

HOUSE FINANCE COMMITTEE
March 2, 2012
1:37 p.m.

1:37:30 PM

CALL TO ORDER

Co-Chair Thomas called the House Finance Committee meeting to order at 1:37 p.m.

MEMBERS PRESENT

Representative Bill Stoltze, Co-Chair
Representative Bill Thomas Jr., Co-Chair
Representative Anna Fairclough, Vice-Chair
Representative Mike Doogan
Representative Bryce Edgmon
Representative Les Gara
Representative David Guttenberg
Representative Reggie Joule
Representative Mark Neuman
Representative Tammie Wilson

MEMBERS ABSENT

Representative Mia Costello

ALSO PRESENT

Pete Ecklund, Staff, Representative Bill Thomas; Joan Brown, Staff, Representative Bill Thomas; James Armstrong, Staff, Representative Bill Stoltze; Representative Bob Herron; Representative Dan Saddler; Representative Peggy Wilson, Sponsor; Rebecca Rooney, Staff, Representative Peggy Wilson; Joe Michel, Staff, Representative Bill Stoltze; Representative Bob Herron, Sponsor; Liz Clement, Staff, Representative Bob Herron; Marie Darlin, American Association of Retired Persons-Alaska; Patricia Carr, Director, Health Planning and Systems Development, Department of Health and Social Services.

PRESENT VIA TELECONFERENCE

Christine Potter, President, Alaska Nurse Practitioner Association; Debbie Thompson, Executive Director, Alaska

Nurses Association; Mary Sullivan, Alaska Primary Care Association.

SUMMARY

HJR 4 CONST. AM: TRANSPORTATION FUND

CSHJR 4(FIN) was REPORTED out of committee with a "no recommendation" and with one new fiscal impact note from the Office of the Governor and one new zero note from the House Finance Committee for the Department of Revenue.

HB 78 INCENTIVES FOR CERTAIN MEDICAL PROVIDERS

HB 78 was HEARD and HELD in Committee for further consideration.

HB 307 SUPPLEMENTAL/CAPITAL/OTHER APPROPRIATIONS

CSHB 307(FIN) was REPORTED out of committee with a "do pass" recommendation and with no fiscal notes.

#hb307

HOUSE BILL NO. 307

"An Act making supplemental appropriations, capital appropriations, and other appropriations; amending appropriations; repealing appropriations; making appropriations to capitalize funds; and providing for an effective date."

[1:37:51 PM](#)

Co-Chair Stoltze MOVED to ADOPT a proposed committee substitute for HB 307, Work Draft 27-GH2601\B (Martin, 3/1/12). There being NO OBJECTION, it was so ordered.

PETE ECKLUND, STAFF, REPRESENTATIVE BILL THOMAS pointed to a ten page document prepared by the Office of Management and Budget (OMB): "FY12 Supplemental Schedule" (copy on file). He addressed the operating portion and language section initially. The following items changed: item 2 included a \$50 thousand reduction from the initial \$1 million request for the Public Defender Agency.

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Mr. Ecklund explained that the four co-chairs from both the House and Senate Finance Committees worked together to create the committee substitute. He explained that reduced or removed items may be funded later in the session using another vehicle. He stressed that those items that were removed or reduced might come up again in a later supplemental request.

Representative Doogan clarified that item 2 remained in HB 307, but was reduced by \$50 million.

Mr. Ecklund responded in the affirmative. Item 4 was reduced by \$100 thousand of authority. He mentioned a note from the Legislative Finance Division (LFD) questioning whether the full request could be expended in the remainder of the FY 12 fiscal year, which prompted the reduction. Item 6, a request for \$3,439,800 in general fund receipts to the Department of Commerce, Community and Economic Development (DCCED) was removed. Item 7 included a request for \$250 thousand for receipt supported services, which was granted, but the funding sources were changed. The sources were split and \$210 thousand remained as Receipt Supported Services (RSS) and \$40 thousand consisted of general funds from corporate business licensing receipts. Item 10 included a request from Department of Education and Early Development (DEED) for \$1 million, and the item was removed pending further discussions with the subcommittee chair and LFD.

