

ALASKA LEGISLATURE COMMITTEE FILES 1991-1992 8672  
6858 HOUSE HEALTH EDUCATION & SOCIAL SERVICES

102

PAGE 13 - ATTACHMENT A TO OSEP MEMORANDUM  
 OSEP REVIEW OF ALASKA STATE PLAN FOR FISCAL YEARS 1992-94

FEDERAL REQUIREMENT	CHECKLIST PAGE	PLAN	STATUTE OR REGULATION	ISSUE OR QUESTION	ACTION REQUIRED BY OSEP
300.401(a)(1)	84	Page 186, Part II of the plan states that: "It is the policy of the Department of Education that if handicapped children are placed in or referred to private schools or facilities by the state or local education agency as a means of meeting the educational needs specified in the IEP, the referring agency will be required to assure that..."	Absent	The plan does not include that the IEP "meets the requirements under §§300.340-300.349."	The plan must be amended to include the requirements set forth in §300.401(a)(1).
300.402(a)	85	Absent	Absent	Absent from both plan and regulations.	The plan must be amended to include the requirements set forth in §300.402(a).
300.403(a)	86	Page 187 (8) of the plan states that: "If a parent opts for a private education rather than a free, appropriate public education, then the parent shall assume financial responsibility for private schooling."	Absent	Although the plan states that if the parent opts for a private education rather than a free appropriate public education, the plan does not indicate that the public agency shall make services available to the child as provided under §§300.450-300.460.	The plan must be amended to include the requirements set forth in §300.403(a).
300.403(b)	86	Absent	Absent	Absent from both plan and regulations.	The plan must be amended to include the requirements set forth in §300.403(b).
300.450	86	Absent	Absent	Absent from both plan and regulations.	The plan must be amended to include the requirements set forth in §300.450.
76.654(b)(1) and (2)	91	Page 183 (2) of the plan states that: "If the school district uses funds under a program for public school students in a particular attendance area, or grade or age level, the district shall ensure equal opportunities for participation by students enrolled in private schools who: (a) have the same needs as public school students to be served; or (b) are in that group attendance area, or age or grade level."	Absent	Federal requirements set forth in §76.654(b) states that the subgrantee shall ensure equitable opportunities for participation by students enrolled in private schools who: (1) have the same needs as the public school students to be served; and (2) are in that group, attendance area, or age or grade level.	The word "or" must be changed to the word "and" in the plan.

PAGE 14 - ATTACHMENT A TO OSEP MEMORANDUM  
 OSEP REVIEW OF ALASKA STATE PLAN FOR FISCAL YEARS 1992-94

FEDERAL REQUIREMENT	CHECKLIST PAGE	PLAN	STATUTE OR REGULATION	ISSUE OR QUESTION	ACTION REQUIRED BY OSEP
300.141	99	Page 190 of the plan states that: "It is the policy of the Department of Education to monitor school district programs to ensure compliance with all state and federal laws and regulations. One fifth of the schools in the state are monitored annually for compliance with special education rules and regulations. If after an entitlement review the Department determines that an overpayment has occurred due to misclassification of children it will require repayment or withhold all or part of one or more future payments. This decision is subject to administrative review."	Absent	The plan does not include policies and procedures which ensure that AKSDE seeks to recover any funds made available under Part B for services to any child determined to be erroneously classified as eligible to be counted.	The plan must be amended to include the requirements set forth in §300.141.
300.146	101	Page 203 of the plan states: "It is the policy of the Department of Education to conduct on-site visitations of each school district on a five year cycle for the purpose of monitoring school district programs to ensure compliance with state and federal requirements and with assurances given upon application for state and federal financial aid. School districts are required to evaluate the effectiveness of their programs including the evaluation of IEPs on an annual basis. The results of these evaluations are required to be included in each district's application for Title VI-B or PL 89-313 funds. These evaluations are reviewed by the Department and verified through on-site visits. Technical assistance is provided to districts upon request."	Although there are regulations under the section of the plan entitled, Annual Evaluation, (specifically 52.770 and 52.780D), based on a review of these regulations, it has been determined that the regulations do not address the procedures to be used for evaluation at least annually of the effectiveness of programs in meeting the educational needs of children with disabilities, including the evaluation of IEPs.	Neither the plan nor the regulations include the procedures to be used for evaluation at least annually of the effectiveness of programs in meeting the educational needs of children with disabilities, including the evaluation of IEPs.	The plan and the regulations must be amended to include the requirements set forth in §300.146.
	209 of the plan	Page 209, Section V of the plan states: "Alaska has 54 school districts. Fifteen districts (or 27%) will receive allocations and 18 districts (or 33%) will receive allocations under a consolidated application. Alaska has two consolidated applications: one consists of 16 LEAs and the other consists of two LEAs."	Absent	Although Alaska has 54 school districts, only 33 of the districts have been discussed. What will the remaining 21 school districts receive in terms of Title VI-B allocations?	The plan must be amended to include information regarding the Title VI-B allocations the remaining 21 school districts will receive.

PAGE 15 - ATTACHMENT A TO OSEP MEMORANDUM  
 OSEP REVIEW OF ALASKA STATE PLAN FOR FISCAL YEARS 1992-94

FEDERAL REQUIREMENT	CHECKLIST PAGE	PLAN	STATUTE OR REGULATION	ISSUE OR QUESTION	ACTION REQUIRED BY OSEP
300.152	113	Page 212 of the plan discusses the interagency agreement the Alaska Department of Education currently has with the Department of Health and Social Services.	NA	Are there other agencies in Alaska currently serving children with disabilities? If so, does AKSDE currently have interagency agreements with these State agencies?	AKSDE must provide OSEP with information regarding interagency agreements with other State agencies.
300.153(a)(1)	115	Absent	Absent	Absent from both plan and regulations.	The plan must be amended to include the requirements set forth in §300.153(a)(1).
300.153(a)(3)	116	Absent	Absent	Absent from both plan and regulations.	The plan must be amended to include the requirements set forth in §300.153(a)(3).
300.153(a)(4)	117	Absent	Absent	Absent from both plan and regulations.	The plan must be amended to include the requirements set forth in §300.153(a)(4).

PAGE 16 - ATTACHMENT A TO OSEP MEMORANDUM  
 OSEP REVIEW OF ALASKA STATE PLAN FOR FISCAL YEARS 1992-94

FEDERAL REQUIREMENT	CHECKLIST PAGE	PLAN	STATUTE OR REGULATION	ISSUE OR QUESTION	ACTION REQUIRED BY OSEP
300.153(c)	118	Absent	12.065 states that: "At the request of a school district seeking to employ a person in a position for which a Type A or Type C certificate is required, the commissioner may issue an emergency Type A or Type C certificate, valid for a period not to exceed the end of the school year in which it is issued, to a person not otherwise qualified if the district demonstrates to the satisfaction of the commissioner that, despite diligent efforts, including advertising in one or more newspapers of general circulation, it has been unable to fill the position with a qualified person holding the required certificate. The holder of an emergency certificate issued under this section is a "certificated employee" under AS 14.20.550-14.20.555. (Eff.7/1/90, Register 114)	The regulation states how a school district may employ an individual who possesses an emergency certificate valid for a period not to exceed the end of the school year in which it is issued. However, the regulation does not discuss the procedures to be used to bring the employee up to full certification.	The regulation must be amended to include the procedures AKSDE will use to bring an employee who possesses an emergency certificate up to full certification. This information must also be included in the plan.
300.153(d)	118	Absent	Absent	Absent from both plan and regulations.	The plan must be amended to include the requirements set forth in §300.153(d).
300.153(d)(2)	119	Absent	Absent	Absent from both plan and regulations.	The plan must be amended to include the requirements set forth in §300.153(d)(2).

HB

437

**DIVISION OF LEGAL SERVICES**

**LEGISLATIVE AFFAIRS AGENCY  
STATE OF ALASKA**

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

240 Main Street, Suite 500  
Juneau, Alaska 99801-2101

**MEMORANDUM**

January 31, 1992

**SUBJECT:** Sectional Summary - HB 437 (W.O.17LS-1847D))  
**TO:** Representative Max Gruenberg  
**FROM:** Jerry Luckhaupt *JEL*  
Legislative Counsel

You have requested a sectional summary of HB 437, an relating to the practice of naturopathy. Be advised that a sectional summary is not an authoritative interpretation of the bill. The bill itself is the best statement of its contents.

Section 1 of the bill repeals and reenacts AS 08.45.030 and revises the requirements for a naturopathy license for an applicant who completed naturopathic studies on or before December 31, 1987.

Section 2 of the bill adds AS 08.35.035 which permits the division of occupational licensing to issue temporary licenses.

Section 3 of the bill adds AS 08.45.100 which requires the department of commerce and economic development to adopt regulations for AS 08.45.

