



Indian Health Service Loan Repayment Program

# PARTICIPANT GUIDE

Policies, Procedures  
and Practices



## The IHS Loan Repayment Program

Welcome to the Indian Health Service (IHS) Loan Repayment Program (LRP)! As an LRP participant, you have a unique opportunity to work within an interdisciplinary health care team environment practicing patient-centered care while receiving loan repayment for your qualified education loans. By choosing an Indian health career, you will make a difference in the lives of an appreciative but medically underserved patient population. Our clinicians fulfill critical roles in clinics, hospitals and public health outreach programs by providing comprehensive care to American Indian and Alaska Native individuals, families and communities.

The IHS LRP awards loan repayment to participants based on staffing needs and availability of funds. LRP participants agree to a two-year service commitment in full-time clinical practice within specific health care disciplines at approved Indian health facilities. In return, the LRP awards up to \$40,000 (plus up to \$8,000 in tax allocations) in loan repayment funding.

As an LRP participant, you cannot receive additional financial support from any government-funded program, such as the [National Health Service Corps \(NHSC\)](#), [Health Resources and Services Administration \(HRSA\)](#), Armed Forces Health Professions Scholarship Programs and the [IHS Scholarship Program](#), that requires a competing service commitment and runs concurrently with IHS LRP funding.

After completing the initial two-year contract, you may request (annually) an extension of your IHS LRP contract in exchange for an additional one-year service commitment until your qualified loans are paid.

*Note: All IHS LRP awards, both new and extensions, are made based on available funding.*

## Terms and Qualifying Loans

The LRP repays qualified education loans based on the following terms:

- The LRP awards up to \$20,000 per year to participants who sign a contract agreeing to a two-year service commitment.
- New loan repayment awards are made in two annual installments; IHS will not deposit the second installment until you submit your employment verification.
- Employee-related Federal Insurance Contribution Act (FICA)\* commitments are included as part of the award; IHS pays this directly to the Internal Revenue Service (IRS).
- Qualified loans include government (federal, state, local) and commercial loans used to pay for an education related to the health professions discipline identified on your signed LRP contract.
- Loan repayment should be used to pay the principal, interest and related expenses (including tuition, fees, books, lab expenses and reasonable living expenses) incurred for qualified education loans.
- Only the education portion, as described above, of a consolidated loan (qualified education loans combined with commercial or other education loans) is eligible under the LRP.

\* Federal Insurance Contribution Act (FICA) is a federal payroll withholdings tax on employees and employers used to fund federal programs such as Social Security and Medicare.

## LRP Service Commitment

### Your Commitment

As an LRP participant, you agree to fulfill your two-year service commitment in full-time clinical practice within the approved health profession discipline and Indian health facility identified on your signed LRP contract. After you've completed your initial two-year commitment, your loan repayment contract may be extended annually at the same Indian health facility for an additional one-year service commitment in full-time clinical practice until your qualified loans are paid.

### If you are currently employed by an Indian health facility:

Your contract begins on the date that the US Department of Health and Human Services (HHS) Secretary's delegate signs your contract, not your first day of practice.

### If you are NOT currently employed by an Indian health facility:

Your two-year service commitment begins on your first day of practice, not the date the Secretary's delegate signed the contract. Your service commitment must begin no later than September 30 of the fiscal year that you signed your contract.

## Securing a Position

Your selection for participation in the LRP is contingent on your receiving an offer as a full-time clinician at an approved Indian health facility and having agreed to begin service there before September 30. You must contact the LRP branch office if your employment will not begin before September 30.

## Personnel Systems

You can fulfill your LRP service commitment by choosing to practice as a full-time clinician through one of three personnel systems that best match your priorities — the federal civil service, direct Tribal/Urban Indian hire or as an officer of the US Public Health Service (USPHS) Commissioned Corps. You cannot fulfill your service commitment through private practice or independent contracting.

Each option presents the opportunity to work in modern facilities, receive excellent pay and benefits and explore career advancement. Whether you prefer a small town, rural environment or, in some cases, an urban setting, our communities offer the opportunity to experience cultures, traditions and spectacular settings that are rewarding on both a personal and professional level.

