

56:8-230 to 56:8-232 LEGISLATIVE HISTORY CHECKLIST

Compiled by the NJ State Law Library

LAWS OF: 2025 **CHAPTER:** 122

NJSA: 56:8-230 to 56:8-232 Prohibits use of deceptive marketing practices by substance use disorder treatment providers.

BILL NO: A3974 (Substituted for S3955 (2R))

SPONSOR(S) Verrelli, Anthony S. and others

DATE INTRODUCED: 2/27/2024

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

SENATE: Health, Human Services and Senior 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 (A3974 AcaScaSca (3R) enacted)

ADVANCE LAW Yes

PAMPHLET LAW Yes

A3974

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

REPRINT(S):	Yes	AAP 6/24/24 1R SHH 3/3/25 2R SBA 3/17/25 3R
--------------------	-----	---

TECHNICAL REVIEW OF BILL: No

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

SENATE: Yes Health, Human Services and Senior 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	07/01/2024
		03/12/2025
		03/25/2025

S3955 (2R)

INTRODUCED BILL: (Includes sponsor(s) statement)	Yes	
REPRINT(S):	Yes	SHH 3/3/25 1R SBA 3/17/25 2R
TECHNICAL REVIEW OF BILL:	No	
COMMITTEE STATEMENT:	ASSEMBLY:	No
	SENATE:	Yes Health, Human Services & Senior 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	03/12/2025 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 122, *approved August 11, 2025*
Assembly, No. 3974 (*Third Reprint*)

1 AN ACT concerning substance use treatment providers and
2 supplementing Title 56 of the Revised Statutes.
3
4 BE IT ENACTED by the Senate and General Assembly of the State
5 of New Jersey:
6
7 1. As used in this act:
8 ³1“Affiliation” means a relationship where one party, directly or
9 indirectly, through one or more intermediaries, controls, is
10 controlled by, or is under common control with, the other party.¹³
11 “Recovery residence” means ³1housing with a home-like
12 atmosphere, which is available in either a professionally-managed
13 facility or a peer-managed facility,³ 1a boarding house licensed by
14 the Department of Community Affairs³ and which provides a sober
15 living environment and alcohol- and drug-free living
16 accommodations to individuals with substance use disorders, or to
17 individuals with co-occurring mental health and substance use
18 disorders, but which does not provide clinical treatment services for
19 mental health or substance use disorders. ³1“Recovery residence”
20 includes, but is not limited to, a facility that is commonly referred
21 to as a sober living home.³
22 “Treatment provider” means a facility licensed in accordance
23 with section 8 of P.L.1975, c.305 (C.26:2B-14) for substance use
24 disorder treatment or services, ³or³ a substance use disorder
25 treatment facility issued a certificate of approval pursuant to
26 P.L.1970, c.334 (C.26:2G-21 et seq.) ³1, or a recovery residence
27 located within the State³.
28
29 2. Any marketing or advertising materials published or
30 disseminated by a treatment provider ³or a recovery residence³ shall
31 provide accurate and complete information, in plain language, and
32 shall include ³1the following³:
33 a. information on the types and methods of services provided;
34 b. information about the location in which services are provided;
35 and

EXPLANATION – Matter enclosed in bold-faced brackets **1** thus **1** 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:
¹Assembly AAP committee amendments adopted June 24, 2024.
²Senate SMV committee amendments adopted March 3, 2025.
³Senate SBA committee amendments adopted March 17, 2025.

1 c. the treatment provider's ³or recovery residence's³ name and
2 brand name ², phone number, mailing address, and business
3 location address².

4
5 3. a. It shall be an unlawful practice, pursuant to P.L.1960, c.39
6 (C.56:8-1 et seq.), for a treatment provider ³or a recovery residence,
7 as applicable,³ to:

8 (1) make a false or misleading statement about the treatment
9 provider's ³or recovery residence's³ status as an in-network or out-
10 of-network provider;

11 (2) provide, or direct any other person or entity to provide, false
12 or misleading information about the identity of, or contact
13 information for, any treatment provider ³or recovery residence³;

14 (3) include false or misleading information about the Internet
15 address of any treatment provider's ³or recovery residence's³
16 website, or to surreptitiously direct or redirect a person to another
17 website;

18 (4) suggest or imply that ¹**[a relationship]** an ³**[affiliation]**¹
19 affiliation³ with another treatment provider ³or recovery residence³
20 exists, unless the other treatment provider ³or recovery residence³
21 has provided express, written consent to indicate that
22 ¹**[relationship]** ³**[affiliation]**¹ affiliation³;

23 (5) make a false or misleading statement about the substance use
24 disorder treatment services the treatment provider ³or recovery
25 residence³ provides; or

26 (6) make a false or misleading statement about the geographic
27 location of the treatment provider ³or recovery residence,³ or the
28 geographic location in which the treatment provider ³or recovery
29 residence³ provides substance use disorder treatment services.

30 b. Any treatment provider ³**[who]** or recovery residence which³
31 violates the provisions of subsection a. of this section shall be liable
32 to a civil penalty of not more than \$20,000 for each violation. The
33 civil penalty shall be collected pursuant to the "Penalty
34 Enforcement Law of 1999," P.L.1999, c.274 (C.2A:58-10 et seq.),
35 in a summary proceeding before the municipal court having
36 jurisdiction.

37 c. ³**[Any]** A³ person who suffers any injury or damages,
38 including, but not limited to, paying for services that were
39 performed in violation of this act, as a result of the use or
40 employment by a treatment provider ³or recovery residence³ of any
41 method, act, or practice declared unlawful under this act may bring
42 an action or assert a counterclaim therefor in any court of competent
43 jurisdiction. In any action under this subsection, the court shall, in
44 addition to any appropriate legal or equitable relief, award threefold
45 the damages sustained by any person in interest. In all actions

1 under this section, the court shall also award reasonable attorney's
2 fees, filing fees, and reasonable costs of suit.

3 d. ³(1)³ The Office of Licensing in the Department of Health
4 may investigate ³treatment providers for³ alleged violations of this
5 act. Upon finding a violation, the ³[division] Department of
6 Health³ may suspend or revoke the treatment provider's license or
7 certification, if applicable, or may impose a civil penalty against the
8 treatment provider. If the ³[department] Department of Health³
9 imposes a civil penalty, the civil penalty shall be not more than
10 \$20,000 for each violation.

11 ³(2) The Department of Community Affairs may investigate
12 recovery residences for alleged violations of this act. Upon finding
13 a violation, the Department of Community Affairs may suspend or
14 revoke the recovery residence owner's license or certification, if
15 applicable, or may impose a civil penalty against the recovery
16 residence owner. If the Department of Community Affairs imposes
17 a civil penalty, the civil penalty shall be not more than \$20,000 for
18 each violation.³

19
20 4. This act shall take effect immediately.
21
22
23
24

25 Prohibits use of deceptive marketing practices by substance use
26 disorder treatment providers.

CHAPTER 122

AN ACT concerning substance use treatment providers and supplementing Title 56 of the Revised Statutes.

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

C.56:8-230 Definitions.

1. As used in this act:

“Recovery residence” means a boarding house licensed by the Department of Community Affairs and 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.

“Treatment provider” means 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 a substance use disorder treatment facility issued a certificate of approval pursuant to P.L.1970, c.334 (C.26:2G-21 et seq.).

C.56:8-231 Marketing materials to contain accurate, complete information.

2. Any marketing or advertising materials published or disseminated by a treatment provider or a recovery residence shall provide accurate and complete information, in plain language, and shall include:

- a. information on the types and methods of services provided;
- b. information about the location in which services are provided; and
- c. the treatment provider’s or recovery residence’s name and brand name, phone number, mailing address, and business location address.

C.56:8-232 Unlawful practices for treatment provider, recovery residence, penalties, damages.

3. a. It shall be an unlawful practice, pursuant to P.L.1960, c.39 (C.56:8-1 et seq.), for a treatment provider or a recovery residence, as applicable, to:

(1) make a false or misleading statement about the treatment provider’s or recovery residence’s status as an in-network or out-of-network provider;

(2) provide, or direct any other person or entity to provide, false or misleading information about the identity of, or contact information for, any treatment provider or recovery residence;

(3) include false or misleading information about the Internet address of any treatment provider’s or recovery residence’s website, or to surreptitiously direct or redirect a person to another website;

(4) suggest or imply that an affiliation with another treatment provider or recovery residence exists, unless the other treatment provider or recovery residence has provided express, written consent to indicate that affiliation;

(5) make a false or misleading statement about the substance use disorder treatment services the treatment provider or recovery residence provides; or

(6) make a false or misleading statement about the geographic location of the treatment provider or recovery residence, or the geographic location in which the treatment provider or recovery residence provides substance use disorder treatment services.

b. Any treatment provider or recovery residence which violates the provisions of subsection a. of this section shall be liable to a civil penalty of not more than \$20,000 for each violation. The civil penalty shall be collected pursuant to the "Penalty Enforcement Law of

1999," P.L.1999, c.274 (C.2A:58-10 et seq.), in a summary proceeding before the municipal court having jurisdiction.

c. A person who suffers any injury or damages, including, but not limited to, paying for services that were performed in violation of this act, as a result of the use or employment by a treatment provider or recovery residence of any method, act, or practice declared unlawful under this act may bring an action or assert a counterclaim therefor in any court of competent jurisdiction. In any action under this subsection, the court shall, in addition to any appropriate legal or equitable relief, award threefold the damages sustained by any person in interest. In all actions under this section, the court shall also award reasonable attorney's fees, filing fees, and reasonable costs of suit.

d. (1) The Office of Licensing in the Department of Health may investigate treatment providers for alleged violations of this act. Upon finding a violation, the Department of Health may suspend or revoke the treatment provider's license or certification, if applicable, or may impose a civil penalty against the treatment provider. 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 recovery residences for alleged violations 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.

4. This act shall take effect immediately.

Approved August 11, 2025.

ASSEMBLY, No. 3974

STATE OF NEW JERSEY

221st LEGISLATURE

INTRODUCED FEBRUARY 27, 2024

Sponsored by:

Assemblyman ANTHONY S. VERRELLI

District 15 (Hunterdon and Mercer)

Assemblyman CODY D. MILLER

District 4 (Atlantic, Camden and Gloucester)

Assemblywoman ROSAURA "ROSY" BAGOLIE

District 27 (Essex and Passaic)

Co-Sponsored by:

Assemblyman Conaway, Assemblywomen McCoy, Hall and Reynolds-Jackson

SYNOPSIS

Prohibits use of deceptive marketing practices by substance use disorder treatment providers.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 5/20/2024)

1 AN ACT concerning substance use treatment providers and
2 supplementing Title 56 of the Revised Statutes.

3

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

6

7 1. As used in this act:

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

18 “Treatment provider” means 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, a substance use disorder treatment
21 facility issued a certificate of approval pursuant to P.L.1970, c.334
22 (C.26:2G-21 et seq.), or a recovery residence located within the
23 State.

24

25 2. Any marketing or advertising materials published or
26 disseminated by a treatment provider shall provide accurate and
27 complete information, in plain language, and shall include the
28 following:

- 29 a. information on the types and methods of services provided;
30 b. information about the location in which services are provided;
31 and
32 c. the treatment provider’s name and brand name.

