

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL
No. 773 Session of
1999

INTRODUCED BY ADOLPH, HARHART, CIVERA, BARRAR, RAYMOND,
MICOZZIE, ALLEN, ARMSTRONG, BAKER, BARD, BARLEY, L. I. COHEN,
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WOGAN, WRIGHT, ZUG, BOYES, RAMOS, PIPPY, STEVENSON,
BUTKOVITZ, RUBLEY, HABAY, CALTAGIRONE, WASHINGTON AND
PHILLIPS, MARCH 9, 1999

SENATOR MURPHY, AGING AND YOUTH, IN SENATE, AS AMENDED,
JUNE 14, 1999

AN ACT

1 ~~Amending the act of August 26, 1971 (P.L.351, No.91), entitled~~ <—
2 ~~"An act providing for a State Lottery and administration~~
3 ~~thereof; authorizing the creation of a State Lottery~~
4 ~~Commission; prescribing its powers and duties; disposition of~~
5 ~~funds; violations and penalties therefor; exemption of prizes~~
6 ~~from State and local taxation and making an appropriation,"~~
7 ~~amending certain definitions and deleting provisions relating~~
8 ~~to PACENET and certain deductibles; providing property tax or~~
9 ~~rent rebate and inflation assistance to certain senior~~
10 ~~citizens, widows, widowers and permanently disabled persons~~
11 ~~with limited income; establishing uniform standards and~~
12 ~~qualifications; and imposing additional duties on the~~
13 ~~Department of Revenue.~~
14 AMENDING THE ACT OF MARCH 11, 1971 (P.L.104, NO.3), ENTITLED, AS <—
15 AMENDED, "AN ACT PROVIDING PROPERTY TAX OR RENT REBATE AND
16 INFLATION DIVIDENDS TO CERTAIN SENIOR CITIZENS, WIDOWS,
17 WIDOWERS AND PERMANENTLY DISABLED PERSONS WITH LIMITED
18 INCOMES; ESTABLISHING UNIFORM STANDARDS AND QUALIFICATIONS
19 FOR ELIGIBILITY TO RECEIVE REBATES AND DIVIDENDS; PROVIDING
20 FOR TRANSPORTATION ASSISTANCE GRANTS AND GRANTS TO AREA
21 AGENCIES ON AGING FOR SERVICES TO OLDER PERSONS; AND IMPOSING
22 DUTIES UPON THE DEPARTMENT OF REVENUE," FURTHER PROVIDING FOR
23 DEFINITIONS AND FOR FUNDS FOR PAYMENT; AND MAKING A REPEAL.

1 The General Assembly of the Commonwealth of Pennsylvania
2 hereby enacts as follows:

3 ~~Section 1. The definitions of "maximum annual income,"~~ <—
4 ~~"PACENET" and "program" in section 502 of the act of August 26,~~
5 ~~1971 (P.L.351, No.91), known as the State Lottery Law, added~~
6 ~~November 21, 1996 (P.L.741, No.134), are amended to read:~~
7 ~~Section 502. Definitions.~~

8 ~~The following words and phrases when used in this chapter~~
9 ~~shall have the meanings given to them in this section unless the~~
10 ~~context clearly indicates otherwise:~~

11 * * *

12 ~~"Maximum annual income." For PACE eligibility, the term~~
13 ~~shall mean annual income which shall not exceed [\$14,000]~~
14 ~~\$16,000 in the case of single persons nor [\$17,200] \$19,200 in~~
15 ~~the case of the combined annual income of persons married to~~
16 ~~each other. Persons may, in reporting income to the Department~~
17 ~~of Aging, round the amount of each source of income and the~~
18 ~~income total to the nearest whole dollar, whereby any amount~~
19 ~~which is less than 50¢ is eliminated.~~

20 * * *

21 ~~["PACENET." The Pharmaceutical Assistance Contract for the~~
22 ~~Elderly Needs Enhancement Tier provided for in this chapter.]~~

23 * * *

24 ~~"Program." The Pharmaceutical Assistance Contract for the~~
25 ~~Elderly (PACE) [and the Pharmaceutical Assistance Contract for~~
26 ~~the Elderly Needs Enhancement Tier (PACENET)] as established by~~
27 ~~this chapter, unless otherwise specified.~~

28 * * *

29 ~~Section 2. Sections 519, 520(c) and 521(b) and (d) of the~~
30 ~~act, added November 21, 1996 (P.L.741, No.134), are amended to~~

1 read:

2 ~~{Section 519. The Pharmaceutical Assistance Contract for the~~
3 ~~Elderly Needs Enhancement Tier.~~

4 ~~(a) Establishment. There is hereby established within the~~
5 ~~department a program to be known as the Pharmaceutical~~
6 ~~Assistance Contract for the Elderly Needs Enhancement Tier~~
7 ~~(PACENET).~~

