

May 2021



Alabama  
Commission on  
the Evaluation of  
Services

Medical Professional Scholarships  
and Loan Forgiveness  
Service Assessment

# ALABAMA COMMISSION ON THE EVALUATION OF SERVICES



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May 26, 2021

## Members of the Commission,

I am pleased to transmit this report, Service Assessment – Medical Professional Scholarships and Loan Forgiveness, to the Commission. The evaluation examined the effectiveness of scholarships and forgivable loans as well as the process from application to loan repayment or forgiveness.

The evaluation officially concluded on May 19, 2021. The Board of Dental Scholarship Awards, Board of Medical Scholarship Awards, the Board of Nursing, and the Board of Optometric Scholarship Awards participated in the evaluation and any official responses have been included in the report.

I believe this report accurately reflects the effectiveness of the programs and presents a model structure for existing and future programs to follow. Recommendations found within the report are aimed at creating pathways toward continuous improvements. The Commission could consider taking the following actions in support of the report's overall recommendations:

- ***Draft legislation creating a uniform model for awards programs based upon the elements outlined in the report; and***
- ***Organize a Commission study group to determine if consolidating administration of the awards boards would be more advantageous for the State to address the placement of medical professionals in areas of need.***

We very much appreciate the cooperation and assistance of the participating agencies, their staff and affiliated organizations. I respectfully request that the agencies be given an opportunity to respond during the public presentation of the report.

Sincerely,

Marcus Morgan  
Director





## ACKNOWLEDGMENTS

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The Alabama Commission on the Evaluation of Services would like to express our sincere gratitude to the researchers, practitioners, and professionals that assisted in this evaluation. In particular, we would like to acknowledge the efforts of the following organizations that contributed significantly to this report.

### **State Agencies**

Office of the Attorney General  
Board of Dental Examiners  
Board of Dental Scholarship Awards  
Family Practice Rural Health Board  
Board of Medical Examiners  
Board of Medical Scholarship Awards  
Board of Nursing  
Board of Optometric Scholarship Awards  
Board of Optometry  
Department of Public Health

### **Organizations**

Alabama Optometric Association  
American Dental Association  
American Medical Association  
American Nurses Association  
American Optometric Association  
Montana State University  
Office of Family, Health, Education, & Research, UAB School of Medicine, Huntsville Regional Medical Campus



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## KEY RECOMMENDATIONS

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The analysis and findings produced in this evaluation lead to the following recommendations for increasing the efficient and effective use of state resources to impact the current needs of Alabama. In the interest of increasing the number of licensed medical professionals in areas of need throughout the state;

### THE GOVERNOR AND LEGISLATURE SHOULD CONSIDER

- Requiring all medical professional awards programs to adopt a proven structure of effectiveness that incorporates the following elements:
  - **Create Demand** – Award amounts large enough to create demand among medical students.
  - **Set Expectations** – Contractual agreements that require service for repayment with significant and enforced financial penalties upon default.
  - **Dedicated Staff** – A staff that not only handles administration but also recruits and screens applicants as well as encourages and enforces obligations.
  - **Targeted Selection** – A process focused on students that have made progress in their medical training.
  - **Defined Areas of Need** – Students are aware of areas that qualify for service repayment and are encouraged to commit early in the process.
  - **Track Performance** – A commitment to evaluation and continuous improvement.
- Exploring the consolidation of administrative functions of all medical professional awards programs under one organization to streamline and coordinate efforts.
- Removing geographical limitations such as rural or urban that are not tied directly to the identified population in need of service.

### THE BOARDS SHOULD

- Develop weighted areas of need for each medical professional type that are actively monitored and updated.
- Increase the use of loan repayments and reserve funds to make more awards available to students.
- Discontinue awarding merit scholarships or other awards that do not actively incentivize service in areas of need.
- Explore other methods of incentivizing service in critical areas of need to include:
  - Part-time service fulfillment, and
  - Graduated repayment based upon severity of need for the location.





## EXECUTIVE SUMMARY

It is well known that Alabama has a shortage of medical professionals, especially in its rural areas. For decades Alabama has attempted to address this problem by providing scholarships and loans to medical professionals in exchange for serving in defined areas of need. There are currently four independent boards operating programs that span eight different medical disciplines and even more specialties.

Board	Disciplines
Medical Scholarship Awards	Primary Care Physicians, Physician's Assistant
Optometric Scholarship Awards	Optometrists
Dental Scholarship Awards	Dentists
Nursing	Graduate Nurses, Certified Registered Nurse Practitioner, Certified Registered Nurse Anesthetist, Certified Nurse Midwife

While the programs have a similar purpose, each are different with noticeable variations in structure, methods for determining areas of need, dollar amounts awarded, and administration. These variations may contribute to the overall success or failure of the programs, defined as the ability to place professionals in areas of need.

Of the four boards, the Board of Medical Scholarships Awards (BMSA) has been the most effective, having placed 92.5% of their awardees in rural medically underserved communities since 2010. The Board of Nursing (Nursing Board) has also demonstrated evidence of effectiveness, however of the four boards, they have the least restrictive requirements for serving in areas of need. The least effective of the boards has been the Board of Optometric Scholarship Awards (Optometric Board) which has placed only one optometrist in a defined area of need over the past 10 years. Similarly, the Board of Dental Scholarship Awards (Dental Board) has placed only nine dentists in areas of need over the same period of time.

