

Michigan SLRP Opportunity Update

1. **FY 2009 First-Come, First-Served Application Period Remains Open**
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1. **FY 2009 First-Come, First-Served Application Period Remains Open:**

This application period will remain open until all federal program funds are committed and will run concurrently with the FY 2010 January 15 – May 31, 2009 Application Period, discussed below. Sign-On Bonus and Provider Retention Loan Repayment Contracts awarded during this application period allow employers to combine their contributions equally with available federal funds to double resources intended for the recruitment and retention of primary care providers. Participants receive these loan repayment benefits tax-free. During this application period, contracts are awarded to eligible providers on a first-come, first-served basis, regardless of priority status. Employers electing to make a 50% contribution toward their providers' loan repayment contract can take advantage of the special benefits offered by the **Sign-On Bonus** and **Provider Retention Loan Repayment Contracts** available during the FY 2009 First-Come, First-Served Application Period.

Sign-On Bonus Loan Repayment Contracts:

This powerful **recruitment** tool is designed to help employers located in Health Professional Shortage Areas (HPSAs) gain a recruitment advantage and save on recruitment fees. While funds remain available, employers recruiting their next primary care medical, dental or mental health care provider, can ask their recruits if they'd prefer to receive just their taxable sign-on bonus, or receive **double** that amount (up to \$25,000 per year) in **tax-free** educational loan repayment.

What are the benefits of recruiting with Sign-On Bonus Loan Repayment Contracts?

- Helps HPSA employers recruit high-demand providers and save on recruitment fees
- Doubles sign-on bonuses and turns them into **tax-free** loan repayment for recruits
- Contracts are awarded on a first-come, first-served basis, until all funds are committed.
- Expedited application review, eligibility determination and contract execution
- The MSLRP Specialist works with employers and providers during the application process and helps employers customize contract terms to meet their organizations' recruitment needs.
 - Contracts may start as soon as the first of the month following eligibility determination and employment.
 - Flexible contract amounts and lengths, up to \$25,000 per year for two to four years
 - A choice of provider payment options. Providers may either receive installment payments every six months- to help employers conserve cash flow, or receive the full contract amount up front- to help employers compete for recruits in very competitive situations.

Provider Retention Loan Repayment Contracts:

This contract is designed to help employers **retain** valuable primary care medical, dental and mental health care providers. It allows employers to **double** the amount of funds they are willing to commit to retaining a needed provider (up to \$25,000 per year), and turns it into **tax-free** educational loan

repayment. Like Sign-On Bonus Contracts discussed above, Provider Retention Loan Repayment Contracts are part of the First-Come, First-Served Application Period and will continue to be awarded until all funds are committed.

The benefits of using Provider Retention Loan Repayment Contracts are similar to those listed above for Sign-On Bonus Loan Repayment Contracts, including: expedited application review, eligibility determination and contract execution; MSLRP Specialist assistance in the application process, and; customized contracts in terms of flexible loan repayment amounts, contract lengths and provider payment options.

***Please Note: Federal requirements do not allow MSLRP contracts to be used as a salary offset. Salaries for health professionals participating in the MSLRP must be based on prevailing rates in their practice areas.**

2. FY 2010 January 15 – May 31, 2009 Annual Application Period:

The expanded **FY 2010 Annual Application Period will begin January 15, and continue through May 31, 2009**, allowing providers 4½ months to submit their application packages. Last year's annual application period began in April and continued through June 2008, so please inform providers of the earlier start date.

During this application period providers and their employers may apply for the new 20% Employer Contribution Competitive Contracts, or for Local Match Contracts, which require a 50% employer contribution. Both types of contracts awarded during this application period will begin October 1, 2009. Providers and employers must use the new forms discussed toward the end of this "Update". The new forms will be available on the MSLRP Website mid-January 2009. Application packages must be postmarked no earlier than January 15, 2009 and no later than May 31, 2009.

"20% Employer Contribution Competitive Contracts" Replace Competitive Contracts:

Starting with the January 15 – May 2009 Application Period, "20% Employer Contribution Competitive Contracts" will replace Competitive Contracts that were funded by 50% state and 50% federal dollars. The new 20% Employer Contribution Competitive Contracts will have a funding mix of 20% employer contributions, 40% federal dollars and 40% state funds. Applications for the new competitive contracts will go through the same selection process that applied to the former competitive contracts, with the addition of the "length of contract requested" criterion described below.

