

HB

442

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WHILE IN SESSION
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ALASKA STATE HOUSE



CHAIR
RULES COMMITTEE

JUDICIARY

SPECIAL COMMITTEE ON INTERNATIONAL
TRADE & TOURISM

LEGISLATIVE COUNCIL

REPRESENTATIVE JOHNNY ELLIS

Sponsor Statement
by Representative Johnny Ellis

HB 442 - "relating to forgiveness of student loans of certain
health care professionals"

House Bill 442 is one answer to the chronic shortage of doctors, nurses and other medical professionals in Alaska. The purpose of the bill is to create an incentive for medically trained Alaskans to work in areas of the state underserved by their particular medical profession.

HB 442 establishes a graduated schedule of forgiveness of Alaska student loans which, by the fifth year of service in a medically underserved area, would allow for 70% forgiveness of the professional's student loan. Based on testimony and reports from nursing and other professional organizations, loan forgiveness provides a substantial incentive for medical personnel to practice in areas they would otherwise not choose. The chronic shortage of primary health care providers in Alaska is a continuing problem, made even more well known through the popular TV show Northern Exposure. Loan forgiveness is one successful strategy to improve the quality of health care, especially in rural Alaska.

Professions covered in the bill are physicians, osteopaths, physical and occupational therapists, registered nurses, and physician assistants. The definition of medically underserved areas is determined in regulation by the Department of Health and Social Services.

HB 442 also contains a section (sec. 2) which requires participants in the WICHE and WAMI programs to return to Alaska for work within four years or they would have to pay back part of the state subsidy provided for their education.



Bills nearly identical to HB 442 passed the House in each of the past two legislatures: HB 409 passed 35-4 in 1988, and HB 10 passed 33-1 in 1990. Both bills died in session end logjams in the Senate. A great deal of support for these measures has developed over the years including:

University of Alaska, Board of Regents
Alaska Commission on Post Secondary Education
Department of Health and Social Services
Alaska Board of Nursing
Alaska Mental Health Board
Rural Alaska Health Education Center
Tanana Chiefs Conference
Norton Sound Health Corporation
Alaska Native Health Board
International Brotherhood of Electrical Workers
Health Care Coalition of Alaska
Sitka Community Hospital
Providence Hospital

HB 442 would not create the only loan forgiveness program in the state. Currently there is a loan forgiveness program for Alaskans who choose to teach in rural elementary or secondary schools in Alaska - the Alaska Teacher Scholarship Loan Program.

News Release

Alaska Legislature
P.O.Box V
Juneau, AK
99811-3100



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House of Representatives

Rep. Johnny Ellis

For Immediate Release

Feb. 5, 1992

POPULAR TV SHOW EXPOSES NEED FOR HEALTH CARE WORKERS

JUNEAU--Rep. Johnny Ellis, D-Anchorage, today reintroduced legislation (HB442), which would provide loan forgiveness for medical professionals who choose to practice in medically underserved communities of Alaska.

"I first introduced this bill in 1987," Ellis said. "Since then, Alaskans have continued to suffer from a lack of medical professionals. The state has to offer incentives to doctors, nurses and other health care professionals to practice here, especially in rural communities of the state where there is a dangerous shortage of qualified personnel."

The lack of medical practitioners in Alaska has received widespread attention through the popular TV series, "Northern Exposure." The show depicts the life of a young doctor who - as a condition of his medical school financing - practices in a small Alaskan town.

"While 'Northern Exposure' may be Hollywood fiction, it's a fact that without incentives, rural Alaska communities will continue to suffer the consequences of a shortage of medical personnel," Ellis said.

HB442 provides for up to 70 percent forgiveness of an Alaska student loan for physicians, osteopaths, physical therapists, occupational therapists, registered nurses or physician assistants who practice in medically underserved areas of the state for up to five years.

The bill also requires WICHE and WAMI participants to practice in the state or they would have to pay back part of their state subsidies for these programs.

"Alaskans who return to Alaska are more likely to stay and be successful in their health careers than people who are not as familiar with the state," said Karen Perdue, president of the Rural Alaska Health Education Center at UAF, which provides

-MORE-

incentives for Alaskans to pursue health careers in the Alaska. "Partial forgiveness of the Alaska Student Loan Program is a proven way to encourage Alaskans to pursue medical careers and to practice in Alaska."

HB442 is similar to HB409 and HB10, which passed the House by a 35-4 vote in 1988 and 33-1 vote in 1990 respectively. The first hearing for for HB442 will be held in the House Health, Education and Social Services Committee chaired by Rep. Georgiana Lincoln, a co-sponsor of the bill.



Western Interstate Commission for Higher Education
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Boulder CO 80301-9752

Telephone (303) 541-0200
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MEMORANDUM

February 14, 1992

TO: Dr. Allan Barnes, Executive Director
Alaska Postsecondary Education Commission

FROM: Frank C. Abbott, Director, Student Exchange Program

RE: Alaska H.B. 442

Dick Jonsen is suffering through "moving day" today, and asked me to let you know that he will be calling you on Tuesday (February 18); but he suggested that I send you some comments on "payback", generally, with specific reference to H.B. 442, which Diane Barrans kindly sent to us last week. To our reading, it appears essentially identical to a measure that was proposed two years ago which passed the House and died in the Senate. We are interested in the proposal because it would provide for a "service/payback" arrangement for students who receive a "tuition differential subsidy" through the WICHE Professional Student-Exchange Program.

The WICHE Commission studied payback plans nearly ten years ago and after extended discussion at its December 1983 meeting, concluded that "On balance, there appear to be compelling philosophical, practical, legal, and 'fairness' arguments against the use of service/payback provisions. Therefore, the Commission discourages the use of such provisions." The primary "philosophical" and "fairness" problem these plans present has to do with the fact that most western states cannot provide education for a number of professions within their borders at the same time that they do provide professional education for others. It seems unfair to place further burdens, beyond the burdens of leaving the home state for study, upon those who happen to want to work in professions for which training is not provided at home.

For young persons entering professional practice, the financial requirements of payback add to financial obligations already incurred for undergraduate and graduate loans as well as the costs of establishing a practice. "Forgiveness" is sometimes provided (as in H.B. 442), for service in designated areas of need, but in many cases it is simply a fact that those places cannot support a practitioner on the basis of his or her fees for services. As you know, it is not uncommon these days for young professionals to start out with educational debt burdens in the upper five and even into six digit figures--a condition that discourages students from making the very decisions concerning the nature and location of practice that would best serve the public interest.

We should acknowledge a further concern, one that we could not expect to be of primary concern in Alaska, and that is the impact that the adoption of payback in Alaska may have on other states in the region.

