

Nebraska Rural Health Advisory Commission's

Annual Report

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



December 2024



Note: This report was created upon request for the Rural Health Advisory Commission and is independent from the Nebraska Department of Health and Human Services or any other organization.

Nebraska Rural Health Advisory Commission

December 2024

Name/Location

Appointment Designation

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

April J. Dexter, N.P.
Atkinson, NE

Rural Nurse

Thomas Janousek, PsyD., Director
NE DHHS – Division of Behavioral Health
Lincoln, NE

NE DHHS Representative
Department of Health and Human Services

Diva Wilson, M.D.
Department of Family Medicine – Creighton University
Omaha, NE

Medical School Representative

Jeffrey D. Harrison, M.D., Chairman
Department of Family Medicine - UNMC
Omaha, NE

Medical School Representative

Kate Hesser, M.D.
Crete, NE

Rural Physician

Cherlyn Hunt
Holdrege, NE

Rural Nursing Home Administrator

Katherine Kusek, D.D.S.
Albion, NE

Rural Dentist

Myra Stoney
McCook, NE

Rural Consumer

Timothy Tesmer, M.D.
Chief Medical Officer
Lincoln, NE

Division of Public Health
Department of Health and Human Services

VACANT

Family Practice Resident

Roger D. Wells, PA-C
Bertrand, NE

Rural Physician Assistant

Nebraska Rural Health Advisory Commission's Annual Report of the Nebraska Rural Health Systems and Professional Incentive Act

December 2024

EXECUTIVE SUMMARY & IMPACT

- Currently, there are 160 rural incentive program recipients practicing under obligation in Nebraska.
- 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 page 9 for an illustration of overall economic impact.
- 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
- The rural health incentive programs currently impact over 900,000 people³ 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 has provided forgivable student loans to Nebraska medical, dental, physician assistant, and graduate-level mental health students who agreed 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 Commission’s statutory duties include, but are not limited to, establishing state-designated shortage areas, awarding 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.

¹ Pedley, Andrew J. “Analyzing the Impact of Incentive Programs on Retention of Family Practice Providers in Rural Nebraska,” University of Nebraska-Lincoln, <https://dhhs.ne.gov/RH%20Documents/Analyzing%20the%20Impact%20of%20Incentive%20Programs%20on%20Retention.pdf#search=pedley>, July 2018.

² Doeksen, G.A., St. Clair, C. F., and Eilrich, F.C. “Economic Impact of Rural Health Care.” National Center for Rural Health Works, www.ruralhealthworks.org, September 2012.

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 their 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 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.

Legislation passed in 2015 increasing the maximum loan repayment award to \$30,000 per year for doctorate-level and \$15,000 per year for mid-level and allied healthcare professionals. In 2018, the Rural Health Advisory Commission began awarding applicants at the new maximum.

As of summer 2018, health professionals could submit applications through a Redcap survey on the Office of Rural Health website. The system was further updated in the summer of 2022 to combine the application process with the creation of files for recipients. This change allows automated notices to be sent when matching funds, loan documentation, or work verification forms are due. It also maintains records in a central database so that reports can be run more easily. With an electronic system to track and compile applicant and recipient information, data collection has been further streamlined.

In summer 2021, the State Legislature increased annual funding to the Loan Repayment program by \$1.5 million. This allowed all providers on an existing waiting list to be funded, and annual awards for FY21-22 were more than tripled. Available funding was again increased in FY2022-23 with the addition of \$5 million from the America Rescue Plan Act (ARPA) funds. These funds were available as of July 2022 and intended for new “no match” awards, spanning the usual three-year contract obligation period. Most of these ARPA funds were obligated as of October 2022, with some funds held back for staffing.

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 was passed in 2015 increasing the maximum student loan awards to up to \$30,000 and \$15,000 per year. The Rural Health Advisory Commission continued awarding student loans in the amount of \$20,000 for doctorate-level students and \$10,000 for full-time master-level students.

Starting in 2017, the Rural Health Advisory Commission has not awarded any new student loans due to the increased availability of other loan programs, as well as the number of applicants for the loan repayment programs.

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, pharmacist, physical therapist, and occupational therapist shortage areas in July 2022.

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, specific federally designated sites (Tribal and Community Health Centers) do qualify for family medicine and general dentistry, even if not located in a state shortage area.

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. In September 2022, the award was increased to over \$700,000 and matching requirement temporarily lifted. A full-time staff position was added, to be paid for with grant funds. For additional information about the NHSC SLRP, contact the Nebraska Office of Rural Health.

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 site 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 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 is 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 when compared to other areas nationally.

