



Support for
Service
Programs:
What Works
& Why

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Support-for-Service Programs: What Works, and Why

Objectives:

- I. Big industry
- II. Big problems
- III. Alternatives
- IV. What works
- V. Recommendations

Big Industry ...US Health Expenditure & Employment: 1990-2006, & Projections

| Year | Total HC Expenditures (\$ billions) | Per Capita Health Expenditures | Health as % of GDP | Health Sector Employment (000) |
|-------------|--|---------------------------------------|---------------------------|---------------------------------------|
| 1990 | 714.0 | 2,813.0 | 12.3% | 7,814 |
| 2000 | 1,353.6 | 4,790.0 | 13.8% | 10,858 |
| 2002 | 1,603.4 | 5,560.0 | 15.3% | 11,536 |
| 2004 | 1,852.3 | 6,301.0 | 15.9% | 12,055 |
| 2006 | 2,105.5 | 7,026.0 | 16.0% | 12,602 |
| 2008 | 2,420.0 | 7,957.0 | 16.5% | |
| 2012 | 3,173.4 | 10,110.0 | 17.9% | |
| 2016 | 4,136.9 | 12,782.0 | 19.6% | |

Ref: Sewell, Robert. "Support for Service Programs" (NWRRHC, Mar'08)

Economic Impact of One Rural Physician on a Local Economy...

23 ← Jobs

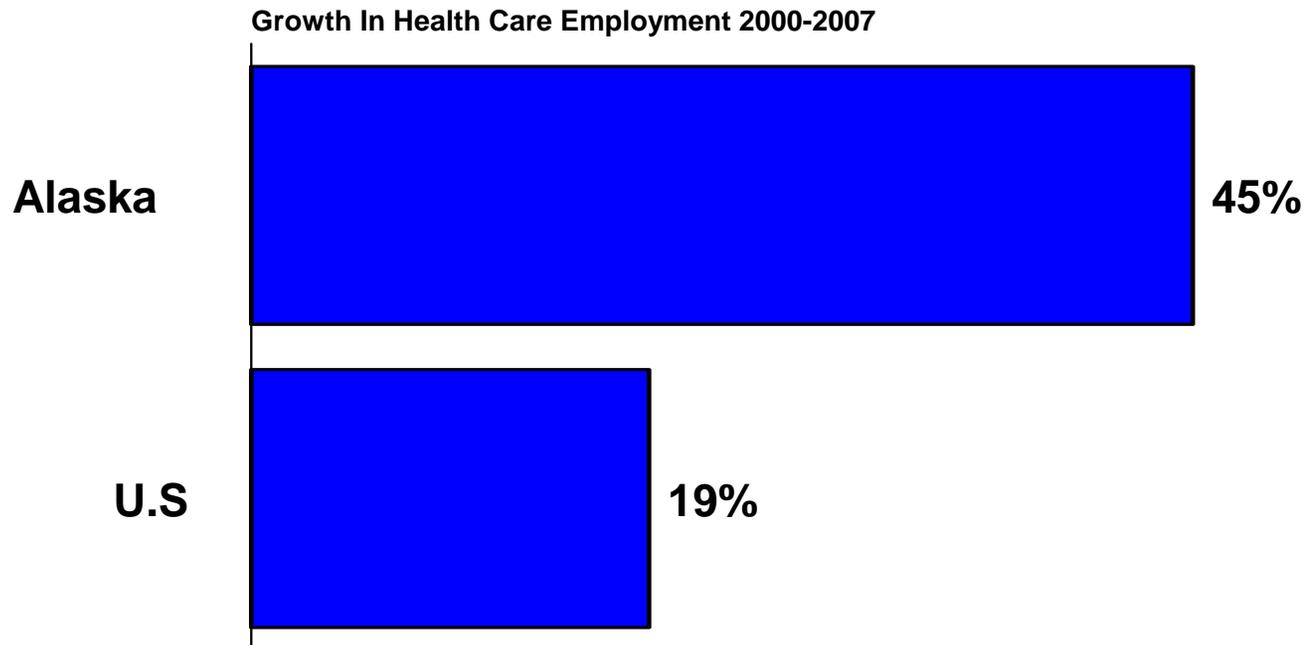
\$ 899,000 ← Wages, Salaries & Benefits

\$1,533,000 ← Total Revenue

Source: Gerald Doeksen (Nat'l Center for Rural Health Works) "Making the Link to Economic Impact & Workforce Development" (at: Rural Health Workforce Trends Conference, Phoenix, AZ; Mar 4-6, 2008)

Growth in HC Employment

Alaska's Health Care Employment Is Growing Considerably Faster Than The Nation's



Big Industry: Alaskan Example

- Big Growth -> 62% employment growth from 1992-2002, *triple all-industry growth*
- Fastest Growing -> 9 of 10 fastest growing Alaska jobs, both at AAS and BS levels

Big Problem: Growing Shortages

- Issue

Healthcare labor shortages are national

- Issue

Many healthcare workers responding to national, even international, labor-markets

Big Problem: Vacancies

- **10.3%** estimated statewide (AK)
- **16.5%** for tribal health orgs (AK)
- **13.9%** for behavioral health occupations (29% of all vac's) (AK)
- Shortages - in all **119** occupations
- (Source: Beth Landon (2007). "Alaska Health Workforce Vacancy Study" (AK Center for Rural Health, UAA)

Big Problem: Shortages

| Occupation Group | # Vacancies | Vacancy Rate | Mean Longest Vacancy (months) |
|-----------------------------|-------------|--------------|-------------------------------|
| Physicians | 226 | 11.7% | 18 months |
| Registered Nurses | 439 | 8% | Two years |
| Behavioral Health | 1033 | 13.9% | 17 months |
| Allied Health | 434 | 7.9% | 11 months |
| Dentists | 71 | 10.3% | 19 months |
| Pharmacists | 98 | 23.7% | 15 months |
| Therapists (PT,OT, ST, SLP) | 234 | 15-30% | Two years |
| Other Occupations | 994 | | |
| TOTAL | 3529 | | |

- (Source: Beth Landon (2007). "Alaska Health Workforce Vacancy Study" (AK Center for Rural Health, UAA))

Big Problem: Recruitment

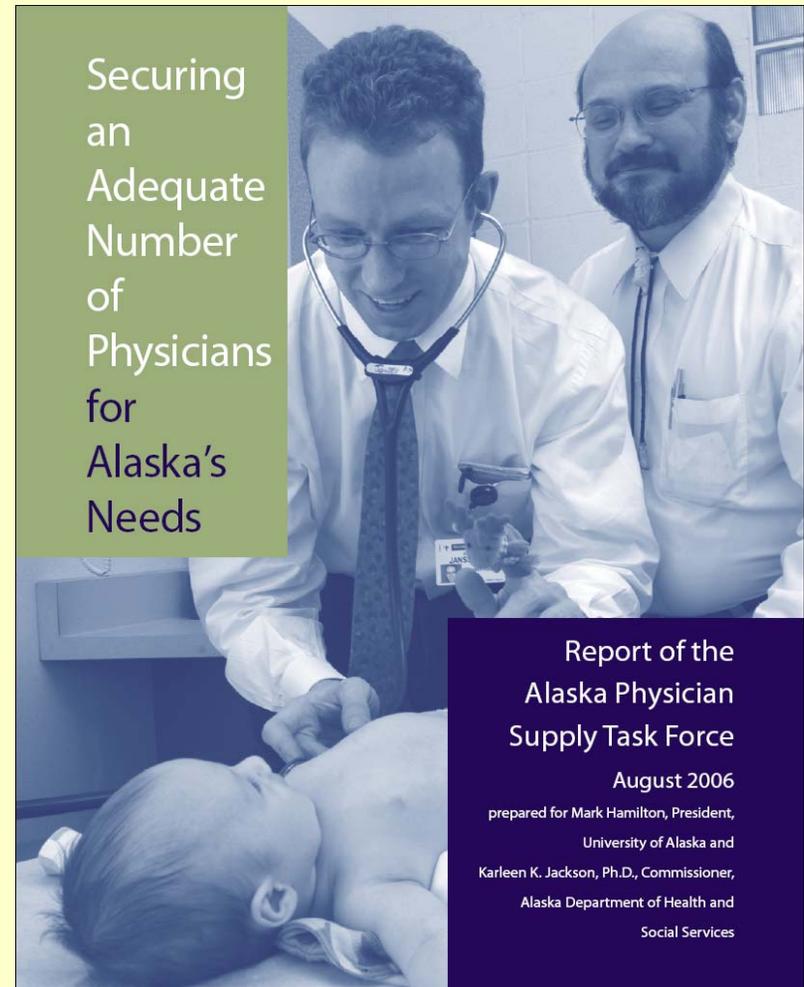
“Poor recruitment is generally responsible for shortage areas; retention is not a special problem.”

