

HB

204

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204</subject><comm>HFIN26</comm></target>

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: HB 204
(H) Publish Date: 4/3/09

Identifier (file name): HB204-EED-ACPE-03-25-09 Dept. Affected: Education
Title: An Act increasing the number of students pursuing a RDU: ACPE
medical education who are provided postsecondary... Component: Program Administration and
Sponsor: Representative Nancy Dahlstrom Operations
Requester: (H)EDC Component Number: 2738

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information						
		FY 2010	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
OPERATING EXPENDITURES								
Personal Services								
Travel								
Contractual					210.3	425.2	550.3	557.4
Supplies								
Equipment								
Land & Structures								
Grants & Claims								
Miscellaneous								
TOTAL OPERATING	0.0	0.0	0.0	0.0	210.3	425.2	550.3	557.4

CAPITAL EXPENDITURES								
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CHANGE IN REVENUES ()								
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FUND SOURCE (Thousands of Dollars)

	FY 2010	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
1002 Federal Receipts							
1003 GF Match							
1004 GF				210.3	425.2	550.3	557.4
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	0.0	0.0	0.0	210.3	425.2	550.3	557.4

Estimate of any current year (FY2009) cost: _____

POSITIONS

Full-time							
Part-time							
Temporary							

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

HB204 proposes to facilitate the expansion of the annual class size of Alaskan participants in the Washington, Wyoming, Montana, Idaho, and Alaska regional medical education program at the University of Washington School of Medicine (UWSM). Using cost projections provided by UWSM, this fiscal note reflects additional general fund expenses assuming the annual class size is increased from 20 to 24 participants effective 2011, with the first twenty-four-student cohort entering the program in fall 2010. The first year of the program is conducted at the University of Alaska Anchorage, and, therefore, first year fiscal impacts are not reflected herein. The increased costs in the ACPE budget take affect when the first class of 24 begin their second year of training at UWSM.

Prepared by: Diane Barrans, Executive Director
Division: Alaska Commission on Postsecondary Education
Approved by: Diane Barrans, Executive Director
Alaska Commission on Postsecondary Education

Phone 465-6740
Date/Time 3/25/09 11:00 AM
Date 3/25/2009

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Co-Chair:
Joint Armed Services Committee

Vice-Chair:
Legislative Budget and Audit
Judiciary Committee

Member:
Economic Development, Trade & Tourism
Energy



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REPRESENTATIVE NANCY DAHLSTROM

ELMENDORF AFB • FORT RICHARDSON • BIRCHWOOD • FIRE LAKE • GOVERNMENT HILL • MULDOON
Representative_Nancy_Dahlstrom@legis.state.ak.us

Sponsor Statement House Bill 204

An Act increasing the number of students pursuing a medical education who are provided postsecondary educational services and programs; and providing for an effective date

The intent of House Bill 204 is to help ensure that Alaska has an adequate supply of doctors to meet the health care needs of its citizens. It would expand the number of Alaskan students able to receive medical training through the Wyoming, Washington, Alaska, Montana, and Idaho (WWAMI) program each year from 20 to 24. This is the maximum number that the University of Alaska can accommodate within its existing facilities and with its current faculty. Expansion of this program over time to train 30 Alaskan students annually is one of the primary recommendations of the Alaska Physician Supply Task Force.

This task force was established to address the severe shortage of doctors in Alaska. In its 2006 report, the task force found that Alaska has 375 fewer doctors than needed and the 17th lowest physician-to-population ratio in the nation. This shortage is undermining Alaskans' access to health care and increasing costs throughout the state. Seniors are having particular difficulty finding primary care physicians, causing many to forego treatment or face dangerously long wait times. Internal medicine specialists and psychiatrists are in especially short supply as are doctors of all types in rural Alaska.

This shortage is expected to worsen as Alaska's population increases and ages. The task force reported that over the next 20 years, nearly twice as many practicing physicians will be needed – about 1,100 more than the current 1,347 in patient care – to meet demand as the state's senior population triples. To complicate matters, one-third of our existing physicians are expected to retire in the next 10-15 years.

