

30:4D-21

LEGISLATIVE HISTORY CHECKLIST
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NJSA: 30:4D-21

(Pharmacy Assistance to Aged--increase eligibility)

LAWS OF: 1991

CHAPTER: 84

Bill No: A2905/A3057/A3140

Sponsor(s): Bush and others

Date Introduced: February 5, 1990

Committee: Assembly: Senior Citizens; Appropriations

Senate: -----

Amended during passage: No Assembly Committee Substitute (1R) enacted

Date of Passage: Assembly: February 4, 1991

Senate: February 28, 1991

Date of Approval: April 3, 1991

Following statements are attached if available:

Sponsor statement: Yes

Committee Statement: Assembly: Yes 4-2-90 & 1-31-91

Senate: No

Fiscal Note: Yes

Veto Message: No

Message on signing: Yes

Following were printed:

Reports: No

Hearings: No

See newspaper clippings--attached:

(over)

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For background see:

974.90 New Jersey. Legislature. Senate. Committee on Aging.
044 Public hearing on issues & concerns of senior citizens...
1989d March 9, 1989, March 23, 1989, March 30, 1989 and March 16, 1989.

KBG/SLJ

P.L.1991, CHAPTER 84, *approved April 3, 1991*
Assembly Committee Substitute (*First Reprint*) for
1990 Assembly Nos. 2905, 3057, 3140, 438, 1241, 3003, 2531,
1206, 2589 and 3196

AN ACT concerning eligibility for the "Pharmaceutical Assistance to the Aged and Disabled" program and amending P.L.1975, c.194.

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

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

2. ¹[a.]¹ Any resident of this State who is either a recipient of disability insurance benefits under Title II of the federal Social Security Act (42 U.S.C. § 401 et seq.) or 65 years of age and over and whose annual income is less than ~~[\$13,650.00]~~ ¹[\$14,900] ~~\$15,700~~¹ if single or, if married, whose annual income combined with that of his spouse is less than ~~[\$16,750.00]~~ ¹[\$18,250] ~~\$19,250~~¹, shall be eligible for "Pharmaceutical Assistance to the Aged and Disabled" if he is not otherwise qualified for assistance under P.L.1968, c.413 (C.30:4D-1 et seq.). Annual income shall not include gain from the sale of a principal residence that is excluded from gross income pursuant to N.J.S.54A:6-9.

¹[b. Beginning January 1, 1991 and annually thereafter, the income eligibility limits provided in subsection a. of this section shall increase by the same percentage as the Social Security benefit cost-of-living increase for that year. This increase shall be made within three months of the determination of the Social Security cost-of-living increase. During this three month period, no person who is receiving benefits under the program shall be made ineligible for benefits because of the cost-of-living increase from Social Security. The Commissioner of Human Services shall adopt the new income limits annually by regulation pursuant to the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.).]¹

(cf: P.L.1989, c.16, s.1)

2. This act shall take effect immediately and ¹[is] shall be¹ retroactive to January 1, ¹[1990] 1991¹.

SENIOR CITIZENS

Increases the income eligibility limits for the "Pharmaceutical Assistance to the Aged and Disabled" program.

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 underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹ Assembly AAP committee amendments adopted January 31, 1991.

ASSEMBLY, No. 2905

STATE OF NEW JERSEY

INTRODUCED FEBRUARY 5, 1990

By Assemblywoman BUSH, Assemblymen SCERNI,
Salmon and Assemblywoman Ford

1 AN ACT concerning eligibility for the "Pharmaceutical
2 Assistance to the Aged and Disabled" program and amending
3 P.L.1975, c.194.

4

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

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

9 2. a. Any resident of this State who is either a recipient of
10 disability insurance benefits under Title II of the federal Social
11 Security Act (42 U.S.C. § 401 et seq.) or 65 years of age and over
12 and whose annual income is less than [~~\$13,650.00~~] \$14,900 if
13 single or, if married, whose annual income combined with that of
14 his spouse is less than [~~\$16,750.00~~] \$18,250, shall be eligible for
15 "Pharmaceutical Assistance to the Aged and Disabled" if he is
16 not otherwise qualified for assistance under P.L.1968, c.413
17 (C.30:4D-1 et seq.). Annual income shall not include gain from
18 the sale of a principal residence that is excluded from gross
19 income pursuant to N.J.S.54A:6-9.

20 b. Beginning January 1, 1991 and annually thereafter, the
21 income eligibility limits provided in subsection a. of this section
22 shall increase by the same percentage as the Social Security
23 benefit cost-of-living increase for that year. This increase shall
24 be made within three months of the determination of the Social
25 Security cost-of-living increase. During this three month period,
26 no person who is receiving benefits under the program shall be
27 made ineligible for benefits because of the cost-of-living
28 increase from Social Security. The Commissioner of Human
29 Services shall adopt the new income limits annually by regulation
30 pursuant to the "Administrative Procedure Act," P.L.1968, c.410
31 (C.52:14B-1 et seq.).

