Final Report to the Legislature

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Healthcare Professions Loan Repayment and Incentive Program

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Overview

In 2012 the Alaska State Legislature established AS 18.29, a loan repayment program and employment incentive program for certain health care professionals employed in the state.

To fulfill the statutory requirements of the uncodified law of the State of Alaska, Chapter 25, Session Laws of Alaska 2012 (CH 25 SLA 2012), the Department of Health and Social Services has prepared this final report describing the participation rates, costs, and effect on health care profession shortage areas as designated by the Commissioner of Health and Social Services, of the health care professions loan repayment and incentive program established under AS 18.29.15.

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Introduction and Purpose

The Alaska Health Care Professions Loan Repayment and Incentive Program, known as SHARP-2, was created by passage of Alaska Statute 18.29 in May 2012. The program is intended to ensure that Alaskans, including recipients of Medicaid 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. The purpose of the program is to address 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.

Alaska has an overall shortage of healthcare clinicians, and in addition there is mal-distribution of clinicians across Alaska. Varied studies have shown that shortage and/or mal-distribution of licensed practitioners creates serious barriers to accessing care, especially for underserved populations, including recipients of Medicaid and Medicare, the uninsured, Alaska Native/American Indian populations, and persons eligible for other federal health program benefits..

The program is scheduled for repeal on June 30, 2019. This document is SHARP-2's final report, to be submitted on or before January 1, 2019 as required by Chapter 25, Session Laws of Alaska 2012.

Program Description

Alaska's state healthcare loan repayment and incentive program, better known as SHARP, is an organized, ongoing effort to provide financial support and inducement to a practitioner other than the standard wage and benefit. These types of support-for-service programs help to recruit and retain health care workers by providing financial incentives in return for their provision of healthcare to Alaska's priority populations.

SHARP-2, supported by state general fund and matching funds from employers, is Alaska's second state-operated support-for-service program. The original program, SHARP-1, is a federally funded grant program limited to loan repayment for primary care clinicians working in federal health professional shortage areas. SHARP-2 annually provides up to 90 participating practitioners with education loan repayment, direct incentive, or both. A variety of practice sites are eligible, as are a variety of healthcare occupations.

The first cohort of SHARP-2 practitioners began service contracts on July 1, 2013. Three-year contracts are awarded through a competitive process based on the recommendation of the SHARP Advisory Council, which is appointed by the Commissioner of Health and Social Services. The ten eligible licensed occupations are divided into two tiers. Tier-1 is composed of physicians, pharmacists and dentists who may receive up to $35,000 annually. Tier-2 is composed of psychologists, clinical social workers, physician assistants, nurse practitioners,

registered nurses, physical therapists and dental hygienists who may receive up to $20,000 annually. Priority is given to very-hard-to-fill positions which may receive a higher amount ($47,000 Tier 1 and $27,000 Tier 2).

Quarterly payments are prorated based on the number of hours worked by the clinician. Clinicians must work at least half-time and a minimum of 50% of the time must be on direct patient healthcare services. Eligible sites are prioritized based on a combination of the remoteness of the site and proportion of underserved patients treated. Underserved patients are those that are uninsured, eligible for Medicaid or Medicare, or eligible for other federal health program benefits. Participating sites were eventually distributed widely across the state, with an emphasis on rural and remote locales.

SHARP-2 contracts are approximately 75% funded by State GF, with the other 25% from required employer matching funds. Employer organization types have differing match rates: (a) for-profits at 30%, (b) non-profits at 25%, and (c) government entities at 10%. In addition, for both the for-profit and non-profit organizations, the option to request a partial waiver of employer match rate reduces the rate to: (a) 15% for-profit, and (b) 10% non-profits.

In 2015, the Department of Health and Social Services found it necessary to place a moratorium on any new SHARP-2 contracts due to the lack of available state general fund dollars. All 83 existing contracts were fully funded and have been completed.

Additional information about the SHARP healthcare loan repayment and incentive program can be found at: http://dhss.alaska.gov/dph/HealthPlanning/Pages/sharp/default.aspx Email inquiries can be directed to sharp.inquiry@alaska.gov.

Executive Summary

The State Legislature established AS 18.29, a loan repayment program and employment incentive program for certain health care professionals employed in the state in 2012. The program is scheduled to be repealed June 30, 2019.

In total, SHARP-2 issued 83 clinician-contracts composed of the occupation categories: 47 in medical, 18 in dental, and 18 in behavioral health.

Total payments were $6,364,476, composed of $4,909,038 State General Fund and $1,455,438 of required employer match.