ANALYSIS OF THE RURAL INCENTIVE PROGRAMS

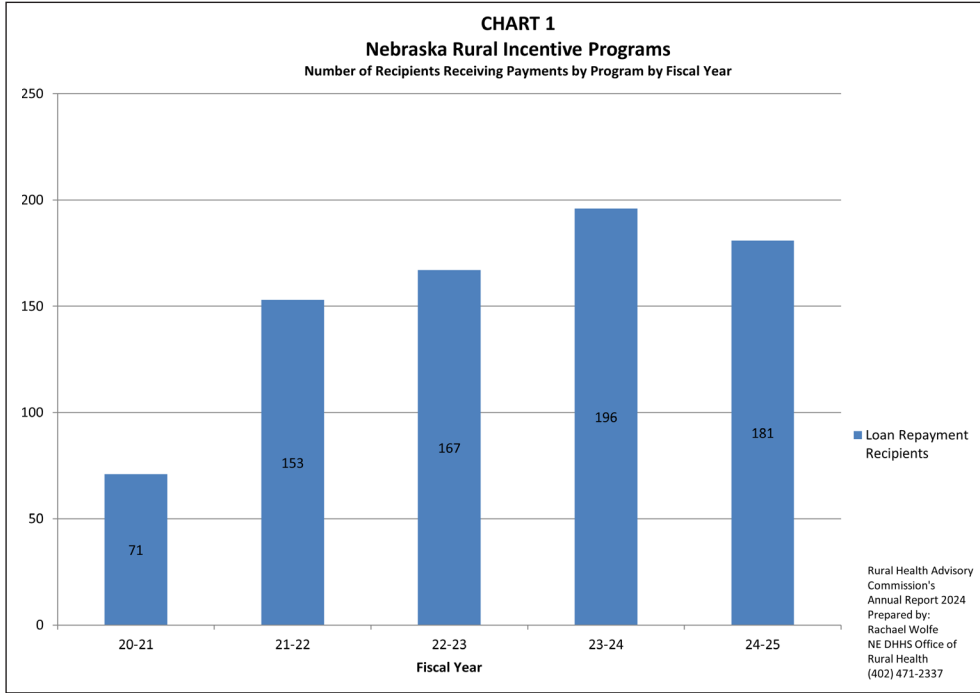


Chart 1 shows graphically the number of rural incentive recipients by program receiving payments each fiscal year. Several factors influence the number of incentive recipients each year. These factors include the amount of state funds available, the amount of each individual incentive award, and the educational level of the recipients. Based on the current loan repayment recipients' applications, the mean and median student loan debt for a doctorate-level healthcare professional are \$220,411 and \$208,552 respectively. The demand for the loan repayment program remains high and total student loan debt is continuing to

rise each year. The program receives applications year-round, and if all funding for a fiscal year is allocated, applicants are added to a waiting list. Because of the temporary addition of Federal American Rescue Plan Act (ARPA) funding, the Rural Health Advisory Commission has not yet obligated all of the funds for the current fiscal year (FY2024-25).

Chart 2 shows the state appropriation 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. General funds are set by the legislature, and cash funds (from defaults, interest, and prior infusions when additional funds were made available) have been used for the state's portion of some loan repayment awards. These cash funds were expected to run out before FY 23-24, but additional general funds provided by the legislature starting in FY21-22 have allowed the state to discontinue the use of cash funds for the state's portion at this time. Funds from the American Rescue Plan Act (ARPA) are also included in this chart.

