

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

Fiscal Note Number 2
 Bill Version CSHB 78(HSS)
 (H) Publish Date 3/18/11

Identifier (file name): HB078-DHSS-HPSD-03-04-11 Dept. Affected Health and Social Services
 Title Incentives for Certain Medical Providers Appropriation Health Care Services
 Allocation Health Planning and Systems
 Sponsor Rep. Bob Herron Development
 Requester House HSS Committee OMB Component Number 2765

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information						
		FY 2012	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
OPERATING EXPENDITURES								
Personal Services	95.9		95.9	95.9	95.9	95.9	95.9	95.9
Travel	6.0		6.0	6.0	6.0	6.0	6.0	6.0
Services	2,759.5		2,724.5	2,724.5	2,724.5	2,724.5	2,724.5	2,724.5
Commodities	2.0		2.0	2.0	2.0	2.0	2.0	2.0
Capital Outlay	7.6							
Grants								
Miscellaneous								
TOTAL OPERATING	2,871.0	0.0	2,828.4	2,828.4	2,828.4	2,828.4	2,828.4	2,828.4

CAPITAL EXPENDITURES								
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CHANGE IN REVENUES								
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts								
1003 GF Match	2,036.3		2,036.3	2,036.3	2,036.3	2,036.3	2,036.3	2,036.3
1004 GF	156.0		113.4	113.4	113.4	113.4	113.4	113.4
1005 GF/Program Receipts	678.7		678.7	678.7	678.7	678.7	678.7	678.7
1037 GF/Mental Health								
Other Interagency Receipts								
TOTAL	2,871.0	0.0	2,828.4	2,828.4	2,828.4	2,828.4	2,828.4	2,828.4

Estimate of any current year (FY2011) cost _____

POSITIONS

Full-time	1.0		1	1	1	1	1
Part-time							
Temporary							

Why this fiscal note differs from previous version

Not applicable, initial version.

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Phone (907) 334-2520
 Date/Time 3/4/11 12:00 PM
 Date 3/4/2011

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Analysis

HB 78 creates a loan repayment program and an employment incentive program for certain health care professionals employed in the state. These health care professionals must meet eligibility criteria and they must be engaged in qualified employment. The intent of the legislation is to "address the worsening shortage of certain health care professionals in the state by increasing the number and improving the distribution of health care professionals who provide direct patient care."

The Division of Health Care Services estimates that it will need a total of 1 FTE to fully administer the loan repayment and employment incentive programs.

The Division estimates that it will need \$2,715.0 for practitioner payments in FY2012. This assumes that 90 participants will be enrolled in the program in FY2012. Funding can be used for either practitioner payments as cash incentives, or payments to lender institutions for loan repayments, or there can be a combination of the two types of payments. Maximum payments established for any combination of loan repayment and cash incentive are: \$35.0 annually for tier I health care professionals employed in "regular" positions; \$47.0 annually for tier I health care professionals employed in "very hard-to-fill" positions; \$20.0 annually for tier II health care professionals employed in "regular" positions; and \$27.0 annually for tier II health care professionals employed in "very hard-to-fill" positions. The need for \$2,715.0 in FY2012 assumes the following:

Tier I	27 Practitioners	\$1,161.0
Tier II	63 Practitioners	<u>\$1,554.0</u>
Total	90 Practitioners	\$2,715.0

Tier 1 assumes 9 participants from each of 3 types comprising tier I at \$387.0 for each type.
($6 \times \$47.0 + 3 \times \$35.0 = 387.0 \times 3 = \$1,161.0$)

Tier II assumes 9 participants from each of 7 types comprising tier II at \$222.0 for each type)
($6 \times \$27.0 + 3 \times \$20.0 = 222.0 \times 7 = \$1,554.0$)

The Division assumes the employing entities will provide 25% of the \$2,715.0 as contributing match as specified in HB78. Therefore, the expected GF match is \$2,036.3 The match for the employing entities is \$678.7.

Incentive payments are available to professionals for up to 3 years of qualified employment with a lifetime maximum participation of 12 years in the loan repayment and direct incentives aspects of the program by a tier I or tier II health care professional. The total number of participants in the program may not exceed 90 participants annually, regardless of whether the participant is a new or continuing participant.

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Analysis Continued

On the fiscal note, the payments for practitioners will be paid from the services line:

Item	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017
Practitioner	\$2,715.0	\$2,715.0	\$2,715.0	\$2,715.0	\$2,715.0	\$2,715.0
Personal	\$ 95.9	\$ 95.9	\$ 95.9	\$ 95.9	\$ 95.9	\$ 95.9
Travel	\$ 6.0	\$ 6.0	\$ 6.0	\$ 6.0	\$ 6.0	\$ 6.0
Commodities	\$ 2.0	\$ 2.0	\$ 2.0	\$ 2.0	\$ 2.0	\$ 2.0
Services	\$ 9.5	\$ 9.5	\$ 9.5	\$ 9.5	\$ 9.5	\$ 9.5
Equipment	\$ 7.6	\$	\$	\$	\$	\$
ACPE	\$ 35.0	\$	\$	\$	\$	\$
Eval Report	\$	\$	\$	\$	\$	\$
Total:	\$2,871.0	\$2,828.4	\$2,828.4	\$2,828.4	\$2,828.4	\$2,828.4

Administrative Costs

1 Health Program Manager II, \$58.7 salary, \$37.2 fringe benefits. Assumes \$9.5 per FTE annually for office space, phones, and other contractual costs; \$2.6 one time costs per FTE for computers and software; \$5.0 one time costs per FTE for office equipment; \$2.0 per FTE annually for supplies; \$6.0 per year for travel.

Health Program Manager II.

This position will serve as lead program manager for the loan repayment and employment incentive program and will: establish procedures for the commissioner’s designation and prioritization of sites eligible for participation in the program, develop the application process for participation in the program for sites and professionals, develop and disseminate public information and notices pertinent to the program, lead the development of the methodology and procedures for classifying each eligible site as having either regular or very hard-to-fill positions, prepare annual reports that document the successes and challenges of the program, facilitate the creation of and ongoing work of the advisory committee, and establish procedures and manage the employer contribution portion of the program.

Assumes one time costs of \$35.0 for contractual services/software development for Alaska Commission on Postsecondary Education (ACPE).

ACPE will facilitate the disbursement of the loan repayment benefit. It will not be the budgetary agency for requesting and receiving the funds. After HCS selects program participants, ACPE will verify the existence of their qualifying education debt, and, on a periodic basis, transmit the appropriate benefit amount to the individual's lender.