

DEPARTMENT OF PUBLIC HEALTH

NOTICE OF ADOPTED RULES

- 1) Heading of the Part: Psychiatry Incentive Program Code
- 2) Code Citation: 77 Ill. Adm. Code 577
- 3)

<u>Section Number:</u>	<u>Adopted Action:</u>
577.10	New
577.20	New
577.30	New
577.100	New
577.110	New
577.120	New
577.130	New
577.140	New
577.150	New
577.160	New
577.170	New
577.180	New
577.190	New
577.195	New
577.200	New
577.210	New
577.220	New
577.230	New
577.240	New
577.300	New
577.310	New
577.320	New
577.330	New
577.340	New
577.350	New
- 4) Statutory Authority: Implementing and authorized by the Psychiatry Practice Incentive Act [405 ILCS 100]
- 5) Effective Date of Rulemaking: November 3, 2011
- 6) Does this rulemaking contain an automatic repeal date? No
- 7) Does this rulemaking contain incorporations by reference? No

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- 8) A copy of the adopted rules, including any material incorporated by reference, is on file in the agency's principal office and is available for public inspection.
- 9) Notice of Proposed Rules Published in Illinois Register: July 15, 2011; 35 Ill. Reg. 11202.
- 10) Has JCAR issued a Statement of Objection to this rulemaking? No
- 11) Differences between proposal and final version:
- In Section 577.10, for the definition of "Eligible medical student", added a cross-reference to Section 577.210(a)(3) to specify eligibility requirements.
- In Section 577.170(c), changed:
- "Once the Department determines that applications are complete, grant proposals will be reviewed and evaluated through the Department's grant review process."
- to
- "Once the Department determines that applications are complete, grant proposals will be reviewed and evaluated based on selection criteria (see Section 577.160)."
- 12) Have all the changes agreed upon by the agency and JCAR been made as indicated in the agreements issued by JCAR? Yes
- 13) Will this rulemaking replace any emergency rulemaking currently in effect? No
- 14) Are there any amendments pending on this Part? No
- 15) Summary and Purpose of Rulemaking: The Psychiatry Practice Incentive Act mandates that the Illinois Department of Public Health establish and administer a program of grants, loans and loan forgiveness to recruit and retain physicians who agree to establish and maintain psychiatric practices in areas of Illinois that demonstrate the greatest need for more psychiatric care. These adopted rules will establish definitions, applications standards, selection criteria, terms of performance, reporting guidelines and monitoring requirements for grants and loans that are distributed to eligible recipients.

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- 16) Information and questions regarding these adopted rules shall be directed to:

Susan Meister
Division of Legal Services
Department of Public Health
535 West Jefferson, 5th Floor
Springfield, Illinois 62761

217/782-2043
e-mail: dph.rules@illinois.gov

The full text of the Adopted Rules begins on the next page:

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TITLE 77: PUBLIC HEALTH

CHAPTER I: DEPARTMENT OF PUBLIC HEALTH

SUBCHAPTER g: GRANTS AND LOANS TO PROMOTE THE HEALTH PROFESSIONS

PART 577

PSYCHIATRY INCENTIVE PROGRAM CODE

SUBPART A: GENERAL PROVISIONS

Section

- 577.10 Definitions
- 577.20 Referenced Materials
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SUBPART B: GRANTS TO PSYCHICATRIC PRACTICE RESIDENCY PROGRAMS

Section

- 577.100 Eligibility for Grants
- 577.110 Limitations on Use of Grant Funds
- 577.120 Notice of Grant Opportunity
- 577.130 Notice of Application
- 577.140 Project Requirements
- 577.150 Application for Grants
- 577.160 Selection Criteria
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- 577.180 Grant Awards, Terms and Conditions
- 577.190 Reporting Requirements
- 577.195 Grant Funds Recovery

SUBPART C: PSYCHIATRIC MEDICAL STUDENT SCHOLARSHIPS

Section

- 577.200 Limitations on Use of Scholarship Funds
- 577.210 Eligibility for Application
- 577.220 Criteria for Selecting Scholarship Recipients
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- 577.240 Scholarship Repayments

SUBPART D: EDUCATIONAL LOAN REPAYMENT FOR PSYCHIATRISTS

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Section

577.300	Limitations on Use of Loan Repayment Funds
577.310	Application
577.320	Eligibility
577.330	Loan Repayment Awards
577.340	Loan Repayment Award Terms and Obligations
577.350	Penalty for Failure to Fulfill Obligation

AUTHORITY: Implementing and authorized by the Psychiatry Practice Incentive Act [405 ILCS 100].

SOURCE: Adopted at 35 Ill. Reg. 19216, effective November 3, 2011.

SUBPART A: GENERAL PROVISIONS

Section 577.10 Definitions

"Academic year" means the period of time each year during which a school of medicine or school of osteopathy is open and classes are in session.

"Act" means the Psychiatry Practice Incentive Act [405 ILCS 100].

"Administrative costs" means funds that are used to control and direct an organization but are not directly identifiable with financing or operations. These costs relate to the entire organization as opposed to specific departments or units.

"Administrative law judge" shall have the meaning ascribed in the Department's Practice and Procedure in Administrative Hearings.

"Applicant" means a person who submits an application to the Department to receive either a psychiatric medical student scholarship or a physician loan repayment assistance grant, or a school of medicine or school of osteopathy in Illinois with a psychiatric practice residency program that applies for a psychiatric practice residency grant.

"Authorized representative" means a person who has authority to act on behalf of the legal entity or person that is an applicant or grantee. Authorized representatives are: for a corporation, any of its officers or members of its board

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of directors; for a limited liability company, any of its managers or members; for a partnership, any of its general partners; and for a sole proprietor, the individual who is the sole proprietor.

"Benefits" means compensation that is in addition to direct wages or salary, including paid time off, pension, social security and insurance.

"Business day" means Monday through Friday. It does not include a federal or State government declared holiday, Saturday or Sunday.

"Calendar day" means all days in a month or prescribed time frame. It includes weekends and federal or State government declared holidays.

"Certified mail" means mail for which proof of delivery is obtained.