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Mr. Ecklund continued with items 15 and 16, which had been funded with alternate funding sources and were moved to the language section of HB 307. Item 22 on page 3 for \$250 thousand to replace unrealized program receipts at Alaska Vocational Technical Center (AVTEC) was removed. Item 24 included \$600,000 for fast ferry litigation. The item was approved and moved to the language section of the bill and became a multi-year appropriation encompassing FY 12 and FY 13. Item 25 was approved, but \$300,000 was relocated to the language section and funding was divided into multiple year increments, again for FY 12 and FY 13. He moved to page 9 of the spreadsheet. Item 78 included a request by Department of Corrections (DOC) for reappropriation of \$100 thousand for the Highland Mountain Center Land Transfer.

The item was removed for further investigation to determine whether DOC was the correct department to receive the funds. He pointed to item 80, with a total request of \$20,770,800. He noted that \$20 million was removed from item 80, an optional retirement program for the university. He stated that the funding was removed to allow for discussions about alternative funding sources.

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Representative Guttenberg asked whether the university settlement had been finalized.

Mr. Ecklund responded in the affirmative. He elaborated that the item might be approved in the near future. He moved on to item 89 on page 10 of the spreadsheet. He pointed out that a provision existed in the original bill stating that additional unspent funding was swept into the budget reserve fund in FY 12. The provision was removed from the bill, but would be considered in other appropriation bills. The effective date of the bill changed to March 15.

JOAN BROWN, STAFF, REPRESENTATIVE BILL THOMAS, discussed that some "negative" supplemental items were added to the language section of the bill totaling \$715 thousand. The reason for the negative items was to address funds given to the agencies for FY12 for new positions. She stated that DCCED had \$84,100 in economic development. The Department of Health and Social Services (DHSS) lost \$200 thousand in front-line social workers and \$250 thousand in nursing for positions remaining vacant. She noted Department of Law (DOL) lost \$21,100 for vacancy in criminal appeal special litigation and \$53,800 for a new child protection attorney and paralegal. She mentioned the \$96,200 vacancy related to a fiscal note for SB 58, which passed the prior year. She noted that the Department of Military and Veterans Affairs (DMVA), \$10 thousand was removed from the legislation in the army guard maintenance component.

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Ms. Brown pointed to other changes in the legislation. The governor's original supplemental bill included a request for \$2,620,300 to fully fund the Low Income Home Energy Assistance Program (LIHEAP) appropriations. The request included two contingency appropriations for FY 12 totaling

\$8 million. The contingency language was deemed ineffective. The supplemental bill repealed the contingency appropriations and instead appropriated a flat \$8.5 million reducing the supplemental budget by \$2 million. The amount fully funded the department's expected energy assisted heating costs. She pointed to the disaster relief fund located in the fund capitalization (Section 14), which increased from \$3 million to \$5 million in conjunction with the governor's amendment received on March 1, 2012. She pointed out a new repeals section in Section 16, which included an unworkable LIHEAP contingency appropriation. The lapse and retroactivity were adjusted accordingly.

Mr. Ecklund explained that the changes discussed were found in the operating and language sections of the bill. He pointed out that James Armstrong would detail the capital portions of the bill.

JAMES ARMSTRONG, STAFF, REPRESENTATIVE BILL STOLTZE, pointed to pages 7 and 8 of the OMB supplemental spreadsheet. Projects 55 through 72 were removed from the bill and would probably be included in the capital budget. He pointed to page 10 of HB 307, which included capital budget items. Items 12 through 18 addressed a grant to Anchorage to replace a fire and rescue station. He continued that items 16 through 18 included emergency repairs to the Cordova hospital. He mentioned that lines 28 through 30 were included in the governor's capital budget for FY 13. He explained that his office received an amendment from OMB to accelerate the item.

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Representative Gara asked about items that had not been adjusted. He pointed to page 4, item 33 of the spreadsheet. He surmised that the funds had been received from the Red Dog Mine and would be spent on the Red Dog Mine.

Mr. Ecklund responded in the affirmative. He stated that the funds were supplied by an outside entity to the state for a specific purpose.

Representative Gara directed attention to page 3, line 23. He expressed that he felt like the item would never end. He noted that it was less expensive to hire in-house employees to do the work that had been done by outside attorneys. He expressed concern about the hourly rates of the attorneys.

