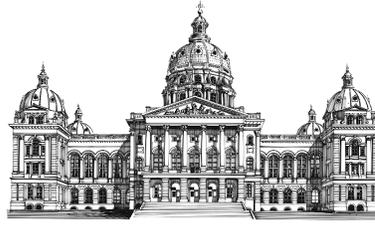


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# Iowa Legislative Fiscal Bureau

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State Capitol  
Des Moines, IA 50319  
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## University of Osteopathic Medicine and Health Sciences Primary Care Program

### ISSUE

This *Issue Review* provides background information and current status of the Primary Care Program at the University of Osteopathic Medicine and Health Sciences.

### AFFECTED AGENCIES

The University of Osteopathic Medicine and Health Sciences (UOMHS) through the College Student Aid Commission.

### CODE AUTHORITY

Section 261.19, Code of Iowa

### BACKGROUND

During the 1997 General Assembly, HF 410 was enacted establishing the Osteopathic Physician Recruitment Program, which is commonly referred to as the Primary Care Program. The Primary Care Program replaced the Subvention Program which had been established in 1975, to “guarantee” enrollment openings for Iowa residents at the UOMHS. However funding for the Subvention Program was discontinued in FY 1994 and the Program was repealed in FY 1998 because not enough Iowa students were accepted at the University to utilize the entire appropriation.

The Primary Care Program consists of the following categories:

- Student Forgivable Loan Program – This Program is for Iowa resident students enrolled at the UOMHS that agree to practice in Iowa for a specified period. Currently a two-year Iowa service period is required by the Iowa College Student Aid Commission (ICSAC). The loan is not forgiven if the student fails to complete the required time of practice in Iowa or withdraws from study at the University.
- Student Tuition Scholarship Program – This Program is for students enrolled at the UOMHS that agree to practice in an eligible rural Iowa community for a two-year period. Students who receive a scholarship under this Program are not eligible for the loan repayment program described below. The scholarship may not exceed the cost of tuition at the University. Tuition for FY 1998 was \$21,500.

- Physician Loan Repayment Program – This Program provides for repayment of student loans for physicians that agree to practice in an eligible rural community in Iowa. For purposes of this Program, eligible rural community is defined as “a medically underserved rural community which agrees to match State funds provided on at least a dollar-for-dollar basis for the loan repayment of a physician who practices in the community.” As implemented by the University, the Program provides \$30,000 per physician who agrees to serve four years in a community of less than 10,000 population that is located at least 30 miles from a metropolitan area. A physician typically agrees to a contract during the last year of the residency program and begins the required years of service the following year. The University arranges for the loan of the physician to be reduced by \$30,000 in addition to the community match. While the statute requires a dollar-for-dollar match, most communities contribute \$60,000.

Statutorily, the financial assistance Programs described above require the repayment of the State funds if the service with Iowa commitment is not completed. The repayment is based on the portion of the commitment not served. Repaid funds are retained by the University and used to assist future students.

### ***Administrative Rules***

The annual appropriation of \$395,000 for the two portions of the Primary Care Program is divided between the student tuition scholarship and the physician loan repayment components of the Program as determined by the University. The forgivable loan program receives a separate appropriation, \$379,260 for FY 1999. Part of the purpose of HF 410 was to equalize the income tax consequences and financial worth of these two components. The College Student Aid Commission is required by Subsection 261.19(5), Code of Iowa, to adopt administrative rules to implement the changes in HF 410. Specifically, the Commission is required to “regularly adjust the physician service requirement under each aspect of the Program to provide, to the extent possible, an equal financial benefit for each period of the service required.” As of November 1998, the Commission has not completed the required administrative rules.

Due to the lack of administrative rules, the University operates under previous Session Law, which required a four-year service commitment for the Physician Loan Repayment Program and a two-year commitment for the Student Tuition Scholarship.

### ***Funding***

The General Assembly began the funding for the current Primary Care Program in FY 1994 at \$245,000 and the Program has received \$395,000 each year since FY 1995. The ICSAC is required to pay the University an administrative fee based upon the number of physicians recruited for the Physician Loan Repayment Program. In lieu of that, the University limits its administrative costs to \$50,000, based upon previous Session Law.

