



Home	Bill Information	California Law	Publications	Other Resources	My Subscriptions	My Favorites
------	------------------	----------------	--------------	-----------------	------------------	--------------

SB-43 Substance use disorder: addiction treatment referral agencies. (2025-2026)

SHARE THIS:



Date Published: 04/21/2025 09:00 PM

AMENDED IN SENATE APRIL 21, 2025

AMENDED IN SENATE APRIL 01, 2025

AMENDED IN SENATE MARCH 06, 2025

AMENDED IN SENATE FEBRUARY 25, 2025

CALIFORNIA LEGISLATURE— 2025–2026 REGULAR SESSION

SENATE BILL

NO. 43

Introduced by Senator Umberg

December 05, 2024

An act to ~~amend Section 11833.05 of, and to add Chapter 7.45 (commencing with Section 11833.06) to Part 2 of Division 10.5~~ *add Title 1.6G (commencing with Section 1789.40) to Part 4 of Division 3* of, the ~~Health and Safety Civil~~ Code, relating to substance use disorder.

LEGISLATIVE COUNSEL'S DIGEST

SB 43, as amended, Umberg. Substance use disorder: ~~certified programs and licensed facilities.~~ *addiction treatment referral agencies.*

Existing law requires the State Department of Health Care Services to regulate and certify alcohol or other drug programs, as defined. Existing law also requires the department to regulate and license adult alcohol or other drug recovery or treatment facilities, and requires a licensee to provide specified nonmedical services. Existing law requires all programs certified and facilities licensed by the department to make specified disclosures to the department regarding, among other things, ownership or control of, or financial interest in, a recovery residence, as defined.

~~This bill, in addition to existing disclosure requirements, would require all programs certified and all facilities licensed, no later than July 15, 2026, and annually each July 15 thereafter, to submit to the department a report of all money transfers between the program or facility and a recovery residence during the previous fiscal year.~~

Existing law prohibits a licensed facility, a certified program, or other specified persons, programs, and entities from giving or receiving remuneration or anything of value for the referral of a person who is seeking alcohol or other drug recovery or treatment services. Existing law generally prohibits referrals for remuneration to any skilled nursing home or other specified types of care

facilities without first obtaining a written license from the Director of Public Health or from an inspection service approved by the director, as specified.

Existing law establishes the Attorney General as the head of the Department of Justice (department), with charge of all legal matters in which the state is interested, except as specified. Existing law imposes various requirements on the Attorney General related to consumer protection, including, among others, the supervision of charitable trusts, the enforcement of antitrust laws, and the permitting of check cashing businesses.

This bill would ~~require~~ *make it unlawful for* a person, association, or corporation, ~~before establishing, conducting, or maintaining to establish, conduct, or maintain~~ a referral agency or referring any person for remuneration to an alcoholism or drug abuse treatment program certified by or a facility licensed by the ~~department to~~ *State Department of Health Care Services without* first ~~obtain~~ *obtaining* a ~~license~~ *certificate of compliance* from the department, as ~~specified~~ *specified, and would require the department to issue a certificate of compliance, as prescribed.* The bill would require the department to impose a fee for ~~license~~ *the certificate of compliance* application ~~and renewal~~ and would specify the information required to be included on the application. The bill, among other provisions, would prohibit a ~~licensee~~ *referral agency* from having a direct or indirect financial interest in a program or facility doing business with the ~~licensee~~ *referral agency*. The bill would not apply to a local public agency performing referral services without cost to recipients of adult alcoholism or drug abuse recovery or treatment services when otherwise authorized by law.

This bill would make it unlawful for a referral agency *holding a certificate of compliance* to participate in or operate a group advertising and referral service for addiction treatment services unless specified conditions are ~~met~~ *met, including that the referral agency files with the department a copy of the standard form contract that regulates its relationship with member programs. The bill would provide that the contract shall be kept confidential and is not open to public inspection.* The bill would authorize the department or 5 or more individual or member programs to petition the superior court of any county for the issuance of an injunction restraining conduct that is a violation of that provision. ~~The bill would make it a misdemeanor for any individual, association, partnership, corporation, or otherwise to operate a group advertising and referral service without providing its name and address to the department. By creating new crimes, the bill would impose a state-mandated local program.~~

This bill would authorize the department to suspend or revoke the ~~license of a program or facility that fails~~ *certificate of compliance for failure* to comply with the provisions of the bill, and to impose a civil penalty, as specified. The bill also would authorize the ~~department~~ *Attorney General* to ~~impose a civil penalty~~ *bring a civil action* against a person, association, or corporation referring persons without a ~~license~~ *certificate of compliance* in violation of the bill, *and would make those individuals liable for a civil penalty* in the amount of the remuneration illegally received, as specified. *The bill would authorize a district attorney, county counsel, city attorney, or any person who has suffered any injury or damages, as specified, to bring a claim that an act or practice violates the bill's provisions and seek, among other things, declaratory relief, as provided.*

~~The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.~~

~~This bill would provide that no reimbursement is required by this act for a specified reason.~~

Existing constitutional provisions require that a statute that limits the right of access to the meetings of public bodies or the writings of public officials and agencies be adopted with findings demonstrating the interest protected by the limitation and the need for protecting that interest.

