

ONE HUNDRED FIFTEENTH CONGRESS  
**Congress of the United States**  
**House of Representatives**  
COMMITTEE ON ENERGY AND COMMERCE  
2125 RAYBURN HOUSE OFFICE BUILDING  
WASHINGTON, DC 20515-6115

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**MEMORANDUM**

**July 21, 2018**

**To: Subcommittee on Oversight and Investigations Democratic Members and Staff**

**Fr: Committee on Energy and Commerce Democratic Staff**

**Re: Hearing on “Examining Advertising and Marketing Practices within the Substance Use Treatment Industry.”**

On **Tuesday, July 24th, at 10:00 a.m. in room 2123 of the Rayburn House Office Building**, the Subcommittee on Oversight and Investigations will hold a hearing entitled “Examining Advertising and Marketing Practices within the Substance Use Treatment Industry.” The hearing is expected to examine some of the practices of various entities in advertising, marketing, treating, or placing individuals in opioid treatment facilities.

**I. THE ONGOING OPIOID CRISIS**

The opioid epidemic continues to devastate communities across the country. Opioid-related overdose deaths have quintupled between 1999 and 2016, and killed more than 350,000 people.<sup>1</sup> According to the most recent National Survey on Drug Use and Health, opioids killed more than 42,000 people in 2016 alone – or more than 115 people every day.<sup>2</sup>

The authors of one recent study estimated that the opioid crisis has cost more than \$1 trillion between 2001 and 2017, and is projected to cost an additional \$500 billion by 2020.<sup>3</sup> For people with substance use disorders and their loved ones, finding high-quality addiction treatment is vital for recovery.

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<sup>1</sup> Centers for Disease Control and Prevention, *Opioid Overdose: Understanding the Epidemic* ([www.cdc.gov/drugoverdose/epidemic/index.html](http://www.cdc.gov/drugoverdose/epidemic/index.html)).

<sup>2</sup> Department of Health and Human Services, *About the U.S. Opioid Epidemic* (<https://www.hhs.gov/opioids/about-the-epidemic/>).

<sup>3</sup> *Economic Toll of Opioid Crisis in U.S. Exceeded \$1 Trillion Since 2001*, Altarum (Feb. 13, 2018).

## **II. RECENT COMMITTEE WORK RELATED TO QUESTIONABLE TREATMENT PRACTICES**

Last year, members of the Committee sent letters to the U.S. Department of Health and Human Services and six states regarding “patient brokering” arrangements.<sup>4</sup> In these schemes, bad actors exploit both addiction treatment and sober living arrangements, and push individuals with substance use disorders into questionable outpatient facilities and sham sober homes. Patient brokers reportedly receive kickbacks from these bogus treatment centers and sober homes in exchange for steering patients into their schemes.<sup>5</sup>

On December 12, 2017, the Subcommittee on Oversight and Investigations held a hearing entitled “Examining Concerns of Patient Brokering and Addiction Treatment Fraud.” Witnesses testified about fraudulent addiction treatment schemes targeting individuals with substance use disorders and their families. One witness expressed concern about the “rapid increase in profit-driven rather than patient-focused care,” and discussed the ongoing challenges individuals face in accessing quality services when some treatment facilities are “cutting corners in treatment and pushing ethical boundaries in marketing and sales practices.”<sup>6</sup>

## **III. SOME ADVERTISING, MARKETING, AND ENROLLEMENT PRACTICES OF ADDICTION TREATMENT SERVICES HAVE RAISED CONCERNS**

Press reports have indicated that some treatment organizations rely on call centers and call aggregators to generate leads and steer patients into certain facilities. Rather than focusing on the health needs of patients, some of the marketing tactics used by these entities suggests an outlook on patients with substance use disorders as commodities that can be bought, sold, or traded.<sup>7</sup> In response to some of these reports, Committee leaders sent letters in May 2018, to companies that play a role in connecting people to treatment.<sup>8</sup>

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<sup>4</sup> Letter from Rep. Greg Walden, Chairman, House Committee on Energy and Commerce et al., to Thomas E. Price, Secretary, U.S. Department of Health and Human Services (July 13, 2017); *see, e.g.*, Letters from Rep. Greg Walden, Chairman, House Committee on Energy and Commerce et al., to Ms. Ute Gazioch, Director, Substance Abuse and Mental Health, Florida Department of Children and Families et al (Nov. 17, 2017).

<sup>5</sup> *The addict brokers: Middlemen profit as desperate patients are ‘treated like paychecks’*, STAT (May 28, 2017).

<sup>6</sup> House Committee on Energy and Commerce, Hearing on Examining Concerns of Patient Brokering and Addiction Treatment Fraud, 115th Cong. (Dec. 12, 2017) (Testimony of Douglas Tieman, President & CEO of Caron Treatment Centers).

<sup>7</sup> *How some Southern California drug rehab centers exploit addiction*, Orange County Register (May 21, 2017); *The addict brokers: Middlemen profit as desperate patients are ‘treated like paychecks,’* STAT (May 28, 2017); *Florida’s Billion-Dollar Drug Treatment Industry Is Plagued by Overdoses, Fraud*, NBC News (June 25, 2017).

<sup>8</sup> Letters from Rep. Greg Walden, Chairman, House Committee on Energy and Commerce et al., to Mr. Erik Epp, Owner, Addiction No More, et al (May 29, 2018).

The letters raised questions about marketing and advertising for treatment services, and referenced reports that companies sometimes offer perks to lure individuals into treatment facilities. For example, to entice patients into certain facilities, some companies have reportedly offered incentives ranging from “scholarships” for treatment, free housing, discounted groceries, movie tickets, and even money for cigarettes.<sup>9</sup> The Committee’s letters included questions about the role that call centers and call aggregators play in placing patients in treatment, how companies advertise services, and what information they consider when they refer individuals to various treatment facilities across the U.S.

#### **IV. WITNESSES**

The following witnesses have been invited to testify:

**Jason Brian**

Founder  
Redwood Recovery Solutions

**Mark Cartwright**

CEO and Chairman of the Board of Directors  
American Addiction Centers

**Mark Mishek**

President and CEO  
Hazelden Betty Ford Foundation

**Robert Niznik**

CEO  
Addiction Recovery Now / Niznik Behavioral Health

**Dr. Kenneth Stoller**

Director  
Johns Hopkins Hospital Broadway Center for Addiction

**Marvin Ventrell**

Executive Director  
National Association of Addiction Treatment Providers (NAATP)

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<sup>9</sup> *The addict brokers: Middlemen profit as desperate patients are ‘treated like paychecks’*, STAT (May 28, 2017).