

LEGISLATURE OF NEBRASKA  
ONE HUNDRED EIGHTH LEGISLATURE  
SECOND SESSION

**LEGISLATIVE BILL 1062**

Introduced by Ibach, 44; Brewer, 43; Erdman, 47; Halloran, 33; Holdcroft, 36; Hughes, 24; Murman, 38.

Read first time January 08, 2024

Committee:

1 A BILL FOR AN ACT relating to the Rural Health Systems and Professional  
2 Incentive Act; to amend sections 71-5650, 71-5651, 71-5652, 71-5653,  
3 71-5654, 71-5655, and 71-5664, Reissue Revised Statutes of Nebraska,  
4 and sections 71-5661, 71-5662, 71-5663, and 71-5668, Revised  
5 Statutes Supplement, 2023; to restate legislative findings under and  
6 the purposes of the Rural Health Systems and Professional Incentive  
7 Act; to define a term; to change the purpose, duties, and members of  
8 the Nebraska Rural Health Advisory Commission; to provide for  
9 financial assistance in the form of repayment of qualified  
10 educational debts owed by veterinarians as prescribed; to harmonize  
11 provisions; and to repeal the original sections.  
12 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 12 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 71-5651, Reissue Revised Statutes of Nebraska, is  
7 amended to read:

8 71-5651 (1) The Legislature finds that (a) residents of rural  
9 Nebraska frequently encounter difficulties in obtaining medical care due  
10 to the lack of health care providers, facilities, and services, (b) many  
11 rural communities experience problems in recruiting and retaining health  
12 care providers, (c) rural residents are often required to travel long  
13 distances in order to obtain health care services, (d) elderly and  
14 uninsured persons constitute a high proportion of the population in rural  
15 Nebraska, (e) many rural hospitals are experiencing declining patient  
16 revenue and are being forced to reconsider the scope and nature of the  
17 health care services they provide, (f) the physical and economic stresses  
18 of rural living can lead to an increased need for mental health services  
19 in rural Nebraska, (g) the conditions described in this section can lead  
20 to situations in which residents of rural Nebraska receive a lower level  
21 of health care services than their urban counterparts, and (h) some of  
22 the conditions described in this subsection also exist in underserved  
23 portions of metropolitan areas within the state.

24 (2) The Legislature further finds that the health care industry is a  
25 vital component of the economic base of many rural communities and that  
26 the maintenance and enhancement of this industry can play a significant  
27 role in efforts to further the economic development of rural communities.

28 (3) The Legislature further finds that the inherent limitations  
29 imposed upon health care delivery mechanisms by the rural environment can  
30 be partially overcome through a greater emphasis on the development of  
31 health care systems that emphasize the linkage and integration of health

1 care resources in neighboring communities as well as the development of  
2 new resources.

3 (4) The Legislature further finds that postsecondary education of  
4 medical, dental, and mental health professionals is important to the  
5 welfare of the state. The Legislature further recognizes and declares  
6 that the state can help alleviate the problems of maldistribution and  
7 shortages of medical, dental, and mental health personnel through  
8 programs offering financial incentives to practice in areas of shortage.

9 (5) The Legislature further finds that the state can help alleviate  
10 the problem of shortages in veterinary services for livestock in rural  
11 areas.

12 Sec. 3. Section 71-5652, Reissue Revised Statutes of Nebraska, is  
13 amended to read:

14 71-5652 The purposes of the Rural Health Systems and Professional  
15 Incentive Act are to (1) create the Nebraska Rural Health Advisory  
16 Commission and establish its powers and duties, (2) establish a student  
17 loan program that will provide financial incentives to medical, dental,  
18 master's level and doctorate-level mental health, and physician assistant  
19 students who agree to practice their profession in a designated health  
20 profession shortage area within Nebraska, (3) establish a loan repayment  
21 program that will provide financial incentives to medical residents who  
22 agree to practice their profession in a designated health profession  
23 shortage area within Nebraska, ~~and~~ (4) establish a loan repayment program  
24 that will require community matching funds and will provide financial  
25 incentives to eligible health professionals who agree to practice their  
26 profession in a designated health profession shortage area within  
27 Nebraska, and (5) establish a loan repayment program to provide financial  
28 incentives to eligible veterinarians who agree to provide at least fifty  
29 percent of their veterinary services to livestock in rural areas within  
30 Nebraska.