This bill would make legislative findings to that effect.

Vote: majority Appropriation: no Fiscal Committee: yes Local Program: ~~yes~~*no*

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Title 1.6G (commencing with Section 1789.40) is added to Part 4 of Division 3 of the Civil Code, to read:

TITLE 1.6G. ADDICTION TREATMENT REFERRAL AGENCIES
CHAPTER 1. General Provisions

1789.40. As used in this title, the following definitions apply:

(a) "Department" means the Department of Justice.

(b) "Member program" means a program certified by the State Department of Health Care Services pursuant to Chapter 7.1 (commencing with Section 11832) of, or a facility licensed by the State Department of Health Care Services pursuant to Chapter 7.5 (commencing with Section 11834.01) of, Part 2 of Division 10.5 of the Health and Safety Code that has entered into a written agreement for group advertising and referral service with a referral agency or any entity that holds itself out as a group advertiser, referral agency, or registry for addiction treatment services.

(c) "Referral agency" means a private, profit, or nonprofit agency that is engaged in the business of referring persons for remuneration to a program or facility described in Section 1789.41.

1789.41. It is unlawful for a person, association, or corporation to establish, conduct, or maintain a referral agency, or to refer a person for remuneration to a program certified by the State Department of Health Care Services pursuant to Chapter 7.1 (commencing with Section 11832) of, or a facility licensed by the State Department of Health Care Services pursuant to Chapter 7.5 (commencing with Section 11834.01) of, Part 2 of Division 10.5 of the Health and Safety Code without first obtaining a certificate of compliance from the department.

1789.42. (a) (1) An application for a certificate of compliance under this title shall be accompanied by a fee.

(2) The amount of the fee shall not exceed the reasonable regulatory cost of administering the certificate of compliance program.

(b) A referral agency shall not have a direct or indirect financial interest in a program certified by the State Department of Health Care Services pursuant to Chapter 7.1 (commencing with Section 11832) of, or a facility licensed by the State Department of Health Care Services pursuant to Chapter 7.5 (commencing with Section 11834.01) of, Part 2 of Division 10.5 of the Health and Safety Code doing business with the referral agency.

(c) Separate certificates of compliance shall be required for referral agencies that are maintained on separate, noncontiguous premises.

(d) A certificate of compliance issued under this title is not transferrable.

1789.43. A certificate of compliance application shall be submitted to the department when any of the following circumstances occurs:

(a) Change of ownership of the referral agency.

(b) Change of name of the referral agency.

(c) Change of location of the referral agency.

1789.44. (a) A person, partnership, firm, corporation, or association desiring to obtain a certificate of compliance shall file with the department an application on forms furnished by the department.

(b) The application for a certificate of compliance shall contain all of the following:

(1) The name of the applicant and, if an individual, whether the applicant has attained 18 years of age.

(2) The name of the referral agency.

(3) The location of the referral agency.

(4) (A) The business or occupation engaged in by each applicant, and by each partner, officer, and director, for at least two years immediately preceding the filing of the application.

(B) Each partner, officer, and director shall submit a statement setting forth whether they have previously engaged in the operation of a referral agency, whether they have been involved in, or the subject of, a refusal or revocation of a referral agency certificate of compliance, and whether they have been convicted of a crime other than a minor traffic offense.

(5) If the applicant is a corporation, the name and principal business address of each officer and director of the corporation, and for nonpublic corporations, the name and business address of each stockholder owning 10 percent or more of the stock and the name and business address of any corporation member who has responsibility in the operation of the referral agency.

(6) If the applicant is a partnership, the name and principal business address of each partner.

(7) Evidence of the right to occupy the premises where the referral agency is to be located.

(8) A copy of the partnership agreement or the articles of incorporation, if applicable.

(9) A copy of the current organization chart.

(10) A schedule of fees to be charged and collected by the referral agency and a statement of the method by which each fee is to be computed or determined.

(11) A declaration that the holder of the certificate of compliance will not have any financial interest in any facility doing business with the referral agency.

(12) Evidence satisfactory to the department that the applicant demonstrates reputable and responsible character and the capability to comply with this title.

1789.45. This title does not apply to a local public agency performing referral services without cost to recipients of adult alcoholism or drug abuse recovery or treatment services when otherwise authorized by law.

1789.46. (a) A holder of a certificate of compliance desiring to voluntarily surrender their certificate of compliance for cancellation or temporary suspension shall notify the department in writing as soon as possible and, in all cases, a minimum of 30 days before the effective date of cancellation or temporary suspension of the certificate of compliance.

(b) A certificate of compliance placed in temporary suspension pursuant to this section may be reinstated by the department within 12 months of the date of the voluntary suspension upon receipt of an application and evidence of compliance with certificate of compliance requirements.

