



ARIZONA HOUSE OF REPRESENTATIVES

Fifty-sixth Legislature
Second Regular Session

House: HHS DP 9-0-1-0

HB 2111: licensed facilities; transfer; sale; prohibition

Sponsor: Representative Willoughby, LD 13

House Engrossed

Overview

Establishes restrictions relating to the transfer or sale of a licensed health care institution or sober living home. Requires each assisted living facility to conduct an adult protective services registry check on prospective and current employees as prescribed by the Arizona Department of Economic Security (DES).

History

Health Care Institution Licensure

A *health care institution* is every place, institution, building or agency, whether organized for profit or not, that provides facilities with medical services, nursing services, behavioral health services, health screening services, other health-related services, supervisory care services, personal care services or directed care services and includes home health agencies, outdoor behavioral health care programs and hospice service agencies.

Current law establishes processes and procedures that applicants must follow to obtain a health care institution license. Applicants must submit to DHS: 1) an application on a written or electronic form that contains certain information about the health care institution; 2) a notarized attestation form that verifies the architectural plans and specifications of the health care institution; and 3) the applicable application fee. An application for a health care institution license must be submitted at least 60 days, but not more than 120 days before the anticipated date of operation. An application for a substantial compliance survey must be submitted at least 30 days before the date on which the survey was requested.

If a current licensee intends to terminate the operation of a licensed health care institution or if a change in ownership is planned, the current licensee must notify the DHS Director in writing at least 30 days before the termination of operation or change in ownership has taken place. The current licensee is responsible for preventing any interruption of services required to sustain the life, health and safety of the patients or residents. A new owner is prohibited from beginning to operate the health care institution until the DHS Director issues a license to the new owner (A.R.S. §§ [36-401](#) and [36-422](#)).

Sober Living Home Licensure

A *sober living home* is any premises, place or building that provides alcohol-free or drug-free housing that: 1) promotes independent living and life skills development; 2) may provide activities that are directed primarily toward recovery from substance use disorders; 3) provides a supervised setting to a group of unrelated individuals who are recovering from substance use disorders; and 4) does not provide any medical or clinical services or medication administration on-site, except for verification of abstinence (A.R.S. § [36-2061](#)).

DHS is instructed to adopt rules to establish minimum standards and requirements for the licensure of sober living homes to ensure the public health, safety and welfare. Statute outlines those standards and allows the DHS Director to use current standards adopted by any recognized national organization approved by DHS as guidelines when establishing standards and requirements for sober living homes. The licensure of a sober living home is valid for one year and a person operating a sober living home that has failed to attain or maintain licensure of the sober living home must pay a civil penalty of up to \$1,000 for each violation. To receive and maintain licensure, a sober living home must comply with all federal, state and local laws, including the Americans with Disabilities Act of 1990.

Sober living home licensees are prohibited from: 1) implying by advertising, directory listing or otherwise that the licensee is authorized to perform services more specialized or of a higher degree of care than is authorized and the underlying rules for sober living homes; and 2) transfer or assign the license. A license is valid only for the premises occupied by the sober living home at the time of its issuance ([A.R.S. § 36-2062](#)).

Provisions

Health Care Institutions

1. Allows DHS, if it determines patient safety may be in jeopardy due to a licensee's actions, to deny a new application for licensure of a currently licensed health care institution while any enforcement or court action related to the licensure or operation of the health care institution is pending against that current licensee. (Sec. 1)
2. Allows the DHS Director to continue to pursue any court, administrative or enforcement action against a licensee even if the health care institution is in the process of being sold or transferred to a new owner or has closed. (Sec. 1)
3. Allows DHS to deny the approval of a change in ownership of a currently licensed health care institution if DHS determines that the transfer of ownership, whether involving a direct or indirect owner may jeopardize patient safety. (Sec. 1)
4. Asserts that if DHS approves a change in ownership of a currently licensed health care institution or sober living home, any deficiency remaining transfers to the new owner, but any fees or civil penalties associated with the deficiency remains the responsibility of the previous owner. (Sec. 1 and 2)

Assisted Living Facilities

5. Requires each assisted living facility to conduct an adult protective services registry check on prospective and current employees as prescribed by DES. (Sec. 1)
6. Requires assisted living facilities to maintain documentation on each completed adult protective services registry check. (Sec. 1)
7. Prohibits an assisted living facility from hiring an individual who is listed on the maintain adult protective services registry. (Sec. 1)
8. Authorizes DHS to assess a civil penalty of at least \$1,000 for each violation by an assisted living facility that does not conduct an adult protective services registry check. (Sec. 1)

Sober Living Homes

9. Prohibits DHS from acting on an application for licensure of a current licensed sober living home while any enforcement or court action related to their license, including

enforcement and court actions of a city, town or county that are reported to DHS, is pending against that sober living home or current licensee. (Sec. 2)

10. Permits the DHS Director to continue to pursue any court, administrative or enforcement action against a licensee even though the sober living home is in the process of being sold or transferred to a new owner. (Sec. 2)
11. Prohibits DHS from approving a change in ownership for a sober living home unless they determine that there has been a transfer of all legal and equitable interests, control and authority in the sober living home so that persons other than the transferring licensee, licensee's agent or other parties exercising authority or supervision over the operations or staff are responsible for and have control over the sober living home. (Sec. 2)

<input type="checkbox"/> Prop 105 (45 votes)	<input type="checkbox"/> Prop 108 (40 votes)	<input type="checkbox"/> Emergency (40 votes)	<input type="checkbox"/> Fiscal Note
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