



**CALIFORNIA
MEDICAL
ASSOCIATION**



Public Service Loan Forgiveness

What California and Texas Physicians and Hospitals Need to Know

April, 2024



IMPORTANT! PLEASE CHECK THIS GUIDE FOR PERIODIC UPDATES. CMA will be updating the guide regularly to clarify issues as we get more information from the Department of Education and to answer questions that we receive from physicians, foundations, clinics, and hospitals. The most up-to-date version of this guide will always be posted at cmadocs.org/pslf.

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Overview

The U.S. Department of Education released the final rule on the national overhaul of the broken Public Service Loan Forgiveness Program (PSLF) in the fall of 2022. Included in the rule is the specific fix sought by the California Medical Association (CMA), the Texas Medical Association (TMA), the California Hospital Association (CHA), and the Texas Hospital Association (THA), that allows more California and Texas physicians to participate in the program, despite our state prohibitions on physician employment by private non-profit hospitals and other health care employers. This is a major win for California and Texas physicians, hospitals, and patients. It ensures California and Texas can compete equally with all other 48 states for a physician workforce, which will ultimately protect patient access to medical care in our states.

The PSLF program was intended to provide loan forgiveness to individuals who commit to community service for 10 years by working full time (an average 30 hours/week) in certain non-profit organizations, including hospitals/clinics and other health care organizations. Unfortunately, the program's implementing regulations originally issued in 2008 were narrowed to require physicians to be "directly employed" by the non-profit organizations. As a result, many physicians in our nation's two largest states were inadvertently excluded because, while they may be working full time in private non-profit hospitals, California 1206(l) foundations, clinics, or other entities and able to meet all PSLF eligibility requirements, state laws in California and Texas prohibit these entities from employing physicians. Thus, physicians providing care in these entities could not satisfy the requirements of the original PSLF regulations.

"With the average medical education loan debt at more than \$200,000, far too many students simply cannot afford to become physicians without loan forgiveness. The rule will allow low-income, minority students to pursue careers in medicine and help our neediest, most marginalized patients in underserved communities," said CMA President Donaldo Hernandez, M.D. "The situation is worse in California and Texas as we are projected to have the two largest physician shortages over the next decade. Because of the rule, access to care for our most vulnerable patients served by physicians and non-profit community hospitals, children's hospitals, and rural hospitals will be protected. As physicians and hospitals, we will be able to fully care for the patients who need us most."

The final rule took effect July 1, 2023. Because of the strong advocacy of CMA, CHA, TMA and THA, physicians in California and Texas will have equal access to this important loan forgiveness program. We appreciate the U.S. Department of Education and their willingness to address this important issue.

Loan Eligibility: IMPORTANT APRIL 30, 2024, DEADLINE

Updated 4/3/24.

Only Direct Loan Program loans that are not in default are eligible for PSLF.

If a physician has qualifying loans, the physician does not need to consolidate their loans for PSLF. If a physician does not have the correct qualifying loans, they need to consolidate their loans by April 30, 2024, to be eligible for PSLF. There are also special one-time account adjustment rules. For more information, see the [Direct Loans and Loan Consolidation](#) section below.

“Retroactive” Eligibility

Updated 4/3/24

It is important to note that some qualifying payments made on loans going back to the beginning of the PSLF program after October 1, 2007, will qualify for the new PSLF program, including loan payments made by California and Texas physicians who were previously not eligible under the old rules. However, some loan payments may not qualify depending on the types of loans you have. However, if you made eligible payments on a direct loan and then consolidated it into a Direct Consolidation loan, the eligible payments you made on the original Direct Loan(s) will be added as eligible payments to the new Direct Consolidation Loan based on a weighted average of the loans that were consolidated. **Because of the special one-time account adjustment being allowed by the Department, borrowers who have commercially or federally held FFEL loans and who consolidate those loans into Direct Consolidation Loans before April 30, 2024 will also get PSLF credit under the account adjustment.** [Studentaid.gov/idradjustment](https://studentaid.gov/idradjustment); See the [Direct Loan Section](#) below.

New PSLF Application Form

In May 2023, the U.S. Department of Education published a new application form and definitions under special emergency regulations that automatically go into effect on July 1, 2023. Public comments were due July 11, 2023. The Department may make additional improvements to the application form once they have reviewed the public comments but for now, the current application form should be used. ([Click here](#) to see CMA’s proposed changes to the application form.)

It is important to closely read the new [application form](#) (which can be found on the department’s website) and all of the new definitions contained therein.

To help you navigate the [new application form](#) and its new definitions, please review the [CMA FAQs](#) below which have been approved by the Dept. of Education.

CMA Physician Attestation Template for Employer Certification

Updated 10/02/23

On September 15, 2023, CMA released a new [physician attestation form](#) that is intended to provide reliable and accurate written information regarding the dates and hours a physician provided services for a nonprofit facility, clinic or other organization to enable the “authorized official” of the “qualifying employer” to complete and sign Section 5A of the PSLF Application. It allows the physician to take sole responsibility and accountability for the dates and hours worked in the non-profit entity to help facilitate qualifying employer certification on the application form.

It is important to note that the Department is not asking for documentation from borrowers or employers, as to the dates and number of hours of service. The Department is only requiring an attestation on the application form signed by both borrowers and “qualifying employers.”