32 (cf: P.L.1989, c.16. s.1)

33 2. This act shall take effect immediately and is retroactive to
34 January 1, 1990.

35

36

37

STATEMENT

38

39 This bill raises the annual income eligibility requirements for

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 underlined thus is new matter.

1 the "Pharmaceutical Assistance to the Aged and Disabled"
2 program (PAAD). Under current law, the annual income
3 eligibility requirements are \$13,650 for single individuals and
4 \$16,750 for married couples. These requirements would be raised
5 to \$14,900 and \$18,250 for single and married persons,
6 respectively, to reflect the 4.0% cost-of-living increase in Social
7 Security benefits for 1989 and the 4.7% cost-of-living increase in
8 Social Security benefits for 1990.

9 The bill also establishes an automatic cost-of-living increase in
10 the income eligibility limits that is tied to the annual
11 cost-of-living increase in the Social Security program. The
12 increase shall be made within three months of the determination
13 of the Social Security cost-of-living increase and no person who
14 is eligible shall be made ineligible for benefits because of the
15 Social Security cost-of-living increase. The Commissioner of
16 Human Services shall establish the program's income eligibility
17 limits annually by regulation for single and married persons,
18 respectively.

19 The bill is retroactive to January 1, 1990.

20

21

22 SENIOR CITIZENS

23

24 Increases the income eligibility limits for the "Pharmaceutical
25 Assistance to the Aged and Disabled" program.

ASSEMBLY, No. 3057
STATE OF NEW JERSEY

INTRODUCED FEBRUARY 26, 1990

By Assemblywoman FORD and Assemblyman DOYLE

1 AN ACT concerning eligibility for the Pharmaceutical Assistance
2 to the Aged and Disabled program and amending P.L.1975,
3 c.194.

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

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

9 2. Any resident of this State who is either a recipient of
10 disability insurance benefits under Title II of the federal Social
11 Security Act (42 U.S.C. § 401 et seq.) or 65 years of age and over
12 and whose annual income is less than [~~\$13,650.00~~] \$18,000 if
13 single or, if married, whose annual income combined with that of
14 his spouse is less than [~~\$16,750.00~~] \$21,000, shall be eligible for
15 "Pharmaceutical Assistance to the Aged and Disabled" if he is
16 not otherwise qualified for assistance under P.L.1968, c.413
17 (C.30:4D-1 et seq.). Annual income shall not include gain from
18 the sale of a principal residence that is excluded from gross
19 income pursuant to N.J.S.54A:6-9.
20 (cf: P.L.1989, c.16, s.1)

21 2. This act shall take effect immediately and is retroactive to
22 January 1, 1990.

23

24

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STATEMENT

26

27 This bill increases the income eligibility limits for the
28 Pharmaceutical Assistance to the Aged and Disabled program to
29 \$18,000 for single persons and \$21,000 for married persons. In
30 order to provide pharmaceutical coverage for persons who
31 became ineligible for the program in January 1990 due to the
32 annual Social Security cost of living increase, the bill also
33 provides that the new eligibility limits are retroactive to January
34 1, 1990.

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HUMAN SERVICES

38

39 Increases PAAD income eligibility limits.

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 underlined thus is new matter.

ASSEMBLY, No. 3140
STATE OF NEW JERSEY

INTRODUCED MARCH 1, 1990

By Assemblyman COHEN

1 AN ACT concerning eligibility for the "Pharmaceutical
2 Assistance to the Aged and Disabled" program, and amending
3 and supplementing P.L.1975, c.194.

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

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

9 2. Any resident of this State who is either a recipient of
10 disability insurance benefits under Title II of the federal Social
11 Security Act (42 U.S.C. § 401 et seq.) or 65 years of age and over
12 and whose annual income is less than [~~\$13,650.00~~] \$15,015 if
13 single or, if married, whose annual income combined with that of
14 his spouse is less than [~~\$16,750.00~~] \$18,425, shall be eligible for
15 "Pharmaceutical Assistance to the Aged and Disabled" if he is
16 not otherwise qualified for assistance under P.L.1968, c.413
17 (C.30:4D-1 et seq.). Annual income shall not include gain from
18 the sale of a principal residence that is excluded from gross
19 income pursuant to N.J.S.54A:6-9.

20 (cf: P.L.1989, c.16, s.1)

21 2. (New section) Within three years after the effective date
22 of this act, the Commissioner of Human Services shall review the
23 eligibility requirements for the "Pharmaceutical Assistance to
24 the Aged and Disabled" program and shall make recommendations
25 to the Legislature regarding the feasibility of adjusting the
26 eligibility requirements to reflect Social Security benefit
27 cost-of-living increases.