(Donald Pathman (Mar 8th, 2006) “National Recruitment & Retention of Providers.” (at NC IOM Steering Committee on Primary Care & Specialty Supply)

Big Problem: Physician Shortage

Physicians

- \$126K average recruitment cost (family medicine)
- Average 11.7% vacancy rate, but 28.4% in tribal
- 17.8 month mean maximum vacancy
- 375 FTE shortage



Big Problem: The *Additional* Costs of *Not* having a Physician

Costs of turnover =
\$236,000 per physician
(1991 dollars; ? higher rural)

Buchbinder, Wilson, Melick, Powe, 1995

Big Problem: Pharmacist Shortage



- Statewide vacancy rate of 24% (*51% tribal*)
- Sign-on bonuses over \$100K
- Mean max. vacancy length is *15 months*

Big Problem: Dental Shortage

- \$35K recruitment cost
- Statewide vacancy rate of 10% (15% rural, 42% *tribal*)
- Mean max. vacancy length is *19 months*



Industry Perspective

Itinerant providers mean \$\$'s lost to employers, and resources not invested in local economies. Data from 2005 showed:

- 80 hospitals/THOs/MH Centers spent over \$11M in recruitment, \$13M in Itinerants (**\$24M total**), 16 occupations
- FMH spent over \$640K in recruitment, and \$920K in Itinerants
- YKHC spent over \$1M in recruitment, but \$3.5M in itinerants/locums
- ANMC spent over \$1.2M in recruitment, but \$1.8M in itinerants/locums
- Examples of – COSTS THAT COULD BE AVOIDED

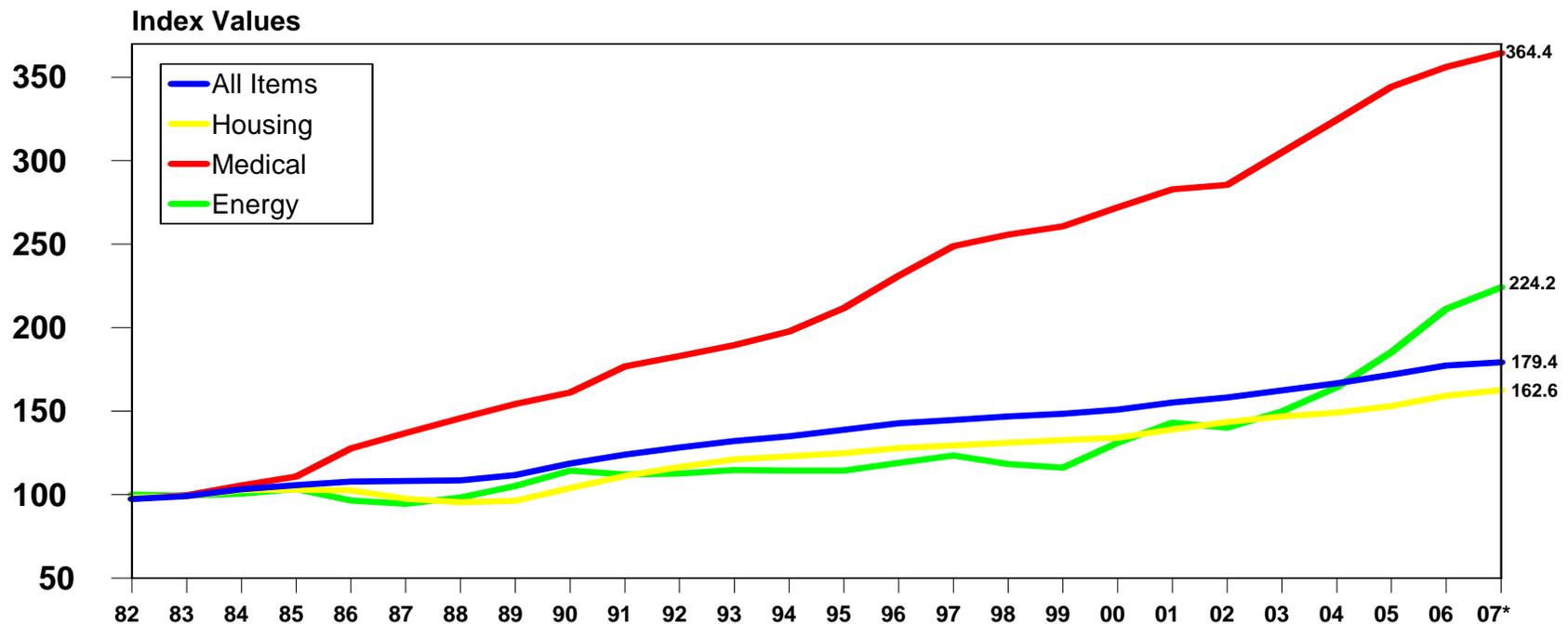
Industry Perspective

- It takes \$31,000 to recruit a primary care provider to the Alaska Tribal Health System
- Average length of stay of a MLP/Doctor in SEARHC's rural clinics = 2 years
- Average length to fill MLP and physician vacancies: MLP = 6 months: Doctor = 14 months
- Average notice given that the primary care provider is leaving = 1 month
- Cost of locums' coverage compared to direct hire salary = 50% more
- Providers are getting more expensive and wanting to work less
- (Source: Mark Gorman (Dec 2007). "Healthcare Workforce Development: An Alaskan Challenge – Employer's Perspective"; at ALPHA, Anchorage)

Big Problem: Medical Expense is Escalating

Increases In Health Care Costs Remain In Their Own League

Anchorage Consumer Price Index, selected components, 1982 to 2007



*first half of 2007

Source: U.S. Department of Labor Statistics, Bureau of Labor Statistics

Ref: Sewell, Robert. "Support for Service
Programs" (NWRRHC, Mar'08)

Alaska Health Care Strategies Planning Council

(Position, Dec'07)

What is the Problem?

