

ASSEMBLY BUDGET COMMITTEE

STATEMENT TO

ASSEMBLY, No. 5520

with committee amendments

STATE OF NEW JERSEY

DATED: JUNE 22, 2021

The Assembly Budget Committee reports favorably and with committee amendments Assembly Bill No. 5520.

As amended by the committee, this bill increases the income eligibility limits established in the Pharmaceutical Assistance to the Aged and Disabled (PAAD) program to \$38,769 for single persons and \$45,270 combined income for married couples. Under the Senior Gold Prescription Discount Program, income eligibility limits are \$10,000 higher than PAAD income eligibility limits. Therefore, this bill will increase income eligibility limits under the Senior Gold Prescription Discount program to \$48,769 for single persons and \$55,270 combined income for married couples.

Currently, the PAAD income limits for 2021 are \$28,769 for single persons and \$35,270 combined income for married couples. Although the PAAD law states that income eligibility limits are \$16,624 and \$20,383 for single persons and married couples, respectively, an annual cost-of-living increase in income eligibility limits was adopted effective January 1, 1996, which has increased these eligibility levels each year.

As amended by the committee, this bill retains the annual cost-of-living increase, but raises the overall income eligibility levels for the program, effective January 1, 2022. The annual cost-of-living increase will not be applied in calendar year 2022, but will resume effective January 1, 2023, and will be applied annually thereafter as provided under current law.

COMMITTEE AMENDMENTS:

The committee amendments provide that the annual cost-of-living increase that is applied to PAAD and Senior Gold income eligibility limits under current law will not apply in 2022, but will resume in 2023, and will continue to be increased annually each year thereafter.

FISCAL IMPACT:

The FY 2022 Budget Recommendation proposes expending an additional \$6.9 million to raise the Pharmaceutical Assistance to the Aged and Disabled (PAAD) income limits to \$38,769 for single persons and \$45,270 combined income for married couples beginning

on January 1, 2022. The annualized cost would therefore be \$13.8 million.

The Office of Legislative Services (OLS) does not concur with this Executive estimate; rather, the OLS estimates that the State will experience an \$11.0 million increase in costs due to a one-time increase of \$10,000 in the income eligibility limits established in the PAAD program and the Senior Gold Program. Following December 31, 2022, any increase in income eligibility under these programs, as well as the costs associated with those increases, will be the result of an existing statutory cost-of-living adjustment. As such, those costs are not attributed to this bill.