28 3. This act shall take effect on the 60th day after enactment.

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STATEMENT

32

33 This bill increases the income eligibility requirements for the
34 "Pharmaceutical Assistance to the Aged and Disabled" (PAAD)
35 program, P.L.1975, c.194 (C.30:4D-20 et seq.) from \$13,650 to
36 \$15,015 for single persons and from \$16,750 to \$18,425 for
37 married persons. The bill also requires the Commissioner of
38 Human Services to review the program's income eligibility

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 underlined thus is new matter.

1 requirements within three years of the effective date of this bill
2 to determine whether the requirements should be adjusted to
3 reflect Social Security benefit cost-of-living increases.

4

5

HUMAN SERVICES

6

7

8 Increases income eligibility requirements for PAAD program.

ASSEMBLY SENIOR CITIZENS COMMITTEE

STATEMENT TO

ASSEMBLY COMMITTEE SUBSTITUTE FOR
ASSEMBLY, Nos. 2905, 3057, 3140, 438, 1241, 3003, 2531,
1206, 2589 and 3196

STATE OF NEW JERSEY

DATED: APRIL 2, 1990

The Assembly Senior Citizens Committee favorably reports an Assembly Committee Substitute for Assembly Bill Nos. 2905, 3057, 3140, 438, 1241, 3003, 2531, 1206, 2589 and 3196.

This substitute raises the annual income eligibility requirements for the "Pharmaceutical Assistance to the Aged and Disabled" program (PAAD). Under current law, the annual income eligibility requirements are \$13,650 for single individuals and \$16,750 for married couples. These requirements would be raised to \$14,900 and \$18,250 for single and married persons, respectively, to reflect the 4.0% cost-of-living increase in Social Security benefits for 1989 and the 4.7% cost-of-living increase in Social Security benefits for 1990.

The substitute also establishes an automatic cost-of-living increase in the income eligibility limits that is tied to the annual cost-of-living increase in the Social Security program. The increase shall be made within three months of the determination of the Social Security cost-of-living increase and no person who is eligible shall be made ineligible for benefits because of the Social Security cost-of-living increase. The Commissioner of Human Services shall establish the program's income eligibility limits annually by regulation for single and married persons, respectively.

The substitute is retroactive to January 1, 1990.

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

ASSEMBLY COMMITTEE SUBSTITUTE FOR
ASSEMBLY, Nos. 2905, 3057, 3140, 438, 1241,
3003, 2531, 1206, 2589 and 3196

with committee amendments

STATE OF NEW JERSEY

DATED: JANUARY 31, 1991

The Assembly Appropriations Committee reports favorably Assembly Nos. 2905, 3057, 3140, 438, 1241, 3003, 2531, 1206, 2589 and 3196 ACS with committee amendments.

Assembly Bill Nos. 2905, 3057, 3140, 438, 1241, 3003, 2531, 1206, 2589 and 3196 ACS, as amended, increases the annual income eligibility requirements for the "Pharmaceutical Assistance to the Aged and Disabled" (PAAD) program. Under current law, the annual income eligibility requirements are \$13,650 for single individuals and \$16,750 for married couples. This bill raises these requirements to \$15,700 and \$19,250 respectively, to reflect the 4.0% cost-of-living increase in Social Security benefits for 1989, the 4.7% increase in benefits for 1990 and the 5.4% increase for 1991.

The bill as amended is retroactive to January 1, 1991.

FISCAL IMPACT

This bill contains no appropriation. Moneys to fund the increased costs will come from the Casino Revenue Fund. In a fiscal note prepared for this bill prior to these amendments, the Office of Legislative Services (OLS) estimated that annual costs of the proposed changes may range from \$12 million to over \$34 million; OLS noted that varying cost estimates prepared by Department of Human Services (DHS) and the Office of Management and Budget (OMB) are reasonable, but that the actual costs could be even higher.

DHS estimated the annual cost for PAAD, Lifeline, and Hearing Aid Assistance at \$14.6 million in the first year, \$19.2 million in the second year and \$24.6 million in the third year. Administrative costs were estimated at \$1,008,467, \$1.3 million and \$1.7 million in the three years. This yields total costs of \$15,622,233, \$20,511,285 and \$26,333,629 in the first through third years. OMB disputed DHS' second and third year cost estimates and has estimated costs of approximately \$16.1 million and \$18.0 million, respectively. OLS noted that costs could range from \$12 million, based on the size of the PAAD enrollment decline since the last income level change in 1987, to over \$34 million, based on national income data and State data on the population over 65 years of age.

COMMITTEE AMENDMENTS:

The committee amended the bill to reflect the latest cost-of-living increase in Social Security benefits for January, 1991 at 5.4%. This increases the eligibility limits in the bill for singles from \$14,900 to \$15,700 and from \$18,250 to \$19,250 for married couples; the automatic cost-of-living increase provision was deleted; and the bill was made retroactive to January 1, 1991, the date of the latest Social Security cost-of-living increase, as calculated in the new income limits.