31 Sec. 4. Section 71-5653, Reissue Revised Statutes of Nebraska, is

1 amended to read:

2 71-5653 For purposes of the Rural Health Systems and Professional  
3 Incentive Act:

4 (1) Approved medical specialty means family practice, general  
5 practice, general internal medicine, general pediatrics, general surgery,  
6 obstetrics/gynecology, and psychiatry;

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

9 (3) Approved mental health practice program means an approved  
10 educational program consisting of a master's or doctorate degree with the  
11 focus being primarily therapeutic mental health and meeting the  
12 educational requirements for licensure in mental health practice or  
13 psychology by the department;

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

15 (5) Department means the Division of Public Health of the Department  
16 of Health and Human Services;

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

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

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

23 (9)(a) Livestock means a domesticated animal kept in an agricultural  
24 setting (i) for the labor provided by such animal or (ii) to produce  
25 products for consumption or use; and

26 (b) Livestock does not include any (i) dog, (ii) cat, or (iii)  
27 animal kept for the purpose of being a pet;

28 (10) ~~(9)~~ Master's level mental health student means a graduate  
29 student enrolled in or accepted for enrollment in an approved mental  
30 health practice program leading to a master's degree and meeting the  
31 educational requirements for licensure in mental health practice by the

1 department;

2 (11) ~~(10)~~ Office means the Office of Rural Health;

3 (12) ~~(11)~~ Part-time practice means less than full-time practice but  
4 at least twenty hours per week;

5 (13) ~~(12)~~ Qualified educational debts means government and  
6 commercial student-loan loans obtained by students for postsecondary  
7 education tuition, other educational expenses, and reasonable living  
8 expenses, as determined by the department, but does not include loans  
9 received under the act; and

10 (14) ~~(13)~~ Rural means located within any county in Nebraska having a  
11 population of less than fifteen thousand inhabitants and not included  
12 within a metropolitan statistical area as defined by the United States  
13 Department of Commerce, Bureau of the Census.

14 Sec. 5. Section 71-5654, Reissue Revised Statutes of Nebraska, is  
15 amended to read:

16 71-5654 The Nebraska Rural Health Advisory Commission is hereby  
17 created as the direct and only successor to the Commission on Rural  
18 Health Manpower. The Nebraska Rural Health Advisory Commission shall  
19 consist of fourteen ~~thirteen~~ members as follows:

20 (1) The Director of Public Health of the Division of Public Health  
21 or his or her designee and another representative of the Department of  
22 Health and Human Services; and

23 (2)(a) Twelve ~~(2) Eleven~~ members to be appointed by the Governor  
24 with the advice and consent of the Legislature as follows:

25 (i) (a) One representative of each medical school located in the  
26 state involved in training family physicians and one physician in family  
27 practice residency training; and

28 (ii) (b) From rural areas one physician, one consumer  
29 representative, one hospital administrator, one nursing home  
30 administrator, one nurse, one physician assistant, one mental health  
31 practitioner or psychologist licensed under the requirements of section

1 38-3114 or the equivalent thereof, ~~and one dentist, and one veterinarian.~~

2 (b) All appointed members Members shall serve for terms of three  
3 years. When a vacancy occurs, appointment to fill the vacancy shall be  
4 made for the balance of the term. All appointed members shall be citizens  
5 and residents of Nebraska. The appointed membership of the commission  
6 shall, to the extent possible, represent the three congressional  
7 districts equally.

8 Sec. 6. Section 71-5655, Reissue Revised Statutes of Nebraska, is  
9 amended to read:

10 71-5655 The purposes ~~purpose~~ of the commission shall be (1) to  
11 advise the department, the Legislature, the Governor, the University of  
12 Nebraska, and the citizens of Nebraska regarding all aspects of rural  
13 health care and rural veterinary services and (2) to advise the office  
14 regarding the administration of the Rural Health Systems and Professional  
15 Incentive Act.

16 Sec. 7. Section 71-5661, Revised Statutes Supplement, 2023, is  
17 amended to read:

18 71-5661 (1) The financial incentives provided by the Rural Health  
19 Systems and Professional Incentive Act shall consist of (a) student loans  
20 to eligible students for attendance at an eligible school as determined  
21 pursuant to section 71-5662, (b) the repayment of qualified educational  
22 debts owed by physicians and psychiatrists in an approved medical  
23 specialty residency program in Nebraska as determined pursuant to section  
24 71-5662, and (c) the repayment of qualified educational debts owed by  
25 eligible health professionals and veterinarians as determined pursuant to  
26 section 71-5662. Funds for such incentives shall be appropriated from the  
27 General Fund to the department for such purposes.

