



THE ASSISTANT SECRETARY OF DEFENSE

1200 DEFENSE PENTAGON  
WASHINGTON, DC 20301-1200

HEALTH AFFAIRS

JAN 14 2002

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

SUBJECT: Revised Interim Policy for the Health Professions Loan Repayment Program

This revises Health Affairs policy 98-018 and the Health Professions Loan Repayment Program (HPLRP) Service Agreement, effective the date this policy letter is signed. This provision is intended to initiate authority for Services to use the HPLRP for retention purposes as well as the current use as an accession tool.

Paragraph A. "PURPOSE." is amended to add the bold, italicized words inserted below;

"To provide a direct accession *and/or retention* incentive to maintain adequate numbers of commissioned officers of the armed forces on active duty who are qualified in the various health professions."

The point of contact for this policy, Major James Wooten, can be reached at (703) 681-1740 or by e-mail at james.wooten@tma.osd.mil.

*William Winkenwerder, Jr.*  
William Winkenwerder, Jr., MD

Attachments:

1. Revised HPLRP Policy Guidance
2. Revised Armed Forces Service Agreement

cc:

Surgeon General of the Army  
Surgeon General of the Navy  
Surgeon General of the Air Force  
Defense Finance Accounting Service

HA POLICY 02-013

## **HEALTH PROFESSIONS LOAN REPAYMENT PROGRAM (HPLRP)**

A. **PURPOSE**. To provide a direct accession *and/or retention* incentive 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 that are subject to examination and supervision in their capacity as lenders by an agency of the United States or by 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, or 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 Assistant Secretary of Defense (Health Affairs) (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 nine 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**

1. Participants of the AFHPSP/Financial Assistance Program (FAP) and students and graduates of the Uniformed Services University of the Health Sciences are not eligible for the HPLRP.

2. An individual with prior active commissioned service who is seeking to obtain an original appointment as a new accession under the HPLRP must have been separated from his or her prior active commissioned service for at least 24 months. This applies only to prior active service in the same Corps designation as the health care discipline being applied for under the HPLRP. It does not apply to officers in a Reserve Component serving on active duty for a period of less than one year.

**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 the person used to finance education for 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 based on a four-year active duty service obligation.

3. The maximum annual amount shall be increased each year by the Secretary of Defense, effective October 1, by a percentage equal to the percent increase in the average annual cost of educational expenses and stipend costs of a single scholarship under AFHPSP and FAP.

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 active duty obligation (ADO) consisting of a minimum two years or one year of ADO for each annual repayment, whichever is greater. The ADO for HPLRP shall be served at the completion of any additional ADO incurred. An ADO for medical or dental officer multiyear retention bonus shall be served at the completion of the HPLRP ADO (consecutively). No portion of the ADO for HPLRP 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.

*3. Participants who enter active duty with HPLRP as their initial obligation will be subject to the standard eight year service obligation, a portion of which will be served as an active duty obligation as described above. This eight year service obligation is served concurrently with any other obligation. Subject to mutual agreement, the participant may fulfill any remaining obligation (after the ADO portion) in the SELRES.*

## **G. FAILURE TO COMPLETE OBLIGATION**

1. An HPLRP participant who is relieved of his or her ADO before the completion of that ADO 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 ADO.

b. A service obligation in a component of the SELRES for a period not less than twice as long as the member's remaining ADO.

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 ADO being relieved, plus interest.

d. In addition to the alternative obligations specified above, if the member is relieved of ADO 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 ADO.

**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 Title 10, United States Code, section 2173 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 Affairs.

## ARMED FORCES SERVICE AGREEMENT

### Armed Forces Health Professions Loan Repayment Program

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This form is affected by the Privacy Act of 1974. The proponent agency is the Office of The Assistant Secretary of Defense (Health Affairs). EFFECTIVE (DATE)

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1. Authority: Chapter 109, Title 10 U.S.C.
2. PRINCIPAL PURPOSE(S): Service Agreement is used as the contract between the {Army/Navy/Air Force (A/N/AF)} and individual selected to enter the Health Professions Loan Repayment Program (HPLRP), also referred to as the Program. The Program offers financial support for authorized health care educational loan repayment in return for an active duty obligation.
3. ROUTINE USES: A signed and witnessed Service Agreement, which includes the individual's social security number, must be submitted by each individual to enter the Program. The individual certifies to specific eligibility statements and that he/she agrees to and understands requirements and active duty obligation. The social security number is used for identification purposes. The Service Agreement becomes a part of individual's official file at the applicable (A/N/AF) Personnel Center.
4. MANDATORY OR VOLUNTARY Disclosure: Voluntary. If not submitted with other appointment and Program entry documents, appointment in the Reserve Component and Program entry will not be processed.

