



Tennessee Higher
Education Commission

**Rural Health Loan
Forgiveness Program**

Final Pilot Program Report



Program History

The Rural Health Loan Forgiveness Program was a five-year pilot program funded by net proceeds from the Tennessee Education Lottery. It provided loans to future health care providers and dentists who agreed to practice in a Tennessee health shortage area¹ after receiving their license to practice. The pilot program began with the 2008-09 academic year and enrolled its last cohort of students in 2012-13. The number of awards was limited to twenty-five students for the beginning and ending years of the program, and fifty students for the middle three years.

The loan amount was capped at \$12,000 per academic year, or the cost of tuition, mandatory fees, books and equipment, whichever is less. To remain eligible to receive the award, students had to maintain satisfactory progress in the program of study in which they are enrolled. Recipients were eligible for forgiveness of one year's loans for each year they practice in a health resource shortage area after receiving their professional license.

Eligibility Requirements

To be eligible², a student must:

- Be a Tennessee resident.
- Enroll and complete the program at an eligible institution by the end of spring 2013.
- Not be in default on a federal Title IV educational loan or Tennessee educational loan.
- Not owe a refund on a federal Title IV or Tennessee student financial aid program.
- Not accept other financial aid that carries a service obligation.³
- Sign a promissory note each year the loan is awarded stipulating the repayment obligation if service requirement is not met. All funds must be repaid with interest at 9% per annum.
- Be in compliance with federal drug-free rules and laws for receiving financial assistance.
- Be a full-time student pursuing a:
 - Doctor of Medicine (M.D.) degree
 - Doctor of Osteopathic Medicine (D.O.) degree
 - Doctor of Dental Surgery (D.D.S.) degree
 - Doctor of Dental Medicine (D.M.D.) degree
 - Physician Assistant credential
 - Nurse Practitioner credential

¹ For the purpose of this program, a "health resource shortage area" is an area designated by the Department of Health, Office of Rural Health.

² Full eligibility requirements can be found on TSAC's College Pays website: www.tn.gov/collegepays

³ Exceptions include military service.

Student Participation

Table 1 presents the number of students served and the total dollars loaned since the program's inception. Since 2008, the program has served 103 students at a total cost of \$1,822,822. Fifty percent of the students participated in the program for one year, 37 percent of students participated for two years, 9 percent for three years, and 4 percent for four years.

In the program's first year, the maximum number of students enrolled (25), suggesting great interest in a loan forgiveness program that would serve Tennessee's health shortage areas. However, despite growth in the number of total students served since 2008-09, the program's enrollment continued to decline as a percentage of its allowable capacity. For example, by 2012-13 the program's capacity was 25 students, however, there were only 13 students participating in the program during the final year.

Table 1: Rural Health Loan Forgiveness recipients and dollars awarded 2008-09 to 2012-2013

Academic Year	Total Students Served [°]	Unduplicated Student Count*	Average Award	Total Dollars Awarded†
2008-09	25	25	\$10,952	\$273,806
2009-10	50	32	\$10,358	\$517,912
2010-11	45	26	\$10,690	\$481,049
2011-12	38	19	\$11,150	\$423,730
2012-13	13	1	\$9,717	\$126,325
Total	171	103	\$10,659.78	\$1,822,822

Source: Tennessee Student Assistance Corporation (TSAC)

[°] Counts include duplications. Students in this category may have received the award in years prior.

* Unduplicated count across years. Students in this category are receiving the award for the first time.

† Calculated using Total Students Served

Participant Characteristics

Table 2 shows the background characteristics of Rural Health Loan Forgiveness recipients throughout the duration of the program.⁴ Recipients of the program are predominately female and Caucasian. However, over the course of five cohorts there was some increase in minority participation.

⁴ The Rural Health Loan Forgiveness program had a high percentage of missing data. As a result, some of the categories and their percentages in the table represent small numbers, which can cause percentages to vary over time without much change occurring.

Table 2:
2008 - 2012 Rural Health Loan Forgiveness recipients' demographics

		2008	2009	2010	2011	2012
Gender	Female	84%	78%	80%	84%	85%
	Male	16%	22%	20%	16%	15%
Race	African American	0%	6%	12%	15%	8%
	Caucasian	100%	94%	85%	81%	84%
	Other	0%	0%	3%	4%	8%
Student's Adjusted Gross Income	\$36,000 or less	47%	38%	43%	47%	42%
	\$36,001-\$72,000	37%	40%	16%	20%	42%
	\$72,001 or greater	16%	22%	41%	33%	16%

Notes: Excludes students with missing data by category.
Changes in the number of participants from year to year does affect the results in this table.

Postsecondary Participation

Table 3 presents the distribution of Rural Health loan recipients by academic year and system. Overwhelmingly, recipients of the loans are enrolled in TICUA institutions. Participants at private institutions were most frequently enrolled at Lincoln Memorial University, Carson-Newman University, Union University or Vanderbilt University. Public sector participants were enrolled at the University of Tennessee Chattanooga or Knoxville, the University of Memphis, or Tennessee State University.

Table 3: Distribution of Rural Health loan recipients by system and year

	2008	2009	2010	2011	2012
TBR Universities	4%	8%	12%	10%	8%
UT Institutions	8%	18%	9%	10%	0%
TICUA Institutions	88%	74%	79%	80%	92%
Total	100%	100%	100%	100%	100%

Source: TSAC
Represents duplicate counts across years.

Program Summary

Started in 2008, the Rural Health Loan Forgiveness Program was a five-year pilot program that provided loans to future health care providers and dentists who agreed to practice in a Tennessee health shortage area after receiving their license to practice. The pilot program enrolled its last cohort of students in 2012-13.

The program provided financial support to 103 students at a cost of over \$1.8 million. Recipients of the program were predominately female and Caucasian, although there was some growth in the number of minority students participating over the duration of the program.

Throughout the program's five-year existence, ninety-six medical professionals were placed in underserved areas. These fourteen doctors of osteopathic medicine, seventy-three nurse practitioners, eight physicians assistants, and one dentist had the opportunity to not only receive vital training and financial assistance, but also greatly impacted the overall population health in these underserved area.