Agenda – August 30 , 2023
State Attorney Addiction Recovery Task Force (SAART)

1. Introductions:

2. Updates:

    a. Overdose statistics: PBC ME and PBCFR update: Al Johnson
    b. FARR: Current State-Wide Data/Trends: Heidi Matheny:
    c. Oxford House:

3. FoRCE Annual Report (NAATP): Dr. Annie Peters

4. FARR goals for 2024: Michael Cabot/Heidi Matheny

5. Behavioral Work Force Solutions: Nikki Soda

6. NAATP Public Policy Updates: Nikki Soda

7. Florida State-Wide Group Homes Study Status: Al Johnson

8. DCF Proposed Rule 65D-30.0038: Violations: Imposition of Administrative Fines; Grounds: Al Johnson

9. 2024 Legislative Initiatives: Discussion
    a. § 212.02 Sales Tax on Residence for Transient Accommodations
    b. § 397.487(8)(b) Certified Recovery Residence Administrators
    c. § 397.487(13) Requiring MAT Access in Certified RRs
    d. § 397.487(14) Extending § 397.501 Patient Privacy Rights to RRs
    e. § 397.487(15) Regulation of Length/Frequency of Stay at Certified Recovery Residence.
    f. Definition of "Community Residence" as FARR Level IV Recovery Residence.
    g. Chapter 419 Community Residential Homes: Jeffrey Lynne

10. SHTF Comments.-next meeting is October 18, 2023

11. Public comments.

12. Closing remarks.

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Palm Beach County Fire Rescue
Primary or Secondary Impression = Opioid

1/1/2017 to 07/31/2017

9/25/2018

2017

January	# of Calls:	162	# of Patients:	165
February	# of Calls:	135	# of Patients:	138
March	# of Calls:	329	# of Patients:	343
April	# of Calls:	238	# of Patients:	251
May	# of Calls:	414	# of Patients:	429
June	# of Calls:	340	# of Patients:	373
July	# of Calls:	180	# of Patients:	183

GRAND TOTALS # of Calls: 1798 # of Patients: 1882

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Palm Beach County Fire Rescue
Primary or Secondary Impression = Opioid

1/1/2018 to 07/31/2018

1/10/2019

2018

January	# of Calls:	144	# of Patients:	148
February	# of Calls:	128	# of Patients:	130
March	# of Calls:	116	# of Patients:	120
April	# of Calls:	129	# of Patients:	133
May	# of Calls:	124	# of Patients:	126
June	# of Calls:	180	# of Patients:	182
July	# of Calls:	149	# of Patients:	151

GRAND TOTALS # of Calls: 970 # of Patients: 990

H:\CRYSTAL\Safety Pad\MIH ODS Heroin Opioid\All OD topics\Calls-Primary OR Secondary Impression is Opioid.rpt

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Palm Beach County Fire Rescue
Primary or Secondary Impression = Opioid

1/1/2019 to 0731/2019

1/10/2020

2019

January	# of Calls:	100	# of Patients:	102
February	# of Calls:	105	# of Patients:	107
March	# of Calls:	97	# of Patients:	100
April	# of Calls:	103	# of Patients:	104
May	# of Calls:	137	# of Patients:	139
June	# of Calls:	113	# of Patients:	115
July	# of Calls:	127	# of Patients:	132
GRAND TOTALS	# of Calls:	782	# of Patients:	799

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Palm Beach County Fire Rescue
Primary or Secondary Impression = Opioid

1/1/2020 to 0731/2020

1/5/2021

2020

January	# of Calls:	183	# of Patients:	187
February	# of Calls:	147	# of Patients:	149
March	# of Calls:	147	# of Patients:	148
April	# of Calls:	143	# of Patients:	148
May	# of Calls:	151	# of Patients:	154
June	# of Calls:	148	# of Patients:	153
July	# of Calls:	144	# of Patients:	147

GRAND TOTALS # of Calls: 1063 # of Patients: 1086

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Palm Beach County Fire Rescue
Primary or Secondary Impression = Opioid

1/1/2021 to 07/31/2021

1/3/2022

2021

January	# of Calls:	127	# of Patients:	129
February	# of Calls:	119	# of Patients:	121
March	# of Calls:	151	# of Patients:	156
April	# of Calls:	143	# of Patients:	144
May	# of Calls:	153	# of Patients:	159
June	# of Calls:	128	# of Patients:	130
July	# of Calls:	120	# of Patients:	122
GRAND TOTALS	# of Calls:	941	# of Patients:	961

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Palm Beach County Fire Rescue
Primary or Secondary Impression = Opioid

1/1/2022 to 07/31/2022

1/3/2023

2022

January	# of Calls:	140	# of Patients:	144
February	# of Calls:	148	# of Patients:	150
March	# of Calls:	126	# of Patients:	130
April	# of Calls:	102	# of Patients:	103
May	# of Calls:	123	# of Patients:	127
June	# of Calls:	101	# of Patients:	104
July	# of Calls:	135	# of Patients:	137

GRAND TOTALS # of Calls: 875 # of Patients: 895

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8/4/2023

Palm Beach County Fire Rescue Primary or Secondary Impression = Suspected Opioid

01/01/2023 to 7/31/2023

2023

January	# of Calls:	97	# of Patients:	98
February	# of Calls:	81	# of Patients:	83
March	# of Calls:	115	# of Patients:	116
April	# of Calls:	112	# of Patients:	114
May	# of Calls:	112	# of Patients:	115
June	# of Calls:	125	# of Patients:	132
July	# of Calls:	110	# of Patients:	112
2023		**752**		**770**

2021/2022 PBCME Opiate ODs

- PBC Medical Examiner –2021 – **no pending cases**
  - Total drug overdose cases 657
    - Total opioid OD deaths 519 (79%)
    - Total Fentanyl cause or presence 477 (91%)

- PBC Medical Examiner –2022 - **no pending cases**
  - Total drug overdose cases 553
    - Total opioid OD deaths 421 (76% of total OD cases)
    - Total Fentanyl & Fentanyl analog cause or presence 391 (93%)**
    - **Decline in Opioid OD deaths - 2021/2022 (19%)**

***** Xylazine: "tranq" non-opioid animal tranquilizer – 40 OD deaths

** New Fentanyl analogues:

- N-Pyrrolidino Etonitazene (NPE) – 20x more potent than Fentanyl – 0/20
- Fleurofentanyl – similar potency to Fentanyl – 6/100

2022/2023 PBCME Opiate OD Deaths

Partial year comparison

- PBC Medical Examiner –2022 (01/01-08/21) **snapshot**
  - Total drug overdose cases 356
  - Total opioid OD deaths 259 (73% of total OD cases)
    - Total Fentanyl & Fentanyl analog cause or presence 238 (92%)

- PBC Medical Examiner –2023 (01/01-08/21) **snapshot**
  - Total drug overdose cases 361
  - Total opioid OD deaths 254 (70% of total OD cases)
    - Total fentanyl & fentanyl analog cause or presence 239 (94%)

***** Xylazine: "tranq" non-opioid animal tranquilizer – 2022- 20/ 2023-16

** New Fentanyl analogues:

- N-Pyrrolidino Etonitazene (NPE) – 20x more potent than Fentanyl – 2022-9/2023-0
- Fleurofentanyl – similar potency to Fentanyl – 2022-67/2023-37

PBCFR TRANSPORTS 2017-2023
January 1 – July 31

YEAR	#CALLS	# PATIENTS	%CHANGE/CALLS
2017	1798	1882	
2018	970	990	< 46%
2019	782	799	< 19 %
2020	1063	1086	> 26%
2021	941	961	< 11%
2022	875	895	< 7%
2023	752	770	< 14%

Net change 2017-2023 58% reduction in transports

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FARR
Florida Association of Recovery Residences

State Attorney Addiction Recovery Task Force August 2023

STATEWIDE PROGRAMS CERTIFIED (208)

Month	Units	Beds	MAT	Men	Women	Both	LGBT
Jun	1746	8303	3469	3295	1506	1998	**25**
Jul	1767	7634	2827	3320	1723	2018	**28**
Aug	1761	8559	3507	4382	1730	2419	**28**
Sep	1457	7667	2831	3268	1555	2018	**25**
Oct	1498	7678	2842	3355	1572	2051	**25**
Nov	1522	7693	2857	3362	1591	2063	**25**
Dec	1531	7710	2857	3400	1610	2063	**25**
Jan	1544	7723	2870	3413	1610	2075	**25**
Feb	1590	7800	2879	3413	1617	2151	**25**
Mar	1601	7817	2897	4024	1617	2151	**25**
April	1601	7813	2894	4022	1640	2151	**25**
May	1727	8148	2780	4069	1595	2513	**25**

August 2023:

Units: 1,761	
Beds: 8,559	

Levels I, II & III:	**Units: 1,019**	**Beds: 5,539**
Level IV:	**Units: 741**	**Beds: 3,012**

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FLORIDA COUNTIES

- **Broward County has 29% of the units and 28% of the beds.**
- **Palm Beach County has 44% of the units and 40% of the beds.**

County	Units	Beds	MAT Beds
Alachua	2	10	10
Brevard	8	101	82
Broward	518	2,451	964
Clay	1	8	0
Collier	11	75	45
Duval	45	268	169
Escambia	10	44	44
Flagler	6	39	23
Hillsborough	92	458	120
Indian River	11	71	0
Lee	40	243	145
Leon	1	8	0
Manatee	21	96	14
Marion	10	49	49
Martin	24	139	38
Miami-Dade	23	189	0
Orange	31	146	26
Osceola	1	12	0
Palm Beach	765	3,449	1,571
Pasco	35	163	36
Pinellas	61	237	68
Polk	1	7	7
Sarasota	17	141	0
Seminole	1	10	10
St. Lucie	15	105	98
Volusia	12	46	46

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RUNNING TOTALS

STATE CAPACITY TREND

August 2023

FARR

July 2017	3,280 beds
January 2018	4,153 beds
January 2019	5,786 beds
January 2020	5,781 beds
January 2021	6,715 beds
January 2022	6,872 beds
January 2023	8,122 beds
August 2023	8,559 beds

- **10.4% bed capacity Increase since January 2023**

PALM BEACH COUNTY NUMBERS

95 Certified Providers

765 Units, 3,449 Beds (Men: 1,517, Women: 590, Both: 1,314, LGBTQ+: 28)

Level I: 7 Programs, 30 Units, 100 Beds
Level II: 60 Programs, 312 Units, 1,707 Beds
Level III: 5 Programs, 37 Units, 124 Beds
Level IV: 39 Programs, 386 Units, 1,518 Beds

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Overdose Numbers

Certified Recovery Residences - Self Reporting

January 2023 - August 2023

37 % Death Rate

Total	Male	Female	Deaths
19	14	5	7

City Report

Clearwater (1 Overdose) (0 Death)

Coral Springs (1 Overdose) (1 Death)

Delray (4 Overdose) (1 Death)

Fort Lauderdale (2 Overdose) (1 Death)

Jacksonville (1 Overdose) (1 Death)

Lake Worth (2 Overdose) (0 Death)

Pompano Beach (5 Overdose) (3 Death)

Tampa (1 Overdose) (0 Death)

West Palm Beach (2 Overdose) (0 Death)

Age Report	Drug Preference	Naloxone Doses
Under 20- (0)	Opiates/ Fentanyl- (15)	1 Dose ()
20's- (7)	Cocaine-(2)	2 Doses ()
30's- (8)	Alcohol- (1)	3 Doses ()
40's- (3)	Xanax -(1)	4 Doses ()
50's & Up- (1)		Unknow (1)

Average Age: 34

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Certification Level	State of Origin	Time in Florida
Level I- (0)	NY-(1)	10 Hours- (1)
Level II- (13)	Indiana-(1)	3 Months- (2)
Level III- (0)	MS-(1)	1 Year- (2)
Level IV- (6)	MA-(1)	2 Years- (1)
	Ohio-(1)	Unknown- (15)
	Kansas-(1)	
	Unknown-(13)	

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FARR
Florida Association of Recovery Residences

COMMITMENT IS THE KEY TO RECOVERY

We are committed to maintaining quality standards, upholding FARR's recovery services and providing effective strategies to meet the expanding needs of our providers.

