

**Stephen Hoffman**

From: DA, RecoveryHouse <RA-DARECOVERYHOUSE@pa.gov>
Sent: Tuesday, March 23, 2021 12:23 PM
To: Fellin, Daniel; Lewis, Jordan
Subject: FW: [External] Question on recovery house statute and proposed regulations

From: Johnson, Victoria H. <VJohnson@foxrothschild.com>
Sent: Tuesday, March 23, 2021 12:20 PM
To: DA, RecoveryHouse <RA-DARECOVERYHOUSE@pa.gov>
Subject: [External] Question on recovery house statute and proposed regulations

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Good afternoon,

I have a question regarding Section 2313-A(4) of the law requiring licensure of recovery houses, and the corresponding proposed regulation at § 709.146, [Financial transactions], which prohibits a drug and alcohol recovery house from:

(4) Directly or indirectly soliciting or accepting a commission, fee or anything of monetary or material value from residents, other related individuals, third party entities or referral sources, beyond specified rent established in writing at the time of residency.

Is this intended to be an anti-kickback type of law/regulation, or was it intended to serve as an absolute prohibition to a recovery house entering into a services contract with a third party provider where referrals are exchanged between the parties? Stated another way, would a recovery house be able to obtain management or other services from a separately licensed DDAP facility where there is a referral relationship between the parties, if the service contract/relationship was consistent with FMV and commercially reasonable? Or is it intended to be an outright prohibition on the ability of a recovery house to contract with referral sources for items or services?

Many thanks for any insight you can provide.

Regards,
Victoria

Victoria Johnson
Partner
Fox Rothschild LLP
Eagleview Corporate Center
747 Constitution Drive, Suite 100, PO Box 673
Exton, PA 19341
(610) 458-4980 - direct
(610) 458-7337- fax

VJohnson@foxrothschild.com

www.foxrothschild.com

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