

3 bills target drug rehab industry abuses

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A trio of bills take aim at a thornier part of the opioid epidemic that Gov. Doug Ducey's special legislative session did not address: emerging problems in Arizona's booming drug and alcohol rehab industry.

The Arizona Legislature will consider a patient-brokering bill that would prohibit rehab homes from paying fees or kickbacks to recruit patients. Two other bills would tighten oversight of the largely unregulated sober-home industry.

People familiar with Arizona's drug-rehab industry said the state's opioid epidemic has attracted some bad actors who pay brokers that recruit patients from 12-step programs.

Drug detoxification and rehab centers are willing to pay kickbacks because they can charge these newly-recruited patients — and their insurance plans — expensive fees.

"I get a call once every day. Somebody wants me to pay for referrals into addiction treatment," said Lee Pioske, executive director of Crossroads, an addiction-treatment program in Phoenix. "It's just insane ... Because there is so much money in this business right now, and such a problem, it is an easy scam."

Pioske said his center and other long-time rehabilitation centers want to see the industry cleaned up because there's a pressing need fueled by an opioid epidemic that claimed more than two Arizonans every day in 2016.

'Bribing people in recovery'

The patient-brokering bill, Senate

Bill 1451, is sponsored by a bipartisan group of state senators, including Republicans Nancy Barto, Kate Brophy McGee and Sylvia Allen and Democrats Steve Farley and Katie Hobbs.

SB 1451 would prohibit rehab homes from paying or offering a "commission, bonus, rebate, kickback or bribe" to people who referred patients to the facility.

The bill also would forbid people from soliciting or accepting payments from rehab or other health facilities in exchange for delivering patients.

However, unlike a more muscular law in Florida that has resulted in dozens of criminal prosecutions for patient-brokering violations, the Arizona bill does not call for criminal penalties.

Rehab homes or individuals that violated Arizona's proposed patient-brokering law would be assessed a minimum civil penalty of \$25,000. The fine would jump to \$50,000 for illegal brokering of 10 or more patients and \$250,000 for 20 or more patients.

SB 1451 will be discussed Friday at the Senate Committee on Health and Human Services.

Barto, who chairs the Senate health committee, said reputable recovery homes have complained about the buying and selling of patients, a practice that has extended to individuals in recovery who are encouraged to relapse to kick off a new round of lucrative insurance reimbursement.

"There are people making a living off of bribing people in recovery," Barto said. "They lie in wait for a group of people coming out of counseling, 12-step programs. They will bribe them with drugs and alcohol and induce them to get high and test dirty so they will qualify to be referred to another residential



Oxycodone-acetaminophen pills. AP FILE

treatment center."

Certifying sober homes

Two other related bills will seek to tighten oversight of sober homes, which often work in tandem with drug detox and rehab centers. Patients detox from drugs or alcohol and are transferred to sober homes where they live while they continue outpatient therapy.

House Bill 2529, sponsored by Rep. Noel Campbell, R-Flagstaff, passed the House Health Committee on Thursday. A similar bill, Senate Bill 1465 sponsored by Brophy McGee, will be heard during Friday's Senate Health Committee.

Both House and Senate sober-home bills would require the Arizona Department of Health Services to certify sober homes. Sober home staffers also would be subject to criminal background checks, and residents would be tested for drugs and alcohol.

Campbell sponsored legislation in 2016 that allowed cities and counties to register sober homes following complaints from Prescott residents about the proliferation of such operations. The Prescott Republican wrote a bill last year that would have made it a crime to

accept or make payments to recruit patients, but the bill died in committee.

Prescott became the first city in the state to regulate sober homes last year. The estimated number of sober homes in the Northern Arizona community dropped from 200 to about 50.

Lawsuits over rehab centers

A private health insurer, Centene's Health Net of Arizona, conducted a special investigation of Arizona's drug-rehab industry in Arizona after its payments soared from \$2.4 million in 2014 to \$47.4 million in 2015.

Six alcohol and drug rehabilitation centers in Prescott and another three in Scottsdale sued Health Net, alleging the insurer improperly withheld or delayed lucrative payments for treatment of people struggling with addiction.

Health Net countersued the rehab centers, alleging widespread fraud. Centene investigators testified at a Prescott city meeting that several sober homes, which worked closely with the rehab centers, closed after the insurer's investigation.

Angie Geren, executive director of Addiction Haven, said it's important for Arizona to curb abuses such as patient brokering and lax sober home oversight.

Some lawmakers may view such practices as the free market at work, Geren said, but she said such profiteering targets a vulnerable population.

She said that Florida's crackdown on patient brokering has prompted some operations to move to California and Arizona.

"If Arizona doesn't pass a ban and California does, we will see even more," Geren said.