THE MISSION OF THE CASINO REVENUE FUND INTO THE TWENTY-FIRST CENTURY

ANNUAL REPORT
NOVEMBER, 1996

CASINO REVENUE FUND ADVISORY COMMISSION

JOHN P. TERGIS
CHAIRMAN

WILFREDO DAVILA
SECRETARY

Release November 1996

CASINO REVENUE FUND ADVISORY COMMISSION

December 1996

Honorable Christine Todd Whitman, Governor of New Jersey
Honorable Donald T. DiFrancesco, President of the Senate
Honorable Jack Collins, Speaker of the General Assembly
Members of the Legislature

Ladies and Gentlemen;

It gives us great pleasure to submit herewith the 1996 annual report of the Casino Revenue Fund Advisory Commission.

The report involves almost two years of work in reviewing the programs in the Casino Revenue Fund and coming up with recommendations which if carried out, we feel will insure the integrity of the fund.

The views in the report are unbiased and objective. We feel that is what the Administration and the Legislature are looking for. We sincerely hope it will aid those who will make decisions for the future.

Sincerely,

John P. Tergis

John P. Tergis, Chairman

CASINO REVENUE FUND ADVISORY COMMISSION MEMBERS
JOHN P. TERGIS, CHAIRMAN

WILFREDO DAVILA, SECRETARY

THOMAS BLUME

JOHN D. DEL COLLE

REGINA JUNG

JAMES MANCINI

LEGISLATORS
SENATOR JOSEPH L. BUBBA

ASSEMBLYMAN DAVID W. WOLFE

EX OFFICIO MEMBERS
SUSAN CHASNOFF, President of New Jersey Association of Area Agencies on Aging

ALAN R. KOONEY, Legislative Budget and Finance Officer

RUTH READER, Assistant Commissioner, Department of Health and Senior Services

THOMAS SHAW, Chairman, New Jersey Association of County Offices for Disabled Persons

APPOINTMENTS WHICH ARE VACANT
Representative of the Casino Industry

One Senate Seat

One Assembly Seat

Brief History of the Casino Revenue Fund and Establishment of the Commission

The voters of New Jersey approved an amendment to the State Constitution on November 2, 1976, which permitted 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 funding for reductions in property taxes, rental, 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."

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 an eight percent tax on the gross revenues of a casino. The law also provided that the revenues from the eight percent tax would be deposited in the Casino Revenue Fund for the purpose specified in the Constitution, to aid senior citizens and persons with disabilities.

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."

Over the years it became apparent to legislators, senior citizens and persons with disabilities 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 States' revenue from casino gambling. The life of this commission was further extended for another term which reconstituted and extended the commission through the 1984-85 Legislative session.

This was a pure legislative commission which expired at the end of its term. Their report was issued in December, 1985.

One of the recommendations of the 1985 commission was that a permanent "oversight" commission be established, composed of administration appointments as well as legislative appointments to insure that funds were being used to the best advantage.

At that point there began an advocacy on the part of legislators, senior citizens and persons with disabilities to have legislation approved to authorize a permanent body as had been recommended.

Consequently in 1992 chapter 108 of the laws of 1992 was enacted which provides for a 15 member permanent commission, composed of gubernatorial and legislative appointments. This is the law which authorized the present Casino Revenue Fund Advisory Commission to act. The law requires the commission to:

(a) review the programs funded by the Casino Revenue Fund.
(b) make recommendations about existing programs.
(c) make recommendations about proposed programs.
(d) make recommendations as to the expenditures of funds.
(e) evaluate the need for existing, additional or expanded programs.

In addition chapter 27, Laws of 1995 (S-184) was enacted which provided that income eligibility limits for the Pharmaceutical Assistance for the Aged and Disabled (PAAD) program be adjusted each year according to the COLA (cost of living adjustment for social security). This law provided a new section which says:

> "The Casino Revenue Fund Advisory Commission ... shall conduct a study of the Pharmaceutical Assistance to the Aged and Disabled program ... which shall analyze the effectiveness of the program including its cost and utilization, and possible ways of providing pharmaceutical assistance in a more cost effective manner. In addition, the commission shall provide information in the study on the number of individuals who have not been terminated from the program or who have become eligible for the program as a result of [this law]."

Summary of Recommendations

In view of the present and projected growth of New Jersey's elderly and disabled population, recommend that New Jersey should start immediately to prepare a long term care policy for elderly citizens and those with disabilities with emphasis on home and community based care to preserve the dignity of participants and relieve the high cost of nursing home care.

Other sources of revenue should be in the forefront of financing a long term care policy and other high priority programs which will be needed. However the Casino Revenue Fund should be required to pay a substantial part of the cost, especially for those services which could not ordinarily be afforded by the state.

The Casino Revenue Fund has lost its independence as a separate budgetary entity as the result of inter-fund transfers between the Casino Revenue Fund and the General Fund. Recommend that the Casino Revenue Fund should be re-established as an independent fund and should be allowed to develop and maintain its own surplus.

Recommend that the Governor and Legislature should adopt the mission statement of the Casino Revenue Fund set forth in this report or one similar to it as a guide to the programs which should be financed in the Casino Revenue Fund.

In order to remove the overload in the Casino Revenue Fund, prioritize programs and provide for the independence of the Casino Revenue Fund, recommend that the following programs be moved to another source of funding for the reasons stated:

Model waivers
Personal Care under Medicaid
Additional Residential Care for the Developmentally Disabled
Birth Defects Registry
Home Health Aide Certification

Recommend that the SOBRA program should be retained in the General Fund and that all or any portion of the program not be transferred to the Casino Revenue Fund.

Recommend that the Senior Citizen Safe Housing and Transportation program be reviewed to determine whether its limitation or a change is advisable.

So that the General Fund will hold its share of PAAD benefits, recommend that the income eligibility amounts be indexed according to the COLA in the same manner as the CRF portion of PAAD benefits is indexed (the General Fund presently finances the portion of PAAD benefits for those with incomes below $12,000 (married) and $9,000 (single).

Recommend that the PAAD/Lifeline program be monitored carefully by the Legislature and Governor and if there are indications that the 1996 PAAD adjustments do not adequately control the growth of the program, and do not leave adequate funding in the CRF for other priority programs including long term care, then appropriate revisions of the PAAD/Lifeline program should be made.

TABLE OF CONTENTS

APPENDICES

TABLE OF CONTENTS - (continued)

The Mission of the Casino Revenue Fund Into the Twenty-First Century

Mr. John Ekarius, Associate Deputy State Treasurer, charged the members of the Casino Revenue Fund Advisory Commission (CRFAC) with their duties at the first meeting of the commission on June 30, 1994. During his remarks Mr. Ekarius held up a chart depicting the phenomenal projected growth of New Jersey's elderly population over the next twenty years and said "Look at the health care needs that New Jersey must plan and accomplish for these people over the years and we have limited resources to do it. That is the work the commission has to face."

Mr. Ekarius was right on both counts. It will take the greatest degree of planning and the most efficient use of funds to accomplish the challenge.

PROJECTED GROWTH OF NEW JERSEY'S ELDERLY POPULATION

The projected growth of the elderly population in New Jersey is well supported by the following statistics:

> This year the first of the baby boom generation is turning age 50 and baby boomers will enter the ranks of those 65+ by the thousands during the first quarter of the twenty-first century.
>
> New Jersey's age 65+ population now at 1,071,000 (1993) is expected to increase to 1,480,000 by the year 2020, a 38% increase. The age 65+ population is expected to be 16.3% of New Jersey's total population by the year.[1]
>
> New Jersey's age 85+ population, the most fragile segment of the population, now at 102,000 (1993) is expected to increase to 187,000 by 2020, an 83% increase.[1]
>
> Cape May county's and Ocean county's age 65+ population was already 20.12% and 23.18%, respectively, of that county's total population in 1990 according to the census of that year.[2]

---

[1] Census report "65+ in the United States", May 1996.

