

STATE OF NEW JERSEY

CASINO REVENUE FUND STUDY COMMISSION

FINAL REPORT

December 1985

Senator Catherine A. Costa
Chairman

Assemblywoman Marlene Lynch Ford
Vice-Chairman

Eleanor H. Seel
Secretary to the Commission
Office of Legislative Services



State of New Jersey

**CASINO REVENUE FUND STUDY COMMISSION
ROOM 319-A, STATE HOUSE ANNEX**

CN-042

TRENTON, NEW JERSEY 08625

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**SENATOR CATHERINE A. COSTA
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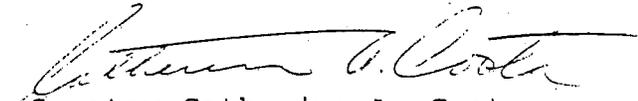
**SENATOR LEANNA BROWN
SENATOR JOSEPH BUBBA
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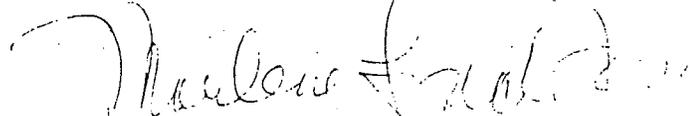
President of the Senate
Speaker of the General Assembly
Members of the Legislature

Ladies and Gentlemen:

The Casino Revenue Fund Study Commission created pursuant to Senate Concurrent Resolution No. 75 of 1982 and reconstituted and continued pursuant to Senate Concurrent Resolution No. 97 of 1984 herewith respectfully submits its report in compliance with the provisions of its enabling resolution.

Respectfully submitted,


Senator Catherine A. Costa
Chairman


Assemblywoman Marlene Lynch Ford
Vice Chairman



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President of the Senate
Speaker of the General Assembly
Members of the Legislature

Ladies and Gentlemen:

I am very pleased to transmit with this letter the report of the findings and recommendations of the Casino Revenue Fund Study Commission.

The Casino Revenue Fund Study Commission was organized in January 1985 and conducted its study of the Casino Revenue Fund over the last 12 months. The Commission held four public hearings and three public meetings to gather information about the programs currently funded by the Casino Revenue Fund and to determine the unmet needs of senior citizens and disabled persons which might be satisfied through new or expanded programs funded by the Casino Revenue Fund. The response to our request for information by individuals and organized groups representing senior citizens and disabled persons was most gratifying.

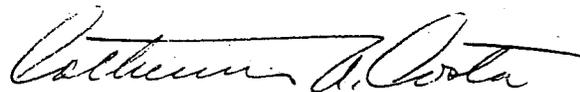
Additionally, the extensive information provided by officials from the Division of Medical Assistance and Health Services in the Department of Human Services, the Division on Aging and other staff from the Department of Community Affairs, New Jersey Transit Corporation, the Department of the Treasury, the Governor's Committee on the Disabled, county offices on aging and county offices on the disabled, as well as other State and local government officials proved to be invaluable to the Commission in carrying out its mandate.

On behalf of the Commission, I would like to express our appreciation and thanks to the Office of Legislative

Services for providing staff services. In particular, I would like to thank Gerald Silliphant, the Legislative Budget Officer, and his staff for the assistance and information they provided to the Commission regarding Casino Revenue Fund expenditures and revenues. Also, I would like to express our appreciation to staff from the Division of Information and Research and, particularly, to Eleanor H. Seel, Senior Research Associate, who served as Commission Secretary, Norma Svedosh, Research Associate, and Arlene Bezek who provided secretarial support to the Commission.

It has been a pleasure for me to have had the opportunity to work with the dedicated public members and Legislators appointed to the Commission. I am hopeful that the Commission's study of the Casino Revenue Fund will be of value to the Legislature in its efforts to assist senior citizens and disabled persons in improving the quality of their lives.

Sincerely,



Senator Catherine A. Costa
Chairman

CAC:ES:ab

CASINO REVENUE FUND STUDY COMMISSION MEMBERS

LEGISLATORS

Honorable Catherine A. Costa, Chairman
Senator, 7th District (Democrat)

Honorable Leanna Brown
Senator, 26th District (Republican)

Honorable Joseph Bubba
Senator, 34th District (Republican)

Honorable Frank Pallone, Jr.
Senator, 11th District (Democrat)

Honorable Marlene Lynch Ford, Vice-Chairman
Assemblywoman, 10th District (Democrat)

Honorable Walter J. Kavanaugh
Assemblyman, 16th District (Republican)

Honorable J. Edward Kline
Assemblyman, 2nd District (Republican)

Honorable Thomas H. Paterniti
Assemblyman, 18th District (Democrat)

PUBLIC MEMBERS

Appointed by the President of the Senate:

George Chenoweth - Belleville

Thomas Giordano - Bloomfield

Melvin Haas - Cedar Grove

Michael Reilley - Nutley

Appointed by the Speaker of the General Assembly:

James J. Daly - Rahway

Thomas Fricano - Freehold

Raymond Fried - Parlin

John A. Spizziri - Wyckoff

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I. INTRODUCTION

A. ESTABLISHMENT OF THE COMMISSION

On November 2, 1976 the voters in New Jersey approved an amendment to the State Constitution which would permit the establishment and operation of casino gambling in Atlantic City. The amendment also provided that State revenues derived from casino gambling shall be applied solely for the purpose of "providing reductions in property taxes, rentals, telephone, gas, electric, and municipal utilities charges of, eligible senior citizens and disabled residents of the State in accordance with such formulae as the Legislature shall by law provide."¹

Following approval of the Constitutional amendment, the Casino Control Act (N.J.S.A. 5:12-1 et seq.), the law which governs the operation of casino gambling, was enacted and provided for an 8 percent tax on the gross revenues² of a casino. The law also provided that the revenues from the 8 percent tax would be deposited in the Casino Revenue

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- 1 New Jersey Constitution Article 4, § 7, paragraph 2, subparagraph D.
 - 2 Section 24 of the Casino Control Act defines "gross revenue" as "The total of all sums, including checks received by a casino licensee pursuant to section 101 of this act, whether collected or not, actually received by a casino licensee from gaming operations, less only the total of all sums paid out as winnings to patrons and a deduction for uncollectible gaming receivables not to exceed the lesser of a reasonable provision for uncollectible patron checks received from gaming operations or 4% of the total of all sums including checks, whether collected or not, less the amount paid out as winnings to patrons." (N.J.S.A.: 5:12-24)

Fund and could be used only for the purposes specified in the Constitution, to aid senior citizens and disabled persons.

The voters subsequently approved an additional constitutional amendment five years later in 1981, which expanded the authorized uses for State revenues from casino gambling to include "additional or expanded health services or benefits or transportation services or benefits to eligible senior citizens and disabled residents."³

As the number and profitability of casinos in Atlantic City increased, the State's revenues from casino gambling also grew. Over a period of eight years, the Casino Revenue Fund grew dramatically from \$0 in FY'78 to \$167 million in FY'85. Concurrent with this growth in revenues was an equally dramatic increase in the number and cost of the programs dependent on the fund. Expenditures from the Casino Revenue Fund rose from \$0 in FY'78 to \$176 million in FY'85 as existing programs such as the Pharmaceutical Assistance to the Aged program, were expanded and new programs, such as the Lifeline programs and, later, the Senior Citizen and Disabled Resident Transportation program, were established.

