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New Opioid Law Signed in NJ

New Jersey Governor Chris Christie has signed [legislation](#) aimed at curbing the state's opioid addiction epidemic. The law curbs initial opioid prescriptions to a five-day supply, making NJ's the most stringent limit in the nation. The new law also mandates state-regulated health insurers, namely fully insured plans and plans run by the state (including the State Health Benefits Program and the School Employees Health Benefits Program), to cover inpatient and outpatient treatment for drug addiction. The part of the law that speaks to plan design and utilization management will not automatically apply to self funded benefit plans that can voluntarily choose to follow the new law or not. The new law is a part of the NJ Governor's pledge to devote his last year in office to combating the opioid crisis plaguing the state. The law takes effect 90 days from the date it was signed although generally this shall require that insured plans will have to begin to cover the new requirements upon their next renewal on or after May 16, 2017. Below are the primary provisions of the new law.

Prescription Drug Requirements

- Initial opioid prescriptions written may not be more than for a five-day supply. The five-day limit will not apply to cancer and chronic pain patients and for end-of-life care. This aspects of the law will apply to all NJ patients, including those covered by insured or self funded plans.
- Any prescription for acute pain must be for the lowest effective dose of immediate-release opioid drug. In cases of acute or chronic pain, prior to issuing an initial prescription of a course of treatment that includes a controlled dangerous substance or any other opioid drug, a practitioner must document the patient's medical history, develop a treatment plan, conform with a monitoring requirement, limit the supply of opioid drug prescriptions and comply with state and federal laws. This aspects of the law will apply to all NJ patients, including those covered by insured or self funded plans.
- The benefits for outpatient prescription drugs used to treat substance abuse disorder must be provided (when medically necessary) by the person's provider without any prior authorization or other prospective utilization management requirements.
- The law requires new continuing education requirements for professionals who prescribe opioid drugs.

Health Plan Requirements

- Insurers must provide unlimited benefits for inpatient and outpatient treatment of substance use disorders at in-network facilities.

- Benefits for the first 180 days per plan year of “inpatient and outpatient” treatment of substance abuse disorder must be approved without any prior authorization or other prospective utilization management requirements. Benefits for inpatient and outpatient treatment of substance abuse disorder after the first 180 days per plan year are subject to the medical necessity determination of the insurer and may be subject to prior authorization, retrospective reviews and other utilization management requirements of their health plan.
- Benefits for the first 28 days of an “inpatient” stay during each plan year must be provided without any retrospective review or concurrent review. The benefits beyond 28 days of inpatient care are subject to concurrent review and other approval requirements of the patient’s health plan. Insurers cannot initiate concurrent review (monitoring of the necessity of care) more frequently than once every two-weeks.
- Benefits for the first 28 days of “intensive outpatient or partial hospitalization” services must be provided without any retrospective review. The benefits beyond 28 days of intensive outpatient or partial hospitalization services are subject to retrospective review other approval requirements of the patient's health plan.
- If there is no in-network facility immediately available for a covered person, insurers must provide necessary exceptions to their network to ensure admission in a treatment facility within 24 hours.

Impact of the Changes

At the time of passage, the state’s office of legislative services had yet to access a financial impact on the new law. While there may be a reduction in the cost of prescription drug opioid usage based on the tighter prescribing controls, there may be an increase in the unchecked initial durations of inpatient and outpatient care services. Due to federal parity requirements and the eliminations of annual and lifetime limits on essential care, health plans already provided unlimited benefits in these areas. However, the elimination of some utilization management features may have a cost impact.

It is expected that insurers shall review the law and determine its actuarial impact and then apply any additional rate changes they deem necessary to comply with the law. This new law joins other “state mandated” benefit requirements imposed upon fully-insured plans in NJ. As further information from the various health plans becomes available on any cost or design impact issues we shall provide further guidance.

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