

[First Reprint]
SENATE, No. 1393

STATE OF NEW JERSEY

INTRODUCED JUNE 24, 1996

By Senator LITTELL

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:

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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 Senate, No.3 of 1996), are amended to read as follows:

12

13 **GENERAL FUND**
14 **DIRECT STATE SERVICES**

15 **54 DEPARTMENT OF HUMAN SERVICES**

16 *24 Special Health Services*

17 *7540 Division of Medical Assistance and Health Services*

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

21

22 **78 DEPARTMENT OF TRANSPORTATION**

23 *10 Public Safety and Criminal Justice*

24 *11 Vehicular Safety*

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

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 Senate SBA committee amendments adopted June 27, 1996.

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

35 Notwithstanding the provisions of any other law or regulation to the contrary,
36 effective July 1, 1996 or at the earliest date thereafter consistent with the
37 notice provisions of 42 CFR §447.205 where applicable, no funds
38 appropriated in the Payments for Medical Assistance Recipients --
39 Prescription Drugs account and in the Pharmaceutical Assistance to the Aged
40 and Disabled program classification shall be expended except under the
41 following conditions: (a) reimbursement for prescription drugs shall be
42 based on the Average Wholesale Price less a 10% discount, (b)
43 [prescription] legend and non-legend drugs dispensed by a retail pharmacy
44 shall be limited to a 34-day or 100 unit dose supply, whichever is greater, (c)
45 the current prescription drug dispensing fee structure set as a variable rate
46 of \$3.73 to \$4.07 in effect on June 30, 1996 shall remain in effect through
47 fiscal year 1997, including the current increments for patient consultation,
48 impact allowances, and allowances for 24 hour emergency services, (d)
49 subject to coverage provisions, reimbursement for non-legend drugs
50 including protein replacement supplements, specialized infant formulas and

1 food oils, devices or supplies shall be on the basis of the Estimated
2 Acquisition Cost (EAC), identified in current national price compendia for
3 other appropriate sources, and their supplements, minus the appropriate
4 regression, plus dispensing fee, and (e) reimbursement shall continue for all
5 providers who supply protein nutritional supplements and specialized infant
6 formulas, subject to all applicable regulations established by the
7 Commissioner of Human Services, and provided further, however, that the
8 Commissioner of Human Services may, after an audit or other equivalent
9 documentation demonstrating provider non-compliance, terminate any
10 agreements with such provider.

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

22 Notwithstanding the provisions of any law to the contrary, subject to the notice
23 provisions of 42 CFR §447.205, no funds appropriated for Medicaid in-State
24 inpatient hospital services for DRG hospital reimbursement shall be
25 expended in excess of the methodology contained herein. Inpatient hospital
26 reimbursement for Graduate Medical Education (GME) and Indirect Medical
27 Education (IME) is calculated based on Medicare Principles of
28 reimbursement to major teaching hospitals. Major teaching hospitals is
29 defined as those hospitals which had a minimum of 45 resident full-time
30 equivalents (FTEs) in all approved and accredited residences from the 1993
31 Medicare first finalized audited cost report. The amount calculated shall be
32 distributed to all teaching hospitals based on the hospital-specific percentage
33 to total weighted FTEs, where weighted FTEs equals the hospital-specific
34 current FTEs times the hospital-specific Medicaid fee-for-service days
35 divided by the total Medicaid fee-for-service days for all teaching hospitals.
36 The source for the FTEs and the Medicaid fee-for-services days is the
37 Medicare audited cost report for 1996 for 1996 services and 1997 for 1997
38 services. Payments for GME and IME will be paid in a monthly lump sum
39 from the appropriation for in-patient hospital services and will be reconciled
40 to 1996 and 1997 cost reports. Therefore, all direct and indirect costs
41 related to the GME program will be excluded from the cost base when
42 calculating the DRG rates. The standard rate for each DRG shall be based
43 on the Statewide Median. These changes shall be effective [July] October
44 1, 1996, after federally mandated findings and assurances analyses are
45 completed.

STATE AID**54 DEPARTMENT OF HUMAN SERVICES*****50 Economic Planning, Development and Security******53 Economic Assistance and Security -- State Aid******7550 Division of Family Development***

1 6 Notwithstanding the provisions of any other law or regulation to the contrary,
2 7 effective July 1, 1996, no funds appropriated to the Payments to
3 8 Municipalities for Cost of General Assistance account shall be expended for
4 9 prescription and other drugs except under the following conditions: (a)
5 10 reimbursement for prescription drugs shall be based on the Average
6 11 Wholesale Price less a 10% discount, (b)[prescription] legend and non-
7 12 legend drugs dispensed by a retail pharmacy shall be limited to a 34-day or
8 13 100 unit dose supply, whichever is greater, (c) the current prescription drug
9 14 dispensing fee structure set as a variable rate of \$3.73 to \$4.07 in effect on
10 15 June 30, 1996 shall remain in effect through fiscal year 1997, including the
11 16 current increments for patient consultation, impact allowances, and
12 17 allowances for 24 hour emergency services, (d) subject to coverage
13 18 provisions, reimbursement for non-legend drugs including protein
14 19 replacement supplements, specialized infant formulas and food oils, devices
20 20 or supplies shall be on the basis of the Estimated Acquisition Cost (EAC),
21 21 identified in current national price compendia for other appropriate sources,
22 22 and their supplements, minus the appropriate regression, plus dispensing fee,
23 23 and (e) reimbursement shall continue for all providers who supply protein
24 24 nutritional supplements and specialized infant formulas, subject to all
25 25 applicable regulations established by the Commissioner of Human Services,
26 26 and provided further, however, that the Commissioner of Human Services
27 27 may, after an audit or other equivalent documentation demonstrating
28 28 provider non-compliance, terminate any agreements with such provider.¹

29 29 Notwithstanding the provisions of any other law or regulation to the contrary,
30 30 effective July 1, 1996, the following provisions shall apply to the dispensing
31 31 of prescription drugs through the Payments to Municipalities for Cost of
32 32 General Assistance account: (a) all prescription drugs dispensed shall state
33 33 "Brand Medically Necessary" in the prescriber's own handwriting in order to
34 34 override generic substitution of Maximum Allowable Cost (MAC) drugs,
35 35 and (b) each prescription order shall follow the requirements of P.L.1977,
36 36 c.240 (C.24:6E-1 et seq.). The list of drugs substituted shall conform to the
37 37 Drug Utilization Review Council approved list of substitutable drugs and
38 38 [any other] all requirements pertaining to drug substitution and federal
39 39 upper limits for MAC drugs as [established]administered by the State
40 40 Medicaid Program.

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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***

49 49 Notwithstanding the provisions of any other law or regulation to the contrary,

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

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

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

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

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