

**REPORT ON  
MENTAL HEALTH PROFESSIONAL  
SHORTAGE AREA DESIGNATION**

**Prepared by**

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## **REPORT ON MENTAL HEALTH PROFESSIONAL SHORTAGE AREA DESIGNATION**

### **Background**

To ensure access to essential health care for low-income, uninsured, and medically underserved populations, the Health Resources and Services Administration (HRSA) of the U.S. Department of Health and Human Services Agency developed the Health Professional Shortage Area (HPSA) program. In 1992 the program was expanded to include mental health professional shortage area (MHPSA) designations.

### **Purpose of MHPSA**

The purpose of the MHPSA program is to determine exactly where mental health care shortages exist in the country in order to identify those areas eligible for participation in various programs, such as loan repayment. The federal MHPSA designation program identifies areas as having a shortage of mental health providers on the basis of availability of psychiatrists and other mental health professionals. The intent of the mental health shortage designation is 1) to ensure that mental health services are available and accessible to underserved populations, 2) to assist in the retention and recruitment of mental health providers in designated areas, and 3) to assist in the determination of unusually high mental health needs. MHPSAs are defined in Section 332 of the Public Health Services Act to include 1) urban and rural geographic areas, 2) population groups, and 3) facilities with shortages of health professionals.

### **Criteria for Designation**

In California, the Office of Statewide Health Planning and Development (OSHPD) works with the HRSA Bureau of Primary Health Care, Division of Shortage Designation (DSD), to conduct a thorough review of the service area before granting designation requests. The DSD is responsible for developing and implementing criteria and procedures for designating areas and populations having a shortage of primary health care and mental health care services. The DSD collaborates with other federal, state, and local organizations that use the DSD's designations in conducting their program activities.

The OSHPD reviews the requests and provides recommendations to the DSD on whether the applicants meet the criteria. Pursuant to the Public Health Services Act, copies of applications are sent to the County Health Department, California Primary Care Association, and the State Department of Mental Health for review and comment. A 30-day review period is provided for those agencies to comment. Shortage designation is not a competitive process.

The State OSHPD MHPSA guidelines for applying for a designation are based on the criteria set forth in Title 42, Code of Federal Regulations (CFR), Part 5, Appendix C of the Public Health Services Act. In 1990, these regulations were amended to include core mental health professionals, which include: psychiatrists, clinical psychologists, clinical social workers, psychiatric nurse specialists, and marriage and family therapists. Annual lists of designated MHPSAs are published in the Federal Register.

Shortage designations can be obtained for eligible geographic areas, population groups, and facilities. Facilities include federal and state correctional institutions, state and county mental hospitals, and community mental health centers and other public or nonprofit private facilities. Specific criteria apply to each type of designation. Pursuant to OSHPD guidelines, an individual or organization

may nominate an area, facility, or population group for shortage designation. A brief explanation of the criteria required for each shortage designation is provided below.

### ***Geographic Area MHPSA***

To determine if an **area** meets the established criteria, it must be a rational service area for the delivery of mental health services with: 1) a lack of access to mental health care in surrounding areas because of distance, overutilization, or access barriers, and 2) the population-to-core mental health professional (CMHP) and/or the population-to-psychiatrist ratio meet established shortage criteria, and one of the following conditions exists within the area:

- The ratio of the number of persons in the population group to the number of full-time equivalent (FTE) core mental health professionals serving the population group is greater than or equal to 4,500:1, **and** the ratio of the number of persons in the population group to the number of FTE psychiatrists serving the population is greater than or equal to 15,000:1, **or**
- The ratio of the number of persons in the population group to the number of FTE CMHP serving the population group is greater than or equal to 6,000:1, **or**
- The ratio of the number of persons in the population group to the number of FTE psychiatrists serving the population group is greater than or equal to 20,000:1

Contiguous areas, considered by the DSD to be the area outside the perimeter of the rational service area with a travel time of 40 minutes from the largest population center of the rational service area, must be evaluated if the following applies:

- The population-to-CMHP ratio is greater than or equal to 6,000:1 and the population-to-psychiatrist ratio is greater than or equal to 20,000:1, or
- The population-to-CMHP ratio is greater than 9,000:1, or
- The population-to-psychiatrist ratio is greater than or equal to 30,000:1

Additionally, contiguous areas must be evaluated if the area has unusually high needs for mental health services.

