

**ALASKA STATE LEGISLATURE  
HOUSE HEALTH, EDUCATION AND SOCIAL SERVICES  
STANDING COMMITTEE**

April 10, 2003  
3:05 p.m.

**MEMBERS PRESENT**

Representative Peggy Wilson, Chair  
Representative Carl Gatto, Vice Chair  
Representative John Coghill  
Representative Paul Seaton  
Representative Kelly Wolf  
Representative Sharon Cissna

**MEMBERS ABSENT**

Representative Mary Kapsner

**COMMITTEE CALENDAR**

HOUSE BILL NO. 211

"An Act relating to a student loan repayment program for nurses, and amending the duties of the Board of Nursing that relate to this program; and providing for an effective date."

- MOVED CSHB 211(HES) OUT OF COMMITTEE

REPORT ON STATE HEALTH POLICY MEETING IN CHICAGO

- SCHEDULED BUT NOT HEARD

**PREVIOUS ACTION**

BILL: HB 211

SHORT TITLE:NURSE EDUC LOAN REPAYMENT PROGRAM

SPONSOR(S): REPRESENTATIVE(S)WILSON

Jrn-Date	Jrn-Page		Action
03/24/03	0618	(H)	READ THE FIRST TIME - REFERRALS
03/24/03	0618	(H)	HES, FIN
03/31/03	0722	(H)	COSPONSOR(S): GARA
04/08/03		(H)	HES AT 3:00 PM CAPITOL 106
04/08/03		(H)	-- Meeting Canceled --
04/10/03		(H)	HES AT 3:00 PM CAPITOL 106

**WITNESS REGISTER**

DIANE BARRANS, Executive Director  
Alaska Commission on Postsecondary Education  
Department of Education and Early Development  
Juneau, Alaska

POSITION STATEMENT: Testified in support of HB 211, and answer questions from the members.

CAMILLE SOLEIL, Executive Director  
Alaska Nurses Association (ANA)  
Anchorage, Alaska

POSITION STATEMENT: Testified via teleconference in support of HB 211.

RHONDA RICHTSMEIER, Deputy Chief  
Nursing Section  
Division of Public Health Nursing  
Department of Health and Social Services  
Juneau, Alaska

POSITION STATEMENT: Testified in support of HB 211.

LARAINÉ DERR, President and Chief Executive Officer  
Alaska State Hospital and Nursing Home Association  
Juneau, Alaska

POSITION STATEMENT: Testified in support of HB 211 and answered questions from the committee.

**ACTION NARRATIVE**

**TAPE 03-33, SIDE A**  
Number 0001

**CHAIR PEGGY WILSON** called the House Health, Education and Social Services Standing Committee meeting to order at 3:05 p.m. Representatives Wilson, Gatto, Seaton, and Cissna were present at the call to order. Representatives Wolf and Coghill arrived as the meeting was in progress. Representative Kapsner was excused.

HB 211-NURSE EDUC LOAN REPAYMENT PROGRAM

CHAIR WILSON announced that the only order of business would be HOUSE BILL NO. 211, "An Act relating to a student loan repayment program for nurses, and amending the duties of the Board of

Nursing that relate to this program; and providing for an effective date."

Number 0044

CHAIR WILSON moved to adopt CSHB 211, Version 23-LS0861\D, Ford, dated 3/29/03, as the work draft. There being no objection Version D was before the committees.

CHAIR WILSON turned the gavel over to Vice Chair Gatto.

Number 0105

VICE CHAIR GATTO asked if Chair Wilson would speak on Version D.

CHAIR PEGGY WILSON, sponsor of HB 211, explained the purpose of the bill and answered questions from the members. She told the committee she believes this is a very important bill for two reasons. First, she said because she is a nurse she feels very close to the subject matter. Second, she told the committee the state has a crisis in nursing because of the nursing shortage. Right now there are 2,500 RNs [registered nurses] that live in Alaska. However, because of the nursing shortage there are not enough nurses residing in Alaska to provide for Alaska's workforce needs. So there are many nurses who come up to Alaska from the Lower 48 to work at great cost to the institutions. Including the nonresident nurses working here, Alaska has an 11.5 percent employment vacancy rate. The number of RNs needed to fill projected new jobs from industry growth in the next seven years will exceed 4,100 nurses. Chair Wilson told the committee that is very scary because that is almost double the number in Alaska now. The rate for turnover of nurses is almost 24 percent. That indicates difficulties in retaining nurses.

