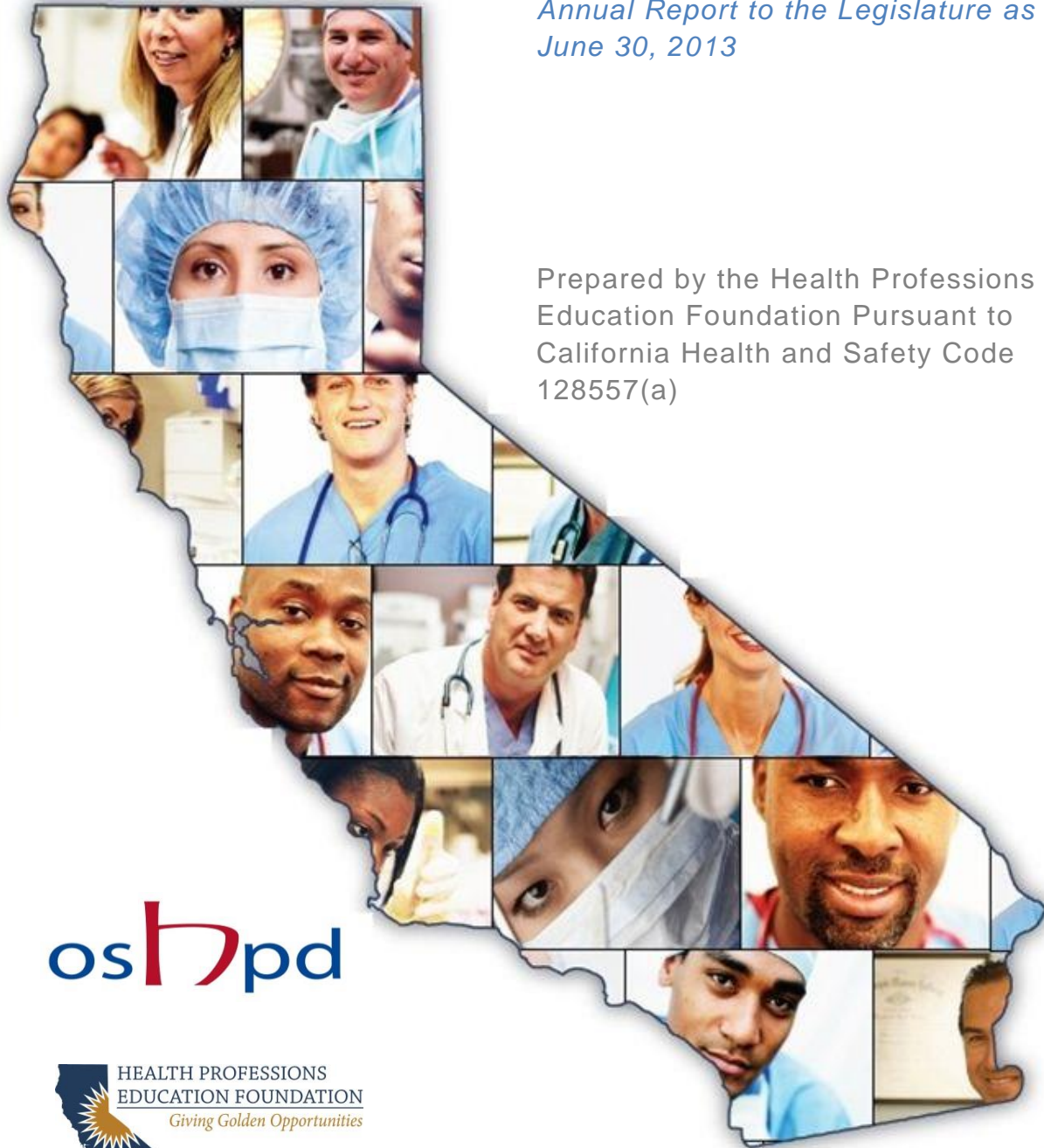


Steven M. Thompson Physician Corps Loan Repayment Program

*Annual Report to the Legislature as of
June 30, 2013*

Prepared by the Health Professions
Education Foundation Pursuant to
California Health and Safety Code
128557(a)



os**h**pd



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The Health Professions Education Foundation (Foundation) Fiscal Year 2012-13 Report to the Legislature regarding the Steven M. Thompson Physician Corps Loan Repayment Program (STLRP) is submitted pursuant to California Health and Safety Code 128577 (a), which requires the Foundation to report to the Legislature in writing annually the following:

1. The number of program participants.
2. The name and location of all practice settings with program participants.
3. The amount expended for the program.
4. Information on annual performance reviews by the practice settings and program participants.
5. Status and statistics on the Physician Volunteer Program.