[2] New Jersey Department of Labor, May 1991.

A SOCIAL PROBLEM IN THE MAKING

The above statistics highlight a social problem in the offing not only for New Jersey's elderly citizens and those with disabilities but also for New Jersey in providing services for these people to avoid the high cost of nursing home placement.

Many elderly who need long-term care are actually in a "no-care zone." Medicare is of no help in these situations. Often presumed to be a limitless health and long-term care insurance benefit, Medicare is designed for those who are acutely ill and does not cover long-term home and institutional care.

Most people needing long-term care cannot afford a prolonged stay in a nursing home and cannot afford home care under current conditions. As a result they become patients in nursing homes, pay on a private pay basis until their money runs out, which happens in about eight months on the average, after which they stay in the nursing home on Medicaid at taxpayers expense. Often the spouse at home is reduced to an impoverished condition in helping to pay for the nursing home patient.

Medicaid was designed as a welfare agency for the poor. Still it became the only means of support for countless Americans who have exhausted savings in paying for care.

Many cannot even qualify for Medicaid because their non-disposable income is above the institutional cap, presently $16,900 a year.

HOME AND COMMUNITY-BASED CARE -- A NECESSITY

The existing pattern has been at a tremendous cost to the state and the federal government. With the increased aging population it is doubtful that the cost can be sustained.

At this time we cannot foretell the pattern which Medicaid will take in the future. However it seems almost certain the states will have more to say and may have to pay a greater share of the cost. Now is the time to prepare for the future.

Senior citizens and those with disabilities who become unable to perform activities of daily living would prefer to be cared for in their homes where they can keep in contact with friends and continue to be part of community living. Besides, home assistance will be at less expense to the State. We believe home care and other

community alternatives will be necessary to break the pattern of exorbitant nursing home care costs which has developed over a period of time.

A home care system should require a reasonable cost share on the part of the recipient to stretch funds as far as possible. The objectives would be to make some care available to ill persons while their health is fair and before they become so ill that nursing home care is inevitable.

The highest priority for health care was stated by former Department of Community Affairs Commissioner Harriet Derman at one of our meetings. When asked for her advice on how to prioritize CRF-funded programs she stated the funds should be used to provide direct care services to participants and to keep them in their homes for as long as possible so that they can maintain their dignity while keeping costs down.

For the above reasons the commission members recommend that New Jersey should start immediately to prepare a long term care policy with emphasis on home and community based care to preserve the dignity of participants and relieve the high cost of nursing home care.

BEARING THE COST OF HIGH PRIORITY PROGRAMS -- RELATIONSHIP BETWEEN THE GENERAL FUND (STATE TREASURY) AND THE CASINO REVENUE FUND

The commission recommends that other sources of revenue should be in the forefront of financing a long term care policy and other high priority programs which will be needed for an expanding elderly and disabled population.

The Casino Revenue Fund which comprises only about two percent of the entire state budget cannot be expected to bear the entire cost of needed services. However the CRF should be required to pay a substantial part of the cost of those services which could not ordinarily be afforded by the state. Viewed in this manner the efficient use of casino revenues will put New Jersey much ahead of other states which do not have this source of revenue.

THE "BREACH" OF THE CASINO REVENUE FUND

Is the Casino Revenue Fund presently in a position to pay for a substantial portion of home care or any other high priority program? Unfortunately the answer is "no."

Once the tax on casinos was enacted little thought was given to the real mission of the fund and how the revenues should be used to the best advantage.

Numerous programs were added to the fund much beyond the capacity of the fund to carry such a huge load. In addition, the fund was faced with an ever increasing pharmaceutical program (PAAD) without the necessary controls to assure its financial integrity over a period of time.

Around 1987 expenses began to outstrip revenues and the fund started to finance itself on the surplus which had been accumulated in former years.

Despite the shaky financial condition of the fund, a PAAD benefit increase was enacted in 1991-92 which essentially used up the remaining surplus and threw the fund into insolvency. The deficit indicated in the Governor's FY1993 budget was $156 million.

As part of the settlement to save the fund, the financing of the SOBRA [1] program pertaining to the elderly and disabled and the TENANTS LIFELINE [2] were transferred to the General Fund.

What seemed to be a boon to the CRF turned out to be its possible undoing. These transfers were not permanent. There began a series of funding transfers between the CRF and the General Fund, always with the result that the surplus of the CRF was kept at practically a zero point.

The independence of the CRF had been breached. The CRF and the General Fund virtually have become one entity.

---

[1] SOBRA stands for "Sixth Omnibus Budget Reconciliation Act," an act by congress permitting the states to extend Medicaid to 100% of the poverty level for the elderly and disabled and certain other classes. This option was picked up in the 1980's and the portion pertaining to the elderly and disabled was placed in the CRF.

[2] Tenants' Lifeline -- this is the portion of the lifeline program which pertains to the tenants whose utility charges are included in their rent. Here the $225 benefit is paid direct to the tenant instead of being paid to the utility company as a credit against the utility charges.

THE DILEMMA OF THE CASINO REVENUE FUND ADVISORY COMMISSION

The financial condition of the CRF has posed a problem for the Casino Revenue Fund Advisory Commission.

On the one hand we have a fund which is overloaded and so intertwined with the General Fund that it has become non-existent for all practical purposes.

On the other we have the law -- (1992 C.108) which requires the CRFAC to review the programs in the fund, make suitable recommendations about existing and proposed programs and evaluate the need for existing, additional or expanded programs.

Obviously it would be very difficult and unrealistic to make a recommendation about an expanded or proposed program unless we made an accompanying recommendation as to how the program could be accommodated within the framework of the fund.

Furthermore the CRFAC was organized for business long after the so-called "breach" of the fund occurred. To carry out the provisions of the law we must suggest ways of prioritizing benefits. This process assumes the existence of an independent fund which has the ability to generate and maintain its own surplus.

RE-ESTABLISHING THE CASINO REVENUE FUND AS AN INDEPENDENT FUND

In summary the CRF should be re-established as an independent fund for the following reasons:

The CRF is a fund dedicated by New Jersey's constitution for certain specified uses.

The law (1992 c.108) requires prioritization of benefits. This process assumes an independent fund which has its own surplus.

Prioritization will secure the most efficient use of casino tax funds and replace haphazard growth and expansion.

Prioritization will secure continued interest and co-operation of senior citizen organizations and those of persons with disabilities. Senior citizens and those with disabilities have followed the fund from its

inception and have frequently testified before legislative bodies about programs in the fund -- much of the testimony has been an effort to keep unsuitable programs and those with minimal value out of the fund. We feel that a continuation of the present instability of the fund will be met with continued criticism by these groups.

The unplanned growth of some programs we believe will invariably lead to cut-backs in high priority programs as expense rises to unrealistic levels.

Accordingly the CRFAC recommends that the Casino Revenue Fund be re-established as an independent fund and be allowed to develop its own surplus.

MISSION OF THE CASINO REVENUE FUND

As a first step in the prioritization process, the commission feels that it will be necessary to recommend removing part of the overload from the CRF so that the fund may stand on its own feet and that it will be unnecessary to continue the practice of moving funding out of and in the fund each year as has been the practice in the past. However these recommendations must not be offered in a haphazard or arbitrary manner but must be submitted with some philosophy as to the nature of the fund.

The following is a presentation of the guiding principles which the CRF Advisory Commission recommends should govern the fund, the types of programs which should be a part of the fund and the potential pitfalls which may jeopardize the solvency of the fund:

1. The mission of the Casino Revenue Fund should be financing of high priority programs for senior citizens and persons with disabilities over and above the programs financed by the General Fund and which would not ordinarily be included, provided and afforded within the finances of the state.

