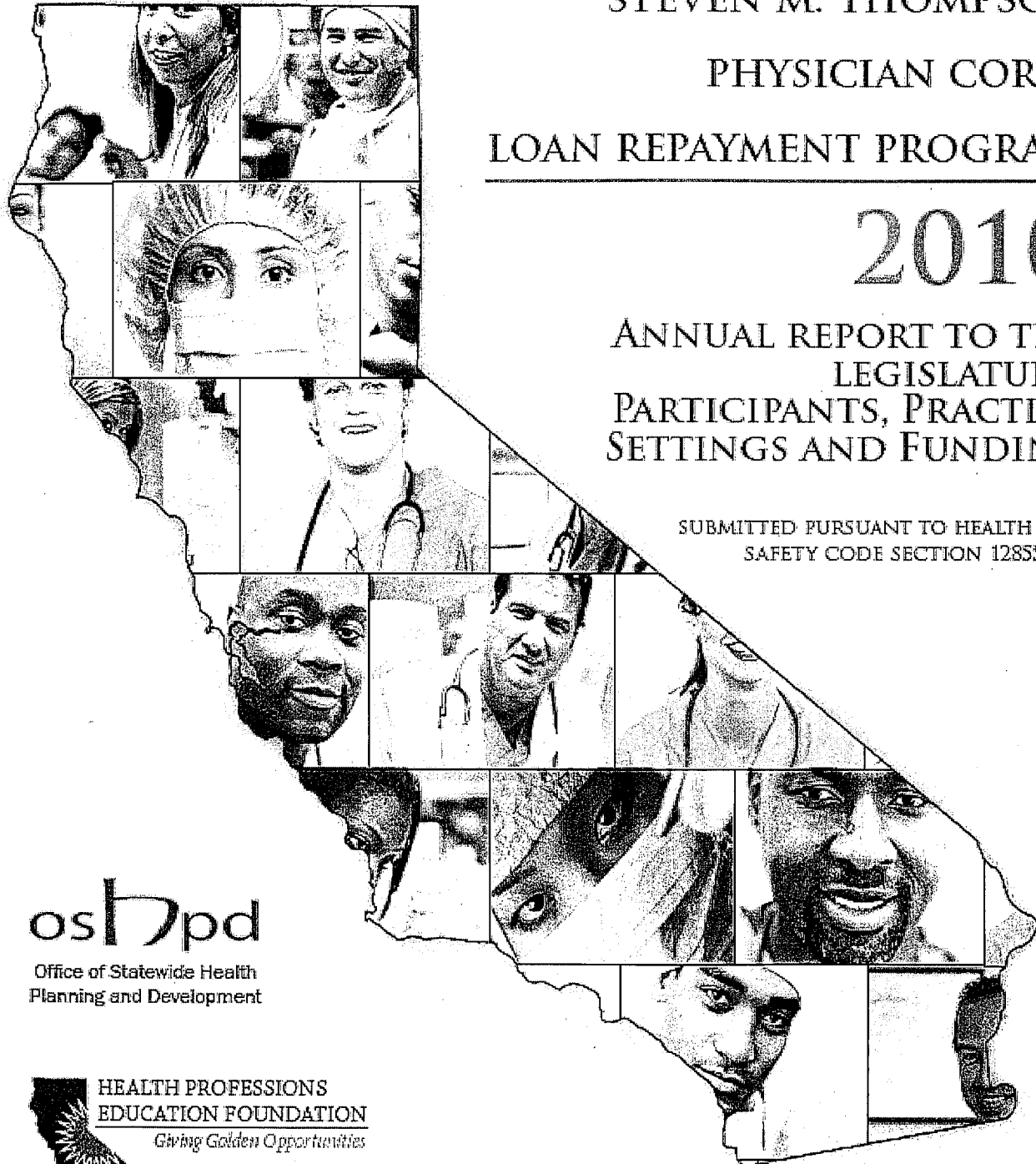


STEVEN M. THOMPSON  
PHYSICIAN CORPS  
LOAN REPAYMENT PROGRAM

2010

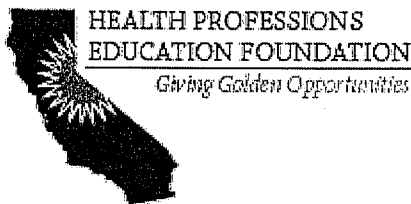
ANNUAL REPORT TO THE  
LEGISLATURE:  
PARTICIPANTS, PRACTICE  
SETTINGS AND FUNDING