- “There are significant shortages in the health care workforce across the state.”
- “Alaska needs more health care workers throughout the system, **at all levels.**”

Alaska Health Care Strategies Planning Council

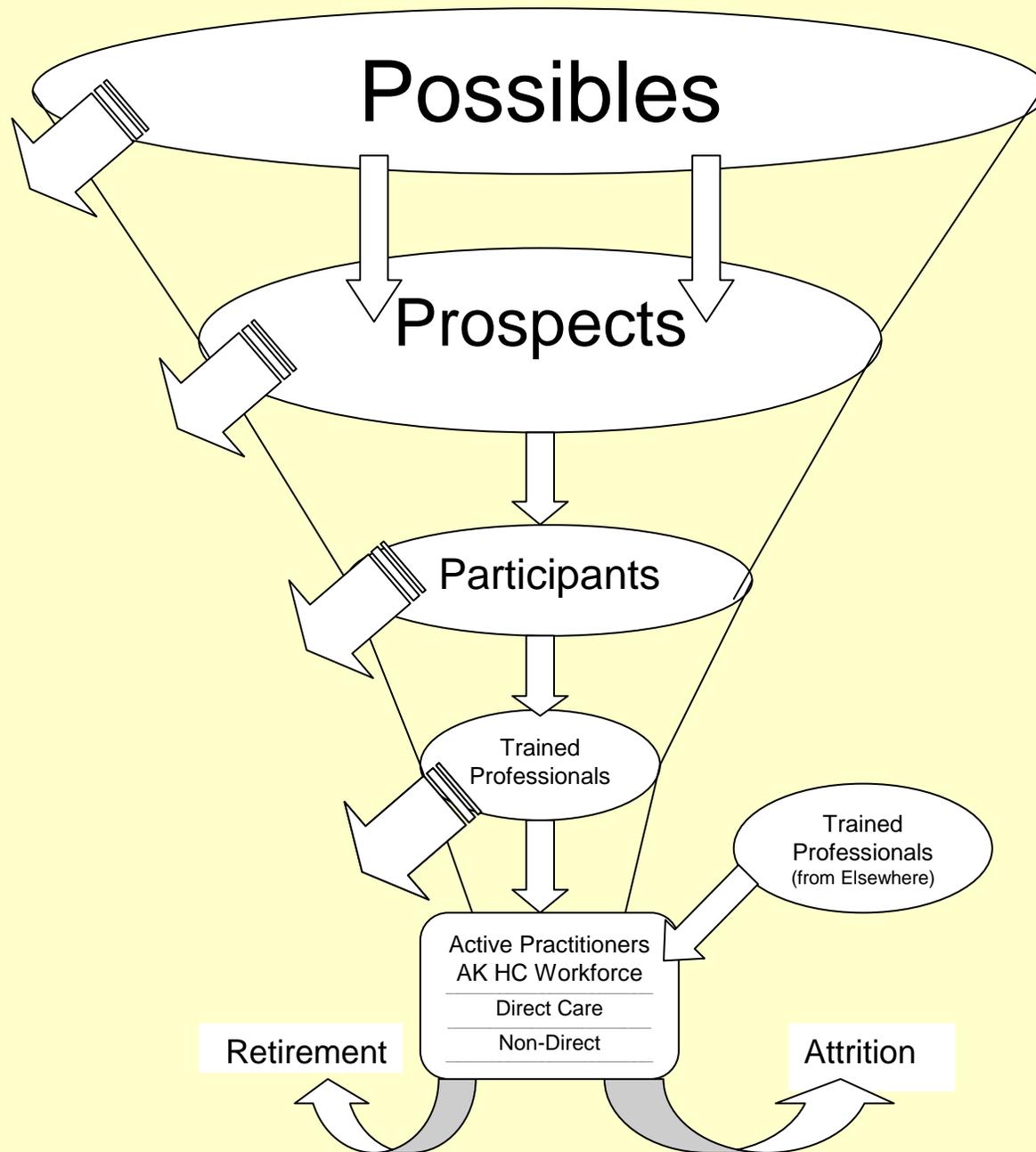
(Position, Dec'07)

Strategic Direction:

“Develop policies and systems to alleviate the health care worker shortage, and prevent it from recurring.”

Question:

- But.... What does this mean?
- What is required?



Healthcare
Workforce
Development
System:

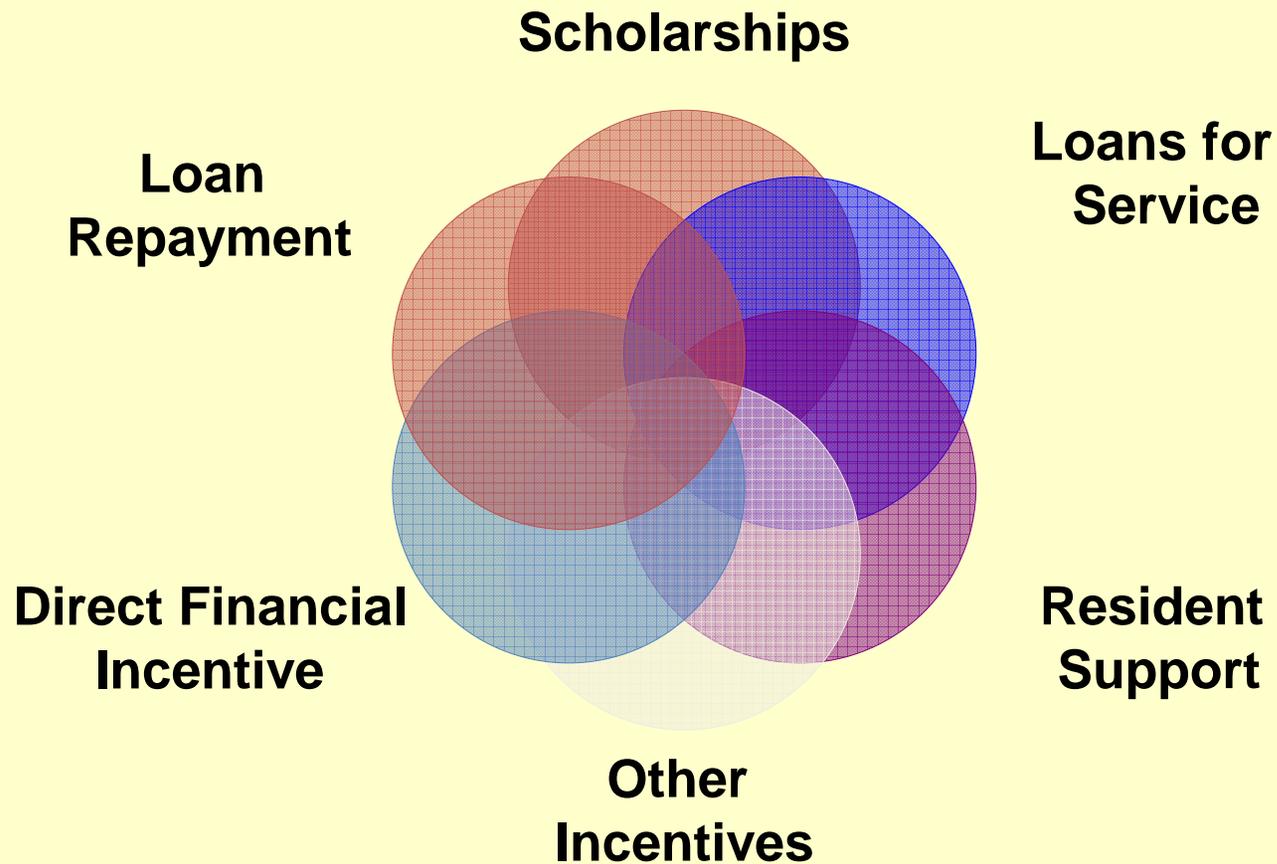
Many factors
act at each
level

It ***is*** an
interagency
problem

Support-for-Service Programs

- **Strategy** - Most states have installed “Support-for-Service Programs”, at the state-level
- **Funding** - Four variations on SFSP funding:
 - State-sponsored
 - Blended state-federal (e.g. SLRP’s)
 - Federal-sponsored (e.g. I.H.S., &, NIH)
 - Local contributions to above
- **Outcomes** - SFSP’s – in general – have good outcomes, but there are important program differences -> across types ...

Support-For-Service Programs: Several Approaches



Ref: Sewell, Robert. "Support for Service Programs" (NWRRHC, Mar'08)

SFSP's: A Closer Look...

