

HOUSE FINANCE COMMITTEE

April 8, 2010

1:41 p.m.

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CALL TO ORDER

Co-Chair Stoltze called the House Finance Committee meeting to order at 1:41 p.m.

MEMBERS PRESENT

Representative Mike Hawker, Co-Chair
Representative Bill Stoltze, Co-Chair
Representative Bill Thomas Jr., Vice-Chair
Representative Mike Doogan
Representative Neal Foster
Representative Les Gara
Representative Reggie Joule
Representative Mike Kelly
Representative Woodie Salmon

MEMBERS ABSENT

Representative Anna Fairclough
Representative Allan Austerman

ALSO PRESENT

Representative Bob Herron; Nikoosh Carlo, Staff,
Representative Bob Herron; Rod Betit, President, Alaska
Hospital Association; Diane Barrans, Executive Director,
Postsecondary Education Commission, Department of
Education; Sam Trivette, Self; Pat Carr, Program Manager,
DHSS

PRESENT VIA TELECONFERENCE

Lanetta Lundberg, Ketchikan General Hospital; Jerry Grower,
Wasilla; Delisa Culpepper, Chief Operating officer, Alaska
Mental Health Trust Authority; Julie McDonald, Pharmacy,
Florida; Rachel Greenberg, Palmer Senior Center; Pat Luby,
Director, AARP; Angel Dotomain, President, Alaska Native
Health Board; Doris Robbins, Self; Dr. Nighswander, WAMMY
Medical School

SUMMARY

HB 392

INCENTIVES FOR CERTAIN MEDICAL PROVIDERS

CS HB 392(HSS) was HEARD and HELD in
Committee for further consideration.

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#hb392

HOUSE BILL NO. 392

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

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Co-Chair Stoltze took care of housekeeping and opened public testimony.

REPRESENTATIVE BOB HERRON, explained that the intent of the legislation was to provide the incentive to draw health care professionals to the state. He furthered that the state has a healthcare shortage in both rural and urban areas.

NIKOOSH CARLO, STAFF, REPRESENTATIVE BOB HERRON, stated that HB 392 would create a support for service program within the Department of Health and Social Services (HESS) that would be directed by the commissioner and an advisory body. The program would provide a combination of cash incentives and loan repayment for up to 90 applicants per year, in 10 different health care occupations. The program targeted experienced, mid-career level providers, and monetary payments would be issued after the work was performed. The payment would stop if the practitioner chose to leave the state. Two different tiers of medical providers were identified in the bill; dentists, pharmacists, and physicians comprise Tier 1; Tier 2 included dental hygienists, registered nurses, certified nurse practitioners, physician's assistants, physical therapists, clinical psychologists, and clinical social workers holding at least a masters degree in social work. The amount of monetary incentive would depend on which tier

the applicant fell into, and the location in which they would be serving.

Co-Chair Stoltze asked what role the social worker played in the medical field. Ms. Carlo explained that a social worker provided general assistance as a counselor to people struggling with medical issues.

Representative Herron interjected that other testifiers could further explain the infrastructure of the program. He stated that medical occupations had a pyramidal system of occupational support. Earlier discussions of the legislation had highlighted the need to include social workers in the second tier, it had been determined that there was a shortage of social workers in the state, and that they were instrumental in supporting the other existing, limited occupations.

Representative Joule pointed out to the committee that the bill read "clinical social worker". He felt this was an important distinction. He relayed that patients who suffered traumatic events would have needs specific to a clinical social worker, particularly when addressing any mental issues involved.

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Ms. Carlo continued. The program addressed a total of 90 practitioners per year in the ten categories. Each practitioner type would have 9 slots, 3 would be reserved for hard to fill areas. The remainder would be allocated depending on need and the number of applications received. Practitioners would be paid every quarter, following a complete full quarter of service, with a lifetime cap of 6 years for participation.

Representative Gara relayed that medical professionals from the state and the private sector had been complimentary of the approach of the bill. He asked if there could be assurances that the professions that were in the highest demand in the state would benefit first from the legislation. He gave the example of extending benefits to primary care physicians over orthopedic surgeons.

