

**Michigan State Loan Repayment Program  
Michigan Essential Health Provider Recruitment Strategy  
FY 2013 & 2014 Annual Report  
June 1, 2014**

***The Michigan Department of Community Health (MDCH) administers the Michigan State Loan Repayment Program, also known as the Michigan Essential Health Provider Recruitment Strategy, pursuant to Public Act 368 of 1978, Part 27. Per 2723, MDCH must report to the Legislature on the status of the Michigan Essential Health Provider Recruitment Strategy biennially. This report is intended to fulfill this requirement.***

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**Michigan State Loan Repayment Program Purpose:**

The Michigan State Loan Repayment Program (MSLRP) is known in state statute as the Michigan Essential Health Provider Recruitment Strategy. This program assists employers in the recruitment and retention of medical, dental, and mental health care providers by providing loan repayment to those who enter into MSLRP service obligations. These service obligations require participants to provide full-time, primary health care services at an eligible nonprofit practice site located in a Health Professional Shortage Area for two years.

**MSLRP Marketing:**

Michigan Department of Community Health and its partners marketed the application period to employers at eligible practice sites with Health Professional Shortage Area designations. The Michigan Department of Community Health distributed its 'Michigan SLRP Opportunity Update' (included in Appendix A) through an accumulated list of health care training and education programs, healthcare employers in underserved areas and other interested organizations. All information was also posted on the MSLRP Website at [www.michigan.gov/mslrp](http://www.michigan.gov/mslrp).

The FY 2013 Michigan State Loan Repayment Program year began with the October 1, 2012 to January 15, 2013 application period offering loan repayment agreements starting April 1, 2013 through March 31, 2015. The timing of the application period and the contract dates were delayed due to funding and programmatic changes. The FY 2014 MSLRP year began with the April 1, 2013 to June 30, 2013 application period offering loan repayment agreements starting October 1, 2013 and continuing through September 30, 2015. The FY 2014 year timing sets a precedent for how the MSLRP program would like to operate on a consistent basis in future years with contracts beginning October 1 of each fiscal year.

MDCH responded to program inquiries from providers and employers and provided individual consultations. Assisting employers to recruit obstetric service providers was the program's top priority for FY 2013 and FY 2014; and MDCH made a special effort to market the application period to all known practice sites employing obstetric service providers, to provider schools and residency programs.

Michigan State Loan Repayment Program partners used their unique communication channels to market the program to their member and constituent practice sites. The Michigan Primary Care Association marketed to all Community Health Centers and Federally Qualified Health Center Look-Alikes; the Michigan Center for Rural Health marketed to all Rural Health Clinics and Critical Access Hospital primary care clinics; and the Michigan Health Council marketed the program to primary clinics at larger hospitals. The Michigan Area Health Education Center marketed the application periods through its growing number of regional centers.

**MSLRP Objectives and Policy:**

The primary program objective for FY 2013 and 2014 remained increasing the number of obstetric service providers in shortage areas. The program also maintained psychiatrists and Michigan Student Experiences and Rotations in Community Health (M-SEARCH) participants as priority provider types and made no changes to its list of priority practice sites reflecting Michigan's network of safety net clinics providing access to primary care in underserved areas.

Policies implemented to achieve program objectives are described in the MSLRP Opportunity Update included in Appendix A. The update describes the FY 2014 application period, eligibility

requirements, employer contribution requirements, and contract amounts, as well as the selection criteria and process in place during the program year.

### **Results of the FY 2013 Application Period:**

#### MSLRP FY 2013 Applications:

During the FY 2013 application period, the program received 55 applications. Thirty two applicants were awarded loan repayment agreements; 14 eligible applicants were not awarded due to a lack of funds; and nine were either ineligible or withdrew their applications.

#### MSLRP FY 2013 Funding:

MSLRP is funded by a federal, state, and local partnership. For FY 2013, the program obligated a total of \$1,693,000. This included a \$565,000 federal program award, \$750,000 state general funds, and \$378,000 in employer contributions. Provider agreements were generally funded by 40 percent federal, 40 percent state, and 20 percent employer contributions.

#### MSLRP FY 2013 Provider Information:

The table below depicts the FY 2013 providers participating in the MSLRP program. Of the 32 providers awarded, 11 were physicians; six were Medical Doctors (MD) and five were Doctors of Osteopathic Medicine (DO). Two providers were Masters of Social Work, five were nurse practitioners, ten were physician assistants, one was a dentist and three were Certified Nurse Midwives.

