

LEGISLATURE OF NEBRASKA
ONE HUNDRED FOURTH LEGISLATURE
FIRST SESSION

LEGISLATIVE BILL 196

FINAL READING

Introduced by Campbell, 25.

Read first time January 13, 2015

Committee: Health and Human Services

1 A BILL FOR AN ACT relating to the Rural Health Systems and Professional
2 Incentive Act; to amend sections 71-5650, 71-5652, 71-5653, 71-5662,
3 and 71-5663, Reissue Revised Statutes of Nebraska, and sections
4 71-5661, 71-5666, 71-5667, and 71-5668, Revised Statutes Cumulative
5 Supplement, 2014; to provide for a medical resident incentive
6 program; to change provisions relating to student loans and loan
7 repayment; to harmonize provisions; and to repeal the original
8 sections.

9 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 71-5650, Reissue Revised Statutes of Nebraska, is
2 amended to read:

3 71-5650 Sections 71-5650 to 71-5670 and section 10 of this act shall
4 be known and may be cited as the Rural Health Systems and Professional
5 Incentive Act.

6 Sec. 2. Section 71-5652, Reissue Revised Statutes of Nebraska, is
7 amended to read:

8 71-5652 The purposes of the Rural Health Systems and Professional
9 Incentive Act are to (1) create the Nebraska Rural Health Advisory
10 Commission and establish its powers and duties, (2) establish a student
11 loan program that will provide financial incentives to medical, dental,
12 master's level and doctorate-level mental health, and physician assistant
13 students who agree to practice their profession in a designated health
14 profession shortage area within Nebraska, ~~and~~ (3) establish a loan
15 repayment program that will provide financial incentives to medical
16 residents who agree to practice their profession in a designated health
17 profession shortage area within Nebraska, and (4) establish a loan
18 repayment program that will require community matching funds and will
19 provide financial incentives to eligible health professionals who agree
20 to practice their profession in a designated health profession shortage
21 area within Nebraska.

22 Sec. 3. Section 71-5653, Reissue Revised Statutes of Nebraska, is
23 amended to read:

24 71-5653 For purposes of the Rural Health Systems and Professional
25 Incentive Act:

26 (1) Approved medical specialty means family practice, general
27 practice, general internal medicine, general pediatrics, general surgery,
28 obstetrics/gynecology, and psychiatry;

29 (2) Approved dental specialty means general practice, pediatric
30 dentistry, and oral surgery;

31 (3) Approved mental health practice program means an approved

1 educational program consisting of a master's or doctorate degree with the
2 focus being primarily therapeutic mental health and meeting the
3 educational requirements for licensure in mental health practice or
4 psychology by the department;

5 (4) Commission means the Nebraska Rural Health Advisory Commission;

6 (5) Department means the Division of Public Health of the Department
7 of Health and Human Services;

8 (6) Doctorate-level mental health student means a graduate student
9 enrolled in or accepted for enrollment in an approved mental health
10 practice program leading to a doctorate degree and meeting the
11 educational requirements for licensure in psychology by the department;

12 (7) Full-time practice means a minimum of forty hours per week;

13 (8) Health care means both somatic and mental health care services;

14 (9) Master's level mental health student means a graduate student
15 enrolled in or accepted for enrollment in an approved mental health
16 practice program leading to a master's degree and meeting the educational
17 requirements for licensure in mental health practice by the department;

18 (10) Office means the Office of Rural Health;

19 (11) Part-time practice means less than full-time practice but at
20 least twenty hours per week;

21 (12 11) Qualified educational debts means government and commercial
22 student-loan loans obtained by students for postsecondary education
23 tuition, other educational expenses, and reasonable living expenses, as
24 determined by the department, but does not include loans received under
25 the act ~~or the Nebraska Medical Student Assistance Act~~; and

26 (13 12) Rural means located within any county in Nebraska having a
27 population of less than fifteen thousand inhabitants and not included
28 within a metropolitan statistical area as defined by the United States
29 Department of Commerce, Bureau of the Census.