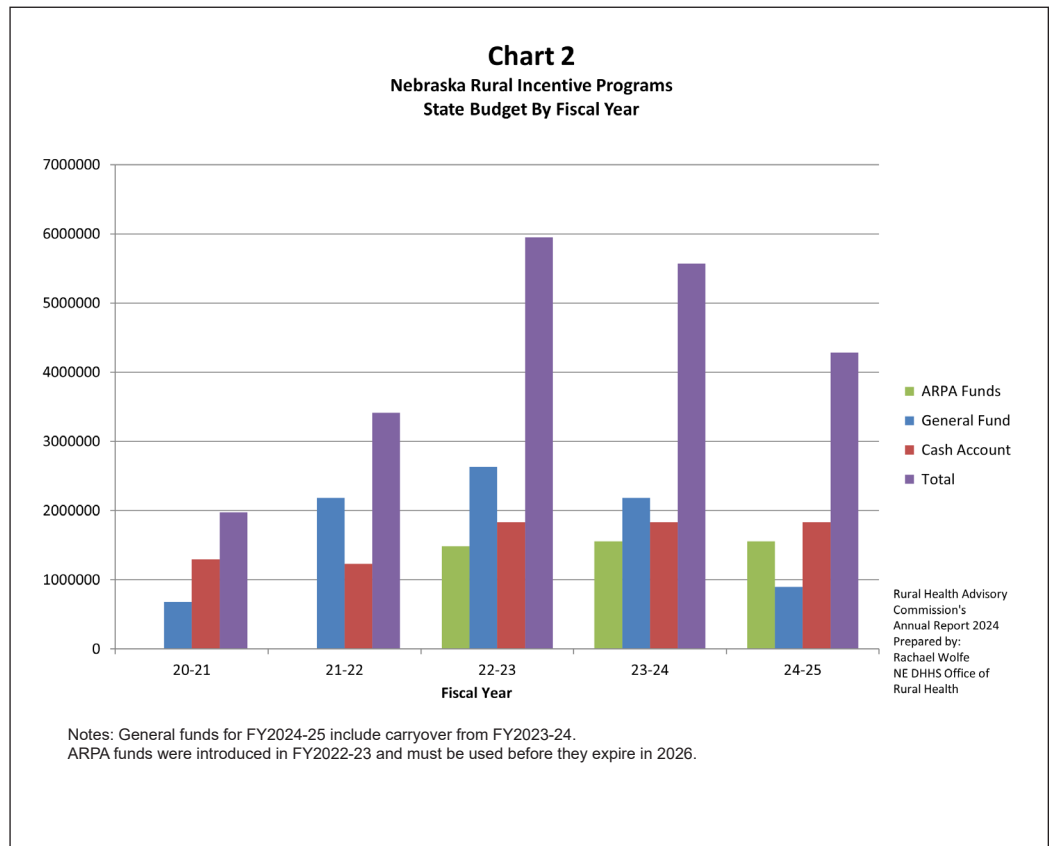


Chart 3 shows cash spending authority, another part of the state appropriation. Cash spending authority must cover matching funds for both the state and federal loan repayment programs, as well as any cash funds used for the state's portion of loan repayment awards. Total cash spending authority has increased in recent years to cover increases in the Federal National Health Service Corps State Loan Repayment Program (NHSC SLRP) budget. The amount was increased again to account for increased general funds as part of the state program's budget increase.

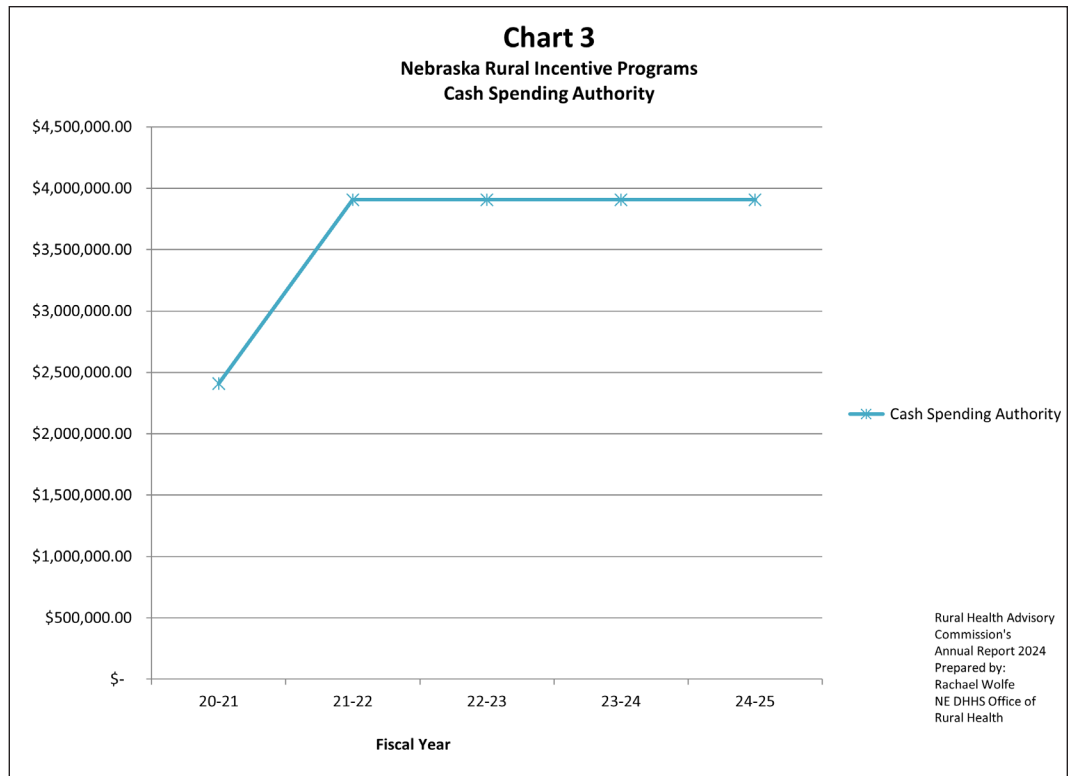


Chart 4 shows the dollar amount of state rural incentive awards by program by fiscal year. Loan repayment awards are made at each Rural Health Advisory Commission meeting as applications are received and state funds are available. Loan repayment requires a 50-50 local-state match and cash spending authority to spend the local match, except for the one-time exception for ARPA fund awards, where no match is required and the awards are funded entirely with federal ARPA funds. The amounts shown for awards on this graph include only state or federal funds and do not include local match. No new student loan awards were given starting in FY2019-2020.

