

**HB**

**235**

<target><bill>HB 235</bill><subject>HB  
235</subject><comm>HFIN26</comm></target>

# Alaska State House of Representatives

Interim:

Phone: (907)

Fax: (907)



Session:

State Capitol, Room 409

Juneau, AK 99801-1182

Phone: (907) 465-3744

Fax: (907) 465-2273

Sponsor Statement from:

## Representative Cathy Munoz

R - District 4

RELEASED: January 19, 2010

CONTACT: Rep. Cathy Munoz 465-3744

## HB235 - Prof Student Exchange Loan Forgiveness

*"An Act relating to professional student exchange program availability and conditions for loan forgiveness."*

Status: PREFILE RELEASED >> (H) EDC : 2009-04-16

Through the Western Interstate Commission for Higher Education (WICHE), Alaska residents will be able to attend professional health care programs in dentistry, optometry and pharmacy which are not offered in the State of Alaska. HB 235 establishes a student loan forgiveness program entitlement of 25 percent forgiveness for participants who meet the following criteria: Alaska residency with intent to practice and maintain their license in the State of Alaska. An additional 25 percent loan forgiveness will be offered to participants who, in addition to previous criteria, practice in an underserved area or serve patients who are covered under the medical assistance program.

The WICHE program will resemble the WWAMI (Washington, Wyoming, Alaska, Montana, and Idaho) program which has been successful as a collaborative partnership between the University of Washington School of Medicine and the five northwestern states. The purpose of WWAMI is to provide publicly supported medical education to residents of this five state region, and train physicians who will return to practice in their home states.

Alaska communities continually face a decreasing number of health care providers and are seeing an increased trend in the number of retirees in certain professions. This is becoming an increasing concern as the number of underserved areas continue to grow and residents in many communities have to travel out of their communities in order to receive care.

Enticing health care providers to Alaska has been an ongoing challenge. Although our university system is constantly improving and adding more educational opportunities, we still lack many needed medical programs. House Bill 235 creates an incentive for the health care professions of dentistry, optometry, and pharmacy by offering a loan forgiveness program for practicing in Alaska.

###

House Majority Press: <http://housemajority.org/spon.php?id=26hb235-241>

# STATE OF ALASKA

ALASKA COMMISSION ON POSTSECONDARY EDUCATION

SEAN PARNELL, GOVERNOR

PO BOX 110505  
JUNEAU, ALASKA 99811-0505  
VOICE (800) 441-2962  
In Juneau (907) 465-6740  
TDD (907) 465-3143  
FAX (907) 465-3293

February 4, 2010

The Honorable Paul Seaton  
Chair, Education Committee  
Alaska House of Representatives  
State Capitol, Room 102  
Juneau, Alaska 99801

Subject: CSHB 235 - An Act relating to the professional student exchange program...

Dear Representative Seaton:

At the February 1, 2010 committee meeting you posed two questions which required some additional analysis on my part to provide a response.

First you asked what, if any, impact would there be for borrowers of education loans if both CSHB 235 and CSHB 58(EDC) were to be enacted. As you know, CSHB 235 proposes to provide forgiveness benefits of up to a 50% discharge of the loan principal to certain borrowers in the Professional Student Exchange Program (PSEP).

CSHB 58(EDC) provides for repayment benefits to a much broader category of education loan borrowers, and is specifically described as an employee recruitment program. In that legislation, the Commissioners of Administration and Labor and Workforce Development are empowered to jointly identify professional fields and occupations for which there are worker shortages in Alaska. New employees in Alaska (subsequent to the date of enactment) serving in relevant positions and who have outstanding education loan debt could apply for repayment benefits in accordance with either of the two benefit schedules included in the bill. One schedule provides for full repayment of outstanding loans over four years in non-rural areas, and the other provides for full repayment over six years for employment in rural areas.

The bill does indicate that loans which are otherwise eligible for repayment benefits under another program are *not* eligible for benefits under CSHB 58(EDC). The net result, in my opinion, is that the PSEP borrowers would be eligible to apply for benefits under the other program only on *other* education loans they may have, or on their PSEP loan *after* they had exhausted their forgiveness benefits under the PSEP loan contract.

Representative Paul Seaton  
February 4, 2010  
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The other issue you raised was whether, under the current bill language, ACPE would be unable to make non-forgivable loans to applicants in the three referenced fields in the event the Legislature failed to provide the funding for the loans. In fact, that would be problematic without some explicit provision to do so. Please find enclosed a copy of the advice I requested from the Department of Law on this matter.

I hope this information is responsive to your inquiry. Do not hesitate to contact me if there is other information I can provide.

Sincerely,



Diane Barrans  
Executive Director

Enclosure

# MEMORANDUM

## State of Alaska Department of Law

TO: Diane Barrans, Executive Director  
Alaska Commission on  
Postsecondary Education

DATE: February 2, 2010

FILE NO.: AN2009103894

FROM: Mary Ellen Beardsley *meb*  
Assistant Attorney General  
Commercial/Fair Business Section  
Anchorage AGO

TEL. NO.: 269-5213

SUBJECT: HB 235

You have asked me to look at HB 235 (and the draft CS for this bill) to determine what impact it will have on the Alaska Commission on Postsecondary Education (ACPE). I have reviewed the draft CS and the statutes being amended by this legislation.

AS 14.44.025 currently requires ACPE to establish funding priorities for the Professional Student Exchange Program (PSEP) that is administered by WICHE for certain fields of study. Participants in PSEP are required to repay the State the support provided to them under PSEP and the money repaid by the participants is placed in the education loan fund created under AS 14.42.210. There is currently no forgiveness provision in AS 14.44.040(a)

HB 235 proposes to establish a forgiveness provision in PSEP. HB 235 would require ACPE to forgive up to 50% of the total PSEP loan amount should the participant fulfill the requirements set out in AS 14.44.041. The language of HB 235 is mandatory and does not allow ACPE to issue PSEP loans without the loan forgiveness benefit. There is a funding concern as it relates to this mandatory language. There needs to be an ability on the part of ACPE to issue PSEP loans to participants without the loan forgiveness benefit in the event the legislature does not provide funding for loans containing the forgiveness benefit. Without this ability, ACPE might be required to exclude these fields from the PSEP in the years in which there is no funding since there would be no provision for offering PSEP loans that have no forgiveness benefit.

If I can be of further assistance please let me know.

MEB/

# LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES  
LEGISLATIVE AFFAIRS AGENCY  
STATE OF ALASKA

(907) 465-3867 or 465-2450  
FAX (907) 465-2029  
Mail Stop 3101


State Capitol  
Juneau, Alaska 99801-1182  
Deliveries to: 129 6th St., Rm. 329

## MEMORANDUM

January 12, 2010

**SUBJECT:** WICHE loan forgiveness (CSHB 235( ))  
(Work Order No. 26-LS0913\R)

**TO:** Representative Cathy Muñoz  
Attn: Kendra Kloster

**FROM:** Jean M. Mischel  
Legislative Counsel 

You have requested a sectional summary of the above-described bill.

As a preliminary matter, note that a sectional summary of a bill should not be considered an authoritative interpretation of the bill and the bill itself is the best statement of its contents. If you would like an interpretation of the bill as it may apply to a particular set of circumstances, please advise.

**Section 1.** Adds a subsection that requires the Alaska Commission on Postsecondary Education to provide funding for no fewer than five students in each of three areas of a four year program in dentistry, optometry, and pharmacy under the existing Professional Student Exchange Program of the Western Interstate Commission on Higher Education (WICHE) loan program.

**Section 2.** Adds a cross-reference to section 4 (sec. 3 in the A version) of the bill for loan forgiveness in the existing administration section for WICHE loans.

**Section 3.** Amends repayment provision for WICHE loans by cross-referencing current law that provides for repayment terms and conditions for medical school loans provided by the state. This is a modification of version A that established an annual five percent interest rate and limiting accrual of interest to program completion period.

**Section 4.** Adds two types of loan forgiveness for WICHE loans: (1) a five year five percent loan forgiveness option for state residents who practice here in the areas of dentistry, optometry, and pharmacy; and (2) a five year ten percent loan forgiveness option for professionals practicing in geographically underserved areas or by providing a minimum amount in gross billings under medical assistance coverage in the state. The percentage for type (2) forgiveness was doubled from five to 10 percent from version A. In addition, version R adds a cumulative maximum of fifty percent forgiveness of the original loan principal.

