

18A:71C-36.1

LEGISLATIVE HISTORY CHECKLIST

Compiled by the NJ State Law Library

LAWS OF: 2009 **CHAPTER:** 145

NJSA: 18A:71C-36.1 (Renames the Primary Care Physician and Dentist Loan Redemption Program and makes various other changes to the program)

BILL NO: S1220 (Substituted for A836)

SPONSOR(S) Weinberg and Others

DATE INTRODUCED: February 21, 2008

COMMITTEE: **ASSEMBLY:** Higher Education

SENATE: Education

AMENDED DURING PASSAGE: Yes

DATE OF PASSAGE: **ASSEMBLY:** June 18, 2009

SENATE: November 24, 2008

DATE OF APPROVAL: November 20, 2009

FOLLOWING ARE ATTACHED IF AVAILABLE:

FINAL TEXT OF BILL (First reprint enacted)

S1220

SPONSOR'S STATEMENT: (Begins on page 11 of original bill) Yes

COMMITTEE STATEMENT: **ASSEMBLY:** Yes

SENATE: Yes

(Audio archived recordings of the committee meetings, corresponding to the date of the committee statement, *may possibly* be found at www.njleg.state.nj.us)

FLOOR AMENDMENT STATEMENT: No

LEGISLATIVE FISCAL ESTIMATE: Yes

A836

SPONSOR'S STATEMENT: (Begins on page 11 of original bill) Yes

COMMITTEE STATEMENT: **ASSEMBLY:** Yes

SENATE: No

FLOOR AMENDMENT STATEMENT: No

LEGISLATIVE FISCAL ESTIMATE: Yes

(continued)

VETO MESSAGE: No

GOVERNOR'S PRESS RELEASE ON SIGNING: No

FOLLOWING WERE PRINTED:

To check for circulating copies, contact New Jersey State Government Publications at the State Library (609) 278-2640 ext.103 or <mailto:refdesk@njstatelib.org>

REPORTS: No

HEARINGS: No

NEWSPAPER ARTICLES: No

LAW/RWH

[First Reprint]

SENATE, No. 1220

STATE OF NEW JERSEY
213th LEGISLATURE

INTRODUCED FEBRUARY 21, 2008

Sponsored by:

Senator LORETTA WEINBERG

District 37 (Bergen)

Senator SHIRLEY K. TURNER

District 15 (Mercer)

Assemblyman UPENDRA J. CHIVUKULA

District 17 (Middlesex and Somerset)

Assemblywoman BONNIE WATSON COLEMAN

District 15 (Mercer)

Assemblyman GORDON M. JOHNSON

District 37 (Bergen)

Assemblywoman VALERIE VAINIERI HUTTLE

District 37 (Bergen)

Assemblywoman NILSA CRUZ-PEREZ

District 5 (Camden and Gloucester)

Assemblywoman NANCY F. MUNOZ

District 21 (Essex, Morris, Somerset and Union)

Co-Sponsored by:

Senators Rice, Bateman, Gordon, Assemblymen McKeon, Wolfe, Coutinho, Giblin, Diegnan, Schaer and Assemblywoman Wagner

SYNOPSIS

Renames the Primary Care Physician and Dentist Loan Redemption Program and makes various other changes to the program.

CURRENT VERSION OF TEXT

As reported by the Senate Education Committee on October 16, 2008, with amendments.

(Sponsorship Updated As Of: 6/19/2009)

1 AN ACT concerning loan redemption for primary care practitioners,
2 amending and supplementing N.J.S.18A:71C-32 et seq., and
3 repealing N.J.S.18A:71C-45.

4
5 **BE IT ENACTED** by the Senate and General Assembly of the State
6 of New Jersey:

7
8 1. N.J.S.18A:71C-32 is amended to read as follows:
9 18A:71C-32. As used in N.J.S.18A:71C-32 through
10 N.J.S.18A:71C-48:

11 "Approved site" means a site located within a State designated
12 underserved area or a health professional shortage area, or a clinic
13 which is part of the extramural network of dental clinics established
14 by the New Jersey Dental School of the University of Medicine and
15 Dentistry of New Jersey, or a site that has been determined by the
16 Higher Education Student Assistance Authority, in consultation
17 with the Department of Health and Senior Services, to serve
18 medically underserved populations according to criteria determined
19 by the authority, including, but not limited to, the percentage of
20 medically underserved patients served.

21 "Authority" means the Higher Education Student Assistance
22 Authority.

23 "Eligible **[student]** qualifying loan expenses" means the
24 cumulative **[total of the annual]** outstanding balance of student
25 loans covering the cost of attendance at an undergraduate institution
26 of medical, dental, or other primary care professional education at
27 the time an applicant is selected for the program. Interest paid or
28 due on **[student]** qualifying loans that an applicant has taken out
29 for use in paying the costs of undergraduate medical, dental, or
30 other primary care professional education shall be considered
31 eligible for reimbursement under the program. The authority may
32 establish a limit on the total amount of **[student]** qualifying loans
33 which may be redeemed for participants under the program,
34 provided that the total redemption of **[student]** qualifying loans
35 does not exceed \$120,000, or the maximum amount authorized by
36 the federal government, whichever is greater, either in State funds
37 or the sum of federal, State, and other non-federal matching funds,
38 pursuant to section 338I of the Public Health Service Act (42
39 U.S.C.s.254q-1), whichever is applicable.

40 "Executive director" means the executive director of the Higher
41 Education Student Assistance Authority.

42 "Health professional shortage area" (HPSA) means an urban or
43 rural area, a population group or a public or non-profit private
44 medical or dental facility or other public facility which the

EXPLANATION – Matter enclosed in bold-faced brackets **[thus]** in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹Senate SED committee amendments adopted October 16, 2008.

1 Secretary of Health and Human Services determines has a health
2 professional shortage pursuant to section 332 of the Public Health
3 Service Act (42 U.S.C. s.254e).

4 "Primary care" means the practice of family medicine, general
5 internal medicine, general pediatrics, general obstetrics,
6 gynecology, pediatric dentistry, general dentistry, public health
7 dentistry, and any other areas of medicine or dentistry which the
8 Commissioner of Health and Senior Services may define as primary
9 care. Primary care also includes the practice of **【general dentistry**
10 **and pedodontics, as well as the professions of】** a nurse-practitioner,
11 certified nurse-midwife, and physician assistant.

12 "Primary care practitioner" means a State-licensed or certified
13 health care professional who has obtained a degree in allopathic or
14 osteopathic medicine, dentistry, or another primary care profession
15 at an undergraduate institution of medical, dental, or other primary
16 care professional education, as applicable.

17 **【"Primary Care Physician and Dentist Loan Redemption**
18 **Program" means a program which provides for the redemption of**
19 **the eligible student loan expenses of its participants.】**

20 "Program" means the Primary Care Practitioner Loan
21 Redemption Program established pursuant to N.J.S.18A:71C-33.

22 "Program participant" means a primary care practitioner who
23 contracts with the authority to engage in the clinical practice of
24 primary care at an approved site in exchange for the redemption of
25 eligible qualifying loan expenses provided under the program.

26 "Qualifying loan" means a government or commercial loan for
27 the actual costs paid for tuition and reasonable education and living
28 expenses relating to the obtaining of a degree in allopathic or
29 osteopathic medicine, dentistry, or another primary care profession.

30 "State designated underserved area" means a geographic area in
31 this State which has been ranked by the Commissioner of Health
32 and Senior Services on the basis of health status and economic
33 indicators as reflecting a medical or dental health professional
34 shortage.

35 "Total and permanent disability" means a physical or mental
36 disability that is expected to continue indefinitely or result in death
37 and renders a participant in the program unable to perform that
38 person's service obligation, as determined by the executive director
39 or his designee.

40 "Undergraduate medical, dental, or other professional primary
41 care professional education" means the period of time between
42 entry into medical school, dental school, or other primary care
43 professional training program and the award of **【the medical (M.D.,**
44 **D.O.) degree, the dental (D.M.D., D.D.S.) degree, or other primary**
45 **care professional degree】** a degree in allopathic or osteopathic
46 medicine, dentistry, or another primary care profession,
47 respectively.

48 (cf: N.J.S.18A:71C-32)

1 2. N.J.S.18A:71C-33 is amended to read as follows:

2 18A:71C-33. There is established a Primary Care **【Physician and**
3 **Dentist】** Practitioner Loan Redemption Program within the Higher
4 Education Student Assistance Authority. The program shall
5 provide for the redemption of a portion of the eligible **【student】**
6 qualifying loan expenses of program participants for each year of
7 service **【in a State designated underserved area】** at an approved
8 site.

9 (cf: N.J.S.18A:71C-33)

10

11 3. N.J.S.18A:71C-34 is amended to read as follows:

12 18A:71C-34. To be eligible to participate in the **【Primary Care**
13 **Physician and Dentist Loan Redemption Program】** program, an
14 applicant shall:

15 a. be a resident of the State;

16 b. be a **【graduate of a medical school approved by the State**
17 **Board of Medical Examiners for the purpose of licensure and**
18 **receive a recommendation from the school's medical staff**
19 **concerning participation in the loan redemption program in the case**
20 **of a physician; be a graduate of a dental school approved by the**
21 **New Jersey State Board of Dentistry for the purpose of licensure**
22 **and receive a recommendation from the school's dental staff**
23 **concerning participation in the loan redemption program in the case**
24 **of a dentist; or be a graduate of another state-approved primary care**
25 **professional training program for the purpose of licensure or**
26 **certification and receive a recommendation from the program's**
27 **professional staff concerning participation in the loan redemption**
28 **program in the case of another primary care provider】** primary care
29 practitioner; and

30 c. **【in the case of a physician, have completed an accredited**
31 **residency training program and received a recommendation from**
32 **the director of the training program concerning participation in the**
33 **loan redemption program; and】** (Deleted by amendment, P.L. ... ,
34 c. (pending before the Legislature as this bill).)

35 d. agree to practice primary care, as appropriate, **【in a State**
36 **designated underserved area】** at an approved site under the terms
37 and conditions provided in N.J.S.18A:71C-36 and the agreement
38 issued thereunder.

39 (cf: N.J.S.18A:71C-34)

40

41 4. N.J.S.18A:71C-35 is amended to read as follows:

42 18A:71C-35. The Commissioner of Health and Senior Services,
43 after consultation with the Commissioner of Corrections and the
44 Commissioner of Human Services, shall designate and establish a
45 ranking of State designated underserved areas. The criteria used by
46 the Commissioner of Health and Senior Services in designating
47 areas shall include, but not be limited to:

- 1 a. the financial resources of the population under
2 consideration, including the percentage of the population that is
3 eligible for medical assistance pursuant to P.L.1968, c.413
4 (C.30:4D-1 et seq.) and P.L.2005, c.156 (C.30:4J-8 et seq.), and the
5 percentage of the population that does not have health insurance
6 coverage;
- 7 b. the population's access to primary care services; **[and]**
- 8 c. appropriate physician, dentist, or other primary care staffing
9 in State, county, municipal and private nonprofit health care
10 facilities and in clinics which are part of the extramural network of
11 dental clinics established by the New Jersey Dental School of the
12 University of Medicine and Dentistry of New Jersey; and
- 13 d. the extent to which racial and ethnic disparities in health
14 care in a geographic area, including, but not limited to, disparities
15 in the incidence of cancer, cardiovascular disease, stroke, chemical
16 dependency, diabetes, asthma, homicide, suicide, accidental injury,
17 infant mortality, child immunization rates, HIV/AIDS, dental caries,
18 and periodontal disease, indicate the need to increase access to
19 primary care services among racial and ethnic minority populations
20 in that area.

21 The Commissioner of Health and Senior Services shall transmit
22 the list of State designated underserved areas and the number of
23 positions needed in each area to the executive director or designee.
24 (cf: N.J.S.18A:71C-35)

25

26 5. N.J.S.18A:71C-36 is amended to read as follows:

27 18A:71C-36. **[A medical, dental, nursing, or other primary care**
28 **student who is eligible and interested in participating in the loan**
29 **redemption program shall sign a nonbinding agreement with the**
30 **Higher Education Student Assistance Authority or its designated**
31 **agent upon completion of the final year of undergraduate medical,**
32 **dental, or other primary care training, as appropriate. At the end of**
33 **the final year or residency training in the case of a physician; at the**
34 **end of the final year of undergraduate dental training or residency**
35 **training if the training is required in a primary care dental speciality**
36 **in the case of a dentist; and at the end of the final year of other**
37 **primary care training in the case of another primary care provider,**
38 **the applicant shall sign a contractual agreement with] a. In**
39 **administering the program, the authority or its designated agent**
40 **shall contract only with a primary care practitioner.**

41 **b. The contract shall require a program participant to:**

42 **(1) serve at least an initial two-year period at an approved site in**
43 **the full-time clinical practice of that person's primary care**
44 **profession;**

45 **(2) charge for professional services at the usual and customary**
46 **rate prevailing in the area in which the approved site is located, but**
47 **allow a patient who is unable to pay that charge to pay at a reduced**
48 **rate or receive care at no charge;**

1 (3) not discriminate against any patient in the provision of health
2 care services on the basis of that person's ability to pay or source of
3 payment; and

4 (4) agree not to impose any charge in excess of the limiting fee
5 for a service, as determined by the United States Secretary of
6 Health and Human Services, to a recipient of benefits under the
7 federal Medicare program established pursuant to Pub.L.89-97 (42
8 U.S.C.s.1395 et seq.).

9 c. The **【agreement】** contract shall also specify the applicant's
10 dates of required service**【, the initial period to cover a minimum of**
11 **two years,】** and the total amount of eligible **【student】** qualifying
12 loan expenses to be redeemed by the State in return for service【.
13 The agreement shall also】, and stipulate that the applicant has
14 knowledge of and agrees to the six-month probationary period
15 required prior to final acceptance into the program pursuant to
16 N.J.S.18A:71C-38.

