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**FINANCE COMMITTEE REPORT**

(11)

Date Referred: March 8, 1989

FURTHER REFERRALS:

Date of Committee Action: 4/11/89

The FINANCE Committee considered:

HB 10

HOUSE BILL NO. 10

[STUDENT LOANS/HEALTH CARE]

"An Act relating to forgiveness of student loans of certain health care professionals; and providing for an effective date."

RECOMMENDATIONS:

- be replaced with CS HB 10 (HESS)  the same title
- have attached amendment(s)  a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the \_\_\_\_\_ Committee

ADOPTS: \_\_\_\_\_ letter of intent

ATTACHES NEW FISCAL NOTE(S):  
(Dept)

APPROVES PREVIOUS:

(Date/Dept)

- fiscal impact \_\_\_\_\_
- zero fiscal note \_\_\_\_\_
- zero with analysis \_\_\_\_\_

- fiscal note(s) Postsec. Ed. Comm. 3/8; H&SS 3/8
- zero fiscal note(s) \_\_\_\_\_
- zero fn/analysis \_\_\_\_\_

SIGNING DO PASS:

\_\_\_\_\_  
*Lynn Hoffman* Hoffman  
 \_\_\_\_\_  
*Ronald Larson* Larson  
 \_\_\_\_\_  
*Lay Brown* Brown  
 \_\_\_\_\_  
*Koponen* Koponen  
 \_\_\_\_\_  
*Ulmer* Ulmer

SIGNING:

(Check approp. column)

	Do Not Pass	No Rec	Amend
<i>Ronald Barnes</i> Barnes			
<i>Paul Shultz</i> Shultz		<input checked="" type="checkbox"/>	
<i>Phillips</i> Phillips			
<i>Rieger</i> Rieger		<input checked="" type="checkbox"/>	
<i>Ulmer</i> Ulmer		<input checked="" type="checkbox"/>	

CO- *Ronald J. Larson*  
 CO- *Lynn Hoffman*  
 Chairman's signature

STATE OF ALASKA  
1989 LEGISLATIVE SESSION

BILL VERSION: CSHB 10 (HESS)  
PUBLISH DATE: HOUSE 3/8/89

FISCAL NOTE

REQUEST:

Revision Date: March 7, 1989  
Title: RE: Forgiveness of Student Loans - Health Care Providers  
Sponsor: Ellis, Koponen and Gruenberg  
Requestor: House HESS

Agency Affected: Education  
BRU: Postsecondary Education/ Student Loan Corporation  
Components: Student Loan Fund

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS	-0-	-0-	36.6	80.5	131.8	136.2
MISCELLANEOUS						
TOTAL OPERATING						

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	-0-	36.6	80.5	131.8	136.2
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

See attached

Prepared by: Ronald A. Phipps, Executive Director  
Division: Alaska Commission on Postsecondary Education

Phone: 465-2854  
Date: March 7, 1989

Approved by Commissioner: \_\_\_\_\_  
Agency: \_\_\_\_\_

Date: \_\_\_\_\_

Distribution (by preparer):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

Adopted

Analysis of Fiscal ImpactA. Assumptions

1. The current student loan population is representative of the future attendance patterns for students of selected health care fields.
2. Only a small proportion of health care graduates will actually qualify for the benefits of CS HB 10. The estimate used for the analysis is 1-in-10 medical graduates (physicians, surgeons, psychiatrists), and 1-in-8 nursing, physician assistant, physical therapy, and occupational graduates. Additionally, of these, it is estimated that the average forgiveness will be 36% (that is, 3-of-5 years of eligible forgiveness).
3. Borrowing years will vary by health care field. For this fiscal analysis, the following are assumed:

<u>Fields</u>	<u>Years of Borrowing</u>
Medical Profession	8 years
Nursing	3 years
Occupational Therapy	4 years
Physical Therapy	4 years
Physician Assistant	4 years

B. ProjectionsGraduates by Field

<u>Field</u>	<u>1988-89</u>	<u>1989-90</u>	<u>1990-91</u>	<u>1991-92</u>	<u>1992-93</u>	<u>1993-94</u>
Medical Profession	32	32	31	32	33	34
Nursing	67	67	68	70	71	72
Occupational Therapy	2	3	3	3	3	4
Physical Therapy	4	4	4	4	5	5
Physician Assistant	2	2	2	2	3	3
Total	107	108	108	111	116	118

C. Fiscal Impact

<u>Year</u>	<u>Amount</u>
1989-90	\$ -0-
1990-91	36,600
1991-92	80,520
1992-93	131,760
1993-94	136,160

**FISCAL NOTE**

**REQUEST:**

Revision Date: 1/19/89  
Title: "An Act relating to forgiveness of student loans of certain health."  
Sponsor Ellis, Koponen & Gruenberg  
Requestor: \_\_\_\_\_

Agency Affected: Health & Social Services  
BRU: State Health Services  
Components: Public Health Admin.

**EXPENDITURES/REVENUES: (Thousands of Dollars)**

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL		21.5				
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	21.5	-0-	-0-	-0-	-0-

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

**FUNDING: (Thousands of Dollars)**

GENERAL FUND	-0-	21.5	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	21.5	-0-	-0-	-0-	-0-

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY						

**ANALYSIS : (Attach a separate page if necessary)**

See Attached.

Prepared by: Elizabeth Ward, Director  
Division: Public Health

Phone: 465-3090  
Date: 1/19/89

Approved by Commissioner: Myra M. Munson  
Agency: Health & Social Services

Date: 1/24/89

**Distribution (by preparer):**

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

Adopted

In order for the Department of Health and Social Services to establish the health professional shortage designation system in a timely manner, limited contractual services would be required during the first year. This additional cost would be necessary due to limited availability of Division of Public Health Staff to focus on developing a information system which could be readily maintained to provide the Alaska Commission on Post Secondary Education the necessary information.

It is anticipated that once a computerized system was established, the information could be updated on annual basis utilizing existing personnel and equipment.

Contractual Line 73000

Professional Services: Personal Services contract for the purpose of developing the health professional shortage designation regulations, conducting the public review and adoption of the regulations, establishing a data base to be updated and monitored by department staff, and developing the initial shortage area designation for the Alaska Commissioner on Post Secondary Education. 4 months at \$5.0 per month \$20.0

Communication: Printing of regulations, public notification of regulations and program availability, teleconference for public hearings in the regulation adoption process. \$ 1.5

Total Contract Line \$ 21.5

Original sponsors: Ellis, Koponen,  
and Gruenberg

1 IN THE HOUSE BY THE HEALTH, EDUCATION, AND  
2 CS FOR HOUSE BILL NO. 10 (HESS) SOCIAL SERVICES COMMITTEE  
3 IN THE LEGISLATURE OF THE STATE OF ALASKA  
4 SIXTEENTH LEGISLATURE - FIRST SESSION  
5 A BILL  
6 For an Act entitled: "An Act relating to forgiveness of student loans of  
7 certain health care professionals; and providing for  
8 an effective date."  
9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:  
10 \* Section 1. AS 14.43.120 is amended by adding new subsections to read:  
11 (s) If a borrower meets the conditions provided in this section  
12 and is employed as a health care professional in an area determined to  
13 have a health care professional shortage for the borrower's profession  
14 by the Department of Health and Social Services under AS 44.29.020(b),  
15 a portion of the loan shall, subject to appropriation by the legisla-  
16 ture, be paid by the state equal to the following percentages of the  
17 total loan received plus interest up to a total of 70 percent of the  
18 total loan: (1) one year employment, 10 percent; (2) two years em-  
19 ployment, an additional 12 percent; (3) three years employment, an  
20 additional 14 percent; (4) four years employment, an additional 16  
21 percent; (5) five years employment, an additional 18 percent. In this  
22 subsection, "health care professional" means a person who is licensed  
23 as a physician or osteopath under AS 08.64.230, as a physical thera-  
24 pist or occupational therapist under AS 08.84, as a registered nurse  
25 under AS 08.68.190 or 08.68.200, or a person practicing medicine as a  
26 physician's assistant.  
27 (t) Notwithstanding any other provision of law, while a person's  
28 loan is being paid by the state under (s) of this section, that person  
29 may not receive forgiveness of a loan under any other section of this

1 chapter.

