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3 FEB 1998



THE ASSISTANT SECRETARY OF DEFENSE

WASHINGTON, DC 20301-1200

MEMORANDUM FOR: SECRETARY OF THE ARMY
SECRETARY OF THE NAVY
SECRETARY OF THE AIR FORCE

SUBJECT: Interim Policy for Implementation of the Health Professions Loan Repayment Program

The attached [interim policy guidance](#) and [standard service agreement](#) for the Health Professions Loan Repayment Program (HPLRP) are established in accordance with section 651 of the National Defense Authorization Act for Fiscal Year 1998. Please provide Health Affairs (HA) a copy of your implementation procedures within 90 days upon receipt of this memorandum.

HA point of contact is LCDR Griffitts, 681-8910.

Edward D. Martin, M.D.
Acting Assistant Secretary of Defense

Attachment:
As stated

cc:
ASD(FMP)
ASD(RA)
Surgeon General of the Army
Surgeon General of the Navy
Surgeon General of the Air Force

DFAS

HA Policy 98-018

HEALTH PROFESSIONS LOAN REPAYMENT PROGRAM (HPLRP)

A. **PURPOSE.** To provide a direct accession incentive so as to maintain adequate numbers of commissioned officers of the armed forces on active duty who are qualified in the various health professions.

B. DEFINITION

1. **Qualified Loans.** Government and commercial loans for actual costs paid for tuition, reasonable educational expenses, and reasonable living expenses relating to the attainment of a degree in allopathic or osteopathic medicine, dentistry, or other health profession. Such loans must have documentation that 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.
2. **Government Loans.** Loans made by Federal, State, county or city agencies that are authorized by law to make such loans.
3. **Commercial Loans.** 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 the State in which the lender has its principal place of business.
4. **Reasonable Educational Expenses.** The costs of education, exclusive of tuition, that are considered by a HPLRP participant's school to be required by the school's degree program. Such expenses may be for fees, books, supplies, educational equipment and materials, clinical travel, and other expenses that are part of the estimated standard student budget of the school in which the participant was enrolled and are commensurate with educational expenses authorized under the Armed Forces Health Professions Scholarship Program (AFHPSP).
5. **Reasonable Living Expenses.** 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 part of the school's standard student budget. The amount of the loan to be repaid for living expenses shall not exceed the annual stipend amount authorized for participants of AFHPSP.
6. **Fully Qualified Health Professional**
 - a. A licensed physician who has completed a residency or fellowship training program and is eligible for board certification in a medical specialty and meets Service requirements for accession on active duty to practice medicine in that specialty; or

- b. A licensed health care provider (excluding physicians) who meets Service requirements for accession on active duty to practice in the profession or specialty in which trained and licensed; or
 - c. A fully trained and licensed health professional (non-health care provider) who meets Service requirements for accession on active duty.
7. **Health Professions Officers.** Medical Corps Officers, Dental Corps Officers, and Nurse Corps Officers of the Army and Navy, or officers of the Air Force designated as medical officers, dental officers, or nurse officers; and Veterinary Corps Officers, Biomedical Science Corps Officers, Medical Service Corps Officers, and Medical Specialist Corps Officers.
8. **Accredited Educational Institution.** A college, university, or institution, located in the United States or Puerto Rico, and accredited by an accrediting agency or association under the U.S. Secretary of Education. Included are those institutions that are in the process of seeking accreditation and currently have provisional or conditional accreditation, or candidacy status for accreditation, based solely on the newness of the institution. (Independent allied health science schools, not affiliated with a college or university and not accredited, are required to submit to the ASD(HA) appropriate documentation from the recognized body to demonstrate that the lack of accreditation is based on circumstances beyond the school's control and in no way implies a deficiency in the academic program.)
9. **Commissioned Appointment.** Refers to an individual's most recent (original) appointment in a regular (active) or reserve component that is neither a promotion nor a demotion.
10. **Specialty Qualification.** Qualification received upon completion of advanced training in a health profession specialty obtained at an accredited institution that is beyond the basic education required for appointment as a health professions officer.
11. **Full-Time Student.** An individual currently enrolled in the final year in a course of study leading to a post-baccalaureate degree in a health profession and taking a minimum of 9 semester hours and on schedule to complete the program in the normal time expected.

