

PUBLIC HEARING

before

CASINO REVENUE FUND STUDY COMMISSION

on

Use of Casino Revenue Funds

Held:
March 11, 1985
Room 114
State House Annex
Trenton, New Jersey

MEMBERS OF COMMISSION PRESENT:

Senator Catherine A. Costa, Chairwoman
Senator Leanna Brown
Assemblyman Walter J. Kavanaugh
Assemblyman Edward Kline
Assemblyman Thomas H. Paterniti
George Chenoweth
James J. Daly
Thomas Fricano
Raymond Fried
Thomas Giordano
Melvin Haas
John A. Spizziri

New Jersey State Library

ALSO PRESENT:

Eleanor H. Seel
Office of Legislative Services
Aide, Casino Revenue Fund Study Commission

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SENATOR CATHERINE A. COSTA (Chairman): We will now open our public hearing. For the benefit of those present, the reason why these hearings are being held throughout the State is to ascertain the needs of the elderly and the disabled in the State of New Jersey.

We welcome your testimony today and the other days we will be holding these hearings. We will hold four hearings throughout the State. This is the first of the four. The second one will be held in my County of Burlington next Monday, and the third one will be held in Lakewood. That is in Ocean County. We have a lot of senior citizens there. The last one will be held in Essex County.

With that, I would like to start with our witness list, and the first person I will call is Mr. Peter Shapiro, the County Executive of Essex County.

PETER SHAPIRO: Thank you, Senator. I almost feel as though I should have saved myself the trip today and gone to the Essex County hearing you are planning to hold.

It is good to be here this morning with the members of your Special Study Commission, and to have a chance to share my thoughts about the expenditures of the Casino Revenue Fund with you. It is a pleasure for me to participate in today's hearing on the funding of the programs for senior citizens and the disabled through the Casino Revenue Fund. I am particularly proud that as a member of the New Jersey Assembly, I was one of the sponsors of the Lifeline and the Pharmaceutical Assistance laws, laws that have been expanded because of money from the Casino Revenue Fund.

I commend this Commission for tackling the important issue of long-term planning with regard to the Casino Revenue Fund.

The bulk of the fund has traditionally been allocated to Lifeline and Pharmaceutical Assistance, as well as for property tax relief to older adults and disabled New Jerseyans. These three programs are administered now by the State, and it makes sense that they should continue to be administered by the State.

Other programs, however, that are funded with casino revenues and administered by the State, could better serve our citizens if they were administered and controlled locally.

What the State does now, in effect, is to determine what it sees as a need, statewide; it then structures a centralized program which is intended to serve elderly or disabled persons anywhere in the State. That sounds efficient, and it could work that way if every area of the State were similar and every person needed the same thing.

That is not the case. An older adult in Burlington County, for example, may look for a service which is very different from the needs of a senior citizen in Middlesex or Somerset Counties.

More important, a higher quality of service occurs when local people are directly involved in shaping the program. More creativity comes through and more dollars end up going into services instead of into the bureaucracy.

The Casino Revenue Fund can better and more fairly serve seniors and disabled persons by recognizing that a great diversity of need exists in our State. There is a great diversity as well of programs that are already in operation on the local level. Casino funds, if they are to be spent in the most cost-effective manner, should be spent with these considerations in mind:

We must ensure that services are developed to fit people's needs, rather than to fit the bureaucratic imperatives, or the bureaucratic system that created a particular program.

The only way to guarantee that older adults and disabled persons in Hunterdon, as well as in Cape May -- or other parts of our diverse State -- will derive benefits from the Casino Fund, is to allow them a greater local role in creating the programs being funded.

There is one program paid for by casino revenue that is administered locally. That program is transportation. Let me try to give you an example of how one local government -- my own County of Essex -- runs that program better than the State ever could.

Essex County uses its transportation funds to complement funding received through Title 3 of the Older Americans Act, and Title 20, now known as the Social Services Block Grant, as well as funds from Community Development and from FAUS -- the Federal Aid to Urban Systems Transportation Program. With these resources, we created a coordinated network of transportation services that we think uniquely meet the

needs of our residents. We use the casino funds in a way that will enhance our own programs, allow for expansion of the service far beyond what we would otherwise be able to provide, and we designed it to best augment other programs.

We have encouraged, for example, the growth of regional and inter-municipal minibuses routes, where only intra-municipal routes existed in the past.

Local control means, for instance, that 400 residents in a particular senior citizen apartment -- in this case, in the East Ward of Newark -- can get to a supermarket to shop, something they couldn't do before this transportation network took place. In fact, they were taking taxi cabs, or they had someone with an automobile do errands for them.

Another example is something I know would be of interest to Tom Paterniti. We have established dental clinics at various locations in the county, and the transportation network is structured to ensure that each clinic can be reached by any person who needs dental services.

Transportation is a priority for people in Essex because citizens have continuously said at our public hearings that they place this among the services they need most.

I urge this Commission to give greater responsibility to local governments, in the service-oriented programs in particular. For the Casino Revenue Fund to answer the greatest needs, it should be administered in the most direct manner with the greatest local control.

If the State were to provide basic guidelines for programs it considers eligible for casino funding, local governments could then tailor programs that would fit within those guidelines and meet specific local needs.

Already in place throughout the State are county agencies on aging, which would be logical local providers. These offices have a track record. They are the administering agencies for funds from the Older Americans Act, which is basically an early version of a Federal Block Grant Program. The agencies provide a vast array of programs, from nutrition to transportation, and from health care to legal services.

In Essex County, we hold public hearings to determine need. We then contract with over 70 local agencies to deliver the specific services our senior residents require most.

The program is administered in an open and participatory way and has generated some of our most creative and innovative accomplishments. It is responsive to the current needs of our citizens because the programs are designed from the bottom up rather than from the top down, with local residents directly involved. In other words, we don't set up a program first and then see who will fit into it.

There is a great need in my county for a full range of programs to assist the elderly and disabled in living independently and avoiding institutionalization; that is clearly one of the thrusts of some of the casino dollars that are coming through this fund.

In one of the programs we initiated, a program of one-to-one caring, our Division on Aging contracts with a community agency -- in this case the Community Health Law Project -- to train volunteers who act as friend/advocates for an elderly person who, with minimal assistance, can remain in the community. For example, they do things such as helping to get people's affairs in order. They have started to do old insurance policy checks to make it possible for people to live more independently. They help people with bill paying, arranging for doctor's appointments, and grocery shopping. The service is decided upon by the client and the volunteer, working together.

This program, an individualized, human-scale program, which has been singled out for national recognition, works well in Essex County. It is serving over 100 people, and it is filling a need our citizens have. It might not work in every other region of the State simply because it works in mine. There are different needs in other regions, and they can be best served if the people themselves are directly involved in meeting them.

If the Casino Revenue Fund is to be structured to serve the future needs of our citizens, we need to move it closer to the people it hopes to help. Our thrust should be to provide flexibility in meeting needs, to foster creativity and experimentation, to encourage coordinated services, and to decrease wasteful overlapping of programs.

I know this Commission will work to safeguard the future of the Casino Revenue Fund. Assurances have already been made that hereafter allocations will be granted only for new and expanded programs.

I ask you to take it a step further: Give the widest possible latitude for creativity and the greatest incentive for decision-making to the direct service providers themselves, to those who are closest to the people being served. We need to move the administration of the casino revenue programs away from the State bureaucracy and closer to the grass roots, where services are delivered and where local people can make the decisions that affect their lives.

Thank you very much.

SENATOR COSTA: Thank you, Mr. Shapiro. Are there any questions? Mr. Giordano?

MR. GIORDANO: Mr. Shapiro, do you think decentralizing some functions would involve a decrease in the administrative funding of the programs?

MR. SHAPIRO: I hope it would do that. My own feeling is, when you get things down to the grass roots level, you tend to get people who will be a lot more cost effective in the way they spend the dollars. You get a lot more volunteers. People don't volunteer to be part of the State bureaucracy; they volunteer to be part of a community organization.

There is also another element to this, in all honesty. When people work for community organizations, the salaries are not high; people work more out of commitment and there is not as much cost in all administrative ways. So, if we can get the programs that do not involve a big distribution of dollars, such as PAAD, Lifeline, and the Tax Rebate Programs, and the service programs that represent a smaller portion of the dollars but bigger input in terms of people's lives, down to the grass roots level, I think it could be more efficient and more caring. Perhaps we could discover some things we are not going to discover if all decisions are made by the central bureaucracy.

MR. GIORDANO: Thank you.

SENATOR COSTA: Senator Brown?

SENATOR BROWN: Through you, Madam Chairman. As a former county official who has worked with county executives from Essex, it is good to see you here this morning, Peter. Being a great believer in local government and county government, I have to take issue with you when you say there are not many people in the State of New Jersey who volunteer their efforts for the good of the State. We think we have a lot of boards and commissions at the county level. Certainly, on the State level we have many people who are serving, in one way or another, in unpaid capacities, and I think we are selling them a little bit short when we say we don't have a lot of people burning the midnight oil for the benefit of the State of New Jersey at the State level.

MR. SHAPIRO: Perhaps I was exaggerating for effect; I'm sorry. (laughter)

SENATOR BROWN: With reference to the correlation between who raises funds and who spends the money, we are having an interesting discussion in the State of New Jersey at this moment about whether or not court costs should be picked up by the State of New Jersey because, after all, there are a few situations where the counties actually have a choice in what is done.

If we decide there are certain things that should be done, on a uniform basis, for our senior citizens in the State of New Jersey, and if the State, through regulation of the casinos, is raising the funds, why should the counties be given a free lunch by distributing that money if the State can do it more effectively?

MR. SHAPIRO: First of all, let me make myself clear. I am not saying the counties should necessarily get this; I am saying it ought to go down to the local level. I was pointing to the counties as one possible example.

I would say make it as local as possible, on the best working level that can deal with these issues.

I have to take issue with you a little bit, in terms of what you said regarding the dollars themselves. After all, the State may be mechanically raising the funds, but, ultimately, the funds come from

each of us as individuals. Perhaps I should say they come from each of us who chooses to lose funds at the tables of Atlantic City.

Although the State, of course, is the administering agency for collecting those funds, remember -- and I know you are aware of this -- that all these funds are really coming from people. The question is whether there is a need here for uniformity? I would say no. We don't need uniformity across the entire State. Couldn't we do better by serving our senior citizens on a human scale, and on the community-based level? I would say, certainly. Also, is there room here for more local creativity, more experimentation, and more searching for new answers to the problems we face? I think, definitely. I think if we were to take advantage of the opportunity presented by this new and growing amount of dollars, we could help to find new and better ways to serve seniors and the disabled, just by getting those dollars down to the grass roots level.

Something is lost when we administer our programs on such a high level, distant from our people, where there is not the kind of day-to-day involvement, creativity, and innovation that can come about when it gets down to the community level.

When I speak of having the dollars come through county agencies on aging, I am not saying that is where the creativity exists. In fact, I would say it doesn't necessarily exist there either. What we do, however, is to try and pass it down to local agencies by saying: "You structure something in your community, with your group of service recipients, and find better answers."

I think one of the reasons why people often think our social service programs in government are not terribly effective is because they are so removed from people; there is a sense of distance and alienation. If we try to get back to real citizen involvement, back down to where the people are, I think we can do better.

SENATOR BROWN: I do not want to prolong this, Madam Chairman, but I do want to put the other side of the coin into the record. There is a danger, and I know it is going on at this point in time: Certain programs, which should be phased out, stay in existence when funding comes from a higher source.

I know that right now casino revenue funds are funding a project in my own county, for example, that I wish had gone by the boards because it is not economically viable. So, instead of just eliminating the casino revenue funds, we, as a State, by giving money to this project, just keep it going. I am not sure that is effective. So, we have to weigh the effectiveness of having good programs run by local people, which is the only way it gets done anyway, Peter. Whether it done by the State or the county, it has to be done at the grass roots.