2 \* Sec. 2. AS 44.29.020 is amended by adding a new subsection to read:

3 (b) The department shall, by September 30 of each year, prepare  
4 a report that (1) lists by profession those geographic areas of the  
5 state that have a health care professional shortage, (2) identifies  
6 the number of health care professionals employed in each area of  
7 shortage, and (3) recommends changes to the health care professional  
8 loan forgiveness program under AS 14.43.120(s). The report prepared  
9 under this subsection shall be provided to the Alaska Commission on  
10 Postsecondary Education. The commissioner of health and social ser-  
11 vices shall adopt regulations regarding the determination of geo-  
12 graphic areas with a health care professional shortage. In this  
13 subsection "health care professional" has the meaning given in AS 14.-  
14 43.120(s).

15 \* Sec. 3. APPLICABILITY. This Act applies to a person's employment as  
16 a health care professional that occurs after July 1, 1989.

17 \* Sec. 4. This Act takes effect July 1, 1989.

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ANCHORAGE, ALASKA 99503  
(907) 561-7628

WHILE IN SESSION  
P.O. BOX V  
JUNEAU, ALASKA 99811  
(907) 465-3704

# ALASKA STATE HOUSE

OFFICE OF MAJORITY WHIP

CHAIR  
HEALTH, EDUCATION & SOCIAL SERVICES

JUDICIARY

SPECIAL COMMITTEE ON  
FOREIGN & DOMESTIC TRADE

## REPRESENTATIVE JOHNNY ELLIS

### M E M O R A N D U M

TO: The Honorable Ron Larson and  
The Honorable Lyman Hoffman  
Co-chairs, House Finance Committee

FROM: Representative Johnny Ellis *JE*

RE: HB 10, establishing a student loan forgiveness  
provision for certain health care professionals

DATE: April 4, 1989

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I respectfully request that you schedule a hearing on HB 10 at your earliest convenience. The bill passed out of the House Health, Education, and Social Services Committee on March 6th, and has been transmitted to the House Finance Committee.

Regions in Alaska that are now medically underserved pose problems that need addressing as soon as possible. Included in HB 10 are provisions that would allow the state to forgive a portion of the Alaska Student Loans of students graduating from certain health care practitioner curriculums. It is felt that these students would be more motivated to stay in Alaska and practice in the underserved areas upon graduation.

To limit fiscal impact, eligibility would be limited to specific regions and professions where shortages exist. Program needs would be updated by the Department of Health and Social Services on a yearly basis, and bill provisions would allow for future program adjustments as needed.

Attached is a recent article from the Juneau Empire that brings to light the nursing shortage now occurring in Alaska.

Please contact me at X3704 if there are any questions regarding HB 10, and thank you for your consideration of this bill.

# Wanted: More nurses

## Alaska desperate for nurses in every medical field

By ANNABEL LUND

THE JUNEAU EMPIRE

In Alaska, the desperate shortage of nurses is an acute condition threatening to become chronic.

State agencies as well as private hospitals and clinics are hard-pressed to fill vacancies in all kinds of nursing positions. The problem has become so critical for the state an interagency task force has been created to deal with it.

"I think Alaska may be the last state to be hit with the nursing shortage because in the past we've been able to offer competitive salaries and benefits. That isn't true any more," said task force member Walter Majeros, a Department of Corrections spokesman.

Alaska's shortage of nurses is part of a nationwide trend. In 1988, more than half of the hospitals and nursing homes responding to a nationwide survey were having trouble recruiting and keeping nurses. Enrollment in nursing schools has dropped 5 to 8 percent each year and some schools have closed. In recent years, the federal government has drastically cut its funding for nurses' education. The American Hospital Association predicts the need for registered nurses will climb 33 percent by 1995, at the same time the supply dwindles.

A nurse's work has never been easy; it's growing increasingly more complicated and demanding as medical technology improves. It requires special training and education but has never been a well-paid profession. Dissat-

isfied nurses say it's a deadend job. Salaries generally cap off in about eight years so there is little hope for an improvement in pay or working conditions as a nurse gains experience.

Registered nurses' starting salaries -- because they have not been adjusted for inflation -- were actually lower in 1987 than they were a decade before. Nurses are in greater demand today in hospitals because insurance companies are encouraging shorter hospital stays, necessitating more intensive care for patients in acute phases of their illnesses. Hospitals have gone from using 50 nurses per 100 patients in 1972 to 91 nurses per 100 patients in 1988.

Nursing is predominated by women. The American Hospital Association estimates 97 percent of the nursing profession is female. American women, however, are choosing other professions. Their role in society has changed drastically in the past 30 years and the workplace offers many more opportunities for women than it did when nursing was one of the few jobs available.

"Nowadays a woman can become a doctor instead of a nurse if she wants to. There are a lot of fields that weren't open to women before. You can earn a lot of money driving a truck -- something women couldn't do 10 years ago -- and you don't need to spend the same time and money on an education. There are some very real reasons why fewer women are going into nursing."

Please turn to Nurses, Page 8

JUNEAU Empire  
MARCH 31, 1989

# Nurses...

Continued from Page 1

said Debra Smith, a member of the nursing task force.

Smith, from the state Division of Mental Health and Developmental Disabilities, said the Alaska Psychiatric Institute is facing a severe shortage of qualified nurses.

"There's been a traditional devaluation of nurses' contributions to medicine and that's a difficult attitude to turn around. If nurses don't feel validated within their work environment, they're going to leave their profession," she said.

In the past, Alaska filled its nursing quota because it offered higher salaries and better benefits than other states, said Jean Lucius, assistant chief of nursing for the Alaska Department of Public Health.

"Alaska's biggest problem is that we are a nurse-importing state. Other states are now offering salaries and benefits as competitive as Alaska has offered in the past. They don't want their trained nurses leaving and so in terms of salaries and benefits we've been left behind," she said. Smith said incentives offered by other states — including Hawaiian vacations — make it more difficult to compete for personnel.

The Alaska Division of Public Health operates 35 health-care centers from Barrow to Ketchikan, staffed by public health nurses. Lucius said the state has been recruiting for public health nurses for six or seven months without response. She describes the shortage as "severe and frightening."

The most difficult positions to fill are the single-nurse duty stations in remote areas like McGrath or the Aleutian Islands. Trained nurses hankering for adventure are finding many international opportunities available today that weren't being offered before, she said.

Vacancies for nurses in the state Department of Corrections are endemic. There are positions all over the state including one at the Lemon Creek Correctional Center in Juneau. The department is required to offer 24-hour health care to inmates and does so by creative juggling of state positions and private contracts. The Department of Corrections employs about 100 nurses statewide, most at an average salary of about \$2,447 a month.

Alaska Pioneers' Homes, which are state-operated senior citizens homes, are drastically in need of nurses statewide.

Bruce Aronson, deputy director of pioneers' benefits for the state Department of Administration, said it's simple: a good number of nurses are finding more lucrative work elsewhere.

Aronson, whose division employs 51 people, is looking for nurses for several of the state's pioneers' homes, including two positions in Juneau. The position of director of nursing for the Juneau home pays \$2,890 a month.

Aronson said understaffing stresses the system.

"Not having enough qualified nurses means other people have to work additional shifts or some services aren't provided in as timely a manner as we'd like," he said.

In a survey of nursing vacancies conducted by the Health Association of Alaska, St. Ann's Nursing Home reports a five nurse shortage. The facility has had to recruit temporary nurses from outside Alaska to fill the gap, which costs almost double what it costs to retain full time RN in Alaska, association executive director Harlan Knudson said.

Last summer, Bartlett Memorial Hospital in Juneau suffered a desperate shortage of nurses. A combination of aggressive recruiting and serendipity filled those positions, said Bartlett Memorial Hospital Nursing Supervisor Cathy Kollin. She said some of her new nurses moved to Juneau for other reasons — their husband's employment, for example — and have walked in the door fully qualified, looking for work.

"It's not hard to sell Juneau, either. It's such a beautiful place. People have been very impressed with the information we send them," Kollin said.

The state's task force on nursing is looking for long- and short-term solutions.

"Pay must be considered. We want to work on upgrading the positions themselves to validate the nurses' contributions to the medical team. We've got to provide continuing education, to recruit in and out of state and to work with the university system to encourage more young people to go into the nursing profession," Smith said.

Public health nurse Lucius said the long-term solution to the nurse shortage in rural Alaska is to recruit and train Native Alaskans to work within their own communities. In general, the state should re-target its recruitment strategies to appeal to people considering second or third careers and single parents, she said. Bringing in temporary nursing help from Outside will continue to be a trend in Alaska, Knudson said. Continuing to recruit within the state using innovative approaches like student loan forgiveness clauses is crucial to a long-term solution for Alaska, he said.