"Department" means the Illinois Department of Public Health. (Section 10 of the Act)

"Designated shortage area" means an area designated by the Director as a psychiatric or mental health physician shortage area, as defined by the United States Department of Health and Human Services or as further defined by the Department to enable it to effectively fulfill the purpose stated in Section 5 of the Act. Such areas may include the following:

an urban or rural area that is a rational area for the delivery of health services;

a population group; or

a public or nonprofit private medical facility. (Section 10 of the Act)

"Director" means the Director of the Illinois Department of Public Health. (Section 10 of the Act)

"Eligible medical student" means a person who meets all of the following qualifications:

He or she is an Illinois resident at the time of the application for assistance under the program established by the Act.

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He or she is studying medicine in a medical school located in Illinois.

He or she exhibits financial need, as determined by the Department (see Section 577.210(a)(3)).

He or she agrees to practice full-time in a designated shortage area as a psychiatrist for one year for each year he or she receives assistance under the Act.

He or she agrees to accept medical payments, as defined in the Act, and to serve targeted populations. (Section 10 of the Act)

"Equipment" means the cost of movable equipment, including movable medical equipment, and the cost of making the equipment operational (e.g., installation costs).

"Federally Qualified Health Center" or "FQHC" means a health center funded under section 330 of the Public Health Service Act.

"Federally Qualified Health Center Look-Alike" or "FQHC Look-Alike" means an organization that meets the requirements for receiving a grant under section 330 of the federal Public Health Service Act but does not receive federal funding under that authority.

"Full-time practice" means a minimum of 40 hours per week in an office-based setting. The practice shall include hospital coverage appropriate to the needs of patients and to ensure continuity of care. At least 32 of the minimum 40 hours per week shall be devoted to providing clinical services in the ambulatory setting at the approved practice site, during normally scheduled office hours.

"Fiscal year" means the financial operating year of Illinois State government. It begins on July 1 and ends on June 30 of the next calendar year.

"Funding period" means the time frame during which grant funds are to be expended by the grantee (usually corresponding with the Department's fiscal year).

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"Good academic standing" means that a student is matriculating with the rest of his or her class as determined by the student's medical school.

"Grant" means funds awarded under the Act.

"Grantor agency" means *any agency of State government which dispenses grant funds.* (Section 2(a) of the Illinois Grant Funds Recovery Act)

"Grant agreement" means the agreement entered into between the Department and the grantee setting forth the terms and conditions of a grant award.

"Grantee" means a *person or entity which may use grant funds.* (Section 2(c) of the Illinois Grant Funds Recovery Act)

"Grant funds" means *public funds dispensed by the Department to any person or entity for obligation, expenditure or use for a specific purpose.* (Section 2(b) of the Illinois Grant Funds Recovery Act)

"Health Professional Shortage Area" or "HPSA" means a designation provided by the U.S. Department of Health and Human Services, Health Resources and Services Administration. The HPSA designation indicates the shortage of primary medical care, dental or mental health providers. The designation may be geographic (a county or service area), demographic (low income population) or institutional (comprehensive health center, FQHC or other public facility). HPSA designations can be found at <http://hpsafind.hrsa.gov/>.

"Health Professional Shortage Area Score" or "HPSA Score" refers to the HPSA shortage severity score calculated by the United States Department of Health and Human Services, Bureau of Health Professionals when an HPSA is federally designated.

"Illinois resident" means a person who has been a resident of Illinois for at least one year prior to applying for a psychiatric medical student scholarship or loan repayment assistance and is a citizen or lawful permanent resident of the United States.

"Lawful permanent resident" means a person who is not a citizen of the United States but who resides in the United States under legally recognized requirements and has lawfully recorded permanent residence as an immigrant.

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"Legal holiday" means a holiday set by statute, during which government and business working hours are suspended.

"Matriculation fees" means educational expenses charged to all students by the various schools of medicine or osteopathy. These fees are charged to offset expenses incurred by the schools for admission and enrollment processing, library use, mandatory health insurance, and student activities.

"Medical facility" means a facility for the delivery of health services. Medical facility includes a hospital, State mental health institution, public health center, outpatient medical facility, rehabilitation facility, long-term care facility, federally-qualified health center, migrant health center, community health center, community mental health center, or State correctional institution. (Section 10 of the Act)

"Medical payments" means compensation provided to physicians for services rendered under Article V of the Illinois Public Aid Code. (Section 10 of the Act)

"Medically underserved area" or "MUA" means an urban or rural area designated by the Secretary of the United States Department of Health and Human Services as an area with a shortage of personal health services or as otherwise designated by the Department of Public Health. (Section 10 of the Act)

"Medically underserved population" or "MUP" means the population of an urban or rural area designated by the Secretary of the United States Department of Health and Human Services as an area with a shortage of personal health services, a population group designated by the Secretary of the United States Department of Health and Human Services as having a shortage of personal health services, or as otherwise designated by the Department of Public Health. (Section 10 of the Act)

"Metropolitan Statistical Area" or "MSA" means one or more adjacent counties that have at least one urban core area of at least 50,000 in population, plus adjacent territory that has a high degree of social and economic integration with the core as measured by commuting ties.

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"Obligation" or "Obligated" means a requirement for a grantee to make future payments from grant funds that result from financial transactions that have occurred.

"Official State newspaper" means the newspaper identified by the Illinois Office of Communication and Information to publish legal notices and other publications for all State agencies, elected officials, and boards and commissions. Information on the Official State Newspaper can be obtained from the following internet site: www.illinois.gov/ioci/statenewspaper.cfm

"Personal services" means costs associated with wages and salaries for individuals employed by the grantee.

"Project completion" means that the project has been brought to a conclusion based on the project objectives and within the time frame requirements in the grant agreement.

"Proof of publication" means documentation provided by a newspaper verifying that a notice was published.

"Psychiatric physician" means a person licensed to practice medicine in all of its branches under the Medical Practice Act of 1987 with board eligibility or certification in the specialty of psychiatry, as defined by recognized standards of professional medical practice. (Section 10 of the Act)

"Psychiatric practice residency program" means a program accredited by the Residency Review Committee for Psychiatry of the Accreditation Council for Graduate Medical Education or by the American Osteopathic Association. (Section 10 of the Act)

"Rational service area" means a geographic area for the delivery of psychiatric care services. In determining a rational service area, one of the following conditions must be met: a county or a group of contiguous counties whose population centers are within 30 minutes travel time of each other; a portion of a county whose population has limited access to a contiguous area's resources, as measured by travel time greater than 30 minutes; or established communities within a metropolitan statistical area that have limited interaction with contiguous areas and have a maximum population of 20,000.