Mission Statement

01 To create, monitor, evaluate and improve standards for recovery residences in the State of Florida

02 Maintain the standards set forth by NARR (National Association of Recovery Residences)

03 Maintain a forum for exchange of ideas, problem solving and providing guidance for our members

04 To remain ethical in all our endeavors to those we serve

Our Philosophy

We believe in a high quality of care for chemically dependent individuals and other persons needing recovery residence services

We believe that this can best be achieved through maintaining standards of care that are designed for this purpose

We also believe that all people deserve to recover in an atmosphere which meets their special needs as well as their basic right to safety, dignity and respect

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NARR
National Alliance for Recovery Residences

NARR Mission

The National Alliance for Recovery Residences (NARR) supports people in recovery from alcohol and other drug use by improving the accessibility, availability and quality of recovery-oriented housing and services.

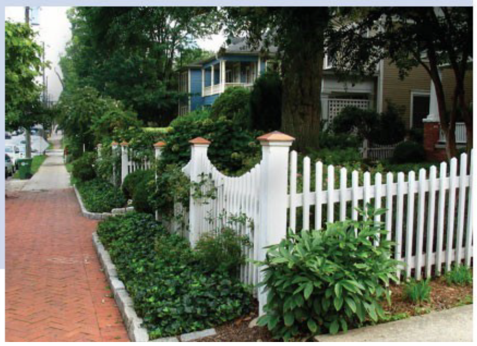
In support of this mission, we create, evaluate and improve standards and measures of quality for recovery residences. We provide a forum for exchanging ideas, problem solving, technical assistance and training. NARR informs public policy development as recovery experts at the national and regional level.

NARR assists existing regional organizations and fosters the development of stakeholder organizations where none exist. NARR is the national resource on recovery residences for people in recovery, health and recovery professionals, social service agencies, state and local governments and recovery residence providers.

The National Alliance for Recovery Residences (NARR) was formed in 2011 to fill a void in the field of addiction recovery services.

Recovery residences are a vital resource for many along the road to recovery. They have not had a ***national unified resource.***

Until now.



NARR Benefits

- Universally accepted protocol for operating ethical, high quality recovery residences,
- Advice and technical assistance to state and local governments on recovery residence issues,
- Opportunity to effect change through NARR's involvement in professional and policy communities,
- Resource for advocacy, training, technical assistance and information about fair housing rights,
- Latest information, research and policy recommendations on recovery residence conditions, resources and issues impacting people in recovery nationally,
- Participation in discussions and policy formation on issues affecting recovery residences nationally,
- Resource support for local and regional stakeholder organizations seeking to improve the availability, accessibly and quality of recovery residence options.

www.narronline.org

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FARR
Florida Association of Recovery Residences

Steps to Certification

As of July 1, 2016 Recovery Residences who apply for Certification through FARR must have one (1) Certified Recovery Residence Administrator per every three (3) locations prior to issuance of Certification. This credential is being offered by The Florida Certification Board.

- Step 1- Apply for Certification online at farronline.org/certification/apply-for-certification/. You will then be contacted by certification staff to conduct a phone interview. An invoice with payment instructions will be sent via our online payment system.
- Step 2- Per FS.397.487 All owners, directors, and chief financial officers are required to submit to a Level II Background Clearance and receive eligibilty determination.
- Step 3- Compliance documentation appropriate for your level of care will then be submitted for assessment against NARR Quality Standards, Ethics, and statute requirments.
- Step 4- Once all documentation has been found to be in compliance, you will be contacted by a field assessor in order to schedule the onsite compliance assessment.
- Step 5- The Certification Administrator will review your application with our Compliance Committee in order to designate a final Compliance Determination.
- Step 6- All owners, staff, and managers are required to complete the three mandatory FARR Core Trainings in order to meet Certification requirements.

Get started now

Go to farronline.org and fill out a registration form.

Florida Association of Recovery Residences, 720 Lucerne Ave., Unit 1164 Lake Worth Beach, Florida 33460

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Partner in Excellence

Make a Difference

FARR is launching a Membership Platform for Community Stakeholders!!!

Accounting firms/Legal Aid Billings and Collections Laboratories
Acute Care Providers Physician Groups Furniture Outlets
food Catering Services fitness & Health Groups
Massage Therapists Acupuncturists Technology Providers
Insurance Agencies
Advertising/Marketing Groups

Recovery Residences, including treatment providers with housing components are eligible for PIE provided they hold a current FARR Certificate of Compliance

FARR offers community stakeholders and service providers an opportunity to support FARR as a **Partner in Excellence.**

Visit www farronline org/pje to complete an online application to become a Partner in Excellence, selecting the level best suited to your organization.

FARR

Florida Association of Recovery Residences

Partner in Excellence

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PARTNER IN EXCELLENCE MEMBERSHIP BENEFITS

This table outlines the four levels of Partner in Excellence membership. FARR is a nonprofit (501c3). Officers, board members and committee chairs are volunteers, Funds raised through the Partner in Excellence program are purposed for FARR operations including the facilitation of inspections of recovery residences who have. volunteered to be certified in compliance with the national standards of best practices.

PIE Member Benefit

Annual Dues	$500	$2,500	$5,000	$10,000
PIE member listing with logo on FARR's website				
FARR's sponsored CEU Training	5 hours	10 hours	20 hours	40 hours
Rights to use FARR's PIE logo on member website				
PIE Member Featured Slog Post on FARR website	1 post	2 posts	4 posts	5posts
Reciprocal fink *between* PIE member 6sting and PIE member's website				
Logo displayed in "FARR Supportsection of FARR's monthly email blast				
Monthly promotional post on FARR's public Facebook page (content provided by member)				
300-word description and contact information included with PIE listing on FARR's website				
YouTube *video* link on FARR's website and Facebook (t5 minutes max. provided by member)				
Special recognition at all FARR sponsored events				
Fea1ured PIE of the Month on FARR's website and Facebook page which includes up to 600-word description with member logo, up to four photos and contact information				
Two complimentary tickets to attend any *one* C4 sponsored event (hotel and plane *fare* not included)				
Brochure displays at FARR attended events with table placement (brochures to be provided by member)				
Two complimentary tickets to attend *one* of the community's prestigious recovery-based charity events				

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Please insert the date for the data in the green cell as indicated.

Florida Oxford Houses (July XX, 2023)		
Number of Residents	**Number of Oxford Houses**	**Total Number of Residents in This Size Oxford House**
6		
7		
8		
9		
10		
11		
12		
13		
14		
Totals	0	0

Florida Oxford Houses	
Number of Residents	**Number of Oxford Houses**
6	2
7	11
8	42
9	25
10	32
11	13
12	7
13	0
14	1
Totals	133

(March 27, 2023)
Total Number of Residents in This Size Oxford House
12
77
336
225
320
143
84
0
14
1,211

Florida Oxford Houses (March 27, 2023)		
Number of Residents	**Number of Oxford Houses**	**Total Number of Residents in This Size Oxford House**
6	2	12
7	11	77
8	42	336
9	25	225
10	32	320
11	13	143
12	7	84
13	0	0
14	1	14
Totals	133	1,211

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65D-30.0038 Violations; Imposition of Administrative Fines; Grounds.

(1) The Department shall classify violations of chapter 397, F.S. and chapter 65D-30, F.A.C. in accordance with sections 397.410(2) and 397.411(7), F.S. Violations shall be classified on the written notice as follows:

(a) A class I violation is subject to an administrative fine of $400 for an isolated deficiency, $600 for a patterned deficiency, and $800 for a widespread deficiency.

(b) A class II violation is subject to an administrative fine of $300 for an isolated deficiency, $500 for a patterned deficiency, and $700 for a widespread deficiency.

(c) A class III violation is subject to an administrative fine of $200 for an isolated deficiency, $400 for a patterned deficiency, and $600 for a widespread deficiency.

(d) A class IV violation is subject to an administrative fine of $100 for an isolated, patterned, or widespread deficiency.

(2) The Department shall impose an administrative fine for the following unclassified violations. The amount of the administrative fine shall be $100 for each violation per day, beginning on the day the violation was identified by the Department.

(a) Failure to submit required incident reports;

(b) Failing to inform the Department of a change in ownership within the specified timeframe in accordance with Rule 65D-30.0034, F.A.C.; and

(c) Unclassified violations outlined in section 397.415(1)(a)2, F.S

(3) Administrative fines for Class III and IV violations will not be assessed if the violations are corrected within the time specified in the corrective action plan (CAP). When the violation is not corrected by the date specified in the CAP, the fine shall be assessed.

(4) The facility must submit a written CAP to the Department within seven calendar days from the date of receipt of the inspection. The CAP must be signed by the executive director or designee of the provider.

(a) The CAP shall include the following:

1. Identify the violation;

2. The actions the facility will take to correct each of the violations identified;

3. The date by which the violation shall be corrected; and

4. The actions the facility will take to ensure the violation identified does not occur again.

(b) Unless a date is directed or extended by the Department, the date to resolve the violation shall not exceed 30 days from the inspection completion date.

(5) The Department will reject any proposed corrective action plan that fails to identify all the information described in subsection (4) of this rule or reflects a plan of action that does not address the violation(s). If the Department rejects a proposed corrective action plan, the Department shall notify the provider in writing of the reasons for rejection and require the provider to submit an amended corrective action plan addressing the deficiency or deficiencies within five calendar days of receipt of the Department’s notice rejecting the corrective action plan. Failure to submit a CAP that is sufficient for Department approval within 30 days of the inspection completion date shall be considered an unclassified violation and be subject to administrative fines as described in subsection (2) of this rule.

(6) The Department may deny, suspend, or revoke a license pursuant to s. 397.415, F.S. A license will not be renewed if a licensee has not paid all previously owed fines to the Department.

Rulemaking Authority 397.321(5), 397.410(2) FS. Law Implemented 397.410, 397.411 397.415, 397.4104, 397.4873 FS. History–New 8-29-19, Amended 9-4-23.

Notice of Proposed Rule

DEPARTMENT OF CHILDREN AND FAMILIES
Substance Abuse Program
RULE NO.: RULE TITLE:
65D-30.0038 Violations; Imposition of Administrative Fines; Grounds
PURPOSE AND EFFECT: Amendments conform with statutory and licensure policy changes regarding violations, fines, and grounds.
SUMMARY: There is a substantial rewording of rule. The amendments clarify the rule, remove definitions that are in statute, specify the fine amounts for each class/violation, and update the corrective action plan protocol if violations are found.
SUMMARY OF STATEMENT OF ESTIMATED REGULATORY COSTS AND LEGISLATIVE RATIFICATION:
The Agency has determined that this will not have an adverse impact on small business or likely increase directly or indirectly regulatory costs in excess of $200,000 in the aggregate within one year after the implementation of the rule. A SERC has not been prepared by the Agency.
A SERC has not been prepared.
The Agency has determined that the proposed rule is not expected to require legislative ratification based on the statement of estimated regulatory costs or if no SERC is required, the information expressly relied upon and described herein: The Department used a checklist to conduct an economic analysis and determine if there is an adverse impact or regulatory costs associated with this rule that exceeds the criteria in section 120.541(2)(a), F.S. Based upon this analysis, the Department has determined that the proposed rule is not expected to require legislative ratification.
Any person who wishes to provide information regarding a statement of estimated regulatory costs, or provide a proposal for a lower cost regulatory alternative must do so in writing within 21 days of this notice.
RULEMAKING AUTHORITY: 397.321(5), 397.410(2) FS.
LAW IMPLEMENTED: 397.410, 397.411, 397.415, 397.4104, 397.4873 FS.
IF REQUESTED WITHIN 21 DAYS OF THE DATE OF THIS NOTICE, A HEARING WILL BE SCHEDULED AND ANNOUNCED IN THE FAR.
THE PERSON TO BE CONTACTED REGARDING THE PROPOSED RULE IS:

THE FULL TEXT OF THE PROPOSED RULE IS:

Substantial rewording of Rule 65D-30.0038 follows. See Florida Administrative Code for present text.

65D-30.0038 Violations; Imposition of Administrative Fines; Grounds.

(1) The Department shall classify violations of chapter 397, F.S. and chapter 65D-30, F.A.C. in accordance with sections 397.410(2) and 397.411(7), F.S. Violations shall be classified on the written notice as follows:

(a) A class I violation is subject to an administrative fine of $400 for an isolated deficiency, $600 for a patterned deficiency, and $800 for a widespread deficiency.

(b) A class II violation is subject to an administrative fine of $300 for an isolated deficiency, $500 for a patterned deficiency, and $700 for a widespread deficiency.

