NATIONAL ASSOCIATION OF Community Health Centers

September 17, 2025

The Honorable Linda McMahon
Secretary
U.S. Department of Education
400 Maryland Avenue SW
Washington, D.C. 20202

RE: Docket ID ED-2025-OPE-0016: William D. Ford Federal Direct Loan (Direct Loan) Program Proposed Rule (RIN 1801-AA28)

Dear Secretary McMahon,

The National Association of Community Health Centers (NACHC) is the leading national membership organization dedicated to promoting Community Health Centers (CHCs) (also known as Federally Qualified Health Centers) as the Employer, Provider, and Partner of choice in all communities, as well as the foundation of the primary health care system in the United States.

For 60 years, CHCs have provided high-quality, affordable, comprehensive care – including primary, preventive, dental, behavioral health, pharmacy, vision, and other essential health services to at least 34 million people annually and as many as 52 million at over 17,000 locations across rural and nonrural communities. This includes over 10 million rural residents (at least 1 in 5 and up to 1 in 3), more than 20 million (at least 1 in 3) in poverty, and more than 6 million (at least 1 in 5) uninsured people. Powered by dedicated and committed staff (326,000 FTEs), CHCs serve at least 1 in 10 Americans and up to 1 in 7[1] yet account for only 1% of total U.S. healthcare spending, saving Medicaid and Medicare billions annually by reducing costly emergency, inpatient, and specialty care.[2] Research suggests that every dollar invested in primary care yields a 13-to-1 return in overall health system savings.[3]

In addition to medical services, CHCs provide dental, behavioral health, pharmacy services, and other "enabling" or support services that facilitate access to care for individuals and families in medically underserved communities, regardless of insurance status or ability to pay. NACHC maintains its role as the national voice for CHCs and believes that high-quality primary health care is essential in creating healthy communities. The collective mission and mandate of NACHC and the 1,512 CHCs around the country is to close the primary care gap and provide access to high-quality, cost-effective primary and preventative medical care.

---

[1] https://www.weitzmaninstitute.org/the-hidden-patient-base/

[2] Volerman A, Carlson B, Wan W, Murugesan M, Asfour N, Bolton J, Chin MH, Sripipatana A, Nocon RS. Utilization, quality,
and spending for pediatric Medicaid enrollees with primary care in health centers vs non-health centers. BMC Pediatr. 2024 Feb
8;24(1):100. doi: 10.1186/s12887-024-04547-y. PMID: 38331758; PMCID: PMC10851548.
https://pubmed.ncbi.nlm.nih.gov/38331758/

[3] https://www.oregon.gov/oha/HPA/dsi-pcpch/Documents/PCPCH-Program-Implementation-Report-Final-Sept-2016.pdf

We write to express our concerns about the Department of Education's proposed rule that would redefine "qualifying employer" under the Public Service Loan Forgiveness (PSLF) program. **Given the potential ramifications for CHCs, their employees, and their patients, NACHC requests that the Department consider our comments below on how to improve the implementation of the proposed rule's provisions to prevent any inadvertent disruption in PSLF eligibility for CHCs and their primary care workforce.**

NACHC requests that the Department consider the potential chilling effect on employee recruitment and retention if this rule is finalized as proposed. NACHC survey data showed that nearly two-thirds of CHCs experienced staff turnover rates of 5-25% in 2022.[4] Competition from other employers and better financial opportunities were cited as the top reasons staff were leaving. With the proposed changes to the PSLF, potential employees may be disincentivized from seeking CHC jobs if they feel there is uncertainty about whether such jobs would continue to be deemed PSLF eligible. Students and trainees seeking careers in the health professions may veer toward higher-paying specialized roles in the private sector over lower-paying primary care roles in the non-profit sector, driving up health care costs and decreasing access to preventive care.

The proposed rule could also disproportionately affect rural and underserved communities. CHCs provide care to nearly 10 million rural patients.[5] CHCs leverage programs like PSLF to retain the workforce in rural communities and maintain access to care. With 81 hospitals closing in rural U.S. counties between 2005 and 2024,[6] CHCs often become the only health care provider available, preserving healthcare access to millions.[7] A recent CMS study also suggested that an increase in primary care physicians and specialists helps rural hospitals retain patients and possibly avoid closures.[8] CHCs and their employees are embedded in their communities, and patients receive better care when workers do not fear losing necessary loan repayment benefits or having to move for a new job.

