30:4D-22 to 24

LEGISLATIVE HISTORY CHECKLIST

NJSA 30:4D-22 to 24 (Pharmaceutical Assistance to the Aged--Revise payment formula)

Laws of 1977 Chapter 268

Bill No. S1790

Sponsor(s) Merlino and others

Date Introduced December 13, 1976

Committee: Assembly Institutions, Health & Welfare

Senate Institutions, Health & Welfare

Amended during passage	Yes	No	Amendments during passage denoted by asterisks
Date of passage: Assembly	Sept. 26, 1977		
Senate	May 23, 1977		
Date of approval	October 20, 1977		

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

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[SECOND OFFICIAL COPY REPRINT]

SENATE, No. 1790

STATE OF NEW JERSEY

INTRODUCED DECEMBER 13, 1976

By Senators MERLINO, LIPMAN, BATEMAN, ORECHIO and 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).

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

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

3. The program of "Pharmaceutical Assistance to the Aged" shall consist of payments **[or reimbursements]** ***to pharmacies*** for **[80% of]** the **[costs]** ***reasonable cost*** of prescription drugs of eligible persons [which exceed:

a. 1.5% of annual income for eligible persons whose annual income is more than a level of income which would qualify them for assistance under the act to which this act is a supplement, hereinafter referred to as the "assistance level," but less than 1⅓ times said assistance level; or

b. 1.5% of 1⅓ times said assistance level plus 5% of the difference between annual income and 1⅓ times said assistance level for eligible persons whose annual income falls between 1⅓ times said assistance level and $9,000.00] * **[*, made either to individuals as reimbursements for their actual costs or to pharmacies as payments determined on the basis of the aggregate costs of such drugs after a copayment made by the individual**]** ***which exceed a $1.00 copayment per prescription or per purchase of insulin, paid by each eligible person.***

For purposes of this act, "prescription drugs" means all legend drugs *[and]* *,* insulin*, *insulin syringes and insulin needles** ***and "reasonable cost" means the cost of prescription drugs and a dispensing fee, as determined by the commissioner***.

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

**2. Section 4 of P. L. 1975, c. 194 (C. 30:4D–23) is amended to read as follows:

4. Any otherwise eligible person whose prescription drug costs are wholly covered by any other plan of assistance or insurance shall be ineligible for assistance under the provisions of this act. Any otherwise eligible person whose prescription drug costs are covered in part by any other plan of assistance or insurance may *be required to* receive [supplemental] *reduced* assistance under the provisions of this act.

3. Section 5 of P. L. 1975, c. 194 (C. 30:4D–24) is amended to read as follows:

5. The commissioner shall by regulation establish a system of payments or reimbursements and a system for determining eligibility, including provisions for submission of proof of [expenditures for prescription drugs,] actual and anticipated annual income, and evidence of complete or partial coverage of prescription drug costs by any other assistance or insurance plans.**

[2.] ***4.*** This act shall take effect *[immediately]* **January 1, 1978***.

SENATE, No. 1790

STATE OF NEW JERSEY

INTRODUCED DECEMBER 13, 1976

By Senators MERLINO, LIPMAN, BATEMAN, ORECHIO and 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).

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

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

3. The program of "Pharmaceutical Assistance to the Aged" shall consist of payments or reimbursements for 80% of the costs of prescription drugs of eligible persons **[**which exceed:

a. 1.5% of annual income for eligible persons whose annual income is more than a level of income which would qualify them for assistance under the act to which this act is a supplement, hereinafter referred to as the "assistance level," but less than 1⅓ times said assistance level; or

b. 1.5% of 1⅓ times said assistance level plus 5% of the difference between annual income and 1⅓ times said assistance level for eligible persons whose annual income falls between 1⅓ times said assistance level and $9,000.00**]**.

For purposes of this act, "prescription drugs" means all legend drugs and insulin.

2. This act shall take effect immediately.

STATEMENT

This bill eliminates provisions of the program for pharmaceutical assistance to the aged relating to costs deductible before reimburse-

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

ment for prescription drugs. Under the current law's complicated formula (which this bill would delete), an elderly person with an income of $3,000.00 cannot collect reimbursements for drug bills until those bills exceed $35.00 in the year. For a person with an income of $4,000.00, reimbursements are made only for drug costs after $98.00 has been spent in the year. For a person with an income of $6,000.00, the reimbursement threshold is $198.00. As a consequence, many needy persons find the program to be of little help.

