



Governor Christie Restores Funding for Programs Assisting New Jersey's Seniors

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Seniors Senior Gold and PAAD Restored to Original Levels; Generic Co-Pays Reduced to \$5

Trenton, NJ - Today, Governor Christie announced that New Jersey's seniors will see benefits restored to pre-fiscal year 2011 budget levels for prescription drug assistance. Due to increases in rebate collections from drug manufacturers, higher utilization of generic drugs, expanded eligibility for enrollment in Medicare Part D's Low Income Subsidy program and manufacturer discounts in Medicare part D "donut hole", funding will be available in the fiscal year 2011 budget to keep deductibles and copayments for Senior Gold and the Pharmaceutical Assistance to the Aged and Disabled (PAAD) at preexisting levels, as well as lower PAAD copayments for generic medicines to \$5.

"While many New Jerseyans have had to share in the sacrifice of this year's trying economic and fiscal conditions, it is important we still provide health care for those most vulnerable in our society. Thanks to increased use of generics, greater manufacturer rebates and discounts and expanded eligibility for Medicare part D subsidies, we are now able to restore funding for next year's budget that maintains zero deductibles and low copayments for PAAD and Senior Gold, without requiring additional cuts to programs and services," said Governor Chris Christie.

PAAD and Senior Gold provide much needed prescription drug assistance to nearly 164,000 low-income seniors and those New Jerseyans living with disabilities. Of that number, approximately 140,000 are enrolled in PAAD and another 23,000 in the Senior Gold program. PAAD and Senior Gold recipients are required to enroll in Medicare Part D. Unfortunately, these State programs saw proposed modifications in the fiscal year 2011 proposed budget because Governor Christie was faced with making tough decisions in order to confront an \$11 billion budget gap and dire fiscal and economic conditions.

As a result, the initial fiscal year 2011 budget proposal called on PAAD and Senior Gold beneficiaries to cover the annual deductible of \$310 required by Medicare Part D. Additionally, the proposed budget anticipated that the co-payment under PAAD for brand name drugs would increase from \$7 to \$15. While this move did not impact the lowest income PAAD eligibles, it did call on some New Jersey seniors to share in the many tough choices that impacted even effective and desirable programs.

Today, Governor Christie announced that his fiscal year 2011 budget will fund the \$310 Medicare Part D deductible for those enrolled in PAAD and the Senior Gold program, while restoring funding to keep the co-payment for brand name drugs at seven dollars and reducing the co-payment for generics to five dollars.

Fiscal Year 2011 PAAD and Senior Gold Funding Restorations

- Eliminating \$310 deductible: \$39.7 million
- Restoring \$7 brand name co-pays and lowering generic co-pay to \$5: \$15.8 million
- Total Program Restorations: \$55.5 million

Savings that Allow for Restorations

- \$10.4 million Lower drug costs through higher utilization of generic drugs.
- \$13 million: Increased collections from existing manufacturer rebate programs
- \$22.8 million: Changes to Medicare Part D's Low Income Subsidy effective in 2010 have allowed for increased enrollment in the program and shifted costs to the federal government, resulting in reduced costs for PAAD.
- \$9.3 million: Savings from the 50% discount on brand name drugs in the Medicare Part D coverage gap (aka the doughnut hole) beginning 1/1/11.

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