1789.47. (a) Upon verification of compliance with this title and with the approval of the department, the department shall issue the certificate of compliance to the applicant.

(b) (1) If the applicant is not in compliance with this title, the department shall deny the applicant a certificate of compliance.

(2) Immediately upon the denial of a certificate of compliance, the department shall notify the applicant in writing.

(3) (A) Within 20 days of receipt of the department's notice, the applicant may present their written petition for a hearing to the department.

(B) The proceedings shall be conducted in accordance with Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code.

1789.48. The original certificate of compliance or a true copy of the certificate of compliance shall be conspicuously posted in a prominent location accessible to public view and a link on the home page of the referral agency's internet website shall direct the public to an electronic copy of the certificate.

1789.49. (a) (1) The holder of a certificate of compliance shall notify the department within 10 days in writing when a change of stockholder owning 10 percent or more of the nonpublic corporate stock occurs.

(2) The writing shall include the name and principal mailing addresses of the new stockholder.

(b) (1) When a change of referral agency manager occurs, the holder of a certificate of compliance shall notify the department in writing within 10 days of the change.

(2) The notification shall include the name of the new referral agency manager.

(c) (1) Each holder of a certificate of compliance shall notify the department in writing within 10 days of any change of the holder of a certificate of compliance's mailing address.

(2) The writing shall include the holder of a certificate of compliance's new mailing address.

(d) (1) When a change in the principal officer of a corporate holder of a certificate of compliance, chairperson, president, or general manager occurs, the holder of the certificate of compliance shall notify the department in writing within 10 days.

(2) The writing shall include the name and principal business address of the officer.

CHAPTER 2. Group Advertising and Referral Services

1789.50. (a) It shall be unlawful for a referral agency holding a certificate of compliance pursuant to this title to participate in or operate a group advertising and referral service for addiction treatment services unless all of the following conditions are met:

(1) Patient referrals made by the referral agency are the result of patient-initiated responses to service advertising.

(2) The referral agency advertises, if at all, in conformity with Section 651 of the Business and Professions Code.

(3) The referral agency does not employ a solicitor.

(4) The referral agency does not impose a fee on its member programs that is dependent upon the number of referrals or amount of professional fees paid by the patient to the referral agency or member program.

(5) Member programs charge no more than their usual and customary fees to any patient referred.

(6) (A) The referral agency files with the department a copy of the standard form contract that regulates its relationship with member programs.

(B) The contract shall be kept confidential and is not open to public inspection.

(7) If more than 50 percent of its referrals are made to 50 or fewer member programs, the referral agency discloses that fact in all public communications, including, but not limited to, communication by means of television, radio, motion picture, newspaper, book, internet, or list or directory.

(b) The department may adopt regulations necessary to enforce and administer this section.

(c) The department or five or more individual or member programs may petition the superior court of any county for the issuance of an injunction restraining conduct that constitutes a violation of this section.

CHAPTER 3. Penalties

1789.51. (a) The department may suspend or revoke a certificate of compliance issued under this title for a violation of any provision of the title or any regulation adopted by the department pursuant to this title.

(b) (1) The department shall assess a civil penalty not to exceed twenty thousand dollars (\$20,000) as a result of a violation of any provision of the title or regulation.

(2) Proceedings to suspend or revoke a certificate of compliance shall be conducted in accordance with Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code.

1789.52. (a) A person, association, or corporation referring persons without a certificate of compliance, or in any other violation of this title, shall be liable for a civil penalty in the amount of the remuneration illegally received, which shall be assessed and recovered in a civil action brought in the name of the people of the State of California by the Attorney General in any court of competent jurisdiction.

(b) A district attorney, a county counsel, a city attorney, or any person who has suffered any injury or damages, including, but not limited to, being surreptitiously redirected to inappropriate treatment, being trafficked to a treatment program, or loss of revenue due to the operation of a referral agency that does not have a certificate of compliance in violation of this title, may bring a claim that an act or practice violates this title and seek one or more of the following:

(1) Declaratory relief to enjoin a person or entity who has violated or is violating this title.

(2) A civil penalty of not more than twenty thousand dollars (\$20,000) for each violation of this title.

(c) If a claim pursuant to subdivision (b) is successful, in whole or in part, the court shall award reasonable attorney's fees and costs to the plaintiff or prosecutor.

1789.53. Civil penalties collected pursuant to this chapter shall be used to administer this title.

SEC. 2. The Legislature finds and declares that Section 1 of this act, which adds Section 1789.50 to the Civil Code, imposes a limitation on the public's right of access to the meetings of public bodies or the writings of public officials and agencies within the meaning of Section 3 of Article I of the California Constitution. Pursuant to that constitutional provision, the Legislature makes the following findings to demonstrate the interest protected by this limitation and the need for protecting that interest:

To ensure viable competition between referral agencies and to encourage a wide breadth of program participation, it is necessary to exempt these standard form contracts from public disclosure.