



April 2, 2025

The Honorable Caroline Menjivar  
Chair, Senate Health Committee  
1020 N Street, Room 3310  
Sacramento, CA 95814

**SUBJECT: SB 43 (Umberg) – SUPPORT**

Dear Senator Menjivar:

Hospitals are on the front lines of the mental health and substance use disorder (SUD) crisis in California, with as many as 1 in 3 inpatient hospitalizations and 1 in 5 emergency department (ED) visits now [involving patients with behavioral health disorders](#). Given the growing number of Californians entering behavioral health treatment in our state, the California Hospital Association (CHA) supports efforts to ensure providers and referral agencies are held accountable.

**That's why CHA, on behalf of more than 400 hospitals and health systems, supports Senate Bill (SB) 43, which would strengthen oversight of California's SUD treatment system and protect consumers from unethical patient brokering practices by referral agencies.**

Under current California law, licensed SUD treatment facilities and certified programs are prohibited from offering or receiving compensation for patient referrals, which ensures consumers are linked with providers based on medical necessity rather than financial incentives. However, no such requirements exist for SUD treatment referral agencies, allowing them to profit from patient placements into treatment programs without any state oversight.

SB 43 would close these gaps by requiring individuals or companies that sell referrals to SUD treatment programs to first become licensed by the California Department of Health Care Services (DHCS). These referral agencies would be prohibited from having a direct or indirect financial interest in an SUD treatment program or facility doing business with them. SB 43 would give DHCS oversight and sanction authority, including the ability to impose civil penalties or suspend or revoke a program or facility license.

For these reasons, **CHA supports SB 43.**

Sincerely,

A handwritten signature in black ink, appearing to be "Leah Barros", written in a cursive style.

Leah Barros  
Consulting Lobbyist, California Hospital Association

cc: The Honorable Tom Umberg  
The Honorable Members of the Senate Health Committee  
Reyes Diaz, Consultant, Senate Health Committee  
Joe Parra, Health Policy Consultant, Senate Republican Caucus  
Tim Conaghan, Health Policy Consultant, Senate Republican Caucus