

## MEMORANDUM

TO: Rep. Mike Fisher  
Chair, House Health Care Committee

FROM: Sharon Winn  
Bi-State Primary Care Association

DATE: April 12, 2014

SUBJ: Opportunity to Increase Loan Repayment for Physicians

As we discussed, Bi-State is working with the Department of Health and AHEC to apply for a federal loan repayment grant. This memo provides background on both the grant opportunity and the Vermont proposal. As you know, the grant requires non-federal state or private matching funds. We hope to find \$250,000 in matching funds, which will allow Vermont to apply for \$250,000 per year for four years.

### Background on the Grant Opportunity

- Total federal funds available anticipated to be \$10 million each year for four years
- HRSA will award grants of up to \$1,000,000 each year for four years
- Grants are available for Health Professional Shortage Areas (HPSAs) for primary care, dental, and mental health practitioners, as well as pharmacists
- States must match \$1 for each \$1 dollar of federal funds provided in the grant
- The match can be state dollars, or donations from public or private entities

### Vermont Proposal

- Vermont will apply for \$1,000,000 over four years (or \$250,000 each year for four years)
- Vermont expects to offer loan repayments of \$20,000 each year for a 2-year commitment
- Vermont must, then, match \$250,000 per year for four years through a combination of state and private funds.
- The matching funds can't come from a federal source; all of Vermont's current loan repayment funds come from a federal source and therefore are not eligible as match
- To date Vermont practices located in designated HPSAs (FQHCs and 2 rural hospitals) have committed \$70,000 of match funding per year over the grant period
- We are in conversations with the three major commercial payers for some of the match
- Would help with recruiting or retaining up to 50 practitioners over the next four years

### Vermont's Health Care Workforce Need

- Half the family practice physicians and nearly 2/3 internal medicine doctors either limit the number of new patients or are closed to new patients
- Bi-State's Recruitment Center is working to fill ~40 primary care openings in Vermont (includes FQHC, RHC and hospital run practices)
- Vermont's workforce needs will grow as baby boomers retire. FQHCs and hospitals have started succession planning for the next 3-7 years to replace physicians and mid-level providers who will be retiring or reducing hours as they age toward retirement.
- Vermont competes to recruit primary care clinicians with states that offer more generous loan repayment programs; New Hampshire offers \$75,000 over three years; New York \$150,000 over five years
- In 2013 Vermont's average loan repayment award was \$3,560 for physicians and 125 awards were given; at the same time, 40 applicants did not receive an award