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PUBLIC HEARING

before

SENATE ENERGY AND ENVIRONMENT COMMITTEE

on

SENATE BILLS 755, 756 AND 757

Re: Lifeline Program

Held:
June 10, 1980
Hutchinson Hall
Kean College
Union, New Jersey

MEMBER OF COMMITTEE PRESENT:

Senator John P. Caufield (Acting Chairman)

ALSO:

Michael F. Catania, Research Associate
Office of Legislative Services
Aide, Senate Energy and Environment Committee

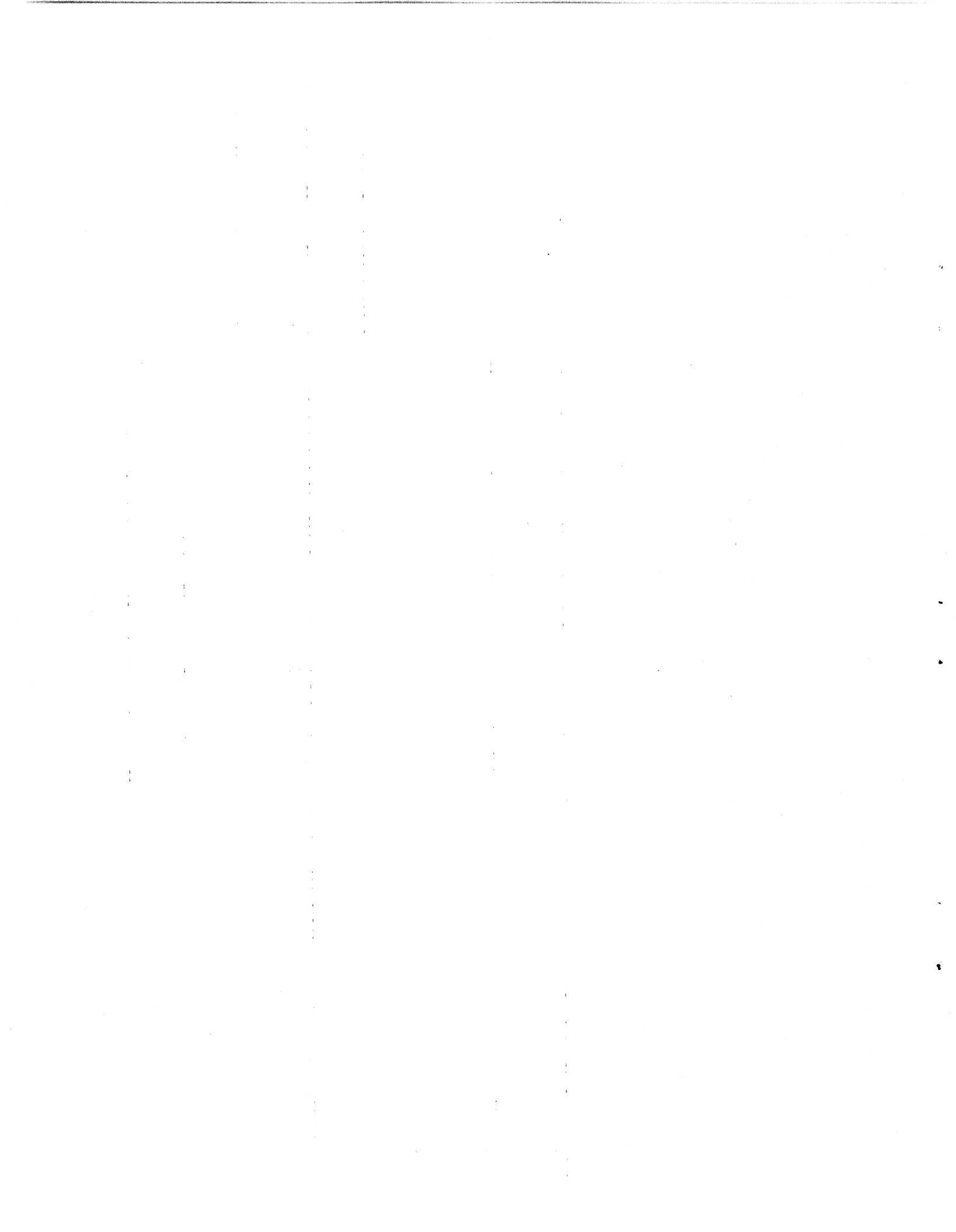
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SENATE, No. 755

STATE OF NEW JERSEY

PRE-FILED FOR INTRODUCTION IN THE 1980 SESSION

By Senator GREGORIO

AN ACT to amend "An act concerning electric and gas utilities, supplementing Title 48 of the Revised Statutes, making an appropriation and repealing P. L. 1977, c. 440," approved September 18, 1979 (P. L. 1979, c. 197).

