes undergraduate study that is required in order to advance to the graduate education necessary to complete an eligible health professions degree. The LRP will pay toward the principal, interest, and related expenses of Government (Federal, State, or Local) and commercial loans obtained by the participant for:

- School tuition and required fees incurred by the participant;
- Other reasonable educational expenses, as defined by the United States Public Health Service as the costs of education, exclusive of tuition, which are considered to be required by a participant's school to be required by the school's degree program or an eligible program of study, such as fees, books, supplies, educational equipment and materials, and clinical travel, which was a part of the estimated standard student budget of the school in which the participant was enrolled; and
- Reasonable living expenses, based on the official student budgets by the schools, as defined by the United States Public Health Service as "the costs of room and board, transportation and commuting costs, and other costs incurred during an individual's attendance at a college, university, and health professions school, as estimated each year by the school as a part of the school's standard student budget."

"Commercial loans" are defined as loans made by banks, credit unions, savings and loan associations, insurance companies, schools, and either 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.

## Financial Obligations Not Qualifying for Repayment

The following financial obligations are not qualified for repayment by the Loan Repayment Program:

- National Health Service Corps Scholarship Program financial damages or loans obtained to repay such damages;
- Indian Health Service Scholarship Program financial damages or loans obtained to repay such damages;
- Financial damages or loans obtained to repay damages incurred as a result of a breach of contract with any other Federal, State, Local agency or commercial lending institution;
- Loans for which documentation verifying the educational use of the loan is not available or is not sufficient, as determined by the Pennsylvania Secretary of Health or his/her designee, in association with PHEAA;
- Loans, or that portion of loans, obtained for educational or personal expenses during the participant's education, which exceed the "reasonable" level, as determined by the school's standard school budget in the year the loan was made;

- Loans that have been repaid in full; and
- Loans that incur their own obligation for service which has not yet been performed.

Examples of financial debts which **do not qualify** for repayment include the Public Health Service Physician Shortage Area Scholarship, Public Health and National Health Service Corps Scholarship Training Program, National Health Service Corps Scholarship Program, Indian Health Service Scholarship Program, Armed Forces (Army, Navy, or Air Force) Health Professions Scholarship Programs, or the U.S. Army Nurse Candidate Program. Loans from friends or relatives do not qualify. The Department of Health, in association with PHEAA, will be the final authority in determining qualifying educational loans.

## Documenting Loans

Applicants should complete the Loan Information and Verification Form for each loan. The most current lender (holder) of the loan, the lender's complete address and the loan account number must be on each form. The most current balance of each loan (principal plus interest plus loan expenses) should be determined and reported by the applicant on the form. The Pennsylvania Higher Education Assistance Agency (PHEAA) will determine a loan balance when the form submitted by the applicant is received from the appropriate lender or their agent with verification of the loan balance. Participants who have consolidated qualifying loans with other loans may be asked to submit other documentation, such as copies of original loan applications, to verify the portion of the loan that qualifies for loan repayment.

## Private Practice Repayment Option

Applicants for the Private Practice Repayment Option (PPRO) must provide primary health care services at an approved practice site that is located within a federally Designated geographic primary care or dental Health Professional Shortage Area. A private practice site must certify that it will provide primary care to all patients, including Medicare and Medicaid patients, without regard to ability to pay or the source of payment, and must include a sliding fee scale for adjusting patient bills for those who are unable to pay. The availability of a sliding fee scale must be conspicuously posted in the practice site, in the language(s) of the patients receiving services. The practice site director may be requested to submit documentation of the number of Medicare and Medicaid recipients in the service are and how many of those persons are patients of that practice.

Preference will be given to private practice applicants who:

- Agree to a four year commitment;
- Demonstrate a commitment to serving Medicare and Medicaid eligible persons;
- Participate in a collaborative practice;
- Provide prenatal care and obstetric services;
- Practice at a site of greatest need as determined by the Department of Health Primary Care Assessment Index.

## Service Obligation Sites

All sites eligible for loan repayment participation will be located in Health Professional Shortage Areas, designated under the provisions of Section 332 of the Public Health Service (PHS) Act (Title 42, U.S. Code, Section 254e) and the implementing regulations (Title 42, Code of Federal Regulations, Part 5). The highest priority for placement will be given to those sites of highest need based on the Primary Care Assessment Index compiled by the Department of Health. Priority will also be given to community-based primary care centers. All placements must be to an approved entity providing primary health care within the designated HPSA. A list of pre-approved sites will be provided each applicant.

## Effective Date for Start of Service

Applicants become participants in the LRP only when the applicant and the Pennsylvania Secretary of Health (or authorized representative) and the Director of PHEAA (or authorized representative) have signed the LRP Participation Contract. The effective date for start of the obligated service under the LRP Participation Contract is the date of employment or the date of the Secretary's signing or the date of the Director's signing, whichever is **later**.
If the contracted participant fails to begin or complete the period of professional practice to which he/she has agreed, the participant will be subject to the financial damages specified in the Participation Contract and discussed in this Bulletin.

## Repayment Policy

It will be the responsibility of the participant to negotiate with each lending institution for the terms of the educational loan repayments, if necessary. Each lending institution must certify that the participant's debt is a valid educational loan prior to payment by the LRP. Any penalties associated with early repayment shall be the responsibility of the participant.

## Disbursement Procedure

PHEAA will send approved program loan repayments directly to the lending agency or their agent. A copy of the loan repayment schedule is available upon request.