In addition to the rapid increase in expenditures

3 New Jersey Constitution Article 4, § 7, paragraph 2, subparagraph D.

from the Casino Revenue Fund, to the point where expenditures equaled or even exceeded revenues, the demands for additional programs to assist senior citizens and disabled persons also increased. By 1983, it became apparent to Legislators, senior citizens and disabled persons that there was a need for a study of anticipated Casino Revenue Fund revenues and expenditures and to provide a plan for future uses of the fund.

Accordingly, in 1983 the Legislature passed Senate Concurrent Resolution No. 75 (SCR-75) which established a 16 member commission to review the disbursement of the State's revenue from casino gambling. The resolution expired in January 1984 at the end of the Legislative session in which it was enacted, before all the members had been appointed. The Legislature subsequently passed Senate Concurrent Resolution No. 97 of 1984 which reconstituted and continued the commission through the 1984-85 Legislative session.

The enabling resolution established that the commission would be comprised of four Senators appointed by the Senate President, no more than two of whom are from the same political party and at least two of whom are members of the Senate Revenue, Finance and Appropriations Committee; four Assemblymen appointed by the Speaker of the General Assembly, no more than two

of whom are from the same political party and at least two of whom are members of the General Assembly Revenue, Finance and Appropriations Committee; and eight citizens, four of whom are appointed by the Senate President and four by the Speaker of the General Assembly. SCR-75 required that at least two of the citizen members shall be senior citizens and two shall be permanently and totally disabled, and of the total no more than four shall be from the same political party.

The enabling resolution directs the commission to undertake a careful and thorough review of:

- a. anticipated revenues in coming years from casino gambling in Atlantic City;
- b. the present disbursement of the State's revenues from casino gambling; and
- c. the range of programs that would address various needs of the disabled and senior citizens of this State, with a view towards recommending how those revenues can best be utilized to meet those needs efficiently and equitably.

B. COMMISSION ACTIVITIES

Upon the appointment of all the public and legislative members, the Commission held an organizational meeting on January 31, 1985. At that meeting, the Commission members elected Senator Catherine A. Costa and Assemblywoman Marlene Lynch Ford as Chairman

and Vice-Chairman, respectively. The Commission selected Eleanor H. Seel of the Office of Legislative Services to serve as Commission Secretary.

During the Spring and Summer of 1985, the Commission held four public hearings in Trenton, Burlington Township, Lakewood and Cedar Grove and three public meetings in Trenton to collect information about the effectiveness of current Casino Revenue Fund programs, projected costs of these programs, projected revenues from casino gambling, and the types of new or expanded programs most needed by senior citizens and disabled persons. The Commission heard testimony from a wide range of persons including senior citizens, disabled persons, casino representatives, local public officials, State administrators of the programs funded by casino revenue funds and legislative fiscal staff. The Commission subsequently held four executive sessions to discuss and analyze the extensive information received at the public hearings and meetings and to prepare its recommendations for the Legislature.

II. FINDINGS

A. ANTICIPATED CASINO REVENUE FUND REVENUES AND EXPENDITURES

1. REVENUE PROJECTIONS

The Commission finds that the growth in revenues from casino gambling over the next four years, through 1990, will be low to moderate and will not reflect the experience of rapid growth that characterized the first eight years of casino gambling when State revenues grew from \$0 to \$167 million.

The Commission substantially relied on the expertise and recommendations of the Legislative Budget Officer, Mr. Gerald Silliphant and his staff from the Office of Legislative Services in determining anticipated revenues for the Casino Revenue Fund. The Legislative Budget Officer's projections of revenues for the Casino Revenue Fund for fiscal years 1986 through 1990 are provided below in Table I.

TABLE I

PROJECTED REVENUES FOR THE CASINO REVENUE FUND
(in millions of dollars)

<u>FISCAL YEAR</u>	<u>REVENUE PROJECTION RANGE</u>	
	<u>Low</u>	<u>High</u>
1986	\$175.0	- 179.0
1987	182.5	- 189.5
1988	186.5	- 199.5
1989	187.5	- 209.0
1990	188.0	- 219.0

SOURCE: Legislative Budget Officer, Office of Legislative Services, September 1985.

The projections for each year provide a low to high range. The low projection assumes both a slowing and eventual flattening of casino revenue growth during the FY'86 - FY'90 period, for a total growth of 7.4 percent. The high projection shows an average annual growth rate of about 5 percent for a total 22 percent growth rate through FY'90. In providing these projections, the Legislative Budget Officer notes that the projections should be viewed with caution because the actual growth of casino revenues through 1990 may depend on factors such as the effect on casino business of a new convention center, improvements in the transportation system, development of additional casinos and hotel rooms and economic cycles.

The Commission concurs with the projections of the Legislative Budget Officer and finds that due to the various indeterminable economic factors that could have a significant effect on the growth of revenues from casino gambling, the most prudent policy to follow at this time is to assume a low revenue growth rate in order to insure that all commitments for the use of casino revenue funds can be met in the future.

2. EXPENDITURE PROJECTIONS

The Commission reviewed projections of Casino Revenue Fund expenditures through 1989 in order to compare projected revenues with projected program costs.

The Legislative Budget Officer provided the Commission with expenditure projections for all of the programs currently funded by the Casino Revenue Fund. In addition, the Commission requested the Department of Human Services to provide their expenditure projections of the Casino Revenue Fund programs administered by that department. Similar information from the other State departments which administer Casino Revenue Fund programs was not requested because the costs of those programs were considered to be stable and not likely to change significantly over the next four years.

The expenditure projections provided by the Legislative Budget Officer generally differed from those of the Department of Human Services for specific programs; however, the difference between the Legislative Budget Officer's and the Department's projection for all programs for FY'87 through FY'89 is relatively small. The expenditure projections of both the Legislative Budget Officer and the Department of Human Services assume that eligibility and benefits of the programs will not change during the projection period. The projections are provided in Table II.

A comparison of the range of projected expenditures with the range of projected revenues (Table I) shows that if no changes are made in the programs currently funded by the Casino Revenue Fund, there should be adequate revenues to fund program expenditures through the end of

TABLE 11
PROJECTED CASINO REVENUE FUND EXPENDITURES FY '86 - FY '89
(in millions of dollars)

PROGRAM	FY'86	FY'87	FY'88	FY'89
LIFELINE PROGRAMS	\$75.0 (\$68.3)	\$75.0 (\$67.1)	\$75.0 (\$65.9)	\$75.0 (\$64.8)
PHARMACEUTICAL ASSISTANCE TO THE AGED AND DISABLED	40.1 (37.7)	43.0 (43.4)	46.0 (49.8)	49.0 (57.2)
MEDICAID - WAIVER AND PERSONAL CARE PROGRAMS	17.6 (9.9)	17.6 (10.8)	17.6 (11.8)	17.6 (13.1)
MEDICALLY NEEDY PROGRAM	8.4 (5.5)	16.0 (24.8)	16.0 (27.8)	16.0 (31.3)
SENIOR CITIZEN AND DISABLED RESIDENT TRANSPORTATION PROGRAM	11.5	13.1	14.2	15.0
ADDITIONAL PROPERTY TAX DEDUCTION	17.9	18.0	\$18.0	18.0
BOARDING HOME RENTAL ASSISTANCE	1.0	1.0	1.0	1.0
CONGREGATE HOUSING	.7	1.0	1.0	1.0
TOTAL PROJECTED COSTS	\$172.2 (\$152.5)	\$184.7 (\$179.2)	\$188.8 (\$189.5)	\$192.6 (\$201.4)

SOURCE: Expenditure projections in parentheses () were prepared by the State Department of Human Services. All other projections were prepared by the Legislative Budget Officer, Office of Legislative Services. Projections were prepared September 1985.

this decade. The Commission, however, recommends that various changes should be made in the currently funded programs. Some of the Commission's recommendations will increase program costs but others will decrease casino revenue funded program costs and make additional funds available for the recommended expanded and new programs. A complete discussion of the recommendations follows in Section III. of this report.