<b>FY 2013 MSLRP Providers</b>	
<b><i>Provider Type</i></b>	<b><i>Number</i></b>
Primary Care Provider – MD	6
Primary Care Provider – DO	5
Masters of Social Work	2
Nurse Practitioners	5
Physicians Assistants	10
Dentists	1
Certified Nurse Midwife	3
Total	32

The program met its objective of increasing the number of obstetric service providers in underserved areas. Nine, or 36 percent, of new FY 2013 participants were obstetric service providers, including six physicians and three Certified Nurse Midwives.

For primary providers receiving awards, including physicians and dentists, average educational debt was \$163,845 with a range of \$63,459 to \$261,420. Average educational debt for awarded mid-level providers, including nurse practitioners, physician assistants, and Masters of Social Work was \$76,123 with a range of \$7,500 to \$120,632.

#### MSLRP FY 2013 Practice Site Information:

All of the providers awarded were either top priority obstetric service providers or were working at priority practice sites. The largest number (16) were working at community health centers, six were working at not-for-profit hospital-affiliated primary care clinics, six were at rural health clinics, three were at correctional facilities, and one at a critical access hospital clinic.

Of the 32 providers awarded loan repayment agreements, 18 were working at rural practice sites and 14 were working at urban practice sites.

MSLRP FY 2013 Funds Obligated by County:

MSLRP awarded loan repayment agreements to providers in the following counties.

<b>County</b>	<b>Obligated Amount</b>
Alpena	30,000
Calhoun	310,000
Cass	70,000
Chippewa	70,000
Clare	50,000
Crawford	130,000
Dickinson	40,000
Ionia	40,000
Iosco	15,000
Jackson	180,000
Kent	132,000
Lenawee	50,000
Montcalm	98,000
Oakland	50,000
Otsego	140,000
Shiawassee	140,000
Tuscola	28,000
Van Buren	70,000
Wayne	50,000
<b>Grand Total</b>	<b>\$1,693,000</b>

**Results of the FY 2014 Application Period:**

MSLRP FY 2014 Applications:

During the FY2014 application period, the program received a record 62 applications. Thirty applicants were awarded loan repayment agreements; 21 eligible applicants were not awarded due to a lack of funds; and 11 were either ineligible or withdrew their applications. FY 2014 was MSLRP's most competitive application period. In addition to a record number of applications, 62 versus 55 from FY 2013, 11 of the 21 eligible applicants that were not funded were from priority practice sites, which are given preference in the award selection process. This is a significant increase in the number of priority applicants not awarded in comparison to only three in FY 2013. Historically, MSLRP's funding has been sufficient to award all priority applicants, as well as several applicants from non-priority practice sites.

MDCH believes that increased demand for MSLRP loan repayment is the result of higher educational debt incurred by primary care providers, increased employer recruitment activity to fill positions in shortage areas, and recently diminished access of loan repayment through the National Health Service Corps Loan Repayment Program (NHSC LRP).

MSLRP FY 2014 Funding:

MSLRP is funded by a federal, state, and local partnership. For FY 2014, the program obligated a total of \$1,594,430. This included a \$569,400 federal program award, \$666,250 in state general funds and \$358,780 in employer contributions. Provider agreements were generally funded by 40 percent federal, 40 percent state, and 20 percent employer contributions.

MSLRP FY 2014 Provider Information:

The table below depicts the FY 14 providers participating in the MSLRP program. Of the 30 providers awarded, 14 were physicians. Eight were Medical Doctors (MD) and six were Doctors of Osteopathic Medicine (DO). Five providers were Masters of Social Work, three were nurse practitioners, four were physician assistants, two were dentists, and two were Certified Nurse Midwives.

<b>FY 2014 MSLRP Providers</b>	
<b><i>Provider Type</i></b>	<b><i>Number</i></b>
Primary Care Provider – MD	8
Primary Care Provider – DO	6
Masters of Social Work	5
Nurse Practitioners	3
Physicians Assistants	4
Dentists	2
Certified Nurse Midwife	2
Total	30

The program met its objective of increasing the number of obstetric service providers in underserved areas. Twelve, or 40 percent, of new FY 2014 participants were obstetric service providers, including ten physicians and two Certified Nurse Midwives.

