

The HEAL Saga

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Editor's note: Dr. Clum is providing "DC" with an article on the events that transpired in 1991 concerning the Health Education Assistance Loan (HEAL) program. Because of the length and complexity of the HEAL story, we're presenting Dr. Clum's analysis in two parts. Part two will appear in the January 31, 1991 issue.

The HEAL story in 1991 has taken many confusing and complicated turns and twists. It is safe to say you either understand the events fully or there is a good chance you don't understand them at all! The critical elements include the following:

1. The Bush budget recommendation for fiscal year 91-92.
2. The shortfall of funds for fiscal year 90-91.
3. The reauthorization process for fiscal year 91-92.
4. The appropriations process for fiscal year 91-92.
5. The continuing resolution for fiscal year 91-92.
6. The "tiering system" implemented by the Department of Health and Human Services (HHS).
(To be discussed in part 2 of Dr. Clum's article in the Jan. 31, issue).

All of these issues are essential to understanding the status of the HEAL program as we enter 1992 and the second session of the 102nd Congress.

Please take a few minutes to review carefully and thoroughly the points that follow on each of the critical elements that will impact HEAL, and as a result, the chiropractic profession.

The importance of the HEAL program to chiropractic education can't be overlooked and it would be disastrous to fail to appreciate its impact on chiropractic education. It has been estimated that 56 cents of every tuition dollar coming into chiropractic education today is related to the HEAL program. Imagine if you will, that we were talking about any single program that was responsible for over 50% of a given individual practitioner's income; the thought of losing that funding, let alone even a threat to that funding base, could be devastating.

HEAL has been a boon and a bust. It has allowed countless students in a dozen disciplines to pursue a professional education. In our profession, the dependency of our students and consequently our institutions on this funding source has become critical.

The President's Budget Recommendation

The saga of the HEAL program in 1991 began with President Bush's budget for fiscal year 91-92 that was released to Congress on February 4, 1991.

You may recall the recommendations of the Office of Management and Budget (OMB) contained in the Bush proposal called for or stated the following:

- The HEAL program should be abolished.
- The Health Professions Student Loan (HPSL) program should be enhanced.
- Chiropractic and podiatry students should not be included in the HPSL program.
- Chiropractic and podiatry were non-essential services.
- The chiropractic and podiatry professions had not proven themselves worthy of the public trust and consequently should not have their students funded.

The hue and cry from the professions targeted in this language was noteworthy and appropriate. The extension of thinking from educational funding as being non-essential, to funding of related professional services, did not go unnoticed.

Several strategies were implemented by groups within the profession, among them the ACC, ACA, and ICA, as well as many individuals throughout the profession. Attention had been focused, for example, on the default rates. It remains the consensus of those most closely involved that the administration sought to characterize the numbers as unfavorable as possible and without a true apple-to-apples comparison that would have put the numbers in their proper perspective. This was clearly wrong and was met by efforts which could reasonable and prudently be exerted by the professions affected.

Further, the tragedy of the default picture which had been portrayed is that the chiropractic education community had already identified major impediments to improving the loan performance picture but had received, on the other hand, little or no support for needed legislative or regulatory changes that would have supported such improvement.

An example of the kind of reform we sought was in the nine-month grace period between graduation and the start of repayment. A student, for example, could graduate in June, be examined for licensure in November, be licensed in January, and be due to begin payment in another 45 days!

Finally, it should be noted that some of the dialogue has expressed the view that the administration's primary concern was to send a message -- a strong message -- to the professions involved. That end was certainly accomplished but it wasn't a matter of getting our attention: it was a matter of reinforcing what we already knew.

Shortfall for Fiscal Year 1990-1991

The HEAL program was funded for fiscal year 1990-1991 to a level of \$260 Million. (FY 90-91 began on October 1, 1990 and ended on September 30, 1991). Early in the fiscal year it was predicted that all the monies for the program would be expended by June or July. This in fact was the case, with the last loans for 90-91 being funded on or about June 15, 1991.

The effect of this shortfall was troublesome and a matter of considerable inconvenience for students and institutions but it remained a workable situation with reauthorization/reappropriation for FY 91-92 to be completed in September 1991 for implementation on October 1, 1991.

The bottom line on the shortfall was simple and straightforward. Those students who were to begin a new HEAL loan borrowing period in summer 1991 were unable to receive those funds on schedule. Two options were available: the college could carry the student and defer tuition payment until funding was available; or the student could secure funding elsewhere. For the most part what occurred was a combination of the two. The colleges deferred a portion of the tuition required and the students obtained the money to satisfy at least a part of their obligation to the college.

The long-term impact on the program was considerably more troublesome. When the HEAL coffers were filled at the beginning of October 1991, those monies were needed to fund both the period October 1, 1991 to September 30, 1992, and (due to the previous year's shortfall) the July 1, 1991 to September 30, 1992 period. This funding guaranteed another shortfall in Spring or Summer 1992, in effect starting the cycle all over again.

The only light at the end of this tunnel would have to come from a substantially higher authorization and appropriation level by the Congress, when the program was considered for continuation. But while the favorable action of Congress was hoped for, it still remained a serious unknown in the discussion.

1992 HEAL Reauthorization Process

The HEAL program is administered by the Department of Health and Human Services and is reauthorized as needed as a portion of the legislative package referred to as Title VII reauthorization.

The House of Representatives Title VII bill is known as HR 3508 and is a massive piece of legislation of which HEAL is a small but significant portion of the total package.