*Enjoy an enviable level of financial freedom while living and working within Native cultures rich in tradition; where you can work within a team of clinicians providing patient-centered care using advanced medical technologies; where professional and personal attachments to patients, peers and communities are the norm; and where every day brings opportunities unlike anywhere else in the world.*

## Full-Time Clinical Practice

The IHS LRP defines full-time clinical practice as working a minimum of 80 hours every two-week period for an average of at least 40 hours per week. The 80 hours cannot be worked in less than seven days and no more than 12 hours of work can be performed in any 24-hour period. Time spent in on-call status will not count toward the 80 hours. Any hours worked over the required 80 hours per two-week period cannot be applied to any other workweek.

The IHS LRP further stipulates that the 80 hours of full-time clinical practice must include:

- At least 64 hours of the minimum 80 hours per two-week period must be spent providing direct inpatient or outpatient care. You must conduct these services during normally scheduled hospital or clinic hours.
- The remaining 16 hours per two-week period can be spent providing additional patient care and/or performing practice-related administrative activities, with administrative activities not to exceed 16 hours per each two-week period. Teaching, attending staff meetings, supervising other health care professionals, making court appearances and other non-treatment related activities pertaining to your approved position are considered practice-related administrative activities.
- Supervision of other health professionals is defined as an administrative activity if the health professional under your supervision is treating or providing health care services to a patient and billing or documenting such treatment in his or her name. If you, the supervising health professional, are treating the patient and billing or documenting such treatment under your name, this activity should be counted as direct clinical services.
- No more than seven weeks, or 35 workdays, per contract year can be spent away from the practice for vacation, holidays, continuing professional education, illness or any other reason. Absences greater than seven weeks in a contract year or any absent without leave period will not count toward your service commitment. You are required to notify the LRP office immediately in writing if you anticipate absences greater than seven weeks or 35 workdays. See Suspension of Service Commitment below for details.
- All participants must abide by LRP policies, procedures and licensing expectations, even when working at Tribal or Urban Indian programs with less-stringent requirements regarding full-time clinical practice.

## Suspension of Your Service Commitment

As an LRP participant, you must request a suspension of your service commitment if you anticipate an absence from full-time clinical practice longer than the approved 35 workdays. Suspensions are reviewed for medical reasons (including maternity leave), military deployment and urgent personal matters only. You must submit all requests and documentation detailing the reason for a suspension to the LRP branch office for review prior to exceeding the 35-workday limit.

Suspensions cannot exceed a six-month period unless the LRP branch office approves the extension. The time missed from practice will be added to the end of your current contract. You are expected to return to your current facility upon completion of your approved suspension. If a transfer is required, you must follow LRP transfer policies before relocating or changing clinical positions.

## Payment Information

If you are a new LRP participant currently employed by an Indian health facility, you will receive your first LRP payment within 120 days from the date the Secretary's delegate signs the LRP contract. If you are not currently employed at an Indian health facility, you will receive your first payment within 120 days from your first day of practice or your contract date, whichever is later. New LRP participant payments are made in two annual installments; IHS will not deposit the second installment until you have submitted your employment verification.

The LRP will not pay your lender directly — you will receive your LRP payment via direct deposit and use it to pay your lender. Fill out a [Direct Deposit Sign-Up Form \(Standard Form 1199A\)](#) and send the form to the LRP branch office if your bank account information changes.

At any time, the LRP may request that you provide your loan payment history showing that all payments made to you were used to pay the eligible approved loan(s). Failure to provide this information could result in breach of contract and placement in default.

## LRP Payment Examples

The following charts are examples of LRP payments for three different qualifying loan scenarios. Each example is based on a one-year award.