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Executive Summary

The Health Professions Education Foundation (Foundation), housed within the Office of Statewide Health Planning and Development (OSHPD), is required to submit an annual report to the California State Legislature documenting the performance of the Steven M. Thompson Physician Corps Loan Repayment Program (STLRP). In the Fiscal Year (FY) ending June 30, 2013, 86 applicants requested approximately \$8,457,727 in loan repayments, and the Foundation awarded \$2,377,957 to 30 physicians. The Foundation expects a high demand for this program and will continue to seek additional revenue sources to meet its program objectives.

Issue Statement

As stated in Health and Safety Code 128557 (a), the Foundation is required to submit to the Legislature an annual report that includes the number of program participants, name and location of all practice settings with program participants, amount expended for the program, annual performance reviews by the practice settings and program participants, and the status and statistics on the Physician Volunteer Program. To date, the Physician Volunteer Program has not been implemented and therefore this report will focus only on the Steven M. Thompson Physician Corps Loan Repayment Program.

Background

The STLRP was created in 2003 to increase access to healthcare and promote the longevity of primary care physicians in medically underserved areas¹ of California. Physicians and surgeons can receive up to \$105,000 in exchange for providing direct patient care in a medically underserved area for a minimum of three years. The STLRP guidelines are located in California Health and Safety Code Section 128550-128558 and the California Code of Regulations, Title 16, sections 1313.01-1313.06. Appendix A provides a complete timeline and description of the legislation pertaining to the program.

STLRP applicants are awarded based on their practice setting, medical specialty, and ability to meet the cultural and linguistic needs of the patients they serve. All awardees must serve in a medically underserved area where more than 50 percent of their patients are from uninsured, Medi-Cal, or Healthy Families populations. The STLRP Advisory Committee awards at least 65 percent of available funds to primary care physicians who have completed a three-year postgraduate residency in the areas of: family practice, internal medicine, pediatrics or obstetrics and gynecology. Up to 15 percent of the funds are dedicated to loan assistance for physicians and surgeons who practice in geriatric care settings and up to 20 percent of funds

¹ "Medically underserved area" means an area defined as a health professional shortage area in Part 5 of Subchapter A of Chapter 1 of Title 42 of the Code of Federal Regulations or an area of the state where unmet priority needs for physicians exist as determined by the California Healthcare Workforce Policy Commission pursuant to Section 128225.

are available for other specialties. Further, priority consideration is given to the applicants best suited to meet the cultural and linguistic needs of patients, as determined by meeting one or more of the following criteria:

- Speaks a Medi-Cal threshold language;
- Comes from an economically disadvantaged background;
- Has significant training in culturally and linguistically appropriate service delivery;
- Has three years of experience working in a medically underserved area or with a medically underserved population; and
- Has obtained a license to practice medicine in any state of the United States or Canada within the last 15 years.

The STLRP is able to increase access to healthcare and make an impact in underserved communities. Since 2003, the program has awarded \$19,447,738 and recruited and retained 253 physicians providing direct patient care in 40 of California’s 56 counties. 71 percent of award recipients are certified in a primary care specialty. Up to 15 percent of awards since 2008 support physicians who are providing services in a geriatric setting or are primarily serving adults over the age of 65 years or adults with disabilities. In FY 2012/2013, all 30 of the STLRP awardees worked in a federally designated Health Professional Shortage Area, 26 of the physicians came from an economically disadvantaged background, and 27 spoke Medi-Cal threshold languages. Table 1 provides a summary of the program and demonstrates the competitiveness of awards, with only 32 percent of applicants receiving an award and the funds awarded only represent 29 percent of the amount requested by applicants.

Table 1: Summary of Program Awards, 2003-2012

Award Cycle	Applicants	Awards	Amount Requested (\$)	Amount Awarded (\$)
2003	96	29	8,157,000	2,691,764
2004	77	16	6,154,000	1,310,178
2005	57	19	4,069,000	1,700,493
2006	63	21	5,640,000	1,686,810
2007	52	12	4,303,516	989,000
2008	40	5	3,484,255	250,000
2009	66	16	4,767,727	1,510,027
2010	63	29	5,036,259	2,809,821
2011	185	76	17,583,785	4,121,688
2012	86	30	8,457,727	2,377,957
Total	785	253	67,653,269	19,447,738

Objectives

This report details the performance of STLRP in FY 2012-2013, which includes documenting the number of program participants by name and location of practice settings, and amount of funds expended.