2. The CRF should be maintained as an independent entity, separate from the General Fund, and should be allowed to develop its own surplus.

3. Programs in the CRF should be highly visible and recognizable so that the elderly and disabled can say "This is what our fund is doing for us."

4. Programs should affect a large number of people in the group under consideration and should fulfill a basic need for these people. Highly expensive programs affecting a comparatively small number of people should be avoided.

5. In general, the programs including health programs, should be more of the hands on type which provide direct benefits or services to the class under consideration.

6. Programs should not exceed a pre-determined share of the CRF so that they do not squeeze out other high priority programs. High cost programs such as PAAD should be curbed or controlled.

7. Programs which obviously are too big or costly for this small fund to handle should not be financed in the CRF. In the past several large expense items were placed in the fund without consideration of how these expenditures would affect other programs in the fund.

8. Generally open-ended programs which cannot be controlled should not be a part of the CRF. The PAAD program is now an open-ended program but it is hoped that the cost of this program can be contained so that it does not encroach on other programs in the fund.

9. Generally the CRF should finance new, innovative programs rather than the extension or expansion of programs, such as an expansion of traditional Medicaid programs, which began in the General Fund. Although permitted by law, such extensions or expansions in the past may not have exactly fit high priority needs or have been too costly for the CRF.

10. The types of programs which may be included in the CRF are set forth in New Jersey's constitution. In order not to over run the bounds of the CRF, a strict interpretation of the constitutional wording should be followed, rather than a liberal interpretation. By a broad interpretation, it is possible that improving someone's house, or putting a lock on a door, or even a magazine about health and diet tips could be called a "health service or benefit" in that one might say that these lead to better health. A "health benefit or service" should be construed to mean a more direct health benefit or service as set forth in item #5.

11. One problem facing state government and causing concern among the elderly and disabled, is what is going to happen to people when they become old, fragile and not able to perform the activities of daily living.

    The CRF which nets almost one-third of a billion dollars a year should go a long way in providing a solution to this problem.

    A considerable amount of planning will be required to meet this objective -- and the first step is to agree on just what the CRF was intended for -- in other words the mission of the fund.

As a corollary to the mission statement there should be a clear delineation in the responsibilities of the CRF and the General Fund and the programs financed in the CRF should be clearly identified.

It is recommended that the administration and the legislature adopt the foregoing mission statement or one similar to it as a guide to the programs which should be financed in the CRF.

PRIORITIZATION OF THE CASINO REVENUE FUND

The following programs now financed in whole or in part in the CRF are considered to be of high priority and are in accordance with the purposes of the CRF as set forth in the mission statement. The programs are listed alphabetically.

Adult Care for Alzheimer's Disease Patients
Adult Protective Services
Community Care Program for the Elderly and Disabled (CCPED)
Congregate Housing
Hearing Aid Assistance
Home Care Expansion
Home Delivered Meals
Lifeline
PAAD
Personal Attendant
Property Tax Reduction ($250)
Respite Care
Transportation Act

It is recommended that more funds be devoted to Home Care preferably a new benefit, a Home and Community - based Care Benefit, partially funded in the CRF.

PROGRAMS NOW OR FORMERLY FINANCED IN THE CRF WHICH ARE NOT PROPER FOR THE CRF AND SHOULD BE FINANCED THROUGH ANOTHER SOURCE.

Model Waivers $10.3 million

Items 3 and 4 of the mission statement recommend that programs included in the fund be highly visible programs affecting a comparatively large number of people and that highly expensive programs affecting a comparatively small number of people be avoided. "Model Waivers" covers only 400 people yet the cost to the CRF is $10.3 million ($25,750 per year per individual). This program is not very visible to seniors and the disabled because of its low number covered. A program such as this covering a comparatively small number of people at great cost does not seem suitable for this small fund.

It is recommended that the funding of Model Waivers be transferred out of the CRF.

Personal Care $40.8 million

Although this program affords personal care it is strictly a traditional Medicaid program. As we understand it Medicaid has various options, personal care being one of them. All the rest of traditional Medicaid is financed in the General Fund and one wonders why this bit of Medicaid was incorporated in the CRF which represents only approximately two percent of the State budget. Open-ended programs and those which are extensions of programs already started in the General Fund generally do not meet the objectives of the CRF as stated in items 8 and 9 of the mission statement.

It is recommended that funding of Personal Care, which is part of traditional Medicaid, be transferred out of the CRF.

Additional Residential Care of the Developmentally Disabled $24.5 million

This is a small segment of a very large program financed in the General Fund (General Fund $162.7 million, Federal $149.0 million). ($24.5 million is a small segment of the whole program, but a very large segment as far as the CRF is concerned). One wonders why this portion was put in the CRF. The words used to describe the program, such as "group homes, supportive living arrangements, supervised apartments, skill development homes, family care homes, private institutional placements" etc., do not seem to be health programs as required by the State Constitution within a limited definition of that term as suggested by item 10 of the mission statement.

In our opinion this group would be better served and protected if this segment were included in the other sources of funding along with the funding already included in the State budget for this purpose.

It is recommended that the funding of Additional Residential Care of the Developmentally Disabled be transferred out of the CRF.

Birth Defects Registry $0.5 million
and Home Health Aide Certification $0.1 million

Do not seem to be health benefits to the individual within the limited definition which is suggested as necessary for the CRF as suggested by item 10 of the mission statement.

It is recommended that the funding of Birth Defects Registry and Home Health Aide Certification be transferred out of the Casino Revenue Fund.

PROGRAMS NOW FINANCED IN THE GENERAL FUND WHICH WERE FORMERLY FINANCED IN THE CRF

SOBRA $161.4 million

This program illustrates very well the practice of transferring funding back and forth between the CRF and the General Fund.

The program was introduced in the CRF in the 1980's.

When the CRF went broke in 1991-92 the SOBRA program was shifted to the General Fund as part of the settlement to balance the CRF.

In the 1994-95 Governor's budget the funding of $5 million of the program was shifted back to the CRF which had the effect of reducing a surplus which was developing to practically zero.

Later on during that same fiscal year $11 million more of the program was shifted back to the CRF, because apparently some of the CRF expenses which had been predicted in the Governor's budget were not as heavy as had been estimated. The surplus was again reduced to almost zero.

Since then the entire SOBRA program has been shifted back to the General Fund since other expenses had consumed the entire CRF resources.

The funding of the SOBRA program at this writing was entirely in the General Fund. If practices of the past are followed, it serves as a possible source of transfers back to the CRF when and if the CRF seems to be developing a surplus.

In our opinion the SOBRA program is not proper for the CRF because it is too big, too open-ended (items 7 and 8 of the mission statement) to be financed in the CRF. Moreover it is an extension of traditional Medicaid which we think should be avoided (item #9 of the mission statement). Prioritization of CRF benefits calls for a clearer delineation of responsibilities of the CRF and the General Fund.

It is recommended that the SOBRA program be retained in the General Fund and that all or any portion of this program *not* be transferred to the Casino Revenue Fund.

SENIOR CITIZEN SAFE HOUSING AND TRANSPORTATION

The explanatory wording of this benefit is within the context of safe housing and transportation at "congregate housing sites". Yet it seems to be administered for the senior population at large. Questions arise as to whether increased security is really a "health benefit" within the limited construction of "health benefits" advocated by item 10 of the mission statement. Also a question has arisen as to whether "transportation" is a duplication of transportation afforded by the Transportation Act.

It is recommended that the Senior Citizen Safe Housing and Transportation program be reviewed to determine whether its limitation or a change is advisable in accordance with the above.

INDEXING THE PORTION OF PAAD BENEFITS FINANCED IN THE GENERAL FUND.

The General Fund finances the PAAD program for Senior Citizens whose earnings are up to $12,000 (married) and $9,000 (single) because this portion of the program was in effect at the time the casino law was amended to permit "additional health benefits".