MR. SHAPIRO: Can I suggest an alternative that I think might work? I think we should try to take advantage of the tremendous entrepreneurial spirit alive in all of our citizens, or in many of our citizens. Perhaps we could do it in this way: Instead of spending so much money -- as Mr. Girodano said regarding bureaucracy -- perhaps we could have a small staff develop performance measurements, monitor them to see how well the different programs are operating, and compare them in terms of cost effectiveness and the services they are providing. We could use real performance measurements and then we could say: "All right, we have a program that is working here, and a program that is not working so well here." We should hold them up to scrutiny, make them compete, and bring out that sense of healthy competition which I think fosters an entrepreneurial spirit in people. I think in that way you will get even better services for our seniors and our disabled.

SENATOR COSTA: Thank you. Assemblyman Paterniti?

ASSEMBLYMAN PATERNITI: Thank you very much, Madam Chairman. I agree in many ways with Mr. Shapiro. I believe our County Committees on Aging, as well as the State, are doing a commendable job. In fact, I believe the Federal programs were actually patterned after New Jersey's.

I would like to ask one question. We have the Senior Citizens and Disabled Transportation Act. Last year we appropriated \$10 million for this Act, and this year we are going to appropriate roughly \$11.5 million. How much of this money does Essex County get in order to help purchase new vehicles, and so on? Second, on this list of casino revenue expenditures, which ones do you feel should actually be administered by the counties?

MR. SHAPIRO: First, in terms of the question regarding transportation, I don't have the exact dollar amount here, but my recollection is that it is something under \$1 million. I think we are talking about somewhere in the ball park of \$750 thousand. This is what I vaguely remember, but I can get the exact number for your staff so you have an accurate number. That is my recollection.

ASSEMBLYMAN PATERNITI: Excuse me. Did the State spend that, or did you physically get the money and the ability to spend it the way you felt it should be spent?

MR. SHAPIRO: That is the one program I mentioned which does come down locally. It does come down through local planning.

I would like to give you an illustration of how we do that because it is a new program, and we have new money. We want to take advantage of the opportunity -- along the lines Senator Brown mentioned -- to make sure it is planned well, so, for example, we involve our Office on the Handicapped, our Advisory Council on the Handicapped, and our Advisory Council on Aging. In fact, Mel Haas, who is here today, is a member of that Advisory Council. We get them involved in planning for transportation. We bring in our transportation planner. We involve New Jersey Transit, and we look at where their lines go. We also try to hold hearings to get some response on it. That is the pattern we follow, so it is locally planned.

In terms of the other programs, the ones that I think could do better, excluding the big three -- Lifeline Credit, Pharmaceutical Assistance, and property tax deduction, which basically involve cash transfers and have to be uniform throughout the State -- are far softer, more human-scale programs, with the exception of the Medically Needy Program. I am sorry; I should leave that out as well. The other ones include boarding home rental assistance, congregate housing support, community care, and personal care. Those programs tend to be one-on-one, or one-to-group kinds of human scale programs, and the lower the level you get it down to the better the result you will get. You are going to get a better result in terms of social services, particularly when it is not done on a big scale and it is not

supervised at the State level. I think the lower the level of supervision, the more effective it will become.

We have found this, strongly, with every social service program we have worked on, particularly when it is something which is being done between one human being and another.

If, by contrast, you look at a program which is highly centralized, you will see a program that is replete with problems. The best example I can think of in the State is the Division of Youth and Family Services. They constantly have difficulties with supervising an enormously distended field staff that is trying to work on human-scale problems. I think it is no coincidence that this has been one of the areas most resistant to showing any kind of positive performance because of the way it is structured.

ASSEMBLYMAN PATERNITI: Thank you.

SENATOR COSTA: Mr. Shapiro, you spoke about wanting to see a decrease in the wasteful overlapping of problems. Could you be a little more specific and give us an example of this?

MR. SHAPIRO: I don't have specific examples to give you, but let me point to a couple of cases where the potential for that exists. I think that is more the point here.

Take, for example, a Community Care Program. Under a Community Care Program, the basic thrust is to provide at-home, community-based, long-term care, case management services, home health services, medical care, transportation, and homemaker services. A lot of these services are currently being provided by county welfare boards, by divisions on aging, and by agencies on aging that are run at the local level, such as the county offices on aging. All of those kinds of things have a tremendous potential for overlap. Tragically, when you look at it -- getting back to the social service cases -- if the opportunity arises for overlap, it tends to occur.

Ninety percent of the caseload in the Division of Youth and Family Services is already part of our welfare caseload. So, 90% percent of the cases that DYFS workers see have already been seen by county welfare workers. Because of the way we structure our programs, we tend to confuse the recipients rather than help them. I think we

do not structure them in a way which makes it likely for human beings to get from a position of needing help to one where they will need less help, or no help at all.

SENATOR COSTA: I believe that comes out of the Medicaid program, where we have no choice.

MR. SHAPIRO: I don't think so. I honestly don't think so. I think the atmosphere today in the Federal government is one of being willing to grant waivers, and we haven't taken advantage of that. We have to do more of that, and make it so that we can better coordinate what we do.

Usually, a human being who has one kind of trouble will often have another kind of trouble as well, and what we often do -- this is part of the nature of a bureaucracy -- is specialize: One department does this; another department does that; and a third department will do another thing.

I find that families who were recipients of services have as many as eight or 10 different workers visiting them, each from a different kind of agency, whether they were working on family planning, probation, child support, income support, social services, or other kinds of things. We make people's heads spin during the course of trying to help them out.

SENATOR COSTA: Medicaid's Personal and Community Care Program is operated under a waiver from the Federal government, and under that waiver, only a certain number of people can be served.

MR. SHAPIRO: Well, there has to be an eligibility determination. There is no question about that. But eligibility determinations are already being done extensively, locally. In fact, all Medicaid eligibility determinations are done on the county level for the State right now. We do that as a service to the State. I should say it is also a service we don't get paid very well for either.

SENATOR COSTA: Thank you very much, Mr. Shapiro.

MR. SHAPIRO: Thank you.

SENATOR COSTA: Our next witness will be Ann Zahora, the Director of the Division on Aging, Department of Community Affairs. Welcome, Ann.

ANN ZAHORA: Senator Costa, distinguished members of the Commission: I thank you for the opportunity to testify today before this Study Commission concerning casino revenue spending priorities.

As you know -- you have discussed this earlier -- funds from casino revenues currently support nine programs: Seniors and Disabled Homestead Rebates, Property Tax Deductions, Lifeline Credit Assistance, Pharmaceutical Assistance, Community Care, Personal Care, Congregate Housing, and Transportation. For these programs, there will be \$161 million appropriated in Fiscal Year 1985, with projections of \$180.4 million in 1986.

The future of the Casino Revenue Fund is of great concern to the senior citizens I speak with in my travels around the State. They fear that the haphazard patchwork addition of new spending programs will eventually deplete the fund as casino growth levels off. Indeed, a study of projected resources and expenditures of the Casino Revenue Fund by the Office of Legislative Services estimates that the growth of revenues from the 8% tax on casino net win is expected to slow dramatically over the next six years.

The OLS report says: "The casino industry is entering a period of consolidation, emphasizing profitability rather than expansion...this projection assumes both a slowing and flattening of casino activities within the next six years...projections show that bold expensive new programs would deplete the Casino Revenue Fund quickly."

With the aging population in New Jersey growing at a faster rate than any other age group, it is imperative that we keep a watchful eye on this valuable source of funding when giving thought to formulating new programs or expanding existing programs. We are working now with the Governor's Office of Policy and Planning to develop administration priorities for the use of casino funds and for a long-term plan of expenditures from the fund. We certainly recommend that this Study Commission share its findings with the Governor's Office of Policy and Planning.

In a recent presentation to the Governor and the Cabinet, I mentioned that a study of the capacity and uses of the Casino Revenue Fund is of extreme importance.

For example, senior citizens tell me repeatedly that they would rather have a useful service program than another \$25 addition to the Homestead Rebate. What is needed, in my opinion, is definitely long-term planning and setting of priorities for the uses of the funds. We must project the growth of current programs and plan for future ones. We believe it is imperative that you discuss programs to be provided through casino revenues and to develop priorities to guide the Legislature in considering new initiatives. Your input into this matter is most important for the development and continuation of worthwhile programs for old people.

We recognize that there is a surplus in the fund; however, we also recognize the need for positive planning and forward thinking for its use. There is a definite need for the right programs to go to the right people -- those in need. The Commission on Aging and the Task Force on Legislative Concerns, comprised of the eight leading, statewide senior organizations, have thoroughly reviewed the status of the fund. After careful consideration and much discussion, these groups have established home health care and rental assistance as priorities for older people in our State.

As Director of the Division on Aging, I strongly support these priorities. The frail elderly and disabled definitely need assistance to remain in their own homes and out of institutions. It is certainly more humane and less costly.

Insofar as rental assistance is concerned, it is estimated that 50,000 elderly and disabled renter households have incomes below the poverty level and pay more than 35% of their income in rent. This, of course, leaves them with an insufficient amount of money to purchase other essential goods and services. What is their choice? They have none. There is a diminishing supply of inexpensive apartments. It is most appropriate that an affordable program of rental assistance be provided with casino funds.

When considering any amendments to legislation, or introducing new legislation affecting older persons or the disabled, I ask in your wisdom that you look carefully into the cost of adequate administration financing, with the majority of the money being spent on

the programs. In addition, I ask also that wherever possible, cost containment measures be considered so that we can get the most out of the money appropriated.

I want to thank you, ladies and gentlemen, on behalf of Commissioner Renna of the Department of Community Affairs and myself from the Division on Aging. I offer my services and assistance and that of the Division as you continue to fulfill your legislative mandate. You are certainly to be commended for your efforts on behalf of our elderly and disabled residents of New Jersey. Thank you, Senator.

SENATOR COSTA: Thank you so much, Ann. I think you covered most of the things we are charged with here. We are trying to see to it that those funds are spent in areas where the elderly and disabled need them. Both Assemblyman Paterniti and myself have many bills in our committees -- the Assembly Committee on Aging and the Senate Committee on Aging. We have held them up because we want to see the report of this Commission and its findings as to what the priorities and needs of the elderly are in the State.

We would also be delighted to share our findings with the Governor's Office of Policy and Planning because I think it is appropriate for us to have this kind of rapport and cooperation. It works both ways. We don't want to see them going off and saying money should be spent a certain way when we on this Commission haven't even come up with our findings.

So, we are ready, willing, and able to cooperate with you, the Governor's Policy and Planning Commission, and the Governor's Office.

Thank you very much for your contribution. I will now let the members of the Commission ask questions. Senator Brown?

SENATOR BROWN: Thank you, Madam Chairman. I am delighted to see your emphasis on rental assistance. We have had a lot of discussion in the Legislature recently on the present housing problem in New Jersey. Ever since I entered the Assembly, back in 1980, I have been very much concerned about this. It is in the constitutional amendment we all voted for that casino revenue funds can be used for

rental assistance. This is an area we have not as yet addressed, and I think it is of great concern. I am sure the amount of money that seniors and others are spending on rent -- which you underscore here -- is, in many cases, a lot higher than the 35%. So, I think this is an area that we will be discussing. I have a bill in, S-728, concerning this problem.

On another subject, I would just like to ask you something: How do you find the congregate service we are paying for out of the Casino Revenue Funds, and you administer through public projects, is working?

MS. ZAHORA: In many instances it is working beautifully. There are some areas where it is not working as well as I would like to see it work. As you know, I have been in this job for just about a year and there were many things that I felt needed my consideration; this is one of them.

I believe since we, the State of New Jersey's Division on Aging, are administering this service directly, it should be efficient and effective; I am not sure it is, 100%. We do this in 23 housing projects and we have changed some of the reporting methods. We are looking into cost containment. I want to see it operate as efficiently and effectively as it possibly can. I know it is not that way yet, but we are looking toward getting it that way.