B. PRESENT DISBURSEMENT OF THE CASINO REVENUE FUND

The following programs are currently fully or partially funded from the Casino Revenue Fund. The FY'86 appropriation from the Casino Revenue Fund is provided with the description of each program. Detailed summaries of the expenditure of casino revenue funds by program and the revenues available in the fund for the period FY'79 to FY'86, are provided in Tables III and IV following the program descriptions.

1. Lifeline Programs - \$75 million

The Lifeline programs provide an annual credit, or its equivalent, of \$225.00 against the electric or gas utility bill of eligible senior citizens and disabled persons. The income eligibility criteria for all participants is based on that of the Pharmaceutical Assistance to the Aged and Disabled (PAAD) program. Currently the income eligibility levels are \$13,250.00 for single persons and \$16,250.00 for married persons. The Lifeline programs are funded entirely by the Casino Revenue Fund and will provide the \$225.00 utility benefit to approximately 340,000 persons in FY'86.

The Lifeline program consists of two separate parts:

- a. The Lifeline Credit Program was established in 1979 (P.L. 1979, c. 197, C. 48:2-20.15 et seq.) to

provide an annual utility credit against the gas and electric bill of eligible residential utility customers.

b. The Tenant's Lifeline Assistance Program was established in 1981 (P.L. 1981, c. 210, C. 48:2-29.30 et seq.) to provide an equivalent utility "credit" in the form of a direct cash payment to eligible persons who are tenants and do not directly pay their gas or electric utility bill (the cost of their utilities is included in their rent.)

2. Pharmaceutical Assistance to the Aged and Disabled Program - \$39.9 million

This program was established in 1975 (P.L. 1975, c. 194, C. 30:4D-21 et seq.) to provide pharmaceutical assistance to eligible State residents. The program provides that the State will pay the full cost of prescription drugs less a \$2.00 co-pay which the eligible recipient is required to pay. The program originally was established for persons 65 years of age or older whose income was below \$9,000.00 if single and \$12,000.00 if married. In 1981 (P.L. 1981, c. 499) the program was expanded to include disabled persons and income eligibility levels were increased to \$12,000.00 and \$15,000.00 for single and married persons, respectively. In 1985 (P.L. 1985, c. 291) the income eligibility levels were increased to \$13,250.00 and \$16,250.00 for single and married persons, respectively.

This program is partially funded by casino revenue funds. The costs of the program attributed to senior citizens with income below \$9,000.00 and \$12,000.00 (single and married, respectively) are funded from the State General Fund (\$51 million) and the costs for all disabled persons and all senior citizens whose incomes exceed \$9,000.00 and \$12,000.00 are funded by the Casino Revenue Fund (\$39.9 million). In FY'86 the program will provide pharmaceutical assistance to a total of 274,000 persons, 173,000 of whom are funded by the General Fund and 101,000 of whom are funded by the Casino Revenue Fund.

3. Additional Property Tax Deduction - \$17.9 million

This program was established in 1963 (P.L. 1963, c. 172, C. 54:4-8.40 et seq.) to provide eligible senior citizens and disabled residents with a \$160.00 tax deduction from their property tax bill (the program would reimburse the municipality for these deductions). In 1981 (P.L. 1981, c. 85) this deduction was raised to \$200.00 for FY'82, to \$225.00 for FY'83, and to \$250.00 for FY'84 and thereafter. In addition, P.L. 1981, c. 86 expanded the eligibility in the property tax relief program to include senior citizens and disabled residents who live in an owner-occupied mobile home situated on leased land.

This program is partially funded by casino revenue funds. The additional costs of paying for the increase in property tax deductions over the \$160.00 original rate are funded from the Casino Revenue Fund and the remainder of the costs, for the original program, are funded by the State General Fund (\$27.9 million). Approximately 198,000 senior citizens and disabled persons receive the additional property tax deduction.

4. Senior Citizen and Disabled Resident Transportation Program - \$11.5 million

This program was established in January 1984 (P.L. 1983, c. 578, C. 27:25.25 et al.) to provide both feeder transportation services to available fixed route transportation services and accessible local transportation services to disabled persons and senior citizens. Seventy-five percent of the funds available for this program are allocated to the 21 counties and administered by the counties in accordance with their own transportation plans. The remaining 25 percent is administered by the New Jersey Transit Corporation. The law establishing this program provides that 7.5 percent of the annual revenues received from casino gambling shall be allocated to the transportation program.

5. Medicaid Special Programs - \$17.8 million

a. Community Care for the Elderly and Disabled -

This program began in October 1983 and is authorized by a

three-year waiver from the federal government. The program is an extension of the State Medicaid program and provides home and community based long-term care services to eligible elderly and disabled persons who otherwise would need institutional care. Fifty percent (\$5.9 million) of the costs of this program are funded by the Casino Revenue Fund and 50 percent are funded by the federal government. Under the terms of the federal waiver, the program can serve a maximum of 1,800 people at one time, although to date, the number of active cases has been considerably under the maximum.

b. Personal Care Assistant Services - This program began in February 1984 and provides personal care assistant services to Medicaid eligible persons. This program also is an extension of the State Medicaid program. The services provided under this program are health related tasks such as grooming, bathing and administration of medication for disabled persons who need long-term maintenance care in a home or community setting. Fifty percent (\$11.7 million) of the costs of this program are funded by the Casino Revenue Fund and 50 percent are funded by the federal government.

6. Medically Needy Program - \$8.4 million

Casino revenue funds for this program have been appropriated in the FY'86 budget although legislation establishing this program has not yet been enacted. When

established, a Medically Needy program which is an extension of the State Medicaid program, will provide certain out-patient health care services to senior citizens, disabled persons, pregnant women, and children whose income is greater than the Medicaid (welfare) standard but less than 133 percent of that standard. Also, persons with high medical bills could "spend down" to the 133 percent income level to qualify for the program. The costs of the Medically Needy program are equally shared by the federal government and the State. The State costs for the portion of the program serving senior citizens and the disabled would be funded out of the Casino Revenue Fund and the remaining State costs, for services to pregnant women and children, will be funded by the State General Fund. It is estimated that 101,000 senior citizens and disabled persons will receive services under the Medically Needy program each year once the program is fully implemented.

7. Boarding Home Rental Assistance Program - \$1.0 million

Sections 14 through 17 of the "New Jersey Housing and Mortgage Finance Agency Law of 1983" (P.L. 1983, c. 530, C. 55:14K-14 et seq.) establish a Boarding House Rental Assistance Fund which provides rent subsidies on behalf of senior citizens and disabled persons to pay debt service on loans granted to rooming and boarding home owners for the

purpose of making fire safety improvements to meet fire safety standards in the residences. (This program was originally established under P.L. 1981, c. 515 (C. 55:14J-52 et seq.) which was subsequently repealed in 1983. The program was reestablished under the 1983 law.) Since this program was established, over 2,500 senior citizens and disabled persons have benefited from safer rooming and boarding house living conditions.

