Date of Hearing: April 14, 2026

ASSEMBLY COMMITTEE ON HEALTH
Mia Bonta, Chair
AB 2343 (Patel) – As Amended March 16, 2026

SUBJECT: Alcohol and other drug programs: quality rating system.

SUMMARY: Requires a licensed alcohol or other drug (AOD) recovery or treatment facility (RTF) and a certified AOD program to participate in a public quality rating system designated by the Department of Health Care Services (DHCS) in order to be licensed or certified. Authorizes DHCS to charge a reasonable fee to AOD RTFs and programs required to enroll in the platform, as specified, and prohibits the administrator of the public quality rating system from accepting payment from the entities participating under this bill. Specifies that participation in the public quality rating system is only required if DHCS determines that sufficient funding has been appropriated or otherwise secured to cover the costs of participation in the platform. Specifically, **this bill**:

1) Requires a licensed AOD RTF and a certified AOD program to participate in a public quality rating system designated by DHCS in order to be licensed or certified.

2) Authorizes DHCS to charge a reasonable fee to AOD RTFs and programs required to enroll in the platform and prohibits the administrator of the public quality rating system from accepting payment from the entities participating under this bill.

3) Exempts from participation in the quality rating system licensed AOD RTFs and certified AOD programs contracted to provide Medi-Cal treatment services or contracted with DHCS, a county behavioral health department, or a county substance use disorder (SUD) division for the provision of SUD services.

4) Specifies that participation in the public quality rating system pursuant to this bill is only required if DHCS determines that sufficient funding has been appropriated or otherwise secured to cover the costs of participation in the platform, including, but not limited to, costs associated with platform operation and maintenance.

5) Authorizes DHCS to verify compliance with participation in the public quality rating system as part of the certification or licensing process.

6) Authorizes DHCS to implement, interpret, or make specific implementation of this bill by means of provider bulletins, written guidelines, or similar instructions.

EXISTING LAW:

1) Grants sole authority in the state to DHCS to certify AOD programs and to license RTFs. [Health and Safety Code (HSC) §§ 11832 and 11834.01]

2) 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]

3) Requires all programs certified or RTFs licensed by DHCS to disclose if any of its agents, partners, directors, officers, or owners, including a sole proprietor and member, has either ownership or control of, or financial interest in, a recovery residence (RR) or any contractual relationship with an entity that regularly provides professional services or SUD treatment or recovery services to clients of programs certified or facilities licensed by DHCS, if the entity is not part of the program certified or facility licensed. [HSC § 11833.05(a)]

4) Requires DHCS to adopt the American Society of Addiction Medicine (ASAM) treatment criteria, or an equivalent evidence-based standard, as the minimum standard of care for licensed RTFs and requires a licensee to maintain those standards with respect to the level of care to be provided by the licensee. [HSC § 11834.015]

5) Defines RTF to mean a premises, place, or building that provides residential nonmedical services to adults who are recovering from problems related to alcohol, drug, or alcohol and drug misuse or addiction, and who need alcohol, drug, or alcohol and drug recovery, treatment, or detoxification services. [HSC § 11834.02]

6) Requires that initial licenses for a new RTF to be provisional for one year, permits DHCS to revoke the provisional license for good cause, and prohibits a licensee from reapplying for an initial license for five years following a revocation of a provisional license. Defines "good cause" to mean failure to operate in compliance with the statutes and regulations relating to treatment facilities. [HSC § 11834.09(d)]

7) Requires, if a facility intends to provide incidental medical services, evidence of a valid license of a physician and surgeon who will provide or oversee those services, and any other information deemed appropriate by DHCS. Defines "incidental medical services" as services that follow the community standard of practice and are not required to be performed in a licensed clinic or licensed health facility, and includes obtaining medical histories, monitoring health status, testing associated with detoxification from alcohol or drugs, and overseeing patient self-administered medications. [HSC §§ 11834.025 and 11834.026]

8) Authorizes DHCS to assess civil penalties on facilities that provide alcohol or drug use recovery, treatment, or detoxification services without a license. [HSC § 11834.15]

9) Prohibits a person, firm, partnership, association, corporation, or local governmental entity from operating, establishing, managing, conducting, or maintaining an RTF or AOD program without first obtaining a current valid license or certification. [HSC §§ 11832.7 and 11834.30]

