

**North Dakota Loan Repayment Policy and Procedure Manual**  
**Health Care Professional Student Loan Repayment Program**  
**NDCC Chapter 43-12.3**  
**Primary Care**

**Primary Care includes Physicians, Physician Assistants,  
Advanced Practice Registered Nurses (Nurse Practitioners, Clinical Nurse Specialists, Nurse  
Anesthetists, and Nurse Midwives)**

## **History**

The North Dakota State Legislature has provided funding since 1994 to establish loan repayment programs for physicians, nurse practitioners, physician assistants, certified nurse midwives, and dentists. In 2007, the legislature established a loan repayment program for veterinarians working in food animal medicine.

The 2015 Legislative Assembly created the Health Care Professional Student Loan Repayment Program in House Bill 1396 to provide loan repayments for physicians, advanced practice registered nurses (nurse anesthetists, nurse midwives, clinical nurse specialists, and nurse practitioners), physician assistants, clinical psychologists, and behavioral health care professionals (licensed addiction counselors, licensed professional counselors, licensed social workers, registered nurses, and psychiatric nurse specialists). House Bill 1396 also repealed chapters 43-12.2 and 43-17.2 of the North Dakota Century Code relating to previously enacted loan repayment programs for physicians, nurse practitioners, certified nurse midwives and physician assistants.

The health professional loan repayment programs are administered by the North Dakota Department of Health's Primary Care Office. The programs were created to increase the number of providers in the disciplines of medicine, nursing, physician assistant studies, and behavioral health in areas of the state with defined health professional needs.

The physicians, advanced practice registered nurses and physician assistants loan repayment policies and procedures are outlined below.

## **Application Process**

Loan repayment information and applications are available on the Primary Care Office website at <http://www.ndhealth.gov/pco/>. A complete application consists of the application form and a community Memorandum of Understanding (MOU). The applicant must submit a completed application form, verification of outstanding educational loans from the lender (making sure the address and loan amounts on all documents are the same), license or copy of the license application, personal statement, and three letters of reference. Letters of reference may be submitted from a co-worker, the facility administrator where the applicant will be employed, a character reference, and if applicable, a professor who can document the educational skillset of the applicant. The community/facility MOU must be submitted, where required, with the application documenting employment and the required community match. The application process is competitive. If you have any questions regarding the application process or loan repayment program, please contact Kalee Werner at [kaleewerner@nd.gov](mailto:kaleewerner@nd.gov) or by phone at 701-805-1071.

**Application Deadlines:**

Complete applications are due annually to the Primary Care Office by **March 15**. Once received, reviewed, and verified, applications will be forwarded to the State Health Council for consideration at their April or May meeting. Applicants will be notified by the Primary Care Office of the State Health Council's decision. Contracts will be issued by the North Dakota Department of Health.

**SECTION I: SITE ELIGIBILITY REQUIREMENTS**

1. Site eligibility is based on the following criteria:
  - a. number of health care professionals, by specified field, already providing services in the area;
  - b. access to health care services in the area;
  - c. the level of support from the area; and
  - d. sites that meet the matching funds requirement.
  
2. Priority is given to sites that:
  - a. are located in a federally designated Health Professional Shortage Area or a state-defined critical shortage area; or
  - b. are located at least twenty miles outside the city limits of a city having more than forty thousand residents.

**SECTION II: APPLICANT ELIGIBILITY REQUIREMENTS**

1. The applicant must:
  - a. practice in a specialty that is needed in the area for which they have applied and be available to begin by July 1 of the contract year;
  - b. accept Medicare and Medicaid assignments;
  - c. be employed full-time providing direct patient care in the appropriate settings, no more than 8 hours of a full-time provider's weekly hours will be spent on administrative duties, and/or serving as a clinical preceptor; and telehealth provider's must live in North Dakota; and
  - d. be physically present and provide services on at least a half-time basis at one entity that meets the site requirements and provide telehealth services to a second entity meeting the site requirements. Services at both entities combined must meet the full-time requirement defined above.

### SECTION III: PAYMENTS

Providers participating in the loan repayment program can enter into an agreement to practice up to five years and receive the following loan repayment assistance for outstanding educational loans from institutional lending agencies of the United States, Canada or other approved countries.

