

**STATEMENT OF MICHAEL CARTWRIGHT, CHAIRMAN & CEO
OF
AMERICAN ADDICTION CENTERS, INC.**

**BEFORE THE U.S. HOUSE COMMITTEE ON ENERGY AND COMMERCE
SUBCOMMITTEE ON OVERSIGHT AND INVESTIGATIONS**

**HEARING TO EXAMINE ADVERTISING AND MARKETING PRACTICES WITHIN
THE SUBSTANCE USE TREATMENT INDUSTRY**

JULY 24, 2018

My name is Michael Cartwright. I'm Chairman and CEO of American Addiction Centers, which operates 39 treatment locations in 9 states. I've been a treatment counselor and executive for 23 years. For 12 of those years I ran a non-profit treatment organization. I've run both publicly and privately funded treatment centers. I've advised the U.S. Senate Health Subcommittee on Substance Abuse and Mental Health Services.

I also serve on the board of trustees of the National Association for Behavioral Healthcare, which for 85 years has advocated nationally for mental healthcare, including addiction treatment. Its members include AAC and other publicly traded healthcare companies, among them Hospital Corporation of America and Acadia Healthcare.

I've been in recovery for 26 years. As a young man, I struggled with addiction. I know the pain of untreated addiction and mental illness. AAC's mission is to help those who are struggling like I did, find the right psychiatric care and community support.

I'm glad that Congress is looking into treatment marketing practices. Treatment providers and government officials should work together not just to stop bad actors, but to let potential patients and their loved ones know who to trust.

AAC's Recovery Brands business operates online treatment directories, including recovery.org and rehab.com. These directories provide information about treatment centers across the country, centers that are also approved and listed by the federal government's Substance Abuse and Mental Health Services Administration, on samhsa.gov.

In fact, about 300 treatment providers who are members of the National Association of Addiction Treatment Providers, or NAATP, either list or advertise on our websites. A lot of treatment centers don't have a large online presence of their own. Addicts who need help reach these treatment centers through our websites.

We don't engage in unethical marketing practices, like hi-jacking phone numbers. We're not a call center aggregator. We don't take calls for other treatment centers, just for our own. We don't sell information gathered on calls. AAC opposes this kind of lead generation.

We make sure that our website visitors know who they are contacting. I've included with this statement a presentation that illustrates our transparency guidelines. Under these guidelines:

- *We work with treatment centers across the country to make sure their listings are up-to-date and accurate.*
- *We make clear that users know which treatment centers are going to answer the numbers they call.*
- *We make clear that AAC's toll-free number goes to AAC's call center and when they pick up, AAC call center reps identify themselves as AAC employees.*

Not all treatment centers market honestly. But they should. AAC supports legislation that:

- *Criminalizes fraudulent advertising,*
- *Outlaws tactics like the hijacking of treatment center phone numbers,*
- *Requires disclosure about who owns and operates call centers, and*
- *Bans kickbacks and bribes.*

AAC has supported this kind of legislation in its home state of Tennessee and elsewhere.

I have the following recommendations:

1. *Congress should ask the National Association of Insurance Commissioners, or the National Alliance for Model State Drug Laws, to draft a model law banning deceptive marketing.*
2. *Existing or proposed laws in Tennessee, Florida and California should be considered as models for reform.*
3. *SAMHSA should update its treatment center locator regularly and should include sober homes in its listings. SAMHSA should prioritize sober homes that are members of the National Association of Recovery Residences.*
4. *Existing FTC truth-in-advertising guidelines should be used to stop misleading addiction treatment marketing.*

AAC also supports online advertiser vetting processes such as those currently being put into place by Google and its certifying agency, LegitScript LLC. AAC has offered to share its viewpoints on

industry advertising and marketing practices to LegitScript. AAC is glad that LegitScript is seeking the perspectives of participants across the industry, which we hope would include those of both for-profit and non-profit treatment operators, as well as members of the National Association for Behavioral Healthcare.

While there is rightfully a lot of attention being paid to bad marketing practices, I hope we don't lose sight of all the great work most treatment centers do. Treatment works. Research shows that those who follow sound treatment plans stay clean and sober. But those seeking help from addiction shouldn't have to worry about false advertising.

Thank you for the opportunity to testify. I am happy to answer your questions.