The overall program effectiveness can be misleading if criteria is too broad when defining the areas of need. Another important consideration is whether the area of need is economically viable. The placement of professionals should be compatible with the demands and the constraints of a particular area or discipline. The Dental Board presented examples of this juxtaposition when identifying areas of need but also highlighted the inability of their practitioners to earn a standard of living consistent with other geographical areas within the state. This contributes to the ineffectiveness of their program. Conversely, the Nursing Board's Graduate Education program has such a broad definition that a graduate nurse can repay their obligation by serving anywhere in the state and thus, is perceived as effective.

Contributing to program effectiveness is how the board carries out their administrative functions. With the exception of BMSA, the boards' administrative functions are either contracted or administered indirectly. Although BMSA previously contracted with UAB, they are now the only board with a full-time dedicated employee administering their program(s). The lack of dedicated staff within the other boards has resulted in their inability to effectively recruit and screen qualified applicants and enforce contractual obligations.

Contracting for the administration introduces additional concerns. All the boards that have previously or are currently contracting with UAB for administrative services (BMSA, Dental Board, Optometric Board) have experienced a loss of records and

### New Efforts

Alabama Dental Service Program – In 2016, the Dental Board established a rural loan program modeled after BMSA. With an additional \$500,000 ETF appropriation in FY21, the board now awards one-time, full-tuition loans of \$180,000 with intent to place dentists in areas of need throughout the state.

Physician Assistant Loan Program – BMSA was appropriated \$500,000 in 2021 for the Physician Assistants Loan Program. The board currently has one PA applicant and anticipates awarding up to 7 PA loans in 2021, estimated at \$66,639 each.



untimely disruptions attributed to contracted UAB staff. The loss of records has prohibited further analysis of the boards' ability to place professionals in areas of need and provides some degree of uncertainty to whether previous awardees completed or repaid their obligation. Additionally, there was at least one separate documented case of fraud discovered by the state auditors.

Administration of the Nursing Board programs utilize existing board staff. Despite the board employing over 58 FTEs, the board does not have staff devoted to recruiting or screening candidates for their Graduate Education program nor do they have dedicated staff available to oversee the Advanced Practice Nursing loan program. Although the board is entitled to an administrative fee of 5 and 15 percent, respectively, they have chosen to maximize the amount of funds available for scholarships and loans. While this is commendable, the board could also recognize a greater benefit by more actively recruiting, screening candidates, and overseeing the programs' administration. The board has held their position as a regulatory board, not an employment agency. This approach to administration of their scholarship and loan programs compounds the hardship on awardees when coupled with an employment restriction that require two of the awards professional disciplines to find physicians willing to enter into a collaborative practice agreement.

Continuing under the premise that awards should work to increase the number of medical professionals in areas of need, some boards provide a substantial number of merit scholarships which do not further this cause. Additionally, some boards operate more like a financial institution. At the end of fiscal year 2020, three of the boards had over \$4,000,000 combined in available funds. This number represents the boards' collection efforts on defaulted loans or obligations that the awardee chose to pay back in cash as opposed to service. In addition to the available funding, the same boards had as much as \$2,000,000 in receivables. These receivable balances can be attributed to a board's low award amount which becomes more advantageous to pay back in cash rather than service.

The successful placement of medical professionals in areas of need can be linked to programs that follow identified elements of success. These elements are generating enough demand for the award by covering a substantial portion of the awardee's tuition and other expenses; targeting applicants that have made progress towards a degree; setting the expectations of contractual agreements and establishing clearly defined service areas; and having dedicated staff to recruit applicants and enforce obligations. These elements are most common within BMSA but should be considered the model elements moving forward.

While the model elements provide a pathway for the boards to achieve their desired outcomes, several components of the programs' core operations remain that cannot be changed overnight. Performance tracking along with the boards' ability to adapt to the changing needs of the state will ensure that more Alabama resources are directed toward successful outcomes.



## MEDICAL PROFESSIONAL SCHOLARSHIPS AND LOANS

In the United States, the two most common approaches to recruit and retain professionals to identified areas in need are loan forgiveness and loan repayment programs.<sup>1</sup> Loan repayment programs offer financial incentives to licensed professionals to work in areas of need. Loan forgiveness programs try to identify current students and award tuition-based loans that are forgiven by service in an area of need. For decades, Alabama has been supporting merit scholarships and loan forgiveness programs to increase the number of medical professionals in rural and underserved areas with state funds.

### REPORT OVERVIEW

The purpose of this evaluation was to:

1. Analyze and determine the effectiveness of scholarships and forgivable loans programs.
2. Evaluate the process from application to loan repayment or forgiveness.

This evaluation examined all the programs administered by four independent boards. The **Program Analysis** section of this report focuses on the forgivable loan program(s) administered by each board. See **Table 1**.

It's important to note that this evaluation did not consider the existing medical infrastructure or the economic viability when determining the effectiveness of a program. There is a federal program that attempts to address some of these factors through part-time service in an area of need.<sup>1</sup> ***To fully address all these barriers, a thorough needs assessment of each medical discipline should be conducted to build an incentive structure that is both cost-effective for the state and economical for medical professionals.***

**TABLE 1: List of programs administered by each of the boards with the number of award recipients for the most recent academic year.**

Board Name	Award Program	Number of Recipients (2020-2021 Academic Year)
Dental Scholarship Awards*	Merit Scholarships	12
	Forgivable Loans	23
	Alabama Dental Service Program	-
Medical Scholarship Awards**	Merit Scholarships	-
	Forgivable Loans	10
	Physician Assistant Loan Program	-
Optometric Scholarship Awards	Merit Scholarships	23
	Forgivable Loans	4
Nursing	Advanced Practice Loan program	31
	Graduate Education Loan program	23
* The Alabama Dental Service Program is a newly funded program with 2 recipients selected in April of 2021 to receive amounts of \$180,000. These recipients have not yet received the awards.		
** The board currently has one physician assistant applicant and anticipates awarding up to seven physician assistant loans of \$66,639 each in 2021.		