I do believe that programs to provide incentives for professionals to locate in areas of need, such as help in payoff of educational debt, assistance with start-up costs, underwriting of certain kinds of facilities, some kind of income maintenance program, and the like are likely to be more successful than payback, and they avoid the inequity involved in placing this burden on some and not on others. They can also have a faster payoff because they may appeal to people now completing their professional programs--it is not necessary to wait for completion by people just entering study for a professional degree.

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**PAYBACK AND PREPAY REQUIREMENTS
FOR THE PROFESSIONAL STUDENT EXCHANGE PROGRAM:**

SOME FACTS AND CONSIDERATIONS

December 1989

Western Interstate Commission
for Higher Education
Student Exchange Program
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WICHE

Payback and Prepay Requirements
for the Professional Student Exchange Program:
Some Facts and Considerations

Background

For more than 35 years a dozen western states have provided their residents opportunity to prepare for practice in a number of professional fields, not by creating programs in their own state universities but by arranging through the Western Interstate Commission for Higher Education (WICHE) with other states for professional education at a fraction of the cost of building and operating their own schools. In 1989 the WICHE Professional Student Exchange Program (PSEP) served nearly 1,150 students and involved payments of over \$13,000,000 by the 13 "sending states," significant numbers both of future professionals and of dollars. More than 8,000 men and women are in professional practice today by virtue of this program.

For all its advantages, PSEP does represent a cost item in the budgets of sending states and, like other state programs, is subject to executive and legislative review. From time to time in a few states, the idea is advanced to reduce state cost for PSEP by assigning additional cost to students/families through provisions for prepaying or repaying all or some portion of cost now paid by the state.

This document is a compilation of factual information relating to "prepay" and to "payback" plans; of factors that may lead to the consideration of such plans and factors that deserve attention in the course of that consideration; and of the results of study of the issue by the WICHE Commissioners--a body comprising three persons from each state in the WICHE Compact, appointed by the Governor from among legislators, educators, college and university administrators, and other citizens, to establish policies to guide all WICHE programs.

The Professional Student Exchange Program

The Professional Student Exchange Program is a mechanism through which students from 13 "sending states" enroll in any of 15 fields in another WICHE state when that field of study is not available in the student's home state. Through PSEP the student gains some preference in admission over other nonresidents--often this is a crucial advantage--and pays a reduced tuition (resident rather than nonresident tuition at a public institution and as little as one-third the regular tuition at a private school). Through WICHE, the sending state pays a support fee to the receiving institution. Together with the tuition paid by the student, the support fee bears a relationship to cost of education (in private institutions it equals regular tuition). The student thus is responsible for all costs normally paid by students enrolled in

institutions in their home state--resident tuition and fees, room, board, books, and transportation (which may of course be substantially greater for WICHE students who may be enrolled far from their home). The support fee paid by the sending state through WICHE to the receiving institution assures that the receiving state's income is related to its costs, so that the school (and that state's taxpayers) are not forced to subsidize students from the sending states.

In short, regional cooperation through the Professional Student Exchange Program contributes to the strength of the region in both the short and long term through assuring educational opportunity for state residents, fulfilling state manpower needs, and avoiding unnecessary public expenditure.

"Payback" and "Prepay" Plans

"Payback" refers to a requirement that after completing the program, the person receiving state-subsidized education restore to the state the amount of money, or a portion of the amount, advanced by the state in the student's behalf. The state may allow a period of years to complete the payback. The payback obligation normally will include interest, which may begin to accrue at various times and be calculated at varying rates. A payback plan may provide for partial or total forgiveness of the sum otherwise owed if the graduate returns to practice within the home state or in some designated area of practitioner shortage within the home state. This "service" feature leads to the identification of most payback proposals as "service/payback" plans.

"Prepay" refers to a requirement that the person who is to receive the state-subsidized education pay the state some portion of the amount to be paid by the sending state to the receiving institution, as a condition of the student's participation. The state may make the required prepayment amount available as a loan. If the state does not lend students the prepay amount, the prepayment reduces the immediate outlay as well as the ultimate cost to the sending state.

Payback or service/payback and prepay plans may exist independently or together.

In the WICHE region a service/payback plan has been in effect in Arizona from that state's initial participation in PSEP, applying to all fields in which Arizona supports students (currently dentistry, veterinary medicine, occupational therapy, optometry, and osteopathic medicine). Both a service/payback plan and a prepay plan were adopted in Nevada in 1977 and applied to all fields in which Nevada sends students (dentistry, veterinary medicine, physical therapy, occupational therapy, optometry, pharmacy, graduate library, and law). A service/payback plan was adopted in Colorado in 1978 to apply to the single field (optometry) in which Colorado sends students. Other states have considered these

arrangements but no others have been adopted, primarily for reasons discussed in this document.

Factors Leading to Payback and Prepay Plans

In the present fiscal environment the principal motivation for payback or for prepay plans is to reduce the state's cost. To legislators faced with finite resources and seemingly infinite demands for expenditure, the support of particular programs, however laudable, may boil down simply to the availability of the money. "Payback" may appear as a way to offset some cost with income (though income from payback will be deferred for several years); "prepay" has some immediate effect in reducing the sum to be appropriated by the state (except as the same amounts may be provided to students in the form of loans from appropriated funds).

A second consideration may be that in fields of short practitioner supply, students aided by the state to acquire an education otherwise unavailable should help alleviate that shortage or should repay the state the amount (or some portion) advanced by the state in their behalf.

Other Factors for Consideration

o The issue of equity. Within the United States, individual freedom is advanced and each state benefits from a free flow of educated men and women across state lines. In particular, "sunbelt" states have benefited from the training of incoming professionals and others who have advanced education that was obtained at the expense of other jurisdictions. A precise matching of a state's investment in educating each citizen and that citizen's obligation to repay the investment to the jurisdiction that made it has not been attempted in this country. An American conviction is that collective well-being results from a maximum of individual freedom of choice.

Every state has a system of public higher education and provides a wide range of academic programs for its residents. The question of equity arises when a state subsidizes the full cost of education (beyond resident tuition) at in-state schools and in most fields, including such disciplines as business, engineering, law, or medicine, but makes an extraordinary charge (through payback or prepay plans) upon students who enter other professional fields through programs such as the WICHE regional exchange. The equity issue is sharpened when the payback is linked with a service requirement because the graduate of the in-state program incurs no such obligation. A study in Montana observed, "There seems to be an underlying assumption that students who receive their professional education [through one of the interstate exchange programs] have an obligation to return to Montana and practice their profession in the State." The study goes on to point out that in the two major

universities in that state, only 51 percent and 52 percent, respectively, of the alumni reside in Montana while representation within Montana of graduates in engineering, as an example, is as low as 20 percent. In short, the state may need practitioners in fields x, y, and z. It supports university programs in x and y but declines to build a school of z, preferring to support its students in that field in institutions already available in other states. There is no required service/payback in x or y (or any of hundreds of other fields) even though the cost of educating these students is subsidized through public appropriations. Is it then equitable to require service/payback or prepayment by its residents in z?

