

COMMITTEE STATEMENT: ASSEMBLY: No

SENATE: Yes

(Audio archived recordings of the committee meetings, corresponding to the date of the committee statement, *may possibly* be found at www.njleg.state.nj.us)

FLOOR AMENDMENT STATEMENT: No

LEGISLATIVE FISCAL ESTIMATE: No

VETO MESSAGE: No

GOVERNOR'S PRESS RELEASE ON SIGNING: Yes

FOLLOWING WERE PRINTED:

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REPORTS: No

HEARINGS: No

NEWSPAPER ARTICLES: No

CL/MM

P.L. 2024, CHAPTER 87, *approved October 30, 2024*
Assembly, No. 4447 (*First Reprint*)

1 AN ACT concerning health care practitioner referrals and amending
2 P.L.1989, c.19.

3
4 **BE IT ENACTED** by the Senate and General Assembly of the State
5 of New Jersey:

6
7 1. Section 2 of P.L.1989, c.19 (C.45:9-22.5) is amended to read as
8 follows:

9 2. a. A practitioner shall not refer a patient or direct an employee
10 of the practitioner to refer a patient to a health care service in which
11 the practitioner, or the practitioner's immediate family, or the
12 practitioner in combination with the practitioner's immediate family
13 has a significant beneficial interest **【;】**except **【that,】** as follows:

14 (1) in the case of a practitioner, a practitioner's immediate family,
15 or a practitioner in combination with the practitioner's immediate
16 family who had the significant beneficial interest prior to the effective
17 date of P.L.1991, c.187 (C.26:2H-18.24 et al.) **【, and】** ;

18 (2) in the case of a significant beneficial interest in a health care
19 service that provides lithotripsy or radiation therapy pursuant to an
20 oncological protocol that was held prior to the effective date of this
21 section of P.L.2009, c.24 **【,】** ; and

22 (3) in the case of a practitioner, a practitioner's immediate family,
23 or a practitioner in combination with the practitioner's immediate
24 family who ¹**【had】** has¹ a significant beneficial interest in a pharmacy
25 ¹**【and whose application for a permit to operate a pharmacy site was**
26 **approved prior to the effective date of this section】** that is integrated
27 with an oncology practice, that only dispenses medications exclusively
28 to patients of that practice, and that complies with the additional
29 requirements set forth in subsection d. of this section¹ , the practitioner
30 may continue to refer a patient or direct an employee to do so if that
31 practitioner discloses the significant beneficial interest to the patient.

32 b. If a practitioner is permitted to refer a patient to a health care
33 service pursuant to this section, the practitioner shall provide the
34 patient with a written disclosure form, prepared pursuant to section 3
35 of P.L.1989, c.19 (C.45:9-22.6), and post a copy of this disclosure
36 form in a conspicuous public place in the practitioner's office.

37 c. The restrictions on referral of patients established in this section
38 shall not apply to:

39 (1) medical treatment or a procedure that is provided at the
40 practitioner's medical office and for which a bill is issued directly in
41 the name of the practitioner or the practitioner's medical office;

EXPLANATION – Matter enclosed in bold-faced brackets **【thus】 in the above bill is not enacted and is intended to be omitted in the law.**

Matter underlined thus is new matter

Matter enclosed in superscript numerals has been adopted as follows:

¹Senate SJU committee amendments adopted September 26, 2024.

1 (2) renal dialysis;

2 (3) ambulatory surgery or procedures involving the use of any
3 anesthesia performed at a surgical practice licensed by the Department
4 of Health pursuant to subsection g. of section 12 of P.L.1971, c.136
5 (C.26:2H-12) or at an ambulatory care facility licensed by the
6 Department of Health to perform surgical and related services or
7 lithotripsy services, if the following conditions are met:

8 (a) the practitioner who provided the referral personally performs
9 the procedure;

10 (b) the practitioner's remuneration as an owner of or investor in the
11 practice or facility is directly proportional to the practitioner's
12 ownership interest and not to the volume of patients the practitioner
13 refers to the practice or facility;

14 (c) all clinically-related decisions at a facility owned in part by
15 non-practitioners are made by practitioners and are in the best interests
16 of the patient; and

17 (d) disclosure of the referring practitioner's significant beneficial
18 interest in the practice or facility is made to the patient in writing, at or
19 prior to the time that the referral is made, consistent with the
20 provisions of section 3 of P.L.1989, c.19 (C.45:9-22.6);

21 (4) medically-necessary intraoperative monitoring services
22 rendered during a neurosurgical, neurological, or neuro-radiological
23 surgical procedure that is performed in a hospital;

24 (5) a value-based arrangement made in accordance with 42 C.F.R.
25 411.357(aa), a payment model authorized under a Medicare shared
26 savings program pursuant to 42 U.S.C. s.1395jjj, or a demonstration
27 operated by the Center for Medicare and Medicaid Innovation
28 established pursuant to at 42 U.S.C. s.1315a; and

29 (6) Referrals that a practitioner makes, or directs an employee of
30 the practitioner to make, to a health care service in which the referring
31 practitioner has a significant beneficial interest, when participants in
32 an alternative payment model registered with the Department of
33 Health pursuant to section 3 of P.L.2017, c.111 (C.45:9-22.5c) make a
34 bona fide determination that: the significant beneficial interest is
35 reasonably related to the alternative payment model standards filed
36 with the Department of Health, provided that the determination is
37 documented and retained for a period of 10 years; and the referral is
38 made in accordance with alternative payment model standards and
39 professional standards applicable to the health care service in which
40 the referring practitioner has a significant beneficial interest.