However much of the General Fund portion has been and will continue to be transferred to the CRF as these people exceed the applicable income limits. For example the average monthly eligibles in the General Fund portion were 280,938 in number in FY1979. The revised figure for FY1996 is 57,000.

So that the General Fund will hold its share of PAAD benefits the Commission recommends that the $12,000 and $9,000 income figures be indexed according to the COLA in the same manner as the CRF portion of PAAD benefits is indexed.

If we examine the real intent or spirit of the law it seems to require that an effort be made to retain the dollar share in the General Fund of a program which preceded the CRF.

Based on an estimate provided by the PAAD administration and based on the 1995 COLA, indexing as outlined above would save the CRF approximately $2.6 million per year. This is an indication of how fast the General Fund portion of the PAAD is being absorbed by the CRF.

CONTAINING THE COST OF THE PAAD/LIFELINE PROGRAM

The PAAD/Lifeline program is a priority of the Casino Revenue Fund, along with such top priority programs as transportation, CCPED, Property Tax reduction ($250) and others.

However, the cost of the PAAD/Lifeline program has been out of control. The rising cost was a material factor in the insolvency of the CRF in 1992-1993.

This year the legislature took the following steps to control the cost of the program:

The amount a pharmacy must discount for the state has been increased.

The previous requirement which allowed the dispensing of a 60 day supply or 100 unit doses, whichever is the greater, has been revised to allow for a 34 day supply or 100 unit doses, whichever is greater.

The prescriber is now required to write "Brand Medically Necessary" in order to override generic substitution.

A new provision requires that drug benefits be subject to computer-based point of sale review. This is part of the Drug Utilization Review required under federal law.

In order to have some means of predicting the effectiveness of the new controls, the CRFAC has requested a five year projection of the increase in income to the CRF, plotted against a five year projection of the cost of the PAAD/Lifeline program. This is intended to show the assets of the fund which are available for other important programs in the fund. When and if the projection is released the CRFAC will make copies available to the legislature. The projection will be a valuable tool for the legislature in controlling the cost of the PAAD/Lifeline program.

PAAD financing is being driven by many factors. At the outset New Jersey's program is the most liberal of all the states which have similar programs.[1] New Jersey has a co-payment arrangement more liberal than most states and generally has a higher income qualification arrangement. Apparently no state has an upward adjustment of income eligibility limits each year as New Jersey has -- these are material elements in the cost of our program.

[1] See appendices - "Comparison of the PAAD Program with Prescription Programs in other States."

In addition, every time income eligibility limits are increased in New Jersey's program, which is every year based on the COLA, many more people are added to the program. While the January 1, 1996 COLA increase in eligibility limits kept 1,135 participants from being dropped from the program during the first six months of that year, it added 600 new entrants to the program during the same period.[1] If we double the amount to account for a full year, the COLA increases in 1996 will add an estimated 1,200 to 1,500 new entrants to the program each year.

The following are also driving the cost of the PAAD program:

The age 65 population is increasing rapidly.

People are becoming more health conscious and seeing doctors more frequently.

More innovative high cost drugs are being developed to treat illnesses.

The average drug cost is increasing. In 1982 the average prescription cost was $9.00; in 1995 the average prescription cost was $39.00 -- a fourfold increase[2] .

The costs of the PAAD must remain under control if for no other reason than to save the program, particularly for those participants with high drug bills who would be impoverished without the program. There are participants who claim costs are $10,000 or more per year. 1.33 percent of high cost participants use up 11.29 percent of claim costs.[3]

The CRFAC recommends that the PAAD/Lifeline program be monitored carefully by the Legislature and if there are indications that the 1996 PAAD adjustments do not adequately control the growth of the program, and do not leave adequate funding in the CRF for other priority programs including long term care, then appropriate revisions of the PAAD/Lifeline program should be made.

---

1 Information forwarded by PAAD administration.
2 Page 50, FY1997 Budget in Brief.
3 Computer print-out furnished by PAAD administration.

CASINO REVENUE FUND ADVISORY COMMISSION

CHAPTER 108

ASSEMBLY No. 291 and Senate No. 362

AN ACT creating the "Casino Revenue Fund Advisory Commission" and supplementing P.L.1977, c. 110 (C. 5:12-1 et seq.).

Be it enacted by the Senate and General Assembly of the State of New Jersey:

1.[1] There is created a commission to be known as the "Casino Revenue Fund Advisory Commission." The commission shall consist of 15 members to be appointed as follows: two members of the Senate, appointed by the President of the Senate, not more than one of whom shall be of the same political party; two members of the General Assembly, appointed by the Speaker of the General Assembly, not more than one of whom shall be of the same political party; three public members who are senior citizens, one of whom is appointed by the President of the Senate, one of whom is appointed by the Speaker of the General Assembly and one of whom is appointed by the Governor; three public members who are disabled, one of whom is appointed by the President of the Senate, one of whom is appointed by the Speaker of the General Assembly and one of whom is appointed by the Governor; one public member who is a representative of the casino industry to be appointed by the Governor upon the recommendation of the Casino Association of New Jersey; the President of the New Jersey Association of Directors of Area Agencies on Aging, the Chairperson of the New Jersey Association of County Representatives for Disabled Persons, the Director of the Division on Aging in the Department of Community Affairs and the Legislative Budget and Finance Officer, or their designees, who shall serve as ex officio members.

The legislative members shall serve during the two-year legislative session in which the appointment is made. The senior citizen and disabled members shall serve for three year terms or until a successor is appointed; but of the members initially appointed, one of the senior citizens and one of the disabled members shall serve for a term of one year, one of the senior citizens and one of the disabled members shall serve for a term of two years and one of the senior citizens and one of the disabled members shall serve for a term of three years.

Vacancies in the membership of the commission shall be filled in the same manner as the original appointments are made and a member may be eligible for reappointment. Vacancies occurring other than by expiration of a term shall be filled for the unexpired term.

Members shall be eligible for reimbursement for necessary and reasonable expenses incurred in the performance of their official duties but reimbursement of expenses shall be within the limits of funds appropriated or otherwise made available to the commission for its purposes.

2.[2] The commission shall review the programs funded by the Casino Revenue Fund, established pursuant to section 145 of P.L.1977, c. 110 (C. 5:12-145), and make recommendations to the Legislature annually or more often, if necessary, concerning existing or proposed programs or legislation and the expenditure of these funds. The commission also shall evaluate the need for existing, additional or expanded programs which may be funded from the Casino Revenue Fund and shall advise the Legislature accordingly.

3.[3] The commission shall organize as soon after the appointment of its members as is practicable. A majority of the commission members shall elect a chairperson from among the members and a secretary who need not be a member of the commission. The commission shall meet at regular intervals but at least on a quarterly basis.

[1] N.J.S.A. 5:12-145.3.
[2] N.J.S.A. 5:12-145.4.
[3] N.J.S.A. 5:12-145.5.

4.[4] The commission is entitled to call to its assistance and avail itself of the services of employees of any State, county or municipal department, board, bureau, commission or agency as it may require and as may be available to it for its purposes. The Department of the Treasury shall supply professional, stenographic and clerical assistance which is necessary for the commission to perform its duties. The commission may incur miscellaneous expenses as it may deem necessary, in order to perform its duties, and as may be within the limits of funds appropriated or otherwise made available to it for those purposes.

5.[5] The commission shall submit an annual report to the Legislature by March 1 of each year.

6. This act shall take effect immediately.

Approved September 22, 1992.

Effective September 22, 1992.

Establishes 15-member "Casino Revenue Fund Advisory Commission."

