

BUREAU OF HEALTH PROFESSIONS

Date: June 18, 2002
To: Allopathic and Osteopathic Medical Schools
Subject: Campus Based Policy Memorandum 2002-2

Please forward this memorandum to the Financial Aid Administrators and Fiscal Officers responsible for administering the Division of Health Careers Diversity and Development (DHCDD)/Department of Health and Human Services (HHS) campus-based Primary Care Loan (PCL) Program.

This policy memorandum was developed as a result of the PCL Focus Group meeting held on April 25 at HHS in Rockville, Maryland. The purpose of the Focus Group was to gain insight into the facets of the PCL program that need to be clarified or re-addressed. The following areas were of concern to our focus group members and their colleagues.

Parental Income

Students applying for funds from the campus-based health professions programs must provide parent financial information, regardless of the age or particular circumstances of the student. Parent financial information should be collected using the ED standardized need analysis procedures and treating the student as if he or she were dependent. Although the requirement to collect parental information cannot be waived, schools may use their professional judgment to adjust the amount of either the student's or parent's contribution to more accurately reflect their actual situation. The school may want to collect additional information such as parents' home equity, to determine how to best allocate PCL money.

Graduate Tracking and Reporting on the Annual Operating Report (AOR)

DHCDD would like to provide the following guidance on tracking graduates and reporting the information on the AOR. Beginning with the AOR for the reporting period ending June 30, 2002, schools may use association data (provided annually) showing where PGY-4 graduates are completing a residency and/or practicing in primary care. The Department is assuming that individuals are currently practicing in primary care if they have completed a residency in primary care and are not reported in a subspecialty residency. Schools must verify information on graduates marked as "not found" on their association report if they include those graduates in the primary care count. Selected schools will be required to submit the association report and other pertinent information, if appropriate, for verification.

Allowable Residency/Practice Activities

It was suggested that we include all allowable/unallowable activities on applicable PCL documents. At this point in time, it is not feasible to add all of the information on the Promissory Note and Deferment Forms. Information on acceptable activities is as follows:

Acceptable Residency Training - Medicine/Osteopathic Medicine graduates must complete a 3-year residency approved by ACGME or AOA in family medicine, internal medicine, pediatrics, combined medicine/pediatrics, preventive medicine, or general practice.

Acceptable Practice Activities

Primary Care Clinical Practice

Clinical Preventive Medicine

Occupational Medicine

Public Health

Senior/Chief Resident in primary care residency program

Faculty, Administrators, or Policy Makers certified in one of the primary health care disciplines

Geriatrics

Adolescent Medicine

Adolescent Pediatrics

Sports Medicine

Training for Primary Care Faculty Career

Training for Public Policy Career

Masters in Public Health

Public Policy Fellowship

Faculty Development Training

Primary Care Fellowship

Unacceptable Residency/practice Activities

Cardiology

Gastroenterology

Obstetrics/Gynecology

Surgery

Dermatology

Radiology

Rehab Medicine

Physical Medicine

Emergency Medicine

Other Subspecialty Training

Additional Training

The Department has taken the following position in regard to additional training above and beyond a borrower's primary care residency. If the training program leads to Board Certification in an area outside of primary care, then borrower may NOT participate. If the program provides only a certificate of added qualifications or additional training, without board certification, the borrower may

take the training regardless of the area of training (i.e., a six-month added qualification course in OB\GYN would be allowable).

PCL Consolidation

According to the governing legislation, Primary Care Loans may not be consolidated. This is to protect the intent of the program which is to have borrowers practice in primary care while they are repaying their loans.

Forbearance for Service Defaulters

The Department would like to clarify the issue of forbearance for service defaulters. The school should make every effort to set-up a repayment period (10-25 years) that is most beneficial to both the borrower and the school. If after this has been established the school feels this schedule would place an undue hardship on this borrower, the school may offer the borrower forbearance. In forbearance cases, we urge the schools to keep forbearance periods to a minimum because interest continues to accrue and the repayment period is not extended. A minimum payment must be made on all accrued interest during the period in which the borrower is in forbearance.

Extended Repayment Period

The Health Professions Education Partnership Act of 1998 states that HPSL/PCL/LDS loans are now repayable for a period of not less than 10 years nor more than 25 years. The borrower can at any point and without penalty, prepay all or some of their outstanding loan balance. The Department intends that school officials use their professional judgement to determine which borrowers are eligible for extended repayment, and the effect of extended repayment on the revolving fund at the school. Schools should also be aware that any extension of the repayment period beyond 10 years will extend the service obligation as well. The statute continues to require PCL borrowers to practice in primary care until the loan is paid in full. This extension also applies to service defaulters.

For more information on our programs, schools may want to visit our website at <http://bhpr.hrsa.gov/dsa/weblinks> and click on the section pertaining to your needs.

Your continued diligence is appreciated in administering and managing the PCL program. Questions regarding this memorandum should be directed to Michelle Herzog at <mailto:mherzog@hrsa.gov> or 301-443-5307.

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Campus Based Branch
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and Development