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Ms. Carlo replied that the decision would be based on the federal health care provided shortage criteria. She stated that it would be unusual for orthopedic surgeons to end up on the state's list of medical professionals needed in hard to fill locations.

Rep Herron sincerely hoped that the understanding would be that primary care was needed over exotic specialty care.

Representative Gara asked if the priority language on Page 3, Lines 22 and 23, set the parameters necessary to direct the funding for the greatest need. Ms. Carlo replied yes. She added that the criteria for allocation of the funds would be determined in regulation by the commissioner and the advisory body.

Rep Gara noted that heart surgeons made a lot of money, and that there were not very many of them practicing in-state. He wondered if assurances could be made that the funds would not go to heart surgeons over primary care providers. Ms. Carlo reiterated that the intent of the legislation was to direct the funds toward primary care physicians, who would then have the ability under regulation to use it to fund heart surgeons.

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Representative Doogan expressed interest in the derivation of the numbers in Section 18.29.020. **Direct incentives.** Ms. Carlo responded that she was unable to answer the question. She suggested referring the question to Senator Olsen's office, which was carrying the companion bill in the other body.

Rep Hawker asked about page 5, Lines 9-17. He understood that Section A provided that the program was not to exceed 90 participants. He wondered what would happen if all the slots were not filled each year. Ms. Carlo responded that the intent of the language in the aforementioned lines was to save 30 of the 90 positions for the very hard to fill locations to ensure that the areas with the most need received service. If there were not 30 individuals to fill the positions, they would remain open.

Co-Chair Hawker suggested clarifying the language to more clearly reflect the intent.

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Representative Joule wondered which commission was being referred to in the legislation. Ms. Carlo said the "commissioner" referred to the commissioner of HESS.

Representative Joule clarified. He noted Page 1, Line 7, which referred to "the commission". Ms. Carlo believed it referred to the commission on post secondary education.

Rep. Joule wondered how the passage of the legislation would affect the mission of HB 50: **Limit Overtime for Registered Nurses**. He thought there could be conflict concerning recruitment and correct pay rates. Ms. Carlo responded that she was not familiar with the bill.

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ROD BETIT, PRESIDENT/CEO, ALASKA STATE HOSPITAL AND NURSING HOME ASSOCIATION (ASHNHA), testified in strong support of the legislation. He noted the importance of the WAMMI program and the continued funding to the University of Alaska for health care professions. He thought that the health care issue would be challenging over the next few years, but that Alaska would catch up with other states in providing readily available health care professionals. He said that in the next five to seven years the state expected a serious gap in a variety of medical fields. A statewide survey performed by ASHNHA had revealed that the public believed that the hospital should be taking an active role to help address shortages in rural areas and non-hospital settings. He thought that the bill was effectively written to address the problem of primary care physicians and other medical professional vacancy rates in the state.

Co-Chair Hawker agreed there was a shortage and need for the positions mentioned, and that predicting the future was difficult. He thought that it would make sense to add a sunset date to the bill. Mr. Petit agreed.

Representative Joule revisited the issue of the nurse's overtime bill. He thought that the bill highlighted the underlying issue of a shortage of nurses in the state. He requested more information as to how the legislation would work with HB 50. Mr. Petit believed the legislation would work to support HB 50. He said that HB 392 would allow

rural areas to seek additional resources without being subject to repercussions.

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Vice-Chair Thomas commented that local students in Juneau had been hired on at Bartlett Regional Hospital over students from Haines. He added that Haines students were scared to travel to Anchorage for opportunities because of the violent urban environment. He relayed that SEARHC required one year of work in a hospital setting before they would hire students, forcing students to seek employment out-of-state.

Mr. Betit stated that there were many moving parts to the health workforce challenge. He said that over 200 nurses graduated per year from state university programs, some of which stay in-state to practice. He explained that the challenge was getting the graduates the experience needed to go out to the rural communities and immediately get to work. There was the risk of placing a nurse without the correct skill set on the front lines with patients. A preceptor program that individual facilities could bring up and run on their own had recently been established. Health care providers wanted to hire local graduates, but those graduates needed to have the proper training.