8 ~~(b) PACENET eligibility. A claimant with an annual income~~
9 ~~of not less than \$14,000 and not more than \$16,000 in the case~~
10 ~~of a single person and of not less than \$17,200 and not more~~
11 ~~than \$19,200 in the case of the combined income of persons~~
12 ~~married to each other shall be eligible for enhanced~~
13 ~~pharmaceutical assistance under this section. A person may, in~~
14 ~~reporting income to the department, round the amount of each~~
15 ~~source of income and the income total to the nearest whole~~
16 ~~dollar, whereby any amount which is less than 50¢ is eliminated.~~

17 ~~(c) Deductible. Upon enrollment in PACENET, eligible~~
18 ~~claimants in the income ranges set forth in subsection (b) shall~~
19 ~~be required to meet an annual deductible in unreimbursed~~
20 ~~prescription drug expenses of \$500 per person. To qualify for~~
21 ~~the deductible set forth in this subsection the prescription~~
22 ~~drug must be purchased for the use of the eligible claimant from~~
23 ~~a provider as defined in this chapter. The department, after~~
24 ~~consultation with the board, may approve an adjustment in the~~
25 ~~deductible on an annual basis.~~

26 ~~(d) Copayment. For eligible claimants under this section,~~
27 ~~the copayment schedule, which may be adjusted by the department~~
28 ~~on an annual basis after consultation with the board, shall be:~~

29 ~~(i) eight dollars for noninnovator multiple source~~
30 ~~drugs as defined in section 702; or~~

~~(ii) fifteen dollars for single source drugs and
innovator multiple source drugs as defined in section
702.]~~

~~Section 520. Board.~~

~~* * *~~

~~(c) Review. Using the annual report submitted by the
department pursuant to section 2102 and other appropriate data
sources, the board shall conduct an annual review. The board
shall develop recommendations concerning any changes in the
level of copayment[, deductible] or in the level of fees paid to
participating pharmacists. The board shall review the
department's therapeutic drug utilization review program on an
ongoing basis. The board may also recommend other changes in the
structure of the program and direct the department to enter into
discussions with the private contractor concerning amendments to
the contract, or the department may enter into such discussion
if it deems necessary. The copayment [or deductible schedule]
shall only be adjusted on an annual basis.~~

~~* * *~~

~~Section 521. Penalties.~~

~~* * *~~

~~(b) Civil penalty. In addition to any appropriate criminal
penalty for prohibited acts under this chapter whether or not
that act constitutes a crime under 18 Pa.C.S. (relating to
crimes and offenses), a provider who violates this section may
be liable for a civil penalty in an amount not less than \$500
and not more than \$10,000 for each violation of this act which
shall be collected by the department. Each violation constitutes
a separate offense. If the department collects three or more
civil penalties against the same provider, the provider shall be~~

~~ineligible to participate in [either] PACE [or PACENET] for a period of one year. If more than three civil penalties are collected from any provider, the department may determine that the provider is permanently ineligible to participate in PACE [or PACENET].~~

~~* * *~~

~~(d) Repayment of gain. Any provider, recipient or other person who is found guilty of a crime for violating this chapter shall repay three times the value of the material gain received. In addition to the civil penalty authorized pursuant to subsection (b), the department may require the provider, recipient or other person to repay up to three times the value of any material gain to PACE [or PACENET].~~

~~Section 3. The definitions of "covered prescription drug," "PACENET" and "provider" in section 702 of the act, added November 21, 1996 (P.L. 741, No. 134), are amended to read:~~
~~Section 702. Definitions.~~

~~The following words and phrases when used in this chapter shall have the meanings given to them in this section unless the context clearly indicates otherwise:~~

~~* * *~~

~~"Covered prescription drug." A legend drug, insulin, an insulin syringe or an insulin needle eligible for payment by the Commonwealth under PACE[, PACENET] or designated pharmaceutical programs.~~

~~* * *~~

~~["PACENET." The program established under section 519.]~~

~~* * *~~

~~"Provider." A licensed pharmacy or dispensing physician enrolled as a provider in PACE[, PACENET] or designated~~

1 ~~pharmaceutical programs.~~

2 ~~* * *~~

3 ~~Section 4. Sections 703, 704(b)(1), 705, 706(b) and 709 of~~
4 ~~the act, added November 21, 1996 (P.L. 741, No.134), are amended~~
5 ~~to read:~~

6 ~~Section 703. Rebate agreement.~~

7 ~~(a) Requirement. PACE[, PACENET] and designated~~
8 ~~pharmaceutical programs shall not reimburse for any covered~~
9 ~~prescription drug without a rebate agreement between the~~
10 ~~department and the manufacturer of the covered prescription~~
11 ~~drug.~~

12 ~~(b) Exception. Subsection (a) shall not apply if the~~
13 ~~availability of the drug is essential to the health of eligible~~
14 ~~claimants as determined by the department.~~

