



Indian Health Service Loan Repayment Program

PARTICIPANT GUIDE

Policies, Procedures and Practices



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 assistance based on staffing needs and availability of funds. LRP participants agree to fulfill a two-year service commitment as a full-time clinician within specific health care disciplines at approved Indian health facilities. In return, the LRP awards up to **\$25,000** a year in loan repayment funding.

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

Note: All IHS LRP awards, both new and extensions, are contingent upon available funding.



The IHS Loan Repayment Program

Terms and Qualifying Loans

The LRP repays qualified education loans on the following terms:

- The LRP awards up to \$25,000 a 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 deposit the second installment after the participant submits the required employment verification documentation.
- Employee-related Federal Insurance Contributions 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 profession discipline identified on the signed LRP contract.
- Loan repayment must 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 Contributions Act (FICA) is a federal payroll withholding tax on employees and employers used to fund federal programs such as Social Security and Medicare.*

Additional Loan Repayment Policies

As an LRP participant, you may not receive additional financial support from any federal government-funded program that requires a competing service commitment and runs concurrently with IHS LRP funding. Examples include the National Health Service Corps (NHSC), Health Resources and Services Administration (HRSA), Armed Forces Health Professions Scholarship Programs and the IHS Scholarship Program. Likewise, as a federal employee, you may not receive additional funding of any kind that would augment your salary.

Non-federal employees may, however, receive funding concurrently from Tribal or state loan repayment programs, as long as those programs receive no funds from the federal government. You must immediately report any additional loan repayment funding received to the LRP office to determine whether you are still eligible to apply for an extension of your current award.

LRP Service Commitment

Your Commitment

As an LRP participant, you agree to fulfill your two-year service commitment as a full-time clinician, per LRP policies. Your signed LRP contract is position- and site-specific. LRP participants must serve in the specific position for which funding was awarded. You cannot fulfill your LRP contract through service in another position or location without the LRP officially approving the transfer of your contract. For example, a physician may not accept a temporary position as a clinical director; a nurse may not move from an outpatient position to an inpatient position at the same facility.

If you are currently employed by an Indian health facility:

Your two-year service commitment 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. Past years of practice or any time previously served will not count toward fulfilling a new LRP service commitment.

Example:

A health professional begins working at an Indian health facility on January 2 and applies to the IHS LRP in March. The applicant is awarded loan repayment in April and the HHS Secretary's delegate signs the LRP contract on May 2. Employment from January 2 through May 1 will not count toward the participant's service commitment.

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 HHS Secretary's delegate signed the contract. You must begin your service commitment no later than September 30 of the fiscal year in which you signed your contract.

After you've completed your initial two-year service commitment, you can extend your loan repayment contract annually at the same Indian health facility for an additional one-year service commitment in full-time clinical practice until your qualified education loans are paid.

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 fulfilling your service commitment before September 30. You must contact the LRP 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 — working in the civil service, for a Tribal or Urban Indian Program or as an officer of the US Public Health Service (USPHS) Commissioned Corps.

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 a chance to experience cultures, traditions and spectacular settings that are rewarding on both a personal and professional level.

You may not fulfill your service commitment through private practice or as an independent contractor working for an agency that places full-time, licensed clinicians in IHS facilities.

Full-time Clinical Practice

The IHS LRP defines full-time clinical practice as working a minimum of 80 hours in every two-week period for an average of at least 40 hours per week. Participants may not complete the 80 hours in less than seven days nor may they perform more than 12 hours of work during any 24-hour period. Participants may not apply time spent in on-call status toward the 80-hour full-time clinical practice requirement. Additionally, they cannot apply any hours worked over the required 80 hours per two-week period to another workweek.

The IHS LRP further stipulates that:

- Participants must spend at least 64 hours of the minimum 80 hours per two-week period providing direct inpatient or outpatient care. They must conduct these services during normally scheduled hospital or clinic hours.
- Participants may spend the remaining 16 hours in the two-week period providing additional patient care and/or performing practice-related administrative activities. Administrative activities are not to exceed 16 hours of each two-week period. The LRP considers teaching, attending staff meetings, supervising other health care professionals, making court appearances and other activities that are part of your approved position but not related to treatment as practice-related administrative activities.
- The LRP defines the supervision of other health professionals 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, you would count this activity as direct clinical services.