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"Real property" means lands, structures, and buildings and anything that can be affixed to them. It does not include items that can be moved, including equipment.

"Rural" means any geographic area not located in a U.S. Census Bureau Metropolitan Statistical Area; or a county located within a Metropolitan Statistical Area but having a population of 60,000 or less; or a community located within a Metropolitan Statistical Area but having a population of 2,500 or less.

"Service term" means the length of time that a psychiatric physician serves in a Designated Shortage Area as a result of receiving a psychiatric medical student scholarship or educational loan repayment grant.

"Supplies" means general purpose consumable items that have a shorter life span than equipment and that are stocked for recurring use.

"Targeted populations" means one or more of the following: a medically underserved population, persons in a medically underserved area, an uninsured population of this State, and persons enrolled in a medical program administered by the Illinois Department of Healthcare and Family Services. (Section 10 of the Act)

"Travel" means the cost incurred by a grantee's employees to travel to fulfill specific job requirements. These costs could include, but are not be limited to, air travel, local transportation, per diem, mileage allowance and lodging.

"Uninsured population" means persons who do not own private health insurance, are not part of a group insurance plan, and are not eligible for any State or federal government-sponsored health care program. (Section 10 of the Act)

"Urban" means any geographic area that does not meet the rural geographic area definition in this Section.

Section 577.20 Referenced Materials

The following materials are referenced in this Part:

- a) Illinois Statutes:

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- 1) Psychiatry Practice Incentive Act [405 ILCS 100]
 - 2) Illinois Administrative Procedure Act [5 ILCS 100]
 - 3) Illinois Grant Funds Recovery Act [30 ILCS 705]
 - 4) Medical Practice Act of 1987 [225 ILCS 60]
 - 5) Department of Public Health Powers and Duties Law [20 ILCS 2310/2310-200]
 - 6) State Finance Act [30 ILCS 105]
 - 7) Business Enterprise for Minorities, Females and Persons with Disabilities Act [30 ILCS 575]
 - 8) Illinois Public Aid Code [305 ILCS 5]
 - 9) Illinois Human Rights Act [775 ILCS 5]
- b) Illinois Rule:
- 1) Practice and Procedure in Administrative Hearings (77 Ill. Adm. Code 100)
- c) Federal Statutes:
- 1) Designation of Health Professional Shortage Areas, section 332 of the Public Health Service Act (42 USC 254(e))
 - 2) Designation of Medically Underserved Area, section 330(b)(3) of the Public Health Service Act (42 USC 254(b))

Section 577.30 Administrative Hearings

Administrative hearings conducted by the Department concerning the provisions of this Part shall be governed by the Department's Practice and Procedure in Administrative Hearings.

SUBPART B: GRANTS TO PSYCHIATRIC PRACTICE RESIDENCY PROGRAMS

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Section 577.100 Eligibility for Grants

The following are eligible to apply for grants through this Subpart:

- a) Any accredited school of medicine or school of osteopathy located in Illinois with a department of psychiatric medicine;
- b) Any accredited psychiatric practice residency program located in Illinois; or
- c) Any accredited child and adolescent fellowship program located in Illinois.

Section 577.110 Limitations on Use of Grant Funds

Grant funds awarded by the Department may be used only to support project expenses and operations.

- a) Grant funds may be used by the grantee to support pre-approved project expenses, whether incurred at the residency or the school's central site or at an affiliated satellite.
- b) Grant funds may be used to support pre-approved project operations, including those in the following budget categories:
 - 1) Personal services expenses of staff directly involved in the project;
 - 2) Medical equipment and supplies necessary for the operation of the project;
 - 3) Staff and resident travel directly related to the project;
 - 4) Nonmedical equipment and supplies necessary for the operation of the project;
 - 5) Contractual services and rent necessary for the operation of the project; and
 - 6) Other expenses critical to the operation of the project.

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- c) Grant funds shall not be used to supplant or supplement other State or federal grants.
- d) Grant funds shall not be used for new construction or to purchase real property.

Section 577.120 Notice of Grant Opportunity

- a) The Department will publish a notice announcing the grant opportunity in the official State newspaper. The notice will also be posted on the Department's web site (<http://www.idph.state.il.us/>). The notice shall consist of at least the following:
 - 1) Instructions on fulfilling the Notice of Application (NOA) requirements (see Section 577.130);
 - 2) Identification of the grant opportunity, including a brief description of the program and the date that grant applications can be submitted to the Department;
 - 3) Identification, including mailing address and telephone number, of the Department's unit or section that is responsible for the grant program; and
 - 4) Information regarding where a copy of the application may be viewed by the public and how copies of the application can be obtained.
- b) As stated in the notice, an NOA shall be filed with the Department prior to the submission of an application.
- c) Notification to all persons shall be deemed to have been provided by publication of the notice.

Section 577.130 Notice of Application

Prior to submitting a grant application, an applicant shall submit a Notice of Application (NOA) to the Department.

- a) The NOA shall contain the following:
 - 1) The name of the applicant;

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- 2) The site of the proposed project where grant funds will be used;
 - 3) A description of the project; and
 - 4) The signature and contact information of an authorized official from the applicant.
- b) After receipt, the Department will have 10 business days to determine if the NOA meets all requirements of this Section. If all requirements are not included, the Department will contact the applicant via certified mail and request a revised NOA.
 - c) The applicant will have 10 calendar days (from the date the applicant received the certified letter) to provide a revised NOA.
 - d) If a revised NOA fails to meet the requirements of this Section or if the applicant does not respond within the required time frame, the NOA will be deemed null and void.
 - e) Once a NOA has been submitted that meets all of the stated requirements, the Department will determine if the applicant is eligible to apply. The Department will contact the applicant with its determination.
 - f) If the Department notifies the applicant that it is eligible to apply, the applicant shall have 30 calendar days to submit an application. Applications received after the 30 calendar day time frame will not be processed.

Section 577.140 Project Requirements

- a) Grant applications shall, at a minimum, address the following goals:
 - 1) *to increase the number of psychiatric physicians practicing in designated shortage areas;*
 - 2) *to increase the percentage of psychiatric physicians establishing practice within the State upon completion of residency;*

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- 3) *to increase the number of accredited psychiatric practice residencies within the State; and*
 - 4) *to increase the percentage of psychiatric practice physicians establishing practice within the State upon completion of residency. (Section 15(1)(A) through (D) of the Act)*
- b) Projects funded through this Subpart shall have a director who is a psychiatric physician. The director shall oversee the educational and professional components of the program and shall be a faculty member of the school of medicine or school of osteopathy that receives the grant.

