

SCI Public Hearing
The Addiction Rehabilitation Industry in New Jersey
October 11, 2022
Opening Remarks
Commission Chair Tiffany Williams Brewer

Good morning.

I'm Tiffany Williams Brewer, Chair of the New Jersey State Commission of Investigation.

Thank you for coming to our public hearing. Before we get started, I'd like to introduce my fellow members of the Commission. To my right is Commissioner Robert Burzichelli and to my left is Commissioner Kevin Reina. Our fourth Commissioner, John Lacey – out of an abundance of caution and to avoid any appearance of a potential conflict of interest – recused himself from this inquiry and is not here today. Also joining us up here is our Executive Director Chadd Lackey, our Chief Counsel Marian Galietta and Counsel Lisa Cialino, who led the investigative team in this matter.

Today you're going to hear about an issue that is likely familiar – and may have even personally touched some of you in this room – the crisis of drug and alcohol addiction. It's no secret that alcohol and substance abuse is rampant in our state and country, with more people losing their lives to addiction each year as opioids, and most recently Fentanyl, drive overdose deaths. In the U.S., more than 100,000 people died from drug-related deaths in 2021, with just over 3,100 deaths in New Jersey alone.

Many more remain trapped in the cycle of addiction, desperate for help in breaking their dependence on pills, alcohol and other illegal substances. But all too often, addicted individuals and their families are victimized by the very system that's supposed to help them recover and rebuild their lives.

The addiction recovery industry is a massive business, worth an estimated \$42 billion, and growing. Yet, it's largely unregulated by most states or the federal government, making it easy for unethical operators to exploit people – frequently with little consequence – at a time when they are at their most vulnerable and may be overwhelmed or unclear about how to navigate the addiction rehabilitation process.

The recovery industry theoretically exists to help people overcome their addictions and get them back to healthy and productive lives. But the reality is that the business model for some treatment centers and rehabs is not about getting patients clean and sober. It's about keeping them trapped in a cycle of addiction, treatment and relapse. Why? To ensure that profits – especially those in the form of often hefty health insurance payments – continue to flow.

Fueling this vicious cycle is the immoral and illegal practice known as patient brokering, where corrupt players in the addiction recovery industry steer patients to specific treatment

centers in exchange for a financial payoff. The system of cash for bodies has grown increasingly sophisticated as brokers find ways to circumvent laws banning the practice or operate within the gray areas of the law.

You'll hear how the type of care patients receive for addiction treatment may not be based on the services the individual actually needs to recover from their dependence on alcohol, prescription pills or other illicit substances but more on the quality of their private insurance coverage and how much it will pay out.

That's not all. We found some treatment center operators and recovery industry employees in New Jersey engage in appalling and, in certain instances, potentially unlawful practices to ensure patients have extended insurance-paid stays at their facilities. Some manipulate drug tests or keep patients in the most intensive level of treatment – even if no longer necessary – for prolonged periods. Double-billing insurance firms for services, charging for treatments never provided and other forms of fraud.

Meanwhile, we found some corrupt treatment center operators have taken these ill-gotten gains, obtained on the backs of patients struggling with addiction, to fund lavish lifestyles.

The result here is that despite advertised claims that they're in business to help people trying to overcome addiction issues, numerous recovery facilities and professionals in this state are not looking out for patients' best interests. Instead, they're looking to enrich themselves and their corporate interests.

The SCI will have more to say about the addiction rehabilitation treatment industry, including recommending ways to improve it and make it less prone to abuse, in the coming months. In the meantime, we hope our findings spark conversations among legislators, policymakers, law enforcement and concerned citizens about some of the matters raised here today.

As always, our goal is to not only identify systemic problems and voids in the law – a duty the SCI is legally empowered to fulfill and has ably done for more than 50 years – but to work together to find creative and meaningful solutions. Given the alarming number of lives that have been disrupted and ended far too early in our state and nation due to the scourge of addiction – with no signs of it ending soon – the stakes could not be higher.

I'll now turn it over to Counsel Cialino, who will call the first witness who will share her family's tragic struggle with addiction. She'll speak about her sister, Georgi, a former Miss New Jersey who, from outside appearances, seemingly had it all but was nonetheless unable to overcome her addiction.