SUBMITTED PURSUANT TO HEALTH AND  
SAFETY CODE SECTION 128557(a).



osbpd

Office of Statewide Health  
Planning and Development



HEALTH PROFESSIONS  
EDUCATION FOUNDATION

*Giving Golden Opportunities*

PREPARED BY THE HEALTH PROFESSIONS EDUCATION FOUNDATION

## Executive Summary

The Health Professions Education Foundation (Foundation) 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 2010, 63 applicants requested approximately \$5,036,259.21 in loan repayments. Twenty nine applicants were awarded \$2,809,820.66 in loan repayments. **Twelve applications were incomplete or ineligible.** The Foundation continues to expect a high demand for this program and will continue to seek additional revenue sources to meet its program objectives.

## Issue Statement

Health and Safety Code Section 128557 (a) requires the Foundation to submit an annual report to the Legislature for the Steven M. Thompson Physician Corps Loan Repayment Program (STLRP), documenting the following five requirements: number of program participants, name and location of practice settings, amount of funds expended, information from annual performance reviews, and an update on the status and statistics for the Physician Volunteer Program. To date, the Physician Volunteer Program has not been implemented therefore there are no statistics available for this program. This report is being submitted as required by statute.

## Background

The STLRP was created in 2003 to increase the accessibility of healthcare and promote the longevity of primary care physicians in medically underserved areas 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 application deadline for the STLRP is scheduled annually in the spring. Pursuant to Health and Safety Code 128553 section (c)(5)(d)(2), "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, 80 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. Further, pursuant to the California Code of Regulations, Title 16, Division 13, Chapter 1, Article 3.1, Section 1313.02 (b), "priority consideration is given to the applicants best suited to meet the cultural and linguistic needs of patients." The applicant is evaluated according to the following criteria:

- speaks a Medi-Cal threshold language;
- comes from an economically disadvantaged background;
- has received 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 recently obtained a license to practice medicine in any state of the United States or Canada.

## Objectives

This report will provide in detail the performance of STLRP in 2010. This will include documenting the number of program participants, name and location of practice settings, and amount of funds expended. As stated earlier, this report will not present information on the Physician Volunteer Program as this program has not been implemented to date.

## Study Methodology

This report used various sources of information to document its findings. This included information from the Foundation's Health Professions Student Monitoring System (HPSAMS), the Office of Statewide Health Planning and Development (OSHPD) Budget Office and legislation that may impact the program's objectives. HPSAMS is the Foundation's internal monitoring system used to track demand for the program. 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 Budget Office was responsible for the financial monitoring and reporting of the funds collected and disbursed. Finally, the Foundation also tracked legislative initiatives with a potential impact to the program.

Two legislative measures in 2008 and one legislative measure in 2009 significantly impacted STLRP and were signed into law. Collectively, the three legislative measures resulted in an increase in program funding for the 2010 cycle. During the 2010 award cycle, the impact of the legislation was realized. The following information summarizes the intent of the bills (Appendix B provides a complete timeline of the legislation pertaining to the program):

AB 2439 (De la Torre, Chapter 640, Statutes of 2008) requires the Medical Board of California (Medical Board) to collect a mandatory \$25 fee from physicians and surgeons at the time of initial licensure or biennial renewal to support the STLRP. It also allowed that up to 15 percent of the funds collected from the additional \$25 fee be dedicated to loan assistance 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.

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

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.

## Findings

Based on the number of applicants and the amount of funds available each year, the process of selecting recipients continues to be competitive. To date, the STLRP has awarded more than

\$12.9 million dollars to 147 individuals. Table One shows a summary of the applicants to the program since its inception.

