

[First Reprint]
ASSEMBLY, No. 2238

STATE OF NEW JERSEY

INTRODUCED JUNE 24, 1996

By Assemblymen KAVANAUGH and LANCE

1 AN ACT to amend "AN ACT making appropriations for the support
2 of the State Government and the several public purposes for the
3 fiscal year ending June 30, 1997 and regulating the disbursement
4 thereof."

5

6 **BE IT ENACTED** by the Senate and General Assembly of the State
7 of New Jersey:

8

9 1. The following provisions in section 1 of P.L.1996, c. , the
10 fiscal year 1997 annual appropriations act (now pending before the
11 Legislature as Assembly, No.1000 of 1996), are amended to read as
12 follows:

13

14 **GENERAL FUND**

15 **DIRECT STATE SERVICES**

16 54 DEPARTMENT OF HUMAN SERVICES

17

24 Special Health Services

18

7540 Division of Medical Assistance and Health Services

19 [An amount not to exceed \$100,000 is appropriated from General Assistance
20 pharmaceutical rebate revenue for administration and collection of these
21 rebates by the Division of Medical Assistance and Health Services.]

22

23 78 DEPARTMENT OF TRANSPORTATION

24

10 Public Safety and Criminal Justice

25

11 Vehicular Safety

26 ¹Notwithstanding any other law to the contrary, no funds appropriated pursuant
27 to this act or pursuant to any other act, shall be expended from any source
28 to complete the release, sale or other distribution by the Division of Motor
29 Vehicles of personal information of a licensee or registrant from its driver
30 license or motor vehicle registration files for any purpose unless the release,
31 sale or distribution of personal information is first explicitly authorized by
32 the licensee or registrant. "Personal information" as used in this provision

EXPLANATION - Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and intended to be omitted in the law.

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹ Assembly AAP committee amendments adopted June 27, 1996.

1 means information that identifies an individual, including an individual's
2 photograph, social security number, driver identification number, name,
3 address, telephone number, and medical or disability information, but shall
4 not include information on vehicular accidents, driving violations and
5 driver's status. In order to obtain this advance authorization, the Division
6 of Motor Vehicles shall include with each initial application and renewal
7 application for a driver's license or motor vehicle registration, as the case
8 may be, a form which enumerates in writing any personal information on
9 that application that the division proposes to make available and describes
10 the manner in which this information is intended to be used. The form also
11 shall clearly state that this information will be released only if the applicant
12 assents by signing the form, in a space provided for that purpose, and by
13 returning it to the division. The division shall be prohibited from releasing,
14 selling or otherwise distributing personal information unless it has on file a
15 form bearing the signature of the licensee or registrant obtained pursuant to
16 the above. This prohibition shall not apply to the release of personal
17 information to: a. persons authorized in writing by the individual to whom
18 the information pertains, b. persons authorized by court order, c. federal,
19 state or local governmental agencies for use in fulfilling legitimate
20 governmental or law enforcement purposes, and d. when authorized by
21 regulation adopted by the director, with the approval of the Attorney General
22 pursuant to the "Administrative Procedure Act," P.L. 1968, c. 410
23 (C.52:14B-1 et seq.), for lawful purposes related to credit transactions, the
24 issuance or renewal of policies of insurance, consumer product recalls, the
25 reporting or litigation of claims involving motor vehicles, and news
26 reporting by a representative of the news media who holds valid press
27 credentials. No amount of revenue anticipated from the Sale of Motor
28 Vehicle Database shall be expended unless the Division of Motor Vehicles
29 first complies with the requirements set forth herein.¹

GRANTS-IN-AID

54 DEPARTMENT OF HUMAN SERVICES

24 Special Health Services

7540 Division of Medical Assistance and Health Services --

Grants-In-Aid

36 Notwithstanding the provisions of any other law or regulation to the contrary,
37 effective July 1, 1996 or at the earliest date thereafter consistent with the
38 notice provisions of 42 CFR §447.205 where applicable, no funds
39 appropriated in the Payments for Medical Assistance Recipients --
40 Prescription Drugs account and in the Pharmaceutical Assistance to the
41 Aged and Disabled program classification shall be expended except under
42 the following conditions: (a) reimbursement for prescription drugs shall be
43 based on the Average Wholesale Price less a 10% discount, (b)
44 [prescription] legend and non-legend drugs dispensed by a retail pharmacy
45 shall be limited to a 34-day or 100 unit dose supply, whichever is greater,
46 (c) the current prescription drug dispensing fee structure set as a variable