10) Requires DHCS to conduct a site visit to investigate an allegation of a facility operating without a license or certification and, if evidence is found supporting this allegation, requires the employee or agent to submit the findings to DHCS and, with DHCS authorization, send notice to the facility containing a date to cease providing services, the civil penalty that will be assessed for any days services are provided beyond that date, and that the case will be referred for civil proceedings if services continue. Requires the employee or agent to also inform the facility of state licensing and certification requirements. [HSC §§ 11823.18 and 11834.31]

11) Requires DHCS to charge a fee to all programs for licensure or certification and authorizes DHCS to establish fee scales using different capacity levels, categories based on measures

other than program capacity, or any other category or classification that DHCS deems necessary or convenient to maintain an effective and equitable fee structure. Requires licensing and certification fees to be evaluated annually. Authorizes DHCS, no sooner than July 1, 2027, to approve a fee increase, up to and including 5% on an annual basis, as needed to address the costs of licensing and certification activities. Requires DHCS to submit any proposals for new fees or increases in excess of 5% through the finance letter process for approval by the Legislature. Requires DHCS develop a process for programs and facilities to apply for a hardship fee waiver. [HSC § 11833.02]

12) Requires DHCS to continue to implement the Drug Medi-Cal Organized Delivery System (DMC-ODS) program under California Advancing and Innovating Medi-Cal (CalAIM) as previously required under the Medi-Cal 2020 Demonstration. Authorizes counties to voluntarily participate in DMC-ODS. [Welfare and Institutions Code § 14184.401]

FISCAL EFFECT: Unknown. This bill has not been analyzed by a fiscal committee.

COMMENTS:

1) **PURPOSE OF THIS BILL.** According to the author, to properly address addiction and SUD, the existence of treatment programs is not enough; high-quality care must be accessible. When someone is ready to seek help, they should be able to find every licensed option available to them, compare programs based on their needs, and know with confidence that the facility they choose is operating legally. The author contends that, right now, California has the infrastructure to make this possible, but voluntary participation leaves the directory incomplete and leaves patients to navigate a fragmented marketplace of unverified options at the most vulnerable moment of their lives. The author argues that this bill closes that gap — reducing information costs, protecting consumers, and ensuring that the system we have built actually reaches the people it was designed to serve.

2) **BACKGROUND.**

   a) **Prevalence of SUD in California**. A 2024 publication from Health Management Associates and the California Health Care Foundation titled, "Substance Use Disorder in California — a Focused Landscape Analysis" reported that approximately 9% of Californians ages 12 years and older met the criteria for SUD in 2022. According to the report, the prevalence of SUD among individuals 12 years of age and older increased to 8.8% in 2022 from 8.1% in 2015. While the health care system is moving toward acknowledging SUD as a chronic illness, only 6% of Americans and 10% of Californians ages 12 and older with an SUD received treatment for their condition in 2021. More than 19,335 Californians ages 12 years and older died from the effects of alcohol from 2020 to 2021, and the total annual number of alcohol-related deaths increased by approximately 18% in the state from 2020 to 2021. Overdose deaths from both opioids and psychostimulants (such as amphetamines), are soaring. This issue, compounded by the increased availability of fentanyl, has resulted in a 10-fold increase in fentanyl related deaths between 2015 and 2019. According to the Overdose Prevention Initiative, 7,847 opioid-related overdose deaths occurred in California in 2023, and preliminary data shows 5,030 opioid-related overdose deaths in 2025.

   b) **DHCS partnership with Shatterproof.** According to the 2023 announcement of the partnership from DHCS, Shatterproof is a national nonprofit that helps people find high-

quality treatment, including outpatient, intensive outpatient, residential, and hospital inpatient addiction treatment, for SUDs. DHCS and Shatterproof partnered on a public awareness campaign, Unshame California, to promote anti-stigma messaging regarding SUDs. They have also partnered on the Treatment Atlas, an addiction treatment locator, assessment, and standards platform that connects individuals to appropriate evidence-based addiction treatment. The platform is a web-based platform developed and managed by Shatterproof, based on such criteria as location, use of best practices, types of treatment offered, accepted insurers (including commercial and government sponsored coverage), payment options, specialty populations served, and patient experiences. Treatment Atlas is informed and endorsed by ASAM. On the platform, people can assess their risk and severity, which allows them to receive initial guidance on which addiction treatment options might be best for them. DHCS states that Treatment Atlas improves upon services provided by other addiction treatment locators and uses objective data, strict validation protocols, and patient reporting to focus on what is best for the consumer, not the bottom line.

c) **Alcohol and Drug Treatment Facility Licensing**. DHCS has sole authority to license RTFs in the state. Licensure is required when at least one of the following services is provided: detoxification; group sessions; individual sessions; educational sessions; or, alcoholism or other drug abuse recovery or treatment planning. Additionally, facilities may be subject to other types of permits, clearances, business taxes, or local fees that may be required by the cities or counties in which the facilities are located.

