

CHAPTER 16

PRIMARY CARE PHYSICIAN AND DENTIST
LOAN REDEMPTION PROGRAM

Authority

N.J.S.A. 18A:72D-1 et seq.

Source and Effective Date

R.1993 d.30, effective January 19, 1993.
See: 24 N.J.R. 1192(a), 25 N.J.R. 310(a).

Executive Order No. 66(1978) Expiration Date

Chapter 16, Primary Care Physician and Dentist Loan Redemption Program, expires on January 19, 1998.

Chapter Historical Note

Chapter 16, originally Physician-Dentist Loan Redemption Program, was adopted as R.1980 d.309, effective July 9, 1980. See: 12 N.J.R. 118(a), 12 N.J.R. 469(a). Amendments to Chapter 16 were adopted as R.1981 d.60, effective February 25, 1981. See: 12 N.J.R. 579(c), 13 N.J.R. 220(a). Pursuant to Executive Order No. 66(1978), Chapter 16 expired on July 9, 1985.

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SUBCHAPTER 1. GENERAL PROVISIONS

9:16-1.1 Purpose and scope

The purpose of this chapter is to prescribe rules and procedures for Primary Care Physician and Dentist Loan Redemption Program which is intended to promote access to primary care services in medically underserved areas of the State by improving the distribution of primary care health personnel. This program provides for the redemption of eligible student loan expenses of its participants in exchange for a specified period of service in such medically underserved areas.

9:16-1.2 Definitions

The following words and terms, when used in this chapter, shall have the following meaning unless the context clearly indicates otherwise.

“Chancellor” means the Chancellor of the New Jersey Department of Higher Education or his or her designee.

“Commissioner” means the Commissioner of the New Jersey Department of Health or his or her designee.

“Eligible student loan expenses” means qualifying student loans, including interest paid or due on such loans, that a program participant has obtained to cover his or her cost of attendance at an institution of undergraduate medical or dental education.

“Medically underserved area” means an urban or rural area or population group within the State of New Jersey which has a medical or dental manpower shortage as determined by the Commissioner, or a public or not-for-profit private health care facility or other facility which is so designated. A list of medically underserved areas shall be specified annually by the Commissioner and published in the New Jersey Register prior to February 1.

“Primary care” for physicians means the practice of family medicine, general internal medicine, general pediatrics, general obstetrics, gynecology, and any other areas of medicine defined as such by the Commissioner of Health.

“Primary care” for dentists means the practice of general dentistry and pedodontics.

“Program” means Primary Care Physician and Dentist Loan Redemption Program.

“Qualifying student loans” means Federally Insured Student Loan (FISL), Stafford Loan, Perkins (formerly National Direct Student Loan—NDSL), PLUS (student), Supplemental Loan for Students (SLS), Health Professions Student Loan (HPSL), Health Education Assistance Loan (HEAL), New Jersey College Loans to Assist State Students (NJCLASS), other State loans, and other Federal loans.

“Resident of the State of New Jersey” means an individual who is currently living in New Jersey, or intends to live in New Jersey as evidenced by making his or her home in New Jersey and not for temporary purposes. Temporary absences from the State, with subsequent returns to the State or intent to return when the purpose of the absences has been accomplished, do not interrupt continuity of residence.

“Undergraduate medical or dental education” means the period of time between entry into medical or dental school and the award of the medical (M.D., D.O.) degree or dental (D.M.D., D.D.S.) degree respectively.

SUBCHAPTER 2. PROGRAM REQUIREMENTS

9:16-2.1 Eligibility

(a) To be eligible for participation in the program, an applicant must:

1. Be a resident of the State of New Jersey;
2. Be licensed to practice in the State of New Jersey;
3. Secure an undergraduate medical/dental school faculty member's recommendation for program participation;
4. In the case of medical applicants, an applicant must:
 - i. Execute a contract with the Department of Higher Education, at the completion of residency training, which specifies, at a minimum, the length of service and total amount of debt to be redeemed in return for specified service rendered;
5. In the case of dental applicants, an applicant must:
 - i. Execute a contract with the Department of Higher Education, at the completion of dental undergraduate education or residency training if such training is required in a primary care specialty, which specified, at a minimum, the total amount of debt to be redeemed in return for specified service rendered;
6. Agree to practice primary care medicine or dentistry in a New Jersey underserved area as designated by the New Jersey Department of Health; and
7. Not be in default on any qualifying student loan.

