

**REPORT OF THE  
CHIEF LEGISLATIVE ANALYST**

---

DATE: June 5, 2018

TO: Honorable Members of the Rules, Elections, and Intergovernmental Relations Committee

FROM: Sharon M. Tso   
Chief Legislative Analyst Council File No: 18-0002-S41  
Assignment No: 18-04-0368

SUBJECT: Alcoholism or drug abuse treatment facilities.

CLA RECOMMENDATION: Adopt Resolution (Englander – Blumenfield) to include in the City's 2017-2018 State Legislative Program SUPPORT for AB 3162 (Friedman) which would make minor changes to the licensure process for residential treatment facilities for alcoholism or drug abuse and increase fines for violations or unlicensed activity.

SUMMARY

The California Department of Health Care Services (DHCS) has the authority to regulate residential drug and alcohol treatment facilities, and enforce state licensing laws via fines and penalties. Residential alcohol and drug abuse treatment facilities, with a capacity of six or less persons, provide a therapeutic environment and enable patients to be socially integrated into communities throughout the state. Some license holders are expanding these treatment facilities into multiple adjacent houses and residences, thus creating a campus-style environment that undermines the benefits of smaller treatment facilities. As a result of the nominal fines and penalties currently in place, it is hugely profitable for license holders to operate their treatment facilities in a multi-structure, campus-style environment, to the detriment of the individuals seeking treatment.

The Resolution recommends support for AB 3162 (Friedman), which would require one year provisional licenses to operate an alcoholism or drug abuse recovery or treatment facility, prohibit new applications for a facility license if the proposed location is within a distance of 300 feet or less of an existing facility, and increase the civil penalties for license suspensions, revocations, and violations.

BACKGROUND

Residential drug treatment facilities range in size from six-bed facilities in residential neighborhoods to centers that accommodate more than 100 beds. The basic services provided by facilities include group, individual and educational sessions, alcoholism or drug abuse recovery, and treatment planning.

In recent years, there have been significant expansions of coverage for residential drug treatment. Treatment facilities, however, face difficulties locating sites or expanding in the face of opposition from local communities. Many communities are resisting the expansion of these treatment facilities because single-residential facilities frequently become multi-residence facilities. AB

3162 (Friedman) would significantly increase the penalties for license violations in order to make multiple-residence facilities unprofitable.

AB 3162 would require that all programs and services offered or provided by a treatment facility to be specified in the license application and provided exclusively within the licensed facility on the licensed property and for the benefit of the residents. This requirement would prevent six-bed facilities from expanding into multiple residences and creating a campus-style facility. Additionally, DHCS would be required to post the address of a new facility at least 45 days prior to approving new applications. DHCS would be allowed to impose escalating fines, beginning at \$250 per day and increasing to up to \$2,000 per day for repeated license violations or operating without a license.

BILL STATUS

02/16/18	Introduced.
03/15/18	Referred to the Committee on Health.
04/18/18	Passed and re-referred to Committee on Appropriations (Ayes 15. Noes 0.)
05/10/18	Amended and passed as amended (Ayes 16. Noes 0.)
05/25/18	Passed in Assembly. Ordered to the Senate.
05/25/18	In Senate. Read first time to Committee on Rules for assignment.



Tristan Noack  
Analyst

SMT:tn

Attachment: Resolution

RESOLUTION

WHEREAS, any official position of the City of Los Angeles with respect to legislation, rules, regulations or policies proposed to or pending before a local, state or federal governmental body must have first been adopted in the form of a Resolution by the City Council with the concurrence of the Mayor; and

WHEREAS, the California Department of Health Care Services (DHCS) has the authority to regulate residential drug and alcohol treatment facilities and enforce state licensing laws via fines and penalties; and

WHEREAS, state licensed residential alcohol and drug abuse treatment facilities with capacity of six or less persons provide a therapeutic environment and enable patients to be socially integrated into communities throughout the state; and

WHEREAS, under existing regulations, residential licensing does not require that services permitted under the license are provided solely at the location where the State license is issued; and

WHEREAS, some licensees are exploiting this loophole by buying multiple adjacent houses and creating campus-style facilities in residential neighborhoods that combine services at multiple addresses; and

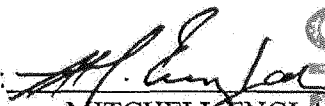
WHEREAS, due to the huge profits and the current nominal fines and penalties, many licensees continue to operate these campus-style facilities and suffer minimal recourse; and

WHEREAS, this is a detriment to patients seeking an individualized therapeutic environment, as well as the character and quality of life of the surrounding neighborhood; and

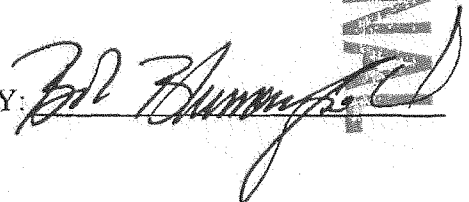
WHEREAS, AB 3162 (Friedman), currently pending in the State Assembly, would grant DHCS greater licensing oversight for small facilities, update fines, and prevent clustering of treatment centers in residential neighborhoods;

NOW, THEREFORE, BE IT RESOLVED, with the concurrence of the Mayor, that by the adoption of this Resolution, the City of Los Angeles hereby includes in its 2017-2018 State Legislative Program support for AB 3162 (Friedman), which would clarify and reform state licensing laws for residential drug and alcohol treatment facilities.

PRESENTED BY:

  
 MITCHELL ENGLANDER  
 Councilmember, 12<sup>th</sup> District

SECONDED BY:



  
 APR 10 2018