8. Congregate Housing Support Services Program - \$700,000

Under legislation enacted in 1981 (P.L. 1981, c. 553, C. 52:27D-183 et seq.) this program provides residential housing subsidies to persons who are 62 years of age or older or who are disabled for the purpose of providing support services, which include meal programs, housekeeping assistance and personal care assistance. These services are intended to allow elderly or disabled persons who might otherwise be required to enter nursing homes to continue to live independently. The program currently serves over 500 individuals.

TABLE III

CASINO REVENUE FUND EXPENDITURES

CASINO REVENUE FUND PROGRAMS	FY 1979	FY 1980	FY 1981	FY 1982	FY 1983	FY 1984	FY 1985 (ADJ. APPROP.)	FY 1986 (APPROP.)
Hotline Programs	\$0	\$20,930,930	\$26,906,683	\$ 41,194,639	\$ 51,666,000	\$ 58,906,000	\$ 67,600,000	\$ 75,013,000
Pharmaceutical Assistance to the Aged and Disabled				1,528,445	19,428,000	25,668,000	27,700,000	39,872,000
Medicaid - Waivers and Personal Care Services						170,000	5,200,000	17,792,000
Medically Needy								8,425,000
Senior Citizens and Disabled Residents Transportation Program						3,000,000	10,000,000	11,458,000
Additional Property Tax Deduction				7,318,235	25,825,000	30,400,000	30,400,000	17,900,000
Boarding Home Rental Assistance				750,000	(no approp.)	750,000	1,000,000	1,000,000
Congregate Housing Support Services						550,000	625,000	700,000
Additional \$50 Homestead Rebate	11,000,000	17,000,000	17,000,000	17,000,000	19,402,000	20,500,000	20,300,000	(no approp.)
Basic Property Tax Rebate							63,000,000	
Total Expenditures	\$11,000,000	\$37,930,930	\$43,906,683	\$130,791,319	\$116,321,000	\$139,944,000	\$162,825,000	\$172,160,000

SOURCE: Legislative Budget Officer,
Office of Legislative Services

TABLE IV
CASINO REVENUE FUND FISCAL SUMMARY

	FY 1979	FY 1980	FY 1981	FY 1982	FY 1983	FY 1984	FY 1985 (ADJ. APPROP.)	FY 1986 (APPROP.)
REVENUES								
Casino Taxes	\$18,272,009	\$58,086,559	\$ 72,088,257	\$103,471,830	\$130,641,855	\$152,777,566	\$166,600,000	\$176,000,000
Balance from past years	1,513,060	8,785,069	28,940,697	58,523,801	31,985,486	47,339,791	67,640,339	73,140,339
Adjustments			1,401,530	781,174	1,033,044	7,466,982	1,900,000	
Total Revenues	\$19,785,069	\$66,871,628	\$102,430,484	\$162,776,805	\$163,660,385	\$207,584,339	\$236,140,339	\$249,140,339
EXPENDITURES								
	11,000,000	37,930,930	43,906,683	130,791,319	116,321,000	139,944,000	163,000,000	172,160,000
UNEXPENDED BALANCE (Surplus)	\$ 8,785,069	\$28,940,698	\$ 58,523,801	\$ 31,985,486	\$ 47,339,385	\$ 67,640,339	\$ 73,140,339	\$ 76,980,339

SOURCE: New Jersey State Budget for FY'80 through FY'86 and State of New Jersey Official Statement for General Obligation Bond Sale, November 8, 1985

III. RECOMMENDATIONS

In accordance with the Commission's mandate to determine the range of programs that would best address the various needs of senior citizens and disabled persons in New Jersey and recommend how State casino revenues can be utilized to meet those needs efficiently and effectively, the Commission makes the following recommendations.

A. RECOMMENDATIONS FOR PROGRAMS CURRENTLY FUNDED BY CASINO REVENUE FUNDS*

A.1. The Commission recommends that the following changes in eligibility, benefits and funding be made in the Pharmaceutical Assistance to the Aged and Disabled program (PAAD).

a. Eligibility - A new, broader definition for "disabled" should be adopted for the PAAD program in order to ensure that all residents who have a comparable level of disability qualify for the program. Specifically, the Commission recommends that the following functional definition of disabled be adopted to replace the definition of disabled,

* See Section II.B. of this report for a description and the level of funding of each program currently funded by casino revenue funds.

i.e., receives disability benefits pursuant to the Social Security Act, currently used for the PAAD program.

A disabled person is anyone who has a medically determinable physical or mental impairment which has lasted or can be expected to last for a continuous period of not less than 12 months or death, and which substantially limits one or more of the person's major life activities such as: eating, walking, hearing, speaking, seeing, self-care, self-direction, learning, employability or capacity for independent living.

Further, the Commission recommends that any person who has been determined to be permanently and totally disabled pursuant to any federal, State or local government pension or retirement program or who has been determined to be legally blind pursuant to the requirements of the State Commission for the Blind and Visually Impaired shall be presumed to meet the criteria of the proposed definition for "disabled". In the case of persons who are not eligible for any of the government pension or retirement programs, the Commission recommends that the PAAD program contract with an existing State disability determination board to make the determination as to whether a PAAD applicant qualifies as "disabled" pursuant to the definition.

The Commission recognizes that adoption of the broader definition will result in higher PAAD claims because more persons will be eligible for the program and higher administrative costs because the program will be responsible for determining if a person qualifies as disabled. However, the Commission finds that the PAAD program's current definition of disabled, that the person receives disability benefits under the Social Security program, is too restrictive and excludes many persons who have comparable disabilities but who, because of their work history or the lack thereof, never were eligible for Social Security benefits. Adoption of this broader definition will ensure that all disabled persons who meet the PAAD program's other eligibility criteria will be able to benefit from the program's prescription drug benefits, regardless of their source of income or their ability to qualify for Social Security benefits.

b. Benefits - The PAAD program should be expanded to include payment for non-durable medical supplies such as, ostomy bags, surgical hose, corsets and braces, and splints. Further, the PAAD program should use the standards established for the State

Medicaid program (N.J.A.C. 10:59-1.1 et seq.)*
regarding the purchase of and State reimbursement
for these supplies.

The Commission finds that these costly non-durable medical supplies are often as necessary to maintain a disabled person's health as are many prescription drugs. Since the cost of these supplies can be as burdensome as that of prescription drugs, the Commission believes that payment for these supplies should be covered under the PAAD program.

c. Funding - The Commission recommends that claims and administrative costs for disabled persons whose incomes are below \$9,000.00 if single and \$12,000.00 if married should not be funded with casino revenue funds and, instead, funding for these costs should be provided from the General Fund.

Currently, funding for claims and administrative costs related thereto for senior citizens whose incomes are below \$9,000.00 if single and \$12,000.00 if married are funded out of the General Fund. The Commission believes that the claims and administrative costs of lower income disabled persons should be funded in the same manner as those for the lower income senior citizens.

* See the Appendix of this report for a copy of the standards.

A.2. The Commission recommends that the Lifeline programs adopt the same definition for "disabled" as that recommended above for the PAAD program.

Currently, eligibility criteria for the Lifeline programs are the same as those for the PAAD program. A person who qualifies for the PAAD program qualifies by definition for the Lifeline programs. The Commission recommends that the eligibility relationship between the two programs should be continued.

