

Alaska SHARP Program FAQs for SHARP-II

LOANS, DEBT and PAYMENTS

1. Q. How is eligible education debt defined under the SHARP-II Program?

A:

- All/any potential eligible education debt is identified as part of the SHARP-II application process.
- The definition of eligible debt is based on guidelines developed by the Health Resources & Services Administration.
- That educational debt must be from an eligible lender or holder of the clinician's loans.
- Those lenders or holders are either approved commercial lenders or public (government) lenders.
- For Alaska's SHARP-II Program, all of those payees are approved by the Alaska Commission on Post-Secondary Education.
- Loan repayments are only made directly to the eligible lenders or holders of loans.
- All loan repayments are exempt from federal personal income tax.
- All taxation issues should be addressed to the clinician's own professional tax consultant. The SHARP-II Program does not provide financial or tax advice.

2. Q. What kinds of loans are eligible for repayment under SHARP-II? Does it only apply to federal student loans, or can it be considered for private loans?

A: The SHARP-II loan repayment program has loan and lender eligibility requirements, but they are not limited to federal student loans. A range of commercial lenders (e.g. Wells Fargo, Sallie Mae) are also eligible lenders. Private loans, however, do not include practices such as borrowing from friends or family, or paying off credit cards, or other examples of consumer (personal) debt.

Some relevant definitions are:

- *Commercial Loan*: A loan made by a bank, credit union, savings and loan association, insurance company, school, or other financial or credit institution which is subject to examination and supervision in its capacity as lender by an agency of the United States or the State in which the lender has its principal place of business.
- *Government Loan*: A loan made by a federal, state, county, or city agency that is authorized by law to make such loans.

- Loan Repayment: Support-for-service payments sent to eligible lenders or holders of eligible education loan debt(s), which are paid on behalf of a participating SHARP Clinician in exchange for his/her documented delivery of eligible healthcare services.
- Qualifying Educational Loan: A government or commercial loan for actual costs paid for tuition and reasonable educational and living expenses related to the undergraduate or graduate education of the participant leading to a degree in the health profession in which the participant will satisfy his or her SHARP service commitment.
- Reasonable Educational Expenses: The costs of education, exclusive of tuition, such as fees, books, supplies, clinical travel, educational equipment and materials, which do not exceed the school's estimated standard student budget for educational expenses for the participant's degree program & for the year(s) of that participant's enrollment.
- Reasonable Living Expenses: The costs of room and board, transportation and commuting costs, and other costs which do not exceed the school's estimated standard student budget for living expenses at that school for the participant's degree program and for the year(s) of that participant's enrollment.

3. Q. Can I change the company that the loan payment is scheduled to be sent to? I borrow from two different companies, and I'd like to send this upcoming payment to the second company.

A: Typically, the program pays to one priority lender/holder, and often until that debt is paid off. Thereafter, it switches to a second lender/holder, if there is one.

It is understandable that a clinician would be interested in paying some loan-debt with the second lender so as to stave off making any more payments to that lender. While the priority lender/holder can be switched, it cannot be switched back and forth continuously. The reason is basically staffing capacity, with the number of participating clinicians rising rapidly. So, you can make a shift to a second lender, and then later on back to the first lender. But that will be basically it.

If you want to have some number of upcoming payments sent to your second account, you will need to provide the same lender information for that company as you submitted for the first one.

4. Q. How long after the end of service quarter can I expect my loan holder to receive a payment?

A: Calendar quarters occur in the increments of Jan-March, April-June, July-Sept., and Oct.-Dec. The SHARP-II clinician must submit a Quarterly Work Report during the first month following the service quarter and due by the last day of that month, so reporting months are April, July, October, and January. The following month after the reporting month is the payment month. SHARP-II program staff prepares a payment voucher on the clinician's behalf. The Department of Health & Social Services has until the end of the payment month to issue a check, which is mailed to the loan holder by US Mail. There will be a delay of about a week for the check to reach the loan holder and be posted. In total, the interval between the service calendar quarter and when the loan holder receives the payment can be a little over two months.

