Program Intent

The intent of the Health Care Professions Loan Repayment & Incentive Program (HCPRLIP) is to address the growing shortage of health care practitioners in our state by increasing the number and improving the distribution of clinical practitioners working in Alaska, and thus increasing the amount of clinical services delivered. The program is designed to help make Alaskan healthcare service more economically competitive, thereby stemming losses to other states and attracting more practitioners to work in Alaska, particularly in hard-to-fill localities. These state funds are intended to help ensure the availability of professional health care services to those Alaskans who have the greatest difficulty in obtaining care due to limited financial resources, cultural barriers, and/or geography. The intent of HCPRLIP is to complement rather than to supplant any other existing private, state &/or federal financial workforce incentive programs, which have thus far proven unable to ameliorate Alaska’s severe and growing shortage.

This program concept derives from a six-month effort by an Interagency Planning Group. Members and other participants are listed below. This document presents in detail the resulting concept for an Alaskan support-for-services program.

Members & Attendees

Co-Chairs
Rod Betit, Alaska State Hospital and Nursing Home Association
Shelley Hughes, Alaska Primary Care Association

Interagency Planning Group Participants

Angel Dotomain, Alaska Native Health Board
David Logan, Alaska Dental Society
Delisa Culpepper, Alaska Mental Health Trust Authority
Diane Barrans, Alaska Commission on Post-Secondary Education
Faith Allard, Health Planning & Systems Development, DHSS
Jim Jordan, Alaska State Medical Association
Jim Towle, Alaska Dental Society
Marilyn Kesmer, Alaska Primary Care Association
Mark Mallard, Health Planning & Systems Development, DHSS
Nancy Davis, Alaska Pharmacist Association
Pat Carr, Health Planning & Systems Development, DHSS
Pat Fedrick, Alaska Primary Care Association
Patricia Sammartino, Alaska Native Tribal Health Consortium
Robert Sewell, Health Planning & Systems Development, DHSS
Sheila Wright, Alaska Geriatric Education Center / UAA
Stephanie Butler, Alaska Commission on Post-Secondary Education
Wendy Cotrell, Alaska Native Tribal Health Consortium

Consultant
Donald Pathman, MD (University of North Carolina at Chapel Hill, by teleconference)

Guest 9/19/08
Jay Butler, MD, Chief Medical Officer, Division of Public Health
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Program Elements

Oversight Entity

Program Management: The proposed legislation designates the Section of Health Planning & Systems Development (HPSD), within the Department of Health & Social Services (DHSS) as the “Oversight Entity” (O.E.). The Oversight Entity will (1) conduct program management and oversee daily operations of the program, including issuance of contracts; (2) recruit and make practitioner placements; (3) assess selected practice environments; (4) resolve placement issues; and, (5) collect data and assess the statewide healthcare workforce for key occupations regarding its size, distribution, composition and adequacy.

HCPRLIP Council: DHSS Commissioner (hereafter “Commissioner”) will formally appoint an “HCPRLIP Council” (hereafter “Council”). The Council is established to make recommendations to the O.E. and the Commissioner. The intent is that recommendations made by the Council be given serious consideration and weight by the Commissioner based on the expertise of, and deliberations by, the Council. For any recommendation(s) not taken by the Commissioner, the Commissioner will provide an explanation in writing to the Council to justify the deviation from the Council’s recommendation(s). The bill recognizes the importance of communication with stakeholders for this program, and defines the Council as the main formal way by which this will occur. The Council will facilitate communication between members and program administrators, and will meet as needed but no less than four times each year. The Commissioner will decide membership of the Council, including composition, terms of service, rules of order, scope of authority & leadership rotation, as well as the member-type(s) eligible to Chair the body. The majority of HCPRLIP Council members will be derived from the private provider community, and the chair shall be selected from this non-state employee membership.