The equity issue is compounded in respect to minorities. Minority populations (other than some Asians) are seriously underrepresented in virtually all professions and professional schools. In seeking a professional education through one of the programs of interstate exchange, the student must not only arrange to attend an institution at a distance from home, he or she may be ineligible for some student aid programs that are available only at in-state schools. Prepay or service/payback requirements add further to the difficulties in the way of advanced professional education.

Both prepay and payback plans add significantly to student indebtedness, a factor of increasingly major proportions for many new graduates today. The latest annual survey of the American Association of Dental Schools reveals that the average indebtedness of dental seniors graduating in 1989 was \$43,300; that more than 90 percent of graduates had some amount of college debt; and that the average debt load in 1989 was nearly three times that of seniors who graduated 10 years earlier. A \$43,000 debt is a daunting reality to graduates who are faced also with the costs of initiating practice (in addition to personal or family start-up costs) and is clearly a factor in the radical and ongoing decline in applicants to programs in dentistry, a decline that now is coming to be recognized as a potential threat to an adequate supply of dentists in the future.

In medicine, debt loads are similar. Eighty-one percent of medical graduates in 1989 has some debt load; the average indebtedness was \$42,374, more than double the \$19,697 average debt of 1981 (American Association of Medical Colleges). Even in pharmacy, a field lacking the earning potential of medicine (or even of dentistry), figures for 1987 graduates indicate an average debt load of \$13,000 and 60 percent of graduates having been dependent upon some form of student financial aid (American Association of Colleges of Pharmacy).

A large majority of professional graduates enter employment with substantial indebtedness. Payback requirements that could add as much as \$80,000 to the debt load of some graduates need serious consideration.

Concern regarding equity issues, as well as enforcement problems, were two of the factors that led to a 1983 decision by the North Dakota legislature to terminate all the service/payback provisions that had been in effect in that state.

o Administration, enforcement. The administrative and legal implications of service/payback plans are extensive. Continuous contact must be maintained with the persons involved throughout the period of study and beyond, when graduates may leave the jurisdiction. Indeed, service/payback and prepay plans provide some incentive to leave the state to avoid the service or payback obligation. Some obligated persons will plead cases for forgiveness and release from the obligations; others will simply decline to cooperate. Testimony in April 1984 relating to the National Health Service Corps--a federal program providing for total educational support, a commitment of service in a federally-designated shortage area, and substantial payback requirements in event of default on the service obligation--revealed that 1,733 individuals (21 percent) among the 8,185 who had completed training were in default; and that costly collection and legal procedures were in process. While costs of administration including collection and litigation cannot be authoritatively stated, it is clear that such costs will be incurred in any payback or prepay program. The position of the Internal Revenue Service that support fee payments represent income at the time they are "worked off" through required service is a further unresolved problem.

While prepay plans might appear to be simpler to administer (except as loan programs are provided to facilitate such prepayments), and may provide some financial relief to the state, linkage of such programs with service/payback plans will subject them to the full array of administrative and legal questions. Prepayment plans are demonstrably a persuasive reason for students to shift their residence status from the home state to the state where they enroll. Moreover, prepayment increases by a large sum the proportion of college cost to be met by the student/parent, a factor that works especially against low and middle income groups.

o Service Requirements. In addition to the considerations just noted, there is question whether service requirements represent an effective way for the state to provide for professional service in the locations where it is most needed. In some professions the lag time between entry into the program of study and entry into practice is more than four years (when residency training is added to the formal in-school course), during which the interests and circumstances of the student as well as of the field of professional practice may change markedly.

A serious additional problem is that many of the locations that fulfill obligations of practice in shortage areas are areas in which professional services are needed but which are unable to support a professional practice. In these numerous rural and urban circumstances, will the state subsidize the costs of initiating and maintaining practice? If not, is it seriously contemplated that professionals will

be obligated to serve even though the area will not sustain their services?

Position of the WICHE Commission

WICHE is the product of an interstate compact in which the states remain sovereign entities that have yielded neither their authority nor their responsibility. The compact grants no authority to the WICHE Commission to assert any jurisdiction over policymaking in the member states. The states, however, did pledge through the compact to good faith cooperation to address mutual problems in higher education in the region. The Commission is the formal vehicle for accomplishing this cooperation. Over the years the Commission, bringing together education, political, business, and other leaders from each of the states in various forums, has addressed issues and given advice and direction that has strengthened regional action.

With respect to payback plans the WICHE Commission, after study by a special committee, preparation of a policy framework document, and extended discussion at its annual meeting in December 1983, took the following position:

On balance, there appear to be compelling philosophical, practical, legal, and "fairness" arguments against the use of service/payback provisions. Therefore, the Commission discourages the use of such provisions.

While prepay plans were not then at issue, the factors cited above make it evident that prepay provisions share the attributes of payback plans.

December 1989

Chairman Carney, Committee members, thank you for this opportunity to relay to this body the Postsecondary Commission's longstanding support of the aims of HB 442. That is, to encourage residents of the state to return to Alaska, or to remain here, upon completion of their training in a variety of essential health care fields. While the current Commission will not have the opportunity to take a formal position on HB442 until their March meeting, staff has no reason to believe that their position would vary from that of their predecessors.

Because the role of Commission staff will simply be to provide the accounting function for borrowers claiming benefits under this legislation the only additional comment pertains to page 2, section 2 of this bill. That is to relay concerns held by former Commissions, as well as those voiced by both WICHE and WAMI administrators ^{And WICHE Commissioners} when evaluating similar work/payback requirements.

By potentially increasing the debt load of students interested in certain health professions, the state may see some negative impacts: The dwindling of practitioners who can afford to become

primary care physicians, in urban, much less rural, locations or an exodus of Alaskan students to states which support health care professional school within their higher education system.

~~The second issue is that of fairness.~~ Frank Abbott, Director of the WICHE Student Exchange Program states that "most western states cannot provide education for a number of professions within their borders at the same time that they do provide professional education for others. It seems unfair to place further burdens, beyond the burdens of leaving the home state for study, upon those who happen to want to work in professions for which training is not provided at home...it is not uncommon these days for young^N professionals to start out with educational debt burdens in the upper five and even six digit figures--a condition that discourages students from making the very decisions concerning the nature and location of practice that would best serve the public interest."