20% Employer Contribution Competitive Contracts will allow MSLRP to respond to increasing primary care provider shortages in Michigan HPSAs by spreading program funding to assist additional HPSA employers in their recruitment and retention efforts. Moving to 20% Employer Contribution Competitive Contracts also lessens the discrepancy in required employer contributions that existed between Competitive Contracts- which required no contribution, and Local Match Contracts- which require a 50% contribution. The magnitude of this discrepancy added to the challenge of marketing Local Match Contracts. Finally, we believe that reducing the state and federal contract funding mix from 50% to 40% will help sustain these funding sources, essential to the program's continued survival, by offering them a higher return (150% return vs. a 100% return) on each dollar they invest in the program.

When considering 20% Employer Contribution Competitive Contracts, employers should keep in mind that they will make their contributions in six-month installments over the life of their loan repayment contracts, not in up-front lump sums. This payment system is designed to help health care organizations manage cash flow by spreading the impact of their contributions over multiple budget periods. Employers make contributions by including a check equal to 20% of their providers' next MSLRP payments with the Work Verification Forms they receive from their providers, sign, and mail to the Department each six months to certify employment during that period. Each Work Verification Form (WVF) includes complete instructions on how to submit WVFs and employer

contributions. The following chart shows employer installment contributions for typical mid-level provider (PA, NP, CNM, MSW) contracts for two to four years. Employers submit their contributions during the months shown in the “WVF” (Work Verification Form) column.

**Typical \$15,000 Per Year Contract for
Mid- Level Providers (PA, NP, CNM, MSW)
Starting 10/1/09**

Six – Month PMT#	WVF Date	PMT Date	Employer			Total PMT
			20% PMT	State 40%	Fed 40%	
1	3/10	4/10	1,500	3,000	3,000	7,500
2	9/10	10/10	1,500	3,000	3,000	7,500
3	3/11	4/11	1,500	3,000	3,000	7,500
4	9/11	10/11	<u>1,500</u>	<u>3,000</u>	<u>3,000</u>	<u>7,500</u>
Two-Year Contract Totals: Ending 9/30/11			\$6,000	\$12,000	\$12,000	\$30,000
5	3/12	4/12	1,500	3,000	3,000	7,500
6	9/12	10/12	<u>1,500</u>	<u>3,000</u>	<u>3,000</u>	<u>7,500</u>
Three-Year Contract Totals: Ending 9/30/12			\$9,000	\$18,000	\$18,000	\$45,000
7	3/13	4/13	1,500	3,000	3,000	7,500
8	9/13	10/13	<u>1,500</u>	<u>3,000</u>	<u>3,000</u>	<u>7,500</u>
Four-Year Contract Totals: Ending 9/30/13			\$12,000	\$24,000	\$24,000	\$60,000

The next chart shows employer installment contributions for typical primary provider (Dentist, Physician, Psychiatrist, Ph. D. Psychologist) contracts for two to four years. Again, employers submit their contributions during the months shown in the “WVF” (Work Verification Form) column.

**Typical \$25,000 Per Year Contract for
Primary Providers (DDS, MD/DO, Psychiatrist, Ph. D. Psych.)
Starting 10/1/09**

Six – Month PMT#	WVF Date	PMT Date	Employer			Total PMT
			20% PMT	State 40%	Fed 40%	
1	3/10	4/10	2,500	5,000	5,000	12,500
2	9/10	10/10	2,500	5,000	5,000	12,500
3	3/11	4/11	2,500	5,000	5,000	12,500
4	9/11	10/11	<u>2,500</u>	<u>5,000</u>	<u>5,000</u>	<u>12,500</u>
Two-Year Contract Totals: Ending 9/30/11			\$10,000	\$20,000	\$20,000	\$50,000

5	3/12	4/12	2,500	5,000	5,000	12,500
6	9/12	10/12	<u>2,500</u>	<u>5,000</u>	<u>5,000</u>	<u>12,500</u>
Three-Year Contract Totals: Ending 9/30/12			\$15,000	\$30,000	\$30,000	\$75,000
7	3/13	4/13	2,500	5,000	5,000	12,500
8	9/13	10/13	<u>2,500</u>	<u>5,000</u>	<u>5,000</u>	<u>12,500</u>
Four-Year Contract Totals: Ending 9/30/13			\$20,000	\$40,000	\$40,000	\$100,000

Potential Funding Sources for Employer Installment Contributions:

Most often, employers make installment contributions from their organizations' operating funds. **Several employers have adapted their employee tuition reimbursement programs to fund employer installment contributions on loan repayment contracts, as part of their recruitment and retention strategies.** Employers may, however, also turn to outside sources when internal funds are not available and use any verifiable, **non-federal funds** which have been transferred to them for making employer installment contributions to loan repayment contracts. Sources of non-federal funds may include, but are not limited to:

- Tuition reimbursement programs
- A practice site's sponsoring agency or parent company
- Community leaders
- Community development programs
- Community Chest organizations
- Funds raised by their communities specifically to recruit or retain primary care providers
- Business, service, or nonprofit organizations
- Local, state or national foundations or charities
- State General Funds
- Health care provider associations representing the type of medical, dental, or mental health care provider needed in the community.
- Health care employer membership associations
- Other organizations and grants identified with the assistance of the Library of Michigan in Lansing

"Length of Contract Requested" Included in Selection Criteria:

Starting with applications submitted during the FY 2010 January 15 – May 31, 2009 Application Period, we will include "length of contract requested" as a contract selection criterion. We will continue ranking applicants first into "double", "single" and "non-priority" categories, based on each applicant's provider and practice site priority status.

Next, we will rank applicants in each of those priority categories by "length of contract requested". We will give applicants requesting longer-term contracts preference, because these providers and employers are demonstrating a longer-term commitment to serving residents of Michigan HPSAs. We will rank applicants requesting four-year contracts above those requesting three-year contracts, and those requesting three-year contracts above those requesting two-year contracts.

Finally, as in the past, we will rank applicants within the four, three and two-year contract groupings based on their randomly-generated lottery numbers, ranking applicants with lower numbers above those with higher numbers. 20% Employer Contribution Competitive Contracts will be awarded to eligible applicants in the order they appear on the FY 2010 Rank-Ordered MSLRP Applicant List, which will be developed through the selection process described above. We will start awarding contracts to double-priority applicants requesting four-year contracts with the lowest lottery numbers, working down to two-year contracts with the highest lottery number, and then repeat the process with

single and non-priority applicants until all funds for 20% Employer Contribution Competitive Contracts are committed. Applicants should also become familiar with new selection criteria and rules that apply to re-contracting with MSLRP before applying for their initial contracts. This information, described below, will help providers and their employers develop more effective overall application strategies.

New Selection Criteria, Rules and Strategy for Applying to Re-Contract:

These new rules apply to providers with initial contracts starting after 11/1/08. These changes are designed to provide incentives for providers to apply for the longest-term initial contracts upon which they and their employers can agree. Applications submitted by providers applying to re-contract with the program will be ranked by priority status, contract length and lottery number as describe in the previous section. Length of contract requested, however, will be treated as described in the chart below.

Providers with an Initial:	Re-Applying for:	Will be Ranked as:
3 Year Contract	1 Year	4 Year Contract
2 Year Contract	2 Years	4 Year Contract
2 Year Contract	1 Year	Funding will Not be Available

The four following application strategies differ in their effectiveness in being awarded initial and subsequent loan repayment contracts. As you will see, the best strategy is to apply for the longest-term initial contract upon which provider and employer can agree.

Dr. Planahead applies for and receives an initial four-year contract, because she is ranked above all other Single-Priority applicants requesting two and three-year contracts. During her third and fourth years, she automatically continues receiving payments, without having to reapply.

Dr. Planalittle applies for and receives an initial three-year contract, he was ranked below those requesting four-year contracts, but above those requesting two-year contracts. Later, he applies for a fourth year, which he is likely to receive, because his application to re-contract is ranked as a four-year contract within his priority status category (3+1=4). **He must, however, re-submit all application forms, including his Loan Repayment Documentation**, showing he has paid down his eligible loans by an amount at least equal to the MSLRP payments he has received.

Dr. Shorterm applies for and is fortunate to be awarded an initial two-year contract, even though she is ranked below all applicants requesting three and four-year contracts in her priority status category. She applies for and receives a third and fourth year, because her application is ranked as a four-year contract (2+2=4) within her priority status category. She must also, however, re-submit all application forms, including her Loan Repayment Documentation.

Dr. Hitawall, not sure of his commitment to working in a HPSA, applies for and is awarded an initial two-year contract. However, because he either has eligible debt sufficient for only a third year, or is unwilling to commit for a total of 4 years, his application to re-contract for a third year cannot be funded.

3. Mental Health Care Provider Policy is Expanded for the January 15 – May 31, 2009

Application Period:

As part of our on-going initiative to increase the number of mental health care participants, we have further expanded policy. We will award **20% Employer Contribution Competitive Contracts** to an unlimited number of psychiatrists and to up to five other mental health care providers. Employers of the highest-ranked mental health care applicants beyond that limit will be offered 50% Local Match Contracts for their providers.

