

SENATE BILL NO. 139

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

BY SENATORS OLSON, Wielechowski, Meyer, Davis

Introduced: 3/9/09

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 fiscal agent in carrying out the provisions of AS 14.43.430 -

1 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 approved
10 by 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 repayment year, plus interest,
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 14.43.435, the program shall be administered
 29 by the commissioner in consultation with an advisory body appointed by the
 30 commissioner. The advisory body is comprised 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. 18.29.030. Eligibility and priority.** (a) To be eligible for a direct
10 incentive payment under AS 18.29.020, an individual shall

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

12 (2) be engaged in qualified employment;

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

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

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

18 (b) The commissioner shall establish priorities for payment of a loan and
19 incentive under the program based on the recommendations of the program advisory
20 body and the availability of funding. The commissioner shall prioritize eligible sites
21 based on the volume of patients treated at the site who are uninsured and who have
22 medical assistance or Medicare coverage.

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

24 (1) "commissioner" means the commissioner of health and social
25 services;

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

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

31 (4) "program" means the health care professions loan repayment and

1 incentive program;

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

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

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

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

8 services;

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

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

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