

ASSEMBLY BILL NO. 2801
(Second Reprint)

To the General Assembly:

Pursuant to Article V, Section I, Paragraph 14 of the New Jersey Constitution, I am returning Assembly Bill No. 2801 (Second Reprint) with my recommendations for reconsideration.

This bill would make various changes to the State's Primary Care Practitioner Loan Redemption Program, including renaming the program as the Health Care Professional Loan Redemption Program. The Primary Care Practitioner Loan Redemption Program, administered by the Higher Education Student Assistance Authority (HESAA) in consultation with the Department of Health (DOH), provides for the redemption of eligible undergraduate student loan expenses of providers in exchange for a commitment to serve in medically underserved areas. The bill would change how sites are approved for inclusion in the program, create criteria for automatic site approval, increase the statutory maximum loan award, allow awards to be used for professional education beyond undergraduate studies, make those in additional health care fields, including psychiatrists, eligible under the program, and direct the factors used by HESAA in making awards. With respect to program criteria, the bill automatically deems any site that serves medically underserved populations at a rate equal to or greater than 80 percent multiplied by the percentage of residents of the county in which the site is located that are Medicaid enrollees approved for the program, and prioritizes applicants who are employed by or have an employment offer at an approved site. Lastly, the bill removes the dedication of funding to the Nursing Faculty Loan Redemption Program, which was separately funded in the Fiscal Year 2026 State Appropriations Act.

I applaud the bill's sponsors for the shared commitment to growing and retaining New Jersey's health care workforce by extending loan redemption opportunities to an array of health care

professionals and settings committed to serving low-income and historically underserved populations. Over the course of my Administration, we have made targeted investments in a range of loan redemption programs to promote recruitment and retention in fields and settings of elevated need and importance, including primary care providers in medically underserved communities, behavioral health care providers, providers in home- and community-based services settings, and nursing faculty who train the next generation of nursing professionals. The bill also sustains the increased maximum reimbursement level (\$200,000) that my Administration has supported in State Appropriations Acts.

Although I support the laudable goals of this legislation, I am concerned that the bill's extension of the range of potential settings and professionals eligible under the program may undermine the program's primary goal of facilitating recruitment of primary care providers to our most medically underserved communities. NJ FamilyCare, New Jersey's Medicaid and Children's Health Insurance Program (CHIP), is the State's largest insurer; half of all kids in the Garden State access health care through this program. In planning loan redemption opportunities, consideration for ensuring an adequate network of health care professionals for these members remains critical. Primary care is crucial to preventing adverse health outcomes and severe complications, managing chronic diseases, and ensuring care coordination.

Accordingly, I am recommending that a site not be automatically included on the basis of the percentage of households relative to the federal poverty level alone. Instead, my recommended changes require DOH to continue to identify geographic areas with health professional shortages, and federally designated areas will also be included.

I am also recommending changes to prioritize sites that actively serve Medicaid patients and in which these and other medically underserved populations comprise a significant proportion of the site's patient mix. My recommended changes will ensure that all sites in counties where less than 30 percent of the population are Medicaid enrollees have at least a commensurate percentage of medically underserved patients.

Finally, I am recommending delaying the effective date until the start of the new fiscal year. HESAA and DOH are in the process of implementing the Primary Care Loan Redemption Program as prescribed under existing statute within the confines of funding made available under the Fiscal Year 2026 Appropriations Act. This process should not be restarted unnecessarily. The delayed effective date provides time for internal and external process changes, as well as time for sites to be approved.

My recommended changes help ensure that the program remains focused on addressing provider shortages and helps focus funding on the sites that serve patients with the greatest need.

Therefore, I herewith return Assembly Bill No. 2801 (Second Reprint) and recommend that it be amended as follows:

<u>Page 3, Section 1, Lines 42-44:</u>	Delete "a municipality which has more than 50 percent of its households at or below 185 percent of the federal poverty level;"
<u>Page 5, Section 4, Lines 22-25:</u>	Delete in their entirety.
<u>Page 11, Section 17, Line 42:</u>	After "(3)" insert "in a county in which less than 30 percent of the population are Medicaid enrollees, the site"
<u>Page 11, Section 17, Line 43:</u>	Delete "80 percent multiplied by"
<u>Page 11, Section 17, Line 44:</u>	Delete "in which the site is located that" and insert "who"
<u>Page 11, Section 17, Line 44:</u>	After "enrollees" insert ", and in a county in which 30 percent or more of the population are Medicaid enrollees, the site serves medically underserved

populations at a rate equal to or greater than 80 percent of the percentage of residents of the county who are Medicaid enrollees"

Page 12, Section 17, Line 13:

After "accepting" insert "and serving"

Page 13, Section 21, Line 6:

Delete "This" and insert "Section 4 and subsections a. and b. of section 5 of this"

Page 13, Section 21, Lines 6-8:

Delete "shall first apply to initial program applications submitted on or after the enactment of P.L. , c. (C.) (pending before the Legislature as this bill)" and insert "the remainder of this act shall take effect on July 1, 2026"

[seal]

Respectfully,

/s/ Philip D. Murphy

Governor

Attest:

/s/ Kate E. McDonnell

Chief Counsel to the Governor