

30:4D-21

LEGISLATIVE HISTORY CHECKLIST

(Pharmaceutical Assistance to the aged-- allows cost-of-living increases)

NJSA 30:4D-21

LAWS 1981

CHAPTER 499

Bill No. S3195

Sponsor(s) Merlino, Laskin & J. Russo

Date Introduced April 27, 1981

Committee: Assembly -----

Senate Institutions, Health & Welfare, Reveune; Finance & Appropriations

Amended during passage Yes ~~No~~

Substituted for A3439 (OCR, original bill, Assembly Statement, fiscal notes attached.) Amendments during passage denoted by asterisks.

Date of Passage: Assembly Jan. 4, 1982

Senate Dec. 14, 1981

Date of approval Jan. 12, 1982

Following statements are attached if available:

Sponsor statement Yes ~~No~~

Committee Statement: Assembly Yes ~~No~~

Senate Yes ~~No~~

Fiscal Note Yes ~~No~~

Veto Message Yes ~~No~~

Message on signing Yes ~~No~~

Following were printed:

Reports Yes ~~No~~

Hearings Yes ~~No~~

See attached newspaper clipping.

6/22/81

1-12-82

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SENATE, No. 3195

STATE OF NEW JERSEY

INTRODUCED APRIL 27, 1981

By Senators MERLINO, LASKIN and J. RUSSO

Referred to Committee on Institutions, Health and Welfare

AN ACT to amend *and supplement* "An act to supplement the 'New Jersey Medical Assistance and Health Services Act,' (P. L. 1968, c. 413) and making an appropriation therefor," approved August 21, 1975 (P. L. 1975, c. 194).

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 disabled pur-*
4 *suant to the Federal Social Security Act (42 U. S. C. section 416*
5 *(i)) or* *65 years of age and over whose annual income is less than
6 ***[\$9,000.00]*** *\$12,000.00*, or any married resident whose annual
7 income combined with that of his spouse is less than ***[\$12,000.00]***
8 *\$15,000.00*, shall be eligible for "Pharmaceutical Assistance to
8A the Aged *and Disabled*" if he is not otherwise qualified for assist-
8B ance under the act to which this act is a supplement.

9 ***[The commissioner shall adjust the above income limitations**
10 *annually, beginning January 1, to become effective on July 1. The*
11 *adjustment shall be equal to 75% of the average increase in the*
12 *consumer price index for the New York City and the Philadelphia*
13 *areas during the year ending in September of the year prior to*
14 *adjustment.]**

1 *2. There is transferred from and appropriated to the expanded
2 program of Pharmaceutical Assistance to the Aged and Disabled
3 \$2,000,000.00 from the Payments of Utility Credits account and
4 \$13,000,000.00 from the Tenant Utility Rebate Credit account, in
5 the Department of Human Services, for fiscal year 1982.*

1 ***[2.]*** *3.* This act shall take effect ***[immediately]*** *on the*
2 *first day of the second month following enactment, but the Depart-*
3 *ment of Human Services shall accept and process applications prior*
4 *to the act's effective date*.*

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

SENATE, No. 3195

STATE OF NEW JERSEY

INTRODUCED APRIL 27, 1981

By Senators MERLINO, LASKIN and J. RUSSO

Referred to Committee on Institutions, Health and Welfare

AN ACT to amend "An act to supplement the 'New Jersey Medical Assistance and Health Services Act,' (P. L. 1968, c. 413) and making an appropriation therefor," approved August 21, 1975 (P. L. 1975, c. 194).

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 65 years of age and over
4 whose annual income is less than \$9,000.00, or any married resident
5 whose annual income combined with that of his spouse is less than
6 \$12,000.00, shall be eligible for "Pharmaceutical Assistance to the
7 Aged" if he is not otherwise qualified for assistance under the act
8 to which this act is a supplement.

9 *The commissioner shall adjust the above income limitations*
10 *annually, beginning January 1, to become effective on July 1. The*
11 *adjustment shall be equal to 75% of the average increase in the*
12 *consumer price index for the New York City and the Philadelphia*
13 *areas during the year ending in September of the year prior to*
14 *adjustment.*

1 2. This act shall take effect immediately.

STATEMENT

The income limitations established for PAA in 1975 have been eroded by inflation. This bill would require an annual adjustment in PAA's income limitations to partially compensate for inflation's impact. The adjustment would be equal to 75% of the average increase in the cost-of-living for the New York-Philadelphia area, as reported by the Federal Government.

