



C A L I F O R N I A   D E P A R T M E N T   O F  
**Mental Health**

1600 9th Street, Sacramento, CA 95814  
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March 11, 2009

DMH INFORMATION NOTICE NO.: 09-03

TO: LOCAL MENTAL HEALTH DIRECTORS  
LOCAL MENTAL HEALTH PROGRAM CHIEFS  
LOCAL MENTAL HEALTH ADMINISTRATORS  
COUNTY ADMINISTRATIVE OFFICERS  
CHAIRPERSONS, LOCAL MENTAL HEALTH BOARDS

SUBJECT: IMPLEMENTATION OF THE STATE-ADMINISTERED MENTAL  
HEALTH LOAN ASSUMPTION PROGRAM (MHLAP) FOR STATE  
FISCAL YEAR (SFY) 2008-09

REFERENCE: IMPLEMENTATION OF THE MHSA, WELFARE AND INSTITUTIONS  
CODE (WIC) SECTIONS 5820, 5821, 5822, 5847, 5848, AND 5892

This Department of Mental Health (DMH) Information Notice provides information on the Mental Health Loan Assumption Program (MHLAP) that is jointly administered by DMH and the Office of Statewide Health Planning and Development – Health Professions Education Foundation (OSHDPD-HPEF). The goal of the MHLAP is to encourage mental health service professionals to practice in underserved locations in California by authorizing a plan for repayment of their educational loans in exchange for their service in a designated hard-to-fill or retain position in the Public Mental Health System<sup>1</sup>. A total of \$2.5 million for the MHLAP is available in State Fiscal Year 2008-09. The funds allocated for each County to support the MHLAP are displayed in Enclosure 1. Each County must verify that the applicant is employed in the Public Mental Health System in a hard-to-fill or retain position for the applicant to be eligible to receive a loan assumption.

## **I. Background**

Section 5822(b) of the Welfare and Institutions Code requires the Five-Year Workforce Education and Training Development Plan to include expansion plans for loan assumption offered in return for work in California's Public Mental Health System.

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<sup>1</sup> "Public Mental Health System" means publicly-funded mental health programs/services and entities that are administered, in whole or in part, by the DMH or County. It does not include programs and/or services administered, in whole or in part, by federal, state, county or private correctional entities or programs or services provided in correctional facilities (Title 9, California Code of Regulations, section 3200.253 [in the process of promulgation]).

The MHLAP will pay either part or all of an educational loan debt held by an individual in exchange for working for a specified period of time in a position that is deemed hard-to-fill and/or retain by the County Mental Health Director or his/her designee. This financial incentive strategy is an effective means to recruit and retain individuals for Public Mental Health System workforce careers and is a means to promote diversity in the work place.

## **II. The Mental Health Loan Assumption Program (MHLAP) Administration**

For State Fiscal Year 2008-09, DMH and OSHPD-HPEF will jointly administer the MHLAP. The HPEF is a non-profit, public benefit corporation, established to provide scholarships and loan repayment grants whose mission is to “improve access to healthcare in underserved areas of California by providing scholarships, loan repayments, and programs to health professional students and graduates who are dedicated to providing direct patient care in those areas.” OSHPD-HPEF is authorized to repay outstanding educational loans held by lending institutions. Only educational loans obtained for the education of the applicant are eligible for assumption.

### **A. Loan Assumption Eligibility**

Eligibility to apply for a loan assumption award is restricted to mental health service providers in the Public Mental Health System in hard-to-fill or retain positions on a full- or part-time basis.

- “Full-time” means providing mental health care for a minimum of 40 hours per week, for a minimum of 45 weeks per year.
- “Part-time” means providing mental health care for a minimum of 20 hours per week, for a minimum of 45 weeks per year.
- Currently, “mental health service provider” means:
  - Licensed psychologist
  - Registered psychologist
  - Postdoctoral psychological assistant
  - Postdoctoral psychological trainee
  - Licensed marriage and family therapist
  - Marriage and family therapist registered intern
  - Licensed clinical social worker
  - Associate clinical social worker
  - Licensed psychiatrist
  - Registered psychiatrist
  - Licensed psychiatric mental health nurse practitioner
  - Registered psychiatric mental health nurse practitioner

In subsequent State Fiscal Years, the definition of mental health service provider may be expanded to include other professional classifications.

