

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2021

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SENATE BILL DRS15181-MG-95

Short Title: Stop Addiction Fraud Ethics Act of 2021. (Public)

Sponsors: Senators Burgin, Krawiec, and Perry (Primary Sponsors).

Referred to:

1 A BILL TO BE ENTITLED  
2 AN ACT ESTABLISHING THE STOP ADDICTION FRAUD ETHICS (SAFE) ACT OF 2021.  
3 The General Assembly of North Carolina enacts:

4 **SECTION 1.** This act shall be known and may be cited as the "Stop Addiction Fraud  
5 Ethics Act of 2021" or the "SAFE Act of 2021."

6 **SECTION 2.** Chapter 90 of the General Statutes is amended by adding a new Article  
7 to read:

8 "Article 5H.

9 "Stop Addiction Fraud Ethics Act.

10 **"§ 90-113.150. Definitions.**

11 The following definitions apply in this Article:

- 12 (1) Patient. – An individual who will potentially be admitted to or receive services  
13 from, or who is admitted to or receiving services from, or has been admitted  
14 to or received services from, a treatment provider or recovery residence.  
15 (2) Recovery residence. – A shared living environment that is, or is intended to  
16 be, free from alcohol and illicit drug use and centered on peer support and  
17 connection to services that promote sustained recovery from substance use  
18 disorders.  
19 (3) Referral. – A person or entity shall be considered to have made a referral if  
20 the provider or operator of a recovery residence has informed a patient by any  
21 means of the name, address, or other identifying information for a licensed  
22 treatment provider or recovery residence.  
23 (4) Treatment facility. – A facility or program that is, or is required to be, licensed,  
24 accredited, or certified to provide substance use disorder treatment services.  
25 (5) Treatment provider. – A person or entity that is, or is required to be, licensed,  
26 accredited, or certified to provide substance use disorder treatment services.  
27 For purposes of this Article, the term includes treatment facilities.

28 **"§ 90-113.151. Truth in marketing.**

29 (a) Any marketing or advertising materials published or provided by any treatment  
30 provider, treatment facility, recovery residence, or third party providing services to any treatment  
31 provider, treatment facility, or recovery residence shall convey accurate and complete  
32 information, in plain language that is easy to understand, and shall include all of the following:

- 33 (1) Information about the types and methods of services provided or used, and  
34 information about where they are provided, using the categories of treatment  
35 and levels of care described in the American Society of Addiction Medicine,  
36 Patient Placement Criteria, Revised.



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1           (2)    The average lengths of stay at the treatment facility during the preceding  
2                12-month period for each of the categories of treatment and levels of care  
3                referenced in subdivision (1) of this subsection.

4           (3)    The treatment facility's name and brand.

5           (4)    A brief summary of any financial relationships between the treatment facility  
6                and any publisher of marketing or advertising.

7           (b)    Each operator of a recovery residence or licensed residential treatment facility that  
8                also provides separately licensed outpatient substance use disorder services shall clearly (i) label  
9                each facility and service separately in any marketing or advertising material published or  
10              provided by the operator and (ii) distinguish the recovery residence or licensed residential  
11              treatment facility from the licensed outpatient substance use disorder services.

12          (c)    It is unlawful for any treatment provider, treatment facility, recovery residence, or  
13                third party providing services to any treatment provider, treatment facility, or recovery residence  
14                to do any of the following:

15           (1)    Make a materially false or misleading statement, or provide false or  
16                misleading information, about the nature, identity, or location of substance use  
17                disorder treatment services or a recovery residence, in advertising materials,  
18                on a call line, on an internet website, or in any other marketing materials.

19           (2)    Make a false or misleading statement about the following:

20           a.     The treatment provider's status as an in-network or out-of-network  
21                provider.

22           b.     The credentials, qualifications, or experiences of persons providing  
23                treatment or services.

24           c.     The rate of recovery or success in providing services.

25          (d)    It is unlawful for any person or entity to do any of the following:

26           (1)    To provide, or direct any other person or entity to provide, false or misleading  
27                information about the identity of, or contact information for, any treatment  
28                provider.

29           (2)    To include false or misleading information about the internet website of any  
30                treatment provider, or to surreptitiously direct or redirect the reader to another  
31                internet website.

32           (3)    To suggest or imply that a relationship with a treatment provider exists, unless  
33                the treatment provider has provided express, written consent to indicate such  
34                a relationship.

35           (4)    To make a materially false or misleading statement about substance use  
36                disorder treatment services.

37          (e)    A violation of subsection (c) or (d) of this section constitutes an unfair or deceptive  
38                trade practice under G.S. 75-1.1.

39          (f)    Any person or entity that knowingly violates subsection (c) or (d) of this section shall  
40                be guilty of a Class G felony. Each violation of subsection (c) or (d) of this section constitutes a  
41                separate offense.

42        **"§ 90-113.152. Patient brokering and kickbacks.**

43          (a)    It is unlawful for any person or entity, including a treatment provider, treatment  
44                facility, recovery residence, or third party providing services to any of these persons or entities,  
45                to do any of the following:

46           (1)    Offer or pay anything of value, directly or indirectly, in cash or in kind, or  
47                engage in any split-fee arrangement, in any form whatsoever, to induce the  
48                referral of a patient or patronage to or from a treatment provider or laboratory.

49           (2)    Solicit or receive anything of value, directly or indirectly, in cash or in kind,  
50                or engage in any split-fee arrangement, in any form whatsoever, in return for  
51                referring a patient or patronage to or from a treatment provider or laboratory.

- 1           (3)   Solicit or receive anything of value, directly or indirectly, in cash or in kind,
- 2                   or engage in any split-fee arrangement, in any form whatsoever, in return for
- 3                   the acceptance or acknowledgment of treatment from a health care provider
- 4                   or health care facility.
- 5           (4)   Aid or abet any conduct that violates subdivisions (1) through (3) of this
- 6                   subsection.
- 7   (b)   This section does not apply to either of the following:
- 8           (1)   Any discount, payment, waiver of payment, or payment practice that is
- 9                   expressly authorized by 42 U.S.C. § 1320a-7b(b)(3) or any regulation adopted
- 10                  under that statute.
- 11           (2)   A reasonable contingency management technique or other reasonable
- 12                  motivational incentive that is part of the treatment provided by an accredited,
- 13                  licensed, or certified treatment provider.
- 14   (c)   Liability under this section exists regardless if a person has actual knowledge of this
- 15   section or specific intent to commit a violation of this section.
- 16   (d)   A person who violates this section shall be guilty of a Class G felony. Each violation
- 17   of this section constitutes a separate offense."
- 18           **SECTION 4.** This act becomes effective January 1, 2022, and applies to offenses
- 19   committed on or after that date.