17 (cf: N.J.S.18A:71C-36)

18

19 6. N.J.S.18A:71C-37 is amended to read as follows:

20 18A:71C-37. a. Maximum redemption of loans under the loan
21 redemption program shall amount to 18% of principal and interest
22 of eligible **【student】** qualifying loan expenses in return for one full
23 year of service **【in a State designated medically underserved area】**
24 at an approved site, an additional 26% for a second full year of
25 service, an additional 28% for a third full year of service and an
26 additional 28% for a fourth full year of service for a total
27 redemption of eligible **【student】** qualifying loan expenses of up to,
28 but not to exceed, \$120,000, or the maximum amount authorized by
29 the federal government, whichever is greater, either (1) in State
30 funds or (2) the sum of federal, State, and other non-federal funds
31 pursuant to section 338I of the Public Health Service Act (42
32 U.S.C.s.254q-1), whichever is applicable. **【Service in a State**
33 **designated underserved area shall begin within two years of**
34 **completion of the medical residency training program in the case of**
35 **a physician; within two years of completion of undergraduate dental**
36 **training or residency training if the training is required in a primary**
37 **care dental specialty in the case of a dentist; and within two years of**
38 **completion of other primary care professional training if the**
39 **training is required in the case of another primary care provider】**
40 No amount of eligible qualifying loan expenses shall be redeemed
41 for services performed for less than a full year.

42 b. A participant who enters an agreement to fulfill service in a
43 State designated underserved area that is also a **【federal】** HPSA
44 shall be permitted a total redemption of eligible **【student】**
45 qualifying loan expenses for four years of service up to, but not to
46 exceed, the sum of federal, State and other non-federal matching

1 funds provided pursuant to section 338I of the Public Health
2 Service Act (42 U.S.C.s.254q-1).

3 c. A program participant who enters an agreement to fulfill
4 service in a State designated underserved area that is not also a
5 HPSA shall be permitted a total redemption of eligible qualifying
6 loan expenses for four years of service up to, but not to exceed,
7 \$120,000, or the maximum amount authorized by the federal
8 government, whichever is greater, in State funds.

9 d. A program participant who has engaged in full-time clinical
10 practice during the participant's initial two years of participation in
11 the program shall be permitted to fulfill the program participant's
12 subsequent service obligations on a part-time basis with the
13 approval of the authority or its designee and the program
14 participant's employer in a State designated underserved area, with
15 the program participant's redemption credit accruing on a pro rata
16 basis. The program participant may be permitted a total redemption
17 of eligible qualifying loan expenses for the equivalent of four years
18 of full-time service.

19 (cf: N.J.S.18A:71C-37)

20

21 7. N.J.S.18A:71C-38 is amended to read as follows:

22 18A:71C-38. Each program participant shall serve a six-month
23 probationary period upon initial placement **[in a service site within**
24 **the State designated underserved area]** at an approved site. During
25 that period, the **[medical or dental]** primary care staff of the
26 **[service]** approved site, **[as appropriate,]** or in the case of a clinic
27 which is part of the extramural network of dental clinics established
28 by the New Jersey Dental School of the University of Medicine and
29 Dentistry of New Jersey, the director of the clinics and the vice-
30 dean of the dental school, together with the program participant **and**
31 the executive director or his designee, shall evaluate the suitability
32 of the placement for the program participant. At the end of the
33 probationary period, the **[medical or dental]** primary care staff shall
34 recommend the continuation of the program participant's present
35 placement, a change in placement, or its determination that the
36 program participant is an unsuitable candidate for the **[loan**
37 **redemption]** program. If the **[medical or dental]** primary care staff
38 of the **[service]** approved site recommends a change in placement,
39 the executive director or a designee shall **[place the program**
40 **participant in]** approve an alternate placement **[within a State**
41 **designated underserved area]** at an approved site. If the **[medical**
42 **or dental]** primary care staff determines that the program
43 participant is not a suitable candidate for the program, the executive
44 director or his designee shall take this recommendation into
45 consideration in regard to the program participant's final acceptance
46 into the program. No loan redemption payment shall be made

1 during the six-month probationary period; however, a program
2 participant shall receive credit for the six-month period in
3 calculating the first year of required service under the loan
4 redemption contract.

5 (cf: N.J.S.18A:71C-38)

6

7 8. N.J.S.18A:71C-39 is amended to read as follows:

8 18A:71C-39. The executive director or his designee, in
9 consultation with the Commissioner of Health and Senior Services,
10 shall match program participants to State designated underserved
11 areas **【based upon the ranking of the underserved areas established**
12 **by the commissioner and on the basis of participant preference】** or
13 HPSAs.

14 (cf: N.J.S.18A:71C-39)

15

16 9. N.J.S.18A:71C-40 is amended to read as follows:

17 18A:71C-40. The executive director or his designee shall
18 **【annually determine the number of program positions available on**
19 **the basis of the need for primary care physicians, dentists, and other**
20 **primary care providers in State designated underserved areas as**
21 **determined by the Commissioner of Health and Senior Services and**
22 **the State and federal funds available for the program. Once the**
23 **number of program positions has been determined, the executive**
24 **director or designee shall】** select the program participants from
25 among those **【students who have applied to the program and】**
26 applicants who meet the eligibility criteria established pursuant to
27 N.J.S.18A:71C-34, subject to available funds and available
28 approved sites. In **【selecting program participants】** the event that
29 there are insufficient funds or approved sites to select all of the
30 applicants who meet the eligibility criteria, the executive director or
31 his designee shall accord priority to applicants in the following
32 manner:

33 a. first, to any applicant who is completing a fourth, third or
34 second year of a loan redemption contract;

35 b. second, to any applicant **【whose residence in the State at the**
36 **time of entry into postsecondary education was within a State**
37 **designated underserved area】** according to the severity of the
38 physician, dentist, or other primary care provider shortage in the
39 area selected by the applicant; and

40 c. third, to any applicant **【according to the severity of the**
41 **physician, dentist, or other primary care provider shortage in the**
42 **area selected by the applicant】** whose residence in the State at the
43 time of entry into postsecondary education was within a State
44 designated underserved area.

45 In the event that there are more applicants who have the same
46 priority than there are program positions, the executive director or

1 his designee shall select program participants by means of a lottery
2 or other form of random selection.

3 (cf: N.J.S.18A:71C-40)

4

5 10. (New section) a. A program participant, as a condition of
6 participation, shall be required to adhere to performance standards
7 established by the executive director or his designee and if the
8 approved site is a clinic which is part of the extramural network of
9 dental clinics established by the New Jersey Dental School of the
10 University of Medicine and Dentistry of New Jersey the program
11 participant shall also meet performance standards set by the New
12 Jersey Dental School.

13 b. The standards shall include, but not be limited to,
14 requirements that a participant:

15 (1) maintain residency in the State;

16 (2) maintain a license or certification to practice a primary care
17 profession in the State;

18 (3) remain current with payments on student loans;

19 (4) enter into a mutually acceptable contract with an approved
20 site;

21 (5) maintain satisfactory performance of services rendered at an
22 approved site; and

23 (6) report to the authority or its designee, on a form and in a
24 manner prescribed by the authority or its designee, on the program
25 participant's performance of services rendered at an approved site
26 prior to repayment of the annual amount eligible for redemption.

27

28 11. N.J.S.18A:71C-41 is amended to read as follows:

29 18A:71C-41. A **【physician, dentist, or other primary care**
30 **provider】** program participant who has previously entered into a
31 contract with the authority may nullify the agreement by notifying
32 the authority in writing and reassuming full responsibility for the
33 remaining outstanding balance of the loan debt. In no event shall
34 service **【in a State designated underserved area】** at an approved site
35 for less than the full calendar year of each period of service entitle
36 the program participant to any benefits under the **【loan redemption】**
37 program. A program participant seeking to nullify the contract
38 before completing a second full year of service shall be required to
39 pay 50% of the redeemed portion of indebtedness in not more than
40 one year following nullification of the agreement.

41 (cf: N.J.S.18A:71C-41)

42

43 12. N.J.S.18A:71C-42 is amended to read as follows:

44 18A:71C-42. In case of a program participant's death or total and
45 permanent disability, the authority or its designee shall nullify the
46 service obligation of the **【student】** program participant. The
47 nullification shall terminate the authority's obligations under the

1 loan redemption contract, except in the event that a program
2 participant's death or total and permanent disability occurs **[after]**
3 during the second year of service, the authority shall **[redeem the**
4 current year of service] not require repayment of the prior
5 redeemed portion of indebtedness. When continued enforcement of
6 the contract may result in extreme hardship, the authority or its
7 designee may nullify or suspend the service obligation of the
8 **[student]** program participant.

9 (cf: N.J.S.18A:71C-42)

10
11 13. (New section) A person who knowingly or willfully
12 furnishes any false or misleading information for the purpose of
13 receiving loan redemption benefits under the program is guilty of a
14 crime of the fourth degree.

15
16 14. N.J.S.18A:71C-43 is amended to read as follows:

17 18A:71C-43. a. In the case of:

18 (1) a program participant's conviction of a crime or an act of
19 gross negligence in the performance of service obligations **[or**
20 **when]**;

21 (2) suspension or revocation of the program participant's license
22 or certification to practice [has been suspended or revoked,]; or

23 (3) a program participant's breach of the performance standards
24 established pursuant to section 10 of P.L. , c. (C.)(pending
25 before the Legislature as this bill);

26 the executive director or his designee **[shall have the authority]** is
27 authorized to terminate the program participant's service in the
28 program **[and require forfeiture of the amount redeemed for the**
29 **current year of service]**.

30 b. A program participant who fails to repay an amount due the
31 authority under the program may be subject to actions initiated by
32 the authority or its designee, which may include, but are not limited
33 to, recovery of the amount due by an action brought in a court of
34 competent jurisdiction or through the offset of State tax refunds or
35 rebates, making this information available to credit reporting
36 agencies, and exclusion from eligibility for any student assistance
37 benefits administered by the authority, as well as action by the
38 federal government, to the extent that loan redemption benefits are
39 federally funded, to recover any amount due it as permitted by
40 federal law. In any action brought by the authority or its designee
41 in a court of competent jurisdiction pursuant to this subsection, the
42 program participant shall be liable for: the debt incurred, interest
43 on the debt at the maximum legal prevailing rate as determined by
44 the United States Treasurer, and the administrative and court costs
45 associated with collection of the debt.

46 (cf: N.J.S.18A:71C-43)

1 15. N.J.S.18A:71C-44 is amended to read as follows:

2 18A:71C-44. A student who is participating in the federally
3 administered National Health Service Corps Loan Repayment
4 Program, section 338B of the Public Health Service Act (42
5 U.S.C.s.254 1-1), shall not be eligible to participate simultaneously
6 in the Primary Care **【Physician and Dentist】** Practitioner Loan
7 Redemption Program.

8 (cf: N.J.S.18A:71C-44)

9

10 16. (New section) The executive director or his designee may,
11 within the limits of available funds and in accordance with
12 eligibility criteria determined by the executive director or his
13 designee, make payments in a reasonable amount, as determined by
14 the executive director or his designee, to reimburse a program
15 participant for all or part of any increased tax liability incurred by
16 the participant, pursuant to the "New Jersey Gross Income Tax
17 Act," N.J.S.54A:1-1 et seq., which results from the redemption of
18 eligible qualifying loan expenses under the program.

19

20 17. N.J.S.18A:71C-45 is repealed.

21

22 ¹18. The authority shall work with State institutions of medical,
23 dental, and other primary care professional education to ensure that
24 information on the Primary Care Practitioner Loan Redemption
25 Program is made available to students upon enrollment.¹

26

27 ¹**【18.】** 19.¹ This act shall take effect immediately.

SENATE, No. 1220

STATE OF NEW JERSEY 213th LEGISLATURE

INTRODUCED FEBRUARY 21, 2008

Sponsored by:

Senator LORETTA WEINBERG

District 37 (Bergen)

Senator SHIRLEY K. TURNER

District 15 (Mercer)

Co-Sponsored by:

Senators Rice and Bateman

SYNOPSIS

Renames the Primary Care Physician and Dentist Loan Redemption Program and makes various other changes to the program.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 10/3/2008)

S1220 WEINBERG, TURNER

2

1 AN ACT concerning loan redemption for primary care practitioners,
2 amending and supplementing N.J.S.18A:71C-32 et seq., and
3 repealing N.J.S.18A:71C-45.

4
5 **BE IT ENACTED** by the Senate and General Assembly of the State
6 of New Jersey:

7
8 1. N.J.S.18A:71C-32 is amended to read as follows:
9 18A:71C-32. As used in N.J.S.18A:71C-32 through
10 N.J.S.18A:71C-48:

11 "Approved site" means a site located within a State designated
12 underserved area or a health professional shortage area, or a clinic
13 which is part of the extramural network of dental clinics established
14 by the New Jersey Dental School of the University of Medicine and
15 Dentistry of New Jersey, or a site that has been determined by the
16 Higher Education Student Assistance Authority, in consultation
17 with the Department of Health and Senior Services, to serve
18 medically underserved populations according to criteria determined
19 by the authority, including, but not limited to, the percentage of
20 medically underserved patients served.

21 "Authority" means the Higher Education Student Assistance
22 Authority.

23 "Eligible **[student]** qualifying loan expenses" means the
24 cumulative **[total of the annual]** outstanding balance of student
25 loans covering the cost of attendance at an undergraduate institution
26 of medical, dental, or other primary care professional education at
27 the time an applicant is selected for the program. Interest paid or
28 due on **[student]** qualifying loans that an applicant has taken out
29 for use in paying the costs of undergraduate medical, dental, or
30 other primary care professional education shall be considered
31 eligible for reimbursement under the program. The authority may
32 establish a limit on the total amount of **[student]** qualifying loans
33 which may be redeemed for participants under the program,
34 provided that the total redemption of **[student]** qualifying loans
35 does not exceed \$120,000, or the maximum amount authorized by
36 the federal government, whichever is greater, either in State funds
37 or the sum of federal, State, and other non-federal matching funds,
38 pursuant to section 338I of the Public Health Service Act (42
39 U.S.C.s.254q-1), whichever is applicable.

40 "Executive director" means the executive director of the Higher
41 Education Student Assistance Authority.