41 ¹d. The exemption set forth in paragraph (3) of subsection a. of this
42 section shall apply to a pharmacy that is integrated with an oncology
43 practice, provided that the pharmacy:

44 (1) has direct access to the oncology practice's patient records;

45 (2) communicates with each patient in person or via telemedicine to
46 review the prescription instructions and assesses the patient for
47 interactions with other drugs and food;

1 (3) synchronously consults with the oncology practice's treating
2 physicians as appropriate; and

3 (4) complies with the requirements for timely delivery of
4 medications, hours of operation, and recordkeeping that are established
5 by rule or regulation by the State Board of Pharmacy.¹

6 (cf: P.L.2021, c.347)

7

8 2. This act shall take effect immediately.

9

10

11

12

13 Allows certain health care practitioners referrals to pharmacies to
14 be made in accordance with certain professional standards.

CHAPTER 87

AN ACT concerning health care practitioner referrals and amending P.L.1989, c.19.

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

1. Section 2 of P.L.1989, c.19 (C.45:9-22.5) is amended to read as follows:

C.45:9-22.5 Referral of patient by practitioner regulated.

2. a. A practitioner shall not refer a patient or direct an employee of the practitioner to refer a patient to a health care service in which the practitioner, or the practitioner's immediate family, or the practitioner in combination with the practitioner's immediate family has a significant beneficial interest except as follows:

(1) in the case of a practitioner, a practitioner's immediate family, or a practitioner in combination with the practitioner's immediate family who had the significant beneficial interest prior to the effective date of P.L.1991, c.187 (C.26:2H-18.24 et al.);

(2) in the case of a significant beneficial interest in a health care service that provides lithotripsy or radiation therapy pursuant to an oncological protocol that was held prior to the effective date of this section of P.L.2009, c.24; and

(3) in the case of a practitioner, a practitioner's immediate family, or a practitioner in combination with the practitioner's immediate family who has a significant beneficial interest in a pharmacy that is integrated with an oncology practice, that only dispenses medications exclusively to patients of that practice, and that complies with the additional requirements set forth in subsection d. of this section, the practitioner may continue to refer a patient or direct an employee to do so if that practitioner discloses the significant beneficial interest to the patient.

b. If a practitioner is permitted to refer a patient to a health care service pursuant to this section, the practitioner shall provide the patient with a written disclosure form, prepared pursuant to section 3 of P.L.1989, c.19 (C.45:9-22.6), and post a copy of this disclosure form in a conspicuous public place in the practitioner's office.

c. The restrictions on referral of patients established in this section shall not apply to:

(1) medical treatment or a procedure that is provided at the practitioner's medical office and for which a bill is issued directly in the name of the practitioner or the practitioner's medical office;

(2) renal dialysis;

(3) ambulatory surgery or procedures involving the use of any anesthesia performed at a surgical practice licensed by the Department of Health pursuant to subsection g. of section 12 of P.L.1971, c.136 (C.26:2H-12) or at an ambulatory care facility licensed by the Department of Health to perform surgical and related services or lithotripsy services, if the following conditions are met:

(a) the practitioner who provided the referral personally performs the procedure;

(b) the practitioner's remuneration as an owner of or investor in the practice or facility is directly proportional to the practitioner's ownership interest and not to the volume of patients the practitioner refers to the practice or facility;

(c) all clinically-related decisions at a facility owned in part by non-practitioners are made by practitioners and are in the best interests of the patient; and

(d) disclosure of the referring practitioner's significant beneficial interest in the practice or facility is made to the patient in writing, at or prior to the time that the referral is made, consistent with the provisions of section 3 of P.L.1989, c.19 (C.45:9-22.6);

(4) medically-necessary intraoperative monitoring services rendered during a neurosurgical, neurological, or neuro-radiological surgical procedure that is performed in a hospital;

(5) a value-based arrangement made in accordance with 42 C.F.R. 411.357(aa), a payment model authorized under a Medicare shared savings program pursuant to 42 U.S.C. s.1395jjj, or a demonstration operated by the Center for Medicare and Medicaid Innovation established pursuant to at 42 U.S.C. s.1315a; and

(6) Referrals that a practitioner makes, or directs an employee of the practitioner to make, to a health care service in which the referring practitioner has a significant beneficial interest, when participants in an alternative payment model registered with the Department of Health pursuant to section 3 of P.L.2017, c.111 (C.45:9-22.5c) make a bona fide determination that: the significant beneficial interest is reasonably related to the alternative payment model standards filed with the Department of Health, provided that the determination is documented and retained for a period of 10 years; and the referral is made in accordance with alternative payment model standards and professional standards applicable to the health care service in which the referring practitioner has a significant beneficial interest.

d. The exemption set forth in paragraph (3) of subsection a. of this section shall apply to a pharmacy that is integrated with an oncology practice, provided that the pharmacy:

(1) has direct access to the oncology practice's patient records;

(2) communicates with each patient in person or via telemedicine to review the prescription instructions and assesses the patient for interactions with other drugs and food;

(3) synchronously consults with the oncology practice's treating physicians as appropriate; and

(4) complies with the requirements for timely delivery of medications, hours of operation, and recordkeeping that are established by rule or regulation by the State Board of Pharmacy.

2. This act shall take effect immediately.

Approved October 30, 2024.