Section 4 of the bill provides an effective date.

JL:gc  
92-082.glc

*Sectional analysis*

# State of Alaska

House Majority Leader

COMMITTEES

HOUSE JUDICIARY

HOUSE RULES

HOUSE STATE AFFAIRS

SPECIAL COMMITTEE

MILITARY AND VET. AFFAIRS

LEGISLATIVE COUNCIL



Representative Max F. Gruenberg, Jr.

District 11

Spenard, Upper Midtown Anchorage

P.O. Box V  
JUNEAU, AK 99811  
(907) 465-3718  
465-4968/4986  
(SESSION)

3111 C STREET, SUITE 440  
ANCHORAGE, AK 99503  
(907) 561-7621

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

DATE: February 4, 1992

TO: Representative Georgianna Lincoln  
Representative Pat Carney

FROM: Representative Max F. Gruenberg, Jr. *Max*

SUBJECT: Scheduling of HB 437

House Bill 437, "An Act relating to the regulation of the practice of naturopathy; and providing for an effective date," was recently introduced and referred to your committee.

This bill revises the requirements for a naturopathy license, permits the division of occupational licensing to issue temporary licenses and requires the department of commerce and economic development to adopt regulations.

I would appreciate your scheduling this bill as soon as possible.

Thank you.

*Sponsor Statement*

1992 LEGISLATIVE SESSION

Revision Date: \_\_\_\_\_ Department Affected: Commerce & Economic Development

Title: An Act relating to the regulation of the BRU: Occupational Licensing

practice of naturopathy... Component: Administration

Sponsor: Rep. Gruenberg

Requestor: Rep. Gruenberg COMPONENT SERIAL NO. 

0	3	5	6
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Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES	0.0	0.0	0.0	0.0	0.0	0.0
TRAVEL	0.0	0.0	0.0	0.0	0.0	0.0
CONTRACTUAL	1.0	1.0	1.0	1.0	1.0	1.0
SUPPLIES	0.0	0.0	0.0	0.0	0.0	0.0
EQUIPMENT	0.0	0.0	0.0	0.0	0.0	0.0
LAND & STRUCTURES	0.0	0.0	0.0	0.0	0.0	0.0
GRANTS, CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0
MISCELLANEOUS	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL OPERATING</b>	<b>1.0</b>	<b>1.0</b>	<b>1.0</b>	<b>1.0</b>	<b>1.0</b>	<b>1.0</b>

CAPITAL	0.0	0.0	0.0	0.0	0.0	0.0
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REVENUE	0.0	0.0	0.0	0.0	0.0	0.0
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FUNDING: (Thousands of Dollars)

GENERAL FUND	0.0	0.0	0.0	0.0	0.0	0.0
FEDERAL FUNDS	0.0	0.0	0.0	0.0	0.0	0.0
OTHER - GF/PR	1.0	1.0	1.0	1.0	1.0	1.0
<b>TOTAL</b>	<b>1.0</b>	<b>1.0</b>	<b>1.0</b>	<b>1.0</b>	<b>1.0</b>	<b>1.0</b>


POSITIONS:

FULL-TIME	0.0	0.0	0.0	0.0	0.0	0.0
PART-TIME	0.0	0.0	0.0	0.0	0.0	0.0
TEMPORARY	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of current year impact: None

ANALYSIS: (Attach a separate page if necessary)

HB 437 repeals and reenacts requirements for a license to practice naturopathy, and to provide for temporary licenses while waiting to take an examination or examination results. Costs identified result from updating applications, statute books, and public noticing of regulations regarding temporary licenses and other necessary items.

Prepared By: Jennifer Strickler  Phone: 465-2144

Division: Occupational Licensing Date: 02/11/92

Approved by Commissioner: Glenn A. Olds  Asst Comm.

Agency: Commerce & Economic Development Date: 2-13-92

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

HB 437: "An Act relating to the regulation of naturopathy; and providing for an effective date."

This bill provides for licensure in Alaska of applicants who do not hold a license in another state, as currently is required. This will benefit Alaska residents who apply for initial licensure in Alaska.

In section 1, the department is concerned with the express distinction between "completed naturopathic studies" and the date of graduation from a school of naturopathic. If completion of studies is intended to be recognized as the date of graduation, the department suggests the following amendments:

Page 1, line 7, [completed naturopathic studies] graduated from school of naturopathy on or before December . . . .

Page 2, line 3, [completed naturopathic studies] graduated from school of naturopathy after December . . . .

In section 2, as currently worded, an applicant who has failed the Naturopathic Physician Licensing Exam in Alaska would not be eligible for a temporary permit. However, if the candidate has failed the same examination in another state, it appears they would be eligible for a temporary permit since the statute only addresses exams failed in Alaska. The Department recommends removing the specific reference to having failed the exam in Alaska.

Page 2, line 18, . . . by the American Association of Naturopathic Physicians [in Alaska].

Finally, the department is concerned with allowing naturopaths to practice independently prior to proving minimum competency through passing the Naturopathic Physician Licensing exam. The department recommends that practice under a Temporary License be in association with a Alaska licensed Naturopath while awaiting taking the examination/examination results.

Recommend adding a letter (c) to 08.45.035. (c) A temporary license holder may practice only in association with an Alaska licensed Naturopath.

Support bill as amended.

*Glenn A. Olds* *asst. Comm*

Glenn A. Olds, Commissioner

Date: 9-13-92

7-LS1847G  
Luckhaupt  
2/17/92

CS FOR HOUSE BILL NO. 437 ( )  
IN THE LEGISLATURE OF THE STATE OF ALASKA  
SEVENTEENTH LEGISLATURE - SECOND SESSION

BY

Offered:  
Referred:

Sponsor(s): REPRESENTATIVE GRUENBERG

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the regulation of the practice of naturopathy; and providing for an  
2 effective date."

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

4 \* Section 1. AS 08.45.030 is repealed and reenacted to read:

5 Sec. 08.45.030. ISSUANCE OF LICENSE. The division shall issue a license to practice  
6 naturopathy to an applicant who provides proof satisfactory to the division that the applicant has  
7 received a degree from an accredited four-year college or university, and

8 (1) on or before December 31, 1987, has graduated from a school of naturopathy  
9 that required four years of attendance at the school and either

10 (A) received a license in another state after passing an examination for  
11 licensure in that state; or

12 (B) has not been licensed in another state but has passed the Naturopathic  
13 Physicians Licensing Examination sponsored by the American Association of  
14 Naturopathic Physicians; or

1 (2) after December 31, 1987, has

2 (A) graduated from a school of naturopathy that required four years of  
3 attendance at the school and at the time of graduation the school was accredited or a  
4 candidate for accreditation by the Council on Naturopathic Medical Education or a  
5 successor organization recognized by the United States Department of Education; and

6 (B) passed the Naturopathic Physicians Licensing Examination sponsored  
7 by the American Association of Naturopathic Physicians.

8 \* Sec. 2. AS 08.45 is amended by adding a new section to read:

9 Sec. 08.45.035. TEMPORARY LICENSES. (a) The division shall issue a temporary  
10 license to practice naturopathy to an applicant who agrees to take the next Naturopathic  
11 Physicians Licensing Examination offered after the date of application and provides proof  
12 satisfactory to the division that the applicant

13 (1) meets the requirements of AS 08.45.030 ~~(1)(A) or~~ (2)(A); and

14 (2) has not previously failed the Naturopathic Physicians Licensing Examination  
15 sponsored by the American Association of Naturopathic Physicians.

16 (b) A temporary license issued under (a) of this section terminates on the date

17 (1) the results of the examination the applicant agreed to take under (a) of this  
18 section are reported by the testing authority if the applicant failed the examination; or

19 (2) of the Naturopathic Physicians Licensing Examination that the applicant  
20 agreed to take under (a) of this section if the applicant fails to take the examination.

21 (c) A temporary license holder may practice only in association with a naturopath  
22 licensed by this state.

23 \* Sec. 3. AS 08.45 is amended by adding a new section to read:

24 Sec. 08.45.100. REGULATIONS. The Department of Commerce and Economic  
25 Development shall adopt regulations to implement this chapter.

26 \* Sec. 4. This Act takes effect immediately under AS 01.10.070(c).

H B

4 3 8

Dear Representative Pat Carney,

February 2, 1992

I am writing to enlist your assistance for a situation that I find myself in.

Last January our fourth child, Reid David Putnam, was stillborn by emergency C-section. He was resuscitated and currently is diagnosed with cerebral palsy, epilepsy, and mental retardation. We as a family desire to keep him at home with us where he will receive the love, attention, care and help which he will need in order to reach his full potential while enjoying a high quality of life. Unfortunately Reid's COBRA insurance policy will be expiring this year. Due to his disabilities being preexisting, new insurers will not consider coverage of his current disabilities which brings us to the reason for this letter. For us to financially provide for Reid's care without outside help would require a major portion of our income leaving very little for the rest of our family to live on. Yet our income is too high for Reid to qualify for Medicaid.