33

34 3. a. It shall be an unlawful practice, pursuant to P.L.1960, c.39
35 (C.56:8-1 et seq.), for a treatment provider to:

36 (1) make a false or misleading statement about the treatment
37 provider’s status as an in-network or out-of-network provider;

38 (2) provide, or direct any other person or entity to provide, false
39 or misleading information about the identity of, or contact
40 information for, any treatment provider;

41 (3) include false or misleading information about the Internet
42 address of any treatment provider’s website, or to surreptitiously
43 direct or redirect a person to another website;

44 (4) suggest or imply that a relationship with another treatment
45 provider exists, unless the other treatment provider has provided
46 express, written consent to indicate that relationship;

47 (5) make a false or misleading statement about the substance use
48 disorder treatment services the treatment provider provides; or

1 (6) make a false or misleading statement about the geographic
2 location of the treatment provider or the geographic location in
3 which the treatment provider provides substance use disorder
4 treatment services.

5 b. Any treatment provider who violates the provisions of
6 subsection a. of this section shall be liable to a civil penalty of not
7 more than \$20,000 for each violation. The civil penalty shall be
8 collected pursuant to the "Penalty Enforcement Law of 1999,"
9 P.L.1999, c.274 (C.2A:58-10 et seq.), in a summary proceeding
10 before the municipal court having jurisdiction.

11 c. Any person who suffers any injury or damages, including, but
12 not limited to, paying for services that were performed in violation
13 of this act, as a result of the use or employment by a treatment
14 provider of any method, act, or practice declared unlawful under
15 this act may bring an action or assert a counterclaim therefor in any
16 court of competent jurisdiction. In any action under this subsection,
17 the court shall, in addition to any appropriate legal or equitable
18 relief, award threefold the damages sustained by any person in
19 interest. In all actions under this section, the court shall also award
20 reasonable attorney's fees, filing fees, and reasonable costs of suit.

21 d. The Office of Licensing in the Department of Health may
22 investigate alleged violations of this act. Upon finding a violation,
23 the division may suspend or revoke the treatment provider's license
24 or certification, if applicable, or may impose a civil penalty against
25 the treatment provider. If the department imposes a civil penalty,
26 the civil penalty shall be not more than \$20,000 for each violation.

27

28 4. This act shall take effect immediately.

29

30

31

STATEMENT

32

33 This bill prohibits the use of deceptive marketing practices by
34 substance use disorder treatment providers.

35 The bill defines a "treatment provider" as a facility licensed in
36 accordance with section 8 of P.L.1975, c.305 (C.26:2B-14) for
37 substance use disorder treatment or services, a substance use
38 disorder treatment facility issued a certificate of approval pursuant
39 to P.L.1970, c.334 (C.26:2G-21 et seq.), or a recovery residence
40 located within the State.

41 The bill requires each treatment provider in the State to provide
42 accurate and complete information, in plain language, on the types
43 and methods of services provided, the location in which services are
44 provided, and the treatment provider's name and brand name when
45 publishing or disseminating any marketing or advertising materials.

46 Under the bill, it will be an unlawful practice for a treatment
47 provider to:

- 1 (1) make a false or misleading statement about the treatment
 - 2 provider's status as an in-network or out-of-network provider;
 - 3 (2) provide, or direct any other person or entity to provide, false
 - 4 or misleading information about the identity of, or contact
 - 5 information for, any treatment provider;
 - 6 (3) include false or misleading information about the Internet
 - 7 address of any treatment provider's website, or to surreptitiously
 - 8 direct or redirect a person to another website;
 - 9 (4) suggest or imply that a relationship with another treatment
 - 10 provider exists, unless the other treatment provider has provided
 - 11 express, written consent to indicate that relationship;
 - 12 (5) make a false or misleading statement about the substance use
 - 13 disorder treatment services the treatment provider provides; or
 - 14 (6) make a false or misleading statement about the geographic
 - 15 location of the treatment provider or the geographic location in
 - 16 which the treatment provider provides substance use disorder
 - 17 treatment services.
- 18 Any treatment provider who violates the provisions of the bill
- 19 will be liable to a civil penalty of not more than \$20,000 for each
- 20 violation. Any person who suffers any injury or damages as a result
- 21 of the use or employment by a treatment provider of any method,
- 22 act, or practice declared unlawful under the bill may bring an action
- 23 or assert a counterclaim therefor in any court of competent
- 24 jurisdiction. The court will, in addition to any appropriate legal or
- 25 equitable relief, award threefold the damages sustained by any
- 26 person in interest and award reasonable attorney's fees, filing fees,
- 27 and reasonable costs of suit.
- 28 The Office of Licensing in the Department of Health may
- 29 investigate alleged violations of this bill. Upon finding a violation,
- 30 the division may suspend or revoke the treatment provider's license
- 31 or certification, if applicable, or may impose a civil penalty against
- 32 the treatment provider. If the department imposes a civil penalty,
- 33 the civil penalty will be not more than \$20,000 for each violation.

[First Reprint]

ASSEMBLY, No. 3974

STATE OF NEW JERSEY

221st LEGISLATURE

INTRODUCED FEBRUARY 27, 2024

Sponsored by:

Assemblyman ANTHONY S. VERRELLI

District 15 (Hunterdon and Mercer)

Assemblyman CODY D. MILLER

District 4 (Atlantic, Camden and Gloucester)

Assemblywoman ROSAURA "ROSY" BAGOLIE

District 27 (Essex and Passaic)

Co-Sponsored by:

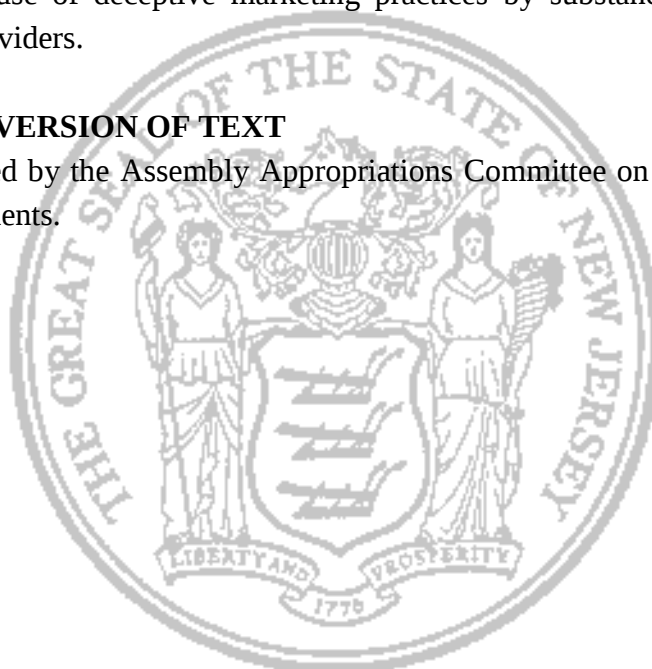
Assemblyman Conaway, Assemblywomen McCoy, Hall, Reynolds-Jackson, Peterpaul, Haider, Carter, Donlon, Assemblyman Sampson, Assemblywomen Speight, McCann Stamato, Lampitt and Ramirez

SYNOPSIS

Prohibits use of deceptive marketing practices by substance use disorder treatment providers.

CURRENT VERSION OF TEXT

As reported by the Assembly Appropriations Committee on June 24, 2024, with amendments.



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

1 AN ACT concerning substance use treatment providers and
2 supplementing Title 56 of the Revised Statutes.

3

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

6

7 1. As used in this act:

8 ¹“Affiliation” means a relationship where one party, directly or
9 indirectly, through one or more intermediaries, controls, is
10 controlled by, or is under common control with, the other party.¹

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

21 “Treatment provider” means a facility licensed in accordance
22 with section 8 of P.L.1975, c.305 (C.26:2B-14) for substance use
23 disorder treatment or services, a substance use disorder treatment
24 facility issued a certificate of approval pursuant to P.L.1970, c.334
25 (C.26:2G-21 et seq.), or a recovery residence located within the
26 State.

27

28 2. Any marketing or advertising materials published or
29 disseminated by a treatment provider shall provide accurate and
30 complete information, in plain language, and shall include the
31 following:

- 32 a. information on the types and methods of services provided;
33 b. information about the location in which services are provided;
34 and
35 c. the treatment provider’s name and brand name.

36

37 3. a. It shall be an unlawful practice, pursuant to P.L.1960, c.39
38 (C.56:8-1 et seq.), for a treatment provider to:

39 (1) make a false or misleading statement about the treatment
40 provider’s status as an in-network or out-of-network provider;

41 (2) provide, or direct any other person or entity to provide, false
42 or misleading information about the identity of, or contact
43 information for, any treatment provider;

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:

¹Assembly AAP committee amendments adopted June 24, 2024.

1 (3) include false or misleading information about the Internet
2 address of any treatment provider's website, or to surreptitiously
3 direct or redirect a person to another website;

4 (4) suggest or imply that ¹~~['a relationship]~~ an affiliation¹ with
5 another treatment provider exists, unless the other treatment
6 provider has provided express, written consent to indicate that
7 ¹~~['relationship]~~ affiliation¹;

8 (5) make a false or misleading statement about the substance use
9 disorder treatment services the treatment provider provides; or

10 (6) make a false or misleading statement about the geographic
11 location of the treatment provider or the geographic location in
12 which the treatment provider provides substance use disorder
13 treatment services.

14 b. Any treatment provider who violates the provisions of
15 subsection a. of this section shall be liable to a civil penalty of not
16 more than \$20,000 for each violation. The civil penalty shall be
17 collected pursuant to the "Penalty Enforcement Law of 1999,"
18 P.L.1999, c.274 (C.2A:58-10 et seq.), in a summary proceeding
19 before the municipal court having jurisdiction.

20 c. Any person who suffers any injury or damages, including, but
21 not limited to, paying for services that were performed in violation
22 of this act, as a result of the use or employment by a treatment
23 provider of any method, act, or practice declared unlawful under
24 this act may bring an action or assert a counterclaim therefor in any
25 court of competent jurisdiction. In any action under this subsection,
26 the court shall, in addition to any appropriate legal or equitable
27 relief, award threefold the damages sustained by any person in
28 interest. In all actions under this section, the court shall also award
29 reasonable attorney's fees, filing fees, and reasonable costs of suit.

30 d. The Office of Licensing in the Department of Health may
31 investigate alleged violations of this act. Upon finding a violation,
32 the division may suspend or revoke the treatment provider's license
33 or certification, if applicable, or may impose a civil penalty against
34 the treatment provider. If the department imposes a civil penalty,
35 the civil penalty shall be not more than \$20,000 for each violation.

36
37 4. This act shall take effect immediately.

