

CHAPTER 145

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

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

1. N.J.S.18A:71C-32 is amended to read as follows:

Definitions.

18A:71C-32. As used in N.J.S.18A:71C-32 through N.J.S.18A:71C-48:

"Approved site" means 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 of the University of Medicine and Dentistry of New Jersey, or a site that has been determined by the Higher Education Student Assistance Authority, in consultation with the Department of Health and Senior Services, to serve medically underserved populations according to criteria determined by the authority, including, but not limited to, the percentage of medically underserved patients served.

"Authority" means the Higher Education Student Assistance Authority.

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

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

"Health professional shortage area" (HPSA) means an urban or rural area, a population group or a public or non-profit private medical or dental facility or other public facility which the Secretary of Health and Human Services determines has a health professional shortage pursuant to section 332 of the Public Health Service Act (42 U.S.C. s.254e).

"Primary care" means the practice of family medicine, general internal medicine, general pediatrics, general obstetrics, gynecology, pediatric dentistry, general dentistry, public health dentistry, and any other areas of medicine or dentistry which the Commissioner of Health and Senior Services may define as primary care. Primary care also includes the practice of a nurse-practitioner, certified nurse-midwife, and physician assistant.

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

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

"Program participant" means a primary care practitioner who contracts with the authority 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.

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

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

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

"Undergraduate medical, dental, or other primary care professional education" means the period of time between entry into medical school, dental school, or other primary care professional training program and the award of a degree in allopathic or osteopathic medicine, dentistry, or another primary care profession, respectively.

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

Primary care practitioner loan redemption program established.

18A:71C-33. There is established a Primary Care Practitioner Loan Redemption Program within the Higher Education Student Assistance Authority. The program shall provide for the redemption of a portion of the eligible qualifying loan expenses of program participants for each year of service at an approved site.

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

Eligibility for participation in program.

18A:71C-34. To be eligible to participate in the program, an applicant shall:

- a. be a resident of the State;
- b. be a primary care practitioner; and
- c. (Deleted by amendment, P.L.2009, c.145.)
- d. agree to practice primary care, as appropriate, at an approved site under the terms and conditions provided in N.J.S.18A:71C-36 and the agreement issued thereunder.

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

Ranking of State designated underserved areas.

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

- a. the financial resources of the population under consideration, including the percentage of the population that is eligible for medical assistance pursuant to P.L.1968, c.413 (C.30:4D-1 et seq.) and P.L.2005, c.156 (C.30:4J-8 et seq.), and the percentage of the population that does not have health insurance coverage;
- b. the population's access to primary care services;
- c. appropriate physician, dentist, or other primary care staffing in State, county,

municipal and private nonprofit health care facilities and in clinics which are part of the extramural network of dental clinics established by the New Jersey Dental School of the University of Medicine and Dentistry of New Jersey; and

d. 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 minority populations in that area.

The Commissioner of Health and Senior Services shall transmit the list of State designated underserved areas and the number of positions needed in each area to the executive director or designee.

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

Entry into program; agreements.

18A:71C-36. a. In administering the program, the authority or its designated agent shall contract only with a primary care practitioner.

b. The contract shall require 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 recipient of benefits under the federal Medicare program established pursuant to Pub.L.89-97 (42 U.S.C.s.1395 et seq.).

c. The contract shall also specify the applicant's dates of required service and the total amount of eligible qualifying loan expenses to be redeemed by the State in return for service, and stipulate that the applicant has knowledge of and agrees to the six-month probationary period required prior to final acceptance into the program pursuant to N.J.S.18A:71C-38.

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

Redemption limits; service.

18A:71C-37. a. Maximum redemption of loans under the loan redemption program shall amount to 18% of principal and interest of eligible qualifying loan expenses in return for one full year of service at an approved site, an additional 26% for a second full year of service, an additional 28% for a third full year of service and an additional 28% for a fourth full year of service for a total redemption of eligible qualifying loan expenses of up to, but not to exceed, \$120,000, or the maximum amount authorized by the federal government, whichever is greater, either (1) in State funds or (2) the sum of federal, State, and other non-federal funds pursuant to section 338I of the Public Health Service Act (42 U.S.C.s.254q-1), whichever is applicable. No amount of eligible qualifying loan expenses shall be redeemed for services performed for less than a full year.

b. A participant who enters an agreement to fulfill service in a State designated underserved area that is also a HPSA shall be permitted a total redemption of eligible qualifying loan expenses for four years of service up to, but not to exceed, the sum of federal, State and other non-federal matching funds provided pursuant to section 338I of the Public Health Service Act (42 U.S.C.s.254q-1).

