
THIRD READING

Bill No: AB 1267
Author: Pellerin (D)
Amended: 4/24/25 in Assembly
Vote: 21

SENATE HEALTH COMMITTEE: 10-0, 7/2/25

AYES: Menjivar, Durazo, Gonzalez, Grove, Limón, Padilla, Richardson, Rubio,
Weber Pierson, Wiener

NO VOTE RECORDED: Valladares

SENATE APPROPRIATIONS COMMITTEE: 7-0, 8/29/25

AYES: Caballero, Seyarto, Cabaldon, Dahle, Grayson, Richardson, Wahab

ASSEMBLY FLOOR: 66-8, 6/2/25 - See last page for vote

SUBJECT: Consolidated license and certification

SOURCE: California Association of Alcohol and Drug Program Executives, Inc.

DIGEST: This bill requires the Department of Health Care Services, beginning January 1, 2027, to offer a consolidated license and certification that allows the holder to operate more than one licensed adult residential alcohol or other drug recovery or treatment facility, a certified alcohol or other drug program, or a combination thereof, that the holder operates within the same geographic location.

ANALYSIS:

Existing federal law:

- 1) Requires records of the identity, diagnosis, prognosis, or treatment of any patient maintained in connection with any program or activity relating to substance abuse education, prevention, training, treatment, rehabilitation, or research conducted, regulated, or directly or indirectly assisted by any department or agency of the U.S. to be confidential and be disclosed only after prior written consent of the patient. Establishes the following definitions:

- a) “Diagnosis” means any reference to an individual’s substance use disorder (SUD) or to a condition identified as having been caused by that SUD made for the purpose of treatment or referral for treatment;
- b) “Disclose” means to communicate any information identifying a patient as being or having been diagnosed with a SUD, having or having had a SUD, or being or having been referred for treatment of a SUD either directly, by reference to publicly available information, or through verification of such identification by another person; and,
- c) “Records” means any information, whether recorded or not, created by, received, or acquired by a Part 2 program (such as participating providers of the Medicare program, or those authorized to conduct maintenance treatment or withdrawal management) relating to a patient (e.g., diagnosis, treatment and referral for treatment information, billing information, emails, voice mails, and texts), and including patient identifying information. [42 USC §290dd-2 and 42 CFR Part 2 §2.11]

Existing state law:

- 1) Grants sole authority in the state to Department of Health Care Services (DHCS) to certify alcohol or other drug (AOD) programs and to license adult residential alcohol or other drug recovery or treatment facilities (RTFs). [Health and Safety Code (HSC) §11832 and §11834.01]
- 2) Requires each AOD program client and RTF resident to have personal rights, including the right to confidentiality as provided for in federal law above. [AOD Cert. Stds. Rev. 2025 §43 and 9, California Code of Regulations (CCR) §10569]
- 3) Requires DHCS to conduct onsite program compliance visits for AOD programs and RTFs at least once during the certification or licensure period. Permits DHCS to conduct announced or unannounced site visits to review for compliance. [HSC §11832.12 and §11834.01]
- 4) Permits DHCS’s Director to suspend or revoke certification or licensure, including other AOD program certifications or RTF licenses held by the same person or entity, or to deny an application for certification or licensure; extension of the certification or license; or, modification to certification or a license, upon specified violations and circumstances. [HSC §11832.14 and §11834.36]

This bill:

- 1) Requires DHCS, beginning January 1, 2027, to offer a consolidated license and certification that allows the holder to operate more than one licensed RTF, a certified AOD program, or a combination thereof, that the holder operates within the “same geographic location.”
- 2) Defines “same geographic location” as the physical location where clients are generally co-located, intermingle, reside, or receive services in one building or multiple buildings within 1,000 feet of each other, except for facilities or programs that are located in areas zoned exclusively for residential use under local zoning ordinances.
- 3) Prohibits a consolidated license and certification to apply to facilities in areas zoned exclusively for residential use under local zoning ordinances.
- 4) Requires DHCS to provide a process to obtain and operate under a consolidated license and certification that includes, but is not limited to:
 - a) Unified, single application to fully license and certify all of the facilities and programs the applicant operates within the same geographic location;
 - b) Streamlined process to review these applications;
 - c) Unified inspection and oversight of all of the facilities and programs;
 - d) Minimum standards for these facilities that are the same as if an applicant had applied to operate under separate licenses and certifications; and,
 - e) Phase-in period for facilities and programs operating under different licenses and certifications to obtain a consolidated license and certification.
- 5) Permits DHCS to impose any additional requirements to obtain or operate under a consolidated license and certification that it determines would eliminate redundancy in the licensing and certification of different facilities and programs within the same geographic location.
- 6) Requires DHCS to impose a charge for a consolidated license and certification that is equal to the amount an applicant would pay for the individual licenses and certifications but that does not exceed the reasonable regulatory costs to the state.

- 7) Requires DHCS to adopt regulations necessary to implement this bill, including allowing opportunities for stakeholder comment and cooperative workgroups aimed at clarifying geographic criteria, regulatory charges, and the logistics of consolidated inspections. Permits DHCS, if it deems appropriate, to implement, interpret, or make specific this bill by means of provider bulletins, written guidelines, or similar instructions until regulations are adopted.
- 8) Prohibits this bill from being deemed as requiring the applicant or holder of more than one license or certification to seek a consolidated license and certification.