Such a bill, sponsored by Anchorage Democratic Rep. Johnny Ellis, is working its way through the House Finance Committee now. Registered nurses, physical and occupational therapists and physician assistants would be forgiven up to 70 percent of their Alaska student loans, if they returned to the state upon graduation and worked for five years in an area considered by the Alaska Department of Health and Social Services to be underserved. The fiscal note on the bill is \$35,000 for the first year it is put into effect.

The state must develop a career ladder for nurses, rewarding experience and continuing education and nurses should be given a more active role in policy making decisions, Majoros said.

Knudson said a pay check may speak the loudest.

"There is a tremendous pressure to control costs and with health care being so labor intensive, it's just impossible to bring those wages up as much as they should be. We need to realize that nursing is an extremely important part of our health care service and to get good nurses we'll have to pay responsible salaries," Knudson said.



Official Business

# Alaska State Legislature

P.O. Box V  
State Capitol  
Juneau, Alaska 99811

REPRESENTATIVE JOHNNY ELLIS

SPONSOR POSITION PAPER

HB 10

"An Act relating to forgiveness of student loans of certain health care providers."

The purpose of this bill is to create an incentive program for medically trained Alaskans to work in those areas of Alaska that need health care provider services most.

Modeled after the Teacher Scholarship Loan Program, this legislation offers the incentive of Alaska Student Loan forgiveness in return for health care service in areas of the State determined to be medically undeserved.

This program would also allow students who qualify to take advantage of the new National Health Service Corps Loan Repayment Program, which offers up to 75% Federal matching funds for such a State program.

## \*WHY HB 10?

### 1. Federal recruitment program ending.

The National Health Service Corps (NHSC) Scholarship Program, which placed 1000 national health care providers in medically undeserved areas in 1987, will issue no new scholarships. According to the US Congressional Office of Technology Assessments, NHSC had 413 scholars in 1988, 76 in 1989; and 4 in 1990, to place nationwide. Ken Bahms, the NHSC Region X Director, indicated that, no new NHSC scholars will be designated for Alaska.

### 2. Indian Health Service (IHS) dependent upon NHSC placements.

According to the Office of Technology Assessment, "Problems of training and retaining health professionals will become critical for IHS over the next 5 years as the NHSC program is phased out."

### 3. Existing NHSC placement expires August 1989.

There are currently THREE NHSC placements in Alaska:

- (1) Nome--Family Practitioner  
Summer '86 to September '89
- (2) Anchorage--Physiatrist (physical rehabilitation)

(3) Dillingham--Family Practitioner  
Summer '87 to August '89

**\*WHO is medically undeserved?**

42 U.S.C. 254(e) is a Federal distinction to determine a "health manpower shortage area". The Department of Health and Human Services has distinguished:

In Alaska:

29 psychiatry areas  
14 primary medical care areas  
4 dental service areas

**\*WHY forgiveness?**

1. Recruitment increasing problem.

All reports indicate that recruitment of health care professionals into rural/medically undeserved areas is a chronic problem. Studies indicate that the national shortage of nurses will only enhance this problem.

2. Retention difficult.

Office of Technology Assessments indicate that, "Nearly all physicians who enter IHS with NHSC scholarships payback obligations, however, leave after their obligation is fulfilled. Only about 5 percent stay at least one additional year."

3. Alaska Student Loan established program.

Forgiveness of Alaska Student Loans will ensure that Alaskan residents are encouraged to remain in Alaska and serve in those areas of greatest need.

4. 100 percent forgiveness is an adequate incentive.

A forgiveness program designed over a five-year period with increasing percentages in the fourth and fifth years will not only help in recruiting but also in retaining health care professionals to areas that have been traditionally difficult to fill.

**\*HOW to receive Federal matching funds?**

PL 100-177 provides for state programs similar to the NHSC Loan Repayment Program to receive up to 75 percent Federal matching funds through a three-year grant program. Although specific regulations have not yet been published, all relevant Federal agencies contacted have recommended that Alaska establish an independent State program first. matching funds will be issued in accordance with demonstrated need and existing State programs.



Official Business

# Alaska State Legislature

P.O. Box V  
State Capitol  
Juneau, Alaska 99811

## ANSWERS TO THE MOST FREQUENTLY ASKED QUESTIONS

### REGARDING HB 10

HB 10 - "An Act relating to forgiveness of student loans of certain health care professionals; and providing for an effective date."  
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1. What is the purpose of HB 10?

The purpose of this bill is to create an incentive program for medically trained Alaskans to work in those areas of Alaska that need health care provider services most.

2. Why forgiveness of Alaska Student Loans?

All reports indicate that recruitment of health care professionals into rural/medically underserved areas is a chronic problem in Alaska and that the national shortage of nurses will only enhance this problem. A forgiveness program of up to 70 percent over a five-year service period will not only help in recruiting but also in retaining health care professionals in areas that have traditionally been difficult to serve.

3. Will this affect the bonding of student loans?

No. Since the mechanism in this legislation utilizes a line item appropriation through the Commission on Postsecondary Education, it neither obligates future legislatures nor affects the bonding of Alaska Student Loans.

4. Who supports HB 10?

This bill has received unanimous support from health care facilities and practitioners throughout the State. It has also received the endorsement of both the Department of Health and Social Services and the Commission on Postsecondary Education.

Position Paper

HB 10

For an Act entitled: "An act relating to forgiveness of student loans of certain health care professionals; and providing for an effective date.

HB 10 would provide a student loan forgiveness program for health care professionals who provide services in areas designated by the Department of Health and Social Services as meeting professional shortage criteria. Loan forgiveness would be based on a yearly percentage of service in designated area, up to five years, at which point the entire loan would be forgiven by the state.

Recruitment and retention of health care professionals for rural areas is often difficult and expensive. Agencies and communities providing services in these areas are faced with the ongoing problem of obtaining qualified individuals who will live in rural areas for an extended period of time. This chronic turnover results in substantial cost increases and service disruption due to vacancies.

Eligible professionals providing health services in designated areas would benefit economically from this program. This economic incentive will enhance the ability of communities and agencies to recruit and retain health care providers. In addition, rural Alaskans would be encouraged to obtain advanced education and return to practice in their communities.

Position

The Department of Health and Social Services, while deferring the cost analysis of this legislation to the Department of Education, supports the economic incentives in assisting rural areas to recruit and retain qualified health professionals.

Recommended by:

Elizabeth Ward  
Elizabeth Ward, M.N.  
Director  
Division of Public Health

Date:

1/19/89

Approved by:

Myra M. Munson  
Myra M. Munson  
Commissioner  
Department of Health and  
Social Services

Date:

1/24/89

00  
**HEALTH, EDUCATION AND SOCIAL SERVICES COMMITTEE**

ALASKA STATE LEGISLATURE  
HOUSE OF REPRESENTATIVES



P.O. BOX V, JUNEAU 99811  
(907) 465-3759

HOUSE HESS COMMITTEE  
LETTER OF INTENT CSHB 10(HESS)

It is the intent of the 16th Alaska State Legislature in passing HB 10, that the Commission on Postsecondary Education in writing clearly inform borrowers potentially eligible under A.S. 14.43.120(s) that forgiveness is subject to legislative appropriation.

A handwritten signature in cursive script, appearing to read "J. Ellis".

Rep. Johnny Ellis  
Chairman

March 6 1989

Date of Adoption

HB 10

Health Care Shortage Area Elements:

distance to services  
provider to population ratios; absolutes or special demands  
overutilization or inaccessibility

definition

A health care professional shortage area exist when health care is unavailable or inaccessible due to lack of affordable and dependable transportation, or due to lack of health care providers to meet the needs of the population of the area.

A health service area is a geographic region determined by population characteristics and transportation systems which provides a reasonable service demand and economic support for specified level of professional care.

PART I  
LEVELS OF CARE

## LEVELS OF CARE: ORGANIZATION

Organization of the Alaska health care system utilizes a regional approach with types of health services and levels of care established for a determined community level. These levels are defined as:

- Level I Village
  - Level II Sub-Regional Center
  - Level III Regional Center
  - Level IV Urban Center
  - Level V Metropolis
- Other Settings

The resources (services, manpower and facilities) identified for each of the five levels are recommended as Guidelines in this plan. However, specific resources to be provided in any individual community should be determined on the basis of need. Characteristics to be considered include:

- Demographic factors (population, age, etc.)
- Health Status
- Anticipated frequency that the service will be required
- Economic feasibility of providing the service.

