

STATE OF NORTH CAROLINA
DEPARTMENT OF HEALTH AND HUMAN SERVICES

ROY COOPER
GOVERNOR

MANDY COHEN, MD, MPH
SECRETARY

October 17, 2018

SENT VIA ELECTRONIC MAIL

The Honorable Louis Pate, Chair
Joint Legislative Oversight Committee on
Health and Human Services
North Carolina General Assembly
Room 311, Legislative Office Building
Raleigh, NC 27603-5925

The Honorable Josh Dobson, Chair
Joint Legislative Oversight Committee on
Health and Human Services
North Carolina General Assembly
Room 301N, Legislative Office Building
Raleigh, NC 27603-5925


The Honorable Donny Lambeth, Chair
Joint Legislative Oversight Committee on
Health and Human Services
North Carolina General Assembly
Room 303, Legislative Office Building
Raleigh, NC 27603

Dear Chairmen:

Session Law 2018-88, Section 3.(b) directs the Office of Rural Health, Department of Health and Human Services, to work with data from the Cecil G. Sheps Center for Health Services Research, and other sources, to identify the need for dentists in rural areas in North Carolina and to develop a recommendation to target loan repayment funds for dentists in rural areas that have been identified as having the greatest need for dentists. An interim report is due to the Joint Legislative Oversight Committee on Health and Human Services on the actions required in this section. Pursuant to the provisions of law, the Department is pleased to submit the attached report.

If you have questions about the content of this report, please contact Maggie Sauer, Director for the Office of Rural Health, at 919-527-6440 or Maggie.Sauer@dhhs.nc.gov.

Sincerely,

 Mandy Cohen, MD, MPH
Secretary

cc:	Mark Benton	Katherine Restrepo	Marjorie Donaldson	Lisa Wilks
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Report on Target Loan Repayment Programs

Session Law 2018-88, Section 3(b)



Report to

**The Joint Legislative Oversight Committee on
Health and Human Services**

By

**North Carolina
Department of Health and Human Services**

October 17, 2018

Executive Summary

In Part II of Session Law 2018-88 the North Carolina General Assembly (NCGA) directed the North Carolina Department of Health and Human Services (DHHS), Office of Rural Health (ORH) to report on the North Carolina State Loan Repayment Program, with directed attention to access to dentist in rural areas. An interim report is due October 1, 2018 and a final report is due October 1, 2019.

This report documents how ORH is administering the North Carolina State Loan Repayment Program to ensure that it aligns with the following goals: 1) increase the number of health care providers in rural areas of the State; 2) coordinate with the National Health Service Corps and Federal Loan Repayment programs, and well as any other publicly or privately funded programs, to maximize funding to increase the number of health care providers in rural areas of the State; and 3) ensure both recruitment and retention of health care providers in rural areas of the State. Further, DHHS was directed to work in conjunction with the Cecil G. Sheps Center for Health Services Research (Sheps Center) to identify the need for dentists in rural areas in North Carolina and develop recommendations to target loan repayment funds for dentists in rural areas that have been identified as having the greatest need for dentist.

The Department welcomes the opportunity to examine, align and report on the structure and outcomes of the North Carolina State Loan Repayment Program as well as examine and respond to the need for dentists in rural communities. Through the years, our Loan Repayment Program has played in integral role in creating and maintaining access to health care providers. In 1973, North Carolina was the first state in the nation to create a State Office of Rural Health. In 1987, the North Carolina General Assembly passed legislation establishing and funding the North Carolina State Loan Repayment Program within ORH. Since that time, the North Carolina General Assembly has appropriated funds to the Program which ORH has continually administered, with a mission to increase access to quality health care in rural and underserved communities by recruiting and providing incentives to providers who agree to serve those communities.