1 BE IT ENACTED *by the Senate and General Assembly of the State*
2 *of New Jersey:*

1 1. Section 2 of P. L. 1979, c. 197 (C. 48:2-29.16) is amended to
2 read as follows:

3 2. Any residential electric or gas customer: a. who is currently
4 enrolled in, or applies during the remainder of the 1979 calendar
5 year and is found eligible for, the program of "Pharmaceutical
6 Assistance to the Aged," established pursuant to P. L. 1975, c. 194
7 (C. 30:4D-20 et seq.), as amended and supplemented; or, b. who
8 is currently receiving, or who receives during the remainder of
9 the 1979 calendar year, benefits under the program of Supple-
10 mental Security Income (P. L. 1973, c. 256, C. 44:7-85 et seq.),
11 or c. who is **defined as disabled pursuant to the Federal Social**
12 **Security Act (42 U. S. C. section 416(i))** *permanently and totally*
13 *disabled* and satisfies the income eligibility requirements for the
14 Pharmaceutical Assistance to the Aged program, shall be eligible
15 for the "Lifeline Credit Program" established by this act.

16 *As used in this act, "permanently and totally disabled" means*
17 *total and permanent inability to engage in any substantial gainful*
18 *activity by reason of any medically determinable physical or mental*
19 *impairment, including blindness. For purposes of this subsection,*
20 *"blindness" means central visual acuity of 20/200 or less in the*
21 *better eye with the use of a correcting lens. An eye which is accom-*
22 *panied by a limitation in the fields of vision such that the widest*
23 *diameter of the visual field subtends an angle no greater than 20*

EXPLANATION—Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.

24 *degrees shall be considered as having a central visual acuity or*
25 *20/200 or less.*

26 *Permanent and total disability shall be verified by a physician's*
27 *certificate supplied by the customer to the Board of Public Utilities.*

28 The Board of Public Utilities shall establish a schedule of eligi-
29 ble customers who meet such qualifications.

1 2. This act shall take effect July 1 next following enactment.

STATEMENT

This bill amends the section concerning qualifications of customers eligible for the "Lifeline Credit Program" by defining disability in a manner similar to the definition used in the senior and disabled citizen's property tax deduction and removing the requirement that the customer be in receipt of social security disability benefits. The effective date of July 1 is used to provide a smooth transition into the next fiscal year.

SENATE, No. 756

STATE OF NEW JERSEY

PRE-FILED FOR INTRODUCTION IN THE 1980 SESSION

By Senator GREGORIO

AN Act to amend "An act concerning electric and gas utilities, supplementing Title 48 of the Revised Statutes, making an appropriation and repealing P. L. 1977, c. 440," approved September 18, 1979 (P. L. 1979, c. 197).

1 BE IT ENACTED *by the Senate and General Assembly of the State*
2 *of New Jersey:*

1 1. Section 2 of P. L. 1979, c. 197 (C. 48:2-29.16) is amended to
2 read as follows:

3 2. *a.* Any residential electric or gas customer: **[a.]** (1) who is
4 currently enrolled in, or applies during the remainder of the 1979
5 calendar year and is found eligible for, the program of "Pharma-
6 ceutical Assistance to the Aged," established pursuant to P. L.
7 1975, c. 194 (C. 30:4D-20 et seq.), as amended and supplemented;
8 or, **[b.]** (2) who is currently receiving, or who receives during the
9 remainder of the 1979 calendar year, benefits under the program of
10 Supplemental Security Income (P. L. 1973, c. 256, C. 44:7-85 et
11 seq.), or **[c.]** (3) who is defined as disabled pursuant to the Federal
12 Social Security Act (42 U. S. C. section 416(i)) and satisfies the
13 income eligibility requirements for the Pharmaceutical Assistance
14 to the Aged program, shall be eligible for the "Lifeline Credit
15 Program" established by this act.

16 *b.* For the purposes of subsection *a.* of this section, the income
17 eligibility requirements for the Pharmaceutical Assistance to the
18 Aged program are \$12,000.00 for single persons and \$15,000.00 for
19 persons whose annual income is combined with that of their spouse.

20 *c.* The Board of Public Utilities shall establish a schedule of
21 eligible customers who meet such qualifications.

1 2. This act shall take effect July 1 next following enactment.

EXPLANATION—Matter enclosed in bold-faced brackets **[thus]** in the above bill
is not enacted and is intended to be omitted in the law.