For primary providers receiving awards, including physicians and dentists, average educational debt was \$190,800 with a range of \$15,945 to \$482,642. Average educational debt for awarded mid-level providers, including nurse practitioners, physician assistants, Masters of Social Work, and a psychologist was \$61,109 with a range of \$33,479 to \$137,958.

MSLRP FY 2014 Practice Site Information:

All of the providers awarded were either top priority obstetric service providers or were working at priority practice sites. The largest number (ten) were working at community health centers, nine obstetric providers were working at not-for-profit hospital-affiliated primary care clinics, seven were at rural health clinics, two were at correctional facilities, one was working at a local public health department clinic, and one at a critical access hospital clinic.

Of the 30 providers awarded loan repayment agreements, 17 were working at rural practice sites and 13 were working at urban practice sites.

MSLRP FY 2014 Funds Obligated by County:

MSLRP awarded loan repayment agreements to providers in the following counties.

<b>County</b>	<b>Obligated Amount</b>
Berrien	\$ 50,000
Calhoun	106,000
Clare	50,000
Jackson	80,000
Kent	150,000
Manistee	70,000
Mecosta	74,000
Monroe	66,430
Montcalm	100,000
Muskegon	420,000
Newaygo	70,000
Shiawassee	70,000
Van Buren	280,000
Wexford	38,000
<b>Grand Total</b>	<b>\$1,594,430</b>

**Recommendations to Legislature:**

MDCH recommends that the Legislature change the Public Health Code to allow providers to participate in MSLRP for up to eight years or more. Public Act 368 of 1978, Part 27 currently limits provider participation to four years. Increasing educational debt, however, requires a longer period of participation to reduce many providers' debts to levels that will allow them to remain in lower-paying underserved areas beyond their MSLRP service obligations.

Increasing the period of provider participation would also allow providers and their families additional time to successfully integrate into their host communities. Additional time to become part of the community, combined with lower remaining education debt, would likely increase the number of participants who remain in underserved areas after the end of their MSLRP payments.

Allowing providers to participate for eight or more years would allow the program to increase the number of providers receiving loan repayment for a given level of funding by spreading smaller MSLRP payments over a greater number of years. Expanding the MSLRP field force in this manner would provide those living in underserved areas with greater access to primary medical, dental, and mental health care.

Additional years of participation would allow the program to customize annual payments to individual provider debt levels to reduce a significant portion of debt over a period of six to eight years. For example, under FY 2014 policy, the program might pay a physician with \$240,000 in debt four annual payments of \$25,000 to reduce educational debt by \$100,000 to \$140,000. With only four years to integrate into his host community and significant remaining debt, the provider is likely to leave the underserved area for higher wages offered by a hospital healthcare system in a larger city. If, however, the provider was able to participate for eight years, the program could pay \$25,000 per year for eight years, reducing educational debt by \$200,000 to leave a balance of only \$40,000. During eight years of loan repayment, the

provider and provider's family will have integrated into the host community, have a more manageable remaining educational debt, and be more likely to remain in that underserved community after completion of the MSLRP service obligation.

Since MSLRP participation lifts the burden of repaying their educational debt, providers are likely to continue reapplying for successive two-year contracts until they've completed eight years in the program. As they continue to receive each contract, they become more integrated into their communities and more likely to remain beyond their service obligations.

### **Forecast for the FY 2015 MSLRP Application Period:**

The FY 2015 MSLRP application period will begin on January 1, 2014 and go through April 30, 2014. Contracts for this application period will begin on October 1, 2014 and go through September 30, 2016.

MDCH will apply for increased federal funding from the Health Resources and Services Administration in April 2014 for the federal program year starting on September 1, 2014. MDCH will request \$1,000,000 in federal funds, which is the maximum federally allowed. Increased federal funding will allow for more providers to participate in the program. The federal funds require a \$1 to \$1 match in state or local funding. The success of the program, ever-increasing interest in the program and the reliable supply of state and local funding all substantiate the increased federal funding request. The status of this request will not be known until around September 1, 2014.

The program will maintain obstetric service providers working in northern Michigan as its top priority. The program will offer the priority placement to encourage graduating obstetric providers, and providers in transition, to seek employment in our most underserved areas and to provide northern employers a powerful tool for recruiting them.