Co-Chair Thomas heard the argument every year. He explained that the Department of Law (DOL) lost employees and needed to contract the prior employees with expertise on a subject. He believed that the labor was contracted only under limited and special cases.

Representative Gara contended that a new attorney could integrate the department's knowledge without trouble. He believed that a new attorney could be trained to continue litigation.

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Mr. Armstrong added that backup for the four sections he had discussed were included in members' packets.

REPRESENTATIVE BOB HERRON, informed the committee about a disaster over the winter break regarding the water/sewer line in Bethel that occurred due to winter weather. He explained that the cause of the disaster was the winter weather. He explained that the children did not return to school until mid-January. He appealed to the governor and the co-chairs of the finance committees to move the item into the capital budget.

REPRESENTATIVE DAN SADDLER, explained that excessive winter snow had caused damage to the roof of the fire station, high density housing, and schools in the Eagle River area. He asked for committee consideration of the capital budget request, which was crucial to his community.

Co-Chair Thomas stressed the immediate need for attention to the projects discussed by Representatives Herron and Saddler.

Co-Chair Stoltze remarked on the intentional nature of the decision to include the emergency nature items. Non-emergency items were moved to the FY 13 capital budget.

Co-Chair Thomas explained that the communities should not wait for the funding for emergency items.

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Co-Chair Thomas CLOSED public testimony.

Co-Chair Thomas asked whether there were any amendments.

Co-Chair Stoltze MOVED to report CSHB 307(FIN) out of committee with individual recommendations.

Representative Gara OBJECTED for purpose of discussion. He pointed to page 1, line 2 of the bill. He discussed the Office of Public Advocacy and would like to see funding restored for the \$50 thousand requested in item 2.

Co-Chair Thomas explained that funding had been requested. He detailed that the Office of Public Advocacy was fully funded and that the new position was filled.

Representative Gara WITHDREW his OBJECTION. There being NO further OBJECTION, it was so ordered.

CSHB 307(FIN) was REPORTED out of committee with a "do pass" recommendation and with no fiscal notes.

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AT EASE

[2:23:03 PM](#)

RECONVENED

#hjr4

HOUSE JOINT RESOLUTION NO. 4

Proposing amendments to the Constitution of the State of Alaska creating a transportation infrastructure fund.

[2:23:20 PM](#)

Co-Chair Stoltze discussed that Vice-chair Fairclough chaired the subcommittee on HJR 4.

Vice-chair Fairclough explained that the committee sent three bills to subcommittee in the prior year. The members held hearings throughout Alaska. The bill received support from residents for the dedication of transportation funds. She explained that subcommittee suggestions were incorporated into a CS that was labeled "finance."

Vice-chair Fairclough MOVED to ADOPT a proposed committee substitute for HJR 4, Work Draft 27-LS0197\T (Martin, 3/1/12).

Co-Chair Stoltze OBJECTED for discussion.

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REPRESENTATIVE PEGGY WILSON, SPONSOR, asked her staff to review changes in the CS.

REBECCA ROONEY, STAFF, REPRESENTATIVE PEGGY WILSON, explained that the changes to remove details from the constitutional amendment; the removed provisions would be added to the enabling legislation. She noted that the CS updated specific dates within the legislation and changed the pay-out rate. She pointed to page 1, line 14, where the date was changed and updated for the current year. The CS deleted the following language from page 1, lines 14 through 16 and page 2 lines 1 through 2 after the word "from":

"any state on fuel used for the propulsion of motor vehicles, aircraft and water craft, less those refunds, credits and collection costs that are provided by law from a registration fee levied for a motor vehicle, not including special registration fees as provided by law. She noted that page 2, line 3 after "funds" deleted "designated by the legislature."

Ms. Rooney relayed that on page 2, line 6 after the words "50 percent of the," the following language was removed "state fuel tax, registration and driver's license fees, identification card fees, studded tire taxes and other designated." She continued with page 2, line 2 and line 8 where "6" was replaced with "7." She added that the following language was deleted on page 2, line 10 the following language "designated by law":

"For costs related to motor vehicle licensing and registration that are designated by law" was deleted. She noted that page 2, line 5 added a new sentence, "the legislature shall by law determine which fees and funds are transportation related under this section."