15 ~~(c) Agreements. Manufacturers of prescription drugs~~
16 ~~reimbursed under PACE[, PACENET] and designated pharmaceutical~~
17 ~~programs must enter into a rebate agreement with the department~~
18 ~~under this chapter to obtain such reimbursement. Nothing in this~~
19 ~~chapter shall be deemed to affect or impair any agreement made~~
20 ~~under the former provisions of Chapter 6 of the act of August~~
21 ~~14, 1991 (P.L. 342, No.36), known as the Lottery Fund~~
22 ~~Preservation Act.~~

23 ~~(d) Notice. The department shall notify enrolled providers~~
24 ~~of PACE[, PACENET] and designated pharmaceutical programs on an~~
25 ~~annual basis and, as appropriate, of all manufacturers who have~~
26 ~~entered into a rebate agreement.~~

27 ~~(e) Drug formulary. Except as provided in section 512,~~
28 ~~there shall be no drug formulary, prior or retroactive approval~~
29 ~~system or any similar restriction imposed on the coverage of~~
30 ~~outpatient drugs made by manufacturers who have agreements in~~

~~effect with the Commonwealth to pay rebates for drugs utilized in PACE [and PACENET], provided that such outpatient drugs were approved for marketing by the Food and Drug Administration. This subsection shall not apply to any act taken by the department pursuant to its therapeutic drug utilization review program under section 505.~~

~~Section 704. Terms of rebate agreement.~~

~~* * *~~

~~(b) Information.~~

~~(1) The department shall report to each manufacturer, not later than 60 days after the end of each calendar quarter, information by zip code of provider on the total number of dosage units of each covered prescription drug reimbursed under PACE[, PACENET] and designated pharmaceutical programs during the quarter.~~

~~* * *~~

~~Section 705. Amount of rebate.~~

~~(a) Single source drugs and innovator multiple source drugs. With respect to single source drugs and innovator multiple source drugs, each manufacturer shall remit a rebate to the Commonwealth. Except as otherwise provided in this section, the amount of the rebate to the Commonwealth per calendar quarter with respect to each dosage form and strength of single source drugs and innovator multiple source drugs shall be as follows:~~

~~(1) For quarters beginning after September 30, 1992, and ending before January 1, 1997, the product of the total number of units of each dosage form and strength reimbursed by PACE and General Assistance in the quarter and the difference between the average manufacturer price and 85% of~~

~~that price, after deducting customary prompt payment discounts, for the quarter.~~

~~(2) For quarters beginning after December 31, 1996, the product of the total number of units of each dosage form and strength reimbursed by PACE[, PACENET] and designated pharmaceutical programs in the quarter and the difference between the average manufacturer price and 83% of that price, after deducting customary prompt payment discounts.~~

~~(b) Rebate for other drugs.—~~

~~(1) The amount of the rebate to the Commonwealth for a calendar quarter with respect to covered prescription drugs which are noninnovator multiple source drugs shall be equal to the product of:~~

~~(i) the applicable percentage of the average manufacturer price, after deducting customary prompt payment discounts, for each dosage form and strength of such drugs for the quarter; and~~

~~(ii) the number of units of such form and dosage reimbursed by PACE and General Assistance in the quarter.~~

~~(2) For the purposes of paragraph (1), the applicable percentage for calendar quarters beginning after September 30, 1992, and ending before January 1, 1997, is 11%.~~

~~(c) Revised rebate for other drugs. Beginning after December 31, 1996:~~

~~(1) The amount of the rebate to the Commonwealth for a calendar quarter with respect to covered prescription drugs which are noninnovator multiple source drugs shall be the greater of the product of:~~

~~(i) the applicable percentage of the average manufacturer price, after deducting customary prompt~~

~~payment discounts, for each dosage form and strength of such drugs for the quarter; and~~

~~(ii) the number of units of such form and dosage reimbursed by PACE[, PACENET] and designated pharmaceutical programs in the quarter.~~

~~(2) For purposes of paragraph (1), the applicable percentage is 17%.~~

~~(d) Drugs approved after act takes effect. In the case of a covered outpatient drug approved for marketing after the effective date of the act of August 14, 1991 (P.L.342, No.36), known as the Lottery Fund Preservation Act, any reference to January 1, 1991, shall be a reference to the first day of the first month during which the drug was marketed.~~

~~Section 706. Excessive pharmaceutical price inflation discount.~~

~~* * *~~

~~(b) Revised general rule. A discount shall be provided to the department for all covered prescription drugs. The discount shall be calculated as follows:~~

~~(1) For each quarter for which a rebate under section 705(a) and (c) is to be paid after December 31, 1996, the average manufacturer price for each dosage form and strength of a covered prescription drug shall be compared to the average manufacturer price for the same form and strength in the previous calendar year and a percentage increase shall be calculated.~~

~~(2) For each quarter under paragraph (1), the average percentage increase in the Consumer Price Index Urban over the same quarter in the previous calendar year shall be calculated.~~

~~(3) If the calculation under paragraph (1) is greater~~

1 ~~than the calculation under paragraph (2), the discount amount~~
2 ~~for each quarter shall be equal to the product of:~~