Marketing Practices in the Addiction Treatment Industry

**American Addiction Centers Presentation Before the
U.S. House Committee on Energy and Commerce, Subcommittee on Oversight and Investigations**

July 24, 2018

About American Addiction Centers

Overview

American Addiction Centers

AAC Holdings, Inc. (“AAC”) is the parent of American Addiction Centers, Inc. With headquarters in Brentwood, TN, AAC owns and operates 39 inpatient and outpatient treatment facilities nationwide, all of which are Joint Commission or CARF accredited.

AAC:

- ✓ Is the only publicly traded addiction focused healthcare company (NYSE: AAC).
- ✓ Is a leader in dual diagnosis/treatment of co-occurring psychiatric disorders.
- ✓ Owns and operates two industry-leading laboratories providing clinical diagnostic, toxicology, and genomics services.
- ✓ Commits to outcomes-driven research and the scientific study of the disease of addiction.
- ✓ Member of the National Association for Behavioral Healthcare (NABH)



Geographic Footprint

American Addiction Centers

AAC owns and operates 39 treatment locations across 9 states, including over 1,500 detoxification, residential, and sober living beds.

- ✓ **California**
 - Laguna Treatment Hospital
 - San Diego Addiction Treatment Center
 - Resolutions San Diego
- ✓ **Florida**
 - River Oaks
 - Recovery First, Ft. Lauderdale
 - Recovery First, Hollywood
- ✓ **Louisiana**
 - Townsend Recovery Center
 - Townsend Treatment Centers (7)
- ✓ **Massachusetts**
 - AdCare Hospital
 - AdCare OP (5)
- ✓ **Mississippi**
 - Oxford Treatment Centers
 - Oxford Treatment Centers OP (3)
 - Resolutions Sober Living
- ✓ **Nevada**
 - Desert Hope
 - Desert Hope OP
 - Solutions Recovery
 - Solutions Recovery OP
 - Resolutions Sober Living
- ✓ **New Jersey**
 - Sunrise House
- ✓ **Rhode Island**
 - AdCare Rhode Island (5)
- ✓ **Texas**
 - Greenhouse Residential
 - Greenhouse OP
 - Resolutions Sober Living



○	Residential Facility
○	Outpatient Facility
□	Sober Living Facility
△	Laboratory



Leadership

AAC Chairman and Chief Executive Officer

Michael Cartwright



- ✓ Founder and CEO of American Addiction Centers
- ✓ Founder and former CEO of Foundations Recovery Network
- ✓ Founder of Dual Recovery Anonymous (DRA), an independent, 12 Step self-help organization for people with dual diagnoses
- ✓ Member, Board of Trustees of National Association for Behavioral Healthcare (NABH)
- ✓ Served on the U.S. Senate Help Subcommittee on Substance Abuse and Mental Health Services, 2003-2004
- ✓ Author of *Believable Hope*
- ✓ 20+ years industry experience



Compliance and Best Practices

Recovery Brands' Websites:

- ✓ Provide an open access directory platform for treatment centers and those seeking help.
- ✓ Used by more than 1,200 non-AAC facilities, including approximately 300 members of the National Association of Addiction Treatment Providers (NAATP)
- ✓ Governed by FTC truth-in-advertising and transparency guidelines:
 - Clearly disclose ownership.
 - Disclose who answers each call center number.
 - Transparently identify ads and sponsored content.
 - Vet user reviews for legitimacy.
- ✓ Governed by recent Tennessee treatment industry marketing legislation.



**About Recovery Brands —
AAC's Online Addiction
Treatment Resource Platform**

Recovery Brands' Offerings

Recovery Brands operates a portfolio of websites, including Rehabs.com and Recovery.org, which offer resources and tools for those seeking addiction treatment for themselves or a loved one, featuring:



Directories

Connecting individuals with treatment options nationwide.



Paid Ads

Marketing solutions for vetted third-party treatment centers.



Toll-Free Helpline

A resource for individuals needing immediate support.



Ratings & Reviews

Unbiased perspectives from treatment alumni.



Educational Content

Meaningful information to support one's treatment decisions.



Importance of Online Directories

Directories support those seeking help in determining which resources are available in their areas without requiring multiple searches. Time and confusion about options is often a barrier to entry for addiction treatment, so having all resources in one place supports the consumer in efficiently making the most informed decision possible.



