

ALASKA STATE LEGISLATURE
SENATE HEALTH AND SOCIAL SERVICES STANDING COMMITTEE

March 25, 2019

1:33 p.m.

MEMBERS PRESENT

Senator David Wilson, Chair
Senator John Coghill, Vice Chair
Senator Cathy Giessel
Senator Tom Begich

MEMBERS ABSENT

Senator Gary Stevens

COMMITTEE CALENDAR

SENATE BILL NO. 93

"An Act relating to a workforce enhancement program for health care professionals employed in the state; and providing for an effective date."

- HEARD & HELD

PREVIOUS COMMITTEE ACTION

BILL: SB 93

SHORT TITLE: MEDICAL PROVIDER INCENTIVES/LOAN REPAYM'T

SPONSOR(S): SENATOR(S) WILSON

03/18/19	(S)	READ THE FIRST TIME - REFERRALS
03/18/19	(S)	HSS, FIN
03/25/19	(S)	HSS AT 1:30 PM BUTROVICH 205

WITNESS REGISTER

JILL LEWIS, Deputy Director
Division of Public Health
Department of Health and Social Services (DHSS)
Juneau, Alaska

POSITION STATEMENT: Presented a PowerPoint on SB 93.

RACHEL GEARHART, Clinical Director
JAMHI Health and Wellness, Inc.
Juneau, Alaska

POSITION STATEMENT: Supported SB 93.

TOM CHARD, Chief Executive Officer
Alaska Behavioral Health Association
Juneau, Alaska

POSITION STATEMENT: Supported SB 93.

JEANNIE MONK, Senior Vice President
Alaska State Hospital and Nursing Home Association (ASHNHA)
Juneau, Alaska

POSITION STATEMENT: Supported SB 93.

MOLLY GRAY, Executive Director
Alaska Pharmacists Association
Anchorage, Alaska

POSITION STATEMENT: Supported SB 93.

NANCY MERRIMAN, Executive Director
Alaska Primary Care Association
Anchorage, Alaska

POSITION STATEMENT: Supported SB 93.

THOMAS HUNT, M.D., representing self
Anchorage, Alaska

POSITION STATEMENT: Supported SB 93.

MIKE COONS, representing self
Palmer, Alaska

POSITION STATEMENT: Asked if SB 93 would incentivize doctors to take on Medicare patients.

JEREMY O'NEIL, Administrator
Providence Valdez
Health Advisory Council
Valdez, Alaska

POSITION STATEMENT: Supported SB 93.

ZAN WHITMAN, representing self
Palmer, Alaska

POSITION STATEMENT: Supported SB 93.

ACTION NARRATIVE

[1:33:28 PM](#)

CHAIR DAVID WILSON called the Senate Health and Social Services Standing Committee meeting to order at 1:33 p.m. Present at the

call to order were Senators Begich, Coghill, Giessel, and Chair Wilson.

SB 93-MEDICAL PROVIDER INCENTIVES/LOAN REPAYM'T

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CHAIR WILSON announced that the only order of business would be SENATE BILL NO. 93, "An Act relating to a workforce enhancement program for health care professionals employed in the state; and providing for an effective date."

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CHAIR WILSON made opening remarks.

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CHAIR WILSON explained that SB 93 builds upon the success of the Alaska Health Care Professions Loan Repayment and Incentive Program, commonly referred to as SHARP [Supporting Health Access (through loan) Repayment Program]. Urban and rural communities face a serious shortage of health care providers that will readily worsen if this issue not immediately addressed. He said that SHARP is a loan repayment and direct monetary incentive program that would help to reduce staff shortages by filling vacant health care provider positions in some of the most underserved areas across the state. He said that SHARP-1 and SHARP-2 have leveraged federal, state, Alaska Mental Health Trust Authority and employer funding, with a focus on rural, remote, and safety net providers.

CHAIR WILSON said that the program is administered by Department of Health and Social Services (DHSS). It has supported more than 250 practitioners in nearly 60 sites across the state. The new program, SHARP-3 will fill the gap between the federally funded SHARP-1 and the state-funded SHARP-2 by allowing private sponsorship in the form of local government, philanthropic foundation, or employer support. He said that SHARP-3 will focus on private-public partnerships and recruitment and retention by offering incentives to new and experienced professionals who may have exhausted other loan repayment options or who no longer carry educational loan debt. Under SHARP-3, these professionals must meet eligibility criteria and be engaged in qualified employment, he said.

CHAIR WILSON stated that the program does not require any state general funds, that user fees would cover the cost of administering the program. SHARP-3 is a budget-neutral initiative that will help address service shortages in the

current health care landscape, leverages community-level investment across the state, and improves health outcomes of Alaskans.

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JILL LEWIS, Deputy Director, Division of Public Health, Department of Health and Social Services (DHSS), Juneau, presented a PowerPoint on SB 93 titled, "SB 93 Medical Provider Incentives/Loan Repayment. She reviewed slide 2, "SB 93."

- Establishes a Health Care Professionals Workforce Enhancement Program to address shortage of health care workforce.
- Health care professionals agree to work for three years in underserved areas in exchange for repayment of student loans or direct incentives.
- Employers fully fund the program. No unrestricted general funds are involved.
- Replaces the existing program in AS 18.29 scheduled for sunset June 30, 2019.