Section 577.150 Application for Grants

- a) The Department shall prepare and make available grant application forms. These forms will be distributed to eligible applicants that have submitted a valid Notice of Application (see Section 577.130).
- b) Applications shall describe the applicant's proposed methods to achieve the goals specified in the Department's notice of grant opportunity and project requirements (see Sections 577.120 and 577.140).
- c) Applications shall be in two formats, one for new projects and one for the subsequent years of a continuing project.
 - 1) New project applications shall include the following:
 - A) Legal name of the applicant;
 - B) Names and titles of all of the applicant's officers and managers;
 - C) Applicant's legal address;
 - D) General description of the applicant, including its business and business experience;
 - E) Applicant's telephone number, fax number, federal employer identification number (FEIN), Illinois Department of Human

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Rights number, and DUNS (Data Universal Numbering System) number;

- F) Project director's name, phone number and e-mail address;
- G) Detailed description of the project, including a summary of the applicant's plan to address the goals described in the Department's notice of grant opportunity;
- H) Detailed description of the geographic area or special population group to be served by the project, a statement of the special needs of the service area or special population group and a thorough explanation of the manner in which the proposed project would meet those needs;
- I) Detailed list of objectives that the applicant proposes and a time table for their achievement. These objectives shall be specific, measurable and relevant to the Department's notice of grant opportunity;
- J) A process and measurement criterion that will allow for an objective evaluation of the project's progress in meeting the needs of the service area or special population group described in subsection (c)(1)(H), including appropriate measuring metrics;
- K) A budget listing the total dollar amount needed for the project, including the amount to be provided by the applicant and other funding sources and the amount of funding requested through the grant. The applicant shall identify all revenue sources and amounts and provide budget estimates, including expenditures for the duration of the project. The project's budget could include the following costs (if applicable):
 - i) Personal services;
 - ii) Benefits;
 - iii) Travel;

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- iv) Commodities/supplies;
 - v) Equipment;
 - vi) Contractual, consulting and outside services;
 - vii) Printing;
 - viii) Telecommunications;
 - ix) Patient/client care; and
 - x) Administrative costs;
- L) A plan and time table for the development of the project's self-sufficiency;
- M) A description of the psychiatric medical student or resident involvement in the project, including numbers participating, level of training, amount of academic time involved, and whether involvement will be a required or an optional experience for the student or resident;
- N) A description of the educational benefits the project would offer students or residents, which would not be available to them without the project;
- O) A description of the project's relationship to other activities and goals of the school or residency program;
- P) For residency program applicants, a summary report for the most recent five-year period of the percentage of graduates who have established psychiatric practices in designated shortage areas in Illinois and, if available, a count of those who have established psychiatric practices in underserved areas of Illinois; and
- Q) The ratio of *State support to local* support for the project. Documentation of local support shall be *in the form of funds, services, or other resources*. (Section 20 of the Act)

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- 2) Continuing project applications shall include the following:
 - A) Legal name of the applicant;
 - B) Name and title of the applicant's officers and managers;
 - C) Applicant's legal address;
 - D) General description of the applicant, including its business and business experience;
 - E) Applicant's telephone number, fax number, federal employer identification number (FEIN), Illinois Department of Human Rights number, and DUNS (Data Universal Numbering System) number;
 - F) Project director's name and e-mail address;
 - G) Progress report on the prior project year's activities, including accomplishments in meeting all stated objectives, impact on needs of the area or population group served, amount of student or resident involvement, and educational benefits achieved;
 - H) Summary statement of all changes in plan of action;
 - I) Description of all changes in geographic area or special population group being served;
 - J) Statement of measurable objectives for the new project year, measured with previously identified metrics;
 - K) Work plan and time table to meet the objectives;
 - L) Evaluation plan for the new objectives;
 - M) Detailed budget with a narrative description, including cost estimates of developing, operating or completing the project; and

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- N) For residency program applicants, a report on the psychiatric practice location of the most recent graduates.

Section 577.160 Selection Criteria

- a) The Department will review applications based on the criteria in Sections 577.140 and 577.150(c)(1) or (c)(2) and subsections (b), (c) and (d) (as applicable). In making its determination to issue a grant, the Department shall determine which applications best allow the achievement of goals specified in the Department's notice of grant opportunity. The Department shall also give consideration to factors including, but not limited to, underserved populations, past performance of an applicant and availability of funds.
- b) The applicant shall also demonstrate *local support for the program*. Local support can be demonstrated through *funds, services or other resources*. *The ratio of State support to local support shall be determined by the Department in a manner that is consistent with the purpose of the Act, based on the criticality of the need for more professional health care services and the geographic location and the economic base of the designated shortage area.* (Section 20 of the Act)
- c) The Department shall give preference to a grant application that demonstrates the following:
- 1) establishing a program *at locations that exhibit potential for extending psychiatric practice physician availability to designated shortage areas;*
 - 2) having programs *located away from communities in which medical schools are located; and*
 - 3) having programs *located in hospitals that have affiliation agreements with medical schools located within the State.* (Section 15(2)(A) through (C) of the Act)
- d) The Department shall use the following as secondary criteria to determine the distribution of grant funds:
- 1) *adequate courses of instruction in the child and adolescent behavioral disorder sciences;*

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- 2) *availability and systematic utilization of opportunities for residents to gain experience through local health departments, community mental health centers, or other preventative or occupational medical facilities;*
- 3) *a continuing program of community oriented research in such areas as risk factors in community populations;*
- 4) *sufficient mechanisms for maintenance of quality training, such as peer review, systematic process reviews, referral system, and maintenance of adequate records; and*
- 5) *an appropriate course of instruction in societal, institutional, and economic conditions affecting psychiatric practice. (Section 15(2) of the Act)*

Section 577.170 Grant Application Evaluation Process

Upon receipt of a grant application, the Department will conduct the following:

- a) The Department will determine whether the applicant is eligible to apply under the requirements of the Act and Section 577.100. If the applicant is ineligible to apply, the Department will contact the applicant in writing (via certified mail) with the determination.
- b) If the applicant is eligible to apply, the Department will determine whether the application is complete. A review will determine whether all applicable criteria have been addressed and whether all required materials and documentation have been submitted.
 - 1) If the application is deemed complete, the Department will proceed with the application evaluation process in accordance with this Section.
 - 2) If the application is deemed incomplete, the Department will notify the applicant via certified mail. An applicant has 30 calendar days from the date of receipt of the certified letter to address the issues the Department identified and submit a revised application. If the applicant does not respond to the Department's determination within the prescribed time frame or if a revised application fails to address the issues the Department identified, the application will be deemed null and void.

