

LEGISLATIVE FISCAL ESTIMATE

ASSEMBLY, No. 5062

STATE OF NEW JERSEY

222nd LEGISLATURE

DATED: JUNE 25, 2026

SUMMARY

- Synopsis:

Requires health insurance and Medicaid coverage for testing and treatments to slow progression of Alzheimer’s disease and related disorders.
- Type of Impact:

Annual State expenditure and revenues increases; annual expenditure increases to certain local governments.
- Agencies Affected:

Division of Pensions and Benefits in the Department of the Treasury; Department of Human Services; certain local governments.

Office of Legislative Services Estimate	
Fiscal Impact	Annual
State Expenditure Increase	Indeterminate
State Revenue Increase	Indeterminate
Local Expenditure Increase	Indeterminate

- The Office of Legislative Services (OLS) anticipates that requiring health insurance carriers, including the State Medicaid program, the State Health Benefits Program, and the School Employees’ Health Benefits Program, to provide coverage for all medically necessary diagnostic testing and U.S. Food and Drug Administration (FDA)-approved treatments or medications prescribed to slow the progression of Alzheimer’s disease without the imposition of step therapy requirements may initially increase annual State and local government expenditures by an indeterminate amount.
- The OLS concludes that associated federal revenues received as reimbursement for State Medicaid expenditures would also increase by an indeterminate amount.
- Currently, federal law generally requires state Medicaid programs to cover all FDA-approved prescription drugs from manufacturers that participate in the Medicaid Drug Rebate Program. While coverage for these medications is mandated, states retain significant flexibility to manage utilization, such as by requiring prior authorization or quantity limits, or by implementing step therapy procedures.

- The Plan Year 2026 prescription drug formulary and guidebooks for the State Health Benefits Program and the School Employees' Health Benefits Program indicate that several common FDA-approved medications for the treatment of Alzheimer's disease are not covered. Annual program costs paid by the State and participating local government and education employers will likely increase if the programs are required to provide coverage for these drugs and provide access to coverage without step therapy requirements.
- In the outyears, it is possible that the State Medicaid program, the State Health Benefits Program, and the School Employees' Health Benefits Program may experience an indeterminate amount of cost savings as access to these drugs and treatments increases under the bill and the progression of cognitive decline is delayed for applicable beneficiaries and covered members, allowing them to remain in less-expensive community settings as opposed to more costly nursing home settings.

BILL DESCRIPTION

This bill requires health insurance carriers (insurance companies, health, hospital, and medical service corporations, health maintenance organizations, and the State Health Benefits Program and School Employees' Health Benefits Program, and the State Medicaid Program) to provide coverage for all medically necessary diagnostic testing and FDA-approved treatments or medications prescribed to slow the progression of Alzheimer's disease and related disorders, in accordance with the FDA label, as determined by a physician.

The bill provides that coverage of FDA-approved treatments or medications prescribed to slow the progression of Alzheimer's disease or another related disorder will not be subject to any step therapy requirements.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

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The OLS concludes that associated federal revenues received as reimbursement for State Medicaid expenditures would also increase by an indeterminate amount.

Currently, federal law generally requires state Medicaid programs to cover all FDA-approved prescription drugs from manufacturers that participate in the Medicaid Drug Rebate Program. While coverage for these medications is mandated, states retain significant flexibility to manage

utilization, such as by requiring prior authorization or quantity limits, or by implementing step therapy procedures.

This estimate assumes that access to diagnostic testing and FDA-approved treatments or medications prescribed to slow the progression of Alzheimer's disease and related disorders may increase under the bill as a result of the bill's prohibition on step therapy, a cost utilization tool that Medicaid managed care organizations are authorized to implement to mitigate expenditures. Under step therapy, a beneficiary is required to use another less expensive drug or treatment before receiving coverage for the desired higher cost drug or treatment. For reference, new Alzheimer's drugs like lecanemab (Leqembi) and donanemab (Kisunla) carry an annual cost of approximately \$26,500 to \$32,000 per beneficiary.

The Plan Year 2026 prescription drug formulary and guidebooks for the State Health Benefits Program and the School Employees' Health Benefits Program indicate that coverage is not provided for several common FDA-approved medications for treatment of Alzheimer's disease, including Leqembi, Kisunla, Zunvey1, and Namzaric. Annual program expenditures for the State and participating local governments and education employers would increase by an indeterminate amount were the programs required to provide coverage for such medications without step therapy protocols when deemed medically necessary as provided for under the bill.

In the outyears, it is possible that the State Medicaid program, the State Health Benefits Program, and the School Employees' Health Benefits Program may experience an indeterminate amount of cost savings as access to these drugs and treatments increases under the bill and the progression of cognitive decline is delayed for applicable beneficiaries and covered members, allowing them to remain in less-expensive community settings as opposed to more costly nursing home settings.

Sections: *State Government Section & Human Services Section*

Analysts: *Anna Harris*
 Associate Fiscal Analyst
 Sarah M. Schmidt
 Principal Research Analyst

Approved: *Thomas Koenig*
 Legislative Budget and Finance Officer

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).