JMM:ljw  
10-011.ljw

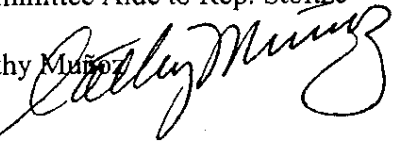


REPRESENTATIVE CATHY MUÑOZ

**MEMORANDUM**

TO: Representatives Hawker and Stoltze  
Co-Chairs, House Finance

CC: Juli Lucky, Committee Aide to Rep. Hawker  
Ben Mulligan, Committee Aide to Rep. Stoltze

FROM: Representative Cathy Muñoz 

DATE: February 10, 2010

RE: Explanation of Changes

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The House Education Committee adopted a committee substitute to HB 235 which included clarification language that sights a definition for the medical assistance program, AS 47.07, and clarification language which puts the WICHE program's interest rate on par with the current WWAMI program for medical students, AS 14.43.510.

In addition, the Department of Law issued an opinion sighting a funding concern with the mandatory language for funding the WICHE program. Language was added in section 4 which would allow the Alaska Commission on Postsecondary Education to issue loans through the WICHE program even without the loan forgiveness benefit should the legislature decide not to fund the program.



## Alaska Dental Society, Inc.

9170 Jewel Lake Road, Suite 203  
Anchorage, Alaska 99502-5390  
(907) 563-3003 • FAX: 563-3009  
info@akdental.org

The Honorable Paul Seaton, Chairman  
House Education Committee  
State Capitol Rm. 102  
Juneau, AK 99801

Dear Rep. Seaton and Committee Members:

On behalf of the members of the Alaska Dental Society I'm writing to urge passage of HB235 by your committee.

HB235 and its companion bill SB 174 will establish new funding and program guidelines for Alaska's participation in the Western Interstate Commission on Higher Education (WICHE). This bill will provide funding under the WICHE program for a partial tuition incentive for Alaskan residents to attend healthcare education programs not offered in Alaska: dentistry, pharmacy and optometry. The program would provide support in the form of a low interest loan that would be partially forgiven if the graduate returns to Alaska and an additional amount would be forgiven if the graduate practices in an underserved area or provides a percentage of care under the Medicaid system.

Alaska has long faced a shortage of healthcare providers in rural areas. A rapidly graying workforce and lack of providers to replace retiring practitioners is quickly leading to a shortage in non-rural areas. The problem has become especially acute in Southeast. Petersburg has lost one of its two dentists, Wrangell has lost both of its private dentists and Ketchikan has lost one of its five private dentists. All sought replacement dentists for several years but ultimately were forced to retire without a dentist to take over their practices. This problem is not isolated to Southeast, however, it is merely riding the crest of the wave.

The cost to attend professional school has rapidly escalated resulting in heavy loan repayment burdens for graduating professionals. This forces new graduates to choose practice location based economic choices. In 44-four states there are one or more incentive programs for health professionals – Alaska is one of 6 states without a program. Encouraging Alaskan residents to seek careers in healthcare fields will pay several dividends. Returning Alaskan residents are more likely to remain in Alaska for their practicing careers providing a stable source of healthcare providers. In a troubled economy healthcare fields provide stable, well paying jobs and healthcare providers will employ additional people providing an economic boost for communities. Smaller communities without adequate healthcare professionals will continue to see population drift to larger communities and out of the state due to real and perceived inadequacies.

Respectfully yours

A handwritten signature in cursive script that reads "Gary A. Moeller".

Gary A. Moeller, DDS  
President, Alaska Dental Society

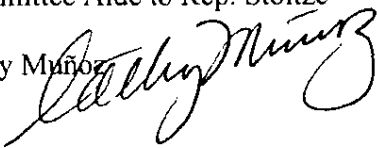


REPRESENTATIVE CATHY MUÑOZ

**MEMORANDUM**

TO: Representatives Hawker and Stoltze  
Co-Chairs, House Finance

CC: Juli Lucky, Committee Aide to Rep. Hawker  
Ben Mulligan, Committee Aide to Rep. Stoltze

FROM: Representative Cathy Muñoz 

DATE: February 10, 2010

RE: Hearing Request for HB 235

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Please schedule HB 235 – Professional Student Exchange Loan Forgiveness in House Finance for hearing at your earliest convenience.

Attached to this memo please find the following documents

- HB 235 – Professional Student Exchange Loan Forgiveness
- Sponsor Statement
- Sectional Analysis
- Department of Law opinion
- Explanation of Changes
- Support Letters: Alaska Pharmacists Association and Alaska Dental Society
- ~~Expected Witness List:~~
  - ~~Diane Barrans, Executive Director, Alaska Commission on Postsecondary Education~~
  - ~~Dr. David Logan, Alaska Dental Society (Available for questions)~~
  - ~~Nancy Davis, Executive Director, Alaska Pharmacists Association (Available for questions)~~
  - ~~Alice Rarig, Department of Health and Social Services (Available for questions)~~
- Office Contact: Kendra Kloster, 465-4712, [Kendra\\_kloster@legis.state.ak.us](mailto:Kendra_kloster@legis.state.ak.us)

Thank You.

# State Dental Loan Repayment Programs

## Examples from Other States

### Alabama

The Board of Dental Scholarship Awards was established to provide scholarships and scholarship loans for the education of qualified applicants for admission to dental schools in Alabama who agreed to practice in underserved areas. Repayment could be based on service alone, or on a combination of service and payments, depending on the location of the practice, rural versus urban, and the duration of time in that practice. The terms of various types of repayment are set out in the law.

### Arizona

In exchange for loan repayment, a primary care provider shall contract with the Department to provide full-time continuous services at a specific eligible service site for a minimum of 24 months. Requires: a signed contract for current or prospective employment at an eligible service site or a letter of intent of employment at an eligible service site; A contract with the Department to serve full-time providing primary care services at the eligible service site for a minimum of 24 months, with 12-or 24-month contract extensions available upon mutual agreement with the individual in the senior leadership position at the service site; Agreement to work at least 32 of the minimum 40 hours per week; provider to charge for services at the usual and customary rates in the primary care area, except that patients unable to pay are to be charged a reduced rate according to the service site's sliding-fee scale or not charged; Agreement not to discriminate on basis of patient's ability to pay for care or the payment source, including Medicare or AHCCCS, &; Agreement to accept assignment for payment under Medicare & to participate in AHCCCS.

### Arkansas

The state provides a forgivable loan program to assist Arkansas dental students attending specified out-of-state health and medical professional schools. The loans may be forgiven at the rate of one (1) year's loan for one (1) year's practice in Arkansas.

### California

Provides loan repayment to recent dental school graduates who practice for three years in a community clinic or office in an underserved area. A "Dentally underserved area" is eligible for designation via the federal shortage designation criteria defined Title 42, Chapter I, Part, Appendix B (Criteria for Designation of Areas Having Shortages of Dental Professionals) or an area where unmet needs exist as determined by the state. Loan repayments are limited to (\$105,000) per individual. After completing one year of service, \$25,000 is awarded. After two consecutive years, \$35,000 is awarded, for a total loan repayment of up to \$60,000. After three consecutive years, \$45,000 is awarded, for a total loan repayment of up to \$105,000.

### Colorado

The state dental loan repayment program pays all or part of the principal, interest, and related expenses of the educational loans of each eligible dental professional who agrees to provide care to underserved populations for at least 2 years. Funding includes moneys credited to the tobacco litigation settlement fund to extent available, appropriations from state general fund, and other public & private donations.

### Delaware

The State Loan Repayment Program for Dentists and Physicians is designed to recruit physicians and dentists to underserved areas of the state by repaying a portion of their educational debt in exchange for their commitment to practice in underserved area. The dental component was launched in 2001.

### Idaho

The Rural Health Care Access Fund provides grants to improve access to primary care medical services in areas designated as primary care health professional shortage areas and medically underserved areas. Individual grant awards are limited to \$35,000, direct and indirect costs, per year. Applicants may propose projects for funding for up to three years.

#### Illinois

Provides grants to Illinois students enrolled or accepted in Illinois dental schools, and who contract to practice dentistry in a designated shortage area in the State. Student must be certified by the school as being eligible to receive financial aid. Upon the Illinois licensure of the student to practice dentistry, the student shall serve as a general practice dentist in a designated shortage area in the State. The term of this service shall be as provided in the Dental Student Grant Act.

#### Indiana

The Indiana health care professional recruitment and retention fund provides loan repayment for student loans up to \$40,000 (\$20,000 per year) incurred by dentists agreeing to serve a two-year stint in federally designated shortage area or an area approved by the state as underserved.

#### Maine

The Finance Authority of Maine awards up to 3 loans or loan repayment agreements annually up to an aggregate of 12. Under the program, loans may be awarded to Maine residents who have been accepted into dental school. If, upon completing dental education, the loan recipient elects to practice dentistry in an area determined to be underserved, the loan recipient may be forgiven a 25% portion of the loan per year after executing a loan repayment agreement.

#### Maryland

Maryland's new law provides up to \$100,000 total loan assistance over a three-year period, during which a dentist accepts 30% of his/her caseload from the Medicaid-eligible population. Assistance is limited to 5 dentists per year for a total of 15 dentists over the three-year program.