ASSEMBLY, No. 4447

STATE OF NEW JERSEY

221st LEGISLATURE

INTRODUCED JUNE 3, 2024

Sponsored by:

Assemblywoman LUANNE M. PETERPAUL

District 11 (Monmouth)

Assemblyman CHRISTOPHER P. DEPHILLIPS

District 40 (Bergen, Essex and Passaic)

Assemblyman JOHN V. AZZARITI JR., M.D.

District 39 (Bergen)

Co-Sponsored by:

Assemblyman Conaway and Assemblywoman Speight

SYNOPSIS

Allows certain health care practitioners referrals to pharmacies to be made in accordance with certain professional standards.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 6/28/2024)

1 AN ACT concerning health care practitioner referrals and amending
2 P.L.1989, c.19.

3
4 **BE IT ENACTED** *by the Senate and General Assembly of the State*
5 *of New Jersey:*

6
7 1. Section 2 of P.L.1989, c.19 (C.45:9-22.5) is amended to read
8 as follows:

9 2. a. A practitioner shall not refer a patient or direct an
10 employee of the practitioner to refer a patient to a health care
11 service in which the practitioner, or the practitioner's immediate
12 family, or the practitioner in combination with the practitioner's
13 immediate family has a significant beneficial interest **【;】**except
14 **【that,】** as follows:

15 (1) in the case of a practitioner, a practitioner's immediate
16 family, or a practitioner in combination with the practitioner's
17 immediate family who had the significant beneficial interest prior to
18 the effective date of P.L.1991, c.187 (C.26:2H-18.24 et al.) **【, and】**
19 ;

20 (2) in the case of a significant beneficial interest in a health care
21 service that provides lithotripsy or radiation therapy pursuant to an
22 oncological protocol that was held prior to the effective date of this
23 section of P.L.2009, c.24 **【,】** ; and

24 (3) in the case of a practitioner, a practitioner's immediate
25 family, or a practitioner in combination with the practitioner's
26 immediate family who had a significant beneficial interest in a
27 pharmacy and whose application for a permit to operate a pharmacy
28 site was approved prior to the effective date of this section, the
29 practitioner may continue to refer a patient or direct an employee to
30 do so if that practitioner discloses the significant beneficial interest
31 to the patient.

32 b. If a practitioner is permitted to refer a patient to a health care
33 service pursuant to this section, the practitioner shall provide the
34 patient with a written disclosure form, prepared pursuant to section
35 3 of P.L.1989, c.19 (C.45:9-22.6), and post a copy of this disclosure
36 form in a conspicuous public place in the practitioner's office.

37 c. The restrictions on referral of patients established in this
38 section shall not apply to:

39 (1) medical treatment or a procedure that is provided at the
40 practitioner's medical office and for which a bill is issued directly in
41 the name of the practitioner or the practitioner's medical office;

42 (2) renal dialysis;

43 (3) ambulatory surgery or procedures involving the use of any
44 anesthesia performed at a surgical practice licensed by the
45 Department of Health pursuant to subsection g. of section 12 of
46 P.L.1971, c.136 (C.26:2H-12) or at an ambulatory care facility
47 licensed by the Department of Health to perform surgical and

EXPLANATION – Matter enclosed in bold-faced brackets **【thus】** in the above bill is
not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

1 related services or lithotripsy services, if the following conditions
2 are met:

3 (a) the practitioner who provided the referral personally performs
4 the procedure;

5 (b) the practitioner's remuneration as an owner of or investor in
6 the practice or facility is directly proportional to the practitioner's
7 ownership interest and not to the volume of patients the practitioner
8 refers to the practice or facility;

9 (c) all clinically-related decisions at a facility owned in part by
10 non-practitioners are made by practitioners and are in the best
11 interests of the patient; and

12 (d) disclosure of the referring practitioner's significant beneficial
13 interest in the practice or facility is made to the patient in writing, at
14 or prior to the time that the referral is made, consistent with the
15 provisions of section 3 of P.L.1989, c.19 (C.45:9-22.6);

16 (4) medically-necessary intraoperative monitoring services
17 rendered during a neurosurgical, neurological, or neuro-radiological
18 surgical procedure that is performed in a hospital;

19 (5) a value-based arrangement made in accordance with 42
20 C.F.R. 411.357(aa), a payment model authorized under a Medicare
21 shared savings program pursuant to 42 U.S.C. s.1395jjj, or a
22 demonstration operated by the Center for Medicare and Medicaid
23 Innovation established pursuant to at 42 U.S.C. s.1315a; and

24 (6) Referrals that a practitioner makes, or directs an employee of
25 the practitioner to make, to a health care service in which the
26 referring practitioner has a significant beneficial interest, when
27 participants in an alternative payment model registered with the
28 Department of Health pursuant to section 3 of P.L.2017, c.111
29 (C.45:9-22.5c) make a bona fide determination that: the significant
30 beneficial interest is reasonably related to the alternative payment
31 model standards filed with the Department of Health, provided that
32 the determination is documented and retained for a period of 10
33 years; and the referral is made in accordance with alternative
34 payment model standards and professional standards applicable to
35 the health care service in which the referring practitioner has a
36 significant beneficial interest.

37 (cf: P.L.2021, c.347)

38

39 2. This act shall take effect immediately.

40

41

42

STATEMENT

43

44 Under section 2 of P.L.1989, c.19 (C.45:9-22.5) health care
45 practitioners are prohibited from referring a patient to a health care
46 service in which the practitioner, or the practitioner's immediate
47 family, or a combination of both has a significant beneficial
48 interest, except for the exceptions provided for in statutes.

