<u>EXHIBIT-B</u>
SHARP-3: Program Rationale

<u>Social Need</u>

Alaska has numerous major impediments to getting and keeping an adequate supply of healthcare practitioners, which in turn significantly limits access to healthcare. Further, Alaska does not train practitioners in many of the needed healthcare occupations, with examples including psychiatrists, general surgeons, pediatricians and dentists. As a result, Alaska remains a net-importer of healthcare talent, and experiences the continued problems of shortage, turnover and maldistribution.

<u>Overview</u>

The purpose of SHARP is to expand the Alaskans' access to healthcare services. To do so, SHARP addresses the growing shortage of health professionals in Alaska by increasing the number and improving the distribution of healthcare practitioners, and especially of those who provide direct patient care. The provision of support-for-service is intended to help ensure that residents throughout the state, including the uninsured and recipients of medical assistance (Medicaid), Medicare and federal health beneficiaries, have improved healthcare services. SHARP is a public-private partnership established in 2009, and now has two components, SHARP-1 and SHARP-2. The program now proposes to add a third component, SHARP-3.

<u>SHARP-3</u>

SHARP's interagency Council has unanimously recommended the creation of SHARP-3. It is to consist of: (1) an expanded education loan repayment option, (2) significant partnership funding, and (3) resources adequate to cover administrative costs. The strategy is to expand practitioner and site eligibilities, and thereby increase the number and variety of health professionals who participate.

SHARP-3 proposes to: (a) expand the use of federal tax exemption for education loan repayment, (b) increase the use of support-for-service by making it more readily available; (c) enhance the number and variety of financial contributors for the effort; (d) proactively plan for higher demand, during a period of lesser public resource; (e) enhancing (raw) recruitment of practitioners from other states; (f) increasing SHARP's program sustainability by reducing its exposure to public budgetary downturns.

<u>Element-1: Expanded Loan Repayment</u>: SHARP-3 expands loan repayment eligibility to include (a) new practice settings (e.g. long-term care), (b) new occupations (e.g. hospitalists, facility leaders, specialists, allied health), (c) new employers (e.g., Banner, Providence), (d) new locations (e.g. beyond federally specified locations), and (e) new roles (e.g., healthcare faculty, health administrators). SHARP-3 is to be largely based on the program's traditional contract and operation guidelines. All candidates will be (a) selected by their employer, (b) apply through the regular SHARP process, (c) be formally recommended by Council, (d) sign SHARP's standard service contract, and (e) fulfill quarterly requirements.

Element-2: Partnership Funding: Funding for loan repayment will be derived from two sources: (a) the employer, and (b) an associated contributor. The later will be another entity such as a private foundation, trade association, government entity, community foundation, advocacy group, hospital foundation, university, or other. This will not require the use of any public funds. Other features include: (a) health facilities significantly leveraging their recruitment dollars; (b) personnel funds spent more on long-term staffing arrangements; (c) private contributors further involved in the support of healthcare practitioners; (d) all contributions managed by an external fiscal agent; (e) the use of long-established SHARP contracting and payment processes; and (f) use of federal law PL 111-148, Sec 10908 to exempt SHARP loan repayments from federal tax.

Element-3: Administrative Cost: New ways to address program administration cost will be further explored. The reason is that new revenues for program administration are needed since traditional public sources are under increasing pressure. Five factors are driving this need: (a) the federal SHARP-1 grant has never paid for any administration; (b) Alaska's State General Fund is being reduced; (c) SHARP-2's administration budget (AS 18.29) was never adequate; (d) our federal Primary Care Office grant has been cut drastically; and (e) SHARP has grown substantially, and that SHARP-3 growth is expected to be prominent.

Recruitment

SHARP-3 provides the opportunity for healthcare facilities to use an Employer's Recruitment Prerogative (ERP). The ERP allows the Employer to assert availability of the SHARP-3 support-for-service award even if the Employer is still in its hiring phase and the practitioner-candidate is not yet identified. This option provides employers with the prerogative to offer-with-certainty the support-for-service benefit detailed in SHARP contract. Upon registration, the employer can offer its potential-candidate the contract-specified support-for-service benefit.

Budget Process

A multi-year financing structure remains necessary to optimize outcomes SHARP's potential outcomes. This can be done through the use of a non-profit fiscal agent.

SHARP Council

Alaska's SHARP Council remains a key source of guidance regarding all aspects of program, including on budgetary, programmatic, administrative, and visibility issues. Council reviews, comments and potentially issues recommendation on any proposed program initiatives, and may formulate and/or recommend policies for the program. The Council makes informed recommendations to the program and DHSS regarding support-for-service, especially as regards any and all admittances of practitioners to program.

Accountability

SHARP is dedicated to evidence-based approaches to decision-making, resource allocation and program quality improvement efforts. Use of evidence-based assessment strategies will increase the program's demonstrated effectiveness and transparency and thus interagency participation.