64% of consumers begin their search on topic or local sites, not major search engines



50% of searchers do not use major search engines to begin their online research



70% of consumers check 3 or more online sources before making a purchasing decision

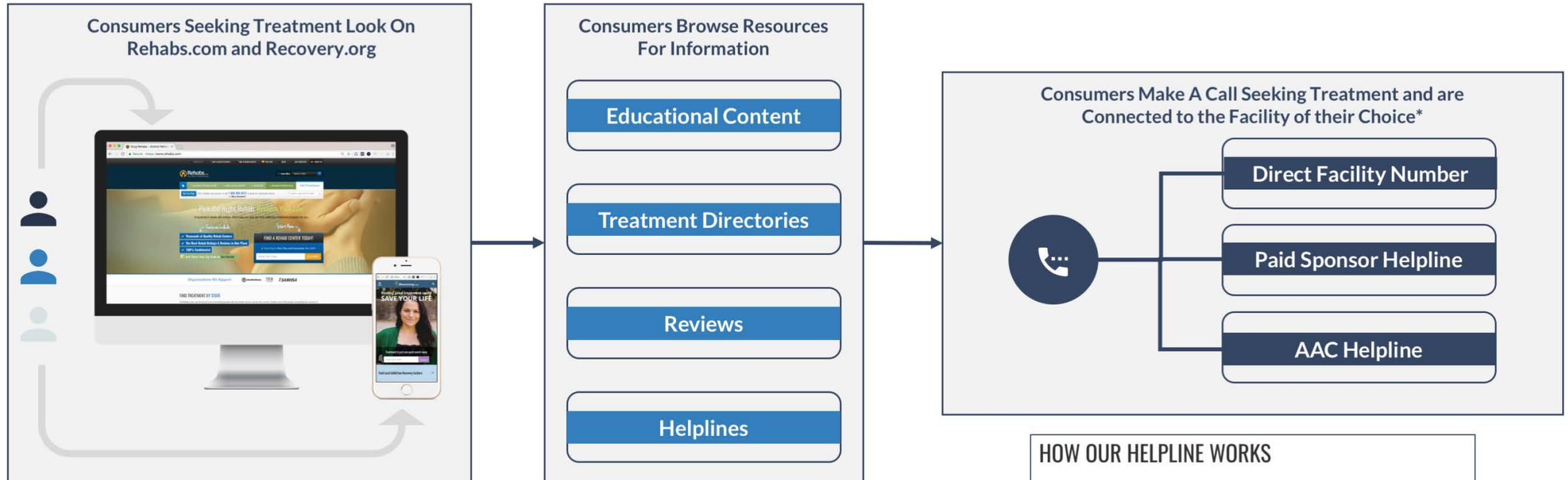
1. http://national.yip.com/downloads/YP_IDC_New_Consumer_Journey.pdf

2. <https://www.mediapost.com/publications/article/260947/70-of-consumers-use-three-channels-or-more-to-res.html>



Resources Provided to Recovery Brand Consumers

Connecting with Treatment Options Through Recovery Brands



* All numbers listed on Rehabs.com and Recovery.org are labeled and transparent as to which facility or entity the number leads to.

HOW OUR HELPLINE WORKS

For those seeking addiction treatment for themselves or a loved one, the Rehabs.com helpline is a private and convenient solution. Caring advisors are standing by 24/7 to discuss your treatment options.

Calls to any general helpline (non-facility specific 1-8XX numbers) for your visit will be answered by American Addiction Centers (AAC) or a paid sponsor.

If you wish to connect with a specific rehab center, you can browse [top-rated listings](#), visit our [homepage](#) and browse by state, or visit [SAMHSA](#).

To find out more about how Rehabs.com works, [visit our FAQ](#).



