



SENATOR
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LEGISLATIVE FACTSHEET

Senate Bill 1228 – Substance Use Disorder Patient Protection Act

Summary:

SB 1228 improves care of people in recovery from substance use disorders and combats insurance fraud by banning “patient brokering” and requiring referral from licensed treatment facilities only to certified facilities that meet specified standards.

Background:

The opioid epidemic claimed 1,925 lives in California in 2016, and opioid overdoses are in the top 20 causes of death statewide. Alcohol use and other substances claim many more lives.

The need for quality recovery services has grown, driven by the opioid crisis and federal laws that require insurance coverage for substance use disorders. The Mental Health Parity and Addiction Equity Act of 2008 and Affordable Care Act of 2010 made insurance for substance abuse disorders available to many Californians for the first time.

Yet only 1 in 5 people who need treatment for opioid use disorders currently receive it, according to the U.S. Surgeon General.

Desperation is fueling a surge in patient brokering or patient trafficking — where patients are referred to recovery services that do not meet their needs and put them at risk of relapse. Patients have been recruited with the offer of cash payments or drugs. Patients with acute medical needs have even died after being referred to facilities that did not meet their needs. Insurance fraud and overbilling for medical services can result from patient brokering.

Problem:

California largely bans patient referrals by physicians and other healthcare providers for medical services or goods at facilities in which the provider has a financial interest.

Patient referral by non-medical personnel is largely undefined and unregulated. Several states including Florida and New York have banned patient brokering in referrals.

Lack of oversight in California leaves patients vulnerable to insurance fraud and referral to unscrupulous providers that do not follow the highest standards of care.

Solution:

SB 1228 will prohibit recovery programs currently licensed by the state of California from engaging in patient brokering or patient trafficking.

SB 1228 requires licensed recovery programs to refer patients only to certified facilities that meet high standards of patient care and protect patients from physical or financial abuse.

The bill requires Department of Health Care Services to select a certifying organization that will inspect participating facilities and ensure high standards across the substance use disorder continuum of care. Standards of care include:

- Maintain life-saving overdose-prevention measures available without a prescription, such as naloxone.
- Prohibit work as a precondition of treatment and require paid work agreements.
- Require nondiscrimination rules and staff cultural competence.
- Maintain a resident code of conduct.
- Report of patient deaths to the certifying organization.
- Transparent policies and consumer protections including a written contract specifically describing services to be provided.

SB 1228 also applies to referrals to an alternative custody program under California Penal Code.

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