The University did not expend the funds the first two years of the Program and was permitted to carry over the unexpended appropriation for use in succeeding fiscal years. The University then began to encumber the funds by actually paying the \$30,000 Physician Loan Repayment or the Tuition Scholarship even though the physician was still in residency and was not planning on locating in a community for several years or the tuition cost was for the following school year. This resulted in benefits to the physician personal debt load or, in the case of tuition, paying the University in advance of the expected tuition payments. However, for FY 1997 and FY 1998, the University has improved in attempting to use the appropriation in the appropriate fiscal year, so the State benefits from the appropriation in the year provided.

**CURRENT STATUS**

*Physician Loan Repayment Program* - The following chart shows the status of the Program through FY 1998.

**Physician Loan Repayment Program Status**

<b>Fiscal Year</b>	<b>Community</b>	<b>Obligated Years</b>	<b>Years Remaining</b>	
1994	Newton	4	0	
	Manning	4	0	
	Oskaloosa	4	0	
	West Burlington	4	0	
1995	Knoxville	Void	NA	
	Corydon	4	1	
	Corydon	4	3	
	Waterloo	4	2	
	Marengo 1/2 - Ft. Madison 1/2	4	1	
	DeWitt	4	0	
	Iowa Falls	Void	NA	
1996	Chariton	4	0	
	Knoxville	4	1	
	Mt. Pleasant	4	1	
	Story City	4	1	
	Anamosa	4	2	
	Mt. Pleasant	4	1	
1997	Rock Valley	4	2	
	Perry	4	3	
	Clinton	4	3	
	Sac City	4	2	
	Cherokee	4	1	
	Washington	4	2	
	West Union	4	2	
	Prairie City	4	1	
	Greenfield	4	2	
	1998	Carroll	4	2
		Conrad	4	3
Missouri Valley		4	3	
Maquoketa		4	3	
Guttenberg		4	3	

Note: The FY 1995 Knoxville Loan Repayment was repaid when the years of service were not initiated. The FY 1995 Iowa Falls Loan Repayment was served in part and the expected \$10,000 was repaid.

In addition to recruitment of physicians to rural Iowa, the Program has been successful in retaining physicians. Although the Program is relatively new, preliminary statistics are available. Of the six physicians who each received \$30,000 from the Physician Loan Repayment Program and fulfilled all four years of the service commitment, four continue to practice in the same community. Data is not yet available for the remainder of those receiving the \$30,000 loan repayment or for any of the tuition scholarship recipients since the service commitment obligations are still underway.

**Attachment I** is a map with the current location of physicians who received the \$30,000 from the Physician Loan Repayment Program and have either completed the service commitment and remain in the community or are currently fulfilling the service commitment.

*Tuition Scholarship Program* - The following chart indicates the number of scholarships per fiscal year which were awarded and the number of second year scholarships, indicating that a student received tuition for two years in exchange for a four-year rather than a two-year service commitment.

**Tuition Scholarship Program Status**

Fiscal Year	Number of Scholarships	Recipients Fulfilling Iowa Commitment	Recipients Actively Seeking Iowa Placement	Recipients Making Repayment	Second Year Scholarships
1994	1	0	0	0	NA
1995	6	0	4	0	1
1996	8	0	7	0	3
1997	8	NA	NA	NA	3
1998	9	NA	NA	NA	5

Note: Students receiving assistance from the FY 1997 and FY 1998 appropriations are currently in a residency requirement.