All of the current options which would permit Reid to qualify for Medicaid are unacceptable choices in our eyes. All of them encourage the breakdown of the family unit, whether directly or indirectly. As the state statutes currently read, the following are the only ways in which Reid is able to qualify for Medicaid: 1) The family can "spend down"-a reduction of assets to include home ownership, college funds, savings accounts, personal property, etc.-until we are at the level of poverty which would qualify us for Medicaid (this is about \$32,000 a year for a family of six). It is not right that our other children would have to live under these circumstances just so that their brother would be able to receive the level of medical care which he requires. I also have a difficult time with the idea of entering the welfare system because I was brought up with a strong work ethic. I have always believed that we should provide for our own needs. Unfortunately we are unable to provide for Reid's needs without assistance. However, why must we be reduced to the poverty level where we could not provide for our other children and our own needs? 2) Reid could be placed up for adoption at which time he would qualify for Medicaid. 3) Reid could be institutionalized at which time he would qualify for Medicaid (Room and board at Our Lady of Compassion is \$72,000 a year; Harborview in Valdez is over \$118,000! These amounts would not include physical therapists, occupational therapists, doctor visits, medicines, etc.) 4) Reid could be placed in foster care at which time he would qualify for Medicaid. Options 2, 3, and 4 are ridiculous! I love my son and I want him to be at home with us. 5) We could legally separate/divorce in which case one of us could be employed and pay child support and the other one of us would have custody of Reid and our other children. Statistics already show that a family which has a handicapped child is at a 66% risk for divorce. My husband and I have no desire to add to this statistic! 6) We could move out of Alaska to one of the 47 states which have some form of a Medicaid waiver currently in place. We have all of our family residing in Alaska. The grandparents, great-grandparents, aunts, uncles, cousins, and in-laws are ALL vital members of our support system and it would be very difficult if we could not live near them. The love and support demonstrated by them has made this past year a very unifying one for our entire extended family. As you can see all of the choices which we as a family face penalize us because we have chosen to keep our son at home with us.

Recently the governor has come out in support of Medicaid Waivers which I am grateful to see. The fear which I have with the Medicaid Waiver is that the number of waivers will not be enough to accommodate our family. A report by the Medicaid Task force states that there are between 100 and 200 children who would meet the qualifications for a Medicaid Waiver. This same report states that the number may be off by 100. So, if only 10 to 20 waivers are given out the first year of Alaska's adoption of the waiver process and 40 the second year you can see that my fear for Reid is well justified. It is for this reason that I am also seeking your support for both the Medicaid Waiver and House Bill Number 438 which will allow for all Alaskan children which are at risk of institutionalization and meet the waiver standard to be able to receive Medicaid without the parents income being considered.

The time to take action is now. It is for this reason that I am writing to enlist your support of these bills which will enable Alaskan families like ours to keep our medically complex children at home with us.

Thank you for your timely support.

Laurel Pfanmiller-Putnam  
908 W. 57th  
Anchorage, AK 99518  
563-7545

*Laurel Pfanmiller*

3111 C STREET, SUITE 455  
ANCHORAGE, ALASKA 99503  
(907) 561-7628

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

# ALASKA STATE HOUSE



CHAIR  
RULES COMMITTEE

JUDICIARY

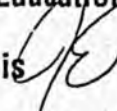
SPECIAL COMMITTEE ON INTERNATIONAL  
TRADE & TOURISM

LEGISLATIVE COUNCIL

REPRESENTATIVE JOHNNY ELLIS

## MEMORANDUM

**TO:** Rep. Georgianna Lincoln, co-chair  
House Health, Education & Social Services Committee

**FROM:** Rep. Johnny Ellis 

**RE:** Scheduling HB 438 & HCR 48

**DATE:** February 7, 1992

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Please consider scheduling HB 438 & HCR 48 for a hearing before your committee. These bills relate to home and community based health care for children & adults with disabilities and the elderly.

House Concurrent Resolution 48 urges the State Department of Health & Social Services, Division of Medical Assistance, to apply for Medicaid waivers from the federal government. The department has been working in this issue since Sen. Uehling's bill authorized the Community and Home Options to Institutional Care for Everyone (CHOICE) study in 1990. I drafted the resolution to allow hearings on this issue and to make public the health care needs of disabled and elderly Alaskans. As Co-chair of the Health Care Resources & Access Task Force, I have learned much about Medicaid and the eligibility restrictions that are tearing families apart and preventing people from working and caring for their children.

HB 438 — the Katie Beckett Bill — provides for health care for children with disabilities. The Katie Beckett or TEFRA Option is the most common *option* used by states. Seventeen states have the TEFRA Option, 28 states have waivers and six have both as of Sept. 1, 1989. The Katie Beckett option allows a child to be Medicaid eligible at home by treating the parents' income in the same way it would be handled if the child were in an institution. The option makes *all* kids under the age of 21 — who qualify as needing an institutional level of care — Medicaid eligible for basic hospital doctor care/health services.

Applying for the waivers and adopting the Katie Beckett option is important in many ways. It allows families to stay together, it saves the state money — because the cost of home or community-based care in many cases is up to three times less the cost of an institution — and it creates jobs — because new home and community-based agencies and businesses must develop in many rural areas to keep those families together. Thank you for your consideration of this request.



# THE INFANT LEARNING PROGRAM

1266 Ocean Drive, Suite D  
Homer, Alaska 99603  
Phone 235-6044 • Fax 235-2644



February 11, 1992

Dear House Health, Education, and Social Service Committee Members,

Please support HCR 48 and HB 438 to offer Medicaid options and waivers for home-based care for the elderly and children and adults with disabilities.

The Homer Infant Learning Program provides home-based early intervention services to families with infants and toddlers birth to three years who are at risk or experience a developmental delay or disability. Current grant funding levels are not sufficient to provide adequate frequency of services to the 40 families enrolled, especially in the 14 villages in the catchment area. In addition, 40 families are on the waiting list for services.

With Medicaid Health Care coverage, more children/families could be served.

Sincerely,

A handwritten signature in cursive script that reads "Colleen Powers".

Colleen Powers  
Program Coordinator

cc: Johnny Ellis

FISCAL NOTE

STATE OF ALASKA  
1991 LEGISLATIVE SESSION

BILL NO. HB 438

Revision Date: \_\_\_\_\_ Department Affected: \_\_\_\_\_

Title: Medicaid/Certain Disabled Children BRU: Legislature

Component: \_\_\_\_\_

Sponsor: Representative Ellis

Requestor: House HESS

COMPONENT SERIAL NO. 

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Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	-0-	-0-	-0-	-0-	-0-	-0-

CAPITAL						
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REVENUE						
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FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact: \_\_\_\_\_

ANALYSIS: (Attach a separate page if necessary.)

Prepared By: House HESS Phone: 465-3759

Division: \_\_\_\_\_ Date: 2/26/92

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

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

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

7-LS1821NG  
Lauterbach  
2/15/92

CS FOR HOUSE BILL NO. 438 ( )

IN THE LEGISLATURE OF THE STATE OF ALASKA  
SEVENTEENTH LEGISLATURE - SECOND SESSION

BY

Offered:  
Referred:

Sponsor(s): REPRESENTATIVES ELLIS, Koponen, Boyer, Gruenberg, Ulmer, B.Davis, Carney, Bruckman, Donley, Brown, Parnell

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to Medicaid eligibility of persons who are eligible to be institutionalized  
2 but who are not in institutions; relating to Medicaid waivers; reordering the priorities  
3 assigned to groups of persons served under the Medicaid program; and providing for an  
4 effective date."

