

STEVEN M. THOMPSON
PHYSICIAN CORPS
LOAN REPAYMENT PROGRAM

REPORT TO THE LEGISLATURE
2006 & 2007

PREPARED BY THE
HEALTH PROFESSIONS EDUCATION FOUNDATION

**Report to the Legislature
2006 & 2007**

**Steven M. Thompson Physician Corps
Loan Repayment Program**

January 2009

**Arnold Schwarzenegger, Governor
State of California**

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Health and Human Services Agency**

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Introduction

The Health Professions Education Foundation (Foundation) is required to submit an annual report to the Legislature for the Steven M. Thompson Physician Corps Loan Repayment Program (Program), 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. This report is being submitted to the Legislature pursuant to Health and Safety Code Section 128557(a), and covers both the 2006 and 2007 years.

General Information

Foundation History

Established in 1987, the Foundation is the state's only non-profit, public benefit corporation statutorily created to provide financial assistance to health professionals throughout California who agree to practice in medically underserved areas. The Foundation, housed in the Office of Statewide Health Planning and Development (OSHPD), increases access to culturally and linguistically competent health providers by encouraging health professions students and graduates to work in medically underserved areas around California through eleven scholarship and loan repayment programs.

The Foundation has awarded approximately 2,445 scholarship and loan repayment awards totaling over \$17 million to medical, nursing, and allied health students and recent graduates practicing in 51 of the state's 58 counties since December of 1990. Programs currently under the administration of the Foundation include:

- Allied Healthcare Scholarship
- Associate Degree Nursing Scholarship
- Bachelor of Science Nursing Scholarship
- Bachelor of Science Nursing Loan Repayment
- Health Professions Education Scholarship
- Health Professions Education Loan Repayment
- Licensed Vocational Nursing Scholarship
- Licensed Vocational Nursing Loan Repayment
- Licensed Vocational Nursing to Associate Degree Nursing Scholarship
- Licensed Mental Health Services Provider Education Program
- Steven M. Thompson Physician Corps Loan Repayment

Scholarships and loan repayment awards granted by the Foundation have supported students and graduates in the fulfillment of their dreams of pursuing a career in health professions while caring for underserved populations.

Program Background

To help address the difficulty of recruiting and retaining physicians who can provide care in the state's medically underserved areas, Chapter 1131, Statutes of 2002 (Assembly Bill 982, Firebaugh), established the Physician Corps Loan Repayment Program within the Medical Board of California (Board). Designed to create a mutually beneficial relationship between physicians and the communities they serve, the program encourages recently licensed physicians to work in medically underserved areas with the hope of retaining them in these

facilities beyond the term of their contractual obligation. In 2004, it was renamed the Steven M. Thompson Physician Corp Loan Repayment Program and in 2006 its administration was transferred to the Foundation, within OSHPD. The Program is currently funded by the Medically Underserved Account for Physicians, which is supported by donations, grants, voluntary physician contributions, and interest earned on surplus money investments.

The Program encourages recently licensed physicians to practice in medically underserved areas of California. California's uninsured, which total nearly seven million, face challenges in securing affordable and adequate healthcare. The Program brings together qualified physicians with facilities in communities with high rates of uninsured Californians. Eligible practice settings include Health Professional Shortage Areas, Community Health Centers, Federally Qualified Health Centers, Federally Qualified Health Center Look-Alikes, Community Health Centers, Rural Health Centers and Migrant Health Centers.

Program Criteria and Application Process:

The application deadline for the Program is scheduled annually in the spring. Based on the number of applicants and the amount of funds available each year, the process of selecting recipients is competitive. A Selection Committee comprised of representatives from the Board and the Foundation's Program Officer scores and ranks all applications with priority consideration given to applicants best suited to meet the cultural and linguistic needs and demands of patients based on one or more of the following criteria: (1) speaks a Medi-Cal threshold language; (2) comes from an economically disadvantaged background; (3) has received significant training in culturally and linguistically appropriate service delivery; (4) has three years of experience working in a medically underserved area or with a medically underserved population; and (5) has recently obtained a license to practice medicine in any state of the United States or Canada.