[Second Reprint]

ASSEMBLY, No. 3974

STATE OF NEW JERSEY

221st LEGISLATURE

INTRODUCED FEBRUARY 27, 2024

Sponsored by:

Assemblyman ANTHONY S. VERRELLI

District 15 (Hunterdon and Mercer)

Assemblyman CODY D. MILLER

District 4 (Atlantic, Camden and Gloucester)

Assemblywoman ROSAURA "ROSY" BAGOLIE

District 27 (Essex and Passaic)

Co-Sponsored by:

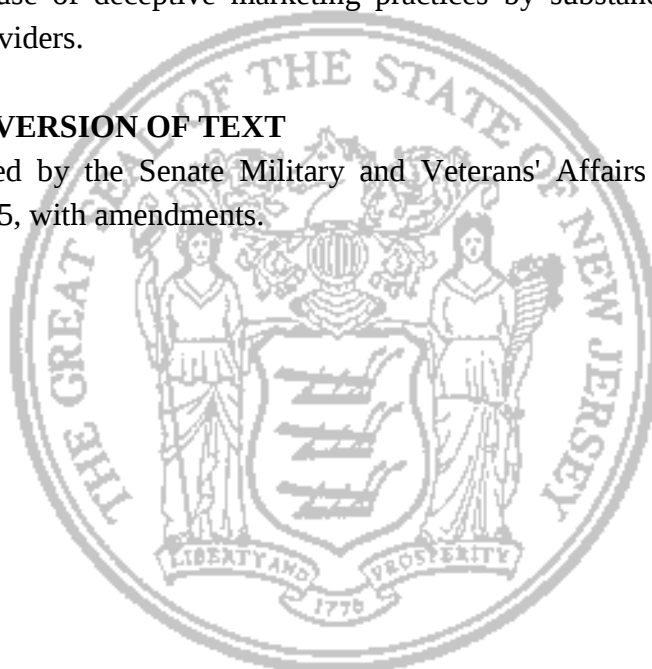
Assemblyman Conaway, Assemblywomen McCoy, Hall, Reynolds-Jackson, Peterpaul, Haider, Carter, Donlon, Assemblyman Sampson, Assemblywomen Speight, McCann Stamato, Lampitt and Ramirez

SYNOPSIS

Prohibits use of deceptive marketing practices by substance use disorder treatment providers.

CURRENT VERSION OF TEXT

As reported by the Senate Military and Veterans' Affairs Committee on March 3, 2025, with amendments.



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

1 AN ACT concerning substance use treatment providers and
2 supplementing Title 56 of the Revised Statutes.

3

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

6

7 1. As used in this act:

8 ¹“Affiliation” means a relationship where one party, directly or
9 indirectly, through one or more intermediaries, controls, is
10 controlled by, or is under common control with, the other party.¹

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

21 “Treatment provider” means a facility licensed in accordance
22 with section 8 of P.L.1975, c.305 (C.26:2B-14) for substance use
23 disorder treatment or services, a substance use disorder treatment
24 facility issued a certificate of approval pursuant to P.L.1970, c.334
25 (C.26:2G-21 et seq.), or a recovery residence located within the
26 State.

27

28 2. Any marketing or advertising materials published or
29 disseminated by a treatment provider shall provide accurate and
30 complete information, in plain language, and shall include the
31 following:

- 32 a. information on the types and methods of services provided;
33 b. information about the location in which services are provided;
34 and
35 c. the treatment provider’s name and brand name ², phone
36 number, mailing address, and business location address².

37

38 3. a. It shall be an unlawful practice, pursuant to P.L.1960, c.39
39 (C.56:8-1 et seq.), for a treatment provider to:

- 40 (1) make a false or misleading statement about the treatment
41 provider’s status as an in-network or out-of-network provider;
42 (2) provide, or direct any other person or entity to provide, false
43 or misleading information about the identity of, or contact
44 information for, any treatment provider;

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:

¹Assembly AAP committee amendments adopted June 24, 2024.

²Senate SMV committee amendments adopted March 3, 2025.

1 (3) include false or misleading information about the Internet
2 address of any treatment provider's website, or to surreptitiously
3 direct or redirect a person to another website;

4 (4) suggest or imply that '【a relationship】 an affiliation'¹ with
5 another treatment provider exists, unless the other treatment
6 provider has provided express, written consent to indicate that
7 '【relationship】 affiliation'¹;

8 (5) make a false or misleading statement about the substance use
9 disorder treatment services the treatment provider provides; or

10 (6) make a false or misleading statement about the geographic
11 location of the treatment provider or the geographic location in
12 which the treatment provider provides substance use disorder
13 treatment services.

14 b. Any treatment provider who violates the provisions of
15 subsection a. of this section shall be liable to a civil penalty of not
16 more than \$20,000 for each violation. The civil penalty shall be
17 collected pursuant to the "Penalty Enforcement Law of 1999,"
18 P.L.1999, c.274 (C.2A:58-10 et seq.), in a summary proceeding
19 before the municipal court having jurisdiction.

20 c. Any person who suffers any injury or damages, including, but
21 not limited to, paying for services that were performed in violation
22 of this act, as a result of the use or employment by a treatment
23 provider of any method, act, or practice declared unlawful under
24 this act may bring an action or assert a counterclaim therefor in any
25 court of competent jurisdiction. In any action under this subsection,
26 the court shall, in addition to any appropriate legal or equitable
27 relief, award threefold the damages sustained by any person in
28 interest. In all actions under this section, the court shall also award
29 reasonable attorney's fees, filing fees, and reasonable costs of suit.

30 d. The Office of Licensing in the Department of Health may
31 investigate alleged violations of this act. Upon finding a violation,
32 the division may suspend or revoke the treatment provider's license
33 or certification, if applicable, or may impose a civil penalty against
34 the treatment provider. If the department imposes a civil penalty,
35 the civil penalty shall be not more than \$20,000 for each violation.

36
37 4. This act shall take effect immediately.

[Third Reprint]

ASSEMBLY, No. 3974

STATE OF NEW JERSEY

221st LEGISLATURE

INTRODUCED FEBRUARY 27, 2024

Sponsored by:

Assemblyman ANTHONY S. VERRELLI

District 15 (Hunterdon and Mercer)

Assemblyman CODY D. MILLER

District 4 (Atlantic, Camden and Gloucester)

Assemblywoman ROSAURA "ROSY" BAGOLIE

District 27 (Essex and Passaic)

Senator JOSEPH F. VITALE

District 19 (Middlesex)

Senator M. TERESA RUIZ

District 29 (Essex and Hudson)

Co-Sponsored by:

Assemblyman Conaway, Assemblywomen McCoy, Hall, Reynolds-Jackson, Peterpaul, Haider, Carter, Donlon, Assemblyman Sampson, Assemblywomen Speight, McCann Stamato, Lampitt, Ramirez, Assemblyman Freiman, Senators Wimberly, O'Scanlon and Diegnan

SYNOPSIS

Prohibits use of deceptive marketing practices by substance use disorder treatment providers.

CURRENT VERSION OF TEXT

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

(Sponsorship Updated As Of: 6/30/2025)

1 AN ACT concerning substance use treatment providers and
2 supplementing Title 56 of the Revised Statutes.

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

6
7 1. As used in this act:

8 ³["Affiliation" means a relationship where one party, directly or
9 indirectly, through one or more intermediaries, controls, is
10 controlled by, or is under common control with, the other party.]³

11 "Recovery residence" means ³[housing with a home-like
12 atmosphere, which is available in either a professionally-managed
13 facility or a peer-managed facility,] a boarding house licensed by
14 the Department of Community Affairs³ and which provides a sober
15 living environment and alcohol- and drug-free living
16 accommodations to individuals with substance use disorders, or to
17 individuals with co-occurring mental health and substance use
18 disorders, but which does not provide clinical treatment services for
19 mental health or substance use disorders. ³["Recovery residence"
20 includes, but is not limited to, a facility that is commonly referred
21 to as a sober living home.]³

22 "Treatment provider" means a facility licensed in accordance
23 with section 8 of P.L.1975, c.305 (C.26:2B-14) for substance use
24 disorder treatment or services, ³or³ a substance use disorder
25 treatment facility issued a certificate of approval pursuant to
26 P.L.1970, c.334 (C.26:2G-21 et seq.) ³], or a recovery residence
27 located within the State]³.

28
29 2. Any marketing or advertising materials published or
30 disseminated by a treatment provider ³or a recovery residence³ shall
31 provide accurate and complete information, in plain language, and
32 shall include ³[the following]³:

33 a. information on the types and methods of services provided;
34 b. information about the location in which services are provided;
35 and
36 c. the treatment provider's ³or recovery residence's³ name and
37 brand name ², phone number, mailing address, and business
38 location address².

39
40 3. a. It shall be an unlawful practice, pursuant to P.L.1960, c.39
41 (C.56:8-1 et seq.), for a treatment provider ³or a recovery residence,
42 as applicable,³ to:

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:

¹Assembly AAP committee amendments adopted June 24, 2024.

²Senate SMV committee amendments adopted March 3, 2025.

³Senate SBA committee amendments adopted March 17, 2025.

- 1 (1) make a false or misleading statement about the treatment
2 provider's ³or recovery residence's³ status as an in-network or out-
3 of-network provider;
- 4 (2) provide, or direct any other person or entity to provide, false
5 or misleading information about the identity of, or contact
6 information for, any treatment provider ³or recovery residence³;
- 7 (3) include false or misleading information about the Internet
8 address of any treatment provider's ³or recovery residence's³
9 website, or to surreptitiously direct or redirect a person to another
10 website;
- 11 (4) suggest or imply that ¹**[a relationship]** an ³**[affiliation]**¹
12 affiliation³ with another treatment provider ³or recovery residence³
13 exists, unless the other treatment provider ³or recovery residence³
14 has provided express, written consent to indicate that
15 ¹**[relationship]** ³**[affiliation]**¹ affiliation³;
- 16 (5) make a false or misleading statement about the substance use
17 disorder treatment services the treatment provider ³or recovery
18 residence³ provides; or
- 19 (6) make a false or misleading statement about the geographic
20 location of the treatment provider ³or recovery residence,³ or the
21 geographic location in which the treatment provider ³or recovery
22 residence³ provides substance use disorder treatment services.
- 23 b. Any treatment provider ³**[who]** or recovery residence which³
24 violates the provisions of subsection a. of this section shall be liable
25 to a civil penalty of not more than \$20,000 for each violation. The
26 civil penalty shall be collected pursuant to the "Penalty
27 Enforcement Law of 1999," P.L.1999, c.274 (C.2A:58-10 et seq.),
28 in a summary proceeding before the municipal court having
29 jurisdiction.
- 30 c. ³**[Any]** A³ person who suffers any injury or damages,
31 including, but not limited to, paying for services that were
32 performed in violation of this act, as a result of the use or
33 employment by a treatment provider ³or recovery residence³ of any
34 method, act, or practice declared unlawful under this act may bring
35 an action or assert a counterclaim therefor in any court of competent
36 jurisdiction. In any action under this subsection, the court shall, in
37 addition to any appropriate legal or equitable relief, award threefold
38 the damages sustained by any person in interest. In all actions
39 under this section, the court shall also award reasonable attorney's
40 fees, filing fees, and reasonable costs of suit.
- 41 d. ³**(1)**³ The Office of Licensing in the Department of Health
42 may investigate ³treatment providers for³ alleged violations of this
43 act. Upon finding a violation, the ³**[division]** Department of
44 Health³ may suspend or revoke the treatment provider's license or
45 certification, if applicable, or may impose a civil penalty against the
46 treatment provider. If the ³**[department]** Department of Health³

1 imposes a civil penalty, the civil penalty shall be not more than
2 \$20,000 for each violation.