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MS. LEWIS said that employers will fully fund the program by taking advantage of a federal tax exemption available only to a state-run program. This public-private partnership can increase the number of providers while minimizing the use of state funds. It will replace SHARP-2, which was funded with state UGF (unrestricted general funds) and will sunset on June 30, 2019.

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MS. LEWIS reviewed slide 3, "Challenges in health care access."

- Alaska needs a more optimal distribution of health care professionals, across regions, across disciplines and across populations served.
- Many citizens, especially in rural and frontier areas, continue to experience challenges with accessing health care.
- One reason access to care is limited, particularly in rural Alaska, is due to shortages of healthcare professionals.
- Health care sites struggle with recruiting and retaining health care professionals.
- Health care professionals have challenges with large student loan debt, high cost of living in rural and remote locations, and resulting financial pressures.

MS. LEWIS said that health care is one of the largest and most dynamic industries in Alaska, yet many citizens, especially in rural areas, experience challenges accessing health care. The availability of health care services is important for maintaining health, preventing and managing diseases, reducing costs from unnecessary emergency room use, hospital readmissions, and the use of temporary staff. Alaska must address the shortage of health care professionals, she said.

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MS. LEWIS said that the department tried to address some challenges with an ongoing health care loan repayment program. The initial program was SHARP-1, which was funded by a federal grant, with a 50 percent match. It is currently provided by outside parties and does not use any unrestricted general fund (UGF) dollars. The department receives funding for the program from the Mental Health Trust Authority, another philanthropic entity, such as the Mat-Su Health foundation, or employer contributions for the contracts. She said that [SB 93] does not affect SHARP-1 because the program will operate under a federal grant. She added that the SHARP-2 sunset will not affect SHARP-1.

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MS. LEWIS reviewed slide 4, "SHARP-2."

- Operated 2013 - 2018
- No new contracts after 2015 due to GF budget reductions
- 83 contracts: 39 Tier 1 and 44 Tier 2
- 47-53% positions very hard-to-fill
- \$25,560 average payment per contract per year
- 10-30% employer match
- 31 employers distributed across 25 communities
- Primarily non-profit and hospital associated
- Similar numbers of tribal and non-tribal affiliated organizations

Anchorage/Mat-Su 18%	Statewide 12%	Southeast 28%
Interior/Northern 3%	Gulf Coast 12%	Southwest 27%

She offered to review SHARP-2, which she described as more of a head-to-head comparison with SB 93. She said that SHARP-2 operated between 2013 and the last contracts were completed in 2018. No new contracts were issued after 2015 due to budget

constraints that prevented the department from additional UGF to issue new contracts. However, the state was able to pay out all of the existing contracts to meet its contractual obligations. After ramping up in the first year, and going full bore in 2014-2015, the program issued 83 contracts, of which 39 Tier 1 and 44 Tier 2 contracts.

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MS.LEWIS reviewed slide 5, "An innovative solution."

A public-private partnership that ensures access to health care by expanding the distribution of health care professionals all Alaskans at no cost to the state.

- SHARP-3 builds on the success of SHARP-1 and SHARP-2 with new practice settings, new occupations, new employers, new locations, and new roles.
- Benefit will not be limited to rural areas or primary care; there is also room for specialists and urban health care professionals.
- Takes advantage of a federal law that exempts loan repayment from federal income tax if awarded through a state-run program.
- Public-private partnerships increases the number of providers while minimizing the use of state funds.

MS. LEWIS said that SB 93 is an innovative solution. She explained that with the sunset of SHARP-2 on June 30, 2019, other incentive programs were needed to reduce the health care worker shortages.

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MS. LEWIS reviewed slide 6, "Benefits."

Benefits

- Health care sites can hire much needed staff
- Health care professionals get assistance with their student loans
- Alaskans have improved access to health care
- Access to health care is important for maintain health and reducing costs
- All without the use of undesignated general funds

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MS. LEWIS reviewed slide 7, titled "SHARP-3," to demonstrate SHARP-3.

- Health care professionals receive student loan repayment and/or direct incentives for working in underserved areas.
- Employer sites provide health care services in underserved or health care professional shortage areas.
- 3-year contract with renewals; 12-year lifetime limit.
- Employer payments fully cover cost of the professional's program payment and an administrative fee.
- An advisory council recommends eligibility criteria, prioritization of sites and professionals for participation, and contract awards.

MS. LEWIS said that the underserved or health professional shortage area does not need to meet the federal designation. It is state defined and therefore more flexible. The employer payments for the first time will include an administrative fee, which will make it completely self-sufficient.

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MS. LEWIS reviewed slide 8, titled "SHARP-3."

SHARP-3 Tiers

- Tier 1: dentist, pharmacist, physician
 - \$35,000/year regular or \$47,250 very hard-to-fill
- Tier 2: dental hygienist, registered nurse, advanced practice registered nurse, physician assistant, physical therapist, clinical psychologist, counseling psychologist, professional counselor, board certified behavior analyst, marital and family therapist, or clinical social worker
 - \$20,000/year regular or \$27,000 very hard-to-fill
- Tier 3: not otherwise eligible under Tier 1 or Tier 2

MS. LEWIS said SHARP-1 and SHARP-2 only had two tiers. This limited the occupations that could participate and left significant unmet demand in the health care professional shortages. SHARP-3 added a third tier.

