

**ALASKA STATE LEGISLATURE**  
**SENATE SPECIAL COMMITTEE ON EDUCATION**

February 14, 2007

8:01 a.m.

**MEMBERS PRESENT**

Senator Gary Stevens, Chair  
Senator Charlie Huggins, Vice Chair  
Senator Bettye Davis  
Senator Donny Olson  
Senator Gary Wilken

**MEMBERS ABSENT**

All members present

**OTHER LEGISLATORS PRESENT**

Senator Johnny Ellis

**COMMITTEE CALENDAR**

SENATE BILL NO. 73

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

HEARD AND HELD

**PREVIOUS COMMITTEE ACTION**

No previous action to consider

**WITNESS REGISTER**

Diane Barrans, Executive Director  
Alaska Commission on Postsecondary Education  
P.O. Box 110505  
Juneau, AK 99811-0505

**POSITION STATEMENT:** Available for questions on SB 73

Rod Betit, President  
Alaska State Hospital and Nursing Home Association (ASHNHA)  
426 Main Street  
Juneau, Alaska 99801

**POSITION STATEMENT:** Supported SB 73

Laurie Hermon, Regional Director  
Government Affairs  
Alaska Commission on Postsecondary Education (ACPE)  
3300 Providence Drive  
Suite 02 - B Tower  
Anchorage, AK 99515  
**POSITION STATEMENT:** Supported SB 73

Roland Gower, President  
Alaska State Medical Association  
4107 Laurel Street  
Anchorage, AK 99508  
**POSITION STATEMENT:** Supported SB 73

Alice Samuelson, representing herself  
Anchorage, AK  
**POSITION STATEMENT:** Supported SB 73

#### **ACTION NARRATIVE**

**CHAIR GARY STEVENS** called the Senate Special Committee on Education meeting to order at [8:01:14 AM](#). Present at the call to order were Senators Huggins, Wilken, Olson, Davis, and Chair Stevens.

#### **SB 73- WWAMI MEDICAL SCHOOL**

CHAIR STEVENS announced SB 73 to be up for consideration.

[8:01:39 AM](#)

SENATOR ELLIS, sponsor of SB 73, explained that it relates to the expansion of the Wyoming, Washington, Alaska, Montana, and Idaho partnership with the University of Washington (UW) School of Medicine (WWAMI). The bill will increase the WWAMI enrollment threshold from 10 to 20 people.

[8:04:13 AM](#)

SENATOR HUGGINS asked for the difference between the WWAMI and WICHI acronyms.

SENATOR ELLIS explained that the Western Interstate Compact for Higher Education (WICHI) is a collaboration of western states on higher education, which sponsors various undergraduate programs including the Western Undergraduate Exchange (WUE). Alaska

participates in these programs because it is a young state without the resources for its own graduate schools.

[8:05:16 AM](#)

SENATOR HUGGINS asked if the WWAMI program expansion would allow students to spend three of their four years of medical school in Alaska.

SENATOR ELLIS replied that students spend the first year at the University of Alaska Anchorage (UAA) and then spend the remaining three at the UW.

[8:06:37 AM](#)

SENATOR OLSON asked how WWAMI would increase residency placement in Alaska.

SENATOR ELLIS said that residency placement was not included in the legislation, but that it was a recommendation of a task force assembled to address the issue. Returning medical school graduates to Alaska have no residency program to enroll in, and thus must complete their residencies in other states or enter more lucrative professions than family practice to repay their debt. Completing residency in another state means that students are less likely to return to Alaska. SB 73 does not address the issue of increasing residency availability, but it is an important issue.

[8:09:35 AM](#)

DIANE BARRANS, Executive Director of the Alaska Commission on Postsecondary Education (ACPE), explained that the WWAMI program has been in place for over 30 years in Alaska, and that clinical care units in Alaska allow for students to return to Alaska after their second year of school, at the UW.

CHAIR STEVENS asked about the success of the program.

MS. BARRANS said that the return rate of Alaska residents in the WWAMI program to Alaska is nearly 70 percent, and around 85 percent for all WWAMI participants who attend school in Alaska. Doctors tend to remain where they establish a practice.

[8:11:52 AM](#)

CHAIR STEVENS asked about the state of the ACPE student loan program.

MS. BARRANS replied that the program currently offers around \$70 million in loans through federal and state education loans. The interest rates are among the best in the country.