A.3. The Commission recommends that the Senior Citizen and Disabled Resident Transportation program should be continued as its benefits are now provided and at the level of funding prescribed by law; however, the Commission recommends that the New Jersey Transit Corporation which administers the program should limit its expenditure of funds for capital projects to only those projects that are located in New Jersey.

New Jersey Transit Corporation currently is funding a capital project with funds from the transportation program to install elevators in Penn Station in New York City to ensure that certain train platforms are accessible to the handicapped. While the Commission supports all efforts to improve accessibility of public transportation services, the

Commission believes that funding projects outside of the State is not an appropriate use of casino revenue funds.

A.4. The Commission ~~recommends that the~~ Congregate Housing Support Services program should be continued as to its benefits but that funding for this cost effective and much needed program should be increased by \$1.2 million.

At the present level of funding this program, which helps prevent institutionalization of elderly and disabled persons by providing meals and certain personal services in their homes, can only serve approximately 500 people. The need for congregate housing support services is great and many eligible persons cannot receive needed services because funding is not available. The Commission believes that the State should expand its support of such a cost effective program so that a greater number of eligible persons can benefit from this program.

A.5. The Commission recommends that the Medically Needy program, recently enacted into law, should be funded entirely out of the State General Fund.

Currently, \$8.4 million is appropriated out of

the Casino Revenue Fund for the FY'86 cost of benefits for senior citizens and disabled persons. Because the program will not be implemented until April 1, 1986 at the earliest, this appropriation represents funding for only one quarter of the year. The State Department of Human Services estimates that the cost of benefits for senior citizens and disabled persons under the Medically Needy program will increase to \$24.8 million in the next fiscal year, to \$27.8 million in FY'88 and to \$35 million in FY'90.

While the Commission fully supports the purpose and intent of the Medically Needy program, the Commission finds that due to the projected low rate of growth of the Casino Revenue Fund through the end of this decade, the Medically Needy program will, at the very least, consume all future uncommitted casino revenue funds and, perhaps, result in expenditures from the fund that are in excess of the fund's revenues. In consideration of the effect this program will have on the fund and the stated needs of senior citizens and disabled persons for other benefit programs, the Commission believes that casino revenue funds should not be used to fund the Medically Needy program.

A.6. The Commission recommends that the following programs should be continued as their benefits are now provided and at their present level of funding. The Commission finds that these programs are effectively providing needed services and they are currently funded at an adequate level.

Additional Property Tax Deduction

Boarding Home Rental Assistance

Medicaid-Community Care for the Elderly and Disabled

Medicaid-Personal Care Assistant Services

B. RECOMMENDATION FOR PERMANENT CASINO REVENUE FUND OVERSIGHT COMMISSION

B.1. The Commission recommends that a permanent "oversight" commission be established to monitor all programs funded by the Casino Revenue Fund in order to ensure that they continue to be administered efficiently and meet the needs of senior citizens and disabled persons. The purpose of the permanent commission also would be to make specific recommendations to the Legislature for new or expanded programs that should be funded by the Casino Revenue Fund.

The commission should consist of members of the Senate and General Assembly and an equal number

of disabled persons and senior citizens appointed by the President of the Senate and the Speaker of the General Assembly. The commission also should include as non-voting ex officio members one representative from the New Jersey Association of County Representatives for Disabled Persons and one representative from the New Jersey Association of Directors of Area Agencies on Aging.

A commission whose purpose is to continually monitor current Casino Revenue Fund programs and assess the unmet needs of senior citizens and disabled persons will assist the Legislature in planning and developing new or expanded programs for these residents.

C. RECOMMENDATIONS FOR NEW PROGRAMS

In accordance with the Commission's mandate to determine the range of programs that would address the various needs of senior citizens and disabled persons, the Commission makes the following recommendations for new programs.

The Commission recognizes that the amount of unappropriated money in the Casino Revenue Fund is limited and that implementation of major new programs funded exclusively by casino revenue funds may not

be possible at this time. However, the Commission recommends that should adequate casino revenue funds become available or a combination of casino revenue funds and State general funds become available, the Legislature should consider implementing the following three programs which address the most pressing unmet needs of senior citizens and disabled persons.

C.1. The Commission recommends that a Home Health Care Services program be established to provide affordable community based care to eligible senior citizens and disabled persons. Such a program would enhance a person's ability to function in the community and help avert the need for costly institutional care.

C.2. The Commission recommends that a program of Rental Assistance be established to provide financial assistance to lower income senior citizens and disabled persons whose monthly rental housing costs are in excess of a reasonable percentage of their monthly income.

While funds from the Casino Revenue Fund currently support payment for additional property tax deductions for eligible senior citizens and disabled persons who own their home, there is no comparable financial

support for senior citizens and disabled persons of the same financial means who are renters rather than homeowners.

C.3. The Commission recommends that a Statewide Personal Care Assistant Services program be established to assist persons with chronic physical disabilities in carrying out health and chore related tasks and services such as bathing, dressing and transportation. Provision of these personal care services will enable disabled persons to remain in their homes and community and to be employed or receive training or education geared for employment and thereby lessen these persons' needs for institutional care.

A State law establishing a personal attendant demonstration program was recently enacted (P.L. 1969, c. 307 C. 30:4G-1 et al.). As part of the demonstration program, the law provides that the Commissioner of Human Services shall report to the Governor and Legislature one year from the date of enactment concerning the effects of the demonstration program in achieving its purposes, an assessment of the most efficient and effective method for providing personal attendant services and the projected costs and recommendations for continuation of the program.

Accordingly, the Commission recommends that implementation of this recommendation be delayed until after the Department of Human Services' findings about the demonstration program are available.

C.4. The Commission recommends that the permanent oversight commission (recommendation B.1.) be directed to determine the specific services and benefits that should be provided for and eligibility criteria

Services, Rental Assistance and Personal Care

Resident services programs that are recommended above.

The need for each of these programs is well established. The Commission recognizes, however, that the costs for providing needed services to all senior citizens and disabled persons who could benefit from them is substantial, while the resources for funding these programs through the Casino Revenue Fund are, unfortunately, very limited. The task of the permanent oversight commission, therefore, should be to balance the need for these services with the resources available to fund them and to design the needed programs so that the available resources are used most effectively.

APPENDICES

[SECOND OFFICIAL COPY REPRINT]

SENATE CONCURRENT RESOLUTION No. 75

STATE OF NEW JERSEY

INTRODUCED FEBRUARY 1, 1982

By Senators McMANIMON, RAND, CODEY, HIRKALA, COSTELLO
and WEISS

Referred to Committee on Revenue, Finance and Appropriations

A CONCURRENT RESOLUTION creating a commission to review the disbursement of the State's revenue from casino gambling in Atlantic City, and to make recommendations thereupon to the Legislature.

1 WHEREAS, The State tax imposed on the gross revenues from casino
2 operations in Atlantic City has generated, and will continue to
3 generate, millions of dollars which are constitutionally reserved
4 for special purposes; and,

5 WHEREAS, Pursuant to the Constitutional amendment authorizing
6 that gambling, the State's revenue therefrom is to be applied
7 solely to the reduction of property taxes, rentals, telephone, gas,
8 electric, and municipal utilities charges of eligible senior citi-
9 zens and disabled residents of New Jersey, and now to new and
9A additional health and transportation programs for them; and

10 WHEREAS, It is the responsibility of the Legislature to determine
11 the most efficacious use of that revenue in compliance with the
12 Constitutional amendment, as well as to examine carefully and
13 thoroughly the problems facing the disabled and senior citizens
14 of this State that public programs can alleviate, and to determine
15 how the State's revenue can be best utilized to benefit those
16 citizens in an equitable and efficient manner; and,

17 WHEREAS, In fulfilling its responsibilities in these respects, it will
18 be helpful and desirable for the Legislature to have the benefit
19 of the efforts of a special study commission, consisting of both

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 printed in italics *thus* is new matter.