The majority of the 31 SHARP-2 employers distributed across 25 communities were associated with non-profit organizations and hospitals that were nearly evenly distributed between tribal and non-tribal entities.

Project Accomplishments and Impact

The Department of Health and Social Services has prepared this final report describing the participation rates, costs, and effect on health care profession shortage areas for SHARP-2 to fulfill the statutory requirements of the uncodified law of the State of Alaska Chapter 25 SLA 2012. SHARP-2 accomplishments and impacts are discussed in terms of participation, cost and impact on health care provider shortage area in Alaska. Each attribute is presented with accompanying data tables.

Participation Rates

Clinician Occupation

Alaska's SHARP-2 program issued a total of 83 support-for-service contracts to individual healthcare practitioners. Of the 83 contracts, 18 (22%) were for behavioral health, 18 (22%) were for dental, and 47 (57%) were for medical clinicians. The occupation with the most contracts was that of dentist at 12 (14% of total), followed closely by pharmacists at 11 (13%), medical physicians at 11 (13%), and medical registered nurses at 10 (12%). (See Table 1.)

Table 1 Clinician Occupation

	Totals	Percent
Behavioral	**18**	**22%**
Nurse (RN)	1	1%
Nurse Practitioner	1	1%
Physician	4	5%
Physician Assistant	2	2%
Psychiatrist	1	1%
Psychologist	3	4%
Social Worker (LCSW)	6	7%
Dental	**18**	**22%**
Dental Hygienist	6	7%
Dentist	12	14%
Medical	**47**	**57%**
Nurse (RN)	10	12%
Nurse Practitioner	8	10%
Pharmacist	11	13%
Physical Therapist	4	5%
Physician	11	13%
Physician Assistant	3	4%
Totals	**83**	

Occupation Category, with Tier-Level, Full-Time Equivalent Size, and Very Hard-to fill Status

The three main occupation categories differed substantially in the distribution of Tier-1 versus Tier-2 clinicians. The results were (T1 to T2): Dental 12 vs. 6, and in Medical 22 vs. 25, but in Behavioral Health the split was 5 vs. 13. To an extent, this reflects the more general truth that for Behavioral Health, the lower-ranked practitioners comprise the vast bulk of those providers.

As regards the number of Full-Time Equivalents (FTE), there was a difference between the FTE count, and the total number of contracts. The reason for this is that both full-time and half-time positions were eligible to participate. Practitioners elected half-time program participation for a variety of reasons including that the practitioner works full-time for the employer, but carries substantial administrative duty in addition to (some) direct-patient-care.

Employers applied for positions to be classified as either "regular-fill" (the standard category) or "very hard-to-fill" (VHTF) based on the length of time that the position had been vacant, etc. Fully 47% (39 of 83) contracts were designated as VHTF, a designation underscoring the difficulty in recruiting practitioners to Alaska. (See Table 2.)

Table 2 Occupation by Tier-Level, Full-Time Equivalents, and Very Hard-to-fill Status

Occupation Category	Tier Level - Counts			Full-Time Equivalents			Very Hard-to-Fill		
	Tier-1	Tier-2	Total	T1 - FTE	T2 - FTE	Total	Yes	No	Total
Behavioral	5	13	18	5	11	16	11	7	18
Nurse (RN)		1	1		1	1		1	1
Nurse Practitioner		1	1		1	1	1		1
Physician	5		5	5		5	5		5
Physician Assistant		2	2		2	2	1	1	2
Psychologist		3	3		2.5	2.5	2	1	3
Social Worker		6	6		4.5	4.5	2	4	6
Dental	12	6	18	11	4.5	15.5	9	9	18
Dental Hygienist		6	6		4.5	4.5	2	4	6
Dentist	12		12	11		11	7	5	12
Medical	22	25	47	18.5	24.5	43	19	28	47
Nurse (RN)		10	10		9.5	9.5	3	7	10
Nurse Practitioner		8	8		8	8	1	7	8
Pharmacist	11		11	10.5		10.5	6	5	11
Physical Therapist		4	4		4	4	3	1	4
Physician	11		11	8		8	6	5	11
Physician Assistant		3	3		3	3		3	3
Grand Totals	39	44	83	34.5	40	74.5	39	44	83
Percent	47%	53%		42%	48%		47%	53%	

Costs

Budget and Expenditure Summary:

Table 3 presents expenditures, parsed across the three main occupation categories. Total value of awards was $6,364,476. Contractual expense was paid via two different funding sources: (a) State General Fund (GF), and (b) a required employer match (EM). Resulting expenditures were: GF at $4,909,038 (77%), and EM at $1,455,438 (23%). Over half of the total award was spent for medical practitioner contracts. (See Table 3.)