Program Elements: The proposed legislation describes and authorizes the main program elements, these being: (1) Oversight Entity, (2) Fiscal Agent, (3) Practitioner Eligibility, (4) Site Eligibility, (5) Payment Detail, (6) Program Evaluation, and (7) Funding. The O.E. will, subject to its authorization, further define program administration by promulgating either (1) regulation, and/or, (2) sub-regulatory policy and procedural guidance. In addition, while the main program elements will be defined by legislation, some flexibility should be retained at the DHSS level. The Commissioner will have decision-making authority for program items not otherwise specified in the bill.

Timeline: The legislation will be effective upon enactment for the purposes of promulgating program regulations. Development of regulations will begin immediately, however, program operations are expected to start no sooner than September 2010, at the earliest.
**Fiscal Agent**

**Program Components:** The HCPLRIP has two components. One is the “Loan Repayment” (LRP) Component, and the other is the “Direct Incentive” (D.I.) Component. Each of these two program components has a different fiscal agent for distribution of payments.

**Designation:** The bill defines the organization serving as “Fiscal Agent” for each of the two program components. For the Loan Repayment component, the Alaska Commission on Postsecondary Education (ACPE) will serve as Fiscal Agent. ACPE will make LR payments directly to eligible lenders who hold educational loans that have been made previously to participating practitioners as they satisfy their service agreements. For the Direct Incentive component, DHSS will serve as Fiscal Agent. As such, DHSS will make DI payments directly to program practitioners. In each case, the Fiscal Agent will have regular duties for (1) disbursement of payments as specified in the individual practitioner contracts, and, (2) regular Internal Revenue Service reporting.

**Routing of Funds:** The legislation describes the manner by which funds are to be provided to the “Fiscal Agent”. All program funding appropriated by the Legislature is directed to DHSS. All “provider-match” funds are also received by DHSS. Loan Repayment funds will be transferred via Reimbursable Services Agreement (RSA) from DHSS to ACPE.

**Practitioner Eligibility**

**Designation:** Following is the list of health services occupational groups which the Commissioner, with input from the Interagency Council, will judgmentally prioritize on an annual basis: Dentists, Dental Hygienists, Nurse Practitioners, Nurses (RN), Pharmacists, Physical Therapists, Physicians (MD & DO), Physician Assistants, Psychologists (PhD), and Social Workers (MSW). The O.E. will ascertain, on an annual basis, which of these practitioner occupation-types are the program’s highest priority, based on Alaska healthcare needs. The O.E. will set targets each year for the number of practitioner program slots for each eligible occupational category, such that those disciplines are prioritized which evidence particularly pressing shortages and/or for which the program is proving especially successful. Thus, it is expected that, within the annual budgetary cap, (a) the total number of authorized practitioners per eligible occupational category will vary from year to year, and (b) that the number of authorized practitioners will not be equal across categories for any given year. The O.E. will also determine on an annual basis which occupational subspecialty-types are of the highest program priority (e.g. psychiatrists, pediatric dentists, family nurse practitioners, etc).
Clinical Service Practitioners: This program is intended to increase the number of clinical service practitioners working in Alaska, and thus the amount of clinical services delivered. Therefore, participants must be already licensed to practice, or must be licensable in Alaska. No program payment will be made to any practitioner who is still not licensed to practice in Alaska following the first 90-days of program-related practice.

Direct Patient Care: Program practitioners must work at Eligible Sites in positions that have some direct patient care responsibilities. In those cases wherein practitioner duties are divided between clinical and other duties (e.g. Medical Director), the program will make a partial benefit-payment. If the practitioner’s clinical duties constitute less than 100% but more than 50% of a full-time position, then the program will allow a payment of 100% of full-time benefit, provided that the non-clinical role(s) are approved by the O.E. as being critical to support the clinical services at the site. Practitioners who work in positions of less than 50% clinical time are not eligible for benefit. All program practitioners are allowed to participate in health teaching roles at up to 15% of FTE.

