

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

SENATE, No. 3799

STATE OF NEW JERSEY  
219th LEGISLATURE

DATED: DECEMBER 23, 2021

SUMMARY

Synopsis:	Allows costs of medical cannabis to be reimbursed by Catastrophic Illness in Children Relief Fund, PAAD, Senior Gold and VCCO.
Type of Impact:	Annual State expenditure increase, General Fund; annual expenditure increase, Catastrophic Illness in Children Relief Fund.
Agencies Affected:	Department of Human Services, Department of Law and Public Safety.

Office of Legislative Services Estimate

Fiscal Impact	<u>Annual</u>
State Expenditure Increase	Indeterminate

- The Office of Legislative Services (OLS) determines that this bill will result in an increase in expenditures from the General Fund and the Catastrophic Illness in Children Relief Fund to assist with the cost of medical cannabis dispensed to or on behalf of a registered qualifying patient eligible for or receiving benefits from any of the following: the Catastrophic Illness in Children Relief Fund, the Pharmaceutical Assistance to the Aged and Disabled (PAAD) program, the Senior Gold Prescription Discount Program, and the Victims of Crime Compensation Office (VCCO).
- The OLS, however, lacks the data to quantify these costs, as the number of beneficiaries under these programs who are, or who will become, registered qualifying patients, as well as the amount and the time-period over which a beneficiary may purchase medicinal cannabis, is unknown and unpredictable. Costs will be linked to the imposition of limits on the maximum quantity of medicinal cannabis that may be purchased over a 30-day period under the PAAD program, the Senior Gold Prescription Discount Program, and the VCCO, as authorized under the bill.
- Copayments for the coverage of medicinal cannabis paid to providers by beneficiaries under the PAAD program and the Senior Gold Prescription Discount Program, along with other restrictions, will somewhat reduce expenses incurred under the bill.

## **BILL DESCRIPTION**

This bill requires the Catastrophic Illness in Children Relief Fund, the PAAD program, the Senior Gold Prescription Discount Program, and the VCCO to assist with the cost of medical cannabis dispensed to or on behalf of a registered qualifying patient eligible for or receiving benefits under any of those programs.

## **FISCAL ANALYSIS**

### ***EXECUTIVE BRANCH***

None received.

### ***OFFICE OF LEGISLATIVE SERVICES***

The OLS determines that this bill will result in an indeterminate increase in expenditures from the General Fund and the Catastrophic Illness in Children Relief Fund to assist with the cost of medical cannabis dispensed to or on behalf of a registered qualifying patient eligible for or receiving benefits from any of the following: the Catastrophic Illness in Children Relief Fund, the PAAD program, the Senior Gold Prescription Discount Program, and the VCCO. The OLS, however, lacks the data to quantify these costs, as the number of beneficiaries under these programs who are, or who will become, registered qualifying patients, as well as the amount and the time-period over which a beneficiary may purchase medicinal cannabis, is unknown and unpredictable.

The OLS assumes that the costs incurred under this bill will be the result of both existing and newly registered qualifying patients. For context, participation in the programs identified in the bill is as follows, according to the most recent data available: the Catastrophic Illness in Children Relief Fund Commission approved payments on 378 applications in FY 2019; the Department of Human Services projects 138,454 beneficiaries under the PAAD program and 15,546 beneficiaries under the Senior Gold Prescription Discount Program in FY 2022; and the Department of Law and Public Safety projects that the VCCO will issue 2,265 payments and 2,977 supplemental payments in FY 2022. By comparison, according to the New Jersey Cannabis Regulatory Commission, from September 2020 to August 2021, the average monthly enrollment for the medicinal cannabis program was 5,348.

The OLS estimates that the PAAD program and the Senior Gold Prescription Discount Program will incur the highest costs under this bill due to the size of those programs; however, those costs will be reduced to the extent that beneficiaries under these programs are required to contribute a copayment for the coverage of medicinal cannabis. For example, under the PAAD program, the copayment will be \$7. Under the Senior Gold Prescription Discount Program, the copayment will be equal to: 1) \$15 plus 50 percent of the remaining amount of the cost of the medical cannabis, or the cost of the medical cannabis, whichever is less; or 2) \$15, or the cost of the medical cannabis, whichever is less, in the case of an eligible person who has incurred out-of-pocket expenditures which are not reimbursable by any other plan of assistance or insurance, in the following amounts: \$2,000 for a single person and \$3,000 for a married couple.

In September 2021, according to the New Jersey Cannabis Regulatory Commission, the dispensary price list range for an ounce of cannabis was \$320 to \$480. The bill, however, does not provide unrestricted access to medicinal cannabis under the programs, and instead authorizes the imposition of limits, more stringent than those applied under the existing medicinal cannabis

program, on the maximum quantity of medicinal cannabis that may be covered over a 30-day period under the PAAD program, the Senior Gold Prescription Discount Program, and the VCCO. The maximum amount currently allowed under the existing medicinal cannabis program is three ounces in a 30-day period unless the patient is terminally ill, in which case the amount is unlimited.

For illustrative purposes, if this cap is maintained under the bill and assuming the registered qualifying patient is not terminally ill and purchases the maximum amount of medicinal cannabis over a 30-day period, the cost to the State to provide medicinal cannabis to a single beneficiary over the course of a year would be between approximately \$11,520 and \$17,280, minus any applicable copayments. To the extent that the limit on the maximum quantity of medicinal cannabis is less than three ounces, or that the duration of use is less than a year, this cost will be less.

The OLS notes that the bill, as well as existing policy, further restricts the potential expenditures under the bill. For example, the bill authorizes, under the PAAD program, that if an eligible person's medical cannabis costs are covered in whole by any other program or plan of assistance or insurance, the person will be ineligible for PAAD assistance; under the Senior Gold Prescription Discount Program, if an eligible person's medical cannabis costs are covered in whole or in part by another plan of assistance or insurance, the Senior Gold Prescription Discount Program will be the payer of last resort.<sup>1</sup> Further, under current policy, reimbursements issued by the Catastrophic Illness in Children Relief Fund are subject to the availability of monies in the fund, and the current annual cap on a victim's award issued by the VCCO is \$25,000 per claim.

#### The Catastrophic Illness in Children Relief Fund

The Fund is a non-lapsing, revolving trust fund, invested and reinvested by the Department of the Treasury and administered by the Catastrophic Illness in Children Relief Fund Commission. Income to the fund is derived from a \$1.50 per employee annual surcharge for all employers subject to the New Jersey Unemployment Compensation Law. Fund expenses are limited by the availability of revenues.

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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.).

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<sup>1</sup> Health insurance does not currently cover the costs of medicinal cannabis because cannabis remains illegal at the federal level.