Mr. Abbott is referring to the need for family docs that I referred to earlier.

On balance, the fairness issue is perhaps clearest in the following context: At the undergraduate level alone, the state pays for 78% of the education costs for each resident student attending the University of Alaska. This subsidization is considered by most Alaskans to be part of their birthright. It is extremely unlikely that the suggestion would ever arise that a condition of acceptance, into any University branch, be a commitment to remain and work in Alaska, and yet that is essentially the effect of section 2 for this particular group of students.

To avoid the potential for an even greater debt load, the state may very well experience an exodus of Alaskans, perhaps while pre-med undergraduates, to states which support public health profession graduates programs. Such a "brain drain" could have statewide implications for Alaska's medical community and its citizens.

~~Although these concerns are very real ones, the administrators of both the WICHE and WAMI programs have also acknowledged that Alaska, like most other states, is currently grappling with overwhelming budgetary constraints, and are aware that changes in~~

~~the various student exchange programs may be inevitable.~~

2/19/92

To whom It May Concern :

RE: HB No. 442

As a nursing student, I encourage your passage of the above referenced bill. My nursing education has made me aware of the lack of nursing manpower in rural Alaska. This underage of rural nurses compromises the health of the rural population by not allowing for preventive care. Preventive healthcare adequately provided for ⁱⁿ the rural population could result in decreased healthcare costs which result from untreated health problems. For instance, the Alaska rural population suffers from diseases such as Hepatitis, STD's, tooth decay, TB, and other respiratory dysfunctions. Each of these diseases could be eliminated by health education to the rural

population. However, many dollars are currently going toward treating these diseases. By ~~funding~~ "forgiving" student loans, and therefore encouraging nurses to practice usually, preventive health measures could be properly addressed, and a decrease in healthcare costs realized.

Thank you for your consideration,
DeAnn G. Williams, SN

February 19, 1992.

Dear Representatives,

I am writing this letter to show my support for House Bill 442. I lived in Kotzebue for 3½ years prior to moving to Anchorage to attend Nursing School. My experience in Kotzebue showed me first hand that there is a lack of Doctors, Nurses, Mid Level Practitioners, and other Health Providers in the Bush. It is unfortunate that many Bush Health facilities either can't afford ~~to~~ to pay competitive salaries or choose to pay low salaries. Additionally, the cost of living in the Bush is substantially higher than the lower 48. Certainly, adventuresome health providers do choose to work in the Bush for less pay, but all too often leave after only serving one to three years. This creates a cycle of an influx of culturally unaware individuals from the Outside rotating into various health care facilities throughout the state. Alaskans deserve a more stable system than that. By providing loan forgiveness for Alaskan ^{Health Professionals,} ~~Students,~~ the state's health care system, as well as the quality of life for all Alaskans, will improve.

Respectfully,

James R. Joiner

James R. Joiner
5325 Sharon St Apt A

Anchorage, AK 99508

(907) 337-9720

To Whom it may concern,

I am writing to show my support of House Bill 442.

I am a BS Nursing Student at UAF. Though I do not have a student loan I believe that this bill would make rural positions far more attractive to graduating students. This would also make it easier for current RNs to seek further education and raise the quality of care provided by nurses & other health professionals.

I lived in Skagway AK & would have stayed but I could not see how to get & pay for my education & continuing education to attain & maintain my professional status. I support House Bill 442 & would appreciate yours.

Thank you for your time,

Kitty Dennis S.N.

Kitty Dennis, Student Nurse

2/19/92

TO:

Health, Education + Social Services Committee
Legislature of the State of Alaska

February 19, 1992

To whom it may concern:

I am writing in regard to the House Bill no. 442. I fully support this bill as it is written. I am a nursing student at the University of Alaska - Anchorage in the Bachelor's Degree program and feel this would greatly encourage myself as well as other nursing students and health care professionals to serve in rural areas of Alaska that are greatly underserved. I ask that you support this bill to increase the availability of health care for all Alaskans.

Sincerely,

Gayle Eckert, S.N.

Gayle Eckert

2/19/92

Dear Sir or Madame:

As a student nurse, who is at this time looking for nursing opportunities after graduation, I find the prospect of HB 442 quite attractive. After passing this Bill, I am sure there will be an increased interest in nurses looking toward working in underserved areas of Alaska. I personally find this type of nursing interesting and plan to enter into it myself sometime during my career. However, this Bill, after passing, will entice me and others into this field as we try to repay our mounting student loans. This type of program will also advertise to student nurses the need for nurses in 'underserved' - still to be defined - areas, a need they may not be aware of.

I am in full support of HB 442 and urge its passing.

Sincerely,

Laurel A. Christians.
Laurel A. Christians.

Health Education + Social Services Committee

Feb 19, 1992

Although I regret I cannot testify in person I wish to strongly urge your approval of HB 442. As a practicing R.N. who is currently working in Anchorage the passage of this bill would mean that I could get a masters degree in community health nursing and then be able to do what I have wanted to do sooner. This bill would be the opportunity that I have needed, and probably other R.N.'s in Anchorage have needed and for some would mean the difference between practicing in rural Alaska or staying in Anchorage.

While this bill would be of great help to nursing students who have not yet acquired their licenses it would benefit rural Alaska by enabling the emergence of a med level of nursing care personnel to rural Alaska.

Thank you for consideration of this letter.

Sincerely Mary T. Weiss

2/19/92

To: Health Education & Social Services Committee:

I am writing on behalf of House Bill No. 442 and wish to express my support of the bill.

I was born and raised in Alaska and intend to stay here to live and work after my nursing education completion. I also have taken out several student loans.

If a forgiveness such as the proposed in House Bill No. 442 were available to me I would be very much in favor of serving an underserved area in Alaska as a nurse.

I support this bill and will encourage others to do so.

Thank You

Tera Harrington
Nursing Student
U.A.A.

2-19-92

Health, Education & Social Services,

Because of the great need for health care professionals in underserved (especially in rural settings) ^{areas,} I feel that a forgiveness of student loans would be an excellent incentive to distribute health care in our state.

Additionally, I feel that a "health care professional" should also include community health educators (I am a Health Science student at UAA interested in working in a rural setting). I feel there is a great need for community health educators to help deal with topics such as alcoholism, personal health practices, SIDS, AIDS, and many more.

Thank you very much for your time.

Sincerely,

Stacy J. Davidson

19 February 1992

Health, Education & Social Services Committee
Legislature of the State of Alaska

Re: House Bill No. 442

Members of the HES Committee:

As a nursing student at UAA in the B.S. program, I very much support proposed House Bill No. 442.