California and Texas Physician Eligibility Summary

Updated 10/2/23

It is important to understand that for purposes of the PSLF program, the department has developed special definitions of an “employee” and a “qualifying employer” that are specifically intended to provide exceptions for California and Texas physicians who are prohibited by state law from being directly employed by private hospitals, 1206(l) foundations, clinics, and other nonprofit health care organizations.

For purposes of PSLF, in California and Texas where certain nonprofit private hospitals and other health care organizations cannot directly employ physicians due to the Corporate Bar law, physicians can satisfy the “employ or employed by” requirement under the department’s new regulation under two possible scenarios:

- + The physicians’ for-profit sole proprietorship, partnership, professional medical group or professional corporation has a written contract or written agreement to provide medical care in the non-profit hospital, clinic, California 1206(l) foundation, or organization (e.g., an exclusive contract to staff a service line or clinical department),
- + Or (2) the physician individually has hospital medical staff privileges or other equivalent legal authorization to provide medical care at the nonprofit hospital, clinic, foundation, or organization.

Under the Department’s regulation, physicians in the first category are referred to as “contracted organizations” and physicians in the second category are recognized as “providing services at the qualifying employer that cannot be provided by a direct employee.” See the “contracted organization” definition on the [application form](#), in the [departments FAQs](#), and most important, see the [CMA FAQs below to understand how a physician qualifies as a “contracted organization.”](#)

For purposes of the new PSLF exception, nonprofit hospitals, nonprofit 1206(l) foundations, and other nonprofit facilities and clinics that are barred by state law from directly employing physicians are considered “qualifying employers” of physician borrowers who provide services in those facilities even though physicians are not directly employed by that nonprofit facility or clinic. **Physicians should list these entities as the qualifying employer on the application form, not the physician’s actual employer (sole proprietorship, partnership or professional medical group corporation).** Such nonprofit hospitals, 1206(l) foundations, and other non-profits barred from employing physicians may certify as qualifying employers of such physician borrowers for purposes of PSLF. **See the Department’s additional definitions and qualifications for qualifying nonprofit employers on the application form and in the FAQs.**

Please be advised that in both California and Texas, certain nonprofit, public institutions, such as county hospitals, are allowed to directly employ physicians and these employed physicians have been eligible for the PSLF program since its inception in 2007. The new PSLF rules are not meant to modify eligibility for these physicians. As before, if the public entity that is allowed to employ physicians under CA and TX state law chooses not to directly employ physicians, those physicians do not qualify for the original PSLF program or the new PSLF program. See the CMA FAQs that address this issue in more detail.

The Department of Education specifically clarified these issues in the following [Department FAQs](#):

Updated 10/2/23

+ **DEPARTMENT FAQ #3: What determines whether I am considered to be a direct employee of a qualifying employer?**

Generally, the Internal Revenue Service (IRS) Form W-2 (Wage and Tax Statement) that you receive at the end of each tax year, identifies the employer you are a direct employee of. The Federal Employer Identification Number (FEIN or EIN) that is included in box b of the W-2 is what you will use to see if your employer is a qualifying employer in the PSLF Employer Search. Note: a 1099 is not the same as a W-2 and would indicate that you are receiving “non-employee compensation” which is generally an employee status that is not eligible for PSLF.

However, some employers will contract with a third-party organization called a Professional Employer Organization (PEO) to perform specific payroll and benefit functions as your co-employer. If your employer uses a PEO, it is the PEO's EIN that will appear on your W-2 but, for PSLF purposes, you are considered a direct employee of your non-PEO co-employer so you will need to use the EIN of your non-PEO employer to search our database and have the non-PEO employer certify your employment.

(FOR CALIFORNIA AND TEXAS PHYSICIANS – CMA EMPHASIS ADDED) *On the other hand, if the employer that provides you with a W-2 is not a PEO, but rather a contracted organization, you would be a direct employee of that employer and it would be the EIN on your W-2 you would use in the PSLF Employer Search, even if you are performing your job for a different organization. See following Q&A on an exception relating to contract employment.*

CMA clarification: CA and TX physician borrowers should list the EIN of the nonprofit entity (hospital, clinic, 1206(l) foundation, or other facility) in which you are providing services, not the EIN of your direct employer (sole-proprietorship, partnership, medical group or professional corporation).

+ **DEPARTMENT FAQ #4: I'm employed full time by a company that is doing work for a qualifying employer under a contract. However, the company that I work for is not a qualifying PSLF employer. Does this employment qualify for PSLF?**

Generally, no. You must be a direct employee of a qualifying employer for your employment to qualify. This means that employees of contracted organizations, that are not themselves a qualifying employer, won't qualify for PSLF including government contractors and for-profit organizations.

(FOR CALIFORNIA AND TEXAS PHYSICIANS – CMA EMPHASIS ADDED) *However, an exception exists if you work in a state that has laws that prevent an otherwise qualifying employer from hiring employees directly to fill positions or provide services. This is most common in states that have laws preventing health care facilities from hiring employees directly, so they contract with physicians' groups to provide services. If this is the case, the contracted employee should report the EIN of the qualifying employer on*

their PSLF form (not their direct employer whose EIN appears on their W-2 or 1099) and have an authorized official of the qualifying employer certify their employment as an employee filling a position or providing a service that cannot be filled or performed by a direct employee due to state law.

A “contracted employee” can include an individual practicing as a sole proprietorship or as a partner, owner, or employee of a partnership, group, or professional corporation. The contracted organization may be a for-profit entity and employees may receive an IRS W-2, a 1099, and other tax forms from the contracted organization, depending on how it is organized.