28 (2) The Rural Health Professional Incentive Fund is created. The  
29 fund shall be used to carry out the purposes of the act, except that  
30 transfers may be made from the fund to the General Fund at the direction  
31 of the Legislature. Money credited pursuant to section 71-5670.01 and

1 payments received pursuant to sections 71-5666, 71-5668, and 71-5669.01  
2 and section 12 of this act shall be remitted to the State Treasurer for  
3 credit to the Rural Health Professional Incentive Fund. Any money in the  
4 fund available for investment shall be invested by the state investment  
5 officer pursuant to the Nebraska Capital Expansion Act and the Nebraska  
6 State Funds Investment Act.

7 Sec. 8. Section 71-5662, Revised Statutes Supplement, 2023, is  
8 amended to read:

9 71-5662 (1) To be eligible for a student loan under the Rural Health  
10 Systems and Professional Incentive Act, an applicant or a recipient shall  
11 be enrolled or accepted for enrollment in an accredited medical or dental  
12 education program or physician assistant education program or an approved  
13 mental health practice program in Nebraska.

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

17 (3) To be eligible for loan repayment under the act, an applicant or  
18 a recipient shall be:

19 (a) A a pharmacist, a dentist, a physical therapist, an occupational  
20 therapist, a mental health practitioner, a psychologist licensed under  
21 the requirements of section 38-3114 or the equivalent thereof, a nurse  
22 practitioner, a physician assistant, a psychiatrist, or a physician in an  
23 approved specialty and shall be licensed to practice in Nebraska, not be  
24 enrolled in a residency program, not be practicing under a provisional or  
25 temporary license, and enter practice in a designated health profession  
26 shortage area in Nebraska; or -

27 (b) A veterinarian licensed under the Veterinary Medicine and  
28 Surgery Practice Act whose patients serviced in his or her practice are  
29 composed of not less than fifty percent livestock in rural areas within  
30 Nebraska. Each head of livestock counts as a separate patient.

31 Sec. 9. Section 71-5663, Revised Statutes Supplement, 2023, is

1 amended to read:

2 71-5663 (1) The amount of financial assistance provided through  
3 student loans pursuant to the Rural Health Systems and Professional  
4 Incentive Act shall be limited to thirty thousand dollars for each  
5 recipient for each academic year and, except as provided in subdivision  
6 (4)(a) of this section, shall not exceed one hundred twenty thousand  
7 dollars per medical, dental, or doctorate-level mental health student or  
8 thirty thousand dollars per master's level mental health or physician  
9 assistant student.

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

15 (3) The amount of financial assistance provided by the state through  
16 loan repayments pursuant to the act for:

17 (a) Physicians ~~for—physicians,~~ psychiatrists, dentists, and  
18 psychologists is shall be limited to thirty thousand dollars per  
19 recipient per year of full-time practice in a designated health  
20 profession shortage area and, except as provided in subdivision (4)(c) of  
21 this section, shall not exceed ninety thousand dollars per recipient; ~~and~~

22 (b) Physician ~~for—physician~~ assistants, nurse practitioners,  
23 pharmacists, physical therapists, occupational therapists, and mental  
24 health practitioners is shall be limited to fifteen thousand dollars per  
25 recipient per year of full-time practice in a designated health  
26 profession shortage area and, except as provided in subdivision (4)(c) of  
27 this section, shall not exceed forty-five thousand dollars per recipient;  
28 and -

29 (c) Veterinarians is limited to thirty thousand dollars per  
30 recipient per year of full-time practice and shall not exceed ninety  
31 thousand dollars per recipient.

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

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

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

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

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

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

17           (c) The total amount of financial assistance provided through loan  
18 repayments pursuant to the act for psychiatrists, psychologists, and  
19 mental health practitioners shall be the full amount of such person's  
20 qualified educational debts if such person practices psychiatry,  
21 psychology, or mental health practice:

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

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

26           (5) For purposes of this section, community supervision population  
27 means persons on probation, post-release supervision, and pretrial  
28 release.

29           Sec. 10. Section 71-5664, Reissue Revised Statutes of Nebraska, is  
30 amended to read:

31           71-5664     (1)(a) ~~The In screening applicants for financial~~

1 ~~incentives,~~ the commission shall consider the following factors when  
2 screening applicants who are not veterinarians for financial incentives:

3 (i) ~~(1)~~ Motivation to practice in a health profession shortage area  
4 in Nebraska;

5 (ii) ~~(2)~~ Motivation and preference toward an approved specialty; and

6 (iii) ~~(3)~~ Other factors that would influence a choice to practice in  
7 a health profession shortage area in Nebraska.