   As part of their licensing function, DHCS conducts reviews of RTF operations every two years, or as necessary. DHCS's Substance Use Disorder Compliance Division checks for compliance with statute and regulations (Title 9, Chapter 5, California Code of Regulations) to ensure the health and safety of RTF residents and investigates all complaints related to RTFs, including deaths, complaints against staff, and allegations of operating without a license. DHCS has the authority to suspend or revoke a license for conduct in the operation of an RTF that is contrary to the health, morals, welfare, or safety of either an individual in, or receiving services from, the facility or to the people of the State of California.

d) **AOD Program Certification**. Prior to January 1, 2025, programs were permitted to seek certification from DHCS. Under AB 118 (Committee on Budget), Chapter 42, Statutes of 2023, certification is now a requirement for many AOD programs, with exceptions for various licensed facility types, schools, jails, and prisons. Programs were required to apply for certification no later than January 1, 2024. If DHCS finds evidence that a program is providing treatment, recovery, detoxification, or medication-assisted treatment services without a certification, DHCS must issue a written notice to the program stating that it is operating in violation of the law, and any person or entity found to be operating without certification may be subject to an assessment of civil penalties of two thousand ($2,000) dollars per day and will be barred from applying for initial certification for a period of five years from the date of the violation notice.

e) **Licensing and Certification Fees**. Existing law authorizes DHCS to increase the licensing and certification fees for AOD programs and facilities. Section 57 of SB 104 (Skinner), Chapter 104, Statutes of 2023, amended the Budget Act of 2023 and directs DHCS to increase those fees by up to 20% each fiscal year (FY) through FY 2026-27 to

reach a cumulative fee increase of 75%. In a Behavioral Health Information Notice (BHIN No. 26-004) released in February 2026, DHCS announced that current licensing and certification fees are not sufficient to support current or planned expenses incurred by DHCS for SUD licensing and certification activities, and the fees would be increasing 20%, as directed by the Legislature. Licensure and certification activities include, but are not limited to, review and processing of initial, extension, and supplemental applications; initial and biennial onsite compliance reviews; complaint investigations; administrative support; disseminating information to the public, governmental agencies, and stakeholders; updating and maintaining databases; policy, regulatory, and statutory development; provider training and technical assistance; and appeal processing for revocation or suspension of providers' licenses and/or certification.

A sample of current fees is provided in the table below. This does not include all fees and does not include the combined residential licensure and certification fee for licensed facilities seeking optional certification by DHCS.

Application Type	**FY 2023-24 Fee**	**FY 2024-25 Fee**	**FY 2025-26 Fee**	**FY 2026-27 Fee**
Initial Residential Licensure Application Fee	$3,660	$4,392	$5,270	$6,061
Initial Biennial Residential Licensure Fee	$389 (per bed)	$467 (per bed)	$560 (per bed)	$644 (per bed)
Dependent Children Application Fee (if not requested during initial licensure application)	$1,265	$1,518	$1,822	$2,095
Supplemental Application Fee (Per requested amendment)	$1,241	$1,489	$1,787	$2,055
Initial Outpatient Certification Application Fee	$3,517	$4,220	$5,064	$5,824
Initial Biennial Outpatient Certification Fee	$4,558	$5,470	$6,564	$7,549
Supplemental Application Fee (Per requested amendment)	$1,241	$1,489	$1,787	$2,055

f) **SUD services in Medi-Cal**. DMC-ODS requires that counties provide access to a full continuum of SUD services modeled after the ASAM criteria. Services provided under the DMC-ODS are more comprehensive than the limited set of services provided under the standard Drug Medi-Cal program. DMC-ODS builds on the standard program by expanding services to include case management, multiple levels of residential SUD treatment, withdrawal management, recovery services, physician consultation, and the option to provide medication-assisted treatment and partial hospitalization. DMC-ODS is a voluntary "opt-in" program for counties, allowing them to provide a more robust and integrated system of care than what was available under the standard Drug Medi-Cal program. As of January 1, 2025, 40 counties participate in DMC-ODS. DMC-ODS also enables more local control and accountability, provides greater administrative oversight, creates utilization controls to improve care and efficient use of resources, implements evidenced based practices in SUD treatment, and coordinates with other systems of care.