Study Methodology

This report used various sources of information to document its findings. This included information from the Foundation's Health Professions Student Application Monitoring System (HPSAMS), the OSHPD fiscal office, surveys that were collected from current and previous program participants and legislation that may impact the program's objectives. HPSAMS is the Foundation's internal monitoring system used to track demand for the program as well as the status of awardees. This includes collecting information such as applications received and awarded, funds requested and awarded, and other demographic information on applicants and awardees including debt owed, specialties and regions served. OSHPD's fiscal office was responsible for the financial monitoring and reporting of the funds collected and disbursed.

Findings

Applicants

The application deadline for FY 2012-2013 was September 11, 2012 and the Foundation received a total of 86 applications, representing 16 counties, 18 medical specialties, 503 combined years of experience in a health-related field in a medically underserved area, and \$15,180,905 of debt remaining from medical school and/or undergraduate education. As displayed in Figure 1, 30 of these applicants were awarded, 22 were eligible but did not receive an award due to insufficient funds, and 34 were not eligible. Figure 2 explains why 34 applications were not considered eligible for an award, with the majority of them being disqualified due to not working in a medically underserved area.

Figure 1: FY 2012-2013 Applicants

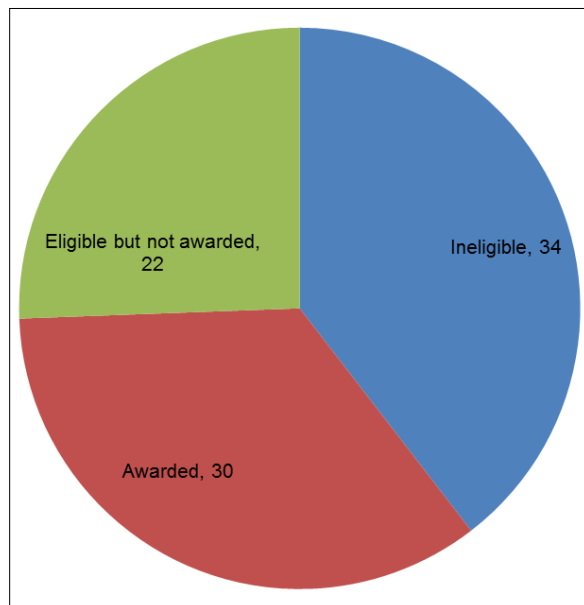
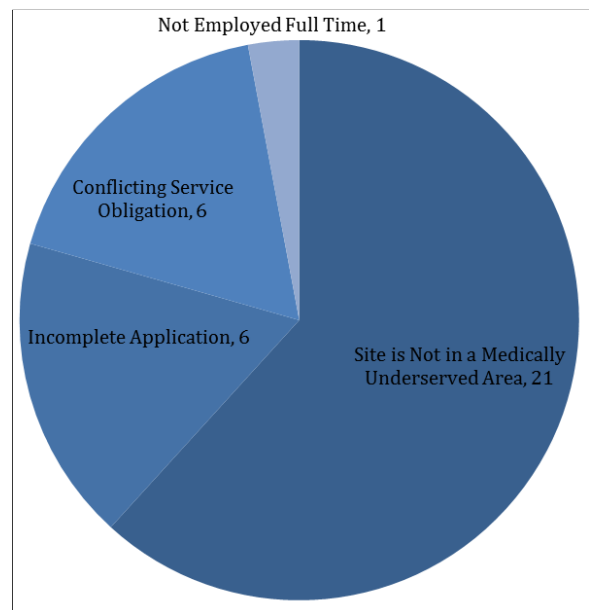
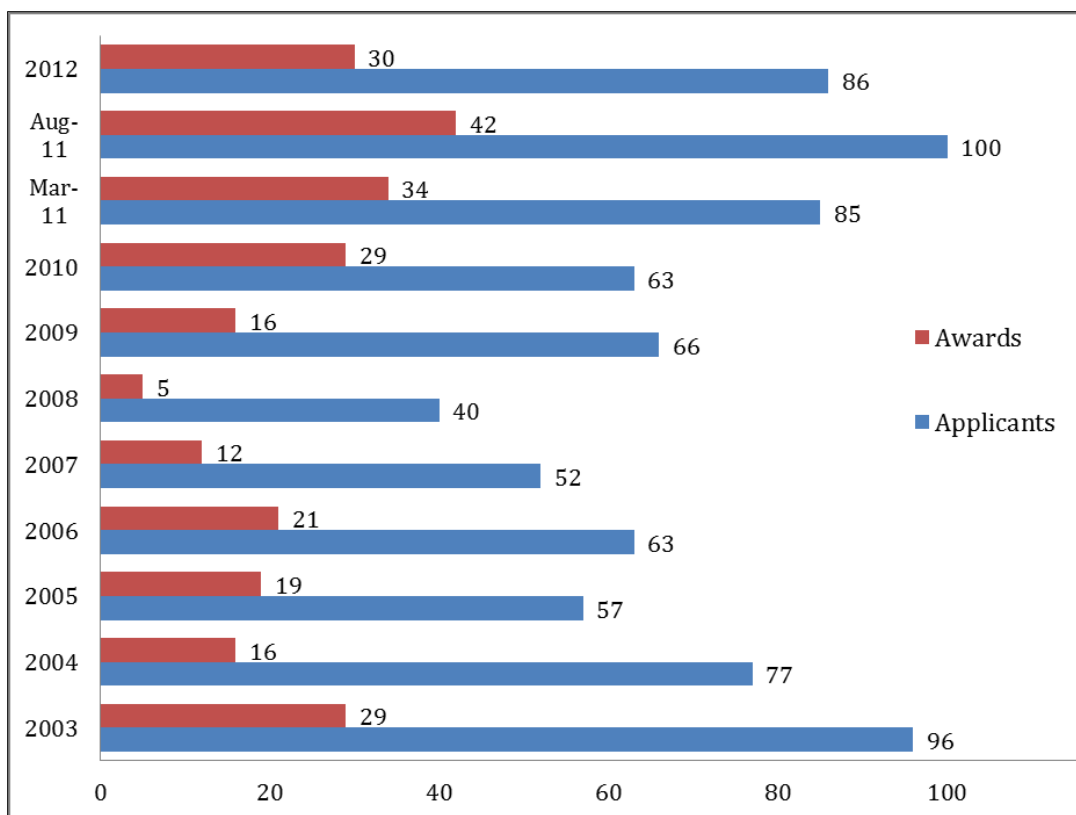