(c) A class III violation is subject to an administrative fine of $200 for an isolated deficiency, $400 for a patterned deficiency, and $600 for a widespread deficiency.

(d) A class IV violation is subject to an administrative fine of $100 for an isolated, patterned, or widespread deficiency.

(2) The Department shall impose an administrative fine for the following unclassified violations. The amount of the administrative fine shall be $100 for each violation per day, beginning on the day the violation was identified by the Department.

(a) Failure to submit required incident reports;

(b) Failing to inform the Department of a change in ownership within the specified timeframe in accordance with rule 65D-30.0034, F.A.C.; and

(c) Unclassified violations outlined in s. 397.415(1)(a)2.

(3) Administrative fines for Class III and IV violations will not be assessed if the violations are corrected within the time specified in the corrective action plan (CAP). When the violation is not corrected by the date specified in the CAP, the fine shall be assessed.

(4) The facility must submit a written CAP to the Department within seven calendar days from the date of receipt of the inspection. The CAP must be signed by the executive director or designee of the provider.

(a) The CAP shall include the following:

1. Identify the violation;

2. The actions the facility will take to correct each of the violations identified;

3. The date by which the violation shall be corrected; and

4. The actions the facility will take to ensure the violation identified does not occur again.

(b) Unless a date is directed or extended by the Department, the date to resolve the violation shall not exceed 30 days from the inspection completion date.

(5) The Department will reject any proposed corrective action plan that fails to identify all the information described in paragraph (4) of this rule or reflects a plan of action that does not address the violation(s). If the Department rejects a proposed corrective action plan, the Department shall notify the provider in writing of the reasons for rejection and require the provider to submit an amended corrective action plan addressing the deficiency or deficiencies within five calendar days of receipt of the Department's notice rejecting the corrective action plan. Failure to submit a CAP that is sufficient for Department approval within 30 days of the inspection completion date shall be considered an unclassified violation and be subject to administrative fines as described in paragraph (2) of this rule.

(6) The Department may deny, suspend, or revoke a license pursuant to s. 397.415, F.S. A license will not be renewed if a licensee has not paid all previously owed fines to the Department.

Rulemaking Authority 397.321(5), 397.410(2) FS. Law Implemented 397.410, 397.411, 397.415, 397.4104, 397.4873 FS. History–New 8-29-19. Amended ____________.

NAME OF PERSON ORIGINATING PROPOSED RULE: Courtney Smith and Vanessa Snoddy
NAME OF AGENCY HEAD WHO APPROVED THE PROPOSED RULE: Shevaun L. Harris
DATE PROPOSED RULE APPROVED BY AGENCY HEAD: June 7, 2023
DATE NOTICE OF PROPOSED RULE DEVELOPMENT PUBLISHED IN FAR: October 31, 2022

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ISSUE # 1 – Taxation of Recovery Residences

State and local governments seeking to impose the "Tourism Tax" or "Bed Tax" or Sales Tax on sober living providers as "transient uses." Various Florida statutes empower local governments to impose such taxes for specified purposes. The tax is only imposed upon transient uses such as hotels, motels, vacation rentals, and other public lodging establishments. The purpose of the tax is to provide funding and support of local efforts to draw tourism to the relevant jurisdiction. Separately, a "sales tax" is imposed on some residential leases.

Proposed legislative amendment # 1:

Section 212.02, Florida Statutes, is amended to read:

(10) "Lease," "let," or "rental" means leasing or renting of living quarters or sleeping or housekeeping accommodations in hotels, apartment houses, roominghouses, tourist or trailer camps and real property, the same being defined as follows:

(k) For purposes of this chapter, recovery residences certified pursuant to s. 397.487 that rent properties for those purposes are not subject to any taxes imposed on transient accommodations including sales tax imposed under Section 212.03, any locally-imposed discretionary sales surtax or any convention development tax imposed under Section 212.0305, any tourist development tax imposed under Section 125.0104, F.S., or any tourist impact tax imposed under Section 125.0108.

ISSUE # 2 – CRRA Workforce Shortage

The recovery and treatment industry workforce remains insufficient to meet demand, particularly with identifying, hiring and retaining Certified Recovery Residence Administrators (CRRAs). Experience has revealed that more than 30 days is required to identify and hire a new CRRA. Providers have also experienced CRRAs "holding them hostage" by the inability to terminate a CRRA due to workforce shortages.

Proposed legislative amendment # 2:

Section 397.487, Florida Statutes, is amended to read:

(8)(b) A certified recovery residence must notify the credentialing entity within 3 business days after the removal of the recovery residence's certified recovery residence administrator due to termination, resignation, or any other reason. The recovery residence has ~~30~~ 90 days to retain a certified recovery residence administrator. If a recovery residence's certified recovery residence administrator has been removed due to termination, resignation, or any other reason and had been approved to actively manage more than 50 residents pursuant to s. 397.4871(8), the recovery residence shall have 90 days to retain another certified recovery residence administrator pursuant to that section. The credentialing entity shall revoke the certificate of compliance of any recovery residence that fails to comply with this paragraph.

Section 397.4871, Florida Statutes, is amended to read:

(8)(b) A certified recovery residence administrator may not actively manage more than 50 residents at any given time unless written justification is provided to, and approved by, the credentialing entity as to how the administrator is able to effectively and appropriately respond to the needs of the residents, to maintain residence standards, and to meet the residence certification requirements of this section. However, a certified recovery residence administrator may not actively manage more than 100 residents at any given time. A recovery residence that is actively managed by a certified recovery residence administrator approved for 100 residents under this section and is wholly owned or controlled by a licensed service provider may actively manage up to 250 residents so long as the licensed service provider maintains a service provider personnel-to-resident ratio of 1:8. A certified recovery residence administrator who has been removed by a recovery residence due to termination, resignation, or any other reason, shall not be allowed to continue to actively manage more than 100 residents for another recovery residence without being approved by the credentialing agency.

ISSUE # 3 – Discrimination in Housing

The Fair Housing Amendments Act of 1988 and the Americans with Disabilities Act of 1990 both prohibit any form of discrimination in the delivery of services to persons with disabilities such as SUD. This specifically includes a prohibition against discrimination against persons in treatment who have been lawfully prescribed medications by their physicians, as currently codified in s. 397.501(2) entitled “Right to Nondiscriminatory services” and currently provides:

> Service providers may not deny an individual access to substance abuse services solely on the basis of race, gender, ethnicity, age, sexual preference, human immunodeficiency virus status, prior service departures against medical advice, disability, or number of relapse episodes. **Service providers may not deny an individual who takes medication prescribed by a physician or an advanced practice registered nurse registered under s. 464.0123 access to substance abuse services solely on that basis.** Service providers who receive state funds to provide substance abuse services may not, if space and sufficient state resources are available, deny access to services based solely on inability to pay.

This “right” does not explicitly extend to recovery residences though it is implicit in the FHA and ADA. It is the policy of the State of Florida to encourage the use of medication-assisted treatment (MAT) where appropriate.

Proposed legislative amendment # 3:

Section 397.487(8)(13), Florida Statutes, is created to read:

<u>(13) Recovery residences may not deny an individual access to housing who has been prescribed federally approved medications that assist with treatment for substance use disorders by a physician or an advanced practice registered nurse registered under s. 464.0123, solely on that basis.</u>

ISSUE # 4 – Extending Patient Confidentiality Protections to Recovery Residences

Federal and state law require treatment providers to protect and maintain as strictly confidential both patient records and patient identifying information. It has been asserted by providers that these rights and obligations extend to any Level IV recovery residential housing component which is part of a DCF license (i.e., Day or Night Treatment with Community Housing). It remains unclear whether this law extends to other Level IV housing associated with lower levels of care (IOP, OP, etc.). Providers feels these patients/residents should enjoy the same protections of the law while residing at a recovery residence associated with their treatment provider. The applicable federal law, with its legally recognized exceptions, has been adopted by the State of Florida and incorporated into s. 397.501(7), Florida Statutes.

Proposed legislative amendment # 4:

Section 397.487(8)(14), Florida Statutes, is created to read:

<u>(14) Recovery residences that provide housing to patients undergoing treatment shall comply with and be subject to s. 397.501(7) regarding confidential individual information.</u>

ISSUE # 5 – Local governments have been applying transient use ordinances meant for vacation rentals against recovery residences.

Vacation rentals (AirBnB, VRBO, etc.) have become a contentious issue in single-family zoning districts and in response, cities and counties began adopting local ordinances banning them and limiting the number of times the home could be rented by requiring maximum minimum stays (for instance, no less than 60 days). Despite the opposition, the Florida Legislature amended state law to pre-empt local regulation of vacation rentals as follows:

> (7) PREEMPTION AUTHORITY.—
>
> (a) The regulation of public lodging establishments and public food service establishments ….is preempted to the state. This paragraph does not preempt the authority of a local government or local enforcement district to conduct inspections of public lodging and public food service establishments for compliance with the Florida Building Code and the Florida Fire Prevention Code, pursuant to ss. 553.80 and 633.206.
>
> **(b) A local law, ordinance, or regulation may not prohibit vacation rentals or regulate the duration or frequency of rental of vacation rentals. This paragraph does not apply to any local law, ordinance, or regulation adopted on or before June 1, 2011.**

Local governments have been using zoning laws to prohibit sober living residences by requiring that the residents themselves stay no less than 60 days or in some instances significantly longer. This requirement hinders the ability of most Level III and Level IV homes to provide housing services as residents stay for varied periods of stay, depending upon need.

The proposal seeks to maintain the status quo in multifamily zoning districts pending the publication of the statewide model zoning ordinance on sober living.

Proposed legislative amendment # 5:

Section 397.487(8)(15), Florida Statutes, is created to read:

(15) A local law, ordinance, or regulation may not regulate the duration or frequency of resident stay in a certified recovery residence in areas where multifamily uses are allowed. This paragraph does not apply to any local law, ordinance, or regulation adopted on or before January 1, 2024.

<u>ISSUE # 6 – Clarity Over FARR Level IV Recovery Residence Designation</u>

FARR standards identified four (4) levels of housing. Levels are designed to support the needs of the individual served. According to FARR:

- FARR Levels I & II encompass the traditional perspective of sober living homes. A Level I residence is more similar to an Oxford House. In a Level II home, there is oversight from a house manager with lived experience; residents are expected to follow the rules outlined in the resident handbook, pay their dues, and work on achieving milestones within a chosen recovery path.

- FARR Level III residence offer peer-support services to residents who are still attending an outpatient treatment program. Living at the residence is a choice rather than required by the treatment provider. This support structure is most appropriate for residents who require a more structured environment during early recovery from addiction.

- FARR Level IV residences are directly tied to a specific treatment program, as is most commonly recognized under the "Day or Night Treatment with Community Housing" license. However, it is FARR's official position that this designated level of housing is appropriate whenever any treatment program requires residents to live in a dwelling owned or controlled by the treatment provider as part of their treatment plan. It is the clinical aspect of the overall treatment plan that incorporates transitional housing which sets Level IV programs apart from Level III and others. The "integration" of housing with off-premises clinical services is what requires further heightened standards, which have been formulated into the Level IV housing requirements.

This proposed legislative amendment is requested to provide clarity to both FARR and to licensed service providers who provide mandatory housing to outpatient levels of care (Day or Night Treatment, Intensive Outpatient, and Outpatient licensed programs). It is FARR's position that any recovery residence that is used by a program providing any level of outpatient services by which the patients are mandated to live at the recovery residence as part of their treatment program are to be classified as a Level IV residence.

Proposed legislative amendment # 6:

Section 397.311 (Definitions), Florida Statutes, is created to read:

<u>(xx) "Community residence" means a recovery residence provided by a licensed service provider that provides housing to patients who are mandated to receive licensed services at facilities that are owned and operated by the same provider. Community housing is appropriate for persons who need housing while undergoing any non-inpatient level of care. A recovery residence used by a licensed service provider that meets the definition of community housing shall be classified under the Florida Association of Recovery Residences Level IV level of support.</u>

Section 1. Section 419.001, Florida Statutes, is amended to read:

419.001 Site selection of community residential homes.—

(1) For the purposes of this section, the term:

(a) "Community residential home" means a dwelling unit or a collection of multifamily dwelling units licensed or certified to serve residents who ~~are clients~~ served by providers approved by the Department of Elderly Affairs, the Agency for Persons with Disabilities, the Department of Juvenile Justice, or the Department of Children and Families or licensed by the Agency for Health Care Administration which provides a living environment for ~~7 to 14~~ unrelated residents who operate as the functional equivalent of a family, including such supervision and care by supportive staff as may be necessary to meet the physical, emotional, and social needs of the residents. This term shall also include recovery residences certified pursuant to s. 397.487.

