SENATE THIRD READING
SB 329 (Blakespear and Umberg)
As Amended August 13, 2026
Majority vote

SUMMARY

Requires the Department of Health Care Services (DHCS) to meet specified timeframes for assigning complaints against, and completing investigations for, licensed adult residential alcohol or other drug recovery or treatment facilities (RTFs) and certified alcohol and other drug (AOD) programs. Requires DHCS to post on its internet website an annual report of the investigations conducted in the previous year. Authorizes DHCS to impose a single fee increase for the licensure of facilities and certification of programs commensurate with the reasonable cost of preparing and maintaining the report.

COMMENTS

Prevalence of Substance Use Disorder (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.

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 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.

State Audit. In October 2024, the State Auditor released a report assessing the licensing of residential RTFs by DHCS. Key findings from the audit include:

1) Southern California contains a greater concentration of treatment facilities serving six or fewer residents (small facilities) than other parts of the state. However, state law allows facilities to be located near each other and have the same legal owners.

2) DHCS consistently reviewed the 26 license applications that were assessed, and the application process is generally the same for all facilities. However, of the 26 compliance inspections of operating facilities that were reviewed, DHCS conducted only half of them on time.

3) DHCS also took longer than its target of 30 to 60 days to investigate complaints against treatment facilities. For instance, it took more than a year to complete 22 of the 60 investigations reviewed in the audit. Additionally, DHCS did not always follow up on unlicensed facilities that it found were unlawfully advertising or providing services.

Based on these findings, the audit makes several operational recommendations to DHCS, including the following:

1) Provide management with information about the timeliness of compliance inspections and implement processes for notifying responsible staff of upcoming compliance inspections.

2) Implement guidelines that specify the length of time analysts should take to complete key steps in the investigation process.

3) Develop and implement a follow-up procedure when it has substantiated allegations of an unlicensed facility providing services.

In response to the audit, DHCS has made several operational changes. According to the State Auditor's website, DHCS will create and implement new protocols and processes as well as schedule and conduct the appropriate trainings to ensure supervisors are closely tracking the programs in need of inspections within their two-year windows. DHCS will also begin using a new digital platform to complete onsite inspection reports, which will aid DHCS in sending providers reports more quickly, thereby improving the rate at which assignments are completed. Also, in August 2024, DHCS revised its Complaints Operations Manual to clarify the requirement for case assignment within 10 days and updated the complaint intake process.

DHCS Complaint Process. According to DHCS, the Licensing and Certification Division (LCD) oversees and conducts complaint investigations against California's AOD recovery and treatment programs. This includes general allegations against a program, allegations of unlicensed or uncertified activity, and client deaths that occur at licensed facilities. LCD also investigates allegations of misconduct by registered or certified AOD counselors that work at licensed AOD programs.

Upon receiving a complaint via phone, email, fax, mail, or online, DHCS establishes whether the complaint is within its jurisdiction. If DHCS receives a complaint that does not fall under its jurisdiction, it sends a letter to the complainant informing them that it does not investigate that type of complaint. If the complaint is under DHCS jurisdiction. it is logged, assigned a complaint number, and a high, medium or low-level designation. Receipt of a complaint is acknowledged through written communication with the complainant. Upon opening a complaint, complainants are asked if they would like a Public Records Act (PRA) request opened on their behalf. If they

have the request opened, they would receive a copy of the report via email through the PRA process; only then would the complainant be notified with the outcome of their complaint.

Once assigned, an analyst will contact the program in question, review documents and records relevant to the complaint, and, if necessary, conduct an on-site visit to gather evidence, inspect facilities, and conduct interviews. An investigative report is issued, outlining whether an allegation was substantiated, and if any additional findings were discovered throughout the course of the investigation. If any deficiencies are identified and substantiated, programs may be subject to a Notice of Deficiency, requiring a Corrective Action Plan or Verification of Correction and civil penalties for failure to respond timely to a Notice of Deficiency.