She explained that a few differences exist between the programs. Tier 1 and 2 aligned with SHARP-1 and SHARP-2 with a few

changes. The occupations in Tier 2 require masters' degrees as a minimum. The new tier, Tier 3 will address occupations that were not eligible under Tier 1 or Tier 2. The bill does not specify the actual amounts for loan repayments but makes suggested amounts and allows the commissioner to make the final decision. The amounts listed on slide 8 for Tier 1 and Tier 2 reflect the amounts for SHARP-1 and SHARP-2 contracts.

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SENATOR BEGICH asked which professions fell into the not otherwise eligible category.

MS. LEWIS replied that many health care professionals besides the ones listed do not require a master's degree, including behavioral health occupations. Some management occupations are difficult to recruit but these positions are essential for financial stability and survival. An incentive or loan repayment can be used for a chief financial operator in an area, if needed. However, the he program is not limited to clinical providers.

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SENATOR BEGICH related his understanding that the amounts would be discretionary, based on need.

MS. LEWIS answered that is correct. The SHARP Advisory Council will make recommendations on priorities and will help to determine whether the specific application will help reduce the shortages.

CHAIR WILSON remarked that the SHARP Advisory Council is a statutorily formed council and is part of the DHSS organization chart that Commissioner Crum provided during his department overview to the committee. He asked for a description of hard to fill positions and how the determination would be made.

MS. LEWIS replied that employers must provide documentation of unsuccessful recruitment for a period of time.

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MS. LEWIS reviewed slide 9, which consisted of a flowchart diagram to show how the program works and the state's involvement in the process:

- Health care professionals work at eligible site for a calendar quarter

- Sites report quarterly to SHARP on professionals' hours worked
- SHARP adjusts maximum payment amount for hours worked
- SHARP invoices sites for professional's program payment and administrative fee
- Sites send SHARP their quarterly payment
- SHARP makes loan payments to lenders, and/or direct incentives to professionals

MS. LEWIS said that the administrative fees will probably be five percent of loan value. Since employers pay after the work is completed, the funds are never at risk if someone quits or does not complete a contract. Loan payments are made to the lender rather than the professional, which is a key factor in the IRS exemption. This is the reason the loan payments are not considered income. However, direct incentives to professionals are taxable income. The program provides data regularly to the advisory council on the contracts paid and pending amounts.

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SENATOR COGHILL asked for clarification about on loan payment process.

MS. LEWIS answered that the professional employee has incurred student loan debt. The loan repayment would be made against that debt. The checks would go directly to the lender, not to the professional.

SENATOR COGHILL asked if the direct incentive is an actual cash payment to the professional.

MS. LEWIS answered yes; direct incentive goes from the state to the employee because the lender is not involved in that process.

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MS. LEWIS reviewed slide 10, "In closing."

[SB 93]

- Keeps health care professionals in rural communities
- Promotes health and economic community stability
- Ensuring a healthier future for all Alaskans
- At the lowest possible cost.

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SENATOR GIESSEL expressed significant concerns about the cost of health care for Alaskans and on balance billing. She asked

whether these professionals receiving SHARP funding are required to be in-network providers or if the professionals can be out-of-network providers. In network means the providers have signed contracts with an insurer and negotiated reimbursement rates. Out of network providers means that the providers have not negotiated those rates and as a consequence, the insurance will pay what it thinks is reasonable and the patient gets a "surprise bill". This amount is the gap between what the physician charges and what the insurance pays. The gap can be substantial and a budget breaking for families. She asked whether these providers were required to be in-network providers.

MS. LEWIS replied that there was no such requirement.

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SENATOR GIESSEL said that it is possible that the recipients could be out-of-network providers who are providing specialized services, high-cost services, and adding to the cost burden of their patients.

MS. LEWIS responded that the majority of these professionals predominantly serve Medicaid, Medicare, and Indian Health Services patients and a very small percentage serve patients with private-pay insurance. Part of the underserved definition is that the provider would be serving uninsured or publicly covered patients.

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SENATOR GIESSEL asked if the committee could request how many providers serve insured patients and uninsured patients, and the number of out-of-network providers, who may submit surprise bills. As a nurse practitioner, she understands what the term underserved means. She asked if the department considered if underserved areas have sufficient infrastructure to allow these health care professionals to practice. For example, a radiologist must have a certain level of technology available.

MS. LEWIS replied that an interested professional must find a position with an eligible employer who has already proven work in a health shortage area providing services for the underserved. An employer must already have the infrastructure in order to hire the professional or have the intent to provide the necessary infrastructure.

SENATOR GIESSEL clarified that it is not necessarily the lack of interest in the health care professional in serving in an area.

It may be the lack of infrastructure such as specialized equipment or an internet connection that might limit how diverse the provider group could be in a certain area.

MS. LEWIS acknowledged that some natural limitations on the array of services that are available in a certain area exist. This program would help ensure that the employer can staff for services the providers can offer. If employers want to offer new services, this could help them find staff, but it would not address other types of issues that limit access to care.

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SENATOR COGHILL said that it appeared that most of the employers would be using public dollars.

MS. LEWIS answered that if he meant that these employers serve Medicaid or Medicare patients and therefore those are public dollars, she would agree. She explained that the intent is to provide access to care, especially primary care, as close to home as possible since that care is less expensive. It can help avoid more expensive care later on, she said.