The incentives provided include loan repayment and high need service bonuses. Loan repayment awards include up to \$100,000 for physicians/dentists, paid on a graduated scale, over a four-year service commitment, and up to \$60,000 for advanced clinical providers following the same process for payment and service commitment. High Need Service Bonuses are used as a recruitment tool for providers without loan repayment needs; however, these awards are provided as lesser amounts (up to \$50,000 for physicians/dentists and up to \$30,000 for advanced clinical providers) and requires a four-year service commitment. ORH also aids with recruitment of providers when the placement does not meet criteria to offer incentives.

Access to high quality health care in rural communities is a critical need; therefore, the North Carolina State Loan Repayment Program is not the only program focused on increasing access to care in these communities. ORH has a strong history of maximizing Loan Repayment funds by leveraging other loan repayment programs available through federal National Health Service Corps program, and partnering with private programs such and the North Carolina Medical Society's Community Practitioner Program. Further, ORH strategically used North Carolina State Loan Repayment appropriations as match to draw down additional federal loan repayment funds through a competitive grant from the Health Resources and Services Administration (HRSA)

State Loan Repayment Program (SLRP) to recruit behavioral health providers. To ensure that the North Carolina State Loan Repayment Program leverages other loan repayment programs to increase the number of providers in rural communities, ORH encourages providers and sites to apply to the National Health Service Corps (NHSC) before North Carolina State Loan Repayment Funds are accessed. To maximize the opportunity to apply for funds, ORH assists in the cultivation of new NHSC sites throughout North Carolina by providing assistance to provider practices during the application process.

In examining and responding to the need for additional dentists in rural areas of the State, data from the Sheps Center reveals that most dentists have practices in and around urban counties. Further, 74 of North Carolina's 100 counties are designated as dental health professional shortage areas (HPSAs). Over the past ten years, ORH has funded \$8,852,360 towards 220 loan repayment contracts for dentists to provide care in rural and underserved areas of the state. Ninety four percent (or 207) of those contracts supported loan repayment through the North Carolina State Loan Repayment Program and six percent (13) received a High Needs Service Bonus.

In preparation for the final legislative report due October 1, 2019, ORH will engage stakeholders to gather feedback about the current North Carolina State Loan Repayment program, along with ideas to serve the most rural and underserved communities more effectively. ORH will use this feedback, as well as information obtained from data collection and analysis, to guide modification to the North Carolina State Loan Repayment Program.

In summary, ORH has maximized appropriations provided by the North Carolina General Assembly by leveraging National Health Service Corps funds (Federal funding) and other loan repayment programs. Further, ORH is working closely with partners and stakeholders to develop pipeline programs that build interest in healthcare careers and support youth from underserved communities. ORH acknowledges and appreciates the creation, engagement and long-term support provided by the North Carolina General Assembly to the North Carolina State Loan Repayment Program and to the Office of Rural Health.

North Carolina State Loan Repayment Program

North Carolina Session Law 2018-88, Part II, Section 3.(a) Target Loan Repayment Programs, directed the Office of Rural Health, Department of Health and Human Services to structure the North Carolina State Loan Repayment Program to align with the following goals: 1) increase the number of health care providers in rural areas of the State; 2) coordinate with the National Health Service Corps and Federal Loan Repayment programs, and well as any other publicly or privately funded programs, to maximize funding to increase the number of health care providers in rural areas of the State; and 3) ensure both recruitment and retention of health care providers in rural areas of the State.

This report provides an overview of the current Loan Repayment Program, its origins, and guidelines and concludes with plans for reviewing and revising the existing program to meet the needs of rural communities.

Founded in 1973 to focus on the needs of rural and underserved communities, the North Carolina Office of Rural Health (ORH) became the first State Office of Rural Health in the nation. To meet its mission of ensuring access to quality care, the ORH Placement Services Team serves both rural communities and urban underserved communities across the state by making compatible matches between job sites and providers, based on their mutual needs. Placement Services recruits primary care physicians, nurse practitioners and certified nurse midwives, physician assistants, dentists, dental hygienists, psychiatrists, and Masters-trained behavioral health professionals.

