

2C:40A-6
LEGISLATIVE HISTORY CHECKLIST
Compiled by the NJ State Law Library

LAWS OF: 2025 **CHAPTER:** 121

NJSA: 2C:40A-6 Revises law concerning patient referrals to substance use disorder treatment facilities, recovery residences, and clinical laboratories.

BILL NO: A3973 (Substituted for S3952 (1R))

SPONSOR(S) Verrelli, Anthony S. and others

DATE INTRODUCED: 2/27/2024

COMMITTEE: **ASSEMBLY:** Oversight, Reform & Federal Relations
Appropriations

SENATE: Health, Human Services & Sr. Citizens
Budget & Appropriations

AMENDED DURING PASSAGE: Yes

DATE OF PASSAGE: **ASSEMBLY:** 06/30/2025

SENATE: 03/24/2025

DATE OF APPROVAL: 8/11/2025

FOLLOWING ARE ATTACHED IF AVAILABLE:

FINAL TEXT OF BILL (A3973 Sca (1R) enacted)

ADVANCE LAW Yes

PAMPHLET LAW Yes

A3973

INTRODUCED BILL: (Includes sponsor(s) statement) Yes

REPRINT(S): Yes SBA 3/17/25 1R

TECHNICAL REVIEW OF BILL: No

COMMITTEE STATEMENT: **ASSEMBLY:** Yes Oversight, Reform & Federal Relations
Appropriations

SENATE: Yes Health, Human Services & Sr. Citizens
Budget & Appropriations

(Audio archived recordings of the committee meetings, corresponding to the date of the committee statement, *may possibly* be found at www.njleg.state.nj.us)

FLOOR AMENDMENT STATEMENT: No

LEGISLATIVE FISCAL ESTIMATE: Yes 06/25/2024
03/25/2025

S3952 (1R)

INTRODUCED BILL: (Includes sponsor(s) statement)	Yes	
REPRINT(S):	Yes	SBA 3/17/25 1R
TECHNICAL REVIEW OF BILL:	No	
COMMITTEE STATEMENT:	ASSEMBLY:	No
	SENATE:	Yes Health, Human Services & Sr. Citizens Budget & Appropriations

(Audio archived recordings of the committee meetings, corresponding to the date of the committee statement, *may possibly* be found at www.njleg.state.nj.us)

FLOOR AMENDMENT STATEMENT:	No	
LEGISLATIVE FISCAL ESTIMATE:	Yes	03/13/2025 03/25/2025

VETO MESSAGE:	No
GOVERNOR'S PRESS RELEASE ON SIGNING:	Yes
LEGISLATOR STATEMENT:	Yes

FOLLOWING WERE PRINTED:

To check for circulating copies, contact New Jersey State Government Publications at the State Library (609) 278-2640 ext.103 or <mailto:refdesk@njstatelib.org>

REPORTS:	No
HEARINGS:	No
NEWSPAPER ARTICLES:	No

CL/MMcB

P.L. 2025, CHAPTER 121, *approved August 11, 2025*
Assembly, No. 3973 (*First Reprint*)

1 AN ACT concerning referrals to substance use disorder treatment
2 facilities ¹, recovery residences, and clinical laboratories¹ and
3 amending P.L.2021, c.31.

4
5 **BE IT ENACTED** by the Senate and General Assembly of the State
6 of New Jersey:

7
8 1. Section 1 of P.L.2021, c.31 (C.2C:40A-6) is amended to read
9 as follows:

10 1. a. A person, including, but not limited to, a health care
11 provider, health care facility, non-profit organization ¹, clinical
12 laboratory¹, and recovery residence, is guilty of a crime of the
13 **【fourth】** third degree if the person ¹, either directly or indirectly,
14 overtly or covertly, in cash or in kind,¹ makes ¹, solicits, offers,¹ or
15 receives a payment or otherwise furnishes ¹, solicits, offers,¹ or
16 receives any fee, commission, ¹kickback, bribe,¹ or rebate to any
17 person in connection with the referral of patients to ¹, or in
18 exchange for a patient using the services of,¹ a facility licensed in
19 accordance with section 8 of P.L.1975, c.305 (C.26:2B-14) for
20 substance use disorder treatment or services ¹【or to a】¹ substance
21 use disorder treatment facility issued a certificate of approval
22 pursuant to P.L.1970, c.334 (C.26:2G-21 et seq.) ¹, recovery
23 residence, or clinical laboratory¹. Notwithstanding the provisions
24 of N.J.S.2C:43-3, a person convicted of an offense under this
25 subsection shall be sentenced to make restitution and to pay a fine
26 of \$50,000.

27 b. A person ¹, including, but not limited to, a health care
28 provider, health care facility, non-profit organization, clinical
29 laboratory, and recovery residence,¹ is guilty of a crime of the
30 **【fourth】** third degree if the person knowingly assists, conspires
31 with, or urges any person to make, furnish, ¹solicit, offer,¹ or
32 receive a payment, fee, commission, ¹kickback, bribe,¹ or rebate in
33 violation of subsection a. of this section. Notwithstanding the
34 provisions of N.J.S.2C:43-3, a person convicted of an offense under
35 this subsection shall be sentenced to make restitution and to pay a
36 fine of \$50,000.

37 c. It shall not be a violation of subsection a. of this section to
38 make or receive a payment or otherwise furnish or receive any fee,
39 commission, or rebate that does not vary based on:

EXPLANATION – Matter enclosed in bold-faced brackets **【thus】** in the above bill is
not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹Senate SBA committee amendments adopted March 17, 2025.

1 (1) the number of patients referred to a substance use disorder
2 treatment facility ¹, recovery residence, or clinical laboratory¹;

3 (2) the duration, level, volume, or nature of the substance use
4 disorder treatment services provided to a patient; or

5 (3) the amount of benefits provided by a carrier to a substance
6 use disorder treatment facility ¹, recovery residence, or clinical
7 laboratory¹ for treatment or services provided to a patient.

8 d. ¹(1) The Office of Licensing in the Department of Health may
9 investigate a health care facility or clinical laboratory licensed or
10 certified by the Department of Health for an alleged violation of
11 this act. Upon finding a violation, the Department of Health may
12 suspend or revoke the health care facility or clinical laboratory's
13 license or certification, if applicable, or may impose a civil penalty
14 against the health care facility or clinical laboratory. If the
15 Department of Health imposes a civil penalty, the civil penalty shall
16 be not more than \$20,000 for each violation.

17 (2) The Department of Community Affairs may investigate a
18 recovery residence for an alleged violation of this act. Upon finding
19 a violation, the Department of Community Affairs may suspend or
20 revoke the recovery residence owner's license or certification, if
21 applicable, or may impose a civil penalty against the recovery
22 residence owner. If the Department of Community Affairs imposes
23 a civil penalty, the civil penalty shall be not more than \$20,000 for
24 each violation.

25 e. ¹ As used in this section:

26 ¹"Clinical laboratory" means the same as that term is defined in
27 section 2 of P.L.1975, c.166 (C. 45:9-42.27).¹

28 "Health care facility" means a health care facility licensed
29 pursuant to P.L.1971, c.136 (C.26:2H-1 et seq.).

30 "Health care provider" means an individual who provides a
31 health care service to a patient, and includes, but is not limited to, a
32 licensed physician, ¹registered professional¹ nurse, ¹advanced
33 practice¹ nurse ¹**practitioner**¹, psychologist, psychiatrist,
34 psychoanalyst, clinical social worker, physician assistant,
35 professional counselor, respiratory therapist, speech pathologist,
36 audiologist, optometrist, or any other health care professional acting
37 within the scope of a valid license or certification issued pursuant to
38 Title 45 of the Revised Statutes.

39 "Recovery residence" means ¹**housing with a home-like**
40 **atmosphere, which is available in either a professionally-managed**
41 **facility or a peer-managed facility** ¹ a boarding house licensed by
42 the Department of Community Affairs¹, ¹**and**¹ which provides a
43 sober living environment and alcohol- and drug-free living
44 accommodations to individuals with substance use disorders, or to
45 individuals with co-occurring mental health and substance use
46 disorders, but which does not provide clinical treatment services for
47 mental health or substance use disorders. ¹**"Recovery residence"**

1 includes, but is not limited to, a facility that is commonly referred
2 to as a sober living home.】¹
3 (cf: P.L.2021, c.31, s.1)

4

5 2. This act shall take effect immediately.

6

7

8

9

10 Revises law concerning patient referrals to substance use
11 disorder treatment facilities, recovery residences, and clinical
12 laboratories.

CHAPTER 121

AN ACT concerning referrals to substance use disorder treatment facilities, recovery residences, and clinical laboratories and amending P.L.2021, c.31.

BE IT ENACTED *by the Senate and General Assembly of the State of New Jersey:*

1. Section 1 of P.L.2021, c.31 (C.2C:40A-6) is amended to read as follows:

C.2C:40A-6 Certain payments for referral to certain facilities, fourth degree crime.

