



**ARIZONA STATE SENATE**  
*Fifty-Sixth Legislature, Second Regular Session*

**AMENDED**

**FACT SHEET FOR S.B. 1655**

health care institutions; regulation

Purpose

Makes various changes related to the licensing, oversight and regulation of behavioral health entities (BHEs) and sober living homes.

Background

Health care institutions in Arizona are licensed and overseen by the Department of Health Services (DHS), including enforcement of health care institution statutes, rules and regulations. DHS must: 1) review and approve plans and specifications for institution construction or modification; 2) have access to books, records, accounts and any other necessary health care institution information; and 3) require nursing care institutions and assisted living facilities to provide annual influenza and pneumonia vaccines to residents. Additionally, DHS may: 1) inspect every part of a health care institution to ensure compliance with standard medical practice; 2) conduct investigations of health care institution conditions and problems with noncompliance; and 3) develop facility manuals and guides to health care institutions and the general public ([A.R.S. § 36-406](#)). Health care institutions must be in substantial compliance with state laws governing health care institutions to be licensed and avoid enforcement action by DHS ([A.R.S. § 36-425](#)).

Statute requires the Director of DHS (Director) to establish minimum standards and requirements for the licensure of sober living homes to ensure the public health, safety and welfare. The Director may use the current standards adopted by any recognized national organization approved by DHS as guidelines in prescribing the minimal standards and requirements but must include outlined statutory policies and procedures ([A.R.S. § 36-2062](#)). 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](#)).

If there is a cost associated with increased DHS oversight of BHEs and sober living homes, then there may be a fiscal impact to the state General Fund (state GF) associated with this legislation. Additionally, S.B. 1655 increases the cap on various health-related civil penalties, which are deposited into the state GF.

Provisions

***Behavioral Health Entities***

1. Allows the Director, by rule, to establish a monitoring program for BHEs that identifies the circumstances in which DHS must assign staff, on a temporary basis, to monitor and provide professional assistance to a licensee that is not in substantial compliance with licensing requirements.

2. Requires the rules of the monitoring program to establish staffing levels based on monitoring needs and the corresponding fees based on a cost assessment calculating the duration of the monitoring schedule, a pre-disclosed hourly rate and actual costs.
3. Sets the minimum civil penalty assessed for terminating the operation of a health care institution without proper handling of patient medical records, as prescribed, at \$5,000.
4. Prohibits the Director from accepting an accreditation report in lieu of a compliance inspection of a:
  - a) health care institution that has been subject to a criminal penalty in the preceding five years;  
or
  - b) behavioral health entity.
5. Clarifies that DHS must establish a corrective action plan with non-compliant health care entities.
6. Voids a health care institution license if the licensee does not pay any civil penalties or the provider agreement fees assessed.
7. Excludes behavioral health entities from laws granting DHS compliance survey exemptions for facilities that have been deficiency free for 24 months.
8. Removes the requirement that DHS issue a provisional license to an unlicensed health care institution that is not in substantial compliance with DHS licensure requirements and that the Director believes best serves patients and the public by being provided a chance to correct deficiencies.
9. Prohibits the Director from issuing more than two nonconsecutive provisional licenses to a single health care institution.
10. Declares a person that operates or maintains a behavioral health entity or sober living home without a license guilty of a class 6 felony, subject to a daily civil penalty of between \$5,000 and \$10,000 for each violation, which may be assessed for each resident or patient determined to be impacted by the violation.
11. Requires the Director, through the Attorney General, to bring action for an injunction to restrain the violation or to enjoin the future operation or maintenance of the BHE.
12. Requires DHS, in addition to all other licensing standards and requirements, to establish a designated one-year license, by rule, for BHEs that use funds received directly or indirectly from any federal health care program.
13. Prohibits DHS from:
  - a) issuing a BHE license for greater than 12 months;
  - b) issuing a temporary license to a behavioral health applicant or licensee;
  - c) assessing a civil penalty on a BHE in an amount less than \$5,000 or more than \$10,000 for each violation;
  - d) rescinding, in whole or in part, sanctions imposed on a BHE;