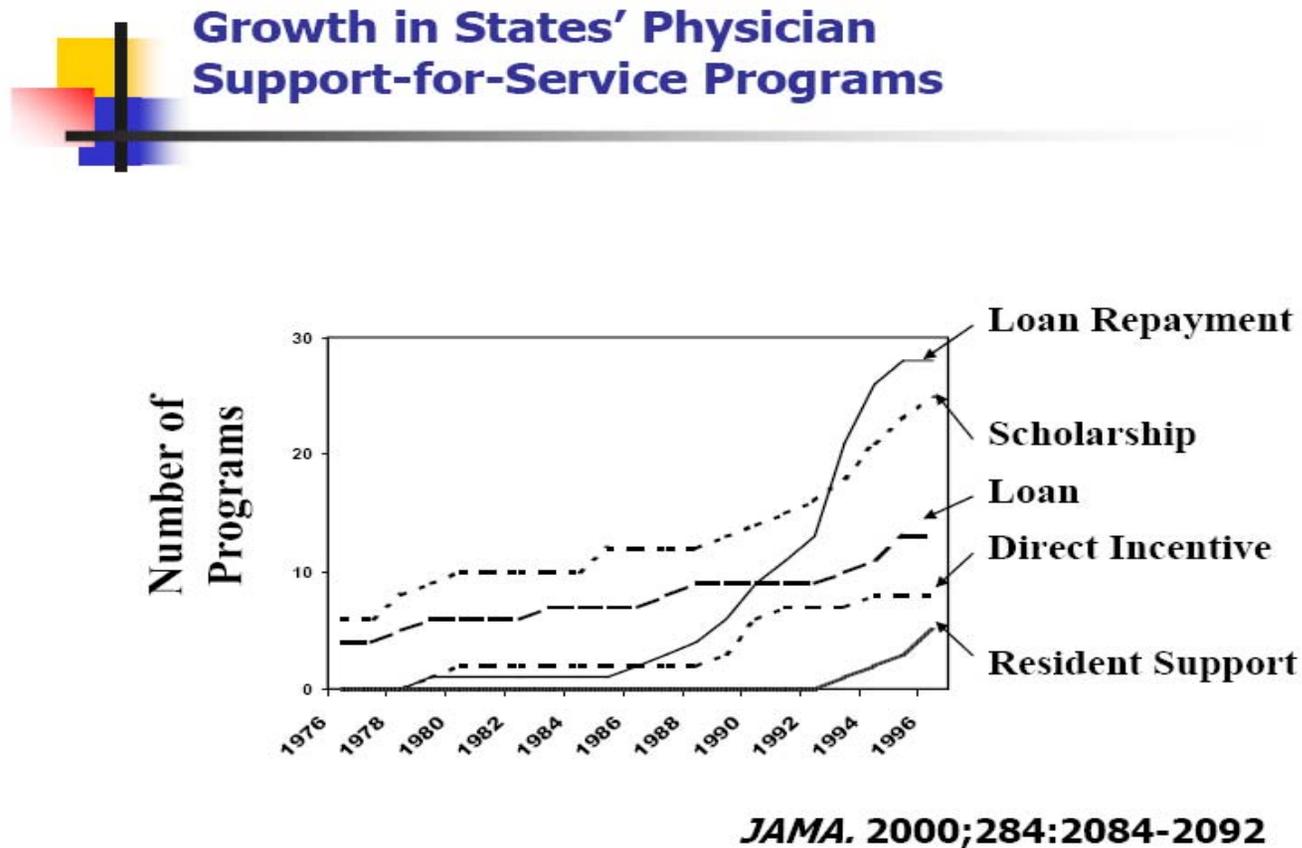
| Program Type | Who? | Service | Use of Funds |
|---------------------|-------------|----------------|---------------------|
| Scholarship | Students | Required | Training |
| Loan-for-Service | Students | Optional | Training |
| Loan Repayment | Practicing | Required | Repay Loans |
| Resident Support | Residents | Required | Variable |
| Direct Incentive | Practicing | Required | Anything |

SFSP's – The Pathman Study

Table 1. Classification of Support-for-Service Programs

| Program Type | No. in 1996 | Eligible Individuals | Service | Use of Funds | Typical Design |
|----------------------------|-------------|------------------------------------|----------|--------------------------------|---|
| Scholarship | 29 | Students | Required | Up-front training costs | Funds to students for tuition, fees, books, and living expenses, with service expected after training |
| Loan | 11 | Students | Optional | Up-front training costs | Loans to students for tuition, fees, books, and living expenses; loan is repaid after training either financially or by providing service |
| Resident support | 5 | Junior residents | Required | Variable | Unrestricted funds for junior and, occasionally, senior residents, with service expected after training |
| Loan repayment | 29 | Senior residents and practitioners | Required | Repayment of educational loans | Funds to repay outstanding educational loans of graduating residents and practitioners in exchange for service |
| Direct financial incentive | 8 | Senior residents and practitioners | Required | Unrestricted | Unrestricted incentive funds for graduating residents and practitioners in exchange for service |

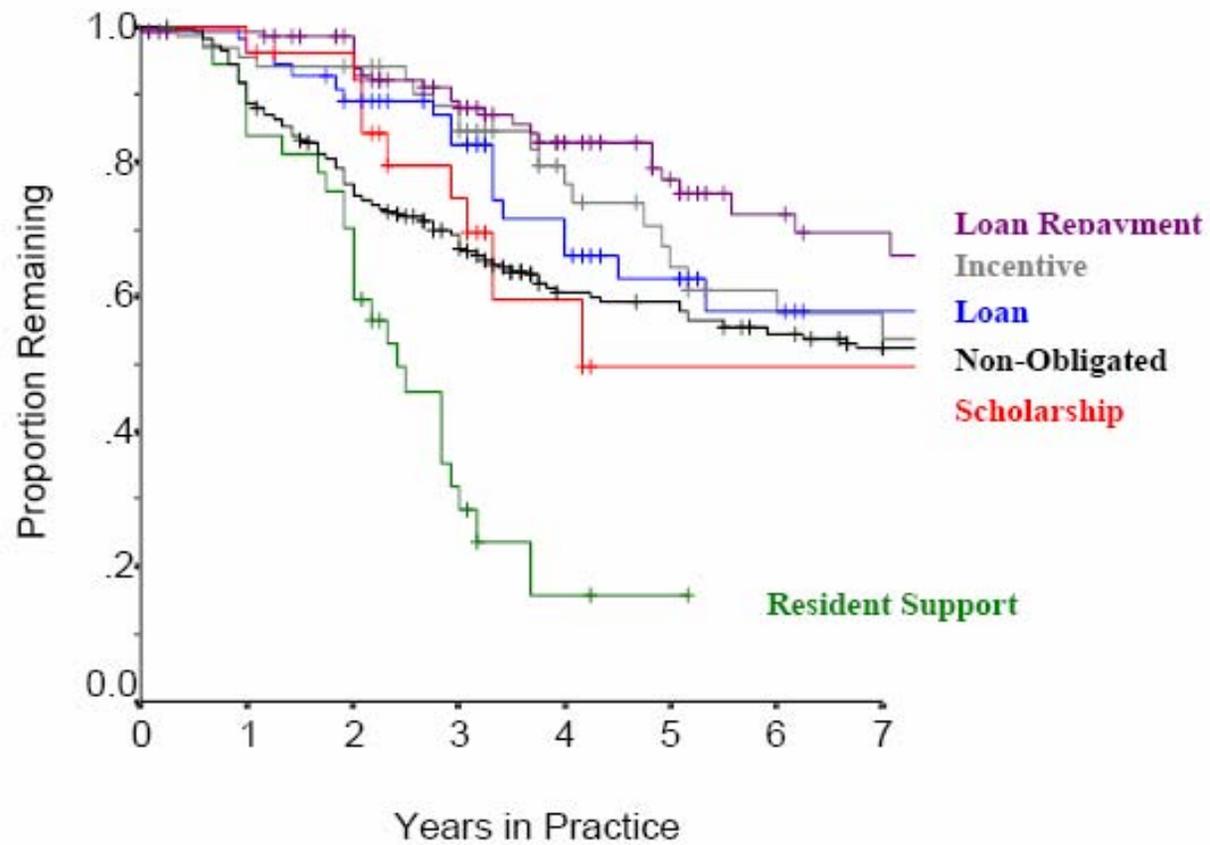
SFSP – The Pathman Analysis



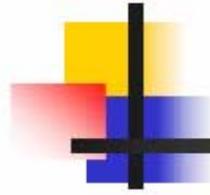
Ref: Sewell, Robert. "Support for Service Programs" (NWRRHC, Mar'08)



