

**CS FOR HOUSE BILL NO. 18(HES)**

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIFTH LEGISLATURE - FIRST SESSION

BY THE HOUSE HEALTH, EDUCATION AND SOCIAL SERVICES COMMITTEE

Offered: 1/31/07

Referred: Finance

Sponsor(s): REPRESENTATIVES MEYER, Lynn, Kawasaki, Kelly, Crawford, Gara, Harris, LeDoux, Stoltze, Buch, Dahlstrom, Roses, Johnson, Gardner, Seaton, Olson

SENATORS Wilken, Davis, Wagoner, Dyson, Ellis, Therriault, Stevens, Wielechowski, McGuire

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act amending the functions and powers of the Alaska Commission on  
2 Postsecondary Education; and relating to the repayment provisions for medical  
3 education and postsecondary degree program participants."

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

5 \* **Section 1.** AS 14.42.030(d) is amended to read:

6 (d) The commission **shall** [MAY] enter into agreements with government or  
7 postsecondary education officials of this state or other states to provide postsecondary  
8 educational services and programs to Alaska residents pursuing a medical education  
9 degree **sufficient to accommodate at least 20 new program participants each year.**  
10 An agreement with another state must be limited to services and programs that are  
11 unavailable in Alaska. The commission shall require a person participating in a  
12 medical education program offered under this subsection to agree to the repayment  
13 condition imposed under AS 14.43.510.

14 \* **Sec. 2.** AS 14.43.510(a) is amended to read:

1 (a) Except as provided under (b) and (c) of this section, as a condition of  
 2 participating in a medical education program under AS 14.42.030(d), a program  
 3 participant shall agree to **either return to the state and actively engage in**  
 4 **professional medical practice or** repay [THE] financial support provided by the state  
 5 on behalf of the **program participant** [STUDENT]. The financial support to be  
 6 repaid is equal to **50 percent of the amount paid for each program participant by**  
 7 **the state to the contracting postsecondary institution, plus interest** [THE  
 8 DIFFERENCE BETWEEN RESIDENT AND NONRESIDENT TUITION AT THE  
 9 CONTRACTING POSTSECONDARY INSTITUTION, PLUS INTEREST,  
 10 INCLUDING ANY DIFFERENTIAL FOR THE FIRST YEAR OF THE PROGRAM  
 11 DELIVERED AT THE UNIVERSITY OF ALASKA, ANCHORAGE]. The rate of  
 12 interest is equal to the 12th Federal Reserve District discount rate in effect on March 1  
 13 of the year in which the financial support is provided plus two percentage points.  
 14 Interest imposed under this subsection begins to accrue **at the later of termination of**  
 15 **the program participant's** [WHEN THE PERSON TERMINATES] studies under  
 16 the medical education program **or at the conclusion of the program participant's**  
 17 **residency or fellowship training program, military service, United States Public**  
 18 **Health Service, or Indian Health Service obligation.** Accrued interest shall be  
 19 added to the principal balance of the repayment obligation at the time the borrower is  
 20 obligated to commence repayment and at the end of a deferment period.

21 \* **Sec. 3.** AS 14.43.510(c) is amended to read:

22 (c) Repayment under (a) of this section is required to begin not later than six  
 23 months after the person terminates studies under the medical education program  
 24 except that repayment shall be deferred for a person who (1) qualifies for forgiveness  
 25 under (b) of this section for as long as the person remains qualified for forgiveness  
 26 under (b) of this section; (2) is employed in a medical residency program [IN THE  
 27 STATE] for as long as the person remains in the medical residency program; or (3) is  
 28 performing a service obligation imposed by the National Health Service Corps, the  
 29 Indian Health Service, or the Uniformed Service Scholarship Program for as long as  
 30 the person is performing the service. Forgiveness under (b) of this section only applies  
 31 to that portion of the repayment obligation that has not been repaid to the state.