A4447 PETERPAUL, DEPHILLIPS

1 This bill amends section 2 of P.L.1989, c.19 (C. 45:9-22.5) to
2 expand the exceptions under which a health care practitioner can
3 refer a patient to a health care service to include the exception in
4 which a practitioner, a practitioner's immediate family, or a
5 combination of both has a significant beneficial interest in a
6 pharmacy and whose application for a permit to operate a pharmacy
7 site was approved prior to the effective date of section 2 of
8 P.L.1989, c.19.

9 Permitting health care practitioners to refer patients to
10 pharmacies, licensed prior to the effective date of section 2 of
11 P.L.1989, c.19, in which the practitioner, or the practitioner's
12 immediate family, or a combination of both have a significant
13 beneficial interest will allow for the continuity of care and facilitate
14 ongoing collaboration between the practitioner and pharmacy with
15 respect to medication adherence, efficient and effective drug refill
16 management, and reduction in the incidence and severity of adverse
17 medication-related events.

[First Reprint]

ASSEMBLY, No. 4447

STATE OF NEW JERSEY
221st LEGISLATURE

INTRODUCED JUNE 3, 2024

Sponsored by:

Assemblywoman LUANNE M. PETERPAUL

District 11 (Monmouth)

Assemblyman CHRISTOPHER P. DEPHILLIPS

District 40 (Bergen, Essex and Passaic)

Assemblyman JOHN V. AZZARITI JR., M.D.

District 39 (Bergen)

Senator RAJ MUKHERJI

District 32 (Hudson)

Senator HOLLY T. SCHEPISI

District 39 (Bergen)

Co-Sponsored by:

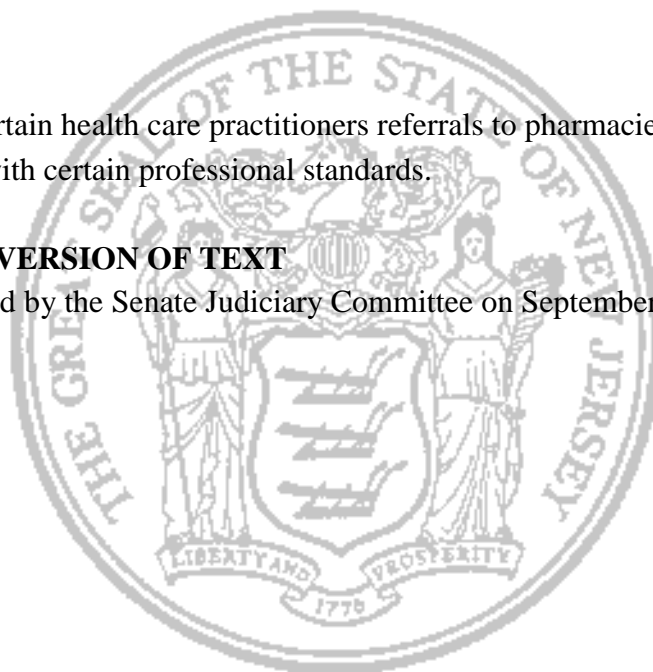
**Assemblyman Conaway, Assemblywoman Speight, Senator O'Scanlon,
Assemblywoman Flynn and Assemblyman Scharfenberger**

SYNOPSIS

Allows certain health care practitioners referrals to pharmacies to be made in accordance with certain professional standards.

CURRENT VERSION OF TEXT

As reported by the Senate Judiciary Committee on September 26, 2024, with amendments.



(Sponsorship Updated As Of: 10/28/2024)

1 AN ACT concerning health care practitioner referrals and amending
2 P.L.1989, c.19.

3
4 **BE IT ENACTED** by the Senate and General Assembly of the State
5 of New Jersey:

6
7 1. Section 2 of P.L.1989, c.19 (C.45:9-22.5) is amended to read as
8 follows:

9 2. a. A practitioner shall not refer a patient or direct an employee
10 of the practitioner to refer a patient to a health care service in which
11 the practitioner, or the practitioner's immediate family, or the
12 practitioner in combination with the practitioner's immediate family
13 has a significant beneficial interest **;** **except that,** as follows:

14 (1) in the case of a practitioner, a practitioner's immediate family,
15 or a practitioner in combination with the practitioner's immediate
16 family who had the significant beneficial interest prior to the effective
17 date of P.L.1991, c.187 (C.26:2H-18.24 et al.) **;** **and** ;

18 (2) in the case of a significant beneficial interest in a health care
19 service that provides lithotripsy or radiation therapy pursuant to an
20 oncological protocol that was held prior to the effective date of this
21 section of P.L.2009, c.24 **;** **and**

22 (3) in the case of a practitioner, a practitioner's immediate family,
23 or a practitioner in combination with the practitioner's immediate
24 family who ¹**had** ¹has¹ a significant beneficial interest in a pharmacy
25 ¹**and whose application for a permit to operate a pharmacy site was**
26 **approved prior to the effective date of this section** that is integrated
27 with an oncology practice, that only dispenses medications exclusively
28 to patients of that practice, and that complies with the additional
29 requirements set forth in subsection d. of this section¹, the practitioner
30 may continue to refer a patient or direct an employee to do so if that
31 practitioner discloses the significant beneficial interest to the patient.

32 b. If a practitioner is permitted to refer a patient to a health care
33 service pursuant to this section, the practitioner shall provide the
34 patient with a written disclosure form, prepared pursuant to section 3
35 of P.L.1989, c.19 (C.45:9-22.6), and post a copy of this disclosure
36 form in a conspicuous public place in the practitioner's office.

