JARROD'S LAW

Behavioral Health Oversight & Patient Safety Reform

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September 13, 2026

The Honorable Robert F. Kennedy Jr.

Secretary, U.S. Department of Health and Human Services

200 Independence Avenue SW

Washington, DC 20201

Dr. Mehmet Oz

Administrator, Centers for Medicare & Medicaid Services

7500 Security Boulevard

Baltimore, MD 21244

RE: Federal Intervention Required — Closing the Regulatory Escape Routes Enabling Fraud and Preventable Death in Addiction Treatment and Recovery Housing (ESCAPE Act Federal Appeal)

Dear Secretary Kennedy and Administrator Oz,

My name is Wendy McEntyre. I founded Jarrod's Law in 2005 after my son Jarrod died at a sober living facility called "The Safe House." Twenty-two years of investigation into California's addiction treatment industry have followed. Two prior legislative attempts — AB 920 in 2019 and AB 2087 in 2021-2022 — were vetoed or stalled before they could close the loopholes described below. This letter consolidates that entire body of work into a single, direct appeal, because for me, everything is third time's the charm, and this window will not stay open long. I am not asking you to take my word for any of it — I am asking for a meeting to walk your staff through the documentation.

Roughly 838 people die every day in this country from drug and alcohol overdose, alcohol poisoning, and related mental health crises — the equivalent of three and a half Boeing 737 MAX aircraft crashing on American soil daily. A meaningful share of those deaths occur inside, or within 48 hours of leaving, a sober living facility. The five mechanisms below are not theoretical; they are documented, and they converge to make that death toll structural rather than incidental.

Not a day goes by without a phone call, an email, or a story from a family whose loved one has been harmed — or lost — inside this industry. This is not a policy abstraction. At its core, this is fraud, waste, and abuse, carried out against one of the most vulnerable populations in the country, and every section that follows should be read through that lens.

I. THE TITLE 9 EXCLUSIVE AUTHORITY FAILURE

California Health and Safety Code § 11834.01 gives the Department of Health Care Services (DHCS) exclusive authority to license every 24-hour residential substance use disorder treatment facility in the state, regardless of who pays for it — private insurance, self-pay, or government funding. There is no lawful "housing-only" exemption once clinical services, medication administration, or coordinated treatment are present. Yet DHCS has allowed roughly 1,912 of the 2,285-plus facilities on its own list to operate for years without Title 9 licensure, simply by accepting operators' unverified claims that they provide "housing only." This is not a gap between two regulatory tracks — it is DHCS's refusal to enforce the one exclusive track the law already gives it. Blue Cross of Oklahoma's federal litigation

against Asana Recovery Center is the clearest illustration: Asana generated $8.5 million in insurance billings while never holding Title 9 licensure, and DHCS took no enforcement action.

II. THE THREE-MECHANISM CONVERGENCE ENABLING RAPID, UNLICENSED DEPLOYMENT

Since June 2026, three previously separate developments have converged to allow an unlicensed facility to be sited, funded, and filled with residents in six to nine months, with no DHCS inspection at any point:

- Federal funding opened in June 2026 — HUD's Recovery Housing Program ($250 million annually), a SAMHSA package exceeding $700 million, and California's BHCIP, Proposition 1, and CalAIM PATH dollars — all reachable by an operator without triggering DHCS licensure review.
- California's ADU statute (Government Code § 65852.2) mandates ministerial approval of accessory dwelling units within 30 to 60 days, and cities that attempt discretionary delay on a recovery-housing ADU expose themselves to Fair Housing Act liability, since residents in recovery are a protected disability class.

- DHCS's own non-enforcement of Title 9 (Section I above) means the completed ADU can open its doors as "sober living" with zero clinical inspection, regardless of what happens inside it.

Real estate consultants are actively marketing this pathway. One operator, Andrew Lamb, sells an $8,000-to-$12,000 consulting package — branded "Road to Riches" — that walks a property owner through securing a government housing grant, fast-tracking the ADU, staffing it with unlicensed "recovery coaches," billing government and insurance funds for a projected tenfold return over standard rental income, and, if investigated, submitting a corrective action plan to DHCS's toothless Licensing & Certification side rather than facing Title 9 enforcement. He is one of many operators running an identical playbook, marketed at scale on social media and already expanding into Florida, Arizona, and Nevada.