3 ~~(i) the difference between the calculations under~~
4 ~~paragraphs (1) and (2); and~~

5 ~~(ii) the total number of units of each dosage form~~
6 ~~and strength reimbursed by PACE[, PACENET] and designated~~
7 ~~pharmaceutical programs and the average manufacturer~~
8 ~~price reported by the manufacturer under section~~
9 ~~704(c)(1).~~

10 ~~* * *~~

11 ~~Section 709. Disposition of funds.~~

12 ~~(a) PACE [and PACENET]. Money received under this chapter~~
13 ~~in connection with PACE [and PACENET] shall be deposited in the~~
14 ~~Pharmaceutical Assistance Contract for the Elderly Fund.~~

15 ~~(b) Designated pharmaceutical programs. Money received~~
16 ~~under this chapter in connection with designated pharmaceutical~~
17 ~~programs shall be treated as a refund of expenditures to the~~
18 ~~appropriation which originally provided the funding for the~~
19 ~~pharmaceutical purchase.~~

20 ~~Section 5. The act is amended by adding a chapter to read:~~

21 ~~CHAPTER 11~~

22 ~~SENIOR CITIZENS REBATE AND ASSISTANCE ACT~~

23 ~~Section 1101. Short title of chapter.~~

24 ~~This chapter shall be known and may be cited as the Senior~~
25 ~~Citizens Rebate and Assistance Act.~~

26 ~~Section 1102. Declaration of policy.~~

27 ~~In recognition of the severe economic plight of certain~~
28 ~~senior citizens, widows, widowers and permanently disabled~~
29 ~~persons who are real property owners or renters with fixed and~~
30 ~~limited incomes who are faced with rising living costs and~~

1 ~~constantly increasing tax and inflation cost burdens which~~
2 ~~threaten their homesteads and self sufficiency, the General~~
3 ~~Assembly, pursuant to the mandates of the Constitutional~~
4 ~~Convention of 1968, considers it to be a matter of sound public~~
5 ~~policy to make special provisions for property tax rebates or~~
6 ~~rent rebates in lieu of property taxes and inflation dividends~~
7 ~~to that class of senior citizens, widows, widowers and~~
8 ~~permanently disabled persons who are real property taxpayers or~~
9 ~~renters who are without adequate means of support to enable them~~
10 ~~to remain in peaceable possession of their homes and relieving~~
11 ~~their economic burden and to provide transportation assistance~~
12 ~~grants and to provide grants to area agencies on aging for~~
13 ~~services to older persons.~~

14 ~~Section 1103. Definitions.~~

15 ~~The following words and phrases when used in this chapter~~
16 ~~shall have the meanings given to them in this section unless the~~
17 ~~context clearly indicates otherwise:~~

18 ~~"Claimant." A person who files a claim for property tax~~
19 ~~rebate or rent rebate in lieu of property taxes and inflation~~
20 ~~dividend and was 65 years of age or over, or whose spouse (if a~~
21 ~~member of the household) was 65 years of age or over, during a~~
22 ~~calendar year in which real property taxes, rent and inflation~~
23 ~~costs were due and payable or was a widow or widower and was 50~~
24 ~~years of age or over during a calendar year or part thereof in~~
25 ~~which real property taxes, rent and inflation costs were due and~~
26 ~~payable, or was a permanently disabled person 18 years of age or~~
27 ~~over during a calendar year or part thereof in which real~~
28 ~~property taxes, rent and inflation costs were due and payable.~~
29 ~~For the purposes of this chapter, the term "widow" or "widower"~~
30 ~~shall mean the surviving wife or the surviving husband, as the~~

~~case may be, of a deceased individual and who has not remarried except as provided in section 1104(d) and (e). For the purposes of this chapter, the term "permanently disabled person" shall mean a person who is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to continue indefinitely, except as provided in section 1104(d) and (e).~~

~~"Department." The Department of Revenue of the Commonwealth.~~

~~"Homestead." A dwelling, whether owned or rented, and so much of the land surrounding it, as is reasonably necessary for use of the dwelling as a home, occupied by a claimant. A homestead shall also include premises occupied by reason of ownership or lease in a cooperative housing corporation, mobile homes which are assessed as realty for local property tax purposes and the land, if owned or rented by the claimant, upon which the mobile home is situated, and other similar living accommodations, as well as a part of a multidwelling or multipurpose building and a part of the land upon which it is built. It shall also include premises occupied by reason of the claimant's ownership or rental of a dwelling located on land owned by a nonprofit incorporated association, of which the claimant is a member, if the claimant is required to pay a pro rata share of the property taxes levied against the association's land. It shall also include premises occupied by a claimant if he is required by law to pay a property tax by reason of his ownership or rental (including a possessory interest) in the dwelling, the land, or both. An owner includes a person in possession under a contract of sale, deed of trust, life estate, joint tenancy or tenancy in common or by reason of statutes of descent and distribution.~~

