U.S. News: Service Corps Snags Healthcare Workers

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FULL TEXT

A federal agency that gives healthcare workers relief on their student loans in exchange for working in underserved communities didn't show greater flexibility than in previous years to participants seeking to pause or exit their obligations amid the Covid-19 pandemic, according to newly released data.

As clinics closed their doors and laid off staff after the pandemic hit, large numbers of healthcare workers suddenly found themselves in violation of their contracts with the National Health Service Corps. When workers broke those contracts -- voluntarily or not -- they were exposed to heavy penalties, sometimes amounting to many times the loan relief received.

The number of requests for suspensions, which allow workers to pause their contracts for 90 days or as long as a year at a time without penalty, nearly doubled from fiscal year 2019 to 2020, from 974 to 1,853, according to data the Service Corps provided to The Wall Street Journal in response to a public-records request. The total annual requests hit 1,911 in fiscal year 2021. A significant funding boost last spring allowed the program to expand participation by 23% to about 20,000 clinicians.

Yet the Service Corps approved a smaller share of suspension requests after the pandemic struck than before it: 85% in fiscal year 2021 and 84% in 2020, down from about 87% in 2019, 2018 and 2017. Taking into account the number of requests for suspensions that were subsequently canceled -- in situations where, for example, participants realized a suspension wasn't necessary or decided to default instead -- the Service Corps approved about 97% of requests in 2021 and 98% in 2020, down from nearly 99% in 2019.

The Service Corps also was fairly inflexible regarding requests for waivers, which allow participants to permanently terminate their obligations, in cases of extreme hardship. It granted 23 of 49 requests in fiscal year 2020 -- or 47%, down from a 52% approval rate in 2019, before the pandemic hit. In fiscal year 2021, it granted 17 waivers, fewer than any year since 2017. This year, it approved an additional waiver requested in 2021.

A spokesman for the Health Resources and Services Administration, the Department of Health and Human Services agency that oversees the Service Corps, said the agency approved all suspension requests from participants who cited the pandemic and that most participants who had Covid-related interruptions to their contracts have returned to service.

In February, the Journal chronicled the circumstances of several healthcare workers who joined the Service Corps in exchange for student-loan relief but who ran afoul of intricate rules and were threatened with penalties of $7,500 for each month remaining on their contracts. The workers said they struggled to find new jobs that qualified and to navigate the Service Corps' bureaucracy.

Rhonda Williams, a dental hygienist in Forsyth, Ga., whose clinic cited Covid-related cuts when it terminated her in the summer of 2021, was told she would owe the federal government about $117,000 -- more than five times the amount of loan relief she received -- if she didn't find another qualifying position.

Ms. Williams, who was included in the Journal's February article, remains in limbo. The suspension she had received expired this month. She said she has been unable to find a qualifying job nearby and can't move out of the state because she shares custody of a child with her former husband. She is seeking an additional contract suspension, but hasn't heard back from the Service Corps about her request.

"I just want this to be over," she said.

The Service Corps, which doesn't comment on individual cases, said it tries to accommodate program participants but has rules it needs to follow. Its priority is to see that there are enough clinicians in the program to serve the 21 million Americans who rely on them for their primary healthcare.

Dr. Laura Craig, a Chicago psychiatrist, signed up for the Service Corps in 2019 and received $75,000 in loan relief. About 2 1/2 years into her three-year commitment, she changed jobs to better balance work with her role as a new mother.

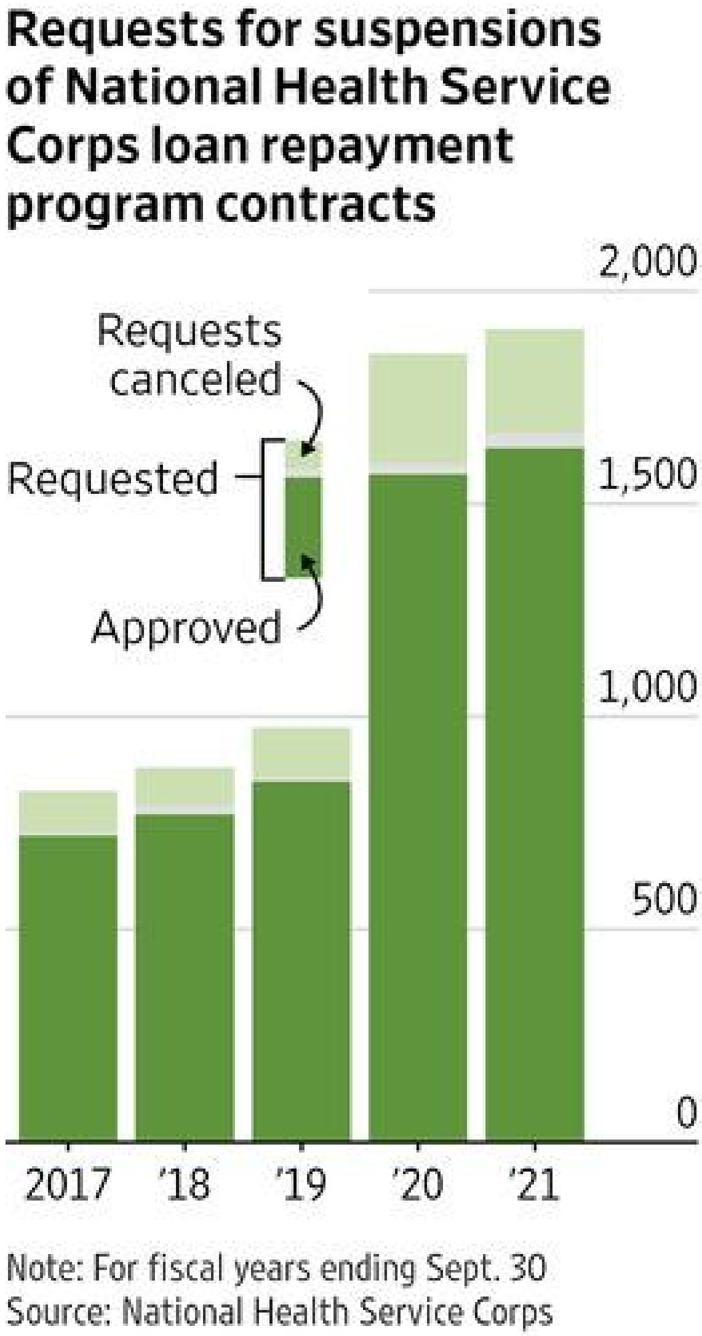
She left a qualifying position on the South Side of Chicago and took a job, 14 blocks away, at a Department of Veterans Affairs clinic. Both facilities serve low-income patients.

With the job change, Dr. Craig fell out of compliance with her contract. In January, she received a warning that she would have to pay $85,839, plus interest of 9.375%, unless she quickly found a qualifying job. The sum included $67,500 in penalties for the nine months that remained on her contract, plus $18,339 as a pro rata share of loan relief she had received.

"That's a ton of money," she said, adding that although she thought it would have been fair to pay back a share of the loan assistance with interest, she was shocked by the $7,500-a-month penalty for time remaining on her contract. When she tried to appeal her case, she said, "I would get extremely rigid and legal responses."

But then she got a lucky break.

The Service Corps decided to regard her as compliant, at least for now, because she was working at an emergency Covid-19 relief site. She is keeping her fingers crossed that the designation will continue until she completes the last few months of her contract.



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