



Wisconsin Dental Association – Public Testimony – Mara Brooks
Legislative Council Study Committee on Higher Educational Financial Aid Programs
October 7, 2010

Good afternoon, Co-Chairs Ballweg and Risser and Members of the Legislative Council Study Committee on Higher Educational Financial Aid Programs. My name is Mara Brooks and as the Wisconsin Dental Association's Director of Government Services, I'm here representing the nearly 85% of all licensed dentists in the state who join the WDA every year. I'm here to provide you with a brief overview of why the WDA has concerns with the effectiveness of the current dentist loan forgiveness programs that are administered by the Wisconsin Office of Rural Health and what changes we would propose the legislature consider if you would like to make these programs more meaningful and effective.

The Wisconsin Dentist Loan Forgiveness Program

The WDA's understanding of the state's current dentist loan forgiveness program allows for \$50,000 in loan repayment over a three-year period which is awarded to a few dentists who meet the following criteria:

- **First Year:** The dentist will receive \$20,000 (or up to 40% of the principal of the loan – whichever is less) as long as the dentist treats a minimum of 50 unduplicated Medicaid/BadgerCare patients and receives \$8,000 in claims paid by Medicaid/BadgerCare. *Note: At a paid-to-billed ratio of 35%, a dentist would have to provide an average of \$22,850 in dental claims in order to be paid \$8,000 in total claims. This means that in order to obtain the \$20,000 in loan repayment, the dentist would have to lose \$14,850 by participating in Medicaid – this results in a net gain of \$5,150 in loan repayment the first year.*
- **Second Year:** The dentist will receive \$20,000 (or up to 40% of the principal of the loan – whichever is less) as long as the dentist treats a minimum of 70 Medicaid/BadgerCare patients and receives \$11,000 in claims paid by Medicaid/BadgerCare. *Note: At the paid-to-billed ratio of 35%, a dentist would have to provide an average of \$31,400 in dental claims in order to be paid \$11,000. This means that in order to obtain the \$20,000 in loan repayment, the dentist would have to lose \$20,400 by participating in Medicaid – this results in a net loss of \$400 in loan repayment for the second year.*
- **Third Year:** \$10,000 (or up to 20% of the principal of the loan – whichever is less) to a qualified dentist who treats a minimum of 90 unduplicated Medicaid/BadgerCare patients and receives \$15,000 in claims paid by Medicaid/BadgerCare. *Note: At the paid-to-billed ratio of 35%, a dentist would have to provide an average of \$42,850 in dental care in order to be paid \$15,000. This means that in order to obtain the final \$10,000 in loan repayment, the dentist would have to lose \$27,850 by participating in Medicaid – this results in a net loss of \$17,850 in the final year of loan repayment for the dentist. The net gain of \$5150 the first year is offset by the net loss of \$400 and \$17850 the second and third years for a grand total net loss of \$13,100 over the course of the three-year loan program.*

This is simply not a financial "incentive" for any dentist who is, on average, responsible for \$250,000 in educational debt from dental school plus any additional business debt he/she will have to absorb in order to establish or buy into an existing dental practice.

The dentist student loan forgiveness program has been operating since 2001. It does not seem to provide much incentive for a new dentist to go and locate in a rural area on his/her own out of dental school. It does seem to help as a recruitment tool for those dentists and dental clinics (like Federally Qualified Health Centers that receive cost-based reimbursement for Medicaid) that are already committed to seeing a high volume of Medicaid patients. The clinics can utilize these funds to attract new dentists to their clinic to practice fresh out of dental school because they can offset their Medicaid losses because unlike private sector dentists, they can obtain cost-based reimbursement for the services they provide to Medicaid patients. The WDA would support removing the Medicaid participation requirement from the current loan forgiveness program and would also offer two alternative ideas for grants and/or loan forgiveness programs that may be more meaningful should the state desire to keep the Medicaid requirement in place.

The Wisconsin Dental Association Proposal for Improved Loan Forgiveness Programs

The WDA Dentist Recruitment Task Force has proposed the following criteria for implementing a better dentist loan forgiveness program in Wisconsin. The loan forgiveness program outlined here could be utilized either to address the shortage of dentists in rural and disadvantaged urban areas or as a way to increase the number of dentists currently taking MA even if they choose not to locate in a designated shortage area. Task force recommendations include:

- (1) A grant program to be awarded to five dental students who apply prior to or during the first part of their first year at a dental school accredited by the Commission on Dental Accreditation (CODA). The program would provide a grant of \$30,000 per year (but not to exceed the annual cost of tuition at the dental school) for each year for a grand total of \$120,000 over a four-year dental program. In exchange for these grant monies, the dental student would sign a guarantee that he/she will practice for a minimum of four years in Wisconsin in either a federally-designated Dental Health Professional Shortage Area (DHPSA) or see a minimum number of 50 new MA patients each year for a minimum of four years.
- (2) Award loan forgiveness to five dental school graduates who are in good standing with their current loan payment history. This program would provide \$20,000 per year for up to a maximum of five years in exchange for a commitment that the dental school graduate either locate in a federally-designated DHPSA or see a minimum of 50 new MA patients each year for up to five years. The dental school graduate and the loan program can review this agreement after a minimum requirement of two years at which time either party can decide not to continue with the remaining three years.

Both programs should have breach of contract penalties. Individuals failing to abide by the contractual agreement would be expected to pay back the entire grant or loan amount plus interest plus \$5,000 penalty per year for every year of service that was not fully completed according to the contractual agreement.

Once fully implemented through a full funding cycle (four years for the grant program and five years for the loan forgiveness program), the annual cost to the state would be \$1.1 million GPR which would be offset by having this replace the current loan forgiveness program and the amount of funds utilized each year for that program.

For more information on any of these items please call Mara Brooks at WDA office in Madison at #250-3442.