

SB307

Nick Reinecker
Opponent

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Senate Ways and Means
Senator Rick Billinger

Thank you Mr. Chairman for considering my testimony for SB307. I am against this bill for the same reason I was against the Kansas Fights Addiction Act in the first place.

The moneys received from opioid litigation should focus solely on opioid abatement. This bill would add for-profit private entities to the list of qualified applicants that could end up providing services for substance abuse or addiction to substances outside of opioids and/or outside of diagnosable substance use disorders contained in the Diagnostic and Statistical Manual for Mental Disorders. I do not agree with this approach. Another concern I have is the concept of patient brokering and how this practice could be enhanced in a for-profit arena as it pertains to the volume and value of clientele. Even with anti-kickback laws, there is lack of enforcement and/or meaningful consequences for using this practice. Finally, urinalysis drug testing is a huge and growing industry and again in the for-profit model it could be easily abused, making urine almost literally, "liquid gold". This does not even touch the debate about "addiction"/idolatry, its origin and "cure", nor issues of prevention.

Substances that are not controlled and against the law to possess are important factors to consider in these matters as well because, beyond a D.U.I., domestic violence or similar circumstances with alcohol and other exempt substances like tobacco and caffeine, the possession/use of these substances will not lead to government intervention. Seeking treatment is different than choosing treatment over jail. When a person is arrested for a controlled substance violation vs seeking treatment on their own, there are ethical issues to take into consideration. One of these is the cycling of individuals through billable individual or group therapy, Medication-Assisted Treatment (glorified substitution), Cognitive Behavior Therapy, and drug testing that usually does not create heart change even though there may be behavior change that increase the person's ability to function in his or her community for a certain period of time.

Another issue to consider is the regulatory environment for "sober living" homes and addiction treatment providers. Regardless of the payment model, Kansas should, if not already, require zoning paperwork, site diagrams, floor plans and/or photos, financial information, staff resumes or bios, staff background checks and financial projections of licensed providers. Unlicensed providers should have rudimentary regulations as well.

Finally, I fail to see the connection between a luxury atmosphere of massages, gourmet food, equine therapy etc. and addiction abatement. Pain is a great equalizer and sometimes going through pain is exactly what is needed to heal. I contend that many for-profit "addiction treatment models" are just another escape from reality that will raise insurance premiums and enable the roller coaster cycle of addiction and profit.

I do not see myself in support of this bill even if cannabis was removed from the list of controlled substances.

Thank You

Nick Reinecker

1. <https://www.justice.gov/opa/pr/addiction-treatment-facility-operators-sentenced-112-million-addiction-treatment-fraud-scheme>

Department of Justice
Office of Public Affairs

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Addiction Treatment Facility Operators Sentenced in \$112 Million Addiction Treatment Fraud Scheme

Two brothers who operated multiple South Florida addiction treatment facilities were sentenced to prison Friday for a \$112 million addiction treatment fraud scheme that included paying kickbacks to patients through patient recruiters and receiving kickbacks from testing laboratories.

“These substance abuse treatment facility operators, through brazen tactics driven by greed, took advantage of vulnerable patients seeking treatment,” said Assistant Attorney General Kenneth A. Polite Jr. of the Justice Department’s Criminal Division. “These sentences demonstrate the department’s unwavering commitment to protecting patients and prosecuting fraudulent substance abuse treatment facilities through our Sober Homes Initiative.”

Jonathan Markovich, 37, and his brother, Daniel Markovich, 33, both of Bal Harbour, were sentenced in the Southern District of Florida to 188 months and 97 months in prison, respectively.

According to court documents and evidence presented at trial, the defendants conspired to unlawfully bill for approximately \$112 million of addiction treatment services that were medically unnecessary and/or never provided, which were procured through illegal kickbacks at two addiction treatment facilities, Second Chance Detox LLC, dba Compass Detox (Compass Detox), an inpatient detox and residential facility, and WAR Network LLC (WAR), a related outpatient treatment program. The defendants obtained patients through patient recruiters who offered illegal kickbacks to patients, including free airline tickets, illegal drugs, and cash payments. The defendants shuffled a core group of patients between Compass Detox and WAR in a cycle of admissions and re-admissions to fraudulently bill for as much as possible. Patient recruiters gave patients illegal drugs prior to admission to Compass Detox to ensure admittance for detox, which was the most expensive kind of addiction treatment offered by the defendants’ facilities. In addition, therapy sessions were billed for but not regularly provided or attended, and

excessive, medically unnecessary urinalysis drug tests were ordered, billed for, and paid. Compass Detox patients were given a so-called “Comfort Drink” to sedate them, and to keep them coming back. Patients were also given large and potentially harmful amounts of controlled substances, in addition to the “Comfort Drink,” to keep them compliant and docile, and to ensure they stayed at the facility.

“To manipulate and exploit patients seeking help in their most vulnerable state is unacceptable,” said Assistant Director Luis Quesada of the FBI’s Criminal Investigative Division. “These individuals orchestrated a scheme that sought profits over the well-being of patients, and they will be held accountable for their actions. With the help of our law enforcement partners, the FBI continues to investigate, bring down these criminal enterprises, and protect our citizens.”

After a seven-week trial in November 2021, both defendants were convicted of conspiracy to commit health care fraud and wire fraud. Jonathan Markovich was convicted of eight counts of health care fraud and Daniel Markovich was convicted of two counts of health care fraud. They were also both convicted of conspiracy to pay and receive kickbacks and two counts of paying and receiving kickbacks. Jonathan Markovich was separately convicted of conspiring to commit money laundering, two counts of concealment money laundering, and six counts of laundering at least \$10,000 in proceeds of unlawful activities. He was also convicted of two counts of bank fraud related to fraudulently obtaining PPP loans for both Compass Detox and WAR during the COVID-19 pandemic.

The FBI’s Miami Field Office, Department of Health and Human Services, Office of Inspector General, and the Broward County Sheriff’s Office investigated the case.

Senior Litigation Counsel Jim Hayes and Trial Attorney Jamie de Boer of the Criminal Division’s Fraud Section prosecuted the case.

The National Rapid Response Strike Force, Miami Strike Force, and Los Angeles Strike Force lead the Department of Justice’s Sober Homes Initiative, which was announced in the 2020 [National Health Care Fraud Takedown](#) to prosecute defendants who exploit vulnerable patients seeking treatment for drug and/or alcohol addiction.

2. <https://www.vox.com/policy-and-politics/2020/3/2/21156327/florida-shuffle-drug-rehab-addiction-treatment-bri-jaynes>
3. <https://www.cbsnews.com/news/drug-treatment-rehab-private-equity-profits/>
4. <https://www.npr.org/2021/02/15/963700736/as-addiction-deaths-surge-profit-driven-rehab-industry-faces-severe-ethical-cris>
5. <https://www.govinfo.gov/content/pkg/CHRG-115hrg28931/html/CHRG-115hrg28931.htm>
6. http://www.leg.state.fl.us/Statutes/index.cfm?App_mode=Display_Statute&URL=0800-0899/0817/Sections/0817.505.html
7. <https://www.thebusinessofrecovery.com/>