### An LRP participant with a two-year service contract and \$90,000 in qualified education loans.

LRP Award (per year)	Amount Participant Receives	Amount Withheld by IHS for Participant's Portion of FICA	Additional Payments Made by IHS	Total Payments Made by IHS
\$20,000	\$18,164	\$1,836	1. \$4,000 income tax liability on the part of the participant 2. \$1,836 Employer's portion of FICA	\$25,836

### An LRP participant with a two-year service contract and \$30,000 in qualified education loans.

*If the participant's total loan amount can be paid within the two-year service commitment or is less than \$40,000, the amount will be divided in half and awarded over two years.*

LRP Award (per year)	Amount Participant Receives	Amount Withheld by IHS for Participant's Portion of FICA	Additional Payments Made by IHS	Total Payments Made by IHS
\$15,000	\$13,623	\$1,377	1. \$3,000 income tax liability on the part of the participant 2. \$1,377 Employer's portion of FICA	\$19,377

### An LRP participant with a consolidated education loan.

In this example, a participant has obtained a professional degree in nursing and nutrition and comes to work at an Indian health facility as a registered nurse. Only the loans obtained in pursuit of the nursing education (\$36,000) are eligible for repayment, while those obtained for the nutrition training are not.

LRP Award (per year)	Amount Participant Receives	Amount Withheld by IHS for Participant's Portion of FICA	Additional Payments Made by IHS	Total Payments Made by IHS
\$18,000	\$16,348	\$1,652	<ol style="list-style-type: none"> <li>\$3,600 income tax liability on the part of the participant</li> <li>\$1,652 Employer's portion of FICA</li> </ol>	\$23,252

\* The data in these charts is subject to change based on changes in tax or FICA rates.

### Delinquency on the Repayment of any Federal Debt

You were required to provide documentation of a negotiated repayment schedule or that your federal debt is paid in full if you were delinquent on the repayment of any federal debt at the time you submitted your LRP application. If the LRP branch office discovers that you still have delinquent debt, your LRP payments could be garnished to satisfy that debt unless you negotiate a repayment schedule.

Examples of federal debt include:

- Delinquent federal income taxes.
- Audit allowances.
- Federally guaranteed (or insured) loans.
- Federal-direct loans.
- Other miscellaneous federal administrative debts.

### Debt Not Eligible for Repayment

The following debt is not eligible for repayment using LRP funds:

- Debt due to the default of a service commitment incurred under federal and state programs.
- Any credit card debt.
- Loans from other than approved government and commercial sources (loans obtained from private organizations, friends or relatives).
- Loans or portions of loans obtained in pursuit of a health profession education different from the one documented on your signed LRP contract.



## Your Financial Obligations

### Tax Liability

LRP payments are taxable income and are reported to the IRS. Participants are responsible for paying the balance of their federal tax liability beyond the portion paid by the LRP. Participants should note that the LRP does not provide for the payment of state or local taxes and are advised to consult with their local or state tax office or their financial advisor regarding any tax liabilities. IHS will withhold the employee-related FICA contribution from your LRP payments, as required by law. Participants are required to repay their total LRP funding, including the withheld FICA, to their lender. The LRP branch office will send participants a Form W-2, Wage and Tax Statement each year reflecting the total funds received during that year.

### Payment Commitments

As an LRP participant, you are responsible for making any required loan payments prior to the beginning of your contracted service commitment. For example, if you are awarded loan repayment in April, but you do not begin work until August, you must continue to make regular loan payments until August.

While receiving LRP payments, participants are required to provide payment records as verification that the approved portion of the loan debt is being repaid with LRP funds (see LRP Contract, Section B, Part 1). At any time, the LRP may ask you to provide your loan payment history showing that all payments made to you were used to pay the qualified loan. Failure to provide this information could result in breach of contract and placement in default.

### Extending Participation

We recommend you submit your contract extension request via email, mail or fax by January 1 of the final year of your service commitment to receive priority consideration.

The LRP will consider your extension request if funding is available and you meet these requirements:

- You continue to provide full-time clinical services in your chosen health profession.
- An extension of your service will continue to meet Indian health staffing needs.
- You have qualified health profession education loans NOT fully paid for under your initial contract.
- You can provide official documentation from your lending institution(s) indicating that it applied maximum payments from your LRP award to your eligible outstanding debt during your service.
- You will remain at your current facility or transfer to a facility with the same or a higher site score than your current facility.

## Transfer Requests

Your LRP award is site and position specific — you will not be able to transfer your LRP contract to another site or position without prior approval from the LRP branch office. Failure to obtain approval before transferring to another site may result in breach of contract and placement in default.

If you want to transfer to a different facility, you must apply to a site with the same or a higher score than your current site. If the transfer site score is lower than your current facility, you will need to apply for a new award and compete against other new LRP applicants for that site.

