

## CHAPTER 16

PRIMARY CARE PHYSICIAN AND DENTIST  
LOAN REDEMPTION PROGRAM**Authority**

N.J.S.A. 18A:71C-32 et seq.

**Source and Effective Date**

R.2008 d.156, effective May 16, 2008.  
See: 39 N.J.R. 5174(a), 40 N.J.R. 3718(c).

**Chapter Expiration Date**

Chapter 16, Primary Care Physician and Dentist Loan Redemption Program, expires on May 16, 2013.

**Chapter Historical Note**

Chapter 16, Primary Care Physician and Dentist Loan Redemption Program, was originally codified in Title 9 as Chapter 16, Physician-Dentist Loan Redemption Program. Chapter 16 was adopted as R.1980 d.309, effective July 9, 1980. See: 12 N.J.R. 118(a), 12 N.J.R. 469(a). Pursuant to Executive Order No. 66(1978), Chapter 16, Physician-Dentist Loan Redemption Program, expired on July 9, 1985.

Chapter 16, Primary Care Physician and Dentist Loan Redemption Program, was adopted as R.1993 d.30, effective January 19, 1993. See: 24 N.J.R. 1192(a), 25 N.J.R. 310(a).

Pursuant to Executive Order No. 66(1978), Chapter 16, Primary Care Physician and Dentist Loan Redemption Program, was readopted as R.1997 d.530, effective November 17, 1997. See: 29 N.J.R. 4428(a), 29 N.J.R. 5295(a).

Chapter 16, Primary Care Physician and Dentist Loan Redemption Program, was recodified as N.J.A.C. 9A:16 by R.2000 d.91, effective March 6, 2000. See: 31 N.J.R. 3906(a), 32 N.J.R. 803(b).

Chapter 16, Primary Care Physician and Dentist Loan Redemption Program, was readopted as R.2002 d.409, effective November 20, 2002. See: 34 N.J.R. 2517(a), 34 N.J.R. 4439(a).

Chapter 16, Primary Care Physician and Dentist Loan Redemption Program, was readopted as R.2008 d.156, effective May 16, 2008. See: Source and Effective Date.

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## SUBCHAPTER 1. GENERAL PROVISIONS

**Subchapter Historical Note**

Public Notice: Medically underserved areas. See: 31 N.J.R. 4126(b).

**9A:16-1.1 Purpose and scope**

The purpose of this chapter is to prescribe rules and procedures for the 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.

Amended by R.2000 d.91, effective March 6, 2000.  
See: 31 N.J.R. 3906(a), 32 N.J.R. 803(b).

**9A: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.

“Commissioner” means the Commissioner of the New Jersey Department of Health and Senior Services 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, dental, or other primary care professional education.

“Executive Director” means the Executive Director of the Higher Education Student Assistance Authority or his or her designee.

“Health professional shortage area” means an urban or rural area, a population group or a public or non-profit private medical 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. § 254e).

“Primary care” 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 and Senior Services. Primary care also includes the practice of general dentistry and pedodontics, as well as the professions of nurse-practitioner, certified nurse-midwife, and physician assistant as defined by the U.S. Department of Health and Human Services regulations at 42 CFR Part 62.

“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.

“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 health professional shortage.

“Undergraduate medical, dental, or other professional 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 the medical (M.D., D.O.) degree, the dental (D.M.D., D.D.S.) degree, or other primary care professional degree, respectively.

Amended by R.1997 d.530, effective December 15, 1997.  
See: 29 N.J.R. 4228(a), 29 N.J.R. 5295(a).

Amended “Commissioner” and “Primary care”; added “Executive Director”; and deleted “Chancellor”.  
Amended by R.2000 d.91, effective March 6, 2000.  
See: 31 N.J.R. 3906(a), 32 N.J.R. 803(b).