The North Carolina State Loan Repayment Program was established by the North Carolina General Assembly in Session Law 1987-1100, Section 39.3 – Rural Obstetrical Care Incentive Pilot. Over time, the program has expanded its focus, with legislative changes in SFYs 2006 and 2015. ORH has been the administrator of the program since inception.

To focus on access to care in rural and underserved communities, a provider must agree to practice in a community and practice site deemed eligible for the program to receive loan repayment. Automatic site eligibility is granted for the following North Carolina facility types:

- National Health Service Corps (NHSC) certified sites
- Alcohol and Drug Abuse Treatment Centers (Julian F. Keith ADATC, Walter B. Jones ADATC, R. J. Blackley ADATC) – *psychiatrists only*
- State mental health hospitals (Cherry Hospital, Central Regional Hospital, Broughton Hospital) – *psychiatrists only*
- Sites with an associated federally designated Health Professional Shortage Area (HPSA) score and/or that are making substantive strides toward achieving NHSC site certification
- Critical Access Hospitals

Awards under North Carolina State Loan Repayment Program are provided to primary care physicians, dentists and psychiatrists cannot exceed \$100,000 for four years of service. Loan Repayment awards for nurse practitioners, certified nurse midwives, physician assistants, dental hygienists and psychiatric nurse practitioners are provided not to exceed \$60,000 for up to 4 years of service. Amounts paid over the four years are graduated with the highest repayment disbursement in the fourth year to enhance retention. And providers must be in their practice site no more than six months to be eligible for the North Carolina State Loan Repayment Program.

For providers without educational loans, High Needs Service Bonus Awards are available to incentivize practice in rural locations and underserved communities. Sites must be in a Health Professional Shortage Area (HPSA) and use a sliding fee scale. High Needs Service Bonus for primary care physicians, dentists and psychiatrists are provided not to exceed \$50,000 over four years. High Needs Service Bonus Awards for certified nurse midwives, physician assistants, dental hygienists and psychiatric nurse practitioners are provided not to exceed \$30,000 over four years.

Practice sites in need of a provider and/or the provider, may request funds from ORH to support travel to and from the practice location for the interview process.

ORH works with several partners in its efforts to maximize the North Carolina State Loan Repayment Program:

1. National Health Service Corp assists providers in need of loan repayment and offers up to \$50,000 for two years of service in a NHSC designated site. Providers can reapply for the program upon satisfactory completion of each commitment. ([NHSC Loan Eligibility](#)). The ORH Placement Team coordinates with the NHSC and interested practice sites to assist with the certification application as an NHSC site. Sites are eligible to apply once a year for NHSC site designation ([NHSC Site Designation](#)). Determining NHSC site eligibility and loan repayment is the first step in ORH loan repayment technical assistance.
2. If NHSC and the NC State Loan Repayment Programs are not options, the ORH Placement Services Team refers sites to the North Carolina Medical Society Foundation's [Community Practitioner Program](#), which maintains its own set of eligibility standards.

The tables below reflect provider placements through federal and state loan repayment programs:

Incentive Year	Incentive Type			Year Total
	NC State Loan Repayment Program (State Appropriations)	High Need Service Bonus (State Appropriations)	SLRP (Federal Funds)	
2013	\$2,271,795	\$218,000	-	\$2,489,795
2014	\$2,860,740	\$190,000	-	\$3,050,740
2015	\$2,834,535	\$353,642	-	\$3,188,177
2016	\$2,312,574	\$199,290	\$101,728	\$2,613,592
2017	\$2,834,411	\$110,000	\$300,000	\$3,244,411
2018	\$2,616,449	\$401,900	\$161,250	\$3,179,599
Grand Total				
Total	\$15,730,504	\$1,472,832	\$562,978	\$17,766,314

The maps and charts below reflect provider placements through federal and state loan repayment programs:

SFY 2017 National Health Service Corps Current Active Placements



49 New awards in SFY 2017 for a total of \$2,160,572.57

60 Continuation awards in SFY 2017 for a total of \$933,565.36

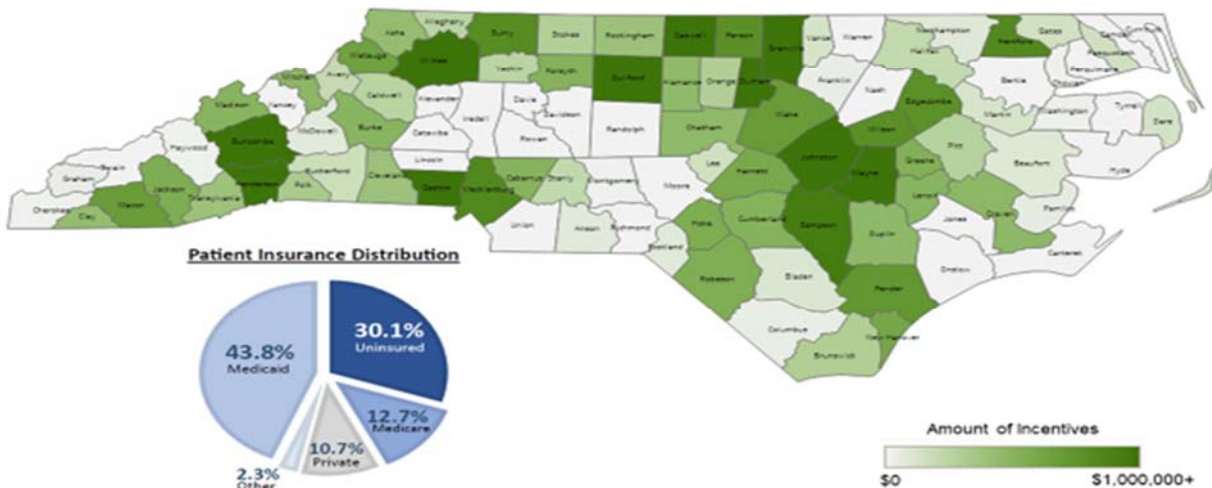
* Data from 2017 NC Field Strength Report

Federal Loan Repayment for Behavioral Health Therapists FY 2015 – Current



*Federal funds administered by ORH

State Loan Repayment and High Needs Service Bonus for SFY 2013 – Current



Next Steps

In preparation for the final legislative report due October 1, 2019, ORH will engage stakeholders to gather feedback about the current North Carolina State Loan Repayment program, along with ideas to serve the most rural and underserved communities more effectively. ORH will use this feedback, as well as information obtained from data collection and analysis, to guide modification to the North Carolina State Loan Repayment Program.

Data Collection and Analysis

ORH will compile and examine the following data sets as well as review other state and national loan repayment programs and incentives. This information will be shared with stakeholders and used to inform enhancements to the program: s

1. Data from the Practice Sights online retention database related to loan repayment awards by the North Carolina State Loan Repayment Program and the North Carolina Medical Society Foundation's Community Practitioner Program and retention of awardees,
2. Practice Sights Retention Collaborative and Data Management System, and
3. Information from other states related to their best practices associated with their respective loan repayment programs as related to recruitment and retention of healthcare providers; and
4. Health Professional Shortage Area Designations (HPSA).

Stakeholder Engagement

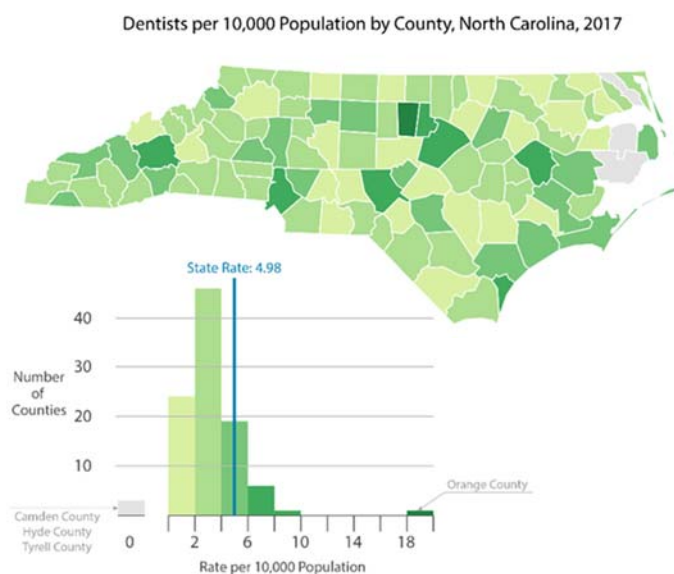
ORH will use the following methods to engage stakeholders in both soliciting feedback and guiding program improvements:

- Statewide engagement - ORH will present information and solicit stakeholder input via four regional meetings. Providers, clinics, rural hospitals, and safety net groups will be invited to participate and provide feedback regarding provider/practice site needs and possible modifications to the current North Carolina State Loan Repayment Program and ORH Placement Team activities.
- North Carolina Rural Health Leadership Alliance ([NCRHLA](#)) and its associated Workforce Workgroup – ORH participates in this multi-stakeholder partnership and co-chairs the Workforce Recruitment and Retention Workgroup. NCRHLA has representation from many statewide healthcare and community professional advocacy groups.
- Primary Care Advisory Committee – This group, established by Session Law 2017-57, provides regular input regarding the Community Health Grant program. The group includes representation from the NC Community Health Center Association, NC Association of Free and Charitable Clinics, NC Association of Local Health Directors, NC School-Based Health Alliance and the NC Healthcare Association. The NC Medical Society Foundation will be included in the review of current and future program recommendations.
- Targeted stakeholder feedback from education and training programs – ORH will meet with organizations engaged in expanding North Carolina’s rural healthcare workforce pipeline, to include the North Carolina AHEC System, Residency Training Programs, and University Rural Training Track Programs. The meetings will provide feedback from key partners about possible partnerships among the NC LRP and provider education, training and placement.
- Targeted stakeholder process for feedback from other loan repayment programs - ORH will invite feedback and meet with other organizations engaged in loan repayment in North Carolina, including the North Carolina Medical Society Foundation’s Community Practitioner Program and the NHSC Loan Repayment Program. This feedback from key partners engaged in complementary loan repayment programs may suggest additional opportunities between the North Carolina State Loan Repayment Program and other loan repayment programs.
- ORH will invite stakeholders to review its current policy and offer recommendations on areas for improvement.
- ORH will use internal data, as well as data from the Sheps Center, to identify areas where recruitment is lacking and will seek feedback from those communities on their recruitment needs.

It is expected that the stakeholder engagement process will yield opportunities for ongoing review of the North Carolina State Loan Repayment Program and at least annual opportunities for stakeholder input.

Targeting Loan Repayment Funds for Dentists in Rural Areas

North Carolina Session Law 2018-88, Part II, Section 3.(b) directed DHHS to work in conjunction with the Sheps Center to identify the need for dentists in rural areas in North Carolina and develop recommendations to target North Carolina State Loan Repayment funds for dentists in rural areas that have been identified as having the greatest need for dentists. As illustrated below, data from the Sheps Center reveals that most dentists practice in and around urban counties.