#### Minnesota

Students accepted into the program serve at least three years during which at least 25 percent of the patient encounters are state public program enrollees or patients receiving sliding fee schedule discounts. The state pays \$10,000 per year up to four years, not to exceed the lesser of \$40,000 or the balance of the qualifying loans.

#### Missouri

Dentists and dental school students enrolled in their final year of course study may participate in the Health Professional Student Loan Repayment Program. The maximum amount of repayment assistance is not to exceed the maximum allowed under the National Health Services Corps Repayment Program.

Program participants must agree to see all patients regardless of their ability to pay. Students breaching contracts will be responsible for damages incurred by the Department of Health and legal costs incurred in the collection of damages.

#### Nebraska

Pays educational expenses and repay loans for dental students who agree to practice in a designated health profession shortage area, within 3 months of graduation. The amount of financial assistance is limited \$80,000 over the course of schooling. Each loan repayment recipient agrees to provide services for at least 3 years and accept Medicaid patients. Failure to complete the 3-year commitment, without good cause, results in repaying outstanding amount plus 25% of the amount of financial assistance received.

#### Nevada

Under the Western Regional Higher Education Compact (agreement among 13 western states & NV), a dentist receives a support fee, 25% of which is a loan to be repaid by the dental graduate. Practicing in a medically underserved area of this state for at least 2 years results in a forgiveness of the loan balance (25% of the support fee). If a person returns to this state under the compact, but does not practice in a medically underserved area of this state for at least 2 years, the state assesses a default charge and interest. (Chapter 397 of NRS)

#### North Dakota

The state annually selects up to three dentists who enter a four-year nonrenewable contract where education loans are repaid in exchange for the dentist(s) agreeing to practice in underserved communities identified by the state health council. The council establishes a priority ranking for participation in the program for the selected communities. Dentists are eligible to receive funds for the repayment of their education loans, which may not exceed eighty thousand dollars per applicant over a four-year period. 2007 S 2152 was enacted. Enacts provisions for a dentist to receive school loan repayments as an incentive to practice: the practice cannot be within a 15 mile radius of Bismarck, Fargo or Grand Forks (the largest cities in ND), the dentist must receive medical assistant reimbursement for dental care of at least \$20,000 or must practice at least 2 days a week at a public health clinic or at a nonprofit dental clinic that uses a sliding fee schedule to bill the nonprofit dental clinic's patients.

#### Ohio

The dentist loan repayment program provides up to \$20,000 per year in loan repayment assistance for new dentists who agree to practice at least 40 hours per week in a designated dental health professional shortage area and treat patients regardless of their ability to pay. The program will be funded with a \$20 increase in dentists' licensing fees, government funding and private contributions.

#### Oklahoma

The state will establish loan repayment assistance up to \$25,000 per year for up to five dentists who agree to practice in a designated Dental Health Professional Shortage Area (DHPSA) in the state and agree to provide dental care and services to Medicaid recipients. Dentists' performance will be reviewed after a two-year period to determine eligibility to continue in the program for an additional three years.

#### Rhode Island

Provides educational loan repayment for healthcare professionals committed to working in primary care health professional shortage areas or dental health professional shortage areas. Requires a two year commitment to provide full-time services at a site that has been approved for funding.

Must charge for professional services at the usual and customary rates prevailing in the areas in which such services are provided. If a person is unable to pay such charge, they'll be charged a reduced rate or no fee. The professional also must serve full time (40 hours per week), with no more than 20% of the time devoted to administrative work and agree not to discriminate on the basis of the ability of the individual to pay for such care or on the basis that payment for such care will be made through Medicare or Medicaid. The professional must enter into an appropriate agreement with the State agency that administers Medicaid.

#### South Carolina

Each loan or scholarship lasts for a period of one year only. However, recipients who successfully complete the related year of study have first priority on unobligated funds for renewal of the loan or scholarship for the succeeding year. Each loan or scholarship has two parts: (1) Payment of tuition and other school related expenses up to a total of \$5000 per year, and (2) an allowance of \$100 per month for living expenses. Requires practice in a county with a dentist ratio of not more than one dentist for each four thousand people. For each year an applicant benefits from a loan or scholarship s/he is required to practice in the underserved county.

Applicants who receive a scholarship or loan for four years are only required to practice in a county for three years, at the end of which time the loan is considered paid in full.

#### South Dakota

Provides that up to 3 dentists are eligible to receive tuition reimbursement payments if the licensed to practice dentistry and (s)he agrees to practice general dentistry in an eligible community for a minimum period of three years.

#### Texas

Texas makes annual repayment(s) within a time frame determined by the Board upon the dentist's completion of each twelve-month service period. Dentists must complete at least one year of dental practice in an area of the state that is underserved with respect to dental care. A dentist may receive up to \$10,000 repayment assistance grants for each of not more than five years.

Utah

Creates a new Utah Health Care Workforce offering loan repayment & scholarship grants for dentists, who locate or continue to practice in underserved areas. The Program will have an advisory committee one member of which will be a member of the Utah Dental Association.

Virginia

The dental loan repayment program provides incentives to dental students agreeing to practice in underserved areas designated by the State Board of Health through criteria derived by comparing population data, dentist population and dental health professional shortage areas determined by the federal HHS department. Preference will be given to graduates of Virginia Commonwealth University's School of Dentistry. Scholarship recipients may receive a max of five scholarships. The award(s) equal one-year in-state tuition at Virginia Commonwealth University School of Dentistry for the year in which the loan was acquired.

Wisconsin

To benefit from loan assistance, the dentist must agree to provide dental services to at least 50 unduplicated medical assistance or badger care recipients, not to fall below a minimum of \$8,000 in claims paid. In year two of the dentist's agreement, the dentist must see at least 70 unduplicated medical assistance or badger care recipients, not falling below \$11,000 in claims paid. Year three, the dentist must provide dental services to at least 90 recipients, with a minimum claim amount of \$15,000.

Wyoming

Will pay the cost of dental education for up to 10 dental students per year in exchange for their agreeing to practice for up to 3 years on patients eligible for medical assistance or the child and parent health insurance program. If the student fails to fulfill the terms of the agreement then the costs of education are repayable to the state of Wyoming.

© American Dental Association -- State Government Affairs  
Created June 29, 2006 revised May 4, 2007 #49-Loan Forgiveness Incentives

Sent from the DPH List  
\*\*\*\*\*

NOTE: This list is sponsored by the University of Pittsburgh  
To send postings for the list email to: [dental-public-health@list.pitt.edu](mailto:dental-public-health@list.pitt.edu)

From: [dental-public-health-bounces@list.pitt.edu](mailto:dental-public-health-bounces@list.pitt.edu) [mailto:[dental-public-health-bounces@list.pitt.edu](mailto:dental-public-health-bounces@list.pitt.edu)] On Behalf Of Robert Weyant  
Sent: Tuesday, October 28, 2008 9:33 AM  
To: [dental-public-health-listserve](mailto:dental-public-health-listserve)  
Subject: [DPH] State Loan Repayment Programs

# FISCAL NOTE

**STATE OF ALASKA**  
**2010 LEGISLATIVE SESSION**

Fiscal Note Number: 1  
 Bill Version: CSHB 235(EDC)  
 (H) Publish Date: 2/8/10

Identifier (file name): HB235CS-EED-ACPE-01-25-10 Dept. Affected: Education  
 Title: An Act relating to professional student exchange program RDU: ACPE  
availability and conditions for loan forgiveness Component: Program Administration and  
 Sponsor: Rep. Munoz Operations  
 Requester: (H)Education Component Number: 2738

**Expenditures/Revenues** (Thousands of Dollars)

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

	Appropriation Required	Information						
		FY 2011	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
<b>OPERATING EXPENDITURES</b>								
Personal Services								
Travel								
Contractual								
Supplies								
Equipment								
Land & Structures								
Grants & Claims								
Miscellaneous		230.5		466.0	721.5	944.0	1,028.0	1,063.0
<b>TOTAL OPERATING</b>		<b>230.5</b>	<b>0.0</b>	<b>466.0</b>	<b>721.5</b>	<b>944.0</b>	<b>1,028.0</b>	<b>1,063.0</b>

<b>CAPITAL EXPENDITURES</b>								
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<b>CHANGE IN REVENUES ( )</b>								
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts								
1003 GF Match								
1004 GF		230.5		466.0	721.5	944.0	1,028.0	1,063.0
1005 GF/Program Receipts								
1037 GF/Mental Health								
Other Interagency Receipts								
<b>TOTAL</b>		<b>230.5</b>	<b>0.0</b>	<b>466.0</b>	<b>721.5</b>	<b>944.0</b>	<b>1,028.0</b>	<b>1,063.0</b>

Estimate of any current year (FY2010) cost: 0.0

**POSITIONS**

Full-time								
Part-time								
Temporary								

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

This legislation modifies the terms and conditions for Alaska residents participating in certain professional programs of study through the Western Interstate Commission on Higher Education's (WICHE) Professional Student Exchange Program (PSEP). Under the terms of the bill, Alaska participants, who would otherwise bear the full costs of the loan associated with the annual PSEP support fee paid to the professional school at which they are receiving their training, will be entitled to a discharge (forgiveness) of up to 50% of the related PSEP loan principal. The bill sets a minimum number of participants to be funded.