1. a. A person, including, but not limited to, a health care provider, health care facility, non-profit organization, clinical laboratory, and recovery residence, is guilty of a crime of the third degree if the person, either directly or indirectly, overtly or covertly, in cash or in kind, makes, solicits, offers, or receives a payment or otherwise furnishes, solicits, offers, or receives any fee, commission, kickback, bribe, or rebate to any person in connection with the referral of patients to, or in exchange for a patient using the services of, a facility licensed in accordance with section 8 of P.L.1975, c.305 (C.26:2B-14) for substance use disorder treatment or services, substance use disorder treatment facility issued a certificate of approval pursuant to P.L.1970, c.334 (C.26:2G-21 et seq.), recovery residence, or clinical laboratory. Notwithstanding the provisions of N.J.S.2C:43-3, a person convicted of an offense under this subsection shall be sentenced to make restitution and to pay a fine of \$50,000.

b. A person, including, but not limited to, a health care provider, health care facility, non-profit organization, clinical laboratory, and recovery residence, is guilty of a crime of the third degree if the person knowingly assists, conspires with, or urges any person to make, furnish, solicit, offer, or receive a payment, fee, commission, kickback, bribe, or rebate in violation of subsection a. of this section. Notwithstanding the provisions of N.J.S.2C:43-3, a person convicted of an offense under this subsection shall be sentenced to make restitution and to pay a fine of \$50,000.

c. It shall not be a violation of subsection a. of this section to make or receive a payment or otherwise furnish or receive any fee, commission, or rebate that does not vary based on:

(1) the number of patients referred to a substance use disorder treatment facility, recovery residence, or clinical laboratory;

(2) the duration, level, volume, or nature of the substance use disorder treatment services provided to a patient; or

(3) the amount of benefits provided by a carrier to a substance use disorder treatment facility, recovery residence, or clinical laboratory for treatment or services provided to a patient.

d. (1) The Office of Licensing in the Department of Health may investigate a health care facility or clinical laboratory licensed or certified by the Department of Health for an alleged violation of this act. Upon finding a violation, the Department of Health may suspend or revoke the health care facility or clinical laboratory's license or certification, if applicable, or may impose a civil penalty against the health care facility or clinical laboratory. If the Department of Health imposes a civil penalty, the civil penalty shall be not more than \$20,000 for each violation.

(2) The Department of Community Affairs may investigate a recovery residence for an alleged violation of this act. Upon finding a violation, the Department of Community Affairs may suspend or revoke the recovery residence owner's license or certification, if applicable, or may impose a civil penalty against the recovery residence owner. If the Department of Community Affairs imposes a civil penalty, the civil penalty shall be not more than \$20,000 for each violation.

e. As used in this section:

“Clinical laboratory” means the same as that term is defined in section 2 of P.L.1975, c.166 (C. 45:9-42.27).

“Health care facility” means a health care facility licensed pursuant to P.L.1971, c.136 (C.26:2H-1 et seq.).

“Health care provider” means an individual who provides a health care service to a patient, and includes, but is not limited to, a licensed physician, registered professional nurse, advanced practice nurse, psychologist, psychiatrist, psychoanalyst, clinical social worker, physician assistant, professional counselor, respiratory therapist, speech pathologist, audiologist, optometrist, or any other health care professional acting within the scope of a valid license or certification issued pursuant to Title 45 of the Revised Statutes.

“Recovery residence” means a boarding house licensed by the Department of Community Affairs, which provides a sober living environment and alcohol- and drug-free living accommodations to individuals with substance use disorders, or to individuals with co-occurring mental health and substance use disorders, but which does not provide clinical treatment services for mental health or substance use disorders.

2. This act shall take effect immediately.

Approved August 11, 2025.

ASSEMBLY, No. 3973

STATE OF NEW JERSEY

221st LEGISLATURE

INTRODUCED FEBRUARY 27, 2024

Sponsored by:

Assemblyman ANTHONY S. VERRELLI

District 15 (Hunterdon and Mercer)

Assemblyman ALEXANDER "AVI" SCHNALL

District 30 (Monmouth and Ocean)

Assemblywoman VERLINA REYNOLDS-JACKSON

District 15 (Hunterdon and Mercer)

Co-Sponsored by:

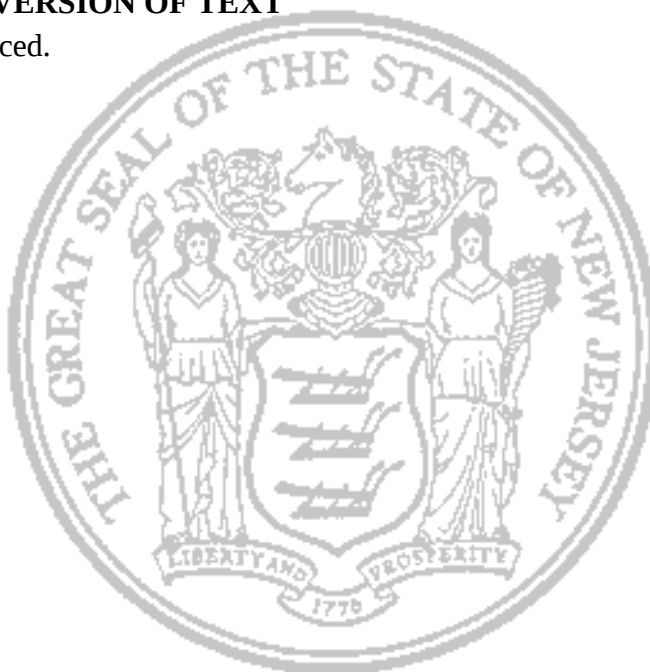
Assemblywoman McCoy, Assemblyman Sampson and Assemblywoman McCann Stamato

SYNOPSIS

Revises laws concerning patient referrals to substance use disorder treatment facilities.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 9/26/2024)

1 AN ACT concerning referrals to substance use disorder treatment
2 facilities and amending P.L.2021, c.31.

3
4 **BE IT ENACTED** *by the Senate and General Assembly of the State*
5 *of New Jersey:*

6
7 1. Section 1 of P.L.2021, c.31 (C.2C:40A-6) is amended to read
8 as follows:

9 1. a. A person, including, but not limited to, a health care
10 provider, health care facility, non-profit organization, and recovery
11 residence, is guilty of a crime of the **[fourth]** third degree if the
12 person makes or receives a payment or otherwise furnishes or
13 receives any fee, commission, or rebate to any person in connection
14 with the referral of patients to a facility licensed in accordance with
15 section 8 of P.L.1975, c.305 (C.26:2B-14) for substance use
16 disorder treatment or services or to a substance use disorder
17 treatment facility issued a certificate of approval pursuant to
18 P.L.1970, c.334 (C.26:2G-21 et seq.). Notwithstanding the
19 provisions of N.J.S.2C:43-3, a person convicted of an offense under
20 this subsection shall be sentenced to make restitution and to pay a
21 fine of \$50,000.

22 b. A person is guilty of a crime of the **[fourth]** third degree if
23 the person knowingly assists, conspires with, or urges any person to
24 make, furnish, or receive a payment, fee, commission, or rebate in
25 violation of subsection a. of this section. Notwithstanding the
26 provisions of N.J.S.2C:43-3, a person convicted of an offense under
27 this subsection shall be sentenced to make restitution and to pay a
28 fine of \$50,000.

29 c. It shall not be a violation of subsection a. of this section to
30 make or receive a payment or otherwise furnish or receive any fee,
31 commission, or rebate that does not vary based on:

32 (1) the number of patients referred to a substance use disorder
33 treatment facility;

34 (2) the duration, level, volume, or nature of the substance use
35 disorder treatment services provided to a patient; or

36 (3) the amount of benefits provided by a carrier to a substance
37 use disorder treatment facility for treatment or services provided to
38 a patient.

39 d. As used in this section:

40 "Health care facility" means a health care facility licensed
41 pursuant to P.L.1971, c.136 (C.26:2H-1 et seq.).

42 "Health care provider" means an individual who provides a
43 health care service to a patient, and includes, but is not limited to, a
44 licensed physician, nurse, nurse practitioner, psychologist,
45 psychiatrist, psychoanalyst, clinical social worker, physician

EXPLANATION – Matter enclosed in bold-faced brackets **[thus]** in the above bill is
not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

1 assistant, professional counselor, respiratory therapist, speech
2 pathologist, audiologist, optometrist, or any other health care
3 professional acting within the scope of a valid license or
4 certification issued pursuant to Title 45 of the Revised Statutes.

5 “Recovery residence” means housing with a home-like
6 atmosphere, which is available in either a professionally-managed
7 facility or a peer-managed facility, and which provides a sober
8 living environment and alcohol- and drug-free living
9 accommodations to individuals with substance use disorders, or to
10 individuals with co-occurring mental health and substance use
11 disorders, but which does not provide clinical treatment services for
12 mental health or substance use disorders. “Recovery residence”
13 includes, but is not limited to, a facility that is commonly referred
14 to as a sober living home.

15 (cf: P.L.2021, c.31, s.1)

16
17 2. This act shall take effect immediately.

18
19
20 STATEMENT

21
22 This bill would revise the current law that criminalizes certain
23 payments for the referral of patients to substance use disorder
24 treatment facilities.

25 The bill makes it a crime of the third degree for a person to make
26 or receive a payment or otherwise furnish or receive any fee,
27 commission, or rebate to any person in connection with the referral
28 of patients to a facility licensed in accordance with section 8 of
29 P.L.1975, c.305 (C.26:2B-14) for substance use disorder treatment
30 or services or to a substance use disorder treatment facility issued a
31 certificate of approval pursuant to P.L.1970, c.334 (C.26:2G-21 et
32 seq.). The bill makes it a crime of the third degree for a person to
33 knowingly assist, conspire with, or urge any person to make,
34 furnish, or receive a payment, fee, commission, or rebate in
35 violation of P.L.2021, c.31 (C.2C:40A-6). Under current law, these
36 offenses are crimes of the fourth degree. The bill would also
37 establish a fine of \$50,000 that would automatically be applied to
38 any person who violates these patient referral laws.

39 The bill expressly includes health care providers, health care
40 facilities, non-profit organizations, and recovery residences under
41 the scope of these laws.

