

30: 4D-21 et al

**LEGISLATIVE HISTORY CHECKLIST**

**NJSA:** 30:4D-21 et al

(Pharmaceutic Assistance  
(PAA)-revise eligibility and  
copayment scale)

**LAWS OF:** 1985

**CHAPTER:** 291

**Bill No:** A1548

**Sponsor(s):** Visotcky and others

**Date Introduced:** March 15, 1984

**Committee:** **Assembly:** Corrections, Health and Human Services; Revenue,  
Finance and Appropriations.

**Senate:** Aging

**Amended during passage:** Yes **Amendments during passage**  
denoted by asterisks.

**Date of Passage:** **Assembly:** January 8, 1985

**Senate:** June 24, 1985

**Date of Approval:** August 14, 1985

**Following statements are attached if available:**

**Sponsor statement:** Yes **Attached:** Assembly  
amendments, adopted  
1-8-85 (with statements)

**Committee statement:** **Assembly** Yes

**Fiscal Note:** **Senate** Yes 6-20-85 and 2-25-85  
No

**Veto Message:** No

**Message on Signing:** No

**Following were printed:**

**Reports:** No

**Hearings:** No

291. 85  
8-14-85

[THIRD OFFICIAL COPY REPRINT]

ASSEMBLY, No. 1548

STATE OF NEW JERSEY

INTRODUCED MARCH 15, 1984

By Assemblyman VISOTCKY, Assemblywoman FORD, Assemblymen DORIA, CUPROWSKI, PELLECCCHIA and HOLLENBECK

AN ACT concerning certain benefits for certain senior citizens and disabled residents **\*\*\*[and]\*\*\*** **\*\*\*\*[\*\*\*, \*\*\*]\*\*\*\*** **\*\*\*\*and\*\*\*\*** amending **\*\*\*\*[\*\*\*and supplementing\*\*\*]\*\*\*\*** P. L. 1975, c. 194, **\*\*\*\*[\*\*\*and amending\*\*\*]\*\*\*\*** P. L. 1979, c. 197 and P. L. 1981, c. 210.

1 BE IT ENACTED *by the Senate and General Assembly of the State*  
2 *of New Jersey:*

1 1. Section 2 of P. L. 1975, c. 194 (C. 30:4D-21) is amended to  
2 read as follows:

3 2. Any **\*\*\*\*[single]\*\*\*\*** resident of this State who is either  
4 **\*\*\*\*[disabled pursuant to the]\*\*\*\*** *\*\*\*a recipient of\*\*\** **\*\*\*\* Dis-**  
5 *ability Insurance benefits under Title II of the\*\*\*\** federal Social  
6 Security **\*\*\*[Act (42 U. S. C. section 416 (i))]** **\*\*\*\* [\*\*\* Dis-**  
7 *ability Insurance benefits\*\*\*]* **\*\*\*\* Act (42 U. S. C. § 401 et**  
8 *seq.)\*\*\*\** or 65 years of age and over **\*\*\*\*and\*\*\*\*** whose annual in-  
9 come is less than **[\$12,000.00]** **\*\*\*\*[\$16,000.00,** or any married resi-  
10 dent**]\*\*\*\*** **\*\*\*\*\$13,250.00 if single or, if married,\*\*\*\*** whose annual  
11 income combined with that of his spouse is less than **[\$15,000.00]**  
11A **\*\*\*\*[\$20,000.00]\*\*\*\*** **\*\*\*\*\$16,250.00\*\*\*\***, shall be eligible for  
11B "Pharmaceutical Assistance to the Aged and Disabled" if he is  
11C not otherwise qualified for assistance under **[the act to which this**  
11D **act is a supplement]** *P. L. 1968, c. 413 (C. 30:4D-1 et seq.).*

12 **\*\*\*\*[For each purchase of prescription drugs, an eligible person**  
13 *who is single and whose annual income is less than \$10,000.00, or an*  
14 *eligible person who is married and whose annual income combined*