An area will be considered to have unusually high need for mental health services if one of the following criteria is met:

- More than 20 percent of the population or all households have incomes below the federal poverty level, which is published annually in the Federal Register.
- The youth ratio (defined as the ratio of the number of children under 18 to the number of adults of ages 18 to 64) exceeds 0.6.
- The elderly ratio (defined as the ratio of the number of persons aged 65 and over to the number of adults of ages 18 to 64) exceeds 0.25.
- A high prevalence of alcoholism in the population, as indicated by prevalence data, shows the area's alcoholism rates to be in the worst quartile of the nation, region, or State.
- A high degree of substance abuse in the area, as indicated by prevalence data, shows the area's substance abuse to be in the worst quartile of the nation, region, or State.

### ***Special Population MHPSA***

To qualify for designation as a **special population MHPSA**, an area must be a rational service area for the delivery of mental health services with a lack of access to care provided by CMHPs in the area. Population groups within particular rational service areas will be designated as having a mental health professional shortage if access barriers prevent the population group from using those CMHPs which are present in the area, and one of the following conditions prevails:

- The ratio of the number of persons in the population group to the number of CMHP FTEs must be greater than or equal to 4,500:1, and the ratio of FTE psychiatrists serving the population group must be greater than or equal to 15,000:1, or
- The ratio of CMHP FTEs serving the population group must be greater than or equal to 6,000:1, or
- The ratio of FTE psychiatrists serving the population group must be greater than or equal to 20,000:1

The request must clearly define the specific population group. The population group may be defined in terms of one or more of the following categories:

- Low-income population, which is defined as the population with incomes at or below 200 percent of the federal poverty level—A minimum of 30 percent of the requested area's resident population must be at or below 200 percent of poverty for consideration under this population group.
- Medicaid-eligible population, which is defined as the population eligible for Medical Assistance payments—A minimum of 30 percent of the requested area's resident population must be at or below 200 percent of poverty for consideration under this population group.
- Migrant farm workers and their families
- Native Americans

The request must describe the access barriers that prevent the specific population from using some of the area's CMHPs. Such barriers could be economic, linguistic, cultural, or physical. The request must also evaluate the contiguous areas.

### ***Public or Non-Profit Facility MHPSA***

A **community mental health center and other public or nonprofit private facility** can apply for designation if the facility is providing mental health services to an area or population group designated as having a shortage of mental health professionals, and if:

- A majority of the facility's mental health services are being provided to residents of designated MHPSAs or to population group HPSAs having a shortage of mental health professions, or
- The population within a designated HPSA or population group has reasonable access to mental health services provided at the facility, and
- The facility has insufficient capacity to meet the mental health care needs of that area or population group, if either of the following conditions exist at the facility: 1) there are more than 1,000 outpatient visits per year per FTE CMHP on the staff of the facility, 2) there are

more than 3,000 patient visits per year per FTE psychiatrist on staff of the facility, 3) no psychiatrists are on staff and this facility is the only facility providing mental health services to the designated area or population.

### **J-1 Visa**

The J-1 Visa allows communities that have shortages of physicians to recruit qualified foreign medical graduates to provide primary medical care, including psychiatry, for three years. Interested foreign physicians consult the government-published Federal Register, which includes information about whether a potential employer is located in a HPSA or MHPSA. Approval for a J-1 Visa must be obtained from the U.S. Department of Agriculture (USDA), the United States Information Agency, and the Immigration and Naturalization Service. The foreign medical graduate must agree to work in a shortage area for a minimum of three years in a not-for-profit hospital or clinic. The number of J-1 Visa slots that a county is allowed varies depending on its population-to-psychiatrist ratio.