The qualifying employer can sign the certification if either of the following is true:

- The borrower is or was employed under a contract or by a contracted organization in a position that, under applicable state law, cannot be filled by a direct employee of the organization, or
 - The borrower is or was providing services that, under applicable state law, cannot be provided by a direct employee of the organization.
- + **DEPARTMENT FAQ #5: I’ve heard that my employment now qualifies because I work under a contract or for an organization contracted with a qualifying employer because my state does not allow them by law to directly hire employees performing the services I do, does my employment before this change count also? (QUESTION DIRECTED TO CALIFORNIA AND TEXAS PHYSICIANS)**

Yes. If you submit a PSLF form certified by a qualifying employer now that your employment qualifies, it will be reviewed under the new rules regardless of the dates that are being certified on the form. This means that past employment certified by an authorized official of a qualifying employer today will count toward your PSLF eligibility.

Remember: in this situation you would use the EIN of the qualifying employer (not the EIN that appears on your W-2 or 1099) and have an authorizing official from the qualifying employer certify your employment under this condition.

Department of Education Resources and Information

Updated 10/2/23

Please click on the links below:

- + Primary PSLF Landing Page: [StudentAid.gov/publicservice](https://studentaid.gov/publicservice)
- + PSLF FAQs: [StudentAid.gov/manage-loans/forgiveness-cancellation/public-service/questions](https://studentaid.gov/manage-loans/forgiveness-cancellation/public-service/questions)
- + PSLF Help Tool: [StudentAid.gov/pslf](https://studentaid.gov/pslf)
[PSLF Application Form Help Tool](#)

All borrowers who are interested in participating in the PSLF Program should use the [PSLF Help Tool](#). After using this tool and submitting the Public Service Loan Forgiveness (PSLF) & Temporary Expanded PSLF (TEPSLF) Certification & Application (PSLF form), the Department recommends that you submit an application annually – especially if you switch jobs - to ensure you are staying on track. Once 120 qualifying payments have been made, use this tool again to apply for forgiveness. Using the [PSLF Help Tool](#), borrowers can verify employer eligibility and generate the necessary form that needs to be completed.

- + PSLF Employer Page: [StudentAid.gov/pslfemployer](https://studentaid.gov/pslfemployer)

[PSLF Form: Employer Tips](#)

This link provides helpful tips for nonprofit hospitals, foundations, clinics and other health care organizations that want to participate in PSLF as eligible “qualifying employers.” Please be sure to review the section on “Contract Employees.” **For a list of eligible employers, use the [PSLF Help Tool](#).** The CMA FAQs below list the specific Department FAQs regarding Eligible Employers.

- + NEW PAGE! PSLF Qualifying Services: [StudentAid.gov/manage-loans/forgiveness-cancellation/public-service/qualifying-public-services](https://studentaid.gov/manage-loans/forgiveness-cancellation/public-service/qualifying-public-services)
- + Revised PSLF form: [StudentAid.gov/manage-loans/forgiveness-cancellation/public-service/public-service-loan-forgiveness-application](https://studentaid.gov/manage-loans/forgiveness-cancellation/public-service/public-service-loan-forgiveness-application)
- + [PSLF Frequently Asked Questions](#)

CMA Frequently Asked Questions

1. How does qualification for loan forgiveness generally work under the new rules and the new application form definitions for California and Texas physicians?

Under the new rule, physicians in California and Texas who are prohibited by state law from being directly employed by a private, non-profit hospital, California 1206(l) foundation, clinic, or other health care entity that otherwise meets the requirements of a qualifying employer, may now qualify regardless of their employment status; when either (1) the physician’s for-profit sole proprietorship, partnership, professional medical group or professional corporation has a written contract or written agreement to provide medical care in the nonprofit hospital, clinic, or other health care entity, or (2) the physician individually has hospital medical staff privileges or other equivalent legal authorization to provide medical care at the non-profit hospital, clinic, or other health care entity. However, in order to qualify, a physician must meet all other eligibility requirements, including working (providing medical care or performing administrative services) an average 30 hours/week IN a hospital, clinic, or office owned or operated by a qualifying non-profit organization and make 120 qualifying payments.

The purpose of the PSLF program is to encourage public service and work for non-profit organizations, so the non-profit status is central to the PSLF program. Therefore, physicians who physically work in a hospital, clinic or office owned by a non-profit organization an average 30 hours/week and make 120

qualifying payments will qualify regardless of who pays the physician or whether they are employed by the non-profit organization.

Therefore, physicians who provide care or other services in a for-profit hospital are not eligible. Likewise, physicians who provide care or other services in an office owned by a for-profit entity are not eligible.

However, physicians who provide care or other services on a “full time” basis (an average 30 hours/week) in an office, clinic, facility, or hospital owned by a non-profit organization (that is prohibited from directly employing physicians) are eligible, even if they are employed or otherwise affiliated with a for-profit medical group or practice. Most medical groups in California are for-profit yet some of the physicians employed by the medical group may work full-time in a hospital, California 1206(l) foundation, or clinic owned by a non-profit entity and therefore, they would qualify. **The key issue is the place of work and whether it is owned by a qualifying non-profit entity that is otherwise prohibited by state law from employing physicians.**

The non-profit organization must be either a non-profit 501(c)(3) organization as defined by the IRS or a private organization that is not a business organized for-profit and provides public health services (including nurses, nurse practitioners, nurses in a clinical setting, and full-time professionals engaged in health care practitioner occupations and health care support occupations, as such terms are defined by the Bureau of Labor Statistics) that is otherwise prohibited by state law from employing the physician. See the application form and the FAQs for more information about non-profit organizations.

