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**CS FOR HOUSE BILL NO. 78(FIN)**

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SEVENTH LEGISLATURE - SECOND SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered: 3/16/12

Referred: Rules

Sponsor(s): REPRESENTATIVES HERRON, Edgmon, Feige, Millett, Tuck, Guttenberg, Gara, Stoltze, Kawasaki, Holmes, Kerttula, Costello, Johnson, Olson, Lynn, Cissna

SENATORS McGuire, Meyer, Menard, Davis, Thomas, Dyson, Giessel, Olson, Wielechowski

**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 18 is amended by adding a new chapter to read:

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

7 **Sec. 18.29.010. Legislative intent.** The loan repayments and direct incentive  
8 payments provided under this chapter are intended to ensure that residents throughout  
9 the state, including recipients of medical assistance and Medicare, have access to  
10 health care and that residents of rural areas of the state, in particular, experience  
11 improved access to health care services.

12 **Sec. 18.29.015. Health care professions loan repayment and incentive**  
13 **program; purpose; advisory body.** (a) The health care professions loan repayment  
14 and incentive program is established in the department for the purpose of addressing

1 the worsening shortage of certain health care professionals in the state by increasing  
2 the number and improving the distribution of health care professionals who provide  
3 direct patient care.

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

- 5 (1) direct incentives paid under AS 18.29.020;
- 6 (2) loan repayments made under AS 18.29.025;
- 7 (3) procedures for the commissioner's designation and prioritization of  
8 sites eligible for participation in the program;
- 9 (4) an application process for participation in the program as
  - 10 (A) an eligible site; or
  - 11 (B) a tier I or tier II health care professional;
- 12 (5) the dissemination of public information and notices pertinent to the  
13 program;
- 14 (6) classification by the commissioner of each eligible site as having  
15 either regular or very hard-to-fill positions, or both;
- 16 (7) matching payments, as provided under (d) of this section;
- 17 (8) a lifetime maximum period of 12 years for participation in the  
18 program by a tier I or tier II health care professional, as described in (f) of this section;
- 19 (9) procedures for allowable leaves of absence; and
- 20 (10) annual program evaluations and reports.

21 (c) The program shall be administered by the commissioner in consultation  
22 with an advisory body appointed by the commissioner. The advisory body is made up  
23 of members with health care expertise, including expertise in economic issues  
24 affecting the hiring and retention of health care professionals in the state. Members of  
25 the advisory body serve at the pleasure of the commissioner to provide  
26 recommendations for and oversight and evaluation of all aspects of the program. The  
27 commissioner shall accept a recommendation of the advisory body on a matter  
28 pertaining to the identification and monitoring of areas of shortages, eligible sites,  
29 payment priorities, or evaluation of the program, unless the commissioner finds, in  
30 writing, that the recommendation cannot be financially or otherwise supported by the  
31 department.

1 (d) An employer or other entity approved for participation in the program shall  
2 make nonrefundable quarterly matching payments to the department for deposit in the  
3 general fund. The payments must be in an amount that is

4 (1) a portion of the combined annual incentive payment and the loan  
5 repayment amounts paid under the program for the benefit of the employee, as  
6 determined by the commissioner; and

7 (2) adjusted by the employer's or other entity's ability to pay, as  
8 determined by the commissioner, in consultation with the program advisory body.

9 (e) A matching loan repayment or direct incentive payment made under (d) of  
10 this section shall be paid as a combined amount to the lending institution or to the  
11 eligible health care professional by the department from money appropriated for the  
12 purpose.

