

**SENATE, No. 2872**

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**STATE OF NEW JERSEY**

**220th LEGISLATURE**

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INTRODUCED JUNE 16, 2022

**Sponsored by:**

**Senator NICHOLAS P. SCUTARI**

**District 22 (Middlesex, Somerset and Union)**

**Senator M. TERESA RUIZ**

**District 29 (Essex)**

**Co-Sponsored by:**

**Senator O'Scanlon**

**SYNOPSIS**

Establishes Behavioral Healthcare Provider Loan Redemption Program within Higher Education Student Assistance Authority; appropriates \$5 million.

**CURRENT VERSION OF TEXT**

As introduced.



**(Sponsorship Updated As Of: 6/27/2022)**

1   **AN ACT** establishing the Behavioral Healthcare Provider Loan  
2       Redemption Program within the Higher Education Student  
3       Assistance Authority, supplementing chapter 71C of Title 18A of  
4       the New Jersey Statutes, and making an appropriation.

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

8  
9       1. As used in this act:

10       "Approved site" means a community provider of behavioral and  
11       mental health services identified by the Higher Education Student  
12       Assistance Authority, in consultation with the Department of  
13       Health, for inclusion in the program. Approved sites may include,  
14       but need not be limited to, providers operated by a nonprofit, school  
15       district, county, the Department of Children and Families, the  
16       Department of Human Services, and the Department of Health.

17       "Authority" means the Higher Education Student Assistance  
18       Authority.

19       "Eligible behavioral healthcare providers" means psychiatrists,  
20       psychologists, licensed clinical social workers, psychiatric nurse  
21       mental health clinical specialists; board certified behavior analysts;  
22       licensed clinical alcohol and drug counselors; and any other  
23       professionals identified by the executive director of the authority  
24       for inclusion in the program.

25       "Eligible qualifying loan expenses" means the cumulative  
26       outstanding balance of student loans covering the cost of attendance  
27       at an undergraduate or graduate institution of higher education at  
28       the time an applicant is selected for the program. Interest paid or  
29       due on qualifying loans that an applicant has taken out for use in  
30       paying the costs of undergraduate or graduate education shall be  
31       considered eligible for reimbursement under the program. The  
32       authority may establish a limit on the total amount of qualifying  
33       loans which may be redeemed for participants under the program,  
34       provided that the total redemption of qualifying loans does not  
35       exceed \$150,000, or the maximum amount authorized by the federal  
36       government, whichever is greater, either in State funds or the sum  
37       of federal, State, and other non-federal matching funds, pursuant to  
38       section 338I of the Public Health Service Act (42 U.S.C. s.254q-1),  
39       whichever is applicable.

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

42       "Program" means the Behavioral Healthcare Provider Loan  
43       Redemption Program established pursuant to this act.

44       "Program participant" means a behavioral healthcare provider  
45       who contracts with the authority to engage in the clinical practice of  
46       mental or behavioral healthcare at an approved site in exchange for  
47       the redemption of eligible qualifying loan expenses provided under  
48       the program.

1 "Qualifying loan" means a government or commercial loan for  
2 the actual costs paid for tuition and reasonable education and living  
3 expenses relating to the obtaining of a degree for use in a mental or  
4 behavioral healthcare profession.

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

10  
11 2. There is established a Behavioral Healthcare Provider Loan  
12 Redemption Program within the Higher Education Student  
13 Assistance Authority. The program shall provide for the  
14 redemption of a portion of the eligible qualifying loan expenses of  
15 program participants for each period of service at an approved site.

16  
17 3. a. To be eligible to participate in the program, an applicant  
18 shall:

- 19 (1) be a resident of the State;  
20 (2) be employed, or plan to be employed, as an eligible  
21 behavioral healthcare provider at an approved site; and  
22 (3) submit an application in accordance with such procedures  
23 and requirements as are established by the executive director.

24 b. The executive director, or the executive director's designee,  
25 shall select the program participants from among those applicants  
26 who meet the eligibility criteria, subject to available funds.

27 c. A program participant shall enter into a written contract with  
28 the authority to participate in the program. The contract shall  
29 specify the duration of the applicant's required service and the total  
30 amount of eligible student loan expenses to be redeemed by the  
31 State in return for service.

32 d. The redemption of loans under the program shall not exceed  
33 \$50,000 of principal and interest of eligible student loan expenses  
34 following the completion of two full years of service satisfactorily  
35 completed by the program participant. A program participant who  
36 completes four full years of service satisfactorily shall be eligible to  
37 receive a second redemption amount of \$50,000 at the completion  
38 of the fourth year. A program participant who completes six full  
39 years of service satisfactorily shall be eligible to receive a third and  
40 final redemption amount of \$50,000 at the completion of the sixth  
41 year. The total loan redemption amount for a program participant,  
42 for six years of service, shall not exceed \$150,000.