Figure 2: Ineligible Applicants



Since 2003, the program has received a total of 785 applications to participate in the STLRP. Of the total applications received, only 32 percent of the candidates have been selected to receive an award, which demonstrates the shortage of funding to award all eligible applicants, the high demand for the program, and the overall competitiveness of the selection process. Figure 3 demonstrates the supply and demand for awards over time. 2011 saw a spike in applications and awards, due to a unique partnership with the National Health Service Corps/ California State Loan Repayment Program (NHSC/SLRP). The STLRP hosted two application cycles in 2011, instead of the usual one application cycle, and conducted outreach to market the availability of extra funds from NHSC/SLRP. Consequently, between 2010 and 2011, applications increased by 194 percent and the number of awards increased by 162 percent.

Figure 3: Applications Received and Awarded, 2003-2012



The number of applications received in a given cycle ranges from 40 applications (2008) to 100 applications (August 2011). The average number of applications received per cycle is 71, with a standard deviation of 19 applications. Given that 2011 and 2012 are both above the average; the Foundation predicts that the trend will continue to increase in FY 2013-14.

Revenues and Expenditures

In the past fiscal years, STLRP has received funding from a variety of sources, as shown in Table 2 on the following page.

Table 2: Sources of Revenue for the STLRP, Last Three Fiscal Years

Sources of Revenues	2010/11	2011/12	2012/13
DMHC Fines and Penalties	1,000,000	1,000,000	1,000,000
Donations/Grants	100	835,098	312,891
\$25 Physician License Renewal Fee	1,761,219	1,825,317	1,829,350
Surplus Money Investment Fund	34,085	32,666	27,146
Total	2,795,404	3,693,081	3,169,387

STLRP expenditures as shown in Table 3, include both loan repayment awards for physicians as well as administrative costs for the Foundation to staff, market, administer, monitor and evaluate the program.