3 ³(2) The Department of Community Affairs may investigate
4 recovery residences for alleged violations of this act. Upon finding
5 a violation, the Department of Community Affairs may suspend or
6 revoke the recovery residence owner's license or certification, if
7 applicable, or may impose a civil penalty against the recovery
8 residence owner. If the Department of Community Affairs imposes
9 a civil penalty, the civil penalty shall be not more than \$20,000 for
10 each violation.³

11

12 4. This act shall take effect immediately.

ASSEMBLY OVERSIGHT, REFORM AND FEDERAL
RELATIONS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 3974

STATE OF NEW JERSEY

DATED: MAY 13, 2024

The Assembly Oversight, Reform and Federal Relations Committee reports favorably Assembly Bill No. 3974.

This bill prohibits the use of deceptive marketing practices by substance use disorder treatment providers.

The bill defines a “treatment provider” as 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, a substance use disorder treatment facility issued a certificate of approval pursuant to P.L.1970, c.334 (C.26:2G-21 et seq.), or a recovery residence located within the State.

The bill requires each treatment provider in the State to provide accurate and complete information, in plain language, on the types and methods of services provided, the location in which services are provided, and the treatment provider’s name and brand name when publishing or disseminating any marketing or advertising materials.

Under the bill, it will be an unlawful practice for a treatment provider to:

(1) make a false or misleading statement about the treatment provider’s status as an in-network or out-of-network provider;

(2) provide, or direct any other person or entity to provide, false or misleading information about the identity of, or contact information for, any treatment provider;

(3) include false or misleading information about the Internet address of any treatment provider’s website, or to surreptitiously direct or redirect a person to another website;

(4) suggest or imply that a relationship with another treatment provider exists, unless the other treatment provider has provided express, written consent to indicate that relationship;

(5) make a false or misleading statement about the substance use disorder treatment services the treatment provider provides; or

(6) make a false or misleading statement about the geographic location of the treatment provider or the geographic location in which the treatment provider provides substance use disorder treatment services.

Any treatment provider who violates the provisions of the bill will be liable to a civil penalty of not more than \$20,000 for each violation. Any person who suffers any injury or damages as a result of the use or employment by a treatment provider of any method, act, or practice declared unlawful under the bill may bring an action or assert a counterclaim therefor in any court of competent jurisdiction. The court will, in addition to any appropriate legal or equitable relief, award threefold the damages sustained by any person in interest and award reasonable attorney's fees, filing fees, and reasonable costs of suit.

The Office of Licensing in the Department of Health may investigate alleged violations of this bill. Upon finding a violation, the division may suspend or revoke the treatment provider's license or certification, if applicable, or may impose a civil penalty against the treatment provider. If the department imposes a civil penalty, the civil penalty will be not more than \$20,000 for each violation.

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 3974

with committee amendments

STATE OF NEW JERSEY

DATED: JUNE 24, 2024

The Assembly Appropriations Committee reports favorably and with committee amendments Assembly Bill No. 3974.

As amended by the committee, this bill prohibits the use of deceptive marketing practices by substance use disorder treatment providers.

The bill defines a “treatment provider” as 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, a substance use disorder treatment facility issued a certificate of approval pursuant to P.L.1970, c.334 (C.26:2G-21 et seq.), or a recovery residence located within the State.

The bill requires each treatment provider in the State to provide accurate and complete information, in plain language, on the types and methods of services provided, the location in which services are provided, and the treatment provider’s name and brand name when publishing or disseminating any marketing or advertising materials.

Under the bill, it will be an unlawful practice for a treatment provider to:

(1) make a false or misleading statement about the treatment provider’s status as an in-network or out-of-network provider;

(2) provide, or direct any other person or entity to provide, false or misleading information about the identity of, or contact information for, any treatment provider;

(3) include false or misleading information about the Internet address of any treatment provider’s website, or to surreptitiously direct or redirect a person to another website;

(4) suggest or imply that an affiliation with another treatment provider exists, unless the other treatment provider has provided express, written consent to indicate that affiliation;

(5) make a false or misleading statement about the substance use disorder treatment services the treatment provider provides; or

(6) make a false or misleading statement about the geographic location of the treatment provider or the geographic location in which the treatment provider provides substance use disorder treatment services.

Any treatment provider who violates the provisions of the bill will be liable to a civil penalty of not more than \$20,000 for each violation. Any person who suffers any injury or damages as a result of the use or employment by a treatment provider of any method, act, or practice declared unlawful under the bill may bring an action or assert a counterclaim therefor in any court of competent jurisdiction. The court will, in addition to any appropriate legal or equitable relief, award threefold the damages sustained by any person in interest and award reasonable attorney's fees, filing fees, and reasonable costs of suit.

The Office of Licensing in the Department of Health may investigate alleged violations of this bill. Upon finding a violation, the division may suspend or revoke the treatment provider's license or certification, if applicable, or may impose a civil penalty against the treatment provider. If the department imposes a civil penalty, the civil penalty will be not more than \$20,000 for each violation.

COMMITTEE AMENDMENTS:

The committee amendments replace the term "relationship" with "affiliation." The committee amendments define "affiliation" to mean a relationship where one party, directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, the other party.

FISCAL IMPACT:

Based on information provided in the FY 2025 Governor's Budget, the Office of Legislative Services (OLS) concludes that annual Department of Health expenditures will increase by up to \$500,000 for the department to investigate violations and execute penalties assessed against service providers who violate the bill's provisions. The OLS, however, cannot quantify the potential revenue increases under the bill because the number of providers who will violate the bill's provisions each year cannot be anticipated.

SENATE HEALTH, HUMAN SERVICES AND SENIOR
CITIZENS COMMITTEE

STATEMENT TO

[First Reprint]

ASSEMBLY, No. 3974

with committee amendments

STATE OF NEW JERSEY

DATED: MARCH 3, 2025

The Senate Health, Human Services and Senior Citizens Committee reports favorably and with committee amendments Assembly Bill No. 3974 (1R).

As amended by the committee, this bill prohibits the use of deceptive marketing practices by substance use disorder treatment providers.

The bill defines a “treatment provider” as 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, a substance use disorder treatment facility issued a certificate of approval pursuant to P.L.1970, c.334 (C.26:2G-21 et seq.), or a recovery residence located within the State.

The amended bill requires each treatment provider in the State to provide accurate and complete information, in plain language, on the types and methods of services provided, the location in which services are provided, and the treatment provider’s name and brand name, phone number, mailing address, and business location address, when publishing or disseminating any marketing or advertising materials.

Under the amended bill, it will be an unlawful practice for a treatment provider to:

(1) make a false or misleading statement about the treatment provider’s status as an in-network or out-of-network provider;

(2) provide, or direct any other person or entity to provide, false or misleading information about the identity of, or contact information for, any treatment provider;

(3) include false or misleading information about the Internet address of any treatment provider’s website, or to surreptitiously direct or redirect a person to another website;

(4) suggest or imply that an affiliation with another treatment provider exists, unless the other treatment provider has provided express, written consent to indicate that affiliation;

(5) make a false or misleading statement about the substance use disorder treatment services the treatment provider provides; or

(6) make a false or misleading statement about the geographic location of the treatment provider or the geographic location in which the treatment provider provides substance use disorder treatment services.

Any treatment provider who violates the provisions of the bill will be liable to a civil penalty of not more than \$20,000 for each violation. Any person who suffers any injury or damages as a result of the use or employment by a treatment provider of any method, act, or practice declared unlawful under the bill may bring an action or assert a counterclaim therefor in any court of competent jurisdiction. The court will, in addition to any appropriate legal or equitable relief, award threefold the damages sustained by any person in interest and award reasonable attorney's fees, filing fees, and reasonable costs of suit.

The Office of Licensing in the Department of Health may investigate alleged violations of this bill. Upon finding a violation, the division may suspend or revoke the treatment provider's license or certification, if applicable, or may impose a civil penalty against the treatment provider. If the department imposes a civil penalty, the civil penalty will be not more than \$20,000 for each violation.

As amended and reported by the committee, Assembly Bill No. 3974 (1R) is identical to Senate Bill No. 3955, which was also amended and reported by the committee on this date.

COMMITTEE AMENDMENTS:

The committee amendments require each treatment provider to provide the treatment provider's phone number, mailing address, and business location address, when publishing or disseminating any marketing or advertising materials.

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

[Second Reprint] **ASSEMBLY, No. 3974**

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. 3974 (2R).

As amended, this bill prohibits the use of deceptive marketing practices by substance use disorder treatment providers and recovery residences.

The bill requires each treatment provider and recovery residence in the State to provide accurate and complete information, in plain language, on the types and methods of services provided, the location in which services are provided, and the treatment provider's or recovery residence's name and brand name, phone number, mailing address, and business location address when publishing or disseminating any marketing or advertising materials.

Under this bill, it will be an unlawful practice for a treatment provider or a recovery residence, as applicable, to:

(1) make a false or misleading statement about the treatment provider's or recovery residence's status as an in-network or out-of-network provider;

(2) provide, or direct any other person or entity to provide, false or misleading information about the identity of, or contact information for, any treatment provider or recovery residence;

(3) include any false or misleading information about the Internet address of any treatment provider's or recovery residence's website, or to surreptitiously direct or redirect a person to another website;

(4) suggest or imply that an affiliation with another treatment provider or recovery residence exists, unless the other treatment provider or recovery residence has provided express, written consent to indicate that affiliation;

(5) make a false or misleading statement about the substance use disorder treatment services the treatment provider or recovery residence provides; or

(6) make a false or misleading statement about the geographic location of the treatment provider or recovery residence, or the

geographic location in which the treatment provider or recovery residence provides substance use disorder treatment services.

Any treatment provider or recovery residence that violates the provisions of this bill will be liable to a civil penalty of not more than \$20,000 for each violation. Any person who suffers any injury or damages as a result of the use or employment by a treatment provider or recovery residence of any method, act, or practice declared unlawful under the bill may bring an action or assert a counterclaim therefor in any court of competent jurisdiction. The court will, in addition to any appropriate legal or equitable relief, award threefold the damages sustained by any person in interest and award reasonable attorney fees, filing fees, and reasonable costs of suit.

The Office of Licensing in the Department of Health may investigate alleged violations of this bill. Upon finding a violation, the division may suspend or revoke the treatment provider's license or certification, if applicable, or may impose a civil penalty against the treatment provider. If the department imposes a civil penalty, the civil penalty will not be more than \$20,000 for each violation.

The Department of Community Affairs may investigate recovery residences for alleged violations and upon a finding of a violation, the Department of Community Affairs may suspend or revoke the recovery owner's license or certification, if applicable, or may impose a civil penalty against the recovery residence owner. The civil penalty would not be more than \$20,000 per violation.