SECOND ANNUAL SESSION—1995

INSTITUTIONS AND AGENCIES—MEDICAL ASSISTANCE—PHARMACEUTICAL ASSISTANCE TO AGED

CHAPTER 27

SENATE No. 184

AN ACT concerning eligibility for the "Pharmaceutical Assistance to the Aged and Disabled" program, amending P.L.1975, c. 194, supplementing P.L.1992, c. 108, and repealing P.L.1983, c. 293.

Be it enacted by the Senate and General Assembly of the State of New Jersey:

1.[1] Section 2 of P.L.1975, c. 194 (C. 30:4D–21) is amended to read as follows:

2. a. Any resident of this State who is either a recipient of disability insurance benefits under Title II of the federal Social Security Act (42 U.S.C. § 401 et seq.) or 65 years of age and over and whose annual income is less than ~~$15,700~~ $16,624 if single or, if married, whose annual income combined with that of his spouse is less than ~~$19,250~~ $20,383, shall be eligible for "Pharmaceutical Assistance to the Aged and Disabled" if he is not otherwise qualified for assistance under P.L.1968, c. 413 (C. 30:4D–1 et seq.). Annual income shall not include gain from the sale of a principal residence that is excluded from gross income pursuant to N.J.S. 54A:6–9.

b. Beginning January 1, 1996 and annually thereafter, the income eligibility limits provided in subsection a. of this section shall increase by the amount of the maximum Social Security benefit cost-of-living increase for that year for single and married persons, respectively. The commissioner shall adopt the new income limits annually by regulation pursuant to the "Administrative Procedure Act," P.L.1968, c. 410 (C. 52:14B–1 et seq.).

2.[2] (New section) a. The Casino Revenue Fund Advisory Commission, established pursuant to P.L.1992, c. 108 (C. 5:12–145.3 et seq.), shall conduct a study of the "Pharmaceutical Assistance to the Aged and Disabled" program established pursuant to P.L.1975, c. 194 (C. 30:4D–20 et seq.) which shall analyze the effectiveness of the program including its cost and utilization, and possible ways of providing pharmaceutical assistance in a more cost effective manner. In addition, the commission shall provide information in the study on the number of individuals who have not been terminated from the program or who have become eligible for the program as a result of the amendments to section 2 of P.L.1975, c. 194 (C. 30:4D–21) made by P.L.1995, c. 27.

b. The commission shall submit a report of its findings to the Commissioner of Human Services, the Joint Budget Oversight Committee and the Governor no later than nine months after the effective date of this act.

3.[3] P.L.1983, c. 293 (C. 30:4D–21.1) is repealed.

4.[4] This act shall take effect immediately and shall be retroactive to January 1, 1995.

Approved February 15, 1995.

Increases the income eligibility limits for the PAAD program by the amount of the maximum Social Security benefit cost-of-living increase for that year.

---

of any such lottery shall be for State institutions, State aid for education; and

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 and operation thereof.

E. It shall be lawful for the Legislature to authorize, by law, (1) the simultaneous transmission by picture of running and harness horse races conducted at racetracks located within or outside of this State, or both, to gambling houses or casinos in the city of Atlantic City and (2) wagering at those gambling establishments on the results of those races. The State's share of revenues derived therefrom shall be applied for services to benefit eligible senior citizens as shall be provided by law.

Article IV, Section VII, paragraph 2 amended efective December 6,1990.

3. The Legislature shall not pass any bill of attainder, ex post facto law, or law impairing the obligation of contracts, or depriving a party of any remedy for enforcing a contract which existed when the contract was made.

4. To avoid improper influences which may result from intermixing in one and the same act such things as have no proper relation to each other, every law shall embrace but one object, and that shall be expressed in the title. This paragraph shall not invalidate

State of New Jersey

DEPARTMENT OF HUMAN SERVICES
DIVISION OF MEDICAL ASSISTANCE AND HEALTH SERVICES

CHRISTINE TODD WHITMAN
Governor

WILLIAM WALDMAN
Commissioner

VELVET G. MILLER
Director

MEMORANDUM

TO: Jack Ryan, Division on Aging
Department of Community Affairs

THROUGH: Karen I. Squarrell, Deputy Director KISQ
Division of Medical Assistance and Health Services

FROM: Kathleen M. Mason, Administrator KMM
Bureau of PAAD, Lifeline and Special Benefit Programs

DATE: May 15, 1996

SUBJECT: QUESTIONS AND ANSWERS FOR NEWSLETTER

As a follow-up to our meeting of April 30, 1996, with the New Jersey Commission on Aging, I am enclosing some proposed questions and answers for the Office on Aging Newsletter.

If I can be of additional assistance, please feel free to contact me at 6-7032.

KMM:Ee
Attachment

1. Q. **HOW MANY OTHER STATES BESIDES NEW JERSEY OFFER A SENIOR CITIZEN PRESCRIPTION DRUG PROGRAM?**

A. There are nine other states where prescription drug programs are available for senior citizens beyond the scope of Medicaid. These states are Connecticut, Delaware, Illinois, Maine, Maryland, New York, Pennsylvania, Rhode Island, and Vermont.

2. Q. **WHEN THE PAAD COPAYMENT CHARGE WAS RAISED FROM $2 PER PRESCRIPTION TO $5 PER PRESCRIPTION, SEVERAL BENEFICIARIES EXPRESSED DISAPPOINTMENT AND CONCERN OVER A 150% INCREASE IN THE COPAYMENT AT ONE TIME. HOW DOES THE $5 PAAD COPAYMENT COMPARE WITH THE COPAYMENTS ASSOCIATED WITH OTHER STATE'S PROGRAMS?**

A. The Maryland Pharmaceutical Assistance Program has a $5 copayment charge. The Pennsylvania Pharmaceutical Assistance Contract for the Elderly has a $6 copayment. The New York Elderly Pharmaceutical Insurance Coverage (EPIC) program has a complicated system of premiums and deductibles with copayments that can range from $3 to $23 depending upon the cost of the prescription. The copayments for the Connecticut Pharmaceutical Assistance Contract for the Elderly (ConnPACE), is $12. In Illinois, a beneficiary must meet a $15 to $25 deductible each month depending upon his income. The copayment in several states is a percentage of the cost of the medicine. Maine asks their beneficiaries to pay $2 or 20 percent of the reimbursement cost of the drug which ever is higher. In New Jersey, the average cost of a PAAD prescription for an elderly beneficiary is $41. A 20 percent copayment charge would be $8.20. In Delaware, the copayment is 20 percent of the cost of the drug, in Rhode Island, 40 percent, and in Vermont 80 percent.

3. Q. PAAD COVERS ALL DRUGS THAT REQUIRE A PRESCRIPTION FOR ITS PURCHASE, THAT HAVE FEDERAL FOOD AND DRUG ADMINISTRATION APPROVAL, AND WHOSE MANUFACTURERS HAVE AGREED TO PROVIDE REBATES TO THE STATE OF NEW JERSEY. IN FACT, PAAD COVERS APPROXIMATELY 98 PERCENT OF ALL PRESCRIPTION MEDICINES. WHAT DO THE PROGRAMS IN THE OTHER STATES COVER?

A. The Connecticut, New York, and Pennsylvania Programs cover all prescription medicines. Maine, Rhode Island, Vermont, Delaware, Maryland, and Illinois only cover prescriptions for a limited range of diagnostic categories such as for cardiovascular, antiarthritic, diabetes, and other such chronic conditions.

4. Q. THE CURRENT PAAD INCOME REQUIREMENTS ARE LESS THAN $17,056 PER YEAR FOR A SINGLE PERSON AND LESS THAN $20,913 PER YEAR IN COMBINED INCOME FOR A MARRIED COUPLE. WHAT ARE THE INCOME REQUIREMENTS IN THE OTHER STATES?

