

Loan Repayment Guide

A basic overview of what you should know about your loan repayment options, in general, as a health care provider.

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Loan Repayment Basics

The most important piece of advice we can give about loan repayment?

Loan repayment should not be the only factor you consider when choosing a job (or profession!). Choosing a job based solely because loan repayment is offered (while ignoring other factors about the job) may lead to job dissatisfaction, and ultimately, the loan repayment you signed up for may result in financial penalties if you leave the job before your commitment is fulfilled.

Terms you need to know

Loan Repayment

You already have a job with an employer. You apply for 'x' amount of money to be given to you or are given a set amount of money toward your student loan debt in exchange for service. Example: you agree to work three years for a facility and will receive \$40,000 a year for each of those years of service.

Scholarship

You may or may not have a job. You apply for money toward a medical education you're already accepted to. This may or may not come with a contractual service (or other) obligation.

Health Professional Shortage Areas (HSPAs)

A federal designation of an area (eg. A county) ranking the need for/shortage of health professionals. Learn more about HPSAs with 3RNet's HPSA guide.

Primary Care Office (PCO)

The federally designated person/office responsible for many tasks related to HPSAs and loan repayment programs. There is one PCO in every state; you can find a full list of PCOs here: <http://bhpr.hrsa.gov/shortage/hpsas/primarycareoffices.html>



Where can you learn more about repayment programs in your state?

Rural Assistance Center – www.raconline.org/funding/type

Primary Care Office - <http://bhpr.hrsa.gov/shortage/hpsas/primarycareoffices.html>

3RNet Member - <https://www.3rnet.org/members/organizational-members>

University Financial Aid Office

State Office of Rural Health - <http://nosorh.org/nosorh-members/nosorh-members-browse-by-state/>

If you know you're interested in a specific program (ex: NHSC) contact the specific program

Additional resources for physicians

Association of American Medical Colleges (AAMC)

Student loan repayment: https://www.aamc.org/advocacy/meded/79048/student_loan_repayment.html

Loan repayment/forgiveness and scholarship programs: https://services.aamc.org/fed_loan_pub

American Academy of Family Physicians (AAFP)

Expanded tax relief on state loan repayment, forgiveness programs benefits physicians, medically underserved individuals: <http://www.aafp.org/online/en/home/publications/news/news-now/professional-issues/20100727hcreformseries-taxrelief.html>



Common Loan Repayment Programs

National Health Service Corps (NHSC)

The federal program that supports health professionals in exchange for service in high need area. The NHSC has three programs:

NHSC Loan Repayment

You already have a job with an employer. You apply for loan repayment and receive 'x' amount per year(s) toward your student loan debt.

Eligible providers: Primary Care Physician (MD or DO), Dentist, Primary Care Certified Nurse Practitioner, Certified Nurse-Midwife, Primary Care Physician Assistant, Registered Dental Hygienist, Health Service Psychologist, Licensed Clinical Social Worker, Psychiatric Nurse Specialist, Marriage and Family Therapist, Licensed Professional Counselor

Find other eligibility requirements here: <http://nhsc.hrsa.gov/loanrepayment/nhscloanrepayment/applicationprocess/index.html>

NHSC Student to Service

A fourth-year medical student, already committed to primary care receives loan repayment during their residency.

Eligible providers: Primary Care Physician (MD or DO)

Find other eligibility requirements here: <http://nhsc.hrsa.gov/loanrepayment/studentstoserviceprogram/index.html>

NHSC Scholarship

NHSC pays for your medical education in exchange for service in an area of highest need for a certain amount of time. A NHSC scholar must commit to this program, and a primary care specialty, during their schooling. NHSC pays for tuition, fees, and reasonable living expenses while attending school. This is the most 'restrictive' of the NHSC programs, meaning the penalties for backing out of your commitment are the most severe.

Eligible providers are students accepted to or enrolled in an accredited training program for: Physicians (MD or DO), Dentists, Nurse Practitioners, Certified Nurse-Midwives, Physician Assistants

Find other eligibility requirements here: <http://nhsc.hrsa.gov/scholarships/index.html>



Nurse Corps

Nurse Corps Loan Repayment

You already have a job as a registered nurse, advanced practice registered nurse, or nursing faculty. You apply for loan repayment and receive payment for a percent of your unpaid nursing student loans in exchange for working in an eligible facility located in a HPSA or in an accredited nursing school.

