

**CHAPTER 69A****PHARMACEUTICAL ASSISTANCE TO THE AGED  
AND DISABLED ELIGIBILITY MANUAL****Authority**

N.J.S.A. 30:4D-20, 24.

**Source and Effective Date**

R.1993 d.175, effective March 26, 1993.  
See: 24 N.J.R. 4479(a), 25 N.J.R. 1764(a).

**Executive Order No. 66(1978) Expiration Date**

Chapter 69A will expire on March 26, 1998.

**Chapter Historical Note**

All provisions of this chapter were filed and became effective April 5, 1976 as R.1976 d.102. See: 7 N.J.R. 505(c), 8 N.J.R. 232(b).

1977 Revisions: Amendments were filed and became effective December 30, 1977 as R.1977 d.492. See: 9 N.J.R. 572(a), 10 N.J.R. 66(b).

1979 Revisions: Amendments became effective May 29, 1979 as R.1979 d.209. See: 11 N.J.R. 183(a), 11 N.J.R. 345(b). Further amendments became effective September 25, 1979 as R.1979 d.375. See: 11 N.J.R. 558(c).

1981 Revisions: Amendments became effective September 10, 1981 as R.1981 d.332. See: 13 N.J.R. 432(a), 13 N.J.R. 580(c).

1982 Revisions: Amendments became effective May 3, 1982 as R.1982 d.147. See: 14 N.J.R. 80(a), 14 N.J.R. 427(c). Further amendments became effective June 21, 1982 as R.1982 d.198. See: 14 N.J.R. 321(b), 14 N.J.R. 659(a).

1984 Revisions: Amendments became effective July 2, 1984 as R.1984 d.269. See: 16 N.J.R. 823(a), 16 N.J.R. 1797(a). Further amendments became effective December 16, 1984 as R.1984 d.571. See: 16 N.J.R. 2051(a), 16 N.J.R. 3439(a).

1985 Revisions: Amendments became effective May 20, 1985 as R.1985 d.259. See: 17 N.J.R. 367(a), 17 N.J.R. 1318(b).

1986 Revisions: Amendments became effective January 21, 1986 as R.1986 d.690. See: 17 N.J.R. 2332(a), 18 N.J.R. 190(a). Further amendments became effective April 4, 1986 as R.1986 d.321. See: 18 N.J.R. 1054(a), 18 N.J.R. 1594(b).

1988 Revisions: This chapter was readopted pursuant to Executive Order 66(1978) effective April 20, 1988 with amendments effective May 16, 1988 as R.1988 d.211. See: 20 N.J.R. 369(a), 20 N.J.R. 1106(a).

Chapter 69A, Pharmaceutical Assistance to the Aged and Disabled Eligibility Manual was readopted pursuant to Executive Order No. 66(1978) effective March 26, 1993 with amendment effective April 19, 1993 as R.1993 d.175. See: Source and Effective Date.

See section level annotations for specific rulemakings.

**Cross References**

See N.J.A.C. 10:51-4.1 et seq., Pharmaceutical assistance to the aged and disabled program.

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**SUBCHAPTER 1. INTRODUCTION****10:69A-1.1 Purpose and intent**

(a) It is intended that Pharmaceutical Assistance to the Aged and Disabled (PAAD) shall extend assistance to certain persons whose level of income disqualifies them for medical assistance under the Medical Assistance Health Services Act but who have significant needs for prescribed drugs and/or insulin, insulin needles, insulin syringes, and/or certain diabetic materials and are unable to fully meet the cost of such items.

(b) This manual has been developed as a statement of policy and procedures and is applicable only to eligibility for the PAAD Program.

Amended by R.1985 d.690, effective January 21, 1986.  
See: 17 N.J.R. 2332(a), 18 N.J.R. 190(a).

Added text in (a) "and/or certain diabetic materials".