Table 3: Expenditures for the STLRP, Last Three Fiscal Years

Sources of Expenditure	2010/11	2011/12	2012/13
DMHC Fines and Penalties - Awards	855,000	855,000	855,000
Donations/Grants - Awards	656,426	0	0
\$25 Physician License Renewal Fee - Awards	1,278,130	1,239,394	1,345,181
DMHC Fines and Penalties - Administrative Costs	44,551	44,914	44,943
Donations/Grants – Administrative Costs	0	0	0
\$25 Physician License Renewal Fee - Administrative Costs	45,362	48,727	55,718
Prior Year Adjustments	-101,567	-71,547	29
Total	2,777,901	2,166,488	2,300,869

Monitoring

As of June 30, 2013, STLRP has 128 active participants who are being monitored by the Foundation for compliance with statutory and regulatory guidelines. Each award recipient is contractually obligated to work full-time in direct patient care for a minimum of three years in a medically underserved area. Every six months, the Foundation requests a signed statement from the award recipient's employer to verify their eligibility for payments and continued program participation. Upon the completion of each year of service, the Foundation issues a portion of each applicant's total award for the repayment of their educational debt. Payments are issued in increasing amounts yearly based upon service obligation completion: 24 percent of the award upon completing one year, 33 percent upon completing two years, and 43 percent upon completing the third and final year. Figure 4 shows how far along each of the active award recipients are in their service obligation.

Figure 4: Monitoring Activities for Active STLRP Contracts



At the completion of the participant's three-year service obligation, Foundation staff sends a post-program survey to evaluate the effectiveness of the STLRP.

Breach of Contract

A breach is defined as the failure by one party to carry out any condition of the contract. All but one of the 2003-2009 award recipients have completed their contract obligations and their awards have been disbursed in full. One individual from the 2004 cycle received a first installment check in the amount of \$22,800 following the first year of her service obligation and then ended her employment at the eligible practice site. The Medical Board of California (Board) determined that this was a breach of contract and has agreed to collect the money owed because her contractual agreement was executed by the Board prior to the STLRP's transfer to the Foundation in 2005.

2012 Award Cycle

The Foundation received a total of 86 applications for the STLRP September 11, 2012 application deadline. The Advisory Committee reviewed the applications and identified the most qualified candidates. Of the applications received, the Advisory Committee selected 30 physicians and awarded them an average of \$79,265 per person. The award amounts range from \$12,819 to \$91,587 and were determined based on the total funding available and the total educational debt of each award recipient. Appendix B provides a table with detailed information that includes: physician specialty, employer name and location as well as the award amount for 2012-2013 awardees.

Practice Settings

The STLRP Advisory Committee chooses the most qualified applicants practicing in settings that meet the STLRP requirements, as defined in Health and Safety Code 128552. All settings are located in a medically underserved area, and at least 50 percent of their patients are from the Medi-Cal Program, Healthy Families Program, and uninsured populations. In addition to being in a medically underserved area, Table 4 describes other federal designations that have been assigned to the award recipients' practice settings.

As of June 30, 2013 there are 128 active contracts



26 contracts end June 2013

34 contracts end June 2014

40 contracts end September 2014

Table 4: Practice Setting Designations for FY 2012-13 Awardees

Federal Designation²	Number of Awardees
Federally Qualified Health Center or Look Alike	18
Community Health Center	10
Health Care for the Homeless	9
Migrant Health Center	2
Public Housing Health Center	2
Rural Health Center	1

Specialties

Health and Safety Code 128553 sections (c) and (d) provides that “up to 15 percent of the funds...shall be dedicated to loan assistance for physicians and surgeons who agree to practice in geriatric care settings” and “the selection committee may fill up to 20 percent of the available positions with program applicants from specialties outside of the primary care specialties.” Thus, at least 65 percent of available funds will be allocated for applicants who have completed a three-year postgraduate residency in the areas of primary care including family practice, internal medicine, pediatrics or obstetrics and gynecology. A listing of postgraduate training for the 2012-2013 award recipients is outlined in Table 5. Three of the 30 awardees are working in a geriatric care setting, serving primarily adults over the age of 65 years and adults with disabilities.