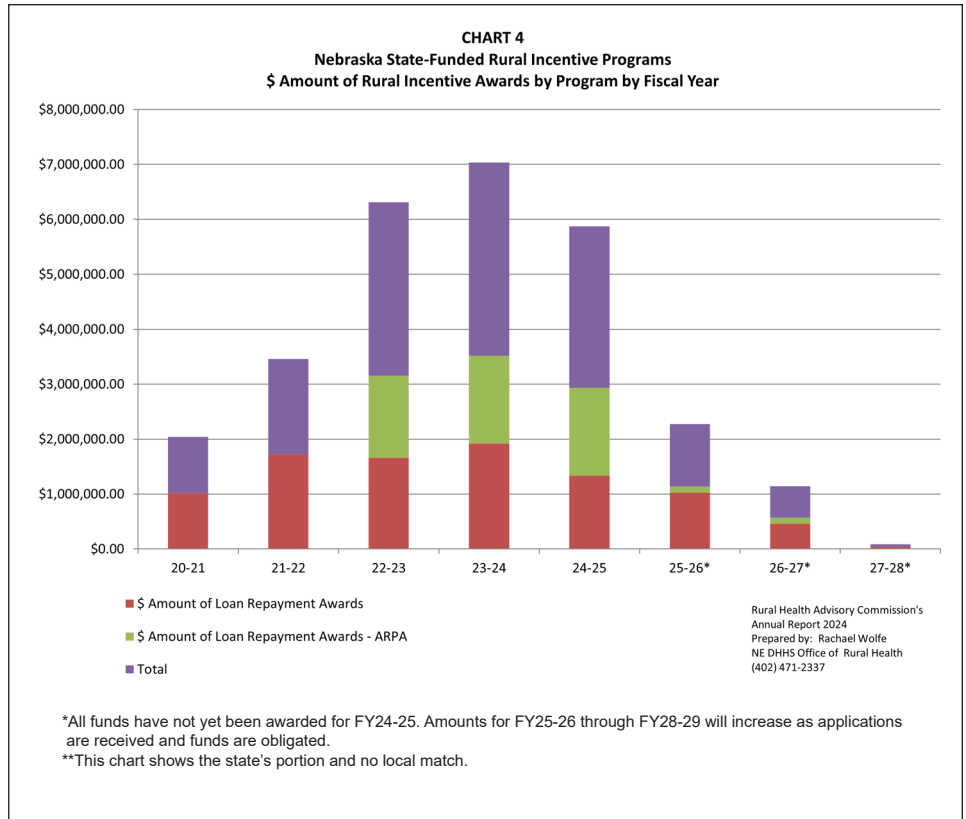


Chart 5 focuses solely on the loan repayment program and shows the total funding for awards by fiscal year, including both state and local funds. As mentioned previously, loan repayment generally requires a 50-50 state-local match. The State Match for loan repayment is broken down by funding source; general funds and cash funds. The Legislature has granted cash spending authority to use cash funds deposited into the Rural Health Incentive Cash Fund. 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 that 3-year period. Loan repayment awards made in FY2024-25 will impact the rural incentive program budget in FY2024-25, FY2025-26, FY2026-27, and possibly FY2027-28; hence the future budget obligations shown on Chart 5.