Recovery Brands Directories Feature Claimed + Verified Listings

Recovery Brands publishes factual business information (name, address, website, phone number, and Google maps image) along with editorial and user-generated content for any treatment center on what is considered a “Basic” listing page. **Any facility has the ability to claim its listing, free-of-charge, to manage its facility’s profile information.**

- **Open Access:** Facilities can claim their listing pages by providing Recovery Brands consent to include additional information at no cost. This switches a listing page from “Basic” to “Standard.” Claimed “Standard” listing pages may include information directly supplied by those treatment centers, including phone numbers, contact information, and insurance coverage.
- **1.8M+ site visitors** have found treatment resources from “Standard”, non-AAC treatment centers nationwide – these connections are provided free-of-charge to facilities.
- There are **1,000+ claimed “Standard” listings** on Rehabs.com and Recovery.org that are non-AAC facilities, including **265 listings** by members of the National Association of Addiction Treatment Providers (NAATP)

To be considered for a “Verification” designation, facilities must submit documentation according to the Recovery Brands verification guidelines.

All documentation is authenticated, and if approved, a “Verified” badge is posted onto the facility’s listing page on Rehabs.com. **Facilities cannot pay to have a “Verified” badge added to their listing page**, and maintenance of the “Verified” status requires annual resubmission. Facilities need not participate in our paid advertising program to be “Verified”.



Connecting People to Treatment Facilities Throughout the Country

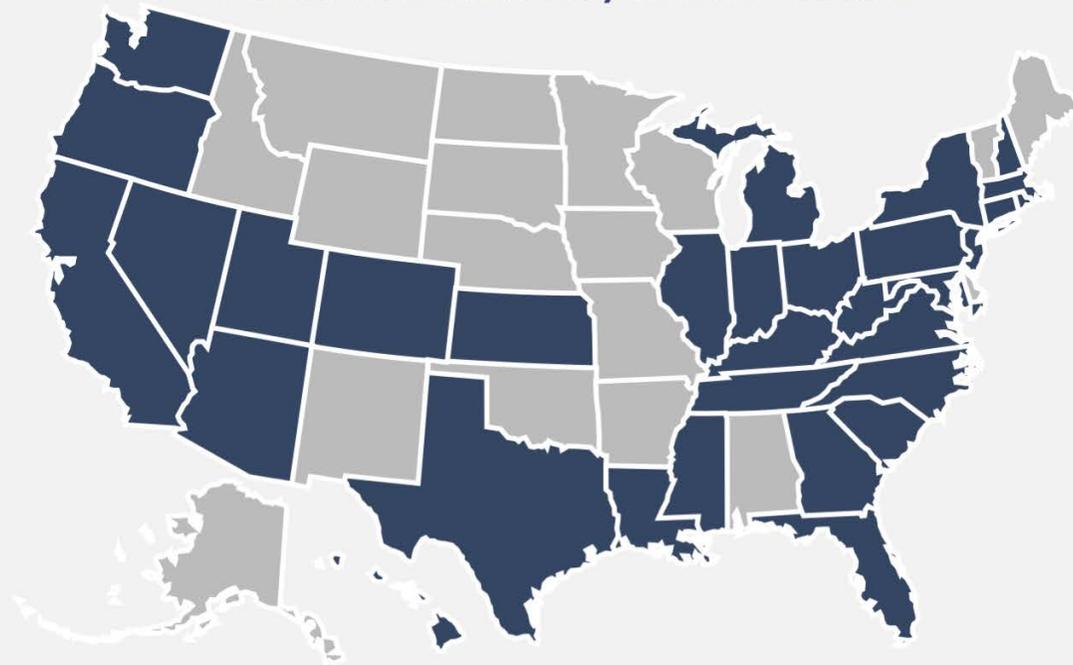
Paid Advertising

Online marketing is a long-term, slow-to-grow investment that most facilities don't have the luxury of investing in. Because Recovery Brands' websites are highly trafficked with millions of site visitors, hundreds of treatment centers – both small and large – have participated in Recovery Brands' paid advertising platform, ClientReach, to receive increased web visibility and meaningful connections to those seeking treatment.

Since 2016, **87,000+** calls have been connected with **400+ non-AAC treatment facilities** – including more than 30 NAATP members – through Recovery Brands' paid advertising.

Callers from all 50 states have connected with clients from 31 states. These non-AAC facilities range from 10 beds to 200 beds.

States with Recovery Brands' Clients



Lead Generation – AAC is Not a Call Aggregator

As is standard in other industries, ClientReach advertising payments is on a ‘per-click’ and length-of-call basis. Calls from facility listing pages and paid ads go directly to the facilities’ call centers – **AAC is not a call aggregator and does not take calls for other treatment facilities.** Features of ClientReach include:

✓ **No Sign-Up Fees**

Advertisers are billed on a per-click basis and for calls lasting a certain length, to ensure each call was actually with someone seeking help.