I think a bill of this nature would significantly decrease the health care professional shortage in rural Alaska.

Sincerely,

Katherine J. Mosteller

Dear Health, Education + Social Services Committee

2/19/92

I am in my fourth year of Nursing Training, and have used the Alaska Student Loan for three years. I support House Bill No 442 being passed. I would like to work in a rural area, and Student Loan forgiveness would be an extra incentive to work in rural areas. We have been learning about the shortage of nurses in rural areas, and I feel it would help recruitment efforts to pass this bill.

Thank you
Sharon Berglund

2/19/92

To whom it may concern, (Health, Education & Social Services)

I feel that the House Bill no. 447 is a wonderful idea and should be passed. It is a real incentive for nurses or students who want to become nurses to work in rural areas. It is a good way to get well qualified nurses in the rural areas that need good medical care. It is also a real good incentive for those who otherwise couldn't afford to go to nursing school. I fully support this bill!

Sincerely,
Emily Pearson

800 South Lane St. #2
Anchorage, AK. 99508

19 Feb. '92

To whom it may concern:

I, Fairast T. Stevenson-Matthews, am in full support of House Bill No. 422 because I feel that this bill will give me and other student nurses an incentive to practice in rural areas. This bill is most appealing unto me because of its emphasis on or indication on paying up to approximately 70% of my loans acquired during my attendance @ the Univ. of Alaska Anchorage. This factor in itself will influence many of individuals in the health Professionals work force.

Sincerely Yours
Fairast "Tara" Stevenson-Matthews
F. Jeanne Stevenson-Matthews

To: Health, Education & Social Services,

I am writing concerning the House Bill No. 442. I support this bill and think it is a great incentive to get graduating nurses and other health professionals to work in underserved areas of Alaska; we need these people!

Tamara Loewe S.N.

To - REP. CARNEY (H) HESS

Feb. 21, 1992

Concerning HB 442:

I totally support this bill. I am a registered nurse in Wrangell. We are a small community, isolated by water. We are experiencing a nursing shortage and due to the economy it is very hard to bring nurses in to work. This forgiveness of student loans will not only bring us the help we need but also show the new nurses how much rural nursing can enhance their career. In our facility the nurse takes care of all areas-acute care, long term care, emergency room, coronary care, and anything else that comes along. This type of nursing gives lots of experience and prepares the nurse to be autonomous.

This bill also encourages Alaskans to return to their home state, if they go out for education thus home dollars are being put to work at home.

Thank you for your support of this bill.

Sue Nikodym RN, BSN

Sue Nikodym RN, BSN
Staff Development

To - REP. CARNEY (H) HESS

HOUSE BILL NO. 442

My name is Janet Bunes, I am the Director of Nursing at Wrangell General Hospital.

I would like to urge you to support HB 442. Many areas of the country are suffering severe shortages of health care professionals. Alaska has endured shortages in many of these same areas. A program to defer loan payments based upon employment in areas that suffer shortages will encourage students to go into health careers.

It is important that the bill address all geographic areas of the state as urban as well as rural areas may suffer severe shortages of specialized professionals. Our small community had no shortage of registered nurses for many years, now we suffer an ongoing shortage in this area. Changes can occur rapidly in small communities and a yearly assessment of health care professionals will be extremely helpful in pinpointing the areas that have true shortages.

A program such as this will be particularly helpful in encouraging graduates to return to their home communities. Many of these communities will be in rural areas that are suffering severe shortages of health professionals.

Thank you

Janet Bunes

February 20, 1992

GALENA HEALTH CENTER

EDGAR NOLLNER BUILDING
P.O. BOX 77
GALENA, ALASKA 99741

Legislative Teleconference on HB 442
"An act relating to forgiveness of student
loans of certain health care professionals."

Introduction: Representative Carney and members of the HESS
Committee, my name is Flora Sweetser.

I am the health administrator for the City of Galena and a
board member of the Rural Alaska Health Professions
Foundation.

Our Rural Health Clinic serves the communities of Galena,
Ruby, Nulato, Koyukuk, Kaltag, Huslia, and Hughes.

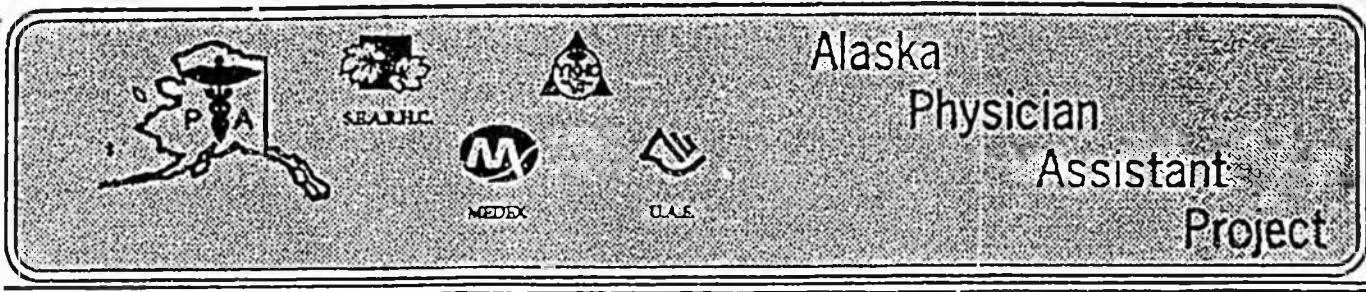
Today I am here to testify in favor of HB 442. This bill
will greatly benefit our health center and the people that
we serve. It will assist us in the recruiting, hiring and
retention of health care professionals. The loan repayment
is one benefit that we cannot afford and the one benefit
most applicants inquire about.

Whenever a vacancy occurs in our system, it takes six to
eighteen months to fill the position. A good example of
this is the State Public Health Nursing position that has
been vacant for thirteen months at our facility. When this
occurs the people that the position was intended to serve
lose. It has a negative impact on the delivery system. In
the long run it increases the cost of care.

This bill also offers an incentive to those students from
rural Alaska that want to pursue a health career and return
to the area to work, however, see the cost of education as a
prohibiting factor. This bill will only enhance that
opportunity.

I therefore, urge your support of this bill as I can see the
positive impact it will have on the Alaska Health Care
Delivery System.

Flora Sweetser



A consortium made up of the University of Alaska Southeast, MEDEX Northwest (University of Washington Physician Assistant Program), Southeast Alaska Regional Health Corporation, and Yukon-Kuskokwim Health Corporation recently received a three year grant from the U.S. Public Health Service to establish the first Physician Assistant training center in Alaska--for Alaskans. The overall goal of the project is to provide a pathway for current health care workers to extend their health care training to the Physician Assistant level. This will not only increase the level of care provided in the villages and rural areas of Alaska, but will also allow individuals to pursue further occupational goals in the health care field.