SENATOR BROWN: Madam Chairman, again as we think of these things, I would just like to put something into the record. One concern I have gets back to sheltering. Any person, in this day and age, who is fortunate enough to live in public housing is really getting a great deal of value insofar as what government is helping them with. There are a lot of people who we wish were able to have this break, as far as shelter is concerned.

To compound that, and to give these people who I feel are terribly fortunate to be in public housing the added benefit of-- I wish we could give this benefit to all our people who need it, Madam Chairman. Certainly, if I were a senior living in one of these projects, not only having the benefit of shelter but also meals, I would feel extremely fortunate. I think that is great. I just wish we could do it for more people.

I have a question and a concern, which can be taken up during later discussion: Should we concentrate all the benefits on a few people or try to spread it out and give more people the services?

MS. ZAHORA: Senator, I think you are absolutely correct. This program should really be designed to benefit more people, and we could do it for more people if we had more money. However, the benefits these people are deriving are helping to keep them out of institutions. I think in the long run we are saving at least that much money because we would have these people, who couldn't really afford it, institutionalized if they were unable to be in this program.

SENATOR COSTA: Assemblyman Paterniti?

MR. GIORDANO: Madam Chairman, I am looking at the moneys that will be generated by casino revenues. I am very much in favor of rental assistance. In fact, I have been doing a lot of research on rental assistance, and if we are going to have a viable program in this State, we are talking about a minimum of at least \$20 million. How are we going to generate these moneys from the casino revenues unless we start to transfer some of the existing programs back into the general revenue, and open it up with casino revenues? We can use part of the surplus, but we can eat that up in two or three years and then we are going to be in trouble.

That is one thing that has me in a bind. We have to find more ways to generate more money than just the casino revenues in order to institute some of these programs. The way it is now, every program we have is eating those moneys up. In fact, when the Legislature -- particularly the Assembly -- passed the latest program, the Medically Needy Program, the intent was for it to come out of the general revenue. Now the Administration is trying to dig into the casino revenues for this particular program. I mean, if we had that \$12 million and we could possibly generate more money, maybe we could institute this kind of a program; however, the way it is now, I think it is going to be very difficult.

I even looked at the Section 8 Housing Program, where the Federal government pays the difference. They pay 25% of whatever one's income is. The maximum the Federal government will allow for Section 8

housing is \$400 a month. In most counties it is almost impossible to find a one-bedroom apartment for \$400, so, actually, we have a program we can't even use because this puts people out of the housing market.

SENATOR COSTA: It is quite a dilemma. Mr. Giordano?

MR. GIORDANO: Through you, Madam Chairman, there was an excellent article in The New York Times yesterday, entitled: "Home is Where the Elderly Belong." I don't know if this distinguished lady had the opportunity to read it; however, it covers many things you brought out.

The most important thing it says is that the cost to the State is far less per person than the State would pay if the recipient were receiving a comparable level of care in a nursing home. I have a mother in a nursing home and I know what the problem is. I think she would have been much better off at home because there are some things that can be provided for. I think that is a very important point to consider.

SENATOR COSTA: I think there is one thing we all recognize: We would like to keep our senior citizens at home. I think my respite care bill points in that direction. Hopefully, it will work out properly and be a fully funded program rather than just a pilot program.

Mr. Fricano?

MR. FRICANO: Being one of the persons who is closely involved with the problems of the aging, as you are, and with roughly 70% of the funds we are talking about going into the Pharmaceutical Assistance Program and the Lifeline Program, do you see particular problems, do you think we should be dealing with that share of the money, or do you see areas we can improve upon with the smaller 30%? Obviously, the PAAD and the Lifeline Programs go across the board and apply to everyone in an equal fashion, but that is where the largest chunk is coming from. From your vantage point do you see some way we could handle that in a better fashion, or are we dealing with the smaller amount of money?

MS. ZAHORA: I will tell you, Mr. Fricano, that I think this Commission has an extremely difficult task before it. I must say I

don't envy your membership on this Commission because you have days of hard decision in front of you.

The Legislature, with all the bills that are coming forth, even just for PAAD-- It seems like every time you turn around there is a different bill either increasing the eligibility or adding a co-pay. My staff and I were discussing this just this morning. There is so much out there, with a desire to use the casino funds, that setting priorities -- which is what your task is -- is extremely difficult. Really, you can't look at the small pot or the big pot; you have to look at the total pot and study it as thoroughly as you can in order to come up with what your priorities should be. I just hope that in your deliberations you take into consideration the two things I have mentioned today.

PAAD is certainly to be commended because of all the people it has helped across the State. It is a marvelous program. When you consider the cost of prescriptions today, they are phenomenally expensive. The fact that this one program is helping so many older New Jerseyans is an excellent reason for having the casino funds. I think we have to be terribly careful regarding how we are going to address the needs and the eligibility for that program in the future.

SENATOR COSTA: Assemblyman Kavanaugh?

ASSEMBLYMAN KAVANAUGH: Madam Chairperson, Ms. Zahora just mentioned one thing that I think all of us sitting here as members of the Commission should reflect upon. I also serve as a Commissioner on the Drunk Driving Commission, and we did something on that Commission in a very bipartisan way, in a way that all members agreed upon. It has been mentioned, Senator Costa, regarding some legislation you have proposed, and, possibly, we are going to have to use it. I put ACR-131 in a year ago, asking for a moratorium on the casino bills until we put this Commission and the study into effect. At this time maybe it is appropriate to mention something to the other members of this Commission. I have figured out that there is over \$300 million involved in the legislation that is being proposed. We have talked about the problems and about leveling off, and I think we should do something in order to monitor the bills that have been put in. I would

like to suggest to all the members of this Commission that we generate some sort of resolution amongst ourselves, asking both houses of the Legislature to put a hold on any bills, except for fine-tuning legislation, that are of any magnitude and that would affect the Casino Revenue Fund. I think we should put a moratorium on that type of legislation until this Commission reports to the Legislature.

SENATOR COSTA: Assemblyman Kavanaugh, I stated before that all the bills which deal with the aging and disabled through the use of the Casino Revenue Fund are in our Committees -- both Assemblyman Paterniti's and mine. We are both holding them up until we get the results of this Commission's report.

ASSEMBLYMAN KAVANAUGH: Very good. I am very pleased to hear that.

On another subject, the prior speaker, Peter Shapiro, mentioned the shifting of administrative costs to the local level, and also the possible duplication of effort. Correct me if I am wrong, but I believe you come from county government.

MS. ZAHORA: That is correct.

ASSEMBLYMAN KAVANAUGH: Could you tell us where you were before you came here?

MS. ZAHORA: I was the director of an area agency on aging for 17 years in Cape May County.

ASSEMBLYMAN KAVANAUGH: So you would qualify as an expert on the question I asked. What is your reaction to Peter Shapiro's suggestions regarding bringing this down to the local level, and duplication? Could you comment on that?

MS. ZAHORA: Yes, sir. I think it depends upon the program. Many times at the local level, the area agency on aging -- and there is one in each county -- does an excellent job. They have the administrative level set up. It is already established. So if we were to portion out moneys for a program and funnel it to the area agencies because they already have an administration in process, they could, I am sure, carry out the mandate we would give to them.

If we are talking about setting up a whole brand new level of administration at the local level, I think that would be duplicative

because you would be paying 21 bits of administration from a fund; whereas, with our congregate housing services, for instance, we administer it here. The money goes down to the local level. It goes to the 23 housing authorities, with us doing the administration, the monitoring, and the assessment of the program.

The money is going to go to the local individuals anyway. As I have said here, I really think Mr. Shapiro's comments about administrative cost are extremely well taken. We want to see the majority of the money go to the people it is designed to help, not to an administrative line item. It really depends upon the program. If it could be funneled through the county offices, I think we could guarantee a good job well done.

ASSEMBLYMAN KAVANAUGH: I see some members of the disabled community here this morning. You are the Director of the State Division on Aging, and I have heard seniors and the disabled express the fact that there has been a spirit of cooperation. I am very pleased to see and hear that and I hope it continues. Is there any suggestion you have regarding the leveling off of the casino dollars, and the possible decreasing of dollars for these programs in the future? You know the seniors outnumber the disabled many times over. To protect the disabled and prevent any infighting, what areas do you think this Commission could review insofar as the continued spirit of cooperation between the aging and disabled is concerned?

MS. ZAHORA: I don't really know what this Commission can do to foster that. I know it is being done at the local level in many counties. There are advisory councils set up for the disabled and the aging. They are meeting jointly and discussing their priorities. I think we could foster that across the State. It is just a matter of communication. We do have to keep the lines open.

Certainly the Division on Aging is ready and willing to cooperate with the Office of the Disabled in any way possible.

ASSEMBLYMAN KAVANAUGH: Thank you.

SENATOR COSTA: Thank you, Assemblyman. I have just one last question regarding your priorities concerning congregate housing and rental assistance. In view of that, the Governor has proposed to

increase eligibility for the PAAD program we spoke of before. This would cost us about \$13 million additional dollars from the casino funds. The PAAD and Lifeline Programs would cost us another \$21 million. Is it your recommendation that we deal more in the housing area, or should we accept the Governor's recommendation regarding those increases?

MS. ZAHORA: I know the Governor is very concerned about the people who lost their benefits. I think there are some 40,000 people in this State who lost their benefits because of the increase in Social Security -- the cost of living increase. I realize why he is concerned about that. It is a difficult position to be in, to have the PAAD benefits one year and then lose them the next year simply because you received a very minimal increase in your Social Security. So, it would be very good if that could be addressed.

I don't know how you are going to be able to figure out all of these needs and priorities and set them accordingly because someone is going to be disadvantaged. We do not really want to see that happen, but you are the people who are going to have to make that decision and set your priorities as you see fit.

SENATOR COSTA: I was hoping you would help us out a little bit here. We recognize that we have quite a task before us.

I do have a bill in regarding the PAAD eligibility because of the Social Security increase, which is minimal. In some instances it is only a dollar or two over the limit. The bill will allow the elderly to continue with the PAAD, but it will cost a lot more than my bill asks for. Maybe we can modify it.

I would like to call on Mr. Spizziri.

MR. SPIZZIRI: Thank you, Senator.

Ms. Zahora, can you tell the Commission what percentage of the cost of administering the programs your Department administers comes from casino revenues -- I am speaking now in terms of percentage and also dollars -- and how much goes directly to the people it is most important to help?

MS. ZAHORA: We administer one program with casino moneys, the Congregate Housing Program; it is administered by our Division on

Aging. The total we receive for that program is \$550 thousand. We use 5% of that amount for administration; the rest goes to the 23 projects across the State.

MR. SPIZZIRI: How much of the money for those projects goes for the administration of the projects themselves rather than to the seniors?

MS. ZAHORA: Very little. I don't exactly know the percentage. I can get that for you. It is small because the administrators, so to speak -- the people who are in charge of the program -- are part-time people.

MR. SPIZZIRI: Thank you.

SENATOR COSTA: Thank you, Mrs. Zahora. We appreciate it.

Our next witness will be Grace Applegate, Assistant Commissioner of Human Resources, Department of Labor.

GRACE APPLGATGE: Thank you very much, Senator Costa. I am sorry I don't have written testimony to hand out today, but I will get it to you. I didn't find out about this hearing until late Friday afternoon, when I drafted testimony, and, as usual, on the way over and during the hearing, I made some changes and notes. So, I will send my revised testimony to you.

Senator Costa, members of the Casino Revenue Fund Study Commission, I am grateful for the opportunity to speak to you on casino revenue funds, particularly transportation for the handicapped.

In my capacity as Assistant Commissioner for Human Resources in the New Jersey Department of Labor, I am responsible for the Division of Vocational Rehabilitation Services. The mission of this agency is to assist handicapped citizens in obtaining vocational training and employment.

Transportation is an important part of achieving this objective. The handicapped are particularly dependent upon public transportation and power transit because they do not have the easy access most of us have to private transportation.

As I have traveled the State from one end to the other, I have been struck, again and again, by the multitude of problems that handicapped people endure in attempting to fully participate in

society. Adequate transportation is their major roadblock. Casino funds are helping to remove this roadblock.