Additionally, Alaska is far behind other states in the production of doctors. Alaska is one of six states without an independent in-state medical school. The state's primary vehicle for training doctors is the regional WWAMI program. In 2007, the legislature expanded the number of Alaska-funded seats in the program from 10 to 20. This bill continues the incremental expansion of the program as it has been shown to be an effective means of recruiting doctors to the state. Fifty percent of Alaskans who enter WWAMI end up practicing in Alaska. The percentage increases to 80% when graduates from other WWAMI states are counted as returned.

As the national supply of physicians shrinks, recruitment of doctors to Alaska will become ever more competitive. Expanding the number of Alaskans trained through WWAMI is one effective step the state can take to ensure that all Alaskans have access to needed health care.

I respectfully request favorable support of House Bill 204.

*All facts displayed are from a 2006 report from the Alaska Physician Supply Task Force

Alaska's Shortage of Doctors

- Alaska faces a severe shortage of doctors. A 2006 report from the Alaska Physician Supply Task Force estimates that Alaska has 375 fewer doctors than needed.
- Alaska ranks 17th lowest in the nation in terms of its physician-to-population ratio with 2.05 doctors per thousand residents compared to the national average of 2.38 per thousand.
- This shortage is affecting access to care throughout the state and increasing costs. Patients with Medicare are having particular difficulty finding primary care physicians. Many face dangerously long wait times to see a doctor.
- The shortage is likely to worsen over the next 20 years as Alaska's population increases and ages. Experts predict that by 2025, nearly twice as many physicians in practice will be needed – about 1,100 more than the current 1,347 in patient care – to meet expected demand as the state's elderly population triples. To complicate matters, one-third of the physicians in Alaska are expected to retire in the next 10-15 years.
- To correct this deficit and reach an adequate supply of doctors by 2025, Alaska needs to add more than 60 physicians per year. Unfortunately, as the national supply of physicians shrinks, recruitment will become even more competitive.
- Alaska also lags far behind other states in the production of doctors. We are one of six states without an independent in-state medical school.
- We do, however, fund 20 seats at the regional WWAMI medical school. One of the primary recommendations of the Physician Supply Task Force is to incrementally increase the number of Alaska-funded WWAMI seats to 30.
- SB 18 calls for the increasing the number to 24 as that is all UAA can handle in its current facility and with existing faculty.
- 50% of Alaskan students who enter WWAMI end up practicing in Alaska. The percentage increases to 88% when WWAMI graduates from other states are included.
- Building in-state capacity for medical education will help make Alaska more self-sufficient and less susceptible to outside factors that can undermine the health of Alaskans.
- Expanding the WWAMI class is one of many strategies being proposed to address this problem. Others include instating a loan repayment program (such as that proposed in SB 139), increasing support for residency programs in Alaska, and expanding training programs for mid-level practitioners, such physician's assistants.
- A combination of strategies is likely to achieve the greatest success for Alaska as we compete nationally for doctors and other health care providers.

STATE OF ALASKA

DEPT. OF HEALTH & SOCIAL SERVICES

Alaska Commission on Aging

SARAH PALIN, GOVERNOR

P.O. BOX 110693
JUNEAU, ALASKA 99811-0693
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FAX: (907) 465-1398

March 30, 2009

Representative Nancy Dahlstrom
Alaska State Capitol, Room 411
Juneau, AK 99801-1182

Subject: Support for HB 204

Dear Representative Dahlstrom:

The Alaska Commission on Aging (ACoA) supports HB 204, a bill to expand Alaska's participation in the WWAMI Medical School program to increase the supply of doctors needed to meet the growing health care needs of all Alaskans. WWAMI is a unique five-state collaborative program that presently allows 20 Alaskan medical students to enroll. HB 204 would increase the number of slots from 20 to 24 students on July 1, 2010. This bill is authored by you and co-sponsored by Representative Kerttula.