2. Can a physician certify in section 2 of the PSLF application to being “employed full-time by a qualifying employer” if the physician provides professional services in hospitals, clinics or other health care entities but state law prohibits such organizations from directly employing the physician?

Yes, physicians may qualify for PSLF loan forgiveness if they are providing professional services under a written contract, hospital medical staff privileges, or other written agreement or legal arrangement in a hospital, clinic, or other health care entity that is prohibited by state law from directly employing the physician. The following requirements will need to be satisfied:

- The hospital, clinic, foundation, or other health care entity meets the definition of a “qualifying employer” under the PSLF program, which encompasses any 501(c)(3) tax-exempt organization and any private organization not organized for profit that provides certain public services, including emergency management and public health. Private nonprofit organizations that offer the professional services of health care practitioners (nurses, physicians, nurse practitioners, etc.) are considered “qualifying employers.”
- The physician works at the hospital, clinic, foundation, or other health care entity under circumstances that satisfy the PSLF program’s requirement for being “employed in a public service job” (20 U.S.C. §1087e), which more specifically may include someone who is providing professional services which, under applicable state law, cannot be provided by a direct employee of the hospital, clinic, or other health care entity (see Code Fed. Regs., title 34, §685.219); and

- The physician meets all other requirements of the PSLF program.

A physician can satisfy these requirements if, despite not being directly employed as prohibited by state law, the physician has a written contract, written legal authorization for hospital medical staff clinical privileges, or other written agreement or legal arrangement that permits the physician to provide professional services at the hospital, clinic, foundation, or other health care entity.

3. Under what circumstances can a qualifying employer certify in section 5A of the PSLF application that a physician is eligible for PSLF even though state law prohibits that employer from directly employing the physician.

(Updated 9/15/23)

The qualifying employer can sign the certification if either of the following is true:

- The physician is or was employed under a contract or by a contracted organization in a position that, under applicable state law, cannot be filled by a direct employee of the organization, or
- The physician is or was providing services through written legal authorization (such as hospital medical staff privileges) that, under applicable state law, cannot be provided by a direct employee of the organization.
- A physician “is or was providing services” for the qualifying employer means that the physician – under a written contract, written legal authorization for hospital medical staff privileges, or other written agreement or legal arrangement – provides professional services at the hospital, clinic, foundation, or other health care entity. This can be demonstrated through a letter from a hospital medical staff granting the physician clinical privileges or a written agreement for the physician or the physician’s sole proprietorship, partnership, medical group, or other medical corporation to provide services in the hospital, clinic, or other health care entity.
- For more information, please see the [Department’s PSLF Frequently Asked Questions](#). Also see CMA FAQ #5 below for the Physician Attestation Template for Employer Certification.

4. How is PSLF eligibility satisfied through a physician’s “contracted organization”?

A physician may qualify for PSLF if the physician is or was employed by a “contracted organization” in a position that performs services for a qualifying employer, that, under applicable state law, is prohibited from directly employing the physician. A “contracted organization” can include individual physicians practicing as a sole proprietorship or as a partner, owner, or employee of a medical partnership, medical group, or medical professional corporation. The contracted organization may be a for-profit entity and physicians may receive IRS W-2, 1099, and other tax forms from the contracted organization, depending on how it is organized. PSLF eligibility only depends on there being a written agreement between the contracted organization and the qualifying employer for the physician to fill a position that cannot be filled by a direct employee of the organization under applicable state law. Such a written agreement may include a legal authorization letter from the hospital medical staff granting the physician clinical privileges or a written

agreement for the physician or the physician's sole proprietorship, partnership, medical group, or other medical corporation to provide services in the hospital, clinic, or other health care entity.

5. How can physician borrowers and their “qualifying employers” determine, document, and attest to satisfying the “full-time” work requirement?

(Updated 9/15/23)

Physician borrowers must certify that you have made 120 qualifying payments on your Direct Loans while providing services full time (an average 30 hours/week) in one or more PSLF “qualifying employer” facilities. To meet the “full time” requirement, it is possible to work part time with multiple “qualifying employers” so long as the cumulative average total for such work adds up to an overall average 30 hours/week. An obstetrician, for example, can meet the “full time” requirement by attending to births in multiple nonprofit hospitals in which the obstetrician has been granted privileges and the cumulative average for such services across all the hospitals is 30/hours per week. See Section 9 of the application form for more information related to payment and employment eligibility. Additionally, borrowers need not make 120 consecutive payments and need not consecutively work in qualifying services. Please also consult the [Department's FAQs](#) for details.