Vice-Chair Thomas said that students were not aware that the year of work in a hospital was required before rural clinics would hire them.

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Co-Chair Hawker solicited the department's position on the bill.

DIANE BARRANS, EXECUTIVE DIRECTOR, POSTSECONDARY EDUCATION COMMISSION, DEPARTMENT OF EDUCATION, replied that she was not aware that administration had an opinion on the bill. She shared that both her staff and staff from HESS had provided technical input with respect to the loan repayment elements.

Representative Gara asked if Ms. Barrans believed that the incentives offered in the bill would encourage students to stay in-state. Ms. Barrans responded that because the bill

provided the loan repayment and direct incentive, it was considered to be a model approach.

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SAM TRIVETTE, SELF, testified that he had been working as a volunteer with seniors and retirees for the last decade. He stated that more medical providers were needed in Alaska as many health care practitioners were approaching retirement age. He believed that the bill would attract health care professionals to the state. Alaska has the fastest growing elderly population in the country, which contributed both to generating money in-state, and job creation. He stated that it had become difficult to find primary care providers in Anchorage and Fairbanks who would see new Medicare patients. In March of 2009, there were 25 providers in Anchorage, but that number was down to 4 in 2010. If seniors could not get medical care in-state they would be forced to move outside Alaska. If retirees were to continue to remain in Alaska and spend their savings, pensions, and health care dollars in-state the state needed the medical professionals to serve them.

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LANETTA LUNDBERG, KETCHIKAN GENERAL HOSPITAL (via teleconference), testified in support of the legislation. She stated that the hospital had experienced long standing vacancies for physicians, pharmacists, physical therapists, registered nurses, and clinical social workers. All of the positions had been on the community recruitment program's "most wanted" list for five years. Conversations with persons of interest had revealed an interest in working and living in Alaska, but also highlight the large loan debt owed, and higher earning power out-of-state. She stated that better loan repayment programs and incentive components existed outside of Alaska, a state loan repayment and incentive program would enhance, incentivize, and draw a larger pool of health care professionals to Alaska.

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JERRY GROWER, WASILLA (via teleconference), testified in support of the legislation. He was currently a University of Alaska graduate student in his final semester working toward a master's degree in social work. He stated that upon his graduation in May 2010, he would have a three

month deferment on his student loan payments. Between his bachelor's and master's degrees he will have accumulated over \$70,000 in student loans. He thought that high burn out rates in the healthcare field was a primary reason to offer reimbursements and incentives to workers. He believed that without a reimbursement program he would consider moving out of state in order to have a better future in the field of social work. He stated that the average licensed clinical social worker earned approximately \$40,000 per year, much lower than other medical professionals. He urged the state to remain competitive among states in the lower 48 to keep workers in Alaska.

Co-Chair Hawker expressed empathy for the large debt facing current college graduates.

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DELISA CULPEPPER, CHIEF OPERATING OFFICER, ALASKA MENTAL HEALTH TRUST AUTHORITY (via teleconference), testified in support for HB 392. She felt that the legislation could help with current needs and also those brought on by the recently passed healthcare reform. She stated that the state needed an expanded workforce in both urban and rural areas. She pointed out to the committee that Alaska was one of the few states in the nation that did not already have a similar program in existence.

Co-Chair Hawker asked if the mental health trust would be willing to split the fiscal note with the state. Ms. Culpepper said no, but quickly added that he trust was placing \$200,000 per year in to match federal funds through the federal loan repayment program.

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JULIE MCDONALD, PHARMACY, FLORIDA (via teleconference), stated that in 2005, while in pharmacy school, she worked at a pharmacy in Fairbanks. She testified that she fell in love with the state and wanted to stay. She was currently considering a job offer to work at an independent pharmacy in Craig, Alaska; but due to her student loans the decision was a difficult one. She shared that the passing of the bill would directly affect her decision of whether or not to move back to the state. She said that for the past three years she had served on the board of directors for an international pharmacy organization where her specific role

was to oversee student chapters and recent graduates. She relayed that through her experience with the board, she could give assurances that the passage of HB 392 would attract young pharmacists to Alaska, especially in rural areas.