APPLICANT INITIALS \_\_\_\_\_

NAME OF APPLICANT \_\_\_\_\_ SSN \_\_\_\_\_

In accordance with my application to participate in Armed Forces Health Professions Loan Repayment Program under Title 10, United States Code (10 USC), section 2173,

1. I hereby certify that:

a. I am a citizen of the United States of America.

b. I am fully qualified in a health profession that the Service Secretary has determined to be necessary to meet identified skill shortages; or I am enrolled as a full time student (other than medicine or osteopathy) in my final year of studies at an accredited educational institution located in the United States or Puerto Rico leading to a degree in (list) \_\_\_\_\_; or I am in my final year of an approved accredited graduate program leading to a specialty qualification in (initial one) \_\_\_medicine, \_\_\_dentistry, \_\_\_osteopathic medicine, or other (list) \_\_\_\_\_ health care profession.

c. Other than any military obligation, I am not obligated for future service to any health institution, community or other entity by virtue of any scholarship, grant, contract or other agreement, and I will not make any such contract or other agreement without approval of the Surgeon General until I have completed my service obligation under this Program.

d. I have not incurred or am free of any court judgment in favor of the United States creating a lien against my property arising from a civil or criminal proceeding regarding a debt and am not in default of any federal debt.

e. I am not currently and have never been a participant of the Armed Forces Health Professions Scholarship Program (AFHPSP), the Financial Assistance Program (FAP), a student or graduate of the Uniformed Services University of the Health Sciences, or a previous participant of the HPLRP having received a maximum four-year repayment.

f. I am licensed to practice without restriction in the profession or specialty for which trained, unless I am in my final year of training. I understand that I will not receive loan repayment prior to receiving my license.

APPLICANT INITIALS \_\_\_\_\_



g. If a physician, I have a valid unrestricted medical license and I am eligible for board certification in a medical specialty to practice medicine in that specialty.

h. If I had prior active commissioned service (not periods of active duty for less than one year while serving in a Reserve Component) that was in the same Corps designation as the health care discipline for which I am now applying under the HPLRP, I understand that I must have been separated at least 24 months from such active service to receive HPLRP as an accession bonus. (Enter separation date) \_\_\_\_\_.

2. I acknowledge that I may not unilaterally terminate my participation in the Program by: refusing to complete my studies or specialty training; refusing to apply for or accept the monetary benefits of the Program set forth in this agreement; or noncompliance with active duty requirements.

3. I agree to comply with and perform administrative and other duties, consistent with Program and (A/N/AF) requirements. I specifically acknowledge that loan repayment may be terminated if I fail to comply with (A/N/AF) requirements, as set forth in the regulatory, instruction and policy guidance.

4. I understand and agree that I will be ordered to active duty and be required to perform professional duties consistent with (A/N/AF) requirements. If in my final year of an education or training program, I understand that upon completion of my program I will be ordered to active duty in the health profession for which I was selected. I further understand and acknowledge that this agreement is automatically void if: I fail to complete my studies or specialized training as scheduled; I fail to receive the appropriate specialty qualification; or I fail to successfully complete the basic (A/N/AF) officer indoctrination training at the prescribed time. If on active duty, I agree to remain on active duty for the required period in addition to any other ADO.

5. If in my final year of an education or training program, I will not be granted an extension to pursue studies or training, or to complete requirements prerequisite to receiving any other degree or specialized training. I further understand that, should I complete or terminate such studies or training prior to the anticipated date, I am obligated to immediately notify the Surgeon General, so that I may be ordered to active duty to fulfill my active duty obligation.

APPLICANT INITIALS \_\_\_\_\_

6. Upon entering active duty, I understand that I must accept an appropriate appointment, reappointment, or designation as to grade and branch within the Service based upon my health profession. Further, that such reappointment may result in a lower grade than previously held as a commissioned officer. I agree to perform all administrative prerequisite requirements for reappointment or designation as to grade and branch within the Service, based upon my health profession. As an active duty officer, I understand that I must accept assignment or reassignment within the (A/N/AF) based upon my health profession and (A/N/AF) requirements. I agree to meet the (A/N/AF) appearance and weight standards.