The PSEP operates as a multi-state student exchange program by which compact member states that have institutions offering certain professional programs of study agree to provide preferential admission consideration to residents of member states whose institutions do not offer those programs. WICHE facilitates the collection of a per

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

Phone 907-465-6740  
 Date/Time 1/29/10 3:30 PM  
 Date 1/29/2010

FISCAL NOTE #1

STATE OF ALASKA  
2010 LEGISLATIVE SESSION

BILL NO. CSHB 235(EDC)

**ANALYSIS CONTINUATION**

resident fee for each person accepted into a participating institution. The Support Fee amount varies according to the professional field of study and is set through a negotiated process facilitated by WICHE staff and involving all of the receiving institutions.

In 1998 the Alaska Legislature authorized the funding of the Support Fee in the form of a loan to each participant, financed by the Alaska Student Loan Corporation. The terms by which the Support Fee loan would be offered under this bill are such that it is not feasible for ASLC to use bond proceeds to finance the loans.

The cost estimates shown reflect the participation growth over a four-year timeframe as five additional participants enrolled in each successive year, from 15 students in FY11 to a total of 60 students in the fourth and subsequent years. Historically the Support Fees have increased 3.4% on an annual basis.

Given that the maximum discharge a borrower may receive is 50 percent of their PSEP loan principal, beginning in the fifth year following program implementation, there will be an income stream from borrower repayments. In FY15 the first fifteen supported participants will be in repayment. The standard repayment period is a fifteen-year term. Participants qualifying for some or all of their discharge will receive annual credits to their loan balances that will have the effect of either shortening their period of repayment or allowing for a reduction in their monthly payment amount. In FY15 repayments would be approximately \$40,000, in FY16, \$116,400 and, within the subsequent three years increase to approximately \$420,000 annually.



# Alaska Optometric Association

Alaska's Authority on Primary Eye & Vision Care

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*Treasurer*

Tracy Oman  
*Executive Director*

Rina Salazar  
*Deputy Director*

March 22, 2010

House of Representatives  
State Capitol  
Juneau, AK 99801

Dear Representative,

On behalf of Alaska Doctors of Optometry, I am writing in support of HB 235.

Communities throughout the state struggle to find optometrists who are willing to move to their area and it is even more difficult to encourage them to stay. Alaska does not offer a doctor of optometry degree program so students must leave the state in order to earn their degree. HB 235 offers an incentive to encourage them to return.

Although there are more than 115 doctors of optometry in Alaska serving more than 25 communities throughout the state and traveling to more than 60 additional sites, many communities are still left with no eyecare. Doctors of optometry are trained to examine, diagnose, treat, and manage disorders that affect the eye or vision. Because optometrists are also trained to recognize critical health issues, such as diabetes and hypertension, while examining the eye, having an optometrist in all Alaska communities can not only save vision, it can save lives.

I welcome any questions you have regarding optometry in Alaska and urge your support of HB 235.

Sincerely,

Tracy Oman  
Executive Director

Labor Market Area	Alaska Population		Counts and Percentage Distribution by Labor Market Area of Selected Professionals (licensees with Alaska addresses; status "AA" (active), as of September 2009)									
	2008	Distribution	Dentists	Dentists % by area	Pharmacists	Pharmacists % by area	Optometrists	Optometrists % by area	Physicians	Physicians % by area		
Anchorage-MatSu	367,509	54%	279	57%	294	62%	68	61%	1,043	66%		
Gulf Coast	75,876	11%	53	11%	51	11%	6	5%	127	8%		
Interior	104,421	15%	70	14%	59	13%	21	19%	180	11%		
North	236,12	3%	10	2%	3	1%	1	1%	24	2%		
Southeast	69,202	10%	55	11%	55	12%	12	13%	168	11%		
Southwest	39,100	6%	19	4%	9	2%	3	3%	41	3%		
<b>Total</b>	<b>679,720</b>	<b>100%</b>	<b>486</b>	<b>100%</b>	<b>471</b>	<b>100%</b>	<b>111</b>	<b>100%</b>	<b>1,583</b>	<b>100%</b>		

Peach color: indicates profession x region groups with disparity in distribution (compared to population distribution)

Sources: Population from AK Dept of Labor Research & Analysis, Demographic Program, Licensees from Div. of Occupational Licensing

**PROVISIONS FOR LOAN FORGIVENESS/SCHOLARSHIPS AND GRANTS**  
*Information derived from state statutes, regulations and various reports about programs that provide loan benefits and scholarship assistance in return for serving defined low-access communities or populations*

More than half of the states have some kind of loan forgiveness / scholarship assistance programs in place.

States vary on the delivery and amount of the incentives. Some states provide scholarships while other state incentive programs pay off the loan *after* graduation. Either way, it is the equivalent of students not having to pay for some or all of dental school with the agreement that they will practice for a set amount of time in a manner that is intended to reduce access problems.

*Overview of States:*

The framework of each state law is basically the same—a contract with a limited number of dentists to perform dental services in an area designated underserved for a period of time (2-5 years). The amounts allocated per provider range from about \$20,000 total to \$125,000. The laws are pretty broad with respect to practice location and patients served—but are consistent in that they require that underserved patients be the focus of care delivery.

For instance, **Arizona** requires the dentists to serve full-time providing primary care services at eligible service sites. Many states use the federal designation Dental Health Professional Shortage Area (i.e. **California, Indiana, Oklahoma and Washington D.C.**) to determine where a dentist must locate. **Minnesota** dentists must agree to deliver at least 25 percent of the annual patient encounters to state public program enrollees or patients receiving sliding fee schedule discounts through a formal sliding fee schedule.

Presented here is a state-by-state summary of their loan forgiveness / scholarship grant programs. While the information contained in this document is of general interest the information presented here is a snapshot at a particular point in time. One cannot rely solely on this document as being a comprehensive and up-to-date list of states that have such provisions. For specific details on a particular state please contact the state dental society.

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*Alabama*

The Board of Dental Scholarship Awards was established to provide scholarships and scholarship loans for the education of qualified applicants for admission to dental schools in Alabama who agreed to practice in

underserved areas. Repayment could be based on service alone, or on a combination of service and payments, depending on the location of the practice, rural verses urban, and the duration of time in that practice. The terms of various types of repayment are set out in the law. The law was amended in 2007

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to create the "Rural Dental Health Scholars Program" to provide for loans and scholarships to both high school and dental students who are interested in practicing in rural areas of the state.

Arizona

Requires primary care provider to contract with the Department to provide full-time continuous services at a specific eligible service site for a minimum of 24 months. Requires: a signed contract for current or prospective employment at an eligible service site or a letter of intent of employment at an eligible service site; A contract with the Department to serve full-time providing primary care services at the eligible service site for a minimum of 24 months, with 12-or 24-month contract extensions available upon mutual agreement with the individual in the senior leadership position at the service site; Agreement to work at least 32 of the minimum 40 hours per week; provider to charge for services at the usual and customary rates in the primary care area, except that patients unable to pay are to be charged a reduced rate according to the service site's sliding-fee scale or not charged; Agreement not to discriminate on the basis of a patient's ability to pay for care or the payment source, including Medicare or AHCCCS, and; Agreement to accept assignment for payment under Medicare and to participate in AHCCCS.

Arkansas

The state provides a forgivable loan program to assist Arkansas dental students attending specified out-of-state health and medical professional schools. The loans may be forgiven at the rate of one (1) year's loan for one (1) year's practice in Arkansas.

California

Provides loan repayment to recent dental school graduates who practice for three years in a community clinic or office in an underserved area. A "Dentally underserved area" is eligible for designation via the federal shortage designation criteria defined Title 42, Chapter I, Part, Appendix B (Criteria for Designation of Areas Having Shortages of Dental Professionals) or an area where unmet needs exist as determined by the state. Loan repayments are limited to (\$105,000) per individual. After completing one year of service, \$25,000 is awarded. After two

consecutive years, \$35,000 is awarded, for a total loan repayment of up to \$60,000. After three consecutive years, \$45,000 is awarded, for a total loan repayment of up to \$105,000. Program extended until July 1, 2012 in 2009 S 599.

Colorado

The state dental loan repayment program pays all or part of the principal, interest, and related expenses of the educational loans of each eligible dental professional who agrees to provide care to underserved populations for at least 2 years. Funding includes moneys credited to the tobacco litigation settlement fund to the extent available, appropriations from state general fund, as well as other public and private donations. Section 25-23-104 (1), C.R.S.

