Testimony of Mr. Peter Nielsen
Chief Executive Officer
California Consortium of Addiction Programs and Professionals

"Examining Concerns of Patient Brokering and Addiction Treatment Fraud."

Before the
Subcommittee on Oversight and Investigations
House Energy and Commerce Committee
December 12, 2017

Good morning Mr. Chairman Harper, and ranking member DeGette, as well as to the entire subcommittee. My name is Pete Nielsen, and I am the Chief Executive Officer of CCAPP, the California Consortium of Addiction Programs and Professionals. CCAPP is California's largest statewide consortium of community-based for profit and nonprofit substance use disorder treatment agencies, and addiction focused professionals, providing services to over 100,000 California residents annually in residential, outpatient, and private practice settings. Our home office in Sacramento is represented by Energy and Commerce Member Doris Matsui, and our entire congressional delegation has been active in the fight against addiction, both before and during the opioid crisis. The Golden state of California is represented on this subcommittee by three distinguished members, Mr. Ruiz, Mr. Peters, and Ms. Walters, whom I thank for their service and their commitment to the people of California.

CCAPP represents the social model approach to recovery and has actively supported residential recovery for over 30 years. We have a long history of excellence in the provision of training, technical assistance and advocacy for programs throughout California. We have published and disseminated standards for sober living facilities, and we are also responsible for the credentialing and professional oversight of tens of thousands of addiction treatment and prevention professionals in the most populous state in the nation. At present, compliance with CCAPP's Sober Living Environment standards is voluntary.

Throughout the entire addiction treatment and recovery process, focus on patient centered care is critical. A patient cannot be treated as a commodity, which is unfortunately what we are seeing in many cases in the current environment. Bad actors are using the stigma of addiction against the people they claim to care for. Vulnerable people and their loved ones must be protected from those who seek to profit, regardless of client need, medical criteria, or human decency. When seeking out the right environment for a loved one, before anything else, the right environment and best suited treatment protocol must be guiding principles, not afterthoughts. There should be no profit motive involved these decisions.

Sadly, addicts who seek treatment are often victimized by being sold to the highest bidder, and in our state this is perfectly legal. People entering treatment are vulnerable physically and mentally. Their loved ones are often so desperate to find safe haven and end the chaos of addictive behavior that they make excellent targets for scam artists and so called "interventionists" who will apply aggressive sales tactics, telling patients and families the addict will die if they do not act upon the referring agent's directive. Add into these scenarios unlicensed, unscrupulous sober living homes that are willing to bill individuals and insurers without shame and you have a perfect storm for abuse, waste of resources, and tragically poor recovery rates.

Sober Living Environments (SLE) is a term generally used to describe a specific type of housing. SLE's offer a housing alternative to individuals who are recovering from alcohol and or drug addiction. Because these homes are residences, not treatment programs, they are not subject to licensing by any State agency and are not subject to any required certification or accreditation. Other terms used to describe such housing are "recovery residences" "cooperative housing for recovering people", "resident-run housing", "sober cooperative living", and "alcohol, drug free living centers." All of these arrangements have something in common in that they are intended for cooperative living of individuals who are recovering from alcoholism or drug addiction. Resident responsibility for the environment sets it apart from formal recovery programs. Sober living is not, nor has it ever been, intended to be the same as residential treatment. It is its own entity, with its own set of standards and goals.

Sober living environments can be found in a variety of settings and can serve a multitude of purposes. It is imperative that we understand this, as they are not "one size fits all." In some cases, they serve as a place to live while a consumer receives outpatient treatment at a separate clinical setting. It is these environments that are the subject of many investigations, especially in Florida and California. In other cases, they can serve as a "recovery residence," where people go to live upon completing residential treatment at a separate facility.

There is a great need for sober living in our communities. Many persons who attend or graduate from organized programs do not have a home to go to, nor can they afford individual housing, which is recovery conducive. Cooperative housing offers a bridge to independent living, which is a critical piece of the sobriety puzzle. Those struggling with addiction are often in need of a stable environment, which sober living facilities seek to provide.

As in any cooperative environment, a sober living house needs rules. Rules may include curfew, smoking rules, chores, payment of rent, and attendance at house meetings, and must include prohibition of any use of alcohol and or drugs for which a prescription is not in existence. A sober living home may or may not have paid staff. The role of the staff must be clearly for management of the housing and not for management of individuals. The environment must be recovery conducive and space should be adequate to accommodate each individual comfortably and with dignity and respect.

Attention should be given to the health and safety of all residents and therefore the home should meet minimum fire and health standards. CCAPP recommends standards be followed in five categories for any SLE in California. This document, "CCAPP Standards for Sober Living Environments," has been submitted for the record. This document includes standards for the, Physical Environment, for Management, for Record Keeping, for House Rules, and for Residency Requirements.

