

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

SENATE, No. 3800

STATE OF NEW JERSEY
219th LEGISLATURE

DATED: JUNE 22, 2021

SUMMARY

- Synopsis:** Requires certain health insurers, Medicaid, NJ FamilyCare, SHBP, and SEHBP to cover opioid antidote without imposing prior authorization requirements.
- Type of Impact:** State expenditure and revenue increases.
- Agencies Affected:** Department of Human Services, Department of the Treasury, Department of Banking and Insurance.

Office of Legislative Services Estimate

Fiscal Impact	<u>Annual</u>
State Cost Increase	Indeterminate
State Revenue Increase	Indeterminate

- The Office of Legislative Services (OLS) concludes that New Jersey FamilyCare costs would increase, potentially by substantial amounts, due to the bill’s requirement that the program cover opioid antidotes, without prior authorization or other utilization management requirements, when the treatment is prescribed or dispensed by certain licensed medical practitioners or pharmacists, as authorized under State or federal law.
- Since State Medicaid expenditures for covered health care services, including prescription drugs, qualify for federal matching funds, any additional State costs incurred pursuant to the bill would also increase State revenues. The families First Coronavirus Response Act additionally provides for a temporary 6.2 percent increase in the State’s Federal Medical Assistance Percentage, through the end of 2021.
- Currently, the State Health Benefits Program (SHBP) and the School Employees Health Benefits Program (SEHBP) cover opioid antidotes without prior authorization or step therapy requirements. Therefore, the OLS concludes that this bill would not impact State costs for either the SHBP or the SEHBP; rather, the bill would simply codify current coverage policy under both programs.

BILL DESCRIPTION

This bill would require an insurance company, health service corporation, hospital service corporation, medical service corporation, or health maintenance organization authorized to issue health benefits plans in this State, as well as the Medicaid program, the NJ FamilyCare Program, the State Health Benefits Program, and the School Employees' Health Benefits Program to provide coverage for opioid antidotes without imposing prior authorization requirements or other utilization management requirements, provided that the treatment is:

(1) prescribed or administered to the eligible member by a licensed medical practitioner who is authorized to prescribe or administer that treatment pursuant to State and federal law; or

(2) dispensed to the eligible member by a licensed pharmacist under a standing order to dispense an opioid antidote pursuant to P.L.2017, c.88, which allows pharmacists to dispense opioid antidotes to any person without an individual prescription

The bill explicitly states that its provisions are not be construed to limit the coverage of opioid antidotes only when administered by a medical practitioner.

Administration of opioid antidotes in a medical setting is standard practice for hospital medical staff and first responders caring for a patient who has overdosed on opioids. Currently, Medicaid covers the opioid antidote naloxone, when administered in these settings, without prior authorization. This bill codifies that policy in the statutes.

Opioid antidotes can also be prescribed directly to individuals. Currently, the New Jersey Board of Medical Examiners has issued a certificate of waiver allowing physicians and other prescribers to write a prescription for opioid antidotes in the name of the person receiving the prescription, rather than the end user who will be administered the agent. As such, this bill allows individuals covered under the bill's provisions, who are at risk of an opioid overdose or who may be in a position to assist others who are, to be covered for a prescription for an opioid antidote without prior authorization.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS concludes that the bill's requirement that the NJ FamilyCare program cover opioid antidotes, when prescribed for or dispensed to an eligible NJ FamilyCare enrollee without prior authorization or utilization management requirements, would increase State costs, potentially by a substantial amount. Currently, NJ FamilyCare covers opioid antidotes without prior authorization requirements only when the treatment is administered by a medical practitioner in a health care setting. By removing the NJ FamilyCare prior authorization requirement, this bill would substantively increase the number of opioid antidote prescriptions filled by NJ FamilyCare enrollees on an annual basis. Currently, the only opioid antidotes approved by the federal Food and Drug Administration are formulations of the chemical compound naloxone hydrochloride.

At this time, the OLS does not have access to data on the number of opioid antidote prescriptions covered annually by the NJ FamilyCare program, or on annual NJ FamilyCare expenditures for this class of prescription drugs. For context, data from the Office of the Attorney

General and the Department of Consumer Affairs show 1,197 naloxone administrations by law enforcement and Emergency Medical Services (EMS) in April 2020. Naloxone is the generic formulation of the opioid antidote Narcan. According to 2019 federal Medicaid prescription drug expenditure data from the Centers for Medicare and Medicaid Services, the federal Medicaid program paid an average of \$32.46 per unit of naloxone, and \$587.96 per unit of Narcan. Based on the CMS data, approximately 55 percent of prescriptions covered by the federal Medicaid program were written for Narcan, while 45 percent were for naloxone. Assuming that every naloxone administration by New Jersey law enforcement and EMS in April 2020 was covered under NJ FamilyCare, and applying federal Medicaid price and utilization data, the OLS estimates a monthly NJ FamilyCare expenditure of \$404,374 for this opioid antidote. If these cost data are annualized, total NJ FamilyCare costs for naloxone and Narcan alone would be \$4.9 million in 2020. In this scenario, in 2021 the State would receive \$2.75 million in federal matching funds for NJ FamilyCare expenditures on naloxone and Narcan alone.

Currently, the SHBP and the SEHBP cover opioid antidotes without prior authorization or step therapy requirements. Therefore, the OLS concludes that this bill would not impact State costs for either the SHBP or the SEHBP; rather, the bill would simply codify current coverage policy under both programs. The Department of the Treasury would promulgate regulations to ensure that health insurance carriers operating in the State comply with the requirements established under the bill. The OLS determines that the department's actions would be covered by current fiscal resources.

Section: Human Services

*Analyst: Anne Cappabianca
Associate Fiscal Analyst*

*Approved: Thomas Koenig
Legislative Budget and Finance Officer*

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).