

**HOUSE BILL NO. 78**

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SEVENTH LEGISLATURE - FIRST SESSION

**BY REPRESENTATIVES HERRON, Edgmon**

**Introduced: 1/18/11**

**Referred: Health and Social Services, Finance**

**A BILL**

**FOR AN ACT ENTITLED**

1   **"An Act establishing a loan repayment program and employment incentive program for**  
2   **certain health care professionals employed in the state; and providing for an effective**  
3   **date."**

4   **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

5       **\* Section 1.** AS 14.43 is amended by adding new sections to read:

6               **Article 8A. Health Care Professions Loan Repayment.**

7               **Sec. 14.43.430. Loan repayment; purpose.** (a) The commission shall repay a  
8               portion of education loans made by the state to eligible tier I and tier II health care  
9               professionals under the health care professions loan repayment and employment  
10              incentive program established in AS 18.29.015 and the loan repayment procedures  
11              established under this section.

12              (b) The Department of Health and Social Services shall administer the health  
13              care professions loan repayment program under AS 18.29.010 - 18.29.099. The  
14              commission shall act as a disbursing agent in carrying out the provisions of

1 AS 14.43.430 - 14.43.449.

2 (c) Loan repayments under this section shall be made with funds appropriated  
3 by the legislature for that purpose. The loan repayments made under this section do  
4 not constitute a financial obligation of the corporation.

5 **Sec. 14.43.435. Eligibility.** To be eligible for loan repayment under  
6 AS 14.43.430, an individual must

7 (1) meet eligibility and priority criteria established under  
8 AS 18.29.030;

9 (2) have an unpaid balance on one or more education loans made by  
10 the state and verified by the commission; and

11 (3) meet other criteria established by the commission.

12 **Sec. 14.43.440. Conditions and limitations on loan payments.** (a) A loan  
13 repayment under AS 14.43.430 - 14.43.449 shall be in an amount not to exceed 33.3  
14 percent of the unpaid loan balance existing in the first year of program participation,  
15 multiplied by the percentage of full time equivalent employment for each of up to  
16 three years of qualified employment less a matching loan or incentive amount from an  
17 employer or other entity as determined under AS 18.29.020.

18 (b) The commission shall make a loan repayment under this section in  
19 quarterly installments payable to the lending institution or to the individual who is  
20 eligible for the loan repayment for the purpose of repaying the loan. A loan repayment  
21 made under this section may not exceed the annual benefit amounts established under  
22 AS 18.29.020(b). The commission may not make a loan repayment installment for an  
23 employment period of less than one calendar quarter.

24 (c) A loan or interest on a loan is not eligible for repayment under this section  
25 if the loan or interest is eligible for repayment from another source, including another  
26 loan repayment or forgiveness program or an employer-sponsored repayment  
27 program.

28 **Sec. 14.43.449. Definitions.** In AS 14.43.430 - 14.43.449,

29 (1) "qualified employment" has the meaning given in AS 18.29.099;

30 (2) "tier I health care professional" means a dentist, pharmacist, or  
31 physician;

(3) "tier II health care professional" means a dental hygienist, registered nurse, certified nurse practitioner, physician assistant, physical therapist, clinical psychologist, or clinical social worker holding at least a master's degree in social work.

\* **Sec. 2.** AS 18 is amended by adding a new chapter to read:

**Chapter 29. Health Care Professions Loan Repayment and Incentive Program.**

**Sec. 18.29.010. Legislative intent.** The incentive payments provided under this chapter are intended to ensure that residents throughout the state, including recipients of medical assistance and Medicare, have access to health care and that residents of rural areas of the state, in particular, experience improved access to health care services.

**Sec. 18.29.015. Health care professions loan repayment and incentive program; purpose; advisory body.** (a) The health care professions loan repayment and incentive program is established in the department for the purpose of addressing the worsening shortage of certain health care professionals in the state by increasing the number and improving the distribution of health care professionals who provide direct patient care.

(b) The program established under this section must include

- (1) loan repayments made under AS 14.43.430 - 14.43.449;
- (2) direct incentives paid under AS 18.29.020;
- (3) procedures for the commissioner's designation and prioritization of sites eligible for participation in the program;
- (4) an application process for participation in the program as
  - (A) an eligible site; or
  - (B) a tier I or tier II health care professional;
- (5) the dissemination of public information and notices pertinent to the program;
- (6) classification by the commissioner of each eligible site as having either regular or very hard-to-fill positions, or both;
- (7) a lifetime maximum period of 12 years for participation in the loan repayment and direct incentive aspects of the program by a tier I or tier II health care

1 professional; and

2 (8) annual program evaluations and reports.

3 (c) Except as provided under AS 14.43.430, the program shall be administered  
4 by the commissioner in consultation with an advisory body appointed by the  
5 commissioner. The advisory body is made up of members with health care expertise,  
6 including expertise in economic issues affecting the hiring and retention of health care  
7 professionals in the state. Members of the advisory body serve at the pleasure of the  
8 commissioner to provide recommendations for and oversight and evaluation of all  
9 aspects of the program. The commissioner shall accept a recommendation of the  
10 advisory body on a matter pertaining to the identification and monitoring of areas of  
11 shortages, eligible sites, payment priorities, or evaluation of the program, unless the  
12 commissioner finds, in writing, that the recommendation cannot be financially or  
13 otherwise supported by the department.