**EXPLANATION—Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.**

**Matter printed in italics thus is new matter.**

**Matter enclosed in asterisks or stars has been adopted as follows:**

**\*—Assembly committee amendments adopted January 3, 1985.**

**\*\*—Assembly amendments adopted January 8, 1985.**

**\*\*\*—Senate committee amendments adopted February 25, 1985.**

**\*\*\*\*—Senate committee amendments adopted June 20, 1985.**

15 with that of his spouse is less than \$14,000.00, shall pay a copayment  
 16 of \$1.00; an eligible person who is single and whose annual income  
 17 is \$10,000.00 or greater but less than \$13,000.00, or an eligible per-  
 18 son who is married and whose annual income combined with that  
 19 of his spouse is \$14,000.00 or greater but less than \$17,000.00, shall  
 20 pay a copayment of \$2.00; and an eligible person who is single and  
 21 whose annual income is \$13,000.00 or greater but less than  
 22 \$16,000.00, or an eligible person who is married and whose annual  
 23 income combined with that of his spouse is \$17,000.00 or greater  
 24 but less than \$20,000.00, shall pay a copayment of \$3.00.】\*\*\*\*

25 \*\*\*\*【\*All eligible persons as of December 31, 1984, who would be-  
 26 come ineligible for "Pharmaceutical Assistance to the Aged and Dis-  
 27 abled" as a result of the 3.5% increase in Social Security benefits  
 28 as of January 1, 1985 shall remain eligible for "Pharmaceutical  
 29 Assistance to the Aged and Disabled."】\*\*\*\* \*\*\*\*【\*\*\*Any person  
 30 who was receiving benefits under "Pharmaceutical Assistance to the  
 31 Aged and Disabled" on December 31, 1984, who subsequently be-  
 32 came ineligible as a result of the January 1, 1985 increase in Social  
 33 Security benefits, and who is eligible for "Pharmaceutical Assis-  
 34 tance to the Aged and Disabled" under the provisions of this amend-  
 35 tory and supplementary act, shall be deemed to have been eligible  
 36 from January 1, 1985.\*\*\*\*】\*\*\*\*

1 2. Section 3 of P. L. 1975, c. 194 (C. 30:4D-22) is amended to  
 2 read as follows:

3 3. The program of "Pharmaceutical Assistance to the  
 4 Aged\*\*\*【"】\*\*\* and Disabled\*\*\*\*"\*\*\*\* shall consist of payments to  
 5 pharmacies for the reasonable cost of prescription drugs of eligible  
 6 persons which exceed a 【\$2.00】 \*\*\*\*\$2.00\*\*\*\* copayment \*\*\*\*【set  
 7 forth in section 2 of P. L. 1975, c. 194 (C. 30:4D-21)】\*\*\*\*. Said  
 8 copayment shall be paid in full by each eligible person to the  
 9 pharmacist at the time of each purchase of prescription drugs,  
 10 and shall not be waived, discounted or rebated in whole or in part.  
 10A \*The commissioner may restrict the day supply of initial pre-  
 10B scriptions to less than a 30 day supply in order to reduce waste and  
 10C reduce inappropriate drug utilization. Subsequently, the commis-  
 10D sioner may limit prescription drugs used in the treatment of acute  
 10E care medical conditions to an amount not to exceed a 30 day supply.  
 10F The commissioner may allow up to a 60 day supply or 100 unit  
 10G doses, whichever is greater, of prescription drugs used in the treat-  
 10H ment of chronic maintenance conditions.\*

11 Whenever any interchangeable drug product contained in the  
 12 latest list approved and published by the Drug Utilization Review

13 Council is available for the prescription written, an eligible person  
14 shall either:

15 (1) Purchase an interchangeable drug product which is equal to  
16 or less than the maximum allowable cost, at the **[\$2.00]**  
17 ~~\*\*\*\*\$2.00\*\*\*\*~~ copayment; or

18 (2) Purchase the prescribed drug product which is higher in cost  
19 than the maximum allowable cost and pay the difference between  
20 the two, in addition to the **[\$2.00]** ~~\*\*\*\*\$2.00\*\*\*\*~~ copayment, unless  
21 the prescriber specifically indicates that substitution is not per-  
22 missible, in which case an eligible person may purchase the pre-  
23 scribed drug product at the **[\$2.00]** ~~\*\*\*\*\$2.00\*\*\*\*~~ copayment.