The table below identifies the funding for each discipline:

Discipline	State Funds	Community Match	Total Award	Payment Disbursement
Physician	\$20,000/year Up to \$100,000 over five years	50% of the state funds up to \$50,000 (\$10,000/yr.)	\$150,000	State payments are made to the lender only at the conclusion of each 12-month period of service. *Community payments are made to lender or provider.
Advanced Practice Registered Nurse, Physician Assistant	\$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 payments are made to lender or provider.

### SECTION IV: TAX INFORMATION ON LOAN REPAYMENT PROGRAMS

1. IRS Publication 970 states the following regarding student loan repayment assistance programs “Student loan repayments made to you are tax free if you received them for any of the following:
  - a. The National Health Service Corps Loan Repayment Program.
  - b. A state education loan repayment program eligible for funds under the Public Health Service Act.
  - c. Any other state loan repayment or loan forgiveness program that is intended to provide for the increased availability of health services in underserved or health professional shortage areas (as determined by such state).
  - d. You cannot deduct the interest you paid on a student loan to the extent payments were made through your participation in the above programs.”
2. Payments under certain state loan repayment programs.
  - a. In the case of an individual, gross income shall not include any amount received under section 338B(g) of the Public Health Service Act, under a state program described in section 338I of such Act, or under any other state loan repayment or loan forgiveness program that is intended to provide for the increased availability of health care services in underserved or health professional shortage areas (as determined by such state).
  - b. Under 26 U.S.C. § 3401(a) (19), state loan repayment program payments are also not considered to be “wages” and are therefore exempt from federal employment tax (FICA).

3. Wages
  - a. For purposes of this chapter, the term “wages” means all remuneration (other than fees paid to a public official) for services performed by an employee for his/her employer, including the cash value of all remuneration (including benefits) paid in any medium other than cash; except that such term shall not include remuneration paid.
  - b. For any benefit provided to or on behalf of an employee, if at the time such benefit is provided, it is reasonable to believe that the employee will be able to exclude such benefit from income under section 74(c), 108(f)(4), 117, or 132.

## **SECTION V: CONTRACT OBLIGATION**

1. Payments must be made on behalf of the health care professional directly to the Bank of North Dakota or to another participating lending institution. Payments are only made following an annual verification survey completed by the provider.
2. Except as otherwise provided, payments may be made only at the conclusion of each 12-month period of service.
3. Prorated payments may be made only if:
  - a. The repayment of the loan requires less than a full annual payment;
  - b. The health care professional is terminated or resigns from his or her position; or
  - c. The health care professional is unable to complete a 12-month period of service due to the individual’s death, a certifiable medical condition or disability, or a call to military service.
4. Payments under this section terminate upon the earlier of:
  - a. The full repayment of the health care professional's student loan; or
  - b. The completion of five years as a participant in the student loan repayment program.
5. The State Health Council shall waive the requirements of matching funds if the health care professional opens a new practice as a solo practitioner in a city that has fewer than fifteen thousand residents.

## **SECTION VI: SELECTION OF APPLICANTS**

The North Dakota Department of Health reviews all applicants in consultation with the appropriate organization per discipline. The applicants are then prioritized and presented to the North Dakota State Health Council for review and approval. The applicants are reviewed and prioritized based on Sections I and II of this manual, personal statement, and letters of recommendation.

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**Behavioral Health**

**Behavioral Health Care Professionals include Clinical Psychologists, Licensed Addiction Counselors, Licensed Professional Counselors, Licensed Social Workers, Registered Nurses, Specialty Practice Registered Nurses, and Behavioral Analysts**

## **Introduction**

The North Dakota State Legislature has provided funding since 1994 to establish loan repayment programs for physicians, nurse practitioners, physician assistants, certified nurse midwives, and dentists. In 2007, the legislature established a loan repayment program for veterinarians working in food animal medicine.

The 2015 Legislative Assembly created the Health Care Professional Student Loan Repayment Program in House Bill 1396 to provide loan repayments for physicians, advanced practice registered nurses (nurse anesthetists, nurse midwives, clinical nurse specialists, and nurse practitioners), physician assistants, clinical psychologists and behavioral health care professionals (clinical psychologists, licensed addiction counselors, licensed professional counselors, licensed social workers, registered nurses, and psychiatric nurse specialists). House Bill 1396 also repealed chapters 43-12.2 and 43-17.2 of the North Dakota Century Code relating to previously enacted loan repayment programs for physicians, nurse practitioners, certified nurse midwives and physician assistants.