[CORRECTED COPY]
FISCAL NOTE TO

ASSEMBLY COMMITTEE SUBSTITUTE FOR
ASSEMBLY, Nos. 2905, 3057, 3140, 438, 1241,
3003, 2531, 1206, 2589, and 3196

STATE OF NEW JERSEY

DATED: June 27, 1990

Assembly Committee Substitute for Assembly Nos. 2905, 3057, 3140, 438, 1241, 3003, 2531, 1206, 2589, and 3196 of 1990 increases the income limits for the Pharmaceutical Assistance to the Aged and Disabled (PAAD) program to \$14,900 for single persons and \$18,200 for married persons and provides for an automatic cost-of-living increase in the income eligibility limits that is equal to the annual Social Security cost-of-living increase.

The Department of Human Services has estimated the annual cost of the Assembly Committee Substitute as follows:

	<u>1st Year</u>	<u>2nd Year</u>	<u>3rd Year</u>
PAAD, Lifeline, and Hearing Aid Assistance	\$14,613,766	\$19,186,140	\$24,630,750
Administration	<u>1,008,467</u>	<u>1,325,145</u>	<u>1,702,879</u>
	\$15,622,233	\$20,511,285	\$26,333,629

The Office of Management and Budget (OMB) does not agree with the department's 2nd and 3rd year cost estimates and has estimated 2nd and 3rd year costs of approximately \$16.1 million and \$18.0 million, respectively.

The Office of Legislative Services concurs that both the department's and OMB's estimates are reasonable. However, as there is considerable uncertainty regarding the number of elderly and disabled persons who may qualify for the various programs due to the higher income limits, costs may be significantly higher or lower than estimated. For example, since the last increase in the PAAD income limits in FY 1987, PAAD enrollment has decreased from approximately 237,000 (FY 1987 avg.) to 223,000 (FY 1990 avg.). Assuming that most of the 14,000 person reduction in enrollment is attributable to increases in income due to the annual Social Security cost-of-living adjustment, it would cost approximately \$12 million to provide PAAD and other benefits to the 14,000 persons who may have been terminated from the program, plus some amount to provide benefits to an unknown number of persons who may now qualify for PAAD and other programs due to the PAAD's higher income limits. In

contrast, by applying national income data for the population over 65 years of age against the 1,009,000 persons over age 65 in the State, upwards of 37,000 elderly and 3,000 disabled persons may have incomes which would qualify them for PAAD and related programs, at a cost of approximately \$34.4 million. Thus, annual costs may range from \$12 million to over \$34 million and the department's and OMB's estimates are reasonable estimates of potential costs.

This fiscal note has been prepared pursuant to P.L.1980, c.67.



OFFICE OF THE GOVERNOR NEWS RELEASE

CN-001

Contact:

Emma Byrne
Nancy Kearney
609/292-8956

TRENTON, N.J. 08625

Release: Wednesday
April 3, 1991

GOVERNOR FLORIO SIGNS BILL LIFTING LID ON PAAD PROGRAM

LINDEN — Nearly 37,000 additional senior and disabled citizens will be eligible for pharmaceutical assistance under legislation signed by Governor Jim Florio today to expand the program's income eligibility cap.

"I'm proud to be here today to give proof that we care about our people," said Governor Florio, as he signed a bill expanding the Pharmaceutical Assistance to the Aged and Disabled (PAAD) program. "Without this program, the expensive medicines these people need would be out of reach. And that would be unacceptable to them and to the rest of us who care about them."

The Pharmaceutical Assistance to the Aged and Disabled Program was enacted in 1978 and currently enables 204,000 seniors and disabled citizens to buy prescriptions for only \$2. The bill, A 2905 sponsored by Assemblyman Fred Scerni and Assemblywoman Stephanie Bush, would expand PAAD eligibility from \$13,650 to \$15,700 for an individual and from \$16,750 to \$19,250 for married couples. The law will be retroactive to January 1, 1991 and is expected to enroll an additional 36,304 people in the PAAD program.

Funds for the program are derived from the Casino Revenue Fund, which provides resources for 29 programs for the elderly and disabled. These include pharmaceutical assistance and lifeline group homes, home health services, expansion of health care for the near poor and others.

"We put income limits on the program because that's fair. But with recent increases in Social Security benefits, some of the people we want to help are being pushed out of the program. That's not fair," said Governor Florio. "People sometimes ask me where the money from the Casino Fund goes. It always feels good to smile and tell them about the pharmaceutical assistance program. It represents the smartest investment we could make with this money because it maintains a quality of life for a special group of New Jersey citizens. But more than an investment, it's a commitment and it's one that I intend to keep."

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