Nebraska Rural Health Advisory Commission’s

Annual Report

As provided through the Nebraska Rural Health Systems and Professional Incentive Act

December 2018
# Nebraska Rural Health Advisory Commission
## December 2018

<table>
<thead>
<tr>
<th>Name / Affiliation</th>
<th>Appointment Designation</th>
</tr>
</thead>
</table>
| **Commission Chairperson:**  
Marty L. Fattig, C.E.O.  
Auburn, NE | Rural Hospital Administrator |

| **Commission Vice-Chairperson:**  
Rebecca A. Schroeder, Ph.D.  
Curtis, NE | Rural Mental Health Practitioner |

| Lynette Kramer, M.D.  
Albion, NE | Rural Physician |
| Kyle Klammer, M.D.  
Bellevue, NE | Family Practice Resident Representative |
| Sheri Dawson, R.N., Director  
NE DHHS - Division of Behavioral Health  
Lincoln, NE | NE DHHS Representative  
Department of Health & Human Services |
| Jessye Goertz  
Berwyn, NE | Rural Consumer |
| Benjamin R. Iske, D.D.S.  
Bridgeport, NE | Rural Dentist |
| Cherlyn Hunt  
Elm Creek, NE | Rural Nursing Home Administrator |
| April J. Dexter, N.P.  
Atkinson, NE | Rural Nurse |
| Laeth Nasir, M.D., Chairman  
Department of Family Medicine – Creighton University  
Omaha, NE | Medical School Representative |
| Judy Martin, M.S., Deputy Director  
NE DHHS - Division of Public Health  
Lincoln, NE | Designee for Director,  
Division of Public Health  
Department of Health & Human Services |
| Michael A. Sitorius, M.D., Chairman  
Department of Family Medicine – UNMC  
Omaha, NE | Medical School Representative |
| Roger D. Wells, PA-C  
St. Paul, NE | Rural Physician Assistant |
EXECUTIVE SUMMARY & IMPACT

- In small town and rural areas, approximately 40% of family medicine providers have participated in incentive programs. Economic analysis based on years worked shows a significant economic benefit associated with these healthcare providers. This benefit far outweighs the financial investment in the incentive programs.\(^1\) See map on page 19 for current economic impacts divided by legislative district.

- According to studies on the economic impact of rural health care, “One primary care physician in a rural community creates 23 jobs annually. On average, 14 percent of total employment in rural communities is attributed to the health sector.”\(^2\)

- As of December 2018, there are 85 rural incentive program recipients practicing under obligation in Nebraska.

- The rural health incentive programs currently impact over 900,000 people\(^3\) living in Nebraska in underserved areas by providing them access to health care professionals.

- The Rural Health Systems and Professional Incentive Act, passed in 1991, created the Rural Health Advisory Commission, the Nebraska Rural Health Student Loan Program and the Nebraska Loan Repayment Program.

- The Nebraska Loan Repayment Program assists rural communities in recruiting and retaining primary care health professionals by offering state matching funds for repayment of health professionals’ government or commercial educational debt. This program has a 92 percent success rate.

- The Nebraska Rural Health Student Loan Program provides forgivable student loans to Nebraska medical, dental, physician assistant, and graduate-level mental health students who agree to practice an approved specialty in a state-designated shortage area.

- The thirteen (13) members of the Rural Health Advisory Commission are appointed by the Governor and confirmed by the Legislature.

- The Rural Health Advisory Commission’s statutory duties include, but are not limited to, establishing state-designated shortage areas, selecting rural student loans and loan repayment to eligible health professionals, and preparing recommendations to the appropriate bodies to alleviate problems in the delivery of health care in rural Nebraska.

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\(^1\) Pedley, Andrew J. “Analyzing the Impact of Incentive Programs on Retention of Family Practice Providers in Rural Nebraska,” University of Nebraska-Lincoln, [http://dhhs.ne.gov/publichealth/RuralHealth/Documents/Analyzing the Impact of Incentive Programs on Retention.pdf](http://dhhs.ne.gov/publichealth/RuralHealth/Documents/Analyzing the Impact of Incentive Programs on Retention.pdf), July 2018.