Matter enclosed in asterisks or stars has been adopted as follows:

*—Senate amendments adopted February 25, 1982.

**—Assembly committee amendments adopted June 28, 1982.

***—Senate amendments adopted March 30, 1983.

20 legislators and private citizens, created with a mandate to study
21 all aspects of the casino tax revenue disbursement program,
22 including, but not limited to, projected revenues; the appropriate
23 level of spending on casino administration; and programs for
24 senior citizens and the disabled both currently and in the future;
25 now, therefore,

1 **BE IT RESOLVED by the Senate of the State of New Jersey (the**
2 **General Assembly concurring):**

1 1. There is created a commission to consist of *~~12~~* *~~16~~* mem-
2 bers, as follows:

3 a. To be appointed by the President of the Senate:

4 (1) *~~Three~~* *~~Four~~* members of the Senate, no more than two
5 of whom shall be of the same political party, and at least two of
6 whom shall be members of the Senate Revenue, Finance and Appro-
7 priations Committee; and,

8 (2) *~~Three~~* *~~Four~~* citizens of this State, at least one of
9 whom shall be of the age of 65 or more years **~~or~~** **and at
10 least one of whom shall be** permanently and totally disabled
11 **~~according to the provisions of the Federal Social Security Act;~~
12 and no more than two of whom shall be of the same political
13 party]** **~~according to the provisions of the Federal Social~~
13a ~~Security Act; and no more than two of whom shall be of the same~~
13b ~~political party~~**.

14 b. To be appointed by the Speaker of the General Assembly:

15 (1) *~~Three~~* *~~Four~~* members of the General Assembly, not
16 more than two of whom shall be of the same political party, and at
17 least two of whom shall be members of the Assembly Revenue,
18 Finance and Appropriations Committee; and,

19 (2) *~~Three~~* *~~Four~~* citizens of this State, **at least** one of
20 whom shall be of the age of 65 or more years **~~or~~** **and at
21 least one of whom shall be** permanently and totally disabled
22 **~~according to the provisions of the Federal Social Security Act;~~
23 and no more than two of whom shall be of the same political
24 party]** **~~according to the provisions of the Federal Social~~
25 ~~Security Act; and no more than two of whom shall be of the same~~
26 ~~political party~~**.

27 Any vacancies in the membership of the commission shall be
28 filled in the same manner as the original appointments were made.
29 Members shall serve without compensation, but shall be entitled
30 to reimbursement of all actual expenses necessarily incurred in
31 the performance of their duties as members of the commission.

1 2. It shall be the duty of the commission to undertake a careful
2 and thorough review of:

3 a. Anticipated revenues in coming years from casino gambling
4 in Atlantic City;

5 b. The present disbursement of the State's revenues from
6 casino gambling; and,

7 c. The range of programs that would address various needs of
8 the disabled and senior citizens of this State, with a view towards
9 recommending how those revenues can best be utilized to meet those
10 needs efficiently and equitably.

1 3. The commission shall organize within 15 days after the ap-
2 pointment of a majority of its members and shall select a chairman
3 from among its members and a secretary, who need not be a mem-
4 ber of the commission.

1 4. The commission shall be entitled to call to its aid and avail
2 itself of the services of any State, county or municipal department,
3 board, commission or agency, as may be available to it for these
4 purposes and to employ such clerical and stenographical assistants
5 and incur such traveling and other miscellaneous expenses as it
6 may deem necessary for the proper execution of its duties and
7 as may be within the limit of funds appropriated or otherwise
8 made available to it for these purposes.

1 5. The commission shall have all the powers granted pursuant
2 to chapter 13 of Title 52 of the Revised Statutes.

1 6. The commission may meet and hold hearings at such place
2 or places as it shall designate during the sessions or recesses of
3 the Legislature and shall report its findings and recommendations
4 to the Legislature ****[on or before February 1, 1983]**** *****within**
5 **one year of the effective date of this concurrent resolution*****,
6 accompanying the same with any legislative bills or resolutions
7 which it may desire to recommend for adoption by the Legislature.

SENATE CONCURRENT RESOLUTION No. 97

STATE OF NEW JERSEY

INTRODUCED APRIL 30, 1984

By Senator McMANIMON

(Without Reference)

A CONCURRENT RESOLUTION to reconstitute and continue the commission to review the disbursement of the State's revenue from casino gambling in Atlantic City and to make recommendations thereupon to the Legislature.

1 BE IT RESOLVED by the Senate of the State of New Jersey (the
2 General Assembly concurring):

1 1. The commission to review the disbursement of the State's
2 revenue from casino gambling in Atlantic City, created pursuant
3 to Senate Concurrent Resolution No. 75 of 1982, is reconstituted
4 and continued with the same membership, powers, and duties as
5 heretofore provided.

1 2. Any vacancy in the membership of the commission shall be
2 filled in the same manner as the original appointments.

1 3. The commission may meet and hold hearings at such places
2 as it shall designate during the session or recesses of the Legis-
3 lature and shall report its findings and recommendations to the
4 Legislature within one year of the adoption of this concurrent
5 resolution, accompanying the same with any legislative bills or
6 resolutions which it may desire to recommend for adoption by the
7 Legislature.

STATEMENT

This concurrent resolution reconstitutes the commission to review the disbursement of the State's revenue from casino gambling in Atlantic City, which was created pursuant to Senate Concurrent Resolution No. 75 of 1982.

