The Case for Loan Repayment Programs

How funding loan repayment programs can begin to address Oklahoma's behavioral health workforce shortage

Oklahoma's behavioral health workforce shortage continues to challenge the state. Through 2024, the number of retiring psychiatrists nationally is projected to surpass the number joining the workforce. [1] *As Oklahoma grapples with a mental health crisis, rural areas have seen a 27% increase in suicide over the course of 2020.*[2] *Oklahoma must act to address the existing behavioral health workforce shortage for the health and safety of its residents.*

In 2019, Oklahoma's Mental Health Loan Repayment Act (SB 773) created a framework for part of a solution. The legislation created a Mental Health Loan Repayment Revolving Fund (MHLRRF), but this program has yet to be implemented. Oklahoma can begin to address its workforce shortages by fully funding and implementing a loan repayment program for behavioral health professionals.

Takeaways

- As increased demand for mental health services stretches an already overburdened behavioral health workforce, **loan repayment programs can be part of a solution** to grow critically-needed professions.
- **The foundation has been laid in Oklahoma.** In 2019, the Mental Health Loan Repayment Act (SB 773) established the legislative structure to create these loan repayment programs in the state.
- **Funding options for loan repayment programs exist.** With the 2022 legislative session quickly approaching, appropriations for this urgent problem can be considered. In addition, the Health Resources and Services Administration (HRSA) will distribute competitive grant funding for states seeking to operate such programs in 2022, and such programs are eligible for funding from the American Rescue Plan Act (ARPA).[3]

The need: A critical shortage

Today 657,000 Oklahomans live with a mental health condition.[4] With nearly a quarter of the state's population struggling with their mental health, the behavioral health workforce shortage is an urgent issue. The psychiatric prescriber shortage is dire statewide, with only 10.3 psychiatrists per 100,000 residents.[5] Although this shortage existed prior to COVID-19, the pandemic has amplified the need for mental health services.

In addition to COVID-19 exacerbating existing shortages that already strained the workforce's ability to meet the state's behavioral health needs, Medicaid expansion increased demand on the healthcare field, with total enrollment rising from 983,728 in June 2021 to 1,111,222 in September 2021.[6] This expansion population has complex needs that may include a higher rate of untreated or undertreated behavioral health conditions.[7] Healthy Minds Policy Initiative extensively covered the critical behavioral health workforce shortage in a four-part series. In the fourth and final brief in Healthy Minds Policy Initiative's series on Oklahoma's behavioral health workforce, we outlined recommendations for addressing the a critical shortage of workers, including the potential for behavioral health professional loan repayment programs.

What works? Loan repayment programs

Physicians participating in loan repayment programs tend to stay in their communities within Health Professional Shortage Areas (HPSA) even after completing their obligations, and more than half of obligated physicians stay in their practices over eight years.[8] These physicians often care for more people who are uninsured or insured through Medicaid compared to their peers.[8] Extending this incentive to behavioral health professionals allows for competitive recruiting of students and better retention, particularly in underserved areas. By minimizing debt, loan repayment programs have the ability to boost providers' recruitment efforts and support behavioral health professionals in the workforce.

These programs present an attractive option for professionals early in their careers looking for a place to land. National Health Service Corps (NHSC) and Indian Health Service (IHS) loan repayment programs are available to behavioral health professionals in Oklahoma. The IHS loan repayment program is a federal initiative that matches health professionals with their service sites at IHS facilities, providing up to $40,000 for an initial two-year commitment.[9] Eligible behavioral health professions include Clinical Psychology PhDs or PsyDs, Licensed Professional Counselors (Master's level), Counseling Psychology PhDs, and Licensed Social Workers (Master's level).[9] All health professionals are eligible to apply, however American Indians/Alaska Natives receive priority consideration.[9]

Loan repayment programs provide the opportunity to draw behavioral health professionals to rural areas – which are especially challenged to recruit and retain these professionals – and keep them there. The NHSC Rural Community Loan Repayment Program (LRP), one of two HRSA LRPs with a focus on curbing the opioid epidemic, has found its funding to be linked with an increase in behavioral health providers serving in these rural HPSAs.[10] However, unlike 43 other states, Oklahoma is missing out on additional funds that could be made available to more practitioners through state-administered programs.[11]

Oklahoma's own Physician Manpower Training Commission (PMTC) currently manages a loan repayment program for primary care providers, which includes advanced practice registered nurses (APRN) and physicians' assistants.[12] The Governor's Council for Workforce in 2016 recommended expanding PMTC's mission to address shortages in other medical specialty areas, including psychiatry.[13] Supply data for primary care physicians demonstrate that Oklahoma has more of these providers per population than the national average (though not well distributed throughout rural areas), but far fewer psychiatrists, relative to its population, than the national average and well below the estimated need.[7] PMTC could be a strong partner for the state in administering the mental health provider program, as PMTC is already familiar with implementing and managing a loan repayment program. This partnership has the potential to be mutually beneficial, in that the opportunity could be created to better educate PMTC primary care providers about behavioral health by funding psychiatrists and encouraging cross-training and consultation experiences.