Number 0198

CHAIR WILSON explained the reasons for nurse shortages in Alaska and across the nation. She said the biggest reason is an aging workforce, and all the baby boomers are getting ready to retire. She said it is important to find ways to keep them working longer if possible. Another reason for the nurse shortage is that there are fewer individuals going into the nursing profession. For many years, women could only go into three professions. The choices were being a housewife, a nurse, or a teacher. That has drastically changed in the last few years, and there are a lot more options available for women. In order to reduced health care costs across the nation, procedures are

being done on an outpatient basis, so hospital stays have been shortened; however, the people that are admitted to the hospitals are much sicker than they used to be. So not only do the hospitals have sicker patients, but there are fewer nurses to care for them. As a way to save money, hospitals are giving nurses more duties and more patients. As a result, nurses do not feel good about their work, are exhausted, and feel they cannot do it any more. Overall, this practice has made a big difference in job satisfaction for nurses. One of the single most important criteria for nurses to be satisfied with their working conditions is to have time to provide quality care to patients.

Number 0398

CHAIR WILSON shared her personal experience when she first began her career as a nurse. She said she had all the time in the world to come into a patient's room, sit down, hold a patient's hand, talk to him/her about the procedure, and help the patient deal with the anxiety level, so they would be able to heal better. In contrast, the last time she worked in nursing that practice was nonexistent because she had many more patients, and did not have an aide to help her. She said she had to do everything, including scrubbing down the bed and the rest of the room to be ready for the next patient. It is a lot harder. This is similar to what has happened to teachers. Teachers used to just teach.

Number 0454

CHAIR WILSON said if the 2008 projections holds true, RNs will be the largest single health care occupation in this state, and the seventh largest occupation in Alaska. This is going to be a crisis shortly. It is nationwide and not just in Alaska. Alaska [University of Alaska School of Nursing] can only turn out 110 nurses per year. There is no way to keep up with the demand. The university wants to double the number, but that is only 220 nurses per year.

Number 0544

CHAIR WILSON explained some of the solutions. One option is to try to bring more Native Alaskans into the profession. Another, with this bill, is to offer loan reimbursements for nurses. In order to get nurses to move to Alaska to work, there will have to be an increase in salaries and that means money. She commented that the committee knows what that means: the

industry will pull back and consolidate, but it will be necessary to raise nurses' pay. Hopefully, that will entice some nurses to come to Alaska. There will be some recruitment programs aimed at grade school children, high school development, pre-nursing preparation, and the development of postgraduate RN training for high-needs areas like the operating room and ICU [intensive care unit]. Another option in enticing nurses to come to Alaska would be to encourage employers to offer incentive bonuses or sign-on fees. In some areas in the Lower 48 this is already going on. Providers need to be responsive to the RN needs, for instance, prohibiting mandatory overtime and lowering the 12-hour shifts to maybe 6-hour shifts. Maybe the older nurses could share shifts.

Number 0648

CHAIR WILSON summarized her comments by saying that HB 211 will hopefully serve as an incentive to attract new nurses to the state and encourage Alaska nurses to pursue their vocation here in Alaska. This bill provides that a nurse working and living in Alaska will be offered the incentive of being reimbursed \$2,000 per year for every year worked up to five years, not to exceed \$10,000.

Number 0747

CHAIR SEATON asked for clarification on one point. According to the bill, a nurse would have to have an outstanding loan. This is not a payment for \$2,000 per year for up to five years; it is simply a reimbursement for an existing student loan. He asked if that is correct.

CHAIR WILSON replied that is correct. In other words, a nurse that has been in Alaska for 50 years cannot apply and get an incentive payment. It must be an individual who has an outstanding student loan. She said there are several criteria. For example, the individual must be hired as a nurse in Alaska on or after July 1, 2003; the individual must be employed as a nurse during the loan repayment program; the individual must be licensed to practice in Alaska and agree to fulfill any requirements of the program and must have an outstanding loan.

