

# **Physician Education Loan Repayment Program Retention Report**

June, 2016

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### Agency Mission

The Texas Higher Education Coordinating Board provides leadership and coordination for the Texas higher education system and promotes access, affordability, quality, success and cost efficiency through 60x30TX, resulting in a globally competitive workforce that positions Texas as an international leader.

### Agency Vision

The THECB will be recognized as an international leader in developing and implementing innovative higher education policy to accomplish our mission.

### Agency Philosophy

The THECB will promote access to and success in quality higher education across the state with the conviction that access and success without quality is mediocrity and that quality without access and success is unacceptable.

The Coordinating Board's core values are:

**Accountability:** We hold ourselves responsible for our actions and welcome every opportunity to educate stakeholders about our policies, decisions, and aspirations.

**Efficiency:** We accomplish our work using resources in the most effective manner.

**Collaboration:** We develop partnerships that result in student success and a highly qualified, globally competent workforce.

**Excellence:** We strive for excellence in all our endeavors.

The Texas Higher Education Coordinating Board does not discriminate on the basis of race, color, national origin, gender, religion, age or disability in employment or the provision of services

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## Table of Contents

Background .....	1
Alternative Eligibility Path - Contingent on Availability of End-of-Year Funds .....	2
Application Process .....	2
Reporting Requirements.....	2
Retention Rates for Participants .....	3
Participant Surveys.....	6
Noteworthy Survey Results.....	6
Comparison with Medical Board Data.....	7

## Index of Tables

Table 1. PELRP Appropriations and New Physician Enrollment FY 2010 — FY 2017 .....	1
Table 2. PELRP Participant Retention Information FY 2010 — FY 2016 by Cohort.....	3

## Background

The Physician Education Loan Repayment Program (PELRP) was authorized by the 69<sup>th</sup> Texas Legislature in 1985 to provide loan repayment assistance to physicians practicing in Texas Health Professional Shortage Areas (HPSAs) and for certain state agencies. The program was one of the first state student loan repayment programs in the country. The model established for this program requires that a year of service be provided by the physicians before funds are disbursed to lenders annually. This model ensures that all state funds are expended for the intended purpose.

For the majority of the twenty-three years of its existence, the funding was approximately \$1 million per year, of which approximately 80% was from dedicated medical school tuition set asides, and the rest was from General Revenue. The PELRP provided loan repayment assistance in the amount of \$9,000 per year, for up to five years to qualifying physicians. By the late 1990's, other states had established loan repayment assistance programs that provided much larger awards, raising concerns in Texas about the need for the PELRP to be more competitive with the other states' programs. Additionally, student loan indebtedness for graduating medical students had increased considerably since 1985.

The passage of House Bill 2154 of the 81st Texas Legislature, Regular Session, introduced changes to the tax code for smokeless tobacco, providing funding for substantially increased annual loan repayment amounts for physicians practicing in Texas Health Professional Shortage Areas (HPSAs). The loan repayment amounts established in the law were based on the expectation that participating physicians would agree to provide at least four years of service and would receive graduated annual loan repayment amounts for up to a total of \$160,000. For participants whose student loan debt is less than \$160,000 at the time of the first annual disbursement, the annual loan repayment amounts are computed to repay the loans in full over a period of four years.

*Table 1* provides a history of funding for the program since its expansion and includes the number of new physicians enrolled in the program through the most recent quarterly application deadline.

**Table 1. PELRP Appropriations and New Physician Enrollment FY 2010 – FY 2017**

	Total Appropriated Dedicated GR	Biennial Appropriation	# New Physicians Enrolled
FY 2010	\$7,000,000	\$22,000,000	102
FY 2011	\$15,000,000		41
FY 2012	\$5,600,000	\$ 5,600,000	0
FY 2013	\$0		138*
FY 2014	\$4,300,000	\$33,800,000	88
FY 2015	\$29,500,000		94
FY 2016	\$16,900,000	\$33,800,000	45**
FY 2017	\$16,900,000		

\* The General Appropriations Act was signed by the Governor on June 14, 2013; FY 2014 funds were encumbered for these physicians.

\*\*as of 2/29/16. An additional 34 applications have been received as of May 31, 2016. The next published quarterly deadline is August 31, 2016.

The \$5.6 million appropriation for the FY 2012 – FY 2013 biennium represented a 75% decrease in funding, compared with the previous state budget period. Therefore, no new participants were accepted into the program during the period June, 2011 – May, 2013. Appropriated funds were used to honor commitments to physicians already enrolled in the program, for service periods ending before August 31, 2013.