(b) "Authorizing entity" or "authorizing ~~licensing~~ entities" means the Department of Elderly Affairs, the Agency for Persons with Disabilities, the Department of Juvenile Justice, the Department of Children and Families, or the Agency for Health Care Administration, all of which are authorized to license a community residential home to serve residents. This term shall also include approved credentialing agencies for recovery residences pursuant to s. 397.487.

(c) "Local government" means a county as set forth in chapter 7 or a municipality incorporated under the provisions of chapter 165.

(d) "Planned residential community" means a local government-approved, planned unit development that is under unified control, is planned and developed as a whole, has a minimum gross lot area of 8 acres, and has amenities that are designed to serve residents with a developmental disability as defined in s. 393.063 but that shall also provide housing options for other individuals. The community shall provide choices with regard to housing arrangements, support providers, and activities. The residents' freedom of movement within and outside the community may not be restricted. For the purposes of this paragraph, local government approval must be based on criteria that include, but are not limited to, compliance with appropriate land use, zoning, and building codes. A planned residential community may contain two or more community residential homes that are contiguous to one another. ~~A planned residential community may not be located within a 10-mile radius of any other planned residential community.~~

(e) "Resident" means any of the following: a frail elder as defined in s. 429.65; a person who has a disability as defined in s. 760.22(3)(a); a person who has a developmental disability as defined in s. 393.063; a nondangerous person who has a mental illness as defined in s. 394.455; ~~or~~ a child who is found to be dependent as defined in s. 39.01 or s. 984.03, ~~or~~ a child in need of services as defined in s. 984.03 or s. 985.03; or a resident of a recovery residence, as defined in s. 397.311.

(f) "~~Sponsoring agency~~Housing Provider" means an agency or unit of government, a profit or nonprofit agency, or any other person or organization which intends to establish or operate a community residential home.

(2) Community residential homes ~~Homes of six or fewer residents which otherwise meet the definition of a community residential home~~ shall be deemed a single-family unit and a noncommercial, residential use for the purpose of local laws and ordinances. ~~Homes of six or fewer residents which otherwise meet the definition of a community residential home shall be allowed in single-family or multifamily zoning without approval by the local government, provided that such homes are not located within a radius of 1,000 feet of another existing such home with six or fewer residents or within a radius of 1,200~~

~~feet of another existing community residential home. Such homes with six or fewer residents are not required to comply with the notification provisions of this section; provided that, before licensure, the sponsoring agency provides the local government with the most recently published data compiled from the licensing entities that identifies all community residential homes within the jurisdictional limits of the local government in which the proposed site is to be located in order to show that there is not a home of six or fewer residents which otherwise meets the definition of a community residential home within a radius of 1,000 feet and not a community residential home within a radius of 1,200 feet of the proposed home.~~ Within three days of ~~At the time of~~ home occupancy, the housing provider~~sponsoring agency~~ shall provide ~~notify~~ the local government with proof of licensure or certification ~~that the home is licensed by the licensing entity~~. For purposes of local land use and zoning determinations, this subsection does not affect the legal nonconforming use status of any community residential home lawfully permitted and operating as of July 1, 2016.

(3)(a) When a site for a community residential home has been selected ~~by a sponsoring agency in an area zoned for multifamily~~, the ~~agency~~ provider shall notify the chief executive officer of the local government within three business days in writing and include in such notice the specific address of the site, the residential licensing or certification category, the number of residents, and the community support requirements of the program. ~~Such notice shall also contain a statement from the licensing entity indicating the licensing status of the proposed community residential home and specifying how the home meets applicable licensing criteria for the safe care and supervision of the clients in the home. The sponsoring agency shall also provide to the local government the most recently published data compiled from the licensing entities that identifies all community residential homes within the jurisdictional limits of the local government in which the proposed site is to be located.~~ The local government shall review the notification for compliance with this section, ~~of the sponsoring agency in accordance with the zoning ordinance of the jurisdiction~~, which review shall only be administrative.

(b) Pursuant to such review, the local government may:

1. Determine that the siting of the community residential home is in accordance with local zoning and approve the siting. If the siting is approved, the ~~sponsoring agency~~ provider may establish the home at the site selected.

2. Fail to respond within ~~60~~ 30 days. If the local government fails to respond within such time, the ~~sponsoring agency~~ provider may establish the home at the site selected.

3. Deny the siting of the home.

(c) The local government shall not deny the siting of a community residential home unless the local government establishes that the siting of the home at the site selected:

1. Does not otherwise conform to existing zoning regulations applicable to other ~~multifamily~~ residential uses in the area.

2. Does not meet applicable licensing or credentialing criteria established and determined by the authorizing ~~licensing~~ entity~~, including requirements that the home be located to assure the safe care and supervision of all clients in the home.~~

3. ~~Would result in such a concentration of community residential homes in the area in proximity to the site selected, or would result in a combination of such homes with other residences in the community, such that the nature and character of the area would be substantially altered.~~ A single family dwelling structure used for a community residential home that is located within a radius of XXX ~~1,200~~ feet of another existing community residential home in a single family ~~multifamily~~ zone shall be presumed to

be an overconcentration of such homes that substantially impairs the ability of the residents to effectively integrate into the surrounding community. The local government shall adopt a mechanism in its zoning ordinance consistent with the federal Fair Housing Act, as amended, and the Americans with Disabilities Act, as amended, to reasonably accommodate additional community residential homes. ~~alters the nature and character of the area. A home that is located within a radius of 500 feet of an area of single-family zoning substantially alters the nature and character of the area.~~

~~(4) Community residential homes, including homes of six or fewer residents which would otherwise meet the definition of a community residential home, which are located within a planned residential community are not subject to the proximity requirements of this section and may be contiguous to each other. A planned residential community must comply with the applicable local government's land development code and other local ordinances. A local government may not impose proximity limitations between homes within a planned residential community if such limitations are based solely on the types of residents anticipated to be living in the community.~~

(4) All distance requirements in this section shall be measured by right of way distance from the nearest point of the existing home or area of single-family zoning to the nearest point of the proposed home.

(5) If agreed to by both the local government and the ~~sponsoring agency~~ provider, a conflict may be resolved through informal mediation. The local government shall arrange for the services of an independent mediator. Mediation shall be concluded within 45 days of a request therefor. The resolution of any issue through the mediation process shall not alter any person's right to a judicial determination of any issue if that person is entitled to such a determination under statutory or common law.

~~(7) The licensing entity shall not issue a license to a sponsoring agency for operation of a community residential home if the sponsoring agency does not notify the local government of its intention to establish a program, as required by subsection (3). A license issued without compliance with the provisions of this section shall be considered null and void, and continued operation of the home may be enjoined.~~

(6) A dwelling unit housing a community residential home established pursuant to this section shall be subject to the same local laws and ordinances applicable to other noncommercial, residential family units in the area in which it is established.

(7) Nothing in this section shall be deemed to affect the authority of any community residential home lawfully established prior to October 1, 1989, to continue to operate.

(8) Nothing in this section shall permit persons to occupy a community residential home who would constitute a direct threat to the health and safety of other persons or whose residency would result in substantial physical damage to the property of others.

~~(11) The siting of community residential homes in areas zoned for single family shall be governed by local zoning ordinances. Nothing in this section prohibits a local government from authorizing the development of community residential homes in areas zoned for single family.~~

(9) Nothing in this section requires any local government to adopt a new ordinance if it has in place an ordinance governing the placement of community residential homes that meet the criteria of this section. State law on community residential homes controls over local ordinances, but nothing in this section prohibits a local government from adopting more liberal standards for siting such homes.

Section 2. This act shall take effect July 1, 2024.

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Biden Administration Issues Parity Rule

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Jul 25, 2023

Today the Administration published a new proposed rule designed to help enforce parity through the Mental Health Parity and Addiction Equity Act (MHPAE) which was passed in 2008. The law prohibits insurance companies from discriminating with their coverage of mental health and substance use disorder issues. Several attempts have been made by Congress to advance enforcement, but those measures have fallen short.

NAATP has been at the forefront of advocating enforcement of this bi-partisan law. We commend the Administration for their willingness to enforce Parity which will help save millions of lives. We also congratulate our coalition partners who have also worked diligently to achieve full enforcement, particularly the Kennedy Forum.

These proposed regulations from HHS and the Treasury and Labor departments would mandate that insurers analyze their coverage to ensure equivalent access to mental health care based on outcomes. Insurance companies would have to look at how they respond to requests from doctors to authorize treatments for substance use disorder and mental illness, as compared to physical ones. They would also be required to analyze their provider networks and how much they reimburse providers out of network for these services compared to physical health. Reimbursement rates are a critical issue and have exacerbated the workforce challenges for substance use treatment providers.

The rule would also establish when health plans cannot require doctors to obtain the insurers' prior authorization to prescribe a medicine or procedure, or otherwise put up roadblocks for patients seeking mental health, as well as substance use, treatment. Insurers could face fines for failing to offer comparable coverage for mental health. NAATP has advocated for the ability to fine insurers who continually ignore the law with few consequences.

The proposed rule is available for 60 days for comment and could then take effect. You may read the proposed rule here (https://www.dol.gov/sites/dolgov/files/ebsa/temporary-

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CRIME OF THE CENTURY

The Trillion-Dollar Grift: Inside the Greatest Scam of All Time

The pandemic relief was the biggest bailout in history, and it opened the door to wide-scale fraud the likes of which no one had ever seen – more than three years later, we still don't know how much damage was done

BY SEAN WOODS

Illustration by Victor Juhasz

JUL 9, 2023 9:15 AM

But when President Trump announced an initial $2.2 trillion relief package to bail out the millions of Americans desperate for cash during the national lockdown, his concern turned away from the coronavirus. An expert in cybersecurity, Talcove has worked in both the private and public sectors, and has been raising the alarm about the government's exposure to scams for many years. And now, it was like all of his prior analysis and warnings about fraud had just become real.

"I said, 'Oh, my God, they're going to allow anyone to get unemployment-insurance benefits," he recalls. "The systems are vulnerable. All you needed was a name, a date of birth, an address, and a social security number."

Talcove's a proud Boston guy who moved to Washington, D.C., in 1990, and went on to help an anti-government-waste-style Republican become governor of New Hampshire. He knew the relief plan would be irresistible to scam artists and especially tempting to organized transnational criminal groups. "As soon as the CARES money was announced, we started seeing squawking on the dark web, criminal groups in China, Nigeria, Romania, and Russia — they see our systems are open," Talcove says. He estimates that "the United States government is the single largest funder of cybersecurity fraud in the world."

Talcove, the CEO of LexisNexis Risk Solutions' Government division, tried to warn the federal government of potential large-scale CARES Act scams.

Talcove understood that he had to act. So he called the White House, trying to warn of the threat. No response. Finally, after weeks of trying to get through, one night while he was playing with his kids, he got a call from an unknown number. It was Larry Kudlow, Trump's director of the National Economic Council. "I'm like, 'Mr. Kudlow, I really need to warn you that you have to do something about identity verification,'" Talcove recalls, "'or it's going to be the biggest fraud in the history of our country.'" (Kudlow didn't respond to requests for comment.)

He says he talked to Kudlow for about 15 minutes but couldn't get him to budge. "Kudlow's like, 'The money has to get out quickly. You can't have speed *and* security,'" Talcove says. "But I'm like, 'That is bullshit. Sir, that's just not true. Now you're never going to get the money back.'"

seeing it,'" Talcove says. "I'm sending them screenshots of the dark web. I'm explaining exactly how it's going to go down. And I tell them you are going to have a $200 billion problem on your hands if you do nothing."

IT'S HISTORY NOW: On March 27, 2020, during the height of the pandemic, Trump signed the CARES Act, pumping more than $2 trillion into the U.S. economy. The scale of the crisis was beyond anything we had ever seen, and so was the help. The money flowed like an open spigot and saved the livelihoods of millions of people. But Talcove was right. While many breathed sighs of relief, others saw the crisis as an opportunity — a chance to steal millions.