Furthermore, to permit the State's budget process sufficient lead time to anticipate any added costs, a September cutoff date is used to compute the increase in the cost-of-living. This will enable the department to consider this change in their budget submission.

SENATE REVENUE, FINANCE AND APPROPRIATIONS
COMMITTEE

STATEMENT TO
SENATE, No. 3195
with committee amendments

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STATE OF NEW JERSEY

DATED: DECEMBER 3, 1981

Senate Bill No. 3195, with committee amendments, increases the income limitations in the Pharmaceutical Assistance Program from \$9,000.00 to \$12,000.00 for single residents and from \$12,000.00 to \$15,000.00 for married individuals.

The bill also provides funding for the program by transferring \$2 million from the payments of utility credits account and \$13 million from the Tenant Utility Rebate Credit account for fiscal year 1982. Available information indicates the two sums are in excess of the projected amounts required in the credit accounts for the current fiscal year.

The bill takes effect on the first day of the first month following enactment and authorizes the department to begin processing applications prior to the effective date.

FOR IMMEDIATE RELEASE

FOR FURTHER INFORMATION

JANUARY 18, 1982

DAVE DeMAIO

S-3195, sponsored by Senator Joseph Merlino (D-Mercer), raising the income eligibility ceiling for the State's Pharmaceutical Assistance to the Aged (PAA) program. The eligibility ceilings are raised from \$9,000 to \$12,000 for single individuals and from \$12,000 to \$15,000 for married couples. The bill extends PAA benefits to disabled persons as well.

Because the PAA program also determines eligibility for the "lifeline" utility credit and tenant rebate programs, the bill will effectively increase the number of recipients in all three programs.

The bill takes effect March 1, 1982.

S-3501, sponsored by Senator John Russo (D-Ocean), establishing a Statewide Speedy Trial Coordinating Committee to administer a Speedy Trial Program.

The bill is a one-time-only appropriation of \$500,000 in grants to county speedy trial committees to clear the criminal case backlog.

S-3508, sponsored by Senator Donald DiFrancesco (R-Union), keeping the maximum contribution for gubernatorial inaugural events at the current \$250 per person. The bill also prohibits non-profit fundraisers from contributing to the Governor-elect's activities.

S-3484, sponsored by Senator John Caufield (D-Essex), authorizing the State Housing Finance Agency (HFA) to finance fire and other safety improvement loans for boarding homes. Under the bill, the HFA would sell bonds and use the proceeds to make the improvement loans.

S-3156, sponsored by Senator Steven P. Perskie (D-Atlantic), eliminating tenure for municipal managers in municipalities with a council-manager system of government. A grandfather clause will protect current municipal managers with tenure.

[OFFICIAL COPY REPRINT]
ASSEMBLY, No. 3439

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STATE OF NEW JERSEY

INTRODUCED JUNE 11, 1981

By Assemblymen PATERNITI, OTLOWSKI, Assemblywoman Mc-
CONNELL, Assemblymen DEVERIN, KARCHER, SCHWARTZ,
BAER, PATERO, and BORNHEIMER

Referred to Committee on Institutions, Health and Welfare

AN ACT to amend *and supplement* "An act to supplement the
'New Jersey Medical Assistance and Health Services Act' (P. L.
1968, c. 413) and making an appropriation therefore," approved
August 21, 1975 (P. L. 1975, c. 194).

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 disabled pur-*
4 *suant to the Federal Social Security Act (42 U. S. C. section 416(i))*
5 *or* 65 years of age and over whose annual income is less than
6 ~~[\$9,000.00]~~ ~~*[\$11,000.00]*~~ *\$12,000.00*, or any married resident
7 whose annual income combined with that of his spouse is less than
8 ~~[\$12,000.00]~~ ~~*[\$14,000.00]*~~ *\$15,000.00*, shall be eligible for
9 "Pharmaceutical Assistance to the Aged *and Disabled*" if he is
9A not otherwise qualified for assistance under the act to which this
9B act is a supplement.