[First Reprint]

ASSEMBLY, No. 3973

STATE OF NEW JERSEY

221st LEGISLATURE

INTRODUCED FEBRUARY 27, 2024

Sponsored by:

Assemblyman ANTHONY S. VERRELLI

District 15 (Hunterdon and Mercer)

Assemblyman ALEXANDER "AVI" SCHNALL

District 30 (Monmouth and Ocean)

Assemblywoman VERLINA REYNOLDS-JACKSON

District 15 (Hunterdon and Mercer)

Senator JOSEPH F. VITALE

District 19 (Middlesex)

Senator BENJIE E. WIMBERLY

District 35 (Bergen and Passaic)

Co-Sponsored by:

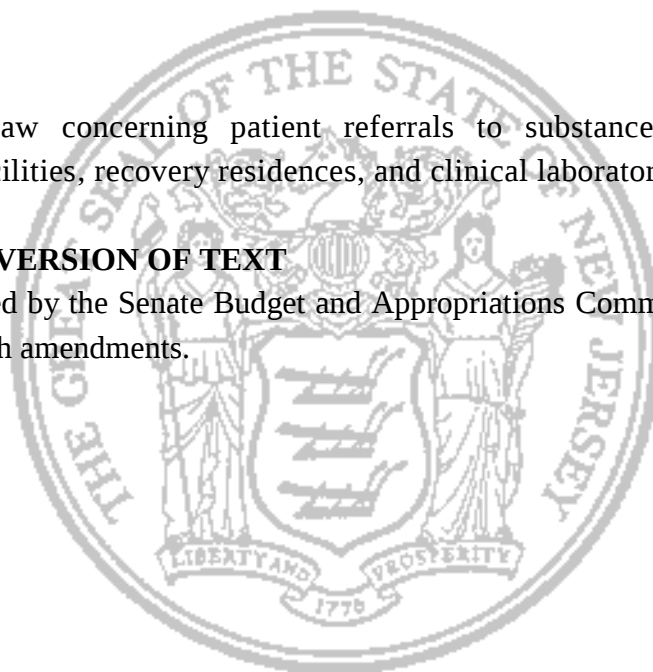
Assemblywoman McCoy, Assemblyman Sampson, Assemblywoman McCann Stamato, Senators Diegnan, Burgess and O'Scanlon

SYNOPSIS

Revises law concerning patient referrals to substance use disorder treatment facilities, recovery residences, and clinical laboratories.

CURRENT VERSION OF TEXT

As reported by the Senate Budget and Appropriations Committee on March 17, 2025, with amendments.



(Sponsorship Updated As Of: 3/24/2025)

1 AN ACT concerning referrals to substance use disorder treatment
2 facilities ¹, recovery residences, and clinical laboratories¹ and
3 amending P.L.2021, c.31.

4
5 **BE IT ENACTED** by the Senate and General Assembly of the State
6 of New Jersey:

7
8 1. Section 1 of P.L.2021, c.31 (C.2C:40A-6) is amended to read
9 as follows:

10 1. a. A person, including, but not limited to, a health care
11 provider, health care facility, non-profit organization ¹, clinical
12 laboratory¹, and recovery residence, is guilty of a crime of the
13 **【fourth】** third degree if the person ¹, either directly or indirectly,
14 overtly or covertly, in cash or in kind,¹ makes ¹, solicits, offers,¹ or
15 receives a payment or otherwise furnishes ¹, solicits, offers,¹ or
16 receives any fee, commission, ¹kickback, bribe,¹ or rebate to any
17 person in connection with the referral of patients to ¹, or in
18 exchange for a patient using the services of,¹ a facility licensed in
19 accordance with section 8 of P.L.1975, c.305 (C.26:2B-14) for
20 substance use disorder treatment or services ¹**【or to a】**,¹ substance
21 use disorder treatment facility issued a certificate of approval
22 pursuant to P.L.1970, c.334 (C.26:2G-21 et seq.) ¹, recovery
23 residence, or clinical laboratory¹. Notwithstanding the provisions
24 of N.J.S.2C:43-3, a person convicted of an offense under this
25 subsection shall be sentenced to make restitution and to pay a fine
26 of \$50,000.

27 b. A person ¹, including, but not limited to, a health care
28 provider, health care facility, non-profit organization, clinical
29 laboratory, and recovery residence,¹ is guilty of a crime of the
30 **【fourth】** third degree if the person knowingly assists, conspires
31 with, or urges any person to make, furnish, ¹solicit, offer,¹ or
32 receive a payment, fee, commission, ¹kickback, bribe,¹ or rebate in
33 violation of subsection a. of this section. Notwithstanding the
34 provisions of N.J.S.2C:43-3, a person convicted of an offense under
35 this subsection shall be sentenced to make restitution and to pay a
36 fine of \$50,000.

37 c. It shall not be a violation of subsection a. of this section to
38 make or receive a payment or otherwise furnish or receive any fee,
39 commission, or rebate that does not vary based on:

40 (1) the number of patients referred to a substance use disorder
41 treatment facility ¹, recovery residence, or clinical laboratory¹;

42 (2) the duration, level, volume, or nature of the substance use
43 disorder treatment services provided to a patient; or

44 (3) the amount of benefits provided by a carrier to a substance

EXPLANATION – Matter enclosed in bold-faced brackets **【thus】** in the above bill is
not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹Senate SBA committee amendments adopted March 17, 2025.

1 use disorder treatment facility ¹, recovery residence, or clinical
2 laboratory¹ for treatment or services provided to a patient.

3 d. ¹(1) The Office of Licensing in the Department of Health may
4 investigate a health care facility or clinical laboratory licensed or
5 certified by the Department of Health for an alleged violation of
6 this act. Upon finding a violation, the Department of Health may
7 suspend or revoke the health care facility or clinical laboratory's
8 license or certification, if applicable, or may impose a civil penalty
9 against the health care facility or clinical laboratory. If the
10 Department of Health imposes a civil penalty, the civil penalty shall
11 be not more than \$20,000 for each violation.

12 (2) The Department of Community Affairs may investigate a
13 recovery residence for an alleged violation of this act. Upon finding
14 a violation, the Department of Community Affairs may suspend or
15 revoke the recovery residence owner's license or certification, if
16 applicable, or may impose a civil penalty against the recovery
17 residence owner. If the Department of Community Affairs imposes
18 a civil penalty, the civil penalty shall be not more than \$20,000 for
19 each violation.

20 e.¹ As used in this section:

21 ¹"Clinical laboratory" means the same as that term is defined in
22 section 2 of P.L.1975, c.166 (C. 45:9-42.27).¹

23 "Health care facility" means a health care facility licensed
24 pursuant to P.L.1971, c.136 (C.26:2H-1 et seq.).

25 "Health care provider" means an individual who provides a
26 health care service to a patient, and includes, but is not limited to, a
27 licensed physician, ¹registered professional¹ nurse, ¹advanced
28 practice¹ nurse ¹[practitioner]¹, psychologist, psychiatrist,
29 psychoanalyst, clinical social worker, physician assistant,
30 professional counselor, respiratory therapist, speech pathologist,
31 audiologist, optometrist, or any other health care professional acting
32 within the scope of a valid license or certification issued pursuant to
33 Title 45 of the Revised Statutes.

34 "Recovery residence" means ¹[housing with a home-like
35 atmosphere, which is available in either a professionally-managed
36 facility or a peer-managed facility] a boarding house licensed by
37 the Department of Community Affairs¹, ¹[and]¹ which provides a
38 sober living environment and alcohol- and drug-free living
39 accommodations to individuals with substance use disorders, or to
40 individuals with co-occurring mental health and substance use
41 disorders, but which does not provide clinical treatment services for
42 mental health or substance use disorders. ¹["Recovery residence"
43 includes, but is not limited to, a facility that is commonly referred
44 to as a sober living home.]¹

45 (cf: P.L.2021, c.31, s.1)

46
47 2. This act shall take effect immediately.

ASSEMBLY OVERSIGHT, REFORM AND FEDERAL
RELATIONS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 3973

STATE OF NEW JERSEY

DATED: MAY 13, 2024

The Assembly Oversight, Reform and Federal Relations Committee reports favorably Assembly Bill No. 3973.

This bill would revise the current law that criminalizes certain payments for the referral of patients to substance use disorder treatment facilities.

The bill makes it a crime of the third degree for a person to make or receive a payment or otherwise furnish or receive any fee, commission, or rebate to any person in connection with the referral of patients to a facility licensed in accordance with section 8 of P.L.1975, c.305 (C.26:2B-14) for substance use disorder treatment or services or to a substance use disorder treatment facility issued a certificate of approval pursuant to P.L.1970, c.334 (C.26:2G-21 et seq.). The bill makes it a crime of the third degree for a person to knowingly assist, conspire with, or urge any person to make, furnish, or receive a payment, fee, commission, or rebate in violation of P.L.2021, c.31 (C.2C:40A-6). Under current law, these offenses are crimes of the fourth degree. The bill would also establish a fine of \$50,000 that would automatically be applied to any person who violates these patient referral laws.

The bill expressly includes health care providers, health care facilities, non-profit organizations, and recovery residences under the scope of these laws.

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 3973

STATE OF NEW JERSEY

DATED: JUNE 24, 2024

The Assembly Appropriations Committee reports favorably Assembly Bill No. 3973.

This bill would revise the current law that criminalizes certain payments for the referral of patients to substance use disorder treatment facilities.

The bill makes it a crime of the third degree for a person to make or receive a payment or otherwise furnish or receive any fee, commission, or rebate to any person in connection with the referral of patients to a facility licensed in accordance with section 8 of P.L.1975, c.305 (C.26:2B-14) for substance use disorder treatment or services or to a substance use disorder treatment facility issued a certificate of approval pursuant to P.L.1970, c.334 (C.26:2G-21 et seq.). The bill makes it a crime of the third degree for a person to knowingly assist, conspire with, or urge any person to make, furnish, or receive a payment, fee, commission, or rebate in violation of P.L.2021, c.31 (C.2C:40A-6). Under current law, these offenses are crimes of the fourth degree. The bill would also establish a fine of \$50,000 that would automatically be applied to any person who violates these patient referral laws.

The bill expressly includes health care providers, health care facilities, non-profit organizations, and recovery residences under the scope of these laws.

FISCAL IMPACT:

The Office of Legislative Services (OLS) finds that the bill's expansion of current law concerning patient referrals to substance use disorder treatment facilities to include health care providers, health care facilities, non-profit organizations, and recovery residences would increase the workload of the Department of Law and Public Safety, the Judiciary, and the Office of the Public Defender to the extent the bill results in additional trials and court costs.

