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THE ASSISTANT SECRETARY OF DEFENSE

WASHINGTON, DC 20301-1200

HEALTH AFFAIRS

MEMORANDUM FOR: SECRETARY OF THE ARMY
SECRETARY OF THE NAVY
SECRETARY OF THE AIR FORCE

SUBJECT: Alternatives to Active Duty Obligations for Participants of the Armed Forces Health Professions Scholarship Program (AFHPSP) and Financial Assistance Program (FAP), and the Uniformed Services University of the Health Sciences (USUHS)

Attached is [interim policy guidance](#) for the implementation and administration of the alternatives that the Military Departments may prescribe for individuals who are relieved of their active duty obligation as participants of AFHPSP, FAP, and USUHS. Also attached are the [revised standard AFHPSP and FAP service agreements](#). This memorandum implements section 741 of the National Defense Authorization Act for Fiscal Year 1997.

A handwritten signature in black ink that reads "Edward D. Martin".

Edward D. Martin, M.D.

Acting Assistant Secretary of Defense

Attachments:

As stated

cc:

ASD(FMP)

ASD(RA)

Surgeon General of the Army

Surgeon General of the Navy

Surgeon General of the Air Force

DFAS

USUHS

HA Policy 98-004

**Policy Guidance for Alternatives to Active Duty Obligations
for Participants of the Armed Forces Health Professions Scholarship Program,
Financial Assistance Program, and the
Uniformed Services University of the Health Sciences**

- References: (a) Section 741 of Public Law 104-201, "National Defense Authorization Act for Fiscal Year 1997"
(b) Sections 2114 and 2123 of title 10, United States Code
(c) DoD Instruction 6000.13, "Medical Manpower and Personnel," June 30, 1997
(d) DoD Directive 1332.30, "Separation of Regular Commissioned Officers," December 21, 1993
(e) Section 2005 of title 10, United States Code
(f) DoD Directive 1205.5, "Transfer of Members Between Reserve and Regular Components of the Military Services," April 10, 1995
(g) DoD Instruction 1205.19, "Procedures for Transfer of Members Between Reserve and Regular Components of the Military Services," April 3, 1995
(h) DoD Directive 1300.4, "Inter-Service Transfer of Commissioned Officers," November 15, 1996
(i) DoD Directive 1332.18, "Separation or Retirement for Physical Disability," November 4, 1996
(j) DoD 7000.14-R, "Financial Management Regulation," Vol 5, July 1996

A. PURPOSE.

1. This memorandum implements references (a), and provides additional policy guidance under references (b) and (c).
2. The Armed Forces Health Professions Scholarship Program (AFHPSP), the Financial Assistance Program (FAP), and the Uniformed Services University of the Health Sciences (USUHS) were established to maintain sufficient numbers of qualified health professionals on active duty. Recognizing that these programs represent a considerable investment of resources, Congress enacted reference (a) so that the Department could prescribe alternatives for members who are relieved of their active duty obligation (ADO) incurred through participation in one of the three programs. However, it was not the intent of the law to make it convenient for participants to avoid active duty. The Military Departments shall make every effort to ensure that participants fulfill their active duty obligation (ADO), as originally intended.

B. APPLICABILITY. This policy guidance applies to the Office of the Secretary of Defense and the Military Departments.

C. DEFINITIONS.

1. **Program.** Unless otherwise described, the term "program" when used herein refers to AFHPSP, FAP, and USUHS.

2. Participant/Member.

- a. **AFHPSP/FAP.** A person appointed as a commissioned officer in a Reserve component of the Army, Navy, or Air Force who is enrolled in AFHPSP or FAP; or an individual who has successfully completed AFHPSP or FAP.
- b. **USUHS.** A person appointed as a commissioned officer on active duty in the Army, Navy, or Air Force who is either enrolled in, or has graduated from, the USUHS.
- c. Unless otherwise described, the term "participant" or "member" when used herein refers to all three programs.

D. Policy.

1. **Alternatives.** It is DoD policy that all individuals who incur a service obligation as a result of participating in AFHPSP, FAP, or USUHS must fulfill that obligation either by active service or through the alternatives prescribed herein. The Secretary of the Military Department concerned shall prescribe one of the following alternatives for participants who are dropped from the program, or relieved of their active duty obligation, prior to fulfillment of the ADO with his or her parent Service. These alternatives are available to the extent allowed by the agreement signed by the participant, or, alternatively, to the extent the participant agrees with the alternative. The alternatives are:
 - a. An active duty service obligation in another Armed Force for a period of time equal to the member's remaining ADO.
 - b. A service obligation in a component of the Selected Reserve (SelRes) for a period twice the member's remaining ADO.
 - c. A service obligation as a civilian employee employed as a health care professional in a facility of the Uniformed Services for a time period equal to the member's remaining ADO. This alternative applies only to a member serving on active duty who is separated by reason of physical disability.
 - d. Repayment to the Secretary of Defense a percentage of the cost incurred by the Secretary on behalf of the member equal to the percentage of the member's total ADO service being relieved, plus interest. This alternative applies to AFHPSP/FAP participants only.
2. **Individuals Affected.** Subject to the provisions of the written Service Agreement, the alternatives prescribed herein apply to the following individuals who fail to fulfill the initial ADO incurred as program participants:
 - a. Program graduates currently serving on active duty.