NEW JERSEY CONSTITUTION

ARTICLE IV

SECTION VII

1. No divorce shall be granted by the Legislature.
2. No gambling of any kind shall be authorized by the Legislature unless the specific kind, restrictions and control thereof have been heretofore submitted to, and authorized by a majority of the votes cast by, the people at a special election or shall hereafter be submitted to, and authorized by a majority of votes cast thereon by, the legally qualified voters of the State voting at a general election, except that, without any such submission or authorization;
 - A. It shall be lawful for bona fide veterans, charitable, educational, religious or fraternal organizations, civic and service clubs, senior citizens associations or clubs, volunteer fire companies and first-aid or rescue squads to conduct, under such restrictions and control as shall from time to time be prescribed by the Legislature by law, games of chance of, and restricted to, the selling of rights to participate, the awarding of prizes, in the specific kind of game of chance sometimes known as bingo or lotto, played with cards bearing numbers or other designations, 5 or more in one line, the holder covering numbers as objects, similarly numbered, are drawn from a receptacle and the game being won by the person who first covers a previously designated arrangement of numbers on such a card, when the entire net proceeds of such games of chance are to be devoted to educational, charitable, patriotic, religious or public-spirited uses, and in the case of senior citizen associations or clubs to the support of such organizations, in any municipality, in which a majority of the qualified voters, voting thereon, at a general or special election as the submission thereof shall be prescribed by the Legislature by law, shall authorize the conduct of such games of chance therein.
 - B. It shall be lawful for the Legislature to authorize, by law, bona fide veterans, charitable, educational, religious or fraternal organizations, civic and service clubs, volunteer fire companies and first-aid or rescue squads to conduct games of chance of, and restricted to, the selling of rights to participate, and the awarding of prizes, in the specific kinds of games of chance sometimes known as raffles, conducted by the drawing for prizes or by the allotment of prizes by chance, when the entire net proceeds of such games of chance are to be devoted to educational, charitable, patriotic, religious or public-spirited uses, in any municipality, in which such law shall be adopted by a majority of the qualified voters, voting thereon, at a general or special election as the submission thereof shall be prescribed by law and for the Legislature, from time to time, to restrict and control, by law, the conduct of such games of chance and
 - C. It shall be lawful for the Legislature to authorize the conduct of State lotteries restricted to the selling of rights to participate therein and the awarding of prizes by drawings when the entire net proceeds of any such lottery shall be for State institutions, state aid for education.
 - D. It shall be lawful for the Legislature to authorize by law the establishment and operation, under regulation and control by the State, of gambling houses or casinos within the boundaries, as heretofore established, of the city of Atlantic City, county of Atlantic, and to license and tax such operations and equipment used in connection therewith. Any law authorizing the establishment and operation of such gambling establishments shall provide for the State revenues derived therefrom to be applied solely for the purpose of providing funding for reductions in property taxes, rental, telephone, gas, electric, and municipal utilities charges of eligible senior citizens and disabled residents of the State, and for additional or expanded health services or benefits or transportation services or benefits to eligible senior citizens and disabled residents, in accordance with such formulae as the Legislature shall by law provide. The type and number of such casinos or gambling houses and of the gambling games which may be conducted in any such establishment shall be determined by or pursuant to the terms of the law authorizing the establishment thereof.

CHAPTER 59

MEDICAL SUPPLIER MANUAL

Authority

Unless otherwise expressly noted, all provisions of this chapter were adopted pursuant to authority delegated at N.J.S.A. 30:40-1 et seq. and were filed and became effective April 21, 1971, as R.1971 d.55. See: 3 N.J.R. 43(b), 3 N.J.R. 82(e). Revisions to the original rules were filed December 4, 1973, as R.1973 d.339 to become effective February 1, 1974. Amendments were filed and became effective on August 16, 1979, as R.1979 d.324. See: 11 N.J.R. 246(c), 11 N.J.R. 448(d).

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SUBCHAPTER 1. MEDICAL SUPPLIES AND EQUIPMENT

Authority

N.J.S.A. 30:4D-b(12), 7 and 7b.

Source and Effective Date

R.1984 d.385, effective August 15, 1984.

See: 16 N.J.R. 1442(a), 16 N.J.R. 2368(a).

Executive Order 66(1978) Expiration Date

Pursuant to the requirements and criteria of Executive Order 66(1978), this subchapter expires on August 15, 1989.

Historical Note

This subchapter was filed and became effective April 21, 1971 as R.1971 d.55. See: 3 N.J.R. 43(b), 3 N.J.R. 82(e). Revisions to the original rules were filed December 4, 1973 as R.1973 d.339 to become effective February 1, 1974. Further amendments were filed and became effective February 14, 1975 as R.1975 d.31. See: 7 N.J.R. 7(c), 7 N.J.R. 105(b). Further amendments were filed and became effective January 24, 1977 as R.1977 d.14. See: 8 N.J.R. 467(a), 9 N.J.R. 91(b). Further amendments were filed and became effective February 17, 1977 as R.1977 d.38. See: 8 N.J.R. 551(c), 9 N.J.R. 125(d). Further amendments were filed and became effective August 16, 1979 as R.1979 d.324. See: 11 N.J.R. 246(c), 11 N.J.R. 448(d). Further amendments were filed and became effective December 1, 1980 as R.1980 d.510. See: 12 N.J.R. 25(a), 13 N.J.R. 17(d). Further amendments were filed and became effective September 10, 1981 (operative November 1, 1981) as R.1981 d.328. See: 13 N.J.R. 223(b), 13 N.J.R. 579(b). This subchapter was filed and became effective for re-adoption with amendments August 15, 1984 as R.1984 d.385. See: 16 N.J.R. 1442(a), 16 N.J.R. 2368(a). See chapter and section level for further amendments.

10:59-1.1 Scope

This chapter is concerned with all medical supplies and equipment excluding prosthetic appliances and orthotic devices (that is braces, artificial limbs, eye aids, dentures, hearing aids, and so forth), except as provided in N.J.A.C. 10:59-1.6 and 1.7.

10:59-1.2 Definitions

The following words and terms, when used in this chapter, shall have the following meanings unless the context clearly indicates otherwise.

"Medical equipment" means an item, article or apparatus which has the following characteristics:

1. Is primarily and customarily used to serve a medical purpose;
2. Is generally not useful to a person in the absence of a disease; illness or injury;
3. Is capable of withstanding repeated use (durable) and is nonexpendable (for example hospital bed, oxygen equipment, wheelchair, walker, suction equipment, and the like).

"Medical supplies" means item(s) which meet the following conditions:

1. Are consumable, expendable, disposable or non durable;
2. Are prescribed by a practitioner;
3. Are medically necessary for use by an eligible recipient (for example, disposable pads).
4. Except:
 - i. Excluded medicine chest items and personal hygiene items (See N.J.A.C. 10:59-1.6 and 1.7); and
 - ii. Note: Medical supplies and equipment ordered for patients in a participating medical institution are considered part of the institution's cost and cannot be billed directly to the Program by the supplier.

(1) An exception is when unusual or unique circumstances require the use of medical equipment not usually found in a long term care facility. Such medical equipment may be reimbursable with prior authorization from the Medicaid District Office (MDO) serving the county where the facility is located. See N.J.A.C. 10:59-1.7.

"Recycling" means an item, purchased by the New Jersey Medicaid Program, that is no longer medically needed by the client, that as a minimum, will be sanitized and refurbished and/or repaired, if needed, by the DME provider and supplied to another recipient.

Amended by R.1985 d.376, effective August 5, 1985.

See: 16 N.J.R. 2048(a), 17 N.J.R. 1894(a).

Added definitions "Recycling".

10:59-1.3 Eligible providers

(a) Eligible providers include the following:

1. All pharmacies operating under a valid permit issued by the Board of Pharmacy of the State of New Jersey and all medical-surgical suppliers having an established place of business in New Jersey which is open to the public during normal business hours.
2. All pharmacies outside of New Jersey operating under a valid permit issued by the Board of Pharmacy of the state in which the pharmacy is located and all medical-surgical suppliers outside of New Jersey who qualify as Medicaid providers in the state in which they are located.

10:59-1.4 Provisions for participation

(a) All services and supplies shall be furnished in accordance with the policies, procedures, and payment allowances established by the Division of Medical Assistance and Health Services.

(b) In order to participate in the recycling program, the provider must sign a separate Recycling Provider Agreement (FD-62R) and be approved by the New Jersey Medicaid Program.

(c) Payment by the Program for a purchase or for rental charges shall constitute full payment for the supplies or equipment furnished and no additional charge shall be made to or on behalf of the eligible recipient.