Regardless of the level classification within which a community may be designated, obviously economic realities do not permit provision of every recommended health service, manpower, facility or equipment in each individual community. Compromises must also be made with respect to time and distance from services as well as to the scope of services available. The levels of care concept encompasses the elements of continuity, coordination and a continuum of service delivery and referral patterns. However, in Alaska, transportation, communication and patient/consumer needs will often determine service and referral patterns. In the absence of the next higher level community, there will be times when a community will relate to the level which can provide the care in the most expeditious and convenient manner.

The State Health Plan incorporates an additional comment in the form of other settings. Other settings are discussed on pages 5-14 through 5-23. For the settings identified as Community Clusters and Highway Communities, new designations for certain communities are recommended.

Level I

Community Designation

Village

CRITERIA

Population

25 - 750, immediate community

Proximity

more than 30 minute access to a higher level (of care) by year round surface transportation

GUIDELINES

SERVICES

Primary Care for common acute illness

Reception, System entry

Referral services

Diagnostic screening, preliminary workup

Preventive services

Limited formulary pharmacy services

Education, counseling

Health Promotion Services

Itinerant Services

- Dental
- Eye
- Behavioral Health
- Physician
- Audiology
- Preventive

Home Health Aide/Homemaker Services

Basic Life Support System

→ FACILITIES

Space that can be used for Clinic purposes. As possible the space should be provided with:

- Electricity
- Water
- Heat
- Private Examination Area with Examination Table .
- Secure storage
- Reliable communications link to a Referral Center (radio and/or telephone)

HANPOWER

Community Health Aide and Alternate or Equivalent  
Person trained at EMT I Level  
Homemaker

Itinerant Public Health Nurse  
Itinerant Behavioral Health Worker  
Itinerant Health Specialist(s)

Level II

Community Designation

Sub-regional center

CRITERIA

Government (or Social Organization)

preferably incorporated government; de facto town council; active formal community organizations, especially those with human services orientation.

Population

500 - 2500 in immediate community or a service area population of at least 1000.

Accessibility

generally should be within 30 minutes access time to outlying villages.

Proximity

generally should be more than 30 minutes by year-round surface transportation from a community providing a level II or higher level of services.

Transportation

transportation network to outlying villages and to a level III or IV community.

Communications

a reliable radio or phone service to a level III or IV community.

Economic Development

basic services to outlying villages.

GUIDELINES

SERVICES

- All Services proposed for Level I
- Consultation to Providers in Level I
- Ambulatory Medical and Surgical Procedures
- Supervised Overnight Patient Care Capability
- Itinerant Dental Services
- Basic Diagnostic Services Including Limited X-Ray Capability & Lab Capability
- General Pharmaceutical Services
- Education, Counseling, Promotive Services
- Support, Supply, Administrative Services for Level I Communities
- Long Term Care Alternatives
- Nutrition Services
- Advanced life support system without cardiac capability

FACILITIES

Health Center

MANPOWER

- Physician Assistant or Nurse Practitioner
- Public Health Nurse
- EMT II
- Behavioral Health Counselor

Home Health Aide(s)/Homemakers (As appropriate)

(Manpower should be available as appropriate to the particular community)

Level III

Community Designation

Regional Center

CRITERIA

Government

Should be incorporated

Population

1500 - 60,000 in immediate community and Greater than 3,000 in Primary Service Area

Proximity

Should be more than 30 minutes by year round surface transportation from a community providing a Level III or higher level of service

Accessibility

Immediate community should be within 60 minutes travel time for at least 90% of population in Primary Service Area.

Transportation

Should have daily scheduled airline, rail, marine, or bus services to a Level IV or V community  
or  
should have less than 60 minutes travel time by private auto to a Level IV or V community

Communications

Statewide phone network; radio

Economic Development

Serve as a service center (maintenance services, commodities, financial, transportation) to Level I and II communities within its Primary Service Area

GUIDELINES

SERVICES

All services proposed for Level II  
Consultation to Level I and II providers  
Short stay institutional services  
Chronic care and long-stay institutional services  
Pharmacy services  
Optometric services  
Diagnostic x-ray services  
Support, supply & administrative services to Level II  
Community based:  
- mental health  
- substance abuse/alcohol rehab.  
Mobile EMS capacity  
Short term shelter care  
Detox. capabilities  
Dental services  
Clinical laboratory services including walk-in blood bank  
Advanced life support systems with cardiac capabilities

FACILITIES

Hospital  
- general surgery as appropriate  
- acute and long term beds  
- class 3 emergency care  
Health Center  
Community Mental Health Center  
Physician clinic(s)  
Dental clinic(s)  
Nursing home or LTC nursing beds associated with hospital

MANPOWER

Same as Level II plus:  
Primary care physician(s)  
Itinerant specialist physician(s)  
Hospital support staff  
- x-ray technician  
- medical technologist  
- laboratory technician  
Dentist(s)  
Optometrist(s)  
Pharmacist(s)  
Psychologist/mental health clinician(s)  
MSW/social worker(s)  
Sanitarian

\* Primary service area refers to that area which rationally relates to the community for most of the services not provided elsewhere in that area and includes that population within the immediate and surrounding area.

Level IV

Community Designation

Urban Center

CRITERIA

Government

be incorporated and either be a unified home rule municipality (preferably having health powers and providing health services) or be located in an organized borough.

Population

40,000 - 750,000 immediate community.

Transportation

daily scheduled transportation services to Level III communities within its health service area and to closest Level V community.

Communications

statewide phone network; radio, T.V.

Economic Development

serve as a commercial service center including specialty health services to Level III communities within its secondary service area (generally, a health service area); preferably some industrial activity.

GUIDELINES

SERVICES

All Services Proposed for Levels I, II, III Communities  
Consultation to Level I, II, III Providers  
Specialized Major Medical Services  
Class II Emergency Services Capability (Horiz)\* (Hospital)  
Major Diagnostic Services  
Clinical Laboratory Services including Blood Bank  
Basic Rehabilitation Services  
Ophthalmic Care Services  
Center for a Uniform Health Information System  
Communication Linkages to All Levels  
Mechanisms for Mobilizing EMS Services for Catastrophic Disasters involving mass casualties  
Therapeutic Radiation Capability  
Pathology and Autopsy Capability  
State designated Capacity for Mental Health & Alcoholism inpatient committal.

→ FACILITIES

See discussion on previous page. Appropriateness in general will be determined on the basis of population and expected utilization of such facilities as well as economic and practical feasibility. Delineation of such facilities (or portions thereof) will occur through the review of new and existing institutional health services.

→ MANPOWER

To be determined according to services.

Level V

Community Designation

Metropolis

Government

Incorporated, within a higher level substate entity (county equivalent) having health powers and providing health services and/or health industry regulation.

Population

450,000 +, immediate community.

Accessibility

daily major airline service to Level IV Communities.

Transportation

national - international transportation network.

Communications

sophisticated and comprehensive communications network.

Economic Development

major trade and service center; stable industry.

The SHCC will develop recommendations to influence decisions concerning Level V services which serve as multistate resources.

Highly advanced specialized care is recommended for Level V, including the following examples:

Services

Organ Transplants  
Complex Pediatric Heart Surgery  
Burn Center

Facilities

Medical/Dental School Center

**International Brotherhood of Electrical Workers**  
Local 1547

2702 DENALI STREET  
ANCHORAGE, ALASKA 99503-2778

TELEPHONE  
(907) 272-6571

DISPATCH  
(907) 276-1547

GARY BROOKS                      JOSEPH HODGE  
BUSINESS MANAGER • FINANCIAL SECRETARY      PRESIDENT



February 24, 1989

Mr. Bowman, Aide  
Office of Rep. Johnny Ellis  
P.O. Box V  
Juneau, Alaska 99811

Dear Mr. Bowman:

I wish to take this opportunity to thank you for allowing me to be a witness for House Bill #10 (HESS). Please don't hesitate to call on me, again, in the future should the need arise. I am presently in the process of organizing and representing health-care workers in the Anchorage and surrounding areas. This association does allow me an ability to hear the problems, concerns, and needs of various members of the health-care industry firsthand.

There is much need for change and improvement in the health-care industry. Our current national crisis regarding the shortage of health-care workers in the United States is a good indicator of the urgent need for public, private, and governmental involvement, intervention, and assistance. Your efforts, and that of the HESS Committee, in helping to provide tuition reimbursement for health-care graduates is a good beginning in helping to eliminate this crisis. Any future assistance or intervention in this direction will help to cushion, and possibly help to alleviate the health-care crisis.

Helene Antel, IBEW Legal Counsel, also says "Thank you" for your generous invitation, and please continue to contact her in the future if she can be of service to you and the HESS Committee members.

