

CS FOR HOUSE BILL NO. 78()

IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-SEVENTH LEGISLATURE - FIRST SESSION

BY

Offered:
Referred:

Sponsor(s): REPRESENTATIVES HERRON, Edgmon, Feige, Millett, Tuck

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 18 is amended by adding a new chapter to read:

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

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

12 **Sec. 18.29.015. Health care professions loan repayment and incentive
13 program; purpose; advisory body.** (a) The health care professions loan repayment
14 and incentive program is established in the department for the purpose of addressing

1 the worsening shortage of certain health care professionals in the state by increasing
2 the number and improving the distribution of health care professionals who provide
3 direct patient care.

4 (b) The program established under this section must include

5 (1) direct incentives paid under AS 18.29.020;

6 (2) loan repayments made under AS 18.29.025;

7 (3) procedures for the commissioner's designation and prioritization of
8 sites eligible for participation in the program;

9 (4) an application process for participation in the program as

10 (A) an eligible site; or

11 (B) a tier I or tier II health care professional;

12 (5) the dissemination of public information and notices pertinent to the
13 program;

14 (6) classification by the commissioner of each eligible site as having
15 either regular or very hard-to-fill positions, or both;

16 (7) matching payments, as provided under (d) of this section;

17 (8) a lifetime maximum period of 12 years for participation in the
18 program by a tier I or tier II health care professional, as described in (f) of this section;

19 (9) procedures for allowable leaves of absence; and

20 (10) annual program evaluations and reports.

21 (c) The program shall be administered by the commissioner in consultation
22 with an advisory body appointed by the commissioner. The advisory body is made up
23 of members with health care expertise, including expertise in economic issues
24 affecting the hiring and retention of health care professionals in the state. Members of
25 the advisory body serve at the pleasure of the commissioner to provide
26 recommendations for and oversight and evaluation of all aspects of the program. The
27 commissioner shall accept a recommendation of the advisory body on a matter
28 pertaining to the identification and monitoring of areas of shortages, eligible sites,
29 payment priorities, or evaluation of the program, unless the commissioner finds, in
30 writing, that the recommendation cannot be financially or otherwise supported by the
31 department.

(d) An employer or other entity approved for participation in the program shall make nonrefundable quarterly matching payments to the department for deposit in the general fund. The payments must be in an amount that is

(1) a portion of the combined annual incentive payment and the loan repayment amounts paid under the program for the benefit of the employee, as determined by the commissioner; and

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

(e) A matching loan repayment or direct incentive payment made under (d) of this section shall be paid as a combined amount to the lending institution or to the eligible health care professional by the department from money appropriated for the purpose.

(f) The department may approve loan repayment and direct incentive payments for a qualified applicant under the program for three-year periods, as follows:

(1) an initial period of three years;

(2) a renewal period of three years if the applicant

(A) requests loan repayments and has a continuing loan obligation on the same loan that was subject to repayment under the program during the initial three-year period and is otherwise eligible under the program;

(B) continues to qualify for direct incentive payments under the program; or

(C) is eligible under both (A) and (B) of this paragraph;

(3) a reapplication period of six years that is equivalent to (1) and (2) of this subsection if the applicant is engaged in qualified employment and the applicant

(A) requests additional loan repayments under the program and has incurred additional loans that qualify for repayment under the program during or after the first six years of the applicant's participation in the program;

(B) requests additional direct incentive payments under the program; or

(C) is eligible under both (A) and (B) under this paragraph.

(g) The department shall prorate loan repayments and direct incentive payments under the program based on the number of hours of qualified employment worked in a calendar quarter. However, the department may not make a loan repayment or direct incentive payment before the completion of a calendar quarter for which the loan repayment or incentive payment is made.

(h) The department shall adopt regulations necessary to implement the program.

(i) Direct incentive payments, loan repayments, and matching payments shall be made with funds appropriated by the legislature for that purpose.

Sec. 18.29.020. Direct incentives. (a) The department shall provide direct incentives in the form of quarterly cash payments to eligible tier I and tier II health care professionals engaged in qualified employment.

(b) Payments made under this section, when combined with a matching payment and a loan repayment amount paid under AS 18.29.025, if any, may not exceed

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

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

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

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

(c) The commissioner shall calculate the annual incentive payment amount by multiplying the annual maximum payment under (b) of this section by the percentage of full time equivalent employment for each of not more than three years of qualified employment less a matching payment amount as determined under AS 18.29.015(d) of this section and loan repayment amount, if any, under AS 18.29.025.

