

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2023

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HOUSE BILL 415  
Committee Substitute Favorable 4/4/23  
Senate Judiciary Committee Substitute Adopted 6/22/23

Short Title: Stop Addiction Fraud Ethics Act of 2023.

(Public)

Sponsors:

Referred to:

March 21, 2023

A BILL TO BE ENTITLED

AN ACT ESTABLISHING THE STOP ADDICTION FRAUD ETHICS (SAFE) ACT OF 2023.  
The General Assembly of North Carolina enacts:

**SECTION 1.** This act shall be known and may be cited as the "Stop Addiction Fraud Ethics Act of 2023" or the "SAFE Act of 2023."

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

"Article 5H.

"Stop Addiction Fraud Ethics Act.

**"§ 90-113.150. Definitions.**

The following definitions apply in this Article:

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

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

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

- (1) Information about the types and methods of services provided or used, and information about where they are provided. Treatment providers and facilities shall also identify the categories of treatment and levels of care described in



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- 1                    the American Society of Addiction Medicine, Patient Placement Criteria,  
2                    Revised.
- 3                    (2)    The average lengths of stay at the residence, provider site, or facility during  
4                    the preceding 12-month period for each of the categories of treatment and  
5                    levels of care referenced in subdivision (1) of this subsection.
- 6                    (3)    The residence, provider site, or facility's name and brand.
- 7                    (4)    A brief summary of any financial relationships between the residence,  
8                    provider site, or facility and any publisher of marketing or advertising.
- 9                    (b)    Each operator of a recovery residence or licensed residential treatment facility that  
10                    also provides separately licensed outpatient substance use disorder services shall clearly (i)  
11                    disclose the nature of those relationships, (ii) label each facility and service separately in any  
12                    marketing or advertising material published or provided by the operator, and (iii) distinguish the  
13                    recovery residence or licensed residential treatment facility from the licensed outpatient  
14                    substance use disorder services.
- 15                    (c)    It is unlawful for any treatment provider, treatment facility, recovery residence, or  
16                    third party providing services to any treatment provider, treatment facility, or recovery residence  
17                    to do any of the following:
- 18                    (1)    Knowingly make a materially false or misleading statement, or provide false  
19                    or misleading information, with the intent to defraud any person, about the  
20                    nature, identity, or location of substance use disorder treatment services or a  
21                    recovery residence in advertising materials, on a call line, on an internet  
22                    website, or in any other marketing materials.
- 23                    (2)    Knowingly make a false or misleading statement, with the intent to defraud  
24                    any person, about the following:
- 25                    a.     The treatment provider's status as an in-network or out-of-network  
26                    provider.
- 27                    b.     The credentials, qualifications, or experiences of persons providing  
28                    treatment or services.
- 29                    c.     The rate of recovery or success in providing services.
- 30                    (d)    It is unlawful for any person or entity to do any of the following:
- 31                    (1)    To knowingly provide, or direct any other person or entity to provide, false or  
32                    misleading information, with the intent to defraud another person, about the  
33                    identity of, or contact information for, any treatment provider.
- 34                    (2)    To knowingly include false or misleading information, with the intent to  
35                    defraud another person, about the internet website of any treatment provider,  
36                    or to surreptitiously direct or redirect the reader to another internet website.
- 37                    (3)    To knowingly make a materially false or misleading statement that a  
38                    relationship with a treatment provider exists, with the intent to defraud another  
39                    person, unless the treatment provider has provided express, written consent to  
40                    indicate such a relationship.
- 41                    (4)    To knowingly make a materially false or misleading statement about  
42                    substance use disorder treatment services, with the intent to defraud another  
43                    person.
- 44                    (e)    A violation of subsection (c) or (d) of this section constitutes an unfair or deceptive  
45                    trade practice under G.S. 75-1.1.
- 46                    (f)    Any person or entity that violates subsection (c) or (d) of this section shall be guilty  
47                    of a Class G felony. Each violation of subsection (c) or (d) of this section constitutes a separate  
48                    offense.
- 49                    **"§ 90-113.152. Patient brokering and kickbacks.**

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

4           (1) Knowingly offer or pay anything of value, directly or indirectly, in cash or in  
5 kind, or engage in any split-fee arrangement, in any form whatsoever, to  
6 induce the referral of a patient or patronage to or from a treatment provider or  
7 laboratory.

8           (2) Knowingly solicit or receive anything of value, directly or indirectly, in cash  
9 or in kind, or engage in any split-fee arrangement, in any form whatsoever, in  
10 return for referring a patient or patronage to or from a treatment provider or  
11 laboratory.

12           (3) Knowingly solicit or receive anything of value, directly or indirectly, in cash  
13 or in kind, or engage in any split-fee arrangement, in any form whatsoever, in  
14 return for the acceptance or acknowledgment of treatment from a health care  
15 provider or health care facility.

16           (4) Knowingly aid or abet any conduct that violates subdivisions (1) through (3)  
17 of this subsection.

18       (b) This section does not apply to either of the following:

19           (1) Any discount, payment, waiver of payment, or payment practice that is  
20 expressly authorized by 42 U.S.C. § 1320a-7b(b)(3) or any regulation adopted  
21 under that statute.

22           (2) A reasonable contingency management technique or other reasonable  
23 motivational incentive that is part of the treatment provided by an accredited,  
24 licensed, or certified treatment provider.

25       (c) A person who violates this section shall be guilty of a Class G felony. Each violation  
26 of this section constitutes a separate offense.

27 **"§ 90-113.153. Exemptions.**

28       This Article does not apply to any of the following:

29           (1) A general hospital licensed under Article 5 of Chapter 131E of the General  
30 Statutes.

31           (2) A hospital authority organized under Article 2 of Chapter 131E of the General  
32 Statutes."

33       **SECTION 3.** This act becomes effective January 1, 2024, and applies to offenses  
34 committed on or after that date.