Co-Chair Stoltze surmised that the changes allowed a dedicated fund similar to the permanent fund and the change

would allow direct appropriations or a dedication. The legislature would make the appropriation decisions on how the fund was implemented.

Representative Peggy Wilson replied in the affirmative.

Vice-chair Fairclough clarified that the 7 percent was an "up-to" amount that would allow flexibility for the legislature to set statute without revisiting the constitution. The change would allow the legislature to set a 4 or 5 percent pay-out rate depending on concurrence of the body. The constitutional amendment allowed the dedication of funds and permitted the legislature the greatest flexibility in management of the fund.

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Representative Peggy Wilson read a statement that she believed would help answer any questions related to the CS:

Like the rest of the country, Alaska is challenged with maintaining, upgrading and creating new transportation infrastructure. I think we all can agree that we have a serious shortfall in funding which could be exacerbated by the new federal reauthorization bill. It is rumored to cut Alaska's federal funding by at least 30%. In 2005 the United States was ranked as number one in the world for our transportation system. Now, just 7 short years later, we are not even in the top 10. As federal funding is diminishing and our infrastructure is aging Alaska needs to shoulder more of the responsibility for its transportation infrastructure.

HJR 4 will put a constitutional amendment to the Alaska constitution before voters to re-instate a dedicated fund for Transportation Projects.

Historians write that the drafters of the constitution were concerned that dedicated funds would impair future legislatures from responding to evolving public needs. However, the drafters of our Alaska Constitution grandfathered in two dedicated transportation funds. The first was for highways and the second was for water and harbor facilities. They recognized the public need for dependable and efficient transportation and that need has only grown. Testifiers for this bill have agreed that the state

needs a reliable revenue stream that doesn't fluctuate from year to year. With a dedicated fund Alaska can implement a transportation plan that is independent of the federal government.

In order to implement the Alaska Transportation Infrastructure Fund (ATIF) there are 3 pieces of legislation that need to pass. The first, the bill before you today, is to put this constitutional amendment on the ballot, second is to set up the enabling statutes that direct how the fund will be administered, what revenues will be deposited in the fund, how those revenues may be spent, and what the payout rate will be from the fund. It will also define an entity that will evaluate projects for funding. The third part will be the bill that will fund the corpus of the Alaska Transportation Infrastructure Fund with 1 billion dollars.

Today we are hearing HJR 4 the constitutional amendment to re-instate a dedicated transportation fund. There is a CS before the committee today that has 2 substantive changes made. 1) The language has been modified to make the constitutional amendment broad enough so that it will be useful 10 years, 20 years and 100 years from today. We have removed all the details about which funds will be deposited in ATIF, and what projects can be funded with ATIF. These detailed provisions will be in the enabling statutes. In addition to making the constitutional amendment broader so that it will serve into the future, these deletions have made the amendment more clear and concise.

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Representative Peggy Wilson continued to read from a statement:

The second substantive change is the increase in the maximum payout rate. I believe that the payout rate for today should be in the neighborhood of 4 to 4.5% not 7 %. We do not want to chip away at the corpus of the fund. However, what we don't know is what the payout rate should be in 20 or 30 years. I think it is prudent to give the legislature the flexibility to use the fund and still maintain a small growth rate. 10 years ago it would have not been a bad idea to have

the payout rate at 6 or 7%. We had seen the growth rate of investments up around the 10% range consistently. Today's market is not as favorable. Setting the payout rate in statute with a ceiling in the constitution will give the legislature the latitude to manage the fund in future years based on the market of the day while preserving the corpus of the fund.

In you packet you have a list of organization who have voiced their support for the Alaska Transportation Infrastructure Fund. It is quite a list and they are the people we can depend on the get this amendment passed by the voters in November of 2012.

Alaska needs to take action now. The future of the economic and social well-being of Alaska's citizens is critically dependent on a reliable transportation system. This change to the state constitution, allowing a dedicated transportation fund is needed to create and maintain a modern, reliable transportation system for Alaska.