24 For purposes of this act:

25 a. "Prescription drugs" means all legend drugs, including any  
26 interchangeable drug products contained in the latest list approved  
27 and published by the Drug Utilization Review Council in con-  
28 formance with the provisions of the "Prescription Drug Price and  
29 Quality Stabilization Act" (P. L. 1977, c. 240; C. 24:6E-1 et seq.),  
30 ~~\*\*\*diabetic testing materials,\*\*\*~~ and insulin, insulin syringes and  
30A insulin needles;

31 b. "Reasonable cost" means the maximum allowable cost of  
32 prescription drugs and a dispensing fee, as determined by the  
33 commissioner~~\*\*\*~~. *In the case of diabetic testing materials, the*  
33A *maximum allowable cost is the manufacturer's suggested retail*  
33B *selling price or the pharmacy's usual over-the-counter price charged*  
33C *to other persons in the community, whichever is less\*\*\*;*

34 c. "Resident" means one legally domiciled within the State for  
35 a period of 30 days immediately preceding the date of application  
36 for inclusion in the program. Mere seasonal or temporary resi-  
37 dence within the State, of whatever duration, does not constitute  
38 domicile. Absence from this State for a period of 12 months is  
39 prima facie evidence of abandonment of domicile. The burden of  
40 establishing legal domicile within the State is upon the appli-  
41 cant~~\*\*\*;\*\*\*~~

42 ~~\*\*\*d. "Diabetic testing materials" means blood glucose reagent~~  
43 ~~strips which can be visually read, urine monitoring strips, tapes~~  
44 ~~and tablets and blood letting devices and lancets, but shall not in-~~  
45 ~~clude electronically monitored devices\*\*\*.~~

1 3. Section 2 of of P. L. 1979, c. 197 (C. 48:2-29.16) is amended to  
2 read as follows:

3 2. Any residential electric or gas customer ~~\*\*\*[~~*who is single and*  
4 *whose annual income is less than \$13,000.00, or who is married and*  
5 *whose annual income combined with that of his spouse is less than*

6 \$17,000.00,]\*\*\*\* who on July 1 of any year or at any time during  
 7 the succeeding six months is: a. enrolled in, found eligible for, or,  
 8 except for the provisions of section 4 of P. L. 1975, c. 194 (C.  
 9 30:4D-23), would be eligible for benefits under the program of  
 10 "Pharmaceutical Assistance to the Aged and Disabled," estab-  
 11 lished pursuant to P. L. 1975, c. 194 (C. 30:4D-20 et seq.), as  
 12 amended and supplemented; or, b. receiving or is eligible to receive  
 13 benefits under the program of Supplemental Security Income  
 14 (P. L. 1973, c. 256, C. 44:7-85 et seq.); or, c., receiving disability  
 15 benefits pursuant to the federal Social Security Act (42 U. S. C.  
 16 § 416(i)) and meets the income and residency requirements of the  
 17 "Pharmaceutical Assistance to the Aged and Disabled" program,  
 18 shall be eligible for the "Lifeline Credit Program" established by  
 19 this act.

20 The Commissioner of the Department of Human Services shall  
 21 establish a schedule of eligible customers who meet such qualifi-  
 22 cations.