Connecticut

Connecticut pays for part or all of qualifying educational loans (principal, interest and related expenses for dentists and hygienists). \$15,000 per year, for minimum of 2 years and up to four (4) years with an extension in Community Health Centers and other eligible primary care sites in the state, designated by the federal government as Medically Underserved Areas (MUA) and as Health Professional Shortage Areas (HPSA). Work time requirements under the Connecticut SLRP program are for a minimum of 40 hours/wk, (max of 8 hrs may be practice-related administrative activities).

Delaware

The State Loan Repayment Program for Dentists and Physicians is designed to recruit physicians and dentists to underserved areas of the state by repaying a portion of their educational debt in exchange for their commitment to practice in underserved area. The dental component was launched in 2001.

Georgia

Provides loan assistance to dentists who agree to practice full time (minimum 40 hours / week) in rural areas of the state. The dentist must maintain a Georgia Medicaid number and actively treat Medicaid patients.

The contracts with the "Dentists for Rural Areas Assistance Program" will be for one

year, renewable up to three times for a total of 4 years. The amount of the award shall be determined by the State Medical Education Board (SMEB) annually.

If the dentist defaults the penalty shall be immediate liability for two times the original principal amount of the loan award.

#### Hawaii

A Hawaii law enacted in 2008 establishes the Hawaii Health Corps Program working group; provides for the development of a plan to establish a program for tuition loan repayments and stipends for physician and dentist participants serving in underserved areas; provides that priority placement in the program will be for graduates of the John A. Burns School of Medicine; requires participants to commit and serve as first responders in the event of a declared emergency.

#### Idaho

The Rural Health Care Access Fund provides grants to improve access to primary care medical services in areas designated as primary care health professional shortage areas and medically underserved areas. Individual grant awards are limited to \$35,000, direct and indirect costs, per year. Applicants may propose projects for funding for up to three years. Title 39, Chapter 59, Idaho Code.

#### Illinois

Provides grants to Illinois students enrolled or accepted in Illinois dental schools, and who contract to practice dentistry in a designated shortage area in the State. Student must be certified by the school as being eligible to receive financial aid. Upon the Illinois licensure of the student to practice dentistry, the student shall serve as a general practice dentist in a designated shortage area in the State. The term of this service shall be as provided in the Dental Student Grant Act.

2007 S 387 was enacted. Creates the Loan Repayment Assistance for Dentists Act (110 ILCS 948). Requires the Department of Public Health to establish an educational loan repayment assistance program for dentists who practice in designated shortage areas in this State for 2 years. There law enumerates

requirements of participation and the penalty is to repay the amount of the benefit received if the dentist does not fulfill the terms agreed upon. The law was amended in 2009 by adding eligibility of dental hygienists for loan repayment assistance and by adding up to two subsequent one-year grants for dentists. Dentists currently are eligible for a two year grant. 2009 S 275.

#### Indiana

The Indiana health care professional recruitment and retention fund provides loan repayment for student loans up to \$40,000 (\$20,000 per year) incurred by dentists agreeing to serve a two-year stint in federally designated shortage area or an area approved by the state as underserved.

In 2009 H 1573 was enacted:

The Indiana dental recruitment fund is established to provide grants to dentists and dental hygienists to encourage the full-time delivery of dental care in underserved areas and to increase the number of minority dentists and dental hygienists in Indiana. To qualify one must be licensed and have entered into an agreement with the recruitment committee to: (A) either: (i) commit to working five (5) years in a underserved area or as a minority dentist or dental hygienist in Indiana for a yearly grant of thirty-five thousand dollars (\$35,000); or (ii) commit to working two (2) years in a underserved area or as a minority dentist or dental hygienist in Indiana for a yearly grant of thirty thousand dollars (\$30,000) with the option by the dentist or dental hygienist to serve up to three (3) additional years for a yearly grant of thirty-five thousand dollars (\$35,000); (B) provide an average of at least forty (40) hours of dentistry per week in underserved areas or as a minority dentist or dental hygienist in Indiana; (C) maintain a patient base that includes at least thirty percent (30%) as Medicaid patients; and (D) provide a sliding fee scale, as approved by the committee, for low income patients.

The agreement shall include a clause that if the dentist or dental hygienist does not comply with the requirements they will pay back to the committee seven thousand five hundred dollars (\$7,500), plus interest, for each month that they do not serve or had left to serve under the terms of the agreement.

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### Maine

The Finance Authority of Maine awards up to 3 loans or loan repayment agreements annually up to an aggregate of 12. Under the program, loans may be awarded to Maine residents who have been accepted into dental school. If, upon completing dental education, the loan recipient elects to practice dentistry in an area determined to be underserved, the loan recipient may be forgiven a 25% portion of the loan per year after executing a loan repayment agreement.

### Maryland

Maryland's new law provides up to \$100,000 total loan assistance over a three-year period, during which a dentist accepts 30% of his/her caseload from the Medicaid-eligible population. Assistance is limited to 5 dentists per year for a total of 15 dentists over the three-year program.

### Massachusetts

The Massachusetts Dental Society reports that as of 2009, there are two state programs that offer loan repayment or tuition reimbursement. However, that there is not enough funding in these programs to make a difference to many students. In fact, with one of these programs, dentists are forced to compete with physicians for limited financial resources.

The Massachusetts State Loan Repayment Program (MSLRP) offers loan repayment for dentists and hygienists who agree to practice in a community health center or a public licensed clinic for two years. The Commonwealth's \$250,000 is matched by the federal government, resulting in a \$500,000 program. The program is administered by the Massachusetts Department of Public Health (DPH) and is available to health professionals—including, but not limited to, dentists and hygienists—who work in designated Health Professional Shortage Areas (HPSAs).

The MDS reports that dental professionals are under-represented in the program because there are fewer community health centers in these shortage areas in Massachusetts, and rules that accompany federal matching funds preclude the DPH from structuring the program in a manner that would attract more dental professionals to more health centers.

Additionally, the state provides \$1 million,

administered by the University of Massachusetts, with 50 percent earmarked for loan repayment and tuition reimbursement. Of this amount, \$120,000 funds a scholarship at each of the state's three dental schools for students agreeing to work in a community health center for two years, \$380,000 goes to loan repayment for dentists already working in community health centers, and \$500,000 is designated for community health center infrastructure.

### Minnesota

Students accepted into the program serve at least three years during which at least 25 percent of the patient encounters are state public program enrollees or patients receiving sliding fee schedule discounts. The state pays \$10,000 per year up to four years, not to exceed the lesser of \$40,000 or the balance of the qualifying loans.

### Missouri

Dentists and dental school students enrolled in their final year of course study may participate in the Health Professional Student Loan Repayment Program. The maximum amount of repayment assistance is not to exceed the maximum allowed under the National Health Services Corps Repayment Program. Program participants must agree to see all patients regardless of their ability to pay. Students breaching contracts will be responsible for damages incurred by the Department of Health and legal costs incurred in the collection of damages.

### Nebraska

Pays educational expenses and repay loans for dental students who agree to practice in a designated health profession shortage area, within 3 months of graduation. The amount of financial assistance is limited \$80,000 over the course of schooling. Each loan repayment recipient agrees to provide services for at least 3 years and accept Medicaid patients. Failure to complete the 3-year commitment, without good cause, results in repaying outstanding amount plus 25% of the amount of financial assistance received.

### Nevada

Under the Western Regional Higher Education Compact (agreement among 13 western states & NV), a dentist receives a support fee,

25% of which is a loan to be repaid by the dental graduate. Practicing in a medically underserved area of this state for at least 2 years results in a forgiveness of the loan balance (25% of the support fee). If a person returns to this state under the compact, but does not practice in a medically underserved area of this state for at least 2 years, the state assesses a default charge and interest. (Chapter 397 of NRS)

New Jersey

N.J.S.18A:71C-33 Primary care practitioner (includes dentists) loan redemption program. To be eligible a dentist must serve at least an initial two-year period at an approved site in full-time clinical practice in designated underserved areas and allow a patient who is unable to pay the usual and customary charge to pay at a reduced rate or receive care at no charge. Part-time practice maybe allowed based on special circumstances after the initial two years. The qualifying dentist shall be permitted a total redemption of eligible qualifying loan expenses for four years of service up to, but not to exceed, \$120,000, or the maximum amount authorized by the federal government, whichever is greater, in State funds. A program participant who has previously entered into a contract for service and loan redemption may nullify the agreement by notifying the authority in writing and reassuming full responsibility for the remaining outstanding balance of the loan debt. A program participant seeking to nullify the contract before completing a second full year of service shall be required to pay 50% of the redeemed portion of indebtedness in not more than one year following nullification of the agreement. Enacted Nov. 20, 2009, SB 1220.