### 10:69A-1.2 Legal authority

(a) The New Jersey Program of Pharmaceutical Assistance to the Aged and Disabled (PAAD) was established by Chapter 194, Laws of 1975, as amended by:

1. Chapter 194, Laws of 1975, effective August 21, 1975. Amended by Chapter 312, Laws of 1975, effective February 19, 1976;
2. Chapter 268, Laws of 1977, effective January 1, 1978;
3. Chapter 171, Laws of 1978, effective December 22, 1978;
4. Chapter 27, Laws of 1979, effective March 1, 1979;
5. Chapter 499, Laws of 1981, effective March 1, 1982;
6. Chapter 209, Laws of 1985, effective August 1, 1985;
7. Chapter 221, Laws of 1987, effective July 29, 1987 and retroactive to December 31, 1986;
8. Chapter 16, Laws of 1989, effective February 1, 1989; and
9. Chapter 84, Laws of 1991, effective April 3, 1991 and retroactive to January 1, 1991; and
10. Chapter 30, Laws of 1992, effective June 29, 1992.
11. Chapter 3, Laws of 1993, effective January 13, 1993 and retroactive to January 1, 1993; and
12. Chapter 27, Laws of 1995, effective February 15, 1995, retroactive to January 1, 1995.

(b) These Statutes supplement the New Jersey Medical Assistance and Health Services Act (P.L. 1968, c.413).

Amended by R.1985 d.259, effective May 20, 1985.  
See: 17 N.J.R. 367(a), 17 N.J.R. 1318(b).

Deleted (a)1, and substituted new text; added (a)5.  
Amended by R.1985 d.690, effective January 21, 1986.  
See: 17 N.J.R. 2332(a), 18 N.J.R. 190(a).

Added (a)6.

Amended by R.1988 d.174, effective April 18, 1988.  
See: 19 N.J.R. 2375(a), 20 N.J.R. 902(a).

Added (a)7.

Amended by R.1990 d.182, effective March 19, 1990.  
See: 21 N.J.R. 3047(a), 22 N.J.R. 953(a).

Added (a)8.

Amended by R.1991 d.563, effective November 18, 1991.  
See: 23 N.J.R. 2623(a), 23 N.J.R. 3514(a).

New (a)9. added; reference to Chapter 84, Laws of 1991.  
Amended by R.1993 d.608, effective December 6, 1993.  
See: 25 N.J.R. 3407(a), 25 N.J.R. 5528(b).  
Amended by R.1994 d.191, effective April 18, 1994.  
See: 25 N.J.R. 5750(a), 26 N.J.R. 1657(a).

Amended by R.1996 d.7, effective January 2, 1996.  
See: 27 N.J.R. 3541(a), 28 N.J.R. 184(c).

## SUBCHAPTER 2. DEFINITIONS

### 10:69A-2.1 Definitions

The following words and terms, when used in this chapter, shall have the following meanings unless the context clearly indicates otherwise.

"Annual income" means all income from whatever source derived, actually received or anticipated.

"Anticipated income" means the amounts of income the applicant can reasonably be expected to receive during the calendar year.

"Applicant" means an individual who applies for PAAD, either personally or through an authorized agent.

"Authorized agent" means a person who initiates the PAAD application for a person who is incompetent or incapable of filing the PAAD application on his/her behalf.

"Beneficiary" means an individual who has been found eligible for PAAD benefits.

"Business income" means net income derived from a business, trade or profession or from the rental of property after deductions of the ordinary and necessary expenses attributable to the business, trade, profession, or to the rental or property which are allowed under the Federal Internal Revenue Code and regulations issued thereunder.

"Calendar year" means a year beginning January 1 and ending on December 31. It is the base period utilized to determine annual income and PAAD eligibility.

"Current year" means the calendar year in which a person applies or reapplies for PAAD.

"Expiration date" means the date when a beneficiary's PAAD eligibility ends.

"Legend Drug" means any approved drug product which by Federal law cannot be dispensed without a prescription and bears the statement on the label: "Caution: Federal law prohibits dispensing without a prescription".

"Lifeline Credit Program" means the utility assistance program that offers a benefit in the form of a credit to the utility account during the heating season to eligible New Jersey residents.

**10:69A-5.2 Authorized agent**

(a) In those instances where the applicant is incompetent or incapable of filing an eligibility application on his or her own behalf, the Division shall accept any one of the following listed in the order of priority, as an authorized agent for the purpose of initiating such application:

1. A close relative by blood or marriage, that is, parent, spouse, son, daughter, brother, sister;
2. A representative payee designated by the Social Security Administration;
3. A staff member of a public or private social service agency, of which the person is a client, who has been designated by the agency to so act;
4. A friend.

