

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 5062

STATE OF NEW JERSEY

DATED: JUNE 23, 2026

The Assembly Appropriations Committee reports favorably Assembly Bill No. 5062.

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

The bill provides that coverage of U.S. Food and Drug Administration-approved treatments or medications prescribed to slow the progression of Alzheimer's disease or another related disorder may not be subject to any step therapy requirements.

FISCAL IMPACT:

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.