10 *~~[All residents eligible for "Pharmaceutical Assistance to the~~
11 ~~Aged"~~ as of June 30, 1981 shall have their eligibility continued or
12 reinstated as the case may be, notwithstanding the fact that their
13 incomes may exceed the income limitations cited above because of
14 cost-of-living increases in Social Security benefits pursuant to 42
15 U. S. C. 415(i).]*

1 *2. There is transferred from and appropriated to the expanded
2 program of Pharmaceutical Assistance to the Aged and Disabled
3 \$2,000,000.00 from the Payments of Utility Credits account and
4 \$13,000,000.00 from the Tenant Utility Rebate Credit account, in
5 the Department of Human Services, for the fiscal year 1982.*

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

1 ***[2.]*** *3.* This act shall take effect ***[immediately]*** **on the*
2 *first day of the second month following enactment, but the Depart-*
3 *ment of Human Services shall accept and process applications*
4 *prior to the act's effective date*.*

ASSEMBLY, No. 3439

STATE OF NEW JERSEY

INTRODUCED JUNE 11, 1981

By Assemblymen PATERNITI, OTLOWSKI, Assemblywoman McCONNELL, Assemblymen DEVERIN, KARCHER, SCHWARTZ, BAER, PATERO, and BORNHEIMER

Referred to Committee on Institutions, Health and Welfare

AN ACT to amend "An act to supplement the 'New Jersey Medical Assistance and Health Services Act' (P.L. 1968, c. 413) and making an appropriation therefor," approved August 21, 1975 (P. L. 1975, c. 194).

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 65 years of age and over
4 whose annual income is less than **[\$9,000.00]** \$11,000.00, or any
5 married resident whose annual income combined with that of his
6 spouse is less than **[\$12,000.00]** \$14,000.00, shall be eligible for
7 "Pharmaceutical Assistance to the Aged" if he is not otherwise
8 qualified for assistance under the act to which this act is a supple-
9 ment.

10 *All residents eligible for "Pharmaceutical Assistance to the*
11 *Aged" as of June 30, 1981 shall have their eligibility continued or*
12 *reinstated as the case may be, notwithstanding the fact that their*
13 *incomes may exceed the income limitations cited above because of*
14 *cost-of-living increases in Social Security benefits pursuant to 42*
15 *U. S. C. 415(i).*

1 2. This act shall take effect immediately.

STATEMENT

Since the establishment of the "Pharmaceutical Assistance to the Aged" (PAA) program in 1975, increases in Social Security benefits and inflation in general have eroded the meaningfulness of the income eligibility levels originally established. This bill

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

increases those income levels from \$9,000.00 and \$12,000.00 to \$11,000.00 and \$14,000.00 respectively.

Social Security benefits are annually adjusted pursuant to 42 U. S. C. 415(i). These increases may have the effect of forcing the incomes of certain recipients above the income thresholds. This legislation would "hold harmless" those recipients of PAA who would otherwise be forced out of the program because of cost-of-living increases in their Social Security benefits.

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ASSEMBLY INSTITUTIONS, HEALTH AND WELFARE
COMMITTEE

STATEMENT TO

ASSEMBLY, No. 3439

with Assembly committee amendments

STATE OF NEW JERSEY

DATED: DECEMBER 7, 1981

As amended, this bill increases the income eligibility limits for the "Pharmaceutical Assistance to the Aged" (PAA) program from \$9,000.00 to \$12,000.00 for single individuals and from \$12,000.00 to \$15,000.00 for married couples.

The bill also includes disabled individuals in the PAA program and changes the name of the program to "Pharmaceutical Assistance to the Aged and Disabled." Disabled individuals are those persons disabled pursuant to the Federal Social Security Act (42 U. S. C. Section 416 (i)).

The bill appropriates to the expanded "Pharmaceutical Assistance to the Aged and Disabled" program \$2 million from the Utility Credits account and \$13 million from the Tenant Rebate account for the remainder of fiscal year 1982.

The committee strongly agrees with the purpose of this legislation.

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FISCAL NOTE TO
ASSEMBLY, No. 3439
STATE OF NEW JERSEY

DATED: NOVEMBER 23, 1981

REVISED FISCAL NOTE

The Office of Legislative Services now has additional information and data on the PAA (Pharmaceutical Assistance to the Aged) program and senior citizens which has caused us to revise our fiscal note comments and figures on Assembly Bill No. 3439:

Assembly Bill No. 3439 would increase PAAs income limits by \$2,000.00 for both single persons and married couples. In addition, all PAA eligibles as of June 30, 1981 would remain eligible for PAA even if their income exceeds the new income guidelines.

The original fiscal note worksheet data indicates that 15,788 persons would become or remain eligible for PAA. New information leads us to question this figure.