1 4. Section 3 of P. L. 1981, c. 210 (C. 48:2-29.32) is amended to  
 2 read as follows:

3 3. Any residential tenant not receiving an individual electric or  
 4 gas utility bill \*\*\*\*[who is single and whose annual income is less  
 5 than \$13,000.00, or who is married and whose annual income com-  
 6 bined with that of his spouse is less than \$17,000.00,]\*\*\*\* who at any  
 7 time between July 1 and December 31, 1981, or at any time between  
 8 July 1 and December 31 of any year thereafter, is: a. enrolled in,  
 9 found eligible for, or, except for the provisions of section 4 of  
 10 P. L. 1975, c. 194 (C. 30:4D-23), would be eligible for benefits  
 11 under the program of "Pharmaceutical Assistance to the Aged  
 12 and Disabled," established pursuant to P. L. 1975, c. 194 (C.  
 13 30:4D-20 et seq.), as amended and supplemented; or, b. receiving  
 14 or is eligible to receive benefits under the program of Supplemental  
 15 Security Income (P. L. 1973, c. 256, C. 44:7-85 et seq.); or,  
 16 c. receiving disability benefits pursuant to the federal Social  
 17 Security Act (42 U. S. C. 416 (i)) and meets the income and resi-  
 18 dency requirements of the "Pharmaceutical Assistance to the  
 19 Aged and Disabled" program, shall be eligible for the "Tenants'  
 20 Lifeline Assistance Program." The commissioner shall establish  
 21 a schedule of eligible residential tenants who meet such qualifica-  
 22 tions. For the purposes of this act, "residential tenant" means a  
 23 person renting or leasing real property, including a mobile home  
 24 parksite as his principal residence, including a net lease residential  
 25 tenant, as well as a person who is a resident shareholder in a

26 nonprofit residential cooperative or mutual housing corporation,  
 27 both defined pursuant to P. L. 1977, c. 241 (C. 54:4-3.80 et seq.),  
 28 or an owner of a condominium as such is defined pursuant to P. L.  
 29 1963, c. 168 (C. 46:8A-1 et seq.) and P. L. 1969, c. 257 (C. 46:8B-1  
 30 et seq.).

1 \*\*\*\*[5. (New section) \*\*\*[The]\*\*\* \*\*\*Money for the\*\*\*  
 2 \*\*[State share of program]\*\* \*incremental\* costs \*\*as a result  
 3 of P. L. . . . ., c. . . . (C. . . . .) (now pending before the Legislature  
 4 as Assembly Bill No. 1548 \*\*\*[2nd]\*\*\* \*\*\*3rd\*\*\* OCR of 1984)\*\*  
 5 shall be appropriated \*\*\*to the Department of Human Services\*\*\*  
 6 from the General Fund \*\*\*[until such time as]\*\*\* \*\*\*unless\*\*\* the  
 7 commission to review the disbursement of casino gambling revenues,  
 8 established by S. C. R. 97 of 1984, \*\*\*[issues its final report]\*\*\*  
 9 \*\*\*determines by a majority vote of its members that there is and  
 10 will be an adequate surplus in the Casino Revenue Fund to meet  
 11 the incremental costs\*\*\*]\*\*\*\*.

1 \* [5.] \* \*\*\*\* [6.] \*\*\*\* 5. \*\*\*\* This act shall take effect \*\* [im-  
 2 mediately]\*\* \*\*\*\* [three months following enactment]\*\* \*\*\*\*  
 3 \*\*\*\* August 1, 1985, but the Division of Medical Assistance and  
 4 Health Services shall accept and process applications prior to that  
 5 date\*\*\*\*.

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22 tions. For the purposes of this act, "residential tenant" means a  
 23 person renting or leasing real property, including a mobile home  
 24 parksite as his principal residence, including a net lease residential  
 25 tenant, as well as a person who is a resident shareholder in a  
 26 nonprofit residential cooperative or mutual housing corporation,  
 27 both defined pursuant to P. L. 1977, c. 241 (C. 54:4-3.80 et seq.),  
 28 or an owner of a condominium as such is defined pursuant to P. L.  
 29 1963, c. 168 (C. 46:8A-1 et seq.) and P. L. 1969, c. 257 (C. 46:8B-1  
 30 et seq.).

1 5. This act shall take effect immediately.