In “Eligible student loan expenses”, inserted a reference to primary care professional education; in “Executive Director”, substituted a reference to the Higher Education Student Assistance Authority for a reference to the Office of Student Assistance; rewrote “Medically underserved area” as “Health professional shortage area”; in “Primary care”, deleted a reference to physicians in the first sentence, and added the last sentence; deleted a “Primary care” definition relating to dentists; inserted “State designated underserved area”; and rewrote “Undergraduate medical or dental education” as “Undergraduate medical, dental, or other professional primary care professional education”.

## SUBCHAPTER 2. PROGRAM REQUIREMENTS

### 9A: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 school, dental school, or other primary care professional school faculty member’s recommendation for program participation;

4. Execute a contract with the Authority or its designated agent upon the completion of the final year of residency training in the case of a physician; at the end of the final year of undergraduate dental training or residency training if the training is required in a primary care dental specialty in the case of a dentist; and at the end of the final year of other primary care training in the case of another primary care provider;

i. The contract shall specify the applicant’s dates of required service, the initial period to cover a minimum of two years, and the total amount of eligible student loan expenses to be redeemed by the State in return for service.

ii. The contract shall also 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.A. 18A:71C-38 and N.J.A.C. 9A:16-2.2(f).

5. In the case of a physician, have completed an accredited residency training program and received a recommendation from the director of the training program concerning participation in the loan redemption program;

6. Agree to practice primary care medicine, dentistry, or another primary care profession in a State designated underserved area; and

7. Not be in default on any qualifying student loan.

Amended by R.1997 d.530, effective December 15, 1997.

See: 29 N.J.R. 4228(a), 29 N.J.R. 5295(a).  
Amended by R.2000 d.91, effective March 6, 2000.  
See: 31 N.J.R. 3906(a), 32 N.J.R. 803(b).  
Rewrote (a).

### 9A:16-2.2 Application and selection procedures

(a) The Executive Director shall annually determine the number of program positions available based upon the need for primary care physicians, dentists, and other primary care professionals in State designated underserved areas 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 Executive Director.

(c) Upon receipt of application materials, the Executive Director shall determine the eligibility of applicants in the order of priority defined in N.J.S.A. 18A:71C-32 et seq.

(d) The Executive Director, in consultation with the Commissioner, shall match eligible applicants to State designated underserved areas based upon the Commissioner’s ranking of such areas and applicant preference.

(e) Service in the State designated underserved area for a selected physician applicant must begin within two years of completion of his or her medical residency training. For a selected dental applicant, service in the designated area must begin within two years of completion of his or her undergraduate dental training or residency training if such training is required in a primary care dental specialty. For another primary care professional applicant, service in the designated area must begin within two years of completion of his or her primary care professional training 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 primary care staff member at his or her designated site shall submit to the Executive Director 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 Executive Director shall place the applicant in an alternate placement site.

2. If the recommendation is the applicant's unsuitability for the program, the Executive Director 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 Executive Director will encumber those program funds necessary to provide for the redemption of the participant's eligible student loan expenses.

Amended by R.1997 d.530, effective December 15, 1997.

See: 29 N.J.R. 4228(a), 29 N.J.R. 5295(a).

Amended by R.2000 d.91, effective March 6, 2000.

See: 31 N.J.R. 3906(a), 32 N.J.R. 803(b).

Rewrote (a) and (e); in (c), changed N.J.S.A. reference; in (d), substituted a reference to State designated underserved areas for a reference to medically underserved areas; and in (g), substituted a reference to primary care staff members for a reference to medical and dental staff members in the introductory paragraph.

### 9A: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, \$120,000 either in State funds or the sum of Federal, State, and other non-Federal funds pursuant to section 338I of the Public Health Service Act (42 U.S.C. § 254q-1), whichever is applicable. A participant who enters a contract to fulfill service in a State designated underserved area that is also a

Federal Health Professional Shortage Area shall be permitted a total redemption of eligible student 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. § 254q-1). The \$120,000 maximum redemption amount shall apply to participants in the program whose first full year of service ends on or after April 26, 1999.