1 ~~"Household income." All income received by the claimant and~~
2 ~~the spouse of a claimant while residing in the homestead during~~
3 ~~the calendar year for which a rebate and dividend are claimed.~~

4 ~~"Income." All income from whatever source derived,~~
5 ~~including, but not limited to, salaries, wages, bonuses,~~
6 ~~commissions, income from self employment, alimony, support~~
7 ~~money, cash public assistance and relief, the gross amount of~~
8 ~~any pensions or annuities including railroad retirement benefits~~
9 ~~for calendar years prior to 1998, and 50% of railroad retirement~~
10 ~~benefits for calendar years 1998 and thereafter, all benefits~~
11 ~~received under the Federal Social Security Act (except Medicare~~
12 ~~benefits) for calendar years prior to 1998, and 50% of all~~
13 ~~benefits received under the Federal Social Security Act (except~~
14 ~~Medicare benefits) for calendar years 1998 and thereafter, all~~
15 ~~benefits received under State unemployment insurance laws and~~
16 ~~veterans' disability payments, all interest received from the~~
17 ~~Federal or any State government, or any instrumentality or~~
18 ~~political subdivision thereof, realized capital gains, rentals,~~
19 ~~workmen's compensation and the gross amount of loss of time~~
20 ~~insurance benefits, life insurance benefits and proceeds (except~~
21 ~~the first \$5,000 of the total of death benefit payments), and~~
22 ~~gifts of cash or property (other than transfers by gift between~~
23 ~~members of a household) in excess of a total value of \$300, but~~
24 ~~shall not include surplus food or other relief in kind supplied~~
25 ~~by a governmental agency or property tax or rent rebate or~~
26 ~~inflation dividend.~~

27 ~~"Inflation dividend." An additional amount calculated by the~~
28 ~~department in accordance with section 1104(b).~~

29 ~~"Inflation expenses." The additional costs of those~~
30 ~~essential consumer needs of senior citizens in the Commonwealth.~~

~~Those inflation expenses include, but are not limited to, the additional cost of medical prescriptions, energy needs, transportation and food and clothing essentials.~~

~~"Real property taxes." All taxes on a homestead (exclusive of municipal assessments, delinquent charges, and interest) due and payable during a calendar year.~~

~~"Rent rebate in lieu of property taxes." Twenty percent of the gross amount actually paid in cash or its equivalent in any calendar year to a landlord in connection with the occupancy of a homestead by a claimant, irrespective of whether such amount constitutes payment solely for the right of occupancy or otherwise.~~

~~Section 1104. Property tax; rent rebate and inflation cost.~~

~~(a) Determination of amount of claim. The amount of any claim for property tax rebate or rent rebate in lieu of property taxes for real property taxes or rent due and payable during calendar year 1985 and thereafter shall be determined in accordance with the following schedule:~~

Household Income		Percentage of Real Property Taxes or Rent Rebate in Lieu of Property Taxes Allowed as Rebate
\$	0 \$4,999	100%
5,000	5,499	100
5,500	5,999	90
6,000	6,499	80
6,500	6,999	70
7,000	7,499	60
7,500	7,999	50
8,000	8,499	40
8,500	8,999	35

1	—9,000—9,999	—25
2	—10,000—11,999	—20
3	—12,000—12,999	—15
4	—13,000—15,000	—10

5 ~~(b) Determination of inflation dividend. To all claimants~~
6 ~~eligible for a property tax or rent rebate pursuant to~~
7 ~~subsection (a) there shall be paid an inflation dividend~~
8 ~~determined in accordance with the following schedule:~~

9	Household Income	—Dividend
10	—\$—0—4,999	\$125
11	—5,000—5,499	—100
12	—5,500—5,999	—100
13	—6,000—6,499	—75
14	—6,500—6,999	—75
15	—7,000—7,499	—60
16	—7,500—7,999	—60
17	—8,000—8,499	—45
18	—8,500—8,999	—45
19	—9,000—9,999	—30
20	—10,000—11,999	—30
21	—12,000—12,999	—30
22	—13,000—15,000	—20

23 ~~(c) Limitation on claims. No claim shall be allowed if the~~
24 ~~amount of property tax or rent rebate computed in accordance~~
25 ~~with this section is less than \$10, and the maximum amount of~~
26 ~~property tax or rent rebate payable shall not exceed \$500.~~

27 ~~(d) Further limitation on claims. No claim shall be allowed~~
28 ~~if the claimant is a tenant of an owner of real property exempt~~
29 ~~from real property taxes.~~

30 ~~(e) Apportionment of claim. If a homestead is owned or~~

~~rented and occupied for only a portion of a year or is owned or
rented in part by a person who does not meet the qualifications
for a claimant, exclusive of any interest owned or leased by a
claimant's spouse, or if the claimant is a widow or widower who
remarries, or if the claimant is a permanently disabled person
who is no longer disabled, the department shall apportion the
real property taxes or rent in accordance with the period or
degree of ownership or leasehold or eligibility of the claimant
in determining the amount of rebate for which a claimant is
eligible. A claimant who receives public assistance from the
Department of Public Welfare shall not be eligible for rent
rebate in lieu of property taxes, or an inflation dividend
during those months within which he receives public assistance.~~