In this three year grant, one of the first activities is to develop an applicant pool. In the five months since the project opened its doors, we have had 149 individuals seek information and counseling regarding their desire to be Physician Assistants. We feel that some of the information we have gathered will help the Committee in its deliberations on HB 442.

An analysis of the pool of 149 individuals shows that 62% are female; 26% are residents of Alaska's villages, and 28% are from rural Alaska. 21% are serving as Community Health Aides/Practitioners (CHA/P). Further, a study performed by

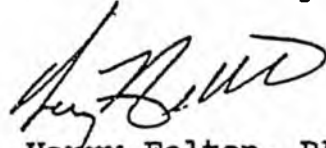
University of Washington MEDEX faculty¹ demonstrates that one-third of CHA/Ps desire to pursue advanced health care careers. When asked about barriers to those careers, financial concerns were frequently cited. In short, a large pool of potential Physician Assistants exists in rural Alaska. These individuals demonstrate motivation to pursue P.A. training. But the need for financial assistance is a significant obstacle to their success.

Other significant activities of the Project are to provide P.A./Health Careers counseling, information regarding financial aid, course guidance, and references to prerequisites offered by regional campuses. The University of Alaska Southeast, one of the partners of the consortium, is in the process of developing prerequisite courses which can be distance-delivered to individuals without access to regional campuses. Full-time University of Washington faculty stationed in Alaska will be developing clinical sites and adapting the curriculum. The first class will start in Fall of 1993; we anticipate admitting 10 - 12 students. P.A. training involves two years. The first year is intensive classroom study. The second year will be in supervised clinical sites throughout Alaska.

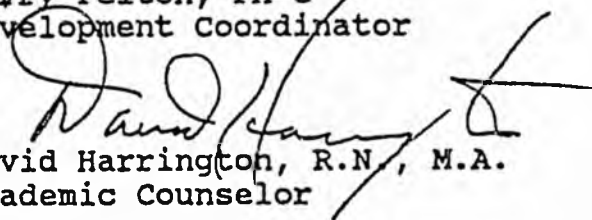
The goals of House Bill 442 correspond to the goals of the Alaska Physician Assistant Project. It will provide meaningful financial assistance to those individuals who are most likely to

¹Hummel, Jeffrey; Ballweg, Ruth; Felton, Harry. *Assessing the Potential of Native American Health Aides for Advanced Health Professional Training* (Submitted to The Journal of Medical Education).

meet the health care needs of Alaska. We are pleased that the bill mentions Physician Assistants by name and recognizes them as valuable contributors to Alaska's health. Thank you for this opportunity to testify.



Harry Felton, PA-C
Development Coordinator



David Harrington, R.N., M.A.
Academic Counselor

FISCAL NOTE

STATE OF ALASKA
1992 LEGISLATIVE SESSION

BILL NO. HB 442

Revision Date: _____ Department Affected: Education
 Title: An Act Relating to Forgiveness BRU: Postsecondary Education Commission
of Student Loans of Certain Health Component: Student Loan Program
 Care Professionals
 Sponsor: Representative Ellis
 Requestor: HESS COMPONENT SERIAL NO.

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EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

CAPITAL						
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REVENUE LOANS BUDGET						
FUND SOURCE:	-0-	-0-	26.7	51.4	121.8	240.6

FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	-0-	26.7	51.4	121.8	240.6
FEDERAL FUNDS						
OTHER						
FUND SOURCE:						
TOTAL	-0-	-0-	26.7	51.4	121.8	240.6

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact: \$-0-

ANALYSIS: (Attach a separate page if necessary.)

Prepared By: Allan Barnes, Executive Director Phone: 465-2165
 Division: Alaska Commission on Postsecondary Education Date: February 19, 1992

Approved by Commissioner: _____ Date: _____
 Agency: _____

FISCAL IMPACT

<u>YEAR</u>	<u>GENERAL FUND</u>
FY99	347.5
FY00	295.2
FY01	307.4

FISCAL IMPACT

A. ASSUMPTIONS

1. The participation rates of this forgiveness program will be driven by the number of slots available. This is due to the fact that in all fields referenced in this legislation, the current borrowing population far outnumbers the health care vacancies.
2. Although staff believes that there will be full participation, over time, in this program, the estimated average forgiveness will be 36% (that is, 3-of-5 years of eligible benefits).
3. Borrowing years will vary by health care field. For this fiscal analysis, the following are assumed:

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

B. PROJECTIONS

Program Participants by Field*

<u>Field</u>	<u>FY93</u>	<u>FY94</u>	<u>FY95</u>	<u>FY96</u>	<u>FY97</u>
Medical Profession	0	0	0	0	1
Nursing	0	0	20	30	40
Occupational Therapy	0	0	1	2	3
Physical Therapy	0	0	1	2	3
Physician Assistant	0	0	5	10	15

<u>Field</u>	<u>FY98</u>	<u>FY99</u>	<u>FY00</u>	<u>FY01</u>	<u>FY02</u>
Medical Profession	5	8	8	8	8
Nursing	45	45	45	45	45
Occupational Therapy	3	3	3	3	3
Physical Therapy	3	3	3	3	3
Physician Assistant	15	15	15	15	15

*The Department of Health and Social Services has preliminarily reported that the anticipated vacancy rate will be as follows: MD/8, RN/45, OT/3, PT/3, PA/15. Currently these vacancy levels occur on average, every six months. However, one of the impacts of this bill should be to greatly improve the occurrence of staff turnover in underserved areas.

HOUSE COMMITTEE REPORT

(7)
Date Referred: February 5, 1992

FURTHER REFERRALS:

Finance

Date of Committee Action: 2/26/92

The HEALTH, EDUCATION AND SOCIAL SERVICES Committee considered:

HB 442

HOUSE BILL NO. 442

STUDENT LOANS FOR HEALTH CARE EDUCATION

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

RECOMMENDATIONS:

be replaced with _____

CS HB 442 (NES)

the same title

a new title

have attached amendments(s)

do pass

do not pass

no recommendations

individual recommendations

additional referral to the _____ Committee

ADOPTS: _____ letter of Intent

ATTACHES NEW FISCAL NOTE(S): _____ (Dept)

APPROVES PREVIOUS: _____ (Dept/Date)

fiscal impact Postsecondary Ed. 2/19/92

fiscal note(s) _____

zero fiscal note _____

zero fiscal note(s) _____

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
<i>Mark P. ...</i>	<input checked="" type="checkbox"/>				
<i>Cheri Davis</i>	<input checked="" type="checkbox"/>				
<i>J. S. ...</i>	<input checked="" type="checkbox"/>				
<i>Beth ...</i>	<input checked="" type="checkbox"/>				
<i>John ...</i>	<input checked="" type="checkbox"/>				
<i>Debra ...</i>	<input checked="" type="checkbox"/>				

[Signature]
CHAIRMAN'S SIGNATURE

A M E N D M E N T

OFFERED IN THE HOUSE

BY REPRESENTATIVE ELLIS

TO: HB 442

Page 1, lines 5 - 6:

Delete ", meets the condition imposed under AS 14.43.950, has received a tuition differential subsidy,"

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 Majoros, 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 1986.

