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NATIONAL HEALTH SERVICE CORPS

RECOMMENDATION

Congress should reestablish annual appropriations for the National Health Service Corps (NHSC) to address the nation's Health Professional Shortage Areas (HPSAs). We urge legislators to support an appropriation of \$287 million in the FY2016 spending bill.

Background

The NHSC recruits and places physicians and medical professionals in health professional shortage areas to meet the need for health care in rural and medically underserved areas. The NHSC provides scholarships or loan repayments as incentives for medical students to enter primary care and to provide health care to underserved Americans. By addressing medical school debt burdens, the NHSC also ensures wider access to medical education opportunities.

Since in 1972, the NHSC has offered financial assistance to recruit and retain health care providers to meet the workforce needs of communities that lack adequate numbers of physicians and other health professionals. The NHSC, administered by the Health Resources and Services Administration, has several components, including:

- **Scholarship program** offers scholarships to students pursuing careers in primary care, who upon completing their training, are required to dedicate 2 to 4 years of service at a NHSC-approved site in a high-need HPSA.
- **Loan Repayment Program** makes loan repayments of up to \$60,000 to primary care medical, dental, and behavioral health professionals in exchange for 2 years of full-time service or 4 years of half-time service in a HPSA.
- **State Loan Repayment Program** makes grants to states for loan repayment contracts to professionals who practice in a HPSA in that state. The state loan repayment serves as a complement to the NHSC and provides flexibility to states to place providers in underserved areas and help meet their unique primary care workforce needs.
- **Students to Service program** makes loan repayments of up to \$120,000 to medical students in their last year of school on condition that, upon completion of a primary care residency, the new physician provides 3 years of full-time or 6 years of half-time primary health care in an NHSC-approved site in a high-need HPSA. The program was established as a pilot in FY 2012 to encourage students to choose a primary care residency.

The Government Accountability Office (GAO-01-1042T) described the NHSC as “one safety-net program that directly places primary care physicians and other health professionals in these medically needy areas.”

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In 2014, more than **9,000 providers** were placed in areas designated as HPSAs. NHSC professionals served **nearly 10 million** people in every state and territory. Despite this level of service, it would still take **an additional 18,100 providers** just to meet the existing need in all currently designated HPSAs.

Funding History

For decades, before fiscal year 2009, the NHSC was funded through the annual appropriations process. With the enactment of the *American Recovery and Reinvestment Act* in February 2009, the program was expanded through a new \$300 million trust fund over the course of two fiscal years.

In 2011, the *Affordable Care Act* (ACA) established a new five-year trust fund to expand the program.

In FY 2012, facing budgetary pressures, Congress eliminated the base appropriations for the NHSC forcing the program to depend solely on the ACA Trust Fund.

On April 16, 2015, Congress enacted the *Medicare Access and CHIP Reauthorization Act* (MACRA) which extended the mandatory trust fund but at a level which funds less than 40 percent of the applicants who are willing to serve in shortage areas.

The Administration's budget request for FY16 included an additional \$287.4 million in discretionary appropriations for the program. Coupled with the funding in MACRA, this would enable the program to double its current capacity and move closer to fulfilling the unmet need across the country.