Alaska, as with the rest of the nation, is experiencing a shortage of health care workers, particularly doctors and nurses. For many doctors in our state, retirement is just around the corner and replacing those experienced medical providers with newly trained doctors is a priority for all Alaskans, and a critical need for people 65 years and older who have multiple medical conditions.

The Alaska Physician Supply Task Force Report states that Alaska will need nearly twice as many physicians in the next twenty years as it currently has if the state is to meet the expected demands from a growing population of seniors. Similarly, the demand for registered nurses is increasing during a period when many health care professionals are retiring. The pool of qualified medical providers continues to shrink as the demand for services increases.

Alaska now has the highest rate of growth of persons 65 and older in the nation, according to the 2007 report by the U.S. Administration on Aging. This increased growth rate is due to the fact that Alaska's seniors and high proportion of Baby Boomers are now choosing to remain in state following retirement, close to their families and friends, which is made possible by improved health care and home and community based services. As a result, Alaska's economy benefits through seniors' contribution of approximately \$1.6 billion of revenue to the state each year from their retirement pensions, other income, as well as medical payments in addition to their volunteering, caregiving, and mentoring to younger generations. If older Alaskans are unable to find a physician willing to serve them, they may be forced to leave the state in search of access to health care professionals, which will result in a significant financial and social loss for Alaska.


The Alaska Commission on Aging supported Senator Meyer's bill in 2007 to increase the number of WWAMI slots from ten to twenty. HB 204 offers another meaningful opportunity to increase the number of slots for medical students and for our state to prepare for the health care demands of Alaska's growing senior population. The University of Washington, which is ranked first in primary care medical schools nationwide and seventh in geriatrics, not only allows WWAMI medical students to pay in-state tuition, but the program also provides an incentive for those completing medical school to return to Alaska to practice medicine.

ACoA supports HB 204 to improve primary health care access for all Alaskans, including Alaska seniors. We thank you for sponsoring this important legislation. Please feel free to contact Denise Daniello, ACoA's executive director (465-4879), should you have any questions regarding our position.

Sincerely,


Sharon Howerton-Clark
Chair, Alaska Commission on Aging

Sincerely,


Denise Daniello
ACoA Executive Director

CC: Representative Beth Kerttula

WWAMI Overview and Frequently Asked Questions (FAQs):

WWAMI Overview

WWAMI provides Alaska residents with high quality medical education. WWAMI is a collaboration among universities in five northwestern states (Washington, Wyoming, Alaska, Montana and Idaho) under the overarching administration of the University of Washington School of Medicine (UWSOM). After admission, Alaska students attend the University of Alaska Anchorage for the 1st year of medical school. Students attend the 2nd – 4th years of medical school at UWSOM with 3rd and 4th years including opportunities for training rotations throughout the region.

Each year 20 Alaskans are admitted to Alaska WWAMI. Alaska's WWAMI medical students take their first-year courses at the University of Alaska Anchorage. Students from all WWAMI states take second-year courses in Seattle. The series of clinical clerkships that comprise the third and fourth years of the curriculum may be taken in any of the five WWAMI states. The "Alaska Track" allows students the option to take nearly all of these clerkships in Alaska.

The Alaska Commission on Postsecondary Education (ACPE) is the fiscal agent for the State of Alaska which funds Alaska's WWAMI participation and is the servicer for the WWAMI loan obligation.

WWAMI FAQs

Who should Alaskans contact if they are interested in information about the WWAMI program?

The Director of the WWAMI program at the University of Alaska Anchorage can be contacted at 3211 Providence Drive Engr 331, Anchorage, AK 99508. The e-mail address is aywwami@uaa.alaska.edu and the phone number is (907)786-4789.

How are new participants selected for participation in the WWAMI program?

Each year the Alaska WWAMI and the UWSOM Admissions Committees work together to interview and select 20 Alaskans for the program. The Alaska WWAMI office at UAA certifies an applicant's eligibility for the program based on responses to an Eligibility Questionnaire. Once an Alaska applicant is admitted, ACPE is prompted to send the individual the WWAMI service obligation Master Promissory Note (MPN) and a related cover letter. Individuals who accept the offers of admission must sign the MPN and return it to ACPE by July 30, prior to beginning their program of study.