g) **Trailer bill language (TBL) on licensing and certification**. In February 2026, TBL was posted by the administration on the Department of Finance website to align evidence-based standards for SUD treatment. The TBL eliminates detoxification as a standalone licensable service, effective June 30, 2027, and instead integrates non-medical withdrawal management services into standard residential treatment. DHCS further proposes to amend state licensure and certification statutes for SUD treatment facilities, including Narcotic Treatment Programs, to replace references to "detoxification" with the modern, industry-standard term "withdrawal management."

3) **SUPPORT.** Shatterproof supports this bill stating that families seeking addiction treatment are often doing so at one of the most vulnerable moments of their lives. Yet too many Californians lack access to clear, reliable information about the quality of treatment options available to them. Without transparency, individuals and families are left to navigate a complex and confusing system, one in which the consequences of misinformation can be devastating. Shatterproof argues that its Treatment Atlas, an online portal available to Californians, was created to address this gap by providing standardized, evidence-based information about addiction treatment providers. However, because participation is voluntary, as many as two-thirds of treatment facilities do not publicly report their quality data. As a result, families often cannot compare programs or determine whether services align with best practices. Shatterproof argues this bill would address this problem by requiring SUD treatment facilities that do not accept Medi-Cal to report quality data to a centralized, publicly accessible system. Facilities that accept Medi-Cal are already subject to rigorous oversight and quality standards and are therefore appropriately exempt. Private-pay facilities, however, face far fewer requirements, allowing some to misrepresent their services or provide care that is not evidence-based. Shatterproof concludes this bill would promote transparency, accountability, and higher standards across the treatment landscape, ultimately, improving care for Californians.

4) **CONCERNS.** California Association of Alcohol and Drug Program Executives (CAADPE) shares concerns with this bill stating California's SUD system is already facing workforce shortages and capacity constraints. Additional reporting, verification, or compliance expectations—whether direct or indirect—risk diverting limited resources away from patient care and may disproportionately impact smaller, community-based providers. CAADPE is concerned about the potential for the platform to evolve into a de facto requirement over

time, and that without clear statutory guardrails, participation in the platform could become a practical necessity for providers seeking to operate within publicly funded systems.

5) RELATED LEGISLATION.

a) AB 1879 (Dixon) would require licensed AOD RTF, certified AOD programs, and recovery residences to annually submit a report to DHCS specific data on services provided, beginning January 1, 2028, and would require DHCS to publish the data in an annual report on its internet website.

b) AB 2562 (Dixon) would require a certified AOD program to include in its policies and procedures a suicide prevention plan. Would require licensed AOD RTF to develop a suicide prevention plan.

6) POLICY COMMENTS.

a) Platform administration. Shatterproof is the entity that currently holds the contract and as of this writing the only supporter of this bill requiring licensed and certified programs to participate in a similar system. The language provides flexibility to DHCS to implement when fiscally feasible, but it may also be important to clarify that, in addition to designating a potential administrator for a consumer protection platform, DHCS may also decide to design its own platform.

b) Fee increases. This bill will be referred to a fiscal committee for analysis, however, the extent to which increased licensing and certification fees becomes a barrier to establishing and maintaining AOD treatment is a significant policy question. As noted on page 5 of this analysis, fees have increased significantly in recent years and are continuing to increase. Should this bill move forward, the author may wish to continue working with DHCS to identify a funding source that would not require or allow for increasing licensing and certification fees.

7) AMENDMENTS. The committee may wish to amend this bill as follows:

a) Replace references to "quality rating system" with "consumer protection platform."

b) Clarify that the consumer protection platform required for licensure or certification shall be designated or designed by DHCS to ensure that DHCS retains the option to develop its own system and make corresponding changes.

c) State that participation in the consumer protection platform shall not be used as a criterion in evaluating bids, proposals, or contract performance for publicly funded SUD treatment services.

REGISTERED SUPPORT / OPPOSITION:

Support

Shatterproof
One individual

Opposition

None on file

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