30 Sec. 4. Section 71-5661, Revised Statutes Cumulative Supplement,
31 2014, is amended to read:

1 71-5661 (1) The financial incentives provided by the Rural Health
2 Systems and Professional Incentive Act shall consist of (a) student loans
3 to eligible students for attendance at an eligible school as determined
4 pursuant to section 71-5662, ~~and~~ (b) the repayment of qualified
5 educational debts owed by physicians in an approved medical specialty
6 residency program in Nebraska as determined pursuant to section 71-5662,
7 and (c) the repayment of qualified educational debts owed by eligible
8 health professionals as determined pursuant to such section 71-5662.
9 Funds for such incentives shall be appropriated from the General Fund to
10 the department for such purposes.

11 (2) The Rural Health Professional Incentive Fund is created. The
12 fund shall be used to carry out the purposes of the act, except that
13 transfers may be made from the fund to the General Fund at the direction
14 of the Legislature. Money credited pursuant to section 71-5670.01 and
15 payments received pursuant to sections 71-5666 and 71-5668 and section 10
16 of this act shall be remitted to the State Treasurer for credit to the
17 Rural Health Professional Incentive Fund. Any money in the fund available
18 for investment shall be invested by the state investment officer pursuant
19 to the Nebraska Capital Expansion Act and the Nebraska State Funds
20 Investment Act.

21 Sec. 5. Section 71-5662, Reissue Revised Statutes of Nebraska, is
22 amended to read:

23 71-5662 (1) To be eligible for a student loan under the Rural Health
24 Systems and Professional Incentive Act, an applicant or a recipient shall
25 be enrolled or accepted for enrollment in an accredited medical or dental
26 education program or physician assistant education program or an approved
27 mental health practice program in Nebraska.

28 (2) To be eligible for the medical resident incentive under the act,
29 an applicant or a recipient shall be enrolled or accepted for enrollment
30 in an approved medical specialty residency program in Nebraska.

31 ~~(3)~~ (2) To be eligible for loan repayment under the act, an applicant

1 or a recipient shall be a pharmacist, a dentist, a physical therapist, an
2 occupational therapist, a mental health practitioner, a psychologist
3 licensed before ~~December 1, 2008, under the requirements of the Uniform~~
4 ~~Licensing Law or on or after December 1, 2008,~~ under the requirements of
5 section 38-3114 or the equivalent thereof, a nurse practitioner, a
6 physician assistant, or a physician in an approved specialty and shall be
7 licensed to practice in Nebraska, not be enrolled in a residency program,
8 not be practicing under a provisional or temporary license, and enter
9 practice in a designated health profession shortage area in Nebraska.

10 Sec. 6. Section 71-5663, Reissue Revised Statutes of Nebraska, is
11 amended to read:

12 71-5663 (1) The amount of financial assistance provided through
13 student loans pursuant to the Rural Health Systems and Professional
14 Incentive Act shall be limited to thirty ~~twenty~~ thousand dollars for each
15 recipient for each academic year and shall not exceed one hundred twenty
16 ~~eighty~~ thousand dollars per medical, dental, or doctorate-level mental
17 health student or thirty ~~twenty~~ thousand dollars per master's level
18 mental health or physician assistant student.

19 (2) The amount of financial assistance provided through the medical
20 resident incentive program pursuant to the act shall be limited to forty
21 thousand dollars for each recipient for each year of residency and shall
22 not exceed one hundred twenty thousand dollars.

23 (3 2) The amount of financial assistance provided by the state
24 through loan repayments pursuant to the act (a) for physicians, dentists,
25 and psychologists shall be limited to thirty ~~twenty~~ thousand dollars per
26 recipient per year of full-time practice in a designated health
27 profession shortage area and shall not exceed ninety ~~sixty~~ thousand
28 dollars per recipient and (b) for physician assistants, nurse
29 practitioners, pharmacists, physical therapists, occupational therapists,
30 and mental health practitioners shall be limited to fifteen ~~ten~~ thousand
31 dollars per recipient per year of full-time practice in a designated

1 health profession shortage area and shall not exceed forty-five ~~thirty~~
2 thousand dollars per recipient.