Table One: Summary of Applicants, 2003-2010

Award Cycle	Applicants	Awarded	Declines	Amount Requested	Amount Awarded
2010	63	29	1	\$5,036,259	\$2,809,821
2009	66	16	1	\$4,767,727	\$1,510,027
2008	40	5	2	\$3,484,255	\$250,000
2007	52	12	0	\$4,303,516	\$989,000
2006	63	21	4	\$5,640,000	\$1,686,810
2005	57	19	3	\$4,069,000	\$1,700,493
2004	77	16	0	\$6,154,000	\$1,310,178
2003	96	29	1	\$8,157,000	\$2,691,764
<b>Total</b>	<b>514</b>	<b>147</b>	<b>12</b>	<b>\$41,611,757</b>	<b>\$12,948,093</b>

**Program Funding**

As mentioned above, the impact of AB 2439, SB 1379 and SB 606 have provided a secure and stable source of funding for the program. However, the Foundation has maintained efforts to find additional substantial contributions to support this program. The details of revenues and expenditures for Fiscal Year 2009-2010 are noted in Table Two.

Table Two: STLRP FY 2009-2010 Revenue and Expenditures

SOURCES OF REVENUE	
Beginning Balance	\$1,579,107
Mandatory License Fees	\$1,700,990
Dept. of Managed Health Care's Managed Care Administrative Fines and Penalties Fund	\$1,000,000
Grant: PacifiCare/UnitedHealthcare	\$557,725
Grant: The California Wellness Foundation	\$60,000
Income from Surplus Money Investments	\$32,058
Private Donations and Physician Contributions	\$150
<b>TOTAL REVENUE</b>	<b>\$4,930,030</b>
EXPENDITURES AND EXPENDITURE ADJUSTMENTS	
	\$1,578,171
<b>FUND BALANCE</b>	<b>\$3,351,859</b>

Expenditures may not match total revenue, as award amounts are determined by the amount of funding available in the Medically Underserved Account for Physicians (MUAP) prior to the STLRP Advisory Committee meeting, rather than the total amount of revenues at the end of the fiscal year. As such, revenues that are deposited into the MUAP after the date that the Advisory Committee meets are not available until the following award cycle.

### ***Monitoring***

The Foundation currently monitors the 29 contracts for award recipients selected in 2010, as well as 33 contracts for award recipients selected in 2007, 2008 and 2009. In addition, there are 77 contracts that have been finalized and closed, as those recipients have completed their service obligation. All recipients are required to work three years in a medically underserved area providing full-time direct patient care. Program Officers are responsible for monitoring award recipients every six months to verify their employment with a designated shortage area, and payments are issued annually. 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. The 2003, 2004 and 2005 award recipients have completed their contract obligations and received the funds due to them. 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 determined that this was a breach of contract because she did not maintain employment in a qualified facility and is required to reimburse the Foundation \$22,800 plus interest. The Medical Board has agreed to collect the money owed because her contractual agreement is with them. To date, the individual has not repaid her award. This remains the only breach in the STLRP as of this report.

### ***2010 Award Cycle***

For the March 2010 cycle, the Foundation received a total of 63 applications for the STLRP, representing a cumulative request of \$5,036,259.21 to repay educational debt. The Advisory Committee was charged with identifying awardees and awarding them a total of \$2,833,255.97 for loan repayments. Of the 63 applications received, the Advisory Committee selected 29 qualifying physicians and awarded them a loan repayment up to \$105,000 or the total amount owed, whichever was lower. The chosen awardees came from various medical specialties and facilities located throughout California. One individual declined the award citing the applicant's inability to commit to the required three-year service obligation. The first alternate recipient selected by the Advisory Committee was contacted and accepted the award. Funds dispersed for the STLRP totaled \$2,809,820.66.

### ***Practice Settings***

The STLRP Advisory Committee chooses the most qualified applicants who are working in the practice settings that meet the requirements of the STLRP. Of the 29 practice settings throughout California, 12 were in community clinics and three were located in rural areas of the state.

### ***Practice Settings and Program Participants Program Reviews***

Performance reviews of STLRP participants are conducted by the Foundation through mandatory semiannual reports which are completed and submitted by supervisors, clinic directors or other appropriate managers of the practice settings where the participants are serving their service obligation. Thus the status of the program participants and their practice settings are verified on a continuous basis by the Foundation. Appendix C, page 9 of this report details the physician practice settings for the STLRP 2010 awards.

