



Office of Commissioner
Rohit Chopra

UNITED STATES OF AMERICA
Federal Trade Commission

July 24, 2018

The Honorable Gregory Walden
Chairman
House Energy and Commerce Committee
U.S. House of Representatives
Washington, DC 20515

The Honorable Frank Pallone
Ranking Member
House Energy and Commerce Committee
U.S. House of Representatives
Washington, DC 20515

The Honorable Gregg Harper
Chairman
House Energy and Commerce Subcommittee
on Oversight and Investigations
U.S. House of Representatives
Washington, DC 20515

The Honorable Diana DeGette
Ranking Member
House Energy and Commerce Subcommittee
on Oversight and Investigations
U.S. House of Representatives
Washington, DC 20515

Chairman Walden, Ranking Member Pallone, Chairman Harper, and Ranking Member DeGette:

Thank you for holding today's hearing on "Examining Advertising and Marketing Practices within the Substance Use Treatment Industry" and for the opportunity to share my views.¹

Nearly every eight minutes, an American dies of a drug overdose.² Across the country, opioid addiction is tearing apart the lives of individuals, their families, and their communities. There has been significant attention

Today, a new crop of unscrupulous actors is targeting addiction sufferers not to help them, but to gouge them, their families, and their insurance companies. There are indications that there may be widespread abuse in the drug treatment industry. This is deeply harmful to honest treatment facilities and patients alike. I am concerned that Wall Street investors also see big profit potential and may be exacerbating the challenges our country faces.

In my experience, the government's response to the abusive practices that follow painful events, such as the foreclosure crisis and natural disasters, is too slow. Giving the scale of the opioid crisis, it is especially critical that law enforcement agencies and policymakers crack down on deceptive lead generation practices in the treatment marketplace.

¹ The views expressed in this statement are my own and do not necessarily reflect those of the Federal Trade Commission or any other Commissioner.

² See Christopher Ingraham, *CDC releases grim new opioid overdose figures: 'We're talking about more than an exponential increase'*, Washington Post, Dec. 21, 2017, available at <https://www.washingtonpost.com/news/wonk/wp/2017/12/21/cdc-releases->

Golden Age for For-Profit Treatment Centers

When the foreclosure crisis devastated neighborhoods across the country, there were many actors who saw big opportunities for profit. When it comes to the devastation wrought by the opioid crisis, it is déjà vu. The opioid epidemic has led to a boom in the for-profit substance use treatment industry. Billions of dollars of capital have been flowing into the sector from Wall Street, primarily from private equity investors. Many nonprofit treatment centers report that investors are seeking to buy them in order to convert them to a for-profit model. A decade ago, 60% of treatment centers were nonprofit; today, 60% are for-a.

Lead Generators and Body Brokers

As Congress continues its work to investigate advertising and marketing practices in this industry, it must carefully look at how the billions of dollars of new investment in the sector may be spawning scams that harvest profits from patients and their families.

Congress should closely examine incentive compensation practices for employees and operators of treatment centers, as well as financial conflicts of interest with other firms. Importantly, we must work to crack down on illegal lead generation practices, both online and offline, for-profit and nonprofit.

Too many firms are looking to profit off the pain of families dealing with addiction. In the absence of vigorous enforcement and sensible safeguards, the opioid crisis will inflict even more financial, physical, and emotional damage throughout our country.

Respectfully submitted,



Rohit Chopra