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

6 \* Section 1. AS 47.07.020(b) is amended to read:

7 (b) In addition to the persons specified in (a) of this section, the following optional  
8 groups of persons for whom the state may claim federal financial participation are eligible for  
9 medical assistance:

10 (1) persons eligible for but not receiving assistance under any plan of the state  
11 approved under 42 U.S.C. 601 - 615 (Title IV-A, Social Security Act, Aid to Families with  
12 Dependent Children) or 42 U.S.C. 1381 - 1383c (Title XVI, Social Security Act, Supplemental  
13 Security Income);

14 (2) persons in a general hospital, skilled nursing facility or intermediate care

1 facility, who, if they left the facility, would be eligible for assistance under one of the federal  
2 programs specified in (1) of this subsection;

3 (3) persons under age 21 who are under supervision of the department, for whom  
4 maintenance is being paid in whole or in part from public funds, and who are in foster homes  
5 or private child-care institutions;

6 (4) aged, blind, or disabled persons, who, because they do not meet income and  
7 resources requirements, do not receive supplemental security income under 42 U.S.C. 1381 -  
8 1383c (Title XVI, Social Security Act), and who do not receive a mandatory state supplement,  
9 but who are eligible, or would be eligible if they were not in a skilled nursing facility or  
10 intermediate care facility to receive an optional state supplementary payment;

11 (5) persons under age 21 who are in an institution designated as an intermediate  
12 care facility for the mentally retarded and who are financially eligible as determined by the  
13 standards of the federal aid to families with dependent children program;

14 (6) persons in a medical or intermediate care facility whose income while in the  
15 facility does not exceed 300 percent of the supplemental security income benefit rate under 42  
16 U.S.C. 1381 - 1383c (Title XVI, Social Security Act) but who would not be eligible for an  
17 optional state supplementary payment if they left the hospital or other facility;

18 (7) persons under age 21 who are receiving active treatment in a psychiatric  
19 hospital and who are financially eligible as determined by the standards of 42 U.S.C. 601 - 615  
20 (Title IV-A, Social Security Act, Aid to Families with Dependent Children);

21 (8) persons under age 21 and not covered under (a) of this section, who would  
22 be eligible for benefits under the federal aid to families with dependent children program, except  
23 that they have the care and support of both their natural and adoptive parents;

24 (9) pregnant women not covered under (a) of this section and who meet the  
25 income and resource requirements of the federal aid to families with dependent children program;

26 (10) persons who can be considered under 42 U.S.C. 1396a(e)(3) to be  
27 individuals with respect to whom a supplemental security income is being paid under 42  
28 U.S.C. 1381 - 1383c because they meet all of the following criteria:

29 (A) they are 18 years of age or younger and qualify as disabled  
30 individuals under 42 U.S.C. 1382c(a);

31 (B) the department has determined that

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(i) they require a level of care provided in a hospital, nursing facility, or intermediate care facility for the mentally retarded;

(ii) it is appropriate to provide their care outside of an institution; and

(iii) the estimated amount that would be spent for medical assistance for their individual care outside an institution is not greater than the estimated amount that would otherwise be expended individually for medical assistance within an appropriate institution;

(C) if they were in a medical institution, they would be eligible for medical assistance under other provisions of this chapter; and

(D) home and community-based services under a waiver approved by the federal government are not available to them under this chapter [REPEALED].

\* Sec. 2. AS 47.07.030 is amended by adding a new subsection to read:

(c) Notwithstanding (b) of this section, the department may offer a service for which the department has received a waiver from the federal government if the department was authorized, directed, or requested to apply for the waiver by law or by a concurrent or joint resolution of the legislature.

\* Sec. 3. AS 47.07.035 is amended to read:

Sec. 47.07.035. PRIORITY OF MEDICAL ASSISTANCE. If the department finds that the cost of medical assistance for all persons eligible under this chapter will exceed the amount allocated in the state budget for that assistance for the fiscal year, the department shall eliminate coverage for optional medical services and optionally eligible groups of individuals in the following order:

- (1) clinical social workers' services;
- (2) psychologists' services;
- (3) chiropractic services;
- (4) adult dental services;
- (5) emergency hospital services;
- (6) treatment of speech, hearing, and language disorders;
- (7) optometrists' services and eyeglasses;
- (8) occupational therapy;

- 1 (9) mammography screening;  
2 (10) prosthetic devices;  
3 (11) medical supplies and equipment;  
4 (12) clinic services;  
5 (13) physical therapy;  
6 (14) personal care services in a recipient's home;  
7 (15) prescribed drugs;  
8 (16) long-term care noninstitutional services;  
9 (17) inpatient psychiatric facility services;  
10 (18) intermediate care facility services for the mentally retarded;  
11 (19) intermediate care facility services;  
12 (20) individuals described in AS 47.07.020(b)(10);  
13 (21) individuals under age 21 who are not eligible for benefits under the federal  
14 aid to families with dependent children program because they are not deprived of one or more  
15 of their natural or adoptive parents;  
16 (22) [(21)] skilled nursing facility services for persons under age 21;  
17 (23) [(22)] aged, blind, and disabled individuals who, because they do not meet  
18 the income requirements, do not receive supplemental security income under Title XVI of the  
19 Social Security Act, but who are eligible, or would be eligible if they were not in a skilled  
20 nursing facility or intermediate care facility, to receive an optional state supplementary payment;  
21 (24) [(23)] individuals in a hospital, skilled nursing facility, or intermediate care  
22 facility whose income while in the facility does not exceed 300 percent of the supplemental  
23 security income benefit rate under Title XVI of the Social Security Act, but who, because of  
24 income, are not eligible for the optional state supplementary payment;  
25 (25) [(24)] individuals under age 21 under supervision of the department, for  
26 whom maintenance is being paid in whole or in part from public money and who are in foster  
27 homes or private child-care institutions.

28 \* Sec. 4. DEPARTMENT TO SEEK WAIVER. The Department of Health and Social Services shall  
29 seek approval of a waiver for home and community-based services under 42 U.S.C. 1396n for persons  
30 who are Medicaid eligible and who would otherwise require a level of care provided in a hospital,  
31 nursing facility, or intermediate care facility for the mentally retarded, in the absence of home and

1 community-based services.

2 \* Sec. 5. (a) Sections 1 and 3 of this Act take effect on the 180th day after the effective date of  
3 Medicaid plan amendments approved by the federal government under which the state would implement  
4 waivers of the type applied for under sec. 4 of this Act.

5 (b) The Department of Health and Social Services shall notify the revisor of statutes as to the  
6 effective date of the plan amendments referred to in (a) of this section.

7 \* Sec. 6. Sections 2 and 4 of this Act take effect immediately under AS 01.10.070(c).



FRAN DURNER / Anchorage Daily News

Elaine and Douglas Hurley with 18-month-old daughter Brianna.

# Caught

# in a Health Care Trap

Medicaid rules push middle-class family toward poverty

By JAY BLUCHER  
Daily News reporter

Douglas and Elaine Hurley had it all — a new marriage, good jobs, a promising future. The only thing that would have made their lives perfect, they thought, was a child.

But when their daughter, Brianna, was born with severe medical problems, the Hurleys were forced to surrender much of what they had so Medicaid would pay for her care.

Eighteen months ago, before Brianna's birth, the Hurleys were a two-income family earning more than \$40,000 a year. Douglas, 24, was working full time as a baker and commercial fisherman, and Elaine, 26, was holding down three part-time jobs as a secretary and bookkeeper. They had been married for just two years.

"We scrimped, saved and planned for this baby and thought we had what people think of as the American dream — money for a down payment on a house, college funds, savings accounts — if not attainable, then at least in sight," says Douglas.

Brianna was born with cerebral palsy and epilepsy. She also has severe brain damage caused by viral encephalitis contracted in the womb. The disease, often fatal, causes paralysis.

At 7 months old, Brianna also suffered a stroke.

Some doctors tell the Hurleys that Brianna might learn to walk

by age 6 or 7. Others, such as Dr. Jerome Mednick, a pediatric neurologist in San Francisco, say she will never walk or talk.

Now, when other children her age are toddling, Brianna has only recently been able to muster the muscle coordination to wave her right hand. She cannot support herself upright or crawl, and the entire left side of her body is impaired. She is like a limp rag doll, with the motor skills of a 2-month-old.

While the Hurleys accept Brianna's special needs, the cost of caring for her at home was unexpected.

"We thought to ourselves, 'OK, we'll deal with it; there's help available for families like us,'" says Elaine.

But little did they realize that their decision to care for Brianna at home would force them to cash in their lives for a welfare check.

Since birth, Brianna has required extensive medical attention ranging from emergency hospitalizations — as when her seizures caused a semi-comatose state for 30 days — to regular visits with pediatricians, neurologists, nutritionists and other specialists. As a disabled infant, she also receives regular occupational, physical and speech therapy services through the state's Infant Learning Program.

She's had every manner of diagnostic test, and these continue.

At a big price.

The specialized infant formula she needs to gain weight costs \$75 a case, and lasts only a week because Brianna still cannot eat solid foods. The medications needed to control her seizures cost \$700 per month. Her medical bills average \$4,000 a month. And in Brianna's future looms extensive orthopedic surgery and probably an expensive liver transplant. (The drugs that help control her seizures have damaged her liver.)

The Hurleys estimate Brianna's medical bills will cost \$60,000 annually for the next five years. More than \$20,000 remains unpaid now.

At first, the couple had reasonably good medical insurance through Douglas' employer. It paid 80 percent of the family's medical costs. But after just three months in which Brianna's total medical costs topped \$60,000, Blue Cross of Washington and Alaska reduced its coverage to 50 percent.

Douglas' employer at the time, William Pargeter, who owns Harry's restaurant and owned the now-defunct Kayak Club, could have continued the higher coverage, but at greater cost.