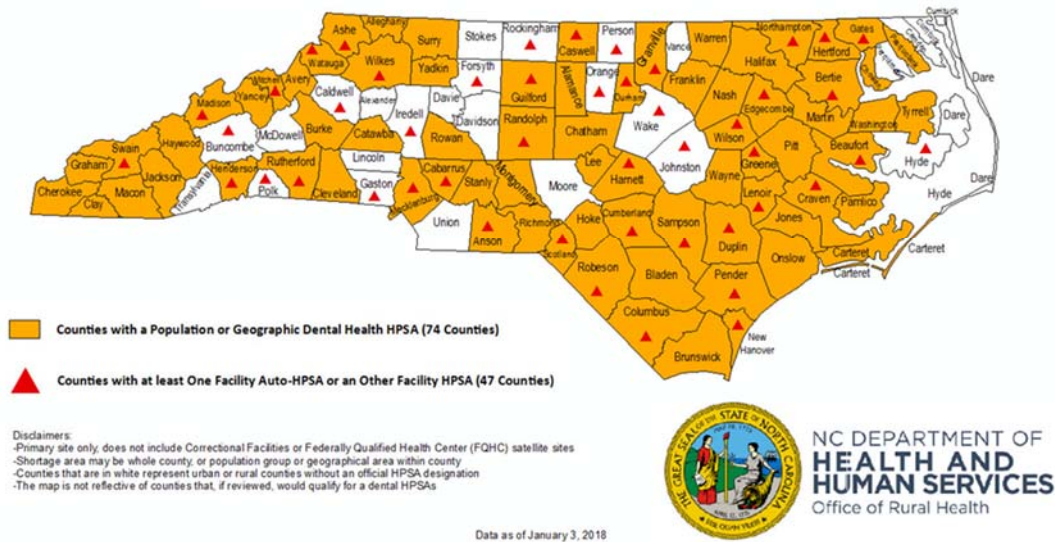
THE CECIL G. SHEPS CENTER FOR
HEALTH SERVICES RESEARCH

Notes: Data include active, licensed dentists in practice in North Carolina as of October 31 of each year. Dentist data are derived from the North Carolina State Board of Dental Examiners. Population census data and estimates are downloaded from the North Carolina Office of State Budget and Management via NC LINC and are based on US Census data.
Source: North Carolina Health Professions Data System, Program on Health Workforce Research and Policy, Cecil G. Sheps Center for Health Services Research, University of North Carolina at Chapel Hill. Created August 20, 2018 at <https://nchealth-workforce.unc.edu/>.

While counties like Wake, Orange and Buncombe enjoy a healthy provider to population ratio for dentists, there are counties in the State that lack dental providers. Furthermore, many more counties across the state have an inadequate provider-to-population ratios for dental providers.

An additional data source used by ORH to determine need is the designation of Health Professional Shortage Areas (HPSAs). ORH uses the HPSA data along with data from the Sheps Center to focus recruitment efforts to place dentists in the areas of greatest need. Dental HPSAs have been designated as illustrated below. Counties request designation of HPSAs, ORH will work with undesignated counties across North Carolina to change their designation if appropriate.

North Carolina Office of Rural Health Dental Health - Health Professional Shortage Areas (HPSA)



North Carolina State Loan Repayment Program offers loan repayment to dentists and dental hygienists serving in HPSAs and other underserved communities across the state. The current ORH policy awards dentists up to \$100,000 for four years of service. Awards for dental hygienists are provided up to \$60,000 for four years of service. For providers who do not have educational loans, a High Needs Service Bonus is available for providers who agree to practice in rural/underserved areas in clinics that have a sliding fee scale and are in a Health Professional Shortage Area (HPSA). Awards for general dentists are provided up to \$50,000 over four years. Awards to dental hygienists are provided up to \$30,000 over four years.