The \$33.8 million appropriation for the FY 2014 – FY 2015 biennium allowed the Texas Higher Education Coordinating Board (THECB) to accept new applications for enrollment in the program again beginning in June of 2013. To date, a total of 607 new applications for enrollment have been received as a result of appropriations for the FY 2014 – FY 2015 and FY 2016 – FY 2017 biennia.

### **Alternative Eligibility Path - Contingent on Availability of End-of-Year Funds**

House Bill 2550, passed by the 83rd Texas Legislature, introduced a new eligibility pathway for physicians who are not practicing in HPSAs or secure correctional facilities, if, during the applicable year, they have provided services to a designated minimum number of Medicaid or Texas Women's Health Program (TWHP) enrollees. Beginning in FY 2014, applications based on this provision are considered during the final quarter of each fiscal year, only if funds are available after financial commitments have been made to physicians practicing in HPSAs and secure correctional facilities. Physicians qualifying under the alternative provision must submit applications annually for consideration at the end of the fiscal year. THECB staff do not make financial commitments for multiple years of service to these physicians.

A total of \$2,073,020 was disbursed from FY 2014 and FY 2015 funds on behalf of 72 physicians who qualified by meeting the alternative pathway requirements. The retention data in this report do not include these physicians.

### **Application Process**

Quarterly application deadlines are established to ensure that the program priorities are followed. First priority is given to primary care physicians practicing in HPSAs. Additionally, up to ten physicians serving at facilities operated by the Texas Department of Criminal Justice or the Texas Juvenile Justice Department may enroll each fiscal year.

Enrollment applications from subspecialists are considered during the final quarter of the fiscal year, followed by applications from physicians wishing to qualify under the alternative pathway provisions. Staff grant conditional approval of applications from physicians meeting initial requirements, and end-of-service verification forms are sent to physicians approximately 30 days before the end of each year of service. After annual service verification forms have been reviewed and student loan balances have been verified, awards are disbursed directly to lenders.

### **Reporting Requirements**

Rider 31 of the General Appropriations Act for the FY 2014 – FY 2015 biennium, as stated below, is also codified in Chapter 21, Subchapter J, Section 21.262 of the Texas Administrative Code.

31. Physician Education Loan Repayment Program Retention Rates. The Texas Higher Education Coordinating Board shall report the results of a survey of physicians who have completed a Physician Education Loan Repayment Program

contract to practice in a health professional shortage area in exchange for a loan repayment award to determine rates of retention in those shortage areas and counties. The Texas Higher Education Coordinating Board shall report the results of the survey to the Legislative Budget Board and the Governor prior to September 1 of every even numbered year.

## Retention Rates for Participants

All data in this report are as of February 29, 2016. *Table 2* includes retention data for the following cohorts:

- Two cohorts of physicians enrolled in the program during the period July, 2010 – May, 2011 (five years of data for the first cohort and four years of data for the second cohort)
- The third cohort of physicians who were enrolled in the program during the period June 1, 2013 through August 31, 2013 and have completed two years of service
- The fourth cohort of physicians who were enrolled in the program during the period September 1, 2013 through August 31, 2014 and have completed one year of service
- The fifth cohort of physicians who were enrolled in the program during the period September 1, 2014 through August 31, 2015 and will complete a first year of service in FY 2016
- The sixth cohort of physicians who were enrolled in the program during the period September 1, 2015 through February 29, 2016 (the most recent quarterly deadline as of the writing of this report) and will complete a first year of service in FY 2017.

A total of 238 physicians practicing in HPSAs received loan repayment in FY 2015. A total of 94 distinct counties were served by these physicians and 60% (56) of those were rural counties.

***Table 2. PELRP Participant Retention Information FY 2010– FY 2016 by Cohort***

<b>Cohort 1 - 102 Physicians enrolled 7/15/2010 - 8/31/2010</b>		
<b><u>Year of Service Ending</u></b>	<b><u>Physicians Remaining in HPSAs</u></b>	<b><u>Retention Rate</u></b>
<b>7/14/2011 - 8/31/2011 (Year 1)</b>	<b>97</b>	<b>95%</b>
*4 physicians changed practice sites and we were unable to locate them. *1 physician changed practice sites during the year. The new site was not a HPSA. *1 physician no longer qualified for loan repayment, but was still practicing in a HPSA and is included in the total above.		
<b>7/14/2012 - 8/31/2012 (Year 2)</b>	<b>87</b>	<b>85%</b>
*5 physicians changed practice sites during the year. The new sites were not HPSAs. *5 physicians moved out of state. *1 physician no longer qualified for loan repayment, but was still practicing in a HPSA and is included in the total above.		