- b. Program graduates who have been deferred from active duty while undergoing a civilian residency program.
- c. AFHPSP and FAP participants who have completed the academic portion of the program but have yet to receive an appointment as an active duty health professions officer.
- d. Members who are dropped from the program for deficiency in conduct, deficiency in studies, or for some other reason.

3. Active Duty Obligations. The minimum ADOs are:

- a. USUHS: 7 years.
- b. AFHPSP: 1 year for each year of participation or 2 years, whichever is greater.
- c. FAP: 2 years or the number of years of FAP plus one year, whichever is greater.

4. Participants Currently Enrolled in USUHS, AFHPSP, or FAP. Under reference (b), a participant who is dropped prior to program completion for deficiency in conduct or studies, or for other reasons, may be required to perform a period of active duty in the sponsoring Military Department. The Secretary of the Military Department concerned shall ensure that members are assigned in an appropriate military capacity based on prior education and training. The minimum time period of active duty shall be 1 day for each day of participation or 1 year, whichever is greater. This minimum obligation is in addition to any active duty obligation imposed by any other provision of the law. The Secretary of the Military Department concerned, under references (b) and (e), may prescribe one of the alternatives described herein for a participant who is dropped from the program and is either not qualified for active duty or is not assigned an ADO with his or her parent Service.

5. Alternative Selection Criteria.

- a. If an AFHPSP/FAP participant is relieved of his or her ADO for reasons that would preclude him or her from serving in either an active or Reserve component, the ADO alternative shall be repayment, or, in the case of participants unable to serve due to physical disability, a service obligation as a civilian employee.
- b. The Secretary of the Military Department concerned may relieve a member of his or her ADO based on the needs of the Service as long as the underlying military personnel action is in accordance with references (f), (g), and (h), and Service-specific regulations. Under circumstances in which a member is qualified for further Service but has been relieved of his or her parent Service ADO, the primary alternative shall be transfer to an active component of another Armed Force. When this is not feasible, the following alternatives shall be prescribed in the priority listed:

1. Transfer to SelRes of the parent Service.
 2. Transfer to SelRes of another Service.
 3. Repayment.
- c. When a participant is released from his or her ADO by reason of physical disability, the primary ADO alternative shall be service as a civilian employee in a Uniformed Services facility, unless precluded by the disability. If the civilian employment alternative is not utilized, the Secretary of the Military Department concerned shall seek repayment (unless an exception is granted under subsection D.9.).

6. Procedures

- a. Transfer to Another Service/SelRes. The Services shall comply with the policies and procedures prescribed in references (f), (g), and (h) when the appropriate alternative is transfer to another Armed Force or to the SelRes.
- b. Service as a Civilian Health Professional. In accordance with reference (i), a participant who is no longer physically qualified for active service, and is unable to fulfill his or her ADO, shall be provided the opportunity to fulfill his or her ADO as a civilian health care professional in a Uniform Services treatment facility. Once a physical disability determination has been made, the member shall receive counseling regarding his or her options for the alternatives to the unfulfilled active duty obligation. If the member chooses to pursue employment as a civilian health care professional, he or she shall be referred to the servicing civilian personnel office for assistance. All statutory and regulatory requirements for employment must be adhered to.
- c. Repayment
 1. **Process.** In accordance with reference (j), , the Secretary of the Military Department concerned shall be responsible for providing an AFHPSP or FAP program participant with due process notification of indebtedness. If the member does not comply with the initial demand for payment (normally 30-45 days), all supporting documentation will be included in a "debt package" and forwarded to the Defense Finance and Accounting Service (DFAS), Denver, Colorado, for collection assistance. The debt package must include the debtor's name, Social Security number, last known address, computation of debt and total debt amount, reason for the debt, accounting classification to be refunded, a copy of the source document that established the debt (the Service agreement), a copy of the initial demand letter, and any other pertinent correspondence.
 2. **Costs to be Repaid.** Repayment shall be the percentage of the cost incurred by the Secretary under the AFHPSP or FAP program, prorated based on remaining

obligation. The amount of indebtedness shall be the total of tuition (or grant), educational expenses, and stipend received by the participant, divided by the number of days comprising the full ADO, multiplied by the number of days in the unfulfilled ADO. Interest costs added to the repayment amount shall be calculated in accordance with current financial regulations.

7. **Physical Readiness Standards.** Failure to maintain the prescribed physical readiness (PR) standards of the Military Department concerned must not be perceived by program participants as a convenient method to be relieved of their ADO. The rigorous academic requirements of a health professional education, coupled with the absence of a military command support structure, provides increased potential for student participants to fall below PR standards. As such, AFHPSP and FAP participants may be dropped from the program or separated from military service for failure to comply with PR standards only after the member enters active duty and has been afforded the opportunity to participate in a command-sponsored remedial program.
8. **Other Obligations.** The policies and procedures contained in this policy guidance apply only to ADO incurred through AFHPSP, FAP, and USUHS, and do not apply to any military obligation that may have been imposed by any other law.
9. **Exceptions.** The Secretary of the Military Department concerned may grant an exception to this policy under circumstances when it is clearly in the best interest of the Government that the individual be relieved of any such obligation. Convenience to the Military Department or the individual is not sufficient reason to grant an exception.
10. **Service Agreements.** The attached AFHPSP and FAP standard service agreements shall be used by the Services upon the effective date of this policy memorandum. Minor changes to accommodate Service unique requirements are acceptable, but must be approved by Health Affairs. The individual USUHS agreements used by the Services shall be amended to include the alternatives to ADO provisions, as prescribed under paragraph D.1.