STATEMENT

This bill amends the section concerning qualifications of customers eligible for the "Lifeline Credit Program" by raising the income eligibility requirements of PAA to more realistic levels for the purposes of the lifeline credit. The income level for single persons is increased from \$9,000.00 to \$12,000.00 and for married persons from \$12,000.00 to \$15,000.00.

SENATE, No. 757

STATE OF NEW JERSEY

PRE-FILED FOR INTRODUCTION IN THE 1980 SESSION

By Senator GREGORIO

AN ACT to amend "An act concerning electric and gas utilities, supplementing Title 48 of the Revised Statutes, making an appropriation and repealing P. L. 1977, c. 440," approved September 18, 1979 (P. L. 1979, c. 197).

1 BE IT ENACTED *by the Senate and General Assembly of the State*
2 *of New Jersey:*

1 1. Section 2 of P. L. 1979, c. 197 (C. 48:2-29.16) is amended to
2 read as follows:

3 2. *a.* Any residential electric or gas customer: **[a.]** (1) who is
4 currently enrolled in, or applies during the remainder of the 1979
5 calendar year and is found eligible for, the program of "Pharma-
6 ceutical Assistance to the Aged," established pursuant to P. L.
7 1975, c. 194 (C. 30:4D-20 et seq.), as amended and supplemented;
8 or, **[b.]** (2) who is currently receiving, or who receives during the
9 remainder of the 1979 calendar year, benefits under the program of
10 Supplemental Security Income (P. L. 1973, c. 256, C. 44:7-85 et
11 seq.), or **[c.]** (3) who is defined as disabled pursuant to the Federal
12 Social Security Act (42 U. S. C. section 416(i)) and satisfies the
13 income eligibility requirements for the Pharmaceutical Assistance
14 to the Aged program, shall be eligible for the "Lifeline Credit
15 Program" established by this act.

16 *b.* In addition to the other qualifications of this section, an eligible
17 customer shall be the head of the household or the spouse of the
18 head of the household to which electric or gas service is provided.

19 *c.* The Board of Public Utilities shall establish a schedule of
20 eligible customers who meet such qualifications.

1 2. This act shall take effect July 1 next following enactment.

**EXPLANATION—Matter enclosed in bold-faced brackets [thus] in the above bill
is not enacted and is intended to be omitted in the law.**

STATEMENT

This bill amends the section concerning qualifications of customers eligible for the "Lifeline Credit Program" by requiring an eligible customer to be the head of the household or the spouse of the head of the household. This requirement will prevent an ineligible customer from changing the name of the customer of record to another member of the household merely to qualify indirectly for the credit.

SENATOR JOHN P. CAUFIELD (Acting Chairman): Good morning. First of all, I would like to introduce the people who are sitting up here with me. On my far left is Ann Ferguson, who is from Senator Gregorio's staff; and Senator Gregorio, of course, is the sponsor of the three bills we are here to discuss today. Sitting next to Ann is Kathy Crotty, who is the Deputy Director of the Senate Majority. Alongside of me, to my immediate left, is Mike Catania, who is the Committee Aide. To my right is Joe Papisidero.

I would like to thank Ellen Curcio, who made the arrangements for our being here today in this very nice room. We should have such an ideal situation in Trenton. We hold some of our hearings in the basement closets.

I am Senator Caufield, Vice-Chairman of this Committee. I am chairing the meeting today. I am a Senator from Essex County, the 28th Legislative District.

We are here today to discuss three bills, all dealing with what we commonly refer to as the Lifeline Program, an act concerning electricity and gas utilities. We will be calling on various people to testify and, of course, we will entertain any comments from people in the audience. We will assure you whatever happens here today will be carried back to Trenton and communicated to not only the other members of this Committee, but the entire Senate.

With that, I would like to call on our first witness, John Langan, Project Director of Lifeline Credit Program, Department of Human Services. Mr. Langan, would you take a seat, please.

J O H N L A N G A N: Good morning, Senator. The reason that I volunteered to testify this morning was so that you could have, as a Committee, the benefit of our estimates of the fiscal impact of the three different bills: Senate 755 would modify the Lifeline Credit Program to expand the eligibility category by defining "disabled persons" in a manner similar to that used in the senior and disabled citizens property tax deduction and remove the requirement that the customer be in receipt of social security disability benefits.

First of all, let me state that we feel that the Committee should consider utilizing Social Security's definition of disability, which is a bit more restrictive than that proposed here, in that it requires the disability to be of a nature such that it would last for at least twelve months. The current proposal does not have a time frame on the definition of disability.

If this bill were to be passed, it would add approximately 43,500 people to the eligibility rolls. At the \$125 proposed Lifeline benefit for next heating season, this calculates to \$5,430,000.