The House committee responsible for this area of activity is the subcommittee of Health and the Environment (chaired by Congressman Henry Waxman, D-CA). The House, through Mr. Waxman, received testimony from many parties regarding the HEAL reauthorization. The testimony from the chiropractic profession was offered by Dr. Sid Williams on behalf of ICA and the ABCA, Dr. Kurt Hegetschweiler on behalf of the ACA and by myself on behalf of the ACC.

The ACC in particular sought relief on the following issues:

- An extension of the deferment period, or the initial time frame before which repayment on the loans begins.
- Access to funds through the Health Professions Student Loan Program (HPSL).
- Methods of default calculation for HEAL loans and a standardization of default calculating

procedures between HHS and Department of Education's loan programs.

- Increased borrowing power under the Department of Education's programs such as the Guaranteed Student Loan (GSL), and the Supplemental Loan to Assist Students (SLS).

From the ACC's perspective, the most dramatic aspect of the process came in September on the day before the report of the Subcommittee was to come before the Energy and Commerce Committee (chaired by Mr. John Dingell (D-MI)). Late on the afternoon of October 7, 1991 before the report and "mark up," representatives of the ACC obtained a meeting with Chairman Waxman. We were able to voice first-hand our concerns with the legislation as it stood at the moment. Mr. Waxman understood and appreciated our concerns; the next morning during the mark up he offered an amendment which clarified the language we had discussed the previous day. The bill passed out of the committee on October 8, 1991 and was subsequently passed by a voice vote of the full House on November 12, 1991.

The Senate side of the issue has been a little more complicated due to the late date that staff was assigned by the committee which is chaired by Mr. Kennedy (D-MA). The staff was very responsive on the Senate side and was very gracious about a number of issues and concerns. The Senate did not hold hearings on the bill, but before the Thanksgiving weekend and the holiday recess it passed its version of the Title VII reauthorization package.

Although both the Senate and House have passed their versions of the HEAL reauthorization, they have yet to conference on the differences existing between the two bills. The conferees have been appointed as follows:

Edward Kennedy (D-MA)
Howard Metzenbaum (D-OH)
Paul Simon (D-IL)
Orrin Hatch (R-VT)
Nancy Kassebaum (R-KS)
Henry Waxman (D-CA)
William Danemeyer (R-CA)

Upon return to the second session of the 102nd Congress in January, we are hopeful that the differences in the bill can be resolved without losing any of the positive elements contained in the two bills. One very promising aspect of the bills is the funding reauthorization level; the House version calls for a funding level of \$365 million which the Senate sets the limit at \$400 million. Either figure would be a significant improvement over current funding.

Once conferenced, the bill will go back to each chamber and then on to President Bush. It is expected by that point it will be signed as presented.

The Appropriations Process for Fiscal Year 91-92

Assuming the reauthorization legislation regarding HEAL is passed by Congress and signed by the president, the next step becomes the appropriations process based on the levels previously authorized.

The Continuing Resolution (see Continuing Resolution) provided for an appropriation level of \$260 Million. In November, the president was presented with an appropriations package that provided for an additional \$30 Million in HEAL funds. Initially the appropriations bill was vetoed due to

abortion related language involving another aspect of appropriations.

The matter was returned to Congress and in early December was again submitted to President Bush. The objectionable language had been removed and the bill was signed.

As of January 1992, the HEAL program for FY 91-92 has a total appropriation of \$290 Million but a need level in excess of \$350 million. The two pending authorization bills provide funding of \$350 million (House) and \$400 million (Senate). Regardless of what number emerges from conference action on the matter it will still need to be considered by the respective appropriations bodies.

At the present time the difference between \$290 Million and \$350 million is having greatest impact on chiropractic and podiatry students and the least impact on medical and dental students. This situation has been created by the tiering system and the related allocation system implemented by HHS (see tiering system in the upcoming Jan. 31 issue).

The responsiveness of Congress to the appropriation needs of the health disciplines will be very important. The funding needed cannot wait until spring and it is essential that Congress offers relief in two ways; first, to appropriate additional funding and second, to implement changes to eliminate the ability of the administration (HHS) to impose the type of allocation system currently in place.

The Continuing Resolution of October 1991

In 1987 Congress reauthorized the HEAL program to exist and function per its instructions for a period of four years. Theoretically if no action was taken by Congress prior to October 1, 1991, the HEAL program would cease to exist for future activity and HHS would be left to manage the loans previously authorized.

The need to reauthorize the HEAL program was no secret however. The president's FY 91-92 budget addressed the program members of Congress were receiving input from constituents and from the HHS. Congressional committees began public hearings on HEAL reauthorization in May, 1991.

Congress has not had an impressive record of completing reauthorizations such as this in a timely manner, but this year it was hoped it would be different. Whether it is for this reason itself or as a result of such events of 1991 as the Gulf War, or the savings and loan crisis, no one can really say. One thing we know for sure: With the coming of the new year, the HEAL program has still not been reauthorized by Congress.

The HEAL program however continues to exist and to insure loans to a host of professional disciplines. The vehicle that has allowed HEAL to continue to operate past October 1, 1991 is a "Continuing Resolution." The Continuing Resolution provides for the program to continue as previously authorized by Congress and set insurance funding at a level of \$260 million dollars. The resolution also imposed one very important constraint: the HEAL program would not be available to new students or to new (first time) borrowers. This means that HEAL funding was not available to the Fall classes of 1991 or to any other student regardless of matriculation date who wished to borrow from the program for the first time (see shortfall discussion).

The effect of the Continuing Resolution was a mixed blessing. It did make additional funds available to students but it significantly limited those who could borrow.

The first session of the 102nd Congress adjourned without passing legislation to reauthorize the HEAL program so the Continuing Resolution remains in place as the law of the land with respect to

HEAL program as of this date.

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