

ALL PLAN LETTER

DATE: August 21, 2026

TO: All Commercial Full-Service Health Care Service Plans and Behavioral Health Care Service Plans

FROM: Mary Watanabe, Director, Department of Managed Health Care
Michelle Baass, Director, Department of Health Care Services

SUBJECT: APL 26-013 - Provisional Licenses of Substance Use Disorder Facilities

The Department of Managed Health Care (DMHC), together with the Department of Health Care Services (DHCS), issues this All-Plan Letter (APL) to provide health care service plans with information regarding the use of provisional licenses of substance use disorder facilities to ensure adequate access to substance use disorder services.

[DHCS MHSUDS INFORMATION NOTICE NO.: 19-003](#), provided for the implementation of Assembly Bill 3162 and Senate Bill 992, related to licensing requirements of substance use disorder facilities. The notice affirmed that a provisional license, as defined in Health and Safety Code Section 11834.09, is provisional for one year. A provisional license is a valid and operative license and does not indicate the facility is subject to probation or discipline or is failing to meet licensing standards.

Applicants approved for an initial residential treatment facility license on or after January 1, 2019, will receive a two-year license that is provisional for one year. Prior to the expiration date noted on the provisional license, a residential treatment facility deemed to be in compliance with applicable regulations and statutes, including civil penalty fees, may continue to operate beyond the provisional date on the license and until the licensure expiration date, unless the provision license is revoked or suspended.

The provisional status is a statutory licensing phase applicable to newly licensed facilities and is not reflective of quality, safety, or regulatory issues. In a case in which DHCS revokes a provisional license for good cause, the licensee may not reapply for an initial license for five years following the revocation.

The Departments recognize the term “provisional” may be misunderstood outside of the licensing context by payers or other stakeholders. Reports from facilities indicate that

some plans have refused to credential facilities to participate in the plans' networks based solely on the fact that a facility's license is provisional. Moving forward, the provisional license issued by DHCS will state that it is a valid and operational license and does not indicate the licensee is subject to probation or discipline.

DMHC and DHCS encourage health plans to credential facilities with provisional licenses into their networks to increase access to behavioral health care services for their members.