As amended and reported by the committee, Assembly Bill No. 3974 (2R) is identical to Senate Bill No. 3955 (1R), which was also amended and reported by the committee on this date.

COMMITTEE AMENDMENTS:

The committee amendments remove the definition of the term "affiliation." As used in this bill, the term is given the ordinary meaning of the word. The amendments change the definition of the term "recovery residence" to mean 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. The amendments also change the definition of "treatment provider" to mean 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 a substance use disorder treatment facility issued a certificate of approval pursuant to P.L.1970, c.334 (C.26:2G-21 et seq.).

Additionally, the Department of Community Affairs may investigate recovery residences for alleged violations and upon a finding of 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. The civil penalty would not be more than \$20,000 per violation

Lastly, the committee amendments make certain technical corrections.

FISCAL IMPACT:

Fiscal information for this bill is currently unavailable.

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

ASSEMBLY, No. 3974

STATE OF NEW JERSEY

221st LEGISLATURE

DATED: JULY 1, 2024

SUMMARY

- Synopsis:** Prohibits use of deceptive marketing practices by substance use disorder treatment providers.
- Type of Impact:** Minimum \$0.5 million annual increase in State expenditures; annual increase in State revenues; annual increase in expenditures for the Judiciary and certain municipalities.
- Agencies Affected:** Department of Health, the Judiciary, and certain municipalities.

Office of Legislative Services Estimate

Fiscal Impact	<u>Annual</u>
State Expenditure Increase	Minimum \$500,000
State Revenue Increase	Indeterminate
Local Expenditure Increase	Indeterminate

- The Office of Legislative Services (OLS) concludes, based on information provided by the Office of Management and Budget as part of the FY 2025 Budget process, that Department of Health expenditures will increase by \$500,000 annually for the Office of Facility Licensing to hire additional staff to investigate violations, suspend or revoke the licenses or certificates of substance use disorder treatment providers who violate the bill’s provisions, and impose civil penalties against such violators.
- The bill could increase State costs to the Judiciary and to certain municipalities to hear additional cases related to violations of the bill’s provisions.
- The OLS cannot quantify the potential revenue increases under the bill because the number of treatment providers who will violate the bill’s provisions each year cannot be anticipated.

BILL DESCRIPTION

This bill prohibits the use of deceptive marketing practices by substance use disorder treatment providers who are licensed or certified by the Department of Health to provide inpatient or outpatient substance use disorder treatment or recovery residence services.

Treatment providers who violate the bill's provisions will be liable for a maximum civil penalty of \$20,000 for each violation. A person who suffers any injury or damages as a result of the misleading or deceptive marketing or advertising methods or practices declared unlawful under the bill may bring an action or assert a counterclaim in a court of competent jurisdiction. In addition to appropriate legal or equitable relief, the court will award threefold the damages sustained by any person in interest and award reasonable attorney's fees, filing fees, and reasonable costs of suit.

The Office of Licensing in the Department of Health may investigate alleged violations of this bill. Upon finding a violation, the department may suspend or revoke the treatment provider's license or certification, if applicable, or may impose a civil penalty against the treatment provider. If the department imposes a civil penalty, the civil penalty will be not more than \$20,000 for each violation.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS concludes, based on information provided by the Office of Management and Budget as part of the FY 2025 Budget process, that Department of Health expenditures will increase by \$500,000 annually for the Office of Facility Licensing to hire additional staff to investigate violations, suspend or revoke the licenses or certificates of substance use disorder treatment providers who violate the bill's provisions, and impose civil penalties against such violators.

Additionally, the Judiciary and municipal courts could incur indeterminate annual costs to hear additional cases brought for treatment providers violating the provisions of the bill. Additional annual revenues could accrue to the State and municipalities from the collection of civil penalties and court fees. The OLS, however, cannot quantify the potential revenue increases under the bill because the number of providers who will violate the bill's provisions each year cannot be anticipated.

Under current law, the Department of Health licenses substance use disorder treatment providers for a two year period, as long as the provider continues to meet the departmental standards concerning patient health and safety, accurate representation of the treatment services available to patients, and the payment of licensure fees. If a treatment provider fails to meet or maintain these standards, the department, after holding a hearing, may refuse to grant, restrict, suspend, or revoke the license of a treatment provider. Prior to issuing or renewing a treatment provider's license, department staff are required to first inspect the provider's facility, and may examine the providers' financial accounts and records, as determined necessary.

Section: Human Services

*Analyst: Anne Cappabianca
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

[Second Reprint]

ASSEMBLY, No. 3974

STATE OF NEW JERSEY

221st LEGISLATURE

DATED: MARCH 12, 2025

SUMMARY

- Synopsis:** Prohibits use of deceptive marketing practices by substance use disorder treatment providers.
- Type of Impact:** Annual increase in State and local expenditures and revenues.
- Agencies Affected:** Department of Health, the Judiciary, and certain municipalities.

Office of Legislative Services Estimate

Fiscal Impact	<u>Annual</u>
State Expenditure Increase	Minimum \$500,000
State Revenue Increase	Indeterminate
Local Expenditure Increase	Indeterminate
Local Revenue Increase	Indeterminate

- The Office of Legislative Services (OLS) concludes, based on information provided by the Office of Management and Budget as part of the FY 2025 Budget process, that Department of Health expenditures will increase by \$500,000 annually for the Office of Facility Licensing to hire additional staff to investigate violations, suspend or revoke the licenses or certificates of substance use disorder treatment providers who violate the bill’s provisions, and impose civil penalties against such violators.
- The bill could increase State costs to the Judiciary and to certain municipalities to hear additional cases related to violations of the bill’s provisions.
- The OLS cannot quantify the potential revenue increases under the bill because the number of treatment providers who will violate the bill’s provisions each year cannot be anticipated.

BILL DESCRIPTION

This bill prohibits the use of deceptive marketing practices by substance use disorder treatment providers who are licensed or certified by the Department of Health to provide inpatient or outpatient substance use disorder treatment or recovery residence services.

Treatment providers who violate the bill's provisions will be liable for a maximum civil penalty of \$20,000 for each violation. A person who suffers any injury or damages as a result of the misleading or deceptive marketing or advertising methods or practices declared unlawful under the bill may bring an action or assert a counterclaim in a court of competent jurisdiction. In addition to appropriate legal or equitable relief, the court will award threefold the damages sustained by any person in interest and award reasonable attorney's fees, filing fees, and reasonable costs of suit.

The Office of Licensing in the Department of Health may investigate alleged violations of this bill. Upon finding a violation, the department may suspend or revoke the treatment provider's license or certification, if applicable, or may impose a civil penalty against the treatment provider. If the department imposes a civil penalty, the civil penalty will be not more than \$20,000 for each violation.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS concludes, based on information provided by the Office of Management and Budget as part of the FY 2025 Budget process, that Department of Health expenditures will increase by \$500,000 annually for the Office of Facility Licensing to hire additional staff to investigate violations, suspend or revoke the licenses or certificates of substance use disorder treatment providers who violate the bill's provisions, and impose civil penalties against such violators.

Additionally, the Judiciary and municipal courts could incur indeterminate annual costs to hear additional cases brought for treatment providers violating the provisions of the bill. Additional annual revenues could accrue to the State and municipalities from the collection of civil penalties and court fees. The OLS, however, cannot quantify the potential revenue increases under the bill because the number of providers who will violate the bill's provisions each year cannot be anticipated.

Under current law, the Department of Health licenses substance use disorder treatment providers for a two year period, as long as the provider continues to meet the departmental standards concerning patient health and safety, accurate representation of the treatment services available to patients, and the payment of licensure fees. If a treatment provider fails to meet or maintain these standards, the department, after holding a hearing, may refuse to grant, restrict, suspend, or revoke the license of a treatment provider. Prior to issuing or renewing a treatment provider's license, department staff are required to first inspect the provider's facility, and may examine the providers' financial accounts and records, as determined necessary.

Section: Human Services

*Analyst: Sarah Schmidt
Principal Research 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

[Third Reprint]

ASSEMBLY, No. 3974

STATE OF NEW JERSEY
221st LEGISLATURE

DATED: MARCH 25, 2025

SUMMARY

Synopsis:	Prohibits use of deceptive marketing practices by substance use disorder treatment providers.
Type of Impact:	Annual increase in State and local expenditures and revenues.
Agencies Affected:	Department of Health, Department of Community Affairs, the Judiciary, and certain municipalities.

Office of Legislative Services Estimate

Fiscal Impact	<u>Annual</u>
State Expenditure Increase	Minimum \$500,000
State Revenue Increase	Indeterminate
Local Expenditure Increase	Indeterminate
Local Revenue Increase	Indeterminate

- The Office of Legislative Services (OLS) concludes, based on information provided by the Office of Management and Budget as part of the FY 2025 Budget process, that Department of Health expenditures will increase by \$500,000 annually for the Office of Facility Licensing to hire additional staff to investigate violations, suspend or revoke the licenses or certificates of substance use disorder treatment providers who violate the bill’s provisions, and impose civil penalties against such violators.
- The Department of Community Affairs will realize an indeterminate increase in annual costs to hire the additional staff necessary to investigate violations of the bill’s provisions by recovery residence owners and operators, suspend or revoke the licenses or certificates of any violators, and impose civil penalties against such violators. Because the State has an unknown number of unlicensed recovery residences, in addition to those recovery residences licensed by the department, the OLS cannot anticipate the additional staff that would be required.
- The bill could increase State costs to the Judiciary and to certain municipalities to hear additional cases related to violations of the bill’s provisions.

- The OLS cannot quantify the potential revenue increases under the bill because the annual number of treatment providers who will violate the bill's provisions cannot be anticipated.

BILL DESCRIPTION

The bill prohibits the use of deceptive marketing practices by substance use disorder treatment providers who are licensed or certified by the Department of Health to provide inpatient or outpatient substance use disorder treatment, or by a recovery residence. A recovery residence is a boarding house licensed by the Department of Community Affairs that provides substance-free living accommodations for individuals with substance use disorders, or co-occurring mental health and substance use disorders, but does not provide clinical treatment services.

A treatment provider or a recovery residence that violates the bill's provisions will be liable for a maximum civil penalty of \$20,000 for each violation. A person who suffers any injury or damages as a result of the misleading or deceptive marketing or advertising methods or practices declared unlawful under the bill may bring an action or assert a counterclaim in a court of competent jurisdiction. In addition to appropriate legal or equitable relief, the court will award threefold the damages sustained by any person in interest and award reasonable attorney fees, filing fees, and reasonable costs of suit.

The Department of Health may investigate treatment providers, while the Department of Community Affairs may investigate recovery residences, for alleged violations of this bill. Upon finding a violation, the departments may suspend or revoke the license or certification of the treatment provider or recovery residence or may impose a civil penalty against the treatment provider or recovery residence. If the either department imposes a civil penalty, the civil penalty will be not more than \$20,000 for each violation.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS concludes, based on information provided by the Office of Management and Budget as part of the FY 2025 Budget process, that Department of Health expenditures will increase by \$500,000 annually for the Office of Facility Licensing to hire additional staff to investigate violations, suspend or revoke the licenses or certificates of substance use disorder treatment providers who violate the bill's provisions, and impose civil penalties against such violators.