CMA is aware that demonstrating the average number of hours worked in a facility where a physician is granted privileges may be difficult where the facility does not directly employ or directly contract with the physician or the physician's medical group and issue an IRS W-2 or 1099 form. As noted above, borrowers can satisfy the requirement that they are employed by a qualifying employer if they have written legal authorization in the form of medical staff privileges to provide care in a hospital, even though the borrower does not have a contract with the hospital. **The department has not promulgated rules or instructions dictating the specific, acceptable forms of proof permitted to demonstrate the “full time” requirement; rather, it will largely be up to individual borrowers and their “qualifying employers” to agree on how best to fairly and accurately determine and attest to the amount of time a borrower has spent providing services. CMA strongly recommends that physicians keep written records or a log of the time you provided services in these facilities to help facilitate documentation and attestation of the average hours worked per week in a “qualifying employer” facility.** There also may be alternative means to document your time, such as weekly or monthly time sheets or on-call or department shift schedules, that can be relied upon to establish the amount of time a physician worked in a “qualifying employer” facility. Any written record of procedures or services performed in a particular hospital or clinic also could be used to demonstrate work on average of 30 or more hours per week, such as patient records, claims for payor reimbursement, or evidence of payment/remittiturs. However, the Department of Education is not asking for documentation, only an attestation on the application form.

Either physician borrowers or PSLF “qualifying employers” must complete Section 4 of the PSLF Application form to provide the employment period, employment status, and average hours worked per week. The Federal Employer ID (FEIN/EIN) number for the nonprofit health care facility (hospital, foundation, clinic or other organization) should be provided in this section, NOT the EIN or tax ID for the physician or the physician's sole proprietorship, partnership, medical group, or professional corporation.

A certifying official of the PSLF “qualifying employer” must sign Section 5, attesting to the accuracy of the information provided in Section 4, including the average hours per week worked at the facility or clinic. Certifying officials have flexibility in determining the type of documentation they would need in order to sign Section 5 – they could rely on the borrower’s signed attestation to a certain number of hours worked per week on average, or they could request to see supporting documentation such as on-call schedules, time logs, or reimbursement documentation as mentioned above. Additionally, borrowers can submit information under Section 4 accompanied by signed attestations under Section 5 for multiple “qualifying employers” as may be applicable to demonstrate “full-time” work for PSLF loan forgiveness eligibility.

For more information about the Federal Employer Identification Number, please see the application form: Section 6 Instructions for Completing This Form and Section 7 with Definitions for FEIN/EIN, the PSLF Employer Database, “Qualifying Employer” and its Authorized Officials, employment period, employment status and full-time work.

Also See: [New CMA Physician Attestation Template for Employer Certification.](#)

6. Does the new rule impact California physicians’ loan forgiveness eligibility for physicians who are working for public non-profit hospitals and clinics that are authorized to employ physicians under state law?

Updated 10/2/23

Under California and Texas law, there are exceptions to the corporate practice of medicine bar that allows certain public nonprofit county hospitals, critical access hospitals, clinics, and others to employ physicians. Since the inception of the PSLF program in 2007, California and Texas physicians directly employed by these exempted nonprofit entities qualified for the PSLF program. The new rules do not affect the eligibility of these loan forgiveness applicants. Physicians who meet all eligibility requirements and are employed by a non-profit entity, where the state corporate bar laws permits such employment, will continue to be eligible for loan forgiveness.

However, if the entities that are allowed to employ physicians do not actually employ, then the physicians providing services in those facilities are not eligible for PSLF. See the question below.

Texas Entities Exempt from the Corporate Bar and Allowed to Employ Physicians:

Below is the list of nonprofit entities allowed to employ physicians under Texas state law (TMB rule 22 TAC 177.17):

- + *Applicability. Upon satisfaction of the requirements of their physician employment enabling statute and to the extent authorized by their enabling statutes, the following entities may employ a physician and retain all or part of the professional income generated by the physician for medical services provided at:*
 - A hospital that primarily provides medical care to children younger than 18 years of age as provided under §311.061 of the Health and Safety Code, and that:

- Is owned or operated by a nonprofit fraternal organization; or
- Has a governing body the majority of members of which belong to a nonprofit fraternal organization;
- A hospital, including health care facilities owned or operated by the hospital, that is:
 - Designated as a critical access hospital under the authority of and in compliance with 42 U.S.C. §1395i-4;
 - A sole community hospital, as that term is defined by 42 U.S.C. §1395ww(d)(5)(D)(iii); or
 - Located in a county with a population of 50,000 or less;
- Baylor County Hospital District (Texas Special District Code, §1005.063);
- Bexar County Hospital District (Texas Health and Safety Code, §281.0283);
- Burleson County Hospital District (Texas Special District Code, §1010.059);
- City of Amarillo Hospital District (Texas Special District Code, §1001.060);
- Dallam-Hartley Counties Hospital District (Texas Special District Code, §1018.061);
- Dallas County Hospital District (Texas Health and Safety Code, §281.0282);
- El Paso County Hospital District (Health and Safety Code, §281.0285);
- Frio Hospital District (Texas Special District Code, §1030.063);
- Harris County Hospital District (Texas Health and Safety Code, §281.0283);
- Jackson County Hospital District (Texas Special District Code, §1046.062);
- Martin County Hospital District (HB 4730, 81st session);
- Matagorda County Hospital District (Texas Special District Code, §1057.057);
- Mitchell County Hospital District (Texas Special District Code, §1062.060);
- Moore County Hospital District (Texas Special District Code, §1005.063);
- North Wheeler County Hospital District (Texas Special District Code, §1083.062);
- Ochiltree County Hospital District (Texas Special District Code, §1071.062);
- Travis County Healthcare District (Texas Health and Safety Code, §281.0281);
- Commissioners court of a county with a population of 3.3 million or more for the purpose of providing health care services to inmates in the custody of the sheriff;
- U.S. Government and Military Forces;
- Private non-profit medical school (Texas Occupations Code, Chapter 162);
- School districts (Texas Education Code, §33.208 and §38.016);

- State institutions:
 - Academic institution as defined under §172.8 of this title (relating to Faculty Temporary Permits);
 - State hospitals as defined under Chapter 552 of the Texas Health and Safety Code; and
 - Prisons;
- Rural health clinics operated in accordance with 42 CFR 491.8 of the Rural Health Services Clinic Act;
- Angleton-Danbury Hospital District (Texas Special District Code, §1002.061); and
- Nacogdoches County Hospital District (Texas Special District Code, §1069.0605).