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

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 551 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.

Juneau adds incentives to attract more doctors

The Associated Press

JUNEAU — HELP WANTED: Scenic state capital, mountain-glacier view, seeks hard-working, self-starters to heal ill. Guaranteed income.

Juneau has a doctor shortage, and is offering some incentives to ease the pain.

The Bartlett Memorial Hospital board voted Tuesday night to try to recruit a general surgeon, a specialist in heart problems or cancer, an ear-nose-throat doctor, an orthopedic surgeon and an urologist.

To attract the physicians, hospital staff will send out information on Juneau to potential candidates and may fly some to town for interviews and tours, said Robyn Kanouse, Bartlett's doctor-recruitment chairwoman.

The hospital also will consider covering moving expenses, clinic setup costs and first-year income for doctors who move here.

"Our main problem is that we can't get someone here because the population is too small," board member Marilyn Freymueller said.

Add to that nearly constant rainfall (85 inches last year), geographic isolation exacerbated by that fact that you cannot drive out of Juneau, dark winter days, and Alaska's famously high cost

of living.

Residents have complained for years that it often is tough or impossible to get an appointment to see a doctor in this town of 29,000. When they do, the wait can last for weeks.

Orthopedic surgeon Len Ceder said there is a need for another doctor in his specialty. "There's a lot of folks who can't get in because we're so busy."

But clinics in larger cities can offer orthopedic surgeons guaranteed first-year salaries of \$250,000, and less rigorous on-call schedules, Ceder said.

Complicating the situation is the decision of one of the town's two general medical clinics to stop delivering babies next week.

Dr. Mike Franklin of Family Practice Physicians said malpractice insurance costs, the amount of time doctors were on call, and the fact that most of the doctors had been delivering babies for about 20 years affected the decision.

Dr. Bob Urata of Valley Medical Care said his clinic will get the majority of maternity patients from Family Practice, and he would like to see a third family-practice clinic established.

"Lord knows that we are being overwhelmed," Urata said.

ADN
2-1-92

Bill aids students in medical studies

By LARRY PERSILY
The Associated Press

JUNEAU — Students who return to work in Alaska as doctors or nurses could be eligible for big savings on their state student loans under legislation approved by the House.

Supporters say the program could help entice health-care professionals to work in rural areas that suffer from chronic shortages of medical services.

The measure would allow doctors, nurses, doctor's assistants and physical or occupational therapists to earn forgiveness on up to 70 percent of their student loans by working in Alaska for at least five years after graduation.

"Recruitment and retention of health-care professionals for rural areas is often difficult and expensive," and the legislation could help solve the problem, said Myra Munson, state Health and Social Services commissioner.

House Bill 10 is modeled after the state's rural-teacher loan program, said Rep. Johnny Ellis, D-Anchorage, the bill's prime sponsor.

The teacher program allows borrowers to qualify for loan forgiveness if they return to work in rural areas of the state. More than 180 students have participated since the program started in 1985, said Jane Byers Maynard, director of the state student-loan program.

The health-care loan forgiveness plan would cost the state about \$525,000 over the next five years, according to student-loan office estimates.

To limit the program's cost, the option would be restricted to areas of the state with a shortage of health-care workers, and to those professions in need of more staff, Ellis said.

House members approved the bill 33-1 Thursday and sent it to the Senate. Similar legislation failed to win ap-



in the Senate will be the Health, Education and Social Services Committee, whose chairman said he is unconvinced the legislation is necessary.

"Are we really kidding ourselves that it will bring people back?" said Sen. Paul Fischer, R-Soldotna. "We need to see just how many people we're talking about and just how necessary it is."

If approved by the Senate, the new program would start July 1.

The bill also would impose new in-state work provisions on Alaskans who attend out-of-state schools under a state subsidy program for health-care students.

Alaska will spend about \$2.3 million this year to participate in two programs that allow Alaska students to attend out-of-state universities at reduced tuition.

The bill would require graduates to return to work in Alaska at least six months a year for each year they were in school. Failure to do so would require the student to repay 50 percent of the tuition subsidy, plus interest.

There is no in-state work provision in either program, Maynard said.

The Washington, Alaska, Montana, Idaho Medical Education Program guarantees 10 slots a year and reduced tuition for Alaska students at the University of Washington Medical School, Maynard said.

Alaska also participates in the Western Interstate Commission for Higher Education, which allows Alaska students to attend other state universities for health-

ADN 4/15/88

30

House modifies school loans

Approves loan forgiveness for rural health care workers only

By LARRY PERSILY
The Associated Press

JUNEAU — Full restoration of the student loan forgiveness provision was defeated in the House on Thursday, but members did approve a break on loan repayments for doctors and nurses working in rural areas.

The House voted 35-4 to approve the loan forgiveness program for health care workers. A move to restore loan forgiveness for all students failed on a 14-22 vote.

Allowing a break on loan repayments to only certain career groups is unfair, said Rep. Terry Martin, R-Anchorage.

"Free money is never fair," said Rep. Cliff Davidson. Even without restoring the full forgiveness provision, Alaska still offers a generous student loan program, the Kodiak Democrat said.

The legislature last year eliminated the program that had allowed Alaska student loan borrowers to reduce their debt by up to 50 percent if they lived in the state for six years after graduation.

Many lawmakers said elimination of the forgiveness provision was necessary to reduce the state's cost, which had reached about \$80 million a year.

"I think we made a great mistake last year," said Rep. John Sund, D-Ketchikan. He said money for loan forgiveness would be well spent.

Full restoration of the forgiveness provision was proposed as an amendment to the health care borrowers' bill. Anchorage Republican Reps. Walt Furnace and Alyce Hanley offered the amendment.

"Sometimes we want to love a program to death," said Rep. Pat Pourchot. Returning to the forgiveness policy could seriously jeopardize efforts to finance the program with bond sales, the Anchorage Democrat said.