### **Federal Loan Repayment Program**

The National Health Service Corps (NHSC) was created in 1970 as a program of the U.S. Public Health Service under the Emergency Health Personnel Act, which authorizes assignments of federal personnel to shortage areas. In 1987 Congress authorized the NHSC Loan Repayment Program, which enables the recruitment of clinicians for service to shortage areas. The federal NHSC Loan Repayment Program offers qualified educational loan repayment to fully trained mental health professionals if they choose to serve at an eligible MHPSA site. In addition to loan repayment, these clinicians receive a competitive salary, some tax relief benefits, and a chance to have a significant impact on the community. To be eligible for federal loan repayment, applicants must be fully trained in one of the following specialties:

- Allopathic or osteopathic physician specializing in family medicine, general pediatrics, general internal medicine, general psychiatry or obstetrics/gynecology
- Primary care nurse practitioner
- Primary care physician assistant
- Certified nurse-midwife
- Dentist
- Dental hygienist
- Mental health professional, including doctoral clinical psychologist, clinical social worker, psychiatric nurse specialist, or marriage and family therapist

Other eligibility requirements include:

- Commitment to provide primary/mental health care service in a HPSA/MHPSA for a minimum of two years
- U.S. citizenship with a valid, unrestricted license and/or certificate for the State where the clinician plans to practice
- Having no other existing service commitments
- Being free of judgment lien from federal debt

Maximum repayment during the required initial two-year contract is \$25,000 each year. The loan repayment may be extended beyond two years, one year at a time for up to four years, to the extent there is still unpaid qualifying educational loans and a willingness to serve at an eligible site. One-year extensions are awarded for a maximum of \$35,000 per year. The total award is \$120,000. An additional payment of 39% of the total loan repayment made during the taxable year is given to assist with tax liability.

### **Process for Obtaining Federal Loan Repayment**

According to the NHSC, anyone who has an educational loan is aware of the loan repayment program. If a person meets the eligibility criteria described above, they can obtain an application from the NHSC. The NHSC does refer primary care providers to the State Loan Repayment Program first; however, it would not refer mental health professionals since California does not include them at this time.

The NHSC will approve applications in 2001 based on a first-come, first-served basis. However, its methods for approving applications are reassessed on an annual basis.

### **State Loan Repayment Program**

The OSHPD administers the State Loan Repayment Program under a grant from HRSA. The state program is designed to assist in the placement of primary care health professionals in HPSAs in California. The OSHPD administers the program under a grant from HRSA. The state program does not include mental health professionals. The decision of which disciplines to include in the State Loan Repayment Program is made by the Deputy Director of the Primary Care Resources and Community Development Division of the OSHPD. California's loan repayment program includes the following disciplines:

- Physicians (MD and DO) specializing in family practice
- General internal medicine
- General pediatrics and obstetrics/gynecology
- Physician assistants
- Nurse practitioners
- Certified nurse-midwives
- Dentists

Loan repayment awards are granted to recipients, if eligible, for up to four years. The total award is \$120,000 with \$25,000 granted in years one and two, and \$35,000 granted in years three and four. Federal and state governments provide a dollar-for-dollar match to repay qualifying educational loans for eligible participants. The state program requires the practice site to match its award. Therefore, in years one and two the State awards \$12,500, and the practice site must match it with \$12,500. In years three and four, the State awards \$17,500, and the practice site must match it with \$17,500. The OSHPD is authorized to repay outstanding government and commercial loans incurred during undergraduate or graduate education. The OSHPD has a list of requirements that health professionals must meet to qualify for loan repayment, and the practice site must also adhere to a list of requirements. Applications are accepted on a first-come, first-served basis. The State is required to submit quarterly reports to HRSA on its grant program.