In the case that the clinician does not begin service at the beginning of a calendar quarter, the payment for that quarter will be prorated to reflect the amount of service time during that quarter.

5. Q. If I am receiving loan repayment through SHARP-II, do I still need to pay my minimum monthly payments toward the student loans? Can I make extra cash payments to the loans?

A: This depends on two things. SHARP-II makes only one check payment per quarter per clinician. That usually works fine for clinicians that have consolidated their education debt into one lender. However, if there is more than one lender or holder of the loans, then one will be paid-down rapidly and the others will remain as not addressed until the first lender is paid off and payment can shift to the second lender.

The other factor depends totally on your lender/holder. Some might allow for "forward payments" (that is the quarterly large payment can be spread out over the previously scheduled future monthly payments that you would have ordinarily been required to pay. However, other lenders place the whole quarterly payment against the principal, and the next month's payment is still as scheduled. Only you as debtor can discuss the pattern that is best or allowable for you. All that SHARP-II does is to make one quarterly payment.

The clinician/debtor is welcome to make additional payments as well. Details about this should be discussed with your lender/loan holder. Keep in mind, however, that SHARP funds are exempt from personal income tax.

6. Q. What are things to consider if I want to select direct incentive rather than loan repayment?

A:

- For the direct incentive option greater consideration will be given to applicants with more experience. The reason for this is to encourage more experienced clinicians, who have already paid off their student loans, to practice in underserved areas or with underserved populations.
- Direct incentive payments are treated as income and subject to income tax.

7. Q. If a provider is either not retained or quits at some time during of one of his/her service years, is there any requirement for him/her to pay back any of the loan repayment/incentive already paid to him/her?

A: No. Payments are not made in advance. Rather, SHARP only pays after services are rendered. Thus, SHARP never is in a position of needing to recoup payments that were made, but for which services have not been provided. This is one of the key benefits of paying after service.

8. Q. Are clinicians notified when the SHARP office has received confirmation that a lender has received the loan repayment check?

A: No. Clinicians are not notified when the loan repayment checks have been deposited by their lender/holders into their accounts. However, clinicians are notified initially via email when all checks have been mailed out.

We recommend that all participating clinicians regularly check with their own lender/holders to determine when their payments are posted to their own accounts.

9. Q. What happens if the loan I selected for repayment is paid off but there are still funds remaining in my quarterly SHARP-II benefit? I also have other education loans pending. What happens to the remaining money for that quarter?

A: During a given quarter if you anticipate that one lender will be paid off while another lender still has a remaining balance, then we divide that quarter's loan repayment to pay off the first loan, and then send the remaining balance to the second lender.

