COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

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Dear Mr. Metcalfe:

In accordance with your request of July 24, 1972, modified by a discussion with your office on August 4, we have reviewed the policies and practices of the National Health Service Corps (NHSC), Department of Health, Education, and Welfare (HEW), to determine if they are in compliance with the underlying congressional intent of the Emergency Health Personnel Act of 1970 (42 U.S.C. 254B).

The Emergency Health Personnel Act of 1970 states that:

> "It shall be the function of an identifiable administrative unit within the [Public Health] Service to improve the delivery of health services to persons living in communities and areas of the United States where health personnel and services are inadequate to meet the health needs of the residents of such communities and areas."

The act provides that, in order for the Secretary of HEW to assign personnel to an area, (1) the State or local health agency or other public or nonprofit private health care institution must make a request for such personnel; (2) the area must be designated by the Secretary as an area with a critical health manpower shortage; and (3) the State and district medical, dental, or other appropriate health society and the local government for that area must certify to the Secretary that such health personnel are needed for the area.

The NHSC has the responsibility for implementing the act by assigning health personnel to areas of the United States where the above criteria have been met. As agreed in a meeting with your office, our review considered whether NHSC's disapproval of the project applications was consistent with the applicable legislative authority and its underlying congressional intent.

NHSC POLICIES AND PRACTICES FOR APPROVING PROJECT APPLICATIONS

Applications received for NHSC personnel are reviewed and ranked for approval based primarily on the community's need for medical personnel and its ability to eventually support medical personnel without financial assistance under the Emergency Health Personnel Act.

Several factors are taken into consideration in assessing a community's need for medical personnel, including the ratios of practicing physicians and dentists to the population of the area. The following ratios are suggested as guidelines by the NHSC for use in determining high, moderate, and minimal need.

Need	Physician/population ratio	Dentist/population ratio
High (N1)	1 / 5,000 or greater	1 / 8,000 or greater
Moderate (N2)	1 / 3,000 to 1 / 5,000	1 / 5,000 to 1 / 8,000
Minimal (N3)	1 / 3,000 or less	1 / 5,000 or less

NHSC's assessment of a community's ability to financially support medical personnel is based on the following factors:

1. Percentage of persons eligible for benefits under the Medicare and Medicaid programs.

2. Percentage of persons covered by private insurance or other third-party reimbursement programs.

3. The median income of the community and other economic indicators such as the level of sales or purchases of goods and services and the volume of Federal dollars flowing into the community.

After considering the above factors, the potential of a community to financially support medical personnel is ranked as follows:

S1--Excellent potential for becoming self-sustaining.
S2--Good potential for becoming self-sustaining
S3--Fair to poor potential for becoming self-sustaining.

ANALYSIS OF APPLICATIONS APPROVED AND DEFERRED

Following is an analysis of 184 project applications considered for approval by the NHSC from the program's inception on December 31, 1970, to May 4, 1972.

		Approved	Deferred
Number of project applications		144	40
Need ranking	Self-sustaining ranking		
N1	S1	90	2
N1	S2	26	3
N1	S3	4	1
N2	S1	14	1
N2	S2	3	3
N2	S3	-	-
N3	S1	3	-
N3	S2	4	-
N3	S3	-	-
		144	10[a]

[a]Information on need and self-sustaining rankings was available in NHSC files for only 10 of the 40 deferred applications.

As stated previously, our review was directed toward a consideration of whether NHSC's disapproval of project applications was consistent with the authorizing legislation and congressional intent. We did not evaluate the adequacy of the information used by NHSC in assigning need and self-sustaining rankings as shown in the above analysis.

An NHSC report summarizing the results of the review of project applications showed that the 40 projects were deferred for the following reasons:

	Number
Low priority in comparison with other projects	17
Lacked one or more certifications of need including that of the local medical and/or dental society	12
Additional information needed	6
Noncompliance with program regulations with respect to size and characteristics of target population and type of services	4
Arrived too late for review	1
	40

As shown above, 12 of the 40 projects were deferred because they lacked the certification of need by medical and/or dental societies. Of these 12, four had an N1 (high need) rating; three had an N2 (moderate need) rating; and five had not been assigned a need rating by NHSC. As of September 26, 1972, six of the 12 projects had received the necessary certification including one having a high need and one having a moderate need ranking. Information on the remaining six projects is included in the enclosure.