Based on the Selection Committee's ranking, the Foundation determines award recipients and amounts. If selected as an award recipient, physicians can receive up to \$105,000 to be applied towards the repayment of their educational loans in exchange for their service in a designated underserved area for a minimum of three years. In addition, 80 percent of available funds are allocated for applicants who have completed a three-year postgraduate residency in the areas of family practice, internal medicine, pediatrics or obstetrics and gynecology. OSHPD then contracts with all award recipients and ensures that a three-year service obligation is completed.

Program Participation:

To date, the Program has awarded more than \$8.3 million dollars to nearly 100 individuals. Table #1 shows a timeline of the number of applications received, the number of awardees selected and the number of people who declined their awards. Table #2 shows the amount of funds requested and the amount of funds available for awards.

Table #1: Applicants vs. Awarded

	2003	2004	2005	2006	2007	Total
Applicants:	96	77	57	63	52	345
Awarded:	29	16	19	21	12	97
Declines:	1	0	3	4	0	8

Table #2: Funds Requested vs. Funds Awarded

	2003	2004	2005	2006	2007	Total
Amount Requested:	\$8,157,000	\$6,154,000	\$4,069,000	\$5,640,000	\$4,303,516	\$28,323,516
Amount Awarded:	\$2,691,764	\$1,310,178	\$1,700,493	\$1,686,810	\$989,000	\$8,378,245

Legislative History

No new legislative bills impacting the Program were signed into law in 2006 and 2007. Appendix A provides a timeline of the legislation pertaining to the Steven M. Thompson Physician Corps Loan Repayment Program.

Program Funding

When the Program was established in 2002, funding for operating and award expenditures was not appropriated, and operating costs were statutorily limited to five percent of all revenue. The Board successfully sought a variety of funding resources to for loan repayment awards. Initially, the Board provided a one-time \$3 million allocation from its Contingent Fund to assist with the start-up of the Program. In 2004, a large donation of \$1 million was received from a private, family-run foundation. During the same year, a \$500,000 matching grant was awarded by the California Endowment, to be dispersed over three sequential years. In 2005, the Board received a second private donation of \$200,000. The FY 2005-06 State Budget allocated \$3 million from the Tobacco Products Surtax Fund. In total, the Board raised more than \$8 million in four years, including interest.

When administration of the Program moved to the Foundation within OSHPD during FY 2006-07, the Board transferred the remaining funds to the Medically Underserved Account for Physicians (Account). This included funds encumbered for the 2003-2006 loan repayment award recipients and all other revenues used to support the administration of the Program.

Revenue collected during FY 2006-07 totaled \$660,761 and came from the following sources: \$215,731 from surplus money investments, \$78,281 from voluntary physician contributions, \$315,000 from private donations, and \$51,749 in grant money received from the California Endowment. According to program regulations, five percent of all available funds could be used to support the administration of the Program, which totaled \$54,893 for the year. At the completion of FY 2006-07, the Account's balance was \$945,290.

During FY 2007-08, the Foundation completed the first award cycle of the Program under its new administration. Fundraising proved challenging and additional, large contributions were difficult to obtain. Revenue collected throughout the year totaled \$342,922 and came from the following sources: \$135,975 from surplus money investments, \$58,802 from voluntary physician contributions and \$148,145 in grant money collected in advance from the California Endowment. Foundation support expenditures totaled \$49,000, consistent with the five percent restriction and revenue available for loan repayment awards totaled \$989,000. At the completion of FY 2007-08, the Account balance was \$293,922. The Foundation therefore identified the need to secure sufficient funds for this program as a high priority.