New Mexico (2 programs)

The HEALTH PROFESSIONALS LOAN REPAYMENT PROGRAM requires a two year service commitment in a health professional shortage area. Primary Care Physicians; Physician Assistants; Advanced Practice Nurses; **Dentists**, Podiatrists, Optometrists & Allied Health Care Providers may receive up to \$35,000 annually.

Eligibility for the NEW MEXICO HEALTH SERVICE CORPS: a New Mexico resident enrolled or accepted by an accredited or

approved educational program of study or be engaged in a residency training program or preceptorship that is within 24 months of completion of the program of study and becoming eligible to apply for a license or certificate in the profession of study. Primary Care Physicians, Family Nurse Practitioners, Physician Assistants, **Dentists**, Dental Hygienists, Emergency Medical Technician-Paramedics may earn up to a \$40,000 stipend (2 awards of \$20,000, less for non-physician). Requires a two year service commitment (1600 hours a year) in a designated health professional shortage area.

Western Interstate Commission on Higher Education (WICHE). Average \$21,300 per year up to 4 years and must return to New Mexico.

North Carolina

Loan repayment assistance is provided for General Dentists and Dental Hygienists who accept positions in approved public health/safety net dental clinics. The state Loan Repayment Program offers 2-4 year repayment schedules for general dentists and dental hygienists in exchange for working full time at approved safety net dental sites. Principle plus interest maximums for dentists are \$70,000 in exchange for a four year commitment; \$30,000 for dental hygienists in exchange for a 3 year commitment. In addition, a 39% tax stipend is added to help offset the provider's increased tax liability.

North Dakota

The state annually selects up to three dentists who enter a four-year nonrenewable contract where education loans are repaid in exchange for the dentist(s) agreeing to practice in underserved communities identified by the state health council. The council establishes a priority ranking for participation in the program for the selected communities. Dentists are eligible to receive funds for the repayment of their education loans, which may not exceed eighty thousand dollars per applicant over a four-year period.

2007 S 2152 was enacted. Enacts provisions for a dentist to receive school loan repayments as an incentive to practice: the practice cannot be within a 15 mile radius of Bismarck, Fargo or Grand Forks (the largest cities in ND), the

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dentist must receive medical assistant reimbursement for dental care of at least \$20,000 or must practice at least 2 days a week at a public health clinic or at a nonprofit dental clinic that uses a sliding fee schedule to bill the nonprofit dental clinic's patients.

#### Ohio

The dentist loan repayment program provides loan repayment assistance in amounts of up to \$25,000 for each of the first two years of service and up to \$35,000 per year for the third and fourth years of service for new dentists who agree to practice at least 40 hours per week in a designated dental health professional shortage area and treat patients regardless of their ability to pay. The program will be funded with a \$20 increase in dentists' licensing fees, government funding and private contributions.

#### Oklahoma

In 2006, the Oklahoma Legislature passed the Oklahoma Dental Loan Repayment Act (S.B. 1737), authorizing an additional \$125,000 each year for five years to fund the Oklahoma Dental Loan Repayment Program. This program provides \$25,000 per year, per dentist, for four dentists to practice in counties determined by the Oklahoma State Department of Health to be dental health professional shortage areas and one dentist to practice and teach at the OU College of Dentistry. The state currently has 42 counties designated as shortage areas through 2009. As part of their agreement, participating dentists must treat a minimum of 30% Medicaid patients. All participating dentists also must commit to practice in a shortage area for two years, with an option to renew for up to five years total.

#### Pennsylvania

A physician or dentist who agrees to treat patients eligible for medical assistance and Medicare in a designated medically underserved area as a primary health care practitioner for not less than three years is eligible to receive up to \$64,000 in loan exonerations based on the following schedule: (i) Year one, 15%, (ii) Year two, 20%, (iii) Year three, 30%, (iv) Year four, 35%. Failure to begin or complete the obligations contracted for shall pay to the agency three times the amount of assistance received.

#### Rhode Island

Provides educational loan repayment for healthcare professionals committed to working in primary care health professional shortage areas or dental health professional shortage areas. Requires a two year commitment to provide full-time services at a site that has been approved for funding. Must charge for professional services at the usual and customary rates prevailing in the areas in which such services are provided. If a person is unable to pay such charge, they'll be charged a reduced rate or no fee. The professional also must serve full time (40 hours per week), with no more than 20% of the time devoted to administrative work and agree not to discriminate on the basis of the ability of the individual to pay for such care or on the basis that payment for such care will be made through Medicare or Medicaid. The professional must enter into an appropriate agreement with the State agency that administers Medicaid.

#### South Carolina

Each loan or scholarship lasts for a period of one year only. However, recipients who successfully complete the related year of study have first priority on unobligated funds for renewal of the loan or scholarship for the succeeding year. Each loan or scholarship has two parts: (1) Payment of tuition and other school related expenses up to a total of \$5000 per year, and (2) an allowance of \$100 per month for living expenses. Requires practice in a county with a dentist ratio of not more than one dentist for each four thousand people. For each year an applicant benefits from a loan or scholarship s/he is required to practice in the underserved county. Applicants who receive a scholarship or loan for four years are only required to practice in a county for three years, at the end of which time the loan is considered paid in full.

#### South Dakota

Provides that up to 3 dentists are eligible to receive tuition reimbursement payments if the licensed to practice dentistry and (s)he agrees to practice general dentistry in an eligible community for a minimum period of three years. Section 1-16A-73.20

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Texas

Texas makes annual repayment(s) within a time frame determined by the Board upon the dentist's completion of each twelve-month service period. Dentists must complete at least one year of dental practice in an area of the state that is underserved with respect to dental care. The commissioner of higher education may determine how much a dentist may receive in assistance grants for each of not more than five years. Amended in 2009.

Utah

Creates Utah Health Care Workforce offering loan repayment & scholarship grants for dentists, who locate or continue to practice in underserved areas. The Program will have an advisory committee one member of which will be a member of the Utah Dental Association.

Vermont

The loan repayment fund established under 18 V.S.A. Section 10a or for the Vermont student assistance corporation for loan forgiveness programs for health care providers through the dental hygienist incentive loan program and the dental student incentive loan program.

Virginia

The dental loan repayment program provides incentives to dental students agreeing to practice in underserved areas designated by the State Board of Health through criteria derived by comparing population data, dentist population and dental health professional shortage areas determined by the federal HHS department. Preference will be given to graduates of Virginia Commonwealth University's School of Dentistry. Scholarship recipients may receive a max of five scholarships. The award(s) equal one-year in-state tuition at Virginia Commonwealth University School of Dentistry for the year in which the loan was acquired.

Wisconsin

To benefit from loan assistance, the dentist must agree to provide dental services to at least 50 unduplicated medical assistance or badger care recipients, not to fall below a minimum of \$8,000 in claims paid. In year two of the dentist's agreement, the dentist must see at least 70 unduplicated medical assistance or badger care recipients, not falling below \$11,000 in claims paid. Year

three, the dentist must provide dental services to at least 90 recipients, with a minimum claim amount of \$15,000.

Wyoming

Will pay the cost of dental education for up to 10 dental students per year in exchange for their agreeing to practice for up to 3 years on patients eligible for medical assistance or the child and parent health insurance program. If the student fails to fulfill the terms of the agreement then the costs of education are repayable to the state of Wyoming.

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# Alaska Pharmacists Association

January 25, 2010

RE: HB235  
Loan Forgiveness – Professional Student Exchange Program

Dear Members of the House Education Committee:

*“The Mission of the Alaska Pharmacists Association is to preserve, promote and lead the profession of pharmacy in Alaska.”*

With alarming and rising vacancy rates, Alaska is posed for a crisis without intervention. Alaska is one of only six states without a state-sponsored support-for-service program such as a loan repayment and incentive program and loan forgiveness for pharmacists and is losing ground. Alaska is also the only WICHE state without a School of Pharmacy. As a result, the competition for recruitment of pharmacists is very difficult. \*National Trend: Pharmacy, with more than 230,000 practitioners today, is the third-largest health profession in the U.S. after nurses (2.4 million) and physicians (830,000).

**Based on statistics provided by Laura Miller, PhD, Senior Economist with the National Association of Chain Drug Stores, the national average of community pharmacists per 10,000 people is 5.36. For Alaska, the figure is 3.35. To get to the national average, Alaska would need an additional 137 pharmacists. The average number of people per community retail pharmacy is about 5,300 nationally, and in Alaska it is 8,900. Even if you add in the 15 Indian Health Service (IHS) pharmacies, Alaska’s pharmacies average about 7,500 people, much higher than the national average.**

Respectfully,

Nancy O. Davis  
Executive Director

\*WICHE “A Closer Look at Healthcare Workforce Needs in the West: Pharmacy”

[www.wiche.edu/sep](http://www.wiche.edu/sep)


NOTE: Report attached for reference

E-mail: [akphrmcy@alaska.net](mailto:akphrmcy@alaska.net)

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WICHE



A Closer Look at  
Healthcare Workforce  
Needs in the West

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Pharmacy

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## Pharmacy Workforce Needs

### National Trends

Pharmacy, with more than 230,000 practitioners today, is the third-largest health profession in the United States after nurses (2.4 million) and physicians (830,000).

