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4/24/19

HOUSE CS FOR CS FOR SENATE BILL NO. 93(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-FIRST LEGISLATURE - FIRST SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered:
Referred:

Sponsor(s): SENATORS WILSON, Kiehl, Micciche, Begich, Bishop, Stevens, Giessel

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to a workforce enhancement program for health care professionals
2 employed in the state; and providing for an effective date."

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

4 * **Section 1.** AS 18.29 is amended by adding new sections to read:

5 **Article 2. Health Care Professionals Workforce Enhancement Program.**

6 **Sec. 18.29.100. Legislative intent.** Student loan repayments and direct
7 incentive payments provided under this chapter are intended to increase the
8 availability of health care services throughout the state, especially to underserved
9 individuals or in health care professional shortage or rural areas.

10 **Sec. 18.29.105. Health care professionals workforce enhancement**
11 **program; purpose; advisory council.** (a) The health care professionals workforce
12 enhancement program is established in the department for the purpose of addressing
13 the increasing shortage of certain health care professionals in the state by expanding
14 the distribution of health care professionals.

- (b) The program established under this section must include
- (1) employer payments, as described in AS 18.29.110;
 - (2) direct incentives, as described in AS 18.29.120;
 - (3) student loan repayments, as described in AS 18.29.125;
 - (4) procedures for the commissioner's designation and prioritization of sites eligible for participation in the program;
 - (5) an application process for participation in the program as
 - (A) an eligible site; or
 - (B) a tier I, tier II, or tier III health care professional;
 - (6) provision of public information and notices relating to the program;
 - (7) a 12-year lifetime maximum for participation in the program by a tier I, tier II, or tier III health care professional.

(c) The commissioner shall appoint an advisory council to advise the department on the program. The advisory council consists of members with health care expertise, including expertise in economic issues affecting the hiring and retention of health care professionals in the state. An employee of the department may serve only as a nonvoting member. Members of the advisory council serve at the pleasure of the commissioner and without compensation but are entitled to per diem and travel allowances authorized for boards and commissions under AS 39.20.180. The advisory council shall provide oversight and evaluation of the program and make recommendations, including recommendations relating to

- (1) identification and monitoring of underserved and health care professional shortage areas;
- (2) eligible sites;
- (3) an employer's ability to pay;
- (4) prioritization of sites and health care professionals eligible for participation in the program;
- (5) contract award priorities;
- (6) program capacities;
- (7) strategic plans; and
- (8) program data management.

(d) The commissioner shall, in consultation with the advisory council established under (c) of this section,

(1) administer and implement the program;

(2) classify each eligible site as having either regular or very hard-to-fill positions, or both;

(3) establish

(A) procedures for allowable leaves of absence;

(B) a civil penalty, not to exceed \$1,000 for each violation by a health care professional or employer of a provision of this chapter, a regulation made under authority of this chapter, or a provision of a contract entered into under this chapter; and

(C) a priority for participation in the program based on the availability of funding.

(e) The department shall, on or before July 1 of each year, prepare and submit to the advisory council a report that describes the participation rates, costs, and effect on the availability of health care services to underserved individuals or in health care professional shortage or rural areas for the previous calendar year.

(f) The department may

(1) contract for payments under the program and for the services of a consultant, expert, financial advisor, or other person the department considers necessary for the exercise of its powers and functions and to perform its duties under this chapter;

(2) adopt regulations necessary to implement the program.

Sec. 18.29.110. Employer payments. An employer approved for participation in the program shall make a nonrefundable quarterly payment to the department for the benefit of the employer's health care professional employee. The employer payment may come from any available source, including a philanthropic institution, health foundation, government agency, community organization, or private individual. The payment amount

(1) must be equal to the health care professional's program payment amount established by the commissioner;

(2) may be adjusted based on the employer's ability to pay, as determined by the commissioner and in consultation with the advisory council; and

(3) must include the fee established under AS 44.29.022 for services provided under this chapter.

Sec. 18.29.115. Initial and renewal payments. (a) The department may approve student loan repayment and direct incentive payments for a qualified applicant for an initial period of three years and may approve a maximum of three renewal periods of three years each if the applicant

(1) submits an application on a form approved by the department for

(A) student loan repayments and, for student loan repayment renewal, demonstrates that the applicant has

(i) a continuing student loan obligation on the same student loan that was subject to repayment under the program during the initial three-year period; or

(ii) incurred additional student loan debt that qualifies for repayment;

(B) direct incentive payments; or

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

(2) is otherwise eligible under the program; and

(3) does not exceed the 12-year lifetime maximum for participation in the program.

(b) The department shall combine an eligible health care professional's direct incentives and pay the total amount to the eligible health care professional in the form of one quarterly cash payment. The department shall combine an eligible health care professional's student loan repayments and pay the total amount to the lending institution or to the eligible health care professional in the form of one quarterly payment.

(c) Except as provided in (d) of this section, the combined total amount of an eligible health care professional's direct incentives and student loan repayments may not exceed,

(1) for a tier I health care professional employed in a regular position,

1 \$35,000 annually;

2 (2) for a tier I health care professional employed in a very hard-to-fill
3 position, \$47,250 annually;

4 (3) for a tier II health care professional employed in a regular position,
5 \$20,000 annually;

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

8 (5) for a tier III health care professional employed in a regular
9 position, \$15,000 annually;

10 (6) for a tier III health care professional employed in a very hard-to-fill
11 position, \$20,250 annually.