3 Sec. 7. Section 71-5666, Revised Statutes Cumulative Supplement,
4 2014, is amended to read:

5 71-5666 Each student loan recipient shall execute an agreement with
6 the state. Such agreement shall be exempt from the requirements of
7 sections 73-501 to 73-510 and shall include the following terms, as
8 appropriate:

9 (1) The borrower agrees to practice the equivalent of one year of
10 full-time practice of an approved specialty in a designated health
11 profession shortage area in Nebraska for each year of education for which
12 a loan is received and agrees to accept medicaid patients in his or her
13 practice;

14 (2) If the borrower practices an approved specialty in a designated
15 health profession shortage area in Nebraska, the loan shall be forgiven
16 as provided in this section. Practice in a designated area shall commence
17 within three months of the completion of formal education, which may
18 include a period not to exceed five years to complete specialty training
19 in an approved specialty. The commission may approve exceptions to any
20 period required for completion of training ~~the three-month restriction~~
21 upon showing good cause. Loan forgiveness shall occur on a quarterly
22 basis, with completion of the equivalent of three months of full-time
23 practice resulting in the cancellation of one-fourth of the annual loan
24 amount. Part-time practice in a shortage area shall result in a prorated
25 reduction in the cancellation of the loan amount;

26 (3) If the borrower practices an approved specialty in Nebraska but
27 not in a designated health profession shortage area, practices a
28 specialty other than an approved specialty in Nebraska, does not practice
29 the profession for which the loan was given, discontinues practice of the
30 profession for which the loan was given, or practices outside Nebraska,
31 the borrower shall repay one hundred fifty percent of the outstanding

1 loan principal with interest at a rate of eight percent simple interest
2 per year from the date of default. Such repayment shall commence within
3 six months of the completion of formal education, which may include a
4 period not to exceed five years to complete specialty training in an
5 approved specialty, and shall be completed within a period not to exceed
6 twice the number of years for which loans were awarded;

7 (4) If a borrower who is a medical, dental, or doctorate-level
8 mental health student determines during the first or second year of
9 medical, dental, or doctorate-level mental health education that his or
10 her commitment to the loan program cannot be honored, the borrower may
11 repay the outstanding loan principal, plus six percent simple interest
12 per year from the date the loan was granted, prior to graduation from
13 medical or dental school or a mental health practice program without
14 further penalty or obligation. Master's level mental health and physician
15 assistant student loan recipients shall not be eligible for this
16 provision;

17 (5) If the borrower discontinues the course of study for which the
18 loan was granted, the borrower shall repay one hundred percent of the
19 outstanding loan principal. Such repayment shall commence within six
20 months of the date of discontinuation of the course of study and shall be
21 completed within a period of time not to exceed the number of years for
22 which loans were awarded; and

23 (6) Any practice or payment obligation incurred by the student loan
24 recipient under the student loan program is canceled in the event of the
25 student loan recipient's total and permanent disability or death ~~In the~~
26 ~~event of a borrower's total and permanent disability or death, the unpaid~~
27 ~~debt accrued under the Rural Health Systems and Professional Incentive~~
28 ~~Act shall be canceled.~~

29 Sec. 8. Section 71-5667, Revised Statutes Cumulative Supplement,
30 2014, is amended to read:

31 71-5667 Agreements ~~Loan agreements~~ executed prior to July 1, 2007,

1 under the ~~Nebraska Medical Student Assistance Act~~ or the Rural Health
2 Systems and Professional Incentive Act may be renegotiated and new
3 agreements executed to reflect the terms required by section 71-5666. No
4 funds repaid by borrowers under the terms of agreements executed prior to
5 July 1, 2007, shall be refunded. Any repayments being made under the
6 terms of prior agreements may be discontinued upon execution of a new
7 agreement if conditions permit. Any agreement renegotiated pursuant to
8 this section shall be exempt from the requirements of sections 73-501 to
9 73-510.