\(^3\) Based on county and underserved populations.
History

The Rural Health Systems and Professional Incentive Act (the Act) was passed in 1991 creating the Rural Health Advisory Commission, the Nebraska Rural Health Student Loan Program, and the Nebraska Loan Repayment Program. In 2015, the Legislature added the Medical Resident Loan Repayment Program; however, funding has not been appropriated for this program.

Rural Health Advisory Commission

The Rural Health Advisory Commission is a governor-appointed commission consisting of thirteen members as follows: (1) the Director of Public Health of the Division of Public Health or his or her designee and another representative of the Nebraska Department of Health and Human Services; and (2) eleven members appointed by the Governor with the advice and consent of the Legislature. These eleven members include one representative of each medical school located in the state involved in training family physicians, one physician in family practice residency training, one rural physician, one rural consumer representative, one rural hospital administrator, one rural nursing home administrator, one rural nurse, one rural physician assistant, one rural mental health practitioner or psychologist licensed under the requirements of section 38-3114 or the equivalent thereof, and one rural dentist. *(NE Revised Statutes Section 71-5654)*

The purpose of the Commission is to advise the Nebraska Department of Health and Human Services – Division of Public Health, the Legislature, the Governor, the University of Nebraska, and the citizens of Nebraska regarding all aspects of rural health care and to advise the Nebraska Office of Rural Health regarding the administration of the Rural Health Systems and Professional Incentive Act. *(NE Revised Statutes Section 71-5655)*

Nebraska Rural Health Student Loan Program

The Nebraska Rural Health Student Loan Program awards forgivable student loans to Nebraska medical, dental, physician assistant, and graduate-level mental health students who agree to practice an approved specialty in a state-designated shortage area.

Student loan recipients receive a forgivable educational loan while they are in training in exchange for an agreement to practice in a state-designated shortage area the equivalent of full-time for one year for each year a loan is received. The number and amount of student loans are determined annually by the Rural Health Advisory Commission based on state funding.

Legislation passed in 2015 increasing the maximum student loan awards to up to $30,000 and $15,000 per year. The Rural Health Advisory Commission has continued awarding student loans in the amount of $20,000 for doctorate-level students and $10,000 for full-time master-level students. Because many federal loans are now available without the same requirements, and considering the Loan Repayment waitlist, only continuation awards have been given over the past two fiscal years.
Nebraska Loan Repayment Program

The Nebraska Legislature appropriated funding for the Nebraska Loan Repayment Program for health professionals willing to practice in a state-designated shortage area. Physicians, nurse practitioners, physician assistants, clinical psychologists, masters-level mental health providers, pharmacists, occupational therapists, physical therapists, and dentists are eligible for loan repayment.

The Nebraska Loan Repayment Program requires community participation in the form of a local match and a 3-year practice obligation for the health professional. Communities must do their own recruiting, using the availability of the loan repayment program as a recruitment and retention tool. Once a health professional is recruited a local entity and the health professional must submit a loan repayment application to the Rural Health Advisory Commission. Communities may also use loan repayment to retain a health professional if the area is a state-designated shortage area.

As of summer 2018, health professionals can now submit applications through the Office of Rural Health website. With an electronic system to track and compile applications, lost or incomplete documents are a thing of the past, and data collection has been streamlined.

State-Designated Shortage Areas

The Rural Health Advisory Commission has the responsibility to designate shortage areas for purposes of the Nebraska rural incentive programs for the professions and specialties defined in the Act. Every 3 years a statewide review of all the shortage areas is completed by the office of Rural Health. If changes occur in an area during the years between the statewide reviews, the community may request a shortage area designation from the Commission. Any data or information submitted for review is verified by the Nebraska Office of Rural Health and University of Nebraska Medical Center – Health Professions Tracking Services. If the area meets the guidelines for state designation, the Commission may designate it. The Rural Health Advisory Commission approved new medical, mental health, dental, and pharmacist shortage areas as of October 5, 2016. Physical therapist and occupational therapist shortage areas were approved as of January 1, 2017.

Criteria for the federal and state shortage area designations differ and are used for different federal and state programs. Nebraska Office of Rural Health staff assist with the data requirements and benefits of the various shortage area designations and incentive programs. Guidelines for the state-designated shortage areas and the current federal and state shortage areas are posted on the Nebraska Office of Rural Health webpage.