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- c) Once the Department determines that applications are complete, grant proposals will be reviewed and evaluated based on the selection criteria (see Section 577.160).
- d) Applicants shall be allowed to amend the application or provide additional supporting documentation during the Department's grant review process.
- e) Upon completion of the Department's evaluation, the Department will award grants to the applicants that meet all of the applicable requirements of the Act and this Part.

Section 577.180 Grant Awards, Terms and Conditions

To issue a grant award, the Department and grantee will enter into a grant agreement. This agreement will describe the requirements the grantee must fulfill (based on the goals and objectives in the application) and how the grantee will ensure compliance with all applicable stipulations and conditions.

- a) The grant agreement will contain, at a minimum, the following:
 - 1) Identifying information of the grantee, including name, mailing address, phone number, fax number, and e-mail address;
 - 2) Description of the grant's purpose;
 - 3) Information on how payments to the grantee will be made;
 - 4) Details on what constitutes permissible expenditure of grant funds;
 - 5) Reporting requirements applicable to the grant, including the filing of quarterly reports, at a minimum (for those grants exceeding \$25,000), that describe the project's progress and a detailed report of funds expended;
 - 6) Time period of the grant;
 - 7) Certification that the grantee will comply with all applicable provisions of the Illinois Grant Funds Recovery Act; and

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- 8) A project budget.
- b) Grant funds that the grantee does not expend or obligate by the end of the grant agreement shall be returned to the Department within 45 calendar days (see Section 4(b)(5) of the Illinois Grant Funds Recovery Act). The 45-calendar-day time frame begins the day after the grant agreement expires. Returned funds will be deposited into the fund from which the original grant disbursement to the grantee was made.
- c) Grantees are required to keep proper, complete and accurate accounting records of all grant funds received from the Department.
- d) If a grantee dispenses part or all of the grant funds to another person or entity for obligation or expenditure, those dispensed funds shall be viewed and treated as grant funds. Thus, the person or entity that receives the grant funds from the grantee will be subject to all applicable Sections of this Part (see Section 12 of the Illinois Grant Funds Recovery Act).
- e) *Each award by grant of State funds of \$250,000 or more for capital construction costs or professional services is conditioned upon the recipient's written certification that the recipient will comply with the business enterprise program practices for minority-owned businesses, female-owned businesses, and businesses owned by persons with disabilities of the Business Enterprise for Minorities, Females, and Persons with Disabilities Act and the equal employment practices of Section 2-105 of the Illinois Human Rights Act (Section 45 of the State Finance Act).*
- f) *Residency programs qualifying for grants under the Act shall participate in the study required in item (6) of Section 15 of the Act. The study is designed and coordinated by the Department for the purpose of assessing the characteristics of practice resulting from the psychiatric practice residency programs. (Section 15 and 25 of the Act)*

Section 577.190 Reporting Requirements

Failure of the grantee to comply with the requirements of this Section shall result in the Department's withholding or suspending of grant funds and recovery of previously disbursed grant funds (see Section 577.195 and Section 4.1 of the Illinois Grant Funds Recovery Act).

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- a) Quarterly Reports. For grants that exceed \$25,000, each grantee shall submit written progress reports (at a minimum) to the Department every three months. The reports are due within 10 calendar days after the quarterly reporting period has expired (see Section 4(b)(2) of the Illinois Grant Funds Recovery Act). The report shall include the following:
- 1) Current status of the project, including the percentage of the project finished;
 - 2) Project components finished and project components yet to be finished;
 - 3) Costs incurred to date, an itemized listing of the total current project costs and a comparison of those costs to the budget approved in the grant agreement; and
 - 4) Signature of an authorized representative of the grantee, stating that the report is a true and complete report of the project's status.
- b) Final Report. Grantees shall submit a final written report within 60 calendar days after the conclusion of the grant agreement. The degree to which each objective in the proposal has been met shall be fully addressed in this report. The final report shall contain the following:
- 1) A brief narrative summarizing project accomplishments;
 - 2) A description of any new activities or modifications made to the project as presented in the original grant application, including the causes for change. The description shall include a narrative on the implementation time table and expected outcomes;
 - 3) A description of problems that developed and how they were addressed; and
 - 4) A list of all project costs and sources of funds for the grant.
- c) The final report shall also provide a certification in the form of a notarized statement, signed by an authorized representative of the grantee, attesting that:
- 1) All funds attributed to the grant have been expended;

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- 2) The costs reported are the final costs required to complete the project and there are no additional or associated costs; and
- 3) Funds used for the project were approved by the Department.

Section 577.195 Grant Funds Recovery

- a) If a grantee fails to comply with this Part or any of the terms of the grant agreement, the Department, after notice and opportunity for hearing, shall suspend or revoke the grant and recover any grant funds previously disbursed to the grantee.
- b) If the Department believes that a grant should be suspended, revoked, or recovered because of a grantee's failure to comply with this Part or the terms of the grant agreement, the grantee shall have the opportunity for at least one informal hearing before the Department or the Department's designee to determine the facts and issues and to resolve any conflicts as amicably as possible before any formal recovery action is taken.
- c) If, based on the outcome of the informal hearing, the Department believes that a grant should be suspended, revoked or recovered because of a grantee's failure to comply with this Part or the terms of the grant agreement, written notice of the proposed action shall be given to the grantee identifying the action to be taken and specific facts that permit the action. The grantee shall have 35 calendar days after the receipt of the notice to request a formal hearing (see 77 Ill. Adm. Code 100) to show why recovery is not justified or proper.
- d) If a grantee requests a hearing pursuant to subsection (c), the Department shall hold a hearing at which the grantee or the grantee's attorney is permitted to present evidence and witnesses to show why the action should not be taken.
- e) After the conclusion of the hearing, the Department shall issue a written final order setting forth its findings of fact and decision. A copy of the order shall be sent to the grantee.
- f) In addition to the terms of the grant agreement regarding suspension or termination, the Department may suspend or terminate the grant agreement if the grantee breaches the grant agreement, fails to comply with the Act or this Part,

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makes any material misrepresentation to the Department or creates any situation that constitutes a threat to the public's health, safety, or welfare. Notice of opportunity for hearing will be provided with the notice of suspension. If a grantee requests a hearing pursuant to subsection (c), the Department may not take any action of recovery until at least 35 calendar days after the Department has issued a final recovery order pursuant to subsection (e). If a grantee does not request a hearing, the Department may proceed with recovery of the grant funds identified in the notice at any time after the expiration of the 35 calendar day request period established in subsection (c).