SENATOR COGHILL related his understanding that this bill would incentivize people to serve in public health care facilities, such as the Indian Health Service and hospitals that bill Medicaid. The bill would use different forms of public money to incentivize the care.

CHAIR WILSON clarified that the intent is not to use state funds to incentivize providers to utilize the funding. The money will come from health foundations, private employers, and health facilities. These funds will help incentivize the loan repayment program. Using the state allows the funding to be tax deductible. He offered to review the fiscal note later but said that it is cost neutral.

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SENATOR COGHILL suggested that working with nonprofits and Indian Health Services would not have any deductions. He asked for the scope of money would be coming from for the program. He asked for help understanding this as the bill progresses.

CHAIR WILSON said dentist providers, advance nurse practitioners, and private behavioral health that are for profit could benefit from tax deductions if the practices were in one of the underserved designated places.

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MS. LEWIS presented the sectional analysis for SB 93:

Sec. 1. Adds a new Article 2, Health Care Professionals Workforce Enhancement Program, to AS 18.29, Health Care Professions Loan Repayment and Incentive Program, in which health care professionals agree to work for three years at underserved sites with health professional shortages in exchange for repayment of student loans or direct incentives. Employers fully fund the program. An advisory council provides oversight and evaluation of the program.

Sec. 18.29.100. The legislation's intent is to ensure that communities and individuals have equal access to health care by providing health care services in underserved or health care professional shortage areas.

Sec. 18.29.105(a). The program's purpose is to address the increasing shortage of health care professionals in the state by expanding the distribution of health care professionals.

Sec. 18.29.105(b). The program must include (1) employer payments, (2) direct incentives, (3) student loan repayment, (4) procedures for designation and prioritization of eligible sites, (5) an application process for eligible sites and health care professionals in Tier I, II, and III occupations, (6) public information and notices relating to the program, and (7) a 12-year lifetime maximum for participation by a health care professional.

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Sec. 18.29.105(c). An advisory council appointed by the commissioner will provide program oversight and evaluation, and make recommendations to the department on (1) identification and monitoring of underserved and shortage areas, (2) eligible sites, (3) employer's ability to pay, (4) prioritization of sites and professionals for participation, (5) contract award priorities, (6) program capacity, (7) strategic plans, and (8) program data management. The council consists of members with health care expertise, including expertise in economic issues affecting the hiring and retention of health care professionals, but may not

include an employee of the department. Members are uncompensated but entitled to per diem and travel allowances.

Sec. 18.29.105(d). The commissioner shall, in consultation with the advisory council, (1) administer and implement the program, (2) classify eligible sites as regular or very-hard-to-fill, (3) set annual maximum program payment amounts, (4) establish procedures for allowable leaves of absence, civil penalties, and priorities for participation.

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Sec. 18.29.105(d)(4)(B). Civil penalties are not to exceed \$1,000 per violation of this chapter, regulations, or contracts.

Sec. 18.29.105(e). The department must submit an annual report to the advisory council on or before July 1, describing the participation rates, costs, and effect on health care shortage areas for the prior calendar year.

Sec. 18.29.105(f). The department may (1) contract for services and (2) adopt regulations.

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SENATOR BEGICH asked how services is defined.

MS. LEWIS said that if the department has such a volume that it could not handle the program with its existing staff the type of services would be most likely be to enlist the services of a financial manager to manage the contracts.

She continued:

Sec. 18.29.110. Employers will make nonrefundable quarterly payments to the department which (1) fully cover the cost of the professional's program payment, (2) may be adjusted based on the employer's ability to pay, and (3) must include an administrative fee. Employers may use funding for their payments from any available source, including philanthropy, government, community organizations, or individuals.

AS 18.29.115. Payments are initially three years with up to three renewal periods for a maximum of 12 years.

Health care professional applicants must (1) submit an application, (2) be otherwise eligible, and (3) not exceed the 12-year lifetime limit. The combined amount of loan repayment and direct incentive per professional may not exceed the annual maximum program payment amount. Payments are made after the professional completes a calendar quarter of qualified employment. Payments are prorated based on number of qualified employment hours the professional worked. The total number of program participants is limited by available funding appropriated by the legislature.

AS 18.29.120. Eligible professionals may receive direct incentive quarterly cash payments. Employers provide the payment amount.

AS 18.29.125. Eligible professionals may receive student loan repayments. Employers provide the payment amount. Student loans are eligible if the loan was issued by a government or commercial entity for qualified student loan debt and resulted in a certificate, license or degree required for employment as a Tier I, II, or III professional. No more than 33.3% of the loan balance at the beginning of the professional's participation will be paid in any one year. Student loans are not eligible if these loans are to be repaid by another source, consolidated with an ineligible loan, or refinanced as an ineligible loan.

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She said that providers cannot have a concurrent obligation. For example, if someone was in the National Health Service Corporation, the person could not also be eligible for SHARP-2 since these providers would benefit from one program or the other during the same timeframe.

AS 18.29.130. Health care professionals must (1) submit an application, (2) be engaged in qualified employment at a participating eligible site, (3) be licensed or exempt from licensure, (4) meet program participation priorities, and (5) satisfy other criteria. In addition, professionals with student loan repayment must also have an unpaid balance on one or more eligible student loans verified by the Alaska Commission on Postsecondary Education.