Pargeter says he was acutely aware of the Hurleys' high medical expenses because the Kayak Club was in the midst of a bankruptcy reorganization at the time and he

Please see Page D-2, TRA!

# TRAP: Medicaid rules embitter coup

Continued from Page D-1

was looking for a new health insurance plan for his employees.

"But this family's high medical costs made the insurance companies leery of accepting the whole group," he says. "In fact, one carrier flatly refused to carry us as long as Douglas was employed with us."

Rather than offering his employees a health plan that excluded the Hurleys, Pargeter instead opted for a less comprehensive Blue Cross plan for all.

Blue Cross officials would say only that the company opted for a less expensive health plan.

Other insurance companies wouldn't accept the family because Brianna's medical needs were "pre-existing."

The Hurleys soon owed thousands of dollars with no hope of ever repaying it on their existing incomes. Threatening phone calls from bill collectors now punctuate their days. Their credit ratings are ruined.

"We were taking food out of our own mouths in order to send \$10 here, \$20 there, for medical bills left unpaid by our insurance, but we were falling hopelessly behind," says Elaine.

The couple realized their only option was Medicaid, the federal health-care program administered by individual states to help the poor. But Medicaid has a strict income limit, and the Hurleys exceeded it.

This family of three, to qualify for Medicaid, would have to begin living on \$1,334 a month, before taxes. Or, as they were told by Medicaid officials, they would have to "spend down to 133 percent of the federal poverty level."

This meant Douglas had to quit his job in September and go on unemployment, which pays him \$760 a month. Elaine could bring in only \$574 a month to stay under Medicaid's limit, so she could accept only part-time work as a bookkeeper.

"I despise living this way, feeling like I'm on the dole looking for a handout, but it's the only way my daughter's medical bills can be paid," says Douglas.

"It's frustrating to be a capable and willing-to-work father who wants to be the provider for my family, and yet be forced by bureaucratic rules to not work," says Douglas.

Income wasn't the only thing they had to cut. The Hurleys were required by Medicaid rules to deplete their savings accounts, college funds for Brianna, certificates of deposit, individual retirement accounts, and to trim their possessions to one car of no more than \$1,500 value, household goods of \$500 value, and \$250 worth of baby furniture.

Every three months, state public assistance officials grill the family about new sources of income — inheritances, church donations or money from other family members.

"It makes me feel so demeaned, like

*6 I despise living this way, feeling like I'm on the dole looking for a handout . . . It's frustrating to be a capable and willing-to-work father who wants to be the provider for my family, and yet be forced by bureaucratic rules to not work. 9*

— Douglas Hurley

I have no worth, no self-esteem," says Douglas.

Since he's been unemployed, he's gotten several good job offers at considerably more salary.

"I've been reduced to turning down good jobs in order to care for my daughter," he says. "Now isn't that a perverse situation?"

Elaine is just as frustrated.

She worries that the couple may never be able to afford a home, have other children or excel in a career that could provide the security every family seeks.

They could do all that, however, if they did just one thing: Put Brianna in an institution or make her a ward of the state. Then Medicaid would pay for her care and release her parents from income limits.

Unacceptable, say the Hurleys.

"We want to be able to look at ourselves in the mirror and say that we did everything we possibly could to help her, no matter the sacrifice," says Elaine.

Equally distasteful is a third option — for the couple to legally separate. Elaine could accept public assistance as a single parent and Douglas would be free to return to work and pay child support.

"So the state would actually reward the breakup of a loving family," says Douglas sarcastically.

Chris Ashenbrenner, program officer for the state's medical assistance office, says the Hurleys are not alone.

"Because there's no nationwide health plan in this country, people such as the Hurleys are among the gap group, people caught in the middle-class health crisis," she says.

But she also says it's unfair to blame Medicaid.

"It's the whole health care mess in this country and insurance companies that are allowed to drop coverage when claims get too high or certain limits are reached."

David Maltman, executive director

of the Governor's Council for Handicapped and Gifted, says it can happen to anyone.

He agrees that Alaska's current policy needlessly impoverishes working families trying to care for a disabled child at home.

Responding to the problem, the council has examined the Medicaid system and recommended improvements to make home care more available to persons with disabilities.

In 1990, the legislature required a similar study by an independent commission known as Project Choice, whose final report will be presented in January. Both the council and Project Choice recommend that the state act for a waiver from federal Medicaid rules.

This would let Medicaid waive income limits for families like the Hurleys.

Alaska is one of only a handful of states that have not adopted a waiver program or something known as "Katie Beckett option."

In 1981 Katie Beckett, a 3-year-old girl from Iowa who, like Brianna, suffered from viral encephalitis, granted a federal waiver by President Ronald Reagan. He cited the case as overregulation.

Since then, a majority of U.S. states have adopted either waiver programs or Katie Beckett options.

Medicaid's Ashenbrenner says Alaska has never applied for this particular waiver or option because the state already has an adequate welfare program, with the most generous eligibility standards in the country.

This rationale, however, does not consider people like the Hurleys: family caught in precisely the regulatory paradox that such waiver programs were intended to address.

The Hurleys seek a waiver or Beckett option as their only relief from poverty sentence.

"Sometimes, you get the impression these Medicaid people think of it as their own money," says Elaine.

She glances lovingly at Brianna who responds with a curious look. When all the frustrations become too much, the Hurleys focus on what most dear.

They shower Brianna with attention. The tiniest of achievements, as a simple wave of her hand, bring them renewed hope for her future.

"Her wonderful disposition through all of this really makes it easy on my heart, knowing that as difficult as it gets for us sometimes, her love remains unconditional," says Douglas.

He marvels at his daughter's reliance as she sleeps in his arms.

"She's so beautiful, so innocent. She has no idea any of this is happening, no idea that she's . . . different or how difficult all of this has been for her parents," he says.

Brianna stirs.

"Ssshhh, little one. It's OK. Dad's here."

# The Anchorage Times

"Putting Alaska first"

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## HEALTH CARE PUZZLE

### Nothing is 'free'

**A** REPORT IS due soon from the state Division of Medical Assistance on a project called CHOICE. That's an acronym for Community and Home Options to Institutional Care for Everyone.

The project, undertaken at the direction of the Legislature, will recommend — among other things — that the state apply for a waiver from the federal Medicaid program that would allow compensation for people to receive care in their homes instead of in institutions.

This is laudable. Alaska is the only state that doesn't have a Medicaid waiver along these lines. Right now, for example, if a low-income person with a broken hip, who otherwise would qualify for Medicaid help, wants to convalesce at home rather than go to a nursing facility — that person is denied Medicaid.

This doesn't make sense, particularly when you consider the high cost of caring for people in institutions.

**WHY IS** Alaska the only state in the union that doesn't have a waiver to cover such instances? Because while we were flush in our oil boom, we didn't apply. Other states started feeling the money crunch before we did and got their waivers for certain services not mandated by Medicaid.

This may present a problem now. It won't be easy to convince the federal government that something the state has been managing to pay for on its own (through social service programs) should now be paid out of the federal treasury.

And should the federal government agree to a waiver, there are still some risks to the state coffers that need to be considered.

If Medicaid will compensate care givers for home care, there is a strong possibility that large numbers may apply for the reimbursement. Some estimates are that 25 percent more people would take advantage of the program than are currently eligible for Medicaid.

Right now, especially in rural Alaska, it's just easier for a family to rally around someone who needs care — whether it be a developmentally disabled child or an elderly person in frail health. No one knows how many more would apply, or whether it would overwhelm the state's required matching contribution to federal dollars.

**WHILE OUR** citizens and legislators consider and debate the whole issue of health care, they must keep in mind the large role played by government programs such as Medicaid.

Here are a few numbers to consider in light of the changing needs of Alaskans. The facts come from a Project CHOICE packet provided by the state:

- In 1991, \$156 million Medicaid dollars were spent providing health care to almost 49,000 Alaskans. Nearly one-third of the Medicaid budget is spent on long-term health care. And many Alaskans in hospitals, nursing homes or similar facilities could be cared for as well or better in a residential setting.

- The number of Alaskans over 65 is growing at four times the national average. Nursing home care for an Alaska senior costs between \$70,000 and \$110,000 a year.

- Fifteen percent of Alaska seniors over 65 were eligible for Medicaid in 1990.

The question of the state's dependence on the complex Medicaid program is only a tiny part of the health care puzzle facing Alaska today. Last year the state appropriated about \$102 million toward Medicaid. This year, the state approved \$108 million as its share — but some predict that will not be enough.

The cost of health care affects everyone in one way or another — and those who think it's free if the government pays had better think again.

ADN 1/7/92

# Medicaid reform

## Start with a waiver, but do more

In photographs, Brianna Hurley looks like any healthy, happy 18-month old. The picture that ran in Monday's Daily News showed her sitting on her mother's lap. Her pink sweat shirt had white ponies on it, and her straight brown hair was swept back with a matching pink barrette. She shared the couch with her father and a doll.