Table 3 Varied Expenditure Measures by Occupation Category

Measure	Occupation Category				Percent
	Behavioral	Dental	Medical	Totals	
Totals					
Total Clinician Count	18	18	47	83	
Total Contract Award Amount	$ 1,387,535	$ 1,542,618	$ 3,434,323	$ 6,364,476	
Total Employer Match	$ 257,623	$ 380,508	$ 817,307	$ 1,455,438	23%
Total State-GF (AS 18.29)	$ 1,129,912	$ 1,162,110	$ 2,617,016	$ 4,909,038	77%
Percent	23%	24%	53%		
Overall Averages					
Average Contract Award	$ 77,085	$ 85,701	$ 73,071	$ 76,680	
Average of Total EM (est)	$ 14,312	$ 21,139	$ 17,390	$ 17,535	
Average of Total GF (est)	$ 62,773	$ 64,562	$ 55,681	$ 59,145	
Per Year Per Contract					
Per Year Per Contract Value	$ 25,695	$ 28,567	$ 24,357	$ 25,560	
Per Year Per Contract EM	$ 4,771	$ 7,046	$ 5,797	$ 5,845	
Per Year Per Contract State GF	$ 20,924	$ 21,521	$ 18,560	$ 19,715	

Occupation Categories, Rank-Order by Average Award Amount

The average overall cost for three-year contracts was $76,680, which was $25,560 per practitioner per year. However, both between and within sub-categories there was substantial variation. Table 4 presents all 10 program-eligible occupations in rank-order, within the respective occupational categories. Not surprisingly, Tier-1 occupations and those with a high proportion of very-hard-to-fill positions had the highest average awards. Within behavioral health, psychiatrists commanded by far the highest average per-year value at $45,589. Within dental, the dentists' average award per year was $34,916. In the medical category, the pharmacists had the highest per-year contract values, at $37,316 per annum. Physicians held a distant second at $27,107 per annum. This later split was the result of some physicians having contracts for half-time service. The lowest award values were held by the clinical social workers, dental hygienists, nurse practitioners and registered nurses. (See Table 4.)

Table 4 Occupation Category by Total Award and Funding Amount

Occupation	Count	Contract Expense and Funding				
		Average Award/Clinician	Average/Year	Total/Occupation	State GF	EM Match
Behavioral	**18**	**$ 77,085**	**$ 25,695**	**$ 1,387,535**	**$ 1,129,912**	**$ 257,623**
Physician	5	$ 136,768	$ 45,589	$ 683,840	$ 555,180	$ 128,660
Physician Assistant	2	$ 70,500	$ 23,500	$ 141,000	$ 105,750	$ 35,250
Nurse Practitioner	1	$ 61,750	$ 20,583	$ 61,750	$ 55,575	$ 6,175
Nurse (RN)	1	$ 60,000	$ 20,000	$ 60,000	$ 54,000	$ 6,000
Psychologist	3	$ 57,275	$ 19,092	$ 171,824	$ 142,492	$ 29,332
Social Worker	6	$ 44,854	$ 14,951	$ 269,121	$ 216,916	$ 52,205
Dental	**18**	**$ 85,701**	**$ 28,567**	**$ 1,542,618**	**$ 1,162,110**	**$ 380,508**
Dentist	12	$ 104,749	$ 34,916	$ 1,256,988	$ 947,888	$ 309,101
Dental Hygienist	6	$ 47,605	$ 15,868	$ 285,630	$ 214,223	$ 71,408
Medical	**47**	**$ 73,071**	**$ 24,357**	**$ 3,434,323**	**$ 2,617,016**	**$ 817,307**
Pharmacist	11	$ 111,949	$ 37,316	$ 1,231,440	$ 918,330	$ 313,110
Physician	11	$ 81,321	$ 27,107	$ 894,530	$ 681,271	$ 213,259
Physical Therapist	4	$ 61,091	$ 20,364	$ 244,362	$ 195,422	$ 48,941
Physician Assistant	3	$ 60,000	$ 20,000	$ 180,000	$ 144,000	$ 36,000
Nurse Practitioner	8	$ 49,396	$ 16,465	$ 395,170	$ 302,378	$ 92,793
Nurse (RN)	10	$ 48,882	$ 16,294	$ 488,821	$ 375,616	$ 113,205
Grand Total	**83**	**$ 76,680**	**$ 25,560**	**$ 6,364,476**	**$ 4,909,038**	**$ 1,455,438**

Contract Expenditure as a Function of State Fiscal Year

Table 5 summarizes contract expenditure and funding by Alaska State Fiscal Year (SFY) (July 1-June 30) from SFY 2013 through SFY 2018. Total contract expense rose from zero for SFY 2013 to a high during SFY 2015 (at $2,165,453) and ensuing SFY 2016 (at $1,964,497). Thereafter, no new SHARP-2 service contracts were issued, and contract-legacy costs then dropped off precipitously during SFY 2017 ($707,923) and finally SFY 2018 (at $31,039). (See Table 5.)