SENATOR CAUFIELD: What is that figure?

MR. LANGAN: \$5,430,000. We estimate that the administrative costs for administering this bill would be an additional \$543,000, for a total of \$5,973,000. We also do not feel that the verification of disability simply by the submission of a physician's certificate will be adequate proof.

Senator, do you prefer that we take each bill one by one? Or do you want to have questions on each one?

SENATOR CAUFIELD: If we have any questions, we will ask them after you have gone into the three bills.

MR. LANGAN: Fine. Senate 756 is a bill that proposes to expand the eligibility by increasing the income requirements or the income levels for single persons from \$9,000 and raising it to \$12,000; and for married persons, from \$12,000 and raising it to \$15,000.

The language we feel needs clarification in that we were not sure whether the proposal was to modify the income limits of the Pharmaceutical Assistance to the Aged Program as well as the Lifeline Program, or to simply limit the expansion to the Lifeline Program, itself.

Assuming that the intent was to limit the expansion to the Lifeline Program, we estimate that this would add an additional 85,000 aged disabled persons to the eligible population. This would add \$10,625,000 at the \$125 credit rate. We estimate that the increase administrative costs would be \$690,600, for a total of \$11,315,600.

The next bill, Senate 757, proposes to limit lifeline benefits to those otherwise eligible customers who are heads of households or spouses of heads of households. This requirement would prevent an ineligible utility customer from changing the name on his account to that of a person who is otherwise eligible for lifeline merely to qualify for the credit. This requirement would be almost impossible to detect during the applications review process and the only way to insure compliance would be on a post-payment sampling basis. This type of surveillance would be an expensive undertaking since it would require visiting the eligible individual to assure that he or she was in fact the head of the household.

This proposal is also contrary to a Human Services' departmental philosophy of attempting to keep a family together and to give the benefit to the family unit. This is one small step towards encouraging persons to take in their elderly relatives by helping to defray the costs or offset the costs of keeping those elderly persons within a family unit.

We have no way of estimating how much this bill would cost to administer, nor do we have any way of estimating the reduction in lifeline benefits.

That concludes my testimony.

SENATOR CAUFIELD: Let me start at the end. You say it was the department's philosophy to keep family units together. I am not clear on how that would be hindered by this.

MR. LANGAN: This is just one small piece of assistance to a family unit. If, for example, a son took in his old parent and the old parent was eligible for lifeline because he met the income requirements, but was not the head of the household, our proposal is that the lifeline benefit go to the household in which the eligible person resides. This would actually credit the son's utility account. However, the benefit would go toward defraying the costs of keeping that senior citizen within the family unit.

SENATOR CAUFIELD: Is it the department's position to oppose this bill?

MR. LANGAN: Yes. We have, in fact, made a recommendaton that the language be expanded to enable the lifeline credit to be granted to the household in which the eligible person resides.

SENATOR CAUFIELD: You talk about the cost. Is there a cost? I was under the impression it was intended to have a saving.

MR. LANGAN: This bill would save benefit dollars. However, it would increase cost because of the policing effort to certify that the head of the household is actually receiving the benefit. It would increase the administrative costs. We have no way of estimating either at this point.

MS. CROTTY: The figure you gave us for the number of eligibles - that would be the number of people who would be eligible for the program if we change the definition of disabled persons. Does that presume we are also changing the income eligibility?

MR. LANGAN: No. Each estimate was based on the bill as it was presented.

MS. CROTTY: So, if we increased the income eligibility standards, there would be an increased number of disabled as well?

MR. LANGAN: Yes.

MR. CATANIA: John, you talked about not being able to make an estimate of the number of people who might become disqualified who are posing as the head of the household. Is there anything on the application for lifeline benefits now where a person must state whether or not he is the head of a household or whether he lives alone?

MR. LANGAN: No. The only certification is that the eligible person be the utility customer of record.

MR. CATANIA: Does that mean the service has to be in their name?

MR. LANGAN: Yes.

MR. CATANIA: At the time they apply?

MR. LANGAN: Yes.

MR. CATANIA: There is no way of checking back to see whether that service has been changed?

MR. LANGAN: Yes. We have contacted the utility companies. However, most of the changes appear to be from the deceased husband's name because they never bothered to change the name previously. They had continued to receive the bill and continued to pay it - that kind of change.

We had noticed some incidents of changing from what we presume was the son's name to the parent's name, or daughter's name to parent's name. However, there is no way of detecting this without actually going out and visiting the eligible person to verify whether or not he is the head of the household.