Loan repayment programs for behavioral health professionals already operate in several states, strengthening their economies and building up their workforces. For example, North Dakota's SB 2125, signed by the governor in March 2021, clearly identifies each type of behavioral health practitioner included in the bill subject to the requirements and limitations, and includes a max loan repayment amount and matching fund requirements for each profession. North Dakota recognizes Clinical Psychologists, Licensed Addiction Counselors, Licensed Professional Counselors, Licensed Social Workers, Registered Nurses, Specialty Practice Registered Nurses as Behavioral Health Care Professionals eligible for the loan repayment program.[14] The chart below shows the breakdown of funding amounts for the various professions under North Dakota's loan repayment program.[13]

Example: North Dakota's loan repayment program

Discipline	State Funds	Community Match	Total Award	Payment Disbursement
Clinical Psychologist	$12,000/year Up to $60,000 over five years	25% of the state funds up to $15,000 ($3,000/yr.)	$75,000	State payments are made to the lender only at the conclusion of each 12-month period of service. Community match payments are made to lender or provider.
Licensed Addiction and Professional Counselors, Licensed Social Workers, Registered & Specialty Practice Registered Nurse	$4,000/year Up to $20,000 over five years	10% of the state funds up to $2,000 ($400/yr.)	$22,000	State payments are made to the lender only at the conclusion of each 12-month period of service. Community match payments are made to lender or provider.

Michigan's State Loan Repayment Program (SLRP) grant helps behavioral health professionals, including psychiatric nurse practitioners, master-level social workers and both masters and doctoral level psychologists, by providing up to $200,000 tax-free to repay their educational debt.[15] Federal funds are awarded by the National Health Service Corps (NHSC) as part of HRSA, while the legislature appropriates state funds. Employer contributions toward their employees' loan repayment agreements are the source of local funding. Service is required to be in an approved nonprofit primary care setting in an HPSA for a contractually agreed upon amount of time.

Oklahoma's readiness: Existing structure

The foundation has been laid in Oklahoma to begin implementing loan repayment programs for behavioral health professionals. The major remaining barrier to implementation is a lack of dedicated funding. In 2019, the Mental Health Loan Repayment Act (SB 773) established the legislative structure to create these loan repayment programs in the state. The Oklahoma Department of Mental Health and Substance Abuse Services (ODMHSAS) was charged with administering this program.

By providing student loan repayment assistance for mental health providers, this program aims to combat the lack of competitive pay that comes with low reimbursement rates. These issues can go hand-in-hand with difficulties in staff recruiting and retention.[2] SB 773 (2019) created necessary criteria that behavioral health providers must meet in order to participate in the program. Providers are required to serve in a Health Professional Shortage Area (HPSA) and have a caseload consisting of at least 25% Medicaid beneficiaries and/or people who are uninsured.

In order to implement an effective loan repayment program for behavioral health professionals, Oklahoma must avoid pitfalls such as making it too burdensome for providers and potential participants to apply for the funding. As seen in Texas under Senate Bill 239, which passed in the state's 84th Legislative Session, too many restrictions hindered administrators from dispersing all of the funds.[16] However, coupling loan repayment programs with mentorships and cohort opportunities provides a supportive culture and builds relationships in HSPAs, encouraging staff retention even after the program ends.

Funding considerations

Three distinct options for funding are readily apparent in late 2021:

- The HRSA 2022 State Loan Repayment Program application, open until April 8, 2022, is a competitive four-year grant program that currently provides cost-sharing grants to more than 30 states to operate loan repayment programs as a way of drawing providers to serve in Health Provider Shortage Areas (HPSA).[17] HRSA estimates approximately

$25,000,000 to be available annually to fund an estimated 50 recipients, with each state allowed one application.[5] The American Rescue Plan Act (ARPA) appropriated $100 million in funding for the 2022-2026 SLRP grant cycle with two accompanying flexibilities added.[7] Historically, SLRP required a 1:1 match. For this funding cycle, the match is no longer required and SLRP states will have the opportunity to dedicate 10% of the award towards administrative costs, which has not previously been an option. These one-time flexibilities expire at the end of 2026 due to the ARPA funds only available this grant cycle.[5] Although the new SLRP guidelines do not require a match, state appropriation may be an effective match for a federal investment. Sources for sustainability may include philanthropy, funding pools such as TSET and the state's opioid settlement, private business entities and additional Medicaid funding generated by the increase in providers resulting from loan repayment programs. Funding cannot depend on the SLRP grant alone and we strongly encourage legislative action to appropriate the necessary funds to recruit and retain a robust behavioral health workforce.

- The 2022 legislative session provides a major opportunity to jump-start programing, or potentially to match potential federal dollars. Oklahoma could base its appropriation on experiences of other states. The range of funding appropriated to the loan repayment programs varies depending on the size and need of the state. North Dakota appropriated $698,800 for their 2015 to 2017 program cycle, while the Texas State Legislature appropriated $2.13 million towards funding loan repayment programs for approximately 100 providers over a two-year period beginning in Spring 2016.[18,16] In addition, Oklahoma could consider shifting a portion of the resources allocated for primary care via the Physician Manpower Training Commission (PMTC). This could be accomplished by requiring the PMTC to make a certain investment in specialty care, such as behavioral health, or by shifting a portion of state appropriations from the PMTC to the ODMHSAS loan repayment revolving fund. The PMTC received $6,546,877 in state appropriations in Fiscal Year 2022.[19]
- The American Rescue Plan Act (APRA) directed supplemental discretionary funding to provide temporary relief for pandemic-related workforce shortages. Although funds must be spent within four years, the rules around spending allow for investment in a loan repayment program, and Oklahoma should capitalize on this time-limited opportunity towards building up a robust behavioral health workforce.[20]

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