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April 9, 2004

## State firms up nearly \$100M. in federal funds

By JARRETT RENSHAW Staff Writer, (609) 978-2015

In a near last-minute reversal, state and federal officials said Thursday that New Jersey could now automatically enroll 89,000 seniors into the federal prescription-drug discount-card program slated to begin in June.

The move appears to be a big win for the state, which will save nearly \$100 million during the next two years as a result of the decision.

"This is great news for the state and something I have been fighting to get for a long time," said U.S. Sen. Jon Corzine, D-N.J.

Thursday's decision marks the end of months of debate on the issue.

Corzine said he would like to see the additional money go toward expanding the state's prescription-drug benefit programs, adding that it could also go toward filling holes in the state's budget.

The federal discount cards will offer price breaks of 10 to 25 percent on more than 200 classes of medication. The discount cards are intended to give some Americans relief before the Medicare Prescription Drug benefit program rolls out in 2006.

Thursday's announcement centers on a \$600-per-person federal subsidy aimed at giving the nation's poorest seniors immediate relief.

There are approximately 190,000 Medicare beneficiaries enrolled in the state's Pharmaceutical Assistance to the Aged and Disabled, or PAAD. Of these, approximately 89,000 PAAD beneficiaries have incomes below the required poverty level and will qualify for the federal subsidy.

The income requirements for the federal subsidy are \$12,569 for individuals and \$16,862 for couples.

If 89,000 PAAD beneficiaries get the \$600 in the two years it will be offered, the state will save more than \$90 million.

State officials feared they would lose out on the savings because the seniors would not enroll in the federal program on their own, saying it is confusing and offers less benefits than the state's prescription-drug programs.

Federal officials countered that automatically enrolling seniors into one state-preferred drug card it would eliminate their choices.

Seniors will have an array of government-approved cards available to them - 106 health plans and pharmacy benefit managers have applied to sponsor them. But with all of those choices, the card may become more confusing than helpful.

It was not clear exactly how the money would be channeled to the state.



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A spokesman for the Center for Medicare and Medicaid said eligible seniors would still receive the \$600 subsidy. The \$600 would be automatically placed on their drug-benefit cards. Once the money runs out, the state's program would start.

This saves the state money because the state's program would not have to pay the first \$600 of these seniors' prescription costs.

However, Corzine said these seniors would not receive the federal subsidy. Instead, the money will go directly to the state. The seniors would simply continue to use their PAAD benefits as they normally do.

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