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#### STATEMENT

This bill establishes new income eligibility standards and a sliding scale system of copayment fees for beneficiaries under the program of Pharmaceutical Assistance to the Aged and Disabled (PAAD) to replace the current fixed copayment of \$2.00 for each prescription drug purchase under the program. This new copayment system will be geared to the income category and marital status of each program beneficiary in a more equitable manner than the existing fixed copayment for all PAAD enrollees, while the revised income eligibility limits will enable more persons to benefit from this program.

The bill also revises income eligibility limits for the Lifeline Credit Program and the Tenants Lifeline Assistance Program which under existing law are identical to those for PAAD. This bill provides that only a person whose individual annual income is less than \$13,000.00, or less than \$17,000.00 when combined with that of his spouse, and who meets other eligibility requirements, shall qualify for utility assistance under these two programs.

A1548(1985)

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ASSEMBLY CORRECTIONS, HEALTH AND  
HUMAN SERVICES COMMITTEE

STATEMENT TO  
ASSEMBLY, No. 1548

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STATE OF NEW JERSEY

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DATED: MARCH 15, 1984

This bill would establish new income eligibility standards and a sliding scale system of copayment fees for beneficiaries under the program of Pharmaceutical Assistance to the Aged and Disabled (PAAD) to replace the current fixed copayment of \$2.00 for each prescription drug purchase under the program. Under this bill, the PAAD annual income eligibility limit would be increased from \$12,000.00 to \$16,000.00 for a single person and from \$15,000.00 to \$20,000.00 for a married couple. The required copayment would range from \$1.00 to \$3.00 depending on the income category.

The bill also revises income eligibility limits for the Lifeline Credit Program and the Tenants Lifeline Assistance Program which under existing law are identical to those for PAAD. The bill would limit Lifeline Assistance to those newly PAAD-eligible single persons whose individual annual income is less than \$13,000.00 and to newly PAAD-eligible married couples with an income less than \$17,000.00.



SENATE COMMITTEE ON AGING

STATEMENT TO

**ASSEMBLY, No. 1548**

[SECOND OFFICIAL COPY REPRINT]

with Senate committee amendments

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**STATE OF NEW JERSEY**

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DATED: FEBRUARY 25, 1985

This bill establishes new income eligibility standards and a sliding scale system of copayment fees for beneficiaries under the program of Pharmaceutical Assistance to the Aged and Disabled (PAAD) to replace the current fixed copayment of \$2.00 for each prescription drug purchase. It increases the maximum annual income for an eligible single individual from \$12,000.00 to \$16,000.00 and for a married couple from \$15,000.00 to \$20,000.00. A copayment fee of \$1.00, \$2.00 or \$3.00 per purchase will be required according to the beneficiary's income category.

The bill also revises the income eligibility limits for the Lifeline Credit Program and the Tenants' Lifeline Assistance Program, which under current law are identical to those for PAAD. It raises eligibility limits to \$13,000.00 for an individual and \$17,000.00 for a married couple.

The annual cost of the program changes contained in the bill is approximately \$60,000,000.00.

The committee amendments prohibit the use of the Casino Revenue Fund to meet the costs of this bill unless the commission studying the use of those funds determines by a majority vote that an adequate surplus exists.

The committee amendments also clarify the definition of an eligible disabled resident to conform with the original legislative intent and current practice.

The committee amendments concerning diabetic testing materials bring the bill into conformity with P. L. 1985, c. 55.

The committee amendments also provide that individuals who received benefits on December 31, 1984 and became ineligible as a result of the January 1, 1985 increase in Social Security benefits will have their eligibility restored retroactively.

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SENATE REVENUE, FINANCE AND APPROPRIATIONS  
COMMITTEE

STATEMENT TO

**ASSEMBLY, No. 1548**

[SECOND OFFICIAL COPY REPRINT/SENATE REPRINT]

with Senate committee amendments

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**STATE OF NEW JERSEY**

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DATED: JUNE 20, 1985

As amended by the committee, this bill establishes new income eligibility standards for the Pharmaceutical Assistance to the Aged and Disabled (PAAD) program. The maximum annual income for PAAD benefits would rise from \$12,000.00 to \$13,250.00 for an eligible single person and from \$15,000.00 to \$16,250.00 for an eligible married couple.