One particular group of handicapped individuals who experience great difficulty associated with transportation are sheltered employees who work in rehabilitation facilities throughout the State.

The Department of Labor, through the Division of Vocational Rehabilitation Services, administers the Sheltered Employment Program that gives individuals, who are not able to perform well enough to work in the competitive labor market a chance to develop the skills and work habits they need to obtain a job.

In this program the handicapped person works on contract work in a sheltered workshop, where they are paid according to their production, without any guarantee of a minimum wage. The average wage of sheltered employees in New Jersey, today, is \$1.12 a hour. This is hardly enough for them to pay for transportation of any kind.

There is a myriad of transportation systems that crisscross our State every day, every hour of the day. It seems such a waste. We see people standing on corners waiting for their bus to come while another bus or van goes by half empty. Even if this vehicle is going to the same location, it can only take specifically designated riders because it is paid for by aging funds and it can't necessarily transport the handicapped, or it is paid for by handicapped funds and it can't necessarily transport a senior citizen.

The same is true of transportation networks operated by the Division of Mental Retardation, local school districts, private nonprofit community organizations, or any number of public, quasi-public entities. This is wrong, but what can we do about it? The key is coordination of all the available transportation resources at our local county level. This coordination must not only be intra-county; it must also be inter-county.

The funding of the Senior Citizen and Disabled Residents Assistance Act, which utilizes casino funds, mandates coordination of all existing resources and future transportation at the local level. The coordination requirements of this Act must be strongly enforced in

order to ensure adequate and appropriate transportation services to handicapped residents, especially those who require vocational training and employment.

I just want to say again that coordination is the key to adequately serving both the handicapped and the senior citizens. Thank you very much.

SENATOR COSTA: Thank you very much, Ms. Applegate. Are there any questions from the Committee? Mr. Giordano?

MR. GIORDANO: I would like to ask Ms. Applegate a question. When talking about the handicapped, have you ever heard the expression, "The invisible handicapped?" Those are the deaf and the mute people.

MS. APPLGATE: Yes.

MR. GIORDANO: I am on a commission with a fellow who is deaf and mute, but he is a very sharp individual.

Regarding hearing problems of the elderly, is the State doing anything about that through the handicapped program by providing hearing aids for them, and so forth?

MS. APPLGATE: Yes. In vocational rehabilitation we can supply hearing aids, or any devices that are needed, to handicapped citizens. All they have to do is to go to their local office and if it is needed and they meet the requirements, they can be supplied with a hearing aid.

MR. GIORDANO: When you talk about the handicapped, you always include the blind, the deaf, and the lame, am I correct?

MS. APPLGATE: Yes, absolutely.

MR. GIORDANO: Okay. Thank you.

SENATOR COSTA: Are there any other questions? Senator Brown?

SENATOR BROWN: Thank you. I enjoyed your very good presentation, Grace. I do not mean to put you on the spot, but from first-hand experience can you give this Commission an example of where you think the system is working particularly well, insofar as coordinating the transportation services for the aging and handicapped is concerned?

MS. APPLEGATE: I just found that some counties are doing quite well. In fact, I recently sent a letter to all the executive directors of the Sheltered Workshops, making them aware of the fact that the counties had to have hearings, coordinate their programs, and have input at the local level.

I find that there are some counties that are doing a good job with this, and there are some that are not. There are still problems and as the money comes down, the money that was there last year certainly does not meet the problems. I know there are additional moneys coming into the counties this year.

With reference to coordination, I think by 1987 the counties have to have a coordination report. Until then, there is a problem with how these people are going to get to the Sheltered Workshops. So, we are looking for additional funding; hopefully, we will get it over the next two years in order to cover those areas that are not being covered now.

SENATOR BROWN: I would just like to say that in this area we do need to think about cost containment. I am concerned about the amount of time we spend -- I have spent hours as a freeholder -- planning for coordination of transportation services. Eventually, we want to make sure somebody actually picks up the handicapped worker at the shelter, and gets him or her home. Let's forget about all the planning, and so on; I would be interested to know how many of your workshops actually have transportation in operation at this moment which has come about as a result of all this county planning?

MS. APPLEGATE: I am looking into that and I am trying to find out exactly how many of them-- I find that most of them are pretty active and they are trying to get funds.

A person from Hunterdon County came to me the other day and said that she was on the coordinating committee for the county. She said she constantly saw one van coming to the Hunterdon Occupational Center, delivering one person. It came from way out in Middlesex County, so I am sure the person who was apparently being delivered to the Hunterdon Work Center traveled past a lot of other people who could have been carried to other places.

This is not an easy job, especially when you are talking not just about inter-county but also intra-county. However, when I see the amount of money that is going out for transportation, and I still have people coming to me saying that they have problems with getting their people to and from the workshop, I say, "There has to be something wrong somewhere." That is why I foresee, with the plan that has to be implemented in the counties, that in the future, hopefully, the problem will be solved. However, I am also looking at two years here where we probably do need additional funding to help solve the problem.

SENATOR BROWN: Thank you.

SENATOR COSTA: I think the subject you are on is a very important one. Transportation is a very big problem. Are you saying that the buses for the elderly cannot pick up those who are handicapped and vice versa?

MS. APPELGATE: Not if they are funded with this money. I am also saying that there is aging money out there.

SENATOR COSTA: Do you mean casino funds?

MS. APPELGATE: Yes; that's right.

SENATOR COSTA: They cannot do it if they are funded by casino funds, is that correct?

MS. APPELGATE: It is my understanding that they can, if the transportation is funded by casino funds. They can then pick up both. But there are other funds out there which are just for senior citizens, or just for the handicapped, and those funds cannot be utilized for both. That is what I am saying.

SENATOR COSTA: The right hand doesn't seem to know what the left hand is doing.

MS. APPELGATE: Right.

SENATOR COSTA: Who would handle this? Would this be under transportation? Maybe we should have the Director of Transportation here to speak to us.

MS. APPELGATE: I don't know where all the funds are going. In fact, I am trying to look into that in order to find out about the different funds that are used for transportation throughout the State.

Of course, I am sure different agencies are involved. It is not an easy task, I am sure, insofar as transportation and New Jersey Transit is concerned. I spoke at a hearing they held just recently. They had a hearing about casino funds and how they were being spent. I gave them the same type of testimony, so, hopefully, if we all talk about it enough, eventually it will come about.

SENATOR COSTA: Who is paying for these buses? Is this a Federal program?

MS. APPLGATE: I don't know exactly which ones this lady was talking about. I haven't been able to find out what--

SENATOR COSTA: (interrupting) Well, it is obvious that this is an avenue we have to explore a little further by trying to find out who is in charge. We have to try to get them together and coordinate this. I would like to ask staff to look into this for us and give us some response. If it involves the Department of Transportation, or whoever, we should ask them to come before us.

MS. SEEL: I don't think anyone is in charge; that's the whole problem.

SENATOR COSTA: Eleanor said she does not think anyone is in charge and that is the problem. Maybe we have to get someone who knows what is happening.

MS. APPLGATE: Cathy, my office is doing research on this in order to find all the available funding out there for handicapped people and for senior citizens. I am hoping to do a paper on it. As soon as I have it ready, I will certainly be willing to give that information to the Commission for their study.

SENATOR COSTA: I would appreciate that, Grace. However, if you can't find out, we would like to know. As I said to staff, maybe we can work together on this. I understand how important coordination is: inter as well as intra.

You know, I come from one of the largest counties in the State of New Jersey and it is very difficult to get around. However, I did find out one thing: When people were temporarily handicapped, they could get a handicapped license from their township, but they could not go beyond the borders of the township. About two years ago I had a bill passed, and the law now allows them to do that.

These are things that we don't know about. They have to be brought to our attention so we can look into them further and try to do something about them.

Senator Brown would like to say something.

SENATOR BROWN: I just wanted to say that I am sure that, for whoever is given jurisdiction to cope with these problems for the 21 counties, transportation for individuals who cannot get anywhere on their own will be one of the most frustrating problems all of us have to deal with. One problem is that you have a very transient population and the person who wants to get to your sheltered workshop this week may not be the same person who wants to get to your sheltered workshop in a couple of weeks. So, there are reasons why this has been such a challenge for everybody.

MS. APPLGATE: Right. The problem is not only when they are in the sheltered workshop. We have also found that there is a problem with placing handicapped people in competitive employment. Once they are placed, they can't get to work. After a certain period of time, hopefully, they can get and pay for their own transportation. But there is a period there where even getting to work, once we get them employed, is a problem.

SENATOR COSTA: Assemblyman Paterniti?

ASSEMBLYMAN PATERNITI: I believe, as far as funding for vans and manpower is concerned, there are about three different types of funding sources. One has to do with very rural areas. I think that is a Federal program. Another Federal program will just supply the van and nothing else, if you qualify. I also think there is a new one, through our own Department of Transportation, where they give you moneys for the van, as well as additional moneys for the manpower to operate the vans. I think that is where you may have a problem.

There seems to be a problem between Federal grants and State grants. The Federal government has some really crazy regulations. That is one of our problems in the State today. That's why the Governor had to go a different route in order to generate moneys for the Medicaid and Personal Care Programs.

You may have to look into some kind of a new system in order to create the kind of a program you brought out at this hearing, simply because of the Federal restrictions.

SENATOR COSTA: Thank you, Assemblyman Paterniti, and thank you, Grace Applegate, for bringing this to our attention. We look forward to working with you on it.

MS. APPLGATE: Thank you very much.

SENATOR COSTA: Our next witness will be Robert Kowalski, President, New Jersey Pharmaceutical Association.

ROBERT KOWALSKI: Good afternoon, Madam Chairman and members of the Commission. I am Robert Kowalski, President of the New Jersey Pharmaceutical Association. We were organized in 1870 and represent over 3,000 practicing pharmacists in the State of New Jersey.

In the early 1970s, our Association grew increasingly alarmed about the impact of the cost of medication on senior citizens. Since Medicare, in 1965, senior citizens have had increasing availability of physician services to improve the state of their health. We rapidly learned that the medications which often made the difference between maintaining or improving health were out of their economic reach.

Congress refused to take action regarding this serious problem. We brought this dilemma to the attention of our legislators. In 1975, New Jersey adopted the first Pharmaceutical Assistance to the Aged law in this country. It has served as a model for the other states.

Television networks carried documentaries on the problems of senior citizens. They provided information about senior citizens who were caught in the inflationary spiral and had to make choices between medicines or food.

This was particularly powerful in the last 10 days of the month before pension and Social Security checks arrived. Thank God, some enlightened members of the Legislature in the State of New Jersey sought to make sure this would not happen in New Jersey.

Before casino funds were available, the Legislature and the Governor recognized the needs and they provided the solutions to this

serious health problem. When casino funds became available, PAAD was high on the list for expansion and improvement. Casino funds now represent a sizeable portion of the PAAD budget. For this coming fiscal year, casino funds will equal \$37 million of the total \$84 million, or 43.7%. These funds have allowed the Legislature and the government to expand the eligibility requirements so as to keep pace with inflation. Additionally, eligibility has been expanded to include the disabled. The Legislature has also increased the benefit packet to make the entire law more beneficial.

Most recently, Assemblyman Paterniti's bill, which permitted the payment of diabetic testing and supplies, was added. When this law was enacted, we put out statements, which were circulated nationwide. They indicated that New Jersey had one of the major older population concentrations in this country, and, with great pride, stated that the seniors in our State will not suffer from drug deprivation.

New Jersey raised the standard and definition of caring. Now that the problems of economics are essentially behind the senior citizens regarding prescription medications, we have had more time to devote to equally important questions.

The New Jersey Pharmaceutical Association, in conjunction with its Pharmacist Institute of New Jersey, has continually expanded the role of patient counseling for senior citizens. Incorrect use of medications by the general public is a difficult problem. In the case of senior citizens, it is a problem which has grown to acute proportions, and it may be heading toward a crisis.