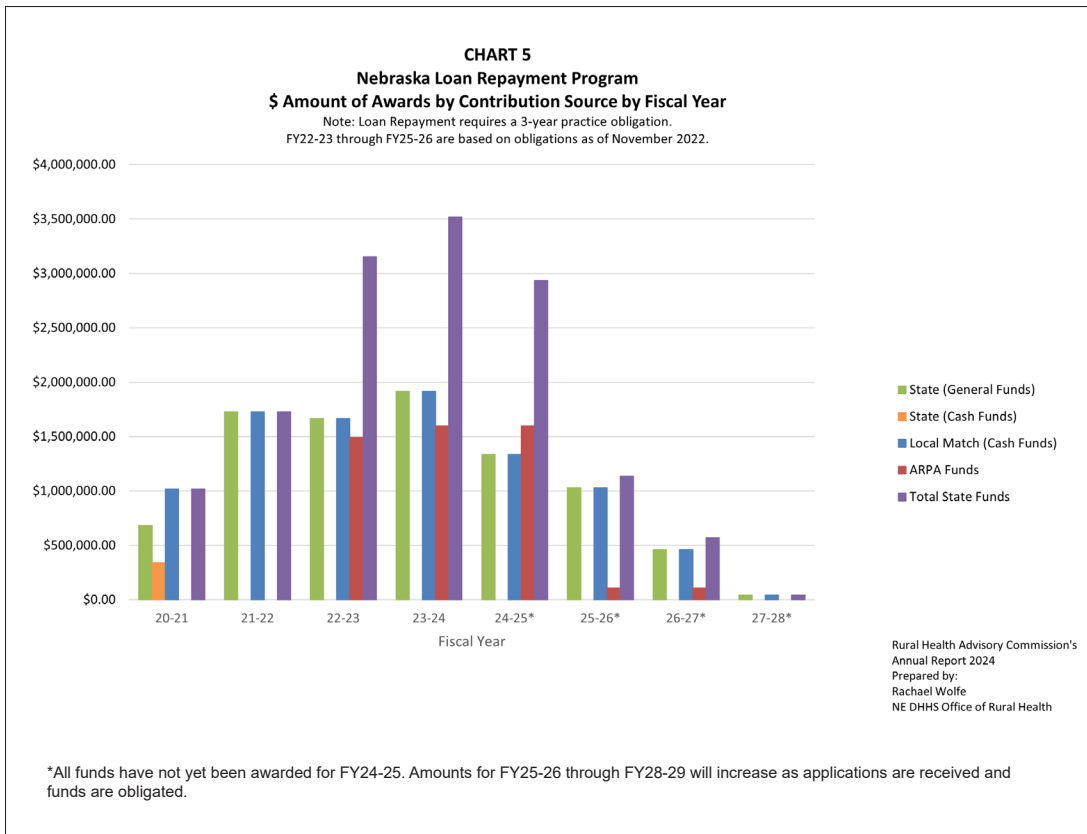


Chart 6 shows the number of recipients by profession by fiscal year for the Nebraska Loan Repayment Program. Starting in FY 2019-20, no new or continuation