Table 5 Contract Expenditure as a Function of State Fiscal Year

State Fiscal Year	Total Contract Payments				State GF	EM Match
	Amount/Year	Cumulative Amount	Percent /Year	Cumulative %	at 77%	at 23%
SFY 2013	$ -	$ -	0.0%	0.0%	$ -	$ -
SFY 2014	$ 1,501,315	$ 1,501,315	23.6%	23.6%	$ 1,157,992	$ 343,323
SFY 2015	$ 2,165,453	$ 3,666,768	34.0%	57.6%	$ 1,667,399	$ 498,054
SFY 2016	$ 1,964,497	$ 5,631,265	30.9%	88.5%	$ 1,515,253	$ 449,244
SFY 2017	$ 707,172	$ 6,339,437	11.0%	99.5%	$ 541,598	$ 160,574
SFY 2018	$ 31,039	$ 6,364,476	0.5%	100.0%	$ 23,941	$ 7,098
Grand Totals	**$ 6,364,476**				**$ 4,909,038**	**$ 1,455,438**

Effect on Healthcare Provider Shortage Areas

Overall, SHARP-2 had a positive effect on healthcare provider shortage areas by increasing the number and improving the distribution of healthcare professionals who provide direct patient care. SHARP-2 was successful in recruiting and/or retaining 83 clinicians statewide, with a majority of clinicians placed in locations off the road system and emphasizing care for rural and isolated priority populations. Worksites were primarily non-profit and hospital associated, with similar numbers of clinicians at tribal and non-tribal affiliated organizations. The following data tables and sub-categories describe the distribution of clinicians statewide and attributes of the worksites.

Geographic Region, and Occupation Category

SHARP-2 clinicians worked in every geographic region of Alaska, with proportionately more located in Southeast 28% (23) and Southwest 27% (22). In addition, there were three "statewide" practitioner contracts, meaning that those clinicians worked with patients hailing from widely disbursed locations, usually in a hub location (e.g. clinicians at Alaska Native

Medical Center). The number of contracts per region was the lowest for Interior (1) and Northern (2). (See Table 6.)

Table 6 Geographic Region of Practice Site and Clinician Occupation Category

Geographic Region	Occupation Category				
	Behavioral	Dental	Medical	Totals	Percent
Anchorage	2	4	2	8	10%
Gulf Coast	2		8	10	12%
Interior			1	1	1%
Mat-Su	2	2	3	7	8%
Northern			2	2	2%
Southeast	4	4	15	23	28%
Southwest	1	8	13	22	27%
Statewide	7		3	10	12%
Totals	18	18	47	83	
Percent	22%	22%	57%		

Communities, their Road Status, and Contract Occupation Category

SHARP-2 participating-communities can be classified as either "on the road system" or "off-road." In total, there were 25 unique communities, and of those there were substantially more contracts for clinicians in off-road locations (50, i.e. 60%) than in communities that were on-the-road system (33, i.e. 40%). Further, for both the Dental (12 off vs. 6 on) and Medical (33 off vs. 14 on) the number of "off-road" contracts outnumbered "on-road" contracts by two-to-one. The largest number of off-road contracts was in Bethel (Southwest region) (17, i.e. 20%), while the largest number of on-road contracts was in Anchorage (18, i.e. 22%). The majority of clinicians worked in "off-road" locations providing care for rural and isolated priority populations. (See Table 7.)