10 Sec. 9. Section 71-5668, Revised Statutes Cumulative Supplement,
11 2014, is amended to read:

12 71-5668 Each loan repayment recipient shall execute an agreement
13 with the department and a local entity. Such agreement shall be exempt
14 from the requirements of sections 73-501 to 73-510 and shall include, at
15 a minimum, the following terms:

16 (1) The loan repayment recipient agrees to practice his or her
17 profession, and a physician, dentist, nurse practitioner, or physician
18 assistant also agrees to practice an approved specialty, in a designated
19 health profession shortage area for at least three years and to accept
20 medicaid patients in his or her practice;

21 (2) In consideration of the agreement by the recipient, the State of
22 Nebraska and a local entity within the designated health profession
23 shortage area will provide equal funding for the repayment of the
24 recipient's qualified educational debts, in amounts up to thirty ~~twenty~~
25 thousand dollars per year per recipient for physicians, dentists, and
26 psychologists and up to fifteen ~~ten~~ thousand dollars per year per
27 recipient for physician assistants, nurse practitioners, pharmacists,
28 physical therapists, occupational therapists, and mental health
29 practitioners toward qualified educational debts for up to three years.
30 The department shall make payments directly to the recipient; ~~and~~

31 (3) If the loan repayment recipient discontinues practice in the

1 shortage area prior to completion of the three-year requirement, the
2 recipient shall repay to the state one hundred ~~fifty twenty-five~~ percent
3 of the total amount of funds provided to the recipient for loan repayment
4 with interest at a rate of eight percent simple interest per year from
5 the date of default. Upon repayment by the recipient to the department,
6 the department shall reimburse the local entity its share of the funds
7 which shall not be more than the local entity's share paid to the loan
8 repayment recipient; and -

9 (4) Any practice or payment obligation incurred by the loan
10 repayment recipient under the loan repayment program is canceled in the
11 event of the loan repayment recipient's total and permanent disability or
12 death.

13 Sec. 10. Each medical resident incentive recipient shall execute an
14 agreement with the department. Such agreement shall be exempt from the
15 requirements of sections 73-501 to 73-510 and shall include, at a
16 minimum, the following terms:

17 (1) The medical resident incentive recipient agrees to practice an
18 approved medical specialty the equivalent of one year of full-time
19 practice in a designated health profession shortage area and to accept
20 medicaid patients in his or her practice;

21 (2) In consideration of the agreement by the medical resident
22 incentive recipient, the State of Nebraska will provide funding for the
23 repayment of the recipient's qualified educational debts, in amounts up
24 to forty thousand dollars per year for up to three years while in an
25 approved medical specialty residency program in Nebraska. The department
26 shall make payments directly to the medical resident incentive recipient;

27 (3) If the medical resident incentive recipient extends his or her
28 residency training but not in an approved specialty, practices an
29 approved specialty in Nebraska but not in a designated health profession
30 shortage area, practices a specialty other than an approved specialty in
31 Nebraska, does not practice the profession for which the loan was given,

1 discontinues practice of the profession for which the loan was given, or
2 practices outside Nebraska, the medical resident incentive recipient
3 shall repay to the state one hundred fifty percent of the outstanding
4 loan principal with interest at a rate of eight percent simple interest
5 per year from the date of default. Such repayment shall commence within
6 six months of the completion or discontinuation of an approved specialty
7 residency training in Nebraska and shall be completed within a period not
8 to exceed twice the number of years for which the medical resident
9 incentive recipient received awards; and

10 (4) Any practice or payment obligation incurred by the medical
11 resident incentive recipient under the medical resident incentive program
12 is canceled in the event of the medical resident incentive recipient's
13 total and permanent disability or death.

14 Sec. 11. Original sections 71-5650, 71-5652, 71-5653, 71-5662, and
15 71-5663, Reissue Revised Statutes of Nebraska, and sections 71-5661,
16 71-5666, 71-5667, and 71-5668, Revised Statutes Cumulative Supplement,
17 2014, are repealed.