

**HOUSE BILL NO. 392**

IN THE LEGISLATURE OF THE STATE OF ALASKA  
TWENTY-SIXTH LEGISLATURE - SECOND SESSION

**BY REPRESENTATIVES HERRON, Gara, Kawasaki**

**Introduced: 2/23/10**

**Referred: Health and Social Services, Finance**

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act establishing a loan repayment program and employment incentive program for**  
2 **certain health care professionals employed in the state; and providing for an effective**  
3 **date."**

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

5 **\* Section 1.** AS 14.43 is amended by adding new sections to read:

6 **Article 8A. Health Care Professions Loan Repayment.**

7 **Sec. 14.43.430. Loan repayment; purpose.** (a) The commission shall repay a  
8 portion of education loans made to eligible tier I and tier II health care professionals  
9 under the health care professions loan repayment and employment incentive program  
10 established in AS 18.29.010 and the loan repayment procedures established under this  
11 section.

12 (b) The Department of Health and Social Services shall administer the health  
13 care professions loan repayment program under AS 18.29.010 - 18.29.099. The  
14 commission shall act as a disbursing agent in carrying out the provisions of

1 AS 14.43.430 - 14.43.449.

2 (c) Loan repayments under this section shall be made with funds appropriated  
3 by the legislature for that purpose. The loan repayments made under this section do  
4 not constitute a financial obligation of the corporation.

5 **Sec. 14.43.435. Eligibility.** To be eligible for loan repayment under  
6 AS 14.43.430, an individual must

7 (1) meet eligibility and priority criteria established under  
8 AS 18.29.030;

9 (2) have an unpaid balance on one or more education loans verified by  
10 the commission; and

11 (3) meet other criteria established by the commission.

12 **Sec. 14.43.440. Conditions and limitations on loan payments.** (a) A loan  
13 repayment under AS 14.43.430 - 14.43.449 shall be in an amount not to exceed 33.3  
14 percent of the unpaid loan balance existing in the first year of program participation,  
15 multiplied by the percentage of full time equivalent employment for each of up to  
16 three years of qualified employment less a matching loan or incentive amount from an  
17 employer or other entity as determined under AS 18.29.020.

18 (b) The commission shall make a loan repayment under this section in  
19 quarterly installments payable to the lending institution. A loan repayment made under  
20 this section may not exceed the annual benefit amounts established under  
21 AS 18.29.020(b). The commission may not make a loan repayment installment for an  
22 employment period of less than one calendar quarter.

23 (c) A loan or interest on a loan is not eligible for repayment under this section  
24 if the loan or interest is eligible for repayment from another source, including another  
25 loan repayment or forgiveness program or an employer-sponsored repayment  
26 program.

27 **Sec. 14.43.449. Definitions.** In AS 14.43.430 - 14.43.449,

28 (1) "qualified employment" has the meaning given in AS 18.29.099;

29 (2) "tier I health care professional" means a dentist, pharmacist, or  
30 physician;

31 (3) "tier II health care professional" means a dental hygienist,

1 registered nurse, certified nurse practitioner, physician assistant, physical therapist,  
 2 clinical psychologist, or clinical social worker holding at least a master's degree in  
 3 social work.

4 \* **Sec. 2.** AS 18 is amended by adding a new chapter to read:

5 **Chapter 29. Health Care Professions Loan Repayment and Incentive Program.**

6 **Sec. 18.29.010. Health care professions loan repayment and incentive**  
 7 **program; purpose; advisory body.** (a) The health care professions loan repayment  
 8 and incentive program is established in the department for the purpose of addressing  
 9 the worsening shortage of certain health care professionals in the state by increasing  
 10 the number and improving the distribution of health care professionals who provide  
 11 direct patient care.

12 (b) The program established under this section must include

- 13 (1) loan repayments made under AS 14.43.430 - 14.43.449;  
 14 (2) direct incentives paid under AS 18.29.020;  
 15 (3) procedures for the commissioner's designation and prioritization of  
 16 sites eligible for participation in the program;  
 17 (4) an application process for participation in the program as  
 18 (A) an eligible site; or  
 19 (B) a tier I or tier II health care professional;  
 20 (5) the dissemination of public information and notices pertinent to the  
 21 program;  
 22 (6) classification by the commissioner of each eligible site as having  
 23 either regular or very hard-to-fill positions, or both;  
 24 (7) a lifetime maximum period of six years for participation in the loan  
 25 repayment and direct incentive aspects of the program by a tier I or tier II health care  
 26 professional; and  
 27 (8) annual program evaluations and reports.