1 rate of \$3.73 to \$4.07 in effect on June 30, 1996 shall remain in effect
2 through fiscal year 1997, including the current increments for patient
3 consultation, impact allowances, and allowances for 24 hour emergency
4 services, (d) subject to coverage provisions, reimbursement for non-legend
5 drugs including protein replacement supplements, specialized infant
6 formulas and food oils, devices or supplies shall be on the basis of the
7 Estimated Acquisition Cost (EAC), identified in current national price
8 compendia for other appropriate sources, and their supplements, minus the
9 appropriate regression, plus dispensing fee, and (e) reimbursement shall
10 continue for all providers who supply protein nutritional supplements and
11 specialized infant formulas, subject to all applicable regulations established
12 by the Commissioner of Human Services, and provided further, however,
13 that the Commissioner of Human Services may, after an audit or other
14 equivalent documentation demonstrating provider non-compliance, terminate
15 any agreements with such provider.

16 Notwithstanding the provisions of any other law or regulation to the contrary,
17 effective July 1, 1996, each prescription order dispensed in the
18 Pharmaceutical Assistance to the Aged and Disabled program shall state
19 "Brand Medically Necessary" in the prescriber's own handwriting in order
20 to override generic substitution of Maximum Allowable Cost (MAC) drugs,
21 and each prescription order shall follow the requirements of P.L.1977, c.240
22 (C.24:6E-1 et seq.). The list of drugs substituted shall conform to the Drug
23 Utilization Review Council approved list of substitutable drugs and [any
24 other] all requirements pertaining to drug substitution and federal upper
25 limits for MAC drugs as [established]administered by the State Medicaid
26 Program.

27 Notwithstanding the provisions of any law to the contrary, subject to the notice
28 provisions of 42 CFR §447.205, no funds appropriated for Medicaid in-
29 State inpatient hospital services for DRG hospital reimbursement shall be
30 expended in excess of the methodology contained herein. Inpatient hospital
31 reimbursement for Graduate Medical Education (GME) and Indirect Medical
32 Education (IME) is calculated based on Medicare Principles of
33 reimbursement to major teaching hospitals. Major teaching hospitals is
34 defined as those hospitals which had a minimum of 45 resident full-time
35 equivalents (FTEs) in all approved and accredited residences from the 1993
36 Medicare first finalized audited cost report. The amount calculated shall be
37 distributed to all teaching hospitals based on the hospital-specific
38 percentage to total weighted FTEs, where weighted FTEs equals the
39 hospital-specific current FTEs times the hospital-specific Medicaid fee-for-
40 service days divided by the total Medicaid fee-for-service days for all
41 teaching hospitals. The source for the FTEs and the Medicaid fee-for-
42 services days is the Medicare audited cost report for 1996 for 1996 services
43 and 1997 for 1997 services. Payments for GME and IME will be paid in a
44 monthly lump sum from the appropriation for in-patient hospital services
45 and will be reconciled to 1996 and 1997 cost reports. Therefore, all direct
46 and indirect costs related to the GME program will be excluded from the
47 cost base when calculating the DRG rates. The standard rate for each DRG
48 shall be based on the Statewide Median. These changes shall be effective

1 [July] October 1, 1996, after federally mandated findings and assurances
2 analyses are completed.