Sincerely,

A handwritten signature in cursive script that reads "Glenda Clark RN". The signature is written in dark ink and is positioned above the typed name and title.

GLENDAL CLARK, R.N.  
Health-Care Representative

LETTERS OF SUPPORT written for HB 409 which was introduced in the Fifteenth Alaska State Legislature, and which is identical to HB 10.

HB 10: "An Act relating to forgiveness of student loans of certain health care professionals; and providing for an effective date."

1. University of Alaska, Board of Regents 11/23/87
2. Alaska Commission on Postsecondary Education 3/25/88
3. Department of Health & Social Services 2/10/88
4. Alaska Board of Nursing 4/13/88
5. Alaska Mental Health Board 3/29/88
6. University of Alaska, Anchorage 4/13/88
7. Alaska Native Health Board 2/10/88
8. Dept. of Health & Human Services 2/10/88
9. Tanana Chiefs Conference, Inc. 2/08/88
10. Norton Sound Health Corporation 3/07/88



Office of Regents' Affairs  
(907) 474-7908

UNIVERSITY OF ALASKA  
FAIRBANKS, ALASKA 99775-5080

FEB 4 1988

November 23, 1987

NOV 27 1987

Alaska Commission on  
Postsecondary Education

Dr. Kerry D. Romesburg  
Executive Director  
Alaska Postsecondary Education Commission  
P.O. Box FP  
Juneau, Alaska 99811

Dear Dr. Romesburg:

Members of the University of Alaska Board of Regents requested that a copy of the following motion, adopted by the Board at its November 20, 1987 meeting in Anchorage, be forwarded to your attention:

PASSED:

"The Board of Regents directs its representatives on the Alaska Postsecondary Education Commission to forward to the commission a proposal for the development of a scholarship program for medical students from Alaska, similar to the Teacher Scholarship Loan Program, which would include forgiveness of payment if an individual practices medicine for a specified period of time in rural Alaska. This motion is effective November 20, 1987."

The above motion was made by Regent Susan Stitham, seconded by Regent Mark Helmericks, and passed unanimously by the Board of Regents.

Very truly yours,

A handwritten signature in cursive script that reads "Julie E. Chavez".

Julie E. Chavez,  
Regents' Affairs Officer

cc: Regents Stitham, Helmericks, and Rasmuson  
President Donald O'Dowd  
Dr. Donald Behrend

**STEVE COWPER, GOVERNOR**

**ALASKA COMMISSION ON POSTSECONDARY EDUCATION**

POUCH FP  
JUNEAU, ALASKA 99811  
PHONE: (907) 465-2854

**ALASKA COMMISSION ON POSTSECONDARY EDUCATION  
POSITION PAPER  
CSHB 409**

At the December 12, 1987 meeting of the Alaska Commission on Postsecondary Education, the Commission concurred with the UA Board of Regents resolution for the development of an Alaska Student Loan forgiveness provision for graduates of health care programs. The Commission moved that staff work with appropriate legislative committees to establish such a provision. On March 25, 1988, the Commission endorsed CSHB 409 as the means for providing an incentive for health care providers to practice in rural Alaska.

Position Paper

CSHB 409

For an Act entitled: "An Act relating to forgiveness of student loans of certain health care providers."

HB 409 would provide a student loan forgiveness program for health care professionals who provide services in areas designated by the United States Public Health Service as meeting professional shortage criteria. Loan forgiveness would be based on a yearly percentage of service in a designated area, up to five years, at which point the entire loan would be forgiven by the state.

Recruitment and retention of health care professionals for rural areas is often difficult and expensive. Agencies and communities providing services in these areas are faced with the ongoing problem of obtaining qualified individuals who will live in rural areas for an extended period of time. This chronic turnover results in substantial cost increases and service disruption due to vacancies.

Eligible professionals providing health services in designated areas would benefit economically from this program. This economic incentive will enhance the ability of communities and agencies to recruit and retain health care providers. In addition, rural Alaskans would be encouraged to obtain advanced education and return to practice in their communities.

Position

The Department of Health and Social Services, while deferring the cost analysis of this legislation to the Department of Education, supports the economic incentives in assisting rural areas to recruit and retain qualified health professionals.

Recommended by:

*Elizabeth Ward*  
Elizabeth Ward, M.N.

Director

Division of Public Health

Date:

*February 10, 1989*

Approved by:

*Myra M. Munson 2/10/88*  
Myra M. Munson

Commissioner

Department of Health and  
Social Services

# STATE OF ALASKA

## DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT

DIVISION OF OCCUPATIONAL LICENSING

STEVE COWPER, GOVERNOR

7TH FLOOR FRONTIER BLDG.  
3601 C STREET, SUITE 722  
ANCHORAGE, ALASKA 99503  
PHONE: (907) 561-2878

April 13, 1988

Johnny Ellis, Representative  
P.O. BOX V  
Juneau, Alaska 99811

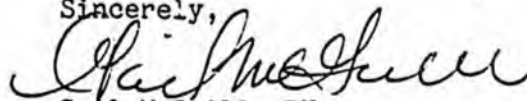
Dear Representative Ellis,

This letter is being written in support of CS HB 409. The Board of Nursing continues to support this bill relating to forgiveness of student loans of certain health care providers including registered nurses. As indicated in previous correspondence related to this bill, the Board believes having a state agency designate the shortage area is more reasonable than using the federal designations.

Registered nurses are more in demand now in many Alaska communities than we had identified in November, 1987. We see student loan forgiveness as an incentive to encourage nurses to seek employment in those communities with the greatest need for nursing services.

We thank you for your efforts in securing this legislation and urge its passage.

Sincerely,



Gail McGuill, RN  
Executive Secretary  
Alaska Board of Nursing

STATE OF ALASKA  
**DEPT. OF HEALTH AND SOCIAL SERVICES**

**ALASKA MENTAL HEALTH BOARD**

STEVE COWPER, GOVERNOR

P.O. BOX H 04  
JUNEAU, ALASKA 99811-0620  
PHONE: (907) 465-3370

March 29, 1988

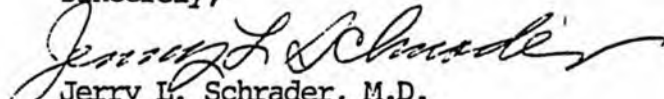
APR 1 1988

The Honorable Johnny Ellis  
Alaska State Representative  
P.O. Box V  
Mail Stop 3100  
Juneau, AK 99811

Dear Representative Ellis:

I personally support HB 409 as one of many steps that may reduce the rapid turnover of Mental Health Professionals in rural areas. The Alaska Mental Health Board has identified the manpower issue as one its priorities for study during this next year. Unfortunately, the information you request is not readily available to me at this time, but when it is I will forward it to you.

Sincerely,

  
Jerry L. Schrader, M.D.  
Chairman, Temporary

JLS/sg



# UNIVERSITY OF ALASKA, ANCHORAGE

3211 Providence Drive  
Anchorage, Alaska 99508

13 April 1988

COLLEGE OF NURSING  
AND HEALTH SCIENCES

Representative Johnny Ellis  
State House of Representatives  
Juneau, AK

Dear Representative Ellis:

As you know, the faculty of the College of Nursing at the University of Alaska has followed the progress of House Bill 409 with interest. Having reviewed the final version of this bill, I would now like to express strong support for its passage.

I was particularly pleased to see that the Department of Health and Social Services is now identified as being the agency that designates a geographic area as having a "manpower shortage". Although Federal guidelines for making such designations exist, they are quite rigid and tend to limit the ability to respond to changing local conditions. It is unlikely that any agency would be more likely to be aware of local conditions than the DHSS.

While it would not be desirable for an individual to choose to pursue higher education in the health care field solely because of the financial incentive that this Bill would provide, it is likely that the provisions of HB 409 will make it feasible for individuals who truly desire to work as registered nurses or physicians to complete their education in their chosen fields. Thus, the provisions of this bill serve to encourage individuals to fulfill personal educational needs in a manner that will also serve the health care needs of Alaskans.

While this bill will not immediately solve the current nursing shortage in the State, it does represent a long-term approach to solving that problem. Since certain geographic areas within the State have experienced a chronic shortage of registered nurses and physicians, this long view seems to be particularly appropriate.

You are to be commended for your attention to the health care needs of Alaskans and for the long view that you have taken toward solving this problem.

Please feel free to contact me if you wish a further elaboration of the potential benefits of the passage of this Bill.