Review of Existing Award Recipients

Monitoring

The Foundation currently monitors 61 contracts for award recipients selected in 2005, 2006 and 2007. This group represents a pool of individuals selected partially under the administration of the Board and partially under the administration of the Foundation. Award recipients are contacted every six months by the Foundation 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, the Foundation sends a post-program survey to evaluate the effectiveness of the Program. The Selection Committee also receives annual updates regarding the current status of all awardees.

Breaches

A breach is defined as the failure by one party to carry out any condition of the contract. The 2003 and 2004 award recipients have completed their contractual obligations and received all of the money awarded to them, with the exception of one individual from the 2004 award cycle. This individual received a first-installment check following the first year of service obligation and then ended employment at the eligible practice site. This recipient was determined to be in breach of contract and is required to reimburse the Foundation the total costs of the award, plus interest. The Board has agreed to collect the money owed, but to date, the individual has not repaid any of the money. This has been the only breach in the program as of this report.

2006 Program Statistics

During the spring of 2006, the California Medical Board received a total of 69 applications to the Program, representing a cumulative request of approximately \$5.6 million to repay educational debt. Of the 69 applications received, the Selection Committee selected 21 qualified physicians from various medical specialties and facilities located throughout California for awards. During the March 2006 cycle, four individuals chose to decline their loan repayment award. The funds dispersed for the Program totaled \$1,337,296. The data below shows the practice settings for all award recipients, sorted by specialty:

Family Practice:

Family practice physicians treat individuals and families, regardless of age or sex, for a variety of illnesses and help to maintain general healthcare.

United Health Centers of SJ Valley (Kerman)

Banning Family Care Center (Banning)

Eisner Pediatric and Family Medical Center
(Los Angeles)

South Central Family Health Care
(Los Angeles)

The Children's Clinic (Long Beach)

Tehama County Health Center (Red Bluff)

Internal Medicine:

Internal medicine physicians diagnose and treat the general medical problems of adult patients, as well as disorders of the internal organs.

Asian Health Services (Oakland)

Tom Waddell Health Center (San Francisco)

Family Health Centers (San Diego)

North East Medical Services (San Francisco)

Santa Ynez Tribal Health Clinic (Santa Ynez)

Pediatrics:

Pediatric physicians assess and treat the physical, emotional and social health of children from birth to young adulthood.

Queens Care Family Clinic
(Los Angeles)

Riverside County Neighborhood
Clinic (Riverside)

Obstetrics and Gynecology:

OB/GYN physicians are trained in the medical and surgical care of the female reproductive system and associated medical problems.

Santa Clara Valley-Silver Creek Clinic
(San Jose)

No Specialty Yet Selected:

Physicians at these locations have not yet selected a specialty that they will pursue.

Golden Valley Health Center (Modesto)

Altamed Health Group (Bell)

Castle Medical Clinic (Atwater)

Oroville Family Health Center (Oroville)

National Health Services
(Bakersfield, Buttonwillow, Delano,
Shafter, Taft and Wasco)

Borrego Community Health Foundation
(Borrego Springs)

Greater Fresno Health Organization (Fresno)

Specialties

The Program requires that that 80 percent of participants selected practice primary care specialties: family practice, internal medicine, pediatrics, or obstetrics and gynecology. According to a FY 2006-07 Annual Report published by the Board, these specialties are also consistently the most impacted. Primary care physicians account for 49 percent of all certified specialists. The breakdown of postgraduate training for the 2006 award recipients is as follows:

Family Practice	28%
Internal Medicine	24%
Pediatrics	10%
OB/GYN	5%
No specialty	33%