Co-Chair Stoltze WITHDREW his OBJECTION. There being NO further OBJECTION, Work Draft 27-LS0197\T was ADOPTED.

Representative Neuman asked who would decide which projects were funded.

Representative Peggy Wilson replied that the enabling legislation would determine the body responsible for the decision regarding the funding of projects.

Co-Chair Stoltze understood that the default was the legislature and its delineation of responsibility.

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Representative Gara complimented Representative Wilson on the drafting of a dedicated fund provision. He believed the dedicated funds provision in the Alaska Constitution was a wise decision made initially by the state founders. He recommended prioritized spending in the future.

Representative Peggy Wilson commented that the fund did have user fees connected to transportation.

Co-Chair Stoltze acknowledged the gravity of constitutional amendments.

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Representative Doogan agreed that a constitutional amendment was a large step. He believed that Representative Peggy Wilson had done the best job possible. He added that the work of the subcommittee improved the legislation further. He supported the legislation despite his dislike for the permanence of dedicated funds.

Co-Chair Thomas referred to the fisherman's fund that was a dedicated fund; it had been amended from \$2500 to \$10,000. He stated that he would vote to move the bill out of the finance committee.

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Representative Tammie Wilson appreciated the subcommittee for its work over the prior interim. She imagined that Alaskans might be unaware of the source of transportation funds. She supposed that constituents might be surprised to learn that money gained from gas tax and from the Division of Motor Vehicles went into the general fund, as opposed to being used directly on road construction. She opined that the fund would not be necessary if the funding for infrastructure occurred in the past. She pointed out that state funding was simpler than federal funding to utilize.

Representative Guttenberg discussed a constitutional committee called "draft and styling." The committee would use an approved idea and rewrite it in a succinct manner. He explained that HJR 4 was well vetted. He expressed concern that subsequent laws would be written to implement the process established by HJR 4. He supported the passing of the bill from the finance committee. He applauded the sponsor for her work.

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Vice-chair Fairclough pointed out that the federal government was working on a reauthorization bill. She noted that the new figures appeared to be rising, possibly leading to the elimination of all metropolitan planning organizations in Alaska. She clarified that the current

federal legislation retained Alaska's transportation funding formula.

Co-Chair Stoltze believed that the federal legislation was a continuing resolution.

Vice-chair Fairclough agreed. She commented that an additional piece of federal legislation addressed Alaska's funding formula for transportation.

Co-Chair Stoltze pointed out the uncertainty related to federal funding.

Representative Edgmon echoed the compliments for Representative Peggy Wilson and her work on the very important legislation.

Vice-chair Fairclough clarified that the structure for a dedicated fund was the sole issue in the committee discussion. She did not want the issue to be confused with the figure \$1 billion, which was included in a separate piece of legislation.

Co-Chair Stoltze explained that HJR 4 would establish a structure that would ensure gradual spending.

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Representative Joule pointed out that the Constitutional Budget Reserve (CBR) required a three-quarter vote. He wondered whether the bill allowed a mechanism for expenditures on items other than transportation.

Representative Peggy Wilson replied that the constitutional amendment did not allow a mechanism for expenditures on items other than transportation.

Representative Joule understood and compared the process to that of accessing the Permanent Fund. He pointed out that potential delays might arise due to the stipulations of spending.

Representative Gara asked about other dedicated funds.

Representative Peggy Wilson replied that other dedicated funds dissolved when the fuel gas tax was raised.

Vice-chair Fairclough pointed to fiscal notes and mentioned the first fiscal note from the Office of the Governor for elections in FY 13 for \$1,500 to add the resolution to the ballot. She MOVED to strike years FY 14 through FY 18 of the Department of Revenue fiscal note.

Co-Chair Stoltze concurred as there had not yet been debate regarding the dedication of funds along with the costs of administering the funds. The fiscal note for DOR was "zeroed out."

Vice-chair Fairclough clarified that the fiscal note could be addressed when an appropriation bill was before the committee.

Vice-chair Fairclough MOVED to report CSHJR 4(FIN) out of committee with individual recommendations and the accompanying fiscal notes. There being NO OBJECTION, it was so ordered.

Co-Chair Stoltze CLOSED public testimony on HJR 4.