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MS. LEWIS referred to the definitions but did not review them:

AS 18.29.199. Definitions.

(1) and (2) "Commissioner" and "department" mean the department of health and social services.

(3) "Eligible site" means a service area or health care facility that provides health care services in underserved or health care professional shortage areas.

(4) "Employer payment" means the payment an employer makes to the department for participation in the program.

(5) "Program" means the health care professionals workforce enhancement program.

(6) "Qualified employment" means employment of a health care professional for a three-year term at an eligible site at which the professional is hired or contracted and paid to work in a full-time or not less than half-time position.

(7) "Tier I health care professional" means a licensed or exempt from licensure dentist, pharmacist, physician who spends at least 50% of his or her time on direct patient health care services.

(8) "Tier II health care professional" means a licensed or exempt from licensure dental hygienist, registered nurse, advanced practice registered nurse, physician assistant, physical therapist, clinical psychologist, counseling psychologist, professional counselor, board certified behavior analyst, marital and family therapist, or clinical social worker.

(9) "Tier III health care professional" means a person who is employed at an eligible site who is not otherwise eligible under tier I or tier II.

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SENATOR BEGICH directed attention to AS 18.29.130, which states that the loans have to be verified by the Alaska Commission on Postsecondary Education (ACPE). He said the legislature has

proposals before it to eliminate the commission. He asked how the loans would be verified if that were to occur.

MS. LEWIS replied that it has been brought to their attention, but the department has not fully considered it.

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CHAIR WILSON said that the ACPE is currently standing and it would be difficult to consider pending legislation that has not passed the body yet.

SENATOR BEGICH said he was pointing it out, so the department had an awareness and it could be addressed, if needed.

CHAIR WILSON said the committee was soliciting suggested amendments. He suggested the Department of Education and Early Development could look consider that aspect. For example, it could be the responsibility of one of the commissioners.

[2:14:53 PM](#)

MS. LEWIS continued the sectional analysis:

Sec. 2, 3, 7, 9 and 10. Moves advanced practice registered nurses from the list of eligible occupations in Tier II to Tier I if the Board of Nursing requires completion of a Doctor of Nursing degree to practice on or before July 1, 2024. Moving advanced practice registered nurses to Tier 1 takes effect 30 days after the Board of Nursing notifies the revisor of statutes that the board adopted regulations requiring a doctorate per Sections 2, 3, and 7, but only if the board gives notification on or before July 1, 2024.

Sec. 4. Repeals the existing health care loan repayment and incentive program in AS 18.29.010 - 18.29.099, which is scheduled to sunset July 1, 2019.

Sec. 5. This act is applicable to applications or contracts on or after July 1, 2019.

Sec. 6. The existing advisory council will act as a transition council until a new advisory council is appointed by the commissioner.

Sec. 8 and 11. This act is effective retroactive to July 1, 2019, if Section 1 takes effect after July 1, 2019.

Sec. 12. Except for Sections 10 and 11, the effective date is July 1, 2019.

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CHAIR WILSON said DHSS would like to discuss some potential situations prior to the amendment process.

SENATOR GIESSEL commented that the bill does not state that it is at the request of the department, but it sounds like it is.

CHAIR WILSON explained that the City of Valdez approached his office with an interest in implementing something very similar. He suggested that this bill was the result of discussions between a number of different provider groups, including the SHARP Advisory Council and the department about how to address underserved areas with the upcoming sunset of SHARP-2.

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SENATOR GIESSEL said that she understood the goal. She acknowledged that the state has underserved areas. However, Section 18.29.100 reads, "The legislation's intent is to ensure that communities and individuals have equal access to health care by providing health care services in underserved or health care professional shortage areas." However, that is unattainable and sounds like federal wording, she said. She expressed concern that the legislative intent sets unrealistic expectations. Communities like Point Lay with 350 people will not have equal access to health care providers as in other parts of the state. The same could be said for McGrath, which has a nurse practitioner. She asked for the source of the intent language. Although it is a great idea, the legislature needs to be realistic, she said. Many self-insured groups are sending people outside of the state for surgery because the health care costs are so high in Alaska.

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MS. LEWIS replied that part of the language came from the IRS code related to the income tax exemption. It indicates that the program is intended to provide for increased availability of health care services in underserved areas or health care professional shortage areas as determined by such state. The language that Senator Giessel referred to is current language

under AS 18.29.010, related to the SHARP-2, which is a program that has been in place since 2012.

SENATOR GIESSEL said that she agrees with "increased access." That is a goal the state should have and is measurable and achievable. Even if that language was articulated previously does not mean that the committee should not change it.

CHAIR WILSON said he understood her sentiment.

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SENATOR COGHILL asked if SHARP 2 provides a direct subsidy to contractors.

CHAIR WILSON replied that the state made payments on behalf of the students with loans to the loan guarantors.

[2:21:17 PM](#)

SENATOR COGHILL related his understanding that that an incentive exists if the payment is greater than the loan payment.

CHAIR WILSON added that most hospitals have a hiring bonus or cash incentive for certain providers. Hospitals commonly offer bonuses of \$2,000 to \$5,000 to nurses. He was familiar with one hospital offering a bonus of up to \$10,000 to obtain a health care professional because of the shortages in the state. This bill would not only offer a loan repayment, but it could also offer incentives for communities to be more competitive.