28 (c) Except as provided under AS 14.43.430, the program shall be administered  
 29 by the commissioner in consultation with an advisory body appointed by the  
 30 commissioner. The advisory body is made up of members with health care expertise,  
 31 including expertise in economic issues affecting the hiring and retention of health care

1 professionals in the state. Members of the advisory body serve at the pleasure of the  
2 commissioner to provide recommendations for and oversight and evaluation of all  
3 aspects of the program. The commissioner shall accept a recommendation of the  
4 advisory body on a matter pertaining to the identification and monitoring of areas of  
5 shortages, eligible sites, payment priorities, or evaluation of the program, unless the  
6 commissioner finds, in writing, that the recommendation cannot be financially or  
7 otherwise supported by the department.

8 **Sec. 18.29.020. Direct incentives.** (a) The department shall provide direct  
9 incentives in the form of quarterly cash payments to eligible tier I and tier II health  
10 care professionals engaged in qualified employment. The department may not make an  
11 incentive payment

12 (1) before the employment period begins;

13 (2) for a period of qualified employment of less than three months; or

14 (3) under a contract term that is less than one calendar quarter.

15 (b) Payments made under this section, when combined with a loan repayment  
16 amount paid under AS 14.43.440, if any, may not exceed

17 (1) \$35,000 annually for a tier I health care professional employed in a  
18 regular position;

19 (2) \$47,000 annually for a tier I health care professional employed in a  
20 very hard-to-fill position;

21 (3) \$20,000 annually for a tier II health care professional employed in  
22 a regular position; or

23 (4) \$27,000 annually for a tier II health care professional employed in  
24 a very hard-to-fill position.

25 (c) The commissioner shall calculate the annual incentive payment amount by  
26 multiplying the annual maximum payment under (b) of this section by the percentage  
27 of full time equivalent employment for each of not more than three years of qualified  
28 employment less a matching payment amount as determined under (d) of this section  
29 and loan repayment amount, if any, under AS 14.43.440.

30 (d) An employer or other entity that employs an eligible tier I or tier II health  
31 care professional at an eligible site shall make nonrefundable quarterly matching

1 payments to the department. The payments must be in an amount that is

2 (1) not more than half of the combined annual incentive payment made  
3 under (c) of this section and the loan repayment amount paid under AS 14.43.440(a),  
4 as determined by the commissioner; and

5 (2) based on the employer's or entity's ability to pay, as determined by  
6 the commissioner, in consultation with the program advisory body.

7 (e) A payment made under (d) of this section shall be combined with the  
8 payment made to the professional by the department.

9 **Sec. 18.29.025. Number of participants.** (a) The number of participants to  
10 whom the commissioner may provide a direct payment, loan repayment, or both under  
11 the program established under AS 18.29.010 may not exceed 90 participants annually  
12 as described in (b) of this section, regardless of whether the participant is a new or  
13 continuing participant.

14 (b) The commissioner shall provide direct incentive payments, loan  
15 repayments, or both to each of the 10 types of tier I and tier II health care professions  
16 as follows:

17 (1) at an eligible site with very hard-to-fill positions, two of each types

18 (2) at an eligible site with regular positions, five of each type; and

19 (3) at an eligible site of any priority, two of each type.

20 **Sec. 18.29.030. Eligibility and priority.** (a) To be eligible for a direct  
21 incentive payment under AS 18.29.020, an individual shall

22 (1) submit an application on a form approved by the commissioner;

23 (2) be engaged in qualified employment;

24 (3) be licensed as a tier I or tier II health care professional in the state  
25 within 90 days after the first day of employment;

26 (4) meet a priority for payment established under (b) of this section;  
27 and

28 (5) meet other criteria established by the commissioner.

29 (b) The commissioner shall establish priorities for payment of a loan and  
30 incentive under the program based on the recommendations of the program advisory  
31 body and the availability of funding. The commissioner shall prioritize eligible sites

1 based on the percentage of patients treated at the site who

2 (1) are uninsured;

3 (2) have or are eligible for medical assistance or Medicare coverage; or

4 (3) have or are eligible for other federal health program benefits.

5 **Sec. 18.29.099. Definitions.** In AS 18.29.010 - 18.29.099,

6 (1) "commissioner" means the commissioner of health and social  
7 services;

8 (2) "department" means the Department of Health and Social Services;

9 (3) "eligible site" means a service area or health care facility that the  
10 commissioner has designated as located in a health care services shortage area based  
11 on a needs assessment and employment statistics for qualified tier I or tier II health  
12 care professionals;

13 (4) "program" means the health care professions loan repayment and  
14 incentive program;

15 (5) "qualified employment" means employment of a tier I or tier II  
16 health care professional at an eligible site at which the health care professional is hired  
17 and paid to work

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

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

20 (C) not less than 50 percent time on direct patient health care

21 services;

22 (6) "tier I health care professional" means a dentist, pharmacist, or  
23 physician;

24 (7) "tier II health care professional" means a dental hygienist,  
25 registered nurse, certified nurse practitioner, physician assistant, physical therapist,  
26 clinical psychologist, or clinical social worker holding at least a master's degree in  
27 social work.

28 \* **Sec. 3.** This Act takes effect immediately under AS 01.10.070(c).