But the photograph doesn't tell you the whole story. Yes, Brianna is as sweet looking as they come. And it's obvious her parents, Elaine and Douglas Hurley, love her. But their daughter can't hug her doll, or even sit upright on the couch by herself. Born with cerebral palsy and epilepsy, brain damaged from viral encephalitis, felled by a stroke, Brianna can't walk or talk, and may not ever.

Elaine and Douglas Hurley's life is like that photograph: It turned out different than it looked. It's not just that their daughter was born with the problems she has; they have found the personal strength to deal with that. But their financial resources — their jobs, insurance and savings — proved wholly inadequate in the face of \$60,000-a-year medical bills.

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*There's something wrong with a system that pays for institutional care but won't help a family that wants to care for its loved one at home. There's something wrong with a system that takes two people with good work histories and tells them they can't work.*

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Had they put their daughter in an institution, Medicaid would have paid for her care without restricting the Hurleys' income. But the couple wants to take care of their daughter, at home, themselves. So they've had to quit their jobs, deplete their savings and sell off household goods to meet Medicaid's income limitations.

There's something wrong with a system that pays for institutional care but won't help a family that wants to care for its loved one at home. There's something wrong with a system that takes two people with good work histories and tells them they can't work.

The state of Alaska can help the Hurleys and families like them by applying for an option — used by other states — that would let Medicaid waive the income limits for families who want to care for disabled members outside of an institution.

But while that's a quick fix — and a necessary one — there is more wrong here than simply Medicaid.

There's something wrong with an insurance company that can reduce coverage just when it's needed most, as happened to the Hurleys. There's something wrong with an insurance industry that can refuse to cover prior conditions or high-risk people. There's something wrong with a system that doesn't address catastrophic illnesses. And there's something very wrong with a system that leaves some 90,000 Alaskans with no insurance coverage at all.

The Alaska legislature can ask for a Medicaid waiver. But that's only a stopgap measure toward ensuring everyone the right to medical care. It's only a reminder of how desperately this country needs to reform its health care system.

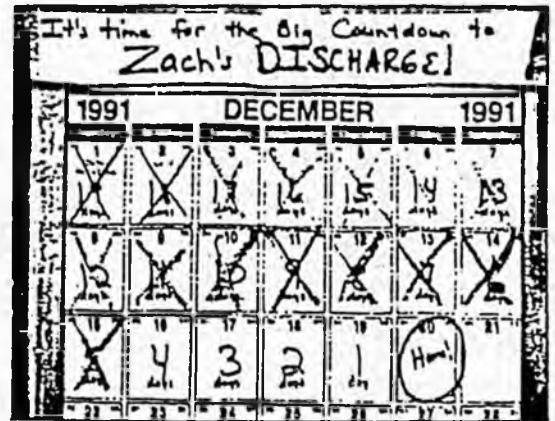
Remember, the family in the photograph could be yours. If this could happen to the Hurleys, it could happen to you.

# LIFESTYLES

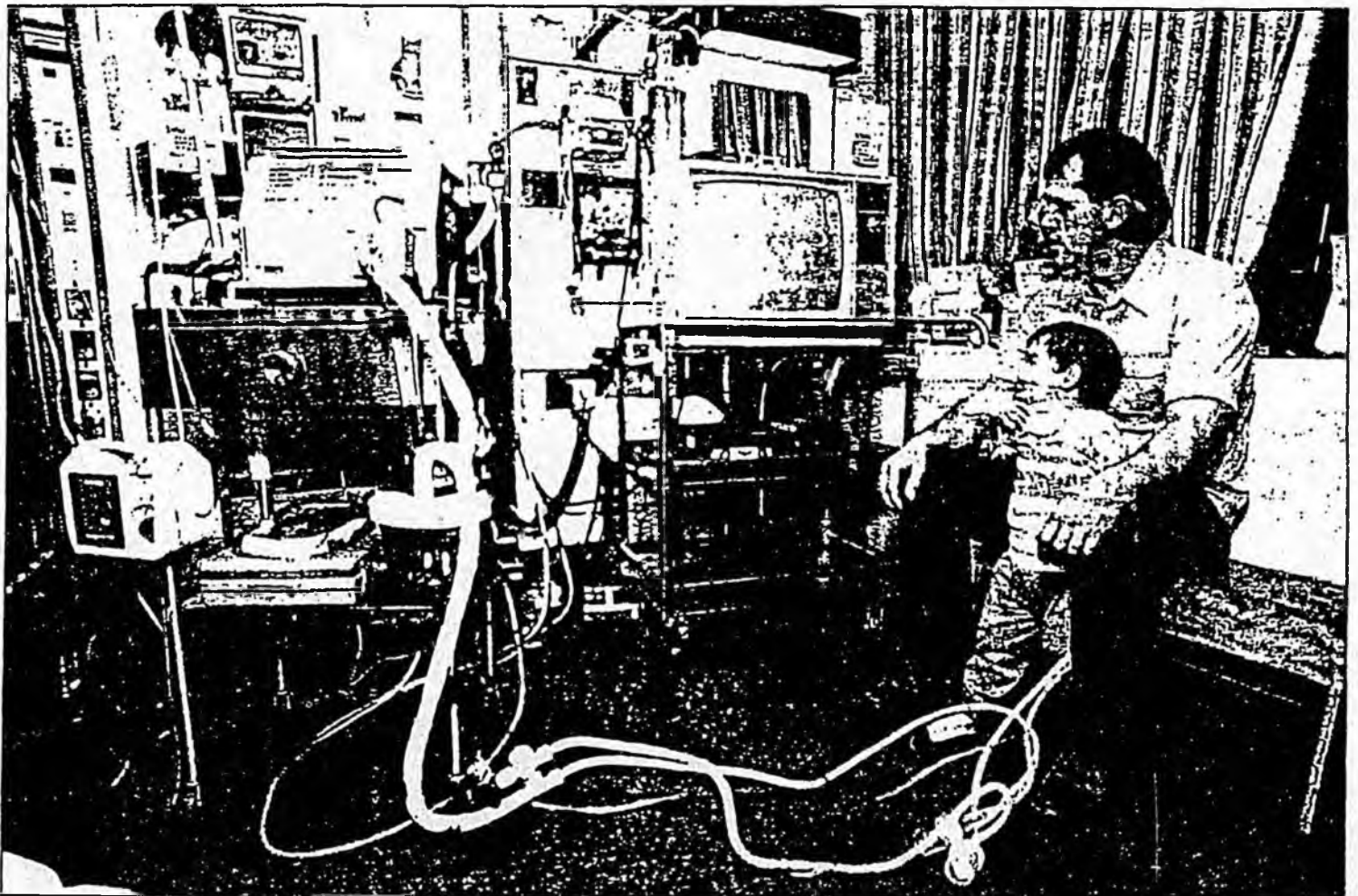
ANCHORAGE DAILY NEWS

SECTION F

# BRINGING ZACHARY HOME



If all goes well, Zachary will be home by Christmas.



Zachary and his father, Larry McKenzie, watch 'Sesame Street' in Zachary's room in Providence Hospital's pediatrics intensive care unit.

JM LAVRAKAS / Anchorage Daily News photo



Therapist Gale Andrus trains Zachary to eat normally

## YOUNGSTER MAY FINALLY SPEND CHRISTMAS OUTSIDE HOSPITAL

By DEBRA MCKINNEY  
Daily News reporter

Life would have been far easier for Larry McKenzie had he just walked away. He and his wife had split up when she was two months pregnant, and hadn't seen each other since. He didn't even know the baby had been born until the hospital called him with insurance questions.

Zachary McKenzie arrived two months early on Dec. 29, 1987. Within hours of his birth, the 3-pound boy was moved to a Seattle hospital with problems so severe he wasn't expected to last the day.

The upper end of his esophagus led to a dead end, not his stomach, and the lower end detoured into his lungs. He couldn't swallow without choking. And acids and other stomach fluids threatened to flow into his lungs and drown him. On top of that was a heart problem for which he needed



Larry has become his son's primary caregiver during the evenings.

# HOMECOMING: Youngster may celebrate Christmas outside hospital

Continued from Page F-1

open-heart surgery. Then, during the medevac flight, his stomach filled up with air and burst like a balloon.

Somehow little Zachary held on, though barely.

Larry McKenzie, a Kenai auto mechanic just managing to make ends meet, couldn't begin to afford an intensive-care baby. Some estranged fathers would have shucked the responsibility. McKenzie bought a plane ticket to Seattle.

Four months later, after extensive surgery and two visits from his dad, Zachary was back in Alaska. But his first year was a shaky one. He'd be home in Kenai for a week or two with his mother, Daughn Carpenter, then he'd catch pneumonia or some other bug and be medevaced to Anchorage. His mother could never relax. The last time it happened, he'd been home only 24 hours.