SENATOR COGHILL asked if that would be up to the hiring authority to provide the offer. He explained that he is interested because providers could be working for governmental entities or for the private sector. He asked for further clarification how it would work if a government worker wanted someone more than the private sector does, the agency could increase the bonus.

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CHAIR WILSON said for example, hospital B would pay the additional money to the state to provide the money for the incentive.

SENATOR COGHILL said that sounds good in theory, until the state starts providing grants under this system. He asked if nonprofits that need nursing care could compete with private doctors.

[2:24:02 PM](#)

MS. LEWIS recapped that he was asking if all the eligible sites have the same level of dollar participation to avoid pitting entities against each other. She said the department tries to avoid these situations by allowing employers to get money for incentives from any source since small practices may not be able to come up with as much money as larger ones. The funding does not have to come from earnings, but can come from philanthropy, a GoFundMe account, or someone who willed the person money.

SENATOR COGHILL referred to Section 18.29.120, which read, "Eligible professionals may receive direct incentive quarterly cash payments. Employers provide the payment amount." He said it appeared that the commissioner would establish an amount the professional is qualified to receive. He asked how that would work.

MS. LEWIS replied that under SHARP-2, the amounts were set in statute. One issue that came up in discussions was that the department found SHARP-2 was too restrictive because it set both a dollar amount and capped the number of participants. The department prefers to set the amounts in statute rather than to cap the number of participants or to allow the commissioner to set them. She suggested that this would allow the department to meet the demand as the program grew. SHARP-2 only operated in full force for two years, but it had 83 of the 90 maximum participants allowed.

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CHAIR WILSON said he would hold off reviewing the fiscal note in order to have time for public testimony.

SENATOR BEGICH pointed out that fiscal note, from the Department of Health and Social Services (DHSS), Public Health, Emergency Programs, OMB Number 2877, references Senate Bill 89 in the analysis instead of SB 93.

CHAIR WILSON described that as a typo.

SENATOR BEGICH said that he wanted to make sure the committee passes the right fiscal note.

MS. LEWIS agreed that Senator Begich was correct.

[2:28:05 PM](#)

RACHEL GEARHART, Clinical Director, JAMHI Health and Wellness, Inc., Juneau, spoke in support of SB 93. She said she has been a

licensed clinical social worker in Alaska since 2008. She volunteers on the SHARP Advisory Council and serves as co-chair. She lives in Alaska Senate District Q, which is not a federally designated geographic Health Professional Shortage Area (HPSA). Unless someone works for the tribal health organization in Juneau, the health care professionals are not eligible for student loan repayment through SHARP-1 or National Health Service Corps. The areas represented by Senator Begich, Senator Giessel, Senator Coghill, and Senator Stevens are not federally HPSAs. One part of Senator Wilson's district in upper Mat-Su is designated for dental services. These districts will all benefit from SB 93.

She said that Chair Wilson, as the sponsor of the bill, understands how valuable the designation is for recruiting and retaining quality health care professionals. The program can extend the same recruitment and retention opportunities to the whole state at no additional expenditures to the state. She hoped there would be no sunset date for SHARP-3.

MS. GEARHART said that was one of the 83 recipients of SHARP-2. She paid her student loan for seven years, then had a three-year term for support of service. After 10 years she was free of student loan debt, paying the debt off 20 years early. She still works for the same agency she did when she received her SHARP-2 loan repayment. She said she has worked in Alaska almost 13 years, which demonstrates that recruitment and retention works.

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MS. GEARHART said those in the room cannot designate Alaska as a HPSA, but the state can use SHARP-3 to recruit and retain quality staff to serve vulnerable and underserved Alaskans. The committee may be interested to know that [the SHARP Advisory Council] receives data from the quarterly SHARP data reports that Ms. Lewis described. The [council] can track who works primarily in substance use capacities, such as people providing Medicaid-assisted treatments, and can track which positions are full time, permanent positions that are replacing what was once filled by a costly locum tenens position. The [council] learns important demographics that can be used for further recruitment and retention efforts for Alaska's health care professionals, she said.

MS. GEARHART said that SB 93 would allow the state's biggest community mental health centers in Anchorage, Fairbanks, Juneau, and Ketchikan to be eligible sites without having to also be federally qualified health centers. Often the clients served at

those agencies are also being served with sliding fee schedules, still serving vulnerable and underserved Alaskans in urban populations could be served. SHARP-3 will not only expand eligible sites, but it will also expand eligible professions. For example, licensed professional counselors were not included in SHARP-1. Occupational therapists, art therapists, case managers, certified nurse assistants, training coordinators, chemical dependency counselors, health care faculty members, phlebotomists, and peer recover coaches are just some examples of professions that could be included in SHARP-3 in the Tier 3 setting.

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MS. GEARHART said that in her line of work, the therapeutic alliance is considered the most important factor in how well people will work together. Clients in primary, dental, or health care with high ACEs [Adverse Childhood Experiences] scores, or high trauma, often have comorbid conditions and coexisting disorders. Once these patients start to connect with the provider, these patients make progress and have improved health outcomes. SHARP-3 support for service helps all Alaskans live their own best lives, she said.