Foreign Languages

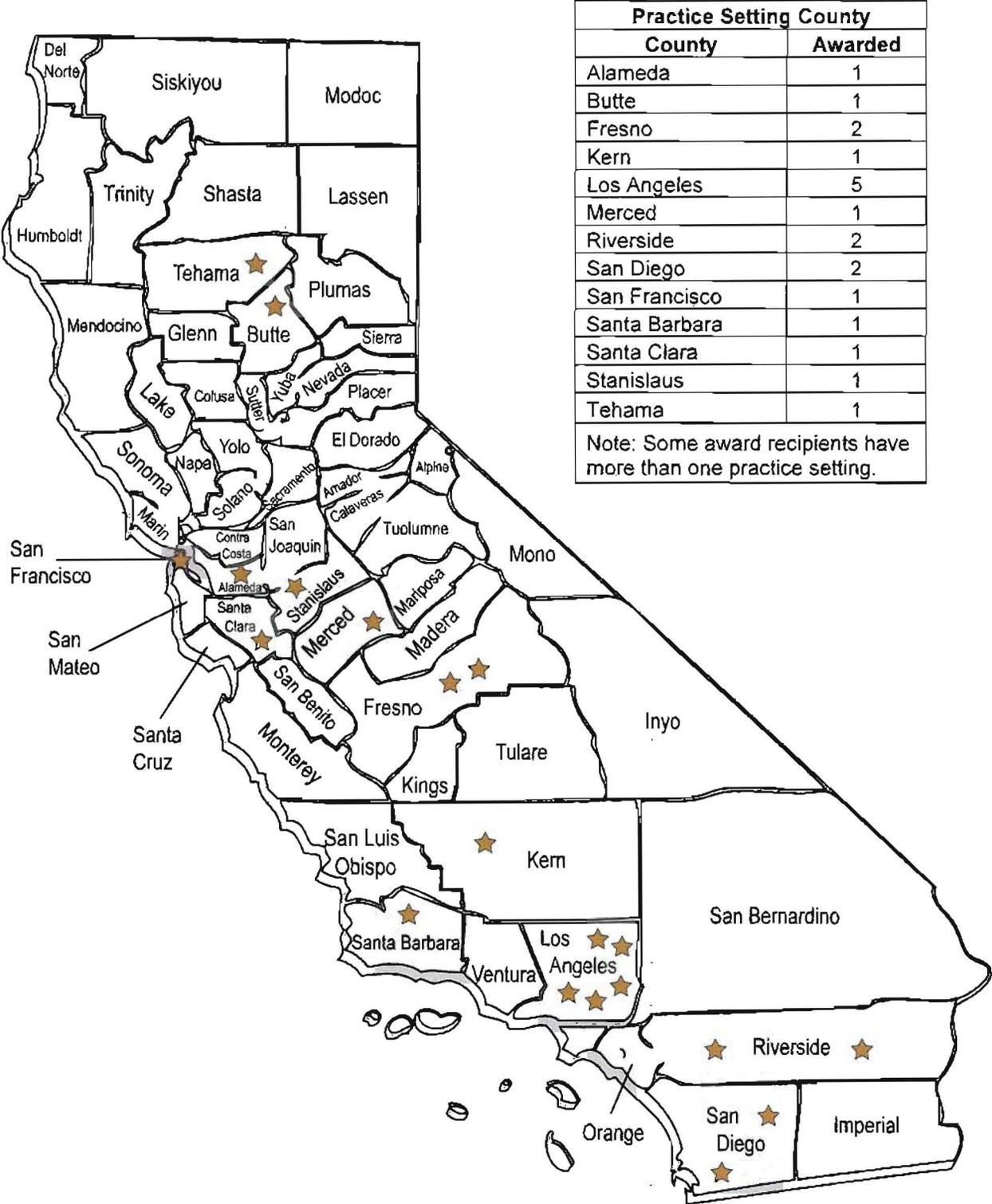
The Program requires the Selection Committee to consider an applicant's ability to meet the cultural and linguistic needs of a diverse patient population. Linguistic competency can help physicians break down the language and cultural barriers commonly present when treating patients from diverse backgrounds. According to the 2000 U.S. Census Bureau, California has the highest percentage of non-English-speaking households of any state, representing 42.5 percent of all residents. Spanish accounts for 25.8 percent of this total. The following breakdown shows the percentages of 2006 award recipients who demonstrated fluency in a foreign language. It is important to note that some applicants speak multiple languages:

62% spoke Spanish	5% spoke Vietnamese
14% spoke Mandarin	5% spoke Korean
14% spoke Cantonese	14% did not speak a foreign language
14% spoke Hmong	

Geographic Distribution

The Selection Committee chooses the most qualified applicants who are working in the areas of California with the greatest need as well as ensure a geographic distribution of awards. The map on the following page displays all 2006 award recipients and counties in which they are employed.

California County Distribution: 2006 Award Recipients



2007 Program Statistics

During the spring of 2007, the Foundation received a total of 52 applications for the Program, representing a cumulative request of approximately \$4.3 million. Available funding for the year totaled \$989,000. Of the 52 applications received, the Selection Committee chose 12 physicians based on the qualifying criteria. The data below shows the practice settings for all award recipients, sorted by specialty:

Family Practice:

Family practice physicians treat individuals and families, regardless of age or sex, for a variety of illnesses and help to maintain general healthcare.

Sierra Park Family Medicine (Mammoth Lakes)	Las Islas Family Medical Group (Oxnard)
Comm. Health Alliance of Pasadena (Pasadena)	Clinica Medica de Ella (Santa Ana)
National City Family Clinic (National City) San Ysidro Health Center (San Ysidro) Baker Elementary Site (San Diego)	Neighborhood Health Care (El Cajon)

Pediatrics:

Pediatric physicians assess and treat the physical, emotional and social health of children from birth to young adulthood.

Children's Hospital of Orange County Clinic at Boys and Girls Club of Santa Ana (Santa Ana)	Northeast Valley Health Corporation (Canoga Park)
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Internal Medicine:

Internal medicine physicians diagnose and treat the general medical problems of adult patients, as well as disorders of the internal organs.

Loma Linda University Health Care (Moreno Valley)	Sonora Indian Health Clinic (Sonora)
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Internal Medicine and Pediatrics:

This is a combination of training for both specialties previously listed above.

Russian River Health Center (Guerneville)

Psychiatry and Neurology:

These physicians are committed to understanding brain-behavior relationships, and to the care of individuals with neurologically based cognitive, emotional, and behavioral disturbances.

Apollo Residential Facility (Fresno)
Sequoia Community Health Center (Fresno)

Specialties

The Program requires that that 80 percent of participants selected practice primary care: family practice, internal medicine, pediatrics, or obstetrics and gynecology. The Selection Committee may fill up to 20 percent of the available positions with program applicants from specialties outside of the primary care specialties. The Program gives priority consideration to those applicants working in one of the primary care specialties. The distribution of postgraduate training for the 2007 award recipients is as follows:

Family Practice	42%
Internal Medicine	17%
Pediatrics	17%
Internal Medicine and Pediatrics	8%
Psychiatry and Neurology	8%

