

LEGISLATURE OF NEBRASKA

ONE HUNDRED FIRST LEGISLATURE

FIRST SESSION

**LEGISLATIVE BILL 196**

Introduced by Gay, 14.

Read first time January 12, 2009

Committee: Health and Human Services

A BILL

1 FOR AN ACT relating to the Rural Health Systems and Professional  
2 Incentive Act; to amend sections 71-5666, 71-5667, and  
3 71-5668, Revised Statutes Cumulative Supplement, 2008;  
4 to change provisions relating to student loan recipient  
5 agreements; to harmonize provisions; and to repeal the  
6 original sections.  
7 Be it enacted by the people of the State of Nebraska,

1           Section 1. Section 71-5666, Revised Statutes Cumulative  
2 Supplement, 2008, is amended to read:

3           71-5666 Each student loan recipient shall execute an  
4 agreement with the state. Such agreement shall be exempt from the  
5 requirements of sections 73-501 to 73-509 and shall include the  
6 following terms, as appropriate:

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

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

23           (3) If the borrower practices an approved specialty in  
24 Nebraska but not in a designated health profession shortage area,  
25 practices a specialty other than an approved specialty in Nebraska,

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

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

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

25 (6) In the event of a borrower's total and permanent

1 disability or death, the unpaid debt accrued under the Rural Health  
2 Systems and Professional Incentive Act shall be canceled.

3           Sec. 2. Section 71-5667, Revised Statutes Cumulative  
4 Supplement, 2008, is amended to read:

5           71-5667 Loan agreements executed prior to July 1, 2007,  
6 under the Nebraska Medical Student Assistance Act or the Rural  
7 Health Systems and Professional Incentive Act may be renegotiated  
8 and new agreements executed to reflect the terms required by  
9 section 71-5666. No funds repaid by borrowers under the terms  
10 of agreements executed prior to July 1, 2007, shall be refunded.  
11 Any repayments being made under the terms of prior agreements may  
12 be discontinued upon execution of a new agreement if conditions  
13 permit. Any agreement renegotiated pursuant to this section shall  
14 be exempt from the requirements of sections 73-501 to 73-509.

15           Sec. 3. Section 71-5668, Revised Statutes Cumulative  
16 Supplement, 2008, is amended to read:

17           71-5668 Each loan repayment recipient shall execute an  
18 agreement with the department and a local entity. Such agreement  
19 shall be exempt from the requirements of sections 73-501 to 73-509  
20 and shall include, at a minimum, the following terms:

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

1           (2) In consideration of the agreement by the recipient,  
2 the State of Nebraska and a local entity within the designated  
3 health profession shortage area will provide equal funding for  
4 the repayment of the recipient's qualified educational debts, in  
5 amounts up to twenty thousand dollars per year per recipient for  
6 physicians, dentists, and psychologists and up to ten thousand  
7 dollars per year per recipient for physician assistants, nurse  
8 practitioners, pharmacists, physical therapists, occupational  
9 therapists, and mental health practitioners toward qualified  
10 educational debts for up to three years. The department shall make  
11 payments directly to the recipient; and

12           (3) If the loan repayment recipient discontinues practice  
13 in the shortage area prior to completion of the three-year  
14 requirement, the recipient shall repay to the state one hundred  
15 twenty-five percent of the total amount of funds provided to the  
16 recipient for loan repayment. Upon repayment by the recipient to  
17 the department, the department shall reimburse the local entity its  
18 share of the funds.

19           Sec. 4. Original sections 71-5666, 71-5667, and 71-5668,  
20 Revised Statutes Cumulative Supplement, 2008, are repealed.