

LOAN REPAYMENT PROGRAM

Contract

SSN _____

Section 108 of the Indian Health Care Improvement Act (Public L. 94-437), as amended, authorizes the Secretary of Health and Human Services (Secretary), acting through the Indian Health Service (IHS), to establish the Indian Health Service Loan Repayment Program (IHSLRP) under which Federal, State, and commercial loans for physicians and other health professionals may be repaid at a rate not to exceed \$20,000 per year. In return for such loan repayment, participants must agree to provide full-time clinical service in an Indian health program for a period of obligated service equal to one year for each year of loan repayment. Section 108 requires participants to submit with their applications a written contract to accept repayment of educational loans and to serve for the applicable period of obligated service in an Indian health program. The Secretary shall sign only those contracts submitted by participants who are selected for the program.

Section A – Obligations of the Secretary

Subject to the availability of funds appropriated by Congress for the IHS and the IHSLRP, the Secretary agrees to:

1. Make payments to the participant for each year of service of the lesser of up to \$20,000 or the total amount of the participant's eligible health professions educational loans divided by the number of years of obligated service.

Loans eligible for repayment consist of loan costs identified by the promissory note indicating the principal, interest, and related expenses on Federal, State, and commercial loans received by the participant for tuition expenses; all other reasonable educational expenses, incurred by the participant; and reasonable living expenses as determined by the Secretary.

2. To accept the participant into the IHS or place the participant with a tribe, tribal or Indian organization provided that the participant meets all appropriate employment qualifications.
3. To make loan repayments for each year of obligated service no later than the end of the fiscal year (September 30, _____) in which the participant completes such year of obligated service. All contracts are for whole years [for example: 2 whole years and no fraction or part of a year(s)].
4. Pay, on behalf of the participant an amount not less than 20 percent and not more than 39 percent of the participant's total amount of loan repayments, to the Internal Revenue Service for all or part of the increased tax liability.
5. To defer performance of a participant's period of obligated service if the participant:
 - a. Receives a degree from a school of medicine, osteopathy, dentistry, optometry, podiatry, pharmacy, nursing, psychology, public health, social work, or other health profession, and

- b. Requests a deferment of this period to complete internship, residency, or other advanced clinical training. The period of deferment may not exceed:

- (1) three years for participants receiving a degree from schools of medicine, osteopathy or dentistry, or
- (2) one year for participants receiving a degree from schools of optometry, podiatry, pharmacy, nursing, psychology, public health, social work, or other health professions. The Secretary may, however, extend this period of deferment if the Secretary determines that the extension is consistent with the needs of the IHS.

Section B – Obligation of the Participant

If selected, the participant agrees:

1. To accept loan repayment provided by the Secretary under Section A of this contract and to apply such payments only to outstanding eligible health professions educational loans.
2. To serve in accordance with this Section for 2 years;
- *3. Participant's health profession

*** Must be completed by participant.**

4. In the case of a participant described in Section 108(b)(1)(A)(B)(i)(ii), (i.e., In the final year of a course of study or in an approved graduate training program):
 - a. To maintain enrollment in a course of study or training, to maintain an acceptable level of academic standing.

5. To serve for a time period (hereinafter referred to as the “period of obligated service”) equal to 2 years or such longer period as the participant may agree to serve in the full-time clinical practice of the participant’s profession in an Indian health program to which the participant may be assigned by the Secretary.
6. To accept assignment, as determined by the Secretary, for the participant’s full period of obligated service in a Loan Repayment priority site designated for the participant’s profession or specialty by the IHS.
7. To have a current and unrestricted license or certificate, as necessary for the participant’s profession, to practice the participant’s health profession in a State within the United States prior to commencing obligated service and maintain that license or certificate throughout the period of obligated service.
8. To commence obligated service in accordance with this contract prior to September 30, _____, and continue uninterrupted service for the duration of the participant’s service obligation period except as provided in Section G of this contract or unless participant’s service obligation is deferred by the Secretary pursuant to Section A(5) of this contract.
9. To comply with the provisions of Title 42, Code of Federal Register, Part 36, Subpart J, when adopted. Should any provision of Subpart J be inconsistent with this contract, the regulatory provision will be controlling.
10. Participants serving a contract extension under Section E— Contract Extension has served at least a 2-year time “period of obligated service” prescribed in Section 108(f)(1)(B)(iii) of the Indian Health Care Improvement Act (Public Law 94-437) as amended by the Indian Health Care Amendments of 1992 (Public Law 102-573).
11. All IHS Loan Repayment Program (IHSLRP) Participants must forward in writing any change of address, financial institution, or employment status within 30 days to the following address:

Indian Health Service Loan Repayment Program
801 Thompson Avenue, Suite 120
Rockville, MD 20852

12. Any Participant who is terminated or resigns from their place of Employment must submit in writing the reason for their non-employment within 30 days or will be placed into Default and debt collection proceedings will be initiated.

Section C – Contract

The effective date of the contract is calculated from the date it is signed by the Secretary or his/her delegate, or the IHS tribal, tribal/urban, or “Buy-Indian” health center entry-on-duty date, whichever is more recent. If already on duty with the IHS or other

Indian health program, calculate from the date of contract; if contract is signed prior to reporting to duty, calculate from the entry-on-duty date.