Amended by R.1993 d.175, effective April 19, 1993.  
See: 24 N.J.R. 4479(a), 25 N.J.R. 1764(a).

Corrected term "application" to "applicant".

**10:69A-5.3 Eligibility effective date**

(a) The PAAD eligibility effective date for an initial PAAD applicant, who meets all of the PAAD eligibility criteria, is the date when processing of a valid and complete eligibility application is completed by the PAAD Bureau.

(b) The Division shall conduct periodic redeterminations of the eligibility of PAAD beneficiaries. Generally, renewals of eligibility shall be conducted every two years. Renewals will be conducted annually in those instances when the PAAD beneficiary's income approaches the eligibility limits for a single person or married couple as defined in N.J.A.C. 10:69A-6.2.

1. Those eligible for the biennial process will be mailed an eligibility card for the second year automatically.
2. Those beneficiaries required to renew annually or biennially must submit a valid renewal application 45 days prior to their expiration date to insure that their PAAD benefits continue uninterrupted; however, if beneficiaries are late in submitting their renewal applications, but apply within 90 days after the expiration date, their PAAD benefits will continue uninterrupted. If the renewal application is submitted more than 90 days after the expiration date, the eligibility effective date will be the date when a valid and completed renewal application is processed by the PAAD Bureau. If the PAAD beneficiary is late in filing his or her renewal application by more than 90 days after the expiration date, the PAAD program shall not make reimbursement until the new eligibility period has been established.
3. All beneficiaries made eligible for PAAD as a result of the enactment of P.L. 1991, c.84 shall be granted eligibility retroactive to January 1, 1991, if their application is submitted on or before August 31, 1991.

Amended by R.1985 d.295, effective May 20, 1985.

See: 17 N.J.R. 367(a), 17 N.J.R. 1318(a).

Deleted text from (b) and substituted new.

Amended by R.1985 d.690, effective January 21, 1986.

See: 17 N.J.R. 2332(a), 18 N.J.R. 190(a).

PAAD beneficiary income changed from "\$9,000" to "\$10,000" and married persons changed from "\$12,000" to "\$13,000".

Amended by R.1986 d.321, effective April 4, 1986.

See: 18 N.J.R. 1054(a), 18 N.J.R. 1594(b).

(c) added.

Amended by R.1990 d.614, effective December 17, 1990.

See: 22 N.J.R. 2218(a), 22 N.J.R. 3756(a).

In (b): increased income levels from \$10,000 to \$11,000 for single persons and from \$13,000 to \$14,000 for married persons.

Amended by R.1991 d.563, effective November 18, 1991.

See: 23 N.J.R. 2623(a), 23 N.J.R. 3514(a).

Changes made pursuant to P.L. 1991, c.84; N.J.A.C. cites referenced and retroactive eligibility.

Amended by R.1993 d.155, effective April 5, 1993.

See: 24 N.J.R. 4328(a), 25 N.J.R. 1514(a).

Deleted biennial notification letter sent to beneficiaries.

Amended by R.1995 d.10, effective January 3, 1995.

See: 26 N.J.R. 3142(a), 27 N.J.R. 242(a).

**10:69A-5.4 Exceptions from normal standards**

(a) It is recognized that there may be exceptional cases where the processing of an eligibility application cannot be completed within a normal thirty day period where substantially reliable evidence either of eligibility or ineligibility is still lacking. The application shall be continued in pending status. In each such case, however, the Division of Medical Assistance and Health Services shall be prepared to demonstrate that the delay resulted from one of the following:

1. Circumstances wholly within the applicant's control; or
2. A determination to afford to an applicant whose proof of eligibility has been inconclusive, further opportunity to develop additional evidence of eligibility before final action on this application; or
3. An administrative or other emergency that could not reasonably have been avoided; or
4. Circumstances wholly outside the control of both the applicant and the Division of Medical Assistance and Health Services.

