



DEPARTMENT OF HEALTH & HUMAN SERVICES

Public Health Service

Bureau of Health Professions

Health Resources and
Services Administration
Rockville MD 20857

OCT 13 1995

To: Schools and Lenders/Holders Participating in the Health Education Assistance Loan (HEAL) Program

Subject: Fiscal Year 1996 HEAL Legislative Authority, Appropriations, and Operations. School Policy Memorandum S-96-1 and Lender Policy Memorandum L-96-1

Consistent with the expiration of Health Education Assistance Loan (HEAL) legislative authority and current budget levels, effective October 1, 1995, HEAL loans can no longer be made to first-time borrowers. We emphasize that this limitation applies only to students who have never received a HEAL disbursement prior to October 1, 1995, and that students who had HEAL loans with any disbursement prior to October 1, 1995 remain eligible this year. There are currently more than 130,000 HEAL borrowers with over \$3.7 billion outstanding. In addition to guaranteeing loans to continuing borrowers, we will continue to perform all functions related to the management and administration of the HEAL portfolio, with the exception of guaranteeing loans to first-time borrowers.

The HEAL legislation expired September 30, 1995. The Senate reauthorization committee has reported a bill (S. 555) which includes HEAL. The House, as of this date, has not considered Title VII reauthorization, but the House appropriations committee report states the committee's intention that the program be phased out. We will inform you when further legislative action occurs.

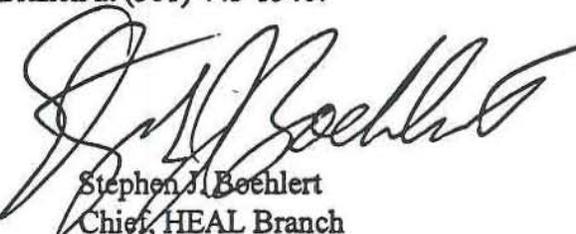
Although a final appropriation bill has not been passed by Congress for fiscal year (FY) 1996, consistent with HEAL program phase-out, the appropriation committees in both the House and Senate provided a \$210 million insurance authority ceiling for FY 1996, which began October 1, 1995. This \$210 million level is currently in effect under a continuing resolution through November 13, 1995. This amount of insurance authority should be sufficient to meet the needs of continuing HEAL borrowers (borrowers who received a first disbursement prior to October 1, 1995) during the first year of HEAL program phase-out. We will keep you apprised of the availability of insurance authority during the remainder of FY 1996. In the event it appears that available insurance authority may run out, you will be promptly notified.

We have attached a table of the private loan programs we are aware of, to assist you in locating alternative non-Federally supported financial aid programs, especially for your borrowers who are not eligible for HEAL support. The Department does not endorse any particular program, but invites you to contact a number of programs to determine which program best fits the needs of your institution and the needs of your students.

For continuing borrowers, there are 10 lenders that received a HEAL insurance authority allocation for the period October 1, 1995 through June 30, 1996, although lenders cannot make loans after the expiration of the current continuing resolution (November 13, 1995) until Congress and the President agree to extend the continuing resolution or pass and sign an appropriations bill. Attached is a listing of lender rates and the discipline and geographic restrictions of each lender. Any lender wishing to participate after June 30, 1996 must bid for an allocation in January 1996. Lenders that bid successfully will be given an insurance authority allocation for the period July 1, 1996 through June 30, 1997. This will synchronize the academic year of most institutions with the annual HEAL lender contract cycle to facilitate the financial aid process and to reduce the likelihood that a student will have to change to a different lender if a lender fails to receive an allocation the following year. We felt that instituting this change would benefit the community of lenders, schools, and borrowers even during this period of program phase-out.