While the Nebraska rural incentive programs primarily focus on rural shortage areas Federally Qualified Health Centers (FQHCs) may request to be designated as state-designated shortage areas for family practice and/or general dentistry. As a state-designated shortage area, FQHCs may then qualify for benefits under the state incentive programs in addition to federal health professional incentive programs.
The Nebraska Office of Rural Health works to maximize state funds for areas not eligible for the benefits under the federal incentive programs due to practice area or practice specialty eligibility. Health professionals who are practicing in a federal Health Professional Shortage Area (HPSA), and are eligible, are encouraged to apply first for the National Health Service Corps (NHSC) Loan Repayment Program or are recommended for the NHSC State Loan Repayment Program (NHSC SLRP) before participating in the Nebraska Loan Repayment Program. Depending on the availability of federal funds, the NHSC will often times award loan repayment to health professionals based on the HPSA score. The availability and funding for federal loan repayment has an impact on where state loan repayment resources are focused. The demand on state loan repayment programs are increased when federal loan repayment programs are less available. When higher HPSA scores are needed to qualify, there is a greater demand for the Nebraska Loan Repayment Program because HPSA scores in Nebraska tend to be lower compared to other areas nationally.

Effective September 1, 2014, the Department of Health and Human Services, Office of Rural Health was awarded a 4-year grant of $300,000 per year for the National Health Service Corps State Loan Repayment Program (NHSC SLRP). This program has the same criteria as the NHSC Loan Repayment Program except a match from the community is required and health professionals can practice in any federal HPSA without regard to the HPSA score. In September 2018, the Office of Rural Health began receiving $450,000 per year through the NHSC SLRP grant. The Nebraska Office of Rural Health is using the NHSC SLRP to complement the Nebraska Loan Repayment Program. For additional information about the NHSC SLRP, contact the Nebraska Office of Rural Health.

**Analysis of the Rural Incentive Programs**

Chart 1 on page 10 shows graphically the number of rural incentive recipients by program receiving payments by fiscal year. The current fiscal year (FY2018-19) shows awards as of December 2018. The Rural Health Advisory Commission has obligated most of the funds for FY2018-19 at their September 2018 meeting. Applicants left on the waiting list will not begin practice until FY2019-20 or later.

Several factors influence the number of incentive recipients each year. These factors include the amount of state funds available, the amount of each individual incentive award, and the educational level of the recipients. As one commission member stated, “of all the programs, these are the most successful and the money comes back many times over.”

The demand for the rural incentive programs remains high and total student loan debt is continuing to rise each year. Based on the current loan repayment recipients’ applications the mean and median student loan debt for a doctorate-level health care professional are $229,140 and $202,343 respectively. As a result, the Rural Health Advisory Commission has increased the maximum awards to the statutory maximum - up to $30,000 per year for doctorate-level and $15,000 per year for mid-level and allied health care professionals.
Chart 2 on page 11 shows the budget amounts by source for each fiscal year. Comparing Charts 1 and 2 demonstrates the relationship between funding and the number of incentives awarded by the Rural Health Advisory Commission, although it is important to note that cash spending authority was increased to provide room for matching funds as part of the increases to the Federal National Health Service Corps State Loan Repayment Program (NHSC SLRP).

Chart 3 on page 12 shows the dollar amount of state rural incentive awards by program by fiscal year.

Loan repayment awards are made at each Rural Health Advisory Commission meeting as applications are received and state funds are available. Loan repayment requires a 50-50 local-state match and cash spending authority to spend the local match.

Chart 4 on page 13 gives another perspective to the loan repayment awards. Since loan repayment requires a 50-50 state-local match, Chart 4 shows the funding impact of loan repayment awards by fiscal year. The State Match for loan repayment is identified by funding source; general funds and cash funds. The Legislature has granted cash spending authority to use cash funds deposited into the Rural Health Incentive Cash Fund. Once the cash is spent, cash funds will no longer be available for the State Match for loan repayment. If awards continue at the current rate with no infusions, cash funds are estimated to run out by FY2022-23. We would then see a decrease in the number of awards.