- Participants cannot spend more than seven weeks or 35 workdays per contract year away from the practice for **paid or un-paid leave PTO**, continuing professional education, illness or any other reason. You cannot count absences greater than seven weeks in a contract year or any absence without leave 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.

All official communications with the LRP office must be sent to this address:

Indian Health Service
Loan Repayment Program
5600 Fishers Lane
Mail Stop: OHR (11E53A)
Rockville, MD 20857

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, paternity and Paid Parental leave), military deployment and urgent personal matters only. You must submit all requests and documentation detailing the reason for a suspension to the LRP office for review prior to exceeding the 35-workday limit.

Suspensions cannot exceed a six-month period unless the LRP office approves an extension. The LRP will add time missed from practice 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.

Example:
An LRP participant requires a 30-day medical leave per a written recommendation from a physician and his work site approves it. The participant has already used 10 days of annual leave which, added to his 30-day medical leave, will exceed the limits of the 35 workday leave policy. The participant must notify the LRP office prior to the start of his medical leave to request a suspension of his service commitment. When the participant returns to work, the LRP office will review the total leave taken and adjust his contract end date accordingly.

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 HHS Secretary’s delegate signs your 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 deposit the second installment after you have submitted all required employment verification documents to the LRP office.

The LRP will not pay your lender directly — you will receive your LRP payment via direct deposit and use it to pay your lender. You will need to fill out a Direct Deposit Sign-Up Form (Standard Form 1199A) and send it to the LRP office. If your bank account information changes, you will need to submit a new form to the LRP office.

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.

Tax Liability

LRP payments are considered taxable income and are reported to the IRS. The LRP pays 24 percent of your award toward federal taxes. You are responsible for paying any additional federal taxes associated with your award as well as all state or local taxes, if required. The LRP branch office will send you a Form W-2, Wage and Tax Statement each year reflecting the total funds received.

Example:
A participant receives an annual award of \$25,000 in loan repayment funding from IHS. IHS will pay an additional \$6,000 for federal taxes. IHS deducts the participant’s portion of FICA taxes from the total of \$31,000 (award plus tax payment) from each annual award. The annual payment received with this deduction is \$22,628.50. Any additional taxes (federal, state or local) associated with the award are the responsibility of the participant.

LRP Payment and Tax Examples

The following chart provides examples of LRP payments, tax payments and FICA contributions at three funding levels: (\$25,000, \$20,000 and \$15,000). Each example is based on a one-year award. If a participant’s total loan amount is \$50,000 or less in approved loans and can be paid in full within the initial two-year service commitment, the amount will be divided in half and awarded over the two year period.

LRP Award	Federal Tax Payments by IHS	IHS FICA Contribution	Payment to LRP Recipient*
\$25,000	\$6,000	\$2,371.50	\$22,628.50
\$20,000	\$4,800	\$1,897.20	\$18,102.80
\$15,000	\$3,600	\$1,422.90	\$13,577.10

* The data in this chart is subject to change based on changes in tax or FICA rates.

Students in certain health professions typically carry larger amounts of educational loan debt. A health professional may need to contribute additional funding in order to repay this debt within 10 years. The following chart highlights scenarios using average loan debt for new applicants.

Discipline	Loan Debt	Estimated Years to Debt Free*	Personal Monthly Contribution (in addition to LRP)
Dentists	\$230,729	10	\$894.90
Nurses	\$40,814	3	\$0
Pharmacists	\$113,493	7	\$0
Physicians	\$165,869	10	\$174.83
Optometrists	\$173,783	10	\$262.69
PA/APN	\$109,311	7	\$0

* Number of years will vary based on personal contributions, interest rates and loan terms. These estimates are based on a 10-year loan term and 6 percent interest rate.

Source: www.bankrate.com/finance/student-loans/how-long-to-pay-off-student-loan.aspx and www.bankrate.com/calculators/college-planning/loan-calculator.aspx.



Debt Not Eligible for Loan Repayment

Loan repayment funds must 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. LRP funds cannot be used to repay:

- Debt due to the default of a service commitment incurred under federal and state programs.
- Any credit card debt.
- Any loan for non-educational purposes (for example, home loans, auto loans, etc.)
- Educational loans from any source other than approved government and commercial sources (for example, loans 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.

Delinquency on the Repayment of any Federal Debt

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

Examples of federal debt include:

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

Your Financial and Reporting Obligations

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).