The Department of Community Affairs would realize an indeterminate increase in annual costs to hire the additional staff necessary to investigate alleged violations of the bill's provisions by recovery residence owners and operators, suspend or revoke the licenses or certificates of any violators, and impose civil penalties against such violators. The FY 2026 Governor's Budget indicates that there are an estimated 4,441 permanent boarding home licenses in the State. According to a 2024 New Jersey State Commission of Investigation report, there are approximately 210 licensed cooperative sober living residences, which are also known as recovery residences, in the State. However, there is also an unknown number of unlicensed recovery

residences in the State that would be subject to the requirements under the bill. As such, the OLS cannot anticipate the number of additional department staff that would be required.

Additionally, the Judiciary and municipal courts could incur indeterminate annual costs to hear additional cases brought for treatment providers or recovery residences that violate the provisions of the bill. Additional annual revenues could accrue to the State and municipalities from the collection of civil penalties and court fees. The OLS, however, cannot quantify the potential revenue increases under the bill because the number of providers and recovery residences that will violate the bill's provisions each year cannot be anticipated.

Under current law, the Department of Health licenses substance use disorder treatment providers for a two year period, as long as the provider continues to meet the departmental standards concerning patient health and safety, accurate representation of the treatment services available to patients, and the payment of licensure fees. If a treatment provider fails to meet or maintain these standards, the Department of Health, after holding a hearing, may refuse to grant, restrict, suspend, or revoke the license of a treatment provider. Prior to issuing or renewing a treatment provider's license, department staff are required to first inspect the provider's facility, and may examine the providers' financial accounts and records, as necessary.

The Department of Community Affairs is responsible for inspecting and licensing recovery residences, which licensures are valid for one year. Under current law, the department is required to inspect a recovery residence and the facility's records at least once per year, and post the resultant inspection report to its website.

Section: Human Services

*Analyst: Anne Cappabianca
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.).

SENATE, No. 3955

STATE OF NEW JERSEY

221st LEGISLATURE

INTRODUCED DECEMBER 12, 2024

Sponsored by:

Senator JOSEPH F. VITALE

District 19 (Middlesex)

Senator M. TERESA RUIZ

District 29 (Essex and Hudson)

SYNOPSIS

Prohibits use of deceptive marketing practices by substance use disorder treatment providers.

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT concerning substance use treatment providers and
2 supplementing Title 56 of the Revised Statutes.

3

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

6

7 1. As used in this act:

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

18 “Treatment provider” means 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, a substance use disorder treatment
21 facility issued a certificate of approval pursuant to P.L.1970, c.334
22 (C.26:2G-21 et seq.), or a recovery residence located within the
23 State.

24

25 2. Any marketing or advertising materials published or
26 disseminated by a treatment provider shall provide accurate and
27 complete information, in plain language, and shall include the
28 following:

- 29 a. information on the types and methods of services provided;
30 b. information about the location in which services are provided;
31 and
32 c. the treatment provider’s name and brand name.

33

34 3. a. It shall be an unlawful practice, pursuant to P.L.1960, c.39
35 (C.56:8-1 et seq.), for a treatment provider to:

36 (1) make a false or misleading statement about the treatment
37 provider’s status as an in-network or out-of-network provider;

38 (2) provide, or direct any other person or entity to provide, false
39 or misleading information about the identity of, or contact
40 information for, any treatment provider;

41 (3) include false or misleading information about the Internet
42 address of any treatment provider’s website, or to surreptitiously
43 direct or redirect a person to another website;

44 (4) suggest or imply that a relationship with another treatment
45 provider exists, unless the other treatment provider has provided
46 express, written consent to indicate that relationship;

47 (5) make a false or misleading statement about the substance use
48 disorder treatment services the treatment provider provides; or

1 (6) make a false or misleading statement about the geographic
2 location of the treatment provider or the geographic location in
3 which the treatment provider provides substance use disorder
4 treatment services.

5 b. Any treatment provider who violates the provisions of
6 subsection a. of this section shall be liable to a civil penalty of not
7 more than \$20,000 for each violation. The civil penalty shall be
8 collected pursuant to the "Penalty Enforcement Law of 1999,"
9 P.L.1999, c.274 (C.2A:58-10 et seq.), in a summary proceeding
10 before the municipal court having jurisdiction.

11 c. Any person who suffers any injury or damages, including, but
12 not limited to, paying for services that were performed in violation
13 of this act, as a result of the use or employment by a treatment
14 provider of any method, act, or practice declared unlawful under
15 this act may bring an action or assert a counterclaim therefor in any
16 court of competent jurisdiction. In any action under this subsection,
17 the court shall, in addition to any appropriate legal or equitable
18 relief, award threefold the damages sustained by any person in
19 interest. In all actions under this section, the court shall also award
20 reasonable attorney's fees, filing fees, and reasonable costs of suit.

21 d. The Office of Licensing in the Department of Health may
22 investigate alleged violations of this act. Upon finding a violation,
23 the division may suspend or revoke the treatment provider's license
24 or certification, if applicable, or may impose a civil penalty against
25 the treatment provider. If the department imposes a civil penalty,
26 the civil penalty shall be not more than \$20,000 for each violation.

27

28 4. This act shall take effect immediately.

29

30

31

STATEMENT

32

33 This bill prohibits the use of deceptive marketing practices by
34 substance use disorder treatment providers.

35 The bill defines a "treatment provider" as a facility licensed in
36 accordance with section 8 of P.L.1975, c.305 (C.26:2B-14) for
37 substance use disorder treatment or services, a substance use
38 disorder treatment facility issued a certificate of approval pursuant
39 to P.L.1970, c.334 (C.26:2G-21 et seq.), or a recovery residence
40 located within the State.

41 The bill requires each treatment provider in the State to provide
42 accurate and complete information, in plain language, on the types
43 and methods of services provided, the location in which services are
44 provided, and the treatment provider's name and brand name when
45 publishing or disseminating any marketing or advertising materials.

46 Under the bill, it will be an unlawful practice for a treatment
47 provider to:

1 (1) make a false or misleading statement about the treatment
2 provider's status as an in-network or out-of-network provider;
3 (2) provide, or direct any other person or entity to provide, false
4 or misleading information about the identity of, or contact
5 information for, any treatment provider;
6 (3) include false or misleading information about the Internet
7 address of any treatment provider's website, or to surreptitiously
8 direct or redirect a person to another website;
9 (4) suggest or imply that a relationship with another treatment
10 provider exists, unless the other treatment provider has provided
11 express, written consent to indicate that relationship; or
12 (5) make a false or misleading statement about the substance use
13 disorder treatment services the treatment provider provides.
14 Any treatment provider who violates the provisions of the bill
15 will be liable to a civil penalty of not more than \$20,000 for each
16 violation. Any person who suffers any injury or damages as a result
17 of the use or employment by a treatment provider of any method,
18 act, or practice declared unlawful under the bill may bring an action
19 or assert a counterclaim therefor in any court of competent
20 jurisdiction. The court will, in addition to any appropriate legal or
21 equitable relief, award threefold the damages sustained by any
22 person in interest and award reasonable attorney's fees, filing fees,
23 and reasonable costs of suit.
24 The Office of Licensing in the Department of Health may
25 investigate alleged violations of this bill. Upon finding a violation,
26 the division may suspend or revoke the treatment provider's license
27 or certification, if applicable, or may impose a civil penalty against
28 the treatment provider. If the department imposes a civil penalty,
29 the civil penalty will be not more than \$20,000 for each violation.

[First Reprint]

SENATE, No. 3955

STATE OF NEW JERSEY
221st LEGISLATURE

INTRODUCED DECEMBER 12, 2024

Sponsored by:

Senator JOSEPH F. VITALE

District 19 (Middlesex)

Senator M. TERESA RUIZ

District 29 (Essex and Hudson)

Co-Sponsored by:

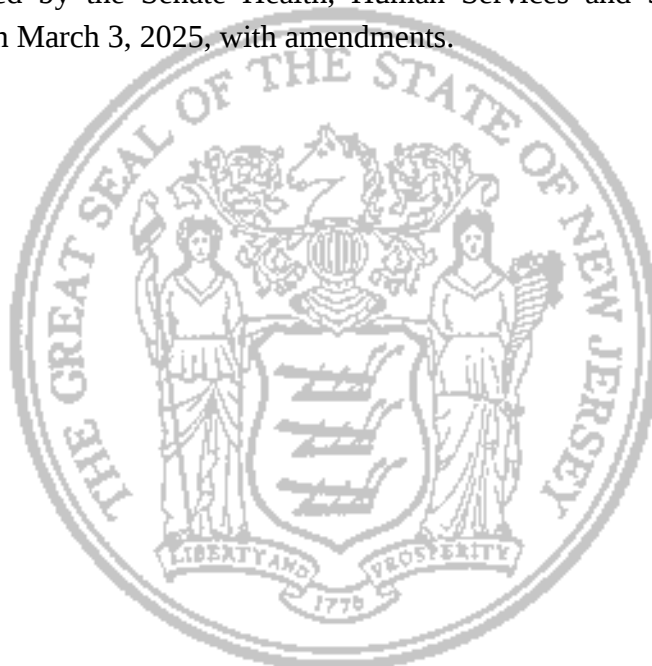
Senators Wimberly and O'Scanlon

SYNOPSIS

Prohibits use of deceptive marketing practices by substance use disorder treatment providers.

CURRENT VERSION OF TEXT

As reported by the Senate Health, Human Services and Senior Citizens Committee on March 3, 2025, with amendments.



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

1
2 **AN ACT** concerning substance use treatment providers and
3 supplementing Title 56 of the Revised Statutes.

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

7
8 1. As used in this act:

9 ¹“Affiliation” means a relationship where one party, directly or
10 indirectly, through one or more intermediaries, controls, is
11 controlled by, or is under common control with, the other party.¹

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

22 “Treatment provider” means a facility licensed in accordance
23 with section 8 of P.L.1975, c.305 (C.26:2B-14) for substance use
24 disorder treatment or services, a substance use disorder treatment
25 facility issued a certificate of approval pursuant to P.L.1970, c.334
26 (C.26:2G-21 et seq.), or a recovery residence located within the
27 State.

28
29 2. Any marketing or advertising materials published or
30 disseminated by a treatment provider shall provide accurate and
31 complete information, in plain language, and shall include the
32 following:

- 33 a. information on the types and methods of services provided;
34 b. information about the location in which services are provided;
35 and
36 c. the treatment provider’s name and brand name ¹, phone
37 number, mailing address, and business location address¹.

38
39 3. a. It shall be an unlawful practice, pursuant to P.L.1960, c.39
40 (C.56:8-1 et seq.), for a treatment provider to:

41 (1) make a false or misleading statement about the treatment
42 provider’s status as an in-network or out-of-network provider;

43 (2) provide, or direct any other person or entity to provide, false
44 or misleading information about the identity of, or contact
45 information for, any treatment provider;

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 SHH committee amendments adopted March 3, 2025.