The list of various CARES Act schemes is endless and astounding: the couple who scammed some $20 million off unemployment insurance while living as high rollers in Los Angeles; the Chicago man under indictment for selling bunk Covid tests and allegedly raking in $83 million (he has declared his innocence); the Florida minister who the feds allege faked the signature of his aging accountant, suffering from dementia, to steal $8 million in PPP loans (in a twist, the pastor has been locked in a legal battle to determine whether he's psychologically fit to stand trial). One particularly loathsome and effective plot: offering fake meals to underprivileged children in Minnesota to reel in a whopping sum of $250 million. Noted serial liar George Santos allegedly got in on the act: He was charged with receiving unemployment benefits while he had a six-figure job in Florida. (Santos has pleaded not guilty.) Other examples are admittedly funny: A guy named

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By the government's own accounting, we potentially dished out some $16.2 billion to folks with "suspicious" emails; $267 million was sent to the identities matching current federal prisoners, some on death row; another nearly $29 billion to people living in multiple states; we even sent out more than $139 million to dead people. California alone accounts for a whopping $20 billion in pandemic unemployment-insurance fraud.

Factoring in President Biden's and Trump's relief efforts, the U.S. released more than $5 trillion into the economy — the biggest bailout in history. Department of Justice Inspector General Michael Horowitz told congress that more than a $100 billion in Covid aid money may have ended up misappropriated, but many experts and members of law enforcement think the number is much higher. The AP estimates $280 million went to fraudsters and another $123 billion was misappropriated, some 10 percent of the relief money. For his part, Talcove estimates the actual losses blow past the tallies being thrown around. "The real number is much higher. I think the government lost a trillion dollars due to fraud in the pandemic," he says. "One *trillion*."

Talcove's number is shocking and a higher estimate than many others.

official accounting is “at least a couple of years away.” Whatever the actual number is, the losses will be staggering.

It must be said that this should not be a red-versus-blue blame game; given the unprecedented nature of the crisis, some feel like the Trump administration acted correctly in releasing the money as fast as possible. “My liberal friends get mad at me for saying this, but the Trump administration handled pandemic unemployment as well as can be expected,” says Michele Evermore, former deputy director for Policy in the Office of Unemployment Insurance Modernization, which handles unemployment insurance. “The problem was so dire and so vast, and people needed help immediately. There was really no choice.”

Nonetheless, debates will continue for years to come over how the money was doled out — speed versus security. The problem was so large that millions of people were at risk; the necessity couldn’t have been clearer. But the cost? One trillion dollars possibly lost to crooks, many of them our fellow citizens gouging the government during a crisis. Thousands of potential victims, not to mention all of the folks who desperately needed the money and couldn’t get it. Thousands of criminals rewarded, many totally unpunished. Now, partisan gridlock and finger-pointing in Congress over the pandemic-era bailouts may halt any legislation and leaves the outcome of reform efforts less-than-certain. And after months reporting on the problem, speaking with the Secret Service agents hunting the fraudsters, victims saddled with debts they never incurred, and an afternoon spent with a scam artist, one can’t help but have serious concerns that the next time a crisis comes around, we sure as hell might get fooled again.

Secret Service agents Peck, Kane, and Pierce (from left). Kane estimates they have seized back some $2 billion from scammers but says, "What keeps me up a night is the amount of money we lost. At the end of the day, Americans are the victims, because it's all taxpayer money."
JONATHAN GARCIA/U.S. SECRET SERVICE

ONE LAW-ENFORCEMENT agency takes the lead when it comes to protecting the U.S. government from fraudsters: the Secret Service. Jason Kane, a Secret Service veteran of more than 20 years, was stationed in New York during those early-pandemic months and knew immediately that a wave of work was heading his agency's way. "Any time there's a crisis — Hurricane Katrina, the BP oil spill — people take advantage. It's human nature," Kane says. "Today we have initiated more than 3,000 criminal cases from the pandemic. We are still trying to seize back those assets but most of the money is likely gone."

Kane is a friendly Southern guy, in his early fifties, medium height, blue-eyed, hair gone gray. He was looking to serve after 9/11 and ended up in the Secret Service. He has traveled the world, protected our top elected officials, and busted a lot of scam artists. You can tell he's proud of the Secret Service and likes to talk about the agency, and sees his role as constantly educational. "Everyone knows about protection, the standing beside the limo," he says, "but our job is guarding the financial infrastructure of the country as well. We were founded to prevent counterfeiting."

On a quiet street in Washington, D.C., around the corner from a Japanese restaurant, I met with Kane, now the deputy assistant director at the agency, in a command center of the cavernous Secret Service headquarters. The building is impressive, complete with an unfortunately not-open-to-the-public museum dedicated to the history of the service dating back to its beginnings in 1865 — also, and most inauspiciously, it was conceived the devastating section: agency artifacts recovered from its office in 7 World Trade Center, destroyed on 9/11, still covered in ash.

The command-center room, HQ for the Global Investigative Operations Center, is straight out of the Jason Bourne movies — big and windowless, with three giant TV monitors showing news events that cast light on about a dozen or so analysts huddled around workstations tracking various cases on screens. Kane introduces Special Agent in Charge Mike Peck and Assistant to the Special Agent in Charge Katherine Pierce, who walk me through the past few years of chasing fraud cases, pandemic and otherwise; turns out they've been very busy.

The Global Investigative Operations at the Secret Service headquarters in Washington, D.C.
JONATHAN GARCIA/U.S. SECRET SERVICE

Peck had been stationed in New York early on in his career, and he says he caught a warning of what was coming when, in the aughts, NYPD detectives started telling him that gangs had shifted from selling drugs on the corner to "selling stacks of information," he says. "It was names, dates of birth, social security, all the basic personal-identification information."

Which goes a long way to explaining how so much data was out in the streets. When the pandemic hit, gangs and organizations had all the info ready to go. To make matters worse, we've all probably had our identity stolen, they tell me, and if you haven't yet, you will. "As far as protecting your identity? Your information's been taken," Kane says. "Everybody's information's been taken at one point or another. It will reside on some bad actor's computer at some point."

For the fraudster, pandemic relief offered unlimited opportunity. Brett Johnson is a former hacker who helped found ShadowCrew, a wild bunch of pioneering identity thieves from back in the early aughts. Since his arrest and conviction, he has put on the "white hat," consulting with law enforcement and security companies. Johnson says the CARES Act crimes were too easy and the window too wide: "For six months, every single fraudster on the planet pivoted to unemployment fraud. Because there was no security. 'Let's get it.' Hell, they were giving money away."

Former hacker and now "white hat" consultant Brett Johnson says "for six months every single fraudster on the planet pivoted to unemployment fraud." The government might as well have been "giving money away." BRYAN DERBALLA

Johnson has seen everything in the hacking world. But he was shocked to come in and immediately start to profit. Sophistication is not in the criminal."

One of the more notable and least sophisticated cases was that of the rapper Nuke Bizzle, a.k.a. Fontrell Baines, who released a video detailing his ill-gotten gains and then was promptly arrested. His scheme — like almost all of the unemployment fraudsters' — was basic: Take a whole bunch of stolen identities and file claim after claim in those early days of 2020, have the debit cards sent to an address, and hoover up the cash. Of course making a music video about all this and posting it on YouTube recalls Stinger Bell's famous admonition to a flunky in *The Wire*: "You takin' notes on a criminal fuckin' conspiracy?"

"The video brought our attention, but Mr. Baines had some 92 claims going to two addresses, which is a badge for fraud," says U.S. Attorney Ranee Katzenstein, who prosecuted the case. She doesn't see Nuke as any kind of mastermind, just a sad story. "When we think about criminal organizations, we often think of a tree or a pyramid, where somebody is up on top and moving down to different groups. That's not the model here. The model here is grass growing — because the crime is not complicated. You don't need to be part of an organization. You can do it yourself from your mom's basement."

(Baines pleaded guilty and was sentenced to more than six years in federal prison.)

Nuke Bizzle's music video for his song "EDD," in which he bragged about his ill-gotten gains and drew the attention of law enforcement

Katzenstein says law enforcement has had to react to large-scale fraud in times of crisis before, but the scale and ease of these crimes make the job exponentially harder. "We call it pay and chase: The government pays out the benefits, and then, if there's fraud, we'll try to claw it back," she says. "That was fine in the old days. But nowadays, when with a few strokes on a keyboard you can submit a hundred applications, we can never keep up."

THERE MUST BE thousands of stories of people who were unknowingly burned during the era of pandemic fraud. Steven and Gloria Clark's stands out as a particularly maddening tale, a bureaucratic nightmare worthy of Kafka. The Des Moines, Iowa, family of four, with two daughters now ages four and seven, were looking to buy their dream house in 2021. They are a Black family from the heartland who'd been renters their whole lives. Home ownership was a big step to feeling more secure. They had saved the money that Steven earned working as a customer-service rep, watched their credit, and everything seemed good to go — until they got hit with an IRS bill that said they'd received $30,000 in unemployment funds from the state of California, a place they'd never lived or visited. The IRS claimed they now owed more than $5,000 in taxes. Thus began an ordeal that's still ongoing two years later.

It's hard to fathom the behemoth that is the American tax system on a good day, but when it comes down on your head, it's pure misery. It's one thing for Trump and his army of accountants. It's another for a working family stretching like the Clarks. The IRS threatened to garnish their wages and is

"It's been an ordeal," Gloria says. "You just get so frustrated. You're online sending emails about it or on the phone and then your call gets disconnected. And the IRS says there's nothing they can do. It's just a lot of time spent trying to fix this. There have been many tears."

(Reached for comment on the case, an IRS spokesperson said that "under federal law, federal employees cannot disclose tax returns of individuals.")

The couple has no idea how their identities were stolen, but now they are incredibly careful in every transaction. Steven thinks one thing the government could focus on is helping victims as much as it has on enforcing the law. "They should set up a task force to help people like us navigate the system and get through this," he says. "Because not until this is done, are we going to be good."

Gloria adds, "For us, trust is just broken, big time."

Steven and Gloria Clark had their identities stolen and used by fraudsters to collect pandemic relief funds, and as result the Clarks are now being taxed by the IRS for money they never received. COURTESY OF STEVEN AND GLORIA CLARK

You would hope that lawmakers in Washington would step in and help

("They may run, but they cannot hide," the administration warned); investing in prevention of identity theft and major fraud (one huge step would be to modernize every states' antiquated and vulnerable IT systems and allow for better interstate communication); and helping the millions of victims of identity theft via early warnings and remediation.

"We think this a proposal that actually tackles the problem, and everyone should support," a White House official tells me. "We will recover far more than we spend. It will both go after bad guys targeting federal programs and increase deterrence. This whole bill is a saver. We will net dollars for the U.S. government."

Alas, with the GOP in control of the House, the proposal's fate remains unclear. Rep. James Comer of Kentucky, chairman of the House Committee on Oversight and Accountability, has been leading hearings probing pandemic-era fraud and vowing to bring "accountability to Washington," saying, "We owe it to the American people to get to the bottom of the greatest theft of American taxpayer dollars in history." However, Comer's also a partisan warrior who's been locked in on Hunter Biden and accused by the AOCs of the world of targeting blue states like New York while overlooking fraud in red states like Arizona — and thus far has ignored the Trump administration's role in doling out money in the pandemic. Also, Comer's track record is more than a little shaky. According to the Daily Beast, in a bit of GOP anti-regulatory fervor, he previously tried to pass two bills that would have diluted government oversight that might have prevented such widespread fraud in the first place. (Comer's office didn't respond to requests to for comment.)

Partisan gridlock would be the worst option. There could also be a desire to memory hole this entire unfortunate experience: Being taken in a fraud is something everyone would rather forget, but that does not make sound is clear: taking no action will allow the criminal element to thrive and find new routes into our collective pocketbooks.

IN A SMALL CITY with some rough neighborhoods, I meet up with a woman I'll call Danni. She's Black, pretty, streetwise, her eyes sparkle and don't miss much. She's got kids. Lives in a neighborhood near where she was raised, with lots of street crime and drug use. She's open, funny, and warm, but with the edge of someone who, when they were younger, was probably a wild child and heaps of trouble. And during the pandemic, she says, she stole money from the state and federal government.

When the pandemic hit, she went right to work: following her local elected officials online for info, and applying for unemployment and rental assistance as soon as it was offered. She says it helped that she moved fast and got in early. She used stolen identities acquired from street connections to apply for more and more unemployment relief from the feds. She claims to have made tens of thousands of dollars; sending out as many as 40 to 50 requests using different IDs, getting a handful of hits for every batch of claims she sent in. She hid the scheme from her kids, but says that "they still think of me as a bank."