14 **Sec. 18.29.020. Direct incentives.** (a) The department shall provide direct  
15 incentives in the form of quarterly cash payments to eligible tier I and tier II health  
16 care professionals engaged in qualified employment. The department may not make an  
17 incentive payment

18 (1) before the employment period begins;

19 (2) for a period of qualified employment of less than three months; or

20 (3) under a contract term that is less than one calendar quarter.

21 (b) Payments made under this section, when combined with a loan repayment  
22 amount paid under AS 14.43.440, if any, may not exceed

23 (1) \$35,000 annually for a tier I health care professional employed in a  
24 regular position;

25 (2) \$47,000 annually for a tier I health care professional employed in a  
26 very hard-to-fill position;

27 (3) \$20,000 annually for a tier II health care professional employed in  
28 a regular position; or

29 (4) \$27,000 annually for a tier II health care professional employed in  
30 a very hard-to-fill position.

31 (c) The commissioner shall calculate the annual incentive payment amount by

1 multiplying the annual maximum payment under (b) of this section by the percentage  
 2 of full time equivalent employment for each of not more than three years of qualified  
 3 employment less a matching payment amount as determined under (d) of this section  
 4 and loan repayment amount, if any, under AS 14.43.440.

5 (d) An employer or other entity that employs an eligible tier I or tier II health  
 6 care professional at an eligible site shall make nonrefundable quarterly matching  
 7 payments to the department. The payments must be in an amount that is

8 (1) not more than half of the combined annual incentive payment made  
 9 under (c) of this section and the loan repayment amount paid under AS 14.43.440(a),  
 10 as determined by the commissioner; and

11 (2) based on the employer's or entity's ability to pay, as determined by  
 12 the commissioner, in consultation with the program advisory body.

13 (e) A payment made under (d) of this section shall be combined with the  
 14 payment made to the professional by the department.

15 **Sec. 18.29.025. Number of participants.** (a) The number of participants to  
 16 whom the commissioner may provide a direct payment, loan repayment, or both under  
 17 the program established under AS 18.29.015 may not exceed 90 participants annually  
 18 as described in (b) of this section, regardless of whether the participant is a new or  
 19 continuing participant.

20 (b) The commissioner shall reserve sufficient funding for not fewer than three  
 21 positions in each of the 10 tier I and tier II health care professions in very hard-to-fill  
 22 positions at eligible sites.

23 **Sec. 18.29.030. Eligibility and priority.** (a) To be eligible for a direct  
 24 incentive payment under AS 18.29.020, an individual shall

- 25 (1) submit an application on a form approved by the commissioner;  
 26 (2) be engaged in qualified employment at an eligible site;  
 27 (3) be licensed as a tier I or tier II health care professional in the state  
 28 within 90 days after the first day of employment;  
 29 (4) meet a priority for payment established under (b) of this section;  
 30 and  
 31 (5) meet other criteria established by the commissioner.

(b) The commissioner shall establish priorities for payment of a loan and incentive under the program based on the recommendations of the program advisory body and the availability of funding. The commissioner shall prioritize eligible sites based on the remoteness of the site and the percentage of patients treated at the site who

(1) are uninsured;

(2) have or are eligible for medical assistance or Medicare coverage; or

(3) have or are eligible for other federal health program benefits.

**Sec. 18.29.099. Definitions.** In AS 18.29.010 - 18.29.099,

(1) "commissioner" means the commissioner of health and social services;

(2) "department" means the Department of Health and Social Services;

(3) "eligible site" means a service area or health care facility that the commissioner has designated as located in a health care services shortage area based on a needs assessment and employment statistics for qualified tier I or tier II health care professionals;

(4) "program" means the health care professions loan repayment and incentive program;

(5) "qualified employment" means employment of a tier I or tier II health care professional at an eligible site at which the health care professional is hired and paid to work

(A) in a full-time or not less than half-time position;

(B) for a contract term that is not less than three years; and

(C) not less than 50 percent time on direct patient health care services;

(6) "tier I health care professional" means a dentist, pharmacist, or physician;

(7) "tier II health care professional" means a dental hygienist, registered nurse, certified nurse practitioner, physician assistant, physical therapist, clinical psychologist, or clinical social worker holding at least a master's degree in social work.

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2     \* **Sec. 3.** The uncodified law of the State of Alaska is amended by adding a new section to  
3 read:

4           HEALTH CARE INCENTIVE PROGRAM; REPORT. On or before January 1, 2019,  
5 the Department of Health and Social Services shall prepare and submit a report to the  
6 legislature that describes the participation rates, costs, and the effect on health care profession  
7 shortage areas, as designated by the commissioner, of the health care profession incentive  
8 program established under AS 18.29.015.

9     \* **Sec. 4.** AS 14.43.430, 14.43.435, 14.43.440, 14.43.449; AS 18.29.010, 18.29.015,  
10 18.29.020, 18.29.025, 18.29.030, and 18.29.099 are repealed June 30, 2019.

11     \* **Sec. 5.** This Act takes effect immediately under AS 01.10.070(c).