### ***Specialties***

Pursuant to Health and Safety Code 128553 section (c)(5)(d)(2), "the selection committee may fill up to 20 percent of the available positions with program applicants from specialties outside of the primary care specialties." Therefore, 80 percent of STLRP participants are primary care providers, and include the following specialties: family practice, internal medicine, pediatrics, and/or obstetrics and gynecology. A listing of postgraduate training for the 2010 award recipients is as follows<sup>1</sup>:

**Table Three: Specialties, 2010 Award Recipients**

<b>Specialty</b>	<b>Awardees</b>
<b>Family Practice</b>	36%
<b>Pediatrics</b>	29%
<b>Psychiatry &amp; Neurology</b>	18%
<b>Internal Medicine</b>	7%
<b>Obstetrics/Gynecology</b>	3%
<b>No Specialty</b>	7%

***Geriatricians***

The 2010 STLRP application was modified so that the Foundation could accurately determine and award physicians working in geriatric care settings pursuant to AB 2439. Ten applications were received from physicians who stated that they worked in a facility that met the geriatric practice requirements of the program. Of these applicants, three were selected to receive awards.

***Osteopathic Physicians and Surgeons***

The 2010 STLRP award cycle was the first cycle that legislation provided for the participation of Osteopathic physicians and surgeons. The Foundation received applications from 12 individuals who stated they were Osteopathic physicians and surgeons. Of these applicants, seven were awarded in 2010.

***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. Eighty percent of the awardees spoke a language other than English. Languages used in the workplace by awardees are detailed below.

**Table Four: Languages Spoken by 2010 Award Recipients**

<b>Languages Spoken</b>	<b>Awardees</b>
<b>Spanish</b>	16
<b>English only</b>	6
<b>Hmong</b>	2
<b>Farsi and Spanish</b>	2
<b>Vietnamese</b>	1
<b>Korean</b>	1
<b>Korean and Spanish</b>	1

<sup>1</sup> Some physicians hold more than one specialty.

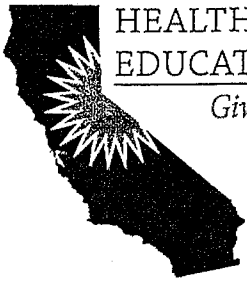
## History of Program Legislation

Legislation	Description
AB 982 (Firebaugh) Chapter 1131, Statutes of 2002	The bill 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 Medical Board to allocate \$3 million from its Contingent Fund to implement the program and to support physician loan repayments.
AB 1403 (Nunez) Chapter 367, Statutes of 2004	The bill renamed the program the Steven M. Thompson Physician Corps Loan Repayment Program effective January 1, 2005.
AB 327 (De la Torre) Chapter 293, Statutes of 2005	The bill established a \$50 voluntary donation from physicians and surgeons at the time of initial licensure or biennial renewal to support the Steven M. Thompson Physician Corps Loan Repayment Program.
AB 920 (Aghazarian) Chapter 317, Statutes of 2005	The bill transferred the administration of the Steven M. Thompson Physician Corps Loan Repayment Program from the Medical Board of California to the Health Professions Education Foundation.
AB 2439 (De la Torre) Chapter 640, Statutes of 2008	The bill established a mandatory \$25 fee from physicians and surgeons at the time of initial licensure or biennial renewal to support the Steven M. Thompson Physician Corps Loan Repayment Program. 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.
SB 1379 (Ducheny) Chapter 607, Statutes of 2008	The bill 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 Steven M. Thompson Physician Corps Loan Repayment Program. 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.
SB 606 (Ducheny) Chapter 600, Statutes of 2009	The bill 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.