<sup>1</sup> The National Health Service Corps Loan Repayment Program offers health care clinicians the opportunity to have their student loans repaid in exchange for providing health care in urban, rural, or tribal communities with limited access to care. They structure their awards up to \$50,000 total with two years of full-time service and up to \$25,000 with two years of half-time service.



## OUTCOMES TO IMPACT

Three of the four boards have a merit scholarship program. While the Board of Medical Scholarship Awards has not awarded new scholarships since 2010, the Dental and Optometric Scholarship Awards Boards have continued to award more than 7 scholarships a year. Merit scholarship programs have been well-studied and are not the most effective at increasing the number of medical professionals in areas of need.<sup>ii,iii</sup> **For this reason, it is recommended that the boards discontinue awarding merit scholarships and focus on full-tuition forgivable loans.** See **Table 2** for information on the number and dollar amount of merit scholarship awards.

**TABLE 2: List of boards that have awarded merit scholarships since 2010.**

Board Name	Award Type	Dollars Awarded	Number of Recipients	% of All Awards
Dental Scholarship Awards*	Merit Scholarships	\$690,000	45	27%
	Forgivable Loans	\$2,459,000	119	73%
Medical Scholarship Awards	Merit Scholarships	\$290,000	26	23%
	Forgivable Loans	\$10,836,760	87	77%
Optometric Scholarship Awards	Merit Scholarships	\$950,665	89	72%
	Forgivable Loans	\$433,002	34	28%
* Based on available records and data. The board has a number of missing and incomplete records for awardees due to prior staff destroying records.				

## PRODUCTIVE PROCESS

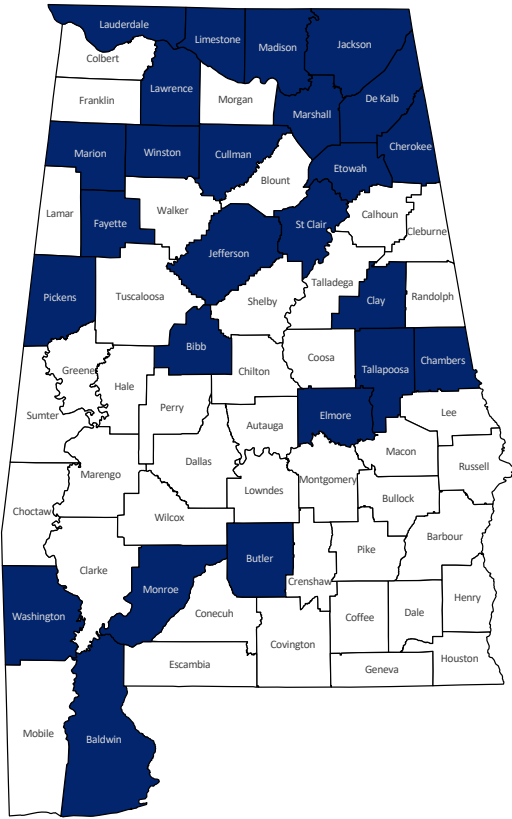
After the effectiveness of programs was analyzed, consideration was given to elements of the structure and process that produced results. With the Board of Medical Scholarship Awards maintaining the most effective program for achieving its primary outcome, the following were determined to be significant elements of success:

- **Create Demand** – Award amounts large enough to create demand among medical students.
- **Set Expectations** – Contractual agreements that require service for repayment with significant and enforced financial penalties upon default.
- **Dedicated Staff** – A staff that not only handles administration but also recruits and screens applicants as well as encourages and enforces obligations.
- **Targeted Selection** – A process focused on students that have made progress in their medical training.
- **Defined Areas of Need** – Students are aware of areas that qualify for service repayment and are encouraged to commit early in the process.
- **Track Performance** – A commitment to evaluation and continuous improvement.

These elements stand out from other scholarship and loan programs in the state and provide a model structure for monitoring outcomes and achieving results. **Each program should adopt a process that incorporates these elements of success.**



**FIGURE 1:** The forgivable loan program operated by BMSA has placed **49 PCPs in 25 different counties** since 2010.



### Retirement Boom

With physicians nearing retirement ages, one of the outcomes of the BMSA program is that Alabama is able to replace some of the retiring physicians with younger professionals. In 2020, 73% of practicing BMSA recipients were under 50 years of age.

The primary care shortage index also takes into account the number of primary care physicians nearing retirement age in order to address this outcome.

## PROGRAM ANALYSIS

The following sections discuss the effectiveness and structure of each board's forgivable loan program(s) with additional areas for potential improvement.

## BOARD OF MEDICAL SCHOLARSHIP AWARDS

The Alabama Board of Medical Scholarship Awards (BMSA) has successfully operated a full-tuition loan forgiveness program for over ten years, effectively placing primary care providers (PCP) in areas of need within the state.

This evaluation found that BMSA's program has been 93% effective since 2010.<sup>2</sup> This is consistent with previous evaluations of the program.<sup>iv</sup> In addition to service, those evaluations also found that the program is effective at keeping physicians in Alabama after their obligations are fulfilled. While physician retention is not an intended outcome, over 60% of BMSA awardees were still practicing medicine in their original locations after they completed their obligations and over 90% remained in Alabama.<sup>v</sup>

### CREATE DEMAND

For decades BMSA has awarded loans to students in amounts that covered a significant portion, if not all, of medical school tuition. The high dollar amounts have contributed to yearly waitlists, with applications exceeding the number of awards granted by the board.