Community-Based Mental Health Care Providers:

Effective for the FY 2010 January 15 – May 31, 2009 Application Period, employers and their eligible mental health care providers working at community-based Community Mental Health (CMH) Agencies, Federally Qualified Health Centers (FQHCs) and at FQHC Look-Alikes, may apply for 20% Employer Contribution Competitive Contracts.

Eligible primary mental health care providers include:

- Psychiatrists
- Clinical or Counseling Psychologists, with a PH. D, Psy.D, or equivalent
- Licensed Professional Counselors, with a Doctorate Degree
- Marriage and Family Therapists, with a Doctorate Degree

The maximum loan repayment contract for the above providers is \$25,000 per year for two to four years.

Eligible mid-level mental health care providers, with a Masters Degree, include:

- Clinical Social Workers
- Licensed Professional Counselors
- Marriage and Family Therapists
- Mental Health Counselors, (Clinical)
- Psychiatric Nurse Specialists

The maximum loan repayment contract for eligible master-level providers is \$15,000 per year for two to four years.

Priority status, selection process and limits:

Psychiatrists working at the community-based practice sites listed above are priority providers and will receive preference in the contract selection process as double-priority applicants. For the FY 2010 January 15 – May 31, 2009 Application Period, there is no policy limit on the number of psychiatrists who may be awarded 20% Employer Contribution Competitive Contracts.

All other eligible mental health care providers working at these community-based practice sites will be considered single-priority applicants. Doctorate-level psychologists will, however, receive preference over all other single-priority applicants. Single-priority mental health care provider applicants will be placed on the FY 2010 Rank-Ordered MSLRP Applicant List, along with all single-priority medical provider applicants. Contracts will be awarded to those highest on the list, until all program funds are committed.

Ranking of applicants within the single-priority category on the Rank-Ordered List will be determined first by length of contract requested and then by lottery number. This means that applicants requesting four-year contracts will be ranked above those requesting three-year contracts and those requesting three-year contracts will be ranked above applications for two-year contracts. Applicants requesting longer-term contracts will be given preference over those requesting shorter-term contracts, because those providers and employers are demonstrating a longer-term commitment to serving residents of Michigan HPSAs. Once all single-priority applicants are ranked by contract length, they will be further ranked by their randomly-generated lottery numbers.

For the FY 2010 January 15-May 31, 2009 Application Period, up to five single-priority mental health care provider applicants will be awarded 20% Employer Contribution Competitive

Contracts. Employers of the highest-ranked mental health care applicants beyond that limit will be offered 50% Local Match Contracts for their providers.

Institutional-Based Mental Health Care Providers:

Employers and eligible mental health care providers working at State Psychiatric Hospitals, Forensic Medicine Centers and State Correctional Facilities may continue to apply for Local Match Contracts, which require a 50% employer contribution.

Eligible provider types and maximum contract amounts are the same as those listed above. During the Annual January 15 - May 31, 2009 Application Period, mental health care providers have preference over medical and dental provider applicants for Local Match Contracts. Applicants will be ranked first by contract length requested and then by randomly-generated lottery number, as discussed above. Currently there is no limit, aside from the availability of corresponding federal funds, to the number of institutional-based mental health care providers who may be awarded Local Match Contracts.

4. New Application Forms

Whether applying during the FY 2009 First-Come, First-Served Application Period, or the FY 2010 January 15 – May 31, 2009 Annual Application Period, **applicants must use the new application forms with a 1/09 revision date.** To access the new forms, wait until mid-January and click on the “MSLRP Application Forms” navigation title found on the first page of the MSLRP Website, at www.michigan.gov/mslrp. The new forms include:

- **Provider Application, Part A** (completed by provider)
- **Provider Application, Part B** (completed by provider and holder of loans)
- **Practice Site Application and Declaration of Intent.** (completed by employer)

Providers and employers must type and print these forms. Holders of loans may hand-print their section of Part B, sent to them by the provider. All completed forms must be mailed to the MSLRP Office as part of the applicant’s MSLRP Single-submission Application Package.

Please note: applicants are **no longer required** to submit either the W-9 Tax Form, or the Payee Registration Form. Instead, applicants awarded loan repayment contracts will be asked to register on DMB’s MAIN System for electronic funds transfer (EFT). The registration process will automatically generate a W-9 Form.

To learn more about the program, visit the MSLRP Website at www.michigan.gov/mslrp. Once you’ve become familiar with the program, **call Ken Miller, MSLRP Specialist at 517 241-9946** with any additional questions or e-mail him at MillerK3@michigan.gov.