The first installment of loan repayment funds will be sent about thirty (30) days after the start of service under the Loan Repayment Program Participation Agreement. The amount will be based upon estimates of the participant's loan balance(s). The first installment will be the **lesser** of $ 9,600 or 15% of the loan balance at the start of the three years of service for physicians, and the **lesser** of $6,000 or 15% of the loan balance for mid-levels. Therefore, the first installment will be for the first year of service **in advance** of the service. Approximately eleven (11) months later, the second installment will be paid after receipt of the completed Service Verification Form

for the third six-month period. Every six months thereafter for the duration of the service obligation period, and after the receipt of the completed Service Verification Form, installments will be paid to the Lending Agency, as described in the Repayment Letter. The following is an example of the payment schedule based upon **maximum** repayments for both physicians and mid-level practitioners for a four year commitment. Individual payments may vary, depending on lender requirements.

| Month after Start of Service | Physicians | Mid-Levels |
|---|---|---|
| 1 | $9,600 | $6,000 |
| 12 | $6,400 | $4,000 |
| 18 | $6,400 | $4,000 |
| 24 | $9,600 | $6,000 |
| 30 | $9,600 | $6,000 |
| 36 | $11,200 | $7,000 |
| 42 | $11,200 | $7,000 |

## Compensation During Service

Each participant is responsible for negotiating his/her own compensation package directly with the site where he/she will provide primary health care services.

## Tax Implications

Loan repayments are income and, therefore, may be taxable by the U.S. Internal Revenue Service (IRS) and the Pennsylvania Department of Revenue. Program participants should seek the advice of a qualified tax counselor regarding this matter.

## Monitoring During Service

Monitoring of the service by participants shall be conducted on an ongoing basis by Department of Health and PHEAA staff. Service Verification Forms will be submitted by the participant to the PHEAA semi-annually (every six months) for payment, countersigned by the practice site director, certifying continuous full-time service by the participant.
The participant is required to maintain practice records in such form and containing such information that the Department of Health may readily determine if the individual has complied with or is complying with the terms and conditions of the Participation Agreement. Staff of the Department of Health reserve the right to conduct a regular survey to assure that all participants are maintaining practices which accept Medicaid/Medicare assignment and do not discriminate based upon ability to pay.

## Leaving the Site (Changing Jobs)

Should any participant find he/she is unable to carry out the service commitment at the Loan Repayment Program site to which he/she has committed to practice, at the discretion of the Secretary of the DOH, he/she may be placed in breach of contract status (see discussion below) or he/she may be expected to continue service without a break at another Loan Repayment Program site. This site will be selected in consultation with the applicant, and with the approval of the Secretary of the DOH.

In the event of a dispute between the Loan Repayment Program participant and the site, every attempt shall be made to reasonably resolve the dispute before reassignment will be permitted.

## Fraud Prevention

The Act creating PHEAA and subsequent amendments allow the agency to conduct investigations to determine whether applications or income tax and other data submitted to the agency contain any misrepresentations or false statements made for the purpose of cheating or defrauding.

## Breach of Contract Procedures and Penalties

Regardless of the length of the agreed period of obligated service, any participant who fails to begin or complete his/her term of obligated service under the terms and conditions of the Loan Repayment Program Participation Contract will be considered to have breached the Participation Contract and is liable for breach of contract penalties.

Practitioners who falsify or misrepresent information on the Application or Verification Forms or other required documents will be disqualified from participating, or, if placement has already occurred, be considered to be in breach of contract status.

If the participant's employment is terminated for good cause, as determined by the employer and confirmed by the Department of Health, he/she is automatically placed in breach of contract. If employment is terminated for reasons beyond his/her control (e.g., closure of the site), the participant must be available for placement in another designated HPSA site. Participants who fail to accept such a placement will be placed in breach of contract status.

The Commonwealth has a triple penalty provision with regard to its educational loan activities. Act 113, Chapter 13, which establishes the Pennsylvania Loan Repayment Program, provides for a breach of contract penalty of three times the amount of loan repayment assistance received. Misrepresentation of an application or verification of service shall be construed to be a breach of contract. Loan repayment recipients who fail to begin or complete the obligations contracted for shall be responsible for breach of contract with the ensuing penalties.

Therefore, any participant placed in default status shall be liable for an amount three times the amount of the total amount of loan repayment assistance received under this program. This

amount shall be repaid within one year of the date of breach of contract, or a longer period, as determined by the Secretary of Health and the Director of PHEAA.

## Collection Procedures

If any person who has received funds and has been declared in breach of contract under this program at anytime becomes an employee of the Commonwealth or any of its agencies, he/she shall be deemed to have agreed, as a condition of employment, to voluntary or involuntary withholding of his/her wages to repay the default damages.

PHEAA may also pursue a variety of legal remedies from the Loan Repayment Program participant in breach of contract. These may include garnishment of wages, civil penalties, and court actions.

## Waiver and/or Suspension

Loan Repayment Program participants have the obligation to complete full-time continuous service for the period of their complete commitment. Failure to meet that commitment will lead to termination of the LRP repayments. Under unusual circumstances (e.g., illness), a participant may request that the Department of Health and PHEAA agree to a postponement of the service obligation. This postponement, if granted, will not relieve the participant of the responsibility to complete the remaining portion of the obligation. Such postponement will not be permitted as a matter of course, but may be allowed in the most compelling cases.

Waiver of the default provisions may be considered in the following situations:
If the participant suffers from a physical or mental disability resulting in the total and permanent inability of the participant to perform the obligated service (as determined by the Secretary of Health); or Death of the participant.

## Damages Not Dischargeable in Bankruptcy

Any financial obligation of a participant (or a contract thereunder) for payment of damages may NOT be released by discharge in bankruptcy under Title 11 of the United States Code.