REPRESENTATIVE SEATON said he is trying to figure out the criteria in the program. For example, if a nurse has been working here in Alaska for two years and has \$18,000 in student loans, she would have to quit or change jobs and go to another

employer to be eligible for this program. Is that the correct interpretation of the program?

CHAIR WILSON responded that is correct. The purpose of the bill is to encourage recruitment of new nurses to the state. She said she hates the fact that the state cannot help those nurses who are already here working as nurses.

Number 0808

REPRESENTATIVE SEATON asked Chair Wilson about interaction with existing local programs. He said that the Homer Hospital offers a local program as an incentive to nurses. Can this program be used in conjunction with other programs?

CHAIR WILSON responded that there is no problem with a nurse availing himself/herself of both programs. In fact, she said she hopes that providers will be creative in enticing nurses to come to Alaska.

Number 0866

VICE CHAIR GATTO asked, if a nurse comes to Alaska, collects the reimbursement for three years, and then leaves, whether the individual has to give the money back.

Number 0916

CHAIR WILSON replied that he/she does not have to give the money back.

REPRESENTATIVE SEATON asked if this reimbursement could be used for continuing education. For example, if a nurse comes to Alaska and is hired now, and needs to get more classes to upgrade credentials, can this program be used to offset a new student loan or is it only a previous student loan?

Number 0953

DIANE BARRANS, Executive Director, Alaska Commission on Postsecondary Education (ACPE), Department of Education and Early Development, testified in support of CSHB 211, Version D and answered questions from the members. She told the committee, as she understands the bill, the education debt needs to be pre-existing at the time the nurse is first hired in the state. As the bill is currently constructed, if a nurse/employee goes back to school to go from a LPN [licensed

practical nurse] to RN [registered nurse], that debt would not be covered.

VICE CHAIR GATTO posed a situation in which a nurse comes to Alaska with \$6,000 in debt and after three years of employment that debt is gone. The nurse decides to stay; the nurse does not get \$2,000 as a bonus. Is that correct?

MS. BARRANS replied that is correct. The construction of the bill is such that the nurse would not even see the money. That was the sponsor's intention in prorating the benefits. If a year is served, a one-year benefit is paid; if two years are served, the second year's benefit is paid. He/she does not receive a full benefit unless the nurse works a full five years in the state.

VICE CHAIR GATTO responded that this brings him back to the original question. If a nurse only works three years, then the person gets three years' worth of benefit. There is no penalty for leaving employment or Alaska in less than five years.

Number 1052

MS. BARRANS agreed and added that there would not be any cash coming to the nurse for working an additional two years, even though the debt had been fully satisfied.

Number 1059

REPRESENTATIVE COGHILL asked if there will be a regulatory issue involved in providing proof of employment.

MS. BARRANS said that is correct. There would have to be an annual certification that whatever the service requirements are have been met. Alaska Commission on Postsecondary Education (ACPE) would look to the Board of Nursing to say what is a full-time employee, and would set those criteria, and the employer would have to certify that those criteria had been met.

REPRESENTATIVE COGHILL commented that these are always the areas that legislators hear about because whenever there is a limit, there is always someone who falls one hair's breadth under the limit. That is something the committee needs to look at. He said he would like to hear the sponsor's perspective on full-time employment and what that definition is so that ACPE would have something to build regulations from.

CHAIR WILSON replied that Section 7 allows the Board of Nursing and ACPE to adopt necessary regulations immediately upon the passage of the Act. So Ms. Barrans would work with the Board of Nursing to come up with these regulations.

REPRESENTATIVE COGHILL explained that he is interested in having a discussion on what the limits might be. For example, Chair Wilson was talking about those who may have started a whole new career, like he did at 48 years old. An individual may not want to work 60 hours per week as in a previous career. What if someone wants to only work a 20-hour workweek? It still benefits the health care system and relieves tremendous tension in the system, but the number of hours may not qualify for reimbursement under this program.