37 c. The restrictions on referral of patients established in this section
38 shall not apply to:

39 (1) medical treatment or a procedure that is provided at the
40 practitioner's medical office and for which a bill is issued directly in
41 the name of the practitioner or the practitioner's medical office;

42 (2) renal dialysis;

43 (3) ambulatory surgery or procedures involving the use of any
44 anesthesia performed at a surgical practice licensed by the Department

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

Matter underlined thus is new matter

Matter enclosed in superscript numerals has been adopted as follows:

¹Senate SJU committee amendments adopted September 26, 2024.

1 of Health pursuant to subsection g. of section 12 of P.L.1971, c.136
2 (C.26:2H-12) or at an ambulatory care facility licensed by the
3 Department of Health to perform surgical and related services or
4 lithotripsy services, if the following conditions are met:

5 (a) the practitioner who provided the referral personally performs
6 the procedure;

7 (b) the practitioner's remuneration as an owner of or investor in the
8 practice or facility is directly proportional to the practitioner's
9 ownership interest and not to the volume of patients the practitioner
10 refers to the practice or facility;

11 (c) all clinically-related decisions at a facility owned in part by
12 non-practitioners are made by practitioners and are in the best interests
13 of the patient; and

14 (d) disclosure of the referring practitioner's significant beneficial
15 interest in the practice or facility is made to the patient in writing, at or
16 prior to the time that the referral is made, consistent with the
17 provisions of section 3 of P.L.1989, c.19 (C.45:9-22.6);

18 (4) medically-necessary intraoperative monitoring services
19 rendered during a neurosurgical, neurological, or neuro-radiological
20 surgical procedure that is performed in a hospital;

21 (5) a value-based arrangement made in accordance with 42 C.F.R.
22 411.357(aa), a payment model authorized under a Medicare shared
23 savings program pursuant to 42 U.S.C. s.1395jjj, or a demonstration
24 operated by the Center for Medicare and Medicaid Innovation
25 established pursuant to at 42 U.S.C. s.1315a; and

26 (6) Referrals that a practitioner makes, or directs an employee of
27 the practitioner to make, to a health care service in which the referring
28 practitioner has a significant beneficial interest, when participants in
29 an alternative payment model registered with the Department of
30 Health pursuant to section 3 of P.L.2017, c.111 (C.45:9-22.5c) make a
31 bona fide determination that: the significant beneficial interest is
32 reasonably related to the alternative payment model standards filed
33 with the Department of Health, provided that the determination is
34 documented and retained for a period of 10 years; and the referral is
35 made in accordance with alternative payment model standards and
36 professional standards applicable to the health care service in which
37 the referring practitioner has a significant beneficial interest.

38 ¹d. The exemption set forth in paragraph (3) of subsection a. of this
39 section shall apply to a pharmacy that is integrated with an oncology
40 practice, provided that the pharmacy:

41 (1) has direct access to the oncology practice's patient records;

42 (2) communicates with each patient in person or via telemedicine to
43 review the prescription instructions and assesses the patient for
44 interactions with other drugs and food;

45 (3) synchronously consults with the oncology practice's treating
46 physicians as appropriate; and

1 (4) complies with the requirements for timely delivery of
2 medications, hours of operation, and recordkeeping that are established
3 by rule or regulation by the State Board of Pharmacy.¹

4 (cf: P.L.2021, c.347)

5

6 2. This act shall take effect immediately.

ASSEMBLY REGULATED PROFESSIONS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 4447

STATE OF NEW JERSEY

DATED: JUNE 24, 2024

The Assembly Regulated Professions Committee reports favorably Assembly Bill No. 4447.

Under section 2 of P.L.1989, c.19 (C.45:9-22.5), health care practitioners are prohibited from referring a patient to a health care service in which the practitioner, or the practitioner's immediate family, or a combination of both has a significant beneficial interest, except for the exceptions provided for in statutes.

This bill amends section 2 of P.L.1989, c.19 (C. 45:9-22.5) to expand the exceptions under which a health care practitioner can refer a patient to a health care service to include the exception in which a practitioner, a practitioner's immediate family, or a combination of both has a significant beneficial interest in a pharmacy and whose application for a permit to operate a pharmacy site was approved prior to the effective date of section 2 of P.L.1989, c.19.

Permitting health care practitioners to refer patients to pharmacies, licensed prior to the effective date of section 2 of P.L.1989, c.19, in which the practitioner, or the practitioner's immediate family, or a combination of both have a significant beneficial interest will allow for the continuity of care and facilitate ongoing collaboration between the practitioner and pharmacy with respect to medication adherence, efficient and effective drug refill management, and reduction in the incidence and severity of adverse medication-related events.

SENATE JUDICIARY COMMITTEE

STATEMENT TO

ASSEMBLY, No. 4447

with committee amendments

STATE OF NEW JERSEY

DATED: SEPTEMBER 26, 2024

The Senate Judiciary Committee reports favorably and with committee amendments Assembly Bill No. 4447.

Under section 2 of P.L.1989, c.19 (C.45:9-22.5), a health care practitioner (defined in section 1 of P.L.1989, c.19 (C.45:9-22.4) to mean a physician, chiropractor, or podiatrist) is prohibited from referring a patient to a health care service in which the practitioner, or the practitioner's immediate family, or a combination of both has a significant beneficial interest, except as otherwise permitted under that section of law.