To further increase their ability to recruit obstetric service providers, the program will allow northern Michigan healthcare employers to reserve MSLRP loan repayment slots. Employers actively recruiting obstetric service providers will be able to reserve MSLRP slots, use them in their recruitment efforts, and preapprove their practice sites and the providers they are recruiting for loan repayment.

To allow a greater number of providers to participate in the program, the annual agreement limit will remain \$25,000 for all providers and explore limiting the amount of loan repayment to \$15,000 for mid-level providers.

Starting in FY 2015, providers employed at practice sites using MSLRP-approved retention plans will be given preference in the selection process. The program is implementing this policy, because it believes focusing state and federal loan repayment resources on practice sites with approved retention plans will increase the number of primary care providers who remain in shortage areas beyond their service obligations.

## Appendix A: FY 2014 MSLRP Opportunity Update

(This update is sent to providers, partners and others interested in primary care recruitment & retention before the beginning of the application period.)

1. **New Application Period: April 1, 2013 to June 30, 2013**
2. **Contribution Requirement Remains at 20 Percent for Most Employers**
3. **Obstetric Service Providers Remain Top Priority**
4. **Program Requirements and Selection Criteria**
5. **Length and Amount of MSLRP Agreements**
6. **Providers also Applying to the National Health Services Corps**
7. **Partnering with Local Foundations to Recruit and Retain Primary Care Providers**

### **Program Purpose:**

The Michigan State Loan Repayment Program (MSLRP) assists employers in the recruitment and retention of medical, dental, and mental health care providers by offering loan repayment to those who enter into MSLRP service obligations. These service obligations require participants to provide full-time, primary health care services at an eligible nonprofit practice site located in a Health Professional Shortage Area (HPSA) for two years.

1. **New MSLRP Application Period Starts April 1, 2013:**

The next application period will begin on **April 1, 2013** and continue through **June 30, 2013**. To participate in this application period, a complete, single-submission application package must be postmarked **no later than June 30, 2013**. The program is required to return applications that do not meet this requirement. New application forms are available on the MSLRP Website at: [www.michigan.gov/mslrp](http://www.michigan.gov/mslrp) under 'SLRP Application Forms'. You must use the new forms to apply for MSLRP. Briefly, providers must complete Provider Application Part A and Part B, and employers must complete the Practice Site Application and Declaration of Intent. **All three application forms must be submitted in a single envelope.** Loan repayment contracts for successful applicants will begin on October 1, 2013 and continue through September 30, 2015.
2. **Contribution Requirement Remains at 20 Percent for Most Employers:**

The Legislature is expected to include state funds in the Michigan Department of Community Health Budget for MSLRP. This will allow the contribution requirement for not-for-profit employers to remain at 20 percent of their providers' loan repayment contracts. For-profit employers will continue to contribute 50 percent.

**\*Please Note: Federal requirements do not allow MSLRP contracts to be used as a salary offset. Salaries for health professionals participating in the MSLRP must be based on prevailing rates in their practice areas.**

### **3. Obstetric Service Providers Remain Top Priority:**

Obstetrics is the branch of medicine that deals with the care of women during pregnancy and during and following childbirth. In response to legislative concerns over reported shortages, obstetric service providers remain the program's top priority and will receive preference in the selection process. This includes OB/GYN physicians and certified nurse midwives (CNMWs), as well as family medicine physicians, nurse practitioners (NPs), and physician assistants (PAs) who provide obstetric services on a regular basis at both hospital and non-hospital-based clinics. Clinicians who provide prenatal care, but do not perform deliveries, may also receive priority status. Employers may request obstetric service provider priority status for a provider's MSLRP application by checking 'Obstetric Provider Priority Status' on their Practice Site Application and submitting an Obstetric Provider Priority Request form with their application package. Employers will find the Obstetric Provider Priority Request form on the MSLRP Website under 'SLRP Application Forms'. The form requests employers to describe their geographical service area, any unmet need for obstetric services, as well as their plans to address any unmet obstetric service needs.