✓ **No Long Term Commitment**

If ClientReach does not provide a facilities’ desired results, they can cancel anytime.

✓ **Targeted Connections**

Calls sent to each facility are from visitors seeing their detailed listing page.

✓ **Real-Time Tracking**

Facilities can track the success of their profile with real-time stats on clicks, calls, and dollars spent.

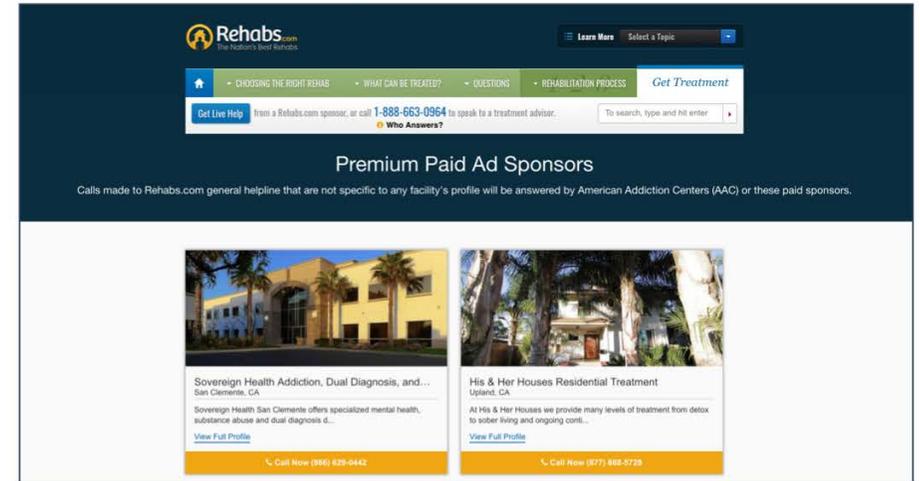


Transparently Engaging with Those Seeking Help

Call Center

- ✓ AAC call center **does not** operate on behalf of any third parties.
- ✓ AAC is **not** a “call center aggregator.” “Call center aggregators” are paid to answer calls on behalf of third parties and often vet callers' personal information before “handing off” the call to a third party. AAC does not do any of this.
- ✓ AAC Treatment Consultants (“TCs”) identify themselves as agents of “American Addiction Centers” upon answering a call.
- ✓ All posted toll-free numbers that connect Rehabs.com and Recovery.org callers to are clearly marked with a **"Who Answers?"** or similar link, disclosing that the call will be answered by an AAC TC or an advertiser's call center.
- ✓ If it is determined by AAC TCs that an AAC facility cannot meet potential patients' needs or requests, then TCs may refer callers to the federal SAMHSA treatment directory or unaffiliated centers, all on an unpaid basis.

Paid Sponsors are Listed on Rehabs.com



Rehabs.com

Learn More Select a Topic

HOME CHECKING THE RIGHT REHAB WHAT CAN BE TREATED? QUESTIONS REHABILITATION PROCESS Get Treatment

Get Live Help from a Rehabs.com sponsor, or call 1-888-663-0964 to speak to a treatment advisor. To search, type and hit enter

Who Answers?

Premium Paid Ad Sponsors

Calls made to Rehabs.com general helpline that are not specific to any facility's profile will be answered by American Addiction Centers (AAC) or these paid sponsors.

Sovereign Health Addiction, Dual Diagnosis, and...
San Clemente, CA
Sovereign Health San Clemente offers specialized mental health, substance abuse and dual diagnosis d...
View Full Profile
Call Now (949) 829-0442

His & Her Houses Residential Treatment
Upland, CA
At His & Her Houses we provide many levels of treatment from detox to sober living and ongoing conti...
View Full Profile
Call Now (977) 988-0728



Call Center



Headquartered in Brentwood, Tennessee at the AAC corporate office, all call center employees – Treatment Consultants or “TCs” – take a 10-day intensive training course before taking any calls. Training emphasizes the skills of listening and empathy, and includes comprehensive coursework on:

- ✓ The disease of addiction
- ✓ Best practices for potential patient phone screening – i.e., physical and mental health history, motivation for getting treatment
- ✓ Sales ethics, trust and building rapport
- ✓ Compliance and information security



