

ALASKA STATE LEGISLATURE
HOUSE HEALTH AND SOCIAL SERVICES STANDING COMMITTEE

March 17, 2011

3:05 p.m.

MEMBERS PRESENT

Representative Wes Keller, Chair
Representative Bob Herron
Representative Paul Seaton
Representative Bob Miller
Representative Charisse Millett

MEMBERS ABSENT

Representative Alan Dick, Vice Chair
Representative Beth Kerttula

COMMITTEE CALENDAR

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."

- MOVED CSHB 78(HSS) OUT OF COMMITTEE

PREVIOUS COMMITTEE ACTION

BILL: HB 78

SHORT TITLE: INCENTIVES FOR CERTAIN MEDICAL PROVIDERS

SPONSOR(S): REPRESENTATIVE(S) HERRON

01/18/11	(H)	PREFILE RELEASED 1/14/11
01/18/11	(H)	READ THE FIRST TIME - REFERRALS
01/18/11	(H)	HSS, FIN
03/08/11	(H)	HSS AT 3:00 PM CAPITOL 106
03/08/11	(H)	Heard & Held
03/08/11	(H)	MINUTE(HSS)
03/15/11	(H)	HSS AT 3:00 PM CAPITOL 106
03/15/11	(H)	Heard & Held
03/15/11	(H)	MINUTE(HSS)
03/17/11	(H)	HSS AT 3:00 PM CAPITOL 106

WITNESS REGISTER

PAT CARR, Chief

Health Planning and Infrastructure
Division of Health Care Services
Department of Health and Social Services
Juneau, Alaska

POSITION STATEMENT: Answered questions during discussion of HB 78.

ACTION NARRATIVE

[3:05:01 PM](#)

CHAIR WES KELLER called the House Health and Social Services Standing Committee meeting to order at 3:05 p.m. Representatives Keller, Seaton, Millett, Miller, and Herron were present at the call to order.

[3:05:25 PM](#)

REPRESENTATIVE MILLER announced that, as this was St. Patrick's Day, it should be noted that St. Patrick was a Roman citizen, born in Great Britain, and named Maewyn Succat.

HB 78-INCENTIVES FOR CERTAIN MEDICAL PROVIDERS

[3:06:26 PM](#)

CHAIR KELLER announced that the only order of business would be 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."

[In front of the committee was CSHB 78, Version D, which had been adopted as the working draft by House Health and Social Services Standing Committee on March 15, 2011.]

[3:06:43 PM](#)

REPRESENTATIVE MILLETT moved to adopt the proposed Committee Substitute (CS) for HB 78, 27-LS0147\X, Mischel, 3/17/11, as the working document. There being no objection, Version X was before the committee.

[3:07:10 PM](#)

REPRESENTATIVE HERRON, as the bill sponsor, explained the changes for Version X. He directed attention to page 3, line 4 of Version X, and stated that "not more than half" was replaced by "a portion." He noted the additions to Version X on page 3, line 2, "for deposit in the general fund," and on page 3, line 11, "from money appropriated for the purpose."

[3:08:08 PM](#)

REPRESENTATIVE HERRON moved on to page 4 of Version X, and pointed to the addition of "(i) Direct Incentive payments, loan repayments, and matching payments shall be made with funds appropriated by the legislature for that purpose."

[3:08:22 PM](#)

REPRESENTATIVE HERRON explained that on page 5, line 2 of Version X, a new subsection (b) was added:

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

REPRESENTATIVE HERRON pointed out that subsection (e) on page 5, line 17 was added:

A loan or interest on a loan is not eligible for repayment under this section if the loan or interest is

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

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

(3) refinanced.

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CHAIR KELLER asked to clarify that both subsections (b) and (e) on page 5 were definitions for the eligibility of loans for repayment.

REPRESENTATIVE HERRON concurred.

REPRESENTATIVE HERRON noted the addition of a new subsection (c), page 5, line 31, which stated:

If sufficient funds are appropriated in a fiscal year, the department shall prorate payments based on the number of approved participants in the program.

[3:09:29 PM](#)

REPRESENTATIVE HERRON moved on to page 7, line 4, of Version X, stated that "score" was added, and explained that this would assign each site a score indicating its level of need during the needs assessment process. Returning attention to page 6, line 21, he clarified that the change on page 7 related to this addition: "the needs assessment for the site."

[3:10:20 PM](#)

CHAIR KELLER asked if there were any questions.

[3:10:32 PM](#)

REPRESENTATIVE MILLER asked to clarify that Version X included language for making payments directly to the professional. He asked if these monies could be paid to the originator of the loans.

[3:11:26 PM](#)

PAT CARR, Chief, Health Planning and Infrastructure, Division of Health Care Services, Department of Health and Social Services, explained that Version X would allow payments to be made to either the professional or the loan institution.