### **4. Program Requirements and Selection Criteria:**

Like the National Health Service Corps Loan Repayment Program (NHSC LRP), MSLRP requires participants to work at HPSA-eligible practice sites providing primary care to an ambulatory population. Unlike the NHSC LRP, MSLRP doesn't consider HPSA scores when awarding loan repayment contracts. Instead, MSLRP's selection criteria give preference to priority providers and practice site types. While obstetric service providers will receive top priority, all medical, dental and mental health primary care providers listed on the MSLRP Website will remain eligible for loan repayment. Providers receiving preference in the selection process will include:

- **Obstetric Service Providers** (top priority)
- **Psychiatrists**
- **M-SEARCH Participants**

Primary care providers, who have completed an M-SEARCH clinical rotation, including a Community Project in an underserved area, will receive preference in the selection process. You will find more about the M-SEARCH Program at: [www.michigan.gov/msearch](http://www.michigan.gov/msearch).

**Practice sites receiving preference in the selection process will include:**

- **Local Health Departments**
- **State-funded Institutions**
  - State Psychiatric Hospitals
  - Forensic Medicine Centers
  - CMH Agencies
  - State Correctional Facilities
  - State-funded Primary Care Clinics
- **Federally Qualified Health Centers (FQHCs) and FQHC Look-Alikes**
- **Critical Access Hospital (CAH) - Administered Primary Care Clinics**
- **Certified Rural Health Clinics (RHCs) Designated as Facility HPSAs**

Applicants with either a priority provider or practice site type will be considered single-priority applicants, while those with both will be considered double-priority applicants. **Double-priority applicants will receive preference over single-priority applicants,**

**and single-priority applicants will receive preference over applicants not receiving preference for either provider or practice site type.**

**5. Length and Amount of MSLRP Agreements:**

Initial MSLRP loan repayment agreements must be for two years. Departmental budget rules and federal expenditure requirements preclude MSLRP from continuing to offer three- and four-year agreements. Since providers may participate in MSLRP for a total of four years, those awarded initial two-year agreements may reapply for an additional two years.

Providers and employers are encouraged to apply for loan repayment amounts that address their mutual needs. Providers and employers must discuss agreement amounts before applying, because employers are required to contribute 20 percent of the total agreement in six-month installments. For mid-level providers, such as physician assistants and nurse practitioners, agreement amounts may range from the traditional \$15,000 up to a maximum of \$25,000 per year. For primary providers, such as physicians and dentists, annual agreement amount is the traditional \$25,000 per year. Please note that MSLRP reserves the right to reduce requested agreement amounts.

**6. Providers also Applying to the National Health Service Corps:**

Federal guidelines require program funds to be obligated soon after the application period ends on June 30, 2013. This means that providers and employers must be ready to either **accept** or **decline** an MSLRP agreement when first contacted by the program. This includes applicants waiting for notification from the NHSC as to whether or not they will be awarded a loan repayment contract. Employers and providers with pending NHSC applications must discuss whether they will accept an MSLRP contract before they receive their first call from MSLRP to initiate the contracting process. **Once the MSLRP contracting process begins, applications of those not ready to contract will be withdrawn, and they will be invited to reapply during the following program year.**

**7. Partnering with Local Foundations to Recruit and Retain Primary Care Providers:**

Employers may want to consider partnering with local community and corporate foundations to offer loan repayment to help recruit and retain primary care providers. Foundations supporting the required MSLRP 20 percent employer contribution leverage their contributions five times through the use of state and federal funding. For example, a foundation funding a \$10,000 employer contribution generates \$50,000 in tax-free loan repayment to recruit or retain a primary care community-based provider.

**You are only three clicks away from contacting your local community foundation about joining forces in bringing needed primary care providers to your community:**

- a. Click on: <http://www.forgoodforever.org/Default.htm> to enter the Michigan Community Foundations Website,
- b. Click on the button labeled "Find Your Local Community Foundation," then
- c. Click your county on the map provided.

Employers and foundations who have questions about partnering to provide tax-free loan repayment may call **Linda Tarjeft, Michigan Area Health Education Center (MI-AHEC) at (313) 577-5161**. The MI-AHEC can provide additional information on assistance available through your Regional MI-AHEC office and local corporate

foundations, and can schedule a conference call among employers, foundations, and the Michigan State Loan Repayment Program.

**Additional MSLRP Information:**

You will find additional information regarding MSLRP eligibility requirements and application forms on the MSLRP Website at: [www.michigan.gov/mslrp](http://www.michigan.gov/mslrp).

If you have further questions about the program, please **call or email Ken Miller at (517) 241-9946 or [millerk3@michigan.gov](mailto:millerk3@michigan.gov)**.