Medication awareness conferences and a medication counseling program, which is the largest in the country, identify a clear and current danger and a clear and current need for improved pharmaceutical techniques.

We believe we are doing a good job in the practice of pharmacy, but we know that a good job is not enough. New Jersey was the first State in this country to require patient records. Every patient getting prescriptions filled in pharmacies in New Jersey has his data entered on a family record, along with idiosyncrasies and sensitivities. This has been mandatory, by Board of Pharmacy regulation, since 1972.

New Jersey requires continuing pharmaceutical education. In 1970, the New Jersey Board of Pharmacy adopted the far-reaching regulation which permits pharmacists to add supplemental labeling to prescriptions in order to encourage full compliance with the necessary clinical use of prescription medication.

For example, a physician might write the directions as follows: "Take one three times a day." The finished prescription label might read: "Take one tablet three times a day, after meals, with a full glass of water, until the entire prescription is consumed." This may only seem a small change, but very often it is the difference between failure or success in therapeutic treatment.

Scientific literature concerning the lack of patient compliance, especially among the elderly, is substantial and growing. A recent article published in the Florida Medical Journal in April, 1984, points out the potential for patient misuse of prescription medications.

According to the author, the results of the study indicate that two-thirds of the population surveyed were at risk of medication mismanagement, as measured by the quantity and frequency of use of prescribed medications. Forty-three percent were considered at risk with regard to potential misuse of over-the-counter drugs; and 58% were at moderate or high risk of misuse of both over-the-counter and prescription medications. A total of 83% of all respondents engaged in at least one unsafe medication practice. Taken as a whole, a picture emerges of the elderly being notable risks with regard to engaging in unsafe medication practices.

Risk of misuse is further increased, according to the article, because 26% had difficulty reading labels and they could not distinguish one medicine from another, and 36.3% failed to discard old medication.

Research was done in Toronto, Canada, by C.I. Grife, M.D., published in the Journal of the American Geriatric Society in April, 1984. The author points out that one of the problems which senior citizens encounter is the inability to contact their physician. They cited a study by McAlister and Tong, in which 950 telephone calls were

made in an effort to speak with 161 different family physicians. Fewer than half of the physicians were available within the study's time parameters.

They then checked with the patients' pharmacists and found that they were almost always available and that the pharmacists gave appropriate responses to drug-related inquiries more often than physicians. I might add, parenthetically, that in the area in which I practice -- which is in East Windsor, a suburb of Princeton, Trenton, Freehold and New Brunswick -- 75% of the time, physicians rely on pharmacists to enhance or to further explain prescription medication to the patients I serve.

To continue, two-thirds of elderly patients have difficulty opening safety closures. The Grife study also points out that pharmacists generally work with patients in the correct choice of container.

In New Jersey we have attempted to improve upon the national average of senior citizen container knowledge. Many years ago, we developed a one-year waiver form permitting pharmacists to provide the container of choice by discussing these problems with the patient.

Recently, we made health education brochures and medication-awareness counseling and conferences available, to our pharmacies. These brochures continue to point out the necessity to make wise choices concerning safety closures. Copies of our sample pamphlets are attached to the handouts which we distributed to you.

A paper published in England, Practitioner, March, 1984, written by Michael Edwards, consultant physician in geriatric medicine, cites an earlier paper done by McDonald in 1977, which says something critical. McDonald indicates that most medication dosage errors by the patient occur within one week of hospital discharge. That is the critical week which must establish the correct use of medications by the patient. It is imperative that physicians and pharmacists make an early effort to fix the patient's concept of the correct use of medication and medication schedules.

What drugs and what impairments make the compliance problem so critical? Fetter, in a paper published in Drug Intelligence,

February, 1984, summarizes the types of problems which cause patient mismanagement. High on the list are vision and hearing impairment, and the patient's level of disability. If the patient were well, he or she wouldn't need the medication. It is these infirmities which often cause both the patient's condition and the patient's inability to function without direct patient counseling, most often by the pharmacist.

Thirty-nine percent of the elderly in one community had some form of hypertension. This often requires treatment by diuretics and other drugs, all of which depend upon substantial patient counseling; the earlier in the game, the better. Counseling is patient triggered. Someone has to tell us that he doesn't understand what is written or what we told him.

Once the pharmacist initiates counseling, it is conditioned by discussion, sight, and sound. The dose of drugs for older people is also something which falls, to some extent, more in the area of art than science.

The last study also cites data that a majority of elderly patients receiving digoxin -- a drug used to control the rate of the heart -- need reevaluation and may not require the drug at the present time at all. Today, some 30% of elderly patients use eight or more prescription drugs daily. That is probably higher in New Jersey because drugs are appropriately more available.

Dr. John Gans of the Philadelphia College of Pharmacy reports that one-sixth of all hospital admissions of patients over 70 can be attributed to adverse drug reactions.

The national cost of these admissions is estimated to be \$21 billion each year. If you believe that \$21 billion makes a difference, and if you believe that the problem in New Jersey is probably greater because of our greater level of caring, you must then conclude, as we have done, that more patient education, more patient counseling, and better systems are needed.

Drugs are the first line of defense against most illnesses and they are the most cost-effective form of treatment. However, drugs that are used inappropriately, and failure to comply with prescribed drug regimens, result in wasted PAAD dollars.

A recommendation by this Commission to increase the scope of patient drug counseling and to encourage PAAD recipients to utilize only one neighborhood pharmacy where this vital service is available, would go a long way toward improving the quality of life for these patients and toward conserving scarce health dollars by reducing unnecessary hospitalization.

The PAAD law gives New Jersey a unique opportunity to establish a pharmacy program second to none in this nation. The Association and the Pharmacist Institute of New Jersey have been working closely with many members of the Legislature and with State government to seek qualitative improvements in the pharmacy practice so that New Jersey residents become a smaller and smaller percentage of this \$21 billion burden. This is a goal which we and the Legislature, partly by utilizing casino money, should seek for the future. Thank you.

SENATOR COSTA: Thank you very much, Mr. Kowalski. I appreciate what the pharmaceutical industry has been doing by trying to alert senior citizens to the problems that are inherent with a lot of medication they are taking.

I like the fact that you are looking into the safety covers; I know I can't get them open. (laughter)

MR. KOWALSKI: You have to find a three-year-old; they can open them.

SENATOR COSTA: I don't know if I should address this to you or to the medical profession, but on prescription labels they sometimes state, "As advised by the doctor;" it really doesn't go into detail on the label. As we know, many senior citizens retain their medications. They don't take the entire bottle they are supposed to take and they have some left over for a later time when they are not feeling well. They look at that prescription and, once again, they may be taking things they are not sure about.

I find that doctors talk to their patients but they don't put it in writing, so they forget once they leave the doctor's office. I think the labeling should have an expiration date, as far as the

medication is concerned because they may be left on the shelf for quite some time.

Also, if there was just a little more detail on the label, with the cautions also stated, I think it would help.

Are there any questions from the members of the Commission?

MR. KOWALSKI: May I answer that?

SENATOR COSTA: Sure.

MR. KOWALSKI: I don't choose to answer for the medical profession, but I am a practicing pharmacist in this State. I don't agree with instructions that say, "Take as directed;" they are too vague and too nebulous. A week later one might forget. I agree with you 100%. That is something that has to be addressed between the pharmacist and the physician. We have to be more explicit about directions regarding specific prescription drugs.

Regarding the idea of keeping a prescription drug, that is the most unwise thing a person can do. Most drugs are intended for a specific condition and physicians now write prescribed courses of therapy for consumption, barring any untoward reactions or side effects that may develop. If a reaction does develop, at that point the drug should be discontinued and destroyed. One shouldn't keep things for a later date.

SENATOR COSTA: We know that, but that is not done.

MR. KOWALSKI: Well, if there is proper interplay between patient and pharmacist, that can be achieved.

SENATOR COSTA: Also, it would help if you put the expiration date on the label.

MR. KOWALSKI: I happen to use a computer in my practice. My computer automatically does that. I don't know; maybe that should be considered.

SENATOR COSTA: Yes; caution, with adverse reaction.

Mr. Spizziri.

MR. SPIZZIRI: Thank you, Senator. Mr. Kowalski, can you tell this Commission specifically what you would like to see us do by way of recommendation to the Legislature, to increase the scope of patient counseling? I have several questions, but that is the first

one. What do you think should be specifically done to increase this counseling program? What steps, recommendations, and so forth, do you have?

MR. KOWALSKI: I think in the brochures-- I don't know which division puts it out; I don't know if it is Consumer Affairs or Medicaid that administers the PAAD program. But, when they encourage people to sign up for the PAAD benefit, I think there should some type of wording in there urging people to patronize one pharmacy. It is to their benefit and to the State's benefit if they did this.

MR. SPIZZIRI: Are you advocating that a particular pharmacy be authorized, if you will, to engage in patient drug counseling, rather than all pharmacies; is that what you are saying?

MR. KOWALSKI: No, I'm not. I am advocating that this be the state of the art.

MR. SPIZZIRI: For all pharmacies?

MR. KOWALSKI: Yes.

MR. SPIZZIRI: So, looking at your testimony, it wouldn't really make any difference to encourage a PAAD recipient to go to a particular pharmacy if all pharmacies were to engage in this type of counseling?

MR. KOWALSKI: As I stated in my presentation, counseling is something that is patient initiated. You really don't know when you type specific instructions, such as "Take one tablet two hours before," or "one hour after meals," whether the patient fully understands those words. So, you have to encourage people, for their own benefit, to ask further questions regarding things they do not fully understand.

MR. SPIZZIRI: Couldn't it be that the particular pharmacist, in dealing with the senior or disabled patient, should initiate that? Wouldn't that be the better way to touch base?

MR. KOWALSKI: You do if the directions are complex or out of the ordinary; but you really have no way of knowing, when a patient is going to two or three different pharmacies, what medication that person has or what their level of understanding is. That is the case that exists today.

MR. SPIZZIRI: My final question is, are you advocating in your testimony that there should be some type of reimbursement from the funding to the particular pharmacies that engage in counseling services?

MR. KOWALSKI: This already exists. That sort of mechanism is already in place.

MR. SPIZZIRI: Are you advocating then that this funding should be increased for this particular service?

MR. KOWALSKI: I am not advocating that it be increased. All I am advocating is that the Commission be aware of what we are doing. When you consider the fact that the Governor has advocated an increase in the PAAD fee we receive, we are worth what we do.

MR. SPIZZIRI: What is that fee? Is it based on a particular prescription dollar amount or a flat sum? How is that calculated at the present time?

MR. KOWALSKI: No. The fee structure is the most misunderstood thing in existence in the PAAD program. The pharmacist is reimbursed on a graduated, incremental scale. He is reimbursed a base fee, which anybody who participates in the program and provides services gets.

In addition to that, he is provided an increment for patient counseling and he is also provided an increment for the availability of 24-hour service.

Now, there is a third level of increment that is available to those practitioners who practice in what we call impact areas, where over 50% of the volume they do in filling prescriptions, involves Medicaid recipients or PAAD recipients. That is the highest level of reimbursement. That forms a dollar figure at this point in time of \$3.50, if one is eligible for the largest increment. That is added to the cost of the medication and forms the final price. The patient -- the PAAD patient -- pays \$2.00 for each prescription, and the State pays the remainder of that sum, minus the co-pay, less a regression structure that the State has worked out for pharmacies who are large volume. The State figures that they buy better and so they should participate in some of the savings. We feel this is a fair way of administering the program, by the way.

MR. SPIZZIRI: Let's assume this scenario: I come into your pharmacy and you give me counseling services. What mechanism do you then utilize to trigger your reimbursement for the counseling service you gave to me?

MR. KOWALSKI: That is included in my fee.

MR. SPIZZIRI: Automatically?

MR. KOWALSKI: Yes, because I have agreed to do that through the contract I have signed with the State.

MR. KOWALSKI: Then in every case, every senior who comes into your establishment is automatically given counseling?

MR. KOWALSKI: I don't discriminate between seniors and non-seniors.