Since then, for the past three years, "home" has been a room in the pediatric intensive care unit at Providence Hospital, a room decorated with stuffed toys, colorful posters and high-tech equipment.

Behind him trails a tangle of tubes and hoses. He must eat through a tube in his stomach. He must breathe through a tube in his throat. Because of a hearing impairment and a tracheotomy, Zachary cannot speak; when he cries, no sound comes out.

That first year, McKenzie drove up from Kenai every Friday night after work to spend the weekend with his son. In 1989, he gave up his job, home, relatives and friends on the Kenai Peninsula and moved to Anchorage to be closer. Eventually he received physical custody (they share legal custody), since Zachary's mother still lives in Kenai and has two other children of her own to raise.

Virtually every night since, McKenzie has spent at Providence, keeping Zachary company and tucking him in at bedtime. Around 9:30 p.m., he puts his boy in a clean diaper, lays him in his crib, closes the curtains and turns out the lights.

"Good night, Bud," he says softly, nose to nose. "See you tomorrow."

"He's pretty much here every single night," says Anita Schillef, a registered nurse on the unit. "We're talking about seven days a week. He's so devoted. It's a real joy to watch."

Lately, members of Zachary's extended hospital family have been keeping their fingers crossed for Zachary and his dad. If all goes



Zachary cries as nurse Shari Whitthorn and respiratory therapist Shella Van Cuyk clear his intensive care room of equipment and belongings. Zachary was moved to the pediatrics floor as a step toward his release

the way they hope, this father-son relationship won't be confined to a hospital room much longer. A team consisting of Zachary's doctor, nurses, home health-care coordinators and others are working hard to bring Zachary home before Christmas.

McKenzie has been preparing for this day for more than a year. Last fall, he moved into a bigger, two-bedroom apartment and started getting Zachary's room ready. He built him a little pine bed and a matching toy chest. He hung curtains, pictures and a couple of nets to hold Zachary's bulging collection of stuffed creatures. A quilt made by Larry's mother is draped across the bed, and a supply of shiny toy trucks waits in a corner. A pair of miniature cowboy boots sits atop the dresser.

But McKenzie and the home health care team know from experience not to get too excited about all this until it happens.

"We started on this last year," Schillef said. "Our date was Jan. 1. Then it got moved to May 1. Then we went to July. It's just being continually set back."

The reason is a frustrating one for people who value quality-of-

life issues over financial ones. As hard as Zachary's advocates have been working to get him free, snags in the system have been working to keep him put.

Zachary's medical care has been costing well over \$1 million a year, his father says. Medical insurance pulled him through the first year; then, because he's disabled, Medicaid picked him up.

But now that it's time to go home, Medicaid won't follow. It would pay for Zachary to go into a nursing home, but not his own home.

Medicaid simply won't cover 24-hour nursing care outside an institution, and Zachary is a 24-hour job. This youngster is tethered to a ventilator that needs constant attention. There's no way McKenzie can do it alone. Nobody could.

Zachary and his dad must rely on a patchwork of services to make this work. Medicaid will cover medications, equipment and a limited amount of nursing care, and several agencies — Providence Home Health Care, the Division of Mental Health and Developmental Disabilities, the Anchorage Scholastic District and others — are picking

together a plan that should provide the necessary nursing, respite and transportation coverage, according to Marchelle Hanson, health care coordinator for this state Division of Mental Health and Developmental Disabilities.

The plan includes 24-hour nursing care assistance for the first couple of weeks, until Zachary and his dad can get settled into their new routine. After the transition period, nursing assistance would be tapered off to about 16 hours a day. If this works as well as everyone hopes, Zachary should be able to start preschool in January.

McKenzie had to quit his job at Grand Auto Supply to do this. He's not thrilled about going on welfare. But he'll do whatever it takes to be there for his boy. And once Zachary gets adjusted, he figures he can start job hunting again.

"I'm getting kind of nervous about quitting work," McKenzie said. "How am I going to support myself? It will be hard. But I know I'm quitting for a cause. I know I have to do this."

While all this is being sorted out, the home health team is plow-

ing ahead with homecoming plans. On Monday, Zachary moved from the intensive care unit to the regular pediatrics floor. The same day, his father moved into the room with him and took over his health care routine.

McKenzie feels confident in his ability to care for his son, and Zachary's nurses agree he's plenty competent. McKenzie has taken extensive courses on all the equipment it takes to keep his son alive. For the past year, he has been Zachary's primary caregiver during his evening visits — feeding him and giving him medications as well as his respiratory therapy. At the end of this trial run, Zachary's nurses believe the two will be more than ready to go home.

Zachary is stronger now than he's ever been. But he still has a long way to go.

His esophagus has been connected through surgery, but, as Dr. Dion Roberts says, "It's not a perfect piece of plumbing." To prevent scar tissue from closing it off, doctors have run a string through Zachary's body that goes in a hole in his stomach and comes out his nose. Should the esophagus start to squeeze shut, a device can be attached to the string and pulled through to stretch it out.

But the biggest obstacle Zachary faces is with his lungs. Both have been severely damaged by pneumonia, as well as aspirated stomach acids and saliva.

Nevertheless Roberts is hopeful for Zachary. It's conceivable that someday he could learn to swallow without gagging. And he could very well learn to breathe on his own. As long as he's growing, his lungs are, too, they could grow strong enough to compensate for some of the damage.

"He has a long, long road to rehabilitation," Roberts says. "It won't be weeks or months. It will be years."

Meanwhile, Zachary's nurses are trying to figure out what they're going to do once their charge really goes home for good.

"You're so happy he finally gets to go home and be with his dad and have the life of a child," one of his nurses, Anita Schillef, says. "But what's he going to do without all his moms?"

"We watched him learn how to crawl. We watched him learn how to walk. We watched him learn sign language. We watched him grow up."

"But no child deserves to grow up in a hospital. He's got a home and a loving father, the most devoted I've ever seen. He needs to go home."

HB

442

3111 C STREET, SUITE 455  
ANCHORAGE, ALASKA 99503  
(907) 581-7628

WHILE IN SESSION  
P.O. BOX V  
JUNEAU, ALASKA 99811  
(907) 485-3704

# ALASKA STATE HOUSE



CHAIR  
RULES COMMITTEE

JUDICIARY

SPECIAL COMMITTEE ON INTERNATIONAL  
TRADE & TOURISM

LEGISLATIVE COUNCIL

## REPRESENTATIVE JOHNNY ELLIS

Sponsor Statement  
by Representative Johnny Ellis

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

\*\*\*\*\*

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

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

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

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



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

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

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

# News Release

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



For Information Contact:  
Jim Nordlund  
Legislative Aide  
(907) 465-3704

## House of Representatives

Rep. Johnny Ellis

For Immediate Release

Feb. 5, 1992

### POPULAR TV SHOW EXPOSES NEED FOR HEALTH CARE WORKERS

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

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

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

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

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

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

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

-MORE-

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

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



Western Interstate Commission for Higher Education  
PO Drawer P  
Boulder CO 80301-9752

Telephone (303) 541-0200  
FAX (303) 541-0291

## MEMORANDUM

February 14, 1992

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

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

RE: Alaska H.B. 442

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

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

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

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

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

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

**SOME FACTS AND CONSIDERATIONS**

December 1989

Western Interstate Commission  
for Higher Education  
Student Exchange Program  
P. O. Drawer P  
Boulder, CO 80301-9752  
(303) 497-0210  
FAX: (303) 497-0291

**WICHE**

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

Background

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

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

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

The Professional Student Exchange Program

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

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

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

#### "Payback" and "Prepay" Plans

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

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

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

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

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

#### Factors Leading to Payback and Prepay Plans

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

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

#### Other Factors for Consideration

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

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

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

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

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

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

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

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

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

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

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

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

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

### Position of the WICHE Commission

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

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

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

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

December 1989

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

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

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

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

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

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

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

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

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

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

2/19/92

To whom It May Concern :

RE: HB No. 442

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

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

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

February 19, 1992.

Dear Representatives,

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

Respectfully,

James R. Joiner

James R. Joiner  
5325 Sharon St Apt A

Anchorage, AK 99508

(907) 337-9720

To Whom it may concern,

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

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

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

Thank you for your time,

Kitty Dennis S.N.

Kitty Dennis, Student Nurse

2/19/92

TO:

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

February 19, 1992

To whom it may concern:

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

Sincerely,

Gayle Eckert, S.N.

Gayle Eckert

2/19/92

Dear Sir or Madame:

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

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

Sincerely,

*Laurel A. Christians.*  
Laurel A. Christians.

