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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

A BILL

FOR AN ACT ENTITLED

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

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

*** Section 1.** 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 loan repayments and direct 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

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.

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

4 (1) not more than half of the combined annual incentive payment and
5 the loan repayment amounts paid under the program for the benefit of the employee,
6 as determined by the commissioner; and

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

9 (e) A matching loan repayment or direct incentive payment made under (d) of
10 this section shall be paid as a combined amount to the professional by the department.

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

14 (1) an initial period of three years;

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

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

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

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

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

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

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

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

31 (g) The department shall prorate loan repayments and direct incentive

1 payments under the program based on the number of hours of qualified employment
2 worked in a calendar quarter. However, the department may not make a loan
3 repayment or direct incentive payment before the completion of a calendar quarter for
4 which the loan repayment or incentive payment is made.

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

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

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

13 (1) \$35,000 annually for a tier I health care professional employed in a
14 regular position;

15 (2) \$47,000 annually for a tier I health care professional employed in a
16 very hard-to-fill position;

17 (3) \$20,000 annually for a tier II health care professional employed in
18 a regular position; or

19 (4) \$27,000 annually for a tier II health care professional employed in
20 a very hard-to-fill position.

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

26 **Sec. 18.29.025. Loan repayment.** (a) The commissioner shall repay a portion
27 of education loans held by or made to eligible tier I and tier II health care
28 professionals under the program according to the loan repayment procedures
29 established in this section.

30 (b) Loan repayments under this section shall be made with funds appropriated
31 by the legislature for that purpose.

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

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

(e) A loan or interest on a loan is not eligible for repayment under this section if the loan or interest is to be repaid by another source, including another loan repayment or forgiveness program or an employer-sponsored repayment program.

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

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

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 participating employer or entity;

(3) be licensed as a tier I or tier II health care professional in the state;

(4) meet a priority for payment established under (c) of this section;

and

(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 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 remoteness of the site or the percentage of underserved patients treated at the site, or both; 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 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 person licensed or exempt

1 from licensure in the state as a dentist, pharmacist, or physician;

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

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

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

13 * **Sec. 3.** AS 18.29.010, 18.29.015, 18.29.020, 18.29.025, 18.29.030, 18.29.035, and
14 18.29.099 are repealed June 30, 2019.

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