Based on our review of the legislative history of the act, we believe that the NHSC practice of requiring project applicants to obtain a certification of need from appropriate medical and health societies complies with underlying congressional intent of the Emergency Health Personnel Act of 1970.

We noted the following remarks (Congressional Record - December 21, 1970, S20936 and S20937) by Senator Warren Magnuson, a coauthor of the original bill, which provide insight into why the act requires that NHSC personnel not be assigned to an area unless appropriate medical and health societies certify to the Secretary of HEW that such personnel are needed for the area.

"* * * If these young health professionals are to have a salutory impact on health conditions in any community, it is obvious that they will have to work in concert with the doctors already established there. In fact, one of the chief purposes - if not in fact the chief purpose - of the bill is to encourage young health professionals who serve in this PHS [Public Health Service] program to establish themselves permanently in physician-deficient areas following their service in the program. * * *

"* * * The House of Representatives apparently felt our safeguards were inadequate, and altered the bill to grant a 'veto power' over personnel assignments to certain medical groups. Under the language of the House bill, the Secretary of State and the district medical societies (or other valid health professional societies as appropriate), as well as the local government for the area in question, must certify that health personnel available under the terms of the act are needed for that area. Unless the need is so certified, the Secretary of HEW has no authority to send in the health professional who will serve in the PHS under the terms of this act. * * *

"* * * As I pointed out repeatedly in introducing this legislation, we wanted to insure that personnel under this act would be sent to the places where they could do the most good - and they certainly can do no good, or very little, in areas where local doctors are for some reason hostile to their presence. There are enough areas of the country where doctors are clamoring for assistance that there is no prospect of the personnel under this act being underutilized. * * *

"* * * giving a veto power to local medical societies * * * may in fact contribute to greater effectiveness by clarifying that personnel under this act should be assigned to areas where their assistance is actively sought by the medical community as well as by State and local authorities. * * *"

As noted previously, 144 of 184 project applications reviewed as of May 4, 1972, were approved by NHSC. Additional information on these projects follows.

Need ranking	Self-sustaining ranking	Fully staffed	Partially staffed	Unstaffed
N1	S1	31	45	14
N1	S2	8	10	8
N1	S3	1	1	2
N2	S1	4	2	8
N2	S2	2	-	1
N2	S3	-	-	-
N3	S1	-	-	3
N3	S2	1	-	3
N3	S3	-	-	-
Totals		47	58	39

Of the 39 projects that had not received staff, NHSC records showed that 24 were not staffed because of recruitment difficulties.

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NHSC officials have not been given an opportunity to comment on the matters discussed in this report. We plan to make no further distribution of this report unless copies are specifically requested, and then we shall make distribution only after your agreement has been obtained or public announcement has been made by you concerning its contents.

We hope the above information is responsive to your request and will be of assistance to you in considering ways to improve the NHSC program.

Sincerely yours,

E. H. Morse, Jr.

For the Comptroller General
of the United States

Enclosure

The Honorable Ralph Metcalfe
House of Representatives

Enclosure

Reasons why certifications have not been obtained for deferred projects

Location of project	Reason certification was not received
District of Columbia (Anacostia)	The National Medical Association (NMA) refused to give its certification unless it could be guaranteed that a black doctor would be assigned.
Crystal City, Texas	The local medical society believed the applicant, which was the city itself, was unacceptable.
Mound Bayou, Miss.	Specific reasons for the lack of certifications were not included in NHSC files. However, information in the files shows that a NHSC site visitor noted that there was a power struggle between the applicant (community hospital) and a health center, but that the two were to be merged and the site visitor believed it would be better to wait until after the merger before proceeding with the application.
Luzerne County, Pa.	The local medical society refused to certify because it believed that too many Federal programs were operating in the county.
Avon Park, Fla.	The local medical society is reluctant to support a Federal program because they believe that such programs constitute "socialized medicine."
Washington County, N.C.	Reasons for local medical society's reluctance to certify were not included in NHSC files. However, information in the files shows the NHSC is attempting to obtain certification from the local medical society and believes that the certification can be obtained in the near future.