awards were given for the Nebraska Rural Health Student Loan Program.

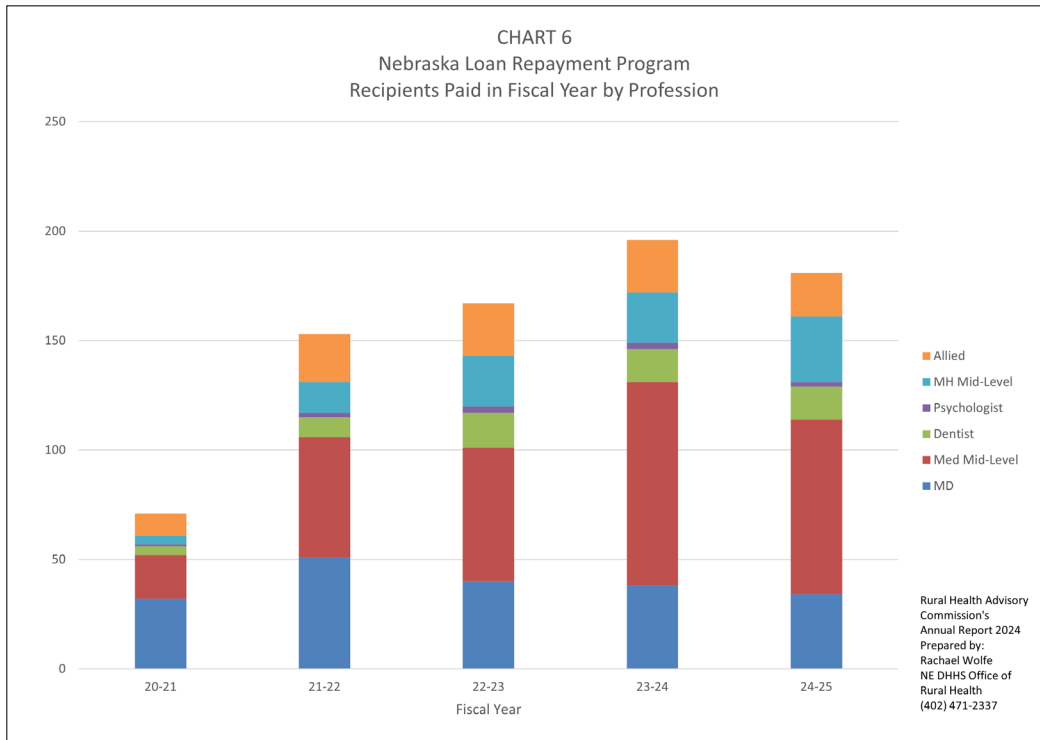
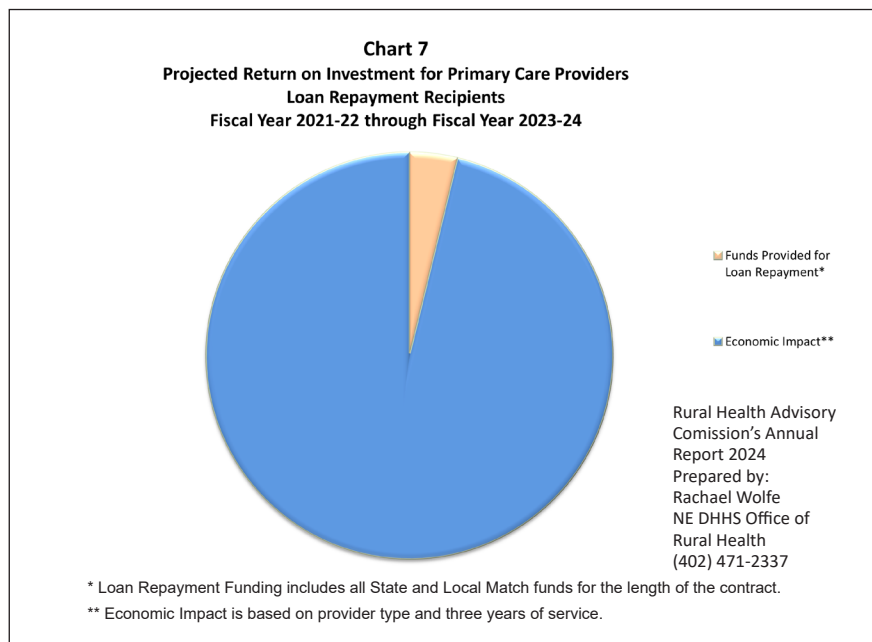
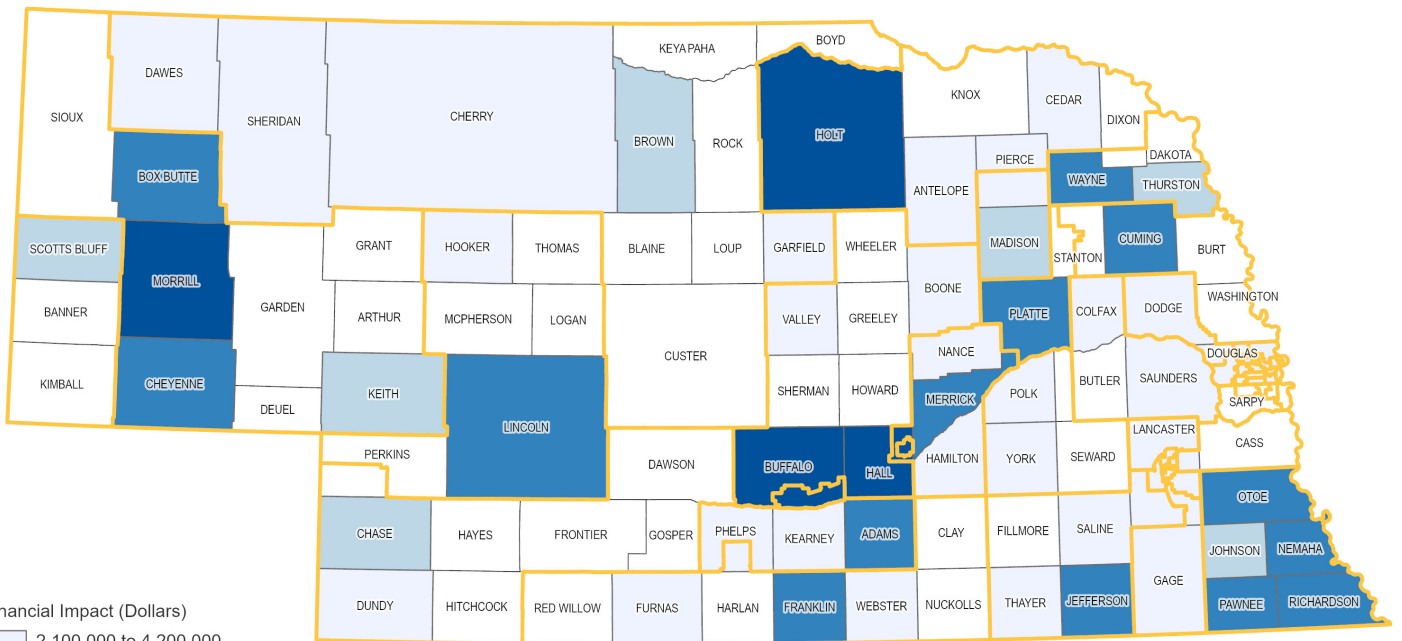