Representative Joule reminded the committee about public testimony for HJR heard in the prior year.

Co-Chair Stoltze agreed.

CSHJR 4(FIN) was REPORTED out of committee with a "no recommendation" and with one new fiscal impact note from the Office of the Governor and one new zero note from the House Finance Committee for the Department of Revenue.

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AT EASE

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RECONVENED

#hb78

HOUSE BILL NO. 78

"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."

[3:03:49 PM](#)

Co-Chair Thomas MOVED to ADOPT proposed committee substitute for HB 78, Work Draft 27-LS0147\O (Mischel, 3/1/12).

Co-Chair Stoltze OBJECTED for discussion.

JOE MICHEL, STAFF, REPRESENTATIVE BILL STOLTZE, discussed the changes in the CS. He stated that each of the three changes involved the addition of the term "advanced nurse practitioner" to the legislation. He explained that the insertion of the term was made on page 7, Section 2, page 7, Section 3 and finally page 8, Section 5.

Co-Chair Stoltze explained that the legislation did not increase the pool of money, but instead increased the pool of eligible people.

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Mr. Michel stated that the fiscal note had not changed along with the CS.

Co-Chair Stoltze WITHDREW his objection. There being NO further OBJECTION, Work Draft 27-LS0147\O was ADOPTED.

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REPRESENTATIVE BOB HERRON, SPONSOR, thanked the committee for hearing the bill. He spoke about the limited access to healthcare providers in rural Alaska. He explained that both rural and urban Alaskans suffered as a result of the shortage of health care providers. The legislation created a loan repayment and direct cash incentive program to attract and retain providers in ten different direct care professions. He explained that the intent of the legislation was to capture new graduates as well as established professionals. He acknowledged the federally funded programs, but noted their inadequacy. He proposed HB 78, which was designed by Alaskans, for Alaskans. He pointed out that 47 other states had similar incentive programs. The legislation allowed for competition with those other states. He mentioned the abundance of support received in the form of letters from his constituents and others around the state.

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Representative Neuman talked about creating competitive opportunities to incentivize an increase in health care professionals in Alaska. He wondered if the incentive might lower medical costs paid by Alaskans.

Representative Herron appreciated the question. He admitted that he did not have the answer to that very large question.

Representative Neuman expressed his goal of understanding the investment for Alaska. He pointed out page 2, line 17, which stated a lifetime maximum period of 12 years for participation in the program. He asked how the 12-year time period was selected.

LIZ CLEMENT, STAFF, REPRESENTATIVE BOB HERRON, pointed out page 3, line 13 stating "the department may approve loaner payment and direct incentive programs for an initial period of 3 years," which would allow an applicant to participate in the program for six years. The number was derived following conversations with health care providers faced with recruiting professionals as well as professionals faced with the repayment of loans. The maximum was six years, except for very few select individuals who may return to school for further certification may be eligible for an additional six years. She provided an example of a nurse who was eligible for the six-year limit, and then chose to attend medical school, would be then eligible for an additional six years.

Representative Neuman asked about page 4, lines 17 through 23, which discussed the amounts of annual payments for professionals. He assumed that the amount provided recordable income for the professionals.

Representative Herron replied in the affirmative.

Representative Neuman asked about an opportunity for one health professional to qualify for more than one section since some were specialized.

Ms. Clement responded that a professional may chose only one section at a time. She noted that the bill allowed the Department of Health and Social Services (DHSS) the latitude to develop regulations that specified procedures and eligibility details for the program.

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Vice-chair Fairclough asked about the dollar amounts for loan repayments and how they were constructed. She wondered how the plan compared to other states offering similar incentive programs.

Ms. Clement replied that the workgroup responsible for providing the concept proposal for the legislation considered factors such as educational cost standards and pay scale ranges across the nation. She provided examples of lengthy and expensive educational routes for physicians, dentists, and pharmacists. She stated that each state's program was different and tailored to its own needs. The dollar amounts listed in HB 78 tended to land in the middle upon comparison to the other states with similar incentive programs.

Co-Chair Stoltze recalled that the bill nearly passed in 2010, but questions regarding cost retained it in the finance committee.