A. The income requirements in other states are as follows:

CONNECTICUT	$13,800 SINGLE (S) $16,000 MARRIED (M)
MAINE	$10,000 PER HOUSEHOLD (S) $12,400 PER HOUSEHOLD TWO OR MORE
RHODE ISLAND	$14,248 (S) $17,811 (M)
VERMONT	$13,100 (S) $17,600 (M)
NEW YORK	$17,500 (S) $23,000 (M)
DELAWARE	$11,300 (S) $15,500 (M)
MARYLAND	$ 8,750 (S) $ 9,500 2 PERSON HOUSEHOLD
PENNSYLVANIA	$13,000 (S) $16,200 (M)
ILLINOIS	$14,000 PER HOUSEHOLD

5. Q. HOW DOES THE PAAD PROGRAM COMPARE WITH PRESCRIPTION PROGRAMS IN NEARBY STATES?

A. The Pennsylvania Pharmaceutical Assistance Contract for the Elderly (PACE) is available to Pennsylvania residents sixty-five years of age and older. The income limits are $13,000 and $16,200. The copayment is $6. There are more than 300,000 persons enrolled.

New York has the Elderly Pharmaceutical Insurance Coverage (EPIC) program which is available to New York residents sixty-five years of age and older. The income limits are $17,500 if single or $23,000 if married. EPIC has two different plans; one has a premium and the other one has a deductible.

PLAN 1

The premium plan is based on income. EPIC bills the beneficiary every three months. The EPIC card is issued as soon as the application is processed. the premiums are as follows:

IF YOUR INCOME IS:	ANNUAL PREMIUM (SINGLE PERSONS)		ANNUAL PREMIUM (MARRIED EACH SPOUSE)
$ 5,000 OR LESS	$ 24	$5,000 OR LESS	$20
5,001 - 6,000	40	5,001 - 6,000	32
6,001 - 7,000	56	6,001 - 7,000	44
7,001 - 8,000	68	7,001 - 8,000	52
8,001 - 9,000	76	8,001 - 9,000	60
9,001 - 10,500	302	9,001 - 10,000	68
10,501 - 11,000	330	10,001 - 14,000	76
11,001 - 12,000	358	14,001 - 15,000	310
12,001 - 13,000	386	15,001 - 16,000	330
13,001 - 14,000	414	16,001 - 17,000	350
14,001 - 17,500		17,001 - 18,000	370
		18,001 - 19,000	390
		19,001 - 23,000	414

PLAN 2

The deductible plan requires the beneficiary to pay the full price of his prescription cost until he has spent the deductible amount. The beneficiary shows the pharmacist his EPIC card each time he buys a prescription. The pharmacist notifies EPIC of the purchases and EPIC issues a new card once the deductible is met. The deductible is based on income as follows:

IF YOU ANNUAL INCOME IS:	ANNUAL DEDUCTIBLE (SINGLE PERSONS)	IF YOUR ANNUAL JOINT INCOME IS:	ANNUAL DEDUCTIBLE (MARRIED EACH SPOUSE)
$10,500 - 11,000	$468		
11,001 - 12,000	510		
12,001 - 13,000	553		
13,001 - 14,000	595		
14,001 - 17,500	638		
	NOT AVAILABLE OVER 17,500	$14,000 - 15,000	$479
		15,001 - 16,000	510
		16,001 - 17,000	542
		17,001 - 18,000	606
		18,001 - 19,000	638
		OVER 23,000	NOT AVAILABLE

- Copay - the copay is based on the cost of the drug.

Prescription costs	Copay
Up to $8	$3
$8 - $13	5
13 - 23	7
23 - 33	10
Over 33	23

In order to be eligible for the Connecticut Pharmaceutical Assistance Contract to the Elderly and Disabled (ConnPACE), an applicant must be a permanent of the state, be at least 65 years old or be at least 18 years old and disabled according to Title II or Title XVI of the Social Security Act. There is an annual $25 registration. The copay is $12 per prescription.

The Maryland Pharmacy Assistance program is available to all residents of Maryland who meet the income and asset limits which are as follows:

NUMBER OF PERSONS IN UNIT	GROSS INCOME YEARLY	MONTHLY	ASSET SCALE
1	$8,750	$ 729.16	$3,750
2	9,500	791.66	4,500
3	10,400	866.66	4,650
4	11,200	933.33	4,800
5	12,000	1,000.00	4,950
6	12,700	1,058.00	5,100
7	13,800	1,150.00	5,250
8	14,750	1,229.16	5,400
9	15,850	1,320.83	5,550
10	16,750	1,395.83	5,700
EACH ADDITIONAL PERSON	$1,100 ANNUALLY		$150

The Maryland program has a $5 copayment.

The Delaware prescription program is administered privately through the Namoris Health Clinic in Wilmington. It is available to all Delaware residents 65 years of age and older whose income is less than $13,000 if single or $15,500 if married.

All the programs in the neighboring states encourage the use of generic drugs.

6.Q. SINCE THE AVERAGE COST OF A PAAD PRESCRIPTION WAS $7.49 IN 1981 AND THE AVERAGE COST TODAY IS $38.29, THERE NEED TO BE EFFICIENCIES TO CONTAIN THESE ESCALATING COSTS. WHAT CAN BE DONE TO KEEP THE COST OF THE PROGRAM RESPONSIBLE?

A. First of all, the PAAD program is one of the most generous prescription programs available throughout the nation. There is almost a full range of prescription coverage. There are generous eligibility requirements. Currently, there is no assets test. There are no deductibles and no premiums.

Second, PAAD is containing cost through the use of new computer technology in participating pharmacies. The computer system will verify eligibility and check for overutilization and underutilization of medication, fraud and abuse, and bad drug interactions. There is a proposal included in the Governor's proposed budget to reduce the dispensing fee and the reimbursement paid to pharmacists.

Th, e PAAD program collects rebates from pharmaceutical manufacturers to assure that the state receives the best price for the drugs which manufacturers charge to their best customers.

7. Q. IT IS STILL IMPORTANT TO FIND MORE WAYS TO REDUCE COST WITH THE LEAST DISRUPTION TO THE PROGRAM AND TO THE FEWEST POSSIBLE BENEFICIARIES. WHAT OTHER IDEAS ARE BEING SUGGESTED?

A. It has been proposed to add a $50,000 assets test to the eligibility requirements for the PAAD and Lifeline Programs. The proposed test would apply to liquid assets only, and would not include a home or automobile. If it is necessary to make a change which impacts on PAAD beneficiaries, those who have more than $50,000 in assets are more able to meet their own prescription costs than other more needy beneficiaries.

8. Q. HOW MUCH WOULD THE PROPOSED $50,00 ASSETS TEST SAVE?

A. It is anticipated that the $50,000 assets test would save $30,000,000.

9. Q. WHAT OTHER COST CONTAINMENT MEASURES COULD BE INSTITUTED?

A. A premium could be instituted. This would require all or some part of the PAAD population to pay a fee to participate in PAAD.

A deductible could be required which would make all or some beneficiaries pay full price for there medications before using their PAAD card each year.

CASINO REVENUE FUND

DESCRIPTION OF MAJOR PROGRAMS

I. Property Tax Reduction $17.2 million

- Number of clients served: 68,720 recipients funded by CRF
- Other funding source: Property Tax Relief Fund - $21.7 million
- This appropriation partially supports the cost of property tax deductions for senior and disabled citizens. The Constitution provides a $250 annual property tax deduction for senior and disabled homeowners whose annual income does not exceed $10,000 (excluding Social Security, or pension income in lieu of Social Security). The State annually reimburses municipalities for the local tax loss resulting from these tax reductions. The total cost of these reimbursements in fiscal 1996 (which covers calendar year 1995 tax bill deductions) is estimated at $38.9 million; $17.2 million is funded from the Casino Revenue Fund (CRF), with the balance of $21.7 million funded from the Property Tax Relief Fund.