The State may receive additional indeterminate annual revenues from increased fines and penalties assessed on individuals convicted of the upgraded crimes. Moreover, in addition to upgrading the crimes from the fourth degree to the third degree, the bill establishes a fine of \$50,000 that would automatically be applied to any person who violates the patient referral laws. The OLS notes, however that many penalties historically go unpaid by those convicted of crimes.

SENATE HEALTH, HUMAN SERVICES AND SENIOR
CITIZENS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 3973

STATE OF NEW JERSEY

DATED: MARCH 3, 2025

The Senate Health, Human Services and Senior Citizens Committee reports favorably Assembly Bill No. 3973.

This bill would revise the current law that criminalizes certain payments for the referral of patients to substance use disorder treatment facilities.

The bill makes it a crime of the third degree for a person to make or receive a payment or otherwise furnish or receive any fee, commission, or rebate to any person in connection with the referral of patients to a facility licensed in accordance with section 8 of P.L.1975, c.305 (C.26:2B-14) for substance use disorder treatment or services or to a substance use disorder treatment facility issued a certificate of approval pursuant to P.L.1970, c.334 (C.26:2G-21 et seq.). The bill makes it a crime of the third degree for a person to knowingly assist, conspire with, or urge any person to make, furnish, or receive a payment, fee, commission, or rebate in violation of P.L.2021, c.31 (C.2C:40A-6). Under current law, these offenses are crimes of the fourth degree. The bill would also establish a fine of \$50,000 that would automatically be applied to any person who violates these patient referral laws.

The bill expressly includes health care providers, health care facilities, non-profit organizations, and recovery residences under the scope of these laws.

As reported by the committee, Assembly Bill No. 3973 is identical to Senate Bill No. 3952, which was also reported by the committee on this date.

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 3973

with committee amendments

STATE OF NEW JERSEY

DATED: MARCH 17, 2025

The Senate Budget and Appropriations Committee reports favorably and with committee amendments Assembly Bill No. 3973.

As amended, this bill would revise the current law that criminalizes certain payments for the referral of patients to substance use disorder treatment facilities, recovery residences, and clinical laboratories.

The bill makes it a crime of the third degree for a person, either directly or indirectly, overtly or covertly, in cash or in kind, to make, solicit, offer, or receive a payment or otherwise furnish, solicit, offer, or receive any fee, commission, kickback, bribe, or rebate to any person in connection with the referral of patients to, or in exchange for a patient using the services of, a facility licensed in accordance with section 8 of P.L.1975, c.305 (C.26:2B-14) for substance use disorder treatment or services, substance use disorder treatment facility issued a certificate of approval pursuant to P.L.1970, c.334 (C.26:2G-21 et seq.), recovery residence, or clinical laboratory. The bill makes it a crime of the third degree to knowingly assist, conspire with, or urge any person to make, solicit, offer, furnish, or receive a payment, fee, commission, kickback, bribe, or rebate in violation of P.L.2021, c.31 (C.2C:40A-6). Under current law, these offenses are crimes of the fourth degree. The bill would also establish a fine of \$50,000 that would automatically be applied to any person who violates these patient referral laws.

The bill expressly includes health care providers, health care facilities, non-profit organizations, clinical laboratories, and recovery residences under the scope of these patient referral laws.

The bill provides the Department of Health and the Department of Community Affairs certain authority to investigate alleged violations of the bill and to take certain enforcement actions concerning licensure or certification.

As amended and reported by the committee, Assembly Bill No. 3973 is identical to Senate Bill No. 3952, which was also amended and reported by the committee on this date.

COMMITTEE AMENDMENTS:

The committee amendments expressly include clinical laboratories under the scope of the patient referral law under the bill and clarify that the provisions of the bill will apply to persons, including, but not limited to, health care providers, health care facilities, non-profit organizations, clinical laboratories, and recovery residences.

The committee amendments clarify the scope of the bill and provide that under the bill, it is a crime of the third degree for a person to make, furnish, solicit, offer, or receive a payment, fee, commission, kickback, bribe, or rebate in connection with the referral of patients to, or in exchange for a patient using the services of, a substance use disorder treatment facility, recovery residence, or clinical laboratory. As introduced, it was a crime of the third degree for a person to make, furnish, or receive a payment, fee, commission, or rebate in connection with the referral of patients to a substance use disorder treatment facility.

The committee amendments provide the Department of Health and the Department of Community Affairs certain authority to investigate alleged violations of the bill and to take certain enforcement actions concerning licensure and certification.

The committee amendments clarify the bill's definition of "health care provider" to include a registered professional nurse and advanced practice nurse, instead of a nurse and nurse practitioner.

The committee amendments revise the bill's definition of "recovery residence."

The committee amendments revise the title and synopsis of the bill to reflect these changes.

FISCAL IMPACT:

Fiscal information for this bill is currently unavailable.

LEGISLATIVE FISCAL ESTIMATE

ASSEMBLY, No. 3973

STATE OF NEW JERSEY

221st LEGISLATURE

DATED: JUNE 25, 2024

SUMMARY

- Synopsis:** Revises laws concerning patient referrals to substance use disorder treatment facilities.
- Type of Impact:** Annual State expenditure and revenue increases.
- Agencies Affected:** Department of Law and Public Safety; the Judiciary; Office of the Public Defender

Office of Legislative Services Estimate

Annual Fiscal Impact	
State Expenditure Increase	Indeterminate
State Revenue Increase	Indeterminate

- The Office of Legislative Services (OLS) finds that the bill’s expansion of current law concerning patient referrals to substance use disorder treatment facilities to include health care providers, health care facilities, non-profit organizations, and recovery residences would increase the workload of the Department of Law and Public Safety, the Judiciary, and the Office of Public Defender to the extent the bill results in additional trials and court costs.
- The State may receive additional indeterminate annual revenues from increased fines and penalties assessed on individuals convicted of the upgraded crimes. Moreover, in addition to upgrading the crimes from the fourth degree to the third degree, the bill establishes a fine of \$50,000 that would automatically be applied to any person who violates the patient referral laws. The OLS notes, however, that many penalties historically go unpaid by those convicted of crimes.

BILL DESCRIPTION

This bill revises current law that criminalizes certain payments for the referral of patients to substance use disorder treatment facilities. The bill makes it a crime of the third degree for a person to make or receive a payment or otherwise furnish or receive any fee, commission, or rebate to any person in connection with the referral of patients to substance use treatment disorder facilities regulated by the Division of Mental Health and Addiction Services in the Department of

Human Services. The bill also provides that a person is guilty of a crime of the third degree if the person knowingly assists, conspires with, or urges any person to make, furnish, or receive a payment, fee, commission, or rebate in violation of the bill's provisions. A crime of the third degree is ordinarily punishable by a term of three to five years imprisonment, a fine of up to \$15,000, or both. Under current law, these offenses are crimes of the fourth degree, which are punishable by a term of imprisonment of up to 18 months, a fine of up to \$10,000, or both. Under the bill, a person convicted under either of these offenses additionally would be required to make restitution and pay a fine of \$50,000.

The bill expressly includes health care providers, health care facilities, non-profit organizations, and recovery residences under the scope of these laws.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS finds that the bill's expansion of current law concerning patient referrals to substance use disorder treatment facilities to include health care providers, health care facilities, non-profit organizations, and recovery residences would increase the workload of the Department of Law and Public Safety, the Judiciary, and the Office of Public Defender to the extent the bill results in additional trials and court costs. Crimes of the third degree and crimes of the fourth degree carry the presumption of non-incarceration for first time offenders so the upgrade of the offenses is not expected to result in additional costs to the Department of Corrections or the State Parole Board.

The State may receive additional indeterminate annual revenues from increased fines because the upgraded crimes carry increased financial penalties. Moreover, in addition to upgrading the crimes from the fourth degree to the third degree, the bill establishes a fine of \$50,000 that would automatically be applied to any person who violates the patient referral laws. The OLS notes, however, that many penalties historically go unpaid by those convicted of crimes.

Section: Judiciary

Analyst: Anuja Pande Joshi
Senior Fiscal Analyst

Approved: Thomas Koenig
Legislative Budget and Finance Officer

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).

LEGISLATIVE FISCAL ESTIMATE
[First Reprint]
ASSEMBLY, No. 3973
STATE OF NEW JERSEY
221st LEGISLATURE

DATED: MARCH 25, 2025

SUMMARY

- Synopsis:** Revises law concerning patient referrals to substance use disorder treatment facilities, recovery residences, and clinical laboratories.
- Type of Impact:** Annual State expenditure and revenue increases.
- Agencies Affected:** Department of Law and Public Safety; the Judiciary; Office of the Public Defender, Department of Health, Department of Community Affairs, Office of Administrative Law.

Office of Legislative Services Estimate

Annual Fiscal Impact	
State Expenditure Increase	Indeterminate
State Revenue Increase	Indeterminate

- The Office of Legislative Services (OLS) finds that the bill’s expansion of current law concerning patient referrals to substance use disorder treatment facilities to include health care providers, health care facilities, non-profit organizations, clinical laboratories, and recovery residences would increase the workload of the Department of Law and Public Safety, the Judiciary, and the Office of Public Defender by an indeterminate amount to the extent the bill results in additional trials and court costs.
- The bill would increase the workload of the Department of Community Affairs, the Department of Health, the Division of Consumer Affairs in the Department of Law and Public Safety, and the Office of Administrative Law to the extent the bill results in additional investigations of licensed providers or facilities and licensing adjudications.
- The State may receive additional indeterminate annual revenues from increased fines and penalties assessed on individuals convicted of the upgraded crimes, and from increased fines and penalties assessed on licensed facilities found in violation of the bill’s provisions. In addition to upgrading the crimes from the fourth degree to the third degree, thereby raising the applicable criminal fines from \$10,000 to \$15,000, the bill establishes an additional fine of

\$50,000 that would automatically be applied to any person who violates the patient referral laws. Moreover, the bill establishes a \$20,000 civil penalty on licensed facilities found in violation of the bill's provisions. The OLS notes, however, that the State's ability to collect monetary fines assessed in criminal cases has historically been limited.