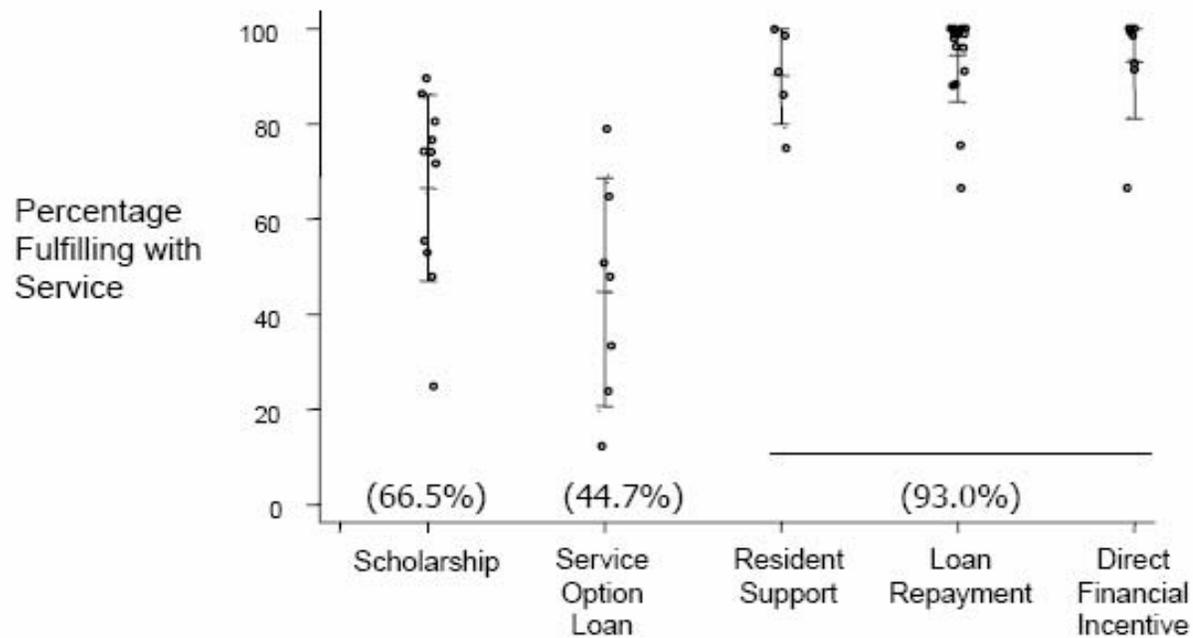
Same-Site Retention



Ref: Sewell, Robert. "Support for Service Programs" (NWRHHC, Mar'08)



Programs' Service Obligation Completion Rates (n=69)



Bars denote group means +/- standard deviations; $p < .001$



Outcomes of 69 State Physician Support-for Service Programs

| | # prog. | % who serve | % very satisfied | % retained 6 yrs |
|------------------|---------|-------------|------------------|------------------|
| Scholarship | 24 | 63 | 35 | 30 |
| Loan | 9 | 41 | 52 | 65 |
| Direct Incentive | 7 | 93 | 39 | 57 |
| Loan Repayment | 24 | 94 | 47 | 69 |
| Non-Oligated | NA | NA | 35 | 55 |



Buy-outs vs. defaults

| Program Types | Default Rates | Buy-out Rates |
|-----------------------|---------------|---------------|
| Service-option Loans | 6.1% | 49.2% |
| Scholarship | 6.3% | 27.2% |
| 3 Post-training types | 4.7% | 2.3% |

SFSP's... Experience of Other States

- Review of 44 states
- Total of 81 state-level SFSP's for HC professions
- Fully 21 states have two or more SFSP's (47%)
- State-level support-for-service programs are a key part of successful recruitment & retention
- Several Strategies: Programs that integrate several strategies have had greater success than have those programs which have relied on single approach

Examples of States with Support-for-Service Programs

| | |
|-----------------|--------------------|
| Arkansas (3) | New Mexico (5) |
| Iowa (2) | North Carolina (4) |
| Maine (2) | Oklahoma (3) |
| Minnesota (7) | Tennessee (2) |
| Mississippi (2) | Washington (2) |
| Montana (3) | Wisconsin (2) |

- (Source: Sewell, R. (2007) Review of web-listings posted by the Association of American Medical Colleges; (HPSD DHSS, State of Alaska))

State-Level SFSP's in West

| | | |
|-------------------|---|-------|
| Arizona | <u>NHSC/Arizona Department of Health Services</u> | NOS |
| Arizona | <u>Arizona Medical Student Loan Program</u> | State |
| Arizona | <u>Arizona Loan Repayment Program</u> | NOS |
| California | <u>NHSC/CA State Loan Repayment Program</u> | NOS |
| California | <u>Dr. James L. Hutchinson & Evelyn Ribbs Hutchinson Medical School Scholarship</u> | NOS |
| Colorado | <u>Colorado Health Professions Loan Repayment Program</u> | State |
| Montana | <u>WICHE Professional Student Exchange Program</u> | State |
| Montana | <u>WWAMI Medical Exchange Program</u> | State |
| Montana | <u>Montana Rural Physician Incentive Program (MRPIP)</u> | State |
| Nevada | <u>Nevada Health Service Corps</u> | State |

State-Level SFSP's in West (cont)