3
4 **STATE AID**

5 **54 DEPARTMENT OF HUMAN SERVICES**

6 ***50 Economic Planning, Development and Security***

7 ***53 Economic Assistance and Security -- State Aid***

8 ***7550 Division of Family Development***

9 ¹Notwithstanding the provisions of any other law or regulation to the contrary,
10 effective July 1, 1996, no funds appropriated to the Payments to
11 Municipalities for Cost of General Assistance account shall be expended for
12 prescription and other drugs except under the following conditions: (a)
13 reimbursement for prescription drugs shall be based on the Average
14 Wholesale Price less a 10% discount, (b)[prescription] legend and non-
15 legend drugs dispensed by a retail pharmacy shall be limited to a 34-day or
16 100 unit dose supply, whichever is greater, (c) the current prescription drug
17 dispensing fee structure set as a variable rate of \$3.73 to \$4.07 in effect on
18 June 30, 1996 shall remain in effect through fiscal year 1997, including the
19 current increments for patient consultation, impact allowances, and
20 allowances for 24 hour emergency services, (d) subject to coverage
21 provisions, reimbursement for non-legend drugs including protein
22 replacement supplements, specialized infant formulas and food oils, devices
23 or supplies shall be on the basis of the Estimated Acquisition Cost (EAC),
24 identified in current national price compendia for other appropriate sources,
25 and their supplements, minus the appropriate regression, plus dispensing
26 fee, and (e) reimbursement shall continue for all providers who supply
27 protein nutritional supplements and specialized infant formulas, subject to
28 all applicable regulations established by the Commissioner of Human
29 Services, and provided further, however, that the Commissioner of Human
30 Services may, after an audit or other equivalent documentation
31 demonstrating provider non-compliance, terminate any agreements with such
32 provider.¹

33 Notwithstanding the provisions of any other law or regulation to the contrary,
34 effective July 1, 1996, the following provisions shall apply to the
35 dispensing of prescription drugs through the Payments to Municipalities
36 for Cost of General Assistance account: (a) all prescription drugs dispensed
37 shall state "Brand Medically Necessary" in the prescriber's own handwriting
38 in order to override generic substitution of Maximum Allowable Cost
39 (MAC) drugs, and (b) each prescription order shall follow the requirements
40 of P.L.1977, c.240 (C.24:6E-1 et seq.). The list of drugs substituted shall
41 conform to the Drug Utilization Review Council approved list of
42 substitutable drugs and [any other] all requirements pertaining to drug
43 substitution and federal upper limits for MAC drugs as
44 [established]administered by the State Medicaid Program.

CASINO REVENUE FUND**GRANTS-IN-AID****54 DEPARTMENT OF HUMAN SERVICES*****20 Physical and Mental Health******24 Special Health Services******7540 Division of Medical Assistance and Health Services --******Grants-In-Aid***

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8 Notwithstanding the provisions of any other law or regulation to the contrary,
9 effective July 1, 1996 no funds appropriated in the Pharmaceutical
10 Assistance for the Aged and Disabled program classification shall be
11 expended except under the following conditions: (a) reimbursement for
12 prescription drugs shall be based on the Average Wholesale Price less a 10%
13 discount, (b) [prescription] legend and non-legend drugs dispensed by a
14 retail pharmacy shall be limited to a 34-day or 100 unit dose supply,
15 whichever is greater, (c) the current prescription drug dispensing fee
16 structure set as a variable rate of \$3.73 to \$4.07 in effect on June 30, 1996
17 shall remain in effect through fiscal year 1997, including the current
18 increments for patient consultation, impact allowances, and allowances for
19 24 hour emergency services, (d) subject to coverage provisions,
20 reimbursement for non-legend drugs including protein replacement
21 supplements, specialized infant formulas and food oils, devices or supplies
22 shall be on the basis of the Estimated Acquisition Cost (EAC), identified in
23 current national price compendia for other appropriate sources, and their
24 supplements, minus the appropriate regression, plus dispensing fee, and (e)
25 reimbursement will continue for all providers who supply protein nutritional
26 supplements and specialized infant formulas, subject to all applicable
27 regulations established by the Commissioner of Human Services, and
28 provided further, however, that the Commissioner of Human Services may,
29 after an audit or other equivalent documentation demonstrating provider
30 non-compliance, terminate any agreements with such provider.

31 Notwithstanding the provisions of any other law or regulation to the contrary,
32 effective July 1, 1996, each prescription order dispensed in the
33 Pharmaceutical Assistance to the Aged and Disabled program shall state
34 "Brand Medically Necessary" in the prescriber's own handwriting in order
35 to override generic substitution of Maximum Allowable Cost (MAC) drugs,
36 and each prescription order shall follow the requirements of P.L.1977, c.240
37 (C.24:6E-1 et seq.). The list of drugs substituted shall conform to the Drug
38 Utilization Review Council approved list of substitutable drugs and [any
39 other] all requirements pertaining to drug substitution and federal upper
40 limits for MAC drugs as [established]administered by the State Medicaid
41 Program.

42 (cf: P.L.1996, c. , s.1)

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44 2. This act shall take effect July 1, 1996 and if enacted after that
45 date shall be retroactive to July 1, 1996.

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4 Makes technical corrections in programmatic conditions upon the
5 annual appropriations for certain programs in the DHS and requires
6 individual written assent prior to sale and release of personal
information by DMV.