This bill amends the section to expand the permissible exceptions under which a health care practitioner can refer a patient to a health care service under such circumstances involving a significant beneficial interest to include an exception in which the practitioner, the practitioner's immediate family, or a combination of both has a significant beneficial interest in a pharmacy that is integrated with an oncology practice, that only dispenses medications exclusively to patients of that practice, and that complies with the following additional requirements: (1) it has direct access to the oncology practice's patient records; (2) it communicates with each patient in person or via telemedicine to review the prescription instructions and assesses the patient for interactions with other drugs and food; (3) it synchronously consults with the oncology practice's treating physicians as appropriate; and (4) it complies with the requirements for timely delivery of medications, hours of operation, and recordkeeping that are established by rule or regulation by the State Board of Pharmacy.

The bill, as amended and reported by the committee, is identical to Senate Bill No. 3242, also amended and reported by the committee today.

The committee amendments to the bill:

- remove the exemption for permitting patient referrals to a pharmacy that had an application for a permit to operate a pharmacy site approved prior to the effective date of section 2 of P.L.1989, c.19 (C.45:9-22.5) (February 6, 1989); and

- add a new exemption for permitting patient referrals to a pharmacy that is integrated with an oncology practice and otherwise meets the criteria as set forth above in the statement.

SENATE, No. 3242

STATE OF NEW JERSEY

221st LEGISLATURE

INTRODUCED MAY 16, 2024

Senator RAJ MUKHERJI
District 32 (Hudson)
District 11 (Monmouth)
Senator HOLLY T. SCHEPISI
District 39 (Bergen)

SYNOPSIS

Allows certain health care practitioners referrals to pharmacies to be made in accordance with certain professional standards.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 9/19/2024)

1 AN ACT concerning health care practitioner referrals and amending
2 P.L.1989, c.19.

3

4 **BE IT ENACTED** by the Senate and General Assembly of the State
5 of New Jersey:

6

7 1. Section 2 of P.L.1989, c.19 (C.45:9-22.5) is amended to read
8 as follows:

9 2. a. A practitioner shall not refer a patient or direct an
10 employee of the practitioner to refer a patient to a health care
11 service in which the practitioner, or the practitioner's immediate
12 family, or the practitioner in combination with the practitioner's
13 immediate family has a significant beneficial interest **【;】**except
14 **【that,】** as follows:

15 (1) in the case of a practitioner, a practitioner's immediate
16 family, or a practitioner in combination with the practitioner's
17 immediate family who had the significant beneficial interest prior to
18 the effective date of P.L.1991, c.187 (C.26:2H-18.24 et al.) **【, and】**
19 **;**

20 (2) in the case of a significant beneficial interest in a health care
21 service that provides lithotripsy or radiation therapy pursuant to an
22 oncological protocol that was held prior to the effective date of this
23 section of P.L.2009, c.24 **【,】** **;** and

24 (3) in the case of a practitioner, a practitioner's immediate
25 family, or a practitioner in combination with the practitioner's
26 immediate family who had a significant beneficial interest in a
27 pharmacy and whose application for a permit to operate a pharmacy
28 site was approved prior to the effective date of this section, the
29 practitioner may continue to refer a patient or direct an employee to
30 do so if that practitioner discloses the significant beneficial interest
31 to the patient.

32 b. If a practitioner is permitted to refer a patient to a health care
33 service pursuant to this section, the practitioner shall provide the
34 patient with a written disclosure form, prepared pursuant to section
35 3 of P.L.1989, c.19 (C.45:9-22.6), and post a copy of this disclosure
36 form in a conspicuous public place in the practitioner's office.

37 c. The restrictions on referral of patients established in this
38 section shall not apply to:

39 (1) medical treatment or a procedure that is provided at the
40 practitioner's medical office and for which a bill is issued directly in
41 the name of the practitioner or the practitioner's medical office;

42 (2) renal dialysis;

43 (3) ambulatory surgery or procedures involving the use of any
44 anesthesia performed at a surgical practice licensed by the
45 Department of Health pursuant to subsection g. of section 12 of

EXPLANATION – Matter enclosed in bold-faced brackets **【thus】 in the above bill is not enacted and is intended to be omitted in the law.**

Matter underlined thus is new matter.

1 P.L.1971, c.136 (C.26:2H-12) or at an ambulatory care facility
2 licensed by the Department of Health to perform surgical and
3 related services or lithotripsy services, if the following conditions
4 are met:

5 (a) the practitioner who provided the referral personally performs
6 the procedure;

7 (b) the practitioner's remuneration as an owner of or investor in
8 the practice or facility is directly proportional to the practitioner's
9 ownership interest and not to the volume of patients the practitioner
10 refers to the practice or facility;

11 (c) all clinically-related decisions at a facility owned in part by
12 non-practitioners are made by practitioners and are in the best
13 interests of the patient; and

14 (d) disclosure of the referring practitioner's significant beneficial
15 interest in the practice or facility is made to the patient in writing, at
16 or prior to the time that the referral is made, consistent with the
17 provisions of section 3 of P.L.1989, c.19 (C.45:9-22.6);

18 (4) medically-necessary intraoperative monitoring services
19 rendered during a neurosurgical, neurological, or neuro-radiological
20 surgical procedure that is performed in a hospital;

21 (5) a value-based arrangement made in accordance with 42
22 C.F.R. 411.357(aa), a payment model authorized under a Medicare
23 shared savings program pursuant to 42 U.S.C. s.1395jjj, or a
24 demonstration operated by the Center for Medicare and Medicaid
25 Innovation established pursuant to at 42 U.S.C. s.1315a; and

26 (6) Referrals that a practitioner makes, or directs an employee of
27 the practitioner to make, to a health care service in which the
28 referring practitioner has a significant beneficial interest, when
29 participants in an alternative payment model registered with the
30 Department of Health pursuant to section 3 of P.L.2017, c.111
31 (C.45:9-22.5c) make a bona fide determination that: the significant
32 beneficial interest is reasonably related to the alternative payment
33 model standards filed with the Department of Health, provided that
34 the determination is documented and retained for a period of 10
35 years; and the referral is made in accordance with alternative
36 payment model standards and professional standards applicable to
37 the health care service in which the referring practitioner has a
38 significant beneficial interest.