### Projected Shortages and Causes

Research on the national pharmacist workforce points to a continuing shortage of pharmacists, related to growth in medication use, the aging of the baby boomer generation, and the emergence of more clinical activities within pharmacies. Surveys that track shortage levels showed that there was a slow downward trend in the severity of shortages up until fall 2005, followed by higher shortage levels during the past year. Changes in shortage levels appear to parallel growth in prescription medication usage.

### Expanding Career Options

Increasing numbers of pharmacists are working in nontraditional positions. For example, career options have emerged with medication-use programs within managed care organizations and health plans; Medicare's adoption of a prescription drug benefit; Medicaid programs' prescription-drug benefit; and any healthcare provision that includes a formulary for medications and outcomes analysis for medication use.

Within traditional pharmacy practice, clinical activities have expanded, with the universal adoption of the doctor of pharmacy (PharmD) degree as the entry-level educational requirement for pharmacy practice. The growth of postgraduate pharmacy residencies has also had an effect. The PharmD degree includes additional biomedical and clinical training that enables pharmacists to assume more clinical and management responsibilities. Younger pharmacists are trained in providing educational and monitoring services for chronic diseases, administering immunizations, and offering medication management services for Medicare patients.

In institutions pharmacists are being added to transplant units, critical-care units, emergency departments, oncology services, and other areas where intensive medication-therapy management is enhanced by pharmacy expertise. To fill these roles, pharmacists require advanced training, which is generally acquired through formal postgraduate professional education in pharmacy residencies.

The number of accredited pharmacy residencies nationally has expanded from about 1,000 annually 10 years ago to over 1,500 annually; and specialized residencies (a second year with a focus in a specific area, such as critical care) have increased concomitantly. The Board of Pharmaceutical Specialties (BPS) offers certification examinations in five practice areas, and board-certified pharmacists are increasing in each of these areas: pharmacotherapy (3,191), oncology (557), nutrition (348), psychiatric pharmacy (463), and nuclear pharmacy (495) ([www.bpsweb.org](http://www.bpsweb.org)).

## Factors Driving Workforce Demand

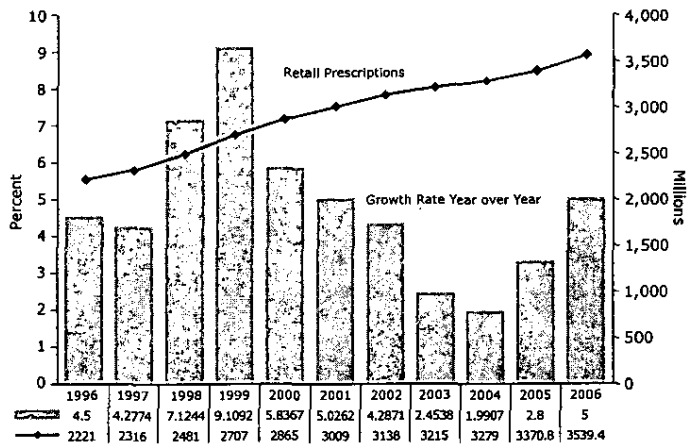
### Growing Part-time and Female Workforce

The Bureau of Health Professions' pharmacist supply model estimates that 3,911 pharmacists will retire in 2007. This number will gradually increase to 4,562 in 2020. Recent studies have shown that since 2000, pharmacists are remaining in the workforce longer, and more are working part-time. Retiring pharmacists are predominantly male; this is significant because male pharmacists have traditionally worked more than female pharmacists.

The increasing female pharmacist workforce is an important supply issue because women pharmacists have consistently worked fewer hours than their male counterparts. Recent surveys show women pharmacists working 0.81 FTE on average, compared to male pharmacists at 0.91 FTE (*Mott et al., National Pharmacist Workforce Data, 2004*). The current pharmacy-student population is about two-thirds female. Supply models estimate that part-time participation will reduce the workforce "headcount" by about 15 percent (*Knapp and Cultrice, 2007, in press*).

### Recent Increases in Prescription Volume

The demand for pharmacists is closely tied to the number of retail prescriptions (*Walton et al., 2004*). Prescription volume continues to grow each year, but the growth rate has varied greatly in the last 10 years, as shown in the table below. The growth rate hit its highest level in 1999 and fell steadily to about two percent in 2004. Growth increased again in 2005 and 2006.



Source: Knapp and Cultrice, "New Pharmacist Supply Projections: Lower Separation Rates and Increased Graduates Boost Supply Estimates," *Journal of the American Pharmacists Association*, 2007, in press.

### Beyond Prescriptions

When we think of pharmacists, dispensing medications comes to mind. However, their expanded role now includes many other tasks, like managing medication therapy related to Medicare Part D. Many immunization programs are now administered through community pharmacies. Pharmacists are also active in chronic disease medication-management programs and elsewhere, as noted above.

### Aging Baby Boomers

Counterbalancing the increased supply of pharmacists is the aging baby boomer generation, which will increase the

demand for pharmacy services. For example, people under 65 annually consume 10.1 prescriptions on average, while those 65 years and over consume 23.5 prescriptions on average (*Agency for Healthcare Research and Quality (AHRQ), derived from Medical Expenditure Panel Survey Data, 1997-2000*). The oldest baby boomers have not yet reached 65 years, where medication consumption increases significantly.

### Filling the Gaps: Technicians

There are approximately 250,000 certified pharmacist technicians in the United States. These allied health professionals play an important role in increasing productivity in pharmacies. A 2004 state-level study showed that technicians generally complement pharmacists rather than substitute for them; there are more technicians where there are more pharmacists.

### Growth of the Biotech Industries

The number of pharmacists working in drug development is relatively small. Pharmacists sometimes play roles in clinical trials, but not often. The principal relationship between the biotech industry and the pharmacist workforce is that pharmacists are clinically involved in the use of expensive and potentially dangerous biotech drugs in hospitals and elsewhere. Oral dosage forms of biotech drugs, such as oral oncology medications and transplant maintenance medications, are now readily available. The biotech industry acknowledges the significant role that community pharmacies and pharmacists play in helping patients use these medications effectively.

### Technology's Effects on Pharmacy Demand

Pharmacists play a significant role in medication error reduction. New technologies such as electronic prescription generation and transmission increase pharmacist productivity and reduce medication errors. Generally, where technology is introduced on a large scale — for example, in the Veterans Affairs system and in Kaiser Permanente — pharmacists have been redeployed to clinical roles in chronic disease clinics, where their activities have been shown to be cost effective.

### Regional Occupational Outlook for Pharmacists in the WICHE States

Region	Population 2005	ADI* Feb. 2007
United States	296,410,404	4.13
WICHE States	69,703,732	4.34
Alaska	663,661	4.00
Arizona	5,939,292	4.17
California	36,132,147	4.60
Colorado	4,665,177	3.71
Hawaii	1,275,194	4.00
Idaho	1,429,096	4.40
Montana	935,670	4.00
Nevada	2,414,807	4.25
New Mexico	1,928,384	3.83
North Dakota	636,677	3.67
Oregon	3,641,056	4.29
South Dakota	775,933	4.00
Utah	2,469,585	4.50
Washington	6,287,759	4.00
Wyoming	509,294	3.33

\*Aggregate Demand Index (ADI)

### Demand for Pharmacists in the West

The preceding table presents Aggregate Demand Index (ADI) data for WICHE states as compared to national averages. The ADI is a monthly, national survey of the unmet demand for pharmacists by the Pharmacy Manpower Project Inc. The survey is conducted by having panelists, selected by their direct involvement in hiring pharmacists, submit monthly ratings for each state where they hire pharmacists, based on this five-point scale:

- 5 = High demand; difficult to fill open positions.
- 4 = Moderate demand; some difficulty filling open positions.
- 3 = Demand is in balance with supply.
- 2 = Demand is less than the pharmacist supply available.
- 1 = Demand is much less than the pharmacist supply available.

Ratings are aggregated, and a population-weighted average is determined for the month; they are also available at the regional, divisional, and state levels.

**Demand data show that the Western region consistently has the highest level of unmet pharmacist demand.** At the division level, the Pacific division has frequently had the highest ADI ratings, while the Mountain division has generally been closer to national averages. These findings are consistent across several national surveys and support attention to producing more pharmacists in the West just to meet current population demands.

For the future, baby boomers retiring in the next three decades are likely to move to Western states in disproportionate numbers. This trend will likely increase the population of many Western states beyond national averages for growth and will increase the need for pharmacists and other health care professionals. Most Western schools of pharmacy have high percentages of in-state students already (see the table on p. 4) so expansion and stimulating immigration of pharmacists from other states are important options for increasing the workforce.