**Table 2. (continued)**

<b>7/14/2013 - 8/31/2013 (Year 3)</b>	<b>79</b>	<b>77%</b>
*6 physicians changed practice sites during the year. The new sites were not HPSAs. *1 physician moved out of the state. *1 physician is no longer practicing medicine.		
<b>7/14/2014 - 8/31/2014 (Year 4)</b>	<b>74</b>	<b>73%</b>
*4 physicians changed practice sites during the year. The new sites are not in a HPSA. *1 physician moved out of the state. *1 physician's loans were paid in full, but still practicing in a HPSA and is included in the total above.		
<b>Currently in a HPSA or same facility (as of May 1, 2016)</b>	<b>58</b>	<b>57%</b>
51 distinct counties have been served by these 102 physicians. 47% (24) of these counties are rural.		

<b>Cohort 2 - 43 Physicians Enrolled 12/1/2010 - 5/31/2011</b>		
<b><u>Year of Service Ending</u></b>	<b><u>Physicians Remaining in HPSAs</u></b>	<b><u>Retention Rate</u></b>
<b>11/30/2011 - 5/31/2012 (Year 1)</b>	<b>41</b>	<b>95%</b>
*1 physician changed practice sites during the year. The new site is not in a HPSA. *1 physician is no longer practicing medicine.		
<b>11/30/2012 - 5/31/2013 (Year 2)</b>	<b>38</b>	<b>88%</b>
*1 physician changed practice sites during the year. The new sites were not in HPSAs. *2 physicians moved out of state. *1 physician did not receive loan repayment due to an ineligible loan type, but is practicing in a HPSA and is included in the total above. *1 physician no longer qualified for loan repayment, but is still practicing in a HPSA and is included in the total above.		
<b>11/30/2013 - 5/31/2014 (Year 3)</b>	<b>30</b>	<b>70%</b>
*3 physicians changed practice sites during the year. The new site is not in a HPSA. *3 physicians moved out of the state. *1 physician does not accept Medicaid as a form of payment, but is practicing in a HPSA, and is included in the total above. *1 physician works less than 20 hours per week, but is practicing in a HPSA and is included in the total above.		
<b>11/30/2014 - 5/31/2015 (Year 4)</b>	<b>28</b>	<b>65%</b>
*2 physicians changed practice sites during the year. The new site is not in a HPSA. *2 physicians no longer qualified for loan repayment, but are still practicing in a HPSA and are included in the total above.		
35 distinct counties have been served by these 43 physicians. 40% (14) of these counties are rural.		



*Table 2. (continued)*

<b>Cohort 3 - 138 Physicians Enrolled 6/1/2013 - 8/31/2013</b>		
<u><b>Year of Service Ending</b></u>	<u><b>Physicians Remaining in HPSAs</b></u>	<u><b>Retention Rate</b></u>
<b>5/31/2014 - 8/31/2014 (Year 1)</b>	<b>132</b>	<b>96%</b>
<p>*6 physicians changed practice sites during the year. The new site is not in a HPSA.            *1 physician no longer qualified for loan repayment, but is still practicing in a HPSA and is included in the total above.</p>		
<b>5/31/2015 - 8/31/2015 (Year 2)</b>	<b>128</b>	<b>93%</b>
<p>*3 physicians changed practice sites during the year. The new site is not in a HPSA.            *1 physician no longer qualified for loan repayment, but is still practicing in a HPSA and is included in the total above.</p>		
71 distinct counties are being served by these 138 physicians. 58% (41) of these counties are rural.		

<b>Cohort 4 - 88 Physicians Enrolled 9/1/2013 - 8/31/2014</b>		
<u><b>Year of Service Ending</b></u>	<u><b>Physicians Remaining in HPSAs</b></u>	<u><b>Retention Rate</b></u>
<b>9/1/2014 - 8/31/2015 (Year 1)</b>	<b>85</b>	<b>97%</b>
<p>*3 physicians changed practice sites during the year. The new site is not in a HPSA.</p>		
40 distinct counties are being served by these 88 physicians. 43% (17) of these counties are rural.		