The current award amount of \$160,000 represents between 72-122% of the average four-year tuition cost of medical schools in the state.

### SET EXPECTATIONS

BMSA's interview process details the expected contractual agreements to applicants which includes significant penalties that incentivize applicants to fulfill the agreements. Awardees are expected to pay back the loan in service years. In the event that an awardee defaults, they must pay an annually accruing interest of 8% of their total principal loan amount, undertake the possibility of license revocation, and pay the following additional penalties outlined in **Table 3**.

**TABLE 3:**

Termination of Loan by Year	Penalty Equal to
1	20% of the total principal amount of the loan
2	30% of the total principal amount of the loan
3	40% of the total principal amount of the loan
4	50% of the total principal amount of the loan
4 <sup>th</sup> year but prior to residency	100% of the total principal amount of the loan
After residency	200% of the total principal amount of the loan

### DEDICATED STAFF

BMSA's administration was conducted by University of Alabama at Birmingham (UAB) until 2005. During this time, loans often went uncollected, among other negligent

<sup>2</sup> Effectiveness was determined by the number of physicians that have completed their service obligation or are currently working towards completion.

administrative issues. Upon the board hiring a dedicated staff member and separating from UAB to operate independently, the board has collected much of the previously defaulted loans. More important than the contract enforcement, the executive director actively recruits applicants and conducts thorough preliminary interviews to filter out students that are unlikely to commit to service repayment.

### TARGETED SELECTION

Students are many years away from practice. Even upon completion of four years of medical school those doctors still must complete residencies. BMSA is targeting students that are willing to go to underserved areas and who are also looking to specialize in primary care. Awarding loans to academically mature students that have already completed at least one year of post-graduate work has resulted in very few awardees that have changed priorities.

### DEFINED AREAS OF NEED

BMSA informs students of the available areas of need and seeks to have them commit to serve in an area early. While this allows the board to ensure awardees are serving throughout the state, it also allows students to invest and plan for their future service fulfillment.

### TRACK PERFORMANCE

Since 2018, BMSA has evaluated the effectiveness of their program twice. These evaluations were only possible because the board has made a commitment to collecting and maintaining records beyond contract fulfillment. This commitment allows the board to not only understand the program's overall effectiveness, but also make adaptations toward continuous improvement. As an example, the board has foregone awarding new merit scholarships and focused on forgivable loans since 2010. The result is more Alabama resources directed toward successful outcomes.

## AREAS FOR IMPROVEMENT

BMSA's forgivable loan program could improve through the use of its loan repayments and reserve funds to award more loans in the coming years or explore ways to further incentivize service in the areas with the greatest need for primary care.

### LOAN REPAYMENTS & RESERVE FUNDS

Due to the stiff penalties and rigorous collection efforts, BMSA has amassed over \$2,000,000 in loan repayment and reserve funds. In addition to these loan repayment and reserve funds, the board also has over \$500,000 in receivables from defaulted loans. These unspent dollars represent missed opportunities. The board should begin offering more awards annually if qualified applicants are available.

### MEETING THE GREATEST NEED

ACES analysis shows that BMSA awardees served in currently designated primary care shortage areas deemed as deficit areas 77% of the time. (See Figure 2) ACES also observed instances where the service of BMSA awardees has eliminated the physician deficit in some areas. However, the current placement of awardees does not coincide with the areas of greatest need. This indicates a need to examine ways to further incentivize service in those areas with the greatest need.

Legislation requires BMSA to limit service areas to **rural** medically underserved communities with a maximum population of 50,000.<sup>vi</sup> Recent language in the ETF appropriations bill requires the board to allow service repayment in **rural** areas of

FIGURE 2

### Determining Need

The Status Report of the Alabama Primary Care Physician Workforce determined Alabama's areas by determining 79 populations centers throughout the state, centered generally by a travel time of greater than 30 minutes to each center. Population centers are cities or towns where most Alabamians could or do obtain most of their primary care health services.

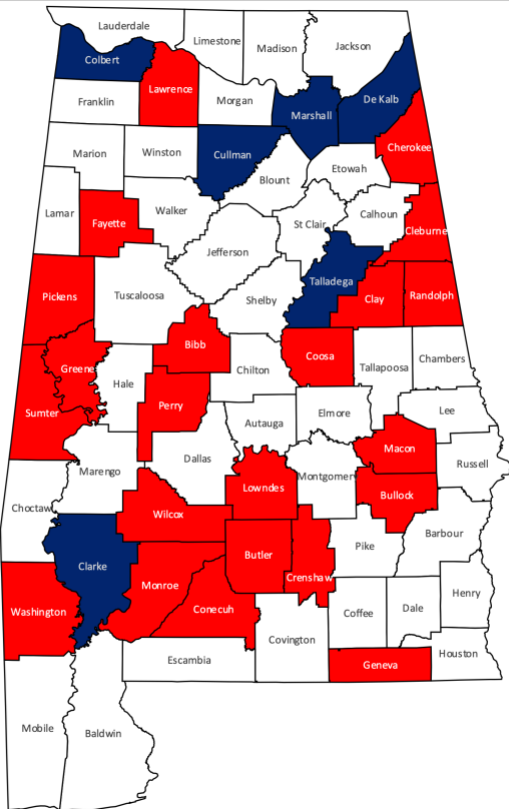
Each population center is ranked based on the number of PCPs currently practicing with a adequate coverage represented as one physician for every 2,900 people.



greatest need as determined by the most recent Status Report of the Alabama Primary Care Physician Workforce.<sup>vii</sup> This model identifies PCP needs by quantity and location for catchment areas and also recognizes each area's rural or urban designation. Though Alabama has PCP shortages in five urbanized areas, BMSA has not allowed awardees to serve those areas due to their population-based **urban** designation. Policymakers should consider amending the legislation to allow all areas in need to be available for service repayment in order to continue improving the board's effectiveness.

