

ASSEMBLY THIRD READING

AB 2343 (Patel)

As Amended April 16, 2026

Majority vote

SUMMARY

Requires a licensed alcohol or other drug (AOD) recovery or treatment facility (RTF) and a certified AOD program to participate in a public consumer protection platform designated or designed 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 consumer protection platform, if DHCS contracts with an external administrator, from accepting payment from the entities participating under this bill. Exempts from participation in the consumer protection platform 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.

COMMENTS

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.

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 the American Society of Addiction Medicine (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.

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.

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.

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.

SUD services in Medi-Cal. The Drug Medi-Cal Organized Delivery System (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.

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."

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.

Arguments in 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.

Arguments in Opposition

None on file.

FISCAL COMMENTS

According to the Assembly Appropriations Committee, costs of an unknown amount to DHCS, potentially hundreds of thousands of dollars per year to oversee expanded participation in the platform (Residential and Outpatient Program Licensing Fund). However, DHCS recently stated that current licensing and certification fees are not sufficient to support program expenses and would be increasing to the statutorily allowed maximum in fiscal year 2026-27. Because of DHCS's inability to raise fees further, this bill would likely result in cost pressures to the General Fund.

The Legislative Analyst's Office recently warned of General Fund structural deficits of around \$35 billion per year in the 2027-28 fiscal year and ongoing.

VOTES**ASM HEALTH: 16-0-0**

YES: Bonta, Chen, Addis, Aguiar-Curry, Ahrens, Caloza, Carrillo, Mark González, Johnson, Patel, Patterson, Rogers, Sanchez, Schiavo, Sharp-Collins, Stefani

ASM APPROPRIATIONS: 13-0-2

YES: Wicks, Hoover, Aguiar-Curry, Calderon, Caloza, Dixon, Fong, Mark González, Krell, Pacheco, Pellerin, Sharp-Collins, Solache

ABS, ABST OR NV: Ta, Tangipa

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