

**OPENING STATEMENT OF THE HONORABLE GREGG HARPER
CHAIRMAN, OVERSIGHT AND INVESTIGATIONS SUBCOMMITTEE
“EXAMINING CONCERNS OF PATIENT BROKERING AND ADDICTION
TREATMENT FRAUD.”**

DECEMBER 12, 2017

The Subcommittee will come to order.

Today is my first hearing as the Chairman of the Oversight and Investigations Subcommittee. I want to thank Chairman Walden for his confidence and look forward to working with Ranking Member DeGette, Vice Chairman Griffith and all members of the subcommittee in the coming year.

Today, the Subcommittee holds a hearing entitled, “Examining Concerns of Patient Brokering and Addiction Treatment Fraud.” This is another chapter of the Subcommittee’s ongoing extensive look at the opioid epidemic and the toll that it has taken on the countless lives across our nation. The most recent data from the Centers for Disease Control and Prevention notes that opioids killed more than 33,000 people in 2015, more than any year on record. What’s worse – it’s estimated that 91 Americans die every day from an opioid overdose.

Not only has the epidemic led to record numbers of overdoses and overdose deaths, but it has also resulted in an increased need for treatment. In a recent Washington Post article, it is estimated that there are 2.6 million Americans with an opioid addiction. 2.6 million. Sadly, today we are here to examine a newer side

of the opioid epidemic that is impacting individuals who are seeking treatment for their substance use disorder.

Earlier this year, news reports began surfacing of “patient” or “addict” brokers that profit by recruiting individuals suffering from a substance use disorder and luring them to treatment facilities and sober living homes, often times in other states.

The individuals who are brokered are lured into these schemes by promises of “scholarships” for treatment, a free plane ticket, free housing, along with other incentives such as free cigarettes, movie tickets, and yoga.

The patient brokers themselves receive generous financial kickbacks from facilities. The incentive is not to find an evidence-based treatment option that meets the needs of the individual, but instead to simply “fill beds with heads.”

These brokers often send individuals to treatment in states with high numbers of treatment facilities and sober living homes per capita, such as Florida and California. The sales pitches tout the warm, sunny weather of these states in luring individuals away from their homes and out of their states of residence. Florida and California appear to be the two states hit hardest by these practices, but that doesn’t mean that other states aren’t starting to face these challenges as well.

Concerns have been raised that other states including Arizona and Texas are starting to face these issues. Some have said that this is already becoming a national problem. Whether it's where the treatment facility or sober living home are physically located, or it's where the individual is recruited from – these schemes are happening all over our nation, frequently crossing state lines. That's why we are here today. This isn't just a state issue, it's becoming a national issue.

These schemes are often very complex. They can include deceptive marketing practices, kickbacks, overbilling for treatment and urine drug tests, low-quality treatment or in some cases – no treatment. The most concerning allegation is that patient brokers, or in some cases people that work for a treatment facility or are affiliated with a sober living home, provide drugs to an individual so that they will relapse. This unethical practice keeps the individual in treatment and allows those involved in the scheme to re-start the billing cycle and continue racking up bills.

These practices are immoral, but are even more monstrous because they prey on people that are already in a very vulnerable state. These individuals with substance use disorders get caught in a scheme that incentivizes relapse and profit rather than treatment and, ultimately, recovery.

It's important that we shed light on the fraud and abuse in the substance use disorder treatment industry. Make no mistake, we want those who are suffering from addiction to seek treatment, and the treatment that is most appropriate for them. We also want to ensure that when individuals or their loved ones are looking for a treatment option, that they are well equipped to find a legitimate provider that meets their needs so that they don't fall victim to these inexcusable practices that are prioritizing profit over recovery, and in some instances life.

We thank our panel of witnesses for joining us this morning. You are on the frontlines of this issue and provide invaluable perspectives. My hope for today's hearing is for us to learn more about patient brokering and related fraud and abuse within the treatment industry. This discussion will help us identify potential solutions that will allow us to better protect individuals who are seeking treatment for themselves or their loved ones. We thank you for appearing before the Subcommittee today and look forward to hearing your testimony.