Fiscal Note

State of Alaska
2019 Legislative Session

Bill Version: SB 93
Fiscal Note Number:
() Publish Date:

Identifier: SB093-DHSS-EP-3-22-2019
Title: MEDICAL PROVIDER INCENTIVES/LOAN REPAYM'T
Sponsor: WILSON
Requester: (S) HSS

Department: Department of Health and Social Services
Appropriation: Public Health
Allocation: Emergency Programs
OMB Component Number: 2877

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2020 Appropriation Requested	Included in Governor's FY2020 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	**FY 2020**	**FY 2020**	**FY 2021**	**FY 2022**	**FY 2023**	**FY 2024**	**FY 2025**
Personal Services	38.8		98.1	124.6	153.3	238.9	238.9
Travel							
Services	775.5		1,962.3	2,491.0	3,066.8	3,803.0	4,804.1
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	**814.3**	**0.0**	**2,060.4**	**2,615.6**	**3,220.1**	**4,041.9**	**5,043.0**
Fund Source (Operating Only)							
1005 GF/Prgm (DGF)	814.3		2,060.4	2,615.6	3,220.1	4,041.9	5,043.0
Total	**814.3**	**0.0**	**2,060.4**	**2,615.6**	**3,220.1**	**4,041.9**	**5,043.0**
Positions							
Full-time				1.0	1.0	1.0	1.0
Part-time							
Temporary							
Change in Revenues							
1005 GF/Prgm (DGF)	814.3		2,060.4	2,615.6	3,220.1	4,041.9	5,043.0
Total	**814.3**	**0.0**	**2,060.4**	**2,615.6**	**3,220.1**	**4,041.9**	**5,043.0**

Estimated SUPPLEMENTAL (FY2019) cost: 0.0 *(separate supplemental appropriation required)*

Estimated CAPITAL (FY2020) cost: 0.0 *(separate capital appropriation required)*

Does the bill create or modify a new fund or account? No

(Supplemental/Capital/New Fund - discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? Yes
If yes, by what date are the regulations to be adopted, amended or repealed? 12/31/19

Why this fiscal note differs from previous version/comments:

Not applicable, initial version based on the Governor's February 13, 2019 FY2020 amended budget request.

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Division:	Public Health	Date:	03/22/2019
Approved By:	Sana Efird, Administrative Services Director	Date:	03/22/19
Agency:	Office of Management and Budget		

FISCAL NOTE ANALYSIS

STATE OF ALASKA **BILL NO.** SB093
2019 LEGISLATIVE SESSION

Analysis

SB089 version A intends to address the worsening shortage of health care professionals in Alaska by establishing a *Health Care Professionals Workforce Enhancement Program* in which health care professionals agree to work for three years in underserved areas in exchange for repayment of student loans or direct incentives. Employers will fully fund the program, including administrative costs. An advisory council provides oversight and evaluation of the program.

This bill replaces the Division of Public Health's existing state loan repayment and incentive program, Supporting Health Access (through loan) Repayment Program or SHARP-2, which is scheduled to sunset June 30, 2019. This new program, nicknamed SHARP-3, builds on current SHARP-2 with new practice settings, new occupations, new employers, new locations, and new roles. Unlike SHARP-2, SHARP-3 uses no undesignated general funds.

Although SHARP-2 is sunsetting, there are no associated costs in the Governor's FY2020 budget. In 2015, the Division 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. (The Department also operates a federally funded loan repayment program, SHARP-1, which will not be affected by this legislation or the sunset of SHARP-2.)

Health care professionals must meet eligibility criteria and be engaged in qualified employment. Payments are made after the professional completes a calendar quarter of qualified employment and are prorated based on number of qualified employment hours the professional worked. Professionals may receive payments as cash incentives, or payments to lender institutions for student loan repayments, or there can be a combination of the two types of payments. Employers will make nonrefundable quarterly payments to the department which (1) fully cover the cost of the professional's program payment, (2) may be adjusted based on the employer's ability to pay, and (3) must include an administrative fee.

This fiscal note assumes the following for SHARP-3:
* Program Payments: maximum annual for any combination of loan repayment and cash incentive for health care professionals is:
  > $35,000 for Tier I in "regular" positions or $47,250 for "challenging-to-fill" positions;
  > $20,000 for Tier II in "regular" positions or $27,000 for "challenging-to-fill" positions; and,
  > $15,000 for Tier III in "regular" positions or $20,250 for "challenging-to-fill" positions. Challenging-to-fill payments are 35% extra.
* Program Participants: The number increases 25% each year. Challenging-to-fill positions represent 50% of all positions.
* Administrative Fee: Years 1-4 is 5% of the contract's value and will be applied to personal services for an existing 1 FTE (Health Program Manager II/R19N) and, beginning in Year 3, one new FTE (Accounting Technician III/R16A) to assist with the growing volume of contracts. The fee will increase to 6.5% in Year 5 for a vendor to assist with administration as the program continues to grow.
* Funding source: There is no UGF. SHARP-3 is 100% DGF from program receipts paid to the Division by participating employers.
* Year 1 calculation is for 6 months to allow the Division to promulgate regulations:
  > Regular: 4 Tier 1 contracts x $35,000 + 5 Tier 2 x $20,000 + 6 Tier 3 x $15,000 = $330,000 DGF
  > Challenging-to-fill: 4 Tier 1 contracts x $47,250 + 5 Tier 2 x $27,000 + 6 Tier 3 x $20,250 = $445,500 DGF
  > Administrative Fee: ($330,000 regular + $445,500 challenging-to-fill) x 5% = $38,775 DGF
  > Total Year 1: $775,500 program payments + $38,775 fee = $814,275 DGF