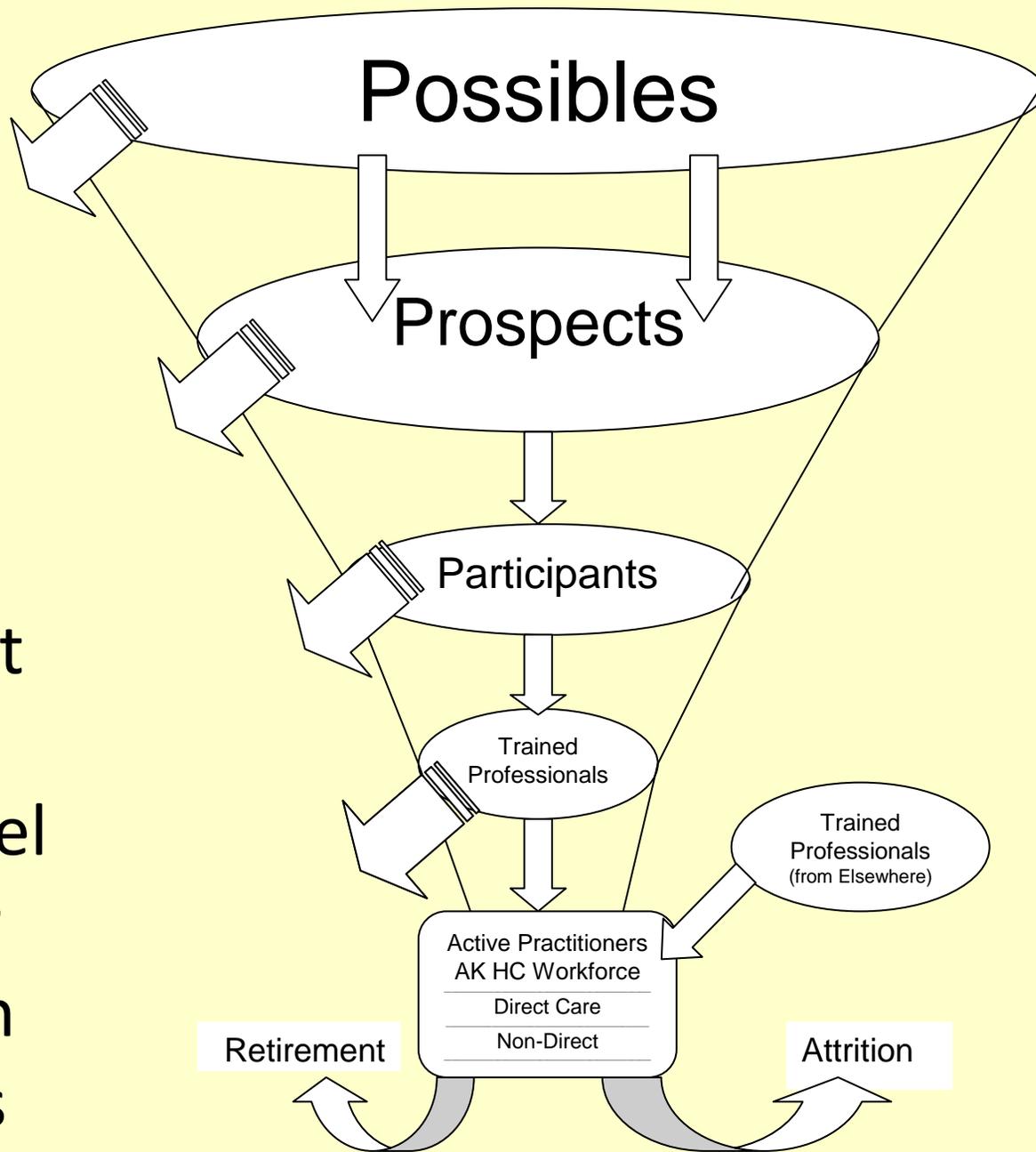
| | | |
|-------------------|---|----------|
| New Mexico | <u>Health Professional Loan Repayment Program (HPLPP)</u> | Fed/Stat |
| New Mexico | <u>New Mexico Health Professions Student Loan-for-Service Program</u> | State |
| New Mexico | <u>Nursing Loan-for-Service Program</u> | State |
| New Mexico | <u>Osteopathic Medical Student Loan for Service Program</u> | State |
| New Mexico | <u>Allied Health Loan-for-Service Program</u> | State |
| Oklahoma | <u>Oklahoma Rural Medical Education Scholarship Loan Program</u> | State |
| Oklahoma | <u>Oklahoma State Loan Repayment Program</u> | State |
| Oklahoma | <u>Family Practice Resident Rural Scholarship Loan Program</u> | State |

Ref: Sewell, Robert. "Support for Service Programs" (NWRRHC, Mar'08)

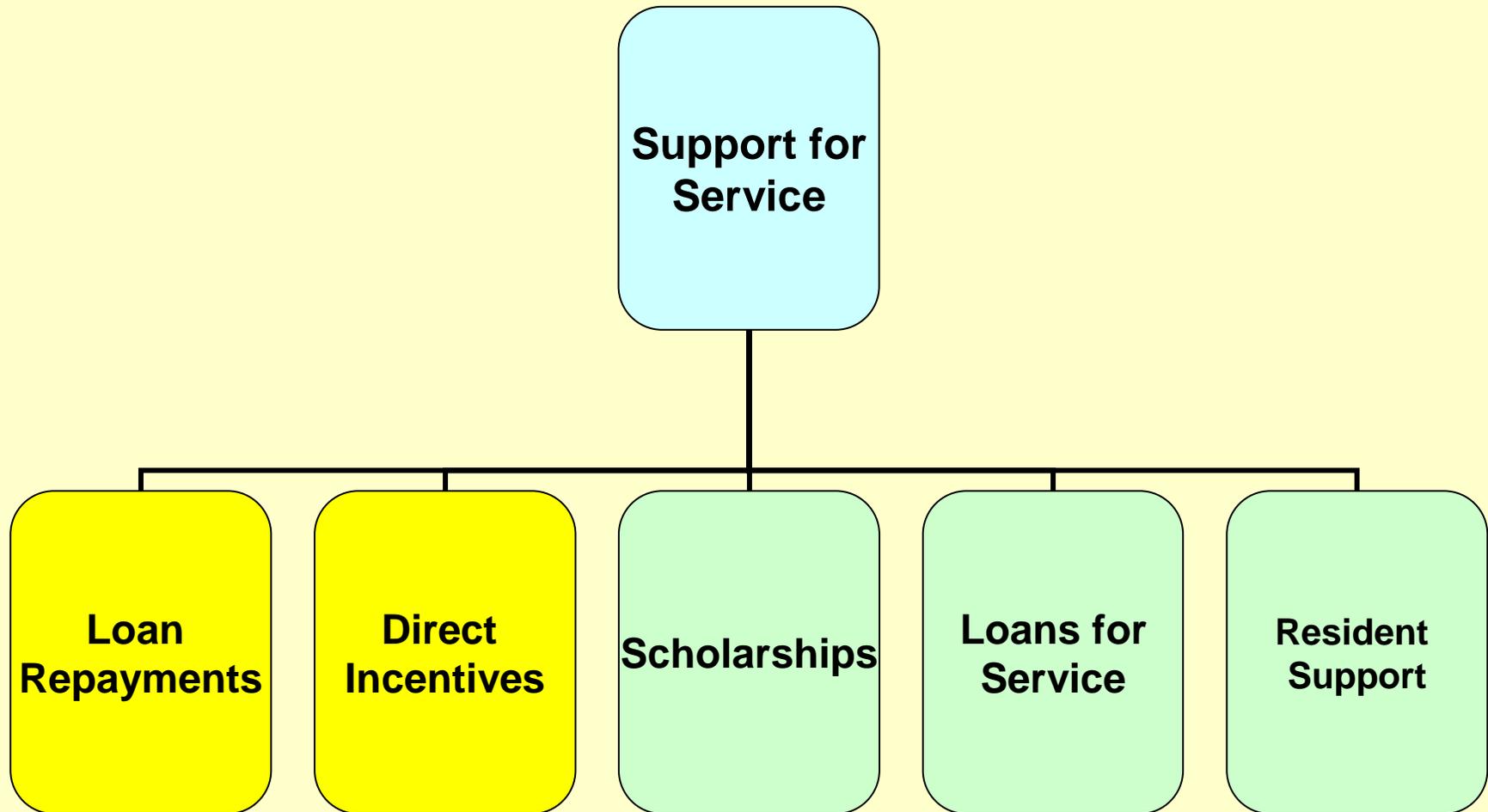
State-Level SFSP's in West (cont)

| | | |
|-------------------|--|-----------|
| Oregon | <u>Oregon Rural Health Services (RHS) Loan Repayment Program</u> | State |
| Utah | <u>Utah Health Care Workforce Financial Assistance Program</u> | Fed/State |
| Washington | <u>WA State Health Professional Scholarship Program</u> | Fed/State |
| Washington | <u>WA State Health Professional Loan Repayment Program</u> | State |
| Wyoming | <u>Wyoming WWAMI Medical Education Program</u> | State |

SFSP's
Support
for
personnel
farther
along in
careers



SFSP Options...