42 "Health professional shortage area" (HPSA) means an urban or
43 rural area, a population group or a public or non-profit private
44 medical or dental facility or other public facility which the

EXPLANATION – Matter enclosed in bold-faced brackets **[thus]** in the above bill is
not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

1 Secretary of Health and Human Services determines has a health
2 professional shortage pursuant to section 332 of the Public Health
3 Service Act (42 U.S.C. s.254e).

4 "Primary care" means the practice of family medicine, general
5 internal medicine, general pediatrics, general obstetrics,
6 gynecology, pediatric dentistry, general dentistry, public health
7 dentistry, and any other areas of medicine or dentistry which the
8 Commissioner of Health and Senior Services may define as primary
9 care. Primary care also includes the practice of **【general dentistry**
10 **and pedodontics, as well as the professions of】** a nurse-practitioner,
11 certified nurse-midwife, and physician assistant.

12 "Primary care practitioner" means a State-licensed or certified
13 health care professional who has obtained a degree in allopathic or
14 osteopathic medicine, dentistry, or another primary care profession
15 at an undergraduate institution of medical, dental, or other primary
16 care professional education, as applicable.

17 **【"Primary Care Physician and Dentist Loan Redemption**
18 **Program" means a program which provides for the redemption of**
19 **the eligible student loan expenses of its participants.】**

20 "Program" means the Primary Care Practitioner Loan
21 Redemption Program established pursuant to N.J.S.18A:71C-33.

22 "Program participant" means a primary care practitioner who
23 contracts with the authority to engage in the clinical practice of
24 primary care at an approved site in exchange for the redemption of
25 eligible qualifying loan expenses provided under the program.

26 "Qualifying loan" means a government or commercial loan for
27 the actual costs paid for tuition and reasonable education and living
28 expenses relating to the obtaining of a degree in allopathic or
29 osteopathic medicine, dentistry, or another primary care profession.

30 "State designated underserved area" means a geographic area in
31 this State which has been ranked by the Commissioner of Health
32 and Senior Services on the basis of health status and economic
33 indicators as reflecting a medical or dental health professional
34 shortage.

35 "Total and permanent disability" means a physical or mental
36 disability that is expected to continue indefinitely or result in death
37 and renders a participant in the program unable to perform that
38 person's service obligation, as determined by the executive director
39 or his designee.

40 "Undergraduate medical, dental, or other professional primary
41 care professional education" means the period of time between
42 entry into medical school, dental school, or other primary care
43 professional training program and the award of **【the medical (M.D.,**
44 **D.O.) degree, the dental (D.M.D., D.D.S.) degree, or other primary**
45 **care professional degree】** a degree in allopathic or osteopathic
46 medicine, dentistry, or another primary care profession,
47 respectively.

48 (cf: N.J.S.18A:71C-32)

1 2. N.J.S.18A:71C-33 is amended to read as follows:

2 18A:71C-33. There is established a Primary Care **【Physician and**
3 **Dentist】** Practitioner Loan Redemption Program within the Higher
4 Education Student Assistance Authority. The program shall
5 provide for the redemption of a portion of the eligible **【student】**
6 qualifying loan expenses of program participants for each year of
7 service **【in a State designated underserved area】** at an approved
8 site.

9 (cf: N.J.S.18A:71C-33)

10

11 3. N.J.S.18A:71C-34 is amended to read as follows:

12 18A:71C-34. To be eligible to participate in the **【Primary Care**
13 **Physician and Dentist Loan Redemption Program】** program, an
14 applicant shall:

15 a. be a resident of the State;

16 b. be a **【graduate of a medical school approved by the State**
17 **Board of Medical Examiners for the purpose of licensure and**
18 **receive a recommendation from the school's medical staff**
19 **concerning participation in the loan redemption program in the case**
20 **of a physician; be a graduate of a dental school approved by the**
21 **New Jersey State Board of Dentistry for the purpose of licensure**
22 **and receive a recommendation from the school's dental staff**
23 **concerning participation in the loan redemption program in the case**
24 **of a dentist; or be a graduate of another state-approved primary care**
25 **professional training program for the purpose of licensure or**
26 **certification and receive a recommendation from the program's**
27 **professional staff concerning participation in the loan redemption**
28 **program in the case of another primary care provider】** primary care
29 practitioner; and

30 c. **【in the case of a physician, have completed an accredited**
31 **residency training program and received a recommendation from**
32 **the director of the training program concerning participation in the**
33 **loan redemption program; and】** (Deleted by amendment, P.L. ... ,
34 c. (pending before the Legislature as this bill).)

35 d. agree to practice primary care, as appropriate, **【in a State**
36 **designated underserved area】** at an approved site under the terms
37 and conditions provided in N.J.S.18A:71C-36 and the agreement
38 issued thereunder.

39 (cf: N.J.S.18A:71C-34)

40

41 4. N.J.S.18A:71C-35 is amended to read as follows:

42 18A:71C-35. The Commissioner of Health and Senior Services,
43 after consultation with the Commissioner of Corrections and the
44 Commissioner of Human Services, shall designate and establish a
45 ranking of State designated underserved areas. The criteria used by
46 the Commissioner of Health and Senior Services in designating
47 areas shall include, but not be limited to:

- 1 a. the financial resources of the population under consideration,
2 including the percentage of the population that is eligible for
3 medical assistance pursuant to P.L.1968, c.413 (C.30:4D-1 et seq.)
4 and P.L.2005, c.156 (C.30:4J-8 et seq.), and the percentage of the
5 population that does not have health insurance coverage;
6 b. the population's access to primary care services; **[and]**
7 c. appropriate physician, dentist, or other primary care staffing
8 in State, county, municipal and private nonprofit health care
9 facilities and in clinics which are part of the extramural network of
10 dental clinics established by the New Jersey Dental School of the
11 University of Medicine and Dentistry of New Jersey; and
12 d. the extent to which racial and ethnic disparities in health care
13 in a geographic area, including, but not limited to, disparities in the
14 incidence of cancer, cardiovascular disease, stroke, chemical
15 dependency, diabetes, asthma, homicide, suicide, accidental injury,
16 infant mortality, child immunization rates, HIV/AIDS, dental caries,
17 and periodontal disease, indicate the need to increase access to
18 primary care services among racial and ethnic minority populations
19 in that area.

20 The Commissioner of Health and Senior Services shall transmit
21 the list of State designated underserved areas and the number of
22 positions needed in each area to the executive director or designee.
23 (cf: N.J.S.18A:71C-35)

24
25 5. N.J.S.18A:71C-36 is amended to read as follows:

26 18A:71C-36. **[A medical, dental, nursing, or other primary care**
27 **student who is eligible and interested in participating in the loan**
28 **redemption program shall sign a nonbinding agreement with the**
29 **Higher Education Student Assistance Authority or its designated**
30 **agent upon completion of the final year of undergraduate medical,**
31 **dental, or other primary care training, as appropriate. At the end of**
32 **the final year or residency training in the case of a physician; at the**
33 **end of the final year of undergraduate dental training or residency**
34 **training if the training is required in a primary care dental speciality**
35 **in the case of a dentist; and at the end of the final year of other**
36 **primary care training in the case of another primary care provider,**
37 **the applicant shall sign a contractual agreement with] a. In**
38 **administering the program, the authority or its designated agent**
39 **shall contract only with a primary care practitioner.**

40 **b. The contract shall require a program participant to:**

41 **(1) serve at least an initial two-year period at an approved site in**
42 **the full-time clinical practice of that person's primary care**
43 **profession;**

44 **(2) charge for professional services at the usual and customary**
45 **rate prevailing in the area in which the approved site is located, but**
46 **allow a patient who is unable to pay that charge to pay at a reduced**
47 **rate or receive care at no charge;**

48 **(3) not discriminate against any patient in the provision of health**

1 care services on the basis of that person's ability to pay or source of
2 payment; and

3 (4) agree not to impose any charge in excess of the limiting fee
4 for a service, as determined by the United States Secretary of
5 Health and Human Services, to a recipient of benefits under the
6 federal Medicare program established pursuant to Pub.L.89-97 (42
7 U.S.C.s.1395 et seq.).

8 c. The **【agreement】** contract shall also specify the applicant's
9 dates of required service**【**, the initial period to cover a minimum of
10 two years,**】** and the total amount of eligible **【student】** qualifying
11 loan expenses to be redeemed by the State in return for service**【**.
12 The agreement shall also**】**, and stipulate that the applicant has
13 knowledge of and agrees to the six-month probationary period
14 required prior to final acceptance into the program pursuant to
15 N.J.S.18A:71C-38.

16 (cf: N.J.S.18A:71C-36)

17

18 6. N.J.S.18A:71C-37 is amended to read as follows:

19 18A:71C-37. a. Maximum redemption of loans under the loan
20 redemption program shall amount to 18% of principal and interest
21 of eligible **【student】** qualifying loan expenses in return for one full
22 year of service **【in a State designated medically underserved area】**
23 at an approved site, an additional 26% for a second full year of
24 service, an additional 28% for a third full year of service and an
25 additional 28% for a fourth full year of service for a total
26 redemption of eligible **【student】** qualifying loan expenses of up to,
27 but not to exceed, \$120,000, or the maximum amount authorized by
28 the federal government, whichever is greater, either (1) in State
29 funds or (2) the sum of federal, State, and other non-federal funds
30 pursuant to section 338I of the Public Health Service Act (42
31 U.S.C.s.254q-1), whichever is applicable. **【Service in a State**
32 **designated underserved area shall begin within two years of**
33 **completion of the medical residency training program in the case of**
34 **a physician; within two years of completion of undergraduate dental**
35 **training or residency training if the training is required in a primary**
36 **care dental specialty in the case of a dentist; and within two years of**
37 **completion of other primary care professional training if the**
38 **training is required in the case of another primary care provider】**
39 No amount of eligible qualifying loan expenses shall be redeemed
40 for services performed for less than a full year.

41 b. A participant who enters an agreement to fulfill service in a
42 State designated underserved area that is also a **【federal】** HPSA
43 shall be permitted a total redemption of eligible **【student】**
44 qualifying loan expenses for four years of service up to, but not to
45 exceed, the sum of federal, State and other non-federal matching

1 funds provided pursuant to section 338I of the Public Health
2 Service Act (42 U.S.C.s.254q-1).

3 c. A program participant who enters an agreement to fulfill
4 service in a State designated underserved area that is not also a
5 HPSA shall be permitted a total redemption of eligible qualifying
6 loan expenses for four years of service up to, but not to exceed,
7 \$120,000, or the maximum amount authorized by the federal
8 government, whichever is greater, in State funds.

9 d. A program participant who has engaged in full-time clinical
10 practice during the participant's initial two years of participation in
11 the program shall be permitted to fulfill the program participant's
12 subsequent service obligations on a part-time basis with the
13 approval of the authority or its designee and the program
14 participant's employer in a State designated underserved area, with
15 the program participant's redemption credit accruing on a pro rata
16 basis. The program participant may be permitted a total redemption
17 of eligible qualifying loan expenses for the equivalent of four years
18 of full-time service.

19 (cf: N.J.S.18A:71C-37)

20

21 7. N.J.S.18A:71C-38 is amended to read as follows:

22 18A:71C-38. Each program participant shall serve a six-month
23 probationary period upon initial placement **[in a service site within**
24 **the State designated underserved area]** at an approved site. During
25 that period, the **[medical or dental]** primary care staff of the
26 **[service]** approved site, [as appropriate,] or in the case of a clinic
27 which is part of the extramural network of dental clinics established
28 by the New Jersey Dental School of the University of Medicine and
29 Dentistry of New Jersey, the director of the clinics and the vice-
30 dean of the dental school, together with the program participant and
31 the executive director or his designee, shall evaluate the suitability
32 of the placement for the program participant. At the end of the
33 probationary period, the [medical or dental] primary care staff shall
34 recommend the continuation of the program participant's present
35 placement, a change in placement, or its determination that the
36 program participant is an unsuitable candidate for the [loan
37 redemption] program. If the [medical or dental] primary care staff
38 of the [service] approved site recommends a change in placement,
39 the executive director or a designee shall [place the program
40 participant in] approve an alternate placement [within a State
41 designated underserved area] at an approved site. If the [medical
42 or dental] primary care staff determines that the program
43 participant is not a suitable candidate for the program, the executive
44 director or his designee shall take this recommendation into
45 consideration in regard to the program participant's final acceptance
46 into the program. No loan redemption payment shall be made

1 during the six-month probationary period; however, a program
2 participant shall receive credit for the six-month period in
3 calculating the first year of required service under the loan
4 redemption contract.

5 (cf: N.J.S.18A:71C-38)

6

7 8. N.J.S.18A:71C-39 is amended to read as follows:

8 18A:71C-39. The executive director or his designee, in
9 consultation with the Commissioner of Health and Senior Services,
10 shall match program participants to State designated underserved
11 areas **【based upon the ranking of the underserved areas established**
12 **by the commissioner and on the basis of participant preference】** or
13 HPSAs.

14 (cf: N.J.S.18A:71C-39)

15

16 9. N.J.S.18A:71C-40 is amended to read as follows:

17 18A:71C-40. The executive director or his designee shall
18 **【annually determine the number of program positions available on**
19 **the basis of the need for primary care physicians, dentists, and other**
20 **primary care providers in State designated underserved areas as**
21 **determined by the Commissioner of Health and Senior Services and**
22 **the State and federal funds available for the program. Once the**
23 **number of program positions has been determined, the executive**
24 **director or designee shall】** select the program participants from
25 among those **【students who have applied to the program and】**
26 applicants who meet the eligibility criteria established pursuant to
27 N.J.S.18A:71C-34, subject to available funds and available
28 approved sites. In **【selecting program participants】** the event that
29 there are insufficient funds or approved sites to select all of the
30 applicants who meet the eligibility criteria, the executive director or
31 his designee shall accord priority to applicants in the following
32 manner:

33 a. first, to any applicant who is completing a fourth, third or
34 second year of a loan redemption contract;

35 b. second, to any applicant **【whose residence in the State at the**
36 **time of entry into postsecondary education was within a State**
37 **designated underserved area】** according to the severity of the
38 physician, dentist, or other primary care provider shortage in the
39 area selected by the applicant; and

40 c. third, to any applicant **【according to the severity of the**
41 **physician, dentist, or other primary care provider shortage in the**
42 **area selected by the applicant】** whose residence in the State at the
43 time of entry into postsecondary education was within a State
44 designated underserved area.