### **B. Loan Assumption Requirements**

Loan assumption award recipients will be required to sign a contract with OSHPD-HPEF outlining the provisions which must be met to fulfill the obligations under this program. A single payment shall be made on the award recipient’s behalf after each consecutive twelve months of employment and current loan balance have been verified by OSHPD-HPEF. Payments shall be

made directly to the lending institution(s) holding the educational loan(s), as outlined in the recipient's contract.

The maximum educational loan assumption each award recipient may be eligible to receive for 12 consecutive months of employment in a hard-to-fill or retain position in California's Public Mental Health System is \$10,000. Award recipients may re-apply to the MHLAP program annually for a maximum of up to 72 months total and \$60,000, pending the availability of MHLAP funds. In no event shall the cumulative amount of the educational loan assumptions exceed the amount of the participant's outstanding educational loan balances as of the date the contract is signed between OSHPD-HPEF and the award recipient.

### **C. Application Submission**

**For the State Fiscal Year 2008-09**, eligible individuals interested in applying for the MHLAP are required to complete the attached application (Enclosure 2), entitled Licensed Mental Health Service Provider Education Program. Application instructions and additional information on the MHLAP are detailed in the Application and the accompanying Application Addendum (Enclosure 3). Spring 2009 applications are to be submitted directly to OSHPD-HPEF and must be postmarked by March 24, 2009. If applicants have questions or need assistance in completing their applications, they should call OSHPD-HPEF staff at 1-800-773-1669 or 916-326-3640. In order for an application to be scored, all forms and sections of the application must be completed. OSHPD-HPEF may not notify applicants if their application is received incomplete.

The application, MHLAP addendum and other supporting materials are available on the OSHPD-HPEF website:

<http://www.oshpd.ca.gov/HPEF/LMHSPLRP.html>

Information on the application process for future cycles will be provided at a later time.

### **D. County Employment Verification Process**

**For the State Fiscal Year 2008-09**, as part of the review process, OSHPD-HPEF will send copies of the eligible MHLAP applications to the Mental Health Director of the County in which the applicant indicates that he or she is employed to verify that the applicant is a current employee in a hard-to-fill or retain position within the Public Mental Health System. Please be advised that this verification process will occur during early April 2009 (April 6 through 15, 2009). The County Mental Health Director (or his/her designee) must return the verification form/list by April 15, 2009, in order to assure that the applications are given full consideration. It is essential that the County Mental Health Director verify that the applicant is employed in the Public Mental Health System and in a hard to fill or retain position. Otherwise, the application will not move forward in the selection process.

### **E. Selection Criteria**

The applicants will be selected within the funding limits allocated to each County. The following criteria will be used to determine which applicants are selected to participate in the MHLAP:

personal statement, work experience, cultural and linguistic competence, career goals, community service, community background, and fluency in a language other than English.

**F. Review and Approval**

OSHPD-HPEF will review the applications for completeness. All complete applications will be forwarded to a selection committee that includes representatives from DMH, OSHPD-HPEF, County Mental Health, and the public "at large." The committee will score and rank applications according to the factors listed under **Selection Criteria**. All applications that meet a pass rate of 65% will be considered eligible to be funded. Eligible applications will be ranked according to the assigned score. Applications will be funded until the entirety of the funds allocated for the County are committed.

Within 120 days of the application postmark deadline, OSHPD-HPEF will notify each applicant whether the applicant was selected and the amount of the State Fiscal Year 2008-09 award for each successful applicant. County Mental Health Directors will receive that information soon thereafter. By June 30, 2009, OSHPD-HPEF will enter into a contract directly with each successful applicant. The contract will detail respective responsibilities, obligations and payment schedule.

We are excited about this new program and its potential impact on improving and enhancing the workforce to better meet the mental health needs of Californians throughout the State. For further information, clarification or questions about this Information Notice, please contact Inna Tysoe at 916-654-3662, or [Inna.Tysoe@dmh.ca.gov](mailto:Inna.Tysoe@dmh.ca.gov).

Sincerely,

Original signed by

STEPHEN W. MAYBERG, Ph.D.  
Director

Enclosures

cc: California Mental Health Planning Council  
California Mental Health Directors Association  
Mental Health Services Oversight and Accountability Commission  
Deputy Director, Community Services Division  
Office of Statewide Health Planning and Development--Health Professions Education  
Foundation