C. ELIGIBILITY. To be eligible for the HPLRP, an individual must:

1. Be qualified for, or hold, an appointment as a commissioned officer in one of the health professions (except as noted in paragraph C.4. and C.5., below); and
2. Sign a written agreement to serve on active duty for a time period, as prescribed herein; and
3. Be fully qualified in a health profession that the Secretary of the military department concerned has determined to be necessary to meet identified skill shortages; or
4. Be enrolled as a full-time student in the final year of a course of study at an accredited

educational institution leading to a degree in a health profession (other than medicine or osteopathic medicine); or

5. Be enrolled in the final year of an approved graduate program leading to specialty qualification in medicine, dentistry, osteopathic medicine, or other health profession.

D. INELIGIBLE PERSONS. Participants of the AFHPSP/FAP and students and graduates of the Uniformed Services University of the Health Sciences are not eligible for the HPLRP.

E. LOAN REPAYMENTS. The Secretary of the Military Department concerned, or designee, may repay, in the case of a person described in paragraph C., a government or commercial loan that was used by the person to finance education regarding a health profession.

1. Subject to the limits established herein, a loan repayment under the HPLRP may consist of payment of the principal, interest, and related expenses of a loan obtained by an eligible person for tuition, reasonable educational expenses, and reasonable living expenses.
2. The maximum annual repayment that the Secretary of the Military Department concerned, or designee, may pay on behalf of a program participant shall be \$22,000. The total amount that may be repaid on behalf of any participant may not exceed an amount determined on the basis of a four-year active duty service obligation.
3. The maximum annual amount shall be increased each year by the Secretary of Defense, effective 1 October, by a percentage equal to the percent increase in the rates of basic pay of that calendar year for members of the Uniformed Services.
4. The loan repayments shall be paid to the lending institution on behalf of the member. Execution of the repayment process will begin after the member signs a written service agreement, is on active duty, and has reported to his or her first permanent duty station.

F. SERVICE OBLIGATION

1. Participants of the HPLRP shall incur an eight-year service obligation, a portion of which shall be an active duty obligation (ADO). The ADO portion shall consist of a minimum two years or one year of ADO for each annual repayment, whichever is greater. The remaining service obligation beyond the ADO portion shall be served in the Individual Ready Reserve (IRR), unless the Secretary of the Military Department concerned and the member mutually agree that said portion, or a part thereof, shall be served on active duty or in the Selected Reserve (SELRES). The ADO portion of the service obligation shall be served at the completion of any additional ADO incurred. Also subject to mutual agreement, the participant may fulfill the IRR obligation in the SELRES. No portion of the ADO shall be fulfilled by prior active service.
2. In addition to the HPLRP ADO, participants shall incur a minimum term of service on active duty of three years if other than a physician or two years if a physician. This minimum term will run

concurrently with the HPLRP ADO, unless the ADO is less than the minimum term of service, in which case the member will not be released from active duty until the minimum term has been served. Prior active duty service will not count toward the completion of this requirement.

G. FAILURE TO COMPLETE OBLIGATION

1. A HPLRP participant who is relieved of his or her active duty obligation before the completion of that active duty obligation may be given, with or without the consent of the member, any of the following alternative obligations, as determined by the Secretary of the Military Department concerned:
 - a. A service obligation in another Armed Force for a period of time not less than the member's remaining active duty service obligation.
 - b. A service obligation in a component of the SELRES for a period not less than twice as long as the member's remaining active duty service obligation.
 - c. Repayment to the Secretary of Defense of a percentage of the total cost incurred by the Secretary, on behalf of the member, equal to the percentage of the member's total active duty service obligation being relieved, plus interest.
 - d. In addition to the alternative obligations specified above, if the member is relieved of an active duty obligation by reason of his or her separation because of a physical disability, the Secretary of the Military Department concerned may give the member a service obligation as a civilian employed as a health care professional in a facility of the uniformed services for a period of time equal to the member's remaining active duty service obligation.

H. **PROCEDURES.** The HPLRP shall be managed at the Service level. The Secretary of the Military Departments shall establish procedures to ensure their individual program is conducted in accordance with 10 USC and the policies established herein. At a minimum, each Service program should include:

1. Designation of a HPLRP Program Manager.
2. Development of a HPLRP/HPSP strategic plan, updated annually, that includes requirements and recruitment goals.
3. Establishment of a HPLRP selection process to ensure development of equitable selection criteria that can be applied in consistent manner.
4. A process to review, analyze, and ascertain qualified loans.

I. **SERVICE AGREEMENT.** The attached HPLRP standard service agreement shall be used by the Services. Minor changes to accommodate Service unique requirements are acceptable, but must be approved by Health

