

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

ASSEMBLY, No. 5520

STATE OF NEW JERSEY 219th LEGISLATURE

DATED: JUNE 29, 2021

SUMMARY

Synopsis: Increases income eligibility limits for PAAD program and Senior Gold Prescription Discount Program by \$10,000.

Type of Impact: State Expenditure Increase.

Agencies Affected: Division of Aging Services, Department of Human Services.

Executive Estimate

Fiscal Impact	<u>January 1, 2022 – December 31, 2022</u>
State Expenditure Increase	\$13.8 million

Office of Legislative Services Estimate

Fiscal Impact	<u>January 1, 2022 – December 31, 2022</u>
State Expenditure Increase	\$11.0 million

- The Office of Legislative Services (OLS) **does not concur** with the Executive estimate that this bill will increase State expenditures by \$13.8 million between January 1, 2022 and December 31, 2022. Rather, the OLS estimates that the State will experience an \$11.0 million increase in costs due to a one-time increase of \$10,000 in the income eligibility limits established in the Pharmaceutical Assistance to the Aged and Disabled (PAAD) program and the Senior Gold Program.

BILL DESCRIPTION

This bill increases the income eligibility limits established in the PAAD program by \$10,000 to \$38,769 for single persons and \$45,270 combined income for married couples. Under the Senior Gold Prescription Discount Program, income eligibility limits are \$10,000 higher than PAAD income eligibility limits. Therefore, this bill will increase income eligibility limits under the Senior

Gold Prescription Discount program to \$48,769 for single persons and \$55,270 combined income for married couples.

This bill retains an existing annual cost-of-living adjustment (COLA) for the PAAD income eligibility limits, but does not apply the COLA increase in calendar year 2022. The COLA will resume effective January 1, 2023, and will be applied annually thereafter as provided under current law.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received, however under the Governor's FY 2022 proposed Budget, the Executive recommends expending an additional \$6.9 million to raise the PAAD income limits to \$38,769 for single persons and \$45,270 combined income for married couples beginning on January 1, 2022. The annualized cost would therefore be \$13.8 million. Accordingly, program enrollment is expected to rise by 19,093 enrollees from 119,361 in FY 2021 to 138,454 in FY 2022.

OFFICE OF LEGISLATIVE SERVICES

The OLS estimates that this bill will increase State expenditures by \$11.0 million between January 1, 2022 and December 31, 2022 as a result of a one-time increase of \$10,000 in the income eligibility limits established in the PAAD program and the Senior Gold Program. The estimate assumes that the threshold increase will bring an additional 19,093 enrollees into the PAAD program, as estimated by the department, and 2,144 enrollees into the Senior Gold Program, and utilizes cost data for the PAAD program and the Senior Gold program provided by the department on page D-196 of the Governor's FY 2022 Budget Recommendation. Of the \$11.0 million, \$10.6 million is attributed to the PAAD program, and \$400,000 is attributed to the Senior Gold program. Following December 31, 2022, any increase in income eligibility under these programs will be the result of an existing statutory COLA. As such, those costs are not attributed to this bill.

Section: *Human Services*
Analyst: *Sarah Schmidt*
 Senior Fiscal Analyst
Approved: *Thomas Koenig*
 Legislative Budget and Finance Officer

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

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