MR. CATANIA: So you would anticipate that if the Legislature passed this bill, you would have to start an inspection program or something like that to verify the head of the household?

MR. LANGAN: Yes, to police and verify the head of the household.

SENATOR CAUFIELD: In S 756 we are dealing with the eligibility limits. Is it the department's position that the \$3,000 change for single persons from \$9,000 to \$12,000 and for married persons from \$12,000 to \$15,000 is excessive?

MR. LANGAN: We feel the equitable way to grant an increase - if that were the Legislature's intent, to grant an increase in eligibility category - would be to tie it into some statistic, either the increase in social security benefits or the increase in the consumer price index, preferably the social security increase in benefits. We are not taking a position on the dollar amounts that are given here. However, we would feel it would be more equitable to tie it into one of those existing statistics.

SENATOR CAUFIELD: In S 755, you raise a question of the time frame of the disability. I think you said you would prefer it to be at least twelve months.

MR. LANGAN: We prefer that the bill utilize the Social Security Administration's definition of disability, which is a bit more restrictive than this.

SENATOR CAUFIELD: The way this bill is written, it just requires the physician's certification?

MR. LANGAN: That's correct. We do not feel that is appropriate certification of disability.

SENATOR CAUFIELD: In relation to these three bills, I have one general question: Are you going to be able to give us in writing some suggested changes that you might recommend?

MR. LANGAN: We are currently working with the Governor's Counsel's Office

in preparing an administration-supported bill. I am not sure when it is supposed to be introduced.

SENATOR CAUFIELD: Will that be a separate bill or modification of these bills?

MR. LANGAN: It would be a separate bill. There are currently several other bills in different committees that have been introduced which would modify Pharmaceutical Assistance definition requirements and also modify Lifeline. We are working with the Governor's Counsel's Office in trying to put together a compendium or trying to take into account all of the modifications.

SENATOR CAUFIELD: Any further questions? (No questions.) Thank you, John.

Our next witness will be Ed Beslow, Regulatory Officer, Board of Public Utility Commission.

E D W A R D B E S L O W: Thank you, Senator.

I have a few very, very brief comments and concur with the statements made by Mr. Langan. Of course, there is a general comment to be made about all the bills and that is that they don't seem to take into consideration those persons who have become eligible for PAA, SSI or other applicable programs since 1979.

I would like to emphasize what Mr. Langan said about the problems with leaving the eligibility of a person on disability to an individual physician. It is our opinion that this could lead to great inconsistency throughout the State in applying the standards. With regard to Senate Bill 756, while we certainly don't oppose this extension, we respectfully suggest that there may be additional ways to extend the program to many people who are in a lower income bracket, but who are presently ineligible to receive the Lifeline credit.

With regard to Senate Bill 757, we are currently administering the program with regard to the customer of record or the spouse of customer of record. While we would favor retention of this system of designation, we would not have any problem with the suggestion that Mr. Langan just made, that the credit go to the household as a whole. We feel that by not allowing it to go to the customer of record or, at least, of the household, we would be restricting the credit unfairly. For instance, a child who would be eligible for disabled benefits and was living at home would not be the head of the household and would not be able to share in the Lifeline credit if he wasn't the customer of record. The account could be changed to his name and the credit could be applied or, in the alternative, if it went to the household, his family would receive the benefit.

That is, basically, the comments I wanted to make, Senator.

SENATOR CAUFIELD: Are there any questions? Mr. Catania.

MR. CATANIA: Ed, has the Board taken a formal position on any of the three bills?

MR. BESLOW: No, we haven't.

MR. CATANIA: Just for the purpose of informing the people here and the Committee, can you explain to us how the Board and Human Services really together administer the Lifeline Program? I believe a lot of people thought originally it was the Board that was supposed to do this and that Human Services has taken over. Can you address that briefly?

MR. BESLOW: The present Lifeline legislation mandates the Board establish the Lifeline Credit Program. One of the problems we had was we didn't have a physical staff and we didn't have the computer capabilities that were necessary.

Luckily, the Legislature provided that the Board could contract out with other State agencies. We have used, in addition to Human Services, Treasury, Motor Vehicles, and I am probably forgetting about three or four other State agencies that have helped us. Human Services Department has given us the bulk of the aid we have needed. We have had to set up computer programs, checking into the programs that were established. Basically, we have left pretty much the program side with Human Services. We have basically been the contact with the utilities. And I think with the short amount of time we had to complete the program, the fact we are the utility regulators helped in getting the program started.

At this point, we are the administrative agency and, in effect, we contract out specific work to other agencies. As I said, the major bulk of the work is being done by Mr. Langan's office for us.