(b) A PAAD applicant, who meets all the PAAD eligibility criteria, can reasonably expect to receive his/her PAAD temporary eligibility card within 30 days from the date that a complete and valid Eligibility Application is received by the PAAD Bureau.

(c) In the event that mailing of the eligibility card is delayed, the PAAD Bureau will reimburse the PAAD beneficiary directly for the cost (minus a \$5.00 co-payment per prescription) of all prescription drugs purchased by the person on or after the 30th day after his/her properly completed application was received by the PAAD Bureau, subject to the following conditions:

1. The eligibility application renewal application must have been fully and properly completed.

2. The PAAD beneficiary must submit a prescription claim form and proof of purchase for each eligible prescription to the PAAD Bureau. The claim form must be completed by a participating New Jersey pharmacy, or by a licensed mail order pharmacy service program where the prescription is delivered to a New Jersey address.

3. No direct reimbursement will be made for any drugs purchased after the date when the beneficiary receives his eligibility identification card.

Amended by R.1993 d.155, effective April 5, 1993.

See: 24 N.J.R. 4328(a), 25 N.J.R. 1514(a).

Revised copayment to \$5.00.

Amended by R.1993 d.368, effective July 19, 1993.

See: 24 N.J.R. 4329(a), 25 N.J.R. 3216(a).

#### 10:69A-5.5 Agency controls

(a) The Division Director shall establish operating policies within the Division to expedite the processing of applications and assure the maximum possible compliance with the standards set forth in this manual.

(b) The Bureau of Quality Control within the Division of Medical Assistance and Health Services has the responsibility for reviewing a statistically valid representative sample of PAAD cases to assure that beneficiary eligibility is determined consistent with State law and eligibility regulations. A quality control review, of sample cases selected on a random basis, includes:

1. Analysis of the beneficiary's case record, including the application, which is maintained by the PAAD Bureau;
2. A personal interview with the beneficiary or the beneficiary's representative(s) to review eligibility for PAAD and availability of third party resources; and
3. Verification of eligibility factors and third party liability information through collateral contacts.

(c) The Bureau of Medical Care Surveillance of the Office of Program Integrity within the Division of Medical Assistance and Health Services, is assigned the responsibility for monitoring providers participating in the PAAD program and to verify that claims submitted to the program by such providers are in compliance with program regulations. Further, the Bureau investigates PAAD beneficiaries in matters involving potential fraud and/or abuse.

(d) The Bureau of Administrative Control of the Office of Program Integrity within the Division of Medical Assistance and Health Services shall, as appropriate, recover benefits correctly or incorrectly paid on behalf of a PAAD beneficiary, following preliminary attempts to recover by the PAAD Bureau.

#### 10:69A-5.6 Responsibilities in the application renewal process

(a) Pursuant to statutory authority, the Department of Human Services through the Division of Medical Assistance and Health Services, Bureau of Pharmaceutical Assistance to the Aged and Disabled establishes procedures on the application process consistent with law and supervises the operation with the policy and procedures so established.

(b) The Bureau of Pharmaceutical Assistance to the Aged and Disabled has responsibility in the application process to:

1. Explain the purposes and eligibility requirements of the program and indicate the applicant's rights and responsibilities under its provisions;
2. Process applications and reapplications;
3. Issue temporary eligibility cards to eligible persons and to notify ineligible persons promptly;
4. Issue permanent plastic eligibility cards to eligible persons;
5. Automatically mail reapplication forms approximately four months prior to the eligibility expiration date;
6. Microfilm eligibility application and supporting documents and retain microfilm for audit purposes.

(c) The applicant or beneficiary has the responsibility to:

1. Complete the PAAD eligibility application/renewal application form(s) legibly and accurately:
  - i. Answering all questions fully;
  - ii. Presenting all necessary evidentiary documents;
  - iii. Reading the certification and authorization statement;
  - iv. Signing or marking the application or renewal application;
  - v. Obtaining the signature or mark of the spouse (if married) and the signature of the preparer (if applicable) on the application or renewal application.
2. Assist the Division of Medical Assistance and Health Services in securing evidence that corroborates his statements when necessary.
3. Agree to a review by the Division's Bureau of Quality Control staff, if randomly selected for review. PAAD eligibility may be terminated if the beneficiary refuses to cooperate with a quality control request.
4. Assign benefits to the State of New Jersey when prescription drug costs are covered in part by any other plan of assistance or insurance.
5. Reapply for eligibility on forms mailed by the Division, at least 45 days prior to his/her eligibility expiration date, if he/she wishes to renew PAAD eligibility.

