



Assembly Bill 1158 Insuring Safety in Recovery Settings for Consumers

SUMMARY

AB 1158 improves patient protections and increases consumer confidence by establishing minimum insurance coverage standards for licensed drug abuse recovery and treatment facilities.

BACKGROUND

The COVID-19 pandemic has contributed to a surge in drug and alcohol use. Enduring isolation during intense, on-going situations can adversely affect a person's mental health, causing chronic depression, anxiety, and substance use disorders. People are falling into addiction or relapsing because of the pandemic and resulting social isolation, pointing to a need for insurance standards that can help protect the health and safety of people in recovery more than ever.

Stronger consumer protections are needed. While there are many good actors in the state helping individuals get on their feet, there are numerous reports of unscrupulous business practices that exploit patients for profits.

NEED FOR THE BILL

Currently, there is no existing state law that requires any substance abuse recovery or treatment facility or recovery residence to maintain minimum insurance coverage levels. Any recovery business could reasonably have liability that a residential insurance policy would not sufficiently cover. Commercial insurance coverage that is available today is more suitable for the risks associated with this type of business. For example, based on their activities, commercial general liability and workers' compensation coverages are needed by alcohol or drug abuse recovery or treatment facilities or recovery residences; a residential insurance policy does not cover those risks. Currently, a number of county contracts across the state with recovery residences and treatment facilities require that these facilities maintain specified levels of coverage that are consistent with commercial insurance.

In addition, there is no existing state law mandating the government regulators in this area – DHCS, the California Department of Insurance (CDI), and the Attorney General – to work together to investigate insurance complaints pertaining to recovery residences or alcohol or drug abuse recovery or treatment facilities. By working separately, information may not always be shared and there may be an “information gap” in fully protecting consumers in recovery. By working more closely together, these agencies can share information and resources to better serve consumers and ensure the public's safety.

SOLUTION

AB 1158 will require a recovery residence that contracts with a government entity or substance abuse recovery or treatment facility that is licensed by the government to maintain minimum insurance coverage levels. Additionally, this proposal would increase the ability for an insurance company to protect the well-being of people in recovery by ensuring a residence or facility's compliance with health and safety standards, including reporting any incidents of death or injuries requiring hospitalization back to the insurance company and respective government entity. This proposal will also require state regulatory agencies work collaboratively to investigate insurance complaints pertaining to these facilities and residences.

SUPPORT

Insurance Commissioner Ricardo Lara
California Department of Insurance (Sponsor)
Consumer Attorneys of California

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