



Bureau of Health Professions

Health Resources and
Services Administration
Rockville MD 20857

JUN - 8 1992

TO: Lenders and Holders Participating in the Health Education Assistance Loan (HEAL) Program

SUBJECT: Skip-Tracing Required to Locate Delinquent HEAL Borrowers and Documentation Required for Claim Payment When Lenders/ Holders are Unable to Serve Borrowers.
Lender Policy Memorandum 92-8

The purpose of this memorandum is to clarify section 60.35(a)(2) of the HEAL regulations by describing in detail how lenders and holders of HEAL loans must conduct and document skip-tracing activities and failure to serve HEAL borrowers for litigation.

SKIPTRACING

The Department considers it mandatory for lenders and holders to utilize all skip-tracing activities stated in the HEAL regulations. The Department believes that skip-tracing activities should be pursued to the extent of one inquiry or contact with each source, unless information is obtained from any source that indicates that a subsequent inquiry or contact should be made with a previously contacted source. These activities include:

- contacting any other individual named on the borrower's HEAL application or promissory note,
- using such sources as telephone directories, city directories and postmasters,
- using driver's license records in state and local government agencies for the last known address of the borrower.
- using records of members of professional associations,
- using consumer credit reporting agencies and skip locator services, and
- using records at any school attended by the borrower.

We feel that a further clarification of two of these activities is necessary.

DRIVER'S LICENSE RECORDS

The lender/holder must contact the State Motor Vehicle Administration of the state where the borrower last resided. It is our understanding that many states require a driver's license number for obtaining an address. If this is the situation in a particular state, please indicate that in the documentation attached to your claims submission. A possible source of borrowers driver's license numbers is the exit interview personal data sheet, which all schools are required by regulation to send to the appropriate holder of the promissory note(s). Remember, that in states where a driver's license number is not required for obtaining an address, an attempt must be documented even though a current address may not always be obtainable.

RECORDS OF PROFESSIONAL ASSOCIATIONS

To ensure cooperation from the professional associations, we have contacted the American Medical Association (AMA) and the American Chiropractic Association (ACA) to reestablish lender/holder access to membership data. Both associations have agreed to assist in providing current addresses on delinquent HEAL borrowers.

The AMA requests that the attached Form DR 505A be completed and returned to:

American Medical Association
Department of Physician Data
Services 515 North State Street
Chicago, Illinois 60610

Please note in your cover letter that your organization is a HEAL lender or holder and that the physicians listed have HEAL loans.

The ACA would like a letter with the borrower's name, Social Security number, last known address, school attended, date of graduation and any information on state licensure. All letters should be addressed to:

American Chiropractic
Association 1701 Clarendon Blvd.
Arlington, Virginia 22209

Both associations have requested that their services be used as a last resort and only after all other avenues of skip-tracing have been exhausted. As more associations and organizations agree to assist HEAL lenders and servicers in locating borrowers, the Department will notify all with appropriate instructions and a contact person.

UNABLE TO SERVE A BORROWER WITH A VALID ADDRESS

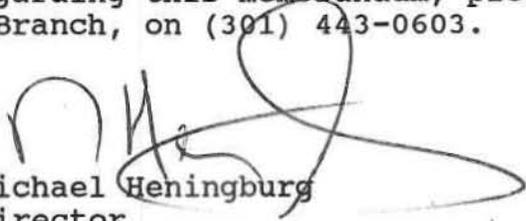
When a post office box is listed as a borrower's only address, and lenders/holders are, as a result, unable to serve a borrower with the appropriate court documents required to initiate the litigation process, lenders/holders must attempt and document skip-tracing activities which include all methods herein described where applicable. These efforts are in addition to any other skip-tracing procedures that a lender/holder may normally practice.

When lenders/holders submit a claim for payment because they were unable to serve a borrower who had a valid address, documentation containing three attempts stating the time, place and date must be included for accounts with outstanding balances of \$10,000 or more. For accounts below \$10,000, only one attempt to serve process is required. In jurisdictions where service of process is conducted by officers of the court (public service) less than three attempts are acceptable as long as they are adequately documented.

The required skip-tracing activities must be initiated within 30 days from the date of this memorandum. The unable to serve provision will be effective for loans entering default 90 days from the date of this memorandum.

Failure to use and document all of these methods when it is necessary to litigate and thus serve the borrower with court papers will be considered insufficient skip-tracing and inadequate justification for being unable to serve a borrower. Consequently, the claim will be returned until these methods are attempted and documented. Interest will be payable for a period not to exceed 30 days from the date the claim is returned and eventually resubmitted for payment. Documentation for both activities must consist of a written record of the action taken and its date.

If you have any questions regarding this memorandum, please contact John Haczewski, of the HEAL Branch, on (301) 443-0603.


Michael Henningburg
Director
Division of Student Assistance

Enclosure

**Request for Physician Profile Data
From the AMA Physician Masterfile**

DEPARTMENT OF PHYSICIAN
DATA SERVICES

American Medical Association
515 N. State St.
Chicago, Illinois 60610

This form is provided for your convenience in making routine inquiries regarding physicians seeking medical licensure in your state, hospital staff privileges, faculty positions, medical society membership, etc. To assure proper identification of

the physicians, please complete as much of this form as possible and mail to the AMA Department of Physician Data Services. Physician Profile Data will be prepared on the physicians named below and forwarded to your organization.

Please complete the return address label below.

Requesting Organization
Individual or Department
Local Address
City, State, and Zip

Full Name of MD/DO _____
 Professional Mailing Address _____
 Place of Birth _____ Date of Birth _____
 Medical School of Graduation _____ Year _____ ECFMG No. _____
 DO: License # _____ State of License _____ Year License Received _____

Full Name of MD/DO _____
 Professional Mailing Address _____
 Place of Birth _____ Date of Birth _____
 Medical School of Graduation _____ Year _____ ECFMG No. _____
 DO: License # _____ State of License _____ Year License Received _____

Full Name of MD/DO _____
 Professional Mailing Address _____
 Place of Birth _____ Date of Birth _____
 Medical School of Graduation _____ Year _____ ECFMG No. _____
 DO: License # _____ State of License _____ Year License Received _____

Important Please Provide Number of Physicians on This Request _____ Date of This Request _____

Purpose for which Profiles are being requested _____

 Name of Requesting Organization City State

It is mutually agreed between the American Medical Association ("AMA") and the undersigned Requesting Organization that the Physician Profiles are provided to the Requesting Organization on the above named physicians with the understanding that: (1) the information on the Profile will be treated with total confidentiality; (2) that such information is granted solely to the Requesting Organization and is granted as a non-exclusive limited license, consistent with and limited to the specific purposes set forth above; (3) that no Profile information will be released, copied, extracted or otherwise usurped for the use by any other party, entity, organization or government agency; and (4) that upon a breach of any of the foregoing covenants or upon the effective date of any statute, regulation or court decision mandating any disclosure whatsoever of such Profile information by the Requesting

Organization, such license to use and possess the Profile shall be automatically and immediately terminated and the Profile and any information or data contained thereon or, in any way, derived therefrom shall be returned to AMA immediately, but, in no event, later than 48 hours after such automatic termination.

AMA endeavors to maintain its physicians' records with information that is complete, current, and timely; however, because of possible reporting and processing delays, no representations or warranties as to the accuracy or completeness can be or is made. In consideration of the receipt of each physician record provided by AMA, the Requesting Organization hereby releases AMA, its agents and servants from any and all liability whatsoever for inaccurate or incomplete information in each such physician record.

Inquiry submitted and terms of data release agreed to by: _____

Signature

Title