45 In the event that there are more applicants who have the same
46 priority than there are program positions, the executive director or

1 his designee shall select program participants by means of a lottery
2 or other form of random selection.

3 (cf: N.J.S.18A:71C-40)

4

5 10. (New section) a. A program participant, as a condition of
6 participation, shall be required to adhere to performance standards
7 established by the executive director or his designee and if the
8 approved site is a clinic which is part of the extramural network of
9 dental clinics established by the New Jersey Dental School of the
10 University of Medicine and Dentistry of New Jersey the program
11 participant shall also meet performance standards set by the New
12 Jersey Dental School.

13 b. The standards shall include, but not be limited to,
14 requirements that a participant:

15 (1) maintain residency in the State;

16 (2) maintain a license or certification to practice a primary care
17 profession in the State;

18 (3) remain current with payments on student loans;

19 (4) enter into a mutually acceptable contract with an approved
20 site;

21 (5) maintain satisfactory performance of services rendered at an
22 approved site; and

23 (6) report to the authority or its designee, on a form and in a
24 manner prescribed by the authority or its designee, on the program
25 participant's performance of services rendered at an approved site
26 prior to repayment of the annual amount eligible for redemption.

27

28 11. N.J.S.18A:71C-41 is amended to read as follows:

29 18A:71C-41. A **【physician, dentist, or other primary care**
30 **provider】** program participant who has previously entered into a
31 contract with the authority may nullify the agreement by notifying
32 the authority in writing and reassuming full responsibility for the
33 remaining outstanding balance of the loan debt. In no event shall
34 service **【in a State designated underserved area】** at an approved site
35 for less than the full calendar year of each period of service entitle
36 the program participant to any benefits under the **【loan redemption】**
37 program. A program participant seeking to nullify the contract
38 before completing a second full year of service shall be required to
39 pay 50% of the redeemed portion of indebtedness in not more than
40 one year following nullification of the agreement.

41 (cf: N.J.S.18A:71C-41)

42

43 12. N.J.S.18A:71C-42 is amended to read as follows:

44 18A:71C-42. In case of a program participant's death or total and
45 permanent disability, the authority or its designee shall nullify the
46 service obligation of the **【student】** program participant. The
47 nullification shall terminate the authority's obligations under the

1 loan redemption contract, except in the event that a program
2 participant's death or total and permanent disability occurs **[after]**
3 during the second year of service, the authority shall **[redeem the**
4 current year of service] not require repayment of the prior
5 redeemed portion of indebtedness. When continued enforcement of
6 the contract may result in extreme hardship, the authority or its
7 designee may nullify or suspend the service obligation of the
8 **[student]** program participant.

9 (cf: N.J.S.18A:71C-42)

10
11 13. (New section) A person who knowingly or willfully
12 furnishes any false or misleading information for the purpose of
13 receiving loan redemption benefits under the program is guilty of a
14 crime of the fourth degree.

15
16 14. N.J.S.18A:71C-43 is amended to read as follows:

17 18A:71C-43. a. In the case of:

18 (1) a program participant's conviction of a crime or an act of
19 gross negligence in the performance of service obligations **[or**
20 **when]**;

21 (2) suspension or revocation of the program participant's license
22 or certification to practice [has been suspended or revoked,]; or

23 (3) a program participant's breach of the performance standards
24 established pursuant to section 10 of P.L. , c. (C.)(pending
25 before the Legislature as this bill);

26 the executive director or his designee **[shall have the authority]** is
27 authorized to terminate the program participant's service in the
28 program **[and require forfeiture of the amount redeemed for the**
29 **current year of service]**.

30 b. A program participant who fails to repay an amount due the
31 authority under the program may be subject to actions initiated by
32 the authority or its designee, which may include, but are not limited
33 to, recovery of the amount due by an action brought in a court of
34 competent jurisdiction or through the offset of State tax refunds or
35 rebates, making this information available to credit reporting
36 agencies, and exclusion from eligibility for any student assistance
37 benefits administered by the authority, as well as action by the
38 federal government, to the extent that loan redemption benefits are
39 federally funded, to recover any amount due it as permitted by
40 federal law. In any action brought by the authority or its designee
41 in a court of competent jurisdiction pursuant to this subsection, the
42 program participant shall be liable for: the debt incurred, interest
43 on the debt at the maximum legal prevailing rate as determined by
44 the United States Treasurer, and the administrative and court costs
45 associated with collection of the debt.

46 (cf: N.J.S.18A:71C-43)

1 15. N.J.S.18A:71C-44 is amended to read as follows:
2 18A:71C-44. A student who is participating in the federally
3 administered National Health Service Corps Loan Repayment
4 Program, section 338B of the Public Health Service Act (42
5 U.S.C.s.254 1-1), shall not be eligible to participate simultaneously
6 in the Primary Care **[Physician and Dentist]** Practitioner Loan
7 Redemption Program.
8 (cf: N.J.S.18A:71C-44)

9
10 16. (New section) The executive director or his designee may,
11 within the limits of available funds and in accordance with
12 eligibility criteria determined by the executive director or his
13 designee, make payments in a reasonable amount, as determined by
14 the executive director or his designee, to reimburse a program
15 participant for all or part of any increased tax liability incurred by
16 the participant, pursuant to the "New Jersey Gross Income Tax
17 Act," N.J.S.54A:1-1 et seq., which results from the redemption of
18 eligible qualifying loan expenses under the program.

19
20 17. N.J.S.18A:71C-45 is repealed.

21
22 18. This act shall take effect immediately.

23
24
25 STATEMENT

26
27 This bill makes a number of changes in regard to the Primary
28 Care Physician and Dentist Loan Redemption Program established
29 within the Higher Education Student Assistance Authority
30 (HESAA) under N.J.S.18A:71C-32 et seq.

31 Specifically, the bill:

- 32 • renames the program as the Primary Care Practitioner Loan
33 Redemption Program;
34 • provides for the participation in the program of primary care
35 practitioners who contract with the HESAA to engage in the
36 clinical practice of primary care at an approved site in
37 exchange for the redemption of eligible qualifying loan
38 expenses provided under the program;
39 • provides for the redemption of a portion of the eligible
40 student loan expenses of program participants for each year
41 of service at an approved site. "Approved site" is defined
42 as a site located within a State designated underserved area
43 or a health professional shortage area, or a clinic which is
44 part of the extramural network of dental clinics established
45 by the New Jersey Dental School, or a site that has been
46 determined by the HESAA, in consultation with the
47 Department of Health and Senior Services, to serve
48 medically underserved populations;

- 1 • requires a program participant to:
 - 2 -- serve at least an initial two-year period at an approved site in
 - 3 the full-time clinical practice of that person's primary care
 - 4 profession;
 - 5 -- charge for professional services at the usual and customary
 - 6 rate prevailing in the area in which the approved site is located, but
 - 7 allow a patient who is unable to pay that charge to pay at a reduced
 - 8 rate or receive care at no charge;
 - 9 -- not discriminate against any patient in the provision of health
 - 10 care services on the basis of that person's ability to pay or source of
 - 11 payment; and
 - 12 -- agree not to impose any charge in excess of the limiting fee for
 - 13 a service, as determined by the United States Secretary of Health
 - 14 and Human Services, to a Medicare recipient;
- 15 • precludes any loan redemption benefits under the program
- 16 for services performed for less than a full year;
- 17 • permits a program participant who has completed a full-time
- 18 clinical practice during the participant's initial two years in
- 19 the program to fulfill subsequent service obligations on a
- 20 part-time basis with the approval of the HESAA and the
- 21 program participant's employer in a State designated
- 22 underserved area, with the participant's redemption credit
- 23 accruing on a pro rata basis and subject to a total
- 24 redemption of eligible qualifying loan expenses for the
- 25 equivalent of four years of full-time service;
- 26 • require the HESAA, in the event that there are insufficient
- 27 funds or approved sites to select all of the program
- 28 applicants who meet the eligibility criteria, to accord
- 29 priority to applicants in the following manner:
 - 30 -- first, to those completing a fourth, third or second year of a
 - 31 loan redemption contract;
 - 32 -- second, based on the severity of the primary care provider
 - 33 shortage in the area selected by the applicant; and
 - 34 -- third, to those whose residence at the time of entry into
 - 35 postsecondary education was in a State designated underserved
 - 36 area;
- 37 • requires a program participant to adhere to performance
- 38 standards that include, but are not limited to, requirements
- 39 that a participant:
 - 40 -- maintain residency in the State;
 - 41 -- maintain a license or certification to practice a primary care
 - 42 profession in the State;
 - 43 -- remain current with payments on student loans;
 - 44 -- enter into a mutually acceptable contract with an approved
 - 45 site;
 - 46 -- maintain satisfactory performance of services rendered at an
 - 47 approved site; and
 - 48 -- report to the HESAA on the participant's performance of

- 1 services at an approved site prior to repayment of the annual
2 amount eligible for redemption;
- 3 -- requires the program participant to also meet performance
4 standards set by the New Jersey Dental School if the approved site
5 is a clinic which is part of the extramural dental clinics established
6 by the dental school;
- 7 • provides that when the HESAA nullifies the service
8 obligation of a program participant who has died or incurred
9 a total and permanent disability, the nullification terminates
10 the HESAA's obligations under the loan redemption
11 contract; and, if the participant's death or total and
12 permanent disability occurs during the second year of
13 service, the HESAA will not require repayment of the prior
14 redeemed portion of indebtedness;
 - 15 • makes the knowing or willful furnishing of false or
16 misleading information for the purpose of receiving loan
17 redemption benefits under the program a crime of the fourth
18 degree (punishable by a fine of up to \$10,000 or
19 imprisonment for up to 18 months, or both);
 - 20 • permits the HESAA to terminate a program participant's
21 service in the program if the participant has:
 - 22 -- been convicted of a crime or an act of gross negligence in the
23 performance of service obligations;
 - 24 -- incurred a suspension or revocation of the participant's license
25 or certification to practice; or
 - 26 -- committed a breach of the performance standards established
27 pursuant to the bill;
 - 28 • makes a program participant who fails to repay an amount
29 due the HESAA under the program subject to actions
30 initiated by the HESAA, which may include, but are not
31 limited to, recovery through litigation or through the offset
32 of State tax refunds or rebates, making this information
33 available to credit reporting agencies, and exclusion from
34 eligibility for any student assistance benefits administered
35 by the HESAA, as well as action by the federal government,
36 to the extent that loan redemption benefits are federally
37 funded, to recover any amount due it as permitted by federal
38 law;
 - 39 • provides for reimbursement by the HESAA, within the limits
40 of available funds and in accordance with eligibility criteria
41 determined by the executive director or his designee, to a
42 program participant for all or part of any increased State
43 income tax liability resulting from the receipt of loan
44 redemption benefits under the program; and
 - 45 • repeals N.J.S.18A:71C-45 (which requires program
46 participant reports to the HESAA on the participant's

1 performance of service), because its provisions are
2 incorporated elsewhere in the bill.

3 The bill also expands the criteria to be used by the Commissioner
4 of Health and Senior Services to designate State designated
5 underserved areas for the purposes of the Primary Care Practitioner
6 Loan Redemption Program, to include:

- 7 • the percentage of the population that is eligible for the
8 Medicaid and NJ FamilyCare program, and the percentage
9 of the population that does not have health insurance
10 coverage;
- 11 • the extent to which racial and ethnic disparities in health
12 care in a geographic area, including, but not limited to,
13 disparities in the incidence of cancer, cardiovascular
14 disease, stroke, chemical dependency, diabetes, asthma,
15 homicide, suicide, accidental injury, infant mortality, child
16 immunization rates, HIV/AIDS, dental caries, and
17 periodontal disease, indicate the need to increase access to
18 primary care services among racial and ethnic minority; and
- 19 • the appropriate dentist or other primary care staffing in
20 clinics which are part of the extramural network of dental
21 clinics established by the New Jersey Dental School.

SENATE EDUCATION COMMITTEE

STATEMENT TO

SENATE, No. 1220

with committee amendments

STATE OF NEW JERSEY

DATED: OCTOBER 16, 2008

The Senate Education Committee reports favorably Senate Bill No. 1220 with committee amendments.

As amended, this bill makes a number of changes in regard to the Primary Care Physician and Dentist Loan Redemption Program established within the Higher Education Student Assistance Authority (HESAA) under N.J.S.18A:71C-32 et seq.