12 (d) The department may annually increase the annual maximum program
13 payment amounts in (c) of this section by the average percentage increase in the
14 Consumer Price Index for urban wage earners and clerical workers for Urban Alaska
15 during the previous five calendar years, as determined by the United States
16 Department of Labor, Bureau of Labor Statistics.

17 (e) The department shall prorate student loan repayments and direct incentive
18 payments based on the number of qualified employment hours the health care
19 professional worked in a calendar quarter. The department may not pay a student loan
20 repayment or direct incentive before the completion of a calendar quarter in which the
21 student loan repayment or incentive payment was earned.

22 (f) The department shall deposit employer payments received and civil
23 penalties collected under this chapter in the general fund.

24 (g) The department shall pay student loan repayments and direct incentives
25 with funds appropriated by the legislature for that purpose. The department may limit
26 the number of program participants based on available funding. If insufficient money
27 is appropriated to fully fund the program in a fiscal year, the department shall prorate
28 payments based on the number of approved participants in the program.

29 **Sec. 18.29.120. Direct incentives.** The department shall provide a direct
30 incentive in the form of quarterly cash payments to an eligible tier I, tier II, or tier III
31 health care professional engaged in qualified employment in an amount established by

the commissioner and that is provided by employers approved under the program.

Sec. 18.29.125. Student loan repayment. (a) The department shall repay a portion of eligible student loans held by or made to an eligible tier I, tier II, or tier III health care professional.

(b) A student loan is eligible for repayment if the student loan

- (1) was issued to an eligible individual under AS 18.29.130;
- (2) is a student loan as described in 26 U.S.C. 108(f)(2); and
- (3) was used by the individual for a program for which the individual received a certificate, license, or degree.

(c) A student loan repayment under this section may not exceed 33.3 percent of the unpaid student loan balance existing in the first year of program participation multiplied by the percentage of full-time equivalent employment for each year of qualified employment, not to exceed three years.

(d) A student loan or interest on a student loan is not eligible for repayment under this section if the student loan or interest is

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

Sec. 18.29.130. Eligibility. (a) To be eligible for a direct incentive payment, an individual must

- (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) for a tier I or tier II health care professional, be licensed or exempt from licensure as a tier I or tier II health care professional in the state;
- (4) meet a participation priority established by the commissioner; and
- (5) satisfy other criteria established by the commissioner.

(b) To be eligible for student loan repayment, an individual must

- (1) satisfy the requirements of (a) of this section; and
- (2) have an unpaid balance on one or more eligible student loans

verified by the Alaska Commission on Postsecondary Education or the department.

Sec. 18.29.190. Definitions. In AS 18.29.100 - 18.29.190,

(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 provides health care services to underserved individuals or in health care professional shortage or rural areas and that satisfies the criteria for eligibility established by the commissioner;

(4) "employer payment" means the payment an employer makes to the department for participation in the program;

(5) "program" means the health care professionals workforce enhancement program;

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

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

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

(7) "rural" means a community with a population of 5,500 or less that is not connected by road or rail to Anchorage or Fairbanks or with a population of 1,500 or less that is connected by road or rail to Anchorage or Fairbanks;

(8) "tier I health care professional" means a person who spends not less than 50 percent of the person's time on direct patient health care services and who is licensed or exempt from licensure in the state as a dentist, pharmacist, physician, doctor of nursing practice, clinical psychologist, counseling psychologist, or other health care professional as determined by the commissioner;

(9) "tier II health care professional" means a person who spends not less than 50 percent of the person's time on direct patient health care services and who is licensed or exempt from licensure in the state as a dental hygienist, advanced practice registered nurse, registered nurse, physician assistant, physical therapist, professional counselor, board certified behavior analyst, marital and family therapist,

clinical social worker, or other health care professional as determined by the commissioner;

(10) "tier III health care professional" means a person who is employed at an eligible site who is not otherwise eligible as a tier I or tier II health care professional;

(11) "underserved individual" means an individual who

(A) is uninsured;

(B) receives or is eligible to receive medical assistance; or

(C) receives or is eligible to receive health care benefits directly, through insurance, or through other means, from a plan or program funded directly, in whole or in part, by the federal government, except for the federal employee health benefits program under 5 U.S.C. 8903.

* **Sec. 2.** If AS 18.29.010, 18.29.015, 18.29.020, 18.29.025, 18.29.030, 18.29.035, and 18.29.099 are in effect on July 1, 2019, AS 18.29.010, 18.29.015, 18.29.020, 18.29.025, 18.29.030, 18.29.035, and 18.29.099 are repealed.

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

APPLICABILITY. This Act applies to an application or contract relating to a student loan repayment or direct incentive under AS 18.29 submitted or entered into on or after July 1, 2019.

* **Sec. 4.** The uncodified law of the State of Alaska is amended by adding a new section to read:

TRANSITION. Notwithstanding AS 18.29.100 - 18.29.190, added by sec. 1 of this Act, the advisory body for the health care professions loan repayment and incentive program shall act as a transition council. The transition council exists only until the initial health care professionals workforce enhancement program advisory council is appointed by the commissioner under AS 18.29.105(c).

* **Sec. 5.** The uncodified law of the State of Alaska is amended by adding a new section to read:

RETROACTIVITY. If sec. 1 of this Act takes effect after July 1, 2019, sec. 1 of this Act is retroactive to July 1, 2019.

- 1 * **Sec. 6.** Section 5 of this Act takes effect immediately under AS 01.10.070(c).
- 2 * **Sec. 7.** Except as provided in sec. 6 of this Act, this Act takes effect July 1, 2019.