Table 5: Specialty Certifications Held by FY 2012-13 Awardees

American Board of Medical Specialties Certifications	Number of Awardees
Family Physician	15
Family Physician & HIV Specialist	1
General Internist & Infectious Disease-HIV Primary Care	1
General Internist & Rheumatology	1
General Pediatrician	8
General Psychiatrist	1
General Psychiatrist & Child and Adolescent Psychiatrist	1
General Psychiatrist & Forensic Psychiatrist	1
Obstetrician/ Gynecologist	1

Foreign Languages

The STLRP requires the Advisory Committee to consider an applicant’s ability to meet the cultural and linguistic needs of a diverse patient population. Linguistic competency can help physicians break down language and cultural barriers commonly present when providing care to patients of diverse backgrounds. 93 percent of awardees spoke a language other than English, 90 percent of awardees spoke a Medi-Cal threshold language, and 40 percent of the recipients spoke three or more languages. Languages used in the workplace by awardees are detailed below in Table 6.

² Some recipients fall into multiple categories.

Table 6: Language Proficiency of FY 2012-13 Awardees

Language(s)	Number of Awardees
Arabic	2
Bengali	1
Cantonese	2
English Only	2
Farsi	1
French	1
Hebrew	1
Hindi	2
Khmer	1
Korean	1
Mandarin	1
Other Chinese	2
Spanish	25
Tagalog	1
Urdu	1
Vietnamese	1

Geographic Distribution

The Advisory Committee chooses the most qualified applicants who are working in the areas of California with the greatest need, as well as to ensure a geographic distribution of awards. The following regions are represented: Northern California, Bay Area, Central Valley, Central Coast, Southern California and Inland Empire. The Appendix C map displays award recipients and the counties in which they are employed.

2012 Alumni Survey: STLRP Community Impact

In April 2012, the Foundation contacted physicians who had completed their three-year service commitments to work in medically underserved communities of California and surveyed them regarding their professional and personal accomplishments since completing their contract. 80 percent of respondents were still working at the same location or similar location in a medically underserved area. In their own words, the physicians most commonly described the populations they currently serve as: “Medi-Cal”, “No insurance and are on a sliding fee program”, “Underinsured”, “Uninsured”, “All ages”, “Adults and seniors, age 18-85”, “Low income”, “Underserved”, “Diverse”, or “Lower socioeconomic.” Many were able to demonstrate their leadership and drive to serve underserved communities, by sharing their accomplishments since completing the STLRP:

“My volunteer work in the local, national and global community has been acknowledged by the: (1) California Medical Association Outstanding Physician of the year: Robert D. Sparks, MD Leadership Achievement Award; (2) The University of California, Davis, Humanitarian of the Year Award; (3) Key Note Speaker at the UCD 2009 School of Medicine Graduation Ceremony; and (4) African Vibes Humanitarian of the Year award. These awards as well as local community awards have continued to serve as a source of pride and humility as I am blessed with the opportunity to serve and learn from my patients, community and colleagues.”

“I continue to do an annual trip to Nicaragua through the Medicos program run by the UC Davis School of Medicine. I also continue to teach a course to first year medical students in the Rural Prime program at the UC Davis School of Medicine.”

“I am located in a residential area. My office is the first joint collaboration between the Boys and Girls Club and a Children’s Hospital. Most importantly, I love my patient population and I feel privileged caring for them. I was on the Board of Directors for MOMS Orange County that provides programs and services that result in healthy pregnancies, healthy babies and healthy families. Presently, I am a board member of the Santa Ana Boys and Girls Club. I was voted by my peers as one of Orange County’s Physician of Excellence this past year.”

“I continue to love to serve this underserved population as I grew up in these same areas. As a Hispanic woman, I feel strongly about serving minority populations. My entire training and employment history has been working with this population since 1994! I plan to remain working for this community in the future as well! It is very gratifying!”

Conclusion

The STLRP provides a significant incentive for physicians dedicated to serving in medically underserved areas. Since its inception, the STLRP has awarded more than \$19,000,000 to 253 individuals. In September 2012, 86 applicants requested approximately \$8,457,727 in loan repayments, and the Foundation awarded \$2,377,957 to 30 physicians who begin their service obligations on June 30, 2013. The Foundation continues to award physicians willing to meet the needs and improve the health outcomes of California’s underserved communities.

Appendix A: Legislative History

AB 589 (Perea, Chapter 339, Statutes of 2012) establishes the Steven M. Thompson Medical School Scholarship Program (STMSSP) within the Foundation to promote the education of medical doctors and doctors of osteopathy who agree in writing prior to completing an accredited medical or osteopathic school based in the United States to practice direct patient care in an eligible setting located in a medically underserved area.