Section D – Payments

Payments will begin within 120 days from the date the contract becomes effective (*calculated from the date the contract is signed by the Secretary or his/her delegate, or the IHS, tribal/urban organization, or “Buy-Indian” health center entry-on-duty date, whichever is more recent. If already on duty with the IHS or other Indian health program, calculate from the date of contract; if contract is signed prior to reporting to duty, calculate from the entry-on-duty date*). Contract extensions will be paid 120 days from initial anniversary date. (See Section E.)

Section E – Contract Extension

1. Participants may, in accordance with procedures established by the Secretary, request an extension of this contract.
2. Subject to the availability of funds appropriated by the Congress of the United States for the IHS and the IHSLRP, the Secretary may approve requests for extension of this contract if:
 - a. The participant remains eligible for participation in the IHSLRP, and
 - b. The total period of obligated service does not exceed that number of years that it will take to repay the total amount of the individual’s outstanding eligible health professions educational loans up to \$20,000 per year under the terms and conditions of this contract.

Individuals extending a contract initially approved prior to FY 2000 are eligible to receive to receive the total amount of the individuals outstanding health professions educational loans up to \$30,000 per year under the terms and conditions of this contract.
3. Participants will be allowed to submit additional Section III financial information not covered under their initial verification of debt, as long as the debt to be considered meets the provisions in the subject section entitled, “For Consolidation of Undergraduate and Graduate Educational Loans”; and complies with subsection (2)(b) of this section.

Once the Secretary or his/her authorized representative approves a contract extension, the period of obligated service thereunder shall be calculated beginning the first day after which the participant’s initial period of obligated service is completed, if completed the same fiscal year in which the contract extension is approved and if the participant remains on duty after completion of his/her initial period of obligated service. However, when program funds are exhausted, the Secretary will not sign and approve contract extension requests and no credit will be given for the time served after the completion of the initial obligated service. Loan Repayment participants are therefore encouraged to make their contract extension requests as early as

possible, preferably 9 months prior to the completion of their initial period of obligated service.

- **4. To serve in accordance with Section E—
Contract Extension for a period of 1 year. _____

(This provision applies only to those LRP participants who have completed their 2-year period of obligated service.)

5. All requests for a Contract Extension must include a payment history from your lending institution(s) indicating that maximum payments from the IHSLRP were applied to your eligible outstanding debt since your acceptance into the IHSLRP.

**** Must be initialed by participant if applying for a Contract Extension.)**

Section F – Breach of Loan Repayment Contract, Damages

1. If a participant who has entered into a written contract with the secretary and who —
 - a. Is enrolled in the final year of a course of study and who —
 - (1) fails to maintain an acceptable level of academic standing in the educational institution in which the participant is enrolled;
 - (2) voluntarily terminates such enrollment; or
 - (3) is dismissed from such educational institution before completion of such course of study; or
 - (4) fails to apply loan repayments to his/her health professions educational loans; or
2. If, for any reason not specified in paragraph (1), an applicant breaches his/her written contract by failing either to begin, or complete, the participant's period of obligated service in accordance with Section 108(f), the United States shall be entitled to recover from the participant an amount to be determined in accordance with the following formula:

$$A = 3Z[(t-s)/t]$$

in which —

- a. “A” is the amount the United States is entitled to recover;
- b. “Z” is the sum of the amounts paid under this Section to, or on behalf of, the participant and the interest on such amounts which would be payable if, at the time the amounts were paid, they were loans bearing interest at the maximum legal prevailing rate, as determined by the Treasurer of the United States;
- c. “t” is the total number of months in the participant's period of obligated service in accordance with Section 108(f); and

d. “s” is the number of months of such period served by such participant in accordance with this section.

3. Any amount of damages which the United States is entitled to receive under this contract shall be subject to the United States within the one-year period beginning on the date of the breach or such longer period beginning on such date as shall be specified by the Secretary, and may include all collection costs including any litigation costs. Amounts not paid within the one-year period shall be subject to collection through deductions in Medicare payments pursuant to Section 1892 of the Social Security Act.
4. Unsatisfactory performance by the applicant resulting in the termination of the participant's employment during the participant's period of obligated service shall be considered a breach of this contract.

Section G – Creditability of Graduate Training Toward Period of Obligated Service

1. No credit of time for internship, residency, or other advanced clinical training will be counted toward satisfying the period of obligated service incurred under this contract.

Section H – Cancellation, Suspension, Waiver, and Release of Obligation

1. Any service or payment obligation incurred by the participant under this contract will be cancelled upon the participant's death.
2. The Secretary may waive or suspend, in whole or in part, the participant's service obligation incurred under this contract if compliance by the applicant is impossible or would involve extreme hardship to the individual and if enforcement of such obligation with respect to the participant would be unconscionable.
3. The Secretary may waive, in whole or in part, the rights of the United States to recover amounts under this Section in any case of extreme hardship, as determined by the Secretary.
4. Any obligation of a participant under the Loan Repayment Program for payment of damages may be released by a discharge in bankruptcy under Title 11 of the United States Code only if such discharge is granted after the expiration of the 5-year period beginning on the date that payment of such damages is required and only if the bankruptcy court finds that non-discharge of the obligation would be unconscionable.
5. All Waiver requests to the IHSLRP must be made in writing. Any IHSLRP Waiver approval, denial, or decision will be made to the Applicant in writing within 30 days of the Waiver Committee's decision.