Part-Time Service: The program will allow part-time patient-care practitioner service by pro-rating payment amount for each preceding 90-day period.

Preference: In selecting from among applicants to the program, preference may be given to current Alaska residents in, or returning to, Alaska. The Commissioner may restrict eligibility to only those practitioners being newly recruited, as compared to current Alaskan practitioners in eligible communities.

Annual Cohort: For the purpose of reporting on program outcomes, a new program practitioner-cohort will begin during each fiscal year. The O.E. will also reserve the option to fill those positions that are unfilled or can be re-filled later in the year.

Practitioner Acceptance-to-Program: The O.E. will select a cohort of practitioners on an annual basis, according to (a) annual needs assessment, and (b) prioritization plan. Eligible practitioners will be identified on a rolling basis, at a schedule set by the O.E. Acceptance of practitioners must be endorsed by the Commissioner and periodically reviewed by the Interagency Council.

Site Eligibility

Designation: The Commissioner will review healthcare delivery sites (hereafter “Sites”) that apply to program, to thus determine “site eligibility”, and of these which are of the highest priority. This review will occur on an annual basis. The Commissioner may determine any area(s) and/or population(s) as a “shortage priority”. These may or may not include, but are not limited to, federally defined health profession shortage area(s) (aka HPSAs). The O.E., through the Commissioner, will determine and announce program priority area(s) and/or population(s) annually. The O.E. may conduct annual site reviews to verify features of clientele (e.g. demographics, & aspects of payment, e.g. Medicaid, Medicare, uninsured), and gauge degree of participating practitioners’ responsiveness to their communities and populations of greatest need.

Preference: The program may state preference(s) for those healthcare organizations and practices: (1) that provide care to individuals regardless of their ability to pay, including persons who are uninsured, and (2) that accept Medicaid and Medicare. To determine site-eligibility, the Commissioner may set the minimum required percentage-of-practice (aka “floor”) served by an individual providership, which is composed of the uninsured, sliding fee, Medicaid and Medicare clientele on an annual basis. If the providership is that
of a single new private practitioner, then the applicant-practitioner will submit a “statement of intent-to-serve” which states the percent-of-practice that will be composed of clientele that are covered by Medicaid, Medicare or are uninsured. This statement will be referenced by the O.E. in practitioner eligibility determination.

**Type-of-Site:** The Commissioner will determine whether a site is eligible for program participation, and if so, will also classify the site as either a “regular placement” site, or a “very-hard-to-fill placement” site, on an annual basis. It is expected that most “very-hard-to-fill” placement sites will be in geographically isolated rural or remote locations.

**Practitioner-Environment Assessments:** The O.E. may conduct a practice-environment assessment of either potential and/or eligible sites, at its discretion.

**Provider Match, and Site Eligibility:** In order for a providership to have a program practitioner work at its site, a legal representative of the providership must sign the Practitioner’s service contract, thus agreeing to terms and to provision of specified funding (aka “provider match”).

**Good Standing of Site:** The O.E., through the Commissioner, will define the status of “Good Standing of Site,” and the circumstance(s) under which a site may acquire, lose and/or regain this status. Failure to be and/or remain in Good Standing will disallow placement and/or future placement of program practitioners.

**Payment Details**

**Intent:** It is intended that these state funds will be used to ensure that health care services become available to those Alaskans who have had the greatest difficulty in obtaining care due to limited financial resources, cultural barriers, and/or geography.

**Method:** The O.E., through the Commissioner, is directed to establish and review a methodology to ensure program funds are used consistent with program intent. Related activities may include periodic surveys of members of Alaska’s health care provider community to determine existing practitioner vacancies, duration of any vacancies, and adequacy of existing practitioners relative to population served.