MR. CATANIA: Can you tell us whether there have been any problems with actually getting the State funds to the utilities to cover the credits that are extended to the eligible persons?

MR. BESLOW: Reimbursements to the utility?

MR. CATANIA: Yes.

MR. BESLOW: Surprisingly, that has been one of the easiest things to do. Our Audits Department basically --- Let me try and explain what happens. Once the applications come into the State, they are batched and approved. They are batched by the amount of credit. In other words, if a person is served by Public Service for gas and electricity, they get a hundred-dollar credit on that utility bill. If they are served by two different utilities, they are split up \$50 each. The applications are batched by the amount of credit and the utility company. They are sent to the utilities and they put them through their system. Hopefully, most of them are approved. They submit back to us any rejected applications. That might be because the account numbers don't match. Or, if there is a misspelling of a name, it doesn't go through the computer. When that happens, we will either send the application back to the customer or, if it is an obvious misspelling of a name, we will take it upon ourselves to make the correction and send it back to the utility without having to bother the customer again.

Once the utility puts it through their system, they generate a computer printout and send it to us with the original application. Our Audits Division would then name-by-name go through it and make sure that each credit is accurately recorded and that the backup material for that information is there - that we have it.

At that point, we will generate a form indicating the amount of reimbursement that should go to the utility. At that time, we will send it to the utility for their signature and then send it to the State Treasurer. As far as I know, the reimbursement side of it has been going smoothly and there has been sufficient funds in the revenue fund to enable the payments to be made on time.

MR. CATANIA: Are they mailed in one lump sum to the utility?

MR. BESLOW: It is based on the number of applications they generate to us. They could generate 100 applications or 200 applications at one time. In other words, we will only authorize or certify to the State Treasurer the amounts that have been actually set out by the utilities and that they have actually checked and we make sure the supporting documents are there to issue the credits.

There are some utilities, such as Sussex Rural, which is up in the north-western part of the State, and municipal utility companies who have very small amounts coming through. But we would process them through as we would process

Public Service. And they are being paid in the same manner. In fact, we are doing most of the computer work for the municipalities because they cannot generate the data to us.

MR. CATANIA: Thank you.

SENATOR CAUFIELD: Thank you very much.

Next we have Peter Shields, who is the Director, and Theresa Reger, who is the Information Specialist, from the Union City Division on Aging.

P E T E R S H I E L D S: I have with me today Theresa Reger who is on my staff as my Informational Specialist. I don't have her here for moral support, but I have her here because she has really been working in depth on the lifeline and the pharmaceutical assistance bill and so on in our office for the past few years.

Theresa and I have both worked in social security for many, many years, and we are both retired through the Federal System. I mention that only because of the fact that as we look at social security over the years, we see it first as a retirement program; then they added survivorship to the program; then they added disability to the program; then they added medicare to the program; and now they have added SSI. With all those additions, this is why we retired.

But, in any case, I appreciate the fact that the State is now looking at the disabled people; and of all people, we should look at them. Of course, we are advocates of the senior citizens, but I think it is high time that, with the casino revenue funds, the disabled people also receive their fair share.

I want to compliment Senator Russo -- not Senator Russo, but Senator Gregorio; we have two very popular Senators here in Union County. I want to compliment Senator Gregorio for his concern for the elderly and the disabled. I have had the pleasure of being associated with him for many, many years, and he has an enviable record, particularly as it relates to senior citizen housing, and senior citizen recreation. It has been our pleasure to cooperate with him.

Now, I would just like to give you my gut feelings. That is about all I can do because I am concerned with all of the problems with the elderly. Theresa will, I am sure, give you much more detailed and knowledgeable answers to your questions.

If I may, I would like to say that 757 tightens up on the eligibility of the Lifeline, and I think that is quite good. It is not a vital thing. I did criticize the pharmaceutical assistance program and their attitude many years ago, where they were extremely strict in setting up the crazy application they had because they had a fear that the senior citizens were going to be robbing them of some of their money. That was not really a proper fear on their part. I still can see where there have been a few individuals that have taken advantage of the fact that senior citizens are entitled to this, and as a result, I am in agreement with Senator Gregorio, that it should be tightened up to at least restrict it to the senior citizen's household.

With regard to 756, naturally, we have all watched the rise in the cost of living, and there certainly should be an increase in the eligibility as it relates to income.

In regard to 755, in all honesty, I have had some personal reservations. Theresa and I have worked over the years with social security, as I said, and anyone who is an administrator has to have cut and dried lines that say, "you can only go so far, and that is that." There are times when these cut and dried lines don't seem to be fair to particular individuals, and they are not fair to particular individuals. But, from an administrative point of view, you have to have it cut and dry.