7. I further understand that any subsequent changes in my marital or dependent status or in my physical condition will not be grounds for subsequent release from the terms of this contract unless specifically provided for by statute or applicable Service Regulations/Instructions in effect at the time my status changes. I understand that I will not be permitted to voluntarily withdraw from the Program or to be released from active duty, except when my release is determined by the Service secretary to be in the best interests of the Government.

8. As a result of Program participation, I understand that I will:

a. Incur an eight-year service obligation for any accession related participation in the Program, a portion of which is an active duty obligation (ADO). I further understand that the HPLRP ADO is a minimum of 2 years or one year for each year of annual repayment, whichever is greater. I understand that the remaining service obligation beyond the ADO shall be served in the Individual Ready Reserve (IRR), unless the Secretary of the (A/N/AF) and I mutually agree that the remaining portion, or a part thereof, shall be served on active duty or in the Selected Reserve (SelRes).

b. Prior active duty and participation in the course of study or specialty training will not count toward completion of the ADO described in 8a, above. I will not be released from active duty until I have served my ADO for HPLRP participation, in addition to any other ADO I might incur for participation in, or acceptance of, any other military accession bonuses or incentives, as applicable, except when my release is determined by the (A/N/AF) to be in the best interests of the Government.

APPLICANT INITIALS \_\_\_\_\_

c. Unless otherwise relieved, I will serve, apart from my HPLRP ADO described in 8a, a minimum term of service (MTOS) on active duty of three years if other than a physician or two years if a physician. My MTOS will run concurrently with my ADO. However, if my ADO is less than my MTOS, I will not be released from active duty until I have also served my MTOS. Any time spent on active duty after completion of the basic professional degree required for appointment to the health services category to which assigned (including time spent in discharging an ADO) will count toward the satisfaction of the MTOS. Prior active duty service will not count toward the completion of the MTOS.

9. I understand that the following provisions apply to the discharge of my ADO:

a. Time spent in graduate professional education (graduate medical or dental education, internships, residencies or fellowships) are not creditable toward satisfying my HPLRP ADO.

b. The HPLRP ADO is in addition to any obligation incurred as a result of participation in any other military incentive program or accession bonus. I may not serve all or any part of the ADO incurred by participation in this Program concurrently any other military obligation.

c. An ADO incurred for the medical officer or dental officer multiyear retention bonus shall be served at the completion of my HPLRP ADO.

d. An assertion of "community essentially" will not be considered as a ground for relief from the Program obligation, release from active duty, or for delay in fulfilling the Program obligation.

e. Time spent on active duty or active duty for training before completion of professional degree or specialized training requirements will not be credited toward fulfillment of any ADO.

f. If I am relieved of my ADO before the completion of that obligation, that I may be given, with or without my consent, any of the following alternative obligations, as determined by the Service Secretary:

(1) An obligation in another armed force for a time period not less than my remaining ADO.

APPLICANT INITIALS \_\_\_\_\_

(2) A service obligation in a component of the Selected Reserve of a period not less than twice as long as my remaining ADO.

(3) Repayment to the Secretary of Defense of a percentage of the total cost incurred by the Secretary on my behalf that is equal to the percentage of the total ADO for which I am relieved, plus interest.

(4) In addition to the alternative obligations specified in paragraphs (1) through (3) above, if I am relieved of my ADO by reason of separation because of a physical disability, the Secretary may give me a service obligation as a civilian employed as a health care professional in a facility of any of the Uniformed Services for a period of time equal to my remaining ADO.

g. I agree to be commissioned and serve my ADO in another military Service if the Surgeon General determines that I am excess to my Service's needs.

10. I understand that the following definitions apply to loan repayment:

a. Government loans are loans made by Federal, State, county or city agencies that are authorized by law to make such loans.

b. Commercial loans are loans made by banks, credit unions, savings and loan associations, insurance companies, schools, and other financial or credit institutions that are subject to examination and supervision federal or state agencies.

c. Reasonable educational expenses are educational costs, excluding tuition, that are required by the school's degree program. These costs include fees, books, supplies, educational equipment and materials, and clinical travel. The costs must be part of the estimated standard student budget of the school in which enrolled and are commensurate with educational expenses authorized under the Armed Forces Health Professions Scholarship Program (AFHPSP).

