



MICHELLE BAASS
DIRECTOR

State of California—Health and Human Services Agency
Department of Health Care Services



GAVIN NEWSOM
GOVERNOR

DATE: May 11, 2022

Behavioral Health Information Notice No: 22-023

TO: California Alliance of Child and Family Services
California Association for Alcohol/Drug Educators
California Association of Alcohol & Drug Program Executives, Inc.
California Association of DUI Treatment Programs
California Association of Social Rehabilitation Agencies
California Consortium of Addiction Programs and Professionals
California Council of Community Behavioral Health Agencies
California Hospital Association
California Opioid Maintenance Providers
California State Association of Counties
Coalition of Alcohol and Drug Associations
County Behavioral Health Directors
County Behavioral Health Directors Association of California
County Drug & Alcohol Administrators

SUBJECT: Liability Insurance Requirement for Licensed Residential Substance Use Disorder Recovery or Treatment Facilities: Implementation of Assembly Bill (AB) 1158

PURPOSE: To require liability insurance for licensed residential SUD recovery or treatment facilities, as required by AB 1158, which went into effect January 1, 2022.

REFERENCE: [Assembly Bill 1158, Chapter 443](#) (Health and Safety Code Section, 11834.10)

BACKGROUND:

AB 1158 amends Health and Safety Code (HSC), Section 11834.10 to require liability insurance coverage for licensed alcoholism or drug abuse (also known as substance use disorder (SUD))¹ recovery or treatment facilities. AB 1158 ensures that licensed

¹ This BHIN uses “SUD” as preferred clinical terminology, consistent with the current edition of the Diagnostic and Statistical Manual of Mental Disorders, medical societies, professional organizations, recovery advocates, and [federal guidance](#) regarding the use of non-stigmatizing, person-centered language.

residential SUD recovery or treatment facilities maintain minimum insurance coverage levels to protect residents.

Summary of AB 1158:

AB 1158 amended HSC, Section 11834.10 and requires a licensee that serves more than six residents to maintain, at all times all of the following insurance coverages:

- (1) Commercial general liability insurance that includes coverage for premises liability, products and completed operations, contractual liability, personal injury and advertising liability, abuse, molestation, sexual actions, and assault and battery, with minimum coverage amounts for bodily injury or property damage of not less than one million dollars (\$1,000,000) per occurrence.
- (2) Commercial or business automobile liability insurance covering all owned vehicles, hired or leased vehicles, nonowned vehicles, and borrowed and permissive uses, with minimum coverage amounts for bodily injury or property damage of not less than one million dollars (\$1,000,000) per occurrence.
- (3) Workers' compensation insurance, as required by law. Notwithstanding subdivision (b) of Section 3700 of the Labor Code, a certificate of self-insurance obtained pursuant to that subdivision does not satisfy this requirement.
- (4) Employer's liability insurance, with minimum coverage amounts for bodily injury or disease of not less than one hundred thousand dollars (\$100,000) per occurrence.
- (5) Professional liability and errors and omissions insurance that includes an endorsement for contractual liability, with minimum coverage amounts of one million dollars (\$1,000,000) per occurrence and two million dollars (\$2,000,000) aggregate. If applicable, the contract shall include an endorsement for defense and indemnification of any government entity with which the licensee has contracted.

In addition, a licensee that serves six or fewer residents shall, at all times, maintain general liability insurance coverage.

Pursuant to HSC, Section 11834.10 (f)(1), a licensee may meet the insurance requirements of HSC, Section 11834.10 by procuring coverage from an admitted insurer, or a nonadmitted insurer that is eligible to insure a home state insured under Chapter 6 (commencing with Section 1760) of Part 2 of Division 1 of the Insurance Code. An admitted insurer is an insurance company that is licensed by the California Department of Insurance. Notwithstanding HSC, Section 11834.10(f)(1), the workers'

Behavioral Health Information Notice No.: 22-023
Page 2
May 11, 2022

compensation insurance required by this section shall be obtained as required by Section 3700 of the Labor Code.

COMPLIANCE:

Licensed residential SUD recovery or treatment facilities shall maintain records demonstrating compliance with HSC, Section 11834.10. Any licensed and/or certified SUD recovery or treatment facility that fails to adhere with this information notice shall be cited effective July 1, 2022.

Sincerely,

Original signed by

Janelle Ito-Orille, Chief
Licensing and Certification Division