Representative Wilson asked about cost of living adjustments to the amounts listed in the bill.

Represented Herron replied that the amounts were set and not available for adjustment.

Representative Wilson queried the difference between an advanced nurse practitioner and a nurse practitioner.

Co-Chair Stoltze asked to defer the question to the nursing representative scheduled to testify later in the meeting.

Representative Neuman understood the issue regarding difficulty recruiting medical professionals in Alaska. He wondered about other state programs addressing the recruitment of medical professionals. He wondered about total state spending for the medical field in Alaska.

Ms. Clement responded that the Washington, Alaska, Montana, and Idaho Medical Education Program (WAMI) and Western Interstate Commission for Higher Education (WICHE) were two additional state programs. She noted that a couple of federally funded programs like the National Health Service Corps (NHSC) and Indian Health Service (IHS) also existed.

She offered to provide additional information upon further research. She noted that federal funding included federal requirements regarding the use of the money.

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Representative Gara understood that Alaska required additional family practice physicians and internists. He wondered if any aspect of the legislation granted a priority to those high need professions.

Representative Herron replied that the board would address the greatest needs.

Representative Gara opined that WAMI was a great program, although it did not differentiate between high-need professionals compared to lower-need medical professionals. He appreciated HB 78 and its focus on the needs of the state.

Co-Chair Stoltze remarked that the program proposed in HB 78 addressed criteria pertaining to the greatest needs for service in Alaska.

Representative Herron agreed with Co-Chair Stoltze.

Representative Guttenberg appreciated that WAMI helped attain tuition for medical school, while HB 78 would recruit those professionals to Alaska.

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Representative Doogan pointed to language on page 5, line 27 "may not exceed 90 participants annually." He requested further information about the limit.

Representative Herron replied that the limit related to cost control. The program would face review in 2019.

Co-Chair Stoltze opined that the money proposed in the fiscal note would not stretch far enough.

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CHRISTINE POTTER, PRESIDENT, ALASKA NURSE PRACTITIONER ASSOCIATION (via teleconference), spoke in support of the legislation. She explained that there were over 500

licensed nurse practitioners in the state. She pointed out that 40 percent of Alaskan nurse practitioners work in medically underserved communities. She added that 70 percent of nurse practitioners accept Medicare for reimbursement and 88 percent accept Medicaid. She added that 39 percent of nurse practitioners practice in rural areas with 8 percent practicing as the sole licensed providers in their communities. She spoke to the question regarding differentiation between advanced nurse practitioners and nurse practitioners. She remarked that there was very little difference between the two in Alaska. The two terms tend to be used interchangeably.

Co-Chair Stoltze remarked that ANP sounded better than NP. Ms. Potter agreed.

DEBBIE THOMPSON, EXECUTIVE DIRECTOR, ALASKA NURSES ASSOCIATION (via teleconference), spoke in favor of the legislation. She thanked the committee members for their time.

MARY SULLIVAN, ALASKA PRIMARY CARE ASSOCIATION (via teleconference), vocalized support for the legislation.

Co-Chair Stoltze appreciated his meeting with the Alaska Primary Care Association.

Ms. Sullivan thanked Co-Chair Stoltze.

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MARIE DARLIN, AMERICAN ASSOCIATION OF RETIRED PERSONS-ALASKA, supported the legislation. She reminded the committee that the estimated economic value of the seniors was \$1.7 billion. She believed that retention of retired citizens in Alaska would benefit the state.

Co-Chair Stoltze welcomed staff from the Soldotna hospital.

Co-Chair Stoltze CLOSED public testimony.

Vice-chair Fairclough asked whether the bill required a participant to be an Alaskan resident.

Representative Herron replied no.

Vice-chair Fairclough wondered whether the bill required a participant to become an Alaskan resident.

Representative Herron did not know.

Vice-chair Fairclough believed that the people benefiting from the program should be Alaskan residents as opposed to commuters.

Co-Chair Stoltze wondered if DHSS might have included a vetting requirement in its proposition.

Representative Guttenberg pointed to page 4, line 2(g) related to loan repayments, "the department shall prorate loan repayments and direct incentives under the program based upon a number of hours of a qualified employment worked in a quarter." He understood the statement to read that if a person commuted, their payments might be reduced.