13 (f) The department may approve loan repayment and direct incentive  
14 payments for a qualified applicant under the program for three-year periods, as  
15 follows:

16 (1) an initial period of three years;

17 (2) a renewal period of three years if the applicant

18 (A) requests loan repayments and has a continuing loan  
19 obligation on the same loan that was subject to repayment under the program  
20 during the initial three-year period and is otherwise eligible under the program;

21 (B) continues to qualify for direct incentive payments under the  
22 program; or

23 (C) is eligible under both (A) and (B) of this paragraph;

24 (3) a reapplication period of six years that is equivalent to (1) and (2)  
25 of this subsection if the applicant is engaged in qualified employment and the  
26 applicant

27 (A) requests additional loan repayments under the program and  
28 has incurred additional loans that qualify for repayment under the program  
29 during or after the first six years of the applicant's participation in the program;

30 (B) requests additional direct incentive payments under the  
31 program; or

1 (C) is eligible under both (A) and (B) under this paragraph.

2 (g) The department shall prorate loan repayments and direct incentive  
3 payments under the program based on the number of hours of qualified employment  
4 worked in a calendar quarter. However, the department may not make a loan  
5 repayment or direct incentive payment before the completion of a calendar quarter for  
6 which the loan repayment or incentive payment is made.

7 (h) The department shall adopt regulations necessary to implement the  
8 program.

9 (i) Direct incentive payments, loan repayments, and matching payments shall  
10 be made with funds appropriated by the legislature for that purpose.

11 **Sec. 18.29.020. Direct incentives.** (a) The department shall provide direct  
12 incentives in the form of quarterly cash payments to eligible tier I and tier II health  
13 care professionals engaged in qualified employment.

14 (b) Payments made under this section, when combined with a matching  
15 payment and a loan repayment amount paid under AS 18.29.025, if any, may not  
16 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 AS 18.29.015(d) of  
29 this section and loan repayment amount, if any, under AS 18.29.025.

30 **Sec. 18.29.025. Loan repayment.** (a) The commissioner shall repay a portion  
31 of eligible education loans described in this section that are held by or made to eligible

1 tier I and tier II health care professionals under the program according to the loan  
2 repayment procedures established in this section.

3 (b) A loan is eligible for repayment under the program if the loan was issued  
4 by a government or commercial entity for the payment of actual costs of tuition and  
5 other reasonable educational and living expenses related to the undergraduate or  
6 graduate education of a participant who is eligible under AS 18.29.035 and that  
7 resulted in a degree required for employment as a tier I or tier II health care  
8 professional under the program.

9 (c) A loan repayment under this section when combined with a matching  
10 payment shall be in an amount not to exceed 33.3 percent of the unpaid loan balance  
11 existing in the first year of program participation, multiplied by the percentage of full  
12 time equivalent employment for each of up to three years of qualified employment less  
13 a matching loan repayment or incentive amount from an employer or other entity as  
14 determined under AS 18.29.015(d).

15 (d) The commissioner shall make a loan repayment under this section in  
16 quarterly installments payable to the lending institution or to the eligible health care  
17 professional.

18 (e) A loan or interest on a loan is not eligible for repayment under this section  
19 if the loan or interest is

20 (1) to be repaid by another source, including another loan repayment or  
21 forgiveness program or an employer-sponsored repayment program;

22 (2) consolidated with a loan that is not eligible for repayment; or

23 (3) refinanced as a loan that is not eligible for repayment.

24 **Sec. 18.29.030. Number of participants.** (a) The number of participants to  
25 whom the commissioner may provide a direct incentive payment, loan repayment, or  
26 both under the program established under AS 18.29.015 may not exceed 90  
27 participants annually as described in (b) of this section, regardless of whether the  
28 participants are new participants, continuing participants, or both.

29 (b) The commissioner shall reserve sufficient funding for not fewer than three  
30 positions in each of the 10 tier I and tier II health care professions in very hard-to-fill  
31 positions at eligible sites.

1 (c) If insufficient funds are appropriated in a fiscal year, the department shall  
2 prorate payments based on the number of approved participants in the program.