~~(f) Subsidies excluded from amount of rent. Rent shall not
include subsidies provided by or through a governmental agency.
Section 1105. Filing of claim.~~

~~A claim for property tax or rent rebate and inflation
dividend shall be filed with the department on or before June 30
of the year next succeeding the end of the calendar year in
which real property taxes or rent were due and payable. Claims
filed after the June 30 deadline until December 31 of such
calendar year shall be accepted by the Secretary of Revenue as
long as funds are available to pay the benefits to the late
filing claimants. No reimbursement on a claim shall be made from
the State Lottery Fund earlier than the day following June 30
provided in this chapter on which that claim may be filed with
the department. Only one claimant from a homestead each year
shall be entitled to the property tax or rent rebate and
inflation dividend. If two or more persons are able to meet the
qualifications for a claimant, they may determine who the~~

~~claimant shall be. If they are unable to agree, the department shall determine to whom the rebate and dividend is to be paid. Section 1106. Proof of claim.~~

~~Each claim shall include reasonable proof of household income, the size and nature of the property claimed as a homestead and the rent or tax receipt, or other proof that the real property taxes on the homestead have been paid, or rent in connection with the occupancy of a homestead has been paid. If the claimant is a widow, or widower, a declaration of such status in such manner as prescribed by the Secretary of Revenue shall be included. Proof that a claimant is eligible to receive disability benefits under the Federal Social Security Act shall constitute proof of disability under this chapter. No person who has been found not to be disabled by the social security administration shall be granted a rebate or dividend under this chapter. A claimant not covered under the Federal Social Security Act shall be examined by a physician designated by the department and such status determined using the same standards used by the social security administration. It shall not be necessary that such taxes or rent were paid directly by the claimant provided that the rent or taxes have been paid when the claim is filed. The first claim filed shall include proof that the claimant or his spouse was 65 years of age or over or 50 years of age or over in the case of a widow, or widower, during the calendar year in which real property taxes or rent were due and payable.~~

~~Section 1107. Incorrect claim.~~

~~Whenever on audit of any claim, the department finds the claim to have been incorrectly determined, it shall redetermine the correct amount of the claim and notify the claimant of the~~

~~reason of the redetermination and the amount of the corrected claim.~~

~~Section 1108. Funds for payment of administrative expenses and claims.~~

~~Expenses, salaries and other costs incurred in the administration of this chapter and approved claims shall be paid from the State Lottery Fund established under section 311. In the event that the total amount of administrative expenses and claims exceeds the amount in such fund, in any one year, the General Assembly may appropriate sufficient funds from the General Fund to cover the excess costs. For the purposes of this section, the amount in the State Lottery Fund shall include the June 30 ending lottery fund balance plus 80% of projected lottery fund revenues after lottery fund administrative expenses for the subsequent fiscal year.~~

~~Section 1109. Claim forms and rules and regulations.~~

~~Necessary rules and regulations shall be prescribed by a committee consisting of the Secretary of Aging, the Secretary of Revenue and the Secretary of Community and Economic Development. The Secretary of Aging shall serve as the chairman of the committee. The Department of Revenue shall receive all applications, determine the eligibility of claimants, hear appeals, disburse payments, and make available suitable forms for the filing of claims.~~

~~Section 1110. Fraudulent claim; conveyance to obtain benefits.~~

~~(a) General rule. In any case in which a claim is excessive and was filed with fraudulent intent, the claim shall be disallowed in full and a penalty of 25% of the amount claimed shall be imposed. The penalty and the amount of the disallowed claim, if the claim has been paid, shall bear interest at the~~

~~rate of 1/2 of 1% per month from the date of the claim until repaid. The claimant and any person who assisted in the preparation or filing of a fraudulent claim shall be guilty of a misdemeanor, and, upon conviction thereof, shall be sentenced to pay a fine not exceeding \$1,000, or undergo imprisonment not exceeding one year, or both.~~

~~(b) Disallowance of certain claims. A claim shall be disallowed if the claimant received title to the homestead primarily for the purpose of receiving property tax rebate.~~

~~Section 1111. Petition for redetermination.~~

~~(a) Procedures. Any claimant whose claim is either denied, corrected or otherwise adversely affected by the department, may file with the department a petition for redetermination on forms supplied by the department within 90 days after the date of mailing of written notice by the department of such action. The petition shall set forth the grounds upon which claimant alleges that such departmental action is erroneous or unlawful, in whole or part, and shall contain an affidavit or affirmation that the facts contained therein are true and correct. An extension of time for filing the petition may be allowed for cause but not to exceed 120 days. The department shall hold such hearings as may be necessary for the purpose of redetermination, and each claimant who has duly filed such petition for redetermination shall be notified by the department of the time when, and the place where, such hearing in his case will be held.~~