Between June 1980 and June 1981 PAA had a *net* enrollment decline of 23,400. (Net decline refers to the difference between gross decline and new eligibles.) This decline results from either death or increased income. Health Department data indicates that the death rate of senior citizens is 5.8%. Thus, only 1,350 persons of the total net decline is attributable to death. The remaining 22,000 net decline is the probable result of income increases, notably the 14.3% in Social Security benefits effective July 1, 1980. (As this is a net figure, the actual decline due to excess income was greater than 22,000 persons.)

The 22,000 people are in addition to those who would qualify under the higher income guidelines.

The 1980 Census put New Jersey's senior citizen population at about 860,000; 460,000 in families and 400,000 in unrelated individuals. Census Bureau data on 1980 Consumer Income for those 65 and over indicates that approximately 25,000 single individuals have incomes between \$9,000.00 and \$11,000.00. An additional 41,600 persons in family units have income between \$12,000.00 and \$14,000.00.

Thus, according to Census Bureau data, 66,600 persons have incomes within the higher income limits that Assembly Bill No. 3439 provides. If all participated in the program, PAA *drug costs* alone would be \$10.4 million. This excludes the added costs for administration and the Life line Credit Program.

Therefore, fiscal year costs of Assembly Bill No. 3439 would now be as follows:

	FY 1982*	FY 1983	FY 1984
PAA drug costs	\$10,400,000	\$11,050,000	\$11,825,000
PAA Administration	221,000	231,000	243,000
Lifeline Credit	1,895,000	2,210,000	2,526,000
Lifeline Administration	95,000	111,000	126,000
NEW TOTAL	<u>\$12,211,000</u>	<u>\$13,602,000</u>	<u>\$14,720,000</u>
Previous Fiscal Note Total . .	\$4,638,000	\$5,212,000	\$5,814,000

It should be emphasized that the Census Bureau data can be interpreted in different ways. Another method yielded considerably higher costs. Also, the estimates assume 100% participation of all those potentially eligible.

* Assuming full 1982 costs.

In compliance with written request received, there is hereby submitted a fiscal estimate for the above bill, pursuant to P. L. 1980, c. 67.

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FISCAL NOTE TO
ASSEMBLY, No. 3439

STATE OF NEW JERSEY

DATED: DECEMBER 9, 1981

REVISED FISCAL NOTE

The Office of Legislative Services now has additional information and data on the PAA (Pharmaceutical Assistance to the Aged) program and senior citizens which has caused us to revise our fiscal note comments and figures on Assembly Bill No. 3439:

Assembly Bill No. 3439 would increase PAAs income limits by \$2,000.00 for both single persons and married couples. In addition, all PAA eligibles as of June 30, 1981 would remain eligible for PAA even if their income exceeds the new income guidelines.

The original fiscal note worksheet data indicates that 15,788 persons would become or remain eligible for PAA. New information leads us to question this figure.

Between June 1980 and June 1981 PAA had a *net* enrollment decline of 23,400. (Net decline refers to the difference between gross decline and new eligibles.) This decline results from either death or increased income. Health Department data indicates that the death rate of senior citizens is 5.8%. Thus, only 1,350 persons of the total net decline is attributable to death. The remaining 22,000 net decline is the probable result of income increases, notably the 14.3% in Social Security benefits effective July 1, 1980. (As this is a net figure, the actual decline due to excess income was greater than 22,000 persons.)

The 22,000 people are in addition to those who would qualify under the higher income guidelines.

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Thus, according to Census Bureau data, 66,600 persons have incomes within the higher income limits that Assembly Bill No. 3439 provides. If all participated in the program, PAA *drug costs* alone would be \$10.4 million. Costs for administration and the Lifeline Credit Program have also been revised.

Therefore, fiscal year costs of Assembly Bill No. 3439 would now be as follows:

	FY 1982*	FY 1983	FY 1984
PAA Drug Costs	\$10,299,000	\$11,288,000	\$12,386,000
PAA Administration	937,000	982,000	1,031,000
Lifeline and Tenants' Assist- ance Payments	7,538,000	7,538,000	7,538,000
Lifeline Program Administration	377,000	377,000	377,000
New Total	<u>\$19,151,000</u>	<u>\$20,185,000</u>	<u>\$21,332,000</u>
Previous Fiscal Note Total	<u>\$4,638,000</u>	<u>\$5,212,000</u>	<u>\$5,814,000</u>
OLS Draft Revision	<u>\$12,211,000</u>	<u>\$13,602,000</u>	<u>\$14,720,000</u>

* Assuming full FY 1982 Costs.

In compliance with written request received, there is hereby submitted a fiscal estimate for the above bill, pursuant to P. L. 1980, c. 67.