1 (3) include false or misleading information about the Internet
2 address of any treatment provider's website, or to surreptitiously
3 direct or redirect a person to another website;

4 (4) suggest or imply that **'[a relationship] an affiliation'**¹ with
5 another treatment provider exists, unless the other treatment
6 provider has provided express, written consent to indicate that
7 **'[relationship] affiliation'**¹;

8 (5) make a false or misleading statement about the substance use
9 disorder treatment services the treatment provider provides; or

10 (6) make a false or misleading statement about the geographic
11 location of the treatment provider or the geographic location in
12 which the treatment provider provides substance use disorder
13 treatment services.

14 b. Any treatment provider who violates the provisions of
15 subsection a. of this section shall be liable to a civil penalty of not
16 more than \$20,000 for each violation. The civil penalty shall be
17 collected pursuant to the "Penalty Enforcement Law of 1999,"
18 P.L.1999, c.274 (C.2A:58-10 et seq.), in a summary proceeding
19 before the municipal court having jurisdiction.

20 c. Any person who suffers any injury or damages, including, but
21 not limited to, paying for services that were performed in violation
22 of this act, as a result of the use or employment by a treatment
23 provider of any method, act, or practice declared unlawful under
24 this act may bring an action or assert a counterclaim therefor in any
25 court of competent jurisdiction. In any action under this subsection,
26 the court shall, in addition to any appropriate legal or equitable
27 relief, award threefold the damages sustained by any person in
28 interest. In all actions under this section, the court shall also award
29 reasonable attorney's fees, filing fees, and reasonable costs of suit.

30 d. The Office of Licensing in the Department of Health may
31 investigate alleged violations of this act. Upon finding a violation,
32 the division may suspend or revoke the treatment provider's license
33 or certification, if applicable, or may impose a civil penalty against
34 the treatment provider. If the department imposes a civil penalty,
35 the civil penalty shall be not more than \$20,000 for each violation.

36
37 4. This act shall take effect immediately.

[Second Reprint]

SENATE, No. 3955

STATE OF NEW JERSEY

221st LEGISLATURE

INTRODUCED DECEMBER 12, 2024

Sponsored by:

Senator JOSEPH F. VITALE

District 19 (Middlesex)

Senator M. TERESA RUIZ

District 29 (Essex and Hudson)

Co-Sponsored by:

Senators Wimberly, O'Scanlon and Diegnan

SYNOPSIS

Prohibits use of deceptive marketing practices by substance use disorder treatment providers.

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 substance use treatment providers and
 2 supplementing Title 56 of the Revised Statutes.

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

6
 7 1. As used in this act:

8 ²**[**¹“Affiliation” means a relationship where one party, directly or
 9 indirectly, through one or more intermediaries, controls, is controlled
 10 by, or is under common control with, the other party.¹**]**²

11 “Recovery residence” means ²**[**housing with a home-like
 12 atmosphere, which is available in either a professionally-managed
 13 facility or a peer-managed facility, and¹ a boarding house licensed by
 14 the Department of Community Affairs² which provides a sober living
 15 environment and alcohol- and drug-free living accommodations to
 16 individuals with substance use disorders, or to individuals with co-
 17 occurring mental health and substance use disorders, but which does
 18 not provide clinical treatment services for mental health or substance
 19 use disorders. ²**[**“Recovery residence” includes, but is not limited to, a
 20 facility that is commonly referred to as a sober living home.**]**²

21 “Treatment provider” means a facility licensed in accordance with
 22 section 8 of P.L.1975, c.305 (C.26:2B-14) for substance use disorder
 23 treatment or services, ²or² a substance use disorder treatment facility
 24 issued a certificate of approval pursuant to P.L.1970, c.334 (C.26:2G-
 25 21 et seq.)²**[**, or a recovery residence located within the State¹**]**².

26
 27 2. Any marketing or advertising materials published or
 28 disseminated by a treatment provider ²or a recovery residence² shall
 29 provide accurate and complete information, in plain language, and
 30 shall include ²**[**the following¹**]**²:

31 a. information on the types and methods of services provided;
 32 b. information about the location in which services are provided;
 33 and
 34 c. the treatment provider’s ²or recovery residence’s² name and
 35 brand name ¹, phone number, mailing address, and business location
 36 address¹.

37
 38 3. a. It shall be an unlawful practice, pursuant to P.L.1960, c.39
 39 (C.56:8-1 et seq.), for a treatment provider ²or a recovery residence, as
 40 applicable,² to:

41 (1) make a false or misleading statement about the treatment
 42 provider’s ²or recovery residence’s² status as an in-network or out-of-
 43 network provider;

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 SHH committee amendments adopted March 3, 2025.

²Senate SBA committee amendments adopted March 17, 2025.

1 (2) provide, or direct any other person or entity to provide, false or
2 misleading information about the identity of, or contact information
3 for, any treatment provider ²or recovery residence²;

4 (3) include false or misleading information about the Internet
5 address of any treatment provider's ²or recovery residence's² website,
6 or to surreptitiously direct or redirect a person to another website;

7 (4) suggest or imply that ¹**[a relationship]** an ²**[affiliation]**¹
8 affiliation² with another treatment provider ²or recovery residence²
9 exists, unless the other treatment provider ²or recovery residence² has
10 provided express, written consent to indicate that ¹**[relationship]**
11 affiliation¹;

12 (5) make a false or misleading statement about the substance use
13 disorder treatment services the treatment provider ²or recovery
14 residence² provides; or

15 (6) make a false or misleading statement about the geographic
16 location of the treatment provider ²or recovery residence,² or the
17 geographic location in which the treatment provider ²or recovery
18 residence² provides substance use disorder treatment services.

19 b. Any treatment provider ²**[who]** or recovery residence which²
20 violates the provisions of subsection a. of this section shall be liable to
21 a civil penalty of not more than \$20,000 for each violation. The civil
22 penalty shall be collected pursuant to the "Penalty Enforcement Law
23 of 1999," P.L.1999, c.274 (C.2A:58-10 et seq.), in a summary
24 proceeding before the municipal court having jurisdiction.

25 c. ²**[Any]** A² person who suffers any injury or damages,
26 including, but not limited to, paying for services that were performed
27 in violation of this act, as a result of the use or employment by a
28 treatment provider ²or recovery residence² of any method, act, or
29 practice declared unlawful under this act may bring an action or assert
30 a counterclaim therefor in any court of competent jurisdiction. In any
31 action under this subsection, the court shall, in addition to any
32 appropriate legal or equitable relief, award threefold the damages
33 sustained by any person in interest. In all actions under this section,
34 the court shall also award reasonable attorney's fees, filing fees, and
35 reasonable costs of suit.

36 d. ²**(1)**² The Office of Licensing in the Department of Health may
37 investigate ²treatment providers for² alleged violations of this act.
38 Upon finding a violation, the ²**[division]** Department of Health² may
39 suspend or revoke the treatment provider's license or certification, if
40 applicable, or may impose a civil penalty against the treatment
41 provider. If the ²**[department]** Department of Health² imposes a civil
42 penalty, the civil penalty shall be not more than \$20,000 for each
43 violation.

44 ²**(2)** The Department of Community Affairs may investigate
45 recovery residences for alleged violations of this act. Upon finding a
46 violation, the Department of Community Affairs may suspend or

1 revoke the recovery residence owner's license or certification, if
2 applicable, or may impose a civil penalty against the recovery
3 residence owner. If the Department of Community Affairs imposes a
4 civil penalty, the civil penalty shall be not more than \$20,000 for each
5 violation.²

6

7 4. This act shall take effect immediately.

SENATE HEALTH, HUMAN SERVICES AND SENIOR CITIZENS COMMITTEE

STATEMENT TO **SENATE, No. 3955**

with committee amendments

STATE OF NEW JERSEY

DATED: MARCH 3, 2025

The Senate Health, Human Services and Senior Citizens Committee reports favorably and with committee amendments Senate Bill No. 3955.

As amended by the committee, this bill prohibits the use of deceptive marketing practices by substance use disorder treatment providers.

The bill defines a “treatment provider” as 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, a substance use disorder treatment facility issued a certificate of approval pursuant to P.L.1970, c.334 (C.26:2G-21 et seq.), or a recovery residence located within the State.

The amended bill requires each treatment provider in the State to provide accurate and complete information, in plain language, on the types and methods of services provided, the location in which services are provided, and the treatment provider’s name and brand name, phone number, mailing address, and business location address, when publishing or disseminating any marketing or advertising materials.

Under the amended bill, it will be an unlawful practice for a treatment provider to:

(1) make a false or misleading statement about the treatment provider’s status as an in-network or out-of-network provider;

(2) provide, or direct any other person or entity to provide, false or misleading information about the identity of, or contact information for, any treatment provider;

(3) include false or misleading information about the Internet address of any treatment provider’s website, or to surreptitiously direct or redirect a person to another website;

(4) suggest or imply that an affiliation with another treatment provider exists, unless the other treatment provider has provided express, written consent to indicate that affiliation;

(5) make a false or misleading statement about the substance use disorder treatment services the treatment provider provides; or

(6) make a false or misleading statement about the geographic location of the treatment provider or the geographic location in which the treatment provider provides substance use disorder treatment services.

Any treatment provider who violates the provisions of the bill will be liable to a civil penalty of not more than \$20,000 for each violation. Any person who suffers any injury or damages as a result of the use or employment by a treatment provider of any method, act, or practice declared unlawful under the bill may bring an action or assert a counterclaim therefor in any court of competent jurisdiction. The court will, in addition to any appropriate legal or equitable relief, award threefold the damages sustained by any person in interest and award reasonable attorney's fees, filing fees, and reasonable costs of suit.

The Office of Licensing in the Department of Health may investigate alleged violations of this bill. Upon finding a violation, the division may suspend or revoke the treatment provider's license or certification, if applicable, or may impose a civil penalty against the treatment provider. If the department imposes a civil penalty, the civil penalty will be not more than \$20,000 for each violation.

As amended and reported by the committee, Senate Bill No. 3955 is identical to Assembly Bill No. 3974 (1R), which was also amended and reported by the committee on this date.

COMMITTEE AMENDMENTS:

The committee amendments replace the term "relationship" with "affiliation." The committee amendments define "affiliation" to mean a relationship where one party, directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, the other party.

The committee amendments require each treatment provider to provide the treatment provider's phone number, mailing address, and business location address, when publishing or disseminating any marketing or advertising materials.

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

[First Reprint]

SENATE, No. 3955

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. 3955 (1R).

As amended, this bill prohibits the use of deceptive marketing practices by substance use disorder treatment providers and recovery residences.

The bill requires each treatment provider and recovery residence in the State to provide accurate and complete information, in plain language, on the types and methods of services provided, the location in which services are provided, and the treatment provider's or recovery residence's name and brand name, phone number, mailing address, and business location address when publishing or disseminating any marketing or advertising materials.