Sincerely,

Tina D. DeLapp, R.N.C., Ed.D.  
Associate Dean for Nursing

# Alaska Native Health Board

1135 W. 8th AVENUE, SUITE 2, ANCHORAGE, ALASKA 99501

PHONE (907) 276-8989

February 10, 1988

Representative Johnny Ellis  
Alaska State Legislature

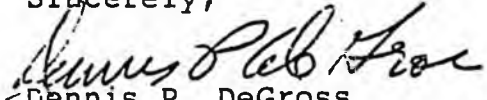
Dear Representative Ellis:

The Alaska Native Health Board strongly supports HB 409, "An Act Relating to Forgiveness of Student Loans of Certain Health Care Providers". In our statewide system of Native health care (Comprised of the Indian Health Service and 16 regional and other Native tribal health provider agencies), the number of vacant positions has varied between 41 and 59 over the past two months. At the present time there is a need for 9 physicians, 1 dentist, 22 nurses, 1 med tech, 1 physician assistant, 1 pharmacist, and 2 Xray technicians.

While the general requirement for employment in our system is that new hires have a minimum of 3 years past experience, our Internship program would allow about 14 new health provider graduates per year to enter the system directly from graduation. Our view is that the proposed bill would help us and other employers of health professionals in Alaska, such as municipalities and the State of Alaska, to hire Alaskans.

Thank you for the opportunity to comment in support of HB 409.

Sincerely,

  
Dennis P. DeGross  
Executive Director

337-0026

John Ellis  
2/10/88

ALEUTIAN PIRIBILOF ISLAND ASSOC. INC.  
BRISTOL BAY AREA HEALTH CORPORATION  
COOK INLET NATIVE ASSOCIATION  
COPPER RIVER NATIVE ASSOCIATION

KODIAK AREA NATIVE ASSOCIATION  
MANILAQ ASSOCIATION  
THE NORTH PACIFIC RIM  
NORTH SLOPE BOROUGH HEALTH CORP.

NORTON SOUND HEALTH CORPORATION  
SOUTHEAST ALASKA REGIONAL HEALTH CORP.  
TANANA CHIEFS CONFERENCE  
YUKON-KUSKOKWIM HEALTH CORPORATION



DEPARTMENT OF HEALTH & HUMAN SERVICES  
PUBLIC HEALTH SERVICE

February 10, 1988

FEB 16 1988

Refer to: A-NSS

Rep. Johnny Ellis  
Co-chair HESS Committee  
Pouch V  
State Capitol  
Juneau, AK 99811

*heola*

Dear Rep. Ellis:

Response on behalf of Marion Bayless, Administrator, Alaska Area Nursing Services Section, in support of HB409 "An act relating to forgiveness of student loans of certain health care providers", we offer the following data and information:

The area, number, and type of nursing vacancies in Alaska-PHS, IHS are as follows:

Anchorage - ANMC

- 7 - Supervisory Clinical Nurses
- 24 - Clinical Nurses

	<u>Current</u>	<u>Anticipated</u>	
Med-Surg	6	3	
*OB	2	2	
***Peds Infant	5 (3 neonate, 2 older peds)		
ICU	2		
**OR	2		
OPD		1	
Specialty Cl.	1		
	<u>18</u>	<u>6</u>	= 24-26 running number vacancies for past 5 months.

Barrow

- 1 Assistant Administrator of Nursing
- 1 Outpatient Dept. Head Nurse
- 6 Clinical nurses

Bethel

- 1 Night Supervisor
- 5 Clinical Nurses

Kanakanak

- 4 Clinical Nurses

Kotzebue

- 1 Assistant Administrator of Nursing
- 4 Clinical Nurses

Mt. Edgecumbe

- 2 Mental Health Nurses
- 3.5 Med-Surg Nurses

Rep. Johnny Ellis  
February 10, 1988  
Page 2

\* It currently takes ANMC 5-6 months to recruit qualified Obstetric Clinical Nurses due to the high skill requirement of this high risk patient population and the complexity of care, equipment, and procedures.

\*\* It takes up to 12 months to recruit qualified OR nurses.

\*\*\* It takes 6-8 months to recruit qualified neonatal nurses.

Current literature and research on Recruitment and Retention reflects educational opportunity and advancement to be high priorities for nurses surveyed in the Lower 48 States.

A Federal Interagency Staff Nurse Recruitment and Retention Task Force has identified educational opportunity and advancement to be among the top three priorities for recruitment and retention.

Attraction of minority students unable to meet financial obligation to field of nursing.

Alaska PHS-IHS exit interviews consistently reflect a primary reason for a change of employment location being:

- a) Lack of educational opportunities or advancement in present position.
- b) Seeking continuing educational opportunities with another agency (often East Coast States).

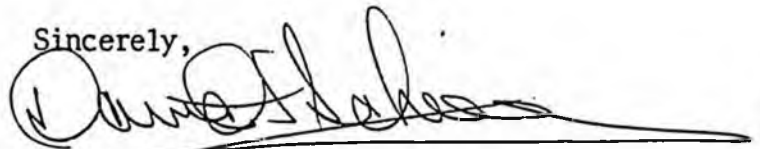
\* Financial Support/Loan Forgiveness: Among the most comprehensive approaches to the recruitment into nursing problem is the one undertaken by some hospital-based schools of nursing which have decided to underwrite the costs of tuition for nursing students. The students must be willing to commit themselves to a designated period of employment in their school's hospital which will qualify them for full tuition reimbursement. Some programs will advance the required tuition while others will reimburse after the fact. In making the mutual commitment to this relationship, the student nurse and the hospital are investing time and energy in each other. The hospital stands to gain a certain number of guaranteed staff nurses upon graduation, and the student is able to obtain a nursing education without becoming encumbered with loans. In many respects this arrangement has much in common with the U. S. military R.O.T.C. programs, which supports a student in collegiate nursing education in exchange for a commitment to a given number of years in military nursing service. Two hospital-based schools of nursing which have been notably successful in recruiting students with this strategy are: Framingham Union Hospital, 115 Lincoln St., Framingham, MA 01701, Jane Woodward, Associate Administrator; and Crouse-Irving Memorial Hospital School of Nursing, 736 Irving Avenue, Syracuse, NY 13210, Dr. Suzanne Spaulding, Director.

Rep. Johnny Ellis  
February 10, 1988  
Page 3

\* The Adult Pool of Potential RNs: In maximizing the impact of available resources, it would be advisable to consider the pool of current health care workers, such as LPNs, EMTs and paramedics. They are familiar with the hospital world, so facilitating their transition into the RN pool may provide a rapid return on available resources. Several diploma schools of nursing as well as AD programs in community colleges are recruiting this population into their RN educational programs. In order to make these programs more accessible, several offer weekend classes and evening classes for those who are employed full time. Some hospitals which might have laid off LPNs in the past have decided to try to meet the manpower needs of their institutions by offering generous academic loans to these individual with commitments to "forgive" these loans if the graduate will return to work as an RN for a given period of time.

Thank you for the opportunity to comment on this vital Alaska Health Care issue.

Sincerely,



David J. Schraer, MD  
Chief, Area Patient Care Standards Br.

\*Reference: American Organization Nurse Executives, American Hospital Association.

*Tanana Chiefs Conference, Inc.*

201 First Ave.  
Fairbanks, Alaska 99701  
(907) 452-8251

FEB 11 1988

FEB. 8, 1988

REP. JOHNNY ELLIS  
HOUSE HESS COMMITTEE  
ALASKA STATE LEGISLATURE  
POUCH V  
JUNEAU, ALASKA

REFERENCE: HB 409: HEALTH PROVIDER STUDENT LOAN FORGIVENESS

DEAR REP. ELLIS:

THIS IS IN RESPONSE TO YOUR LETTER OF FEBRUARY 5, 1988 REQUESTING COMMENTS CONCERNING HB409, SUPPORTING LOAN FORGIVENESS FOR HEALTH PROFESSIONAL STUDENT LOANS.

THE TANANA CHIEFS CONFERENCE, INC. IS SUPPORTIVE OF THIS PROPOSED LEGISLATION.

HEALTH PROFESSIONAL RECRUITMENT IS AN ON-GOING CONCERN FOR US, ALTHOUGH FAIRBANKS IS GENERALLY ONE OF THE MORE DESIRABLE LOCATIONS FOR PROFESSIONALS IN ALASKA, AND WE HAVE LESS OF A PROBLEM THAN MANY OF THE OTHER REGIONS OF THE STATE.