CHAIR STEVENS asked if the extension of the WWAMI program was a cause of fiscal concern for the ACPE.

MS. BARRANS replied that the ACPE acts as a fiscal agent for the WWAMI program and considers the WWAMI students to be taking out loans from the commission. Previously WWAMI students had no contractual obligation to return to Alaska when they finished their studies, and this spring will be the first wave of students who will be monetarily encouraged to return to the state.

[8:14:03 AM](#)

CHAIR STEVENS remarked that there are less expensive options to attract doctors to Alaska, and asked Ms. Barrans for her opinion.

[8:14:49 AM](#)

MS. BARRANS said that there is currently no fiscal incentive program for non-Alaskan residents. The WICHI program is loan-only and includes no repayment or forgiveness features.

CHAIR STEVENS referenced a chart that showed that students generally take seven years to become practicing physicians at a cost of \$250,000. The WWAMI program is beneficial but it's important to realize that other options exist.

[8:17:00 AM](#)

SENATOR OLSON asked if WICHI only applied to select programs of study.

MS. BARRANS replied that WICHI de-funded their law study support in 1987. WICHI used to apply to two groups of students, those who had limited access to certain fields of study and needed WICHI support, and those whose admission to a program could be aided by WICHI but where it wasn't necessary. In the late 1990s student loan corporation receipts began to be used to fund WICHI loans, which must be fully recovered with interest.

SENATOR OLSON asked about the average medical school debt.

MS. BARRANS replied that medical students can borrow up to \$60,000 through the supplemental education loan program. They also often take out federal loans, which have no cap. Typically the total amount is between \$80,000 and \$100,000.

SENATOR OLSON asked how many WWAMI students participate in the ACPE loan program.

MS. BARRANS replied that the number is close to 90 percent, and generally students do not default on their loans.

[8:20:45 AM](#)

SENATOR OLSON asked about the number of students who take out loans and do not finish medical school.

MS. BARRANS replied that there have not been any withdrawals for academic reasons, but that very occasionally a medical reason is cause for withdrawal from WWAMI.

[8:22:22 AM](#)

SENATOR HUGGINS asked for a loan repayment figure for a student who would not return to Alaska after graduation.

MS. BARRANS said that according to SB 73 such students would owe half the amount the state paid for their schooling for years two through four, which would be around \$76,000.

SENATOR HUGGINS asked for Ms. Barrans' opinion on the return of the state's investment.

MS. BARRANS said that many factors must be considered, including the student's job choices after graduation. If the debt obligation is so onerous that a student can not contemplate any other post-graduate possibility, it might act as a dis-incentive to the program. Currently the student is responsible for the tuition differential between Alaska and Washington.

[8:25:17 AM](#)

SENATOR HUGGINS asked how much money a non-returning student would owe by present standards.

MS. BARRANS said that the amount would be \$150,000.

CHAIR STEVENS asked for the difference between the current repayment rule and the change that SB 73 proposes.

MS. BARRANS replied that the significant change is that SB 73 would postpone interest accrual until after the completion of residency or other service obligations.

[8:28:21 AM](#)

SENATOR HUGGINS asked if SB 73 would change the program to a minimum or maximum of 20 students.

MS. BARRANS replied that the bill would allow for a class of 20 beginning in 2007. In 2006 there were over 70 applicants, 40 of which were seriously considered.

[8:28:42 AM](#)

SENATOR WILKEN said that SB 73 may not give a greater incentive to return to Alaska because it would allow for less interest accrual and thus less necessity of loan forgiveness.

CHAIR STEVENS asked how other states compete to attract doctors.

MS. BARRANS replied that all but the WWAMI states have their own medical schools, and students can attend them with no obligation to remain. A lack of viable medical study options in Alaska means a student may choose to get residency in another state.

[8:32:34 AM](#)

SENATOR HUGGINS asked if there is any military incentive or connection with the WWAMI program.

MS. BARRANS said she did not know.

[8:34:01 AM](#)

SENATOR WILKEN asked if there is a WWAMI provision for graduates who enter the military.

MS. BARRANS said that there are general military deferments of payments and interest, including an interest accrual cap.

[8:35:39 AM](#)

SENATOR WILKEN related a personal story regarding medical school.

[8:37:26 AM](#)

CHAIR STEVENS related a personal story regarding medical school, and asked if there are other programs that pay students' tuition.