Number 1192

MS. BARRANS responded that is correct. One of the concerns the sponsor had in crafting the bill was to make sure the Board of Nursing had the latitude, expertise, and knowledge to design the criteria so that the state is getting the most efficient use of these funds. There is concern that there probably never will be a sufficient amount of money in the fund to fully satisfy all the folks who would seek to participate in the program. Alaska Commission on Postsecondary Education does not have the expertise to say what a reasonable workday, workweek, or work year would be for a nurse in Alaska. So ACPE would look to the Board of Nursing to set those kinds of criteria.

Number 1225

REPRESENTATIVE COGHILL commented that the reason he is bringing this issue up at all is that the Board of Nursing would have something to fall back upon in terms of discussion by the committee. He said his concern is that if there are applications en masse, then there will be a difficult choice in deciding who to eliminate, but if the state does not have that many applications, those who want to work split shifts could be allowed into the program. Recently, he was talking with Representative Joule, who posed the question of someone working at the Kotzebue Hospital for a while, who then goes home to Selawik, and has a friend work in the hospital for two weeks. This would not be full-time employment, but it might worthy of consideration.

Number 1305

CAMILLE SOLEIL, Executive Director, Alaska Nurses Association (ANA), testified via teleconference in support of HB 211. She told the committee about the impending crisis with respect to the nurse shortages. Currently, traveling and agency nurses increase the cost of health care. When safety is called into question, which is what the state is facing with a nursing shortage, it is important to look for health care solutions. In some cases, facilities look at people who are not RNs, which is always dangerous because they do not have the training and expertise to treat people. There are so many reasons to address this issue. Ms. Soleil told the committee this piece of legislation complements other pieces that are already in place. One area the ANA is supporting is the University of Alaska's efforts to double the number of nursing graduates by 2006, and it has a \$2.25-million commitment from the private sector, such as Providence Health Systems, Alaska Regional Hospital, Yukon-Kuskokwim Health Care Corporation, Fairbanks Memorial Hospital, and the Alaska Native Tribal Health Consortium. She pointed out that the school of nursing still needs \$2 million in state funds, which have yet to be appropriated.

Number 1399

MS. SOLEIL told the committee that HB 211 is very attractive to the ANA because it does two things. First, it looks at loan repayment, which is a definite enticement to nurses who are looking at where to work. Nurses can go anywhere because there is such good money offered and there is an incredible shortage. Second, this loan repayment plan entices nurses to stay in the state. Alaska Nurses Association goal is to have them practice in Alaska for at least five years, and maybe in that time they will have made a life here and will choose to stay. Ms. Soliel commented that as the state faces a severe financial crisis, the shortage of nurses will cause the cost of health care to rise and the quality of services to decline. The ANA will be talking with the Board of Nursing and will be providing any information to assist them.

Number 1477

MS. SOLEIL said that both the House and Senate have been looking at a method of prioritizing where the nursing shortages are the greatest. Many remote villages should have nurses, but do not because of their location and the payment that is available there. This bill would help attract people to those areas. The ANA has asked the Board of Nursing to look at this issue closely as it develops the regulations related to this legislation. Ms.

Soleil summarized her comments by saying that the ANA is very supportive of HB 211.

Number 1494

MS. BARRANS spoke on one area of concern that Representative Coghill had on the bill. She said that as the bill is currently constructed, she does not see a barrier to the Board of Nursing's prioritizing tiers or alternative benefit structures as long as the regulations do not violate the terms that are in the bill. For instance, if a nurse that was working what the board would categorize as part-time, the board could certainly authorize the participation of that nurse in the program with a pro rata benefit. The bill says that benefits can be paid out over no less than five years, but could be longer in the case of a part-time nurse, or no more than \$10,000. That language captures how much money and the minimum length of time the repayment plan would cover for that amount of money, so if the Board of Nursing wanted to have another alternative benefit structure, Ms. Barrans said she does not see a barrier to implementing that in the current bill.

Number 1550

VICE CHAIR GATTO asked if there is anything in the bill that says this program can be canceled five years from now and that if individuals have not collected, it will be too late.

