



Hundredth Legislature - First Session - 2007  
**Introducer's Statement of Intent**  
**LB 374**

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**Chairperson:** Joel Johnson  
**Committee:** Health and Human Services  
**Date of Hearing:** January 24, 2007

The following constitutes the reasons for this bill and the purposes which are sought to be accomplished thereby:

LB 374 reduces the contract buy out provisions for rural health student loans under the Nebraska Rural Health Systems and Professional Incentive Act (Act). Rural medical shortage areas will be positively impacted by LB 374 because it provides a larger pool of primary care physicians who will be willing to assume an obligation to practice in a rural shortage area.

The Nebraska Student Loan Program for medical, dental physician assistant and graduate-level mental students provides forgivable "student loans" if the recipient practices in a state-designated shortage area for his/her specialty the equivalent of one year of full-time practiced for each year a loan was received. If the recipient does not fulfill the practice obligation then he/she must currently repay the loan at twenty-four percent simple interest since the date the loan was granted.

LB 374 will reduce the buyout disincentive by requiring the student to repay one hundred and fifty percent of the outstanding loan with interest at six percent simple interest from the date of default.

LB 374 will allow the renegotiation of student loans executed prior to July 1, 2007 consistent with the provision of this legislation.

**Principal Introducer:** \_\_\_\_\_  
**Senator Joel T. Johnson**