Participants must submit proof of payment documentation annually to the LRP office by mail, email or fax. At any time, the LRP may ask you to provide your loan payment history showing that all payments 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

LRP participants must submit a contract extension request, by 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 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 **LRP Site Score** [www.ihs.gov/loanrepayment/sitescores] than your current facility.

All LRP participants who request a contract extension after their previous contract has expired must apply and compete as new applicants and commit to a new two-year service commitment in order to receive additional LRP funding.



Contract Extensions

The federal government fiscal year begins on October 1 and ends on September 30.

One-year contract extensions requested in the same fiscal year that the previous contract expires start on the anniversary date of the original LRP contract.

Examples:
Participant requesting an extension before January 1:
An LRP participant is scheduled to complete his initial two-year service commitment on June 30 and has remaining qualified student loans to pay off. The participant elects to request a one-year contract extension to assist with these loans and submits a contract extension request prior to January 1 of the final year of his contract in order to receive priority consideration from the LRP office. The HHS Secretary’s delegate signs the contract extension on April 1. Since the new contract was signed prior to the end of the initial two-year contract, the participant’s new one-year service commitment will begin July 1, not April 1.

Participant requesting an extension after January 1:
An LRP participant is scheduled to complete his initial two-year service commitment on June 30 and has remaining qualified student loans to pay off. The participant elects to request a one-year contract extension to assist with these loans, but misses the January 1 deadline to receive priority consideration for an extension and submits his request on June 1. Since the LRP has exhausted its funding for the current fiscal year, the extension cannot be awarded until the new fiscal year.

The participant elects to have his extension considered for the next fiscal year. Once funds become available, the participant is notified of his selection for a contract extension. The participant’s new one-year contract begins on February 15, the day that the HHS Secretary’s delegate signs the new contract.

Participant requesting an extension after the current fiscal year:

An LRP participant is scheduled to complete his initial two-year service commitment on June 30 and has remaining qualified student loans to pay off. The participant elects to request a one-year contract extension to assist with these loans but does not submit his request until October 10 of the next fiscal year.

Since the federal government’s fiscal year begins on October 1, the participant has missed the deadline to apply for a contract extension and must apply as a new LRP applicant and commit to a new two-year service commitment in order to receive additional funding. The participant will not receive priority consideration; the LRP will consider his application with all other new LRP applications for that health profession discipline.

Transfer Requests

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

If you wish to transfer to a different facility, you must apply to a site with a score that is the same as or higher than your current site on the **LRP Site Score List**. 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 once your current contract is fulfilled.

The LRP requires three letters with your transfer request:

1. One from you, stating why you are requesting a transfer.
2. One signed by an appropriate representative of the administration of your current facility, (such as the Human Resources Director or CEO) on official letterhead, stating the impact of your transfer on the facility’s day-to-day operations.
3. One signed by an appropriate representative of the prospective site, on official letterhead, documenting the position vacancy, your proposed hire date, a position description and the anticipated impact of your transfer on the facility’s day-to-day operations.

If your transfer is approved, you will need to document partial annual leave and resignation date through last date at current facility plus any break in service. LRP service will commence upon entry on duty at your new site for the remainder of your service commitment.

Examples:
Transfer with approval: An LRP participant’s spouse receives a job offer at another Indian health facility. The participant contacts that facility, receives a job offer and then notifies the LRP office to request a site transfer. He submits the three required letters and then receives approval for the transfer. The participant continues fulfilling his service commitment at his current facility until **transfer** to new facility and then completes his transfer maintaining his existing contract end date.

Transfer without approval: An LRP participant’s spouse receives a job offer at another Indian health facility. The participant contacts that facility and receives a job offer to practice as a full-time clinician, but does not contact the LRP office to notify and receive approval of the transfer until three months after making the move. The participant receives approval but the time of employment from when he transferred through the date that he **notifies LRP** may not count toward fulfilling his service commitment. The LRP office will contact the participant with a **determination of** new contract end date.

Contract Termination

The LRP will terminate participants’ contracts before they have received any payment 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 office to terminate your contract prior to receiving any payments should you encounter any change in your situation that will result in your having to leave the site or the position.

Example:
Approved termination of contract: An LRP participant receives his contract documenting the signature of the HHS Secretary’s delegate on August 1. The participant has not received his initial LRP payment and contacts the LRP office on August 31 to request a contract cancellation. Since the LRP has not deposited the initial award payment into his bank account, it can cancel the contract without penalty. The participant will need to address any issues regarding a separate contract and other pay or bonuses directly with that site.