The health professional loan repayment programs are administered by the North Dakota Department of Health's Primary Care Office. The programs were created to increase the number of providers in the disciplines of medicine, nursing, physician assistant studies, and behavioral health in areas of the state with defined health professional needs.

The clinical psychologists and behavioral health care professionals loan repayment policies and procedures are outlined below.

## **Application Process**

Loan repayment information and applications are available on the Primary Care Office website at <http://www.ndhealth.gov/pco/>. A complete application consists of the application form and a community Memorandum of Understanding (MOU). The applicant must submit the completed application form, verification of outstanding educational loans from the lender (making sure the address and loan amounts on all documents are the same), license or copy of the license application, personal statement and three letters of reference. Letters of reference may be submitted from a co-worker, the facility administrator where the applicant will be employed, a character reference, and if applicable, a professor who can document the educational skillset of the applicant. The community/facility MOU must be submitted with the application documenting employment and the required community match. The application process is competitive. If you have any questions regarding the application process or loan repayment program, please contact Kalee Werner at [kaleewerner@nd.gov](mailto:kaleewerner@nd.gov) or by phone at 701-805-1071.

**Application Deadlines:**

Complete applications are due annually to the Primary Care Office by **March 15**. Once received, reviewed and verified, applications will be forwarded to the State Health Council for consideration at their April or May meeting. Applicants will be notified by the Primary Care Office of the State Health Council's decision. Contracts will be issued by the North Dakota Department of Health.

**SECTION I: SITE ELIGIBILITY REQUIREMENTS**

Site eligibility is based on the following criteria:

- a. must accept Medicare and Medicaid assignment;
  - b. number of behavioral health care professionals, by specified field, already providing services in the area;
  - c. access to behavioral health care services in the area;
  - d. the level of support from the area; and
  - e. sites that meet the matching funds requirement.
1. Priority is given to sites that:
    - a. are in a federally designated Mental Health Professional Shortage Area or a state-defined critical shortage area; or
    - b. are located at least twenty miles outside the city limits of a city having more than forty thousand residents.
  2. Eligible sites include, but are not limited to, the following:
    - a. federally qualified health centers;
    - b. state human service centers;
    - c. county social service offices;
    - d. school-based facilities;
    - e. state prisons;
    - f. youth correctional centers;
    - g. boy's and girl's ranches;
    - h. youth works programs; and
    - i. long term care facilities that accept behavioral health residents

**SECTION II: APPLICANT ELIGIBILITY REQUIREMENTS**

1. Clinical psychologist applicants must:
  - a. have a doctoral degree related to work in clinical or counseling psychology;
  - b. be fully licensed to practice in North Dakota and available to begin by July 1;
  - c. accept Medicare and Medicaid assignments; and
  - d. be employed full-time providing direct patient care in the appropriate settings, no more than 8 hours of a full-time provider's weekly hours will be spent on administrative duties of the aforementioned full-time equivalency, and/or serving as a clinical preceptor; and telehealth providers must live in North Dakota, be physically present and provide services on at least a half-time basis at one entity that meets the site requirements, and provide telehealth services to a second entity meeting the site requirements. Services to both entities combined must meet the full-time requirement defined above.

2. Licensed addiction counselors must:
  - a. have a bachelor's degree or higher degree with a minimum of 32 credit hours in addiction studies;
  - b. be fully licensed to practice in North Dakota and available to begin by July 1;
  - c. accept Medicare and Medicaid assignments as applicable; and
  - d. be employed full-time providing direct patient care in the appropriate settings, no more than 8 hours of a full-time provider's weekly hours will be spent on administrative duties.
  
3. Licensed professional counselors must:
  - a. have a master's degree or higher;
  - b. be fully licensed to practice in North Dakota and available to begin by July 1;
  - c. accept Medicare and Medicaid assignments as applicable; and
  - d. be employed full-time providing direct patient care in the appropriate settings, no more than 8 hours of a full-time provider's weekly hours will be spent on administrative duties.
  
4. Licensed social workers must:
  - a. have a bachelor's degree or higher;
  - b. be fully licensed to practice in North Dakota and available to begin by July 1;
  - c. accept Medicare and Medicaid assignments as applicable; and
  - d. be employed full-time providing direct patient care in the appropriate settings, no more than 8 hours of a full-time provider's weekly hours will be spent on administrative duties.
  