By implication, the bill also increases the income eligibility standards for Lifeline and Tenants' Lifeline utility benefits, since under current law these are tied to PAAD eligibility. Committee amendments retain this relationship.

The bill contains the following additional provisions:

- The definition of an eligible disabled resident is clarified to mean a recipient of Social Security Disability Insurance benefits.
- The Commissioner of Human Services is authorized to restrict the initial supply or unit dosage of drugs to reduce waste and inappropriate drug use.
- Diabetic testing materials are brought within the definition of prescription drugs.

The bill is effective August 1, 1985 but the Division of Medical Assistance and Health Benefits is directed to accept and process benefit applications prior to that time.

**FISCAL IMPACT:**

Senate Bill No. 3000, the FY 1985-86 appropriations bill, provides \$19.5 million in additional funding for an expansion of the PAAD/Lifeline programs, including added administrative expenses. The source of the increased funding is the Casino Revenue Fund. Information compiled by the Department of Human Services and the Office of Legislative Services indicates that the budgeted increases should be sufficient, or very close to sufficient, to support the expansion of benefits resulting from higher income eligibility levels. The committee recommends that expenditures be monitored throughout the year to ascertain the need for supplemental funding at some later date.

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## COMMITTEE AMENDMENTS:

As it was referred to the committee, this bill provided that different maximum income limits would be applied to determine eligibility for PAAD as opposed to Lifeline benefits. The committee amendments restore the existing relationship whereby a person who qualifies for PAAD automatically qualifies for Lifeline. The income standard was established at \$13,250.00 for individuals and \$16,250.00 for married couples. The committee also deleted a provision calling for an income-based sliding prescription copayment fee and instead voted to retain the existing \$2.00 copayment fee.

Other committee amendments (1) provide that the source of funding for the expanded benefits specified in the bill will continue to be determined, within constitutional guidelines, through the annual appropriations process; (2) deleted a provision to restore PAAD benefits retroactively to persons who became ineligible after December 31, 1984; (3) establish an August 1, 1985 effective date; and (4) provide technical clarity.

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AMENDMENTS ARE TO AMENDATORY  
LANGUAGE CONTAINED IN TYPED  
COPY OF ASSEMBLY COMMITTEE  
AMENDMENTS TO A-1548  
ADOPTED JANUARY 3, 1985.

Assembly Amendments

to

ADOPTED

JAN 8 1985

Assembly Bill No. 1548 (OCR)

Amend:

Page	Sec.	Line
4	5	1

(ON TYPED COPY AMENDMENTS TO A-1548)

After "The" omit "State share of program" and insert "in  
'after "costs" insert "as a result of P.L. , c.  
(now pending before the Legislature as Assembly Bill No.  
1984)"

STATEMENT

This amendment to Assembly Bill No. 1548 (OCR) clarifies and reinforces the intent of the Assembly Revenue Finance and Appropriations Committee in reporting the bill favorably with committee amendments.

It was the intent of the committee, as was fully discussed at the meeting, that the increased costs associated with the amended provisions in the bill be financed from the General Fund until such time as the commission to review the disbursement of casino gambling revenues issues its final report.

This amendment emphasizes the intent that only increased costs of the programs affected, and not the total costs as could be interpreted, be financed from the General Fund.

Floor amendment set 11-2

Please combine with

set 11-1

W/L

1-12

OK  
1/12

to

AMENDMENT

Assembly

Bill No.

1548Aca-CCR

Amend:

JAN 8 1985

Proposed by Assemblyman Hardwick

Page	Sec.	Line
6		1

~~of the Department of Human Services~~  
~~insert "three months following enactment"~~

Omit "immediately" insert "three months following enactment"

STATEMENT

This amendment delays implementation of the program three months to insure the Department of Human Services sufficient time to fully implement the program.

501 11-1

-note typist: 2 sets of floor amendments are adopted to A 1548 OCR on 1/8/85. Please combine the two and print as the add. Ock.

WKL