SB 606 (Ducheny, Chapter 600, Statutes of 2009) makes osteopathic physicians and surgeons eligible for the STLRP and requires that the Osteopathic Medical Board of California collect a mandatory \$25 fee from physicians and surgeons at the time of initial licensure or biennial renewal to support the STLRP.

SB 1379 (Ducheny, Chapter 607, Statutes of 2008) required that, beginning September 1, 2009, and annually thereafter, the first \$1,000,000 deposited into the Managed Care Administrative Fines and Penalties Fund be transferred to the Medically Underserved Account for Physicians to be used for loan repayment awards under the STLRP. The bill also required an immediate one-time transfer of \$1,000,000 from the Managed Care Administrative Fine and Penalties Fund to the Account.

AB 2439 (De la Torre, Chapter 640, Statutes of 2008) established a mandatory \$25 fee from physicians and surgeons at the time of initial licensure or biennial renewal to support the STLRP. The bill also required that up to 15 percent of the funds collected from the \$25 fee to be used for loan repayment for physicians who agree to practice in geriatric care settings or settings that primarily serve adults over the age of 65 years or adults with disabilities.

AB 920 (Aghazarian, Chapter 317, Statutes of 2005) transferred the administration of the STLRP from the Medical Board of California to the Foundation.

AB 327 (De la Torre, Chapter 293, Statutes of 2005) established a \$50 voluntary donation from physicians and surgeons at the time of initial licensure or biennial renewal to support the STLRP.

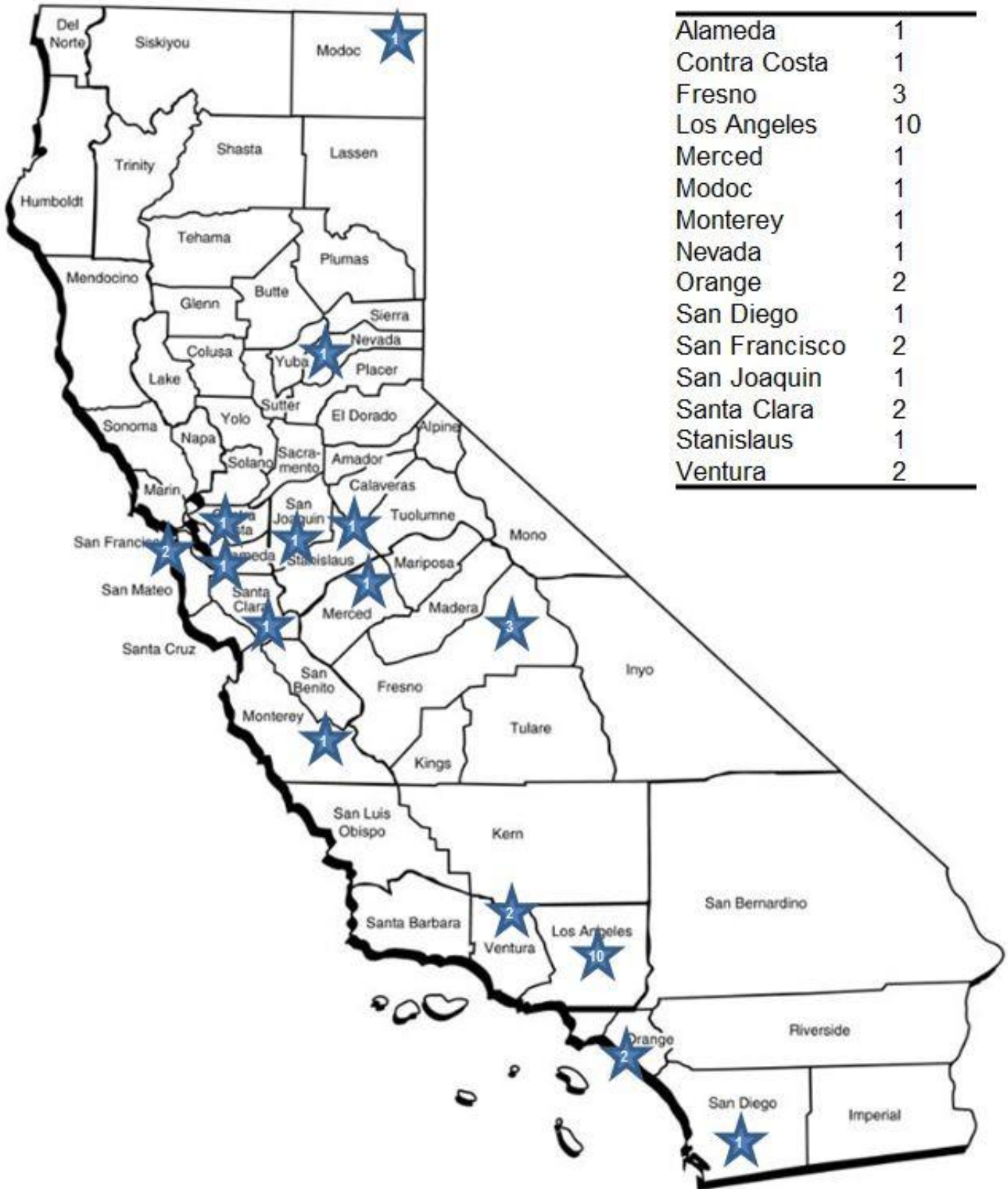
AB 1403 (Nunez, Chapter 367, Statutes of 2004) renamed the program the STLRP effective January 1, 2005.

