
SENATE COMMITTEE ON APPROPRIATIONS

Senator Anthony Portantino, Chair
2019 - 2020 Regular Session

AB 1779 (Daly) - Recovery residences

Version: July 11, 2019

Urgency: No

Hearing Date: August 12, 2019

Policy Vote: HEALTH 8 - 0

Mandate: Yes

Consultant: Samantha Lui

Bill Summary: Assembly Bill 1779 would require the Department of Health Care Services (DHCS) to adopt specified standards for recovery residence housing that receives public funds through county contracts, and require the submission of a legislative report by January 1, 2025. Would require a county behavioral health administrator to report specified suspected activity to the DHCS.

Fiscal Impact:

Department of Health Care Services. \$2.2 million General Fund in FY 2020-21, and \$2.1 million General Fund in FY 2021-22, and ongoing, for 15.0 positions, specifically:

- 10.0 Associate Governmental Program Analysts to perform investigations of complaints and continued compliance for a recovery residence that receives state funding and compile the legislative report.
- 2.0 Office Technicians to provide administrative support.
- 1.0 Attorney IV to draft guidance and regulations, analyze any potential enforcement actions, and interface with the Attorney General's office to obtain inspection warrants when necessary.
- 2.0 Staff Services Manager I to supervise staff.

Local Costs. Unknown, potentially minor state-local mandate costs. The bill would require a local behavioral health department to notify the DHCS of any suspected fraudulent activity or any activity that jeopardizes community safety.

Background: The DHCS licenses recovery or treatment facilities (RTF) that provide 24-hour residential non-medical services to adults who are recovering from problems related to alcohol, drug, or alcohol and drug misuse or abuse, and who need alcohol, drug, or alcohol and drug recovery, treatment, or detoxification services. The DHCS must determine the qualifications, including the appropriate skills, education, training, and experience of personnel working within licensed or certified alcoholism or drug abuse recovery and treatment programs.

Recovery residences are most commonly known as sober living homes, sober living environments, or unlicensed alcohol and drug free homes (HSC §11833.05). While sober living homes are not licensed by DHCS, they may be subject to local permits, clearances, business taxes, or local fees. According to DHCS, there are around 5,000 recovery residences.

The Drug Medi-Cal Organized Delivery System waiver authorizes counties to use recovery residences if these setting adhere to specified guidelines, such as not providing substance use services that would require licensure by DCHS (one-on-one counseling, detoxification services, group session). If a sober living home is providing just one of the aforementioned services, it must be classified as a residential treatment facility.

Proposed Law: AB 1779 would include the following provisions, among others:

- Requires DHCS to adopt the most recent standards approved by the National Alliance for Recovery Residences (NARR), or equivalent standards, as the minimum standard for recovery residence housing that receives public funds through county contracts. Presumes a residence, certified by a specified organization, to have met the minimum requirements by the DHCS.
- Requires the denial of an application, or contract termination of a recovery residence if any of the following occur: (1) the residence owner or operator name in the application is on the federal exclusions list; (2) if an applicant was previously denied licensure or certification, or had licensure revoked, suspended, terminated, surrendered, forfeited, or was subject to disciplinary or administrative action; or, (3) if the recovery residence is not in compliance with state laws.
- Requires a county behavioral health administrator that has documented evidence that a recovery residence under contract is not operating in compliance with standards and in a manner that suggests fraudulent activity to report these findings to the DHCS and to the NARR affiliate that provides recognition, registration, or certification for the recovery residence.
- Specifies the bill does not prohibit a county contracting authority from requiring quality and performance standards similar to, or that exceed, the standards described in the bill.
- Authorizes a NARR affiliate to enter into a memorandum of understanding with a county for the purposes of determining whether the county meets specified requirements.
- Requires the DHCS to submit a legislative report, on or before January 1, 2025, the number and types of complaints received, the status of complaints received, and the geographic concentration of reported complaints.

Related Legislation: The Legislature has deliberated several measures related to alcohol and drug treatment and recovery residences, including:

- SB 589 (Bates) would prohibit an operator of a licensed alcoholism or drug abuse recovery or treatment facility, a certified alcohol or other drug program, a recovery residence, from false advertising or marketing. The bill would authorize the DHCS to investigate allegations of a violation of these provisions and impose the sanctions available pursuant to existing law, as specified. The bill is on the Assembly Appropriations Committee suspense file.

- AB 919 (Petrie-Norris) would require alcoholism or drug (AOD) abuse recovery or treatment facilities to only offer discounted post-discharge housing and specified transportation services under certain conditions, including that the patient enters into a repayment plan for any subsidized rent. The bill is pending in this committee.
- AB 920 (Petrie-Norris) would require DHCS to convene a technical advisory workgroup to make specified recommendations related to substance use disorder services. The bill is pending in this committee.
- AB 940 (Melendez) would prohibit a recovery residence from giving or receiving remuneration, and would authorize DHCS to assess a penalty of no more than \$10,000 per violation. The bill is a two-year bill and currently in the Assembly Health Committee.

Staff Comments: According to the DHCS, in the past four fiscal years, the department averaged 478 complaints annually for licensed and certified AOD treatment facilities, counselors, and unlicensed facilities. There are approximately 5,000 recovery residences in California. Since DHCS does not currently investigate complaints against recovery residences, there is no average to estimate workload. Based on DHCS' average of 478 annual complaints for about 2,000 AOD treatment facilities, DHCS estimates the potential of receiving 1,195 complaints annually to investigate at recovery residences alone.

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