MR. SPIZZIRI: I am not asking you to; please do not misunderstand me. However, in terms of this particular reimbursement you are talking about, you have signed a contract with the State to provide that service; so you do that in every case?

MR. KOWALSKI: That's correct.

MR. SPIZZIRI: Would you say it is a fair comment that most, if not all, pharmacists who have signed that contract provide this service automatically?

MR. KOWALSKI: I don't know. I really don't. I would hope they do.

MR. SPIZZIRI: So there is no effective way of monitoring that?

MR. KOWALSKI: I don't think the recipients are aware of the services that are available. In other words, you get what you demand sometimes too.

MR. SPIZZIRI: You don't have a sign in your pharmacy, on your drug counter, which states, "Seniors Please Inquire," or give them something which will prompt--

MR. KOWALSKI: (interrupting) I have a large amount of literature to that effect.

MR. SPIZZIRI: Forget the literature, I am talking about a sign that one can come in and read.

MR. KOWALSKI: I submit to you that with the number of signs which are mandated by State law, if I put up another one, they wouldn't be able to see my cash register.

MR. SPIZZIRI: I am not asking for that; please believe me. I am just asking if you display some type of sign indicating that this type of service is available to seniors.

Since you have testified that an inquiry for the counseling is generally patient-prompted--

MR. KOWALSKI: (interrupting) Right.

MR. SPIZZIRI: (continuing) --you don't have anything in your establishment which would indicate to me, as a senior or a disabled person coming into your establishment, that you will tell me how to take the drug.

MR. KOWALSKI: Well, let me put a question back to you. Would you consider a sign which says, "Free blood pressure testing; come in and have your blood pressure taken free," indicative of someone who would not communicate with you? How would you interpret someone who puts signs in the window stating, "Ask your pharmacist if you have a question regarding the consumption of over-the-counter drugs in relationship to your prescription drugs?" Do you think this would satisfy your question? Because that is what I do.

MR. SPIZZIRI: I don't know. That is why I am here; I am here to try to find that out.

MR. KOWALSKI: As I said, it is just a matter of communication. You can do it to the best of your ability, but if you are not getting results, then it is up to us to go back, sit down at the drawing board and figure out a way to better reach these people.

MR. SPIZZIRI: Fair enough. Thank you.

MR. KOWALSKI: You are welcome.

SENATOR COSTA: Assemblyman Paterniti?

ASSEMBLYMAN PATERNITI: I think what he is trying to do is to more or less give you an avenue to use in order to establish a better relationship with the pharmacists and the people who are recipients of the medication.

I have one big fear. For instance, if I go to my own pharmacist -- whether I am a senior citizen or not -- I know when I go in to get a particular drug, my pharmacist always does that. He explains it to me. He tells me if there is a similar drug; what it does; and what it doesn't do. He goes back somewhat and checks my past history, and so on.

Right now we have a lot of companies, or chain stores, that want to advocate this. In fact, they were even thinking about coming out with coupons. There are a lot of senior citizens who are not on the PAAD program and who may go there just to save 50 cents or 75 cents, and not get the counseling. These people end up having a greater problem.

I think he is trying to enlighten us. It is important, if you have a pharmacist who knows your case history, to stay with him because in the long run it may either save your life or it will eliminate a lot of unnecessary problems. I don't know whether I said that right or not.

MR. KOWALSKI: It is a fair assessment.

ASSEMBLYMAN PATERNITI: That is the truth. You have that with all kinds of crazy clinics. You think you are getting a break and instead of being helped, it is the other way around. It seems they are trying to change the pharmacy and put it more or less on a assembly line basis, when, in reality, it is more of a personal-type service. I think that is one thing we have to consider.

SENATOR COSTA: On the other hand, I believe what came out of Mr. Spizzari's questions was that you have a contract with the State: When dealing with PAAD recipients, you are to give them counseling services, whether they ask for it or not; it should be there for them.

MR. KOWALSKI: It is.

SENATOR COSTA: Without their asking? You said something before--

MR. KOWALSKI: (interrupting) Senator, I would submit to you that we really have no idea -- unless something is out of the ordinary -- when we type a label, "Take one three times a day," how that is going to be interpreted. We try to put in into language that someone can interpret, depending upon the drug he is taking: "Take one in the

morning, mid-afternoon, and at bedtime." -- now those are pretty specific directions, but you would be surprised how people interpret things.

I have had to cope with my own mother because she is 75; we found she wasn't complying by taking the medication because she forgets, so we got a container with seven-day compartments. We put the medication in there and now she says she is taking the medication with no problem. So, one really has no way of assessing what three times a day means to one person as opposed to what it means to another. What are your waking hours? What are your sleeping habits?

SENATOR COSTA: I am not only talking about writing on the label; when someone comes for a prescription, I am talking about the pharmacist himself discussing that drug or those drugs with the patient or with the person who is picking up the medication, just as an added part of his consultant fee.

MR. KOWALSKI: The fee is there already.

SENATOR COSTA: I am talking about giving the service.

MR. KOWALSKI: The services are there if they make themselves available to them.

SENATOR COSTA: Okay. I think we are going around and around with this one. Does anyone else wish to ask a question?

MR. DALY: Yes.

SENATOR COSTA: Mr. Daly?

MR. DALY: Through you, Senator, just as a matter of information, I would like to ask Mr. Kowalski a question. Do you have any idea of what percentage of pharmacies in New Jersey take part in this program? They are certainly not all in it, are they?

MR. KOWALSKI: No. You are correct; there is not 100% participation in the program. I know that. I do not know to what extent; I would say there is about 70%, at least. I am not really sure. If you want the statistics, we will get that information back to you.

MR. DALY: No, that is not necessary; it is just a matter of information. Thank you.

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SENATOR COSTA: Is there anyone else who wishes to ask a question of the witness? (no response) Thank you very much, Mr. Kowalski.

Our next witness is John Langan, Chief, Bureau of Lifeline Programs, Division of Medical Assistance and Health Services, Department of Human Services. Thank you for coming, Mr. Langan.

JOHN LANGAN: Senator Costa and members of the Commission, I am here representing the Department of Human Services, Division of Medical Assistance and Health Services. Mr. Wheeler was called by the Governor this morning, so he couldn't be here.

I do not have prepared testimony, but I do have several pieces of literature and the annual reports of the Lifeline and PAAD Programs, which will provide you with a background and some relative statistics regarding the expenditure of the casino funds that are administered by our Department.

The first program I would like to give you an overview of is the one I am most familiar with, the Lifeline Program. There is a brochure describing the various Lifeline Programs administered by my Bureau. They are the Lifeline Credit Program, the Tenant's Lifeline Assistance Program, and the Special Utilities Supplement for SSI recipients.

In Fiscal Year 1984 -- you will receive a copy of our annual report -- the Lifeline Program benefited 282,607 households, with a total expenditure of \$54,834,000. This consisted of the Lifeline Credit Program, which served 165,400-plus households. The Tenant's Lifeline Assistance Program serviced 37,522 households. The Special Utilities Supplement for SSI beneficiaries amounted to 79,631 households.

The total administrative costs for administering these benefits amounted to \$3,460,000, less than 7% administrative costs. The Program is available to seniors and disabled residents of the State of New Jersey, who have an annual income of less than \$12,000 for a single person, and less than \$15,000 joint income for a married couple.

In addition, to be eligible for the Lifeline Credit Program, the senior or disabled resident of the State has to have responsibility

for their utility bills. If the utility bills are included in their rental, then they are eligible for the Tenant's Lifeline Assistance Program.

In Fiscal Year 1984, and also this fiscal year, the benefit amount was \$225.00 per household.

The next program I would like to discuss with you briefly is the Pharmaceutical Assistance to the Aged and Disabled Program, more commonly known as PAAD. The PAAD Program last year benefited from casino funds: 59,863 aged individuals and 20,262 disabled individuals, a total of 80,125 persons, with benefits amounting to \$20,744,000.

The administrative costs funded from the Casino Revenue Fund were \$1,407,600. This is just over 5% of the benefit amount for administrative costs.

I have also provided you with a copy of the Fiscal Year 1983 Annual PAAD Program Report, which contains the statistical information that I just discussed, plus a detailed breakdown of the number of households by county. It also includes average drug costs and per-claim prescription costs.

The next program administered by our Department is the Community Care Program for the Elderly and Disabled. This is described in the brochure which was just handed out.

The CCPED Program, as it is more commonly referred to, provides an alternative to nursing home care. It provides a full array of services such as home health services, medical day-care, medical transportation, homemaker services, social adult day-care, respite care, and case management.

This Program is an add-on to the Medicaid Program and has received a waiver as a demonstration project in New Jersey by the Federal government. We have received a waiver to provide 1,800 what is referred to as "slots," or eligible individuals, with community care. In order to be eligible for the Community Care Program, an individual must be 65 years of age or over, or be disabled as determined by the Social Security Administration. Monthly income cannot exceed the nursing home income limit, which is \$975.00 per month. In addition, the eligible individual must need, or must be determined to need, nursing home care.

This Program is currently in its second stage of implementation. It is being implemented in a phased approach. To date, we have served 978 individuals, and by the end of this year, we hope to have served 1,200. The total costs estimated through the end of this year are \$6,861,000, which will be shared equally between the State and the Federal governments. The State's share is being funded by casino revenue, and it amounts to \$3,430,500.

In addition, out of the Medicaid Program, we are also funding two additional Medicaid services from casino revenues. One is the Personal Care Program, which provides personal care -- homemaker care -- for individuals in the community. We have benefited 4,400 individuals, and the costs for that Program are \$1,068,000 shared, again, equally by the State and the Federal government. The State's share of casino revenues is \$565,769.

We have also received another waiver from the Federal government for our Medicaid Program. It is called a Model Waiver Program. Under this Program, persons needing long-term care or nursing home care are cared for in their homes at a distinct savings over what it would cost for institutionalized care. The Federal government allowed us to serve 50 persons in a demonstration program using this method. The cost for that was \$262,000, which, again, is shared equally by the State and the Federal government. State casino funds for that Program were \$134,000.

The total cost of administration for the three Medicaid Programs -- CCPED, Personal Care, and the model waiver programs -- amounts to \$195,000. That is estimated for Fiscal Year 1985.

If I can answer any questions that the Commission may have regarding the administration of any of these programs, I would be happy to do so.

SENATOR COSTA: Thank you. Assemblyman Kavanaugh?

ASSEMBLYMAN KAVANAUGH: I have just one question. It has always seemed strange to me that the requirements of the PAAD eligibility -- the \$12,000 for single and the \$15,000 for a married couple, at a time in your life when you probably lose your spouse-- If you have an income as husband and wife under \$15,000, and if one of the

spouses dies, you have that card, but you are going to be off the program because then you are considered to be a single person; you have to be under the \$12,000 level. I'm just wondering if there is a better way because what we encourage in second or third relationships is the cohabitation of the individuals without Holy Matrimony. We are certainly not going to get into birth control devices, so we don't have to worry about that. I'm just wondering what we can do for individuals whose joint incomes -- say if they are \$10,000 each, which would be \$20,000 combined -- go over \$15,000 and they get knocked off the program. How could we help those people without the State saying, "Don't join together or we'll take you off our program?"

MR. LANGAN: The problem you raise is a very real problem, but I don't have a solution for you. We administer the program as it is legislated, and the legislators enact the laws. We administer the program based on those laws you enact. We would be willing to work with you to devise and recommend schemes to perhaps deal with this problem, but right now, I don't have a solution for you.

ASSEMBLYMAN KAVANAUGH: Do you know of any states that do?

MR. LANGAN: New Jersey is rather unique in the design of its PAAD Program. As you know, we were the first. Other states that have implemented Pharmaceutical Assistance Programs have come to us for advice and are modeling their programs after ours. Pennsylvania and New York are now in the process of implementing a program; Connecticut is also interested. I think they are all dealing with it in the same way we have attempted to deal with it, which is by allowing a differential between spouse, single, and married couples.