3 **Sec. 18.29.035. Eligibility and priority.** (a) To be eligible for a direct  
4 incentive payment under AS 18.29.020, an individual shall

5 (1) submit an application that is approved by the commissioner;

6 (2) be engaged in qualified employment at an eligible site with a  
7 participating employer or entity;

8 (3) be licensed or exempt from licensure as a tier I or tier II health care  
9 professional in the state;

10 (4) meet a priority for payment established under (c) of this section;

11 and

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

13 (b) To be eligible for loan repayment under AS 18.29.025, an individual shall

14 (1) meet eligibility and priority criteria established under (a) of this  
15 section; and

16 (2) have an unpaid balance on one or more eligible education loans  
17 described under AS 18.29.025 and verified by the Alaska Commission on  
18 Postsecondary Education.

19 (c) The commissioner shall establish priorities for payment of incentives and  
20 loan repayments under the program based on the recommendations of the program  
21 advisory body and the availability of funding. The commissioner shall prioritize  
22 eligible sites based on the needs assessment score for the site, remoteness of the site,  
23 the percentage of underserved patients treated at the site, or a combination of these  
24 elements; in this subsection, an underserved patient

25 (1) is uninsured;

26 (2) receives or is eligible to receive medical assistance or Medicare  
27 coverage; or

28 (3) receives or is eligible to receive other federal health program  
29 benefits.

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

31 (1) "commissioner" means the commissioner of health and social

1 services;

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

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

7 (4) "program" means the health care professions loan repayment and  
8 incentive program;

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

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

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

14 (C) not less than 50 percent time on direct patient health care  
15 services;

16 (6) "tier I health care professional" means a person licensed or exempt  
17 from licensure in the state as a dentist, pharmacist, or physician;

18 (7) "tier II health care professional" means a person licensed or exempt  
19 from licensure in the state as a dental hygienist, registered nurse, advanced nurse  
20 practitioner, physician assistant, physical therapist, clinical psychologist, or clinical  
21 social worker holding at least a master's degree in social work.

22 \* **Sec. 2.** AS 18.29.099(6), as enacted by sec. 1 of this Act, is amended to read:

23 (6) "tier I health care professional" means a person licensed or exempt  
24 from licensure in the state as an advanced nurse practitioner, [A] dentist,  
25 pharmacist, or physician;

26 \* **Sec. 3.** AS 18.29.099(7), as enacted by sec. 1 of this Act, is amended to read:

27 (7) "tier II health care professional" means a person licensed or exempt  
28 from licensure in the state as a dental hygienist, registered nurse, [ADVANCED  
29 NURSE PRACTITIONER,] physician assistant, physical therapist, clinical  
30 psychologist, or clinical social worker holding at least a master's degree in social  
31 work.

1     \* **Sec. 4.** The uncodified law of the State of Alaska is amended by adding a new section to  
2 read:

3           HEALTH CARE INCENTIVE PROGRAM REPORT. On or before January 1, 2019,  
4 the Department of Health and Social Services shall prepare and submit a report to the  
5 legislature that describes the participation rates, costs, and effect on health care profession  
6 shortage areas, as designated by the commissioner of health and social services, of the health  
7 care profession incentive program established under AS 18.29.015.

8     \* **Sec. 5.** The uncodified law of the State of Alaska is amended by adding a new section to  
9 read:

10           BOARD OF NURSING; NOTIFICATION OF REVISOR OF STATUTES. The  
11 Board of Nursing shall notify the revisor of statutes of the adoption of a regulation that  
12 requires completion of a degree of doctor of nursing practice in order to practice as an  
13 advanced nurse practitioner in the state.

14     \* **Sec. 6.** AS 18.29.010, 18.29.015, 18.29.020, 18.29.025, 18.29.030, 18.29.035, and  
15 18.29.099 are repealed June 30, 2019.

16     \* **Sec. 7.** Sections 2 and 3 of this Act take effect 30 days after the Board of Nursing notifies  
17 the revisor of statutes of the adoption by the Board of Nursing of a regulation that requires  
18 completion of a degree of doctor of nursing practice in order to practice as an advanced nurse  
19 practitioner in the state.

20     \* **Sec. 8.** Except as provided in sec. 7 of this Act, this Act takes effect immediately under  
21 AS 01.10.070(c).