### Expansion of Pharmacy Education

In the last decade new pharmacy programs, expansion of existing programs, and development of distance-learning campuses have increased the number of pharmacy seats across the nation. The Accreditation Council for Pharmacy Education reports that the expansion of existing programs is generating even more new pharmacists than new schools and colleges are (*Knapp and Cultice, 2007, paper in press*).

Part of the educational expansion effort results from the recognition that pharmacists in rural areas will be retiring in the next 10 to 15 years without a significant prospect of their being replaced.

During the early 2000s, a plan to include pharmacy students in the National Health Service Corps to assist in loan repayment was introduced but not funded. A difficulty in implementing pharmacy programs for medically underserved areas is that there are no measures of pharmacist service levels, like those that exist for medicine and dentistry.

Schools in Western states that have large rural areas generally have very high percentages of in-state students who are more likely to remain in their home state to practice. Expansion of programs in these states and establishing new campuses in rural areas are strategies that several states have adopted to maintain pharmacy services in rural areas.

Five new pharmacy schools have opened in the West in just the last four years. Three of them graduated their first classes in 2006: the University of Southern Nevada, a private institution, now fully accredited; Loma Linda University School of Pharmacy; a private institution that is not yet fully accredited but holds candidate status; and the University of California, San Diego, a public institution that also holds candidate status.

Two new programs in the West are scheduled to receive full accreditation by fall 2009. Touro University's College of Pharmacy (California campus) admitted its first class in fall 2005 and is a traditional four-year program. Pacific University's School of Pharmacy (Oregon) admitted its first class in fall 2006 for its three-year intensive program.

Two pharmacy schools are in the planning phase: the University of Hawaii Hilo's College of Pharmacy plans to admit its first class in fall 2007. The University of Nevada Reno and the University of Nevada Las Vegas have planned a pharmacy school as part of Nevada's proposed health sciences center. Unfortunately, approval of state funding for the initiative has proved illusive over the past few legislative sessions.

There is a strong interest in the field of pharmacy, and there has been a steady increase in the number of applications over the past five years. According to the American Association of Colleges of Pharmacy, the applications to pharmacy schools increased 53.9 percent to 72,799 in 2003-04 from 47,306 in 2002-03. Nationally, schools of pharmacy reported

**WICHE's Professional Student Exchange Program (PSEP)** allows students from states that do not have a public school of pharmacy to pay reduced tuition to a cooperating institution in the West. Sending states determine the number of new students to be supported each year. In 2006-07, 40 students from Alaska, Hawaii, and Nevada attended 16 cooperating pharmacy schools.

For more information, visit [www.wiche.edu/sep/psep](http://www.wiche.edu/sep/psep).

receiving 7.4 applications per entering student in fall 2005, a slight increase from 7.0 from the previous year. Graduates are courted before they have their diplomas in hand, with starting salaries in the \$80,000 range.

The chart below shows that an estimated 7,080 students will graduate with a PharmD in 2007; schools located in WICHE states will graduate 26 percent of the nation's PharmD students (1,817) in the same year. There are 92 schools of pharmacy in the U.S.; 23 of them are located in the Western states. The higher graduation numbers in 2007 are due to new schools and program expansion. The nation saw a 39 percent increase in the number of graduates from 1999 to 2007; during the same period, the WICHE states saw a 48 increase.

*WICHE thanks Katherine K. Knapp, dean of Touro University – California's College of Pharmacy, for her assistance in writing this workforce brief.*

### Projected Increase in Pharmacy Graduates: 1999 and 2007

State	Population 2005	Pharmacy Graduates 1999	Estimated Pharmacy Graduates 2007	No. of Pharmacy Schools 2007	Annual Average No. of Graduates per 1,000,000: 1990-1999	Percent of Pharmacy Enrollment from In-State Applicants 1998
<b>United States</b>	<b>296,410,404</b>	<b>7,080</b>	<b>9,857</b>	<b>92</b>	<b>28</b>	<b>80</b>
<b>WICHE States</b>	<b>69,226,623</b>	<b>1,225</b>	<b>1,817</b>	<b>23</b>		
Alaska*	663,661	0	0	0	0	N/A
Arizona	5,939,292	53	211	2	11	64
California	36,132,147	480	674	7	14	96
Colorado	4,188,068	113	123	1	28	84
Hawaii*	1,275,194	0	0	1	0	N/A
Idaho	1,429,096	53	56	1	39	65
Montana	935,670	43	59	1	51	88
Nevada*	2,414,807	0	123	1	0	N/A
New Mexico	1,928,384	98	88	1	40	83
North Dakota	636,677	62	81	1	87	55
Oregon	3,641,056	98	80	2	32	93
South Dakota	775,933	47	56	1	69	69
Utah	2,469,585	44	45	1	23	96
Washington	6,287,759	134	175	2	21	78
Wyoming	509,294	20	46	1	67	61

Note: Alaska and Hawaii do not have schools of pharmacy. Hawaii plans to open a public school of pharmacy in fall 2007. A private school of pharmacy in Nevada just graduated its first class in 2006.  
Source: American Association of Colleges of Pharmacy.

## The Crisis in Rural Dentistry

### Issues

Rural populations have fewer dentists, lower dental care utilization, and higher rates of dental caries and permanent tooth loss than urban populations.<sup>1-5</sup> Reports from the Surgeon General<sup>4</sup> and the Institute of Medicine<sup>6</sup> call for more dentists in rural locations. Federal and state programs have focused on expanding rural dentist supply to increase dental access and improve oral health, but efforts may need to intensify to meet the needs of rural communities.

### Evidence

- Of the 2,050 U.S. rural counties, 1,221 (60%) are designated dental health professional shortage areas (HPSAs).<sup>6</sup>

- In 2008, there were 22 “generalist” (general practice, pediatric, or public health) dentists per 100,000 persons in rural areas compared with 30 in urban areas, nationally.<sup>7</sup>

- Nationally, rural areas had a higher percentage of generalist dentists aged 56 or older than urban areas (42% vs. 38%). This percentage was 44% in remote rural locations.<sup>7</sup>

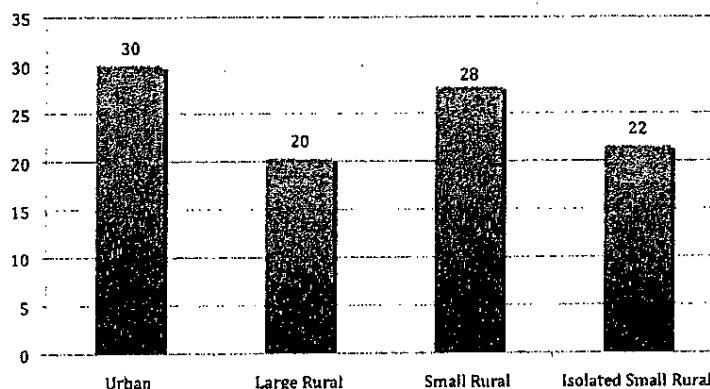
- In 2004, dentists working at rural federally-qualified community health centers (CHCs) were in high demand and short supply. Almost half of rural CHCs had vacant dentist positions for over 7 months.<sup>8</sup>

### Potential Solutions

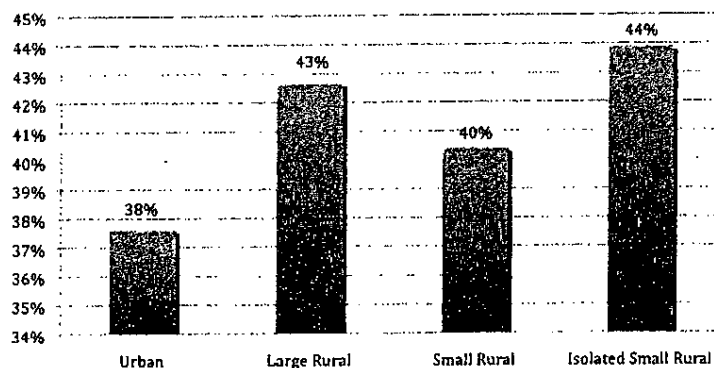
The following strategies could be used to bolster the rural oral health care workforce:

- Admit dental students likely to choose rural careers, such as those from rural locations.
- Focus dental school expansion on the shortage of rural providers.
- Support rural programs and divisions within dental schools and their roles in teaching and mentoring students (e.g., training programs in rural general practice and pediatric dentistry).
- Provide rural experiences during dental education, such as rural training tracks.

National Supply of Generalist Dentists  
(Per 100,000 People), 2008



Percent of Generalist Dentists  
Aged 56 and Older, 2008



- Increase opportunities for dental students and residents interested in rural careers to acquire the broad skill set needed for rural practice.
- Support loan repayment programs for dental students who enter rural practice.
- Enhance the ability of rural communities to recruit and retain dentists through locally-driven community, economic, and leadership development efforts.

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