

LEGISLATURE OF NEBRASKA  
ONE HUNDRED NINTH LEGISLATURE  
FIRST SESSION

**LEGISLATIVE BILL 27**

Introduced by Ballard, 21.

Read first time January 09, 2025

Committee:

1 A BILL FOR AN ACT relating to the Rural Health Systems and Professional  
2 Incentive Act; to amend sections 71-5650 and 71-5652, Reissue  
3 Revised Statutes of Nebraska, and sections 68-996, 71-5662, 71-5663,  
4 and 71-5668, Revised Statutes Cumulative Supplement, 2024; to change  
5 provisions of the Medicaid Managed Care Excess Profit Fund; to  
6 restate the purposes of the Rural Health Systems and Professional  
7 Incentive Act; to change provisions relating to loan repayments,  
8 financial assistance amounts, and loan repayment recipient  
9 agreements under the Rural Health Systems and Professional Incentive  
10 Act; to provide for financial assistance in the form of loan  
11 repayments to certain dentists who agree to provide dental services  
12 to medicaid patients as prescribed; to harmonize provisions; and to  
13 repeal the original sections.  
14 Be it enacted by the people of the State of Nebraska,

1           **Section 1.** Section 68-996, Revised Statutes Cumulative Supplement,  
2 2024, is amended to read:

3           68-996 (1) The Medicaid Managed Care Excess Profit Fund is created.  
4 The fund shall contain money returned to the State Treasurer pursuant to  
5 subdivision (3) of section 68-995.

6           (2) The fund shall first be used to offset any losses under  
7 subdivision (2) of section 68-995 and then to provide for services  
8 addressing the health needs of adults and children under the Medical  
9 Assistance Act, including filling service gaps, providing system  
10 improvements, providing evidence-based early intervention home visitation  
11 programs, providing medical respite services, translation and  
12 interpretation services, providing coverage for continuous glucose  
13 monitors as described in section 68-911, providing other services  
14 sustaining access to care, the Nebraska Prenatal Plus Program, ~~and~~  
15 providing grants pursuant to the Intergenerational Care Facility  
16 Incentive Grant Program, and providing loan repayments under the Rural  
17 Health Systems and Professional Incentive Act as determined by the  
18 Legislature. The fund shall only be used for the purposes described in  
19 this section.

20           (3) Any money in the fund available for investment shall be invested  
21 by the state investment officer pursuant to the Nebraska Capital  
22 Expansion Act and the Nebraska State Funds Investment Act. Beginning  
23 October 1, 2024, any investment earnings from investment of money in the  
24 fund shall be credited to the General Fund.

25           **Sec. 2.** Section 71-5650, Reissue Revised Statutes of Nebraska, is  
26 amended to read:

27           71-5650 Sections 71-5650 to 71-5670 and section 7 of this act shall  
28 be known and may be cited as the Rural Health Systems and Professional  
29 Incentive Act.

30           **Sec. 3.** Section 71-5652, Reissue Revised Statutes of Nebraska, is  
31 amended to read:

1           71-5652 The purposes of the Rural Health Systems and Professional  
2 Incentive Act are to:

3           (1) Create ~~create~~ the Nebraska Rural Health Advisory Commission and  
4 establish its powers and duties; ~~τ~~

5           (2) Establish ~~establish~~ a student loan program that will provide  
6 financial incentives to medical, dental, master's level and doctorate-  
7 level mental health, and physician assistant students who agree to  
8 practice their profession in a designated health profession shortage area  
9 within Nebraska; ~~τ~~

10           (3) Establish ~~establish~~ a loan repayment program that will provide  
11 financial incentives to medical residents who agree to practice their  
12 profession in a designated health profession shortage area within  
13 Nebraska; ~~τ~~ ~~and~~

14           (4) Establish ~~establish~~ a loan repayment program that will require  
15 community matching funds and will provide financial incentives to  
16 eligible health professionals who agree to practice their profession in a  
17 designated health profession shortage area within Nebraska; and ~~τ~~

18           (5) Establish a loan repayment program for certain dentists who  
19 provide dental services to medicaid patients.

20           **Sec. 4.** Section 71-5662, Revised Statutes Cumulative Supplement,  
21 2024, is amended to read:

22           71-5662 (1) To be eligible for a student loan under the Rural Health  
23 Systems and Professional Incentive Act, an applicant or a recipient shall  
24 be enrolled or accepted for enrollment in an accredited medical or dental  
25 education program or physician assistant education program or an approved  
26 mental health practice program in Nebraska.