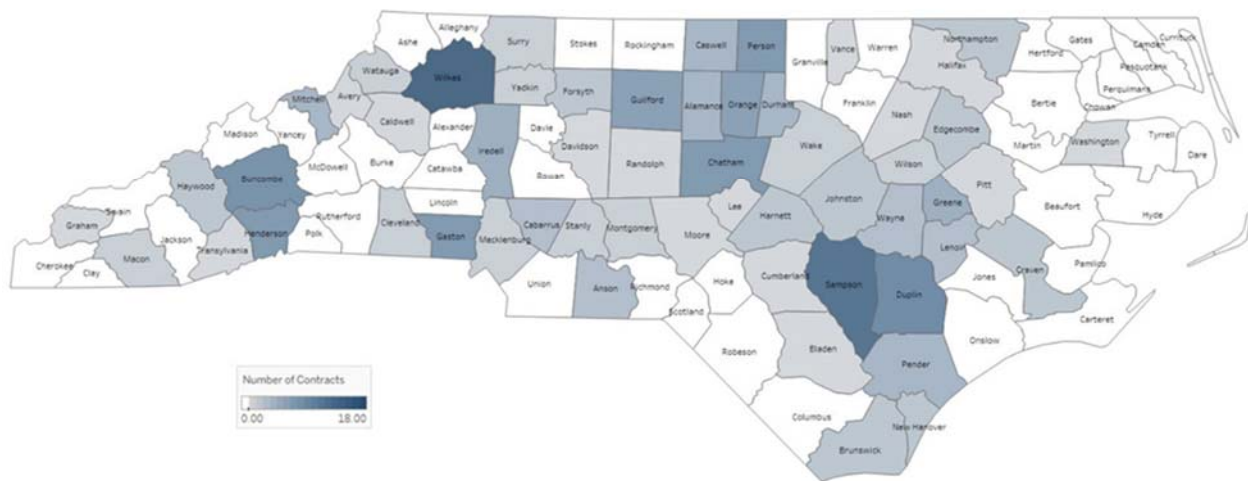
Over the past ten years, ORH has funded \$8,852,360 towards 220 contracts for dentists to provide care in underserved areas of the state. Ninety four percent (207) of those contracts supported loan repayment through the North Carolina State Loan Repayment Program and six percent (13) provided High Needs Service Bonus. An illustration of contract funding by year can be found below:

**North Carolina Office of Rural Health – Contract Funding for Dentists
(2008-2018)**

Incentive Year	Loan Repayment	Service Bonus
2008	846,163	70,000
2009	976,889	40,000
2010	941,028	35,000
2011	445,521	100,000
2012	290,240	15,000
2013	824,608	50,000
2014	915,587	
2015	543,106	100,000
2016	977,769	
2017	709,848	50,000
2018	872,601	50,000

The map below provides a graphic illustration of dental provider placements for FY 2008-2018.

**North Carolina Office of Rural Health - Dental Provider Placements with Incentive
Contracts from State Fiscal Year 2008 - 2018**



In collaboration with the Sheps Center, ORH is currently working on a longitudinal study of the North Carolina State Loan Repayment Program to assess dental providers' retention rates at the county and clinic levels. This information will be used to evaluate the program and guide decisions.

Next Steps

The process to review and modify the North Carolina State Loan Repayment Program for dentists will follow similar processes, and in some cases concurrent, with those described in response to Section 3.(a). as outlined beginning on page 10 of this report. Stakeholder engagement, however will be expanded as noted below.

Stakeholder Engagement

In addition to the stakeholder engagement described on page 10 in response to Section 3.(a):

- ORH will invite feedback from the North Carolina Dental Society, the Old North State Dental Society, and the North Carolina Dental Hygienists' Association
- ORH will meet with organizations engaged in expanding North Carolina's rural oral healthcare workforce pipeline, to include the North Carolina AHEC System, Residency Training Programs, and University Rural Training Track Programs, East Carolina University and the University of NC-Chapel Hill Schools of Dentistry. These dedicated meetings will provide valuable feedback from key partners tasked with creating the next generation of healthcare providers about possible synergies between the North Carolina State Loan Repayment Program, and provider education and training.
- ORH will invite stakeholders to review its current policy and offer recommendations on areas for improvement
- ORH will use internal data, as well as data from the Sheps Center, to identify areas where recruitment is lacking and will seek feedback from those communities on their recruitment needs

Conclusion

In summary, ORH has maximized appropriations provided by the North Carolina General Assembly by leveraging National Health Service Corps funds (Federal funding) and other loan repayment programs. Further, ORH is working closely with partners and stakeholders to develop pipeline programs that build interest in healthcare careers and support youth from underserved communities. ORH acknowledges and appreciates the creation, engagement and long-term support provided by the North Carolina General Assembly to the North Carolina State Loan Repayment Program and to the Office of Rural Health.