MS. BARRANS said that employers are increasingly providing loan repayment programs.

SENATOR WILKEN said that Indian Health Services forgives \$20,000 in debt yearly for a medical student.

[8:39:47 AM](#)

SENATOR HUGGINS asked why the state cannot provide more forgiveness programs.

MS. BARRANS replied that it's a matter of available money. An example of such an alternative program is the Teacher Education Loan program, which has a return rate of around 25 percent.

[8:42:12 AM](#)

CHAIR STEVENS remarked that 50 percent of Alaskans who enter WWAMI practice in the state, and the rate of WICHI return is 18 percent.

SENATOR WILKEN asked what the amount of the ACPE loan budget is.

MS. BARRANS replied that the 2007 bonds total around \$75 million.

[8:42:58 AM](#)

ROD BETIT, President of the Alaska State Hospital and Nursing Home Association (ASHNHA), said that the bill is his association's top priority for addressing the gap between physician supply and demand in Alaska. The state needs a net gain of 59 physicians per year, up from the current number of 38. The \$250,000 spent for a WWAMI student is for the full medical school education; \$60,000 represents the cost of closing the funding gap in the family practice program. The actual cost for a residency position per year is \$100,000. If SB 73 is

passed early enough in the current legislative session, the additional 10 students could be allowed into WWAMI in 2007.

[8:46:57 AM](#)

CHAIR STEVENS said that he would like to see increased retention of physicians addressed in particular.

SENATOR HUGGINS asked if Mr. Betit wants the bill to be passed by mid-March.

MR. BETIT replied that the UW is currently reviewing WWAMI applications and if the bill passes by March, the UW will be able to select another 10 students.

[8:48:32 AM](#)

SENATOR OLSON asked what incentives are put forth by individual hospitals to attract staff.

MR. BETIT replied that hospitals help set up practices, provide good salaries, and spend a lot of money on recruitment.

[8:50:41 AM](#)

LAURIE HERMON, Regional Director of Government Affairs for Providence Health System, said that the return on the WWAMI investment is phenomenal; nearly 80 percent of the Alaska residents in the program return to the state to practice, which is a better rate of return than states with their own medical schools. The physician shortage in Alaska is a multi-faceted problem, and is being addressed with increased residency positions. Physician rotation would help the problem by exposing more people to the possibility of living in Alaska.

[8:55:21 AM](#)

CHAIR STEVENS asked if the WWAMI program is the most cost-effective way of enticing physicians to Alaska.

MS. HERMON said that the increase of the program is an important first step in the process, but other goals should not be set aside.

[8:56:32 AM](#)

DR. ROLAND GOWER, President of the Alaska State Medical Association, said that SB 73 is a timely bill, because Alaska has an aging general and medical population; the average physician age in Alaska is 52. There are many local youth who wish to become physicians but are unable to enter the WWAMI program. He related a personal story about the WWAMI program.

He asked the committee to consider a reasonable payback provision, and said that competition for doctors throughout the country is fierce. Alaska has a good climate for practicing medicine, and more effort should be spent on recruitment.

[9:04:18 AM](#)

SENATOR OLSON asked why more emphasis is not being placed on residency needs.

DR. GOWER said that residency programs do need more funding, and that in-state training programs are limited. Some areas may not even have enough patients for training.

SENATOR OLSON asked how long Alaska could expect to not have HMOs in the state.

DR. GOWER replied that HMOs are not an issue in Alaska because of the isolation and small population.

CHAIR STEVENS said that Alaska needs ten percent more physicians than the rest of the nation because of the rural aspect, and asked if telemedicine could be beneficial.

[9:07:53 AM](#)

DR. GOWER said that Alaska is on the cutting edge of medical technology, but better telecommunications and more manpower are needed.

[9:09:34 AM](#)

ALICE SAMUELSON, representing herself, related a personal story regarding the difficulties inherent in applying to medical schools and the WWAMI program.

[9:11:11 AM](#)

CHAIR STEVENS said that he intended to hold SB 73 in committee, and asked Ms. Barrans to look into the Health Resources and Services Administration loan program.

SENATOR WILKEN said that he had an amendment he wants the committee to consider in the next meeting regarding physician loan forgiveness.

CHAIR STEVENS thanked the testifiers for their participation and, seeing no further business, adjourned the committee meeting at [9:13:18 AM](#).