While there will be no new borrowers, the HEAL program continues to aggressively pursue other important initiatives. For example, we will be conducting a second mass mailing of HEAL Refinancing material to more than 70,000 borrowers who remain eligible for HEAL-to-HEAL loan consolidation. Over 12,000 borrowers have already refinanced more than \$750 million! The attached refinancing lender rate chart reveals that interest rates are lower than ever! Borrowers and taxpayers have the potential of saving millions of dollars in the aggregate if borrowers refinance at these significantly lower rates.

Thank you for your understanding during these unsettled times. Should you have any questions or concerns, please contact the HEAL Branch at (301) 443-1540.



Stephen J. Boehlert
Chief, HEAL Branch
Division of Student Assistance

Attachments

**HEALTH EDUCATION ASSISTANCE LOAN
FY 1996 GUARANTEE AUTHORITY BY LENDER**

<u>LENDER</u>	<u>PRIORITY LENDING DISCIPLINE</u>	<u>GEOGRAPHIC REGION</u>	<u>INTEREST RATES AND COMPOUNDING</u>
Bank One, Indianapolis, N. A. c/o SLMA Loan Servicing Center 5100 W. Lemon Street, Suite 250 Tampa, FL 33609 Phone: Bank One 1-800-288-6150	Allopathy Osteopathy Dentistry Podiatry Chiropractic Veterinary Public Health Clinical Psych Health Admin Optometry Pharmacy	All	In School = 1.95% + T-Bill Compounding - None In Deferment = 1.95% + T-Bill Compounding - None In Grace = 1.95% + T-Bill Compounding - At End In Repayment = 1.95% + T-Bill
Chase Manhattan Bank, N.A. c/o Education Finance Ctr., Inc. 5100 Lemon Street, Suite 200 Tampa, FL 33609 Phone: 1-800-228-7605	Allopathy Osteopathy Dentistry Podiatry Chiropractic Veterinary Public Health Clinical Psych Health Admin Optometry Pharmacy	All	In School = 1.85% + T-Bill Compounding - None In Deferment = 1.85% + T-Bill Compounding - None In Grace = 1.85% + T-Bill Compounding - At End In Repayment = 1.85% + T-Bill
Household Bank, f.s.b. c/o PHEAA Loan Servicing Center P.O. Box 8176 Harrisburg, PA 17105-8176 Phone: 1-800-233-0542	Dentistry Podiatry Optometry Pharmacy Veterinary Clinical Psych	All	In School = 1.98% + T-Bill Compounding - None In Deferment = 1.98% + T-Bill Compounding - None In Grace + 1.98% + T-Bill Compounding - At End In Repayment = 1.98% + T-Bill
Kirksville College of Ost. Med. 800 West Jefferson Street Kirksville, MO 63501 Phone: 1-800-626-5266 x2028 1-800-428-3376 x2028	Osteopathy	All students attending osteopathic schools	In School = 1.90% + T-Bill Compounding - None In Deferment = 1.90% + T-Bill Compounding - None In Grace = 1.90% + T-Bill Compounding - At End In Repayment = 1.90% + T-Bill