Co-Chair Hawker pointed out to the testifier that the major pharmacy outlets in Alaska were starved for pharmacists, and were offering substantial incentives within the corporate world.

RACHEL GREENBERG, PALMER SENIOR CENTER (via teleconference), urged support of the bill. She believed that the legislation would help to increase and secure the workforce needed for the future of the state.

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PAT LUBY, DIRECTOR, AARP (via teleconference), testified in strong support of the bill.

ANGEL DOTOMAIN, PRESIDENT/CEO, ALASKA NATIVE HEALTH BOARD (via teleconference), urged support for the bill. She relayed that tribal health provider vacancy rates exceeded the statewide rates by over 200 percent, and in many cases were the only providers of health services in rural areas. As of 2009, the dental vacancy was upwards of 40%, and as of November 2009, the tribal health system had over 80 physician vacancies. The board strongly believed that HB 392 would be an important part of the solution to Alaska's healthcare workforce shortage.

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DORIS ROBBINS, SELF (via teleconference), testified in support of the legislation. She stated that she was Medicare age and had found it difficult to find a healthcare provider in Fairbanks. She added that the growing number of retired persons and the large number of military dependents placed an extra burden on the Fairbanks healthcare community.

DR. NIGHSWANDER, WAMMI MEDICAL SCHOOL (via teleconference), strongly urged support for the bill. He stated that every state west of the Mississippi had to import physicians, and subsequently many of those states had incentive programs. He reiterated that some groups in the state had developed

incentive packages but that the state was still behind in offering incentive for providers to practice in Alaska. He added that clinical social workers were very important to the medical community as many patients had problems with housing, employment, and food due to illness.

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Co-Chair Hawker stated that all the legislation pertaining to enhancing, providing, and facilitating for students entering the medical field in Alaska would be grouped together and taken up in a timely manner.

Co-Chair Hawker closed public testimony.

Representative Doogan reiterated the desire for more information on how the fee schedule was set up before movement of the legislation.

Representative Gara asked if all of the 10 professions identified in the bill were equally needed throughout the state, or if there were some that were needed more urgently than others. He wondered if more focus should be placed on primary care.

Representative Herron believed that the state would benefit from a surplus of healthcare providers in any field. He added that the department would work with the committee on issues pertaining to the fiscal note or any necessary amendments.

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Mr. Betit replied to an earlier question by Representative Doogan regarding tier payments. He relayed that the state needed to be competitive with programs that were being offered elsewhere in the country. In order to establish the tier program the length of training time and vacancies were weighed, as well as consideration for competitive incentives.

Representative Doogan wondered if positions in rural Alaska would be as easily filled as positions in urban areas, and would the rural areas be advertized to entice out of state professionals. Mr. Betit replied that human resource professionals from around the state had been brought in to assess the numbers. The professionals had determined that

the numbers establishing the tier breakdown were realistic and would produce positive results.

PAT CARR, PROGRAM MANAGER, ALASKA DEPARTMENT OF HEALTH and SOCIAL SERVICES, summarized the fiscal note explained the funding source breakdown between program receipts and general funds. She said that a 25 percent contributing match from employing agencies was used, which resulted in an expected general fund match of \$2,036,300. The match from the employing entities to develop the model for the program was \$678,700.

Co-Chair Hawker how the 25 percent employer match was established.

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Ms. Carr replied that the percentage was an average of what the estimated match would be for all employing entities.

Co-Chair Hawker requested further clarification on the employer match provisions. Ms. Carlo replied Page 4, Lines 30-31 explained that the program allowed for an employee match of up to 50 percent of the direct incentive allowed per year, to be determined on a case by case basis by the commissioner, which would result in some employing entities having a zero match.

Co-Chair Hawker understood that the match could be left to the commissioner's executive discretion.

Representative Gara said that the employing entities incentives would not allow a medical professional to come to the state and open their own office. Ms. Carlo said that was correct. The program would not consider privately owned practices as eligible.

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Representative Joule imagined that some medical providers could use this bill in recruiting efforts.

HB 392 was HEARD and HELD in Committee for further consideration.

ADJOURNMENT

The meeting was adjourned at 2:54 PM.