6. Complete his or her renewal application in person if selected as part of a sample group by PAAD. PAAD eligibility will not be renewed if the beneficiary refuses an in-person eligibility review; and

7. If the application mailed by PAAD is lost in the mail, misplaced or not received due to the applicant's change of address, it is the applicant's responsibility to contact the PAAD Bureau for a new application within 60 days after the expiration date.

(d) The beneficiary has the responsibility to:

1. Notify the Bureau of Pharmaceutical Assistance to the Aged and Disabled whenever any one of the following occurs:

- i. His/her marital status changes.
- ii. He/she moves anywhere within the State of New Jersey.

2. Return his or her eligibility card to the Bureau of Pharmaceutical Assistance to the Aged and Disabled whenever becoming ineligible due to one of the following:

- i. He/she moves out of the State of New Jersey.
- ii. He/she becomes eligible for Medicaid or any other plan of assistance or insurance that wholly covers pharmaceutical services.
- iii. His/her or their annual income increases to an amount which exceeds the legal limit.
- iv. He/she was determined eligible based on his/her disability and he/she stops receiving Social Security Disability benefits.

v. When requested by the PAAD Bureau because required information to confirm eligibility was not submitted, or scheduled recovery payments are in arrears.

3. Repay the State of New Jersey, upon request, for the cost of benefits incorrectly paid on his or her behalf. Failure to fully repay the State for incorrectly paid benefits could cause the suspension of his or her PAAD benefits in the future, as well as possible withholding of all or some of his or her rebates or refunds which may be due him or her from the Division of Taxation.

As amended, R.1981 d.332, effective September 10, 1981.  
See: 13 N.J.R. 432(a), 13 N.J.R. 580(c).

(d): delete i-iii; renumber iv and v as i and ii; renumber (d)2 as (d)3 and add new text for (d)2.

Amended by R.1985 d.259, effective May 20, 1985.  
See: 17 N.J.R. 367(a), 17 N.J.R. 1318(a).

Section substantially amended.

Amended by R.1991 d.563, effective November 18, 1991.

See: 23 N.J.R. 2623(a), 23 N.J.R. 3514(a).

Reference to "beneficiary" added at (c).

Amended by R.1993 d.368, effective July 19, 1993.

See: 24 N.J.R. 4329(a), 25 N.J.R. 3216(a).

Amended by R.1995 d.10, effective January 3, 1995.  
See: 26 N.J.R. 3142(a), 27 N.J.R. 242(a).

## SUBCHAPTER 6. ELIGIBILITY REQUIREMENTS

### Case Notes

See for historical purposes Atty.Gen.F.O.1978, No. 3 (then existing regulation N.J.A.C. 10:69A-4.3 declared invalid).

### 10:69A-6.1 Age

(a) To be eligible for PAAD, the applicant shall be 65 years of age or older or shall be under 65 and over 18 years of age and receive Social Security Title II disability benefits. Individuals under age 65 who receive disability benefits on behalf of someone other than themselves are ineligible. The applicant shall be able to document his or her age upon request by the Division of Medical Assistance and Health Services. The Division will require that the applicant submit a photocopy of his or her certificate or other acceptable proof of age if over 65 years of age.

(b) The following are acceptable proofs of age:

1. Primary proof: The applicant is required to submit a photocopy of one of the following documents:

- i. Birth certificate;
- ii. Baptismal certificate;
- iii. Bris certificate;
- iv. Social Security form No. 2458 (can be obtained from local security office);
- v. Railroad retirement letter (can be obtained from Railroad Retirement Board);
- vi. Third Party Query Form (can be obtained from local Social Security Office.)