### Differences between Federal and State Loan Repayment Programs

The federal NHSC Loan Repayment and State Loan Repayment Programs have slight but significant differences:

Federal Provisions	State Provisions
The NHSC loan repayment program generally grants larger awards, but clinicians must work at designated priority sites.	The State Loan Repayment Program generally grants smaller awards, but clinicians may work at any federally designated HPSA site in the State, not just the ones showing the most urgent need.
The federal program assists with personnel placements.	The State does not assist with personnel placements.
The federal program determines which disciplines to fund based on long-term needs of the entire country.	Each state chooses the disciplines to fund for their particular needs.
The federal program includes mental health professionals in its eligible list of disciplines.	At this time, the California State Loan Repayment Program does not include mental health professionals. The OSHPD has determined that a priority exists for primary care providers and dentists in California's shortage areas.
Federal loan repayment is considered taxable income. The federal program provides an additional 39 percent of the grant award to assist with tax liability.	State loan repayment is considered taxable income. The State does not offer any tax incentive.
Currently, the federal program approves mental health professional applications on a first-come, first-served basis.	The State approves applications on a first-come, first-served basis.

Persons in the field of mental health who are applying for loan repayment must apply to the federal NHSC because the State does not provide loan repayment to mental health professionals. The NHSC indicated that California is the only state that does not provide any of its own funds to the program. It uses federal grant funds and requires the practice site to match those funds.

### **Federal Scholarship Program**

The NHSC offers a competitive scholarship program for students committed to provide primary health care in health professional shortage areas upon completion of their training. The program offers payment for up to four years of education for tuition, fees, books, supplies, equipment, and a monthly stipend.

To be eligible for the NHSC Scholarship Program, an applicant must be a U.S. citizen enrolled or accepted for enrollment in a U.S. fully accredited allopathic or osteopathic medical school; family nurse practitioner, nurse-midwife program, bachelor's or master's physician assistant program; or psychiatric residency program. Period of service is one year for each year of support, with a two-year minimum commitment working in a designated shortage area.

### **Federal Budget for NHSC**

The total budget for Federal Fiscal Year (FFY) 2000 for the NHSC was \$116,910,000. Of the total budget, \$78,666,000 was for loan repayment and scholarship programs, and \$38,244,000 supported NHSC clinicians who are serving in different countries. The NHSC allocates approximately 40 percent of the budget for scholarships and 60 percent for loan repayment.

For FFY 2000, the demand for federal loan repayment exceeded the funds allocated for the program. As a result, they were not able to fund all applicants and turned away approximately 600. The NHSC does not have a waiting list for FY 2001. They indicated that they would document those applications not funded to demonstrate the increasing demand for loan repayment. According to the NHSC, they expect their budget allocation for FY 2001 to be the same as for FY 2000.

### **State Loan Repayment Program Budget**

The annual state loan repayment program budget, which is funded from a grant from HRSA, is \$1 million.

### **Disadvantages of Loan Repayment**

The main disadvantage of the federal loan repayment program is that it lacks sufficient funding. Also, a professional taking advantage of loan repayment can experience adverse tax consequences. A loan repayment award is considered personal income. The additional 39 percent that the federal program awards can be either an asset or a liability depending on the state of residence. For states with low taxation, the additional 39 percent may be an asset. California, however, is a high tax state so the advantage here may not be as great. The State Loan Repayment Program does not provide any tax relief.

### **Experience of Counties with MHPSA Designations**

Six out of nine counties that currently have a MHPSA designation were interviewed by telephone. Those counties were Calaveras, Fresno, Kern, Tehama, Trinity, and Tuolumne. They were asked questions regarding the application process, the benefits of having the designation, and any disadvantages.

### **Assessment of Application Process**

The amount of staff time needed to complete the application process varied for counties. Some counties reported that the staff hours needed to complete the application averaged about two to three hours, and other counties reported that it took up to three months and a dedicated staff person to obtain the necessary data. Some counties that already had primary care HPSA designations used some of that data in their MHPSA application, which had similar requirements. If technical assistance was needed, the OSHPD responded in a timely manner. The average length of time to obtain the designation was six months. In some cases, a county's application to obtain a designation required approval by its Board of Supervisors.

### **County Experience**

Several counties reported on their experience in hiring staff after having received a shortage area designation.

