

**OPENING STATEMENT FOR THE HONORABLE GREG WALDEN
CHAIRMAN, HOUSE ENERGY AND COMMERCE COMMITTEE
“EXAMINING CONCERNS OF PATIENT BROKERING AND ADDICTION
TREATMENT FRAUD.”**

DECEMBER 12, 2017

Thank you, Mr. Chairman, for holding this hearing. Congratulations again for taking over this esteemed Subcommittee.

Today’s hearing subject is classic oversight and investigations territory: fraudsters and knaves who exploit the vulnerable for profit. This particular outrage involves unscrupulous people trying to make a buck off of the nation’s opioid epidemic with unethical practices such as patient brokering, identity theft, kickbacks, and insurance fraud.

How do these abuses happen? One such story was reported in STAT News. A 30-year old man in Massachusetts suffering from heroin addiction was approached by a prominent figure in the Boston-area drug recovery community with an offer too good to be true. The patient could get treatment in South Florida, with all expenses paid, including airfare. This young man took the deal and two months later he was dead. He was treated as a paycheck by a middle man, a “patient broker” who recruits and arranges transportation and insurance coverage for vulnerable patients seeking treatment for their addiction.

These patient brokers can earn up to tens of thousands of dollars a year from finder's fees of \$500 to \$1,000 per person by steering patients to out-of-state treatment centers that often provide few services and sometimes are run by shady operators with no training or expertise in drug treatment. Worse, people are getting paid to relapse so that treatment facilities can collect more insurance money.

A Palm Beach Post investigation of the county's \$1 billion drug treatment industry found that testing the urine in the substance use disorder treatment industry is so lucrative that treatment centers are paying sober living homes for patients. A basic urine drug screening test in cup can detect ten types of drugs or more, costs less than \$10, and can display the results within minutes. Yet we've heard of instances where individuals are tested daily and the treatment facility or sober living home sends the samples for more expensive confirmatory tests that can costs thousands of dollars.

Another nefarious problem is "black hat marketing" where some providers overstate their treatment capabilities and use established treatment program names to market and attract patients, a form of identity theft. The fraudsters also use misleading websites or call centers to recruit out-of-state patients who were looking for a legitimate treatment provider in their local area.

These abuses have consequences. It threatens patients, communities, taxpayers, and insurance policyholders. It undermines the ethical and legitimate treatment facilities that provide life-saving treatment to patients.

The Committee's investigation has revealed that while many of these schemes involve steering patients to warm-climate destinations such as California, Florida, and Arizona, it is increasingly emerging as a nationwide problem.

Today's hearing will help bring needed attention to this issue, highlight some effective actions taken, and start a thoughtful discussion on the best solutions to combatting these corrupt practices while protecting good and legitimate treatment programs and those that are seeking treatment.

I welcome our witnesses and look forward to their testimony.