APPLICANT INITIALS \_\_\_\_\_

d. Reasonable living expenses include room and board, transportation, and other costs incurred at a college, university, and health professions school, as estimated each year by the school as part of the standard student budget. The amount of the loan to be repaid for living expenses shall not exceed the total annual stipend amount authorized under AFHPSP.

11. As a Program member, I understand that I will:

a. Be commissioned as an officer in a Reserve Component of the Service for which selected or retain my original appointment if already on active duty.

b. Be entitled to receive repayment of loans, as described above, used to finance my health profession education. Repayment may consist of loan amounts for principal, interest, and reasonable educational and living expenses, as described above. The maximum repayment shall be \$25,173 (as of 1 Oct 2001), less tax liability, paid to the lending institution on my behalf, for each year of active duty service up to a maximum of four years. The maximum annual amount shall be increased effective October 1, at the rate prescribed by the Secretary of Defense. I understand that loan repayment processing commences after I have arrived at my first active duty assignment following completion of the Service's basic officer indoctrination training and provide documentation acceptable to the Service of the loan(s) for repayment.

c. I understand that under federal law, payments made on my behalf as a participant of the HPLRP are taxable income for the tax year in which the payments are made. I understand that I am responsible for the tax liability on these amounts. I further understand that the Defense Finance and Accounting Service (DFAS) is required by law to withhold 28 percent as Federal Income Tax Withholding (FITW) from all loan payments made on my behalf, but my individual tax liability will be based on my total taxable income. Additional amounts may be withheld for state income tax. I understand that these amounts will be reflected on my W-2 issued by DFAS.

d. Not be entitled to any benefits under the Program if I fail to complete the basic Service officer indoctrination training at the prescribed time. I understand that repayment will be suspended or terminated upon my ineligibility to remain in the reserve component or on active duty or my failure to maintain an appropriate active duty status.

APPLICANT INITIALS \_\_\_\_\_

12. I further understand and agree that service performed in other than an active duty status while I am a member of this Program will not be counted:

a. In determining eligibility for retirement other than by reason of a physical disability incurred while on active duty as a member of the Program; or

b. To compute years of service creditable under 37 USC 205.

13. I agree to reimburse the Government for the total costs it incurred, plus interest, or any portion thereof, as determined by the Service Secretary, if I voluntarily or because of misconduct, fail to complete my ADO under this contract. I acknowledge and agree that the term voluntarily includes, but is not limited to, failure due to conscientious objection, disclosure which renders me statutorily ineligible for military service, or because of resignation for any reason and that the term misconduct includes, but is not limited to substance abuse, criminal conduct, civil conviction, civil confinement, or moral or professional dereliction. I also understand I may not be relieved of my ADO solely because of willingness and ability to refund all payments made by the Government pursuant to 10 USC.

14. I understand that all financial inducements and benefits, including, but not limited to, basic pay, housing allowances, health care benefits, bonuses, professional pay, variable incentive pay, special pay, retirement benefits, annual leave, and other benefits are either statutory or regulatory and are subject to change at any time without notice and any subsequent loss or change of such financial inducements or benefits by virtue of a statutory, regulatory or policy change shall not release me from any obligations incurred under this contract.

15. I understand that my HPLRP obligation will be added to my previously incurred service obligation, currently calculated to be \_\_\_\_ years \_\_\_\_ months \_\_\_\_ days. I understand that in return for \_\_\_\_ years of loan repayment, I shall serve \_\_\_\_ years \_\_\_\_ months, \_\_\_\_ days on extended active duty and serve \_\_\_\_ years, \_\_\_\_ months, \_\_\_\_ days in the IRR, unless it is mutually agreed that my IRR obligation shall be served on active duty or in the Selected Reserve. I understand that my total obligation, including the HPLRP and prior obligation, shall be \_\_\_\_ years \_\_\_\_ months, \_\_\_\_ days on extended active duty and \_\_\_\_ years, \_\_\_\_ months, \_\_\_\_ days in the IRR.

APPLICANT INITIALS \_\_\_\_\_

16. I understand that this is the entire contract between myself and the United States (A/N/AF) and that there are no oral or other agreements or understandings or representations affecting the contract or relating to my military service, except as otherwise specifically provided herein.

Date \_\_\_\_\_

Name of Applicant \_\_\_\_\_

Signature of Applicant \_\_\_\_\_

Name of Witness (Type or Print) \_\_\_\_\_

Signature of Witness \_\_\_\_\_

Accepted for and on behalf of the United States of America,

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Typed name, grade, title