II. Community and Personal Care $69.1 million

- Administration: The administrative costs of community care programs for aged and disabled persons (in the Division of Medical Assistance and Health Services) have been shifted from the Casino Revenue Fund to the General Fund in the fiscal 1997 Budget. The administrative costs of Pharmaceutical Assistance and the Lifeline Programs, traditionally funded from the Casino Revenue Fund, were also shifted to the General Fund. The total of these administrative costs in fiscal 1996 amounted to $10.1 million.
- Included in the $69.1 million are the following programs:

A. Community Care Initiative $18.0 million

- Number of clients served: 3,450 individuals
- Other funding sources:

  Health Care Subsidy Fund $1.5 million

  Federal $19.5 million

- A federal waiver permitting home and community based services for the elderly and disabled was approved October 1, 1983. In order to be eligible, individuals must be 65 or over, or determined disabled under the Social Security Act, and be in need of nursing home level of care. Under the waiver, seven services are available including case management, home health, homemaker services, medical day care, non-emergency medical transportation, respite care, and social day care.
- The program had sufficient State funding for 2,800 individuals and 100 openings reserved for new alternatives to nursing home care. The community care services and the long term care alternatives receive 50% federal matching funds. Additionally, the fiscal 1997 Budget recommends that the Home Care Expansion Program, funded entirely from the Casino Revenue Fund at present, be rolled into the Community Care Program because the income eligibility and effective assets of the two programs are so close. This conversion will create 550 additional openings in Community Care for former HCEP beneficiaries, and will earn 50% federal matching funds.

B. Model Waivers $10.3 million

- Number of clients served: 400 individuals
- Other funding source: Federal $10.3 million
- New Jersey is currently operating four waiver programs for disabled adults and children. To be eligible individuals must be in need of institutional level of care. The waivers offer all the services of the regular Medicaid program, plus case management provided by a nurse or social worker. Model Waiver III additionally provides for private duty nursing. Each individual's service package must cost no more than the cost of institutional care. A maximum of 50 individuals are funded by each of the first two waivers, 150 by the third waiver, and 150 individuals at present in the three year old traumatic brain injury waiver. All four waiver programs are federally matched.

C. Personal Care Assistant/Homemaker Services $40.8 million

- Number of clients served: 5,650 average monthly recipients
- Other funding source: Federal $40.8 million
- Personal care services consist of health and hygiene assistance in tasks of daily living performed by certified personal care assistants and/or homemaker/home health aides in an eligible recipient's home, rooming house, or boarding home. The target population is Supplemental Security Income (SSI) elderly or disabled persons eligible for Medicaid, who are chronically

incapacitated. There is a limitation of 25 hours of service per week, which can be extended to 40 hours with prior approval from the Medicaid District Office.

III. Respite Care **$4.0 million**

- Number of clients served: 2,100 cases
- Respite care provides short-duration relief to the regular caregivers of elderly persons. This is a State continuation of a former federally funded demonstration program. Federal matching funds ceased in federal fiscal year 1992 at the conclusion of the program's demonstration period. Respite care is capped at $3,000 per case.

IV. Pharmaceutical Assistance to the Elderly and Disabled (PAAD)

$107.5 million (CRF)

- Number of clients projected: 123,000 elderly and 19,000 disabled individuals (average monthly eligibles)
- Other funding: General Fund $38.2 million provides pharmaceutical benefits for 52,000 additional lower-income elderly persons per month.

  Administrative costs have been shifted to the General Fund as noted above.
- The Pharmaceutical Assistance to the Aged and Disabled (PAAD) program provides payments to pharmacies for the wholesale cost of prescription drugs for eligible persons after deducting the required $5 copayment from the recipient.

  The original General Fund PAAD program had income caps of $9,000 for single persons and $12,000 for married couples. Legislation in 1981 increased the income eligibility limits and enabled many additional aged persons, plus persons determined disabled under federal Social Security criteria, to receive PAAD benefits. The expansions have been funded from the Casino Revenue Fund since its outset.

  PAAD income eligibility limits were subsequently increased in 1982, 1985, 1987, 1991, and 1993. The last expansion, in January 1995, indexed PAAD income eligibility standards to Social Security cost-of-living increases. The current eligibility limits are $17,056 for single persons and $20,913 for married couples. PAAD income eligibility is also used as the basis for eligibility in the Lifeline Programs which will be discussed subsequently.

V. Lifeline Programs **$71.5 million (CRF)**

- Number of clients served: 318,000 households
- Administrative costs have been shifted to the General Fund as noted above.
- PAAD recipients are also entitled to Lifeline home energy payments of $225 annually per household. Participants in the Supplemental Security Income program are also eligible for Lifeline. There are two Lifeline programs, one for tenants and one for homeowners. The Lifeline Tenant Assistance Program is expected to help pay home energy costs for 165,000 renter-occupied households. The Lifeline Credit Program will assist 152,000 owner-occupied households.

VI. Transportation Assistance **$21.8 million**

- The senior and disabled citizens assistance is administered through the New Jersey Transit Corporation. Of the amount available, 85 percent is allocated to support county development of accessible feeder and local transportation services. The remaining 15 percent is used by the New Jersey Transit Corporation to improve access to its buses and rail facilities, including the purchase and installation of wheelchair lifts for new buses and the construction of elevators at key rail stations. The recommended amount is set by formula and represents 7.5% of the prior year actual Casino Revenue Fund revenue and investment income.

VII. Sheltered Workshop Transportation **$1.7 million**

- Number of clients served: 2,815 eligible recipients
- During fiscal 1996, a total of $1.7 million in Casino Revenue Funds will be used to support the Sheltered Workshop Transportation program in the Department of Labor's Division of Vocational Rehabilitation Services. The funds support the transportation expenses for individuals with severe disabilities. These individuals cannot be absorbed in the regular labor market and have become extended employees of community rehabilitation programs. Many of these individuals require special transportation to get to and from work. A total of 2,815 eligible individuals are anticipated to benefit from this service.

VIII. Residential Care Developmental Disabilities **$24.5 million**

- Number of clients served: 13,368 recipients

- Other funding source(s):

  General Fund - $162.7 million

  Federal - $149.0 million

- The Division of Developmental Disabilities provides a wide array of residential and support services for individuals in community settings. Residential programs include group homes, supportive living arrangements, supervised apartments, skill development homes, family care homes and private institutional placements. Many individuals also participate in an adult day program which includes adult activities, supported employment and extended employment programs. Day training services are provided for school aged children. Respite/Home Assistance programs provide the necessary supports for families, relieving families for a short time from the often difficult task of caring for a developmentally disabled family member at home. The CRF supplements General Fund appropriations for these types of services.

IX. All Others **$12.6 million**

- Included in all other programs within the Casino Revenue Fund are:

A. Personal Attendant Program $3.7 million

- Number of clients served: 583
- Other funding source(s): General Fund - $2.5 million

$3.7 million is designated to provide attendant care services to approximately 583 physically disabled clients in all twenty-one counties. Personal attendants are individuals with training or experience in providing home services, who directly assist a physically disabled person in carrying out routine non-medical tasks such as bathing, dressing, transfer to a wheelchair, meal preparation, laundry, shopping, household management and transportation.

B. Congregate Housing Support Services, $1.9 million, provides residents at various congregate housing sites throughout the State subsidies for meals, housekeeping and personal services. The goal is to keep the elderly from unnecessary institutionalization in nursing homes. These services support 1,900 clients.

C. Senior Citizen Safe Housing and Transportation, $2.4 million, affords senior citizens living in congregate housing sites to remain active by providing tenants shuttle services to go food and clothes shopping. In addition, these funds provide increased security at senior citizen housing sites. Approximately 20,000 clients are assisted with these services.