California Entities Exempt from the Corporate Bar and Allowed to Employ Physicians

- + County Hospitals and County Governments (Community Memorial Hospital of San Buena Ventura v County of Ventura (1996) 50 Cal.app.4th 199)
- + Critical Access Hospitals federally-certified under 42 USC Section 1395i-4 starting January 1, 2017 to present. (B&P Code Section 2401(e))
- + Community and Free Clinics including Federally Qualified Health Centers, Rural Health Centers and Planned Parenthood Affiliates of California (58 Ops.Cal.Atty.Gen. 219 (1975))
- + Academic hospitals operated by the University of California to further its teaching mission. (CMA v. Regents of the University of California (2000) 79 Cal.App.4th 542)
- + Nonprofit Research Institutions operated pursuant to Health & Safety Code Section 1206(p) (Business & Professions Code Section 2401(b))
- + Narcotic Treatment Programs operated pursuant to Health & Safety Code Section 11876 (Business & Professions Code Section 2401(c))

PLEASE NOTE that most California District Hospitals are barred from employing physicians in California and therefore, only the new exceptions in the new PSLF rule would apply to physicians providing services in these hospitals and allow these physicians to be eligible.

7. What if a non-profit hospital, clinic, or other entity that is allowed to employ physicians under California and Texas state law does not employ its physicians? Are these physicians eligible for PSLF?

Updated 10/2/23

California and Texas state laws allow certain nonprofit hospitals, clinics and others to directly employ physicians. See the question above for a list of entities eligible to employ physicians under California and Texas

State law. Therefore, physicians employed by these institutions have been eligible for PSLF since the inception of the program in 2007 and will continue to be eligible. However, if the physicians providing services in these non-profit hospitals or clinics are not directly employed by these entities, they will not qualify for PSLF because the law allows them to be employed. For instance, even if you or your medical group are contracting with the county hospital that is allowed to employ, the contracted services are not eligible for PSLF. If you provide services in a facility that can employ physicians, you must be employed to receive PSLF. The new PSLF exception granted to California and Texas physicians is only for physicians providing services in private nonprofit organizations that are prohibited by state law from directly employing physicians.

The reason behind this decision is to provide parity between all 50 states. Physicians in all other 48 states are allowed to be employed by hospitals. If physicians in those states are not employed, then they are not eligible either. The Department has opined that all borrowers must be employed. However, they made an exception for CA and TX where some physicians are prohibited from being employed by private nonprofit entities.

If you are in this situation, there may be other work you engaged in for private nonprofit organizations that may qualify. You may also want to discuss future employment with your institution to help you qualify for PSLF.

8. Which physicians do not qualify for PSLF?

Added 10/2/23

- + Physicians providing services in for-profit hospitals, clinics, or offices.
- + Physicians in for-profit sole-proprietorships, partnerships, medical groups, or other for-profit arrangements that do not provide care in hospitals, clinics, or offices owned by nonprofit entities. (Pursuant to the Department's rules, physicians in these arrangements in all other 48 states also do not qualify for PSLF.)

However, CMA and TMA will continue our advocacy to expand loan forgiveness opportunities in other state and federal programs for physicians in these situations. We were limited by the federal PSLF law that restricts the program to nonprofit organizations.

9. Do I have to work exactly 30 hours or more per week to be eligible for PSLF? Does paid vacation count toward the number of hours worked?

Added 10/2/23

The Department has told CMA and confirmed during the CMA webinar, that "full-time" is an overall AVERAGE of 30 hours per week. Therefore, if a physician works 40 hours one week and 20 hours the next week, the overall average is 30 hours/week. Paid vacation also counts toward the number of hours. Further, physicians may work for multiple "qualifying employers" part-time. Those cumulative hours can be applied to determine the overall average of 30 hours.

10. How do California and Texas hospitals, foundations, clinics and other health care organizations determine whether they are eligible “qualifying employers” for purposes of PLSF? How do these organizations become eligible employers?

(Updated 7/17/23)

For more employer information, see [PSLF Form: Employer Tips](#). This Department link provides helpful tips for nonprofit hospitals, foundations, clinics and other health care organizations that want to participate in PSLF as eligible “qualifying employers.”

For a list of eligible employers, use the [PSLF Help Tool](#).

Several of the most important Department FAQs related to employer eligibility are listed below.

Are You an Eligible Employer? To be included in the employer database as an eligible employer, you must be a:

- U.S.-based governmental organization at any level (federal, state, local, or tribal), including the U.S. military;
- Not-for-profit organization that is tax-exempt under Section 501(c)(3) of the Internal Revenue Code; or
- Not-for-profit organization (other than a 501(c)(3) organization) that provides certain types of [qualifying public services](#).

Some examples of ineligible employers are for-profit organizations, partisan political organizations, and labor unions.

If you’ve been asked to certify an employee’s PSLF form that was generated using the PSLF Help Tool or received an email asking you to electronically sign your employee’s PSLF form, it means you are already in our database as an eligible employer.