Specifically, the bill:

- renames the program as the Primary Care Practitioner Loan Redemption Program;
- provides for the participation in the program of primary care practitioners who contract with the HESAA to engage in the clinical practice of primary care at an approved site in exchange for the redemption of eligible qualifying loan expenses provided under the program;
- provides for the redemption of a portion of the eligible student loan expenses of program participants for each year of service at an approved site. “Approved site” is defined as a site located within a State designated underserved area or a health professional shortage area, or a clinic which is part of the extramural network of dental clinics established by the New Jersey Dental School, or a site that has been determined by the HESAA, in consultation with the Department of Health and Senior Services, to serve medically underserved populations;
- requires a program participant to:
 - (1) serve at least an initial two-year period at an approved site in the full-time clinical practice of that person's primary care profession;
 - (2) charge for professional services at the usual and customary rate prevailing in the area in which the approved site is located, but allow a patient who is unable to pay that charge to pay at a reduced rate or receive care at no charge;
 - (3) not discriminate against any patient in the provision of health care services on the basis of that person's ability to pay or source of payment; and

(4) agree not to impose any charge in excess of the limiting fee for a service, as determined by the United States Secretary of Health and Human Services, to a Medicare recipient;

- precludes any loan redemption benefits under the program for services performed for less than a full year;
- permits a program participant who has completed a full-time clinical practice during the participant's initial two years in the program to fulfill subsequent service obligations on a part-time basis with the approval of the HESAA and the program participant's employer in a State designated underserved area, with the participant's redemption credit accruing on a pro rata basis and subject to a total redemption of eligible qualifying loan expenses for the equivalent of four years of full-time service;
- require the HESAA, in the event that there are insufficient funds or approved sites to select all of the program applicants who meet the eligibility criteria, to accord priority to applicants in the following manner:
 - first, to those completing a fourth, third or second year of a loan redemption contract;
 - second, based on the severity of the primary care provider shortage in the area selected by the applicant; and
 - third, to those whose residence at the time of entry into postsecondary education was in a State designated underserved area;
- requires a program participant to adhere to performance standards that include, but are not limited to, requirements that a participant:
 - (1) maintain residency in the State;
 - (2) maintain a license or certification to practice a primary care profession in the State;
 - (3) remain current with payments on student loans;
 - (4) enter into a mutually acceptable contract with an approved site;
 - (5) maintain satisfactory performance of services rendered at an approved site; and
 - (6) report to the HESAA on the participant's performance of services at an approved site prior to repayment of the annual amount eligible for redemption;
- requires the program participant to also meet performance standards set by the New Jersey Dental School if the approved site is a clinic which is part of the extramural dental clinics established by the dental school;
- provides that when the HESAA nullifies the service obligation of a program participant who has died or incurred a total and permanent disability, the nullification terminates the HESAA's obligations under the loan redemption contract; and, if the participant's death or total and permanent disability occurs

during the second year of service, the HESAA will not require repayment of the prior redeemed portion of indebtedness;

- makes the knowing or willful furnishing of false or misleading information for the purpose of receiving loan redemption benefits under the program a crime of the fourth degree (punishable by a fine of up to \$10,000 or imprisonment for up to 18 months, or both);
- permits the HESAA to terminate a program participant's service in the program if the participant has:
 - (1) been convicted of a crime or an act of gross negligence in the performance of service obligations;
 - (2) incurred a suspension or revocation of the participant's license or certification to practice; or
 - (3) committed a breach of the performance standards established pursuant to the bill;
- makes a program participant who fails to repay an amount due the HESAA under the program subject to actions initiated by the HESAA, which may include, but are not limited to, recovery through litigation or through the offset of State tax refunds or rebates, making this information available to credit reporting agencies, and exclusion from eligibility for any student assistance benefits administered by the HESAA, as well as action by the federal government, to the extent that loan redemption benefits are federally funded, to recover any amount due it as permitted by federal law;
- provides for reimbursement by the HESAA, within the limits of available funds and in accordance with eligibility criteria determined by the executive director or his designee, to a program participant for all or part of any increased State income tax liability resulting from the receipt of loan redemption benefits under the program; and
- repeals N.J.S.18A:71C-45 (which requires program participant reports to the HESAA on the participant's performance of service), because its provisions are incorporated elsewhere in the bill.

The bill also expands the criteria to be used by the Commissioner of Health and Senior Services to designate State designated underserved areas for the purposes of the Primary Care Practitioner Loan Redemption Program, to include:

- the percentage of the population that is eligible for the Medicaid and NJ FamilyCare programs, and the percentage of the population that does not have health insurance coverage;
- the extent to which racial and ethnic disparities in health care in a geographic area, including, but not limited to, disparities in the incidence of cancer, cardiovascular disease, stroke, chemical dependency, diabetes, asthma, homicide, suicide, accidental injury, infant mortality, child immunization rates,

HIV/AIDS, dental caries, and periodontal disease, indicate the need to increase access to primary care services among racial and ethnic minorities; and

- the appropriate dentist or other primary care staffing in clinics which are part of the extramural network of dental clinics established by the New Jersey Dental School.

The committee amended the bill to require the authority to work with State institutions of medical, dental, and other primary care education to ensure that information regarding the Primary Care Physician and Dentist Loan Redemption Program is provided to students upon enrollment.

ASSEMBLY HIGHER EDUCATION COMMITTEE

STATEMENT TO

[First Reprint]

SENATE, No. 1220

STATE OF NEW JERSEY

DATED: MARCH 9, 2009

The Assembly Higher Education Committee reports favorably Senate Bill No. 1220 1R.

This bill makes a number of changes in regard to the Primary Care Physician and Dentist Loan Redemption Program established within the Higher Education Student Assistance Authority (HESAA) under N.J.S.18A:71C-32 et seq.

Specifically, the bill:

- renames the program as the Primary Care Practitioner Loan Redemption Program;
- provides for the participation in the program of primary care practitioners who contract with the HESAA to engage in the clinical practice of primary care at an approved site in exchange for the redemption of eligible qualifying loan expenses provided under the program;
- provides for the redemption of a portion of the eligible student loan expenses of program participants for each year of service at an approved site. “Approved site” is defined as a site located within a State designated underserved area or a health professional shortage area, or a clinic which is part of the extramural network of dental clinics established by the New Jersey Dental School, or a site that has been determined by the HESAA, in consultation with the Department of Health and Senior Services, to serve medically underserved populations;
- requires a program participant to:
 - (1) serve at least an initial two-year period at an approved site in the full-time clinical practice of that person's primary care profession;
 - (2) charge for professional services at the usual and customary rate prevailing in the area in which the approved site is located, but allow a patient who is unable to pay that charge to pay at a reduced rate or receive care at no charge;
 - (3) not discriminate against any patient in the provision of health care services on the basis of that person's ability to pay or source of payment; and

(4) agree not to impose any charge in excess of the limiting fee for a service, as determined by the United States Secretary of Health and Human Services, to a Medicare recipient;

- precludes any loan redemption benefits under the program for services performed for less than a full year;
- permits a program participant who has completed a full-time clinical practice during the participant's initial two years in the program to fulfill subsequent service obligations on a part-time basis with the approval of the HESAA and the program participant's employer in a State designated underserved area, with the participant's redemption credit accruing on a pro rata basis and subject to a total redemption of eligible qualifying loan expenses for the equivalent of four years of full-time service;
- require the HESAA, in the event that there are insufficient funds or approved sites to select all of the program applicants who meet the eligibility criteria, to accord priority to applicants in the following manner:
 - first, to those completing a fourth, third or second year of a loan redemption contract;
 - second, based on the severity of the primary care provider shortage in the area selected by the applicant; and
 - third, to those whose residence at the time of entry into postsecondary education was in a State designated underserved area;
- requires a program participant to adhere to performance standards that include, but are not limited to, requirements that a participant:
 - (1) maintain residency in the State;
 - (2) maintain a license or certification to practice a primary care profession in the State;
 - (3) remain current with payments on student loans;
 - (4) enter into a mutually acceptable contract with an approved site;
 - (5) maintain satisfactory performance of services rendered at an approved site; and
 - (6) report to the HESAA on the participant's performance of services at an approved site prior to repayment of the annual amount eligible for redemption;
- requires the program participant to also meet performance standards set by the New Jersey Dental School if the approved site is a clinic which is part of the extramural dental clinics established by the dental school;
- provides that when the HESAA nullifies the service obligation of a program participant who has died or incurred a total and permanent disability, the nullification terminates the HESAA's obligations under the loan redemption contract; and, if the participant's death or total and permanent disability occurs

during the second year of service, the HESAA will not require repayment of the prior redeemed portion of indebtedness;

- makes the knowing or willful furnishing of false or misleading information for the purpose of receiving loan redemption benefits under the program a crime of the fourth degree (punishable by a fine of up to \$10,000 or imprisonment for up to 18 months, or both);
- permits the HESAA to terminate a program participant's service in the program if the participant has:
 - (1) been convicted of a crime or an act of gross negligence in the performance of service obligations;
 - (2) incurred a suspension or revocation of the participant's license or certification to practice; or
 - (3) committed a breach of the performance standards established pursuant to the bill;
- makes a program participant who fails to repay an amount due the HESAA under the program subject to actions initiated by the HESAA, which may include, but are not limited to, recovery through litigation or through the offset of State tax refunds or rebates, making this information available to credit reporting agencies, and exclusion from eligibility for any student assistance benefits administered by the HESAA, as well as action by the federal government, to the extent that loan redemption benefits are federally funded, to recover any amount due it as permitted by federal law;
- provides for reimbursement by the HESAA, within the limits of available funds and in accordance with eligibility criteria determined by the executive director or his designee, to a program participant for all or part of any increased State income tax liability resulting from the receipt of loan redemption benefits under the program; and
- repeals N.J.S.18A:71C-45 (which requires program participant reports to the HESAA on the participant's performance of service), because its provisions are incorporated elsewhere in the bill.

The bill also expands the criteria to be used by the Commissioner of Health and Senior Services to designate State designated underserved areas for the purposes of the Primary Care Practitioner Loan Redemption Program, to include:

- the percentage of the population that is eligible for the Medicaid and NJ FamilyCare programs, and the percentage of the population that does not have health insurance coverage;
- the extent to which racial and ethnic disparities in health care in a geographic area, including, but not limited to, disparities in the incidence of cancer, cardiovascular disease, stroke, chemical dependency, diabetes, asthma, homicide, suicide, accidental injury, infant mortality, child immunization rates,

HIV/AIDS, dental caries, and periodontal disease, indicate the need to increase access to primary care services among racial and ethnic minorities; and

- the appropriate dentist or other primary care staffing in clinics which are part of the extramural network of dental clinics established by the New Jersey Dental School.

The bill also requires the authority to work with State institutions of medical, dental, and other primary care education to ensure that information regarding the Primary Care Physician and Dentist Loan Redemption Program is provided to students upon enrollment.

As reported by committee, this bill is identical to Assembly Bill No. 836 with committee amendments, which was also reported by the committee on this same date.

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

SENATE, No. 1220 STATE OF NEW JERSEY 213th LEGISLATURE

DATED: JUNE 24, 2009

SUMMARY

- Synopsis:** Renames the Primary Care Physician and Dentist Loan Redemption Program and makes various other changes to the program.
- Type of Impact:** Possible increase in General Fund expenditures.
- Agencies Affected:** Higher Education Student Assistance Authority.

Office of Legislative Services Estimate

Fiscal Impact	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
State Cost	Indeterminate	Indeterminate	Indeterminate

- Senate Bill No. 1220 (1R) of 2008 makes a number of changes in regard to the Primary Care Physician and Dentist Loan Redemption Program established within the Higher Education Student Assistance Authority (HESAA). The Office of Legislative Services (OLS) estimates that the bill's provisions will increase the number and type of sites at which medical professionals can perform loan redemption service and increase student awareness of the program which consequently may increase State costs.
- The bill renames the Primary Care Physician and Dentist Loan Redemption Program as the Primary Care Practitioner Loan Redemption Program and provides for the redemption of a portion of the eligible student loan expenses of program participants for each year of service at an approved site.
- Under current law, loan redemption is granted for sites located within State designated underserved areas, as determined by the Commissioner of Health and Senior Services, or Health Professional Shortage Areas (HPSA), as determined by federal Secretary of Health and Human Services. Under the bill, loan redemption will be granted for service at sites within State designated underserved areas, HPSAs, clinics established by the New Jersey Dental School of the University of Medicine and Dentistry of New Jersey, or a site which

serves medically underserved populations, as determined by the authority in consultation with the Department of Health and Senior Services.

- The bill requires HESAA to work with the State institutions of medical, dental, and other primary care professional education to ensure that information on the program is made available to students upon enrollment.
- The bill also limits program expenditures to available appropriations. The FY 2010 recommended budget provides \$2 million to support the program, the same amount appropriated in FY 2009.

BILL DESCRIPTION

Senate Bill No. 1220 (1R) of 2008 makes a number of changes in regard to the Primary Care Physician and Dentist Loan Redemption Program established within the HESAA under N.J.S.18A:71C-32 et seq.

Specifically, the bill:

- renames the program as the Primary Care Practitioner Loan Redemption Program;
- provides for the participation in the program of primary care practitioners who contract with the HESAA to engage in the clinical practice of primary care at an approved site in exchange for the redemption of eligible qualifying loan expenses provided under the program; and
- provides for the redemption of a portion of the eligible student loan expenses of program participants for each year of service at an approved site. "Approved site" is defined as a site located within a State designated underserved area or a health professional shortage area, or a clinic which is part of the extramural network of dental clinics established by the New Jersey Dental School, or a site that has been determined by the HESAA, in consultation with the Department of Health and Senior Services, to serve medically underserved populations.

The bill expands the criteria to be used by the Commissioner of Health and Senior Services to designate State designated underserved areas for the purposes of the Primary Care Practitioner Loan Redemption Program, to include:

- the percentage of the population that is eligible for the Medicaid and NJ FamilyCare programs, and the percentage of the population that does not have health insurance coverage;
- the extent to which racial and ethnic disparities in health care in a geographic area, including, but not limited to, disparities in the incidence of cancer, cardiovascular disease, stroke, chemical dependency, diabetes, asthma, homicide, suicide, accidental injury, infant mortality, child immunization rates, HIV/AIDS, dental caries, and periodontal disease, indicate the need to increase access to primary care services among racial and ethnic minorities; and
- the appropriate dentist or other primary care staffing in clinics which are part of the extramural network of dental clinics established by the New Jersey Dental School.

The bill makes various other changes to revise the operation of the program and requires HESAA to work with the State institutions of medical, dental, and other primary care education to ensure that information regarding the program is provided to students upon enrollment.

FISCAL ANALYSIS***EXECUTIVE BRANCH***

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS estimates that the bill's provisions will increase the number and type of sites at which medical professionals can perform loan redemption service and may increase student awareness of the Primary Care Practitioner Loan Redemption Program. Consequently the number of eligible individuals seeking admission to the program may rise which could impact State costs.

Under current law, loan redemption is granted for sites located within State designated underserved areas, as determined by the Commissioner of Health and Senior Services, or HPSA, as determined by federal Secretary of Health and Human Services. Under the bill, loan redemption will be granted for service at sites within State designated underserved areas, HPSAs, clinics established by the New Jersey Dental School of the University of Medicine and Dentistry of New Jersey, and sites which serves medically underserved populations, as determined by the Higher Education Student Assistance Authority in consultation with the Department of Health and Senior Services.

The HESAA has indicated that under the bill the type and number of approved sites at which medical professionals can satisfy loan redemption service requirements will be increased and will allow program participants to serve at a wider variety of sites. The bill also requires HESAA to work with the State institutions of medical, dental, and other primary care professional education to ensure that information on the program is made available to students upon enrollment in the institution. While program revisions under the bill may potentially increase demand for loan redemption, the bill also provides that program expenditures will be limited to available appropriations. The FY 2010 recommended budget provides \$2 million for the program, the same amount appropriated in FY 2009.