Chart 7, and the map on page 9, show the financial impact of the state loan repayment program recipients who participated during Fiscal Years 2021-2022 through 2023-2024. This impact is estimated to be \$323,945,865 (over 300 million dollars) which far exceeds the total amount provided to participants who participated during that time period - \$12,820,341.32 (just over 12 million dollars, including all state general and ARPA funds, as well as local funds). Financial impact was determined using information from the National Center for Rural Health Works research on financial impacts and the months worked as documented by the Health Professions Tracking Service database. A breakout for each of the disciplines' financial impacts is also listed on the map. Behavioral health providers were not included, as financial impact research is not yet available for these practitioners.



Fiscal Years 2022-2022 through 2023-2024 Financial Impact of Nebraska Loan Repayment Program Participants



Financial Impact (Dollars)

- 2,100,000 to 4,200,000
- 4,200,001 to 6,300,000
- 6,300,001 to 12,600,000
- 12,600,001 to 21,000,000
- County Without Participants
- 2021 Legislature District Boundary

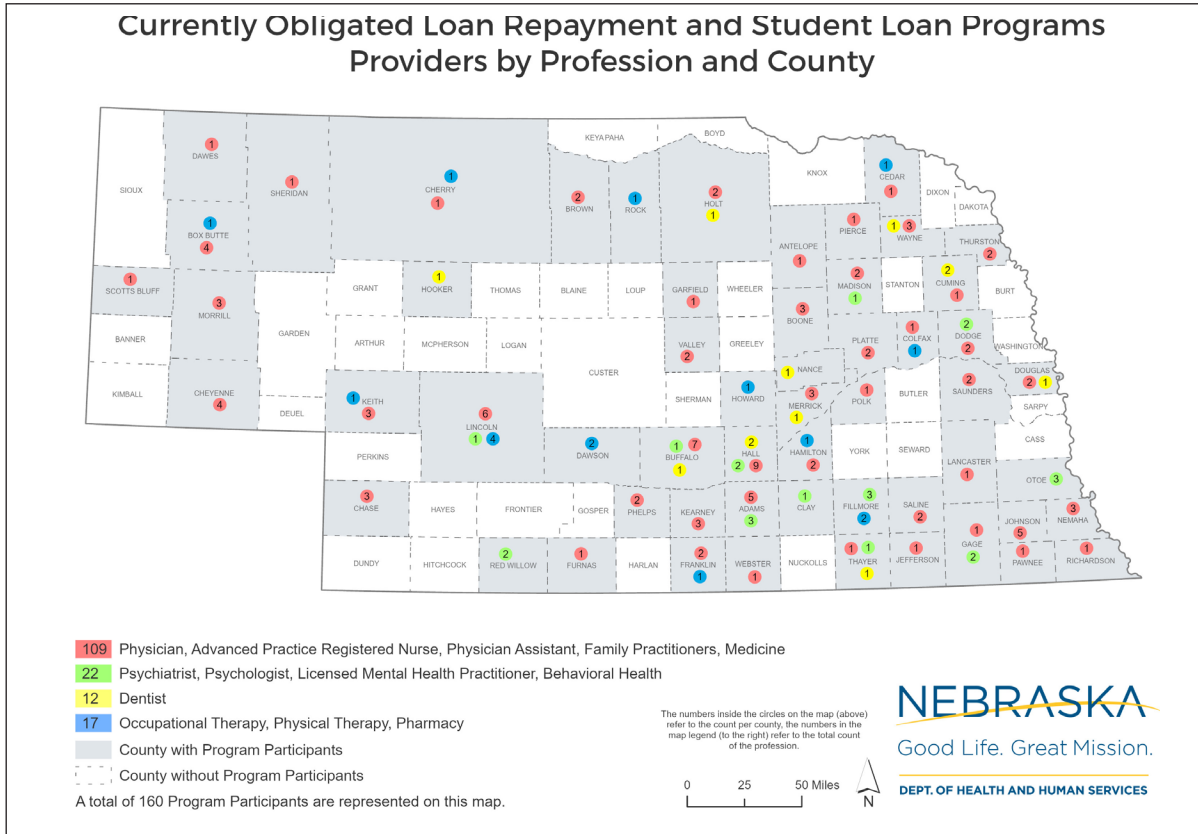
Doctor (MD/DO) - \$138,600,000
 Dentist (DDS/DMD) - \$15,245,865
 Advanced Practice Registered Nurse (APRN) – \$102,900,000
 Physician Assistant (PA) – \$67,200,000

Professions and Their Total Impacts on the State: \$323,945,865
 *Behavioral Health: Unable to Determine



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 DEPT. OF HEALTH AND HUMAN SERVICES

The map below shows The Nebraska Student Loan and Nebraska Loan Repayment program currently obligated health care providers and the counties they served as of November 1, 2024.



The map below 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.