- g) Any notice or mailing required or permitted by this Part shall be deemed received five business days after the notice or mailing is deposited in the United States mail, properly addressed with the grantee's current or last known business address and with sufficient U.S. postage affixed.

SUBPART C: PSYCHIATRIC MEDICAL STUDENT SCHOLARSHIPS

Section 577.200 Limitations on Use of Scholarship Funds

- a) Scholarships shall cover the cost of tuition and matriculation fees and provide a monthly living stipend for selected medical students.
- b) Scholarship funds shall be expended by the recipient only while enrolled and in good academic standing at a school of medicine or school of osteopathy in Illinois.
- c) Scholarship funds shall not be awarded for expenses incurred when the student must repeat an academic term or terms, if the repetition is necessary because the student has an academic performance below an acceptable level, as determined by the student's school of medicine or school of osteopathy.
- d) Scholarship funds shall be provided to the recipient's school of medicine or school of osteopathy for tuition and fees. All funds for tuition and fees shall be expended only on the medical student's behalf. All stipend monies shall be provided directly to the medical student.
- e) Scholarship funds shall not be awarded to any medical student for more than four academic years.

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Section 577.210 Eligibility for Application

- a) Individuals eligible to apply for a Psychiatric Medical Student Scholarship shall meet the following requirements:
- 1) Be a lawful US and *Illinois resident at the time of application*;
 - 2) Be *studying medicine*, or accepted for enrollment, *in an accredited medical school or school of osteopathy located in Illinois*;
 - 3) Exhibit *financial need as determined by the Department*, using financial analysis information provided by the applicant and accepted by his or her school of medicine or school of osteopathy. The Department shall find a financial need when the information provided reveals a deficit in available funds for tuition and fees;
 - 4) *Agree to practice full-time in a designated shortage area as a psychiatrist for one year for each year of assistance received*;
 - 5) *Agree to accept medical payment; and*
 - 6) *Serve targeted populations on a full-time basis. (Section 10 of the Act)*
- b) Students receiving monies from other scholarship or loan funds requiring service commitments that prevent the applicant from meeting the requirements of the Psychiatric Medical Student Scholarship shall be ineligible for scholarships described in this Part.

Section 577.220 Criteria for Selecting Scholarship Recipients

- a) The Department shall allocate scholarship monies to schools of medicine or schools or osteopathy for scholarship awards. Schools of medicine and schools of osteopathy shall use the following criteria in the selection of scholarship recipients. Preference shall be given to those scholarship applicants who, in written narratives and personal interviews, can best demonstrate the following:
- 1) Interest in pursuing psychiatric medicine;
 - 2) Previous experience with medically underserved populations;

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- 3) Previous experience in the health care delivery system, with preference given to those whose experience has involved psychiatry;
 - 4) Academic capabilities as reported by the applicant's school of medicine or school of osteopathy, including certified transcripts from the school;
 - 5) Financial need as reported by standard financial analysis documentation supplied by the applicant's school of medicine or school of osteopathy on the student's behalf;
 - 6) Greater number of years of medical school remaining;
 - 7) Stated willingness to provide psychiatric care to citizens residing in designated shortage areas of Illinois;
 - 8) Greatest number of years of residence in Illinois; and
 - 9) United States citizens, or those granted permanent residence by the United States Department of Homeland Security's Citizenship and Immigration Service.
- b) Of all applicants, priority is given to those individuals who have previously received a Psychiatric Medical Student Scholarship, providing that the recipient:
- 1) Requests, in a format determined by the Department, a continuation of scholarship funds;
 - 2) Would not be repeating the same year of school for the second consecutive year because of poor academic performance; and
 - 3) Has not voluntarily withdrawn from school.

Section 577.230 Terms of Performance

- a) Each scholarship recipient shall sign a written contract. The contract shall contain additional terms and conditions that ensure compliance with this Part, the laws of the State of Illinois, and enforcement of the contract.

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- b) Scholarship recipients who fail to complete school because of academic failure (as documented by the recipient's school) or who fail to complete school because of voluntary actions on their part (e.g., withdrawing from school) or who complete school but fail to become licensed as a psychiatric physician in Illinois shall repay to the Department all scholarship monies that were disbursed. This includes monies remitted to the school of medicine or school of osteopathy (as applicable) for tuition and fees as well as monies received by the recipient for stipends. Repayment shall be made as agreed to by the recipient and the Department in the recipient's contract. If a scholarship recipient fails to pay monies owed the Department, the Department shall refer the matter to the Illinois Attorney General, a collection agency, or a licensed attorney.
- c) If the scholarship recipient is disabled or is otherwise unable for reasons beyond the recipient's control to fulfill the scholarship obligations, these obligations shall be suspended until the scholarship recipient is able to resume the scholarship obligations. However, the suspension shall not exceed two years.
- 1) To request a suspension of the scholarship obligation, a recipient shall submit a suspension request in writing to the Department. This request shall detail the reasons for the suspension and, if temporary, the duration of the suspension and shall be supported by clear and convincing documentation.
 - 2) The Department shall approve a request for a suspension if the request is supported by a letter from the recipient's licensed physician fully explaining and attesting to the recipient's inability (either temporarily or permanently) to continue either school or the practice of psychiatric medicine and if the recipient agrees not to continue either his or her medical education or the practice of psychiatric medicine in any state.
 - 3) If a scholarship recipient suffers total and permanent disability, is adjudicated as incompetent, or dies, the recipient shall be discharged from all obligations to the Department in connection with the Act and this Part.
 - 4) If the Department denies the suspension request, the recipient shall fulfill the scholarship obligation.
 - 5) Based on the information contained in the request, the Department's acceptance or denial of the request will be provided in writing, under the

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Director's signature.