Table 7 Community of Practice Site, Road Status, and Occupation Category

Communities and Road System		Clinician's Occupation Category				
		Behavioral	Dental	Medical	Totals	Percent
Off-Road		5	12	33	50	60%
	Angoon			1	1	1%
	Barrow			1	1	1%
	Bethel	1	7	9	17	20%
	Cordova	1		1	2	2%
	Craig			2	2	2%
	Dillingham		1	4	5	6%
	Juneau	3	1	3	7	8%
	Ketchikan			3	3	4%
	Klawock		2	2	4	5%
	Kodiak			2	2	2%
	Metlakatla			1	1	1%
	Nome			1	1	1%
	Petersburg			2	2	2%
	Sitka			1	1	1%
	Wrangell		1		1	1%
Road		13	6	14	33	40%
	Anchorage	9	4	5	18	22%
	Fairbanks			1	1	1%
	Haines	1			1	1%
	Homer			2	2	2%
	Ninilchik			1	1	1%
	Soldotna	1			1	1%
	Talkeetna		2		2	2%
	Valdez			2	2	2%
	Wasilla	2		2	4	5%
	Willow			1	1	1%
Totals		18	18	47	83	
Percent		22%	22%	57%		

Agency Attributes

Of the agencies that participated by employing SHARP-2 clinicians, 22 were non-tribal entities while nine were tribal health organizations (THO). The number of contracts were nearly equally divided between non-tribal (41) and tribal (42) organizations. Of the 83 total contracts, 68 (82%) were with non-profits, 13 (16%) were with government entities, while another two (2%) were with for-profit agencies.

The number of contracts held by clinicians working in hospitals was 49 (59%), and 34 (41%) were not hospital based. As regards number of contracts held by clinicians working in Community Health Centers (CHCs), there were nine at non-tribal (22% of non-tribal) and 28 at tribal (67% of THO) entities. (See Table 8.)

Table 8 Organization Type, Tribal Affiliation, and Hospital or Community Health Clinic Association

Agency	Organization Type				Hospital Associated			CHC Associated			
	For-profit	Non-profit	Gov't	Total	Hospital	no	Total	CHC	no	Total	Percent
Non-tribal	2	27	12	41	20	21	41	9	32	41	49%
Tribal		41	1	42	29	13	42	28	14	42	51%
Grand Totals	2	68	13	83	49	34	83	37	46	83	
Percent	2%	82%	16%		59%	41%		45%	55%		

Conclusion

The demand for healthcare providers continues to increase. The success of healthcare loan repayment and incentive support-for-service programs in increasing the healthcare workforce has been demonstrated. Alaska's SHARP-2 program has proven to be successful in providing healthcare to Alaska's vulnerable populations statewide by helping to recruit and retain health care workers. A variety of practice sites employed clinicians who were eligible for financial support through education loan repayment and direct financial incentives, as were a variety of healthcare occupations. SHARP-2 issued 83 contracts over a three-year period from 2013-2015, and there likely would have been twice as many contracts during the AS 18.29 project-period if state budget constraints had not curtailed the program. Overall, the SHARP-2 clinicians provided healthcare in 31 employers located in 25 communities across Alaska, working in a variety of practice settings. Those clinicians were medical, dental and behavioral health practitioners, the majority working off the road system, providing care to high-need underserved populations.

To meet the ongoing demand, the State of Alaska must continue to address the shortage of clinicians. Public-private partnerships are essential to increasing the number of providers while minimizing the use of state funds.

Recommendations

With the sunset of SHARP-2 on June 30, 2019, other healthcare practitioner incentive programs are needed to reduce healthcare provider shortages throughout Alaska. The utilization of public-private partnerships and expansion of program eligibility for healthcare occupations, would positively impact access to care for priority populations in Alaska without the use of state dollars. There are two recommendations based on the SHARP-2 program for consideration prior to the June 30, 2019 sunset date for AS 18.29.

1. Utilize public-private partnerships for sustainable funding.

   Public-private partnerships are essential to success. Support-for-service needs more funding that is not dependent on federal or state revenue. Due to the non-availability of state general fund dollars, the SHARP-2 program was unable to continue issuing new contracts after 2015. While government funds can be part of the answer, private funding must also be expanded.

2. Expand eligibility for healthcare occupations and sites.

   A broad set of eligible occupations is needed to address workforce shortages. Limiting program eligibility to a small subset of needed occupations restricts the supply of practitioners. SHARP-2 eligible occupations were physicians, pharmacists, dentists, psychologists, clinical social workers, physician assistants, nurse practitioners, registered nurses, physical therapists and dental hygienists. For example, SHARP-2 did not include licensed professional counselors, an occupation increasingly in demand.

   In another example, the federal grant-funded SHARP-1 includes only outpatient clinician generalists working in federally designated health professional shortage areas. This is an obstacle to addressing the shortage since much of Alaska's population-in-need is in Alaska's urban areas, as are the needed practitioner positions. The state funded SHARP-2 helped expand the service area beyond federal shortage areas and has been successful in helping to meet Alaska's healthcare access needs and demand for providers.