CHAIR WILSON replied that there is a section in the bill that says "providing that the funds are available," which should cover Vice Chair Gatto's concern.

REPRESENTATIVE SEATON referred to the sponsor's statement where it says that the funding for the program may be appropriated from the Alaska Student Loan Corporation dividend. He asked for clarification on that point.

MS. BARRANS said page 2, Section 5, inserts some language into the portion of statute that directs the Alaska Student Loan Corporation to return a dividend to the state. Currently, the Alaska Student Loan Corporation, in any year that it has a net income in an excess of a certain amount, calculates and pays a return to the state from its income. In the current fiscal year that amount was \$5.25 million. The amount approved for FY 04 is \$5 million. So this [language] suggests that would be an appropriate use of [those funds] without a mandate.

REPRESENTATIVE SEATON replied that essentially the legislature does not have to fund this program. The amount in the fiscal note is about \$1 million. He asked if Ms. Barrans is saying that these funds can be transferred from the Alaska Student Loan Corporation directly to this fund, and it does not have to come back to the legislature for appropriation.

MS. BARRANS responded that it means just the opposite. Once the Alaska Student Loan Corporation has returned the money to the state, the legislature will appropriate it to various projects that they wish to fund. This program would be a line item in every operating budget.

Number 1698

RHONDA RICHTSMEIER, Deputy Chief, Nursing Section, Division of Public Health Nursing, Department of Health and Social Services, testified in support of HB 211. She told the committee the entire nation is suffering from the same nursing shortages that Alaska is facing, which means it really puts the state in competition with rest of the nation in enticing nurses to Alaska. To some degree, the problem is also a result of the demographic shift. The Alaskan senior population is expected to triple by 2025. An increased aging population means an increase in chronic disease and increased need for nursing services. Alaska's nurses are also aging. She said that right now 71 percent of Alaskan nurses are between the ages of 41 and 71. In the next five to ten years, one quarter of those nurses are expected to retire. So the state is facing a problem of both supply and demand.

MS. RICHTSMEIRER said this bill is intended to address the critical problem of nurse recruitment and retention by providing at least a small financial incentive to attract new people into the profession, as well as keeping people in the profession working. She told the committee that the nursing shortage Alaska is facing is not just an abstraction of numbers or a problem for those who need to find and employ nurses. More important, it is a problem of access to health care, quality of health care for those institutions that are providing it, and cost of health care for all Alaskans. She summarized by saying that the Department of Health and Social Services strongly supports HB 211 and asks for the committee's approval.

Number 1817

LARAINÉ DERR, President and Chief Executive Officer, Alaska State Hospital and Nursing Home Association (ASHNHA), testified in support of HB 211 and answered questions from the committee. She told the committee all the hospitals and nursing homes in the state belong to the association. The hospitals really employ the greatest number of nurses in the state. She said of the top 15 categories identified by the Alaska Department of Labor and Workforce Development as the fastest increasing occupations, health care occupies 13 of those 15 positions. So the need for health care workers is really expanding. She said ASHNHA got interested in this issue about four years ago when they saw the increasing crisis coming with regard to health care shortage. Four years ago, ASHNHA had a summit where they talked about it. On 9/11 [2001], the day the tragedy hit, there was a nursing summit in Anchorage, and it was pertinent at that time. There are many pieces of the puzzle and this is one. As the committee has heard, the university is graduating 110 nurses per year and will be increasing its program so it can graduate 220 nurses a year. Alaska needs to graduate 400 per year, so there is a need for other programs to help.

MS. DERR talked about the fact that Alaskan health care providers are paying "travelers" or visiting nurses. Alaska State Hospital and Nursing Home Association just completed a survey this week to show how much money is spent in this practice. That study showed that \$11 million is spent in the state each year to pay travelers. That money goes outside. The figure would be \$14 million if radiologists were included. Providence Hospital uses 17 radiologist technicians. Last year at one point in time, Providence had 17 travelers in its facility. She told the committee that is a horrible drain on state resources. Alaska State Hospital and Nursing Home Association had an inventory meeting last week, this week there is an allied health care meeting, there is a health fair in Anchorage today where most of the hospitals are involved in trying to find health care workers, there are K-12 [kindergarten through 12th grade] programs, and there are skills-standards meetings in Bethel and Anchorage. There are many events happening. Ms. Derr encouraged the committee to support this bill and help recruit and retain nurses in Alaska.