- d) Misrepresentation of any material facts presented in the recipient's application shall be considered a breach of contract. If the Department determines that a breach of contract has occurred, the recipient's school shall be notified to halt further disbursements of scholarship funds. In addition, all funds provided by the Department to the student shall be due in full, immediately.

Section 577.240 Scholarship Repayments

- a) Upon the Illinois licensure of the scholarship recipient to practice as a psychiatric physician, the recipient shall provide psychiatric health care in a designated shortage area of Illinois. The term of this service shall be *one year for each academic year he or she received assistance*. (Section 10 of the Act)
- b) Service as a psychiatric physician shall begin no later than 30 days after the recipient is licensed to practice medicine. The Department shall defer service until the recipient completes a psychiatric care residency. Service shall begin no later than 30 days after the recipient completes the residency.
- c) The recipient's internship, residency or other advanced clinical training does not qualify as service repayment of the scholarship obligation.
- d) The scholarship recipient shall submit a written request to the Department for approval for a proposed practice location. The Department shall provide approval or disapproval, in the form of a letter, to the scholarship recipient, based on the requirements of this Section. A letter of approval shall include a description of the terms of the service obligation.
 - 1) Without prior written approval from the Department, time in practice at this location shall not meet the scholarship recipient's service obligation.
 - 2) The scholarship recipient may request approval for a practice location up to 18 months preceding the time that practice at the location is to begin.
 - 3) Approval for a practice location is granted for the duration of the scholarship recipient's service obligation.
- e) The scholarship recipient's practice shall meet the following requirements:

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- 1) Be located in a designated shortage area;
 - 2) Be a full-time, office-based practice providing face-to-face direct patient care; and
 - 3) Provide continuous full-time service at the rate of 12 months for each academic year of medical school supported by the scholarship.
- f) Scholarship recipients may relocate to another practice location, or practice in more than one location, if the Department grants prior written approval.
- g) Scholarship recipients shall enter into a written contract with the Department that describes the terms of the service obligation and contains provisions for enforcement of the contract.
- h) *Any recipient of assistance under the Act who fails to fulfill his or her obligation to practice full-time in a designated shortage area as a psychiatrist for one year for each year that he or she is a recipient of assistance shall pay to the Department a sum equal to 3 times the amount of the assistance provided for each year that the recipient fails to fulfill such obligation. This sum represents the fair market value of services lost by the State of Illinois. A recipient has 30 days after the date on which that failure begins to enter into a contract with the Department. (Section 40 of the Act)*
- 1) The recipient and Department shall enter into a written contract that describes the terms of the repayment and contains provisions for enforcement of the contract.
 - 2) Payment shall be made in equal monthly installments in amounts so that all sums due shall be paid within a period of time equal to the recipient's service term, or remaining portion of the term, or as otherwise agreed to by the recipient and the Department in writing.
 - 3) *The amounts paid to the Department shall be deposited into the Community Health Center Care Fund and shall be used by the Department to improve access to primary health care services as authorized by Section 2310-200(a) of the Department of Public Health Powers and Duties law. (Section 40 of the Act)*

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- i) If a scholarship recipient fails to pay monies owed the Department, the Department may refer the matter to the Illinois Attorney General, a collection agency, or a licensed attorney.

SUBPART D: EDUCATIONAL LOAN REPAYMENT FOR PSYCHIATRISTS

Section 577.300 Limitations on Use of Loan Repayment Funds

- a) Funds shall be used for the repayment of educational loans of psychiatric physicians who agree to serve in designated shortage areas for a specified period of time.
- b) Payments may be made for the principal, interest and related expenses of government and commercial loans and used for tuition expenses and other reasonable educational expenses incurred by the psychiatric physician.
- c) The maximum annual payment that may be made to an individual is \$25,000.
- d) *Payments* made under this Section shall be *exempt from Illinois State income tax*. (Section 15(7) of the Act)
- e) Funds shall not be used to monetarily repay a practice obligation resulting from educational loans or scholarships, whether from Illinois-based institutions or governments or those in other states.
- f) Physicians having practice obligations to the National Health Service Corps' Student Loan Repayment Program, the Illinois Medical Student Scholarship program (see 77 Ill. Adm. Code 594), or other federal, state or local programs may apply for educational loan repayment after completion of all required practice obligations from those programs.

Section 577.310 Application

- a) Any Illinois psychiatric physician or one who can be expected to be licensed in Illinois and who intends to practice full-time in a designated shortage area of Illinois may apply for educational loan repayment.
- b) The Department shall prepare and distribute applications to eligible applicants.

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- c) Applicants shall document currently existing educational loan indebtedness to a governmental or commercial lending institution incurred for educational expenses in pursuit of the applicant's medical degree in Illinois. The documentation of indebtedness shall include a photocopy or original copy of promissory notes or other evidence of indebtedness with disclosure of lending institution or agency, loan amount, loan period, interest rate, and any amounts repaid prior to the date of application.
- d) Applicants shall practice, or be willing to practice, full-time in a designated shortage area in Illinois.
- e) Applicants not yet in practice, or not yet in practice in a designated shortage area in Illinois, shall document intent to do so by written confirmation from a community-based organization or agency, or from other physicians located within the designated shortage area.

Section 577.320 Eligibility

To be eligible for loan repayment assistance, an applicant shall meet all of the following:

- a) Be a citizen or lawful permanent resident of the United States;
- b) Be a resident of Illinois;
- c) Be a licensed psychiatric physician in Illinois;
- d) Practice full time in Illinois as a psychiatric physician;
- e) Be currently repaying educational loans;
- f) Agree to practice as a psychiatric physician in a *designated shortage area for a specified period of time, but not less than three years*;
- g) Agree to *accept medical payments*; and
- h) Agree to *serve targeted populations*. (Section 15(7) of the Act)

Section 577.330 Loan Repayment Awards

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- a) Under the program, for each year that a qualified applicant who is selected as a recipient practices full time in Illinois as a psychiatric physician, the Department shall, subject to appropriation, award a grant to that person in an amount equal to the amount in educational loans that the person must repay that year. However, the total amount in grants that a person may be awarded under the program shall not exceed \$25,000. The Department shall require recipients to use the grants to pay off their educational loans.
- b) *Payments under this program may be made for the principal, interest, and related expenses of government and commercial loans received by the individual for tuition expenses and all other reasonable educational expenses incurred by the individual. (Section 15(7) of the Act)*
- c) When qualified applications are available to support a geographical separation into urban and rural groupings, an equal number of applicants will be selected from each of the groups.
- d) When appropriations are insufficient to provide loan repayment to all qualified applicants, awards will be prorated.
- e) Applications shall be accepted between July 1 and September 30 of each calendar year. If all funds are not expended, subsequent applications will be evaluated individually as received.