The Nebraska Loan Repayment Program requires a 3-year practice obligation so when the Rural Health Advisory Commission awards loan repayment the obligation of funds is projected over the 3-year practice obligation. Loan repayment awards being made in FY2018-19 will impact the rural incentive program budget in FY2019-20, FY2020-21, and possibly FY2021-22; hence the future budget obligations shown on Chart 4.

Charts 5 and 6 on pages 14 and 15 show the number of recipients by profession by fiscal year for the Nebraska Loan Repayment Program and Nebraska Rural Health Student Loan Program; respectively.

Table A on page 16 shows the number of student loan awards issued each year from 2014 through 2018 (as of December 2018). Beginning in 2017, the Rural Health Advisory Commission did not award any new student loans and only awarded continuation loans due to the number of loan repayment applicants on the waiting list. This practice was continued in 2018, with 2 continuation awards. There are currently 23 obligated students in training.

Table B on page 17 provides a summary of the Nebraska Loan Repayment Program from 1994 through 2018 (as of December 2018). Since 1994, 590 health professionals have participated or are participating in the Nebraska Loan Repayment Program. Ninety-two percent (92%) of loan repayment recipients have completed their practice obligation or are currently serving their practice obligation. Approximately eight percent (8%) of loan repayment applicants have defaulted on their practice obligation. As of December 2018, there are 74 loan repayment recipients in practice under obligation in rural or underserved areas of Nebraska.
The map on page 18 shows The Nebraska Student Loan and Nebraska Loan Repayment program currently obligated health care providers and the counties they served as of December 1, 2018. The map on page 19 shows the financial impact of these 85 recipients, estimated to be $237,705,000 (two hundred and thirty seven million dollars). This amount is far in excess of the funds provided through student loan and loan repayment. This was determined using information from the National Center for Rural Health Works research on financial impacts and combining the months worked from the Health Professions Tracking Service database. A breakout for each of the disciplines financial impacts is also listed on the map; only behavioral health providers were not included as no financial impact research is available. The map on page 20 shows the practice location of all rural incentive recipients who have completed the program or are currently under obligation. All three maps are based on data from the University of Nebraska Medical Center Health Professions Tracking Services.

**Summary**

As a result of both rural incentive programs, as of December 2018, there are 85 licensed health professionals in practice under obligation providing access to health care services for over 900,000 people living in Nebraska. These two rural incentive programs (student loans and loan repayment) are the only state-funded programs of this type to encourage health professionals to practice in state-designated shortage areas. The only limitation to these programs is the level of the state appropriation. The programs have been an imperative part of recruitment and retention of healthcare providers to the rural communities.

The following are comments received by the commission regarding the program:

“Central Nebraska Medical Clinic is located in the center of Nebraska and is a rural area in every way. Broken Bow is the largest town in our county with a population of 3500. Our physicians and mid-level providers serve all of Custer County and surrounding areas, including Loup County, Blaine County and parts of Valley County. We have 2 outreach clinics in Sargent and Arcadia which would be difficult to staff without the help of our PAs and NP….The loan repayment incentive has been instrumental in recruiting these mid-level providers. We have also had physicians in the past that have been participants and we are looking forward to offering the program in our future recruiting needs as well...We appreciate and celebrate National Rural Health Day and hope to continue to participate in the rural incentive programs.”

“This program has helped Sidney Regional Medical Center recruit and retain physicians and physician assistants, just as I am sure it has done all across Nebraska. This program is vital to grow and maintain health care services throughout the rural parts of our state. The ability for people to receive health care, as close to home as possible, is key to the health and wellness of our state.”

“I recently completed my third year of the state repayment program and I just wanted to say thank you so much....I am so thankful that it was available and I feel fortunate to be a recipient of that assistance. Growing up in Lawrence and now being able to practice in York is something that is very special to me.”
CHART 1
Nebraska Rural Incentive Programs
Number of Recipients Receiving Payments by Program by Fiscal Year

Rural Health Advisory Commission’s Annual Report 2018
Prepared by: Rachael Wolfe
NE DHHS Office of Rural Health
(402) 471-2337
Chart 2
Nebraska Rural Incentive Programs
State Budget Appropriation By Source By Fiscal Year

Fiscal Year
FY2016-17, FY2017-18, FY2018-19 General Funds Reduced
FY2016-17 and FY2017-18 cash spending authority increased