## ALTERNATIVES

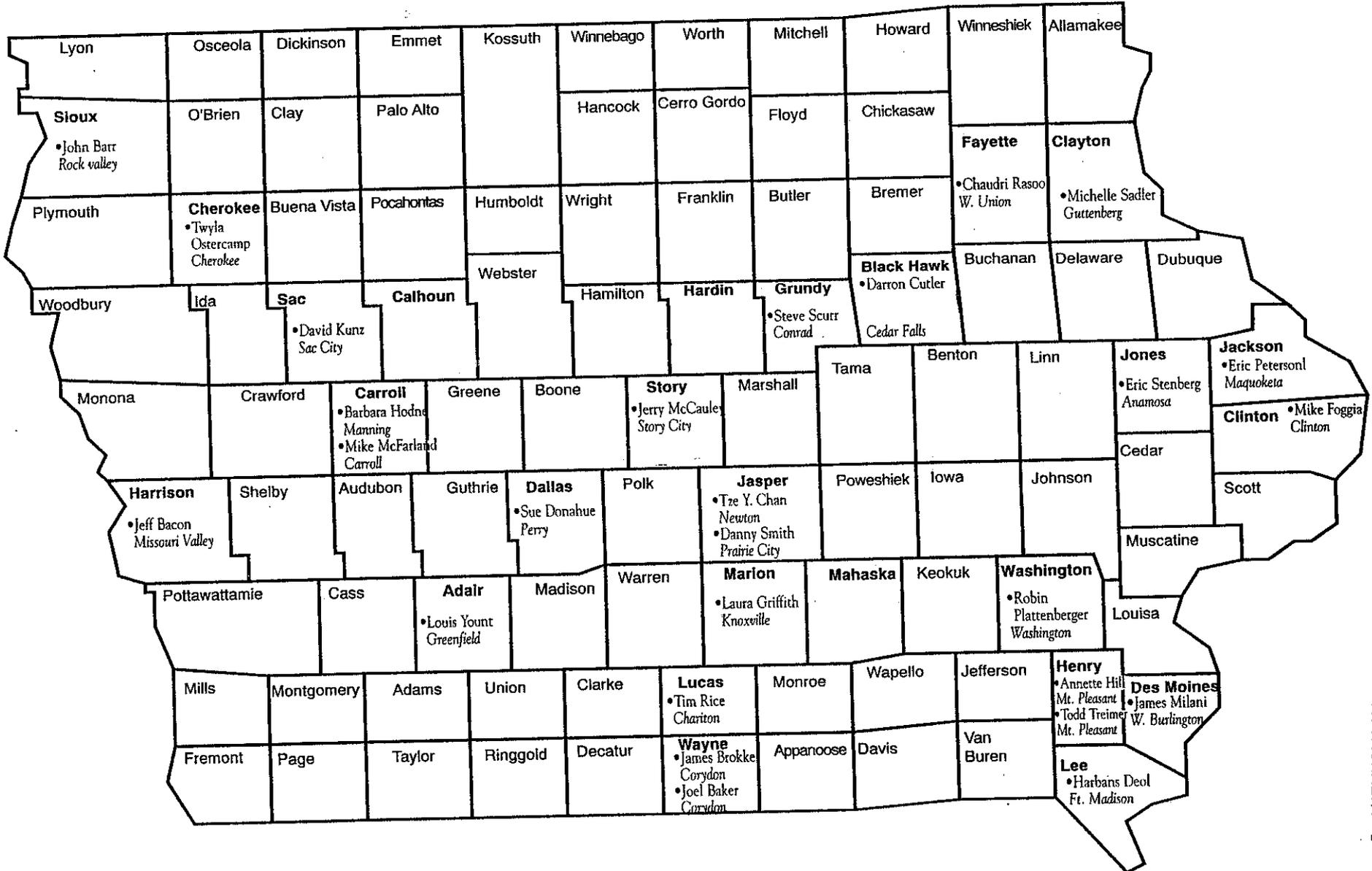
The General Assembly may wish to consider the following alternatives:

- I. If the appropriation were continued at the current amount:
  - Reduce the \$30,000 Physician Loan Repayment award. If the State contribution was decreased, more awards could be made and this would allow additional Iowa communities to provide matching funds and recruit physicians.
  - Encourage the Iowa College Student Aid Commission to propose administrative rules as required by statute and to equalize the service commitments and financial benefits of the Programs. As a part of this process, the University of Osteopathic Medicine and Health Sciences may want to review the need for separate programs. Given the community interest in providing matching funds, perhaps the Physician Loan Repayment Program should continue and the Tuition Scholarship Program could be eliminated. Elimination of the Tuition Scholarship Program would permit the additional funds to be used for the Repayment Program.
  - Expand the acceptable service areas for these two Programs. **Attachment II** shows a map of various health professional shortage areas developed by the Department of Public Health. Expanding the definition of the required service area to include the Federal Health Professions Shortage Areas, the Governor's Health Professions Shortage Areas, and the Federal Medical Underserved Areas would allow physicians participating to locate in additional communities within the State.
- II. If the appropriation was increased, the University should be required to make commitment of state funds for the entire appropriation in the appropriate fiscal year. Additional funds could also be used if the eligible service area was expanded.

