



SB 1268 – Preventing the Practice of Patient Brokering

SUMMARY

SB 1268 prohibits the practice of “selling” patients to addiction treatment centers and programs, also commonly referred to as “patient brokering”.

Specifically, SB 1268 would prohibit payments of rebates, refunds, commissions, preferences, patronage dividends, discounts, or other consideration, in the form of money or otherwise, as compensation or inducement for referring patients, clients, or customers to any person, or certified or licensed program (known as “kickbacks”), offering alcoholism or drug abuse treatment.

BACKGROUND

Current law does not prohibit the practice of selling patients to treatment centers that pass kickbacks to referral agents. The inability to prohibit patient brokering has led to unethical, corrupt financial relationships between treatment providers and referral agents, at the guise of helping individuals overcome their alcoholism or drug addiction.

Other states have already taken action to prohibit patient brokering. For example, the Florida Patient Brokering Act makes it a third-degree felony to offer any financial incentive for the referral of a patient.

Patient brokers are not credentialed professionals and may have little or no competency in identifying or assessing addiction. As a result, referrals are commonly based solely upon financial incentives, rather than the individual’s health and well-being. Reports of \$5,000 to \$10,000 payments for patient referrals are not uncommon.

Unfortunately, the initial payments are not the only problem facing the addiction treatment industry. Another potential issue highlighted by the under-regulated system is the referrer’s use of the profits to cause a relapse of a patient who has just exited a

recovery program. In some cases, the broker reprocesses individuals they just referred, sending them to another program for more money. This cycle of addiction-for-profit can continue until a patient’s death.

SOLUTION

SB 1268 will help put an end to the predatory practice of patient brokering, while also professionalizing the addiction treatment industry and most important, protecting the health and wellness of those suffering from alcoholism and drug abuse.

This bill, specifically:

- Prohibits certain persons, programs, or entities, including an alcoholism or drug abuse recovery and treatment program and person employed by, or working for, that program, from giving or receiving remuneration or anything of value for the referral of a person who is seeking alcoholism or drug abuse recovery and treatment services.
- A violation of these provisions would be a misdemeanor, punishable by a fine not exceeding \$2,500 per violation.
- Authorizes the Department of Health Care Services to investigate and take specified disciplinary action against those persons or programs for violating the provisions in this bill.

SUPPORT

California Consortium of Addiction Programs and Professionals (sponsor)
American Addiction Centers, Inc.