Section 577.340 Loan Repayment Award Terms and Obligations

- a) Each psychiatrist selected for educational loan repayment shall enter into a written grant agreement with the Department prior to receiving loan repayment funds. The agreement shall contain terms and conditions that ensure compliance with this Part and the laws of the State of Illinois and enforcement of the contract.
 - 1) The grant agreement shall contain, at a minimum, the following:
 - A) Identifying information of the grantee, including name, mailing address, phone number and e-mail address;
 - B) A description of the grant's purpose;

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- C) Specific information on how payments to the grantee will be made;
 - D) Details on what constitutes permissible expenditure of grant funds;
 - E) Financial controls applicable to the grant;
 - F) The time frame within which the grant is valid, including the time frame during which grant funds can be expended;
 - G) *A provision that a grantee receiving grant funds is required to permit the Department, the Illinois Auditor General or the Illinois Attorney General to inspect and audit any books, records, or papers related to the project. (Section 4(b)(4) of the Illinois Grant Funds Recovery Act); and*
 - H) *A provision in which the grantee certifies under oath that all information in the grant agreement is true and correct to the best of the grantee's knowledge, information, and belief; that the funds shall be used only for the purposes described in the grant agreement; and that the award of grant funds is conditioned upon such certification. (Section 4(b)(6) of the Illinois Grant Funds Recovery Act)*
- 2) The agreement is in effect on the date it is executed between the Department and the recipient.
- A) The agreement is valid for the time frame referenced.
 - B) The Department will deem an agreement null and void if the recipient does not fulfill the requirements stipulated.
- b) Recipients shall complete three years of service in a designated service area in Illinois. Recipients who were awarded a grant based on geographical preference and who wish to move their practice from the location described in the original application and retain status as a grantee shall receive approval from the Department prior to relocating and shall relocate to a designated shortage area in Illinois.

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- c) Time in a practice location shall not meet the recipient's service obligation if the recipient relocates his or her practice from the location described in the original application without first receiving Department approval.
- d) Every quarter, the recipient shall provide documentation to the Department that the amount of money paid for educational loan debt is greater than or equal to the amount of money paid by the Department under this program. Cancelled checks or documentation from the lending institution will be accepted for this purpose. Failure to provide required information shall result in the withholding or suspension of funds and the recovery of previously disbursed funds (see Section 4.1 of the Illinois Grant Funds Recovery Act).
- e) The program administered under this Part will allow for initial three-year grants and subsequent one-year grants. Recipients will be given priority for additional years of funding provided that they continue to meet the eligibility requirements described in Section 15 of the Act.
- f) If the recipient is disabled or is otherwise unable for reasons beyond the recipient's control to perform the loan repayment obligations, these obligations shall be suspended until the recipient is able to resume the loan repayment obligation. However, the suspension shall not exceed two years.
 - 1) To request a suspension of the loan repayment obligation, a recipient shall submit a suspension request in writing to the Department. This request shall detail the reasons for the suspension and, if temporary, the duration of the suspension and shall be supported by clear and convincing documentation.
 - 2) The Department shall approve a request for suspension if the request is supported by a letter from the recipient's licensed physician fully explaining and attesting to the recipient's inability (either temporarily or permanently) to continue the loan repayment obligation.
 - 3) If the recipient suffers total and permanent disability, is adjudicated as incompetent, or dies, the recipient shall be discharged from all obligations to the Department in connection with this Part and the Act.
 - 4) If the Department denies the suspension request, the recipient shall fulfill the loan repayment obligation.

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- 5) Based on the information contained in the suspension request, the Department's acceptance or denial of the request will be provided in writing, under the Director's signature.
- g) Misrepresentation of any material facts presented in the recipient's loan repayment application shall be considered a breach of contract. If the Department determines that a breach of contract occurred, the grant agreement shall be terminated and all funds provided by the Department to the grantee shall be due in full as required in the Act and Section 577.350(b). Any amount the Department is entitled to recover shall be paid within one year after the date the Director determines that the grantee is in breach of the grant agreement.

Section 577.350 Penalty for Failure to Fulfill Obligation

- a) Upon execution of the grant agreement with the Department, the grantee shall provide full-time medical services in Illinois at a site approved by the Department. The term of this service shall be for three years.
- b) If the grantee fails to fulfill his or her obligation to practice full-time in a designated shortage area for one year for each year that he or she is a recipient, the grantee shall repay the Department a sum that is *equal to 3 times the amount of the assistance provided for each year that the recipient fails to fulfill such obligation.* (Section 40 of the Act)
- c) A breach of the grant agreement shall include, but not be limited to, the following situations:
 - 1) Failure to practice full-time at the location specified in the grant agreement;
 - 2) Relocation to an area that is outside of the State of Illinois;
 - 3) Material misstatement in furnishing information to the Department;
 - 4) Making any misrepresentation for the purpose of obtaining loan repayment assistance;
 - 5) Failure to accept medical payments as defined in the Act;

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- 6) Failure to serve targeted populations as defined in the Act;
 - 7) Failure to provide psychiatric care because of an individual's inability to pay; or
 - 8) *Failure to practice in Illinois for three years.* (Section 40 of the Act)
- d) To fulfill the repayment requirements, the grantee shall have 30 calendar days from the date the failure begins in which to enter into a contract with the Department. This contract shall contain terms of the repayment and provisions for enforcement of the contract.
 - e) Payment shall be made in equal monthly installments in amounts so that all sums due shall be paid within one year after the date that the Director determines that the grantee is in breach of the grant agreement.
 - f) *The amounts paid to the Department under this Section shall be deposited into the Community Health Center Care Fund and shall be used by the Department to improve access to primary health care services as authorized by Section 2310-200(a) of the Department of Public Health Powers and Duties Law.* (Section 40 of the Act)
 - g) If the grantee fails to pay monies owed the Department within the required time frame, the Department shall refer the matter to the Illinois Attorney General, a collection agency, or a licensed attorney for resolution.