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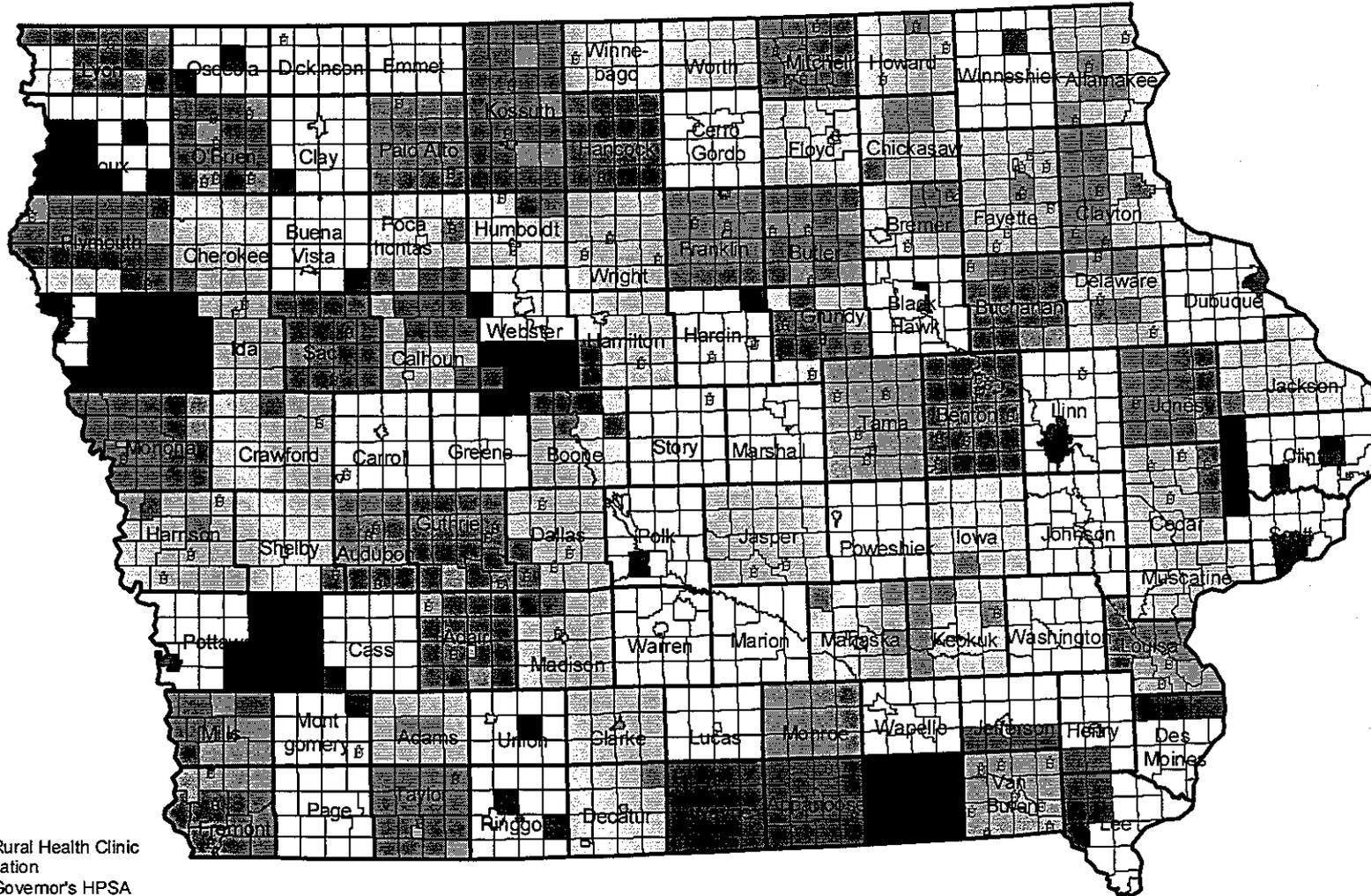
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 University of Osteopathic Medicine and  
 Health Sciences Primary Care Program

UNIVERSITY OF OSTEOPATHIC MEDICINE AND HEALTH SCIENCES  
**SCPCI Physician Placements**  
 by County



# Iowa Shortage Areas & Rural Health Clinics

Health Professional Shortage Areas (HPSA) & Medically Underserved Areas (MUA)



- ⊕ Rural Health Clinic Designation
- Governor's HPSA
  - Federal MUA
  - Federal HPSA
  - Governor's HPSA & Federal MUA
  - Governor's HPSA & Federal HPSA
  - Federal HPSA/MUA
  - Governor's HPSA/Federal HPSA/MUA
  - No Designation

10-14-98

Source:  
Iowa Department of Public Health  
Bureau of Rural Health and Primary Care

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