## BOARD OF DENTAL SCHOLARSHIP AWARDS

**FIGURE 3:** The forgivable loan program operated by the Dental Board has only had **nine dentists fulfill service requirements** since 2010 and **none in the 22 counties with a defined need** according to the dental shortage index develop in 2020.



The Alabama Board of Dental Scholarship Awards (Dental Board) has not effectively placed dentists in areas of need within the state.<sup>3</sup> Over the last eleven years, only nine dentists have served in an approved area of need.<sup>4</sup> Of the nine awardees that have fulfilled service obligations, none served in the 22 counties with the greatest need identified by the dental shortage index in 2020.<sup>5</sup> This underscores the importance of setting the expectation that awardees serve in areas of need.

With loans awarded to 90 individuals since the 2011 academic year, the overall success rate of the loan program is 10%. This lack of effectiveness was recognized by the Dental Board and in 2016 it established a rural loan program modeled after BMSA, the Alabama Dental Service Program. The board now awards one-time, full-tuition loans of \$180,000 with a new \$500,000 ETF appropriation. In the spring of 2021, the board chose its first two awardees who are academically mature, have successfully completed structured interviews, and have agreed to serve in a defined area of need.

### CREATE DEMAND

Although there is a new program to provide full-tuition coverage, the Dental Board still awards smaller forgivable loans. The board reports that awardees have largely preferred to pay back these \$6,000 to \$9,000 per year loans in cash rather than fulfill service requirements in areas of need. An awardee receiving a \$9,000 scholarship has 32% of the annual tuition covered, without considering the other fees associated with the cost of attendance. An awardee receiving a one-time award of \$180,000 has 100% of tuition covered for all four years, plus the majority of other costs associated with attendance.

### SET EXPECTATIONS

Though the Dental Board has a formal interview process for loan applicants, the expectation to serve in areas of need is not emphasized throughout the process. There have been reported instances where students thought they were receiving a scholarship and not receiving a

<sup>3</sup> Effectiveness was determined by the number of dentists that have completed their service obligation or are currently working towards completion.

<sup>4</sup> Based on available records and data. The Dental Board has a number of missing and incomplete records for awardees due to prior staff destroying records.

<sup>5</sup> It should be noted that the dental shortage index is not used to determine qualifying service for the forgivable loan program. The shortage index however does define the current areas of greatest need.



loan. Furthermore, there exists a conflict of interest in the board employees having split duties between their roles as staff for the board and as student advisor for the university.

#### *DEDICATED STAFF*

Currently, the staff consists of an executive secretary and at least one other staff from UAB's financial aid department working part-time for the Dental Board. The lack of dedicated staff has resulted in the board not being able to effectively recruit and screen qualified applicants and enforce contractual obligations. Students who request alternatives to repaying through service are even provided with repayment options that includes the use of private lenders with better terms to pay off their board-awarded loan because it is in the students' financial interest.

#### *TARGETED SELECTION*

Forgivable loans are awarded to 1<sup>st</sup> year dental students. Awards are typically only available to 2<sup>nd</sup>-4<sup>th</sup> year students when a previous 1<sup>st</sup> year awardee does not receive future awards in subsequent years. This structure does not focus on academically mature students who are likely to complete their service obligations. Although the Dental Board recognized the need to award larger loans to academically mature applicants under the Alabama Dental Service Program, they have not adopted this structure for the smaller loan program.

#### *DEFINED AREAS OF NEED*

In 2020, the Dental Board developed a dental shortage index that considers how many dentists should be in counties based on shortages in those areas and how many dentists are age 60 or over. Applications for loan forgiveness are determined on a case-by-case basis by the board. However, the index should allow students to understand which areas will qualify for service forgiveness prior to taking a loan. The index does recognize counties that cannot economically sustain a full-time dental practice.

#### *TRACK PERFORMANCE*

Despite the Dental Board having access to data, the board has not historically tracked or monitored performance metrics and impact. Furthermore, the board has never evaluated the loan program for effectiveness or long-term impact. However, the board has enough information provided in annual meetings to deduce that the program was ineffective at reaching the intended outcome of placing dentist in areas of need, especially given that only nine students have paid back loans in service in 11 years.

#### *AREAS FOR IMPROVEMENT*

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While the Dental Board recognized that their model was not effectively meeting the intended outcome of placing awardees in defined areas of need and adopted another program modeled after BMSA, there are still areas of concern and opportunities for improvement.

#### *LOAN REPAYMENTS AND RESERVE FUNDS*

The Dental Board has a cash balance of \$1,180,315 at the end of Fiscal Year 2020. After years of dedicated and increased funding, the board prefers to keep a larger than necessary reserve to honor existing scholarships and loans in the event that the state decreases or does not fund the programs in any given year. The reserves represent 48% of the total loans awarded since 2011. In addition to these reserves, the board





has outstanding receivables of \$1,179,176. All of these outstanding funds could be used to provide more full-tuition awards.

#### *MERIT SCHOLARSHIPS*

The Dental Board continues to award merit scholarships that are not associated with any outcome. The board should discontinue awarding merit scholarships and focus on incentivizing service in a designated area of need.