BILL DESCRIPTION

This bill revises current law that criminalizes certain payments for the referral of patients to substance use disorder treatment facilities, recovery residences, and clinical laboratories. The bill makes it a crime of the third degree for a person to make, solicit, offer, or receive a payment or otherwise furnish, solicit, offer, or receive any fee, commission, kickback, bribe, or rebate to any person in connection with the referral of patients to, or in exchange for a patient using the services of, a substance use treatment disorder provider or facility. The bill also provides that a person is guilty of a crime of the third degree if the person knowingly assists, conspires with, or urges any person to make, solicit, offer, furnish, or receive a payment, fee, commission, or rebate in violation of the bill's provisions. A crime of the third degree is ordinarily punishable by a term of three to five years imprisonment, a fine of up to \$15,000, or both. Under current law, these offenses are crimes of the fourth degree, which are punishable by a term of imprisonment of up to 18 months, a fine of up to \$10,000, or both. Under the bill, a person convicted under either of these offenses additionally would be required to make restitution and pay a fine of \$50,000.

The bill expressly includes within its scope health care providers, non-profit organizations, health care facilities, and clinical laboratories licensed by the Department of Health, and recovery residences licensed by the Department of Community Affairs. The bill also authorizes the Department of Health and the Department of Community Affairs to investigate and take licensing action against facilities or providers alleged to be in violation of the bill's provisions. If a violation is found, the licensee may be assessed a civil penalty of \$20,000 in addition to license suspension or revocation.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS finds that the bill's expansion of current law concerning patient referrals to substance use disorder treatment facilities to include health care providers, health care facilities, non-profit organizations, clinical laboratories, and recovery residences would increase the workload of the Department of Law and Public Safety, the Judiciary, and the Office of Public Defender by an indeterminate amount to the extent the bill results in additional criminal prosecutions and court costs. Additionally, the bill would increase the workload of the Department of Community Affairs, the Office of Licensing in the Department of Health, the Division of Consumer Affairs in the Department of Law and Public Safety, and the Office of Administrative Law to the extent the bill results in additional investigations of licensed providers or facilities and licensing adjudications.

Generally, crimes of the third degree carry the presumption of non-incarceration for first time offenders. However, repeat offenders could face incarceration. The OLS notes that to the extent

the bill results in additional incarcerations, the Department of Corrections would incur those costs. Based on information provided by the department, the FY 2023 average annual cost for housing, ensuring security, and providing services to an incarcerated individual was \$75,574, with an average daily cost of \$207.

The State may receive additional indeterminate annual revenues from increased criminal fines because the upgraded crimes carry increased financial penalties. Moreover, in addition to upgrading the crimes from the fourth degree to the third degree, the bill establishes a fine of \$50,000 that would automatically be applied to any person who violates the patient referral laws. Furthermore, the bill establishes a \$20,000 civil penalty on licensed facilities found in violation of the bill’s provisions. The OLS notes, however, that the State’s ability to collect monetary fines assessed in criminal cases has historically been limited.

Section: Judiciary

Analyst: William Lim
Associate Counsel

Approved: Thomas Koenig
Legislative Budget and Finance Officer

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).

SENATE, No. 3952

STATE OF NEW JERSEY

221st LEGISLATURE

INTRODUCED DECEMBER 12, 2024

Sponsored by:

Senator JOSEPH F. VITALE
District 19 (Middlesex)
Senator BENJIE E. WIMBERLY
District 35 (Bergen and Passaic)

Co-Sponsored by:

Senators Diegnan, Burgess and O'Scanlon

SYNOPSIS

Revises laws concerning patient referrals to substance use disorder treatment facilities.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 3/17/2025)

1 AN ACT concerning referrals to substance use disorder treatment
2 facilities and amending P.L.2021, c.31.

3

4 **BE IT ENACTED** *by the Senate and General Assembly of the State*
5 *of New Jersey:*

6

7 1. Section 1 of P.L.2021, c.31 (C.2C:40A-6) is amended to read
8 as follows:

9 1. a. A person, including, but not limited to, a health care
10 provider, health care facility, non-profit organization, and recovery
11 residence, is guilty of a crime of the **fourth** third degree if the
12 person makes or receives a payment or otherwise furnishes or
13 receives any fee, commission, or rebate to any person in connection
14 with the referral of patients to a facility licensed in accordance with
15 section 8 of P.L.1975, c.305 (C.26:2B-14) for substance use
16 disorder treatment or services or to a substance use disorder
17 treatment facility issued a certificate of approval pursuant to
18 P.L.1970, c.334 (C.26:2G-21 et seq.). Notwithstanding the
19 provisions of N.J.S.2C:43-3, a person convicted of an offense under
20 this subsection shall be sentenced to make restitution and to pay a
21 fine of \$50,000.

22 b. A person is guilty of a crime of the **fourth** third degree if
23 the person knowingly assists, conspires with, or urges any person to
24 make, furnish, or receive a payment, fee, commission, or rebate in
25 violation of subsection a. of this section. Notwithstanding the
26 provisions of N.J.S.2C:43-3, a person convicted of an offense under
27 this subsection shall be sentenced to make restitution and to pay a
28 fine of \$50,000.

29 c. It shall not be a violation of subsection a. of this section to
30 make or receive a payment or otherwise furnish or receive any fee,
31 commission, or rebate that does not vary based on:

32 (1) the number of patients referred to a substance use disorder
33 treatment facility;

34 (2) the duration, level, volume, or nature of the substance use
35 disorder treatment services provided to a patient; or

36 (3) the amount of benefits provided by a carrier to a substance
37 use disorder treatment facility for treatment or services provided to
38 a patient.

39 d. As used in this section:

40 "Health care facility" means a health care facility licensed
41 pursuant to P.L.1971, c.136 (C.26:2H-1 et seq.).

42 "Health care provider" means an individual who provides a
43 health care service to a patient, and includes, but is not limited to, a
44 licensed physician, nurse, nurse practitioner, psychologist,
45 psychiatrist, psychoanalyst, clinical social worker, physician

EXPLANATION – Matter enclosed in bold-faced brackets **thus** in the above bill is
not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

1 assistant, professional counselor, respiratory therapist, speech
2 pathologist, audiologist, optometrist, or any other health care
3 professional acting within the scope of a valid license or
4 certification issued pursuant to Title 45 of the Revised Statutes.

5 “Recovery residence” means housing with a home-like
6 atmosphere, which is available in either a professionally-managed
7 facility or a peer-managed facility, and which provides a sober
8 living environment and alcohol- and drug-free living
9 accommodations to individuals with substance use disorders, or to
10 individuals with co-occurring mental health and substance use
11 disorders, but which does not provide clinical treatment services for
12 mental health or substance use disorders. “Recovery residence”
13 includes, but is not limited to, a facility that is commonly referred
14 to as a sober living home.

15 (cf: P.L.2021, c.31, s.1)

16
17 2. This act shall take effect immediately.

18
19
20 STATEMENT

21
22 This bill would revise the current law that criminalizes certain
23 payments for the referral of patients to substance use disorder
24 treatment facilities.

25 The bill makes it a crime of the third degree for a person to make
26 or receive a payment or otherwise furnish or receive any fee,
27 commission, or rebate to any person in connection with the referral
28 of patients to a facility licensed in accordance with section 8 of
29 P.L.1975, c.305 (C.26:2B-14) for substance use disorder treatment
30 or services or to a substance use disorder treatment facility issued a
31 certificate of approval pursuant to P.L.1970, c.334 (C.26:2G-21 et
32 seq.). The bill makes it a crime of the third degree for a person to
33 knowingly assist, conspire with, or urge any person to make,
34 furnish, or receive a payment, fee, commission, or rebate in
35 violation of P.L.2021, c.31 (C.2C:40A-6). Under current law, these
36 offenses are crimes of the fourth degree. The bill would also
37 establish a fine of \$50,000 that would automatically be applied to
38 any person who violates these patient referral laws.

39 The bill expressly includes health care providers, health care
40 facilities, non-profit organizations, and recovery residences under
41 the scope of these patient referral laws.

[First Reprint]

SENATE, No. 3952

STATE OF NEW JERSEY

221st LEGISLATURE

INTRODUCED DECEMBER 12, 2024

Sponsored by:

Senator JOSEPH F. VITALE

District 19 (Middlesex)

Senator BENJIE E. WIMBERLY

District 35 (Bergen and Passaic)

Co-Sponsored by:

Senators Diegnan, Burgess and O'Scanlon

SYNOPSIS

Revises law concerning patient referrals to substance use disorder treatment facilities, recovery residences, and clinical laboratories.

CURRENT VERSION OF TEXT

As reported by the Senate Budget and Appropriations Committee on March 17, 2025, with amendments.



(Sponsorship Updated As Of: 3/17/2025)

1 AN ACT concerning referrals to substance use disorder treatment
2 facilities ¹, recovery residences, and clinical laboratories¹ and
3 amending P.L.2021, c.31.

4
5 **BE IT ENACTED** by the Senate and General Assembly of the State
6 of New Jersey:

7
8 1. Section 1 of P.L.2021, c.31 (C.2C:40A-6) is amended to read as
9 follows:

10 1. a. A person, including, but not limited to, a health care
11 provider, health care facility, non-profit organization ¹, clinical
12 laboratory¹, and recovery residence, is guilty of a crime of the
13 **【fourth】** third degree if the person ¹, either directly or indirectly,
14 overtly or covertly, in cash or in kind,¹ makes ¹, solicits, offers,¹ or
15 receives a payment or otherwise furnishes ¹, solicits, offers,¹ or
16 receives any fee, commission, ¹kickback, bribe,¹ or rebate to any
17 person in connection with the referral of patients to ¹, or in exchange
18 for a patient using the services of,¹ a facility licensed in accordance
19 with section 8 of P.L.1975, c.305 (C.26:2B-14) for substance use
20 disorder treatment or services ¹**【or to a】**,¹ substance use disorder
21 treatment facility issued a certificate of approval pursuant to P.L.1970,
22 c.334 (C.26:2G-21 et seq.) ¹, recovery residence, or clinical
23 laboratory¹. Notwithstanding the provisions of N.J.S.2C:43-3, a
24 person convicted of an offense under this subsection shall be sentenced
25 to make restitution and to pay a fine of \$50,000.