Don’t worry if your organization is not already in our employer database as an eligible employer. We currently have more than 3.7 million employers in our database, but our database does not contain every employer. We constantly add new employers as borrowers introduce us to new ones.

Checking Your Eligibility in the Employer Database: If your employee brings you a manually completed form, they may have been unable to generate a PSLF form using the PSLF Help Tool because your organization is:

- Not already in the database or
- In the database as ineligible.

TIP: Check that your employee is using the correct EIN. An incorrect EIN is the number one reason people can’t find their employer in the database.

You can check to see if your organization is in the employer database on our Search Employer Eligibility for PSLF page. There, you can search the database using the EIN your organization uses for payroll purposes. You should also select a date range that your organization was in operation or eligible because our database will return results that are specific to the range of dates provided.

When you search, you will see one of four results:

- Eligible
- Ineligible
- Undetermined
- Not Found

If you are in the database as **eligible**, congratulations! You should recommend that your employee use the Help Tool to generate their form. And since your organization is eligible, your employee can also request that you certify their employment electronically.

If you see that your organization is **ineligible**, you should review the eligibility criteria. If you believe that your organization should be eligible, provide your employee with documentation (described in the next section) to upload with their request for eligibility review.

If you see that your organization is **undetermined** or **not found**, we have not previously reviewed your organization's eligibility. Your employee can provide information when they use the Help Tool that will allow us to make an eligibility determination.

Helping Us Determine Your Eligibility: When a borrower creates a case for eligibility review, they can submit additional documentation to help us in our determination. If you know that you meet the eligibility requirements, you should provide your employee with documentation. The kind of documentation you should provide depends on the type of organization you are. But here are some examples of what we're looking for:

- Articles of Incorporation showing that you are a non-profit organization
- The state or local statutes that establish you as a governmental organization
- Evidence that you are treated as a disregarded entity of an eligible organization
- Documentation that you have entered into a PEO agreement that provides the FEIN/EIN of the non-PEO co-employer
- Documentation of your organization's FEIN/EIN (especially when you see that your organization is "**not found**" in the database)
- Descriptions of your organization's services that you believe qualify you as a PSLF eligible employer (if you are a nonprofit organization other than a 501(c)(3)).

If you provide your employee with the type of information above, we will be less likely to request additional information to complete our review.

11. How often should I file a PSLF Application?

(Updated 9/15/23)

The Department of Education recommends that borrowers file an application once a year to help borrowers, qualifying employers, and the Department of Education track the hours, payments, and information – particularly if you change jobs.

12. Does the new change impact allied practitioners in California or Texas, such as Physical Therapists, Nurse Practitioners, or Physician Assistants?

(Updated 9/15/23)

These providers have been eligible for the PSLF program since its inception in 2007 and will continue to be eligible if they meet all other requirements. California and Texas state laws do not prohibit hospitals and other health care entities from directly employing these other providers. The new PSLF exception is only for California and Texas physicians because they are prohibited by state law from being employed by certain hospitals and other health care entities.

Qualifying Loans and Loan Consolidation Deadline

(Extremely important information below: Updated 4/3/24)

Only Direct Loan Program loans that are not in default are eligible for PSLF. If a physician has qualifying loans (see below) then the physician does not need to consolidate their loans. If a physician does not have the correct qualifying loans, they need to consolidate their loans by **April 30, 2024**, to be eligible for PSLF.

It is imperative that physicians review the application form Page 6 regarding Loan Eligibility and the Department's website or contact your loan servicer. The application states that loans you received under the Federal Family Education Loan (FFEL) Program, the Federal Perkins Loan (Perkins Loan) Program, or any other student loan program are not eligible for PSLF. Only Direct Loan Program loans that are not in default are eligible for PSLF.

If you have FFEL Program or Perkins Loan Program loans, you may consolidate them into a Direct Consolidation Loan to take advantage of PSLF. However, there are additional rules. In addition, if you made eligible payments on a Direct Loan and then consolidate it into a Direct Consolidation Loan, the eligible payments you made on the original Direct Loan(s) will be added as eligible payments to the new Direct Consolidation Loan based on a weighted average of the loans that were consolidated. **Because of the special one-time account adjustment being allowed by the department, borrowers who have commercially or federally held FFEL loans and who consolidate those loans into Direct Consolidation Loans before April 30, 2024, will also get PSLF credit under the account adjustment.**

[StudentAid.gov/idradjustment](https://studentaid.gov/idradjustment); See the additional rules on the application form related to the FFEL program or Perkins Loan Program cancellations.

The online application is available at [StudentAid.gov/consolidation](https://studentaid.gov/consolidation). If you don't know whether you have Direct Loans, log into your account on [StudentAid.gov](https://studentaid.gov); You may also want to contact your loan servicer.

Qualifying Repayment Plans for PSLF

Qualifying repayment plans include all of the [income-driven repayment \(IDR\) plans](#) (plans that base your monthly payment on your income and household size) and the 10-year Standard Repayment Plan. While payments made under the 10-year Standard Repayment Plan are qualifying payments, you might have to change to an IDR plan to benefit from PSLF. Under the 10-year Standard Repayment Plan, generally your loans will be paid in full once you have made 120 qualifying PSLF payments so there would be no balance left to forgive unless periods of qualifying deferments or forbearances are included in your 120 qualifying payments.