Ethical vs. Unethical Directories

Federal Trade Commission (“FTC”) Guidelines

Relevant FTC Guidelines:

- ✓ Accurate contact information
- ✓ Ownership disclosure
- ✓ Transparent disclosure of ads and sponsored content
- ✓ Consumer reviews must be legitimate

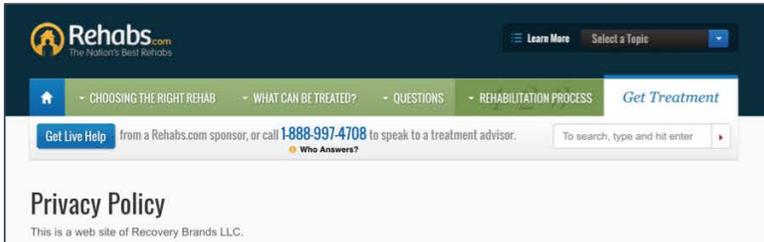


Example of AAC Disclosures

FTC Guidelines – Accurate Ownership Disclosure + Contact Information

Clear Ownership Disclosure on Rehabs.com

All Recovery Brands' sites have a Privacy Policy that includes contact information for our subsidiary that operates the sites. Ownership by AAC is clearly noted on the FAQ and About Rehabs.com pages.



About Our Story & Mission

Last Updated: July 14, 2018

Rehabs.com was founded in 2011 with two goals in mind: to provide information for those suffering with substance abuse and behavioral addictions — either personally or through loved ones — and to connect those people with the treatment programs that can help them.

Through raising awareness and matching people with the services they need, we save families and lives. The information and referrals we provide at Rehabs.com are meant to supplement, rather than take the place of advice from your medical professional. Please consult your primary care physician about any drug, alcohol or behavioral addiction issues you, a family member or friend may be experiencing. If you feel you are in imminent danger with a life-threatening emergency, dial 911.

Rehabs.com is currently undertaking the largest known-data collection, surveying, and rating project in the addiction treatment space. Where no prior, nationwide, evidence-based rating system has existed, Rehabs.com will offer one in order to elevate the availability of quality information and provide an opportunity for facilities to participate in raising the standards of care.

Rehabs.com is developed and maintained by Recovery Brands, with offices in San Diego, CA, Los Angeles, CA, and New York, NY. After its acquisition by American Addiction Centers in mid-2015, Recovery Brands now operates as a division of Sober Media Group, LLC, a digital media arm of AAC. Subsidiaries of AAC operate the following treatment centers:

Accurate Contact Information on Rehabs.com

AAC-owned websites are sometimes mistakenly said to own such websites but those other entities have far less robust transparency policies and practices.



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If you wish to connect with a specific rehab center, you can browse [top-rated listings](#), visit our [homepage](#) and browse by state, or visit [SAMHSA](#).

To find out more about how Rehabs.com works, [visit our FAQ](#).



Example of Misleading Helpline

FTC Guideline – Accurate Contact Information

Call Diversion: This website/call aggregator replaces legitimate treatment center numbers with its toll-free number.

This phone number does not go to Advanced Health Care. The number goes to the call aggregator. Neither AAC nor Recovery Brands engage in this kind of activity.

The screenshot shows the website for the National Resource on Recovery. The main content area displays information for 'Advanced Health Care' at 5333 Mission Center Road, San Diego, CA 92108. A 'Phone Number:' field is circled in blue, showing '888-' followed by a redacted area. A blue arrow points from a text box on the left to this phone number field. The website also features a 'submit your listing' button, navigation links (Home, About Us, Donations, Submit Listing, Contact Us), and various category lists on the left and right sides.