## **ALABAMA BOARD OF NURSING – GRADUATE EDUCATION SCHOLARSHIP**

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The Graduate Education loan program operated by the Alabama Board of Nursing (ABN) has a primary objective to increase the number of nurse instructors in Alabama's nursing schools. While preference is given to those that are "pursuing a career in nursing education",<sup>viii</sup> students may achieve loan forgiveness by completing two years of employment as a nurse instructor or professional nurse<sup>6</sup> within the state. The result is the Graduate Education loan program is effective at retaining graduate level nurses within the state. However, ACES is unable to determine if the program is effective at increasing the number of nurse instructors in Alabama's nursing schools.

#### *CREATE DEMAND*

ABN is able to provide annual loans up to \$10,000,<sup>7</sup> but since 2011 the average Graduate Education loan was only \$3,823. Estimated annual in-state tuition ranges from \$12,000-\$17,000. With the current average award, loans are covering between 22-32% of annual tuition.

#### *SET EXPECTATIONS*

Graduate Education recipients are currently required to pay their loan back with 24 months of service per award received either as a nurse instructor or as a practicing nurse, in any location in Alabama. If an applicant does not verify employment semi-annually, they are in default and subject to collection for the total amount plus interest. Forty of the 334 Graduate Education loan recipients have defaulted on \$177,190 worth of loans. Prior to contracting with the Attorney General in 2021 to collect on defaulted loans, the board required full repayment on defaulted loans. Those collections reverted to the ETF.

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<sup>6</sup> Alabama law defines the practice of professional nursing as "The performance, for compensation, of any act in the care and counselling of persons or in the promotion and maintenance of health and prevention of illness and injury based upon the nursing process which includes systematic data gathering, assessment, appropriate nursing judgment and evaluation of human responses to actual or potential health problems through such services as case finding, health teaching, and health counselling; and provision of care supportive to or restorative of life and well-being, and executing medical regimens including administering medications and treatments prescribed by a licensed or otherwise legally authorized physician or dentist. A nursing regimen shall be consistent with and shall not vary any existing medical regimen. Additional acts requiring appropriate education and training designed to maintain access to a level of health care for the consumer may be performed under emergency or other conditions which are recognized by the nursing and medical professions as proper to be performed by a registered nurse." (Ala. Code §34-21-1(9)(a))

<sup>7</sup> Ala. Code §34-21-60

### DEDICATED STAFF

ABN maintains over 58 FTEs for all of its operations as reported in the 2020 audit by the Department of Examiners of Public Accounts. However, ABN does not have any staff devoted to recruiting or screening candidates that are more likely to pursue a career as a nurse instructor.

### TARGETED SELECTION

ABN uses an application-only process to determine eligibility and does not consider academic year or a student's predisposition to work as a nurse instructor. Once all qualified applicants have been identified, the board divides the total dollars available for that academic year by the total qualified applicants. Though the Graduate Education program's intent is to give preference to loan applicants desiring to become a nurse instructor, these dollars can also be awarded to any Alabama resident seeking a graduate level education in nursing, decreasing the total dollars awarded to potential nurse instructors.

### DEFINED AREAS OF NEED

Program participants are eligible to achieve service forgiveness anywhere in the state.

### TRACK PERFORMANCE

While ABN requires semi-annual employment verification that distinguishes between teachers and practitioners, the board does not use this information to monitor performance or impact. The board has also never evaluated the program's effectiveness on stated outcomes.

### AREAS FOR IMPROVEMENT

The best available evidence suggests there are other barriers to recruiting and retaining nurse instructors that are not overcome by defraying the cost of higher education.<sup>ix,x</sup> Overall, the financial incentive strategies for producing new nurse faculty have not developed into a cost-effective and reproducible model.<sup>xi</sup> Since Alabama has a continued shortage of nursing faculty, there is an opportunity to pilot and evaluate a program with the sole objective to increase the number of nurse instructors in the state.

**TABLE 4: Source – Alabama Board of Nursing**

Fiscal Year	2016	2017	2018	2019
# faculty vacancies	46	46	49	46
# clinical supervisor vacancies	79	78	47	35
<b>Total</b>	<b>125</b>	<b>124</b>	<b>96</b>	<b>81</b>

## ALABAMA BOARD OF NURSING – ADVANCED PRACTICE NURSING LOAN

ABN's Advanced Practice Nursing loan program is entering its fifth year of awards which makes it relatively new. Preliminary results show the program is currently effective with 88% of students serving in areas more than "5 miles [from] an urbanized area as defined by the U.S. Census".<sup>xii</sup> ABN annually provides 18-31 loans to students and recent graduates. While the program is demonstrating early success, with 21 current students entering the workforce over the next two years and the requirement

### Advanced Practice

The Advanced Practice Nursing loan program recognizes three nursing specialties that qualify for the program:

- Certified Registered Nurse Anesthetist (CRNA)
- Certified Registered Nurse Practitioner (CRNP)
- Certified Nurse Midwife (CRM)



for CNMs and CRNPs to work in collaborative care with a licensed physician, there is a need for continued active monitoring of the results.

#### *CREATE DEMAND*

ABN's Advanced Practice loan program has consistently received more than 25 applications a year. Because of this demand, the average loan award since 2016 is \$13,807. Annual in-state tuition ranges from \$12,000-\$14,000. This means that loan amounts cover a substantial portion of tuition costs.

#### *SET EXPECTATIONS*

The Advanced Practice Nursing loan requires 18 months of service per loan award. If a graduate does not provide employment verification for every six months, they are considered in default and referred to the Office of the Attorney General for collections. Upon default, the 8% interest and other penalties are realized. These penalties, plus the possibility of license revocation, encourage awardees to pay back loans in service repayment versus cash.