8 (b) The commission shall select recipients who are most likely to  
9 practice in a health profession shortage area in Nebraska.

10 (2) The commission shall consider the following factors when  
11 screening applicants who are veterinarians for financial incentives:

12 (a) The percentage of patients serviced by the veterinarian that are  
13 livestock in rural areas within Nebraska at the time of application for  
14 financial incentives;

15 (b) Motivation and preference of the veterinarian to service  
16 livestock in rural areas within Nebraska; and

17 (c) Other factors that would influence the veterinarian to service  
18 livestock in rural areas within Nebraska.

19 Sec. 11. Section 71-5668, Revised Statutes Supplement, 2023, is  
20 amended to read:

21 71-5668 Each loan repayment recipient who is not a veterinarian  
22 shall execute an agreement with the department and a local entity. Such  
23 agreement ~~is shall be~~ exempt from the requirements of sections 73-501 to  
24 73-510 and shall include, at a minimum, the following terms:

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

31 (2) In consideration of the agreement by the recipient, the State of

1 Nebraska and a local entity within the designated health profession  
2 shortage area will provide equal funding for the repayment of the  
3 recipient's qualified educational debts except as provided in subdivision  
4 (5) of this section, in amounts up to thirty thousand dollars per year  
5 per recipient for physicians, psychiatrists, dentists, and psychologists  
6 and up to fifteen thousand dollars per year per recipient for physician  
7 assistants, nurse practitioners, pharmacists, physical therapists,  
8 occupational therapists, and mental health practitioners toward qualified  
9 educational debts for up to three years or a longer period as required by  
10 subdivision (4)(c) of section 71-5663. The department shall make payments  
11 directly to the recipient;

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

22 (4) Any practice or payment obligation incurred by the loan  
23 repayment recipient under the loan repayment program is canceled in the  
24 event of the loan repayment recipient's total and permanent disability or  
25 death;

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

29 (6) Beginning on July 1, 2022, any agreements entered into by  
30 December 31, 2024, shall first use federal funds from the federal  
31 American Rescue Plan Act of 2021 for the purposes of repaying qualified

1 educational debts prior to using any state or local funds. Agreements  
2 using federal funds from the federal American Rescue Plan Act of 2021  
3 shall not require equal funding from a local entity. Any federal funds  
4 from the act committed to agreements during this time period shall be  
5 used by December 31, 2026.

6 Sec. 12. Each loan repayment recipient who is a veterinarian shall  
7 execute an agreement with the department. Such agreement is exempt from  
8 the requirements of sections 73-501 to 73-510 and shall include, at a  
9 minimum, the following terms:

10 (1) The loan repayment recipient agrees (a) to practice his or her  
11 profession for at least three years in rural areas within Nebraska and  
12 (b) that no less than fifty percent of the patients that will be serviced  
13 in his or her practice for each year of the agreement will be livestock  
14 in rural areas within Nebraska. For purposes of the agreement, each head  
15 of livestock counts as a separate patient;

16 (2) The State of Nebraska will provide funding for the repayment of  
17 the recipient's qualified educational debts in amounts up to thirty  
18 thousand dollars per year per recipient. Such repayment shall occur after  
19 each year of the three years of service provided pursuant to the  
20 agreement. The department shall make payments directly to the recipient;

21 (3) Prior to completion of the three-year requirement, if the loan  
22 repayment recipient discontinues his or her veterinary practice in rural  
23 areas within Nebraska or the percentage of patients serviced in his or  
24 her practice that were livestock in rural areas within Nebraska was not  
25 at least fifty percent of total patients in the most recent year under  
26 the agreement, the recipient shall repay to the department one hundred  
27 fifty percent of the total amount of money provided to the recipient for  
28 loan repayment with interest at a rate of eight percent simple interest  
29 per year from the date of default. The department shall remit money  
30 received under this section in accordance with section 71-5661; and

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

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

4       Sec. 13.   Original sections 71-5650, 71-5651, 71-5652, 71-5653,  
5 71-5654, 71-5655, and 71-5664, Reissue Revised Statutes of Nebraska, and  
6 sections 71-5661, 71-5662, 71-5663, and 71-5668, Revised Statutes  
7 Supplement, 2023, are repealed.