



State of New Jersey  
Department of Human Services  
Division of Medical Assistance and Health Services

# NEWSLETTER

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## PHARMACEUTICAL ASSISTANCE TO THE AGED AND DISABLED PROGRAM

**TO:** Prescribers of Legend Drugs and Insulin Including Physicians, Dentists, Podiatrists, Independent Clinics and Chief Executive Officers - Hospitals

**SUBJECT:** Pharmaceutical Assistance to the Aged and Disabled (PAAD) Drug Manufacturers' Rebate Program - Pharmaceutical Rebate Act (P.L. 1992 C.83 and P.L. 1993 C.97)

**EFFECTIVE:** Pharmaceutical Claims for the PAAD Program with Dates of Service on and after July 31, 1993

**PURPOSE:** The purpose of this Newsletter is to inform all prescribers including physicians, dentists, podiatrists, independent clinics and hospitals that PAAD reimbursement for legend drugs and insulin is limited to those products manufactured by pharmaceutical manufacturers who have agreed to participate in the PAAD drug rebate program.

**BACKGROUND:** In accordance with the Pharmaceutical Rebate Act (P.L. 1992 C.83 and P.L. 1993 C.97), the PAAD program shall limit the coverage of legend drugs and insulin to pharmaceutical manufacturers who agree to provide rebates to the State of New Jersey.

This law applies to legend drugs and insulin but does not apply to insulin needles and syringes, diabetic testing materials, legend pharmaceutical devices and vaccines. For their products to be covered under PAAD, pharmaceutical manufacturers must have entered into, and have in effect, a PAAD drug rebate agreement with the Commissioner of the New Jersey Department of Human Services by June 30, 1993.

**ACTION:** All prescribers should be aware that drug coverage under the PAAD program may be limited by decisions of pharmaceutical manufacturers not to participate in the PAAD drug rebate program. In certain situations, drugs prescribed, which were traditionally covered by the PAAD program may not be dispensed on and after July 31, 1993 by pharmacies due to their knowledge that the drug will not be covered by the PAAD program because the manufacturer has declined to enter into a rebate agreement with the State.

In these situations, prescribers may be contacted by pharmacies to request a change to a drug covered by the PAAD program. These inquiries raised by pharmacies are similar to those raised as a result of the implementation of the Medicaid drug rebate program several years ago.

**Please note, however, that the Medicaid and PAAD rebate programs are not related. Therefore, a manufacturer's drug products may be covered by one program but not the other.**

In order to obtain information regarding those pharmaceutical manufacturers whose products are covered by the PAAD program, practitioners may contact the Division of Medical Assistance and Health Services at 609-588-2744.

Since the Division is only able to outreach those practitioners who participate in the Medicaid program and since many PAAD beneficiaries utilize other practitioners, we would appreciate your sharing of this Newsletter with as many prescribers as possible to familiarize them with the new State law.

If you have any questions regarding this Newsletter, please contact the Chief Pharmacy Consultant at 609-588-2724.

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