**Maximum Annual Benefit:** The maximum annual payments to eligible participants are categorized according to both (a) practitioner-type and thus level-of-payment (i.e. Tier-1 vs. Tier-2), and, (b) placement-type (i.e. Regular Placements vs. Very-Hard-to-Fill Placements). For Regular Placements, annual payments are available up to the amounts of - Tier-1: $35,000 and Tier-2: $20,000. For Very-Hard-to-Fill Placements, annual payments are up to the amounts of - Tier-1: $47,000 and Tier-2: $27,000. The two tiers are composed as follows: **Tier-1 Occupations:** Dentists, Pharmacists, and Physicians (MD & DO). **Tier-2 Occupations:** Dental Hygienists, Nurse Practitioners, Nurses (RN), Physical Therapists, Physician Assistants, Psychologists, and Social Workers (MSW).

**Method of Payment:** For participants in the Loan Repayment Component, a maximum of one-third (1/3) “portion-of-debt” will be paid each year (i.e. every 12 months) by program, up to the annual stipulated Maximum Annual Benefit (aka “annual cap”). For participants in the Direct Incentive Component, the Commissioner will establish a
methodology of disbursing direct incentive payments to eligible practitioners.

**Period of Award**: The duration of award for each accepted program practitioner is three (3) years, for a given “Period-of-Service”, and thus, contract duration is three (3) years.

**Adjustment to Inflation**: The Commissioner may change payment rates to account for inflation over years. Payment rates for each newly beginning practitioner-group (i.e. annual cohort) may be adjusted at the outset of three-year contract to account for inflation.

**Re-Application**: Each program practitioner who remains in good standing will be eligible to re-apply for a second 3-year Period-of-Service. This reapplication will be allowed only once. Program practitioners who apply for a second 3-year Period-of-Service may be considered on at least an equal basis with any first time applicant practitioners. The O.E. may allot a higher priority to continuing practitioners who re-apply than to new applicants. The benefit amount available for a Period-of-Service will be the same regardless of whether the practitioner is reapplying or newly applying.

**Lifetime Maximum**: For each participant, there is a lifetime participation maximum (aka “cap”) of six (6) years and no more, regardless of program component-type.

**Payment Cycle**: Payments will be made every quarter (i.e. 90-days), following a completed full quarter (3 calendar months) of practitioner-service.

**Other Service Obligations**: Participants may not concurrently receive this program’s benefit while serving out other support-for-service obligations. However, participants who have previously satisfied another service obligation may subsequently serve in return for this program’s benefit at an eligible site. The intent of HCPLRIP is to compliment rather than be in competition with or supplant other existing private, state &/or federal financial workforce incentive programs.

**Payment Delivery**: The bill specifies those entities to which individual program payments are made. For participants in the Loan Repayment Component, payments will be made only for eligible educational loan(s), and paid only to eligible institutional lender(s). If there is more than one lender, the participant will state preference as to which lender is to be paid first. For participants in the Direct Incentive Component, payments will be made directly to the program practitioner.

**Practitioner Service Contract**: In order to be eligible for program benefit, interested person must apply to the program, be accepted as an eligible practitioner, be licensed or become so, and fill out a “Practitioner Service Agreement” (hereafter “contract”). The contract will be signed, state all terms, and exist between the practitioner and Alaska DHSS. A legal representative of the planned eligible site must also sign, thus attesting to terms.

**Effective Date of Contract**: Participants will begin to accrue HCPLRIP financial benefit starting on the first date of paid practice in a patient care position at an Eligible Site, following the execution of the Practitioner Service Contract.

**Retrospective Payments**: Retrospective payment is not allowed (i.e. for work done before the effective date-of-contract).
Sanction for Early Departure: Payments are made only after completion of each full 90-day period of service. If work ends, for whatever or any reason, payment stops and is not made on a pro rata basis for any service period of less than 90 days. This program design keeps program management costs low and prevents the need for other program financial sanctions related to practitioner departure-from-program earlier than the stipulated 3-year period-of-service.

Placement at Another Site: If a practitioner leaves a program site prior to the end of the agreed-upon period of service, the O.E. will decide, solely at its own discretion, as to whether the practitioner is in Good Standing for purposes of program placement at another eligible site.