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

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

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

Probationary period.

18A:71C-38. Each program participant shall serve a six-month probationary period upon initial placement at an approved site. During that period, the primary care staff of the approved site, or in the case of a clinic which is part of the extramural network of dental clinics established by the New Jersey Dental School of the University of Medicine and Dentistry of New Jersey, the director of the clinics and the vice-dean of the dental school, together with the program participant and the executive director or his designee, shall evaluate the suitability of the placement for the program participant. At the end of the probationary period, the primary care staff shall recommend the continuation of the program participant's present placement, a change in placement, or its determination that the program participant is an unsuitable candidate for the program. If the primary care staff of the approved site recommends a change in placement, the executive director or a designee shall approve an alternate placement at an approved site. If the primary care staff determines that the program participant is not a suitable candidate for the program, the executive director or his designee shall take this recommendation into consideration in regard to the program participant's final acceptance into the program. No loan redemption payment shall be made during the six-month probationary period; however, a program participant shall receive credit for the six-month period in calculating the first year of required service under the loan redemption contract.

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

Matching of participants with areas.

18A:71C-39. The executive director or his designee, in consultation with the Commissioner of Health and Senior Services, shall match program participants to State designated underserved areas or HPSAs.

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

Selection of participants; priority.

18A:71C-40. The executive director or his designee shall select the program participants from among those applicants who meet the eligibility criteria established pursuant to N.J.S.18A:71C-34, subject to available funds and available approved sites. In the event that there are insufficient funds or approved sites to select all of the applicants who meet the eligibility criteria, the executive director or his designee shall accord priority to applicants in the following manner:

- a. first, to any applicant who is completing a fourth, third or second year of a loan redemption contract;
- b. second, to any applicant according to the severity of the physician, dentist, or other primary care provider shortage in the area selected by the applicant; and
- c. third, to any applicant whose residence in the State at the time of entry into postsecondary education was within a State designated underserved area.

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

C.18A:71C-36.1 Performance standards for program participants.

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

- b. The standards shall include, but not be 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 authority or its designee, on a form and in a manner prescribed by the authority or its designee, on the program participant's performance of services rendered at an approved site prior to repayment of the annual amount eligible for redemption.

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

Nullification of agreement.

18A:71C-41. A program participant who has previously entered into a contract with the authority may nullify the agreement by notifying the authority in writing and reassuming full responsibility for the remaining outstanding balance of the loan debt. In no event shall service at an approved site for less than the full calendar year of each period of service entitle the program participant to any benefits under the program. A program participant seeking to nullify the contract before completing a second full year of service shall be required to pay 50% of the redeemed portion of indebtedness in not more than one year following nullification of the agreement.

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

Death or permanent disability of participant.

18A:71C-42. In case of a program participant's death or total and permanent disability, the authority or its designee shall nullify the service obligation of the program participant. The nullification shall terminate the authority's obligations under the loan redemption contract, except in the event that a program participant's death or total and permanent disability occurs during the second year of service, the authority shall not require repayment of the prior redeemed portion of indebtedness. When continued enforcement of the contract may result in extreme hardship, the authority or its designee may nullify or suspend the service obligation of the program participant.

C.18A:71C-43.1 False, misleading information, fourth degree crime.

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

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

Conviction of crime; gross negligence; breach of performance standards; failure to repay; penalties.

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

(1) a program participant's conviction of a crime or an act of gross negligence in the performance of service obligations;

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

(3) a program participant's breach of the performance standards established pursuant to section 10 of P.L.2009, c.145 (C.18A:71C-36.1);

the executive director or his designee is authorized to terminate the program participant's service in the program.

b. A program participant who fails to repay an amount due the authority under the program may be subject to actions initiated by the authority or its designee, which may include, but are not limited to, recovery of the amount due by an action brought in a court of competent jurisdiction 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 authority, 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. In any action brought by the authority or its designee in a court of competent jurisdiction pursuant to this subsection, the program participant shall be liable for: the debt incurred, interest on the debt at the maximum legal prevailing rate as determined by the United States Treasurer, and the administrative and court costs associated with collection of the debt.

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

National Health Service Corps Loan Repayment Program participants ineligible.

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

C.18A:71C-37.1 Reimbursement payments for tax liability of participant.

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

Repealer.

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

C.18A:71C-46.1 Availability of information.

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

19. This act shall take effect immediately.

Approved November 20, 2009.