The LRP requires three letters with your transfer request (listed below).

- One from you stating why you are requesting a transfer.
- One signed from an appropriate representative from your current facility administration, such as the HR director, CEO, etc., (on official letterhead) stating the impact of your transfer on the facility's day-to-day operations.
- One signed from an appropriate representative from the prospective site (on official letterhead) documenting the position vacancy, your hire date, a position description and the impact of your transfer on the facility's day-to-day operations.

## Contract Termination

Prior to receiving any payment, the LRP will terminate participant contracts for the following reasons:

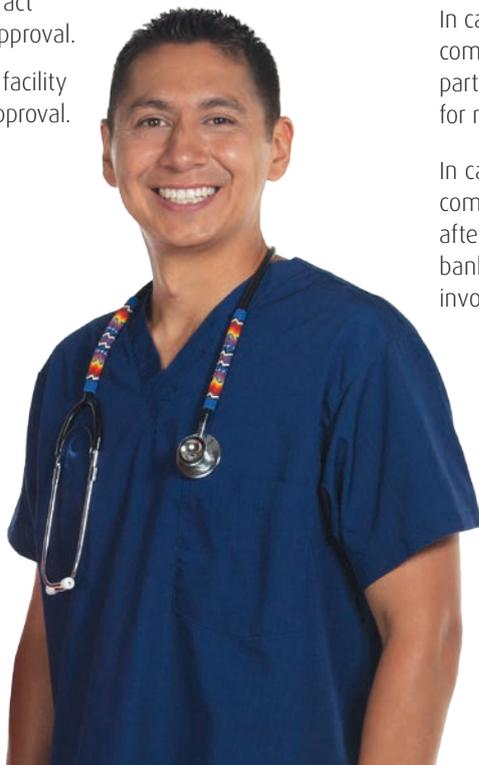
- Failure to report to duty at the facility.
- Failure to provide the LRP with a valid license to practice.

You may submit a request to the LRP branch office to terminate your contract prior to receiving any payment should you encounter any change in situation that will result in having to leave the site or the position.

## Default or Breach of Contract

Once you have begun receiving payments from the LRP, you will be considered in breach of contract and placed in default if you:

- Fail to begin or to complete your service commitment.
- Change to a position other than the position on your signed LRP contract without prior LRP branch office approval.
- Transfer to another Indian health facility without prior LRP branch office approval.
- Are terminated because of unsatisfactory performance.



The United States will be entitled to recover from you an amount to be determined in accordance with the following formula:

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

in which

**A** is the amount the United States is entitled to recover.

**Z** is the sum of the amounts paid under Section 108 to, or on behalf of, the participant plus the interest on such amounts that would be payable if, at the time the amounts were paid, they were bearing interest at the maximum legal prevailing rate, as determined by the US Treasurer.

**t** is the total number of months in the participant's period of committed service in accordance with Section 108.

**s** is the number of months of the service commitment period served by the participant in accordance with Section 108.

*The above information concerning damages for breach of the LRP contract is taken from Section 108 of the IHCA.*

## Damages Payable in One Year

The federal government funds all LRP awards. Any monetary damages resulting from breach of contract that the government is entitled to recover must be paid within a one-year period. Damages not paid within one year will result in additional interest and late fees.

## Effects of Delinquency in Paying Damages

If the damages are not paid within three months after the end of the one-year payment period, the Debt Servicing Section of the Program Support Center will use collection agencies to recover all owed funds. Delinquencies of more than 60 days or damages of more than \$100 may be disclosed to appropriate credit reporting agencies.

## Waiver, Cancellation or Discharge of a Participant's Commitment

Any commitment on the part of an LRP participant for service or payment of damages will be canceled upon the death of the individual.

In cases where a participant's compliance with the LRP service commitment would involve extreme hardship, the HHS Secretary may partially or totally waive the service commitment and/or any damages for noncompliance on a case-by-case basis only.

In cases where a participant declares bankruptcy, the LRP payment commitment may be released only if the discharge is granted five years after the first date that payment of damages is required, and only if the bankruptcy court finds that nondischarge of the commitment would involve extreme hardship.

# The Benefits of Financial Freedom

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