She knows people in her neighborhood who needed help but wouldn't take money from the feds because they were so suspicious of the government. "They just couldn't believe it," she says. "They thought the government would take it all back or fuck with them in some way."

She didn't go for huge sums and was satisfied with not getting too crazy and attracting attention. Still, she says, she'd never seen so much cash in her life, and feels like she was due. "It's reparations!" Danni tells me. "We don't have money. And if the government hadn't given out that money, well, then the people would have come to the nicer neighborhoods and taken it."

Danni comes by all this, well, honestly. She was born into this life. Her mom liked pills, and her dad was a no-show. So she was raised by relatives with connections to the underworld. Her brothers have all done time. ("I don't speak to one of them. Saw him at the gym the other day, and we just walked on by each other," she says and laughs, but it feels a little wistful.) As a teen, she got locked up, too, and bounced around after jail, always hustling. She's seen shit. Her partner dealt drugs and was gunned down in front of their kids. And when the pandemic hit, she knew just what Jason Kane knew hundreds of miles away: There was a way to get paid, and folks with a certain mentality would find that way.

She rolls her eyes and laughs when I ask her about Nuke Bizzle's case ("What an idiot!") and says she knew when to call it all off. After years of running all kinds of grifts that she'd prefer not to elaborate on, she has a sense for these things. "I call it living off the land," she says. "I didn't get greedy. That's how you get caught. I kept it low risk. But I was going to get mine. I lived it up: hotels, trips — flying was cheap during the pandemic." She was out at clubs most nights. "I didn't get Covid until my kids went back to school."

She doesn't really consider what all this meant to the people whose IDs she had stolen. She did take note of some medical bills that arrived for one of her stolen identities but mostly just shrugs. All the hassles, headaches, and stress folks like the Clarks will face? Not her problem.

While the Secret Service efforts have been effective — Kane estimates they have seized or prevented more than $2 billion in pandemic-era fraud — the officers know that so much more was stolen. "What keeps me up at night is the amount of money that we lost," he says. "We could only act as fast as we could act. Our people worked countless, countless hours to return funds, but it wasn't enough. I can handle 500 cases, maybe 1,000. I can't handle they are facing an influx of romance scams, sextortion, and a nasty scheme called "pig butchering," where the mark gets fattened up with phony investment returns only to be cleaned out. There's the Black Ax gang in Nigeria on the rise, the Double Dragon crew out of China, and a new rash of electronic-bank-transfer thievery among all kinds of threats they have to try and enforce. Their work is never ending.

"The victim gets lost in this," Kane says. "In Covid fraud, it's usually the government that ends up paying. But at the end of the day, Americans are the victim, because it's all taxpayer money."

Talcove agrees — and believes the small-scale damage done by lone-wolf grifters like Danni pale in comparison with organized criminal outfits hitting America with bigger scores. He's been warning whoever will listen that criminal organizations see Uncle Sam as the biggest mark in the world and that this could all easily happen again — and it in fact has. This year, a Romanian gang allegedly stole more than $38 million from Los Angeles' poorest citizens by engaging in EBT fraud, using a scheme that worked much like the unemployment scam of the pandemic.

"I've got a cynical view on this," Talcove admits. "I don't really think politicians give a shit about the people in need because if they really cared, they would do what they need to do."

Talcove has a list of solutions, most in line with the Biden administration, some not much more complicated than authentication protocols much like what your bank or credit card would ask for and better communication between the feds and states. "The challenge right now is that government agencies have little incentive to acknowledge a fraud problem as it creates an issue with their oversight committee and the press," Talcove says. "We need a mechanism to ensure controls are in place to stop these groups from

For her part, Danni's gone back to her usual side hustles, but the next time there's a crisis, she's got a playbook. And if the government isn't prepared, if Biden and the House haven't acted and instituted some real safeguards, well, she'll hit them up all over again. It's fast becoming the American way.

IN THIS ARTICLE: CARES Act, Covid, covid-19, fraud, PPP, RS reports, RSreports, scam, Truth Seekers

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ITEM 5

Investigation: Addiction treatment can take a hit when private equity pours in cash

RENUKA RAYASAM OF KHN and BLAKE FARMER (HTTPS://TWITTER.COM/FLAKEBARMER) (MAILTO:"BFARMER@WPLN.ORG")

JANUARY 25, 2023

ITEM 5

Blake Farmer / WPLN News

Mitzi Dawn was on staff at Nashville Recovery Center and left after the center was acquired by BRC Recovery and her popular "Sing and Share" event was canceled, though it's since been revived by a small group of volunteers. She says she worried about her colleagues, since most are in recovery as she is. "You have a perfect breeding ground to be able to take advantage of a lot of really good-hearted, well-intentioned people," she says.

Near the end of his scheduled three-month stay at a rehab center outside Austin, Texas, Daniel McKegney was forced to tell his father in North Carolina that he needed more time and more money, he recently recalled.

His father had already received bills from BRC Recovery totaling about $150,000 to cover McKegney's treatment for addiction to the powerful opioid fentanyl, according to insurance statements shared with KHN. But McKegney, 20, said he found the program "suffocating" and wasn't happy with his care.

He was advised against the long-term use of Suboxone, a medication often recommended to treat opioid addiction, because BRC does not consider it to be a form of abstinence. After an initial five-day detox period last April, McKegney's care plan mostly included a weekly therapy session and 12-step group meetings, which are available for free around the country.

McKegney said a BRC staffer recommended he stay a fourth month and even sat in on the call to his dad.

"They used my life and [my] father's love for me to pull another 20 grand out of him," said McKegney, who told KHN he began using fentanyl again after the costly stay.

BRC did not respond to specific concerns raised by McKegney. But in an emailed statement, Mandy Baker, president and chief clinical officer of BRC Healthcare, said that many of the complaints patients and former employees shared with KHN are "no longer accurate" or were related to covid safety measures.

But addiction researchers and private equity watchdogs said models like the one used by BRC — charging high patient fees without guaranteeing access to evidence-based care — are common throughout the country's addiction treatment industry.

The model and growing demand are why addiction treatment has become increasingly attractive to private equity firms looking for big returns. And they're banking on forecasts*<https://www.verifiedmarketresearch.com/product/substance-abuse-treatment-market/>* that predict the market will grow by $10 billion — doubling in size — by the end of the decade as drug overdose*<https://www.cdc.gov/drugoverdose/deaths/index.html>* and alcohol-induced death rates*<https://www.cdc.gov/nchs/products/databriefs/db448.htm>* mount.

"There is a lot of money to be made," said Eileen O'Grady, research and campaign director at the Private Equity Stakeholder Project, a watchdog nonprofit that tracks private equity investment in health care, housing, and other industries. "But it's not necessarily dovetailing with high-quality treatment."

In 2021, 127 mergers and acquisitions took place in the behavioral health sector, which includes treatment for substance use disorders, a rebound after several years of decline, according to investment banking firm Capstone Partners*<https://www.capstonepartners.com/wp-content/uploads/2022/10/Capstone-Partners-Behavioral-Healthcare-Services-MA-Coverage-Report_October-2022.pdf>*. Private equity investment drove much of the activity in an industry that is highly fragmented and rapidly growing, and has historically had few guardrails to ensure patients are getting appropriate care.

Roughly 14,000 treatment centers*<https://findtreatment.samhsa.gov/locator>* dot the country. They've proliferated as addiction rates rise and as health insurance plans are required to offer better coverage of drug and alcohol treatment. The treatment options vary widely and are not always consistent with those recommended*<https://www.samhsa.gov/resource-search/ebp>* by the federal Substance Abuse and Mental Health Services Administration. While efforts to standardize treatment advance, industry critics say private equity groups are investing in centers with unproven practices and cutting services that, while unprofitable, might support long-term recovery.

Baker said the company treats people who have been unsuccessful in other facilities and does so with input from both clients and their families.

Private equity skimps on the known standards

Centers that discourage or prohibit the use of FDA-approved medications for the treatment of substance use disorder are plentiful, but in doing so they do not align with the American Society of Addiction Medicine's guidelines on how to manage opioid use disorder over the long term.

Suboxone, for example, combines the pain reliever buprenorphine and the opioid-reversal medication naloxone. The drug blocks an overdose while also reducing a patient's cravings and withdrawal symptoms.

"It is inconceivable to me that an addiction treatment provider purporting to address opioid use disorder would not offer medications," said Robert Lubran, a former federal official and chairman of the board at the Danya Institute, a nonprofit that supports states and treatment providers.

Residential inpatient facilities, where patients stay for weeks or months, have a role in addiction treatment but are often overused, said Brendan Saloner, an associate professor of health policy and management at Johns Hopkins Bloomberg School of Public Health.

Many patients return to drug and alcohol use after staying in inpatient settings, but studies show*<https://www.sciencedirect.com/science/article/pii/S074054721630513X>* that the use of medications can decrease the relapse rate for certain addictions. McKegney said he now regularly takes Suboxone.

"The last three years of my life were hell," he said.

Along with access to medications, high-quality addiction treatment usually requires long-term care, according to Shatterproof, a nonprofit*<https://www.shatterproof.org/shatterproof-national-principles-care>* focused on improving addiction treatment. And, ideally, treatment is customized to the patient. While the "Twelve Steps" program developed by Alcoholics Anonymous may help some patients, others might need different behavioral health therapies.

But, when looking for investments, private equity groups focus on profit, not necessarily how well the program is designed, said Laura Katz Olson, a political science professor at Lehigh University who wrote a book about private equity's investment in American health care*<https://www.press.jhu.edu/books/title/12719/ethically-challenged>*.

With health care companies, investors often cut services and trim staff costs by using fewer and less trained workers, she said. Commonly, private equity companies buy "a place that does really excellent work, and then cut it down to bare bones," Olson said. During his stay, McKegney said, outings to see movies or go to a lake abruptly stopped, food went from poke bowls and pork tenderloin to chili that tasted like "dish soap," and staff turnover was high.

Nearly three years ago, BRC landed backing from NewSpring Capital and Veronis Suhler Stevenson*<https://www.wsj.com/articles/private-equity-firms-acquire-addiction-treatment-provider-brc-11586389039>*, two private equity firms with broad portfolios. Their holdings include a payroll processor, a bridal wear designer, and a doughnut franchise. With the fresh funds, BRC started an expansion push and bought several Tennessee treatment facilities*<https://www.businesswire.com/news/home/20210713006076/en/BRC-Healthcare-Expands-Into-Tennessee-With-Acquisition-of-Four-Nashville-Substance-Abuse-Treatment-Facilities>*.

NewSpring Capital and Veronis Suhler Stevenson did not respond to emails and phone calls from KHN.

ITEM 5

Blake Farmer / WPLN News

BRC Recovery, a private equity-backed addiction treatment company, bought Nashville Recovery Center in 2021. Private equity investment has driven much of the recent activity in substance abuse treatment, an industry that is highly fragmented and has historically had few guardrails to ensure patients are getting appropriate care.

High prices and low overhead = big business

Before the sale to BRC, Nashville Recovery Center co-founder Ryan Cain said, roughly 80% of the center's offerings were free. Anyone could drop by for 12-step meetings, to meet a sponsor, or just play pool. But the new owners focused on a new high-end sober living program that cost thousands of dollars per month and relied on staffers who were in recovery themselves.

In 2021, Nanci Milam, 48, emptied her 401(k) retirement fund to go through the sober living program and tackle her alcohol addiction. She had been sober for only six months when she was hired as a house manager, overseeing some of the same residents she had gone through the program with. She had to handle other residents' medications, which she said she could have abused. Milam said she was fortunate to maintain sobriety.

"I think it served their need. And I was ambitious. But it should not have happened," said Milam, adding that she left because the company hadn't helped her start her certification as a drug counselor as promised.

A licensing violation reported to Tennessee regulators in late 2021 involved a staffer who was later fired for having sex with a resident in a storage area. And KHN obtained a copy of a 911 call placed in August 2022 — after a resident drank half a bottle of mouthwash — during which a staffer admitted there was no nurse on-site, which some other states require.

Removing the burden from consumers

The regulations of treatment providers largely focus on health and safety rather than clinical guidelines. Only a handful of states, including New York*<https://oasas.ny.gov/system/files/documents/2022/09/part818.pdf>* and Massachusetts, require that licensed addiction treatment centers offer medication for opioid use disorder and follow other best practices.