26 b. A person ¹, including, but not limited to, a health care provider,
27 health care facility, non-profit organization, clinical laboratory, and
28 recovery residence,¹ is guilty of a crime of the **【fourth】** third degree if
29 the person knowingly assists, conspires with, or urges any person to
30 make, furnish, ¹solicit, offer,¹ or receive a payment, fee, commission,
31 ¹kickback, bribe,¹ or rebate in violation of subsection a. of this section.
32 Notwithstanding the provisions of N.J.S.2C:43-3, a person convicted
33 of an offense under this subsection shall be sentenced to make
34 restitution and to pay a fine of \$50,000.

35 c. It shall not be a violation of subsection a. of this section to
36 make or receive a payment or otherwise furnish or receive any fee,
37 commission, or rebate that does not vary based on:

38 (1) the number of patients referred to a substance use disorder
39 treatment facility ¹, recovery residence, or clinical laboratory¹;

40 (2) the duration, level, volume, or nature of the substance use
41 disorder treatment services provided to a patient; or

42 (3) the amount of benefits provided by a carrier to a substance use
43 disorder treatment facility ¹, recovery residence, or clinical laboratory¹
44 for treatment or services provided to a patient.

EXPLANATION – Matter enclosed in bold-faced brackets **【thus】** in the above bill is
not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹Senate SBA committee amendments adopted March 17, 2025.

d. ¹(1) The Office of Licensing in the Department of Health may investigate a health care facility or clinical laboratory licensed or certified by the Department of Health for an alleged violation of this act. Upon finding a violation, the Department of Health may suspend or revoke the health care facility or clinical laboratory's license or certification, if applicable, or may impose a civil penalty against the health care facility or clinical laboratory. If the Department of Health imposes a civil penalty, the civil penalty shall be not more than \$20,000 for each violation.

(2) The Department of Community Affairs may investigate a recovery residence for an alleged violation of this act. Upon finding a violation, the Department of Community Affairs may suspend or revoke the recovery residence owner's license or certification, if applicable, or may impose a civil penalty against the recovery residence owner. If the Department of Community Affairs imposes a civil penalty, the civil penalty shall be not more than \$20,000 for each violation.

e. ¹As used in this section:

¹"Clinical laboratory" means the same as that term is defined in section 2 of P.L.1975, c.166 (C. 45:9-42.27).¹

"Health care facility" means a health care facility licensed pursuant to P.L.1971, c.136 (C.26:2H-1 et seq.).

"Health care provider" means an individual who provides a health care service to a patient, and includes, but is not limited to, a licensed physician, ¹registered professional¹ nurse, ¹advanced practice¹ nurse ¹**practitioner**¹, psychologist, psychiatrist, psychoanalyst, clinical social worker, physician assistant, professional counselor, respiratory therapist, speech pathologist, audiologist, optometrist, or any other health care professional acting within the scope of a valid license or certification issued pursuant to Title 45 of the Revised Statutes.

"Recovery residence" means ¹**housing with a home-like atmosphere, which is available in either a professionally-managed facility or a peer-managed facility** a boarding house licensed by the Department of Community Affairs¹, ¹**and**¹ which provides a sober living environment and alcohol- and drug-free living accommodations to individuals with substance use disorders, or to individuals with co-occurring mental health and substance use disorders, but which does not provide clinical treatment services for mental health or substance use disorders. ¹**"Recovery residence" includes, but is not limited to, a facility that is commonly referred to as a sober living home.**¹

(cf: P.L.2021, c.31, s.1)

2. This act shall take effect immediately.

SENATE HEALTH, HUMAN SERVICES AND SENIOR
CITIZENS COMMITTEE

STATEMENT TO

SENATE, No. 3952

STATE OF NEW JERSEY

DATED: MARCH 3, 2025

The Senate Health, Human Services and Senior Citizens Committee reports favorably Senate Bill No. 3952.

This bill would revise the current law that criminalizes certain payments for the referral of patients to substance use disorder treatment facilities.

The bill makes it a crime of the third degree for a person to make or receive a payment or otherwise furnish or receive any fee, commission, or rebate to any person in connection with the referral of patients to a facility licensed in accordance with section 8 of P.L.1975, c.305 (C.26:2B-14) for substance use disorder treatment or services or to a substance use disorder treatment facility issued a certificate of approval pursuant to P.L.1970, c.334 (C.26:2G-21 et seq.). The bill makes it a crime of the third degree for a person to knowingly assist, conspire with, or urge any person to make, furnish, or receive a payment, fee, commission, or rebate in violation of P.L.2021, c.31 (C.2C:40A-6). Under current law, these offenses are crimes of the fourth degree. The bill would also establish a fine of \$50,000 that would automatically be applied to any person who violates these patient referral laws.

The bill expressly includes health care providers, health care facilities, non-profit organizations, and recovery residences under the scope of these patient referral laws.

As reported by the committee, Senate Bill No. 3952 is identical to Assembly Bill No. 3973, which was also reported by the committee on this date.

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE, No. 3952

with committee amendments

STATE OF NEW JERSEY

DATED: MARCH 17, 2025

The Senate Budget and Appropriations Committee reports favorably and with committee amendments Senate Bill No. 3952.

As amended, this bill would revise the current law that criminalizes certain payments for the referral of patients to substance use disorder treatment facilities, recovery residences, and clinical laboratories.

The bill makes it a crime of the third degree for a person, either directly or indirectly, overtly or covertly, in cash or in kind, to make, solicit, offer, or receive a payment or otherwise furnish, solicit, offer, or receive any fee, commission, kickback, bribe, or rebate to any person in connection with the referral of patients to, or in exchange for a patient using the services of, a facility licensed in accordance with section 8 of P.L.1975, c.305 (C.26:2B-14) for substance use disorder treatment or services, substance use disorder treatment facility issued a certificate of approval pursuant to P.L.1970, c.334 (C.26:2G-21 et seq.), recovery residence, or clinical laboratory. The bill makes it a crime of the third degree to knowingly assist, conspire with, or urge any person to make, solicit, offer, furnish, or receive a payment, fee, commission, kickback, bribe, or rebate in violation of P.L.2021, c.31 (C.2C:40A-6). Under current law, these offenses are crimes of the fourth degree. The bill would also establish a fine of \$50,000 that would automatically be applied to any person who violates these patient referral laws.

The bill expressly includes health care providers, health care facilities, non-profit organizations, clinical laboratories, and recovery residences under the scope of these patient referral laws.

The bill provides the Department of Health and the Department of Community Affairs certain authority to investigate alleged violations of the bill and to take certain enforcement actions concerning licensure or certification.

As amended and reported by the committee, Senate Bill No. 3952 is identical to Assembly Bill No. 3973, which was also amended and reported by the committee on this date.

COMMITTEE AMENDMENTS:

The committee amendments expressly include clinical laboratories under the scope of the patient referral law under the bill and clarify that the provisions of the bill will apply to persons, including, but not limited to, health care providers, health care facilities, non-profit organizations, clinical laboratories, and recovery residences.

The committee amendments clarify the scope of the bill and provide that under the bill, it is a crime of the third degree for a person to make, furnish, solicit, offer, or receive a payment, fee, commission, kickback, bribe, or rebate in connection with the referral of patients to, or in exchange for a patient using the services of, a substance use disorder treatment facility, recovery residence, or clinical laboratory. As introduced, it was a crime of the third degree for a person to make, furnish, or receive a payment, fee, commission, or rebate in connection with the referral of patients to a substance use disorder treatment facility.

The committee amendments provide the Department of Health and the Department of Community Affairs certain authority to investigate alleged violations of the bill and to take certain enforcement actions concerning licensure and certification.

The committee amendments clarify the bill's definition of "health care provider" to include a registered professional nurse and advanced practice nurse, instead of a nurse and nurse practitioner.

The committee amendments revise the bill's definition of "recovery residence."

The committee amendments revise the title and synopsis of the bill to reflect these changes.

FISCAL IMPACT:

Fiscal information for this bill is currently unavailable.

LEGISLATIVE FISCAL ESTIMATE

SENATE, No. 3952

STATE OF NEW JERSEY

221st LEGISLATURE

DATED: MARCH 13, 2025

SUMMARY

Synopsis: Revises laws concerning patient referrals to substance use disorder treatment facilities.

Type of Impact: Annual State expenditure and revenue increases.

Agencies Affected: Department of Law and Public Safety; the Judiciary; Office of the Public Defender.

Office of Legislative Services Estimate

Annual Fiscal Impact	
State Expenditure Increase	Indeterminate
State Revenue Increase	Indeterminate

- The Office of Legislative Services (OLS) finds that the bill’s expansion of current law concerning patient referrals to substance use disorder treatment facilities to include health care providers, health care facilities, non-profit organizations, and recovery residences would increase the workload of the Department of Law and Public Safety, the Judiciary, and the Office of Public Defender to the extent the bill results in additional trials and court costs.
- The State may receive additional indeterminate annual revenues from increased fines and penalties assessed on individuals convicted of the upgraded crimes. Moreover, in addition to upgrading the crimes from the fourth degree to the third degree, the bill establishes a fine of \$50,000 that would automatically be applied to any person who violates the patient referral laws. The OLS notes, however, that many penalties historically go unpaid by those convicted of crimes.