Lawmakers last year approved a plan to steer the program away from state general fund money and to have it raise funds from bond sales, with loan repayments to repay the bonds.

Giving everyone a break on their loans could result in

increased state subsidies of the program. Pourchot said in opposing the amendment.

The state already subsidizes the loans by paying the interest while students are in school. Interest charges do not accrue to borrowers until they leave school.

The House bill would forgive up to 70 percent of loans for students who return to rural Alaska as doctors or nurses.

The program would be limited to workers in areas with a shortage of health care professionals.

"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," said Rep. Johnny Ellis, D-Anchorage, sponsor of the bill.

The student loan program estimates the bill would cost the state about \$420,000 in the first five years of operation. The subsidy would be subject to annual appropriation by the legislature.

STATE HEALTH NOTES

States Seek Balance in Distribution of Health Professions

A decrease in the number of applicants to medical school and an increase in concerns about equitable access to health care have contributed to a constant demand for health professionals -- primary care providers, in particular. In those states with large underserved populations or areas, the need for doctors, nurses and other providers is even more urgent.

Since the 1940s, the states and the federal government have used an array of strategies to try and fill the gap between supply and demand in health manpower shortage areas and to provide financial incentives for students to enter medical specialties that are in short supply in some areas of the country -- family practice, for example, and in recent years, obstetrics.

One of the most popular concepts has been that of "payback" -- forgiving the education loans of graduates, in exchange for an agreement to work in underserved areas, and making scholarship grants or loans for new students contingent on such service arrangements. While these "payback" programs are innovative, they are seemingly a short-term solution, because of the high incidence of loan default and the low rate of health professionals who elect to stay in the underserved areas after their obligatory service is completed.

Over the last decade or two, the federal government's role in manpower distribution efforts has dwindled, with cuts in both the number of federal health professions programs and the budgets of those that remain. The challenge of resolving the problems has thus fallen largely on the states, independent of any feder-

al influence or financial support. With all but a handful of legislatures adjourned for the year, more than half of the states have enacted laws pertaining to health professions education, financing and distribution. Most of the measures establish or augment scholarship and loan repayment programs for physicians, nurses and allied health occupations; because of the nurse shortage, nursing education has been the focus of the attention. The nurse shortage, maldistribution problems and the education of allied providers were also addressed by a range of task forces and studies. (Legislation relating to health professions in rural areas was reviewed in the September issue of State Health Notes.)

Scholarships and Loan Forgiveness Programs

There are well over 100 programs in the country that specifically concern physician distribution and many more geared towards other health professions, including nurses, nurse practitioners and physician assistants. This year, four legislatures took steps to improve the availability of physicians. An IOWA law, for instance, established a grant program for resident students enrolled in the University of Osteopathic Medicine and Health Sciences of Des Moines. The program authorizes a \$3,000 grant to be provided to each participant. In MARYLAND, the Loan Assistance Repayment Program was amended by specifically including medical school graduates in addition to nurses. Those providing services in which there is a shortage of qualified practitioners to low-income or underserved residents or areas of the state will be given priority.

ARKANSAS and MAINE increased funds and

eliminated some of the barriers to recruiting physicians in medically underserved areas. The MAINE law gives more latitude to physician specialists from unaccredited medical schools by allowing them to complete educational programs that meet specified standards, while the ARKANSAS law increases the annual cap on rural practice loans from \$8,000 to \$12,000.

In addition, five states approved scholarship and loan forgiveness programs for physicians, nurses and other health professionals who agree to practice in underserved areas. A FLORIDA measure extended the Medical Education Tuition Reimbursement program to include physician assistants, certified nurse midwives and nurse practitioners in rural areas. IOWA lawmakers added physicians to those eligible for loans administered by the state's College Aid Commission, upon agreement to practice in an eligible community with fewer than 5,000 residents for a minimum of four consecutive years. Nurses and occupational therapists will also now be eligible to participate in the guaranteed loan payment program.

In OREGON, the Rural Health Services Program was established for physicians and nurse practitioners who agree to practice in a medically underserved rural community in the state, and in TEXAS, the legislature established the Outstanding Rural Scholar Recognition Program. The program requires that participating communities make a commitment to pay for half of the cost of a sponsored medical student's tuition, fees, education materials and living expenses. The state will award forgiveness loans to match the community support; recipients will be forgiven one year's loan for each year of practice in the sponsoring community. A WEST VIRGINIA law established a loan program in which students who will practice in a medically underserved area or in a designated medical specialty may have the loans cancelled.

Under a newly-created MAINE Choice Program, at least 50 percent of the funds loaned must be made available to students enrolled in nursing programs. The rest of the money will be loaned to students in allied health occupation programs, including nurse practitioners and physicians' assistants. Loans will be made for up to \$2,500 per academic year, not to exceed a total of \$12,500 per student and preference will be given to students enrolled in a program determined to be in an underserved region or medical specialty in which there is a shortage. MISSISSIPPI established a loan program for

students in specified health care professions. Recipients must repay the loans by working in a state health institution for four years after graduation. The law targets nurses, nurse practitioners, speech pathologists, psychologists, occupational therapists and physical therapists.

Loan and Scholarship Programs for Nurses

Most of the loan forgiveness programs approved this year have targeted the nursing profession. The programs incorporate a variety of strategies designed to increase the supply of licensed professional nurses (LPNs) and registered nurses (RNs), by offering grants to make education more attainable and making nursing careers more financially and personally attractive.

A TEXAS law, for instance, requires the state's Higher Education Coordinating Board to establish and administer a scholarship program for both professional and vocational nursing students. The board is also required to establish and administer: 1) a matching fund program for health care employers to sponsor professional nursing or vocational nursing students; and 2) a loan repayment program for registered nurses and licensed vocational nurses.

A new MAINE law establishes a government student loan payback plan for RNs. Any nursing home, hospital, home health agency or rural health clinic that pays for an RN student loan can be reimbursed for the amount they invested. A loan forgiveness program in FLORIDA authorizes loans of up to \$4,000 a year for students seeking an RN or LPN degree. Higher licensure fees will help pay for the program. And in DELAWARE, a measure passed this year will increase the amount of scholarship loans available through the Nursing Incentive Program from \$1,000 an academic year to \$3,000.

Seven states establishing or amending loan forgiveness programs for nurses included a requirement for a "service payback" in an underserved area of the state. A KANSAS law established the nursing student scholarship program, stipulating that 100 of the 250 annual \$3,500 scholarships to be awarded to registered nurse students whose sponsors are located in rural areas. An IDAHO law amends the student education incentive loan forgiveness contract by adding professional nursing to the program, with preference given to those willing to practice in rural areas of the state. A new MARYLAND statute entitles recipients of

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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,