The OLS is not able to estimate the cost of Senate Bill No. 1220 (1R) in future fiscal years as the cost will be dependent on the extent to which the program changes outlined in the bill will impact future loan redemption volume and the annual appropriation for this purpose.

Section: Education
Analyst: Osomo Thomas
Senior Fiscal Analyst
Approved: David J. Rosen
Legislative Budget and Finance Officer

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L. 1980, c.67 (C. 52:13B-1 et seq.).

ASSEMBLY, No. 836

STATE OF NEW JERSEY

213th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2008 SESSION

Sponsored by:

Assemblyman UPENDRA J. CHIVUKULA

District 17 (Middlesex and Somerset)

Assemblywoman BONNIE WATSON COLEMAN

District 15 (Mercer)

Assemblyman GORDON M. JOHNSON

District 37 (Bergen)

Assemblywoman VALERIE VAINIERI HUTTLE

District 37 (Bergen)

Assemblywoman NILSA CRUZ-PEREZ

District 5 (Camden and Gloucester)

Co-Sponsored by:

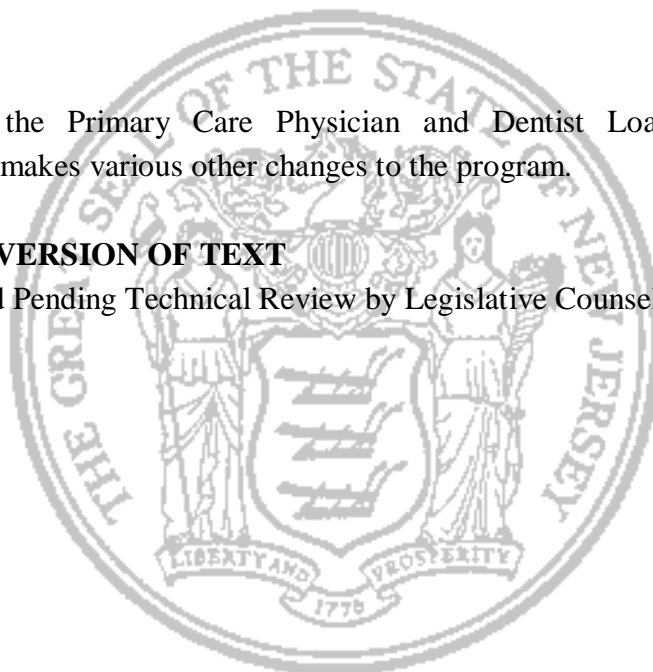
Assemblymen McKeon, Wolfe, Coutinho, Giblin and Diegnan

SYNOPSIS

Renames the Primary Care Physician and Dentist Loan Redemption Program and makes various other changes to the program.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel



(Sponsorship Updated As Of: 2/27/2009)

1 AN ACT concerning loan redemption for primary care practitioners,
2 amending and supplementing N.J.S.18A:71C-32 et seq., and
3 repealing N.J.S.18A:71C-45.
4

5 **BE IT ENACTED** by the Senate and General Assembly of the State
6 of New Jersey:

7
8 1. N.J.S.18A:71C-32 is amended to read as follows:
9 18A:71C-32. As used in N.J.S.18A:71C-32 through
10 N.J.S.18A:71C-48:

11 "Approved site" means a site located within a State designated
12 underserved area or a health professional shortage area, or a clinic
13 which is part of the extramural network of dental clinics established
14 by the New Jersey Dental School of the University of Medicine and
15 Dentistry of New Jersey, or a site that has been determined by the
16 Higher Education Student Assistance Authority, in consultation
17 with the Department of Health and Senior Services, to serve
18 medically underserved populations according to criteria determined
19 by the authority, including, but not limited to, the percentage of
20 medically underserved patients served.

21 "Authority" means the Higher Education Student Assistance
22 Authority.

23 "Eligible **[student]** qualifying loan expenses" means the
24 cumulative **[total of the annual]** outstanding balance of student
25 loans covering the cost of attendance at an undergraduate institution
26 of medical, dental, or other primary care professional education at
27 the time an applicant is selected for the program. Interest paid or
28 due on **[student]** qualifying loans that an applicant has taken out
29 for use in paying the costs of undergraduate medical, dental, or
30 other primary care professional education shall be considered
31 eligible for reimbursement under the program. The authority may
32 establish a limit on the total amount of **[student]** qualifying loans
33 which may be redeemed for participants under the program,
34 provided that the total redemption of **[student]** qualifying loans
35 does not exceed \$120,000, or the maximum amount authorized by
36 the federal government, whichever is greater, either in State funds
37 or the sum of federal, State, and other non-federal matching funds,
38 pursuant to section 338I of the Public Health Service Act (42
39 U.S.C.s.254q-1), whichever is applicable.

40 "Executive director" means the executive director of the Higher
41 Education Student Assistance Authority.

42 "Health professional shortage area" (HPSA) means an urban or
43 rural area, a population group or a public or non-profit private
44 medical or dental facility or other public facility which the

EXPLANATION – Matter enclosed in bold-faced brackets **[thus]** in the above bill is
not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

1 Secretary of Health and Human Services determines has a health
2 professional shortage pursuant to section 332 of the Public Health
3 Service Act (42 U.S.C. s.254e).

4 "Primary care" means the practice of family medicine, general
5 internal medicine, general pediatrics, general obstetrics,
6 gynecology, pediatric dentistry, general dentistry, public health
7 dentistry, and any other areas of medicine or dentistry which the
8 Commissioner of Health and Senior Services may define as primary
9 care. Primary care also includes the practice of **【general dentistry**
10 **and pedodontics, as well as the professions of】** a nurse-practitioner,
11 certified nurse-midwife, and physician assistant.

12 "Primary care practitioner" means a State-licensed or certified
13 health care professional who has obtained a degree in allopathic or
14 osteopathic medicine, dentistry, or another primary care profession
15 at an undergraduate institution of medical, dental, or other primary
16 care professional education, as applicable.

17 **【"Primary Care Physician and Dentist Loan Redemption**
18 **Program**" means a program which provides for the redemption of
19 the eligible student loan expenses of its participants.**】**

20 "Program" means the Primary Care Practitioner Loan
21 Redemption Program established pursuant to N.J.S.18A:71C-33.

22 "Program participant" means a primary care practitioner who
23 contracts with the authority to engage in the clinical practice of
24 primary care at an approved site in exchange for the redemption of
25 eligible qualifying loan expenses provided under the program.

26 "Qualifying loan" means a government or commercial loan for
27 the actual costs paid for tuition and reasonable education and living
28 expenses relating to the obtaining of a degree in allopathic or
29 osteopathic medicine, dentistry, or another primary care profession.

30 "State designated underserved area" means a geographic area in
31 this State which has been ranked by the Commissioner of Health
32 and Senior Services on the basis of health status and economic
33 indicators as reflecting a medical or dental health professional
34 shortage.

35 "Total and permanent disability" means a physical or mental
36 disability that is expected to continue indefinitely or result in death
37 and renders a participant in the program unable to perform that
38 person's service obligation, as determined by the executive director
39 or his designee.

40 "Undergraduate medical, dental, or other professional primary
41 care professional education" means the period of time between
42 entry into medical school, dental school, or other primary care
43 professional training program and the award of **【the medical (M.D.,**
44 **D.O.) degree, the dental (D.M.D., D.D.S.) degree, or other primary**
45 **care professional degree】** a degree in allopathic or osteopathic
46 medicine, dentistry, or another primary care profession,

1 respectively.

2 (cf: N.J.S.18A:71C-32)

3

4 2. N.J.S.18A:71C-33 is amended to read as follows:

5 18A:71C-33. There is established a Primary Care **【Physician and**
6 **Dentist】** Practitioner Loan Redemption Program within the Higher
7 Education Student Assistance Authority. The program shall
8 provide for the redemption of a portion of the eligible **【student】**
9 qualifying loan expenses of program participants for each year of
10 service **【in a State designated underserved area】** at an approved
11 site.

12 (cf: N.J.S.18A:71C-33)

13

14 3. N.J.S.18A:71C-34 is amended to read as follows:

15 18A:71C-34. To be eligible to participate in the **【Primary Care**
16 **Physician and Dentist Loan Redemption Program】** program, an
17 applicant shall:

18 a. be a resident of the State;

19 b. be a **【graduate of a medical school approved by the State**
20 **Board of Medical Examiners for the purpose of licensure and**
21 **receive a recommendation from the school's medical staff**
22 **concerning participation in the loan redemption program in the case**
23 **of a physician; be a graduate of a dental school approved by the**
24 **New Jersey State Board of Dentistry for the purpose of licensure**
25 **and receive a recommendation from the school's dental staff**
26 **concerning participation in the loan redemption program in the case**
27 **of a dentist; or be a graduate of another state-approved primary care**
28 **professional training program for the purpose of licensure or**
29 **certification and receive a recommendation from the program's**
30 **professional staff concerning participation in the loan redemption**
31 **program in the case of another primary care provider】** primary care
32 practitioner; and

33 c. **【in the case of a physician, have completed an accredited**
34 **residency training program and received a recommendation from**
35 **the director of the training program concerning participation in the**
36 **loan redemption program; and】** (Deleted by amendment, P.L. ____,
37 c. (pending before the Legislature as this bill).)

38 d. agree to practice primary care, as appropriate, **【in a State**
39 **designated underserved area】** at an approved site under the terms
40 and conditions provided in N.J.S.18A:71C-36 and the agreement
41 issued thereunder.

42 (cf: N.J.S.18A:71C-34)

43

44 4. N.J.S.18A:71C-35 is amended to read as follows:

45 18A:71C-35. The Commissioner of Health and Senior Services,
46 after consultation with the Commissioner of Corrections and the

1 Commissioner of Human Services, shall designate and establish a
2 ranking of State designated underserved areas. The criteria used by
3 the Commissioner of Health and Senior Services in designating
4 areas shall include, but not be limited to:

5 a. the financial resources of the population under consideration,
6 including the percentage of the population that is eligible for
7 medical assistance pursuant to P.L.1968, c.413 (C.30:4D-1 et seq.)
8 and P.L.2005, c.156 (C.30:4J-8 et seq.), and the percentage of the
9 population that does not have health insurance coverage;

10 b. the population's access to primary care services; **[and]**

11 c. appropriate physician, dentist, or other primary care staffing
12 in State, county, municipal and private nonprofit health care
13 facilities and in clinics which are part of the extramural network of
14 dental clinics established by the New Jersey Dental School of the
15 University of Medicine and Dentistry of New Jersey; and

16 d. the extent to which racial and ethnic disparities in health care
17 in a geographic area, including, but not limited to, disparities in the
18 incidence of cancer, cardiovascular disease, stroke, chemical
19 dependency, diabetes, asthma, homicide, suicide, accidental injury,
20 infant mortality, child immunization rates, HIV/AIDS, dental caries,
21 and periodontal disease, indicate the need to increase access to
22 primary care services among racial and ethnic minority populations
23 in that area.

24 The Commissioner of Health and Senior Services shall transmit
25 the list of State designated underserved areas and the number of
26 positions needed in each area to the executive director or designee.
27 (cf: N.J.S.18A:71C-35)

28

29 5. N.J.S.18A:71C-36 is amended to read as follows:

30 18A:71C-36. **[A medical, dental, nursing, or other primary care**
31 **student who is eligible and interested in participating in the loan**
32 **redemption program shall sign a nonbinding agreement with the**
33 **Higher Education Student Assistance Authority or its designated**
34 **agent upon completion of the final year of undergraduate medical,**
35 **dental, or other primary care training, as appropriate. At the end of**
36 **the final year or residency training in the case of a physician; at the**
37 **end of the final year of undergraduate dental training or residency**
38 **training if the training is required in a primary care dental speciality**
39 **in the case of a dentist; and at the end of the final year of other**
40 **primary care training in the case of another primary care provider,**
41 **the applicant shall sign a contractual agreement with] a. In**
42 **administering the program, the authority or its designated agent**
43 **shall contract only with a primary care practitioner.**

44 **b. The contract shall require a program participant to:**

45 **(1) serve at least an initial two-year period at an approved site in**
46 **the full-time clinical practice of that person's primary care**
47 **profession;**

1 (2) charge for professional services at the usual and customary
2 rate prevailing in the area in which the approved site is located, but
3 allow a patient who is unable to pay that charge to pay at a reduced
4 rate or receive care at no charge;

5 (3) not discriminate against any patient in the provision of health
6 care services on the basis of that person's ability to pay or source of
7 payment; and

8 (4) agree not to impose any charge in excess of the limiting fee
9 for a service, as determined by the United States Secretary of
10 Health and Human Services, to a recipient of benefits under the
11 federal Medicare program established pursuant to Pub.L.89-97 (42
12 U.S.C.s.1395 et seq.).

13 c. The **[agreement]** contract shall also specify the applicant's
14 dates of required service**],** the initial period to cover a minimum of
15 two years,**]** and the total amount of eligible **[student]** qualifying
16 loan expenses to be redeemed by the State in return for service**].**
17 The agreement shall also**],** and stipulate that the applicant has
18 knowledge of and agrees to the six-month probationary period
19 required prior to final acceptance into the program pursuant to
20 N.J.S.18A:71C-38.

21 (cf: N.J.S.18A:71C-36)

22
23 6. N.J.S.18A:71C-37 is amended to read as follows:

24 18A:71C-37. a. Maximum redemption of loans under the loan
25 redemption program shall amount to 18% of principal and interest
26 of eligible **[student]** qualifying loan expenses in return for one full
27 year of service **[in a State designated medically underserved area]**
28 at an approved site, an additional 26% for a second full year of
29 service, an additional 28% for a third full year of service and an
30 additional 28% for a fourth full year of service for a total
31 redemption of eligible **[student]** qualifying loan expenses of up to,
32 but not to exceed, \$120,000, or the maximum amount authorized by
33 the federal government, whichever is greater, either (1) in State
34 funds or (2) the sum of federal, State, and other non-federal funds
35 pursuant to section 338I of the Public Health Service Act (42
36 U.S.C.s.254q-1), whichever is applicable. **[Service in a State**
37 **designated underserved area shall begin within two years of**
38 **completion of the medical residency training program in the case of**
39 **a physician; within two years of completion of undergraduate dental**
40 **training or residency training if the training is required in a primary**
41 **care dental specialty in the case of a dentist; and within two years of**
42 **completion of other primary care professional training if the**
43 **training is required in the case of another primary care provider]**
44 No amount of eligible qualifying loan expenses shall be redeemed
45 for services performed for less than a full year.