**THE HEALTH EDUCATION ASSISTANCE LOAN
(HEAL) PROGRAM**

**WILL NO LONGER ACCEPT
NEW BORROWERS.**

**ALTERNATIVE NON-FEDERAL
SOURCES OF FUNDS
LISTED ON BACK**



Private Loan Programs Available to Health Professions Students

NAME OF PROGRAM	TELEPHONE NUMBER	Eligible Disciplines								
		Allopathic Medicine	Osteopathic Medicine	Dentistry	Podiatric Medicine	Chiropractic	Optometry	Pharmacy	Veterinary Medicine	Graduate Students
Chiroloans	(800) 252-2041					X				
CitiGraduate GradAssist Loan	(800) 967-8677									X
CitiMedical Medical Assist Loan	(800) 967-8677	X	X							
Alternative Dental Education Assis.Loan (DEAL)	(800) 225-6783			X						
Doc-Op	(800) 252-2041		X							
Nellie-Mae, Inc.(GRADEXCEL)	(800) 634-9308									X
MedAchiever	(800) 225-6783	X	X							
MedCAP Alternative Loan (MAL)	(800) 633-2270	X	X		X					
MEDFUNDS	(800) 665-1016	X	X	X	X		X	X	X	
Medical Access Loan	(800) 282-1550	X	X	X	X	X	X	X	X	
MEDLOAN Alternative Loan (ALP)	(800) 233-7575	X								
MedOne Source	(800) 955-0005	X	X	X	X	X	X	X	X	
Op-COP	(800) 252-2041						X			
Professional Education Plan (PEP)-Baybank	(800) 332-8374									X
PEP-Bank of Boston; Household	(800) 255-8374									X
V-COP	(800) 252-2041								X	

NOTE: THIS DOCUMENT IS NEITHER AN ENDORSEMENT OF ANY PROGRAM NOR A COMPLETE SOURCE OF AVAILABLE PROGRAMS. PLEASE VERIFY ACCURACY WITH PROGRAM OFFICIALS.

<u>LENDER</u>	<u>PRIORITY LENDING DISCIPLINE</u>	<u>GEOGRAPHIC REGION</u>	<u>INTEREST RATES AND COMPOUNDING</u>
Mellon Bank c/o PHEAA Loan Servicing Center P.O. Box 8176 Harrisburg, PA 17105-8176 Phone: 1-800-421-4817	Allopathy Osteopathy Dentistry Podiatry Chiropractic Veterinary Public Health Clinical Psych Health Admin Optometry Pharmacy	All	In School = 2.70% + T-Bill Compounding - None In Deferment = 1.70% + T-Bill Compounding - None In Grace = 1.70% + T-Bill Compounding - At End In Repayment = 1.70% + T-Bill
Ohio College of Podiatric Med. MEDFUNDS 10515 Carnegie Avenue Cleveland, OH 44106 Phone: 1-800-665-1016	Allopathy Osteopathy Dentistry Podiatry Optometry Veterinary Pharmacy Health Admin	All	In School = 1.75% + T-Bill Compounding - None In Deferment = 1.75% + T-Bill Compounding - None In Grace = 1.75% + T-Bill Compounding - At End In Repayment = 1.85% + T-Bill
Pennsylvania Higher Education Assistance Agency P.O. Box 8176 Harrisburg, PA 17105-8176 Phone: 1-800-360-6941	Allopathy Osteopathy Dentistry Podiatry Optometry Pharmacy Veterinary Public Health Clinical Psych Health Admin	PA residents attending any school in country and all students attending PA schools	In School = 1.95% + T-Bill Compounding - None In Deferment = 1.95% + T-Bill Compounding - None In Grace = 1.95% + T-Bill Compounding - At End In Repayment = 1.95% + T-Bill
Rhode Island Higher Education Authority 560 Jefferson Blvd. Warwick, RI 02886 Phone: 1-800-922-9855 (401) 736-1100	Osteopathy Dentistry Optometry Veterinary	Rhode Island residents only	In School = 0% + T-Bill Compounding - None (subsidized interest) In Deferment = 3.00% + T-Bill Compounding - None (subsidized interest for first year, borrower pays 0% interest for the first year) In Grace = 3.00% + T-Bill Compounding - At End In Repayment = 3.00% + T-Bill