D. Home Delivered Meals, $1.0 million, supplements the federally supported home delivery meal program for elderly residents throughout the State. The State funds augment this program to allow for the delivery of meals on weekends and holidays. 282,000 meals are provided to 2,400 clients.

E. Adult Protective Services, $1.7 million is used to develop a coordinated system of services for the protection of 4,200 elderly and disabled adults from abuse. The program, recently transferred from the Department of Human Services to the Department of Community Affairs, has established a central registry to maintain and analyze information regarding reported cases of neglect and abuse. It also establishes protective service providers in each county to receive complaints and initiate appropriate services for the abused as well as the abuser.

Five staff administer the above programs (B through E) in the Department of Community Affairs from the Casino Revenue Fund.

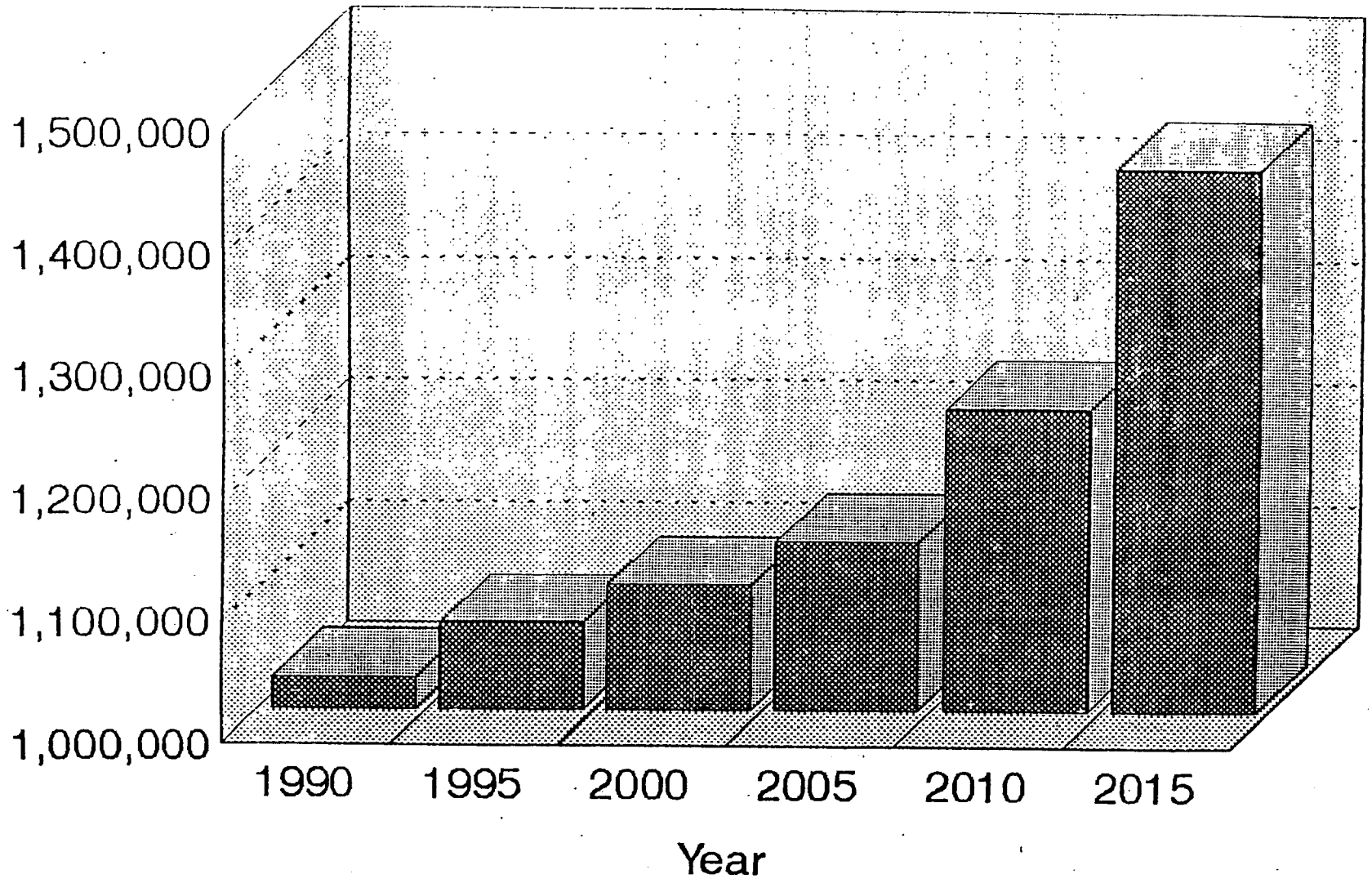
F. Alzheimer's Disease Demonstration Day Care Program, $900,000, provides services to victims of Alzheimers disease in adult day care centers as well as supportive services for their families.

G. Statewide Birth Defects Registry, $500,000, allows the Department of Health to register children with birth defects and thus make it possible to follow up on treatment and provide otherwise unavailable services.

H. Other programs include hearing aid assistance ($300,0000), Health Department administration ($100,000), and home health aid certification ($100,000).

STATE PROJECTED ELDERLY POPULATION GROWTH

Age 65 and Older



Source NJ Department of Labor

A-16

COUNTY OF BERGEN
DEPARTMENT OF HUMAN SERVICES
OFFICE ON THE DISABLED
Administration Building • Court Plaza South • Room 113W • 21 Main St. • Hackensack, N.J. 07601-7000
(201) 646-3555 • (201) 646-3726 (TDD use only)

William P. Schuber
County Executive

Gina M. Plotino, Director
Department of Human Services

Wilfredo Davila, Director
Office on the Disabled

November 15, 1996

The Honorable Christine Todd Whitman, Governor, State of New Jersey
The Honorable Donald T. DiFrancesco, President, New Jersey Senate
The Honorable Jack Collins, Speaker, New Jersey General Assembly
Members of the New Jersey Legislature
State House
Trenton, New Jersey 08625

Dear Governor Whitman and Members of the New Jersey Legislature:

As Secretary to the Casino Revenue Fund Advisory Commission, I wish to take this opportunity to comment on two specific recommendations contained in the 1996 annual report of the Casino Revenue Fund Advisory Commission ("CRFAC"): (1) the development of a long-term care policy, with an emphasis on community-based care; and, (2) the removal of the Additional Residential Care for the Developmentally Disabled program from the Casino Revenue Fund.

The CRFAC's recommendation (page v) that New Jersey begin immediately to prepare a long-term care policy for community-based care of its citizens who are elderly and disabled does not address the issue of de-institutionalization of persons with developmental disabilities. There can be no question but that the adverse effects suffered by those placed in a nursing home (i.e., institutionalized) setting impact as well those with developmental disabilities. This sentiment/determination is indeed reflected in the New Jersey State Constitution, which requires that all Casino Revenue Fund programs serve equally "eligible senior citizens and disabled residents."

The second above-described recommendation (page 9) of the CRFAC - namely, that the Additional Residential Care for the Developmentally Disabled ("ARCDD") program be delinked from the Casino Revenue Fund - would appear to be at odds with the CRFAC's calling for long-term care policy development, with focus on community-based (i.e., de-institutionalized) care. The ARCDD program, which oversees establishment of group homes, supportive living arrangements, supervised apartments, skill development homes, family care homes, private institutional placements, etc., embodies, perhaps more than any other casino revenue-funded program, a comprehensive community-based care concept. Such a program warrants a high-precedence ranking among all other Casino Revenue Fund programs. I strongly urge you to assign the ARCDD program the highest priority within the framework of the Casino Revenue

Fund and encourage you to scrutinize the array of ARCDD community-based services that potentially hold solutions to the ever-increasing needs of our State's citizens who are frail and elderly.

Sincerely yours,

Wilfredo Dávila
Director
Bergen County Office on the Disabled &
Chief ADA Compliance Officer for the
County of Bergen