

## New Jersey Codey Law Amended to Allow for Streamlined Chemotherapy Treatments by Oncology Practices

11/15/24

A newly enacted amendment to the New Jersey Codey Law now specifically allows for streamlined chemotherapy treatments by exempting from the law certain referrals to a pharmacy integrated with an oncology practice.

The Codey Law, codified at N.J.S.A. 45:9-22.4 et seq., named after Richard J. Codey, a former New Jersey Governor and longstanding member of the New Jersey Senate, prohibits physicians from referring patients to an entity which provides healthcare services if the physician (or his or her immediate family) has any financial interest (ownership or otherwise) in the entity. Unlike the federal Stark Law and Anti-Kickback Statute, this restriction applies regardless of how the service is reimbursed. The Codey Law contains certain exceptions, such as allowing for referrals to ambulatory surgery centers owned by the physician, provided certain requirements are met.

As of October 31, 2024, the following additional narrow exception to the Codey Law was added:

*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.*

The law provides that the exemption shall apply to a pharmacy that is integrated with an oncology practice, provided that the pharmacy:

- only dispenses medications exclusively to patients of the practice;
- has direct access to the oncology practice's patient records;
- 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;
- synchronously consults with the oncology practice's treating physicians as appropriate; and
- 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.

As stated by Senator Holly Schepisi (R-39), the sponsor of the underlying bill, the amendment was enacted because there is “a vital connection between oncology practitioners and in-house pharmacies that is essential for ensuring patients receive seamless and consistent care.”[\[1\]](#)

Previously, the New Jersey Board of Pharmacy had granted specialty permits for certain in-house pharmacies, despite the wording of the Codey Law. However, in 2019 the Board of Pharmacy reversed its interpretation of the law, and took the position that physicians were prohibited from operating in-house pharmacies. A challenge to this position change was brought to court, with the New Jersey appellate division finding in favor of the Board of Pharmacy.[\[2\]](#)

[1] “Schepisi Bill to Streamline Health Care, Chemotherapy Treatment Signed by Governor”, Press Release from New Jersey Senate Republicans, October 31, 2024, found at <https://www.senatenj.com/CivicAlerts.aspx?AID=489>.

[2] *In re Oncology & Hematology Specialists, P.A.*, No. A-2080-19 (App. Div. Dec. 22, 2021).

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