<b>Cohort 5 - 94 Physicians Enrolled 9/1/2014 - 8/31/2015</b>		
<u><b>Year of Service Ending</b></u>	<u><b>Physicians Remaining in HPSAs</b></u>	<u><b>Retention Rate</b></u>
<b>9/1/2015 - 8/31/2016 (Year 1)</b>		
<p>Since service periods are currently ending, there will not be any retention information until after August 31, 2016.</p>		

<b>Cohort 6 - 45 Physicians Enrolled 9/1/2015 - 2/29/2016</b>		
<u><b>Year of Service Ending</b></u>	<u><b>Physicians Remaining in HPSAs</b></u>	<u><b>Retention Rate</b></u>
<b>9/1/2016 - 8/31/2017 (Year 1)</b>		
<p>The application deadline for the final quarter for FY 16 is August 31, 2016. A total of 45 physician applications for enrollment have been received as of February 29, 2016.</p>		

## Participant Surveys

Staff sent surveys to two different participant groups to gather feedback on the impact of the Physician Education Loan Repayment Program (PELRP) in physicians' decisions to practice in HPSAs and to remain there. It is important to keep in mind the different cohorts surveyed when reviewing the responses relating to the degree of influence on practice decisions.

In October, 2015, the first survey was sent to 90 participants who enrolled in the program during the period July, 2010 through May, 2011, and completed four years of service by May, 2015. This group enrolled in the program very soon after the expansion legislation was passed, and therefore, many of their practice decisions had already been made. A total of 59 physicians responded to this survey.

In March, 2016, the second survey was sent to 320 physicians who enrolled in the program during the period June, 2013 through August, 2015 and are currently providing their first, second, or third year of service. A total of 159 physicians responded to this survey.

### Noteworthy Survey Results:

- Approximately 90% of the participants in both groups answered that they are still practicing at the site where they were practicing when they enrolled in the program
- When asked about the financial benefit of the program, the top answers among seven choices were:
  - The financial benefit was **an important** factor that made it possible to practice in a HPSA (26% of respondents who had completed four years of service in the program and 22% of respondents who are currently providing service in the program)
  - Although the physician was already practicing at an eligible site when he/she learned about the program, it was the **main** factor that made it possible for the physician to remain at the site (19% of respondents who completed four years of service in the program and 14% who are currently providing service in the program)
- On a scale of 1 to 5, with 5 representing the highest degree of influence:
  - The degree to which the prospect of loan repayment program through the PELRP influenced the decision to practice in a HPSA: 40% of the group who completed four years of service in the program and 51% of the group currently in the program selected a rating of 4 or 5.
  - The degree to which the prospect of continued loan repayment program through the PELRP influenced the decision to continue to practice in a HPSA: 72% of those who had provided four years of service and 73% of those who are currently providing service selected a rating of 4 or 5.

Participants of the survey were given the opportunity to provide additional feedback in the form of comments regarding the impact of the PELRP. Of the survey respondents who had completed

four years of service, 43 provided comments, and of the 159 respondents who are currently serving in the program, 109 commented.

- In the first group, 24 (56%) stated that this program relieved financial burdens that allowed them to focus more on the patients, building a practice, or staying in a HPSA. The remaining 19 expressed appreciation for the program, commented that the program is a good recruiting tool, suggested increasing the number of years one can participate, and one person commented that the program should be advertised more.
- In the second group, 52 (48%) commented that this program relieved financial burdens that allowed them to focus more on the patients, building a practice, or staying in a HPSA. Thirteen physicians (12%) stated that the program is a good recruiting tool. The remaining 44 who commented expressed thanks for the program, suggested increasing the number of years one can participate, recommended continuation of the program, and one respondent recommended that the program be expanded to include nurse practitioners and physician assistants.

### Comparison with Medical Board Data

In addition to the formal surveys, in April, 2016, staff compared program participant data with Texas Medical Board data for 238 physicians who had completed four or five years of service in the PELRP during the period 1992 to 2015. The comparison showed that 202 of these physicians (85%) have practices in Texas, of which 84 (42%) are in rural counties.

Although 55 (27%) of the physicians are practicing in locations that are currently designated as HPSAs, the data comparison was not at the practice address level, and therefore did not capture whether or not the physicians not located in HPSAs are practicing at the locations that originally qualified them for participation in the program.

The most positive outcome of a physician practicing in a HPSA is the withdrawal of the HPSA designation due to the addition of that physician to the area. If a HPSA designation is withdrawn after a physician is enrolled in the program, his/her eligibility for loan repayment assistance is not affected.



This document is available on the Texas Higher Education Coordinating Board website at <http://www.thecb.state.tx.us>

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