REFERENCE USE ONLY

ASSEMBLY INSTITUTIONS, HEALTH AND WELFARE COMMITTEE

STATEMENT TO

SENATE, No. 1790

[SECOND OFFICIAL COPY REPRINT]

STATE OF NEW JERSEY

DATED: JULY 11, 1977

This bill would amend the "Pharmaceutical Assistance to the Aged" (PAA) Act of 1975 to remove the complicated deductible provisions of that act. Thus, all eligible senior citizens' drug costs, less a copayment of $1.00, would be paid by the State.

To date the cost of the PAA program has been less than anticipated. This legislation would expand coverage to provide assistance to a larger number of elderly citizens by reimbursing all drug costs (less the $1.00 copayment), rather than limiting reimbursement to only those drug expenses which are of a catastrophic nature.

Furthermore, Senate committee amendments would permit the State to assist diabetics in paying the cost of insulin syringes and needles as well as insulin itself.

Amendments passed in the Senate provide that persons partly covered by other plans be required to receive reduced assistance, and that the effective date be changed to January 1, 1978.

REFERENCE USE ONLY

FISCAL NOTE TO

SENATE, No. 1790

STATE OF NEW JERSEY

DATED: AUGUST 19, 1977

The Second Official Copy Reprint of Senate Bill No. 1790 amends the "Pharmaceutical Assistance to the Aged" Act of 1975 to remove the deductible provisions of that act. Thus, all eligible senior citizens' drug costs, less a copayment of $1.00, would be paid by the State.

The Division of Budget and Accounting estimates that enactment of this legislation would require an additional State expenditure of $230,000.00 in fiscal 1977-78, $1,980,000.00 in fiscal 1978-79 and $2,220,000.00 in fiscal 1979-80. These estimates are based on 40,000 eligibles making 8 claims each in the 6-month period in fiscal 1977-78 and 60,000 eligibles each making 16 claims per year in fiscal 1978-79 and 1979-80. An average prescription cost of $6.25 is used in fiscal 1977-78, $6.50 in fiscal 1978-79 and $6.75 in fiscal 1979-80.

The Office of Fiscal Affairs believes that the estimated number of eligibles who would use the program is unreasonably conservative in light of the total eligible elderly population. The Office of Fiscal Affairs further believes the average prescription cost is on the low side in light of current prescription costs for the elderly under other programs.

The fiscal note is based on an estimate of costs rather than actual cost information.

In compliance with written request received, there is hereby submitted a fiscal estimate for the above bill, pursuant to P. L. 1962, c. 27.

FROM THE OFFICE OF THE GOVERNOR

FOR IMMEDIATE RELEASE

OCTOBER 20, 1977

FOR FURTHER INFORMATION

ANNE BURNS

Governor Brendan Byrne today signed into law S-1790, sponsored by Senator Joseph Merlino, (D-Mercer), which amends the "Pharmaceutical Assistance to the Aged" Act.

Rosalyn Carter, the First Lady, attended the bill signing ceremony which was held at the Salvation Army Senior Citizen Nutrition Site in Camden.

The legislation provides for a new method of reimbursement for senior citizens.

Under the prior legislation reimbursement was decided by a complex formula. For example an elderly person with an income of $3,000 could not collect reimbursement for drug bills until those bills exceeded $35 for the year. A person with an income of $4,000 could only receive reimbursement after accumulating drug bills of more than $98 and so on.

With the old system the pharmacist charged the full cost of drugs to the senior citizen who was required to keep receipts of drug payments. In May of each year the senior citizen filed a statement showing proof of his eligibility for reimbursement and the amount of prescription expenses.

Under this bill the entire reasonable cost of the drugs with the execption of $1.00 copayment per prescription or per purchase of insulin will be covered. The senior citizen will pay the pharmacist the $1.00 copayment and the pharmacist will apply to the State for reimbursement of the difference.

In order to take advantage of the law, senior citizen will simply need to show a prescription identification card issued by the State Department of Human Services.

Most of the senior citizens who have taken advantage of the current law will not need to file an application this year. The Department will mail the card to these qualifying senior citizens during December.

* * * *