Deficiencies can result in DHCS action to suspend or revoke a program's licensure. If no deficiencies are found, the complaint report would be issued with allegations marked as "not substantiated," and no additional deficiencies would be indicated on the report.

According to the Author
Good government means acting quickly and decisively to protect the health and safety of the community. If an RTF is not following state regulations and jeopardizing its residents or neighbors, the state should act promptly. The author states there are over 900 such facilities in the state and oftentimes the residents of these facilities are in a vulnerable state, making these environments ripe for conditions that threaten their safety. The author concludes that by setting timelines for investigations in statute, this bill ensures that complaints about drug and alcohol treatment facilities will be addressed expeditiously, ensuring that the health and safety of these residents are appropriately safeguarded.

Arguments in Support
The League of California Cities, sponsor of this bill, as well as several California cities, write in support stating that DHCS does not always promptly or thoroughly investigate complaints, noting that 22 of the 60 investigations the state audit reviewed took more than a year to complete and 10 of those investigations took more than 660 days. The cities argue that delays like these allow serious problems to go unchecked, jeopardizing the health and safety of those receiving care and the broader community. They conclude that compliance with state licensing laws administered through DHCS is essential to safeguarding residents' well-being and maintaining quality care.

The California State Association of Psychiatrists (CSAP) supports this bill stating substance use recovery facilities play a crucial role in providing essential treatment and support for individuals struggling with addiction. However, timely investigations into complaints regarding facility operations are necessary to ensure patient safety and compliance with state regulations. CSAP argues this bill strengthens the oversight process by requiring the DHCS to assign a complaint to an analyst within 10 days of receipt and to complete an investigation within 60 days. These timely actions will ensure that facilities are held accountable for maintaining high standards of care and will protect vulnerable individuals from substandard or unsafe treatment conditions. CSAP concludes that by expediting the complaint resolution process, this bill will improve the effectiveness of regulatory oversight and ensure that individuals in recovery receive safe, high-quality treatment.

The California Behavioral Health Association (CBHA) supports this bill arguing that it introduces a clear and practical framework by requiring DHCS to assign jurisdictional complaints to an analyst within 10 days and to complete investigations within 60 days, barring

exceptional circumstances. Where delays are necessary, transparency is built in through required written notification to the complainant. CBHA says these provisions are both reasonable and necessary, especially in light of the 2024 State Auditor's findings that reveal significant delays in DHCS complaint investigations.

Arguments in Opposition
None on file.

FISCAL COMMENTS

According to the Assembly Appropriations Committee, minor and absorbable costs to DHCS.

VOTES

SENATE FLOOR: 38-0-2
YES: Allen, Alvarado-Gil, Archuleta, Arreguín, Ashby, Becker, Blakespear, Cabaldon, Caballero, Cervantes, Choi, Cortese, Dahle, Durazo, Gonzalez, Grayson, Grove, Hurtado, Jones, Laird, McGuire, McNerney, Menjivar, Niello, Ochoa Bogh, Padilla, Pérez, Richardson, Rubio, Seyarto, Smallwood-Cuevas, Stern, Strickland, Umberg, Valladares, Wahab, Weber Pierson, Wiener
ABS, ABST OR NV: Limón, Reyes

ASM HEALTH: 15-0-1
YES: Bonta, Chen, Aguiar-Curry, Caloza, Carrillo, Flora, Mark González, Krell, Patel, Patterson, Celeste Rodriguez, Sanchez, Schiavo, Sharp-Collins, Elhawary
ABS, ABST OR NV: Addis

ASM APPROPRIATIONS: 11-0-4
YES: Wicks, Arambula, Calderon, Caloza, Fong, Mark González, Krell, Pacheco, Pellerin, Sharp-Collins, Solache
ABS, ABST OR NV: Hoover, Dixon, Ta, Tangipa

UPDATED

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CONSULTANT: Logan Hess / HEALTH / (916) 319-2097 FN: 0003619