What is the annual WWAMI repayment obligation based upon?

During the first year of medical school at University of Alaska Anchorage, the principal balance of the loan will be zero. However, by signing the WWAMI Master Promissory Note, each participant has entered into a loan contract and will have a loan repayment obligation for their second, third, and fourth years of medical school at UWSOM. In accordance with state statute governing the WWAMI program, the financial support to be repaid is equal to 50 percent of the amount the State pays to UWSOM, on behalf of the participant, plus interest.

How is Alaska's payment disbursed to UWSOM?

ACPE annually issues a single warrant to UWSOM to cover the entire amount the State pays for Alaska's contractual costs for the program. An annual Notification of Award letter is sent to each participant advising them of the amount of their financial obligation for the related program year.

How does the service obligation discharge a WWAMI participant's financial obligation?

The participant who successfully completes the graduate education program for which the financial support was provided and is employed within Alaska in a qualifying medical residency program or other qualifying professional medical practice and who is otherwise qualified shall have the outstanding principal¹ and accrued interest forgiven and considered a grant in accordance with the following percentages:

- (1) for employment in rural² areas of the state,
 - (a) up to three years of employment, 33 1/3 percent for each year;

¹ No amount due and payable prior to the participant entering deferment or forgiveness-qualifying employment is subject to forgiveness.

² "Rural" is defined in Alaska law as a community with a population of 7,500 or less that is not connected by road or rail to Anchorage or Fairbanks or with a population of 3,500 or less that is connected by road or rail to Anchorage or Fairbanks.

- (2) for employment in areas of the state that do not qualify under the program definition as rural,
 (a) up to five years of employment, 20 percent for each year.

Participants employed as physicians in the state must immediately notify ACPE of the date their qualifying employment began. ACPE will make available to the participant the necessary forms for documenting completion of each annual period of documenting employment until such time as the obligation is fully discharged.

What are the impacts on my forgiveness benefits if I move from a rural to a non-rural community while performing my qualifying service, or vice versa?

Participants who initially practice medicine in a rural community will receive their first forgiveness of 33 and 1/3 percent of the loan after their first year of practice. If the participant should then choose to move to a non-rural community and practice medicine, he or she will then receive forgiveness benefits of 20 percent of the remaining loan amount for each year they practice medicine until the balance of the loan is forgiven. The same is true for a participant who practices medicine in a non-rural community and receives forgiveness of 20 percent of the loan and then moves to a rural community to practice medicine. The subsequent forgiveness will be for 33 and 1/3 percent of the remaining loan balance until the loan balance is forgiven.

Forgiveness Benefit	Forgiveness % for all rural practice	Forgiveness % for 2 years of rural practice	Forgiveness % for 1 year of rural practice	Forgiveness % for all non-rural practice
1	33 1/3%	33 1/3%	33 1/3%	20 %
2	66 2/3%	66 2/3%	53 1/3%	40%
3	100%	86 2/3%	73 1/3%	60%
4		100%	93 1/3%	80%
5			100%	100%

Are participants required to make payments while engaged in employment which satisfies their WWAMI service obligation?

Generally not. It is critical for a participant to immediately advise ACPE of qualifying employment. Once ACPE is in receipt of documentation the participant is in full-time, qualifying employment in Alaska, the repayment requirement will be deferred. The deferment continues until either the entire period of service is completed or the participant ends the full-time employment or leaves the state, whichever occurs first. However, if a participant enters otherwise qualifying employment after the start of repayment and has past due payments, that participant must pay the loan obligation current **before the employment will be considered part of the qualifying period.** Additionally, those payments made prior to entering into qualifying repayment will not be subject to forgiveness.

Who is required to repay a WWAMI loan?