REPRESENTATIVE MILLER asked to clarify that this would be determined by the applicant. He asked about any matching funds.

MS. CARR replied that the matching funds would go to Department of Health and Social Services, which would make the payments.

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REPRESENTATIVE MILLER, referring to page 3, line 1, pointed out that the employer "may" make the matching payments, and he asked if this should be changed to "shall" or "will."

MS. CARR replied that a word change would be based on the intent of the bill sponsor.

[3:13:13 PM](#)

REPRESENTATIVE HERRON asked Ms. Carr for her opinion.

MS. CARR replied that, if the payments all came to Department of Health and Social Services, this would assure all the funds would be available. She recommended a change of the wording from "may" to "shall."

REPRESENTATIVE HERRON offered his support to a conceptual amendment for this change.

[3:14:21 PM](#)

REPRESENTATIVE MILLER moved to adopt Conceptual Amendment 1, as follows:

Page 3, line 1, after "program"
Delete "may"
Insert "shall"

REPRESENTATIVE HERRON offered his support of Conceptual Amendment 1.

[3:14:55 PM](#)

CHAIR KELLER opined that, as the employer in question had chosen to be in the program, the word should be changed to "shall."

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There being no objection, it was so ordered.

[3:15:50 PM](#)

REPRESENTATIVE MILLETT moved to report CSHB 78, Version 27-LS0147\X, Mischel, 3/17/11, as amended, out of committee with individual recommendations and the accompanying fiscal notes.

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CHAIR KELLER objected. He expressed that he was not comfortable with proposed HB 78. He assured the committee that he would not delay the bill, as a wide spectrum of respected advisors had stated the importance of the bill. He opined that HB 78 was "purely about access to health care," and he directed attention to page 1, line [8], and read:

to ensure that residents throughout the state, including recipients of medical assistance and Medicare, have access to health care and that residents of rural areas of the state, in particular, experience improved access to health care...

He opined that this was a "leap of logic" to refer to access and then "give the Commissioner [Department of Health and Social Services] I would call it a big check book to pay off loans and give grants as incentives to get health care professionals to participate and live in Alaska. The leap of logic to me is that will solve the access problems." He acknowledged a relationship, but not a direct connection [for payments and access.] He agreed that it was necessary to offer financial incentives to compete, and he agreed that Alaska was facing a crisis situation if the medical workforce was not expanded. He reflected that this exposed the underlying problem for the health care system in Alaska. He stated the difficulty for comparing the high cost of medical care to the value of the health care. He offered his support for legislation that "jump starts the market back into the health care system." He acknowledged that the market system was not functioning, and he opined that government intervention had crowded out more effective and more efficient health care policies that could exist with a "free market, and free market principles where financial incentives are really related to supply and demand, like they are in other things..." He stated his belief that competition and profit motive provided quality control as well as cost control. He opined that this would lead to rising costs. He offered to discuss his ideas for the return of a functioning market. He stated that HB 78 gave "tremendous power to the Commissioner of Health and Social Services." He decried the lack of parameters on the bill, noting that primary care was a crisis area which was not addressed in the bill. He pointed to the lack of designation for regional distribution, or guidelines for providing health care professionals in community health centers. He stressed the need to solve the "cost problem" but he stated that HB 78 would not reduce the costs.

[3:23:02 PM](#)

CHAIR KELLER removed his objection.

[3:23:18 PM](#)

REPRESENTATIVE HERRON acknowledged that Chair Keller's concerns were genuine, and he expressed his desire to continue to work toward the resolution of those concerns.

[3:23:48 PM](#)

REPRESENTATIVE MILLETT, emphasizing that "no action is bad," stated the necessity for innovative solutions which had been proven to work in other states. She pointed out that these solutions had worked for those states which were competing for the same pool of medical professionals as Alaska. She gave personal examples of her search for health care. She endorsed HB 78 as a start that would not be regretted. She declared the need for workable solutions, and stated that "inaction is not a solution." She offered her belief that this bill was based on the needs of Alaska.

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REPRESENTATIVE MILLER stated his agreement with Representative Millett. He declared that "it's not a perfect bill, it might not even be a perfect start, but I think before we can resolve the real crisis... we've got to have the physicians, we've got to have the nurses, we've got to have the personnel in state..." He extended his appreciation to Chair Keller.

[3:27:03 PM](#)

CHAIR KELLER pointed out that his statement was not a criticism of Department of Health and Social Services. He offered his belief that incentives and concerns could become blurred.

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There being no further objections, CSHB 78 (HSS) was reported from the House Health and Social Services Standing Committee.

[3:29:02 PM](#)

ADJOURNMENT

There being no further business before the committee, the House Health and Social Services Standing Committee meeting was adjourned at 3:29 p.m.