There are four income-driven repayment plans:

- + Revised Pay As You Earn Repayment Plan (REPAYE Plan)
- + Pay As You Earn Repayment Plan (PAYE Plan)
- + Income-Based Repayment Plan (IBR Plan)
- + Income-Contingent Repayment Plan (ICR Plan)

[Loan types](#) for each IDR are:

REPAYE Plan

ELIGIBLE

- + Direct Subsidized Loans
- + Direct Unsubsidized Loans
- + Direct PLUS Loans made to graduate or professional students
- + Direct Consolidation Loans that did not repay any PLUS loans made to parents

ELIGIBLE IF CONSOLIDATED*

- + Subsidized Federal Stafford Loans (from the FFEL Program)
- + Unsubsidized Federal Stafford Loans (from the FFEL Program)
- + FFEL PLUS Loans made to graduate or professional students
- + FFEL Consolidation Loans that did not repay any PLUS loans made to parents
- + Federal Perkins Loans

NOT ELIGIBLE

- + Direct PLUS Loans made to parents
- + Direct Consolidation Loans that repaid PLUS loans made to parents

- + FFEL PLUS Loans made to parents
- + FFEL Consolidation Loans that repaid PLUS loans made to parents

PAYE Plan

ELIGIBLE

- + Direct Subsidized Loans
- + Direct Unsubsidized Loans
- + Direct PLUS Loans made to graduate or professional students
- + Direct Consolidation Loans that did not repay any PLUS loans made to parents

ELIGIBLE IF CONSOLIDATED*

- + Subsidized Federal Stafford Loans (from the FFEL Program)
- + Unsubsidized Federal Stafford Loans (from the FFEL Program)
- + FFEL PLUS Loans made to graduate or professional students
- + FFEL Consolidation Loans that did not repay any PLUS loans made to parents

Federal Perkins Loans

NOT ELIGIBLE

- + Direct PLUS Loans made to parents
- + Direct Consolidation Loans that repaid PLUS loans made to parents
- + FFEL Consolidation Loans that repaid PLUS loans made to parents
- + Direct PLUS Loans made to parents

IBR Plan

ELIGIBLE

- + Direct Subsidized Loans
- + Direct Unsubsidized Loans
- + Direct PLUS Loans made to graduate or professional students
- + Direct Consolidation Loans that did not repay any PLUS loans made to parents
- + Subsidized Federal Stafford Loans (from the FFEL Program)
- + Unsubsidized Federal Stafford Loans (from the FFEL Program)
- + FFEL PLUS Loans made to graduate or professional students
- + FFEL Consolidation Loans that did not repay any PLUS loans made to parents

ELIGIBLE IF CONSOLIDATED*

- + Federal Perkins Loans

NOT ELIGIBLE

- + Direct PLUS Loans made to parents
- + Direct Consolidation Loans that repaid PLUS loans made to parents
- + FFEL PLUS Loans made to parents
- + FFEL Consolidation Loans that repaid PLUS loans made to parents

ICR Plan

ELIGIBLE

- + Direct Subsidized Loans
- + Direct Unsubsidized Loans
- + Direct PLUS Loans made to graduate or professional students
- + Direct Consolidation Loans that did not repay any PLUS loans made to parents
- + Direct Consolidation Loans that repaid PLUS loans made to parents

ELIGIBLE IF CONSOLIDATED*

- + Direct PLUS Loans made to parents
- + Subsidized Federal Stafford Loans (from the FFEL Program)
- + Unsubsidized Federal Stafford Loans (from the FFEL Program)
- + FFEL PLUS Loans made to graduate or professional students
- + FFEL PLUS Loans made to parents
- + FFEL Consolidation Loans that did not repay any PLUS loans made to parents
- + FFEL Consolidation Loans that repaid PLUS loans made to parents
- + Federal Perkins Loans

Important Department of Education Links

Updated 10/2/23

- + Primary PSLF Landing Page: [StudentAid.gov/publicservice](https://studentaid.gov/publicservice)
- + PSLF FAQs: studentaid.gov/manage-loans/forgiveness-cancellation/public-service/questions
- + PSLF Help Tool: [StudentAid.gov/pslf](https://studentaid.gov/pslf)
- + PSLF Employer Page: [StudentAid.gov/pslfemployer](https://studentaid.gov/pslfemployer)

- + NEW PAGE! PSLF Qualifying Services: [StudentAid.gov/manage-loans/forgiveness-cancellation/public-service/qualifying-public-services](https://studentaid.gov/manage-loans/forgiveness-cancellation/public-service/qualifying-public-services)
- + Revised PSLF form: [StudentAid.gov/manage-loans/forgiveness-cancellation/public-service/public-service-loan-forgiveness-application](https://studentaid.gov/manage-loans/forgiveness-cancellation/public-service/public-service-loan-forgiveness-application)
- + Learn more about account adjustments here: [StudentAid.gov/announcements-events/idr-account-adjustment](https://studentaid.gov/announcements-events/idr-account-adjustment)

On-Demand PSLF Webinar

Added 10/2/23

The California Medical Association, California Hospital Association, Texas Medical Association, and Texas Hospital Association recently hosted a free webinar on the new federal Public Service Loan Forgiveness Program rules, which expand eligibility for California and Texas physicians. The one-hour webinar is now available for on-demand viewing and is available free to all interested parties at cmadocs.org/webinars.

Please also see the extremely helpful Department of Education [PPT slides from the webinar linked here](#).