39 (cf: P.L.2021, c.347)

40

41 2. This act shall take effect immediately.

42

43

44

STATEMENT

45

46 Under section 2 of P.L.1989, c.19 (C.45:9-22.5) health care
47 practitioners are prohibited from referring a patient to a health care
48 service in which the practitioner, or the practitioner's immediate

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1 family, or a combination of both has a significant beneficial
2 interest, except for the exceptions provided for in statutes.

3 This bill amends section 2 of P.L.1989, c.19 (C. 45:9-22.5) to
4 expand the exceptions under which a health care practitioner can
5 refer a patient to a health care service to include the exception in
6 which a practitioner, a practitioner's immediate family, or a
7 combination of both has a significant beneficial interest in a
8 pharmacy and whose application for a permit to operate a pharmacy
9 site was approved prior to the effective date of section 2 of
10 P.L.1989, c.19.

11 Permitting health care practitioners to refer patients to
12 pharmacies, licensed prior to the effective date of section 2 of
13 P.L.1989, c.19, in which the practitioner, or the practitioner's
14 immediate family, or a combination of both have a significant
15 beneficial interest will allow for the continuity of care and facilitate
16 ongoing collaboration between the practitioner and pharmacy with
17 respect to medication adherence, efficient and effective drug refill
18 management, and reduction in the incidence and severity of adverse
19 medication-related events.

[First Reprint]

SENATE, No. 3242

STATE OF NEW JERSEY

221st LEGISLATURE

INTRODUCED MAY 16, 2024

Senator RAJ MUKHERJI

District 32 (Hudson)

District 11 (Monmouth)

Senator HOLLY T. SCHEPISI

District 39 (Bergen)

Co-Sponsored by:

Senator O'Scanlon

SYNOPSIS

Allows certain health care practitioners referrals to pharmacies to be made in accordance with certain professional standards.

CURRENT VERSION OF TEXT

As reported by the Senate Judiciary Committee on September 26, 2024, with amendments.



(Sponsorship Updated As Of: 9/30/2024)

1 AN ACT concerning health care practitioner referrals and amending
2 P.L.1989, c.19.

3

4 **BE IT ENACTED** by the Senate and General Assembly of the State
5 of New Jersey:

6

7 1. Section 2 of P.L.1989, c.19 (C.45:9-22.5) is amended to read as
8 follows:

9 2. a. A practitioner shall not refer a patient or direct an employee
10 of the practitioner to refer a patient to a health care service in which
11 the practitioner, or the practitioner's immediate family, or the
12 practitioner in combination with the practitioner's immediate family
13 has a significant beneficial interest **;** **except** **[that,]** as follows:

14 (1) in the case of a practitioner, a practitioner's immediate family,
15 or a practitioner in combination with the practitioner's immediate
16 family who had the significant beneficial interest prior to the effective
17 date of P.L.1991, c.187 (C.26:2H-18.24 et al.) **;** **and** **;**

18 (2) in the case of a significant beneficial interest in a health care
19 service that provides lithotripsy or radiation therapy pursuant to an
20 oncological protocol that was held prior to the effective date of this
21 section of P.L.2009, c.24 **;** **;** and

22 (3) in the case of a practitioner, a practitioner's immediate family,
23 or a practitioner in combination with the practitioner's immediate
24 family who ¹**[had]** ¹has¹ a significant beneficial interest in a pharmacy
25 ¹**[and whose application for a permit to operate a pharmacy site was**
26 approved prior to the effective date of this section] that is integrated
27 with an oncology practice, that only dispenses medications exclusively
28 to patients of that practice, and that complies with the additional
29 requirements set forth in subsection d. of this section¹, the practitioner
30 may continue to refer a patient or direct an employee to do so if that
31 practitioner discloses the significant beneficial interest to the patient.

32 b. If a practitioner is permitted to refer a patient to a health care
33 service pursuant to this section, the practitioner shall provide the
34 patient with a written disclosure form, prepared pursuant to section 3
35 of P.L.1989, c.19 (C.45:9-22.6), and post a copy of this disclosure
36 form in a conspicuous public place in the practitioner's office.

37 c. The restrictions on referral of patients established in this section
38 shall not apply to:

39 (1) medical treatment or a procedure that is provided at the
40 practitioner's medical office and for which a bill is issued directly in
41 the name of the practitioner or the practitioner's medical office;

42 (2) renal dialysis;

43 (3) ambulatory surgery or procedures involving the use of any
44 anesthesia performed at a surgical practice licensed by the Department

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

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹Senate SJU committee amendments adopted September 26, 2024.