Physical Environment standards can include aspects such as design and upkeep. Design should encourage residents to contact each other incidentally, informally, and without status barriers. Space should be available for all residents to meet for community meetings. Upkeep and appearance: Repair, maintenance, cleanliness, and attractiveness are critical elements in the life of the house. The upkeep and appearance of the house are a metaphor for the lives of the

residents. This includes grounds and driveways surrounding the home. Residents should feel the place is their own. Also, good neighbor policies assure that the home and its residents are accepted as part of the community. This means that residents will be mindful of noise levels of conversations, and designated smoking areas that will not affect the neighbors. There must be fire safety standards in place.

The person in charge of the facility shall be clearly identified to all residents and on the premises This should be an individual or designated individual within the group. This person shall be responsible for the maintenance and safety of the building. The manager should be the keeper of the "good neighbor" policy and liability insurance and copies should be available and visible in the home. At a minimum, someone must be responsible for the safety of the building, someone must be available to maintain records, to collect rent, and to register and check-out residents, and to maintain rules of the house. The manager in charge of the residency shall maintain formal records. Records fill several important roles: they allow management to track the person served and provide a sense of order. The following record keeping standards are applicable to SLE:

To function properly and achieve maximum efficiency, House Rules must exist. These rules must be clearly defined. Optional rules will depend on the needs of the population to be served, should not be over burdensome, and must be consistent with residency needs.
To begin with, no drinking of alcohol or items containing alcohol or using illegal drugs are to be tolerated at any time. Mandatory attendance at a weekly house meeting should also be a universal constant.

Residency Requirements are also critical. The residency requirements must be clearly defined and at a minimum should include: A desire to live a clean and sober life style; Completion of a formal alcohol or drug recovery program, or documented stability in a self-help group; A willingness to abide by all the house rules; and a signed residential agreement on file for each resident.

The substance use disorder treatment and recovery process is highly complex, and as a result, so is the industry that provides these services. The better trained, better organized, and better coordinated our industry is, the better our services will be- and not only will consumers benefit, but so will all of society. Any potential legislation must be crafted to support the industry and its good actors, while at the same time weeding out the bad actors. In the end, the goal is to have an industry that is ethical and strong enough to support itself with minimal oversight.

In California, the bill AB 285 was introduced earlier this year as the Drug and Alcohol-free Residences Act. This bill would define a "drug and alcohol-free residence" as a residential property that is operated as a cooperative living arrangement to provide an alcohol and drug free environment for persons recovering from alcoholism or drug abuse, or both, who seek a living environment that supports personal recovery. It would authorize a drug and alcohol-free residence to demonstrate its commitment to providing a supportive recovery environment by applying and becoming certified by an approved certifying organization that is approved by the State Department of Health Care Services. It provided that a residence housing persons who are

committed to recovering from drug or alcohol addiction is presumed to be a drug and alcohol-free residence if the residence has been certified by an approved certifying organization. The bill would require an approved certifying organization, such as CCAPP, to maintain an affiliation with a national organization recognized by the department, establish procedures to administer the application, certification, renewal, and disciplinary processes for a drug and alcohol-free residence, and investigate and enforce violations by a residence of the organization's code of conduct, as provided. The bill specifies that there would be documentation that an operator who seeks to have a residence certified is required to submit to an approved certifying organization.

A certifying organization would be required to maintain and post on its web site a registry containing specified information of a residence that has been certified pursuant to these provisions, and would require the department to maintain and post on its Internet Web site a registry that contains specified information regarding each residence and operator that has had its certification revoked. The bill would deem the activities of a certified drug and alcohol-free residence a residential use of property under specified circumstances.

This bill would require that a state agency, state-contracted vendor, county agency, or county-contracted vendor that directs substance abuse treatment, or a judge or parole board that sets terms and conditions for the release, parole, or discharge of a person from custody, to only first refer that person to a residence listed as a certified drug and alcohol-free residence on a registry posted by an approved certifying organization, provided there is availability in such a residence.

At some call centers, workers are paid bonuses for "performance," based on how many admissions they sign up, and many use high-pressure sales tactics on very desperate callers. Once a potential client is on the phone, it's up to the call center employee to convince them that they should travel to the treatment center the call center is representing, whether or not going away from home was the person's intention, and whether or not the treatment center provides the right therapies and environment that best suits the consumer.

If the members of this committee can take away just one point from my testimony, please let it be this- all of our standards, our recommendations, our efforts- they all have one primary goal above all else: to protect the consumer. I believe this committee shares our commitment to this pursuit. I believe it is the very reason for this hearing. All of our best practices, and all of our efforts day in and day out, exist so that a vulnerable population with a terrible disease receive all the possible protections at our disposal.

CCAPP is promoting common sense legislation to prohibit patient brokering in our state and to provide voluntary certification for recovery residences that is tied to referrals and funding from public sources. By eliminating the profit motive for referring agents and "starving out" poor sober living by denying them referrals and participation in any public funding streams, we believe we can stop the "Florida model" from transplanting to California and other states. In doing so we are confident we will save more lives, reunite more families that have been torn apart by untreated or poorly treated addiction, and make more communities safer in the process.

Again, I reiterate my thanks to this subcommittee for addressing this critical issue, and for inviting me to testify on behalf of CCAPP.