NACHC is concerned about how this change may exacerbate the ongoing primary care workforce shortage. With an estimated shortage of 87,150 full-time equivalent (FTE) primary care physicians by 2037,[9] there has been a growing emphasis on strengthening the pipeline of residents into primary and community-based care, as well as retaining physicians in these settings. Preserving opportunities for staff to remain in community-based organizations in rural, urban, island, frontier, and tribal underserved areas with limited access to care is crucial. In 2024 alone, CHCs provided care to 6.9 million dental health patients, 3.4 million behavioral patients, and over 28.7 million medical patients who might have otherwise not had access to primary care.[10] The PSLF is a vital program to the physicians and the rest of the staff at CHCs who are integral to providing health care access to nearly 34 million Americans. Once again, if workers cannot utilize

[4] https://www.nachc.org/wp-content/uploads/2022/03/NACHC-2022-Workforce-Survey-Full-Report-1.pdf
[5] https://www.nachc.org/nachc-content/uploads/2024/12/FlyIn_RuralCHCDataSheet_V7.pdf
[6] https://ers.usda.gov/data-products/charts-of-note/chart-detail?chartId=110927
[7] https://www.nachc.org/how-community-health-centers-respond-to-rural-hospital-closures/
[8] https://www.cms.gov/files/document/examining-rural-hospital-bypass-outpatient-services.pdf
[9] https://bhw.hrsa.gov/sites/default/files/bureau-health-workforce/state-of-the-primary-care-workforce-report-2024.pdf
[10] 2024 UDS Data

PSLF to help them repay their student loans, they may leave the primary care workforce for better paying jobs, leaving patients with fewer physicians, technicians, and nurses.

CHCs and their staff serve everyone who walks through their doors, regardless of their ability to pay. If their staff leave, CHCs will incur higher operational costs for recruiting and training new staff. Recent data suggests that the median cash-on-hand for CHCs is 100 days, and a quarter of them have negative 4% operating margins. Furthermore, CHCs wrote off over $571 million in uncompensated care in 2024.[11] CHCs operate on razor-thin margins already, investing dollars into staff and services to benefit their patients. If they lose staff due to the loss of their PSLF eligibility, they may have to significantly roll back services or ultimately close their doors, leaving rural and underserved communities without access to care.

NACHC encourages the Department to ensure employers in larger health systems working under one EIN are not treated as one entity for determining PSLF eligibility. Larger health systems may include safety-net organizations such as CHCs within their networks. CHCs are non-profits led by patient-majority boards and follow all federal, state, and local laws and regulations. The Department should review scenarios in which CHC staff may have to use the larger health system's employer ID number when a non-CHC part of that system's eligibility as a qualifying PSLF employer is being reviewed. We urge the Department to provide CHCs and staff who work there with every opportunity to reassure them of continued eligibility for PSLF.

NACHC urges the Department to clarify the notification and appeals process for determining a CHC as a qualified employer. CHCs value the PSLF program to recruit staff to meet the needs of underserved communities, and it's an essential tool to retain our workforce. While we appreciate the opportunity for employers to maintain status through a corrective action plan, we remain concerned about the lack of clarity on how quickly a CHC will be notified of a potential violation or opportunity to correct it. To allow for a good-faith effort to come into compliance, CHCs should receive early and frequent notifications. Additionally, it is important that CHCs have enough time to appeal the determination or to develop and implement a corrective action plan. Ensuring CHCs can maintain their qualified status is vital to keeping their doors open and providing invaluable access to high-quality, affordable health care services. We encourage the Department to consider allowing rapid restoration of eligibility, as ten years of ineligibility for any employer is a long time.

In conclusion, CHCs have a proven, strong track record of stewardship of federal funding. Additional duplicative regulatory requirements will only add to the administrative burden. Serving millions of Medicaid, Medicare, and uninsured patients, CHCs are committed to working closely with the federal government to increase access to quality services and ensure that every dollar is reinvested into patient care. They already participate in accountability and transparency mechanisms, as seen through their annual data reporting through HRSA's Uniform Data System (UDS).

CHCs are also named as a key component in the Making America Health Again (MAHA) agenda to advance health care outcomes. Specifically, the FY26 Administration for a Healthy America

[11] 2024 UDS Data

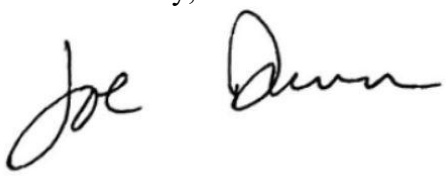
(AHA) Budget Request highlighted our role: "Health centers are at the forefront of efforts to Make America Healthy Again through increasing access to chronic disease prevention and management (e.g. hypertension, diabetes), nutrition counseling and patient health education services, cancer screenings, and comprehensive primary health care services, including preventive services, mental health, and wellness activities".[12] We urge the Department to continue allowing CHCs and their staff to make America healthy without additional burdens to our strained workforce. The Department of Health and Human Services and Congressional Committees of jurisdiction already have strong oversight of CHCs. We understand the Department's interest in program integrity, and we urge the Department to rely on these existing oversight pathways instead.

We specifically urge the Department to consider the following changes:

- Remove provisions that allow employer disqualification without due process.
- Ensure that employees in larger health systems working under one EIN are not treated as one entity for determining PSLF eligibility.
- Establish a clear and fair appeals process for both employers and employees.

NACHC appreciates the opportunity to respond to proposed changes in the PSLF program and looks forward to continuing to engage with the Department of Education on workforce issues. If you have any questions, please contact Elizabeth Linderbaum, Deputy Director, Regulatory Affairs, at elinderbaum@nachc.org.

Sincerely,



Joe Dunn
Chief Policy Officer

[12] https://www.hhs.gov/sites/default/files/fy-2026-aha-cj.pdf