#### *DEDICATED STAFF*

ABN maintains over 58 FTEs for all of its operations. The board does not take the allowed administrative fee of up to 15% to cover associated costs. With recent concerns regarding job opportunities for loan recipients in qualifying areas, there may soon be a need for dedicated staff to assist with job placements. In an interview, the board stated that they are a regulatory board, not an employment agency. This compounds the hardship on awardees when coupled with employment restrictions that require two of the professional disciplines to find physicians willing to enter into a collaborative care contract. It should be noted that these are areas where there are typically already established physician shortages.

#### *TARGETED SELECTION*

ABN does not utilize a structured applicant interview. With high demand for the program in its current form, it is not necessary to further restrict the application process at this time.

#### *DEFINED AREAS OF NEED*

Awardees have access to a Rural Health Information Hub tool located on ABN's website to assist in determining areas approved for service repayment. The board does not prioritize areas of greatest need.

#### *TRACK PERFORMANCE*

ABN requires awardees to submit an employment verification form that they are working fulltime in an area of need semi-annually.

While the program's purpose is to increase the number of CRNPs, CRNAs, and CNMs in areas identified as in critical need, the current form does not distinguish between a nurse practicing in one of the approved advanced nursing designations or any other capacity. This form has other information that is adequate for tracking the distribution of awardees to areas of need and allows for continual long-term monitoring with the proper data collection and recording methods in place but should be updated to require verification of employment in one of the designated specialties.

Due to being a new program, the Advanced Practice loan program has the opportunity to appropriately track performance metrics and monitor outcomes. There is also a need

to continually track recipients' employment beyond contract fulfillment. State requirements for advanced nurses to practice via a collaborative care contract with a physician could quickly lead to saturation in approved locations.

## BOARD OF OPTOMETRIC SCHOLARSHIP AWARDS

Over the last eleven years, only one optometrist (out of 30 loan recipients) has achieved loan forgiveness for service in a defined area of need. This means the overall success rate of the loan program during that period of time is 3%.<sup>8</sup> Although the Alabama Board of Optometric Scholarship Awards (Optometric Board) has identified 14 counties in the state that qualify for service forgiveness, the current program has been ineffective at getting newly licensed optometrists to work in those areas.

### CREATE DEMAND

The Optometric Board recognizes there is not a demand for loans. This is in part due to the relatively small dollar amount of loans compared to students' full tuition costs. In interviews, the board recalled how one student expressed that the loan amount of \$25,000 is not worth uprooting their family but that it might be a different story if the amount was \$100,000. The board has seen a steady decline in the number of loans awarded which further indicates there is not a demand for low-amount, high-interest loans.

### SET EXPECTATIONS

The incentive for loan repayment through service in an area of need is not emphasized by the Optometric Board. The agreements that students enter into can be repaid through cash or service and nearly all students choose cash.

### DEDICATED STAFF

The Optometric Board lacks dedicated staff. Through a contract with UAB, administrative duties are handled by UAB financial aid staff. This staff is not responsible for recruiting and screening students to ensure that candidates who are likely to serve in areas of need are chosen.

### TARGETED SELECTION

There is no selection process for awarding service forgiveness loans. If a student remains enrolled and in good academic standing, they are eligible to apply.

### DEFINED AREAS OF NEED

Prior to the Optometric Board creating guidelines for determining areas of need, a student could request forgiveness for service in an area to be reviewed and approved by the board. At one time, the board used federally designated optometric manpower shortage areas. However, the federal government does not currently have a designation shortage index for optometrists. Therefore, the board created guidelines for determining areas of need. As of 2009, using these guidelines, the board has

**FIGURE 4:** The forgivable loan program operated by the Optometric Board has only had **one optometrist fulfill service requirements** over the last 11 years.



<sup>8</sup> Effectiveness was determined by the number of loan awardees that completed their service obligation or are currently working towards completion.



identified 14 counties considered in need of optometrists.<sup>9</sup> Those counties' optometric needs have mostly remained the same throughout the years.<sup>10</sup>

### *TRACK PERFORMANCE*

Although the Optometric Board is aware of the declining number of loans awarded annually and the virtually non-existent attempts to repay loans through service, the board has not made any attempts to make significant changes to their structure.

### *AREAS FOR IMPROVEMENT*

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The Optometric Board could improve the structure of its award program by adopting an award structure similar to BMSA. This change would include adopting one-time, full-tuition loans that more strongly incentivize repayment with service in an area of need. With significant loan repayment and reserve funds available, the board does not require additional state dollars to test the demand for such a program.

### *LOAN REPAYMENTS AND RESERVE FUNDS*

The Optometric Board has held cash balances between \$500,000 and \$717,057 at the end of each fiscal year from 2016 to 2020. The board also has \$343,025 in outstanding receivables at the end of 2020. At the board's current scholarship and loan award rate of \$5,000, the Board could provide 143 additional awards with current cash reserves. The board maintains cash reserves for the purpose of fulfilling commitments to students already receiving awards in the event that their appropriation is reduced or removed.

### *MERIT SCHOLARSHIPS*

The Optometric Board continues to award merit scholarships that are not associated with any outcomes. The board should discontinue awarding merit scholarships and focus on incentivizing service in a designated area of need.