Comments

According to the author of this bill:

California's current fragmented licensing and certification system for substance use disorder (SUD) treatment providers creates significant administrative redundancies. As a result, SUD treatment providers must secure separate approvals for each distinct program category, such as outpatient certification, residential license, and a combined residential license and certification. This bill will remove administrative redundancies, decrease operational costs, and free up resources to be used for direct patient care. Addressing this heavy administrative load is one step closer to addressing our state's growing behavioral health crisis.

Background

Licensed and certified programs. RTFs licensed by DHCS, based on what is commonly referred to as the “social model,” provide recovery, treatment, or detoxification services. (The Department of Public Health licenses medical model RTFs, known as chemical dependency recovery hospitals.) The services provided by social model RTFs include group and individual counseling, educational sessions, and alcoholism or drug abuse recovery and treatment planning. Social model RTFs are allowed to provide clients first aid and emergency care. Since the passage of AB 848 (Stone, Chapter 744, Statutes of 2015), RTFs can apply to DHCS for an additional license to provide incidental medical services (IMS) by a licensed physician or other health care practitioner. SB 823 (Hill, Chapter 781, Statutes of 2018) requires DHCS to adopt American Society of Addiction Medicine (ASAM) treatment criteria as the minimum standard of care for licensed RTFs. DHCS is also responsible for certification of a business entity with a physical location in the state that provides one or more of the following services to clients: treatment, recovery, or detoxification services, or medications for addiction

treatment. DHCS also provides program certification for facilities that are licensed by the Department of Social Services that serve adolescents.

As part of their licensing and certification functions, DHCS conducts reviews of licensed and certified programs every two years, or as necessary; checks for compliance with statute, regulations, and certification standards to ensure the health and safety of clients; investigates all complaints it determines are within its jurisdiction; and has the authority to suspend or revoke a program's license or certification for a violation of statute, regulations, and certification standards. DHCS states that they have the sole authority to conduct site visits to their licensed and certified facilities. As provided for in licensing regulations and certification standards, DHCS is required to ensure that client and resident confidentiality is maintained under federal law, which provides extra protection for medical records for those with SUDs as well.

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: No

According to the Senate Appropriations Committee:

Unknown ongoing costs, potentially in the low hundreds of thousands, for DHCS for state administration. Costs would be covered by the General Fund, to the extent that revenues from the new charge for the consolidated license and certification are insufficient to cover the costs for state administration.

SUPPORT: (Verified 8/29/2025)

California Association of Alcohol and Drug Program Executives, Inc. (source)
California Behavioral Health Association
Drug Policy Alliance

OPPOSITION: (Verified 8/29/2025)

None received

ARGUMENTS IN SUPPORT: The California Association of Alcohol and Drug Program Executives (CAADPE), as sponsor, and other supporters argue that California faces an ongoing behavioral health crisis, with demand for SUD treatment services far exceeding available capacity. The 2022 National Survey on Drug Use and Health found that approximately 2.9 million California adults meet the criteria for a SUD, yet only a fraction receive treatment due to administrative and financial barriers. Supporters state that according to DHCS, 70% of counties report urgently needing residential treatment services; 75% of counties cite a lack

of available SUD residential beds specifically for youth patients; and 38% of counties do not have any RTFs. Supporters also cite DHCS estimates that approximately 50% of the workforce in SUD treatment programs is allocated to administrative tasks, diverting valuable resources away from direct patient care. The current regulatory framework requires SUD treatment providers to obtain separate licenses and certifications for each facility or program, even when they are located in close proximity, which exacerbates these administrative costs and creates barriers to providing care. CAADPE states that this bill aligns with the goals of Proposition 1's Behavioral Health Continuum Infrastructure Program (BHCIP), which is investing \$4.4 billion in expanding behavioral health infrastructure across California. Without this bill, many BHCIP-funded projects will face significant administrative burdens, limiting their ability to deliver the expanded services that Californians urgently need.

ASSEMBLY FLOOR: 66-8, 6/2/25

AYES: Addis, Aguiar-Curry, Ahrens, Alanis, Alvarez, Arambula, Ávila Farías, Bains, Bauer-Kahan, Bennett, Berman, Boerner, Bonta, Bryan, Calderon, Caloza, Carrillo, Connolly, Elhawary, Ellis, Fong, Gabriel, Garcia, Gipson, Jeff Gonzalez, Mark González, Haney, Harabedian, Hart, Hoover, Irwin, Jackson, Kalra, Krell, Lee, Lowenthal, McKinnor, Muratsuchi, Nguyen, Ortega, Pacheco, Papan, Patel, Pellerin, Petrie-Norris, Quirk-Silva, Ramos, Ransom, Celeste Rodriguez, Michelle Rodriguez, Rogers, Blanca Rubio, Schiavo, Schultz, Sharp-Collins, Solache, Soria, Stefani, Tangipa, Valencia, Wallis, Ward, Wicks, Wilson, Zbur, Rivas

NOES: Castillo, Davies, DeMaio, Dixon, Gallagher, Macedo, Patterson, Sanchez

NO VOTE RECORDED: Chen, Flora, Hadwick, Lackey, Ta

Prepared by: Reyes Diaz / HEALTH / (916) 651-4111
8/30/25 16:33:53

**** END ****