- Tehama County has been waiting since 1999 to hire a J-1 Visa psychiatrist from Venezuela. However, the person is reportedly waiting to get her Visa before she can work here. Tehama County staff indicated that the approval time for hiring a J-1 Visa doctor varies



depending on the country of origin. For example, reportedly the hiring process is faster when recruiting someone from the Philippines.

- Calaveras County reported that it received the shortage area designation and was on the verge of hiring a psychiatrist who was approved for loan repayment by the National Health Service Corps (NHSC). However, the NHSC informed the county that the program had exhausted its funds and retracted its original offer to award the loan. Fortunately, the psychiatrist was still willing to work in the county.
- Fresno County is waiting to hire a psychiatrist from Nicaragua. Fresno also indicated that it hopes to hire two J-1 Visa child psychiatrists in 2001.
- Kern County reported that its psychiatrist was hired on a scholarship program. The scholarship program pays a stipend to a physician while attending medical school. To receive the stipend, the physician must agree to work in a shortage area once out of residency.

### **Effect on Staffing**

The following table indicates counties with a MHPSA designation and the types and numbers of mental health professionals that they have hired since receiving the designation:

	<b>Psychiatrist/Child Psychiatrist</b>	<b>Psychologist</b>	<b>LCSW</b>	<b>MFT</b>
<b>Fresno County</b>				
1997	1 J-1 Visa Psychiatrist			
<b>Kern County</b>				
1997/98			2	
1999		1		
2000	1 Psychiatrist			
<b>Tehama County</b>				
1998	1 Psychiatrist			1
<b>Trinity County</b>				
1999				1
<b>Tuolumne County</b>				
1999	1 J-1 Visa Child Psychiatrist			
<b>Calaveras County</b>				
<b>Total</b>	4	1	2	2

### **Benefits of MHPSA Designation**

The reported benefits for having a shortage area designation include student loan repayment and personnel placement through the NHSC, and the ability to hire bilingual J-1 Visa doctors.

Overall, counties reported that having a shortage area designation is a powerful recruitment tool. It affords them the opportunity to attract professionals that might not otherwise be interested in working in a small county.

### **Policy Issue**

Counties agreed that having the MHPSA designation was an effective recruitment tool for attracting mental health professionals to their counties. However, some counties expressed concern that while having the designation had the potential for bringing additional staff to their counties, the federal loan repayment program needs additional funding to cover the increase in the number of applicants.

The State Loan Repayment Program needs additional funding to expand its list of eligible disciplines to include mental health professions. In an attempt to mandate that the OSHPD include mental health professionals, SB 1451 (Figueroa) was introduced in the 2000 legislative session; however, Governor Davis vetoed the legislation based on the limited amount of federal funding for the program. The Governor indicated that considering California's need for primary care physicians, nursing assistants, and physician assistants in areas of unmet primary care need, he would not sign the bill, as it would dilute the funding available to recruit these health professionals.

The tax liability issue should also be addressed. The State Loan Repayment Program does not provide any assistance with taxes. The State should consider providing some tax relief to increase the benefit of the program to applicants.

While the overall majority of counties agreed that having the MHPSA designation was a positive recruitment tool, counties expressed concern that funding for the federal loan repayment program is insufficient to fund the number of eligible applicants. Having the designation does afford a county the ability to hire J-1 Visa psychiatrists at no cost beyond salary and benefits to the county or State; however, trying to attract other mental health professionals into shortage areas by repaying their educational loans will not be an effective strategy until the federal government increases funds for loan forgiveness.

### **Recommendations**

The Human Resources Committee of the California Mental Health Planning Council should mobilize the mental health constituency to take the following steps:

- Work with California's congressional delegation to increase funding in the federal loan repayment program.
- Work with the Administration and the State Legislature to ensure that mental health professionals are covered by the State Loan Repayment Program and that funding for those loans is increased with a state augmentation.
- If the Administration extends the State Loan Repayment Program to mental health professions, it should not require counties and facilities to match the loan repayment grant awards.