

AI/AN Health Partners

November 20, 2019

Dear Senator:

Our organizations, as members of the American Indians/Alaska Native Health Partners, are writing to urge you to co-sponsor S. 2871, the *Indian Health Service Health Professions Tax Fairness Act of 2019*. The bill seeks to amend the tax code to provide health care professionals who receive student loan repayments and scholarships from the Indian Health Service (IHS) the same tax-free status enjoyed by those who receive National Health Service Corps (NHSC) loan repayments. Under the IHS and NHSC programs, health care professionals provide needed care and services to underserved populations.

However, the IHS uses a large portion of its resources to pay the taxes that are assessed on its loan recipients. Currently, the Service is spending 25 percent of its Health Professions' account for taxes. Making the IHS loan repayments and scholarships tax-free would save the agency over \$9.1 million and would fund an additional 190 awards without increasing the Service's annual appropriation.

The loan repayment program has proven to be the IHS's best recruitment and retention tool to ensure an adequate health workforce to serve in remote IHS locations. The IHS currently has over 1,330 vacancies for health care professionals including: physicians, dentists, nurses, pharmacists, physician assistants, dietitians and nurse practitioners. The IHS Health Professions Scholarship Program and the Loan Repayment Program play a significant role in the recruitment and retention of the healthcare professionals needed to fill these vacancies.

In Fiscal Year 2018, a total of 1,325 health care professionals received loan repayment. However, the IHS had 844 requests for loan repayment that could not be fulfilled due to a lack of funding. At the same time, the IHS approved 426 new scholarship applicants but was only able to fund 155 new awards.

This legislation has received bipartisan endorsement by both the Obama and Trump administrations. The Administration's FY 2020 budget recommendation for the Indian Health Service noted that this tax change is similar to the treatment provided to recipients of the National Health Service Corps (NHSC) and Armed Forces Health Professions scholarships:

“Currently, benefits awarded through IHS in the form of loan repayment and scholarships are regarded as federal taxable income to the recipient; however, the same benefits offered under the NHSC are not taxable. This disparate tax treatment of IHS-funded scholarship and loan repayment awards increases the overall tax bracket for the participants and creates a financial disincentive for those otherwise willing to serve American Indian and Alaska Native patients by working in Indian health facilities.”

To sign onto S. 2871, the *Indian Health Service Health Professions Tax Fairness Act of 2019*, please contact Amber Ebarb with Senator Lisa Murkowski's office at amber_ebarb@murkowski.senate.gov or Kim Moxley with Senator Tom Udall's office at Kim_Moxley@indian.senate.gov.

Thank you for considering this request,

Academy of Nutrition and Dietetics
American Academy of Dermatology Association
American Academy of PAs
American Academy of Pediatrics
American Academy of Pediatric Dentistry
American Association of Colleges of Nursing
American Association of Colleges of Osteopathic Medicine
American Association of Colleges of Pharmacy
American Dental Association
American Dental Education Association
American Optometric Association
American Physical Therapy Association
Commissioned Officers Association of the U.S. Public Health Service, Inc. (COA)
National Council for Behavioral Health
National Kidney Foundation