Breach of Contract and Default

Breach of Contract

LRP participants must complete their full contractual service commitment once they have received their initial payment or they will be found in breach of contract.

Examples:
Termination request after receipt of LRP payment: An LRP participant receives his contract documenting the signature of the HHS Secretary’s delegate on August 1. The participant receives his initial payment via direct deposit on December 1. The participant contacts the LRP office on January 1 to request a contract cancellation. Since the LRP deposited the initial payment into the participant’s bank account, he must honor his full contractual service commitment. If the participant fails to complete his service commitment, he will be in breach of his contract and placed in default.

Termination request after completion of first year of service: An LRP participant decides he wants to cancel his contract after fulfilling the first year of his two-year service commitment. He contacts the LRP office in writing to request to leave the site without receiving his second LRP payment. Since the participant has already received his first LRP payment, he must complete his full contractual service commitment. If the participant fails to complete his service commitment, he will be in breach of his contract and placed in default.

Default

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 approval from the LRP office.
- Transfer to another Indian health facility without prior approval from the LRP office.
- Are terminated because of unsatisfactory performance.

If the LRP places you in default, IHS will refer your case to the Program Support Center (PSC) for collection.

Liability

The information below concerning damages for breach of the LRP contract is taken from Section 108 of the Indian Health Care Improvement Act (IHCA).

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.

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, PSC 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.

Returning to Service

The Department of Justice (DOJ) must approve re-entry into service for all cases that PSC has referred to the DOJ after delinquency in response to collection requests.

The LRP will not return any payments made or collections taken (for example, garnished wages). If the LRP participant opts to return to the Indian health system to complete the remainder of his or her service commitment, rather than repay the LRP debt, the LRP will calculate a new service completion date based on payments made and total debt still owed to the government.

Participants who are placed in default and want to repay their debt through the completion of their service commitment must get prior approval from the LRP office. To be eligible, the former participant must:

- Meet federal employability standards (even if seeking employment with a Tribe, Tribal organization or Urban Indian program).
- Be appropriately licensed in the health profession discipline for which he or she originally received loan repayment.
- Work in full-time clinical position in an LRP-approved IHS, Tribal or Urban Indian Program health profession discipline.

A participant who was placed in default during his or her initial two-year LRP contract must serve at a site with an LRP Site Score equal to or higher than the score of the original service site in order to have the service count toward the LRP service commitment. Participants cannot repay their service commitment through part-time, locum tenens or contract employment.

Examples:
Return to service as a contractor: An LRP participant failed to calculate his LRP extension contract end date correctly and leaves his IHS site one month before his contract was to end. The participant now has another full-time job in the private sector. He contacts his former employer and requests to work weekends or a one-month, full-time contract position to fulfill his one-month LRP service commitment. Any time worked at the site under this arrangement would not count toward his LRP service commitment.

Return to service in a new position: A general surgeon receives a two-year LRP contract. After one year of service, the participant leaves the IHS facility to pursue an orthopedic surgery fellowship and is placed into default. After completion of his fellowship, the former participant accepts a position at an IHS hospital as an orthopedic surgeon. The former participant then requests that the new position be eligible to repay his LRP service commitment. The LRP would deny this request since the former participant is not serving in the full-time clinical position identified on the participant’s contract/award letter.

Return to service in the same position documented on the LRP contract: A general surgeon receives a two-year LRP contract. After one year of service, the participant leaves his facility to pursue an orthopedic surgery fellowship and is placed in default. After completion of his fellowship, the former participant submits a request to the LRP office to return and complete his service commitment at the site and position (general surgeon) documented on his original LRP contract rather than continue to repay the funding for which he is liable. The LRP approves the participant’s return and recalculates his contract end date based on the amount of restitution already paid prior to the participant leaving the facility.

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 their death.

In cases where a participant’s compliance with the LRP service commitment isn’t possible, for example, the participant is no longer able to practice in his or her health profession due to illness or injury or such practice would involve extreme hardship due to family health or financial reasons, the HHS Secretary’s delegate 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.

Contact the **Waiver Coordinator** [IHSWaiverrequest@ihs.gov] for more information on the waiver process or to request a waiver application packet.



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The Benefits *of* Financial Freedom

Indian Health Service
Loan Repayment Program
5600 Fishers Lane
Mail Stop: OHR (11E53A)
Rockville, MD 20857
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www.ihs.gov/loanrepayment



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