Any participant who fails to fully satisfy the terms of their service obligation is required to repay their outstanding WWAMI financial obligation plus accrued interest. The obligation converts to a regular loan status at the time the participant fails to qualify for a permitted deferment and the active repayment period begins. In the event a participant is in active repayment for a period of time and thereafter enters qualifying employment, any amount of the loan obligation which was not yet due and payable may be deferred and subsequently be subject to forgiveness in the increments noted above.

Will ACPE facilitate payment arrangements for participants in a contractual arrangement with a third-party organization for payment of their WWAMI loan?

ACPE cannot facilitate payment arrangements or otherwise bill a third party but will accept payment on behalf of the borrower from any source.

What repayment deferment provisions are available to WWAMI participants?

In addition to the qualifying employment deferment, WWAMI participants are eligible for deferment:

- ◆ while enrolled in a medical education residency program or fellowship required for their specialty field of practice;
- ◆ while performing a service obligation to the National Health Services Corps, the Indian Health Service, or a Uniformed Services Scholarship Program; or,
- ◆ while totally, temporarily disabled.

What if a WWAMI participant is in a medical education residency program in Alaska?

WWAMI participants in an Alaska medical education residency program can claim that period of service as qualifying under their WWAMI obligation so long as they hold an Alaska medical license or residency permit and have proof of full-time employment for the relevant period.

Alaska State Medical Association

4107 Laurel Street • Anchorage, Alaska 99508 • (907) 562-0304 • (907) 561-2063 (fax)

March 24, 2009

Honorable Nancy Dahlstrom
Alaska State House
Capitol, Room 411
Juneau, Alaska

RE: HB 204 – Increase WWAMI Class Size

Dear Representative Dahlstrom:

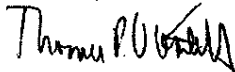
The Alaska State Medical Association (ASMA) represents Alaska physicians statewide and is primarily concerned with the health of all Alaskans.

ASMA supports HB 204 and thanks you for taking the leadership and initiative in introducing it.

ASMA has long supported increasing the WWAMI class size and worked hard several years ago to double the matriculants from 10 to 20 per year. In fact, ASMA has had a policy to increase the class size to 30 when it is practicable to do so.

Finally, “growing” our own physicians, we believe, will help in attracting and retaining physicians to practice in Alaska. However, we are still going to have to make a concerted effort to recruit physicians from other parts of the country to meet with Alaska’s need for well trained physicians to provide the health care necessary for all Alaskans.

Sincerely,



By: Thomas P. Vasileff, MD, President
For: The Alaska State Medical Association



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March 27, 2009

The Honorable Paul Seaton, Chair
House Education Committee
Alaska State Capitol, Room 102
Juneau, AK 99801-1182

RE: HB 204 (Dahlstrom)—Support

Dear Chair Seaton:

On behalf of the members of AARP in Alaska, we encourage you and your colleagues on the House Education Committee to support HB 204, authored by Representative Nancy Dahlstrom and co-sponsored by Representative Beth Kerttula.

It is no secret that Alaska has a shortage of physicians which is expected to get worse over the next few years. AARP members in many Alaska communities already tell us that they are unable to find a physician who will accept them as Medicare beneficiaries.

The one bright spot in this shortage is the WWAMI program which has traditionally provided ten slots for family practice physicians to spend their residency in Alaska. Senator Meyer's bill last year increased the number to twenty. Upon completion of their medical education, most of these physicians have chosen to stay here and practice in our cities as well as in our remote communities.

You and your colleagues have seen the Alaska Physician Supply Task Force report produced jointly by the University of Alaska and the Department of Health and Social Services. This excellent report should serve us as a roadmap for our future directions in physician training.

The former exodus of Alaska retirees has been reversed over the past few years. Because of our improved health services and provider community, older Alaskans have determined that they can remain here after retirement, close to their friends and families.

If older Alaskans are unable to find a physician willing to see them, we will be back with the situation of retirees leaving the state so they can be assured of access to health professionals.

HB 204 offers us another real meaningful opportunity to begin to meet this need. Adding another four family practice residents to bring the total to twenty-four won't solve our problem but it is an excellent step to address our long term needs for an expanded physician workforce.