2. Secondary proofs: If the applicant can not supply one of the documents listed above, copies of any two of the following documents are acceptable:

- i. Insurance policy;
- ii. Driver's license;
- iii. School record;
- iv. State or Federal census record;
- v. Bible or other family record;
- vi. Church record of Baptism (age five or after);
- vii. Confirmation certificate;
- viii. Marriage record;
- ix. Employment record;
- x. Union record;
- xi. Military record;
- xii. Voting record;
- xiii. Delayed birth certificate;
- xiv. Applicant's child's birth certificate;

- xv. Physician's or midwife's record of applicant's birth;
- xvi. Immigration record;
- xvii. Naturalization record;
- xviii. Passport.

(c) If under age 65, the following are acceptable proofs of disability.

1. A copy of a Social Security award certificate issued in the last six months.
2. An SSA-2458 Form or Third Party Query Form indicating disability.

Amended by R.1985 d.259, effective May 20, 1985.  
See: 17 N.J.R. 367(a), 17 N.J.R. 1318(b).

Substantially amended.

Amended by R.1988 d.211, effective May 16, 1988.  
See: 20 N.J.R. 369(a), 20 N.J.R. 1106(a).

Added text to (b)5 "letter (can be obtained from Railroad Retirement Board)".

Amended by R.1990 d.614, effective December 17, 1990.  
See: 22 N.J.R. 2218(a), 22 N.J.R. 3956(a).

In (a): added sentence regarding ineligibility of those under 65 who receive disability benefits on behalf of someone other than themselves. Stylistic revisions to text.

#### 10:69A-6.2 Income standards

(a) Any single permanent resident of New Jersey who is 65 years of age or over or who is under 65 and over 18 years of age and is receiving Social Security Title II disability benefits must have an annual income of less than \$17,056 to be eligible for PAAD.

(b) Any married permanent resident of New Jersey who is 65 years of age or over or who is under 65 and over 18 years of age and is receiving Social Security Title II disability benefits must have a combined (applicant and spouse) annual income of less than \$20,913 to be eligible for PAAD.

1. An applicant and spouse shall be considered separated when each maintains a separate residence and the applicant does not have access to or receive support from the spouse's income.
2. An applicant and spouse shall be considered separated when the spouse has been institutionalized in a long-term facility, either skilled or intermediate, or in a State or county psychiatric hospital at least 30 consecutive days prior to application.

(c) All income, from whatever source derived, is considered in determining eligibility for the purposes of PAAD. Jointly owned income sources will be allocated according to degree of ownership.

1. All income, taxable and nontaxable, is to be included. Examples of possible sources of income (gross amounts unless otherwise noted) are as follows:
  - i. Salaries;

- ii. Wages;
- iii. Bonuses;
- iv. Commissions;
- v. Fees;
- vi. Dividends;
- vii. Interest taxable and nontaxable;
- viii. Capital gains;
- ix. Royalties;
- x. Bequests;
- xi. Support payments;
- xii. Unemployment benefits;
- xiii. Pensions (including Social Security);
- xiv. Annuities (contributory and non-contributory);
- xv. Retirement benefits including distribution from Individual Retirement Arrangements (IRAs);
- xvi. Business income (net);
- xvii. Fair market value of prizes and awards.

2. Sources of income which are excluded in considering eligibility for PAAD are as follows:

- i. Benefit amounts received under the New Jersey State Lifeline Credit Program/Tenants Lifeline Assistance Program;
- ii. Benefits received under New Jersey State Homestead Rebates;
- iii. Proceeds from spouse's life insurance;
- iv. The one-time capital gain up to \$125,000 from the sale of a principal residence for individuals age fifty-five or older which is excluded from the State gross income tax pursuant to N.J.S.A. 54A:6-9;
- v. Stipends from the Volunteers to Service in America (VISTA) and Foster Grandparents programs;
- vi. Agent Orange payments;
- vii. Reparation payments to Japanese Americans by the Federal Government pursuant to sections 105 and 106 of the Civil Liberties Act of 1988, P.L. 100-383 (50 U.S.C. App. 1989b-4 and 1989b-5).

(d) The applicant must be able to document the amounts reported upon request by the Division of Medical Assistance and Health Services, and will be required to submit photocopies of his/her Federal, State and/or City income tax return and other acceptance evidence.