43 e. The period of service shall commence on or after the date of  
44 enactment of this act.

45  
46 4. a. A program participant who has entered into a redemption  
47 contract with the authority may nullify that contract by submitting  
48 written notification to the authority and assuming full responsibility  
49 for repayment of the full amount of the participant's loan or that

1 portion of the loan that has not been redeemed by the State in return  
2 for partial fulfillment of the contract.

3 b. In the case of a program participant's death or total or  
4 permanent disability, the authority shall nullify the service  
5 obligation of the participant, thereby terminating the participant's  
6 service obligation; or where continued enforcement of the contract  
7 may result in extreme hardship, the authority may nullify or  
8 suspend the participant's service obligation.

9 c. In no event shall service at an approved site for less than the  
10 full period of service pursuant to subsection d. of section 3 of this  
11 act entitle the program participant to any benefits under the  
12 program.

13  
14 5. A student who is participating in the federally administered  
15 National Health Service Corps Loan Repayment Program, section  
16 338B of the Public Health Service Act (42 U.S.C. s.254 1-1), shall  
17 not be eligible to participate simultaneously in the Behavioral  
18 Healthcare Provider Loan Redemption Program.

19  
20 6. The executive director of the authority shall annually award  
21 incentive grants, within the limits of available State appropriations,  
22 to program participants who work primarily with children and  
23 adolescents. An incentive grant shall not exceed \$5,000. A  
24 program participant may be eligible to receive multiple incentive  
25 grants during their participation in the program.

26  
27 7. The authority shall adopt rules and regulations pursuant to the  
28 "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et  
29 seq.) necessary to implement the provisions of this act.

30  
31 8. There is appropriated from the General Fund to the Higher  
32 Education Student Assistance Authority the sum of \$5,000,000 to  
33 effectuate the provisions of this act.

34  
35 9. This act shall take effect immediately.

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38 STATEMENT

39  
40 This bill establishes a Behavioral Healthcare Provider Loan  
41 Redemption Program within the Higher Education Student  
42 Assistance Authority and appropriates \$5 million from the General  
43 Fund for the bill's purposes.

44 The program will provide for the redemption of a portion of the  
45 eligible qualifying loan expenses of program participants for each  
46 period of service at an approved site. Under the bill, approved sites  
47 include community providers of behavioral and mental health  
48 services identified by the Higher Education Student Assistance  
49 Authority, in consultation with the Department of Health, for

1 inclusion in the program. Approved sites may include, but need not  
2 be limited to, providers operated by a nonprofit, school district,  
3 county, the Department of Children and Families, the Department  
4 of Human Services, and the Department of Health. The bill will  
5 benefit “eligible behavioral healthcare providers,” which include  
6 psychiatrists, psychologists, licensed clinical social workers,  
7 psychiatric nurse mental health clinical specialists, board certified  
8 behavior analysts; licensed clinical alcohol and drug counselors;  
9 and any other professionals identified by the executive director of  
10 the authority for inclusion in the program.

11 Under the bill, to be eligible to participate in the program, an  
12 applicant is required to:

- 13 (1) be a resident of the State;
- 14 (2) be employed, or plan to be employed, as an eligible  
15 behavioral healthcare provider at an approved site; and
- 16 (3) submit an application in accordance with such procedures  
17 and requirements as are established by the executive director.

18 The bill directs the executive director or the director’s designee  
19 to select the program participants from among those applicants who  
20 meet the eligibility criteria, subject to available funds. A program  
21 participant will be required to enter into a written contract with the  
22 authority to participate in the program. The contract will specify  
23 the duration of the applicant’s required service and the total amount  
24 of eligible student loan expenses to be redeemed by the State in  
25 return for service.

26 The program will provide loan redemption of up to \$50,000 of  
27 principal and interest of eligible student loan expenses following  
28 the completion of two full years of service satisfactorily completed  
29 by the program participant. A program participant who completes  
30 four full years of service satisfactorily shall be eligible to receive a  
31 second redemption amount of \$50,000 at the completion of the  
32 fourth year. A program participant who completes six full years of  
33 service satisfactorily shall be eligible to receive a third and final  
34 redemption amount of \$50,000 at the completion of the sixth year.  
35 The total loan redemption amount for a program participant, for six  
36 years of service, shall not exceed \$150,000.

37 The bill provides for the nullification of the contract under  
38 certain circumstances. The bill prohibits a student who is  
39 participating in the federally administered National Health Service  
40 Corps Loan Repayment Program from participating simultaneously  
41 in the Behavioral Healthcare Provider Loan Redemption Program.

42 Under the bill, the executive director of the authority is directed  
43 to annually award incentive grants, within the limits of available  
44 State appropriations, to program participants who work primarily  
45 with children and adolescents. An incentive grant will be capped at  
46 \$5,000. A program participant may be eligible to receive multiple  
47 incentive grants during their participation in the program.