III. THE MEDICATION ADMINISTRATION LOOPHOLE

The most dangerous single mechanism inside this system is the way medication moves from clinical intake into unlicensed housing, hidden behind a semantic dodge.

The Prescribing Pipeline

Clients entering treatment for a single substance are routinely given a psychiatric evaluation within 72 hours of intake and emerge with as many as sixteen concurrent medications — antipsychotics, mood stabilizers, sleep aids, and controlled substances stacked on top of one another. This is driven by a billing structure in which each evaluation and medication-management visit is separately reimbursable, not by clinical necessity alone. Whatever its origin, the sixteen-drug regimen follows the resident directly into a sober living home holding no medical license, no nursing staff, and no state oversight.

The "Self-Administration" Dodge

Operators and the regulators who decline to act on them describe this as residents simply "self-administering" from their own labeled bottles. That is not what the documentation shows. Unlicensed staff routinely pre-sort each resident's daily doses into cups or baggies, hold the master supply under lock in a staff office, distribute on a fixed schedule, and maintain an active Medication Administration Record — a MAR logbook — documenting what was given, to whom, and when. A

MAR is, by definition, a record of administration. A facility that pre-packages controlled substances, times their distribution, and logs each dose is administering medication and should require licensure under Health and Safety Code § 11834.01 on that basis alone, independent of any other clinical service it provides.

How Far This Has Drifted From the Oxford House Model

The legal tolerance for unlicensed sober living traces back to the 1970s Oxford House model: organic, peer-led, cooperative housing with no paid staff and no clinical programming. That is not what is operating at scale today. Modern "recovery residences" are frequently tethered directly to an affiliated day treatment center: a supervised medication queue each morning, a company van to the day program, a full day of billable clinical activity — group therapy, individual sessions, yoga, PowerPoint psychoeducation lectures — and a return trip each evening for the medication queue to repeat. This is a coordinated outpatient treatment program wearing a housing label, and the overnight/daytime split is being used to avoid licensure for the whole arrangement.

State Deregulation by Design

DHCS structures its own oversight to end after the first 72 hours of residential treatment, then treats everything that follows — including the medication administration described above — as beyond its jurisdiction. This is precisely the point at which the highest-risk activity, controlled substance administration to a newly stabilized, high-relapse-risk population, begins in earnest. Your agencies hold two levers that can close this loophole without waiting on state legislative action: CMS's pending renewal of California's CalAIM Section 1115 demonstration can condition continued federal Medicaid financing on the state demonstrating that any facility administering medication holds the applicable license, regardless of how it labels itself; and HHS/HUD recovery-housing funding streams (SAMHSA, HUD RHP) can be conditioned on a grantee's certification that no staff-timed, MAR-documented medication distribution occurs without corresponding state licensure.

IV. THE PATTERN IS STRUCTURAL, NOT ISOLATED

Three federal matters, on their own, demonstrate this is not a handful of bad actors: Dr. Tonmoy Sharma of Sovereign Health faces a $149 million federal indictment on

eight counts, including wire fraud and EKRA violations, for insurance billing fraud, unnecessary urine drug screening, and patient-broker kickbacks. Alexander Soofer was charged with embezzling more than $10 million from Los Angeles homelessness contracts, prompting HUD to suspend all Continuum of Care funding to LAHSA — and more than $300 million of that suspended funding is now being redirected toward the same ADU-based sober living model described in Section II. And DHCS's own facility data show individual clinical directors holding fifteen to twenty-plus simultaneous medical-director positions across California, which functions as licensure on paper with no real clinical oversight on the ground — a structure Blue Cross of Oklahoma itself recognized when it refused to settle with Asana's clinical director, stating plainly that without him, these facilities cannot operate.

V. WHY THIS REQUIRES FEDERAL ACTION NOW, NOT STATE ACTION LATER

California's legislature cannot fix this alone. The state Senate Health Committee has declined to move any treatment-facility bill until HHS provides legal clarity on

patient brokering, and HHS has indicated this is not a current priority. Meanwhile, the ADU deployment pipeline described in Section II is actively filling with operators locking in government funding and local approvals. Every month of delay allows more facilities to become politically entrenched before enforcement can reach them. Assemblywoman Laurie Davies' office is planning a Washington trip to request an HHS meeting on this exact question — I ask that your agencies make that meeting a priority.

