

ASSEMBLY, No. 1151

STATE OF NEW JERSEY

PRE-FILED FOR INTRODUCTION IN THE 1996 SESSION

By Assemblymen COHEN and MORAN

1 AN ACT establishing a program of community service in exchange for  
2 the redemption of the loans of certain pharmacists and  
3 supplementing Title 18A of the New Jersey Statutes.

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

7  
8 1. As used in this act:

9 "Eligible student loan expenses" means the cumulative total of the  
10 annual student loans covering the cost of attendance at a school or  
11 college of pharmacy approved by the Board of Pharmacy of the State  
12 of New Jersey. Interest paid or due on student loans that an applicant  
13 has taken out for use in paying the costs of undergraduate pharmacist  
14 education shall be considered eligible for reimbursement under the  
15 program. The Executive Director of Student Assistance Programs may  
16 establish a limit on the total amount of student loans which may be  
17 redeemed for participants under the program, provided that the total  
18 redemption of student loans does not exceed \$70,000.

19 "Executive Director" or "director" means the Executive Director of  
20 the Office of Student Assistance.

21 "Office of Student Assistance" or "office" means the Office of  
22 Student Assistance as constituted in, but not of, the Department of the  
23 Treasury pursuant to section 17 of the "Higher Education  
24 Restructuring Act of 1994," P.L.1994, c.48 (C.18A:3B-17).

25 "Pharmacist Loan Redemption Program" or "program" means a  
26 program which provides for the redemption of the eligible student loan  
27 expenses of its participants.

28 "Undergraduate pharmacist education" means the period of time  
29 between entry into a school or college of pharmacy and the award of  
30 a B.S. in pharmacy (B.S.) or a doctorate in pharmacy (Pharm. D.).

31 "Underserved area" means an urban or rural area, which need not  
32 conform to the geographic boundaries of a political subdivision within  
33 the State, but which shall be defined in terms of census tracts, if  
34 possible, which is a rational area for the delivery of pharmacy services  
35 and which has a pharmacist manpower shortage as determined by the  
36 Commissioner of Health; or a population group which the  
37 commissioner determines has a pharmacist manpower shortage; or a

1 public or nonprofit private health care facility or other facility which  
2 is so designated.

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4 2. There is established a Pharmacist Loan Redemption Program  
5 within the Office of Student Assistance. The program shall provide for  
6 the redemption of a portion of the eligible student loan expenses of  
7 program participants for each year of service in an underserved area  
8 of the State as designated by the Commissioner of Health.

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10 3. To be eligible to participate in the Pharmacist Loan Redemption  
11 Program, an applicant shall:

12 a. Be a resident of the State;

13 b. Be a graduate of a school or college of pharmacy approved by  
14 the Board of Pharmacy of the State of New Jersey for the purpose of  
15 registration and receive a recommendation from the school's pharmacy  
16 staff concerning participation in the loan redemption program; and

17 c. Agree to practice pharmacy in an underserved area of the State.

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19 4. The Commissioner of Health, after consultation with the  
20 Commissioner of Corrections and the Commissioner of Human  
21 Services, shall designate and establish a ranking of underserved areas  
22 of the State. The criteria used by the Commissioner of Health in  
23 designating underserved areas shall include, but not be limited to:

24 a. the ratio of the supply of pharmacists to the population under  
25 consideration, with a goal of meeting current standards for pharmacist  
26 to population ratios;

27 b. the financial resources of the population under consideration;

28 c. the population's access to pharmacy services; and

29 d. appropriate pharmacist staffing ratios in State, county, municipal  
30 and private nonprofit health care facilities.

31 The commissioner shall annually transmit the list of underserved  
32 areas and the number of positions needed in each area to the executive  
33 director.

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35 5. A pharmacy student who is eligible and interested in  
36 participating in the loan redemption program shall sign a nonbinding  
37 agreement with the Office of Student Assistance upon completion of  
38 the final year of undergraduate pharmacist training. At the end of the  
39 final year of undergraduate pharmacist training, the applicant shall sign  
40 a contractual agreement with the office. The agreement shall specify  
41 the applicant's length of required service and the total amount of  
42 eligible student loan expenses to be redeemed by the State in return for  
43 service. The agreement shall also stipulate that the applicant has  
44 knowledge of and agrees to the six-month probationary period  
45 required prior to final acceptance into the program pursuant to section  
46 7 of this act.