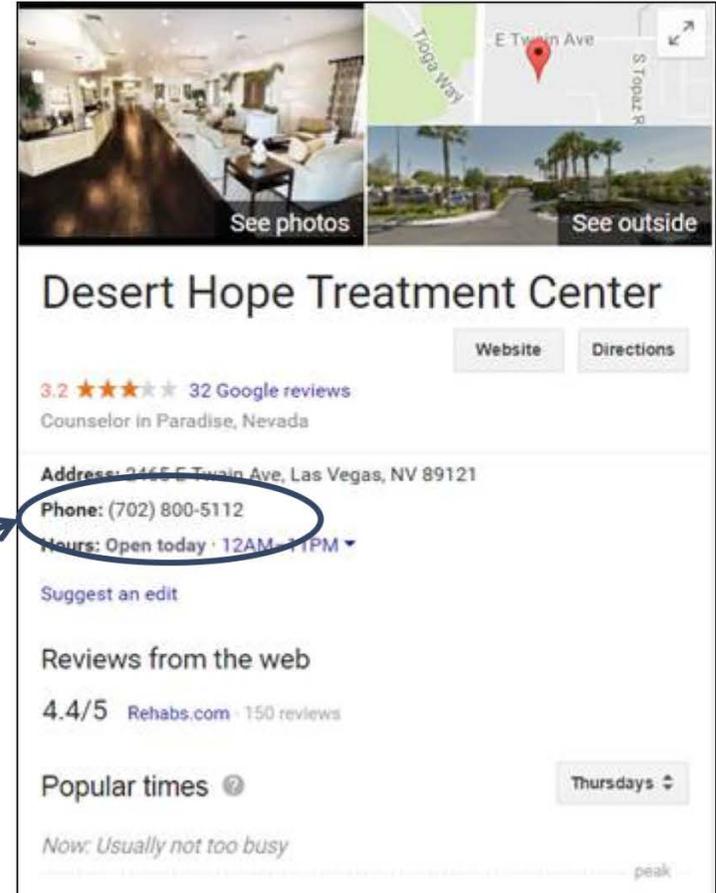


Example of Phone Number Hijacking

FTC Guideline — Accurate Contact Information

Manipulation of Google Listings: in March 2017, the phone number on one of AAC's facility Google My Business listing was falsely switched to an imposter number which connected callers to a non-AAC call center. It was discovered that this occurred to several other treatment locations as well. **AAC took immediate action to correct this with Google to protect the interests of callers.**

This is not the phone number for Desert Hope or American Addiction Centers. The correct number was hijacked by a rogue online marketer.



Clearly Marked Paid Ads

FTC Guidelines – Transparent Disclosure of Ads

“Basic” and “Standard” listing pages, and related calls and clicks to a facility’s website, on Rehabs.com and Recovery.org are available at no cost to all treatment centers. Treatment centers can also pay to advertise on these sites.

- Any treatment provider can purchase advertising space on Rehabs.com and Recovery.org’s directory pages through the ClientReach (paid advertising) marketing platform.
- Ads and sponsored placements are clearly marked as such, unlike other directory sites that operates in the space.
- All advertisers are vetted and verified using the same criteria required by SAMHSA to be listed on their directory. This vetting process is conducted annually to ensure accuracy.

Sponsored

**California Highlands
Addiction Treatment**

300 S. Highland Springs
Avenue, Suite 6C-185
Banning, CA 92220

Overall Rehabs.com Rating

★★★★★
4.6 stars from 11 Reviews

[VIEW PROFILE & REVIEWS](#)

PREMIUM FACILITY

Aspire Health Network

Huntington Beach, CA

★★★★★
12 reviews on Rehabs.com

[View Profile & Reviews](#)

Ad



Unbiased Perspectives from Treatment Alumni

FTC Guidelines – Legitimate Consumer Reviews

User reviews are collected from facility alumni and their loved ones to provide unbiased, experience-based perspectives on treatment programs.

- Each review is screened thoroughly to ensure HIPAA compliance, accuracy, and authenticity.
- Reviews of positive and negative sentiment are posted, including those critical of AAC facilities, such as the example included here.
- Facilities cannot pay to have positive reviews posted or negative reviews removed, regardless of client status.
- All facilities are able to leave responses to reviews, free-of-charge.
- Reviews platform on Recovery Brands directories' function similarly to Yelp.