## Practice Settings 2010 Award Recipients

<i>Practice Specialty/Description/Practice Setting</i>	<i>Award</i>
<b>Family Practice:</b>	
<i>Family Medicine is a form of primary care that provides continuing, comprehensive healthcare for the individual and family across all ages, sexes, diseases, and parts of the body.</i>	
Community Medical Center-Fresno Family Health Center	\$105,000
Natividad Medical Center	\$105,000
Vantage Comprehensive Care	\$105,000
Vista Community Clinic	\$105,000
St. Anthony's Free Medical Clinic	\$62,370
Stanislaus County Health Services Agency-Hughson Medical Office	\$105,000
Santa Paula West Medical Clinic	\$105,000
Sutter Gould Pattersen	\$105,000
Imperial Beach Health Center	\$105,000
Redding Rancheria Indian Health Center	\$96,873
<b>Internal Medicine:</b>	
<i>Internal medicine physicians diagnose and treat the general medical problems of adult patients, as well as disorders of the internal organs.</i>	
Contra Costa Regional Medical Center & Health Centers	\$79,047
Altamed Health Services	\$105,000
<b>Obstetrics/Gynecology:</b>	
<i>OB-GYN physicians specialize in obstetrics and gynecology. Obstetrics is the medical discipline focusing on pregnancy and childbirth. Gynecology is the general care and management of the female reproductive system.</i>	
Harbor-UCLA Medical Center	\$95,653
<b>Pediatrics:</b>	
<i>Pediatric physicians assess and treat the physical, emotional and social health of children from birth to young adulthood.</i>	
Clinica Monsignor Oscar A. Romero	\$105,000
Long Beach Hospital Based	\$105,000
Clinica Monsignor Oscar A. Romero	\$105,000
General Practitioner of Pediatrics Community Clinic, Los Angeles	\$85,018
Children's Hospital Central California	\$105,000
San Francisco General Hospital, Children's Health Center	\$89,758
Ravenswood Family Health Center	\$105,000
Santa Clara Valley Medical Center, East Valley Clinic	\$18,064
Long Beach Gastroenterology (Pediatrics) Clinic	\$105,000
<b>Psychiatry/Neurology:</b>	
<i>Physicians concerned with the nervous system function and disorders.</i>	
Santa Clara County Mental Health Center	\$78,037
Los Angeles Child/Adolescent Psychiatry	\$105,000
San Fernando Mental Health Clinic	\$105,000
Long Beach Community Clinic	\$105,000
D'Veal Family & Youth Services, Foothill Family Service & Bienvenidos	\$105,000
<b>No Specialty:</b>	
<i>These physicians have not yet selected a specialty that they will pursue.</i>	
Harbor-UCLA Medical Center	\$105,000
Seneca Healthcare District	\$105,000





**HEALTH PROFESSIONS  
EDUCATION FOUNDATION**

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**Steven M. Thompson  
Summary Statistics  
March 2011 Application Cycle**

<b>Applications Received</b>	<b>Rev</b>	<b>Awd</b>
84	<b>79</b>	<b>34</b>

<b>Gender</b>	<b>Rev</b>	<b>Awd</b>
Male	35	12
Female	44	22
	<b>79</b>	<b>34</b>

<b>Geriatric</b>	<b>Rev</b>	<b>Awd</b>
Geriatric	9	3
Non-Geriatric	70	31
	<b>79</b>	<b>34</b>

<b>Osteopathic</b>	<b>Rev</b>	<b>Awd</b>
Osteopathic	15	7
Non-Osteopathic	64	27
	<b>79</b>	<b>34</b>

<b>Medical Specialties</b>	<b>Rev</b>	<b>Awd</b>
Emergency Medicine	4	0
Family Practice	18	11
Infectious Diseases	2	0
Internal Medicine	9	4
Obstetrics and Gynecology	2	2
Pathology	1	0
Pediatrics	8	4
Physical Medicine and Rehabilitation	1	1
Psychiatry and Neurology	6	3
Rheumatology	1	0
None	27	9
	<b>79</b>	<b>34</b>

<b>Practice Setting</b>								
<b>County</b>	<b>Rev</b>	<b>Awd</b>	<b>County (cont.)</b>	<b>Rev</b>	<b>Awd</b>	<b>County (cont.)</b>	<b>Rev</b>	<b>Awd</b>
Alameda	3	2	Marin			San Mateo	1	1
Alpine			Mariposa			Santa Barbara	1	0
Amador			Mendocino			Santa Clara	3	1
Butte			Merced	1	1	Santa Cruz		
Calaveras			Modoc			Shasta		
Colusa			Mono			Sierra		
Contra Costa	3	0	Monterey	4	1	Siskiyou		
Del Norte			Napa			Solano	1	0
El Dorado	1	0	Nevada			Sonoma	2	2
Fresno	4	2	Orange	6	2	Stanislaus	4	3
Glenn			Placer			Sutter		
Humboldt	2	2	Plumas			Tehama		
Imperial			Riverside	3	1	Trinity		
Inyo			Sacramento			Tulare		
Kern			San Benito			Tuolumne		
Kings			San Bernardino	3	0	Ventura	5	2
Lake			San Diego	4	2	Yolo		
Lassen			San Francisco	4	3	Yuba		
Los Angeles	22	8	San Joaquin					
Madera	2	1	San Luis Obispo					
<b>Total</b>							<b>79</b>	<b>34</b>