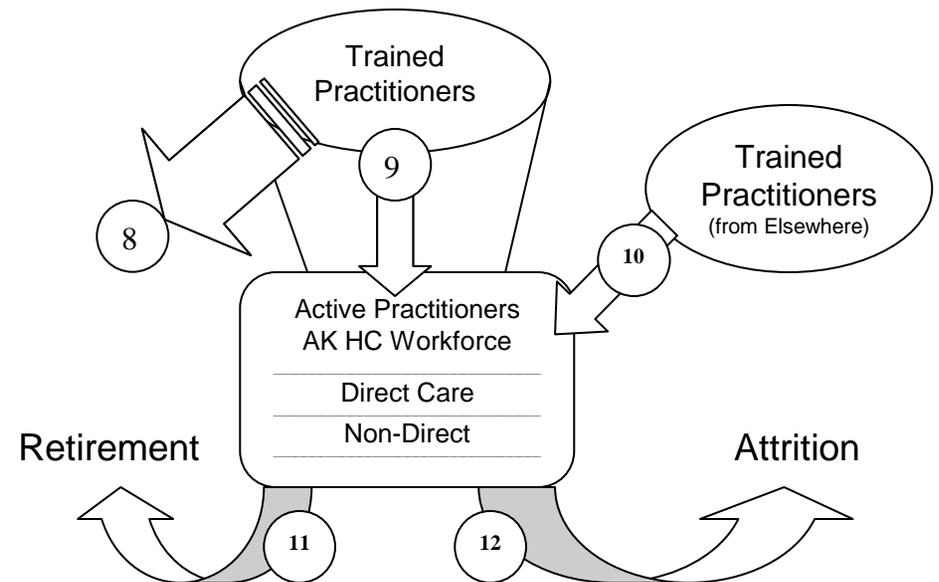


Support-for-Service Programs...

These increase recruitment and retention of Active Practitioners

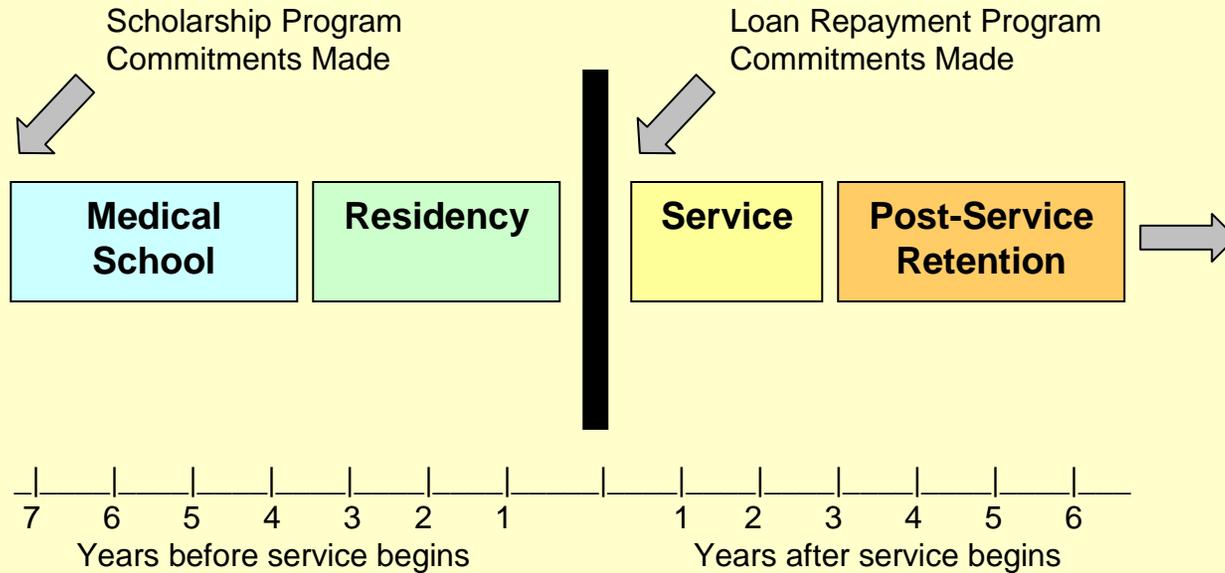
Loan Repayment
Programs

Direct Incentive
Programs



SFSP -> Timeline Example

Physicians' training years, commitment-signing, service period, & post-service retention (Pathman, 2006)



Loan Repayment Programs

- Most all states have them – at least one
- Why? Because LRP's work...
- NHSC → moved to Loan Repayment
- Many states include several HC professions
 - And - Better – politically – to have several constituency groups
 - Across professions, and also, across user-groups
- HCPLRP discussed in depth on HPSD site:
www.hss.state.ak.us/commissioner/healthplanning/default.htm

LRP's... Example of Success

- South Carolina Office of Rural Health (Mark Griffin) reported at: NOSORH Mtg (Mar'08, Phoenix, "Rural Health Workforce Trends"):

"Program Success"

15-25 Incentive Grant or State Loan Repayment recipients per year

LRP's... Example of Success

- Recommendations to Governor for Action
(New Mexico Governor's Oral Health Council)
 - Per Jerry Harrison (NOSORH, Phoenix, AZ, Mar'08)
- “Increase amount of state loan repayment to match that of the Nat'l Health Service Corps loan repayment program; as indicated, increase appropriation.

LRP's... A Word of Caution

- Everyone else is doing it...
- Some states are becoming quite competitive...
- Why do we focus on just the young, debt-burdened, new practitioner...?

Direct Incentive Programs

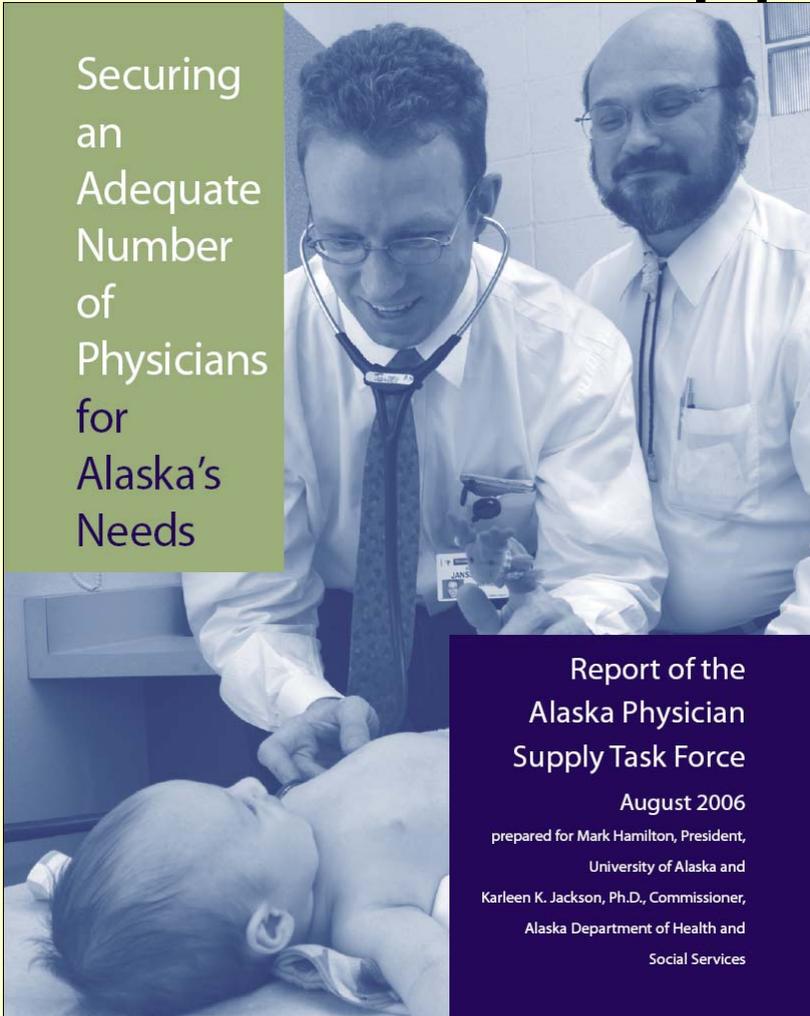
- Funding is provided to practitioners who agree to work in needy settings - whether or not they have ed. loans to be repaid
- There is *no reason to believe* that only young practitioners-with-debt are those *best* suited to work in rural areas and/or with underserved populations
 - Sometimes it's better to have a seasoned worker – and NOT a newbie (e.g. in rural & remote locations, alone)