Sec. 18.29.025. Loan repayment. (a) The commissioner shall repay a portion of eligible education loans described in this section that are held by or made to eligible

1 tier I and tier II health care professionals under the program according to the loan
2 repayment procedures established in this section.

3 (b) A loan is eligible for repayment under the program if the loan was issued
4 by a government or commercial entity for the payment of actual costs of tuition and
5 other reasonable educational and living expenses related to the undergraduate or
6 graduate education of a participant who is eligible under AS 18.29.035 and that
7 resulted in a degree required for employment as a tier I or tier II health care
8 professional under the program.

9 (c) A loan repayment under this section when combined with a matching
10 payment shall be in an amount not to exceed 33.3 percent of the unpaid loan balance
11 existing in the first year of program participation, multiplied by the percentage of full
12 time equivalent employment for each of up to three years of qualified employment less
13 a matching loan repayment or incentive amount from an employer or other entity as
14 determined under AS 18.29.015(d).

15 (d) The commissioner shall make a loan repayment under this section in
16 quarterly installments payable to the lending institution or to the eligible health care
17 professional.

18 (e) A loan or interest on a loan is not eligible for repayment under this section
19 if the loan or interest is

20 (1) to be repaid by another source, including another loan repayment or
21 forgiveness program or an employer-sponsored repayment program;
22 (2) consolidated with a loan that is not eligible for repayment; or
23 (3) refinanced as a loan that is not eligible for repayment.

24 **Sec. 18.29.030. Number of participants.** (a) The number of participants to
25 whom the commissioner may provide a direct incentive payment, loan repayment, or
26 both under the program established under AS 18.29.015 may not exceed 90
27 participants annually as described in (b) of this section, regardless of whether the
28 participants are new participants, continuing participants, or both.

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

(c) If insufficient funds are appropriated in a fiscal year, the department shall prorate payments based on the number of approved participants in the program.

Sec. 18.29.035. Eligibility and priority. (a) To be eligible for a direct incentive payment under AS 18.29.020, an individual shall

- (1) submit an application that is approved by the commissioner;
- (2) be engaged in qualified employment at an eligible site with a employer or entity;
- (3) be licensed or exempt from licensure as a tier I or tier II health care in the state;
- (4) meet a priority for payment established under (c) of this section;
- (5) meet other criteria established by the commissioner.

(b) To be eligible for loan repayment under AS 18.29.025, an individual shall

(1) meet eligibility and priority criteria established under (a) of this section; and

(2) have an unpaid balance on one or more eligible education loans described under AS 18.29.025 and verified by the Alaska Commission on Postsecondary Education.

(c) The commissioner shall establish priorities for payment of incentives and loan repayments 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 needs assessment score for the site, remoteness of the site, the percentage of underserved patients treated at the site, or a combination of these elements; in this subsection, an underserved patient

- (1) is uninsured;
- (2) receives or is eligible to receive medical assistance or Medicare coverage; or
- (3) receives or is eligible to receive 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

1 services;

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

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

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

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

12 (A) in a full-time or not less than half-time position;
13 (B) for a contract term that is not less than three years; and
14 (C) not less than 50 percent time on direct patient health care
15 services;

16 (6) "tier I health care professional" means a person licensed or exempt
17 from licensure in the state as a dentist, pharmacist, or physician;

18 (7) "tier II health care professional" means a person licensed or exempt
19 from licensure in the state as a dental hygienist, registered nurse, advanced nurse
20 practitioner, physician assistant, physical therapist, clinical psychologist, or clinical
21 social worker holding at least a master's degree in social work.

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

24 HEALTH CARE INCENTIVE PROGRAM REPORT. On or before January 1, 2019,
25 the Department of Health and Social Services shall prepare and submit a report to the
26 legislature that describes the participation rates, costs, and effect on health care profession
27 shortage areas, as designated by the commissioner of health and social services, of the health
28 care profession incentive program established under AS 18.29.015.

29 * **Sec. 3.** AS 18.29.010, 18.29.015, 18.29.020, 18.29.025, 18.29.030, 18.29.035, and
30 18.29.099 are repealed June 30, 2019.

31 * **Sec. 4.** This Act takes effect immediately under AS 01.10.070(c).