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TOM CHARD, Chief Executive Officer, Alaska Behavioral Health Association, Juneau, spoke in support of SB 93. He said the Alaska Behavioral Health Association is a private, nonprofit group of over 60 mental health and substance abuse treatment providers, secular and non-secular, tribal and non-tribal health care providers who help people of all ages achieve and maintain recovery from behavioral health disorders. These providers are united in their vision of access to quality, cost effective behavioral health care for Alaskans. To date, 328 SHARP contracts have been signed. Of those, 94 practitioners have been behavioral health providers, he said. Both SHARP-1 and SHARP-2 limit who can participate by practitioner type and location. He listed the first half dozen provider organizations that have health care practitioners who participated in order to give members a sense of who is involved, including the Alaska Island Community Services in Wrangell, Central Peninsula Hospital in Soldotna, Bethel Family Clinic, Bristol Bay Area Health Corporation in Dillingham, Compassionate Directions in Palmer, and Cordova Community Medical Center.

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MR. CHARD said that SB 93 would allow for a greater variety of health care providers. The association currently has 12

qualified behavioral health provider types. Many of these practitioners are not eligible for SHARP-1 or SHARP-2, either because of the provider type or their work location. The provision that allows for an increased variety of health care providers could also help support Alaskans who work in the health care industry who are concurrently pursuing higher education and credentialing. This bill would also allow health care practitioners not located in the Health Professionals Shortage Areas to participate. In part, this new provision will recognize that a lot of health care services provided in urban areas also benefit the balance of the state.

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He said that SB 93 would increase access to health care services, improves the quality of health care, and reduces the overall cost of health care. This is known as the triple aim and usually achieving one aim is doing well. However, SB 93 achieves all three without any state funding. The Alaska Behavioral Health Association has worked diligently toward the solution provided in SB 93. The ABHA is dedicated to seeing this through for the benefit of Alaskans.

[2:37:59 PM](#)

JEANNIE MONK, Senior Vice President, Alaska State Hospital and Nursing Home Association (ASHNHA), Juneau, spoke in support of SB 93. She said that ASHNHA is a member of the SHARP Advisory Council and has been involved with SHARP since its inception. The proposed program provides one way to address the shortage of health care professionals.

She said she echoes Ms. Gearhart's testimony. A number of small, rural facilities in Alaska do not meet the requirements of Health Professional Shortage Area and are not eligible for the existing programs. SHARP-3 will support a variety of practice settings, locations, and provider types. The council believes that a broad set of eligible occupations is needed to address changing workforce shortages. Currently, loan payment and recruitment incentives are used throughout the Lower 48. In order to attract health care professionals, Alaska needs to offer the same type of assistance. This program would accomplish this without using any general fund money. As part of this program, it is important to give local control to allow communities to solicit funds to support recruitment of providers to meet their needs. The council supports the effort to build on existing SHARP infrastructure while maximizing local contributions. Funding can be contributed from different sources, such as businesses, private foundations, and trade

associations, government entities such as cities, foundations, or employers. Allowing additional types of funding will give one more tool to address the challenge. ASHNHA is prepared to support its members in efforts to utilize SHARP-3 as soon as it is available.

MS. MONK said that while the council and ASHNHA support SHARP-3 and its emphasis on public-private partnerships, it is important to remember that this program will provide only one piece of the support needed to have a strong healthcare system in Alaska.

She recalled the committee members previously asked, "If we build it, will they come. If we have this program, will private funders and employers support it?" Her ASHNHA members believe so. The ASHNHA members already make payments to recruit people to staff their facilities. This program will allow employers a structured way to provide loan repayments or incentives and the associated tax benefits, which allows their dollars to go further. One caveat is that in order for private industry and communities to invest funds in this type of a program, the industry needs a stable environment to conduct business. Health care organizations need stability in the rates paid by Medicaid and the future direction of the Medicaid program. These organizations need a stable business environment to help face the challenges of recruiting. Alaska hospitals and nursing homes want to be part of the solution and are eager to continue SHARP [3] and support workforce development in Alaska.

[2:41:34 PM](#)

MOLLY GRAY, Executive Director, Alaska Pharmacists Association (APA), Anchorage, spoke in support of SB 93. She said the program will benefit patients, practitioners, and the state. This is a creative system of loan repayment for recruitment and retention of health care workers. Over 30 pharmacists have participated in this program to date, from Nome to Craig and many places in between. These APA members join a whole multitude of others in the health care industry who have benefitted from this system. SHARP-3 is a winning proposition for all, she said.

[2:42:53 PM](#)

NANCY MERRIMAN, Executive Director, Alaska Primary Care Association (APCA), Anchorage, spoke in support of SB 93. She said she wanted to highlight three ways the legislation will help health centers better serve Alaskans. First, Alaska has a shortage of health professionals of all types. Health center leaders constantly grapple with vacant health care clinician positions. Although health care jobs remain the fastest growing

sector in the Alaska labor force, demand outpaces the availability. Alaskans are growing older and need more health care, especially with the increasing incidence of chronic disease requiring additional constant care. Health care professionals are not distributed evenly across the state. Second, SHARP and other loan repayment programs have been critical for community health care centers. Since its inception in 2010, SHARP-1 issued 172 contracts to health centers and SHARP-2 issued 47 to health care providers.