Direct Incentives... Example of Success

- Recommendation for Action - to New Mexico's Governor (via Governor's Oral Health Council)
 - Per Jerry Harrison (NOSORH, Phoenix, Mar'08)
- Re: "New Mexico Health Service Corps"
- "Amended the NM HSC act to include dentists & dental hygienists in stipend program, \$250,000/yr"
- Stipends up to \$20K
- Community contact awards to eligible agencies up to \$20k

What did the “Alaska Physician Supply Task Force” say?

Securing
an
Adequate
Number
of
Physicians
for
Alaska’s
Needs



Report of the Alaska Physician Supply Task Force

August 2006

prepared for Mark Hamilton, President,
University of Alaska and
Karleen K. Jackson, Ph.D., Commissioner,
Alaska Department of Health and
Social Services

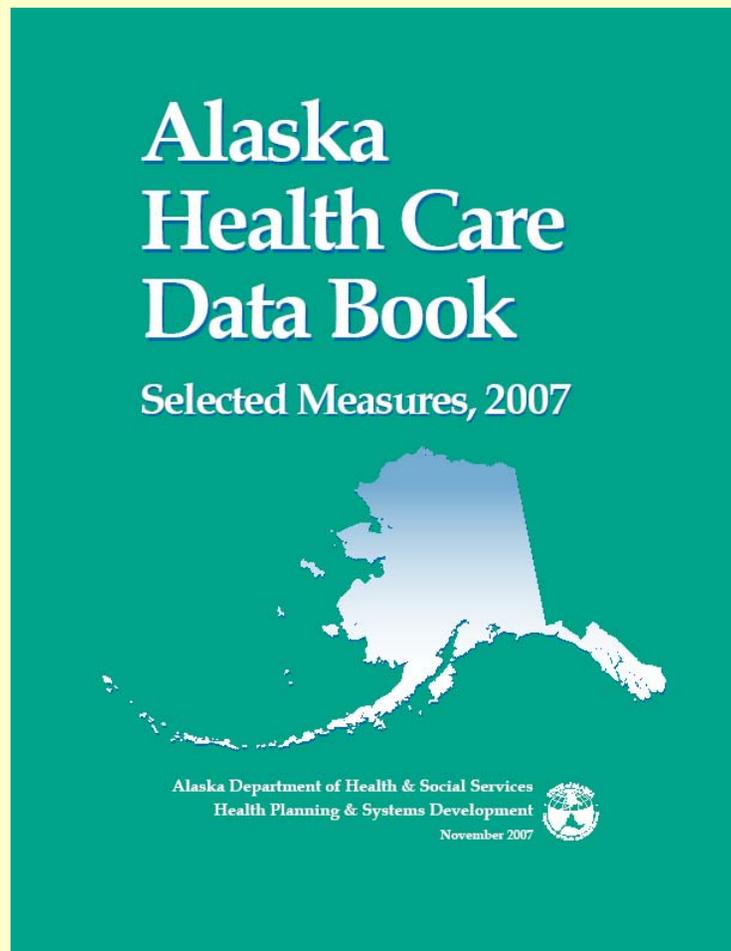
- Create a “Workforce Assessment Office” within DHSS
- Create a health care “Loan Repayment Program”

Ref: Sewell, Robert. "Support for Service Programs" (NWRRHC, Mar'08)

Workforce Data Needed

- Valid & reliable data on supply & demand
- Educational preparation(s): existing, needed, and available for multiple professions
- Distribution & use of personnel in rural settings
- Program evaluation is – also - key

Workforce Surveillance is Critical



1. Physicians
2. Mid-Level Practitioners
3. Nursing Workforce
4. Allied Health
5. Emergency Medical Srv
6. Behavioral Health
7. Dental Workforce
8. Projected Growth
9. Workforce Shortages

Ref: Sewell, Robert. "Support for Service Programs" (NWRRHC, Mar'08)

Main Findings

- Health care is big business
- Shortages are widespread, & expensive
- Solutions must be resourced at every level
- Itinerants are a huge cost to employers, and are a drain to our local economies
- SFSP's work
- Some SFSP's work better than others

Main Findings

- You need → “The right tool for right job...”
- Both LRP’s & direct incentives work well
- Loan repayment & direct incentive programs yield high rates of recruitment & retention
- The reason is that commitments made at the end-of-training, or after, rather than early in career & life-cycle

Main Findings

Pay-offs are to be found in:

- Costs avoided, and
 - Continuity of care
-
- SFSP's are **CHEAP** – in comparison to the costs of NOT having a physician
 - In terms of both lost revenue, and, turnover



Ret: Sewell, Robert. "Support for Service Programs" (NWRRHC, Mar'08)

Recommendations

- Workforce surveillance is critical
- SFSP's should be vigorously pursued
Get smarter & better at recruitment
- Increase incentives for practitioners to stay
- For those SFSP's - where service is required - recruit later in practitioners' careers. Focus more support closer to job-time

Recommendations

- Lesson-1: Increase use of, & amounts for, state loan repayment
- Lesson-2: Include a broad base of healthcare occupations as “eligible”
 - Do NOT focus just on physicians – due to both social need & politics
- Lesson-3: Increase use of, & amounts for, “Direct Incentives”
 - Do NOT focus just on those fresh out of school
- Lesson-4: Use of several strategies works better than singular approaches

Let's stay in-touch...

Robert Sewell, Ph.D., Health Program Manager

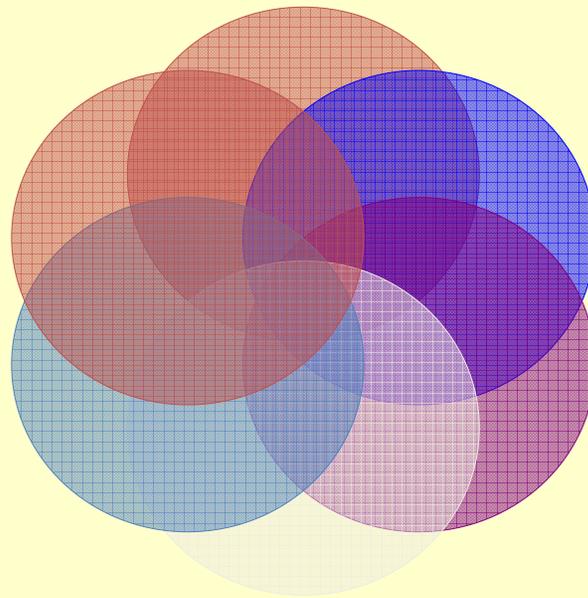
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Health Care Profession Loan Repayment Programs
discussed in depth on HPSD site at:
www.hss.state.ak.us/commissioner/healthplanning/default.htm

The Road Ahead

....Support-for-Service Programs...



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