Prepared by:
Rachael Wolfe
NE DHHS Office of Rural Health
(402) 471-2337
CHART 3
Nebraska State-Funded Rural Incentive Programs
$ Amount of Rural Incentive Awards by Program by Fiscal Year

(FY2018-19 is as of 11/2018)

(*LR is a 3-year program, FY2014-15 through FY18-19 shows current LR obligations. SL awards are projected for FY19-20.)
CHART 4
Nebraska Loan Repayment Program
$ Amount of Awards by Contribution Source by Fiscal Year
(Note: Loan Repayment requires a 50-50 State & Local Match. Cash Spending Authority is needed for the Local Match)

Fiscal Year
Note: Loan Repayment requires a 3-year practice obligation
*FY19-20 through FY21-22 are based on current obligations.

Local Match (Cash Funds)
State (Cash Funds)
State (General Funds)
CHART 6
Nebraska Student Loan Program
Student Loan Recipients by Profession by Fiscal Year

Fiscal Year

14-15
15-16
16-17
17-18
18-19

Rural Health Advisory Commission’s Annual Report 2018
Prepared by:
Rachael Wolfe
NE DHHS Office of Rural Health
(402) 471-2337
# TABLE A

Nebraska Rural Student Loan Program

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Total Amount Awarded</th>
<th>Student Loan Awards</th>
<th>Practicing Under Obligation</th>
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<tbody>
<tr>
<td></td>
<td></td>
<td>New</td>
<td>Continuation</td>
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<tr>
<td>2014-15</td>
<td>$240,000</td>
<td>7</td>
<td>7</td>
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<tr>
<td>2015-16</td>
<td>$220,000</td>
<td>5</td>
<td>6</td>
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<tr>
<td>2016-17</td>
<td>$260,000</td>
<td>8</td>
<td>9</td>
</tr>
<tr>
<td>2017-18</td>
<td>$130,000</td>
<td>0</td>
<td>8</td>
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<tr>
<td>2018-19</td>
<td>$40,000</td>
<td>0</td>
<td>2</td>
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</tbody>
</table>

Footnotes:
1. Student loan recipients may receive up to four annual loans. This means a recipient will be counted as "New" the first year and then as "Continuation" in subsequent years. Summing the "Total" student loan awards over several years will result in duplication of individuals receiving awards.
2. "In Training" means in school, residency, or provisionally licensed.
3. In 2017, the Rural Health Advisory Commission did not award any new student loans due to the number of loan repayment applications on the waiting list. This practice continued in 2018.
### TABLE B

**Nebraska Loan Repayment Program**  
*Number of Awards by Status*  
1994-2018

<table>
<thead>
<tr>
<th>Status</th>
<th>Awards</th>
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<tbody>
<tr>
<td>In Practice Under Obligation as of 11/2018</td>
<td>74</td>
</tr>
<tr>
<td>Completed Practice Obligation</td>
<td>464</td>
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<tr>
<td>Default</td>
<td>45</td>
</tr>
<tr>
<td>Other</td>
<td>7</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>590</strong></td>
</tr>
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</table>
Currently Obligated Nebraska Loan Repayment Program and Nebraska Student Loan Providers by Profession and County (85 Total)

Legend

- **62** MD, APRN, PA
- **7** Behavioral Health
- **4** Dentists
- **12** OT, PT, Pharmacy

Cartography: Ryan Ossell | Community and Regional Planning Student | DHHS Intern
For: Roshel Wolfe | Health Program Manager
Roshel.Wolfe@nebraska.gov
Source: Health Professions Tracking Service | Nebraska DHHS - Office of Rural Health
November, 2018
Financial Impact of Currently Obligated Nebraska Loan Repayment Program and Nebraska Student Loan Program Providers on Nebraska

Legend

Financial Impact (Dollars)

- 100,000
- 500,000
- 1,000,000
- 5,000,000
- 10,000,000

Cartography: Ryan Ossel | Community and Regional Planning Student | DHHS Intern
For: Rachael Wolfe | Health Program Manager
Rachael.Wolfe@nebraska.gov

Source: Health Professions Tracking Service
Nebraska DHHS - Office of Rural Health
November, 2010

Source: National Center for Rural Health Works