1 of Health pursuant to subsection g. of section 12 of P.L.1971, c.136
2 (C.26:2H-12) or at an ambulatory care facility licensed by the
3 Department of Health to perform surgical and related services or
4 lithotripsy services, if the following conditions are met:

5 (a) the practitioner who provided the referral personally performs
6 the procedure;

7 (b) the practitioner's remuneration as an owner of or investor in the
8 practice or facility is directly proportional to the practitioner's
9 ownership interest and not to the volume of patients the practitioner
10 refers to the practice or facility;

11 (c) all clinically-related decisions at a facility owned in part by
12 non-practitioners are made by practitioners and are in the best interests
13 of the patient; and

14 (d) disclosure of the referring practitioner's significant beneficial
15 interest in the practice or facility is made to the patient in writing, at or
16 prior to the time that the referral is made, consistent with the
17 provisions of section 3 of P.L.1989, c.19 (C.45:9-22.6);

18 (4) medically-necessary intraoperative monitoring services
19 rendered during a neurosurgical, neurological, or neuro-radiological
20 surgical procedure that is performed in a hospital;

21 (5) a value-based arrangement made in accordance with 42 C.F.R.
22 411.357(aa), a payment model authorized under a Medicare shared
23 savings program pursuant to 42 U.S.C. s.1395jjj, or a demonstration
24 operated by the Center for Medicare and Medicaid Innovation
25 established pursuant to at 42 U.S.C. s.1315a; and

26 (6) Referrals that a practitioner makes, or directs an employee of
27 the practitioner to make, to a health care service in which the referring
28 practitioner has a significant beneficial interest, when participants in
29 an alternative payment model registered with the Department of
30 Health pursuant to section 3 of P.L.2017, c.111 (C.45:9-22.5c) make a
31 bona fide determination that: the significant beneficial interest is
32 reasonably related to the alternative payment model standards filed
33 with the Department of Health, provided that the determination is
34 documented and retained for a period of 10 years; and the referral is
35 made in accordance with alternative payment model standards and
36 professional standards applicable to the health care service in which
37 the referring practitioner has a significant beneficial interest.

38 ¹d. The exemption set forth in paragraph (3) of subsection a. of this
39 section shall apply to a pharmacy that is integrated with an oncology
40 practice, provided that the pharmacy:

41 (1) has direct access to the oncology practice's patient records;

42 (2) communicates with each patient in person or via telemedicine to
43 review the prescription instructions and assesses the patient for
44 interactions with other drugs and food;

45 (3) synchronously consults with the oncology practice's treating
46 physicians as appropriate; and

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1 (4) complies with the requirements for timely delivery of
2 medications, hours of operation, and recordkeeping that are established
3 by rule or regulation by the State Board of Pharmacy.¹

4 (cf: P.L.2021, c.347)

5

6 2. This act shall take effect immediately.

SENATE JUDICIARY COMMITTEE

STATEMENT TO

SENATE, No. 3242

with committee amendments

STATE OF NEW JERSEY

DATED: SEPTEMBER 26, 2024

The Senate Judiciary Committee reports favorably and with committee amendments Senate Bill No. 3242.

Under section 2 of P.L.1989, c.19 (C.45:9-22.5), a health care practitioner (defined in section 1 of P.L.1989, c.19 (C.45:9-22.4) to mean a physician, chiropractor, or podiatrist) is prohibited from referring a patient to a health care service in which the practitioner, or the practitioner's immediate family, or a combination of both has a significant beneficial interest, except as otherwise permitted under that section of law.

This bill amends the section to expand the permissible exceptions under which a health care practitioner can refer a patient to a health care service under such circumstances involving a significant beneficial interest to include an exception in which the practitioner, the practitioner's immediate family, or a combination of both has a significant beneficial interest in a pharmacy that is integrated with an oncology practice, that only dispenses medications exclusively to patients of that practice, and that complies with the following additional requirements: (1) it has direct access to the oncology practice's patient records; (2) it communicates with each patient in person or via telemedicine to review the prescription instructions and assesses the patient for interactions with other drugs and food; (3) it synchronously consults with the oncology practice's treating physicians as appropriate; and (4) it complies with the requirements for timely delivery of medications, hours of operation, and recordkeeping that are established by rule or regulation by the State Board of Pharmacy.

This bill, as amended and reported by the committee, is identical to Assembly Bill No. 4447, also amended and reported by the committee today.

The committee amendments to the bill:

- remove the exemption for permitting patient referrals to a pharmacy that had an application for a permit to operate a pharmacy site approved prior to the effective date of section 2 of P.L.1989, c.19 (C.45:9-22.5) (February 6, 1989); and

- add a new exemption for permitting patient referrals to a pharmacy that is integrated with an oncology practice and otherwise meets the criteria as set forth above in the statement.

Governor Murphy Takes Action on Legislation

10/30/2024

TRENTON – Today, Governor Murphy signed the following bills into law:

S-3670/A-4871 (Singleton, McKnight/Lopez, Wimberly) - Provides for mortgage payment relief and foreclosure protection for certain homeowners impacted by remnants of Hurricane Ida

S-3838/A-4999 (Scutari/Coughlin) – Permits Director of Division of Pensions and Benefits to initiate temporary transfer of funds in certain circumstances

[Copy of Statement](#)

A-4447/S-3242 (Peterpaul, DePhillips, Azzatiti/Mukherji, Schepisi) - Allows certain health care practitioners referrals to pharmacies to be made in accordance with certain professional standards

AJR-46/SCS for SJR-12 (Karabinchak, Stanley, Drulis/Diegnan, Johnson) -Designates October of each year as "Hindu Heritage Month" in New Jersey