BILL DESCRIPTION

This bill revises current law that criminalizes certain payments for the referral of patients to substance use disorder treatment facilities. The bill makes it a crime of the third degree for a person to make or receive a payment or otherwise furnish or receive any fee, commission, or rebate to any person in connection with the referral of patients to substance use treatment disorder

facilities regulated by the Division of Mental Health and Addiction Services in the Department of Human Services. The bill also provides that a person is guilty of a crime of the third degree if the person knowingly assists, conspires with, or urges any person to make, furnish, or receive a payment, fee, commission, or rebate in violation of the bill's provisions. A crime of the third degree is ordinarily punishable by a term of three to five years imprisonment, a fine of up to \$15,000, or both. Under current law, these offenses are crimes of the fourth degree, which are punishable by a term of imprisonment of up to 18 months, a fine of up to \$10,000, or both. Under the bill, a person convicted under either of these offenses additionally would be required to make restitution and pay a fine of \$50,000.

The bill expressly includes health care providers, health care facilities, non-profit organizations, and recovery residences under the scope of these laws.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS finds that the bill's expansion of current law concerning patient referrals to substance use disorder treatment facilities to include health care providers, health care facilities, non-profit organizations, and recovery residences would increase the workload of the Department of Law and Public Safety, the Judiciary, and the Office of Public Defender to the extent the bill results in additional trials and court costs. Generally, crimes of the third degree carry the presumption of non-incarceration for first time offenders. However, repeat offenders could face incarceration. The OLS notes that to the extent the bill results in additional incarcerations, the Department of Corrections would incur those costs. Based on information provided by the department, the FY 2023 average annual cost for housing, ensuring security, and providing services to an incarcerated individual was \$75,574, with an average daily cost of \$207.

The State may receive additional indeterminate annual revenues from increased fines because the upgraded crimes carry increased financial penalties. Moreover, in addition to upgrading the crimes from the fourth degree to the third degree, the bill establishes a fine of \$50,000 that would automatically be applied to any person who violates the patient referral laws. The OLS notes, however, that many penalties historically go unpaid by those convicted of crimes.

Section: *Judiciary*
Analyst: *Anuja Pande Joshi*
 Senior Fiscal Analyst
Approved: *Thomas Koenig*
 Legislative Budget and Finance Officer

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).

LEGISLATIVE FISCAL ESTIMATE
[First Reprint]
SENATE, No. 3952
STATE OF NEW JERSEY
221st LEGISLATURE

DATED: MARCH 25, 2025

SUMMARY

- Synopsis:** Revises law concerning patient referrals to substance use disorder treatment facilities, recovery residences, and clinical laboratories.
- Type of Impact:** Annual State expenditure and revenue increases.
- Agencies Affected:** Department of Law and Public Safety; the Judiciary; Office of the Public Defender, Department of Health, Department of Community Affairs, Office of Administrative Law.

Office of Legislative Services Estimate

Annual Fiscal Impact	
State Expenditure Increase	Indeterminate
State Revenue Increase	Indeterminate

- The Office of Legislative Services (OLS) finds that the bill’s expansion of current law concerning patient referrals to substance use disorder treatment facilities to include health care providers, health care facilities, non-profit organizations, clinical laboratories, and recovery residences would increase the workload of the Department of Law and Public Safety, the Judiciary, and the Office of Public Defender by an indeterminate amount to the extent the bill results in additional trials and court costs.
- The bill would increase the workload of the Department of Community Affairs, the Department of Health, the Division of Consumer Affairs in the Department of Law and Public Safety, and the Office of Administrative Law to the extent the bill results in additional investigations of licensed providers or facilities and licensing adjudications.
- The State may receive additional indeterminate annual revenues from increased fines and penalties assessed on individuals convicted of the upgraded crimes, and from increased fines and penalties assessed on licensed facilities found in violation of the bill’s provisions. In addition to upgrading the crimes from the fourth degree to the third degree, thereby raising the applicable criminal fines from \$10,000 to \$15,000, the bill establishes an additional fine of

\$50,000 that would automatically be applied to any person who violates the patient referral laws. Moreover, the bill establishes a \$20,000 civil penalty on licensed facilities found in violation of the bill's provisions. The OLS notes, however, that the State's ability to collect monetary fines assessed in criminal cases has historically been limited.

BILL DESCRIPTION

This bill revises current law that criminalizes certain payments for the referral of patients to substance use disorder treatment facilities, recovery residences, and clinical laboratories. The bill makes it a crime of the third degree for a person to make, solicit, offer, or receive a payment or otherwise furnish, solicit, offer, or receive any fee, commission, kickback, bribe, or rebate to any person in connection with the referral of patients to, or in exchange for a patient using the services of, a substance use treatment disorder provider or facility. The bill also provides that a person is guilty of a crime of the third degree if the person knowingly assists, conspires with, or urges any person to make, solicit, offer, furnish, or receive a payment, fee, commission, or rebate in violation of the bill's provisions. A crime of the third degree is ordinarily punishable by a term of three to five years imprisonment, a fine of up to \$15,000, or both. Under current law, these offenses are crimes of the fourth degree, which are punishable by a term of imprisonment of up to 18 months, a fine of up to \$10,000, or both. Under the bill, a person convicted under either of these offenses additionally would be required to make restitution and pay a fine of \$50,000.

The bill expressly includes within its scope health care providers, non-profit organizations, health care facilities, and clinical laboratories licensed by the Department of Health, and recovery residences licensed by the Department of Community Affairs. The bill also authorizes the Department of Health and the Department of Community Affairs to investigate and take licensing action against facilities or providers alleged to be in violation of the bill's provisions. If a violation is found, the licensee may be assessed a civil penalty of \$20,000 in addition to license suspension or revocation.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS finds that the bill's expansion of current law concerning patient referrals to substance use disorder treatment facilities to include health care providers, health care facilities, non-profit organizations, clinical laboratories, and recovery residences would increase the workload of the Department of Law and Public Safety, the Judiciary, and the Office of Public Defender by an indeterminate amount to the extent the bill results in additional criminal prosecutions and court costs. Additionally, the bill would increase the workload of the Department of Community Affairs, the Office of Licensing in the Department of Health, the Division of Consumer Affairs in the Department of Law and Public Safety, and the Office of Administrative Law to the extent the bill results in additional investigations of licensed providers or facilities and licensing adjudications.

Generally, crimes of the third degree carry the presumption of non-incarceration for first time offenders. However, repeat offenders could face incarceration. The OLS notes that to the extent the bill results in additional incarcerations, the Department of Corrections would incur those costs. Based on information provided by the department, the FY 2023 average annual cost for housing, ensuring security, and providing services to an incarcerated individual was \$75,574, with an average daily cost of \$207.

The State may receive additional indeterminate annual revenues from increased criminal fines because the upgraded crimes carry increased financial penalties. Moreover, in addition to upgrading the crimes from the fourth degree to the third degree, the bill establishes a fine of \$50,000 that would automatically be applied to any person who violates the patient referral laws. Furthermore, the bill establishes a \$20,000 civil penalty on licensed facilities found in violation of the bill's provisions. The OLS notes, however, that the State's ability to collect monetary fines assessed in criminal cases has historically been limited.

Section: Judiciary
Analyst: William Lim
Associate Counsel
Approved: Thomas Koenig
Legislative Budget and Finance Officer

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).

Acting Governor Way Signs Legislation to Protect Individuals Seeking Substance Use Treatment

Posted on - 08/11/2025

TRENTON – Acting Governor Way today signed two bills protecting individuals seeking addiction treatment from being misled, exploited, or referred for profit. These measures strengthen accountability within the substance use treatment industry, supporting patients in making informed choices and ensuring that care decisions are driven by clinical need rather than financial gain.

"It is important to protect individuals dealing with addiction," **said Acting Governor Way**. "We must ensure proper treatment without exploitation by holding providers accountable and implementing strong safeguards. Too often, vulnerable people are targeted by those who prioritize profit over care, which is unacceptable."

"It is critical that laws are in place to protect individuals and families when they are at their most vulnerable – like when seeking recovery help from drug and alcohol addiction," **said Department of Community Affairs Commissioner Jacquelyn A. Suárez**. "DCA's Division of Codes and Standards works to ensure that violators will be held accountable and penalized for misdeeds."

"New Jersey is sending a clear message that we will not tolerate predatory practices toward individuals seeking treatment for substance use disorder," **said Department of Health Acting Commissioner Jeff Brown**. "It's critical that New Jersey's health care facilities serving these individuals advertise their services honestly and truthfully. When they don't, they should be held accountable."

"Today's bill signings represent a major step forward in protecting individuals and families seeking help for substance use disorders," **Human Services Commissioner Sarah Adelman said**. "By strengthening oversight and eliminating deceptive marketing practices, we are ensuring that New Jersey residents can access care that is ethical, transparent, and effective. These laws reflect our unwavering commitment to supporting recovery with dignity and integrity, while holding providers to the highest standards of accountability."

"Successful treatment for substance-use disorders depends on honest providers and professionals who refer patients to the providers most suited to their needs. These bills strengthen our ability to go after providers who make false claims about their treatment and those who would undermine a vulnerable person's chances for recovery by exploiting the situation for kickbacks and other forms of illicit profit," **said Attorney General Matthew J. Platkin**. "The bills Lieutenant Governor Way is signing today are a testament to New Jersey's commitment to combating the substance-use epidemic."

"People seeking help for substance use disorder deserve honesty, transparency, and dignity," **said New Jersey Public Defender Jennifer Sellitti**. "Deceptive marketing tactics exploit individuals and families during their most vulnerable moments. This legislation represents a crucial step toward holding treatment providers and recovery

residences to the highest ethical standards, ensuring that people can trust the care and support they seek."

"These bills are a positive step for those citizens of our State who suffered from the type of shortcomings in the addiction rehabilitation industry SCI uncovered," **said Bruce Keller, Executive Director of the New Jersey State Commission of Investigation.** "They also underscore the importance of SCI's work in ensuring New Jersey maintains its reputation as a state readily capable of legislative reforms when problems are brought to light."

The first bill ([A3973/S3952](#)) revises existing law on patient referrals to substance use disorder treatment facilities, recovery residences, and clinical laboratories. It reclassifies patient brokering from a fourth-degree to a third-degree crime, imposes mandatory \$50,000 fines per violation, and requires restitution to affected patients or insurers.