Health Education + Social Services Committee

Feb 19, 1992

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

While this bill would be of great help to nursing students who have not yet acquired their licenses it would benefit rural Alaska by enabling the emergence of a med level of nursing care personnel to rural Alaska. Thank you for consideration of this letter.  
Sincerely Mary T. Weiss

2/19/92

To: Health Education & Social Services Committee:

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

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

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

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

Thank You

Tera Harrington  
Nursing Student  
U.A.A.

2-19-92

Health, Education & Social Services,

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

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

Thank you very much for your time.

Sincerely,

Stacy J. Davidson

19 February 1992

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

Re: House Bill No. 442

Members of the HES Committee:

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

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

Sincerely,

Katherine J. Mosteller

Dear Health, Education + Social Services Committee

2/19/92

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

Thank you

Sharon Berglund

2/19/92

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

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

Sincerely,  
Emily Pearson

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

19 Feb. '92

To whom it may concern:

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

Sincerely Yours  
Fairast "Tara" Stevenson-Matthews  
*F. Jean Stevenson-Matthews*

To: Health, Education & Social Services,

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

Tamara Loewe S.N.

To - REP. CARNEY (H) HESS

Feb. 21, 1992

Concerning HB 442:

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

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

Thank you for your support of this bill.

*Sue Nikodym RN, BSN*

Sue Nikodym RN, BSN  
Staff Development

To - REP. CARNEY (H) HESS

HOUSE BILL NO. 442

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

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

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

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

Thank you

*Janet Bunes*

February 20, 1992

**GALENA HEALTH CENTER**

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

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

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

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

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

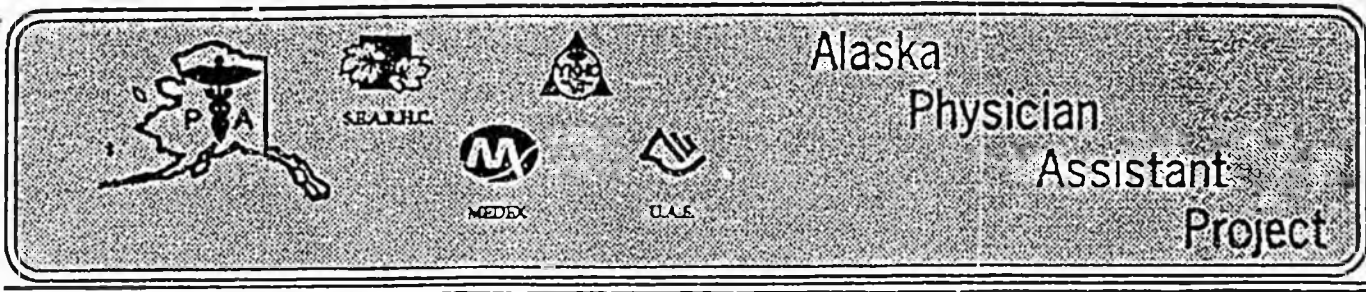
Today I am here to testify in favor of HB 442. This bill  
will greatly benefit our health center and the people that  
we serve. It will assist us in the recruiting, hiring and  
retention of health care professionals. The loan repayment  
is one benefit that we cannot afford and the one benefit  
most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

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

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

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

*Flora Sweetser*



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

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

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

University of Washington MEDEX faculty<sup>1</sup> demonstrates that one-third of CHA/Ps desire to pursue advanced health care careers. When asked about barriers to those careers, financial concerns were frequently cited. In short, a large pool of potential Physician Assistants exists in rural Alaska. These individuals demonstrate motivation to pursue P.A. training. But the need for financial assistance is a significant obstacle to their success.

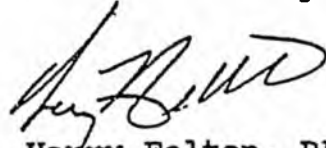
Other significant activities of the Project are to provide P.A./Health Careers counseling, information regarding financial aid, course guidance, and references to prerequisites offered by regional campuses. The University of Alaska Southeast, one of the partners of the consortium, is in the process of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

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

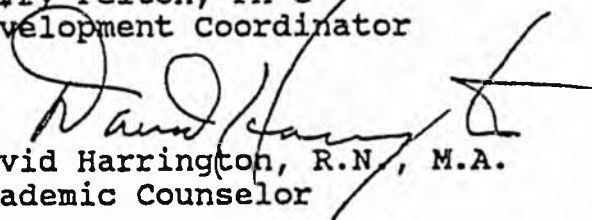
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<sup>1</sup>Hummel, Jeffrey; Ballweg, Ruth; Felton, Harry. *Assessing the Potential of Native American Health Aides for Advanced Health Professional Training* (Submitted to The Journal of Medical Education).

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



Harry Felton, PA-C  
Development Coordinator



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

**FISCAL NOTE**

**STATE OF ALASKA**  
**1992 LEGISLATIVE SESSION**

**BILL NO.** HB 442

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

0	2	1	8
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**EXPENDITURES/REVENUES: (Thousands of Dollars)**

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

<b>CAPITAL</b>						
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<del>REVENUE</del> <b>LOANS BUDGET</b>						
<b>FUND SOURCE:</b>	-0-	-0-	26.7	51.4	121.8	240.6

**FUNDING: (Thousands of Dollars)**

<b>GENERAL FUND</b>	-0-	-0-	26.7	51.4	121.8	240.6
FEDERAL FUNDS						
OTHER						
<b>FUND SOURCE:</b>						
<b>TOTAL</b>	-0-	-0-	26.7	51.4	121.8	240.6

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact: \$-0-

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

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

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

FISCAL IMPACT

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

FISCAL IMPACT

A. ASSUMPTIONS

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

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

B. PROJECTIONS

Program Participants by Field\*

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

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

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

HOUSE COMMITTEE REPORT

(7)  
Date Referred: February 5, 1992

FURTHER REFERRALS:

Finance

Date of Committee Action: 2/26/92

The HEALTH, EDUCATION AND SOCIAL SERVICES Committee considered:

HB 442

HOUSE BILL NO. 442

STUDENT LOANS FOR HEALTH CARE EDUCATION

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

RECOMMENDATIONS:

be replaced with \_\_\_\_\_

CS HB 442 (NES)

the same title

a new title

have attached amendments(s)

do pass

do not pass

no recommendations

individual recommendations

additional referral to the \_\_\_\_\_ Committee

ADOPTS: \_\_\_\_\_ letter of Intent

ATTACHES NEW FISCAL NOTE(S): \_\_\_\_\_ (Dept)

APPROVES PREVIOUS: \_\_\_\_\_ (Dept/Date)

fiscal impact Postsecondary Ed. 2/19/92

fiscal note(s) \_\_\_\_\_

zero fiscal note \_\_\_\_\_

zero fiscal note(s) \_\_\_\_\_

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

*[Signature]*  
CHAIRMAN'S SIGNATURE

A M E N D M E N T

OFFERED IN THE HOUSE

BY REPRESENTATIVE ELLIS

TO: HB 442

Page 1, lines 5 - 6:

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

# Wanted: More nurses

## Alaska desperate for nurses in every medical field

By ANNABEL LUND

THE JUNEAU EMPIRE

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

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

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

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

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

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

Registered nurses' starting salaries -- because they have not been adjusted for inflation -- were actually lower in 1987 than they were a decade before. Nurses are in greater demand today in hospitals because insurance companies are encouraging shorter hospital stays, necessitating more intensive care for patients in acute phases of their illnesses. Hospitals have gone from using 50 nurses per 100 patients in 1972 to 91 nurses per 100 patients in 1986.

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

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

Please turn to Nurses, Page 8

# Nurses...

Continued from Page 1

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

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

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

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

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

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

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

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

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

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

Aronson, whose division employs 551 people, is looking for nurses for several of the state's pioneers' homes, including two positions in Juneau. The position of director of nursing for the Juneau home pays \$2,890 a month.

Aronson said understaffing stresses the system.

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

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

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

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

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

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

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

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

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

Knudson said a pay check may speak the loudest.

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

# Juneau adds incentives to attract more doctors

The Associated Press

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

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

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

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

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

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

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

of living.

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

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

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

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

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

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

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

ADN  
2-1-92

# Bill aids students in medical studies

By LARRY PERSILY  
The Associated Press

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

ADN 4/15/88

30

# House modifies school loans

## Approves loan forgiveness for rural health care workers only

By LARRY PERSILY  
The Associated Press

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

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

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

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

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

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

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

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

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

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

Giving everyone a break on their loans could result in

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

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

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

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

"The purpose of this bill is to create an incentive program for medically trained Alaskans to work in those areas of Alaska that need health care provider services most," said Rep. Johnny Ellis, D-Anchorage, sponsor of the bill.

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

# STATE HEALTH NOTES

## States Seek Balance in Distribution of Health Professions

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

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

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

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

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

### Scholarships and Loan Forgiveness Programs

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

ARKANSAS and MAINE increased funds and