1. Note: For Medicare/Medicaid eligible recipients, see N.J.A.C. 10:59-2.6 "Combination Medicare/Medicaid claims".

(d) The provider agrees to permit properly identified representatives of the Division of Medical Assistance and Health Services to perform the following:

1. Inspect the original prescription or order on file;
2. Audit records pertaining to costs of medical supplies and equipment provided to eligible recipients;
3. Inspect private sector records, where deemed necessary, to comply with the Federal regulations to determine a provider's "usual and customary charges to the public". Information pertaining to the patient's name, address, and prescriber will remain confidential within the limits of the law. Only the following items may be reviewed:
 - i. Description of equipment or supplies;
 - ii. Quantity dispensed;
 - iii. Price charged (purchase or rental);
 - iv. Date of service.

Amended by R.1985 d.376, effective August 5, 1985.

See: 16 N.J.R. 2048(a), 17 N.J.R. 1894(a).

(b) added; Old (b)-(c) renumbered (c)-(d).

10:59-1.5 Prescription policies

(a) Medical supplies and equipment require a personally signed, legible, dated order by the prescribing practitioner which must contain the following information:

1. The patient's name, address, Health Services Program (HSP) Number, and Patient Person Number;
2. A description of the supplies and/or equipment prescribed:

(Note: the phrase "wheelchair" or "patient needs wheelchair" is insufficient. The order must describe the type and style of the wheelchair.)

3. The length of time the medical equipment item is required;
4. A diagnosis and a summary of the patient's physical condition, to support the need for the item(s) prescribed;
5. The prescribing practitioner's name, address and Individual Medicaid Practitioner (I.M.P.) Number, if applicable.

(b) The initial request for authorization of "ostomy bags and supplies" must be accompanied by a prescription as described in (a) above. However, the Medicaid Medical Consultant will determine, upon review of the prescription and consultation with the prescriber if necessary, whether the patient will have an indefinite need for such supplies. If it is determined that such need will be indefinite, the MDO will issue the initial authorization notifying the medical surgical supplier that monthly prescriptions for that patient will no longer be required for such supplies; however, prior authorization will be required.

10:59-1.6 Non-covered items

(a) Payment will not be authorized for the following items:

1. Personal incidentals, including items for personal cleanliness, body hygiene, and grooming (for example standard toothbrushes, mouthwashes, dentifrices, deodorants, shampoos, plain and deodorant soaps, cosmetics, sanitary pads, shaving items, and so forth);
2. Supplies administered or directly furnished by practitioners;
3. Items available without charge through programs of other public or voluntary agencies (for example New Jersey State Department of Health, Heart Association, American Cancer Society and so forth);
4. First aid supplies (that is, sterile gauze, adhesive tape, adhesive bandage, cotton), except as noted below:
 - i. When a covered person requires an unusual or excessive amount of any first aid supplies for use in home care during illness or injury, prior authorization must be requested from the appropriate MDO (see N.J.A.C. 10:59-2.4).
5. Orthopedic mattress;
6. Environmental control equipment and supplies (for examples, air conditioners, humidifiers, dehumidifiers, electrostatic filters and so forth):
 - i. Exceptions are vaporizers and cool mist humidifiers.
7. Inflatable rubber invalid rings;
8. Stainless steel urinals;
9. Stainless steel bedpans;
10. Water bed;
11. Oxygen and equipment for administration of oxygen for patients in long term care facilities;
12. Oral thermometers;
13. Rectal thermometers;
14. Bathroom scales;
15. Feminine syringes, douche bags;
16. Ice bags;
17. Hot water bottles;

18. Sterile or non-sterile tongue blades;
19. Heating pads;
20. Hydrocollators;
21. Infant syringes, family syringes, enema bags;
22. Nasal aspirators;
23. Eye patches;
24. Plastic gloves;
25. Medical supplies and equipment for patients in LTCF (see N.J.A.C. 10:59-1.7(a));
26. Items not meeting the criteria outlined in N.J.A.C. 10:59-1.2.

10:59-1.7 Prior authorization

(a) Suppliers providing any of the following items must first obtain prior authorization from the appropriate MDO.

1. All durable medical equipment intended for use by a patient in a long term care facility (see N.J.A.C. 10:59-1.2 and 4ii);
2. Rental items regardless of price;
3. Oral hygiene devices. However, standard toothbrushes, dental floss, and so forth, are personal hygiene items and therefore, not reimbursable (see N.J.A.C. 10:59-1.2, and 4i);
4. Orthopedic shoes are covered only under the following conditions:
 - i. When attached to a brace or bar; and/or
 - ii. When a part of the normal (customary, usual) post-fracture treatment program; and/or
 - iii. When used to correct or adapt to gross foot deformities;
 - iv. For additional information concerning policies and procedures for providers of shoes and shoe appliances, reference is made to N.J.A.C. 10:59-1.12 and 1.13.
5. Cervical collars: Soft, hard, malleable frame;
6. Abdominal belts (fashioned elastic type—not used for incisional hernia);
7. Abdominal corsets (non-elastic type);
8. Abdominal supports (low back-non-elastic type—size to fit patient);
9. Sacro-iliac and lumbo sacral corsets, supports or belts (male or female):
 10. Special corset, boned and reinforced with steel stays;
 11. Combination corset with inside abdominal belts;
 12. Elastic support stockings, and so forth;
 13. Surgical weight hose;
 14. Trusses;

15. Knee cage (standard);
16. Hand orthosis: Short opponens (C-Bar, Lumbrical Bar);
17. Ostomy bags;
18. Medical supplies and durable medical equipment to be purchased for which the charge to the Program exceeds \$30.00;
19. Denis Browne Splints and Fillauer Bar;
20. Parts used for repair of durable medical equipment for which the charge to the program exceeds \$30.00.

(b) Suppliers repairing durable medical equipment and requesting reimbursement for labor charges must obtain prior authorization.

As amended, R.1975 d.31, eff. February 14, 1975.

See: 17 N.J.R. 7(c), 7 N.J.R. 105(b).

As amended, R.1977 d.38, eff. February 17, 1977.

See: 8 N.J.R. 551(c), 9 N.J.R. 125(d).

As amended, R.1980 d.510, eff. December 1, 1980.

See: 12 N.J.R. 25(a), 13 N.J.R. 17(d).

(a)4iii "or adapt to" added. (a)20 and (b) added.

Amended by R.1985 d.429, effective August 19, 1985 (operative September 1, 1985).

See: 17 N.J.R. 1522(a), 17 N.J.R. 2045(a).

(a)4iv added.

10:59-1.8 Procedures for requesting prior authorization

(a) Complete the following items on the Medical Supplies and Equipment Claim (MC-11-C4): 1, 2, 3, 4, 5, 6, 7, 8, 9, 14, (B, C, D, E, F), 16 and 17. Mail the claim form and the written prescription (a legible photocopy is acceptable) to the appropriate MDO. For repairs, a written prescription is not required.

(b) If the request is authorized, item 15 will be signed and dated by a Medicaid Medical Consultant and the contractor's and provider's copies will be returned to you. The MDO will retain the MDO copy and the prescriber's written order. You may then proceed to supply the authorized item and/or service to the recipient. (See N.J.A.C. 10:59-2 for billing instructions.)

(c) If the request is denied, you will receive written notification from MDO.

Note: See N.J.A.C. 10:59-2.8 for prior authorization procedures for Medicare/Medicaid eligible persons.

As amended, R.1980 d.150, eff. December 1, 1980.

See: 12 N.J.R. 25(a), 13 N.J.R. 17(d).

(a) add "For repairs, . . . required." (b) and/or service added after "authorized item".