

LEGISLATURE OF NEBRASKA
ONE HUNDREDTH LEGISLATURE
FIRST SESSION

LEGISLATIVE BILL 374

Introduced by Johnson, 37; Erdman, 47;

Read first time January 12, 2007

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 71-5667, Reissue
3 Revised Statutes of Nebraska, and section 71-5666,
4 Revised Statutes Cumulative Supplement, 2006; to change
5 provisions relating to student loans; to harmonize
6 provisions; to provide an operative date; to repeal the
7 original sections; and to declare an emergency.
8 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 71-5666, Revised Statutes Cumulative
2 Supplement, 2006, is amended to read:

3 71-5666 Each student loan recipient shall execute an
4 agreement with the state. Such agreement shall include the
5 following terms, as appropriate:

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

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

22 (3) If the borrower practices an approved specialty in
23 Nebraska but not in a designated health profession shortage area,
24 practices a specialty other than an approved specialty in Nebraska,
25 or practices outside Nebraska, the borrower shall repay one hundred

1 fifty percent of the outstanding loan principal with interest at
2 a rate of ~~twenty-four~~ six percent simple interest per year from
3 the date ~~the loan was granted~~ of default. Such repayment shall
4 commence within six months of the completion of formal education,
5 which may include a period not to exceed five years to complete
6 specialty training in an approved specialty, and shall be completed
7 within a period not to exceed twice the number of years for which
8 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, Reissue Revised Statutes of
4 Nebraska, is amended to read:

5 71-5667 Loan agreements executed prior to ~~April 16, 1996,~~
6 the operative date of this section, under the Nebraska Medical
7 Student Assistance Act or the Rural Health Systems and Professional
8 Incentive Act may be renegotiated and new agreements executed to
9 reflect the terms required by section 71-5666. No funds repaid by
10 borrowers under the terms of agreements executed prior to ~~April~~
11 ~~16, 1996,~~ the operative date of this section, shall be refunded.
12 Any repayments being made under the terms of prior agreements may
13 be discontinued upon execution of a new agreement if conditions
14 permit.

15 Sec. 3. This act becomes operative on July 1, 2007.

16 Sec. 4. Original section 71-5667, Reissue Revised
17 Statutes of Nebraska, and section 71-5666, Revised Statutes
18 Cumulative Supplement, 2006, are repealed.

19 Sec. 5. Since an emergency exists, this act takes effect
20 when passed and approved according to law.