1       6. Maximum redemption of loans under the loan redemption  
2 program shall amount to 15% of principal and interest of eligible  
3 student loan expenses in return for one full year of service in a  
4 designated underserved area of the State, an additional 20% for a  
5 second full year of service, an additional 25% for a third full year of  
6 service and an additional 40% for a fourth full year of service for a  
7 total redemption of eligible student loan expenses of up to, but not to  
8 exceed, \$70,000. Service in an underserved area shall begin  
9 immediately upon completion of undergraduate pharmacist training or  
10 residency training if such training is required of a pharmacist.

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12       7. Each program participant shall serve a six-month probationary  
13 period upon initial placement in a service site within the underserved  
14 area. During that period, the pharmacy staff of the service site shall  
15 evaluate the suitability of the placement for the participant. At the end  
16 of the probationary period, the pharmacy staff shall recommend the  
17 continuation of the program participant's present placement, a change  
18 in placement, or its determination that the participant is an unsuitable  
19 candidate for the loan redemption program. If the pharmacy staff of  
20 the service site recommends a change in placement, then the executive  
21 director shall place the program participant in an alternate placement  
22 within an underserved area. If the pharmacy staff determines that the  
23 program participant is not a suitable candidate for the program, then  
24 the executive director shall take this recommendation into  
25 consideration in regard to the participant's final acceptance into the  
26 program. No loan redemption payment shall be made during the  
27 six-month probationary period; however, a program participant shall  
28 receive credit for this six-month period in calculating the first year of  
29 required service under the loan redemption contract.

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31       8. The executive director, in consultation with the Commissioner of  
32 Health, shall match program participants to underserved areas based  
33 upon the ranking of the underserved areas established by the  
34 commissioner and on the basis of participant preference.

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36       9. The executive director shall annually determine the number of  
37 program positions available on the basis of the need for pharmacists in  
38 underserved areas of the State as determined by the Commissioner of  
39 Health and the State and federal funds available for the program.  
40 Once the number of program positions has been determined, the  
41 executive director shall select the program participants from among  
42 those students who have applied to the program and who meet the  
43 criteria established pursuant to section 3 of this act. In selecting  
44 program participants, the executive director shall accord priority to  
45 applicants in the following manner:

46       a. First, to any applicant who is completing a fourth, third or

1 second year of a loan redemption contract;

2 b. Second, to any applicant whose residence in the State at the time  
3 of entry into post secondary education was within an underserved  
4 area; and

5 c. Third, to any applicant according to the severity of the  
6 pharmacist shortage in the area selected by the applicant.

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

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12 10. A pharmacist who has previously entered into a contract with  
13 the office may nullify the agreement by notifying the office in writing  
14 and assuming full responsibility for repayment of principal and interest  
15 at the appropriate market rate of the full amount of the eligible student  
16 loan expenses or that portion of the loan which has not been redeemed  
17 by the State in return for partial fulfillment of the contract. In no  
18 event shall service in an underserved area for less than the full  
19 calendar year of each period of service entitle the participant to any  
20 benefits under the loan redemption program. A participant seeking to  
21 nullify the contract shall be required to pay the unredeemed portion of  
22 indebtedness in not more than 10 years following termination of the  
23 contract minus the years of service already served under the contract.

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25 11. In case of a program participant's death or total or permanent  
26 disability, the executive director shall nullify the service obligation of  
27 the student, thereby terminating the student's obligation to repay the  
28 unpaid balance of the redeemable portion of the loan and the accrued  
29 interest thereon; or where continued enforcement of the contract may  
30 result in extreme hardship, the executive director may nullify or  
31 suspend the service obligation of the student.

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33 12. In case of a program participant's conviction of a felony or  
34 misdemeanor or an act of gross negligence in the performance of  
35 service obligations or where the license to practice has been suspended  
36 or revoked, the executive director shall have the authority to terminate  
37 the participant's service in the program and request repayment of the  
38 outstanding debt.

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40 13. Prior to repayment of the annual amount eligible for  
41 redemption, each program participant shall report to the office in such  
42 manner and form as it shall prescribe, information on the participant's  
43 performance of service in the underserved area as required under the  
44 contract.

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46 14. The executive director and the Commissioner of Health shall

1 jointly establish a procedure for the recruitment of program applicants  
2 at schools and colleges of pharmacy and health centers. The  
3 procedure shall provide for the participation of the pharmacy staff of  
4 those facilities in the selection of appropriate applicants for the  
5 program.

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7 15. The office shall annually apply for any federal funds and shall  
8 make use of any State funds which may be available to implement the  
9 provisions of this act.

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11 16. The executive director shall adopt rules and regulations  
12 pursuant to the "Administrative Procedure Act," P.L.1968, c.410  
13 (C.52:14B-1 et seq.) as may be necessary to implement the provisions  
14 of this act.

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16 17. This act shall take effect immediately.

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21 Establishes a community service/loan redemption program for  
22 pharmacists.