



# ARIZONA DEPARTMENT OF HEALTH SERVICES

## Fact Sheet

### Arizona Department of Health Services (ADHS) Licensing of Sober Living Homes and Behavioral Health Residential Facilities

#### Sober living homes vs. Behavioral Health Residential Facilities

The definition of a “sober living home” that requires licensure is fairly narrow. When people talk about “sober living homes,” we find that they are often actually referring to a behavioral health residential facility (BHRF).

- **Does it provide healthcare services?**
  - **Sober living home (SLH):** In order for a home to require licensure, it must provide a supervised setting to a group of unrelated individuals who are recovering from substance use disorders, and may provide activities that are directed primarily toward recovery from substance use disorders. Licensed sober living homes cannot provide any medical or clinical services onsite, except for tests to verify that the residents are not using alcohol or drugs.
  - **BHRF:** A health care institution that provides clinical treatment to an individual experiencing a behavioral health issue, including substance use disorder. BHRFs are required to provide behavioral health services onsite.

#### Reimbursement

Since BHRFs are required to provide behavioral health services, they are usually eligible to receive reimbursement for those services through the resident’s insurance or the Arizona Health Care Cost Containment System (AHCCCS). Since SLHs are prohibited from providing medical or clinical services onsite, they are not able to bill insurance or AHCCCS.

#### How ADHS Regulates Sober Living Homes and Behavioral Health Residential Facilities

ADHS begins this process before a home is even licensed, by carefully reviewing and processing each application to make sure the facility meets all of the requirements before they are issued a license.

- **Licensure**
  - All BHRFs and most SLHs are inspected before they become licensed.
  - A license is valid for 12 months.
  - ADHS recently began conducting an additional inspection within 60 days of issuing a new SLH or BHRF license. This inspection provides technical assistance and education when possible, as well as an opportunity to

inspect the facility and identify any issues immediately before they have been in operation for a whole year.

- Annual compliance investigations occur for our licensed facilities.
- For Certified SLHs, In lieu of an initial on-site licensure survey and any annual on-site survey, the department shall issue a license to a sober living home that submits an application prescribed by the department and that meets the following requirements:
  - Is currently certified as a sober living home by a certifying organization.
  - Meets all department licensure requirements.
- **Accreditation**
  - A BHRF may become federally accredited. These BHRFs may be exempt from annual compliance inspections, and statute prohibits ADHS from conducting compliance inspections for 24 months if a BHRF receives a deficiency-free compliance inspection.
- **Complaint Investigations**
  - The public can use the [Online Complaint Form](#) to share concerns about licensed facilities, or facilities that they believe should be licensed. ADHS is committed to reviewing every complaint received within two business days.
  - Nearly all complaint investigations for licensed facilities involve an onsite inspection. ADHS has authority to investigate all licensed facilities for complaint investigations, even if the facility is exempt from annual compliance inspections for the reasons previously noted.
- **Enforcement**
  - If a compliance officer identifies a deficient practice during an inspection, the licensee receives a Statement of Deficiencies (SOD).
  - If the licensee has been repeatedly cited for the same issue, or if the citations present a serious health and safety concern, ADHS may take enforcement action against the licensee.
  - Enforcement actions may include fines or even revocation of the license.
  - The documentation created following an inspection like SODs and enforcement actions are listed on [AZCareCheck.com](#) for public review.

### **Enforcement for unlicensed facilities**

ADHS also has authority to take enforcement action against some unlicensed facilities if we are able to substantiate that they are operating in a way that requires a license.

- If we obtain evidence that a facility should be licensed as a BHRF or SLH, we can issue a Cease and Desist Order to them.

- For SLHs, the order can also include fines of up to \$1,000 per day that they were operating without a license. For BHRFs, the order can also include fines up to \$500 per day that they were operating without a license.

### Outside of ADHS' authority

There are some aspects of the operations of these types of facilities that we do not have the authority to investigate or enforce.

- **Location:** Where these facilities may be located is up to the local zoning jurisdiction. ADHS cannot control where these facilities are located or how many of them exist. If we receive an application for a facility that meets all regulatory requirements for licensure, we are required to issue them a license.
- **Billing:** Billing issues should be reported to the resident's insurance company, the [Arizona Health Care Cost Containment System \(AHCCCS\)](#), or the [Arizona Department of Insurance and Financial Institutions \(DIFI\)](#).
- **Abuse, neglect, exploitation:** The Department also does not have authority to determine if abuse, neglect, or exploitation has happened to vulnerable adults or children. These concerns should be reported to the [Arizona Department of Child Safety \(DCS\)](#), or [Adult Protective Services \(APS\)](#) within the [Arizona Department of Economic Security \(DES\)](#). While ADHS does not have the authority that DCS and APS have related to these issues, we may be able to cite certain types of facilities if they do not comply with licensing requirements for reporting, documentation, and action taken when there are suspected allegations of abuse, neglect, or exploitation.
- **Suspected criminal activity:** This should always be reported to law enforcement, since they have jurisdiction over those matters. ADHS does work with law enforcement, and sometimes their investigations may lead ADHS to take enforcement action against a license. However, to ensure we do not impede their investigations, these matters are investigated by law enforcement first.

### Recent Activities

The number of licensed SLHs and BHRFs has grown significantly since the bill requiring SLHs to be licensed was passed by the Arizona State Legislature in 2018. Here is some data around the license requests we have received as of May 23, 2023.

- In January of 2018, there were 545 licensed BHRFs and 0 licensed SLHs.
- By January of 2023, the number of licensed BHRFs more than doubled to 1,106, and the number of SLHs had grown to 251.
- This trend has continued since January, as we've already received over 300 applications for new BHRFs in 2023, and over 500 applications for new SLHs.
- Since January 1, 2023, \$198,260 in fines have been assessed to over 175 BHRFs due to non-compliance.
- So far in 2023, ADHS has issued Notices of Intent to Revoke (NIR) to four licensed BHRFs due to non-compliance, and another 36 NIRs are in process.

## Resources for the public

Resources to utilize when researching a facility for yourself or a loved one. Please note, pursuant to A.R.S. § 36-2066 physical addresses of sober living homes are confidential and protected.

- [File a complaint](#)
- [AZCareCheck.com](#): Research a licensed facility for inspection, enforcement action information
- [Provider & facility databases](#): View active licenses
- [AHCCCS](#): Questions regarding billing, provider contracts, Title XIX Social Security Act (Medicaid) fraud.
- [AZ Department of Insurance and Finance Institutions \(DIFI\)](#): To report suspected fraud in relation to insurance billing.
- [Adult Protective Services \(APS\)](#): Report suspected abuse, neglect, or exploitation of vulnerable adults.
- [Department of Child Safety \(DCS\)](#): Report suspected abuse, neglect, exploitation or abandonment of a child.
- [Suspected Human Trafficking](#): Contact the FBI to report suspected human trafficking or involuntary servitude.