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

30           (3) To be eligible for loan repayment under the act, an applicant or  
31 a recipient shall be a pharmacist, a dentist, a physical therapist, an

1 occupational therapist, a mental health practitioner, a psychologist  
2 licensed under the requirements of section 38-3114 or the equivalent  
3 thereof, a nurse practitioner, a physician assistant, a psychiatrist, or  
4 a physician in an approved specialty and shall:

5 (a) Be licensed to practice in Nebraska; ~~τ~~

6 (b) Not ~~not~~ be enrolled in a residency program; ~~τ~~

7 (c) Not ~~not~~ be practicing under a provisional or temporary  
8 license; ~~τ~~ and

9 (d) Except as provided pursuant to an agreement under section 7 of  
10 this act, enter practice in a designated health profession shortage area  
11 in Nebraska.

12 **Sec. 5.** Section 71-5663, Revised Statutes Cumulative Supplement,  
13 2024, is amended to read:

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

22 (2) The amount of financial assistance provided through the medical  
23 resident incentive program pursuant to the act shall be limited to forty  
24 thousand dollars for each recipient for each year of residency and,  
25 except as provided in subdivision (4)(b) of this section, shall not  
26 exceed one hundred twenty thousand dollars.

27 (3) The amount of financial assistance provided by the state through  
28 loan repayments pursuant to the act is limited as follows:

29 (a) For dentists pursuant to section 7 of this act, up to sixty  
30 thousand dollars per recipient per year of full-time practice and up to a  
31 maximum of three hundred thousand dollars per recipient;

1           **(b)** ~~For~~ for physicians, psychiatrists, dentists, and psychologists,  
2 ~~up shall be limited~~ to thirty thousand dollars per recipient per year of  
3 full-time practice in a designated health profession shortage area and,  
4 except as provided in subdivision (4)(c) of this section, up to a maximum  
5 ~~of shall not exceed~~ ninety thousand dollars per recipient; and

6           **(c)** ~~For~~ ~~(b)~~ for physician assistants, nurse practitioners,  
7 pharmacists, physical therapists, occupational therapists, and mental  
8 health practitioners, ~~up shall be limited~~ to fifteen thousand dollars per  
9 recipient per year of full-time practice in a designated health  
10 profession shortage area and, except as provided in subdivision (4)(c) of  
11 this section, up to a maximum of ~~shall not exceed~~ forty-five thousand  
12 dollars per recipient.

13           (4)(a) The total amount of financial assistance provided through  
14 student loans for a doctorate-level mental health student or master's  
15 level mental health student shall be the full amount of such loans for a  
16 person who practices psychiatry, psychology, or mental health practice:

17           (i) For at least five years in a designated health profession  
18 shortage area; and

19           (ii) If all or a majority of such practice consists of the treatment  
20 of members of the community supervision population.

21           (b) The total amount of financial assistance provided through the  
22 medical resident incentive program for a psychiatrist shall be the full  
23 amount of such psychiatrist's qualified educational debts if such person  
24 practices psychiatry:

25           (i) For at least five years in a designated health profession  
26 shortage area; and

27           (ii) If all or a majority of such practice consists of the treatment  
28 of members of the community supervision population.

29           (c) The total amount of financial assistance provided through loan  
30 repayments pursuant to the act for psychiatrists, psychologists, and  
31 mental health practitioners shall be the full amount of such person's

1 qualified educational debts if such person practices psychiatry,  
2 psychology, or mental health practice:

3 (i) For at least five years in a designated health profession  
4 shortage area; and

5 (ii) If all or a majority of such practice consists of the treatment  
6 of members of the community supervision population.

7 (5) For purposes of this section, community supervision population  
8 means persons on probation, post-release supervision, and pretrial  
9 release.

10 **Sec. 6.** Section 71-5668, Revised Statutes Cumulative Supplement,  
11 2024, is amended to read:

12 71-5668 Except as otherwise provided in section 7 of this act, a  
13 ~~Each~~ loan repayment recipient shall execute an agreement with the  
14 department and a local entity. Such agreement shall be exempt from the  
15 requirements of the State Procurement Act and shall include, at a  
16 minimum, the following terms:

17 (1) The loan repayment recipient agrees to practice his or her  
18 profession, and a physician, psychiatrist, dentist, nurse practitioner,  
19 or physician assistant also agrees to practice an approved specialty, in  
20 a designated health profession shortage area for at least three years, or  
21 the period required by subdivision (4)(c) of section 71-5663, and to  
22 accept medicaid patients in his or her practice;