Vice-chair Fairclough remarked that the state was working to attract qualified health care providers. It was important that the individuals were residents if the bill paid \$35,000 per year to retire student loans. She queried the intent of the legislation.

Co-Chair Stoltze requested testimony from the department.

PATRICIA CARR, DIRECTOR, HEALTH PLANNING AND SYSTEMS DEVELOPMENT, DEPARTMENT OF HEALTH AND SOCIAL SERVICES, replied that the bill stipulated that the applicant must be licensed or exempt from state licensing, which might relate to residency requirements as they relate to licensing.

Vice-chair Fairclough countered that practitioners could be licensed in multiple states.

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Ms. Carr replied in the affirmative. She thought that the issue could be addressed under the program guidelines.

Co-Chair Stoltze sensed Vice-chair Fairclough's hesitation and asked if she had further questions.

Vice-chair Fairclough replied that she did not wish to hold the bill in the finance committee. She referred to concern by current employers to have medical professionals remain

in a community. She understood that the cash incentives provided that opportunity for medical professionals as stated in HB 78. She hoped that the professionals interested in the program would remain in Alaska. She spoke in favor of an eligibility requirement within the program ensuring Alaskan citizenship.

Representative Edgmon wondered about the practical implications of a physician residing in more than one state.

Ms. Carr replied that the issue would be considered in terms of the application process. She imagined that the issue would be vetted in the program guidelines.

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Vice-chair Fairclough knew about dentists that commuted back and forth to rural Alaska. She did not know how prevalent the occurrence was. She wondered whether the criteria existed in other states.

Representative Doogan clarified that a considerable amount of his medical treatment was performed by medical professionals called "travelers." He thought that the state may not be in a position to impose a residency requirement and to attract as many physicians as desired.

Representative Herron elaborated that a technical amendment could be crafted to represent the effort to have physicians become residents but not to require it. He agreed that the intent of the legislation was to incentivize a long-term commitment from medical professionals. He believed that continuity of care was an important contribution in medical care.

[3:46:50 PM](#)

Vice-chair Fairclough expressed her interest in working with Representative Herron on the issue. She respected the need for additional medical personnel in rural Alaska.

Co-Chair Thomas had grown up in rural Alaska and had seen IHS doctors that traveled and worked to have their loans paid off. He expressed concern about the potential for a provider to receive dual payments from federal and state

sources. He added that newcomers either appreciate the state and its lifestyle or they choose to leave.

Representative Herron responded that a provider could not receive dual payments; the practice was prohibited.

[3:50:12 PM](#)

Representative Neuman discussed the competitive nature of the legislation that was limited to 90 people. He opined that the program intention was sound. He hoped to see the benefit to the state regarding the potential savings resulting from the ability for patients to receive medical care in-state.

Representative Herron replied that a time period of two years should determine the interest in, and success of the program. The fiscal note was nearly \$2.9 million, with \$2.1 million from the general fund. The remainder of the money would be contributed by providers. The participants seek out certain candidates and they also contribute funds, making the bill an unusual vehicle intended to stabilize the work force in Alaska.

Co-Chair Stoltze preferred to work further on the bill in committee. He proposed additional efforts to refine the bill while in house finance, including a well-constructed amendment.

[3:54:30 PM](#)

Representative Edgmon responded to a question by Representative Neuman related to missions and measures. He reminded the committee that seniors were the fastest growing segment of the population. He stressed that caring for the needs of the seniors was in the state's best interest.

Representative Doogan recommended that the highest value be placed on attracting qualified doctors and nurses. He opined that the value of retaining the qualified practitioners was secondary.

Co-Chair Stoltze intended to schedule the bill at the earliest possible time.

[3:56:57 PM](#)

Representative Gara had one concern related to the bill. He discussed a shortage of knee and heart doctors. He suggested language stating that a rarity of physicians or nurses with a certain specialty be considered a priority.

Representative Herron looked forward to working with members on amendments.

HB 78 was HEARD and HELD in Committee for further consideration.

#

ADJOURNMENT

[4:00:25 PM](#)

The meeting was adjourned at 4:00 PM.