46 b. A participant who enters an agreement to fulfill service in a
47 State designated underserved area that is also a **[federal]** HPSA

1 shall be permitted a total redemption of eligible **【student】**
2 qualifying loan expenses for four years of service up to, but not to
3 exceed, the sum of federal, State and other non-federal matching
4 funds provided pursuant to section 338I of the Public Health
5 Service Act (42 U.S.C.s.254q-1).

6 c. A program participant who enters an agreement to fulfill
7 service in a State designated underserved area that is not also a
8 HPSA shall be permitted a total redemption of eligible qualifying
9 loan expenses for four years of service up to, but not to exceed,
10 \$120,000, or the maximum amount authorized by the federal
11 government, whichever is greater, in State funds.

12 d. A program participant who has engaged in full-time clinical
13 practice during the participant's initial two years of participation in
14 the program shall be permitted to fulfill the program participant's
15 subsequent service obligations on a part-time basis with the
16 approval of the authority or its designee and the program
17 participant's employer in a State designated underserved area, with
18 the program participant's redemption credit accruing on a pro rata
19 basis. The program participant may be permitted a total redemption
20 of eligible qualifying loan expenses for the equivalent of four years
21 of full-time service.

22 (cf: N.J.S.18A:71C-37)

23

24 7. N.J.S.18A:71C-38 is amended to read as follows:

25 18A:71C-38. Each program participant shall serve a six-month
26 probationary period upon initial placement **【in a service site within**
27 **the State designated underserved area】** at an approved site. During
28 that period, the **【medical or dental】** primary care staff of the
29 **【service】** approved site, [as appropriate,] or in the case of a clinic
30 which is part of the extramural network of dental clinics established
31 by the New Jersey Dental School of the University of Medicine and
32 Dentistry of New Jersey, the director of the clinics and the vice-
33 dean of the dental school, together with the program participant and
34 the executive director or his designee, shall evaluate the suitability
35 of the placement for the program participant. At the end of the
36 probationary period, the 【medical or dental】 primary care staff shall
37 recommend the continuation of the program participant's present
38 placement, a change in placement, or its determination that the
39 program participant is an unsuitable candidate for the 【loan
40 redemption】 program. If the 【medical or dental】 primary care staff
41 of the 【service】 approved site recommends a change in placement,
42 the executive director or a designee shall 【place the program
43 participant in】 approve an alternate placement 【within a State
44 designated underserved area】 at an approved site. If the 【medical
45 or dental】 primary care staff determines that the program
46 participant is not a suitable candidate for the program, the executive

1 director or his designee shall take this recommendation into
2 consideration in regard to the program participant's final acceptance
3 into the program. No loan redemption payment shall be made
4 during the six-month probationary period; however, a program
5 participant shall receive credit for the six-month period in
6 calculating the first year of required service under the loan
7 redemption contract.

8 (cf: N.J.S.18A:71C-38)

9

10 8. N.J.S.18A:71C-39 is amended to read as follows:

11 18A:71C-39. The executive director or his designee, in
12 consultation with the Commissioner of Health and Senior Services,
13 shall match program participants to State designated underserved
14 areas **【based upon the ranking of the underserved areas established**
15 **by the commissioner and on the basis of participant preference】** or
16 HPSAs.

17 (cf: N.J.S.18A:71C-39)

18

19 9. N.J.S.18A:71C-40 is amended to read as follows:

20 18A:71C-40. The executive director or his designee shall
21 **【annually determine the number of program positions available on**
22 **the basis of the need for primary care physicians, dentists, and other**
23 **primary care providers in State designated underserved areas as**
24 **determined by the Commissioner of Health and Senior Services and**
25 **the State and federal funds available for the program. Once the**
26 **number of program positions has been determined, the executive**
27 **director or designee shall】** select the program participants from
28 among those **【students who have applied to the program and】**
29 applicants who meet the eligibility criteria established pursuant to
30 N.J.S.18A:71C-34, subject to available funds and available
31 approved sites. In **【selecting program participants】** the event that
32 there are insufficient funds or approved sites to select all of the
33 applicants who meet the eligibility criteria, the executive director or
34 his designee shall accord priority to applicants in the following
35 manner:

36 a. first, to any applicant who is completing a fourth, third or
37 second year of a loan redemption contract;

38 b. second, to any applicant **【whose residence in the State at the**
39 **time of entry into postsecondary education was within a State**
40 **designated underserved area】** according to the severity of the
41 physician, dentist, or other primary care provider shortage in the
42 area selected by the applicant; and

43 c. third, to any applicant **【according to the severity of the**
44 **physician, dentist, or other primary care provider shortage in the**
45 **area selected by the applicant】** whose residence in the State at the
46 time of entry into postsecondary education was within a State
47 designated underserved area.

1 In the event that there are more applicants who have the same
2 priority than there are program positions, the executive director or
3 his designee shall select program participants by means of a lottery
4 or other form of random selection.

5 (cf: N.J.S.18A:71C-40)
6

7 10. (New section) a. A program participant, as a condition of
8 participation, shall be required to adhere to performance standards
9 established by the executive director or his designee and if the
10 approved site is a clinic which is part of the extramural network of
11 dental clinics established by the New Jersey Dental School of the
12 University of Medicine and Dentistry of New Jersey the program
13 participant shall also meet performance standards set by the New
14 Jersey Dental School.

15 b. The standards shall include, but not be limited to,
16 requirements that a participant:

17 (1) maintain residency in the State;

18 (2) maintain a license or certification to practice a primary care
19 profession in the State;

20 (3) remain current with payments on student loans;

21 (4) enter into a mutually acceptable contract with an approved
22 site;

23 (5) maintain satisfactory performance of services rendered at an
24 approved site; and

25 (6) report to the authority or its designee, on a form and in a
26 manner prescribed by the authority or its designee, on the program
27 participant's performance of services rendered at an approved site
28 prior to repayment of the annual amount eligible for redemption.
29

30 11. N.J.S.18A:71C-41 is amended to read as follows:

31 18A:71C-41. A **【physician, dentist, or other primary care**
32 **provider】** program participant who has previously entered into a
33 contract with the authority may nullify the agreement by notifying
34 the authority in writing and reassuming full responsibility for the
35 remaining outstanding balance of the loan debt. In no event shall
36 service **【in a State designated underserved area】** at an approved site
37 for less than the full calendar year of each period of service entitle
38 the program participant to any benefits under the **【loan redemption】**
39 program. A program participant seeking to nullify the contract
40 before completing a second full year of service shall be required to
41 pay 50% of the redeemed portion of indebtedness in not more than
42 one year following nullification of the agreement.

43 (cf: N.J.S.18A:71C-41)
44

45 12. N.J.S.18A:71C-42 is amended to read as follows:

46 18A:71C-42. In case of a program participant's death or total and
47 permanent disability, the authority or its designee shall nullify the

1 service obligation of the **【student】** program participant. The
2 nullification shall terminate the authority's obligations under the
3 loan redemption contract, except in the event that a program
4 participant's death or total and permanent disability occurs **【after】**
5 during the second year of service, the authority shall **【redeem the**
6 **current year of service】** not require repayment of the prior
7 redeemed portion of indebtedness. When continued enforcement of
8 the contract may result in extreme hardship, the authority or its
9 designee may nullify or suspend the service obligation of the
10 **【student】** program participant.

11 (cf: N.J.S.18A:71C-42)

12

13 13. (New section) A person who knowingly or willfully
14 furnishes any false or misleading information for the purpose of
15 receiving loan redemption benefits under the program is guilty of a
16 crime of the fourth degree.

17

18 14. N.J.S.18A:71C-43 is amended to read as follows:

19 18A:71C-43. a. In the case of:

20 (1) a program participant's conviction of a crime or an act of
21 gross negligence in the performance of service obligations **【or**
22 **when】**;

23 (2) suspension or revocation of the program participant's license
24 or certification to practice **【has been suspended or revoked,】**; or

25 (3) a program participant's breach of the performance standards
26 established pursuant to section 10 of P.L. , c. (C.)(pending
27 before the Legislature as this bill);

28 the executive director or his designee **【shall have the authority】** is
29 authorized to terminate the program participant's service in the
30 program **【and require forfeiture of the amount redeemed for the**
31 **current year of service】**.

32 b. A program participant who fails to repay an amount due the
33 authority under the program may be subject to actions initiated by
34 the authority or its designee, which may include, but are not limited
35 to, recovery of the amount due by an action brought in a court of
36 competent jurisdiction or through the offset of State tax refunds or
37 rebates, making this information available to credit reporting
38 agencies, and exclusion from eligibility for any student assistance
39 benefits administered by the authority, as well as action by the
40 federal government, to the extent that loan redemption benefits are
41 federally funded, to recover any amount due it as permitted by
42 federal law. In any action brought by the authority or its designee
43 in a court of competent jurisdiction pursuant to this subsection, the
44 program participant shall be liable for: the debt incurred, interest
45 on the debt at the maximum legal prevailing rate as determined by
46 the United States Treasurer, and the administrative and court costs

1 associated with collection of the debt.

2 (cf: N.J.S.18A:71C-43)

3

4 15. N.J.S.18A:71C-44 is amended to read as follows:

5 18A:71C-44. A student who is participating in the federally
6 administered National Health Service Corps Loan Repayment
7 Program, section 338B of the Public Health Service Act (42
8 U.S.C.s.254 l-1), shall not be eligible to participate simultaneously
9 in the Primary Care **【Physician and Dentist】** Practitioner Loan
10 Redemption Program.

11 (cf: N.J.S.18A:71C-44)

12

13 16. (New section) The executive director or his designee may,
14 within the limits of available funds and in accordance with
15 eligibility criteria determined by the executive director or his
16 designee, make payments in a reasonable amount, as determined by
17 the executive director or his designee, to reimburse a program
18 participant for all or part of any increased tax liability incurred by
19 the participant, pursuant to the "New Jersey Gross Income Tax
20 Act," N.J.S.54A:1-1 et seq., which results from the redemption of
21 eligible qualifying loan expenses under the program.

22

23 17. N.J.S.18A:71C-45 is repealed.

24

25 18. This act shall take effect immediately.

26

27

28

STATEMENT

29

30 This bill makes a number of changes in regard to the Primary
31 Care Physician and Dentist Loan Redemption Program established
32 within the Higher Education Student Assistance Authority
33 (HESAA) under N.J.S.18A:71C-32 et seq.

34 Specifically, the bill:

- 35 • renames the program as the Primary Care Practitioner Loan
36 Redemption Program;
- 37 • provides for the participation in the program of primary care
38 practitioners who contract with the HESAA to engage in the
39 clinical practice of primary care at an approved site in
40 exchange for the redemption of eligible qualifying loan
41 expenses provided under the program;
- 42 • provides for the redemption of a portion of the eligible
43 student loan expenses of program participants for each year
44 of service at an approved site. "Approved site" is defined
45 as a site located within a State designated underserved area
46 or a health professional shortage area, or a clinic which is
47 part of the extramural network of dental clinics established

- 1 by the New Jersey Dental School, or a site that has been
2 determined by the HESAA, in consultation with the
3 Department of Health and Senior Services, to serve
4 medically underserved populations;
- 5 • requires a program participant to:
 - 6 -- serve at least an initial two-year period at an approved site in
7 the full-time clinical practice of that person's primary care
8 profession;
 - 9 -- charge for professional services at the usual and customary
10 rate prevailing in the area in which the approved site is located, but
11 allow a patient who is unable to pay that charge to pay at a reduced
12 rate or receive care at no charge;
 - 13 -- not discriminate against any patient in the provision of health
14 care services on the basis of that person's ability to pay or source of
15 payment; and
 - 16 -- agree not to impose any charge in excess of the limiting fee for
17 a service, as determined by the United States Secretary of Health
18 and Human Services, to a Medicare recipient;
 - 19 • precludes any loan redemption benefits under the program
20 for services performed for less than a full year;
 - 21 • permits a program participant who has completed a full-time
22 clinical practice during the participant's initial two years in
23 the program to fulfill subsequent service obligations on a
24 part-time basis with the approval of the HESAA and the
25 program participant's employer in a State designated
26 underserved area, with the participant's redemption credit
27 accruing on a pro rata basis and subject to a total
28 redemption of eligible qualifying loan expenses for the
29 equivalent of four years of full-time service;
 - 30 • require the HESAA, in the event that there are insufficient
31 funds or approved sites to select all of the program
32 applicants who meet the eligibility criteria, to accord
33 priority to applicants in the following manner:
 - 34 -- first, to those completing a fourth, third or second year of a
35 loan redemption contract;
 - 36 -- second, based on the severity of the primary care provider
37 shortage in the area selected by the applicant; and
 - 38 -- third, to those whose residence at the time of entry into
39 postsecondary education was in a State designated underserved
40 area;
 - 41 • requires a program participant to adhere to performance
42 standards that include, but are not limited to, requirements
43 that a participant:
 - 44 -- maintain residency in the State;
 - 45 -- maintain a license or certification to practice a primary care
46 profession in the State;
 - 47 -- remain current with payments on student loans;

- 1 -- enter into a mutually acceptable contract with an approved
2 site;
- 3 -- maintain satisfactory performance of services rendered at an
4 approved site; and
- 5 -- report to the HESAA on the participant's performance of
6 services at an approved site prior to repayment of the annual
7 amount eligible for redemption;
- 8 -- requires the program participant to also meet performance
9 standards set by the New Jersey Dental School if the approved site
10 is a clinic which is part of the extramural dental clinics established
11 by the dental school;
- 12 • provides that when the HESAA nullifies the service
13 obligation of a program participant who has died or incurred
14 a total and permanent disability, the nullification terminates
15 the HESAA's obligations under the loan redemption
16 contract; and, if the participant's death or total and
17 permanent disability occurs during the second year of
18 service, the HESAA will not require repayment of the prior
19 redeemed portion of indebtedness;
 - 20 • makes the knowing or willful furnishing of false or
21 misleading information for the purpose of receiving loan
22 redemption benefits under the program a crime of the fourth
23 degree (punishable by a fine of up to \$10,000 or
24 imprisonment for up to 18 months, or both);
 - 25 • permits the HESAA to terminate a program participant's
26 service in the program if the participant has:
 - 27 -- been convicted of a crime or an act of gross negligence in the
28 performance of service obligations;
 - 29 -- incurred a suspension or revocation of the participant's license
30 or certification to practice; or
 - 31 -- committed a breach of the performance standards established
32 pursuant to the bill;
 - 33 • makes a program participant who fails to repay an amount
34 due the HESAA under the program subject to actions
35 initiated by the HESAA, which may include, but are not
36 limited to, recovery through litigation or through the offset
37 of State tax refunds or rebates, making this information
38 available to credit reporting agencies, and exclusion from
39 eligibility for any student assistance benefits administered
40 by the HESAA, as well as action by the federal government,
41 to the extent that loan redemption benefits are federally
42 funded, to recover any amount due it as permitted by federal
43 law;
 - 44 • provides for reimbursement by the HESAA, within the limits
45 of available funds and in accordance with eligibility criteria
46 determined by the executive director or his designee, to a
47 program participant for all or part of any increased State

1 income tax liability resulting from the receipt of loan
2 redemption benefits under the program; and

- 3 • repeals N.J.S.18A:71C-45 (which requires program
4 participant reports to the HESAA on the
5 participant's performance of service), because its provisions
6 are incorporated elsewhere in the bill.