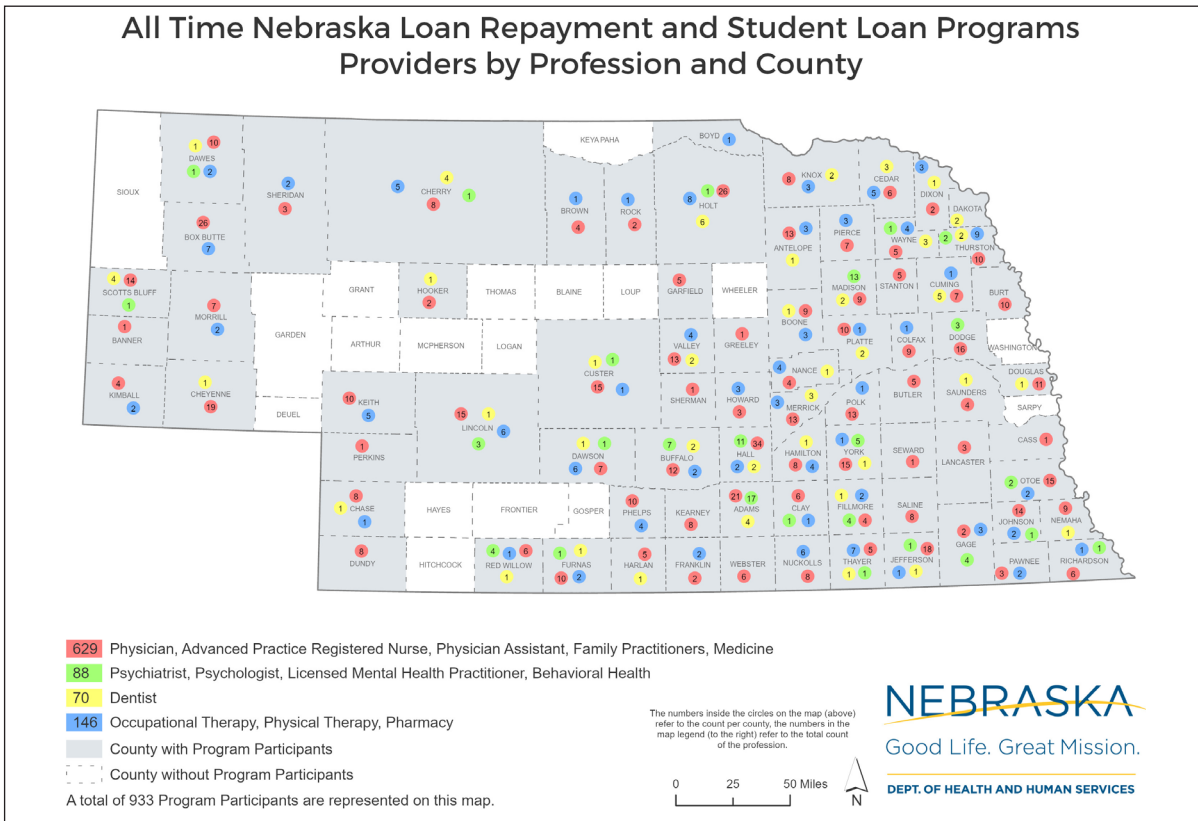


Table A shows the number of student loan awards issued each year from 2014 through 2024 (as of November 2024). Beginning in 2017, the Rural Health Advisory Commission did not award any new student loans and only awarded continuation loans due to the number of loan repayment applicants on the waiting list. This practice was continued in 2018, with 2 continuation awards. No awards were made from 2019-on. There are currently 0 obligated students in training, and 4 practicing.

Table A
Nebraska Rural Student Loan Program
 Number of Student Loans by Type & Outcome by Fiscal Year

Fiscal Year	Total Amount Awarded	Student Loan Awards			In Training as of 11/2024	In Practice as of 11/2024	Outcomes as of 2024			
		New	Continuation	Total			Contract Buyout	Buyout Rate		
2014-15	\$240,000	7	7	14			5	35.7%		
2015-16	\$220,000	5	6	11			4	36.4%		
2016-17	\$260,000	8	9	17			2	11.8%		
2017-18	\$130,000	0	8	8			1	12.5%		
2018-19	\$40,000	0	2	2			2	100%		
2019-20	\$0	0	0	0			NA	NA		
2020-21	\$0	0	0	0			NA	NA		
2021-22	\$0	0	0	0			NA	NA		
2022-23	\$0	0	0	0			NA	NA		
2022-23	\$0	0	0	0			NA	NA		
2023-24	\$0	0	0	0			NA	NA		
2024-25	\$0	0	0	0			0	4	NA	NA
							5-Year Average Buyout Rate	39.2%		

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.
2. Summing the “Total” student loan awards over several years will result in duplication of individuals receiving awards.
3. “In Training” means in school, residency, or provisionally licensed.
4. “Buyout Rate” is the number of recipients who buyout their contracts without ever practicing a primary care specialty in a shortage area divided by total student awards for each year. Buyout rates are not applicable for 2019-2025 since most recipients are still in training OR no new awards were given.
5. 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 to present.

Historical Notes:

- * In 2000, dental students became eligible to apply for the Nebraska Student Loan Program. The maximum student loan award amount was increased to \$20,000
- * In 2004, graduate-level mental health students became eligible for the Nebraska Student Loan Program.
- * In 2009, the Rural Health Advisory Commission began awarding student loans at the maximum amounts: \$20,000 for doctorate level students and \$10,000 for full-time master’s level students.

Table B
Nebraska Loan Repayment Program
 Number of Awards by Status
 1994-2024

Table B provides a summary of the Nebraska Loan Repayment Program from 1994 through 2024 (as of November 1, 2024). Since 1994, 795 health professionals have participated in the Nebraska Loan Repayment Program. Ninety-three percent (93%) of loan repayment recipients have completed their practice obligation or are currently serving their practice obligation. Approximately seven percent (7%) of loan repayment applicants have defaulted on their practice obligation. Currently, there are 156 loan repayment recipients in practice under obligation in rural or underserved areas of Nebraska.

Status	Awards
In Practice Under Obligation as of 11/1/2024	156
Completed Practice Obligation	579
Default	52
Other	8
Total	795



SUMMARY

As a result of both rural incentive programs, there are currently 160 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 programs:

“Loan repayment programs allow physicians to pursue a practice based on location rather than potential future earnings. The Nebraska loan repayment program made rural practice a sound financial decision for me.”

“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”

“I am a family medicine doctor in Alliance, Nebraska. The Loan Repayment program has been very helpful to me as it opened up more possibilities when looking for jobs. It also helps to recruit other providers into small town Nebraska.”

“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.”