~~(b) Disposition time limit. It shall be the duty of the department, within six months after receiving a filed petition for redetermination, to dispose of the matters raised by such petition and mail notice of the department's decision to the claimant.~~

~~Section 1112. Review by Board of Finance and Revenue.~~

~~Within 90 days after the date of official receipt by the claimant of notice mailed by the department of its decision on any petition for redetermination filed with it, the claimant who is adversely affected by such decision may by petition request the Board of Finance and Revenue to review such action. The failure of the department to officially notify the claimant of a decision within the six month period provided for by section 1111 shall act as a denial of such petition, and a petition for review may be filed with the Board of Finance and Revenue within 120 days after written notice is officially received by the claimant that the department has failed to dispose of the petition within the six month period prescribed by section 1111. Every petition for redetermination filed hereunder shall state the reasons upon which the claimant relies, or shall incorporate by reference the petition for redetermination in which such reasons shall have been stated. The petition shall be supported by affidavit that the facts set forth therein are correct and true. The Board of Finance and Revenue shall act in disposition of such petitions filed with it within six months after they have been received, and in the event of failure of said board to dispose of any such petition within six months, the action taken by the department upon the petition for redetermination shall be deemed sustained. The Board of Finance and Revenue may sustain the action taken by the department on the petition for redetermination or it may take such other action as it shall deem is necessary and consistent with provisions of this chapter. Notice of the action of the Board of Finance and Revenue shall be given by mail to the department and to the claimant.~~

1 ~~Section 1113. Appeal.~~

2 ~~Any claimant, aggrieved by the decision of the Board of~~
3 ~~Finance and Revenue may appeal from the decision of the Board of~~
4 ~~Finance and Revenue, in the manner now or hereafter provided by~~
5 ~~law for appeals from decisions of said board in tax cases.~~

6 ~~Section 6. Section 2102 of the act, added November 21, 1996~~
7 ~~(P.L.741, No.134), is amended to read:~~

8 ~~Section 2102. Annual report to General Assembly.~~

9 ~~(a) Submission of report. The department shall submit a~~
10 ~~report no later than April 1 of each year to the chairman and~~
11 ~~minority chairman of the Aging and Youth Committee of the~~
12 ~~Senate, the chairman and minority chairman of the Aging and~~
13 ~~Youth Committee of the House of Representatives and the~~
14 ~~Pharmaceutical Assistance Review Board.~~

15 ~~(b) Collection of data. The department shall maintain~~
16 ~~monthly statistical records on PACE [and PACENET], including the~~
17 ~~level of participation and any patterns of unusual drug usage~~
18 ~~for purposes of formulating the annual report.~~

19 ~~(c) Information for inclusion in annual report. The annual~~
20 ~~report shall contain, but not be limited to, all information~~
21 ~~relating to:~~

22 ~~(1) The number of persons served by PACE [and PACENET]~~
23 ~~and their counties of residence.~~

24 ~~(2) A breakdown of the numbers and kinds of~~
25 ~~pharmaceuticals used.~~

26 ~~(3) The cost of prescriptions.~~

27 ~~(4) An estimate of actual expenses incurred by~~
28 ~~pharmacists participating in the program.~~

29 ~~(5) The results obtained by the drug education program~~
30 ~~under section 522.~~

~~(6) Information regarding the operation of the therapeutic drug utilization review system for the prior calendar year, which shall include, at a minimum:~~

~~(i) The scope of physician and pharmacist participation in the system.~~

~~(ii) A description of claimant response to the system.~~

~~(iii) Data for each month of the covered period regarding the number of prescription revisions based on utilization review, including drug information, cost savings and the policy used by the department to make utilization review decisions.~~

~~(7) Information on the existence and scope of fraudulent activity and violations of this act by providers participating in PACE [and PACENET].~~

~~(8) Information regarding the financial status of PACE [and PACENET], including, but not limited to, the adequacy of any applicable deductible and copayment levels, based upon the financial experience and projections of PACE [and PACENET].~~

~~Section 7. The addition of Chapter 11 of the act shall be retroactive to January 1, 1998 and shall apply to claims filed for the 1998 calendar year and each year thereafter.~~

~~Section 8. This act shall take effect as follows:~~

~~(1) The addition of Chapter 11 of the act shall take effect immediately.~~

~~(2) Section 7 and this section shall take effect immediately.~~

~~(3) The remainder of this act shall take effect in 60 days.~~

1 SECTION 1. SECTIONS 3(1) AND 8 OF THE ACT OF MARCH 11, 1971 <—
2 (P.L.104, NO.3), KNOWN AS THE SENIOR CITIZENS REBATE AND
3 ASSISTANCE ACT, REENACTED AND AMENDED DECEMBER 21, 1979
4 (P.L.570, NO.131) ARE AMENDED TO READ:

5 SECTION 3. DEFINITIONS.--AS USED IN THIS ACT:

6 (1) "INCOME" MEANS ALL INCOME FROM WHATEVER SOURCE DERIVED,
7 INCLUDING BUT NOT LIMITED TO SALARIES, WAGES, BONUSES,
8 COMMISSIONS, INCOME FROM SELF-EMPLOYMENT, ALIMONY, SUPPORT
9 MONEY, CASH PUBLIC ASSISTANCE AND RELIEF, THE GROSS AMOUNT OF
10 ANY PENSIONS OR ANNUITIES INCLUDING RAILROAD RETIREMENT BENEFITS
11 FOR CALENDAR YEARS PRIOR TO 1999, AND FIFTY PER CENT OF RAILROAD
12 RETIREMENT BENEFITS FOR CALENDAR YEARS 1999 AND THEREAFTER, ALL
13 BENEFITS RECEIVED UNDER THE FEDERAL SOCIAL SECURITY ACT (EXCEPT
14 MEDICARE BENEFITS) FOR CALENDAR YEARS PRIOR TO 1999, AND FIFTY
15 PER CENT OF ALL BENEFITS RECEIVED UNDER THE FEDERAL SOCIAL
16 SECURITY ACT (EXCEPT MEDICARE BENEFITS) FOR CALENDAR YEARS 1999
17 AND THEREAFTER, ALL BENEFITS RECEIVED UNDER STATE UNEMPLOYMENT
18 INSURANCE LAWS AND VETERANS' DISABILITY PAYMENTS, ALL INTEREST
19 RECEIVED FROM THE FEDERAL OR ANY STATE GOVERNMENT, OR ANY
20 INSTRUMENTALITY OR POLITICAL SUBDIVISION THEREOF, REALIZED
21 CAPITAL GAINS, RENTALS, WORKMEN'S COMPENSATION AND THE GROSS
22 AMOUNT OF LOSS OF TIME INSURANCE BENEFITS, LIFE INSURANCE
23 BENEFITS AND PROCEEDS (EXCEPT THE FIRST FIVE THOUSAND DOLLARS
24 (\$5,000) OF THE TOTAL OF DEATH BENEFIT PAYMENTS), AND GIFTS OF
25 CASH OR PROPERTY (OTHER THAN TRANSFERS BY GIFT BETWEEN MEMBERS
26 OF A HOUSEHOLD) IN EXCESS OF A TOTAL VALUE OF THREE HUNDRED
27 DOLLARS (\$300), BUT SHALL NOT INCLUDE SURPLUS FOOD OR OTHER
28 RELIEF IN KIND SUPPLIED BY A GOVERNMENTAL AGENCY OR PROPERTY TAX
29 OR RENT REBATE OR INFLATION DIVIDEND.

30 * * *

1 SECTION 8. FUNDS FOR PAYMENT OF [ADMINISTRATIVE EXPENSES
2 AND] CLAIMS.--[EXPENSES, SALARIES AND OTHER COSTS INCURRED IN
3 THE ADMINISTRATION OF THIS ACT AND APPROVED] APPROVED CLAIMS
4 SHALL BE PAID FROM THE STATE LOTTERY FUND ESTABLISHED BY THE ACT
5 OF AUGUST 26, 1971 (P.L.351, NO.91), KNOWN AS THE "STATE LOTTERY
6 LAW." [IN THE EVENT THAT THE TOTAL AMOUNT OF ADMINISTRATIVE
7 EXPENSES AND CLAIMS EXCEEDS THE AMOUNT IN SUCH FUND, IN ANY ONE
8 YEAR, THEN THE AMOUNTS ALLOWED AS TAX OR RENT REBATES AND
9 INFLATION DIVIDENDS SHALL BE REDUCED IN THE PROPORTION THAT THE
10 AMOUNT OF SUCH FUND BEARS TO THE TOTAL AMOUNT OF CLAIMS IN SUCH
11 YEAR. FOR THE PURPOSES OF THIS SECTION, THE AMOUNT IN THE STATE
12 LOTTERY FUND SHALL INCLUDE THE JUNE 30 ENDING LOTTERY FUND
13 BALANCE PLUS EIGHTY PER CENT OF PROJECTED LOTTERY FUND REVENUES
14 AFTER LOTTERY FUND ADMINISTRATIVE EXPENSES FOR THE SUBSEQUENT
15 FISCAL YEAR.]

16 SECTION 2. AS MUCH OF CHAPTERS 3, 5 AND 9 AS RELATES TO THE
17 PAYMENT OF ADMINISTRATIVE EXPENSES, OTHER THAN THE PAYMENT OF
18 COMMISSIONS, OF THE ACT OF AUGUST 26, 1971 (P.L.351, NO.91),
19 KNOWN AS THE STATE LOTTERY LAW, ARE REPEALED.

20 SECTION 3. THE AMENDMENT OF SECTIONS 3(1) AND 8 OF THE ACT
21 SHALL APPLY TO CLAIMS FILED FOR CALENDAR YEARS AFTER 1998.

22 SECTION 4. THIS ACT SHALL TAKE EFFECT IMMEDIATELY.