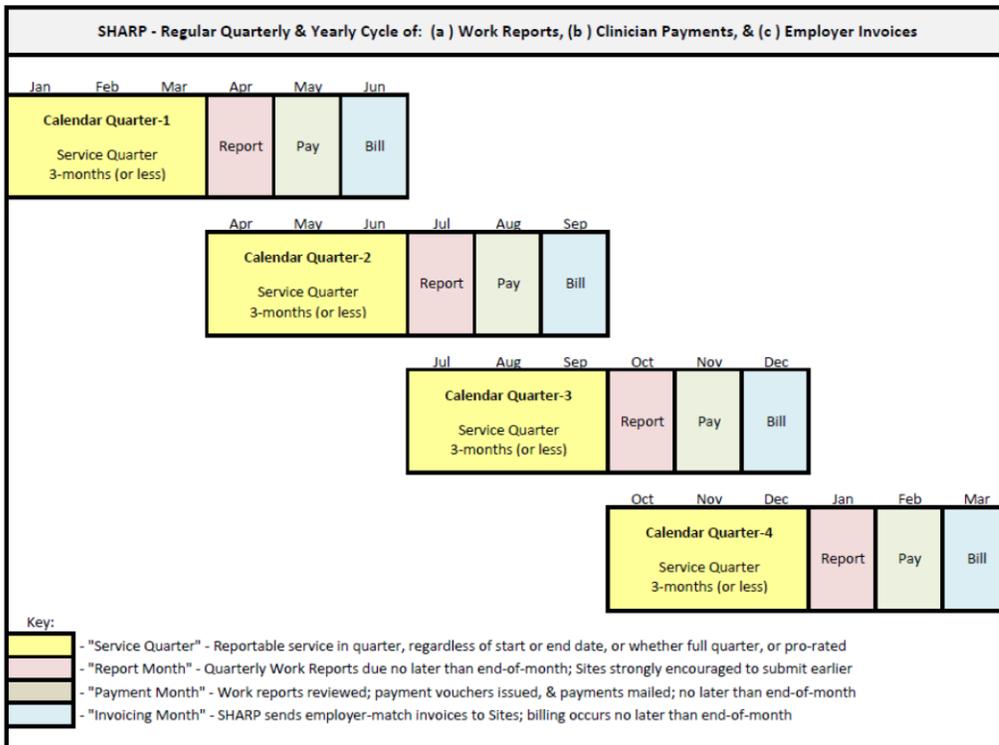
You will need to provide the SHARP-II office with two sets of information for your prioritized lenders we will be paying for a given quarter. Also, you will need to provide us with the payoff amount for the first lender.

For your priority lenders/holders we need the following info:

- 1) Your name:
- 2) Financial institution (lender/holder).
- 3) EIN (that institution's tax number).
- 4) Postal mailing address (of that institution).
- 5) Account number (of yours with that institution).

10. Q. How are the SHARP-II service start and end dates established?

A: Both the start date (or effective date) and the end date are specified in the MOA that is offered to each selected finalist. There are several factors which set the initial effective date, and these include but are not limited to: current licensure, all three parties having signed the MOA, availability and start of eligible clinical employment. There are factors that may delay the start date, and those include but are not limited to: request for delay, e.g. finishing military service or family medical leave, delay in graduation or licensure, or factors internal to DHSS which slow down the process by which the Department agrees to sign the document, including additional questions about clinician's eligibility for the program, or aspects of funding availability, if relevant.



11. Q. How are SHARP-II payments scheduled?

A: All SHARP-II payments are made on a quarterly basis only, and only for service that has already been provided and documented on a required Quarterly Work Report. In SHARP-II there are two possible methods of payment. One is loan repayment by check sent directly to the eligible lender or holder of the education loans. The other (which is more competitive) is direct incentive, and in that case the quarterly payments are sent directly to the participating clinician.

12. Q. Is there a renewal cap/ maximum number of years/ amount of money one individual can receive through SHARP-II?

A: There is an option for a second three-year continuation award for a maximum total period of six years.

13. Q. Do I need to list every university program I attended, even though some are not related to my current health care occupation? Also, do I need to list all the student loans I received?

A: The education debts that are eligible for SHARP-II repayment are those you incurred obtaining the degree that is the basis for your current licensure and occupation. This includes undergraduate preparation on the way to getting your professional degree. They do not include other courses of study that are not related to your occupation, or courses of study that are incomplete, or ongoing and not yet finished.

That being the case you should only list those loans you took out for the degree that qualifies you for the SHARP-II occupation.

14. Q. Can the single SHARP-II payment per quarter be divided into three payments to cover the three months within the quarter? Also, can I divide the payment to pay different loans?

A: SHARP only makes one payment per quarter. If you have been staying current on your payments, once your first full-quarterly payment has posted to your lender/holder's account, you should be paid in advance after that

Also, SHARP-II cannot divide the quarterly payment across several different lender/holders. When one is paid off, then the payment moves to your second priority lender.