Under this bill, it will be an unlawful practice for a treatment provider or a recovery residence, as applicable, to:

(1) make a false or misleading statement about the treatment provider's or recovery residence's status as an in-network or out-of-network provider;

(2) provide, or direct any other person or entity to provide, false or misleading information about the identity of, or contact information for, any treatment provider or recovery residence;

(3) include any false or misleading information about the Internet address of any treatment provider's or recovery residence's website, or to surreptitiously direct or redirect a person to another website;

(4) suggest or imply that an affiliation with another treatment provider or recovery residence exists, unless the other treatment provider or recovery residence has provided express, written consent to indicate that affiliation;

(5) make a false or misleading statement about the substance use disorder treatment services the treatment provider or recovery residence provides; or

(6) make a false or misleading statement about the geographic location of the treatment provider or recovery residence, or the geographic location in which the treatment provider or recovery residence provides substance use disorder treatment services.

Any treatment provider or recovery residence that violates the provisions of this bill will be liable to a civil penalty of not more than \$20,000 for each violation. Any person who suffers any injury or damages as a result of the use or employment by a treatment provider or recovery residence of any method, act, or practice declared unlawful under the bill may bring an action or assert a counterclaim therefor in any court of competent jurisdiction. The court will, in addition to any appropriate legal or equitable relief, award threefold the damages sustained by any person in interest and award reasonable attorney fees, filing fees, and reasonable costs of suit.

The Office of Licensing in the Department of Health may investigate alleged violations of this bill. Upon finding a violation, the division may suspend or revoke the treatment provider's license or certification, if applicable, or may impose a civil penalty against the treatment provider. If the department imposes a civil penalty, the civil penalty will not be more than \$20,000 for each violation.

The Department of Community Affairs may investigate recovery residences for alleged violations and upon a finding of a violation, the Department of Community Affairs may suspend or revoke the recovery owner's license or certification, if applicable, or may impose a civil penalty against the recovery residence owner. The civil penalty would not be more than \$20,000 per violation.

As amended and reported by the committee, Senate Bill No. 3955 (1R) is identical to Assembly Bill No. 3974 (2R), which was also amended and reported by the committee on this date.

COMMITTEE AMENDMENTS:

The committee amendments remove the definition of the term "affiliation." As used in this bill, the term is given the ordinary meaning of the word. The amendments change the definition of the term "recovery residence" to mean 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. The amendments also change the definition of "treatment provider" to mean 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 a substance use disorder treatment facility issued a certificate of approval pursuant to P.L.1970, c.334 (C.26:2G-21 et seq.).

Additionally, the Department of Community Affairs may investigate recovery residences for alleged violations and upon a finding of 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. The civil penalty would not be more than \$20,000 per violation

Lastly, the committee amendments make certain technical corrections.

FISCAL IMPACT:

Fiscal information for this bill is currently unavailable.

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

SENATE, No. 3955

STATE OF NEW JERSEY

221st LEGISLATURE

DATED: MARCH 12, 2025

SUMMARY

- Synopsis:** Prohibits use of deceptive marketing practices by substance use disorder treatment providers.
- Type of Impact:** Annual increase in State and local expenditures and revenues.
- Agencies Affected:** Department of Health, the Judiciary, and certain municipalities.

Office of Legislative Services Estimate

Fiscal Impact	<u>Annual</u>
State Expenditure Increase	Minimum \$500,000
State Revenue Increase	Indeterminate
Local Expenditure Increase	Indeterminate
Local Revenue Increase	Indeterminate

- The Office of Legislative Services (OLS) concludes, based on information provided by the Office of Management and Budget as part of the FY 2025 Budget process, that Department of Health expenditures will increase by \$500,000 annually for the Office of Facility Licensing to hire additional staff to investigate violations, suspend or revoke the licenses or certificates of substance use disorder treatment providers who violate the bill’s provisions, and impose civil penalties against such violators.
- The bill could increase State costs to the Judiciary and to certain municipalities to hear additional cases related to violations of the bill’s provisions.
- The OLS cannot quantify the potential revenue increases under the bill because the number of treatment providers who will violate the bill’s provisions each year cannot be anticipated.



BILL DESCRIPTION

This bill prohibits the use of deceptive marketing practices by substance use disorder treatment providers who are licensed or certified by the Department of Health to provide inpatient or outpatient substance use disorder treatment or recovery residence services.

Treatment providers who violate the bill's provisions will be liable for a maximum civil penalty of \$20,000 for each violation. A person who suffers any injury or damages as a result of the misleading or deceptive marketing or advertising methods or practices declared unlawful under the bill may bring an action or assert a counterclaim in a court of competent jurisdiction. In addition to appropriate legal or equitable relief, the court will award threefold the damages sustained by any person in interest and award reasonable attorney's fees, filing fees, and reasonable costs of suit.

The Office of Licensing in the Department of Health may investigate alleged violations of this bill. Upon finding a violation, the department may suspend or revoke the treatment provider's license or certification, if applicable, or may impose a civil penalty against the treatment provider. If the department imposes a civil penalty, the civil penalty will be not more than \$20,000 for each violation.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS concludes, based on information provided by the Office of Management and Budget as part of the FY 2025 Budget process, that Department of Health expenditures will increase by \$500,000 annually for the Office of Facility Licensing to hire additional staff to investigate violations, suspend or revoke the licenses or certificates of substance use disorder treatment providers who violate the bill's provisions, and impose civil penalties against such violators.

Additionally, the Judiciary and municipal courts could incur indeterminate annual costs to hear additional cases brought for treatment providers violating the provisions of the bill. Additional annual revenues could accrue to the State and municipalities from the collection of civil penalties and court fees. The OLS, however, cannot quantify the potential revenue increases under the bill because the number of providers who will violate the bill's provisions each year cannot be anticipated.

Under current law, the Department of Health licenses substance use disorder treatment providers for a two year period, as long as the provider continues to meet the departmental standards concerning patient health and safety, accurate representation of the treatment services available to patients, and the payment of licensure fees. If a treatment provider fails to meet or maintain these standards, the department, after holding a hearing, may refuse to grant, restrict, suspend, or revoke the license of a treatment provider. Prior to issuing or renewing a treatment provider's license, department staff are required to first inspect the provider's facility, and may examine the providers' financial accounts and records, as determined necessary.

Section: Human Services

*Analyst: Sarah Schmidt
Principal Research 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

[Second Reprint]

SENATE, No. 3955

STATE OF NEW JERSEY

221st LEGISLATURE

DATED: MARCH 25, 2025

SUMMARY

- Synopsis:** Prohibits use of deceptive marketing practices by substance use disorder treatment providers.
- Type of Impact:** Annual increase in State and local expenditures and revenues.
- Agencies Affected:** Department of Health, Department of Community Affairs, the Judiciary, and certain municipalities.

Office of Legislative Services Estimate

Fiscal Impact	<u>Annual</u>
State Expenditure Increase	Minimum \$500,000
State Revenue Increase	Indeterminate
Local Expenditure Increase	Indeterminate
Local Revenue Increase	Indeterminate

- The Office of Legislative Services (OLS) concludes, based on information provided by the Office of Management and Budget as part of the FY 2025 Budget process, that Department of Health expenditures will increase by \$500,000 annually for the Office of Facility Licensing to hire additional staff to investigate violations, suspend or revoke the licenses or certificates of substance use disorder treatment providers who violate the bill’s provisions, and impose civil penalties against such violators.
- The Department of Community Affairs will realize an indeterminate increase in annual costs to hire the additional staff necessary to investigate violations of the bill’s provisions by recovery residence owners and operators, suspend or revoke the licenses or certificates of any violators, and impose civil penalties against such violators. Because the State has an unknown number of unlicensed recovery residences, in addition to those recovery residences licensed by the department, the OLS cannot anticipate the additional staff that would be required.
- The bill could increase State costs to the Judiciary and to certain municipalities to hear additional cases related to violations of the bill’s provisions.

- The OLS cannot quantify the potential revenue increases under the bill because the annual number of treatment providers who will violate the bill's provisions cannot be anticipated.

BILL DESCRIPTION

The bill prohibits the use of deceptive marketing practices by substance use disorder treatment providers who are licensed or certified by the Department of Health to provide inpatient or outpatient substance use disorder treatment, or by a recovery residence. A recovery residence is a boarding house licensed by the Department of Community Affairs that provides substance-free living accommodations for individuals with substance use disorders, or co-occurring mental health and substance use disorders, but does not provide clinical treatment services.

A treatment provider or a recovery residence that violates the bill's provisions will be liable for a maximum civil penalty of \$20,000 for each violation. A person who suffers any injury or damages as a result of the misleading or deceptive marketing or advertising methods or practices declared unlawful under the bill may bring an action or assert a counterclaim in a court of competent jurisdiction. In addition to appropriate legal or equitable relief, the court will award threefold the damages sustained by any person in interest and award reasonable attorney fees, filing fees, and reasonable costs of suit.

The Department of Health may investigate treatment providers, while the Department of Community Affairs may investigate recovery residences, for alleged violations of this bill. Upon finding a violation, the departments may suspend or revoke the license or certification of the treatment provider or recovery residence or may impose a civil penalty against the treatment provider or recovery residence. If the either department imposes a civil penalty, the civil penalty will be not more than \$20,000 for each violation.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS concludes, based on information provided by the Office of Management and Budget as part of the FY 2025 Budget process, that Department of Health expenditures will increase by \$500,000 annually for the Office of Facility Licensing to hire additional staff to investigate violations, suspend or revoke the licenses or certificates of substance use disorder treatment providers who violate the bill's provisions, and impose civil penalties against such violators.

The Department of Community Affairs would realize an indeterminate increase in annual costs to hire the additional staff necessary to investigate alleged violations of the bill's provisions by recovery residence owners and operators, suspend or revoke the licenses or certificates of any violators, and impose civil penalties against such violators. The FY 2026 Governor's Budget indicates that there are an estimated 4,441 permanent boarding home licenses in the State. According to a 2024 New Jersey State Commission of Investigation report, there are approximately 210 licensed cooperative sober living residences, which are also known as recovery residences, in the State. However, there is also an unknown number of unlicensed recovery

residences in the State that would be subject to the requirements under the bill. As such, the OLS cannot anticipate the number of additional department staff that would be required.

Additionally, the Judiciary and municipal courts could incur indeterminate annual costs to hear additional cases brought for treatment providers or recovery residences that violate the provisions of the bill. Additional annual revenues could accrue to the State and municipalities from the collection of civil penalties and court fees. The OLS, however, cannot quantify the potential revenue increases under the bill because the number of providers and recovery residences that will violate the bill's provisions each year cannot be anticipated.

Under current law, the Department of Health licenses substance use disorder treatment providers for a two year period, as long as the provider continues to meet the departmental standards concerning patient health and safety, accurate representation of the treatment services available to patients, and the payment of licensure fees. If a treatment provider fails to meet or maintain these standards, the Department of Health, after holding a hearing, may refuse to grant, restrict, suspend, or revoke the license of a treatment provider. Prior to issuing or renewing a treatment provider's license, department staff are required to first inspect the provider's facility, and may examine the providers' financial accounts and records, as necessary.

The Department of Community Affairs is responsible for inspecting and licensing recovery residences, which licensures are valid for one year. Under current law, the department is required to inspect a recovery residence and the facility's records at least once per year, and post the resultant inspection report to its website.

Section: Human Services

*Analyst: Anne Cappabianca
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.).

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.