For example, when we talk about a twelve thousand dollar limit, if the person makes twelve thousand and one -- well, we still can't do anything about that. Now, with 755 saying that a person's own physician can be the one to say he is one hundred percent disabled, I honestly feel that is opening up a Pandora's Box.

So, I would agree, as I said, with the essence of the thought of tightening up the program with 757, and increasing eligibility with 757. But, I feel quite

strongly about just permitting just a person's own doctor to say he is one hundred percent disabled, because then you will have thousands of different opinions.

Also, just as a separate point on behalf of disabled people, since the pharmaceutical program has been limited to the elderly, it would seem to me that hopefully, in time, the Senate will consider extending the pharmaceutical assistance program to the disabled people, who certainly need this kind of protection also.

Now, I will turn the microphone over to Miss Reger, who will give you her comments.

T H E R E S A R E G E R: I do concur with Mr. Shields concerning the importance of the proper definition of disability. I am concerned with who or what agency would make this decision on behalf of the newly disabled who would be applying -- those who are not receiving social security disability pensions.

I was also glad to hear what the cost factors were, because I have that jotted down. I would like to see the program extended to include disabled persons. But, much more important, to them a small amount like \$125, if it is very costly, doesn't mean that much to the individual. I think inclusion in the PAA program would really be a major improvement for the disabled people.

Now, there are many people who have worked but who do not qualify for social security through disability. I think that it would be favorable to give regard to these people. For example, if a woman left her job at age 25 in order to raise children for 16 years and got sick at age 38, she would not meet the requirements to be a recipient of social security disability benefits - this could apply to either a man or a woman - even though she would be just as severely disabled as one who got sick while still working, or shortly thereafter. So, in general I do agree with this, but I would like to know who is going to make that determination, and how quickly it could be implemented in this way.

When someone files for social security, it usually takes four or five months, even some times longer because they are disallowed the first time and they have to go for a reconsideration. For a \$125 benefit per person, or per household for a disabled person, I wonder if it is really feasible to do this? To qualify someone for help with their pharmaceutical bills, which are greater for the disabled than they are for many older people, would make it more meaningful and more worthwhile as an expenditure for administrative costs, in my opinion.

Concerning the increase in income, I don't think I am in favor of increasing the income, but I think these increases are quite high. I think perhaps you should use a little different formula. And, one thing I do feel is that you cannot separate these two programs. You just can't talk about Lifeline without PAA, nor can you talk about PAA without Lifeline. And, the administration is practically the same.

Now, last winter, when Lifeline came into existence, we had so many complaints from people waiting for renewal on their PAA, it was just overwhelming. It was very frustrating. The PAA people were doing their utmost, but it was just way beyond their possible handling. The way I would describe it is, it almost came to a halt. I do think if we are going to do this, we should certainly have the same income limit for both programs. I have been reading in the paper about PAA possibly going from nine to eleven, rather than nine to twelve for single people. Twelve to fifteen seems to be in agreement for married couples. But, it should be the same, I think, for PAA and for Lifeline - the two income levels. But, I am sure that will be resolved.

Now, concerning the changing of bills, we didn't encounter too many people who were deliberately changing the head of the household on the customer of record because mom could get a discount credit and the younger person could not. But, I am sure it was there because we would have occasional calls on the telephone just asking the question. But, most of the ones we dealt with were conversions and corrections of billing, changing it to the widow's name after her husband died, which could have been 15 or 20 years ago, and that was nothing wrong; that was routine.

That is all I have to say. Do you have any questions?

MS. FERGUSON: First of all, thank you for the compliments you gave to my boss. What suggestions do you have insofar as your feelings about our going along with the social security standards? Do you feel that a person should be incapable for 12 months prior to being allowed into the program?

MR. SHIELDS: I think you really should take advantage of the system that is already in existence and use their standards, because it is really, as I said, opening up a Pandora's box here. You will have every doctor that has his own definition of one hundred percent disability, or permanent and total disability.

Incidentally, I worked for the Veterans Administration for a while as a counselor. You don't seem to have a VA definition in there, which might be included for someone who would be considered permanently, or totally, disabled. But, I would strongly recommend that you stay away from the person's own doctor's recommendation.

MS. FERGUSON: All right. What would you do when people are ineligible to collect social security disability benefits? How would they then qualify?