23 (2) In consideration of the agreement by the recipient, the State of  
24 Nebraska and a local entity within the designated health profession  
25 shortage area will provide equal funding for the repayment of the  
26 recipient's qualified educational debts except as provided in subdivision  
27 (5) of this section, in amounts up to thirty thousand dollars per year  
28 per recipient for physicians, psychiatrists, dentists, and psychologists  
29 and up to fifteen thousand dollars per year per recipient for physician  
30 assistants, nurse practitioners, pharmacists, physical therapists,  
31 occupational therapists, and mental health practitioners toward qualified

1 educational debts for up to three years or a longer period as required by  
2 subdivision (4)(c) of section 71-5663. The department shall make payments  
3 directly to the recipient;

4 (3) If the loan repayment recipient discontinues practice in the  
5 shortage area prior to completion of the three-year requirement or the  
6 period required by subdivision (4)(c) of section 71-5663, as applicable,  
7 the recipient shall repay to the state one hundred fifty percent of the  
8 total amount of funds provided to the recipient for loan repayment with  
9 interest at a rate of eight percent simple interest per year from the  
10 date of default. Upon repayment by the recipient to the department, the  
11 department shall reimburse the local entity its share of the funds which  
12 shall not be more than the local entity's share paid to the loan  
13 repayment recipient;

14 (4) Any practice or payment obligation incurred by the loan  
15 repayment recipient under the loan repayment program is canceled in the  
16 event of the loan repayment recipient's death or total and permanent  
17 disability or death;

18 (5) For a loan repayment recipient seeking benefits under  
19 subdivision (4)(c) of section 71-5663, the recipient agrees to such other  
20 terms as the department deems appropriate; and

21 (6) Beginning on July 1, 2022, any agreements entered into by  
22 December 31, 2024, shall first use federal funds from the federal  
23 American Rescue Plan Act of 2021 for the purposes of repaying qualified  
24 educational debts prior to using any state or local funds. Agreements  
25 using federal funds from the federal American Rescue Plan Act of 2021  
26 shall not require equal funding from a local entity. Any federal funds  
27 from the act committed to agreements during this time period shall be  
28 used by December 31, 2026.

29 **Sec. 7.** (1) In lieu of the agreement required by section 71-5668, a  
30 loan repayment recipient may execute an agreement with the department  
31 under this section if such loan repayment recipient is a dentist who:

1       (a) Has practiced dentistry for less than five years at the time of  
2 entering into such agreement; and

3       (b) Has not received any prior financial assistance under the Rural  
4 Health Systems and Professional Incentive Act.

5       (2) An agreement under this section shall be exempt from the  
6 requirements of the State Procurement Act and shall include, at a  
7 minimum, the following terms:

8       (a) The loan repayment recipient agrees to:

9       (i) Practice dentistry for five years in the State of Nebraska  
10 beginning on the date of the agreement; and

11       (ii) Provide dental services for not less than the number or  
12 percentage of medicaid patients determined by the commission. Such number  
13 or percentage shall be included in the agreement;

14       (b)(i) The department shall make payments directly to the recipient  
15 for the repayment of the recipient's qualified educational debts in  
16 amounts up to sixty thousand dollars per year per recipient for up to  
17 five years; and

18       (ii) The recipient shall prove to the commission that all of such  
19 payments have been used to pay for the qualified educational debts of the  
20 recipient. The commission shall specify in the agreement the manner in  
21 which a recipient can comply with this subdivision;

22       (c) If the loan repayment recipient breaches any term of the  
23 agreement specified in subdivision (a) or (b) of this subsection:

24       (i) The recipient shall pay to the state one hundred percent of the  
25 total amount of money provided to the recipient under the agreement with  
26 interest. Such interest shall begin on the date the recipient breached  
27 any term of the agreement and be calculated at a rate of eight percent  
28 simple interest per year; and

29       (ii) The state shall not be obligated to pay any additional money  
30 under the agreement to the recipient; and

31       (d) Any practice or payment obligation incurred by the loan



1 repayment recipient under the agreement is canceled in the event of the  
2 loan repayment recipient's death or total and permanent disability.

3 (3) The department shall only make a loan repayment under this  
4 section with money that has been specifically appropriated for such  
5 purpose.

6 (4) It is the intent of the Legislature to appropriate one million  
7 five hundred thousand dollars from the Medicaid Managed Care Excess  
8 Profit Fund for fiscal year 2025-26 to the Department of Health and Human  
9 Services for the purpose of making one or more loan repayments under this  
10 section.

11 **Sec. 8.** Original sections 71-5650 and 71-5652, Reissue Revised  
12 Statutes of Nebraska, and sections 68-996, 71-5662, 71-5663, and 71-5668,  
13 Revised Statutes Cumulative Supplement, 2024, are repealed.