5. Registered nurses must:
  - a. have a baccalaureate degree in nursing;
  - b. be fully licensed to practice in North Dakota and available to begin by July 1;
  - c. accept Medicare and Medicaid assignments as applicable;
  - d. must practice in the area of behavioral health; and
  - e. be employed full-time providing direct patient care in the appropriate settings, no more than 8 hours of a full-time provider's weekly hours will be spent on administrative duties.
  
6. Specialty Practice Registered Nurse must:
  - a. have a master's degree or higher degree;
  - b. be fully licensed to practice in North Dakota and available to begin by July 1;
  - c. accept Medicare and Medicaid assignments as applicable; and
  - d. be employed full-time providing direct patient care in the appropriate settings, no more than 8 hours of a full-time provider's weekly hours will be spent on administrative duties.
  
7. Behavioral Analyst must:
  - a. hold a master's degree or higher degree;
  - b. be fully licensed to practice in North Dakota and available to begin by July 1;
  - c. accept Medicare and Medicaid assignments as applicable; and

- d. be employed full-time providing direct patient care in the appropriate settings, no more than 8 hours of a fulltime provider’s weekly hours will be spent on administrative duties.

### SECTION III: PAYMENTS

Providers participating in the loan repayment program can enter into an agreement to practice for up to five years and receive the following loan repayment assistance for outstanding educational loans from institutional lending agencies of the United States, Canada, or other approved countries.

The table below identifies the funding for each discipline.

<b>Discipline</b>	<b>State Funds</b>	<b>Community Match</b>	<b>Total Award</b>	<b>Payment Disbursement</b>
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.

### SECTION IV: TAX INFORMATION ON LOAN REPAYMENT PROGRAMS

- 1 IRS Publication 970 states the following regarding student loan repayment assistance programs “Student loan repayments made to you are tax free if you received them for any of the following:
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  - b. A state education loan repayment program eligible for funds under the Public Health Service Act.
  - c. Any other state loan repayment or loan forgiveness program that is intended to provide for the increased availability of health services in underserved or health professional shortage areas (as determined by such state).
  - d. You cannot deduct the interest you paid on a student loan to the extent payments were made through your participation in the above programs.”

2. Payments under certain state loan repayment programs.
  - a. In the case of an individual, gross income shall not include any amount received under section 338B(g) of the Public Health Service Act, under a state program described in section 338I of such Act, or under any other state loan repayment or loan forgiveness program that is intended to provide for the increased availability of health care services in underserved or health professional shortage areas (as determined by such state).
  - b. Under 26 U.S.C. § 3401(a) (19), state loan repayment program payments are also not considered to be “wages” and are therefore exempt from federal employment tax (FICA).
3. Wages
  - a. For purposes of this chapter, the term “wages” means all remuneration (other than fees paid to a public official) for services performed by an employee, for his/her employer, including the cash value of all remuneration (including benefits) paid in any medium other than cash; except that such term shall not include remuneration paid.
  - b. For any benefit provided to or on behalf of an employee if at the time such benefit is provided, it is reasonable to believe that the employee will be able to exclude such benefit from income under section 74(c), 108(f)(4), 117, or 132.

## **SECTION V: CONTRACT OBLIGATION**

1. Payments must be made on behalf of the health care professional directly to the Bank of North Dakota or to another participating lending institution. Payments are only made following an annual verification survey completed by the providers.
2. Except as otherwise provided, payments may be made only at the conclusion of each 12-month period of service.
3. Prorated payments may be made only if:
  - a. The repayment of the loan requires less than a full annual payment;
  - b. The health care professional is terminated or resigns from his or her position; or
  - c. The health care professional is unable to complete a 12-month period of service due to the individual’s death, a certifiable medical condition or disability, or a call to military service.
4. Payments under this section terminate upon the earlier of:
  - a. The full repayment of the health care professional's student loan; or
  - b. The completion of five years as a participant in the student loan repayment program.
5. The State Health Council shall waive the requirements of matching funds if the health care professional opens a new practice as a solo practitioner in a city that has fewer than fifteen thousand residents.

## **SECTION VI: SELECTION OF APPLICANTS**

The North Dakota Department of Health reviews all applicants in consultation with the University of North Dakota College of Social Work and the North Dakota Board of Social Work Examiners. The applicants are then prioritized and presented to the State Health Council for

review and approval. The applicants are reviewed and prioritized based on Sections I and II of this manual, personal statement, and letters of recommendation.