## Office of Statewide Health Planning and Development



Healthcare Workforce Development Division  
 Health Professions Education Foundation  
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**California State Loan Repayment Program  
 and  
 Steven M. Thompson Physician Corps Loan Repayment Program**

**DEADLINE TO APPLY: AUGUST 1, 2011**

**Program Description**

The State of California, Office of Statewide Health Planning and Development (OSHPD) administers the State Loan Repayment Program (SLRP) and the Steven M. Thompson Physician Corps Loan Repayment Program (STLRP) to assist with the repayment of educational loans for primary healthcare professionals who provide healthcare services in federally designated Health Professional Shortage Areas (HPSAs) in California. SLRP is funded through a grant from the Bureau of Health Professions, National Health Service Corps and STLRP provides matching funds from the Managed Care Administrative Fines and Penalties Fund, licensure fees, private donations, and grants.

**Health Professionals**

Eligible health disciplines include: Physicians (MD/DO) specializing in family practice, general internal medicine, general pediatrics, obstetrics/gynecology, gerontology, and general psychiatry.

Applicants must meet the following requirements:

- Be U.S. citizen with a valid, unrestricted healthcare license or certificate for the State of California;
- Have no other existing service commitment;
- Be free of judgments arising from Federal debt; Be current on all child support payments;
- Be currently employed or have accepted employment at a SLRP Certified Eligible Site;
- Commit to providing full-time (40 hours per week) primary care service in a California HPSA for a minimum of 2 years.

Full-time is defined as follows:

Obstetricians/Gynecologists: Full time is defined as a minimum of 21 hours at a site providing direct patient care, with the remaining hours providing inpatient care to patients of the approved site, and/or in practice-related activities. Other practice-related activities (e.g., precepting, meetings, CME, etc.) cannot exceed 8 hours per week. The time spent "on-call" cannot be counted toward the 40 hour week;

All others: Full-time is defined as a minimum of 40 hours per week; 32 hours at site providing direct patient care and up to 8 hours in practice-related activities (e.g., chart review, meetings, precepting, CME, etc.). The time spent "on-call" cannot be counted toward the 40-hour week.

Health professionals participating in SLRP must practice in public or private not-for-profit settings approved by the OSHPD, therefore, cannot establish private practices.

The application postmark deadline is August 1, 2011. Interested health providers can download the Primary Care Health Professional Application from the following website: <http://www.oshpd.ca.gov/HWDD/SLRP.html>.

### Certified Eligible Sites

SLRP has Certified Eligible Sites in approximately 40 counties. They include county facilities, rural health clinics, community health clinics, and federally qualified health centers in the urban, rural, and frontier areas of California.

Practice sites must meet the following requirements:

- Be a public or private non-profit;
- Be located in a California HPSA;
- Be on the SLRP Certified Eligible Site List;
- Commit to three-year employment; and
- Pay prevailing wages.

To view the SLRP Certified Eligible Site list, please visit:  
<http://www.oshpd.ca.gov/HWDD/pdfs/PCCertifiedEligibleSites2010.xls>

### Loan Repayment Award Amounts

Health professionals may be granted up to \$105,000 for a three-year award. The SLRP award is disbursed quarterly to the educational lender(s) and the matching STLRP award is disbursed annually directly to the health professional in the following amounts:

	SLRP Award	STLRP Match	Total
First Year	\$ 17,500	\$ 12,600	\$ 30,100
Second Year	\$ 17,500	\$ 17,325	\$ 34,825
Third Year	\$ 17,500	\$ 22,575	\$ 40,075
		Maximum Award	\$105,000

The American Job Creation Act exempts any loan repayment funds disbursed on or after January 1, 2004 from gross income and employment taxes.

### Program Contact

OSHPD/HWDD  
State Loan Repayment Program  
400 R Street, Suite 330  
Sacramento, CA 95811

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