"We have a huge issue in the field where licensing standards don't comport with what we know to be the most effective quality-of-care standards," said Michael Botticelli, former director of the Office of National Drug Control Policy during the Obama administration and a member of a clinical advisory board for private equity-backed Behavioral Health Group. Some organizations, including Shatterproof, guide patients*<https://www.shatterproof.org/find-help/locate-a-high-quality-provider>* toward appropriate care. The federal and state governments largely direct public funds*<https://findtreatment.gov/>* to centers that meet clinical quality-of-care standards.

But access to treatment is limited, and desperate patients and their families often don't know where to turn. State or federal regulators aren't policing claims from rehab facilities, like the "99% success rate*<https://www.brcrecovery.com/austin-drug-alcohol-*

rehab/#:~:text=The%20study%20was%20conducted%20by,much%20higher%20than%20industry%20averages.>" touted by BRC.

"We cannot put the burden on patients and their families" to navigate the system, said Johns Hopkins' Saloner. "My heart really breaks for people who have thrown thousands of their dollars at programs that are bogus."

When her niece was ready for inpatient rehab in summer 2020, Marina said that sending her to BRC was a "knee-jerk reaction." Marina, a physician in Southern California, requested to be identified only by her middle name to protect the privacy of her niece, who suffers from alcohol addiction.

She had researched the facility three years earlier but didn't investigate deeper because she was worried her niece would change her mind. BRC advertised success stories on the television show "Dr. Phil"*<https://www.brcrecovery.com/dr-phil-rehab/>* and posted affirmations*<https://www.instagram.com/brcrecovery/>* on social media.*<https://www.facebook.com/BRCRecovery/>*

Marina agreed to BRC's upfront cost of $30,000 a month for a three-month stay in Texas, which she paid for out-of-pocket because her niece lacked insurance. She allowed KHN to review some of her niece's pharmacy and treatment bills.

Marina said she paid for a fourth month, but said ultimately the program didn't help her niece, who remains "horribly sick." She said her niece felt constant guilt and shame at rehab. Marina thought there was inadequate medical oversight, and said the program "nickeled and dimed" her for additional services, like physicians' visits, that she thought would be included.

"It almost doesn't matter if you are educated and intelligent," Marina said. "When it's your loved one, you are just desperate."

Update: *The caption on the first photo in this story has been updated to note that the "Sing and Share" event has been revived by volunteers.*

KHN<https://khn.org/about-us> (Kaiser Health News) is a national newsroom that produces in-depth journalism about health issues. Together with Policy Analysis and Polling, KHN is one of the three major operating programs at KFF<https://www.kff.org/about-us/> (Kaiser Family Foundation). KFF is an endowed nonprofit organization providing information on health issues to the nation.

RollingStone

The Trillion-Dollar Grift: Inside the Greatest Scam of All Time

Sean Woods
July 9, 2023 · 22 min read

In late March 2020, Haywood Talcove, a CEO at LexisNexis Risk Solutions, was packing up his office, having sent his employees home. He was worrying about laying off his staff, his family's health, and how he was going to manage two young kids at home during the pandemic.

But when President Trump announced an initial $2.2 trillion relief package to bail out the millions of Americans desperate for cash during the warnings about fraud had just become real.

"I said, 'Oh, my God, they're going to allow anyone to get unemployment-insurance benefits," he recalls. "The systems are vulnerable. All you needed was a name, a date of birth, an address, and a social security number."

Talcove's a proud Boston guy who moved to Washington, D.C., in 1990, and went on to help an anti-government-waste-style Republican become governor of New Hampshire. He knew the relief plan would be irresistible to scam artists and especially tempting to organized transnational criminal groups. "As soon as the CARES money was announced, we started seeing squawking on the dark web, criminal groups in China, Nigeria, Romania, and Russia — they see our systems are open," Talcove says. He estimates that "the United States government is the single largest funder of cybersecurity fraud in the world."

Talcove, the CEO of LexisNexis Risk Solutions' Government division, tried to warn the federal government of potential large-scale CARES Act scams.

Talcove understood that he had to act. So he called the White House, trying to warn of the threat. No response. Finally, after weeks of trying to get through, one night while he was playing with his kids, he got a call from an unknown number. It was Larry Kudlow, Trump's director of the National Economic Council. "I'm like, 'Mr. Kudlow, I really need to warn you that you have to do something about identity verification,'" Talcove speed *and* security,'" Talcove says. "But I'm like, 'That is bullshit. Sir, that's just not true. Now you're never going to get the money back.'"

Eventually, he says Kudlow told him to get in touch with the folks in charge of sending out small-business loans and the Pandemic Unemployment Assistance loans. But those guys told him they aren't seeing any fraud. "I'm like, 'Dude, you haven't even given out any money yet! That's why you're not seeing it,'" Talcove says. "I'm sending them screenshots of the dark web. I'm explaining exactly how it's going to go down. And I tell them you are going to have a $200 billion problem on your hands if you do nothing."

IT'S HISTORY NOW: On March 27, 2020, during the height of the pandemic, Trump signed the CARES Act, pumping more than $2 trillion into the U.S. economy. The scale of the crisis was beyond anything we had ever seen, and so was the help. The money flowed like an open spigot and saved the livelihoods of millions of people. But Talcove was right. While many breathed sighs of relief, others saw the crisis as an opportunity — a chance to steal millions.

The list of various CARES Act schemes is endless and astounding: the couple who scammed some $20 million off unemployment insurance while living as high rollers in Los Angeles; the Chicago man under indictment for selling bunk Covid tests and allegedly raking in $83 million (he has declared his innocence); the Florida minister who the feds allege faked the signature of his aging accountant, suffering from dementia, to steal $8 million in PPP loans (in a twist, the pastor has been locked in a legal battle to determine whether he's psychologically fit to stand trial). One particularly loathsome and effective plot: offering fake meals to underprivileged children in Minnesota to reel in a whopping sum of $250 million. Noted serial liar George Santos allegedly got in on the act: He was charged with receiving unemployment benefits while he had a six-figure job in Florida. (Santos has pleaded not guilty.) Other examples are admittedly funny: A guy named John Doe got unemployment money, as did someone named Mr. Poopy Pants, and so did a person going by the name of Diane Feinstein, presumably not the senator from California.

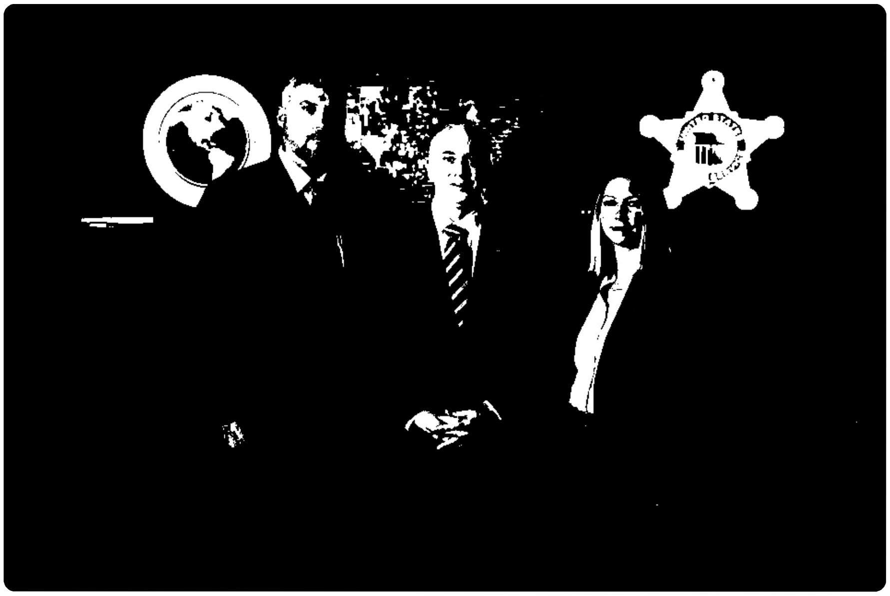
By the government's own accounting, we potentially dished out some $16.2 billion to folks with "suspicious" emails; $267 million was sent to the

Factoring in President Biden's and Trump's relief efforts, the U.S. released more than $5 trillion into the economy — the biggest bailout in history. Department of Justice Inspector General Michael Horowitz told congress that more than a $100 billion in Covid aid money may have ended up misappropriated, but many experts and members of law enforcement think the number is much higher. The AP estimates $280 billion went to fraudsters and another $123 billion was misappropriated, some 10 percent of the relief money. For his part, Talcove estimates the actual losses blow past the tallies being thrown around. "The real number is much higher. I think the government lost a trillion dollars due to fraud in the pandemic," he says. "One *trillion*."

Talcove's number is shocking and a higher estimate than many others. There could be instances of suspected fraud that were innocent mistakes. But when I asked Biden administration officials what the number might be, they admit that they "don't know — the actual determination comes much later." The DOJ's Horowitz told the AP much the same thing, saying the official accounting is "at least a couple of years away." Whatever the actual number is, the losses will be staggering.

It must be said that this should not be a red-versus-blue blame game; given the unprecedented nature of the crisis, some feel like the Trump administration acted correctly in releasing the money as fast as possible. "My liberal friends get mad at me for saying this, but the Trump administration handled pandemic unemployment as well as can be expected," says Michele Evermore, former deputy director for Policy in the Office of Unemployment Insurance Modernization, which handles unemployment insurance. "The problem was so dire and so vast, and people needed help immediately. There was really no choice."

Nonetheless, debates will continue for years to come over how the money was doled out — speed versus security. The problem was so large that millions of people were at risk; the necessity couldn't have been clearer. But the cost? One trillion dollars possibly lost to crooks, many of them our fellow citizens gouging the government during a crisis. Thousands of potential victims, not to mention all of the folks who desperately needed the money and couldn't get it. Thousands of criminals rewarded, many totally unpunished. Now, partisan gridlock and never incurred, and an afternoon spent with a scam artist, one can't help but have serious concerns that the next time a crisis comes around, we sure as hell might get fooled again.



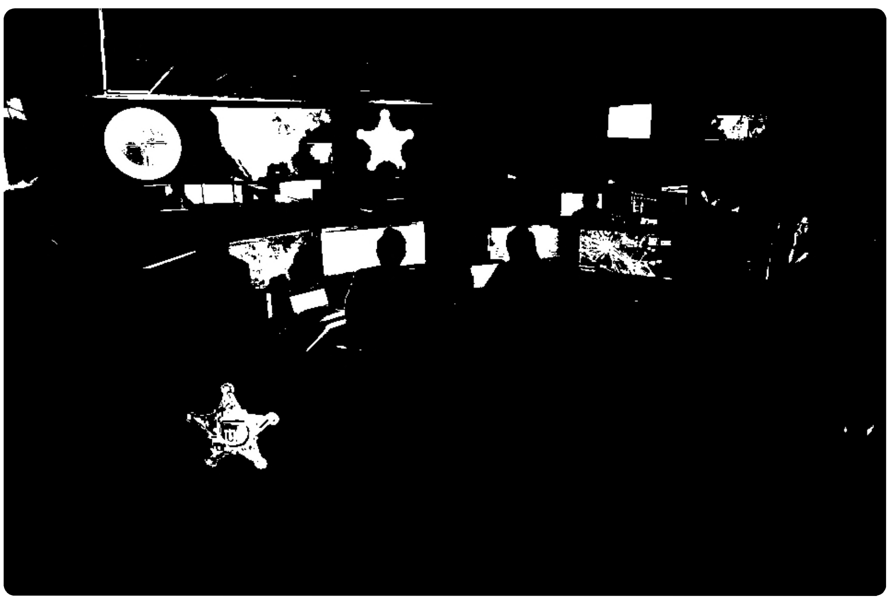
Secret Service agents Peck, Kane, and Pierce (from left). Kane estimates they have seized back some $2 billion from scammers but says, "What keeps me up a night is the amount of money we lost. At the end of the day, Americans are the victims, because it's all taxpayer money."

ONE LAW-ENFORCEMENT agency takes the lead when it comes to protecting the U.S. government from fraudsters: the Secret Service. Jason Kane, a Secret Service veteran of more than 20 years, was stationed in New York during those early-pandemic months and knew immediately that a wave of work was heading his agency's way. "Any time there's a crisis — Hurricane Katrina, the BP oil spill — people take advantage. It's human nature," Kane says. "Today we have initiated more than 3,000 criminal cases from the pandemic. We are still trying to seize back those assets but most of the money is likely gone."