VI. SPECIFIC REQUESTS

I respectfully request the following actions:

1. DOJ/HHS guidance clarifying that the Fair Housing Act protects housing occupancy status, not the clinical services delivered inside a residence, so that medication management and coordinated treatment cannot hide behind FHA protections meant for housing alone.
2. CMS guidance clarifying that MAR-documented, staff-timed medication distribution constitutes administration, not self-administration, for state licensure

purposes, and conditioning the pending CalAIM Section 1115 renewal on California's enforcement of this standard.

3. HUD conditioning of Recovery Housing Program and related grant dollars on a grantee's demonstrated state clinical licensure, or documented compliance, before funds are disbursed to any facility providing integrated services.

4. DEA/DOJ enforcement priority on 21 U.S.C. § 333 violations (unlicensed controlled-substance administration) inside recovery housing, coordinated with RICO referrals where patient brokering and insurance fraud are also present.

5. HHS OIG interpretive guidance affirming that financially incentivized referral arrangements between treatment centers and sober living operators constitute federal fraud under EKRA.

6. HHS confirmation that states retain full authority to legislate on addiction treatment facility oversight without federal preemption concerns, removing the legal uncertainty currently freezing California's own legislative process.

None of these six actions requires new legislation from Congress. Each uses authority your agencies already hold. I am asking you to use it before more families lose what mine lost.

VII. THIS IS NOT NEW — ON THE RECORD SINCE 2021

On December 13, 2021, the California Assembly's Committee on Accountability and Administrative Review held an oversight hearing on this exact industry, chaired by Assemblywoman Cottie Petrie-Norris. I testified in person that day. DHCS's own Licensing & Certification Chief testified the department had not sought a single injunction against a rogue facility in the preceding year, relying instead on 15-day cease-and-desist notices. A healthcare fraud investigator testified under public comment that DHCS notifies operators in advance of site visits, giving them time to hide violations and restore them afterward. DHCS's own December 2017 death investigation into the Above It All facility in Lake Arrowhead had already found falsified records and a forged prescription in the death of 20-year-old Matthew Menier — reportedly the seventh death at that facility. I described, in my own testimony that day, the same split between investigators with enforcement authority and analysts limited to corrective action plans that this letter now documents as the Title 9 enforcement failure. Five years of state-level notice, without federal leverage, has not changed the outcome.

VIII. TRANSPARENCY AND THE OUTDATED STATE RECORD

On August 18, 2026, Jarrod's Law submitted a legislative subpoena (#L120514-081726) to DHCS requesting all pertinent unredacted regulatory records. The purpose is not public exposure for its own sake — it is independent study and analysis by renowned California universities, including UCLA's Semel Institute, and by the Substance Use Task Force that Assemblywoman Petrie-Norris established in 2019, when I first joined forces with her office. Knowledge is power. We cannot solve what we are not permitted to examine. California's last comprehensive investigative report on rogue rehab facilities was conducted in 2012 — fourteen years ago, before nearly all of the growth and deployment mechanisms described in this letter existed. It must be updated now. Continuing to withhold unredacted records after fourteen years is not simply an oversight failure. It is evidence that there is something to hide.

IX. A TWO-DECADE RECORD, BUILT IN PARTNERSHIP

- Co-created Overdose Awareness Week in California (Assembly House Resolution 121, 2022) with Assemblywoman Cottie Petrie-Norris, a partnership dating to 2019 through her Substance Use Task Force.
- Authored John's Law (AB 1356, signed into law 2025) with Assemblywoman Diane Dixon.
- Authored AB 919 (signed into law, effective January 1, 2020), the first Jarrod's Law patient-protection legislation.
- Work has been featured in Shoshana Walter's Rehab: An American Scandal, HBO's Last Week Tonight with John Oliver, and The Business of Recovery documentary.

Director Ben Flaherty's forthcoming documentary The Shuffle follows this world in detail and is currently earning national festival recognition, with a screening scheduled at UCLA this October. We are prepared to arrange a private, on-demand screening for your staff, or for anyone at DHCS, genuinely committed to being part of the solution.

Respectfully,

Wendy McEntyre

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