Inspired by [a report from the New Jersey State Commission of Investigation \(SCI\)](#), this bill targets "patient brokering," where individuals or entities exploit people struggling with addiction by accepting kickbacks to steer them into treatment centers based on financial incentives rather than clinical need or quality of care. The bill clarifies that the law applies to both for-profit and nonprofit health care facilities, as well as recovery residences like sober living homes.

According to the Department of Human Services, 44,350 patients were admitted for substance use treatment in 2023. Ensuring access to high-quality treatment is critical to New Jersey's response to the opioid epidemic.

The prime sponsors of A3973/S3952 are Assemblyman Verrelli, Assemblyman Schnall, Assemblywoman Reynolds-Jackson, Senator Vitale, and Senator Wimberly.

"Families deserve to know that their loved ones are being referred to treatment centers for the right reasons, and just as importantly, that those seeking help aren't being misled by deceptive and unethical schemes," **said Assemblyman Anthony Verrelli.** "That's why these bills are so important, cracking down on exploitative practices that prey on people in crisis and ensuring patients have access to accurate, honest information, not false promises that stand in the way of recovery."

"People battling addiction should not have to worry whether they're being manipulated for someone else's financial benefit, something that is not only unethical but also deeply harmful," **said Assemblyman Avi Schnall.** "Every person deserves access to treatment that's chosen for the right reasons, and through A3973, we're putting safeguards in place to stop these predatory referral schemes and help hold those responsible fully accountable."

"When the referral process is compromised, the entire foundation of treatment and recovery is at risk," **said Assemblywoman Verlina Reynolds-Jackson.** "People deserve to know they're being guided toward care that's right for them, not care that benefits someone else's bottom line. With this bill, we're empowering patients, and I'm so grateful to see it get signed into law."

"The SCI's reported findings last February were disturbing, and, as the State invests more dollars in the treatment of addiction, we need to ensure that patients are actually being treated rather than used for profit," **said Senator Vitale, the Chair of the Senate Health, Human Services and Senior Citizens Committee.** "This legislation will help to combat the corruption that has resulted from the referral of patients for

personal profit and from deceptive marketing practices that are too-often utilized within the industry.”

“These reforms are about restoring integrity and trust in a system that should be focused entirely on healing,” **said Senator Wimberly**. “People seeking help for addiction deserve clear, honest information and decisions that are made in their best interest, not driven by greed. By putting strong safeguards in place, we can protect patients and ensure that public resources are used to support real recovery.”

The second bill ([A3974/S3955](#)) prohibits the use of deceptive marketing practices by addiction treatment providers. This bill regulates the marketing of addiction treatment services, requiring all advertising to be accurate, complete, and transparent about the services offered, their location, and the provider’s identity and affiliations. Similarly, this legislation authorizes the Department of Health and the Department of Community Affairs to investigate violations and impose civil penalties of up to \$20,000 per offense.

The prime sponsors of A3974/S3955 are Assemblyman Verrelli, Assemblyman Miller, Assemblywoman Bagolie, Senator Vitale, and Senator M. Teresa Ruiz

“When someone is in crisis, they deserve to feel confident that the information they receive is reliable,” **said Assemblywoman Rosy Bagolie**. “This bill puts common-sense safeguards in place to ensure transparency and accountability among treatment providers, and I’m thrilled to see it signed into law.”

“Deceptive marketing practices not only erode trust but can also derail the recovery journeys of individuals fighting addiction,” **said Assemblyman Cody Miller**. “A3974 is about putting the patient’s well-being first and will ensure that everyone can continue to have faith in the treatment process.”

“Treatment for substance use disorder is a lifeline for those grappling with addiction, and it is reprehensible that patients are being exploited by dishonest marketing tactics in moments of vulnerability,” **said Senate Majority Leader M. Teresa Ruiz**. “These practices too often put a roadblock on the path to sobriety for those who need help, and must be curbed if we are to effectively treat substance use disorder.”

“We commend the Governor, Acting Governor, and legislature for taking decisive action to protect the many individuals and families across New Jersey impacted by substance use disorder, especially as they make the brave and critical decision to reach out for help,” **said Kenny Esser, executive vice president Hackensack Meridian behavioral health and president of Carrier Clinic**. “These laws send a clear message that exploitation has no place in treatment and they represent a significant step forward in ensuring that individuals with substance use disorder who place their trust in us are protected, and that treatment is ethical, transparent and focused on recovery.”

“NJAMHAA has long supported actions to deter deceptive marketing practices and patient brokering that is directed at individuals with a substance use disorder when they are most vulnerable,” **said New Jersey Association of Mental Health and Addiction Agencies (NJAMHAA) President and CEO Debra L. Wentz, Ph.D.** These bills go a long way to prevent ‘bad actors’ from preying on those in need, often at great cost, both financially and health-wise. This legislation will help assure New Jerseyans can access quality, local substance use treatment services of their own choosing. We could not be more pleased with the two bills Acting Governor Way is signing today. On behalf of those in need of treatment, we thank her, the Administration and the sponsors of A3973 and A3974.”

"I am honored and grateful to join Acting Governor Tahesha Way for this important moment as these critical bills are signed into law. As someone in sustained remission from opioid use disorder, I commend Governor Murphy, Acting Governor Way, and the New Jersey Legislature, for their leadership in passing these vital bills," **said Nikki Tierney, Policy Analyst, National Center for Advocacy and Recovery (NCAAR).** "Their actions send a clear and critical message that unethical referral and marketing practices will no longer be tolerated, and that health and wellness for people with substance use disorders are a priority for this administration."

"Critical laws like this are what happens when people with lived experience are involved in the process. The people who experience the problem are usually the ones who have a solution. We applaud our elected officials for listening and trusting our Not One More members. This legislation will empower our state agencies to rigorously pursue and penalize those who exploit individuals seeking help, ensuring that real recovery is prioritized over profit. You want to go after waste, fraud and abuse, here it is. Corporations profiting off our pain. Some places build relapses into their business models and that is not ok. With rigorous implementation, these bills will hold shady treatment centers and bad actors accountable" **said Elissa Tierney, Lead Organizer of the Not One More campaign.**

Together, these measures safeguard vulnerable residents by promoting honesty and transparency within New Jersey's substance use treatment industry.

Anyone struggling with drug addiction is encouraged to call [1-844-ReachNJ](https://www.1-844-ReachNJ.org) – a 24-hour-a-day, seven-day-a-week helpline

Posted on: August 11, 2025

Bills Cracking Down on Deceptive Treatment Marketing and Kickbacks Signed into Law

Legislation will strengthen consumer protections in the substance-use treatment industry

(TRENTON) – Two bills designed to strengthen consumer protections in New Jersey’s addiction recovery industry were signed into law today by Acting Governor Tahesha Way. Bill **A3973** and **A3974**, both sponsored by Assemblyman **Anthony S. Verrelli**, will help safeguard the rights of people living in sober homes and treatment facilities.



Last year, the State of New Jersey Commission of Investigation (SCI) issued a **report** highlighting fraud, ethical misconduct and corruption in the Addiction Rehabilitation Industry. This included patient brokering, questionable financial conduct, and deceptive marketing tactics within certain facilities that provide treatment and house sober living patients. The legislation signed into law today aims to regulate the industry in order to eradicate this behavior.

“Families deserve to know that their loved ones are being referred to treatment centers for the right reasons, and just as importantly, that those seeking help aren’t being misled by deceptive and unethical schemes,” **said Assemblyman Verrelli (D-Mercer, Hunterdon)**. “That’s why these bills are so important, cracking down on exploitative practices that prey on people in crisis and ensuring patients have access to accurate, honest information, not false promises that stand in the way of recovery.”

Bill A3974 sponsored by **Assemblymen Verrelli** and **Cody D. Miller** and Assemblywoman **Rosaura “Rosy” Bagolie**, will prohibit treatment providers or recovery residences from engaging in deceptive practices such as making false statements about their status as an in-network or out-of-network provider, providing misleading information regarding services or location, redirecting potential patients to alternative websites without consent, and falsely claiming affiliations with other treatment providers without written consent.

“Deceptive marketing practices not only erode trust but can also derail the recovery journeys of individuals fighting addiction,” **said Assemblyman Miller (D-Atlantic, Camden, Gloucester)**. “A3974 is about putting the patient’s well-being first and will ensure that everyone can continue to have faith in the treatment process.”

"When someone is in crisis, they deserve to feel confident that the information they receive is reliable," **said Assemblywoman Bagolie (D-Essex, Passaic)**. "This bill puts common-sense safeguards in place to ensure transparency and accountability among treatment providers, and I'm thrilled to see it signed into law."

Bill A3973, sponsored by **Assemblymen Verrelli and [Avi Schnall](#)**, and **Assemblywoman [Verlina Reynolds-Jackson](#)**, will revise the law concerning patient referrals to substance use disorder treatment facilities, recovery residences, and clinical laboratories. Specifically, it will elevate referral-related payments such as kickbacks or bribes to a third-degree crime and impose a \$50,000 fine for violations, while expanding these protections to include recovery residences and clinical laboratories, non-profit organizations, healthcare providers, and healthcare facilities.

"People battling addiction should not have to worry whether they're being manipulated for someone else's financial benefit, something that is not only unethical but also deeply harmful," **said Assemblyman Schnall (D-Monmouth, Ocean)**. "Every person deserves access to treatment that's chosen for the right reasons, and through A3973, we're putting safeguards in place to stop these predatory referral schemes and help hold those responsible fully accountable."

"When the referral process is compromised, the entire foundation of treatment and recovery is at risk," **said Assemblywoman Reynolds-Jackson (D-Mercer, Hunterdon)**. "People deserve to know they're being guided toward care that's right for them, not care that benefits someone else's bottom line. With this bill, we're empowering patients, and I'm so grateful to see it get signed into law."

Both bills take effect immediately.