SENATOR COSTA: I believe, Assemblyman Kavanaugh, I had a bill in to that effect -- to do just what you are speaking about. I believe we should hold up on that because it is a matter of money. While it does seem unfair -- it seems like you are encouraging cohabitation rather than wedlock -- I feel that if this Commission comes through with this as a high priority on the list, then we should have it as a Committee bill.

ASSEMBLYMAN KAVANAUGH: Mr. Langan, are there significant numbers of seniors on the PAAD Program with incomes of less than

\$15,000 when they lose a spouse? Do you have to take many off the program?

MR. LANGAN: It is not a significant number.

ASSEMBLYMAN KAVANAUGH: But, there are people who are denied the PAAD Program because of that?

MR. LANGAN: There are people who are denied program benefits because of that.

SENATOR COSTA: It is not only with the loss of a spouse; it is even hard to get on it to begin with. Are there any other questions from the Commission? Mr. Fried?

MR. FRIED: Thank you, Senator. I'm concerned as to why we haven't looked into a mail-in program for prescriptions. My company has instituted this recently. It is for long-term medication or dependent medication. Previous to the prescription plan we have, I would pay \$2.00 for each individual prescription. Now when the doctor writes that prescription, in 30 days, I'll pay \$1.00. My company is saving upwards of 30% over the cost of that prescription for a 30-day period. I don't see where we have been involved in this at all.

MR. LANGAN: Perhaps your question would have better been addressed to Mr. Kowalski who spoke before me, but--

MR. FRIED: Well, he represents the Pharmacy Association. I don't think he would be in agreement with a situation like that.

MR. LANGAN: Our feeling is that the Program, as it is administered now, is very popular and very beneficial to seniors. The counseling provided by pharmacists on how to take their medication is a service that one could not obtain through mail-in systems such as you have suggested. We are not in favor of a mail-in system of drugs.

MR. FRIED: Is it because of that particular reason?

MR. LANGAN: One of those reasons, yes.

MR. FRIED: Well, over the past few years, I have had reasons to obtain quite a few prescriptions. You talked about counseling. The pharmacies I've been involved with are members of the PAAD Program, and that is non-existent. I don't really think that is the prime requisite of this particular situation.

When you talk about counseling, I think that province revolves around the doctor. Most prescriptions are given by a doctor to a pharmacist over the phone. Today very few of them are written. In this instance, when you are talking about medication that is going to be prescribed for a period of time on a mail-in program, it has to be written, it has to be spelled out, and it has to be very detailed as to what the situation is going to be.

You are talking in terms of, as I say, a 25% to 30% savings--

MR. LANGAN: There are also other problems with monitoring and regulating out-of-state pharmacies that we might not have the ability to do in the State of New Jersey. There are problems such as the ability to mail certain drugs. Certain drugs can't be mailed.

MR. FRIED: That is true.

MR. LANGAN: Certain drugs have to be refrigerated, and they cannot be sent through the mail.

MR. FRIED: Anything under that condition would have to be maintained by the local pharmacy. Again, in my case, I send my prescription to Pennsylvania; yet, their home office is here in New Jersey. If I want to find out anything, I call the home office, and they specifically answer my question.

You are talking about a lot of money when you talk about a 25% saving of \$37 million. Even a portion of that would be most substantial. I think that is something that should be looked into.

SENATOR COSTA: Thank you. Mr. Haas?

MR. HAAS: Thank you, Senator. I have just a point of clarification. Is this program for the PAAD available to pharmacies that are not within the State of New Jersey? Is there a user choice as to which pharmacy you want to use, or it is only available within the territorial limitations of the State?

MR. LANGAN: It is only available to pharmacies within the State of New Jersey.

MR. HAAS: If I worked in New York, for example, and it was more convenient for me to have my prescriptions filled in a New York pharmacy, they could not participate in this program?

MR. LANGAN: That is correct.

MR. HAAS: You said something which triggered that question, and I wanted to clarify it. Thank you.

SENATOR COSTA: Assemblyman Paterniti?

ASSEMBLYMAN PATERNITI: Regarding the Community Care Program for the Elderly -- the in-home care -- didn't we run into a problem? I guess the way the Program was set up, if you went above the Medicaid, the amount over and above that amount would be deducted from your income for that month. It was putting a lot of the seniors in a situation where they were actually getting the Program, but it didn't leave them enough money to eat or provide for shelter. Am I correct?

MR. LANGAN: That is correct. There is a cost-share provision in the Community Care Program. The cost-share provision requires the eligible individual to spend down to what the Medicaid community standard is. I think that is currently about \$375.00 per month. Persons with income over and above that standard would be required to cost share down to that standard. There are certain exclusions such as medical bills, which are not covered by the CCPED Program.

ASSEMBLYMAN PATERNITI: If a person is paying \$300.00 or 350.00 per month rent, and he is getting \$600.00, when they take the \$300.00 away from him, he doesn't even have enough money to pay his rent, let alone feed himself. That is not our fault because that is a Federal program, and it is kind of counterproductive.

MR. LANGAN: This Program is not for everyone. Those people who would be in situations where they could afford to spend down to that if they were living with a relative could take advantage of this Program.

ASSEMBLYMAN PATERNITI: No, it doesn't work. For example, I know of a situation where a woman was getting about \$150.00 Social Security per month. She lived with her daughter. I thought she would be eligible for in-home care because she made less than \$362.00 per month. I found out though that because she lived with her daughter, they included her daughter's income, so it would cost more to have someone come in and take care of her than what the daughter was earning. It was a Catch-22. We ended up putting the woman in the

hospital under Medicaid where it cost the Federal government \$800--some rather than keeping her at home for about one-third of that amount.

MR. LANGAN: We have asked for a waiver to the spend-down provision with the Federal government. We have not yet received a response to that, but we are aware of those concerns.

SENATOR COSTA: Mr. Daly?

MR. DALY: Thank you, Senator. Mr. Langan, regarding the Community Care Program, you compared the average nursing home costs. You didn't actually mention the costs, but--

MR. LANGAN: No, I didn't do that.

MR. DALY: How do they compare on a per-diem basis with this?

MR. LANGAN: We are required under the waiver we received from the Federal government to stay at least 70% below the institutional care figures. Our actual experience though has been somewhat better than that. We have experienced about 50% to 55% of the institutional costs in the Community Care Program. It is a very beneficial Program; it is a cost-effective Program, plus it keeps people out of nursing homes. Again, it is not a program for everyone.

MR. DALY: Thank you.

SENATOR COSTA: I have just one more question, Mr. Langan. Regarding the seniors knowing about these services, do you have an Outreach Program?

MR. LANGAN: Yes, we do. We have several Outreach Programs. Lifeline has its outreach program; the Pharmaceutical Assistance to the Aged and Disabled has an Outreach Program; and, the CCPED Program has an Outreach Program. The CCPED Program, in particular, has received a lot of publicity lately because it is a new program.

We have 16 Medicaid district offices throughout the State, and we also use the county welfare agencies to determine financial eligibility for this Program.

SENATOR COSTA: Has the funding for the Outreach Program been cut?

MR. LANGAN: No, it hasn't.

SENATOR COSTA: Okay. Seeing that there are no more questions, thank you very much, Mr. Langan.

Before I call the next witness, I would like to say to the members of the Commission that it is past lunchtime, and I would like to continue. If anyone wishes to leave to get something to eat, please do so, and the rest of us will keep this going.

We have three more speakers. Ester Abrams from the Task Force on Legislative Concerns, New Jersey Commission on Aging, is next. **ESTER ABRAMS:** My name is Ester Abrams, and I live in Princeton. I represent the Older Women's League of the Legislative Task Force, but I am here today representing the whole Task Force on Legislative Concerns. We are very grateful to this Commission. As long as I've been on the Task Force, we have talked about trying to set up some priorities for spending casino funds, so we are grateful. We want to tell you what our two priorities are.

After a series of meetings, beginning with the formation of the Task Force, we mutually agreed on the two following priorities:

The first is home health care. This is a system of home and community based long-term care for vulnerable aged and disabled persons, regardless of income. Home care is a more efficient, less expensive, and more humane alternative to nursing home confinement. It has universal appeal in that home care knows no economic bounds. The person above the poverty level could have as great a need for home care as the poor person.

If there is no alternative, the average person would exhaust savings after a comparatively short stay in a nursing home, after which Medicaid, at government expense, would be the only alternative.

The objective would be to reduce the cost of Medicaid rather than to increase it. The aged 65 population in New Jersey, according to the Governor's Management Study, is expected to increase by 225,000, a 30% increase, by 1995. Moreover, a few years after that when the baby boom attains aged 65, one person out of five will be age 65 or more. A serious problem is building up in New Jersey, unless alternatives to nursing home confinement are developed.

It is estimated at the present time that 30% of the nursing home population could be cared for in a home setting if facilities existed. Home care is receiving the support of the Federal government,

and will continue to do so as a measure of saving Medicaid dollars, as well as a more humane system.

Before I talk about our second priority, I would appreciate telling you the organizations we represent on the Task Force on Legislative Concerns: New Jersey Federation of Senior Citizens; New Jersey Council of Senior Citizens; Older Women's League, U.A.W. Retired Workers, Region 9; New Jersey Coordinating Council of Organized Older Citizens, Inc.; American Association of Retired Persons; New Jersey Coalition of Advisory Councils; New Jersey Council of Retirees ILGWU; and, New Jersey Commission on Aging. We are really the Legislative Task Force of the Commission on Aging.

Our second priority is rental assistance. This is a program of rental assistance for senior citizens and disabled residents whose rent is excessive in relation to their income.

Rents are rising beyond the ability of many of our seniors to pay, primarily due to increased property values and insufficient, very expensive rental construction. Thousands of seniors are paying anywhere from 35% to 90% of their income for rent.

The Star-Ledger estimates that 25,000 apartments are being lost annually in New Jersey because of condominium conversion, neglect, and abandonment.

Renters comprise about 40% of senior households and are a poorer group than senior property owners. Senior property owners have been awarded an annual Homestead Rebate of about \$240.00, plus a property tax deduction benefit of \$250.00 where income is \$10,000 or less, exclusive of Social Security, for a total of approximately \$500.00. Renters have been neglected, however, even though rental assistance was set forth as being a permissible expenditure of casino revenue funds in the 1976 casino referendum.

The State income tax legislation in New Jersey calls for a \$100.00 rental credit for older and disabled people. However, this applies against the State income tax otherwise due. Since most senior renters do not pay a State income tax due to insufficient income, they do not qualify for this benefit.

I would like to say that I have been on the Task Force for over two years now, and we are very, very concerned about trying to help the seniors who really need the help in New Jersey.

SENATOR COSTA: Thank you very much. Does anyone wish to question Ms. Abrams? (negative response)

I would like to ask you a question regarding rental credit. Is that the only way they receive it? As tenants?

MS. ABRAMS: As far as I know.

SENATOR COSTA: I thought they received a rebate.

ASSEMBLYMAN PATERNITI: Tenants get a tax rebate.

MS. ABRAMS: The renters?

ASSEMBLYMAN PATERNITI: Yes, the renters. That legislation went into effect two years ago.

MS. ABRAMS: I'll bring that back to them.

SENATOR COSTA: Thank you very much. We appreciate you bringing these priorities to our attention.

John Szymborski, Chairman and Chief Executive Officer, New Jersey Co-ordinating Council of Organized Older Citizens, Inc.? How are you today?

JOHN SZYMBORSKI: Thank you. I am John Szymborski, Chairman and Chief Executive Officer of the New Jersey Co-ordinating Council of Organized Older Citizens, Inc.

I am pleased to furnish the following testimony representing the views of thousands of New Jersey senior citizens affiliated with this Council with respect to the disbursement of the State's revenue from casino gambling in Atlantic City. Our Council implores this Commission to strictly adhere to Article IV, Section VII, Paragraph 2D, New Jersey State Constitution, which states the various programs that may be funded from this revenue.

