California wipes out $58.6M in student debt, helps poor patients get access to doctors

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The state of California will be paying off $58.6 million in student loans this year for 247 physicians who, in exchange, committed to serve a greater percentage of the state's poorest and frailest residents: those covered by Medi-Cal.

"By removing the burden of student loan debt, this program will encourage more providers to make different choices when entering the health care market and be able to provide care for the Medi-Cal population," said Jennifer Kent, director of the Department of Health Care Services, the agency administering the loan repayment program.

Those who accept the awards agree to ensure that Medi-Cal patients represent 30 percent of their caseload for five years. That proportion of Medi-Cal patients would be something of a gold standard, according to research by Janet Coffman, a professor in the Philip R. Lee Institute for Health Policy Studies at the University of California, San Francisco.

Working through the California Medical Board, Coffman surveyed 6,163 doctors in 2015 and found that 34 percent of primary care physicians had no Medi-Cal patients in their patient mix and 28 percent had patient rolls in which 30 percent paid through Medi-Cal. The remainder of primary-care doctors fell in the middle, especially primary care providers, willing to accept California's fee schedule because it does not cover the entire cost of care. More than 13 million California residents get medical coverage through Medi-Cal, and many of them live in areas with a shortage of primary care physicians.

While 247 doctors might sound like too small a group to address so great a need, Coffman said her years of research tell her that this program could make a difference. She has learned that once doctors or any other professionals have children, make friends and put down other roots, they tend to want to stay in that community.

"I wouldn't say that with a loan repayment you're necessarily earning as much as you would if you're working for Kaiser or Sutter," Coffman said, "but it can be the difference that enables folks to say, 'OK, if I get this loan repayment in addition to salary, I can see my way to work in an urban or rural underserved community."

Most loan repayment programs require only a one- or two-year commitment, Coffman said, but this one has a five-year commitment – giving doctors more time to figure out how to make a practice financially feasible. Also, some physicians with ties to underserved communities want to return there to practice, she said.

DHCS officials said the awardees are practicing in different counties. The 247 providers work in a range of places: hospitals, community clinics, federally qualified health centers, academic settings, government, group practice and private practice.

Nearly 1,300 providers applied for the CalHealthCares loan repayment program, which is being funded by an allocation in the revised 2019-20 budget and a $2 increase in tobacco taxes that went into effect July 1, 2017. That tax increase was part of Proposition 56, approved by California voters in November 2016.

Altogether, DHCS has $340 million to put toward the loan repayment program, and agency leaders said in a news release that they plan at least five rounds of the loan repayment program. It is run by Physicians for a Healthy California, the charitable arm of the California Medical Association.

DHCS and Physicians for a Healthy California will announce the number of dental award winners later this summer, and the two organizations will will start accepting applications for the next round of awards in January.

The CalHealthCares grants cover up to $300,000 in loans taken out for medical or dental school, and all providers must practice in California and be in good standing with state licensing boards and DHCS.

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