Reviews on Yelp



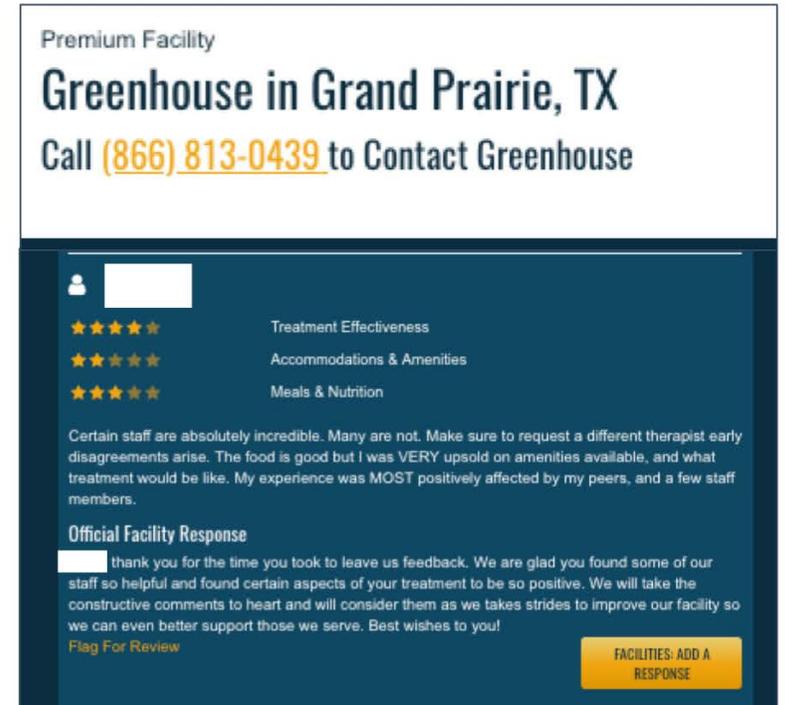
Greenhouse Treatment Center Claimed

[★ Write a Review](#) [Add Photo](#) [Share](#) [Save](#)

★★★★★ 2/6/2017

The Greenhouse Treatment Center Was an absolutely wonderful experience. I went there for Opiate and Amphetamine addiction. I have not touched them since. The facility is beautiful. There are two pools (inside and outside), hot tub, sauna, and wet sauna. They have a yoga room with a yoga instructor as well as a personal trainer. This allowed me to work the toxins out of my system. The medical staff is there 24/7 to ensure that you get the quality of care you need and cater to the individual. I had excellent therapists while I was there that helped me work on some of the underlying issues of why I used substances. The cleaning staff made your bed, and folded your clothes. It as like being at some sort of resort as far as

Reviews on Rehabs.com



Premium Facility

Greenhouse in Grand Prairie, TX

Call [\(866\) 813-0439](tel:(866)813-0439) to Contact Greenhouse

★★★★★

Treatment Effectiveness

★★★★★

Accommodations & Amenities

★★★★★

Meals & Nutrition

Certain staff are absolutely incredible. Many are not. Make sure to request a different therapist early disagreements arise. The food is good but I was VERY upsold on amenities available, and what treatment would be like. My experience was MOST positively affected by my peers, and a few staff members.

Official Facility Response

thank you for the time you took to leave us feedback. We are glad you found some of our staff so helpful and found certain aspects of your treatment to be so positive. We will take the constructive comments to heart and will consider them as we takes strides to improve our facility so we can even better support those we serve. Best wishes to you!

[Flag For Review](#)

[FACILITIES: ADD A RESPONSE](#)



Recent Enhancements

Transparency Policies

About Rehabs.com

[Our Story & Mission](#) | [Our Team](#) | [Our Ethics](#) | [Frequently Asked Questions](#)

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- [AdCare Boston Outpatient](#)

While Recovery Brands already had a robust compliance and transparency program, recently, Recovery Brands has:

- ✓ Initiated a review of all its websites
- ✓ Proactively added additional disclosures and updated the Terms of Service on Rehabs.com and Recovery.org with respect to AAC ownership and affiliation with AAC facilities
- ✓ Made paid partnership disclosures more visible



AAC Supports Addiction Industry Reform Efforts

AAC supported recent Tennessee legislative efforts to criminalize fraudulent marketing and patient acquisition techniques in the addiction industry.

- Tennessee House Bill HB 2068
 - ✓ Creates criminal offenses relating to the fraudulent marketing of addiction treatment services by providers, facilities, and third-party marketing firms
 - ✓ Among the activities covered under the bill: creating false/misleading statements in marketing materials, creating websites and links that surreptitiously direct readers to other sites, providing false information about operator's identity, and engaging in undisclosed undisclosed patient referral incentive programs
 - ✓ Signed into law on May 3, 2018, effective July 1, 2018