Number 1945

REPRESENTATIVE SEATON referred to page 4 [lines 9-10] of the bill, where it says, "the applicant has outstanding education loans from a lending institution". He asked if that covers the state [loan program].

VICE CHAIR GATTO responded that the state loan program is an authorized lending institution.

Number 1966

REPRESENTATIVE CISSNA commented that ASHNHA is leading the health providers in taking this issue on. She said she was attending the nurses conference on 9/11 when the news came in that there might be an incoming flight to Anchorage on that day. The nurses had to leave the building; it was the most orderly exit imaginable, and it was obvious that these people were trained for emergencies. She congratulated the sponsor and ASHNHA for the incredible work being done.

REPRESENTATIVE SEATON asked if traveling nurses are hired on a time-on, time-off basis.

MS. DERR responded that traveling nurses are hired in a lot of different ways. Some of them come to Alaska for two weeks or a month. There is one person who has been in a position for three years as a traveler because she gets more money that way. There are psychiatrists who work six months on six months off.

REPRESENTATIVE SEATON commented that it would depend on the way the board structures the regulations as to whether travelers would be eligible for this program. He pointed out that there is nothing in the bill that says a nurse must be a resident in order to qualify for the program.

MS. DERR said that issue would be addressed by the Board of Nursing as the standards and criteria are laid out.

Number 2099

REPRESENTATIVE COGHILL noted that there are some financial impacts, but since the bill is referred to the House Finance Committee, that issue will be addressed there.

Number 2125

CHAIR WILSON referred to Section 5, where it says, **"The money made available under this subsection may be appropriated for the Alaska nurse recruitment loan repayment program"**.

REPRESENTATIVE COGHILL responded that he has no problem with the bill.

CHAIR WILSON told the committee that an issue with respect to traveling nurses has just come to her attention that is important. She said it is hard on the morale of nurses who work and live in Alaska when traveling nurses may be making as much as \$45 per hour, plus a free place to stay, the ability to eat at the hospital for free, and other kinds of perks. Chair Wilson said she thinks it would not be a good idea to have travelers qualifying for this program because this program is really intended for someone who wants to come up to Alaska to work and live. She said that language could be developed by the time the bill comes before the next committee of referral.

REPRESENTATIVE CISSNA agreed with Chair Wilson's comments and shared the views from her former house sitter who was a traveling nurse. He took a \$10,000 bonus to come to Alaska to work for one year because his mother lived here. In fact, he was incensed that there were a lot of people who came to Alaska for a week that actually got a lot more money than he had. He felt it was unfair that there were nurses who made more and cared less about the patients in the hospital, and thought they did a poor job.

REPRESENTATIVE COGHILL moved to report CSHB 211, Version 23-LS0861\D, Ford, 3/29/03, out of committee with individual recommendations and the accompanying fiscal notes.

REPRESENTATIVE SEATON asked about a new fiscal note for the committee substitute.

Number 2255

CHAIR WILSON replied that a new fiscal note was passed out to members. She explained that originally the fiscal note was based on the belief that there would be a need for 1,600 more nurses in the next few years, but it was revised to indicate there will actually be a need for 4,100 nurses. So the new fiscal note was changed to reflect the difference.

Number 2275

VICE CHAIR GATTO asked if there were any objections to the motion. There being no objection, CSHB 211(HES) was reported from the House Health, Education and Social Services Standing Committee.

VICE CHAIR GATTO returned the gavel to Chair Wilson.

Number 2294

CHAIR WILSON announced that the Report on State Health Policy Meeting in Chicago by Representative Cissna will be postponed until next week.

**ADJOURNMENT**

There being no further business before the committee, the House Health, Education and Social Services Standing Committee meeting was adjourned at 3:50 p.m.