### *IS THERE A NEED?*

Alabama currently has 711 licensed optometrists that maintain Alabama addresses.<sup>11</sup> This represents a ratio of 14.5 per 100,000 people which is slightly below the nationwide average of 16.16 per 100,000 people. However, over half of Alabama's optometrists are registered in the 6 largest counties<sup>12</sup> which creates a ratio of 9.96 per 100,000 for the remaining 61 counties. While that ratio is far below the national average, it is consistent with the optometrist-to-population ratio for most developed countries of approximately 10 per 100,000 people.<sup>xiii</sup>

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<sup>9</sup> Bullock, Choctaw, Clay, Cleburne, Coosa, Greene, Hale, Lamar, Lowndes, Perry, Randolph, Sumter, Washington, and Wilcox Counties.

<sup>10</sup> The guidelines for determining an approved area of need requested by an awardee considers the population of the community, number of full-time and part-time practicing optometrists in the community, HRSA designation for the community for health professional shortage areas for physicians, dentist, and mental health professionals, HRSA medically underserved designation for the community, proximity of the community to other areas where optometrists provide services, percentage of the population in the community below poverty, optometric service limitations in the community, and other demographic and geographic considerations.

<sup>11</sup> There are 155 Alabama licensed Optometrist with addresses outside of the state, indicating that they are not currently practicing in state. Therefore, ACES utilized the most accurate number of practicing Optometrists (711) in analysis.

<sup>12</sup> Jefferson, Madison, Shelby, Mobile, Baldwin, Montgomery



## AGENCY RESPONSE: ALABAMA BOARD OF MEDICAL SCHOLARSHIP AWARDS



STATE OF ALABAMA  
**BOARD OF MEDICAL SCHOLARSHIP AWARDS**

POST OFFICE BOX 115  
MONTGOMERY, ALABAMA 36101

TELEPHONE: 334-353-4800

FAX: 334-353-4877

May 26, 2021

Alabama Commission on the Evaluation of Services  
11 South Union Street, Suite 207  
Montgomery, AL 36130

Dear Commission,

The Board of Medical Scholarship Awards appreciates the opportunity to comment to the Alabama Commission on the Evaluation of Services draft report. We are happy to offer the following additional information. Various studies on rural health have identified barriers and specific considerations new physicians face when deciding where to locate, such as:

- Marriage, family, and children
- Education-public school system
- Availability of health insured population or lack thereof
- Employment opportunity for spouses
- Majority of physicians coming out of residency are accepting salaried positions as opposed to starting a medical practice from scratch
- Lack of employment opportunities

We hope this information is helpful to understand the complexity of recruitment, placement, and retention of physicians in medically underserved areas in Alabama.

We appreciate the opportunity of being a part of this evaluation and we continue to strive to help impact the need of primary care physicians in Alabama's underserved areas. Please let us know if you need additional information.

Sincerely,



Kelly Parker  
Executive Director



## AGENCY RESPONSE: ALABAMA BOARD OF DENTAL SCHOLARSHIP AWARDS

*Robert S. Jones, D.M.D., P.C.*

*4130-A Carmichael Road*

*Montgomery, Alabama 36106*

*334-277-5666*

*June 1, 2021*

*Alabama Commission on the Evaluation of Services*

*11 South Union Street, Suite 201*

*Montgomery, Alabama 36130*

*Dear Commission,*

*As chairman of the Board of Dental Scholarships, I appreciate the opportunity to respond to the ACES report regarding the following:*

***Create Demand:***

*At the next meeting, the BODS will discuss eliminating the smaller forgivable loans. The BODS also awards three merit scholarships to incoming freshmen with no service commitment attached to these scholarships. The discontinuation of these scholarships will also be discussed.*

***Set Expectations:***

*As a point of clarification, the BODS does have a formal interview process for the new \$180,000 loan under The Alabama Dental Service Program. The expectation to serve in areas of need is strongly emphasized and required for loan forgiveness.*

***Targeted Selection:***

*Forgivable loans can be awarded to 1<sup>st</sup> thru 4<sup>th</sup> years students. Merit scholarships are awarded to incoming 1<sup>st</sup> year students. Should they not maintain their status in the top 20% of the class, the scholarship then goes to the next most qualified student. These are scholarships, not loans.*

***Dedicated Staff:***

*The Dean of Admissions for the school of dentistry is responsible for determining the merit scholarship candidates. These candidates are interviewed and three recipients are chosen. The Dean of Admissions also actively recruits students for the loans awarded under the Alabama Dental Service Program (\$180,000 loans.)*

***Track Performance:***

*The BODS has been concerned for several years regarding our purpose and effectiveness in reaching the intended outcome of placing dentists in areas of need. Therefore, it is our hope that changing our model under the new Alabama Dental Service Program to award full scholarships to academically mature students will have a much greater and long term impact.*

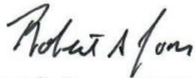
***Loan Repayments and Reserve Funds:***

*The BODS has always had a policy of retaining enough in reserve to fund our commitment in the event our state funding was decreased or discontinued. Awarding full scholarships, under the new dental service program will make our accounting much easier and allow us to maximize our funds.*

*Prior to 2019, the BODS funding from the Education Trust Fund was annually \$191,000. In 2019, funding was increased to \$241,000 annually. State funding in years prior to 2020 was therefore, inadequate for the BODS to consider a full tuition loan program, since the school of dentistry's four year tuition and associated education costs are approximately \$180,000.*

*Thank you for the opportunity to respond to this evaluation. It is our hope that with additional funds provided under The Alabama Dental Service Program, we will be able to recruit, place and retain dentists in areas of need in rural Alabama.*

*Sincerely,*



*Robert S. Jones, D.M.D.*

*Chairman*



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## REFERENCES AND CITATIONS

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- <sup>v</sup> Id.
- <sup>vi</sup> Ala. Code §16-47-126
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