MR. SHIELDS: I don't really know, unless that relates to the question Theresa asked, which is: Who would make the determination to accept the doctor's statement? The State makes the disability determination for social security. Now, if you wanted to set it up, within that framework, as a separate responsibility for them to make the determination on the basis of medical evidence submitted to them by physicians on behalf of people who would not be applying for social security, that might be one way to keep it within the same framework. That is a possibility. You have your own state agency right here that is doing it for social security. But, somebody should do it, rather than just take a doctor's statement as the final determination. It just occurred to me that that might be an added function that the State Disability Agency can take on. Someone should do it.

MS. FERGUSON: Thank you.

SENATOR CAUFIELD: I think that is an excellent thought. Since we are already doing it for social security - the State does already perform that function - it sounds like that is where it should be done.

I have a great deal of problem with just a doctor's certificate. In my position as Fire Director I get all kinds of certificates. One doctor says he is disabled, the next one says give him light duty, and the next doctor says there is no reason why he can't perform full duty.

MR. SHIELDS: It would be a little more objective if an agency did it.

SENATOR CAUFIELD: Yes. Okay, thank you for coming. We appreciate it.

MR. SHIELDS: It was my pleasure.

SENATOR CAUFIELD: Evelyn Frank. Evelyn Frank is the President of the Senior Citizens' Council of Union County.

E V E L Y N F R A N K: Thank you. First, we appreciate, very much, the fact that you are seeking the cost that a bill may entail while you are looking at it and voting for it. We realize that the cost of a bill is most important to how either the legislators or the public relate to the bill.

On 755, I think that some of the things that Mr. Shields was saying about the definition of a disabled person should carry some weight. The doctor's certificate is not sufficient. We could use the social security disability, except as it might relate to the number of credits which might have made them entitled to social security disability.

Under bill, S-756, I feel that the income should be tied into statistics, as it was recommended. I think it is hard for the general public to understand why we are jumping from nine thousand to eleven thousand, and it is most important for the image of the older person to have the public be able to relate to the increase. Bear in mind also that the income level should be the same in the PAA as it is within this program. With all the calls we get, it is very difficult and very confusing for the average senior citizen.

You are putting in 757 as a corrective measure, I believe. However, I see some things that might be difficult to monitor, as well as "what is the cost to monitor it"? Will the cost of the abuses run much less, perhaps, than the cost to monitor a program?

Talking about the cost to monitor a program, and the cost of abuses that might go through, brings me to the point where I might refer to the PAA. If you are having a recertification every year, we were thinking that perhaps you might consider, somewhere down in Trenton, not to do it every year. What does it cost to recertify every year, and what is the delay? Would it be less to just let it go to maybe every other year? The chance of a senior citizen's income jumping that high, I think, is not great, and if there were some abuses, it would be much less costly than to have them certified every year, causing a delay in the cards, which we hope will vanish. Those are my comments.

SENATOR CAUFIELD: Thank you. I think your last comment is an excellent one. That would cut down on some of those administrative costs.

MS. FRANK: Yes. You would know what it costs to recertify. It is a very hard thing for us to accept. For instance, we have talked about Title 20 and recertification, and why an 80-year-old woman cannot ride the bus until she is recertified, making sure that her income has not increased. That just doesn't make sense. But, the cost, I think, is a key there.

SENATOR CAUFIELD: Thank you very much, you have been very helpful.

Is there anyone else who is present that wishes to testify? (no response)

Okay, if there is no one else to testify, I would like to thank everyone for their testimony and for their comments. Just to summarize a few things, it seems that there is a general consensus that everyone really favored what these bills are trying to accomplish. Maybe we don't agree with the figures, and maybe some things ought to be done in a different way. There seems to be a feeling that PAA ought to definitely be in there for the disabled.

With reference to the physical certification, I think we have the ideal answer, which was brought out here today, since we have a state agency that already does this for social security.

The eligibility dollar increases -- it sounds like everyone pretty much agreed that instead of it being a flat figure, the way we proposed it here, that it should be tied in somehow with the statistics. And, also, whatever limits

we are going to place, they ought to be the same as they are in the PAA. You know, there is a lot of money in the Casino Revenue Fund, but I think before we jump too quickly - we know what that is dedicated to, and we are going to keep it dedicated to that, certainly - we had better think about the programs to make sure that that fund doesn't run in all crazy directions. I have heard that coming across from very responsible senior citizen groups. They all seem to feel pretty much the same -- that we had better take a good look before we get just overwhelmed by the amount of money that would be coming in from that. That is going to be, hopefully - certainly - an increasing amount every year from this point on.

Again, I want to thank the people who came here. They provided a much better forum for this than we had in Trenton. The people who testified here today were very helpful and I am sure that when we take this report back to our colleagues in Trenton, they will be happy to receive it. Again, thank you very much.

(hearing concluded)