9:16-2.2 Application and selection procedures

(a) The Chancellor shall annually determine the number of program positions available based upon the need for primary care physicians and dentists in medically underserved areas of the State and the availability of funding for the program.

(b) To receive consideration for participation in the program, an applicant must annually submit a completed program application to the Chancellor.

(c) Upon receipt of application materials, the Chancellor shall determine the eligibility of applicants in the order of priority defined in N.J.S.A. 18A:72D-1 et seq.

(d) The Chancellor, in consultation with the Commissioner, shall match eligible applicants to medically underserved areas based upon the Commissioner's ranking of such areas and applicant preference.

(e) Service in the designated area for a selected physician applicant must begin upon completion of his or her medical residency training. For a selected dental applicant, service in the designated area must begin upon completion of his or her undergraduate dental training or residency training if such training is required in a primary care specialty.

(f) Each selected applicant shall serve a six-month probationary period upon initial placement in a service site.

(g) At the completion of each applicant's probationary period, a medical or dental staff member at his or her designated site shall submit to the Chancellor a recommendation of either the continuation of the applicant's placement, a change of placement, or the applicant's unsuitability for the program.

1. If the recommendation is a change in placement, the Chancellor shall place the applicant in an alternate placement site.

2. If the recommendation is the applicant's unsuitability for the program, the Chancellor shall take such recommendation into consideration in determining the applicant's final acceptance into the program.

(h) Satisfactory completion of the probationary period shall constitute final acceptance as a program participant and entitle the participant to receive credit for the probation period in the calculation of his or her first full year of service.

(i) At the time an applicant is accepted as a program participant, the Chancellor will encumber those program funds necessary to provide for the redemption of the participant's eligible student loan expenses.

9:16-2.3 Terms of loan redemption

(a) Total maximum loan redemption under the program shall be the amount of each participant's eligible student loan expenses up to, but in no event exceeding, \$70,000.

(b) After the successful completion of a six-month probationary period, during which time there are no redemption benefits, each participant's redemption credit shall be:

1. Fifteen percent of eligible student loan expenses for one full year of service, which shall include the probationary period;

2. An additional 20 percent for a second full year of service;

3. An additional 25 percent for a third full year of service; and,

4. An additional 40 percent for a fourth full year of service.

(c) In no event shall service for less than the full calendar year of each period of service entitle the participant to any redemption benefits for such period.

9:16-2.4 Procedure for loan redemption

(a) Upon completion of each full year of service, each program participant shall apply to the Chancellor for the earned amount of indebtedness redemption specified in his or her contract. At the time of application, the applicant shall submit to the Chancellor a Participation Performance Report, which shall include:

1. A certification, indicating that the participant, provided primary care services for a full year, attested to by the Chief Executive Officer or Director of the applicable service site and details of the satisfactory performance of the participant at the site.

(b) The Chancellor shall authorize payment to a participant for that portion of his or her indebtedness to be forgiven as specified in his or her contract. Checks shall be made payable jointly to the program participant and the lending institution designated by the participant to insure proper application of the payment to eligible indebtedness as defined in N.J.S.A. 18A:72D-1 et seq.

9:16-2.5 Cancellation of contract obligations and involuntary termination of service

(a) The Chancellor shall cancel a participant's contractual obligations if he or she determines:

1. On the basis of a sworn affidavit of a qualified physician that the participant is totally and permanently disabled;

2. On the basis of a death certificate or other evidence of death that is conclusive under state law that the participant has died; or

3. On the basis of substantiating documentation provided by the participant that continued enforcement of the service obligation may result in extreme hardship for the participant.

(b) The Chancellor may terminate a participant's service in the program when:

1. The participant is convicted of a felony or an act of gross negligence in the performance of his or her service obligations; or

2. The participant's license to practice medicine or dentistry is suspended or revoked.

9:16-2.6 Termination by participant prior to completion of contractual service requirements

A participant desiring to terminate program participation prior to the completion of the requirements of his or her loan redemption contract must notify the Chancellor, in writing, three months prior to his or her intended date of termination.

9:16-2.7 Reversion of unexpended funds

In the event that any or all funds encumbered for a particular participant are not paid due to the participant's failure to fulfill his or her contractual term of service or his or her involuntary termination of service, such funds will revert to the program fund and be available to enroll other participants.