

AB 2614 - Body Brokering and Patient Referral Integrity Act

SUMMARY

Body brokering is a predatory business practice in which unlicensed, third-party individuals profit from referring patients seeking addiction recovery to alcohol or drug recovery programs. While some of these programs do provide proper medical addiction and recovery treatment services, there have been many documented cases of fraud and abuse occurring at these facilities.

The Body Brokering and Patient Referral Act strengthens California law by prohibiting financial incentives and referral payments tied to placement in residential treatment facilities.

ISSUE

Addiction recovery is a critical form of treatment needed by millions of Californians to recover from addiction and substance use disorder. Facilities can either be licensed by the Department of Healthcare Services (DHCS) if they provide medical treatment services, or unlicensed if they provide housing but no medical treatment.

Existing law in California governs licensed alcohol or drug abuse treatment facilities under the Health and Safety Code and prohibits referrals or “kickbacks” to these facilities, enforceable by a civil penalty administered by DHCS. However, the law does not take into consideration referrals to unlicensed recovery residences.

Body brokering has become a persistent and harmful practice within the substance use disorder treatment and recovery housing system. Body brokers and unscrupulous operators target vulnerable individuals struggling with addiction, often those who

are unhoused, recently discharged from treatment or insured by private plans, and steer them into residential facilities in exchange for financial compensation.

In many cases, individuals are recruited not on medical necessity, but by the value of their insurance coverage. Additionally, patients are shuffled between facilities to maximize billing or placed in environments that lack appropriate oversight, services, or care.

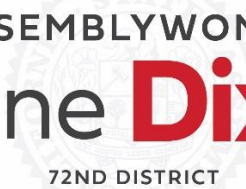
Although California law prohibits certain “kickback” arrangements, gaps remain regarding payments tied specifically to residential treatment facility placement and acceptance. These loopholes have allowed body brokering schemes to persist, undermining ethical treatment practices.

SOLUTION

The Body Brokering and Patient Referral Act closes these gaps and establishes a clear and enforceable prohibition on body brokering practices tied to residential treatment facilities. Specifically, AB 2614:

- Prohibits any person from paying, soliciting or receiving a commission, benefit, bonus or rebate to induce a referral to a residential treatment facility in exchange for accepting an individual into a facility.
- Makes it unlawful to aid, abet or advise prohibited conduct.
- Defines residential treatment facilities to include licensed and unlicensed facilities.
- Establishes that a violation of these provisions is a misdemeanor.

By clearly banning referral-based financial



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agreements tied to placement in residential facilities, AB 2614 protects individuals seeking treatment from exploitation and ensures a patient-first approach to addiction recovery.

SUPPORT

Newport City [Sponsor]

OPPOSITION

None on File.

CO-AUTHORS

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FOR MORE INFORMATION

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