(b) For participants whose first full year of service ends on or after April 26, 1999, during which time the participant has successfully completed an initial six-month probationary period for which there are no redemption benefits, each participant's redemption credit shall be:

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

2. An additional 26 percent for a second full year of service;

3. An additional 28 percent for a third full year of service; and

4. An additional 28 percent for a fourth full year of service.

(c) For participants who have already completed some of their full years of loan redemption service prior to April 26, 1999, a "transition" rule on redemption amounts shall apply:

1. For participants whose first, second or third full years of service ended before April 26, 1999, the previous yearly redemption percentages under the law then in effect of 15 percent, 20 percent and 25 percent, respectively, shall apply to their eligible student loan expenses for each of the years completed.

2. If the second, third or fourth full years of service end on or after April 26, 1999, the yearly redemption percentages currently in effect under the law, as specified in (b) above, shall apply for each of the years to be completed.

3. In order to continue to provide equity for participants completing years of service prior to and on or after the effective date of P.L. 1999, c.46 (April 26, 1999), when annual redemption percentages changed, an additional redemption percentage beyond the statutory percentage of the \$120,000 maximum redemption amount shall be added to the fourth full year of service to bring the total redemption percentage at the end of four years to 100 percent. However, before any amount exceeding annual Federal limits can be redeemed, the funding for such exceedances must be permitted under applicable State or Federal law.

4. The \$120,000 maximum redemption amount shall constitute the basis for annual percentages of loan redemption amounts for full years of service which are

completed on or after April 26, 1999. Under the transitional rule, the maximum amount of loan redemption for participants ending their second full year of service on or after April 26, 1999 is \$112,500, ending their third full year of service on or after April 26, 1999 is \$102,500, and ending their fourth full year of service on or after April 26, 1999 is \$90,000. The basis of loan redemption under the new limits shall remain the amount of loans outstanding as of the beginning of each participant's entry into the program.

(d) 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.

Amended by R.2000 d.91, effective March 6, 2000.  
See: 31 N.J.R. 3906(a), 32 N.J.R. 803(b).  
Rewrote the section.

#### 9A:16-2.4 Procedure for loan redemption

(a) Upon completion of each full year of service, each program participant shall apply to the Executive Director for the earned amount of indebtedness redemption specified in his or her contract. At the time of application, the applicant shall submit to the Executive Director 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) Quarterly service reports indicating the number of primary care services provided by the participant shall be submitted for each full year of service, attested to by the Chief Executive Officer or Director of the applicable service site.

(c) The Executive Director 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:71C-32 et seq.

Amended by R.1997 d.530, effective December 15, 1997.  
See: 29 N.J.R. 4228(a), 29 N.J.R. 5295(a).  
Inserted (b); and recodified existing (b) as (c).  
Amended by R.2000 d.91, effective March 6, 2000.  
See: 31 N.J.R. 3906(a), 32 N.J.R. 803(b).  
In (c), changed N.J.S.A. reference.

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

(a) The Executive Director 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. Alternatively, the Executive Director may suspend the service obligation of the participant on the basis of substantiating documentation provided by the participant that continued enforcement may result in extreme hardship for the participant.

(b) The Executive Director 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, dentistry, or another primary care profession is suspended or revoked.

Amended by R.1997 d.530, effective December 15, 1997.  
See: 29 N.J.R. 4228(a), 29 N.J.R. 5295(a).  
Amended by R.2000 d.91, effective March 6, 2000.  
See: 31 N.J.R. 3906(a), 32 N.J.R. 803(b).

In (a)3, added a second sentence; and in (b)2, inserted a reference to other primary care professions.

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

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

(b) A participant seeking to terminate the contract before completing a second full year of service shall be required to pay 50 percent of the redeemed portion of indebtedness in not more than one year following termination of the agreement.

Amended by R.1997 d.530, effective December 15, 1997.  
See: 29 N.J.R. 4228(a), 29 N.J.R. 5295(a).  
Amended by R.2000 d.91, effective March 6, 2000.  
See: 31 N.J.R. 3906(a), 32 N.J.R. 803(b).  
Rewrote the section.

#### 9A: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.