She said that when the Alaska Primary Care Association (APCA) surveys health care centers about the most important workforce issues, the response is overwhelmingly about recruitment and retention and the centers appreciation of SHARP. In 2018, 80 out of the 105 candidates accepted in the SHARP-1 program were practicing in community health centers. Third, SHARP-3 is innovative and does not require any state general fund dollars. APCA appreciates the SHARP Advisory Council's innovative thinking and contribution to the solution of the health care workforce shortages in Alaska. SHARP-3 can be privately funded, which means that loan repayment and longevity incentives can be expanded to more practitioner types and clinical sites. This will greatly increase the variety of health professionals and sites who participate. She directed attention to APCA's letter of support for more detail.

[2:45:40 PM](#)

THOMAS HUNT, M.D., representing self, Anchorage, spoke in support of SB 93. He said he has served in several roles as the medical director of three urban and rural FQHCs [Federally Qualified Health Centers] community health care centers, and later chief executive of the Providence Medical Group. He has recruited scores of providers to Anchorage and Alaska in general. He said that SHARP helped quite a bit because many of these services are urban and those providers would not qualify for the National Health Service Corps reimbursement as Ms. Gearhart pointed out.

He said regarding Senator Giessel's concern, that many of the services that Alaskans want in Anchorage, these subspecialists would not be attracted to the state because of a lack of reimbursement or enough population to defend hiring a pediatric endocrinologist. Everyone wants subspecialists and while doctors can export that care to Seattle, pediatric endocrinology is not a surgical specialty. It is the type of provider patients see every month so it would become even more expensive in that setting. SHARP-3 would allow loan repayment for subspecialists

working in cities is a huge improvement over SHARP-1 and SHARP-2. For example, he recently spoke to an inpatient psychiatrist who provides medical consultations to acute medical inpatients in the hospitals in Anchorage. She would not be eligible for reimbursement under SHARP-1 or SHARP-2 or the National Health Corp because there are plenty of psychiatrists in Anchorage. However, none are willing to do acute inpatient psychiatry. It is hard to recruit psychiatrists, much less into that type of difficult environment. SHARP-3 will offer providers the potential to keep this inpatient psychiatrist in the community via loan repayment.

[2:48:14 PM](#)

MIKE COONS, representing self, Palmer, asked if SB 93 would incentivize doctors to take on Medicare patients. He said he had numerous questions about health care professional shortage areas. He serves on the Alaska Commission on Aging and as the president of a senior advocacy organization. One of the biggest problems seniors face with their health care is that many doctors in Anchorage, the Mat-Su Valley, and throughout the state who do not take Medicare patients, which creates a critical shortage. He related his own experience, that he became a patient with his provider before he turned 65. He later found out that his doctor would not have accepted him as a patient if he had applied after he turned 65. He asked if this bill will provide any incentive for repayment for doctors to take on Medicare patients.

CHAIR WILSON replied that due to time constraints, the committee cannot answer questions. However, if Mr. Coons contacts his office that he will try to answer his questions.

[2:50:48 PM](#)

JEREMY O'NEIL, Administrator, Providence Valdez, Health Advisory Council, Valdez, spoke in support of SB 93. He said is also an ex-officio member of the Providence Health Advisory Council. He offered his belief that SHARP-2 was a good program, but it will sunset and has not issued new contracts for a few years. Valdez has benefitted from SHARP-1 and SHARP-2. The community has a licensed clinical social worker, a registered nurse, and a physical therapist who have been critical members of the Valdez care team for a number of years. Valdez has an 11-bed critical access hospital, 10-bed long-term care, 24/7 emergency room and a primary care clinic. However, only a handful of doctors run all those services for a population of 4,000 in the winter and 8,000 in the summer. Valdez faces extreme difficulty in recruiting and retaining health care providers due to Valdez's

geographically isolation. The high cost of travel coupled with the lack of community connections and longevity means that using itinerant health care services results in less than ideal care. The high cost of medical debt for education is a huge burden on new providers. Being able to partner with private foundations, local governments, and employers with SHARP-3 will remove the state as the funding source. Making this available to those community stakeholders who are willing to invest will further the providers' ability to be competitive.

He said that in 2017, Valdez conducted a community health needs assessment and identified four priorities. The first priority is to support a local health care provider workforce. The recruitment and retention of health care professionals is an increasingly difficult prospect. SHARP-3 is a tool that communities can use to address this issue. Health care graduates specifically, like pharmacists, therapists, mental health counselors, and physicians, require advanced degrees and come out straddled with tremendous amounts of education debt. The Providence Valdez Health Advisory Council passed a resolution that the council will share with the committee.

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ZAN WHITMAN, representing self, Palmer, spoke in support of SB 93. He said he is a psychiatric nurse practitioner working with Providence Health and Services. He said that being a recipient of SHARP has made a large difference in his decision to practice in Alaska and has given him the ability to continue to serve. The program works well as a means to recruit and retain qualified health providers. Expanding SHARP is beneficial since including more health care services and providers in the SHARP program can only benefit the state, he said.

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CHAIR WILSON closed public testimony on SB 93.

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SENATOR GIESSEL requested information pertaining to Sections 7, 9, and 10. She asked the Chair to provide the source that would require an advanced practice registered nurse (APRN) to hold a doctoral degree.

[CHAIR WILSON held SB 93 in committee.]

[2:58:17 PM](#)

There being no further business to come before the committee, Chair Wilson adjourned the Senate Health and Social Services Standing Committee at 2:58 p.