OUR MOST SIGNIFICANT RECRUITMENT PROBLEM HAS BEEN FOR A REGIONAL PSYCHIATRIST TO SERVE INTERIOR ALASKA VILLAGES. WE ARE A DESIGNATED PSYCHIATRIC MANPOWER SHORTAGE AREA, AND HAVE NOT BEEN ABLE TO FIND A CANDIDATE DESPITE NEARLY TWO YEARS OF ACTIVE RECRUITMENT (FINANCING IS ALSO A PROBLEM: WE HAVE REQUESTED AN INCREASE IN OUR DHSS B.R.U. TO PROVIDE THIS SUPPORT).

OTHER ONGOING RECRUITING NEEDS INCLUDE PHYSICIAN'S ASSISTANTS TO SERVE AS PRIMARY CARE PROVIDERS AND HEALTH AIDE SUPERVISORS (CURRENT VACANCIES IN TOK AND MCGRATH), AND MENTAL HEALTH CLINICIANS (MSW OR PHD). WE HAVE REGULAR VACANCIES IN THESE TYPES OF POSITIONS (EVERY TWO-THREE YEARS).

RECRUITMENT FOR PHYSICIANS, DENTISTS, AND NURSES HAS NOT BEEN A SIGNIFICANT PROBLEM FOR US, ALTHOUGH WE WOULD PREFER TO HIRE INDIVIDUALS WHO HAVE ALASKA EXPERIENCE VS. RELOCATING INDIVIDUALS FROM THE LOWER 48.

ONE AREA OF CRITICAL CONCERN FOR THE TCC IS THE DEVELOPMENT OF ALASKA NATIVE HEALTH CARE PROFESSIONALS. AT PRESENT ONLY TEN PERCENT OF PROFESSIONAL PROVIDERS SERVING THE RURAL INTERIOR ARE ALASKA NATIVE (TWO PHYSICIANS ASSISTANTS AND ONE DEPARTMENT MANAGER IN HEALTH EDUCATION). SUCCESSFUL NATIVE COLLEGE GRADUATES SEEM TO BE CHOOSING CAREERS IN EDUCATION AND BUSINESS RATHER THAN HEALTH CARE PROFESSIONS.

LETTER TO REP. ELLIS

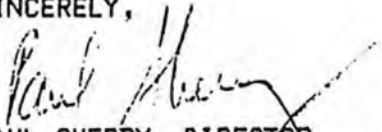
PAGE TWO

THE PROVISIONS OF HB489 WOULD APPEAR TO PROVIDE RELIEF AND SUPPORT FOR OUR EFFORTS TO INCREASE ALASKAN HIRE IN HEALTH PROFESSIONS.

THE FORGIVENESS PROVISIONS WOULD ENCOURAGE COLLEGE STUDENTS TO MORE FAVORABLY CONSIDER HEALTH CAREERS, AND INCREASE THE AVAILABILITY OF PROFESSIONALS WHO WOULD MAKE A LONGER TERM COMMITMENT TO ALASKAN SERVICE.

YOU HAVE THE SUPPORT OF THE TANANA CHIEFS CONFERENCE, INC. IN YOUR EFFORTS TO ENACT THIS LEGISLATION.

SINCERELY,

  
PAUL SHERRY, DIRECTOR  
DEPT. OF HEALTH SERVICES

CC: SEN. JOHNE BINKLEY  
REP. KAY WALLIS  
MITCH DEMIENTIEFF, TCC PRESIDENT



# NORTON SOUND HEALTH CORPORATION

P.O. BOX 966  
NOME, ALASKA 99762  
(907) 443-5411

March 7, 1988

Leola M. Weimer  
Legislative Aide for Rep. Ellis  
Alaska State Legislature House  
Pouch V  
Juneau, Alaska 99811

Dear Mrs. Weimer:

I have recently become aware of House Bill 409, an act relating to the forgiveness of student loans of certain health care professionals. I have phoned my comments in support of this bill to our local legislative affairs office in Nome, and I would like to address my comments further on paper via this letter.

I am an Alaska Student Loan Recipient in an amount greater than \$20,000. I am a physician employed by Norton Sound Health Corporation and have been practicing here since graduation from my residency in August 1986. I am an Alaska resident since 1975 and had always planned on returning to Alaska to work upon completing my education. I am currently finishing a 2 year contract with Norton Sound Health Corporation and have recently extended my contract for an additional 2 years to be served in the Norton Sound area.

Since coming here I have discovered that recruitment of medical personnel is tenuous at best. This applies not only to physicians staff, but other ancillary medical personnel as well. As I understand House Bill 409, it appears to be an honest attempt at dealing with this problem faced by rural communities in Alaska.

Though the current bill would not have affected my decision to return to Alaska, it certainly could impact on my decision to stay for a longer period of time in a rural community. More specifically, under my current loan agreement if I practice in Alaska for a period of 6 years I will have 40% of my loan forgiven. Under those provisions I might choose to work 2 years on a rural setting and then move to a more comfortable and perhaps more profitable location in the state. However with the provisions of House Bill 409 I can have complete loan forgiveness after a period of 6 years thus encouraging me to stay for an extended period in a rural community. It is my feeling that others faced with this opportunity would feel the same, electing to stay for longer periods of time in a rural community, with the added benefit of increased continuity of care for the peoples of those communities.

This is growing lengthy, but I wish to express my support for House Bill 409 and encourage your efforts along these lines. If you have any questions please feel free to contact me.

Sincerely,

Byron Perkins, D.O.  
BP:m

the Longevity Bonus in the continuum of services to older adults.

In its efforts to serve older people, the Older Alaskans Commission is one of the primary funding sources for community- and home-based services in Alaska. It also plays an important role in planning, promoting, and developing these services.

The Older Alaskans Commission is charged with reviewing and evaluating state programs concerned with the problems and needs of older Alaskans. Under AS 44.21, the Older Alaskans Commission is not permitted to review Pioneers' Homes or the Longevity Bonus program. Not to consider these programs when planning for needs of older Alaskans is to ignore important resources and programs available to some older Alaskans. To develop the most effective continuum of services for older Alaskans, it is necessary that decisions made by the Older Alaskans Commission accurately reflect the environment in which services are delivered.

**Implementation:** Legislation is required to amend AS 44.21 to permit the Older Alaskans Commission to consider the Pioneers' Homes and the Longevity Bonus program.

### 36. Shortage of Health Professionals and Paraprofessionals

#### *Findings*

- The availability of an adequate number of properly trained health care workers, at both the professional and the paraprofessional levels, is necessary to assure access to health care and the quality of that care. A shortage of health care workers will increase the cost of care as providers compete for scarce workers by increasing wages.
- Alaska currently faces a shortage of certain health professionals and paraprofessionals. National trends indicate this problem may increase.
- Many Alaskans might become or remain in the health care profession if appropriate training opportunities were more readily available.

#### *Recommendation*

The state should address the need for health professionals and paraprofessionals in Alaska by:

Providing a training continuum from the level of home health aide to nurse with graduate level of education through the state-funded university system;

targeting student loan forgiveness programs to health professionals whose primary practice is in medically underserved areas; and

extending third-party reimbursement to mid-level licensed health practitioners.

*1988 Legislative Update: Senate Bill 315 (Chapter 56 SLA 1988) requires health insurers to reimburse consumers for services provided by advanced nurse-practitioners.*

Testimony indicates that Alaska currently faces a statewide shortage of nurses and physical therapists. In rural areas, there is a need for more rural health aides and personal care attendants. Current national trends in the demand for and training of various kinds of health care workers suggest that shortages of health care workers will worsen in the future.

The state must take action to ensure that Alaska has an adequate number of health care workers. Besides reducing access, a shortage of health care professionals and paraprofessionals can affect the quality and cost of care.

To foster an adequate supply of health professionals and paraprofessionals, the state should ensure that residents have access to an educational ladder that provides training for those entering the health professions at the lowest levels and for those seeking to move to a higher skill level.

By providing a training continuum, the state avoids health facilities' being forced to train their own paraprofessionals or hire from outside Alaska. This continuum would also prevent Alaskans from having to leave the state for training. It is important that this training be accessible to people throughout the state. Limiting programs to one or two campuses will not meet the needs of those who cannot relocate for training.

Some areas of Alaska will always have difficulty attracting health professionals. A wide range of services are needed. Many medical specialties, such as obstetrics and psychiatry, are not accessible in many parts of rural Alaska. Targeting student loan forgiveness programs to health professionals whose primary practice is in a medically underserved area is a means by which the state can encourage professionals to locate in those areas.

Extending third-party coverage to mid-level licensed practitioners is another way for the state to encourage access to care. By including mid-level licensed practitioners under Medicaid and GRM and by requiring private insurance to reimburse for care they provide, the state increases clients' ability to purchase their services.