Our AARP members, your constituents, want to stay here after retirement. An affirmative vote on HB 204 will help accomplish that. AARP requests an "AYE" vote on HB 204.

Should you have any questions about our position, please feel free to contact me (586-3637) or Patrick Luby, AARP Advocacy Director (907-762-3314).

Thank you for your consideration.

Sincerely,



Marie Darlin, Coordinator
AARP Capital City Task Force
415 Willoughby Avenue, Apt. 506
Juneau, AK 99801
586-3637 (voice)
463-3580 (fax)

CC: Vice-Chair Cathy Munoz
Representative Bryce Edgmon
Representative Wes Keller
Representative Peggy Wilson
Representative Bob Buch
Representative Berta Gardner
Representative Nancy Dahlstrom



April 14, 2009

The Honorable Rep. Anna Fairclough
State Capitol, Room 411
Juneau, AK 99801-1182

Dear Rep. Fairclough:

Thank you for your comments at the House Finance Committee hearing this morning. I appreciate your interest in medical education and physician supply for the State of Alaska. It's a major driving force for me on a daily basis. I'm writing to provide substantiation for the information that I provided verbally during the hearing.

First, you are correct that the location of Residency training is the #1 determinant of location of physician practice, and in Alaska WWAMI we are working to develop new Residency training opportunities in Alaska wherever we can find the ability to do so – sufficient number of clinical cases in a specialty area, critical mass of physicians capable of doing the instruction, and funding to support the positions. As Suzanne Tryck mentioned these factors limit our ability to rapidly ramp up Residency opportunities.

With limitations on Residency opportunities we can turn to the 2nd most important determinant of the practice location of physicians, namely where they attended medical school. The national average for "rate of return" for public medical schools in the US is less than 40% (data from Assn. Amer. Med. Coll., *Key Physician Data by State*, Jan '06, Fig. 8). By contrast Alaska WWAMI returns nearly 50% of Alaskans who enter medical school at UAA to practice in the State.

- Return rate – 124/263 (47%) practicing or have practiced in Alaska (National Average: less than 40%)

Return rate is calculated based on data from the Alaska WWAMI database which tracks each Alaska WWAMI entrant since the program began in 1971.

In addition, the database tracks WWAMI graduates from Wyoming, Washington, Montana and Idaho who, as part of medical school in WWAMI, have trained in Alaska during their 3rd and 4th years of medical school and who subsequently return to practice here. This boosts Alaska's "return on investment" to 88%. For every 10 medical

students supported by the State, 8.8 WWAMI graduates practice here.

- Return on Investment – 230/263 (88%) graduates from all WWAMI states practicing or have practiced in Alaska

Supplying an adequate number of physicians for Alaska will require a multi-faceted approach. Increasing medical school positions is effective in the long term, requiring at least seven years before a new medical student can practice independently. Increasing Residency positions can provide independent practitioners in as little as 3 years. Currently, our only Alaskan Residency trains family medicine doctors; we have no Residencies to train in other specialties – pediatrics, psychiatry, surgery, internal medicine, *etc.* The challenges to Residency opportunities in these other specialties were cited above. An effective strategy requires development of both options as well as means to improve the practice environment to retain physicians who start a practice here.

Our goal in Alaska WWAMI is to provide physicians to supply the needs of Alaska and to provide opportunity for Alaska's best and brightest who want to pursue a career in medicine. "Growing our own" is an excellent way to accomplish *both* of those goals, as part of a multi-faceted approach. We continually seek new and better ways to accomplish this mission and we endorse the recommendation of the Alaska Physician Supply Task Force Report (2006) to empanel a group to determine the optimal means of providing medical education for the State, an effort which to our knowledge has not been performed, to date.

If you have additional questions, or if I can clarify any of these issues, please do not hesitate to contact me.

Regards,

Dennis Paul Valenzano

Dennis Paul Valenzano, Ph.D.
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WWAMI - Alaska's Medical School