7 The bill also expands the criteria to be used by the Commissioner
8 of Health and Senior Services to designate State designated
9 underserved areas for the purposes of the Primary Care Practitioner
10 Loan Redemption Program, to include:

- 11 • the percentage of the population that is eligible for the
12 Medicaid and NJ FamilyCare program, and the percentage
13 of the population that does not have health insurance
14 coverage;
- 15 • the extent to which racial and ethnic disparities in health
16 care in a geographic area, including, but not limited to,
17 disparities in the incidence of cancer, cardiovascular
18 disease, stroke, chemical dependency, diabetes, asthma,
19 homicide, suicide, accidental injury, infant mortality, child
20 immunization rates, HIV/AIDS, dental caries, and
21 periodontal disease, indicate the need to increase access to
22 primary care services among racial and ethnic minority; and
- 23 • the appropriate dentist or other primary care staffing in
24 clinics which are part of the extramural network of dental
25 clinics established by the New Jersey Dental School.

ASSEMBLY HIGHER EDUCATION COMMITTEE

STATEMENT TO

ASSEMBLY, No. 836

with committee amendments

STATE OF NEW JERSEY

DATED: MARCH 9, 2009

The Assembly Higher Education Committee reports favorably Assembly Bill No. 836 with committee amendments.

As amended, this bill makes a number of changes in regard to the Primary Care Physician and Dentist Loan Redemption Program established within the Higher Education Student Assistance Authority (HESAA) under N.J.S.18A:71C-32 et seq.

Specifically, the bill:

- renames the program as the Primary Care Practitioner Loan Redemption Program;
- provides for the participation in the program of primary care practitioners who contract with the HESAA to engage in the clinical practice of primary care at an approved site in exchange for the redemption of eligible qualifying loan expenses provided under the program;
- provides for the redemption of a portion of the eligible student loan expenses of program participants for each year of service at an approved site. "Approved site" is defined as a site located within a State designated underserved area or a health professional shortage area, or a clinic which is part of the extramural network of dental clinics established by the New Jersey Dental School, or a site that has been determined by the HESAA, in consultation with the Department of Health and Senior Services, to serve medically underserved populations;
- requires a program participant to:
 - (1) serve at least an initial two-year period at an approved site in the full-time clinical practice of that person's primary care profession;
 - (2) charge for professional services at the usual and customary rate prevailing in the area in which the approved site is located, but allow a patient who is unable to pay that charge to pay at a reduced rate or receive care at no charge;
 - (3) not discriminate against any patient in the provision of health care services on the basis of that person's ability to pay or source of payment; and

(4) agree not to impose any charge in excess of the limiting fee for a service, as determined by the United States Secretary of Health and Human Services, to a Medicare recipient;

- precludes any loan redemption benefits under the program for services performed for less than a full year;
- permits a program participant who has completed a full-time clinical practice during the participant's initial two years in the program to fulfill subsequent service obligations on a part-time basis with the approval of the HESAA and the program participant's employer in a State designated underserved area, with the participant's redemption credit accruing on a pro rata basis and subject to a total redemption of eligible qualifying loan expenses for the equivalent of four years of full-time service;
- require the HESAA, in the event that there are insufficient funds or approved sites to select all of the program applicants who meet the eligibility criteria, to accord priority to applicants in the following manner:
 - first, to those completing a fourth, third or second year of a loan redemption contract;
 - second, based on the severity of the primary care provider shortage in the area selected by the applicant; and
 - third, to those whose residence at the time of entry into postsecondary education was in a State designated underserved area;
- requires a program participant to adhere to performance standards that include, but are not limited to, requirements that a participant:
 - (1) maintain residency in the State;
 - (2) maintain a license or certification to practice a primary care profession in the State;
 - (3) remain current with payments on student loans;
 - (4) enter into a mutually acceptable contract with an approved site;
 - (5) maintain satisfactory performance of services rendered at an approved site; and
 - (6) report to the HESAA on the participant's performance of services at an approved site prior to repayment of the annual amount eligible for redemption;
- requires the program participant to also meet performance standards set by the New Jersey Dental School if the approved site is a clinic which is part of the extramural dental clinics established by the dental school;
- provides that when the HESAA nullifies the service obligation of a program participant who has died or incurred a total and permanent disability, the nullification terminates the HESAA's obligations under the loan redemption contract; and, if the participant's death or total and permanent disability occurs

during the second year of service, the HESAA will not require repayment of the prior redeemed portion of indebtedness;

- makes the knowing or willful furnishing of false or misleading information for the purpose of receiving loan redemption benefits under the program a crime of the fourth degree (punishable by a fine of up to \$10,000 or imprisonment for up to 18 months, or both);
- permits the HESAA to terminate a program participant's service in the program if the participant has:

(1) been convicted of a crime or an act of gross negligence in the performance of service obligations;

(2) incurred a suspension or revocation of the participant's license or certification to practice; or

(3) committed a breach of the performance standards established pursuant to the bill;

- makes a program participant who fails to repay an amount due the HESAA under the program subject to actions initiated by the HESAA, which may include, but are not limited to, recovery through litigation or through the offset of State tax refunds or rebates, making this information available to credit reporting agencies, and exclusion from eligibility for any student assistance benefits administered by the HESAA, as well as action by the federal government, to the extent that loan redemption benefits are federally funded, to recover any amount due it as permitted by federal law;
- provides for reimbursement by the HESAA, within the limits of available funds and in accordance with eligibility criteria determined by the executive director or his designee, to a program participant for all or part of any increased State income tax liability resulting from the receipt of loan redemption benefits under the program; and
- repeals N.J.S.18A:71C-45 (which requires program participant reports to the HESAA on the participant's performance of service), because its provisions are incorporated elsewhere in the bill.

The bill also expands the criteria to be used by the Commissioner of Health and Senior Services to designate State designated underserved areas for the purposes of the Primary Care Practitioner Loan Redemption Program, to include:

- the percentage of the population that is eligible for the Medicaid and NJ FamilyCare programs, and the percentage of the population that does not have health insurance coverage;
- the extent to which racial and ethnic disparities in health care in a geographic area, including, but not limited to, disparities in the incidence of cancer, cardiovascular disease, stroke, chemical dependency, diabetes, asthma, homicide, suicide, accidental injury, infant mortality, child immunization rates,

HIV/AIDS, dental caries, and periodontal disease, indicate the need to increase access to primary care services among racial and ethnic minorities; and

- the appropriate dentist or other primary care staffing in clinics which are part of the extramural network of dental clinics established by the New Jersey Dental School.

The committee amended the bill to require the authority to work with State institutions of medical, dental, and other primary care education to ensure that information regarding the Primary Care Physician and Dentist Loan Redemption Program is provided to students upon enrollment.

As amended and reported by committee, this bill is identical to Senate Bill No. 1220 (1R), which was also reported by the committee on this same date.

This bill was pre-filed for introduction in the 2008-2009 session pending technical review. As reported, the bill includes the changes required by technical review, which has been performed.

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

ASSEMBLY, No. 836

STATE OF NEW JERSEY 213th LEGISLATURE

DATED: JUNE 24, 2009

SUMMARY

- Synopsis:** Renames the Primary Care Physician and Dentist Loan Redemption Program and makes various other changes to the program.
- Type of Impact:** Possible increase in General Fund expenditures.
- Agencies Affected:** Higher Education Student Assistance Authority.

Office of Legislative Services Estimate

Fiscal Impact	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
State Cost	Indeterminate	Indeterminate	Indeterminate

- Assembly Bill No. 836 (1R) of 2008 makes a number of changes in regard to the Primary Care Physician and Dentist Loan Redemption Program established within the Higher Education Student Assistance Authority (HESAA). The Office of Legislative Services (OLS) estimates that the bill's provisions will increase the number and type of sites at which medical professionals can perform loan redemption service and increase student awareness of the program which consequently may increase State costs.
- The bill renames the Primary Care Physician and Dentist Loan Redemption Program as the Primary Care Practitioner Loan Redemption Program and provides for the redemption of a portion of the eligible student loan expenses of program participants for each year of service at an approved site.
- Under current law, loan redemption is granted for sites located within State designated underserved areas, as determined by the Commissioner of Health and Senior Services, or Health Professional Shortage Areas (HPSA), as determined by federal Secretary of Health and Human Services. Under the bill, loan redemption will be granted for service at sites within State designated underserved areas, HPSAs, clinics established by the New Jersey Dental School of the University of Medicine and Dentistry of New Jersey, or a site which serves medically underserved populations, as determined by the authority in consultation with the Department of Health and Senior Services.

- The bill requires HESAA to work with the State institutions of medical, dental, and other primary care professional education to ensure that information on the program is made available to students upon enrollment.
- The bill also limits program expenditures to available appropriations. The FY 2010 recommended budget provides \$2 million to support the program, the same amount appropriated in FY 2009.

BILL DESCRIPTION

Assembly Bill No. 836 (1R) of 2008 makes a number of changes in regard to the Primary Care Physician and Dentist Loan Redemption Program established within the HESAA under N.J.S.18A:71C-32 et seq.

Specifically, the bill:

- renames the program as the Primary Care Practitioner Loan Redemption Program;
- provides for the participation in the program of primary care practitioners who contract with the HESAA to engage in the clinical practice of primary care at an approved site in exchange for the redemption of eligible qualifying loan expenses provided under the program; and
- provides for the redemption of a portion of the eligible student loan expenses of program participants for each year of service at an approved site. "Approved site" is defined as a site located within a State designated underserved area or a health professional shortage area, or a clinic which is part of the extramural network of dental clinics established by the New Jersey Dental School, or a site that has been determined by the HESAA, in consultation with the Department of Health and Senior Services, to serve medically underserved populations.

The bill expands the criteria to be used by the Commissioner of Health and Senior Services to designate State designated underserved areas for the purposes of the Primary Care Practitioner Loan Redemption Program, to include:

- the percentage of the population that is eligible for the Medicaid and NJ FamilyCare programs, and the percentage of the population that does not have health insurance coverage;
- the extent to which racial and ethnic disparities in health care in a geographic area, including, but not limited to, disparities in the incidence of cancer, cardiovascular disease, stroke, chemical dependency, diabetes, asthma, homicide, suicide, accidental injury, infant mortality, child immunization rates, HIV/AIDS, dental caries, and periodontal disease, indicate the need to increase access to primary care services among racial and ethnic minorities; and
- the appropriate dentist or other primary care staffing in clinics which are part of the extramural network of dental clinics established by the New Jersey Dental School.

The bill makes various other changes to revise the operation of the program and requires HESAA to work with the State institutions of medical, dental, and other primary care education to ensure that information regarding the program is provided to students upon enrollment.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS estimates that the bill's provisions will increase the number and type of sites at which medical professionals can perform loan redemption service and may increase student awareness of the Primary Care Practitioner Loan Redemption Program. Consequently the number of eligible individuals seeking admission to the program may rise which could impact State costs.

Under current law, loan redemption is granted for sites located within State designated underserved areas, as determined by the Commissioner of Health and Senior Services, or HPSA, as determined by federal Secretary of Health and Human Services. Under the bill, loan redemption will be granted for service at sites within State designated underserved areas, HPSAs, clinics established by the New Jersey Dental School of the University of Medicine and Dentistry of New Jersey, and sites which serves medically underserved populations, as determined by the Higher Education Student Assistance Authority in consultation with the Department of Health and Senior Services.

The HESAA has indicated that under the bill the type and number of approved sites at which medical professionals can satisfy loan redemption service requirements will be increased and will allow program participants to serve at a wider variety of sites. The bill also requires HESAA to work with the State institutions of medical, dental, and other primary care professional education to ensure that information on the program is made available to students upon enrollment in the institution. While program revisions under the bill may potentially increase demand for loan redemption, the bill also provides that program expenditures will be limited to available appropriations. The FY 2010 recommended budget provides \$2 million for the program, the same amount appropriated in FY 2009.

The OLS is not able to estimate the cost of Assembly Bill No. 836 (1R) in future fiscal years as the cost will be dependent on the extent to which the program changes outlined in the bill will impact future loan redemption volume and the annual appropriation for this purpose.

Section: Education

*Analyst: Osomo Thomas
Senior Fiscal Analyst*

*Approved: David J. Rosen
Legislative Budget and Finance Officer*

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L. 1980, c.67 (C. 52:13B-1 et seq.).