<u>LENDER</u>	<u>PRIORITY LENDING DISCIPLINE</u>	<u>GEOGRAPHIC REGION</u>	<u>INTEREST RATES AND COMPOUNDING</u>
<p>Star Bank, N.A.(trustee for Brazos Student Finance Corp.) c/o Education Funding Services 13100 Worldgate Drive, Suite 130 Herndon, VA 22070</p> <p>Phone: 1-800-252-2041 (EFS) 1-800-722-8189 (PHEAA)</p>	<p>Allopathy Osteopathy Dentistry Optometry Pharmacy Veterinary</p>	<p>All</p>	<p>In School = 1.59% + T-Bill Compounding - Biennial In Deferment = 1.59% + Tbill Compounding - Biennial In Grace = 1.59% + T-Bill Compounding - At End In Repayment = 1.59% + T-Bill</p>
<p>Vermont Student Assistance Corporation Champlain Mill P.O. Box 2000 Winooski, VT 05404-2601</p> <p>Phone: (802) 654-3741</p>	<p>Allopathy</p>	<p>Univ. of Vermont only</p>	<p>In School = 1.75% + T-Bill Compounding - None In Deferment = 1.75% + T-Bill Compounding - None In Grace = 1.75% + T-Bill Compounding - At End In Repayment = 1.75% + T-Bill</p>

HEAL REFINANCING

Lender	Address/Phone Number	Interest Rates Capitalization/Rounding
Crestar Bank	Crestar HEAL Refinancing P.O. Box 8176 Harrisburg, PA 17105-8176 1-800-774-7983	T-Bill + 1.99% over-the-life of the loan Capitalized at repayment
Household Bank, f.s.b.	Household Bank, f.s.b - PHEAA P.O. Box 8176 Harrisburg, PA 17105-8176 1-800-233-0542	T-Bill + 1.80% over-the-life of the loan for loan over \$40,000.00 T-Bill + 2.05% over-the-life of the loan for loan up to \$40,000.00 Both rates capitalized at repayment
Jowa Student Loan Liquidity Corporation	HEALhelp P.O. Box 9285 Des Moines, IA 50309-9285 1-800-243-7552	T-Bill + 2.1% over-the-life of the loan Capitalized at repayment Does not round up*
Mellon Bank, N.A.	HEALTHy Alliance - PHEAA P.O. Box 8176 Harrisburg, PA 17105-8176 1-800-421-4817	T-Bill + 2.1% over-the-life of the loan for loan over \$25,000.00 T-Bill + 2.7% over-the-life of the loan for loan up to \$25,000.00 Both rates capitalized annually
Missouri Higher Education Loan Authority (MoHELA)	Big Payoff - PHEAA P.O. Box 8176* Harrisburg, PA 17105-8176 1-800-666-4352	T-Bill + 1.85% over-the-life of the loan Capitalized at repayment
Pennsylvania Higher Education Assistance Agency (PHEAA) Note: Available only to current or previous PHEAA HEAL borrowers	Remedi - PHEAA P.O. Box 8176 Harrisburg, PA 17105-8176 1-800-343-1809	T-Bill + 2.0% for years 1 through 12; may rise to T-Bill + 2.5% for years 13 through 25 Capitalized at repayment
PNC Bank, N.A.	PNC - PHEAA P.O. Box 8176 Harrisburg, PA 17105-8176 1-800-756-5430	T-Bill + 2.1% over-the-life of the loan Capitalized at repayment
Signet Bank	Signet Bank Educational Funding Services P.O. Box 1573 Baltimore, MD 21203-1573	T-Bill + 2.15% over-the-life of the loan Capitalized annually
Star Bank, N.A. (trustee for Brazos Student Finance Corporation)	Debt Minder - PHEAA P.O. Box 8176 Harrisburg, PA 17106-8176 1-800-722-8189	T-Bill + 2.12% over-the-life of the loan Capitalized annually Does not round up*
Student Loan Marketing Association (Sallie Mae)	HEAL Relief Account P.O. Box 1304 Merrifield, VA 22116-1304 1-800-643-0040	T-Bill + 3.0% over-the-life of the loan Capitalized annually Note: Interest rate reducing programs are being offered

*According to the HEAL statute, interest rates are rounded to the next higher 1/8 of one percent. Not rounding may save the borrower as much as 1/8 of one percent interest depending on the 91-day T-Bill average for the quarter.

This information is current as of October 1995 and is subject to change without notice.