Foreign Languages

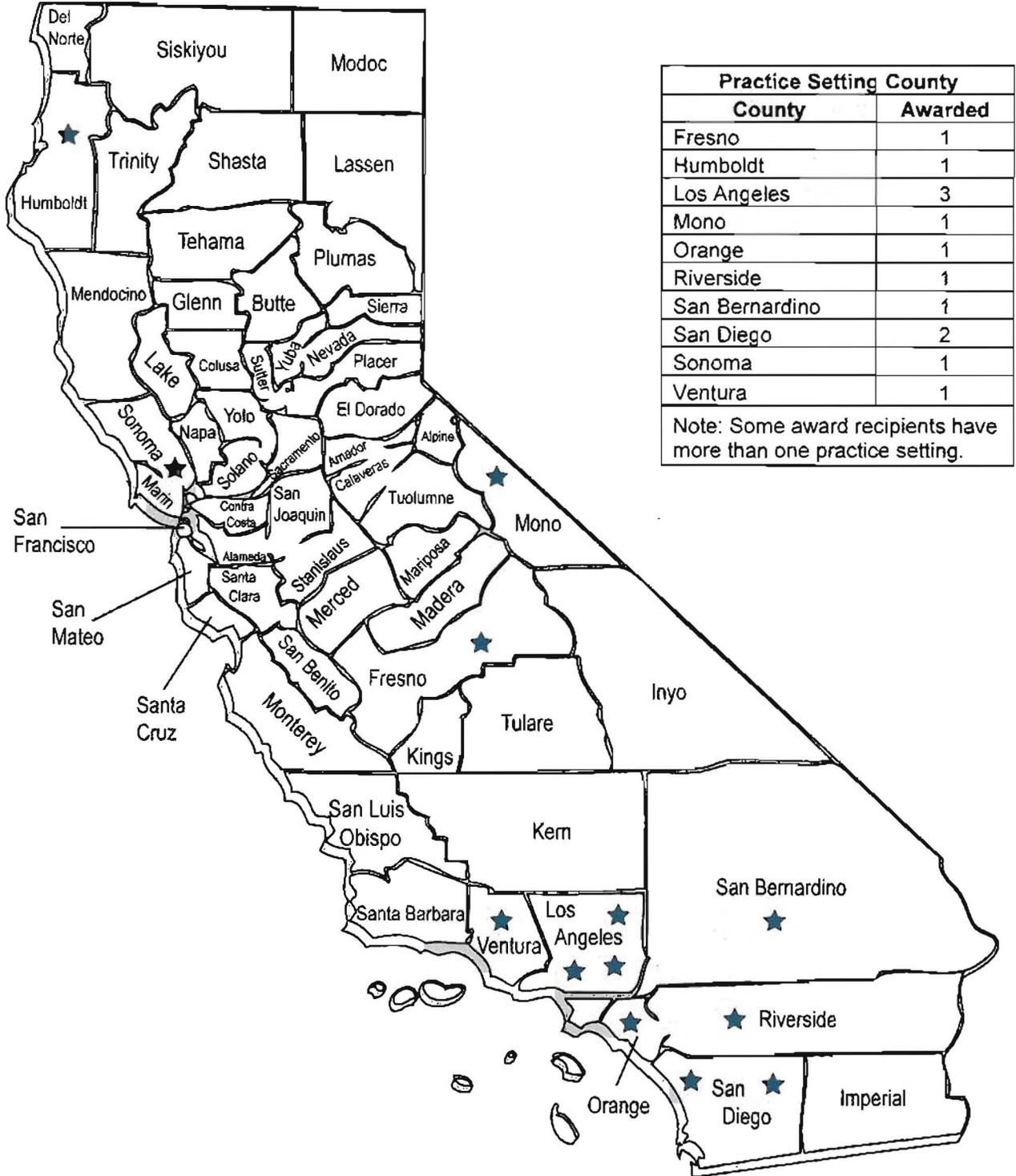
As the demographic trends in California continue to shift, it is important for physicians to address the needs of that state's diverse patient population. Cultural and linguistic competence remains a significant factor used to evaluate an applicant's ability to communicate with a diverse group of patients and provide culturally appropriate care. The following breakdown shows the percentages of 2007 award recipients demonstrating bilingual fluency. It is important to note that some applicants speak multiple languages:

100 % spoke Spanish
1% spoke Taiwanese

Geographic Distribution

The Selection Committee chooses the most qualified applicants who are working in the areas of California with the greatest need as well as ensure a geographic distribution of awards. The map on the following page displays all 2007 award recipients and counties in which they are employed.

California County Distribution: 2007 Award Recipients



Appendix A: 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.

Contact Information

Inquiries related to this report or the Steven M. Thompson Physician Corps Loan Repayment Program can be directed to the Health Professions Education Foundation

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