



Senior Services News

*A Newsletter Published by the
N.J. Department of Human Services
Division of Aging Services*

Volume 29, No. 01

March 2026

TO: Providers of Pharmaceutical Services – **For Action**
Health Maintenance Organizations – **For Information Only**

SUBJECT: **Pharmaceutical Assistance to the Aged and Disabled (PAAD) and Senior Gold (SG) Prescription Discount Program enhanced claims editing for maximum allowed patient responsibility amount and to remind providers of appropriate claims processing procedures**

EFFECTIVE: Immediately

PURPOSE: To announce new error codes intended to ensure that PAAD claims billed as secondary to Medicare Part D do not inappropriately report an “Other Payer-Patient Responsibility Amount” exceeding the maximum Medicare Part D out-of-pocket annual spend for the calendar year, or exceeding maximum copayment amounts under the Low Income Subsidy (LIS) program, as determined annually by the Center for Medicare and Medicaid Services (CMS).

BACKGROUND: Under the Inflation Reduction Act, beneficiaries enrolled in a Medicare Part D plan will have a maximum out-of-pocket (OOP) expense as set by CMS per calendar year. For Calendar year 2026, OOP is set at \$2,100. Once a PAAD beneficiary reaches this limit, PAAD beneficiaries have no further cost share responsibilities for Medicare Part D copayments. PAAD beneficiaries will have a \$0 copayment for all Medicare Part D covered prescriptions after the OOP expense is satisfied. A review of secondary Medicare Part D claim payments identified certain pharmacies billing other “payer-patient responsibility amounts” exceeding the maximum annual Medicare Part D out-of-pocket amount and/or billing LIS copayments exceeding the maximum LIS copayment amounts.

ACTION: Please remind NJ residents that programs, such as PAAD and SG, are available to help with copayments at the pharmacy on all covered medications and to assist with the monthly premium for select Medicare Part D prescription drug plans for PAAD members. Please remember to submit pharmacy claims using the information provided by PAAD/SG member eligibility cards for prescriptions requested by PAAD/SG beneficiaries. PAAD/SG is to be billed **secondary** to any primary insurance the member may have.

Claims submitted to the PAAD/SG program as the secondary payer should never have “Other Payer-Patient Responsibility Amounts” in NCPDP Field 352-NQ exceeding that of the copayment calculated by the primary payer.

Effective for claims with service dates on or after 03/15/2026, PAAD claims billed as secondary Medicare Part D claims reporting “Other Payer-Patient Responsibility Amounts” in NCPDP Field 352-NQ exceeding the annual maximum out-of-pocket cumulatively for calendar year shall be denied payment by Error Code 2358. For 2026, the annual maximum out-of-pocket amount is \$2,100.

Effective for claims with service dates on or after 03/15/2026, PAAD claims billed as secondary Medicare Part D claims for LIS beneficiaries reporting “Other Payer-Patient Responsibility Amounts’ in NCPDP Field 352-NQ exceeding maximum LIS copayment amounts annually determined by CMS shall be denied payment by Error Code 2359. For 2026, the maximum LIS copayment amounts are \$5.10 for generic & \$12.65 for brand.

Direct any questions concerning eligibility requirements to the Division of Aging Services, Office of State Health Insurance for the Aged and Disabled, PO Box 715, Trenton, New Jersey 08625-0715 or contact the PAAD Hotline at 1-800-792-9745.

If there are any questions regarding the Newsletter, please contact 1-866-854-1596.

If there are any questions regarding claim edits, please contact Gainwell Technologies at 1-877-888-2939.

RETAIN THIS NEWSLETTER FOR REFERENCE

IMPORTANT REMINDERS

PAAD cards are distinguished by their yellow color and the ID number begins with '6'. Senior Gold cards are white and the ID number begins with '7'. The '01' following each ID number represents the Person Code only.

Processing information for both cards is as follows: BIN=610515; PCN=PAAD

Group numbers are not required for either program. That field should remain blank.

PAAD and SG do not assist with the copays on all pharmaceutical products. The following are not covered by PAAD/SG:

- Medications not covered by primary insurance. PAAD/SG will only provide wrap around benefits for medications paid for by Medicare Part D or a Prescription Drug Plan,
- Medications in which coverage is excluded by Medicare Part D regulations,
- Medications purchased at retail pharmacies outside the State of New Jersey, and;
- Medications whose manufacturer has not agreed to provide rebates to the State of New Jersey. An Error Code of 570D will post.

The PAAD copayment will be \$5 for each PAAD covered generic drug prescription and \$7 for each PAAD covered brand name drug prescription. Beneficiaries may pay less for medications if their Medicare prescription drug plan charges them less than the standard PAAD copayment amount. For SG, the copayment amount is \$15 for each SG-covered prescription **plus** half the remaining copayment amount calculated by the Medicare Part D plan.

Medicare enrollees in 2026 will again be given the option to pay their Medicare Part D prescription drug copays in the form of capped monthly payments instead of a single payment at the pharmacy using the Medicare Prescription Payment Plan (MPPP). The MPPP will populate a \$0 cost-share at the pharmacy and will then send the member a monthly bill in the mail. The MPPP program **will not save our beneficiaries money or lower their drug costs. Without proper billing, this option may actually cost PAAD/SG beneficiaries more.**

If a beneficiary enrolls in a Medicare Prescription Payment Plan, then all transactions must be processed through 1) their Medicare Part D plan as primary, then 2) PAAD/SG as secondary, and finally 3) to the Medicare Prescription Payment Plan Bank. If this is not billed in the proper order, then the final patient responsibility amount will not be reported correctly.

PAAD/SG eligibility information should be posted in all pharmacies in a location accessible to the general public. More information is available through the NJ Save website: <https://www.nj.gov/humanservices/doas/services/l-p/njsave/>