Good Standing of Practitioner: The O.E., through the Commissioner, will define the status of "Good Standing of Practitioner", and the circumstance(s) under which a practitioner may lose this status.

Program Evaluation

Designation: The Commissioner will ensure that the HCPLRIP undergoes periodic program evaluation so as to determine program efficiency and effectiveness. The O.E. will conduct a periodic survey of program practitioners, exit interviews, and tracking of alumni, this occurring no less frequently than every two (2) years.

Adoption by Council: The Council will adopt a formal evaluation plan within 12 months of initial program funding, and will review and amend this plan annually. The O.E., through the Commissioner, will develop an evaluation policy and a set of procedures.

Workforce Assessment: The HCPLRIP will assess adequacy and distribution of the Alaska healthcare workforce for all program eligible-practitioner occupations, on an annual basis. Measures will be developed and used to make workforce projections, according to occupational category. The O.E. may also assess sustainability; assess selected cost-benefit issues, and the potential added benefit(s) for rural and remote localities.

Adequacy of Payment Rates: Payment benefit amounts must be and remain highly competitive in comparison to the national healthcare labor market, and, the cost of living in Alaska. The Commissioner will thus issue a report every three years to the legislature, which will state whether payment rates are adequate to meet program goals. This report will be reviewed by the Council, and as a result the O.E. will have specified discretion to adjust payment rates.
Resources & Funding

**Designation:** DHSS will be authorized to receive all program funds, both those State General Funds (GF) funds provided by the Alaska Legislature, and, those funds from other program receipts (i.e. “Provider Match”, aka “Employer Match”). Funds for the Loan Repayment Component will be dispensed by Alaska Commission on Postsecondary Education (ACPE) following receipt from DHSS under a Reimbursable Services Agreement.

**Provider Match:** An in-cash “provider match” is required, to be paid to DHSS by healthcare providerships that seek to be identified as an Eligible Site. DHSS receipts of “provider match” funds will be used to further resource practitioner placement(s). Providers (aka employers) must make annual “provider match” payments at the beginning of each year of practitioner service. Thus three “provider match” payments will be due from the provider for a given 3-year Period-of-Service”. Failure of a site to pay the entire contractually determined “provider match” will remove that providership from Good Standing, and thus will disallow subsequent practitioner placement(s), and may also eventuate in state action against the providership to recoup funds owed.

**Level-of-Match:** The Commissioner will establish the minimum percentage of the practitioner payment that will be composed of a Provider Match, for each type of healthcare employer. This percentage will be scaled relative to the ability of each site to contribute. The level of Provider Match may be set between 0% and 100% of HCPLRIP practitioner benefit-payment.

**Off-set of Expected Provider Support:** The intended purpose of this program is to compliment, and not to supplant, regular provider-based financial supports that are already being offered; thus maintenance-of-effort on the part of the providership is required. Program funds will not be used to “offset” current or expected provider supports (e.g. wages, recruitment costs, etc). The O.E. will establish policies and procedures that work to prevent the providership from either reducing regularly offered salary-level to participants, or, reducing use of the providership’s own recruitment resources as the untoward result of knowing that practitioner(s) will be receiving program benefit(s).

**Program Management & Workforce Assessment Staff:** DHSS will include into its fiscal note that there will be adequate funds to administer the program. This funding will be provided to: (1) conduct program management; (2) monitor placements & practice environments; (3) resolve placement issues; and (4) assess statewide workforce regarding selected occupations.

**Funding Basis:** The program will be funded on an “accrual basis”, and this will be specified in the legislation’s fiscal note.

**Practitioner Encumbrance:** The program will encumber funds enough to pay for each three-year service contract at the time of, or before, execution of practitioner service agreements. Encumbrance for funding each practitioner agreement will be in full and will occur no later than the date on which the service agreement is fully executed.