Practically every piece of legislation passed by the Legislature to provide financial aid to senior citizens now contains a means test to determine who gets and who does not get the benefits. These have become welfare-type programs that benefit the same people over and over again. Middle-income senior citizens who pay the greatest amount of taxes and perform the greatest services for their

communities and country have been the forgotten people. To this date, middle-income senior citizens have not received one penny of casino revenue to aid them with property taxes, rent relief, and utility costs.

This Council also asks the Commission to consider restoring \$17 million to the casino account that, since 1977, has been used to fund the additional property tax rebate of \$50.00 for senior citizens that morally and ethically should be funded by the income tax. When this is accomplished, we recommend it be used to provide additional Homestead Rebates for all middle-income citizens with incomes of less than \$35,000. The original \$50.00 will then be rightfully paid out of income tax, and the additional amount will be paid out of casino revenues.

This Council agrees that home health care and independent living for the handicapped are major concerns and should be given priority, but we do not believe that these programs should be financed by casino revenues. These are national and State matters. Medicare, Medicaid, or other health programs should be funded by the Federal and State governments and should provide proper expenditures to cover home health care and medical needs of the handicapped. Block grants and revenue sharing should be utilized for this.

Thank you sincerely for this opportunity to present our concerns.

SENATOR COSTA: Thank you very much, Mr. Szyborski. Does anyone have a question? (negative response) I don't believe the \$50.00 rebate is coming out of casino funds this year. It is coming out of the General Fund.

MR. SZYMBORSKI: That is if the budget is passed, I believe. Isn't that right?

SENATOR COSTA: That is the recommendation.

MR. SZYMBORSKI: We are asking for \$17 million. When Governor Kean first took office, he promised that he was going to repay the \$50 million that Governor Byrne used to balance the budget. He also promised to put back \$13 million, but we haven't seen that.

I was told a few days ago that \$30 million is going to be put in the 1985-86 budget, and that will clean the slate. We will be starting with a clean slate.

Since they never gave us the \$13 million, I'm waiting to see that in the budget. I have people looking at it, and they are going to inform me if and when the \$30 million is put into the budget. Then we will start right from scratch.

SENATOR COSTA: Assemblyman Paterniti?

ASSEMBLYMAN PATERNITI: John, it was actually \$21 million for the added \$50.00 tax rebate. The Governor can do that administratively. In order to ensure that no future Governor decides to go back and take this money out, do you think we should implement a constitutional amendment to see that that never happens again? You know, he has taken this away, but if another Governor is elected -- or in case two years from now, he finds himself in a difficult situation -- he can come back and tap the casino revenues. If we pass a constitutional amendment, he can never come back and touch this money. Do you recommend that we put a constitutional amendment on the ballot? I have that bill, but--

MR. SZYMBORSKI: (interrupting) Yes. I would definitely recommend that. Any money, whatever amount it is -- we don't care how much comes in -- and that which comes from casino revenue should remain in the casino account, and not be used to balance a budget, or be put in the General Fund, as has been done in the past.

ASSEMBLYMAN PATERNITI: Do you feel that the Commission should make that constitutional amendment a part of their recommendation?

MR. SZYMBORSKI: I definitely do, yes. Our Council would back you 100%.

ASSEMBLYMAN PATERNITI: Thank you very much.

SENATOR COSTA: Mr. Szymborski, do you have any other suggestions? Right now we have only so much money, and there are many people who, as you stated in your statement, are eligible for these various programs. The middle-class people are not obtaining enough.

MR. SZYMBORSKI: I was at a PAAD meeting in January. I believe the next one is in April. At the January meeting, they claimed that at the rate we are going right now with PAAD -- with all the bills that are currently in; you and others have introduced some to raise the eligibility requirements -- all the moneys from casino revenues will be used for the PAAD Program, period. That meeting took place on Mercerville Road at the Health Department in January.

I believe we have to have less bills going in, or at least spread them around. There are too many bills being put in. I believe at last count, there were 49 bills just on casino revenues.

SENATOR COSTA: Did you hear us state that we are holding up those bills until we can--

MR. SZYMBORSKI: (interrupting) Yes, I realize that is being done. I hope it is fulfilled. I hope they don't hold them up until the next session of Congress. You are going to have an election in November, and I would like to see a lot of these bills passed during this session of the Legislature.

SENATOR COSTA: Do you mean some of the casino revenue bills?

MR. SZYMBORSKI: Yes, that is right. Get it straightened out.

SENATOR COSTA: We would like to hear from you regarding your organization's priorities.

MR. SZYMBORSKI: You will have representation from our organization at every meeting, so they tell me.

SENATOR COSTA: Okay, thank you very much.

MR. SZYMBORSKI: Thank you very much.

SENATOR COSTA: Our next speaker and last speaker, I believe, is Edith Edelson, New Jersey Federation of Senior Citizens.

EDITH EDELSON: I appreciate your flexibility and patience for including me, since I didn't let you know I would be here.

MR. GIORDANO: Will you repeat your name, please?

MS. EDELSON: Edith Edelson, E-D-E-L-S-O-N. The New Jersey Federation of Senior Citizens is glad that at long last, your Commission has been appointed. We are pleased that you are conducting public hearings to get input from the seniors and disabled as to their

priorities for the use of casino funds. We welcome this chance to present our priorities.

Our top two priorities have already been stated: home health care and renters' relief. I'm not going to go into that; they have been covered quite adequately, and I have it in my report.

We strongly urge that the Medically Needy Program be funded out of the Casino Revenue Fund. We feel health is of prime concern to seniors, so we are adding that as a priority. Under that, we are calling for a Casino Revenue Fund, which is a preventive and cost-effective program. It would prevent or forestall hospitalization or institutionalization.

A-608 and S-1718 are estimated to cost \$100 million. Of this amount, the Federal government would contribute \$49 million, and the State's obligation would be \$51 million. The General Fund would contribute \$32 million, which would provide for children and their caretakers. Nineteen million dollars would be needed to cover seniors and the disabled.

The Governor has stated that the General Fund cannot cover the services to the seniors and disabled. It is expected that the Casino Revenue Fund would provide the moneys for their care.

The Medically Needy Program is so important to us that we don't want to risk its getting lost in the shuffle between the two fronts. We urge that medically needy be added to the program under the Casino Fund.

Also under health is the PAAD Program, which makes it possible for many of the chronically ill to remain independent in their homes and to participate actively in the community. It is very traumatic for those with borderline incomes to find that they are getting a COLA of \$10 or \$20 per month, and they lose \$40, \$60, or \$80 per month in drug expenses, and an additional \$225.00 under Lifeline because they have to give up their PAAD cards. It creates frustration and resentment against the government. It may not be logical, but they have had this all this time, and now all of a sudden, here comes the Governor who says, "I'll give you \$10, but you give me back \$80, or you'll have to spend \$80 that you didn't spend before."

We should bear in mind that a COLA is not an increase; it is an adjustment to keep a person at the same economic level in the face of the rising costs of living. The income guideline has remained at \$12,000 and \$15,000 for a long time, and those figures no longer represent the purchasing power they had when they were first enacted. That is why we feel the guideline should be increased. Also, COLA should become part of the eligibility guideline each time it comes through.

We urge that Assemblyman Visotcky's bill, A-1548, be funded out of the Casino Revenue Fund. We have maintained all along that the Casino Fund is too limited to provide for everything that the constitutional amendment permits and that seniors need, and that it is wrong to consider the limited fund as the sole source of services to seniors. We are happy to see that there is a change in orientation by the legislators. One, two, or three bills that were introduced to take money out of the Casino Fund were amended to take it out of the General Fund instead.

The PAAD Program is already part of the casino revenue funding, and adjustments to the program are within the purview of the Casino Revenue Fund. If the Fund proves to be inadequate, we would favor Assemblyman Paterniti's bill, A-1835, to increase the tax on casinos to the original 10%.

We realize you have a very difficult task in weighing one need against another, and we want you to know that we appreciate your efforts in that regard.

SENATOR COSTA: Thank you, Ms. Edelson. As you know, Assemblyman Visotcky's bill passed my Committee on Aging, and it has already passed Assemblyman Paterniti's Committee. That would increase the eligibility. My bill has already passed my Committee. It would make the COLA as part of the PAAD.

MS. EDELSON: We are grateful for both bills.

SENATOR COSTA: They are both in the Revenue and Finance Committee, and we are waiting for them to meet again. Hopefully, if the Governor signs the bill, we will see some kind of action in that direction.

Are you suggesting that all the moneys to fund the Medically Needy Program come from the Casino Revenue Fund, or only the amount pertaining to the seniors?

MS. EDELSON: The only part of the Casino Fund that could be used would be for seniors; therefore, the children and the caretakers must be covered by the General Fund. The seniors can be covered by either the General Fund or the Casino Fund.

People have been worried that when changes were made, the Casino Fund would be used for people other than the seniors and the disabled, but it would not.

SENATOR COSTA: Constitutionally it cannot.

MS. EDELSON: No, it cannot, and it would not.

SENATOR COSTA: I believe the suggestion was made that it come out of the General Fund at the present time. I think Assemblyman Paterniti wants to address that.

ASSEMBLYMAN PATERNITI: Originally, Edith, I had said that the Medically Needy would come out of general revenue. I believe that is Assemblyman Deverin's bill; am I correct?

MS. EDELSON: Yes.

ASSEMBLYMAN PATERNITI: All right. Here is my point and the reason I look at it this way: First of all, we have certain moneys in the State that are dedicated and other moneys that are not. For example, the income tax is a dedicated fund. It goes strictly to education and tax relief. A lot of seniors don't pay that much income tax, but the State sales tax, which I feel is the most regressive tax, carries a burden just as big as a multimillionaire. A senior has to buy a refrigerator or a car, and he has to pay the same price, except that the wealthy guy can write it off. He is in a 50% bracket. It is only costing him half while it costs the seniors almost 100%. The senior buys his products, and if he is indirectly making a profit, he is subsidizing the corporate tax. If there are any other moneys coming in from licensing fees for doctors and dentists, they actually utilize the service.

Indirectly, the source of money that is coming into the State to run State government-- The State is almost subsidizing its fair

share -- more than its fair share. Every time something new comes out, they want to take it out of the casino revenues. I think seniors are entitled to a bigger piece of that action. I think the Medically Needy should come out of general revenues because most of that money is coming out of the sales tax and some of the other sources of revenue.

Let's take the lottery. The seniors all buy lottery tickets; I know they do. They enjoy buying the tickets. They all hope they can make the big hit. But, all of that money goes to higher education institutions, and very little of it comes back to the seniors. So, I truly feel that this money for the medically needed, as we passed it in the Legislature, should come from general revenue totally. That will leave us more money to be used for the rental assistance or in-home care that you would like us to have.

When I look at these figures, I can't see how we are going to get all of these programs instituted, unless some of the things they are trying to put in the Casino Revenue Fund-- They should all come out of general revenues.

MS. EDELSON: We would be very happy to have it come out of the General Fund, but the practicality seems to be that it is not going to come out of there. The Governor said it will not come out of the General Fund. We have been fighting for the medically needy for 10 years. At one time, it was put in the budget, and then taken out, but this is the first time we see a real possibility of getting it through. It is so important to us to get the program through that we were afraid to play around with General Fund versus Casino Fund, etc.

ASSEMBLYMAN PATERNITI: All right. We have a big surplus, and a lot of people say it may not be there forever, but one of the main reasons we have the surplus is because we increased the sales tax from 5% to 6%, which I felt we never needed. In fact, I didn't vote for it, and I introduced legislation to bring the sales tax back to 5%. That money came out of the senior citizens' pockets, and I think a piece of the action should come out of the General Fund because of that. The seniors have contributed to that extra 1%.

SENATOR COSTA: Are there any other questions from any member of the Commission? (negative response) Thank you very much, Ms. Edelson.

MS. EDELSON: You are very welcome.

SENATOR COSTA: Thank you very much, Commission members. I appreciate your being here, and thank you for the cake, Mr. Giordano. That was very nice. We'll see you next week in Burlington County in a building that looks like a flying saucer.

(HEARING CONCLUDED)