More information: <http://www.hrsa.gov/loanscholarships/repayment/nursing/>

Nurse Corps Scholarship

Nurse Corps pays for your nursing school (including tuition, fees, and a monthly stipend) in exchange for service in an area of need for a certain amount of time.

More information: <http://www.hrsa.gov/loanscholarships/scholarships/nursing/>

State Loan Repayment Program (SLRP)

SLRP (pronounced 'slurp') is partially federally funded but requires a state or employer to match the money they give, dollar for dollar. SLRP programs are typically similar to NHSC (e.g. SLRP programs are required to follow the same breach penalty as NHSC), but as the state also contributes money, they may be more flexible in certain aspects (HPSA score needed to apply, etc.). You can see which states participate in the SLRP here: <http://nhsc.hrsa.gov/loanrepayment/stateloanrepaymentprogram/contacts.html>

Other Programs

There may be other options to consider in the state you want to work, such as employer sponsored loan repayment or awards from private foundations.

Independent State Programs

Many states have, through their own legislative processes, created financial incentive programs for health professionals. These programs will vary from state to state, searching online or connecting with your PCO are good ways to identify independent state programs.

Public Service Loan Forgiveness

<https://studentaid.ed.gov/sites/default/files/public-service-loan-forgiveness-common-questions.pdf>

Community-Based or Hospital/Health System-Based Programs


Some communities and even hospitals or health systems sponsor their own programs. Inquire with an employer during an interview or negotiation phase to learn more about these opportunities.

Other Important Things to Know about Repayment Programs

Know that many programs—including National Health Service Corps—cannot be promised. There is an application process and things (such as HPSA scores) can change.

- Most loan repayment programs approve funding for renewals first, then get into new applications. Funding for new applications typically starts at the highest HPSAs and continues until funding is depleted. Meaning that normally, the higher of a HPSA area you work in, the more likely your loan repayment application be approved.
- Renewals are not guaranteed, however, once you are locked into a contract, you are locked in! For example, if the HPSA score of the facility you're working at changes, it will not affect your current loan repayment, but could impact your ability to get a renewal.
- Know the source of your funding. Program funding can be subject to budgeting.
- Look at the history of the program.
- Know the requirements for participation (reporting, etc.) for you AND your employer.



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- Virtually all programs are competitive—if recruiters and/or employers imply that such an award is guaranteed it probably is a community-based program, and these offers should be received in writing.
 - Penalties for defaulting are generally severe.
 - Federal and state loan repayment programs are restricted to U.S. citizens, but community-based or hospital/health system-based programs may welcome foreign medical graduates.
 - 3RNet members are excellent resources since they are aware of federal, state, and local programs, which is important since regulations for one program may prohibit the use of another.

Do not choose an opportunity just because it provides repayment. Choose an opportunity and consider repayment a bonus. A loan repayment program should not be the only factor when choosing a job.



Loan Repayment Assessment: What questions should I ask about a program?

[Click here for a fillable PDF version of this assessment.](#)

Eligibility requirements – is your discipline/profession included?

Yes

No

Service commitment – how long are you obligated to the program for?

Years

HPSA score – is it required I work in a HPSA to apply for loan repayment? If so, how high of a HPSA score has been needed for approval in the past?

Yes

No

If applicable, HPSA score needed

Repayment obligations – what are the penalties if you back out of the service you've committed to?

Financial benefits – what amount of money (or other financial incentive) will you receive?

When exploring a potential loan repayment or scholarship program, it's important to assess your risk! These questions can help you start.

Application requirements – are there certain requirements you must meet to apply?

Yes No

Application requirements:

Tax liability – some financial incentives can be subject to income tax! Be certain you are aware of any pertinent tax laws. NHSC programs are exempt from both state and federal income tax. Remember that even if you are going to work in a state with no income tax, there may be federal income tax to consider if a program is not exempt. When in doubt, check with your accountant.

Is the program tax exempt?

Yes No

If not tax exempt, what will you be taxed?

Reporting requirements – do you (or your employer) have to report any data back to your funder during the time you're participating in the program? What do you have to report? When do you have to report it?

Yes No

Reporting requirements:

Additional Job Resources from 3RNet

Navigating the J-1 Visa Waiver Job Search

If you're interested in obtaining a J-1 Visa Waiver, we've compiled a basic overview of what you should know about the process.



Health Professional Shortage Areas

A basic overview of what you should know about your health professional shortage areas (HPSAs), in general, as a health care provider.