Kane is a friendly Southern guy, in his early fifties, medium height, blue-eyed, hair gone gray. He was looking to serve after 9/11 and ended up in the Secret Service. He has traveled the world, protected our top elected officials, and busted a lot of scam artists. You can tell he's proud of the Secret Service and likes to talk about the agency, and sees his role as constantly educational. "Everyone knows about protection, the standing beside the limo," he says, "but our job is guarding the financial infrastructure of the country as well. We were founded to prevent counterfeiting."

not-open-to-the-public museum dedicated to the history of the service dating back to its beginnings in 1865 — also, and most inauspiciously, it was conceived the same day Lincoln was assassinated. The archive traces the notable arrests and cases, tributes to agents lost in attacks and bombings. Six agents perished in the Oklahoma City bombing in 1995. One particularly devastating section: agency artifacts recovered from its office in 7 World Trade Center, destroyed on 9/11, still covered in ash.

The command-center room, HQ for the Global Investigative Operations Center, is straight out of the Jason Bourne movies — big and windowless, with three giant TV monitors showing news events that cast light on about a dozen or so analysts huddled around workstations tracking various cases on screens. Kane introduces Special Agent in Charge Mike Peck and Assistant to the Special Agent in Charge Katherine Pierce, who walk me through the past few years of chasing fraud cases, pandemic and otherwise; turns out they've been very busy.



The Global Investigative Operations at the Secret Service headquarters in Washington, D.C.

Peck had been stationed in New York early on in his career, and he says he caught a warning of what was coming when, in the aughts, NYPD detectives started telling him that gangs had shifted from selling drugs on the corner to "selling stacks of information," he says. "It was names, dates of birth, social security, all the basic personal-identification information."

your identity? Your information's been taken," Kane says. "Everybody's information's been taken at one point or another. It will reside on some bad actor's computer at some point."

For the fraudster, pandemic relief offered unlimited opportunity. Brett Johnson is a former hacker who helped found ShadowCrew, a wild bunch of pioneering identity thieves from back in the early aughts. Since his arrest and conviction, he has put on the "white hat," consulting with law enforcement and security companies. Johnson says the CARES Act crimes were too easy and the window too wide: "For six months, every single fraudster on the planet pivoted to unemployment fraud. Because there was no security. 'Let's get it.' Hell, they were giving money away."

Former hacker and now "white hat" consultant Brett Johnson says "for six months every single fraudster on the planet pivoted to unemployment fraud." The government might as well have been "giving money away."

Johnson has seen everything in the hacking world. But he was shocked to watch 16-year-olds on Telegram posting how-to-steal videos during the pandemic. "Cybercrime has evolved to the point that the individual is basically plug-and-play," Johnson says. "You don't have to know anything to come in and immediately start to profit. Sophistication is not in the criminal."

One of the more notable and least sophisticated cases was that of the rapper Nuke Bizzle, a.k.a. Fontrell Baines, who released a video detailing his ill-gotten gains and then was promptly arrested. His scheme — like almost all of the unemployment fraudsters' — was basic: Take a whole takin notes on a criminal fuckin conspiracy?

"The video brought our attention, but Mr. Baines had some 92 claims going to two addresses, which is a badge for fraud," says U.S. Attorney Ranee Katzenstein, who prosecuted the case. She doesn't see Nuke as any kind of mastermind, just a sad story. "When we think about criminal organizations, we often think of a tree or a pyramid, where somebody is up on top and moving down to different groups. That's not the model here. The model here is grass growing — because the crime is not complicated. You don't need to be part of an organization. You can do it yourself from your mom's basement."

(Baines pleaded guilty and was sentenced to more than six years in federal prison.)

Nuke Bizzle's music video for his song "EDD," in which he bragged about his ill-gotten gains and drew the attention of law enforcement

Katzenstein says law enforcement has had to react to large-scale fraud in times of crisis before, but the scale and ease of these crimes make the job exponentially harder. "We call it pay and chase: The government pays out the benefits, and then, if there's fraud, we'll try to claw it back," she says. "That was fine in the old days. But nowadays, when with a few strokes on a keyboard you can submit a hundred applications, we can never keep up."

THERE MUST BE thousands of stories of people who were unknowingly burned during the era of pandemic fraud. Steven and Gloria Clark's stands out as a particularly maddening tale, a bureaucratic nightmare worthy of Kafka. The Des Moines, Iowa, family of four, with two customer-service rep, watched their credit, and everything seemed good to go — until they got hit with an IRS bill that said they'd received $30,000 in unemployment funds from the state of California, a place they'd never lived or visited. The IRS claimed they now owed more than $5,000 in taxes. Thus began an ordeal that's still ongoing two years later.

It's hard to fathom the behemoth that is the American tax system on a good day, but when it comes down on your head, it's pure misery. It's one thing for Trump and his army of accountants. It's another for a working family stretching like the Clarks. The IRS threatened to garnish their wages and is even now, two years later, continuing to charge them interest despite news stories and elected officials pleading their case. Not to mention the fact that they say they never received any of this money that they are being taxed over.

"It's been an ordeal," Gloria says. "You just get so frustrated. You're online sending emails about it or on the phone and then your call gets disconnected. And the IRS says there's nothing they can do. It's just a lot of time spent trying to fix this. There have been many tears."

(Reached for comment on the case, an IRS spokesperson said that "under federal law, federal employees cannot disclose tax returns of individuals.")

The couple has no idea how their identities were stolen, but now they are incredibly careful in every transaction. Steven thinks one thing the government could focus on is helping victims as much as it has on enforcing the law. "They should set up a task force to help people like us navigate the system and get through this," he says. "Because not until this is done, are we going to be good."

Gloria adds, "For us, trust is just broken, big time."

Steven and Gloria Clark had their identities stolen and used by fraudsters to collect pandemic relief funds, and as result the Clarks are now being taxed by the IRS for money they never received.

You would hope that lawmakers in Washington would step in and help make life easier for families like the Clarks and work to prevent things like this from happening again. The Biden administration responded this March by putting forth a $1.6 billion, three-part Pandemic Anti-Fraud proposal: pledging to continue prosecution and investigation of criminal syndicates ("They may run, but they cannot hide," the administration warned); investing in prevention of identity theft and major fraud (one huge step would be to modernize every states' antiquated and vulnerable IT systems and allow for better interstate communication); and helping the millions of victims of identity theft via early warnings and remediation.

"We think this a proposal that actually tackles the problem, and everyone should support," a White House official tells me. "We will recover far more than we spend. It will both go after bad guys targeting federal programs and increase deterrence. This whole bill is a saver. We will net dollars for the U.S. government."

Alas, with the GOP in control of the House, the proposal's fate remains unclear. Rep. James Comer of Kentucky, chairman of the House Committee on Oversight and Accountability, has been leading hearings probing pandemic-era fraud and vowing to bring "accountability to Washington," saying, "We owe it to the American people to get to the bottom of the greatest theft of American taxpayer dollars in history." However, Comer's also a partisan warrior who's been locked in on Hunter Biden and accused by the AOCs of the world of targeting blue states like New York while overlooking fraud in red states like Arizona — and thus far has ignored the Trump administration's role in doling out money in the place. (Comer's office didn't respond to requests to for comment.)

Partisan gridlock would be the worst option. There could also be a desire to memory hole this entire unfortunate experience: Being taken in a fraud is something everyone would rather forget, but that does not make sound policy. The Biden plan is a much-needed first step. As the White House official says: "Criminals need to know they can't take advantage of this country during a crisis." Whichever direction the policy fights go, one thing is clear: taking no action will allow the criminal element to thrive and find new routes into our collective pocketbooks.

IN A SMALL CITY with some rough neighborhoods, I meet up with a woman I'll call Danni. She's Black, pretty, streetwise, her eyes sparkle and don't miss much. She's got kids. Lives in a neighborhood near where she was raised, with lots of street crime and drug use. She's open, funny, and warm, but with the edge of someone who, when they were younger, was probably a wild child and heaps of trouble. And during the pandemic, she says, she stole money from the state and federal government.

When the pandemic hit, she went right to work: following her local elected officials online for info, and applying for unemployment and rental assistance as soon as it was offered. She says it helped that she moved fast and got in early. She used stolen identities acquired from street connections to apply for more and more unemployment relief from the feds. She claims to have made tens of thousands of dollars; sending out as many as 40 to 50 requests using different IDs, getting a handful of hits for every batch of claims she sent in. She hid the scheme from her kids, but says that "they still think of me as a bank."

She knows people in her neighborhood who needed help but wouldn't take money from the feds because they were so suspicious of the government. "They just couldn't believe it," she says. "They thought the government would take it all back or fuck with them in some way."

She didn't go for huge sums and was satisfied with not getting too crazy and attracting attention. Still, she says, she'd never seen so much cash in her life, and feels like she was due. "It's reparations!" Danni tells me. "We don't have money. And if the government hadn't given out that money, well, then the people would have come to the nicer neighborhoods and taken it."

with connections to the underworld. Her brothers have all done time. ("I don't speak to one of them. Saw him at the gym the other day, and we just walked on by each other," she says and laughs, but it feels a little wistful.) As a teen, she got locked up, too, and bounced around after jail, always hustling. She's seen shit. Her partner dealt drugs and was gunned down in front of their kids. And when the pandemic hit, she knew just what Jason Kane knew hundreds of miles away: There was a way to get paid, and folks with a certain mentality would find that way.

She rolls her eyes and laughs when I ask her about Nuke Bizzle's case ("What an idiot!") and says she knew when to call it all off. After years of running all kinds of grifts that she'd prefer not to elaborate on, she has a sense for these things. "I call it living off the land," she says. "I didn't get greedy. That's how you get caught. I kept it low risk. But I was going to get mine. I lived it up: hotels, trips — flying was cheap during the pandemic." She was out at clubs most nights. "I didn't get Covid until my kids went back to school."

She doesn't really consider what all this meant to the people whose IDs she had stolen. She did take note of some medical bills that arrived for one of her stolen identities but mostly just shrugs. All the hassles, headaches, and stress folks like the Clarks will face? Not her problem.

While the Secret Service efforts have been effective — Kane estimates they have seized or prevented more than $2 billion in pandemic-era fraud — the officers know that so much more was stolen. "What keeps me up at night is the amount of money that we lost," he says. "We could only act as fast as we could act. Our people worked countless, countless hours to return funds, but it wasn't enough. I can handle 500 cases, maybe 1,000. I can't handle 10,000 cases as an agency."

They are still working pandemic fraud cases, but the agents admit that they are down to a "trickle." They, like every organization, have to prioritize, and they are facing an influx of romance scams, sextortion, and a nasty scheme called "pig butchering," where the mark gets fattened up with phony investment returns only to be cleaned out. There's the Black Ax gang in Nigeria on the rise, the Double Dragon crew out of China, and a new rash of electronic-bank-transfer thievery among all kinds of threats they have to try and enforce. Their work is never ending.

grifters like Danni pale in comparison with organized criminal outfits hitting America with bigger scores. He's been warning whoever will listen that criminal organizations see Uncle Sam as the biggest mark in the world and that this could all easily happen again — and it in fact has. This year, a Romanian gang allegedly stole more than $38 million from Los Angeles' poorest citizens by engaging in EBT fraud, using a scheme that worked much like the unemployment scam of the pandemic.

"I've got a cynical view on this," Talcove admits. "I don't really think politicians give a shit about the people in need because if they really cared, they would do what they need to do."

Talcove has a list of solutions, most in line with the Biden administration, some not much more complicated than authentication protocols much like what your bank or credit card would ask for and better communication between the feds and states. "The challenge right now is that government agencies have little incentive to acknowledge a fraud problem as it creates an issue with their oversight committee and the press," Talcove says. "We need a mechanism to ensure controls are in place to stop these groups from stealing while at the same time ensuring people can access the needed systems. The only way to solve this problem is information and analytics. The bad guys have information and analytics. If we don't have information and analytics, we are screwed."

For her part, Danni's gone back to her usual side hustles, but the next time there's a crisis, she's got a playbook. And if the government isn't prepared, if Biden and the House haven't acted and instituted some real safeguards, well, she'll hit them up all over again. It's fast becoming the American way.

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