AB 982 (Firebaugh, Chapter 1131, Statutes of 2002) established the California Physician Corps Loan Repayment Program within the Medical Board of California. The program encourages recently licensed physicians to practice in underserved locations in California by awarding loan repayments of up to \$105,000. AB 982 also authorized the Board to allocate \$3 million from its Contingent Fund to implement the program and to support physician loan repayments.

Appendix B: Practice Settings with FY 2012-2013 Awardees

Physician Specialty	Employer	Award Amount (\$)	
Family Physician	Universal Community Health Center (Los Angeles, CA)	12,819	
	I SOT Inc. dba Canby Family Practice Clinic (Canby, CA)	91,587	
	Bautista Medical Group (Fresno, CA)	91,587	
	County of Monterey - Health Department (Marina, CA)	83,846	
	UMMA Community Clinic (Los Angeles, CA)	91,587	
	San Joaquin General Hospital (French Camp, CA)	38,321	
	Santa Clara Valley Medical Center (San Jose, CA)	74,860	
	UCI FQHC Anaheim, UCI FQHC Santa Ana (Anaheim, Santa Ana, CA)	91,587	
	Contra Costa Health Services (San Pablo, CA)	91,587	
	Friends of Family Health Center (La Habra, CA)	91,587	
	United Health Centers (Parlier, CA)	91,587	
	Joshua House Clinic & Pico Aliso Community Clinic (Los Angeles, CA)	91,587	
	Family Physician, HIV Specialist	Golden Valley Health Centers (Ceres and Newman, CA)	25,300
	Internist, HIV Specialist	Community Medical Center (Fresno, CA)	91,587
Internist, Rheumatology	Ventura County Health Care Agency (Ventura, CA)	22,836	
General Pediatrician	Mandalay Bay Women and Children's Medical Group (Oxnard, CA)	91,587	
	Children's Hospital Los Angeles (Los Angeles, CA)	91,587	
	Children's Hospital Los Angeles (Los Angeles, CA)	91,587	
	Children's Hospital Los Angeles (Los Angeles, CA)	91,587	
	University of California, San Francisco (San Francisco, CA)	91,587	
	AltaMed General Pediatrics (Los Angeles, CA)	91,587	
	Altamed Clinic at Children's Hospital Los Angeles (Los Angeles, CA)	91,587	
	Santa Clara Valley Medical Center- Bascom (San Jose, CA)	91,587	
Child and Adolescent Psychiatrist	County of Los Angeles (Los Angeles, CA)	91,587	
Forensic Psychiatrist	Los Angeles County Department of Mental Health (Los Angeles, CA)	91,587	
Geriatric, Family Physician	North East Medical Services (San Francisco, CA)	83,284	
	Western Sierra Medical Clinic (Grass Valley, CA)	52,569	
Geriatric, General Psychiatrist	Over Sixty Health Center - LifeLong Medical Care (Berkeley, CA)	91,587	
Obstetrician/ Gynecologist	Family Health Centers of San Diego (San Diego, CA)	60,795	

Appendix C: FY 2012-2013 Awardees by County of Employment





Contact Information

For questions on this report or the Steven M. Thompson Physician Corps Loan Repayment Program, contact the Health Professions Education Foundation.

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