**Cost:** The student loan forgiveness program would have to be funded; the cost would depend on the success of the program. Developing a training continuum might require additional funds, although most of the components of the program already exist.

**Implementation:** Legislative action is required to enact the student loan forgiveness program, to adopt Medicaid options for covering licensed mid-level practitioners, and to mandate private insurance coverage of mid-level practitioners.

### 37.

## State and Federal Coordination

### *Finding*

- Health care delivery in Alaska would benefit from closer cooperation between state and federal agencies involved in health-related services.

### *Recommendation*

The state should endeavor to coordinate planning and provision of health care with federal agencies.

The federal government provides health care in Alaska through a variety of programs, including the Indian Health Service, the Veterans Administration, the military, Medicare, and Medicaid. Commission testimony and discussion raised

concerns about the provision of health care services by the federal government. The issue of cost shifting between federal and state programs and a general uncertainty about federal policies and their future direction were both identified as problems the state must address. State and federal coordination of planning and health care delivery will allow more efficient use of resources.

**Cost:** Coordination can be implemented at no additional cost to the state.

**Implementation:** Coordination of planning and provision of health care can be accomplished through administrative activities of state and federal health care agencies.

### 38.

## Medical Liability Insurance

### *Findings*

- An estimated 10 percent of every medical bill in Alaska goes for medical liability insurance.
- Medical liability insurance premiums in Alaska more than doubled between 1985 and 1988.
- Nationally, it is estimated that 15 percent of health care expenditures pays for defensive medicine.
- Rural providers, especially those providing obstetrical care, have been particularly hard hit by the increase in medical liability insurance.
- Health providers are not the only professions that face problems with the availability and affordability of liability insurance. Addressing the problem comprehensively requires the involvement of many professions and industries and the consideration of insurance regulation and tort reform.

### *Recommendation*

The Governor should appoint and fund a Liability Insurance Task Force, outside the legislative process, in an effort to achieve meaningful liability insurance reform. The task force should include: one legislator each from the Alaska House and Senate, and representatives from the trial lawyers, medical doctors, the Alaska Chamber of Commerce,

# FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_ Agency Affected: Health & Social Services  
 Title: Relating to forgiveness of BRU: State Health Services  
student loans of health care prof.  
 Sponsor: Ellis, et al. Components: Public Health Administration  
 Requester: Senate HESS

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 90	FY 91	FY 92	FY 93	FY 94	FY 95
Personal Services						
Travel						
Contractual		21.5				
Supplies						
Equipment						
Land & Structures						
Grants, Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	0.0	21.5	0.0	0.0	0.0	0.0

<b>CAPITAL</b>	0.0	0.0	0.0	0.0	0.0	0.0
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<b>REVENUE</b>	0.0	0.0	0.0	0.0	0.0	0.0
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FUNDING: (Thousands of Dollars)

General Funds	0.0	21.5	0.0	0.0	0.0	0.0
Federal Funds						
Other						
<b>TOTAL</b>	0.0	21.5	0.0	0.0	0.0	0.0



POSITIONS

Full-Time		0				
Part-Time		0				
Temporary		0				

ANALYSIS: (attach a separate page if necessary)

No fiscal impact in FY 90.

See attached analysis for FY 91.

Prepared By: Katherine A. Kelly, Dr. P.H.   
 Division: PUBLIC HEALTH  
 Approved By Commissioner:   
 Agency: HEALTH & SOCIAL SERVICES

Phone: 465-3090  
 Date: 04/26/90  
 Date: 4/26/90

Distribution (by preparer):

Legislative Finance, Legislative Sponsor, Requestor,  
 Office of Management & Budget, Impacted Agency(ies)

FISCAL NOTE FOR CS HB 10 (HESS) AM

In order for the Department of Health and Social Services to establish the health professional shortage designation system in a timely manner, limited contractual services would be required during the first year. This additional cost would be necessary due to limited availability of Division of Public Health Staff to focus on developing a information system which could be readily maintained to provide the Alaska Commission on Post Secondary Education the necessary information.

It is anticipated that once a computerized system was established, the information could be updated on an annual basis utilizing existing personnel and equipment.

Contractual Line 73000

Professional Services: Personal Services contract for the purpose of developing the health professional shortage designation regulations, conducting the public review and adoption of the regulations, establishing a data base to be updated and monitored by department staff, and developing the initial shortage area designation for the Alaska Commission on Post Secondary Education. 4 months at \$5.0 per month \$20.0

Communication: Printing of regulations, public notification of regulations and program availability, teleconference for public hearings in the regulation adoption process. \$ 1.5

Total Contract Line \$21.5

CS HB 10 (HESS) AM

For an Act entitled: "An act relating to forgiveness of student loans of certain health care professionals; and providing for an effective date.

CS HB 10 (HESS) would provide a student loan forgiveness program for health care professionals who provide services in areas designated by the Department of Health and Social Services as meeting professional shortage criteria. Loan forgiveness would be based on a yearly percentage of service in designated area, up to five years, at which point the entire loan would be forgiven by the state.

Recruitment and retention of health care professionals for rural areas is often difficult and expensive. Agencies and communities providing services in these areas are faced with the ongoing problem of obtaining qualified individuals who will live in rural areas for an extended period of time. This chronic turnover results in substantial cost increases and service disruption due to vacancies.

Eligible professionals providing health services in designated areas would benefit economically from this program. This economic incentive will enhance the ability of communities and agencies to recruit and retain health care providers. In addition, rural Alaskans would be encouraged to obtain advanced education and return to practice in their communities.

Position

The Department of Health and Social Services, while deferring the cost analysis of this legislation to the Department of Education, supports the economic incentives in assisting rural areas to recruit and retain qualified health professionals.

Recommended by: Katherine A. Kelley  
Katherine A. Kelley, Dr.P.H.  
Director  
Division of Public Health

Date: \_\_\_\_\_  
Approved by: Myra M. Munson  
Myra M. Munson  
Commissioner  
Department of Health and  
Social Services

Date: April 26, 1990

**FISCAL NOTE**

**REQUEST:**

Revision Date: January 24, 1989  
Title: RE: Forgiveness of Student Loans - Health Care Providers  
Sponsor: Ellis, Koponen and Gruenberg  
Requestor: House HESS

Agency Affected: Education  
BRU: Postsecondary Education/ Student Loan Corporation  
Components: Student Loan Fund

**EXPENDITURES/REVENUES: (Thousands of Dollars)**

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS	-0-	-0-	34.1	75.0	122.8	131.0
MISCELLANEOUS						
TOTAL OPERATING						

CAPITAL	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94

REVENUE	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94

**FUNDING: (Thousands of Dollars)**

GENERAL FUND	-0-	-0-	34.1	75.0	122.8	131.0
FEDERAL FUNDS						
OTHER						
TOTAL						

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY						

**ANALYSIS : (Attach a separate page if necessary)**

See attached

Prepared by: Ronald A. Phipps, Executive Director  
Division: Alaska Commission on Postsecondary Education

Phone: 465-2854  
Date: January 24, 1989

Approved by Commissioner: \_\_\_\_\_  
Agency: \_\_\_\_\_

Date: \_\_\_\_\_

- Distribution (by preparer):
- Legislative Finance
  - Legislative Sponsor
  - Requestor
  - Office of Management and Budget
  - Impacted Agency(ies)

**received**  
1-24-89

HB 10  
Analysis of Fiscal Impact

A. Assumptions

1. The current student loan population is representative of the future attendance pattern for students of selected health care fields.
2. Only a small proportion of health care graduates will actually qualify for the benefits of HB 409. The estimate used for the analysis is 1-in-10 medical graduates (physicians, surgeons, psychiatrists), and 1-in-8 nursing graduates. Additionally, of these, it is estimated that the average forgiveness will be 36% (that is 3-of-5 years of eligible forgiveness).
3. Borrowing years will vary by health care field. For this fiscal note, the following are assumed:

Medical Profession	8 years
Nursing	3 years

B. Projections

	<u>GRADUATES BY FIELD</u>					
<u>Field</u>	<u>1988-89</u>	<u>1989-90</u>	<u>1990-91</u>	<u>1991-92</u>	<u>1992-93</u>	<u>1993-94</u>
Medical Prof.	32	32	31	32	33	34
Nursing	67	67	68	70	71	72
Totals:	99	99	99	102	104	106

C. Fiscal Impact

<u>Year</u>	<u>Amount</u>
1989-90	\$ -0-
1990-91	34,000
1991-92	75,020
1992-93	122,760
1993-94	130,960