March 11, 2015

The Honorable Orrin G. Hatch
Chairman
Committee on Finance
United States Senate
219 Dirksen Senate Office Building
Washington, D.C. 20510

The Honorable Ron Wyden
Ranking Member
Committee on Finance
United States Senate
219 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Chairman Hatch and Ranking Member Wyden:

Our health professional organizations are writing in support of S.536, Indian Health Service Health Professions Tax Fairness Act of 2015. The bill, introduced by Senators Udall and Murkowski, seeks to amend the tax code to provide health care professionals who receive student loan repayments 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.

Unfortunately, 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 tax free would save the agency $5.71 million, funding an additional 115 awards.

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 the many remote IHS locations. In Fiscal Year 2014, the IHS had 1,296 requests for loan repayment and awarded 379 new contracts and 331 contract extensions. Due to a lack of funds, 586 requests were denied. Changing the tax status of the IHS loans to make them tax free would enable the agency to fill two-thirds or more of the loan repayment requests without increasing the IHS Health Professions’ account.

The President’s FY 2016 budget recommendation for the Indian Health Service supported this approach noting, “The IHS Health Professions Scholarship and IHS Loan Forgiveness Programs are very similar to other programs that receive preferred tax treatment, and should therefore receive similar tax treatment.”

We urge your consideration of S. 536 so as to provide needed parity amongst health professionals who provide much needed care in unserved and underserved communities.

Sincerely,

Academy of General Dentistry (AGD)
American Academy of Pediatric Dentistry (AAPD)
American Academy of Periodontology (AAP)
American Academy of Oral & Maxillofacial Pathology (AAOMP)
American Association of Oral and Maxillofacial Surgeons (AAOMS)
American Association of Women Dentists (AAWD)
American College of Prosthodontists (ACP)
American Dental Association (ADA)
American Society of Dentist Anesthesiologists (ASDA)
Hispanic Dental Association (HDA)
National Dental Association (NDA)

cc: Senator Tom Udall
      Senator Lisa Murkowski