- e) authorizing or approving the removal of a BHE licensee and appointing another person to continue operation of the BHE pending further action, absent good cause and risk of life, health or safety of a patient; or
  - f) authorizing or approving a license application for a currently licensed BHE while any enforcement or court action is pending against the current owner or licensee.
14. Requires BHEs, to the extent allowed by federal law, when a resident is admitted for evaluation, to:
    - a) obtain and document a list of the resident's medications, allergies and emergency contact information by the resident's arrival date; and
    - b) use best efforts to notify the resident's family or next of kin within 72 hours of the initial evaluation and document the notification in the resident's medical record.
  15. Waives notification requirements if a resident signs a written waiver requesting that the BHE not notify family, next of kin or responsible persons.
  16. Prohibits BHEs from coordinating, facilitating, arranging or soliciting transportation of a person to the BHE if the person is obviously intoxicated or under the influence of a substance, unless the person is referred by an approved provider of a tribal health care program or regional behavioral health authority or is under order of the court.
  17. Requires BHEs, for residents 18 years or older, to inquire, both verbally and in writing, whether the resident wants to be transported to the resident's place of residence or another safe living space in Arizona, as requested by the resident after discharge.
  18. Requires a BHE resident's wishes regarding transportation to be documented on a DHS-prescribed form, signed by the resident and retained in the resident's medical record.
  19. Requires BHEs to use good faith in attempting to arrange safe and reliable transportation, if available, for residents who wish to be transported home or to another safe living space upon discharge.
  20. Requires BHEs to contact the statewide social service provider and area shelters to comply with post-discharge transportation requirements.
  21. Requires BHEs, for residents under 18 years old, to coordinate with the resident's parent or legal guardian and clinical social worker handling the resident's case regarding post-discharge transportation.
  22. Asserts that a BHE patient, resident, prospective patient or resident is a vulnerable adult.
  23. Requires the Director to adopt rules that prescribe procedures consistent with BHE statutes.
  24. Increases the cap on civil penalties for violation of health care institution statutes from \$500 to \$10,000 per violation, for each day that a violation occurs.
  25. Sets the minimum civil penalty for violation of health care institution statutes at \$1,500 per violation, for each day that a violation occurs, for each resident or patient determined to be impacted the violation.

26. Requires the Director, in addition to any other civil penalty and absent a demonstration of good cause, to assess a civil penalty, of at least \$5,000 and no more than \$10,000, against any BHE with repeated violations, to be assessed for each resident determined to be impacted by the violations.
27. Requires the Director to issue notices of assessment and for the notice to include the amount of the assessment.
28. Requires DHS, in determining the amount of a civil penalty for violation of health care institution statutes, to consider the:
  - a) number of injuries caused;
  - b) severity of the injuries caused;
  - c) number of deaths caused; and
  - d) the cause of deaths.
29. Requires, rather than allows, the Director, to complete outlined tasks related to the regulation and oversight of health care institutions.
30. Sets the grace period for paying health care institution application and licensing fees at 30 days.

***Sober Living Homes***

31. Requires sober living homes that incorporate as a business to:
  - a) file all documents required for incorporation within 10 business days before opening to conduct business; and
  - b) display its license number on all documents.
32. Requires the Arizona Corporation Commission (ACC) to check identification documents of a person that files for incorporation as a behavioral health entity or sober living home, which must occur at ACC.
33. Requires the Arizona Health Care Cost Containment System, the Attorney General and DHS, within 10 days of receiving information relating to a behavioral health entity or an incorporated sober living home, to notify the ACC of:
  - a) a license denial, expiration, suspension, termination or revocation;
  - b) the issuance of a central authorization file notice;
  - c) a bankruptcy filing;
  - d) litigation; and
  - e) criminal charges or conviction.
34. Requires the ACC to provide a special designation to a behavioral health entity or sober living home that files for incorporation.
35. Requires any change in ownership, name or license status of a behavioral health entity to be coordinated and approved by the ACC, in writing, in cooperation with DHS.
36. Exempts behavioral health entities and sober living homes from expedited filing services.

37. Prohibits the ACC from issuing a certificate of good standing to a domestic or foreign corporation if the corporation:
  - a) is a behavioral health entity or a sober living home; and
  - b) does not comply with statutes related to public health and safety.
38. Requires the signature on a certificate of disclosure declaration for a corporation that is a behavioral health entity or sober living home to be notarized.
39. Requires the name of an incorporated sober living home to contain the words "sober living home".
40. Specifies that the address of an incorporated behavioral health entity or sober living home:
  - a) may not be a post office box or statutory agent; and
  - b) must be located in Arizona, within the county where it is located.
41. Specifies that the statutory agent of an incorporated BHE or sober living home:
  - a) must be an independent third-party that is at least 18 years old and resides in Arizona; and
  - b) may not be a direct or indirect owner of a relative or spouse, a controlling person or party with a conflict of interest.
42. Requires DHS minimum standards for sober living home licensure to include a requirement that a business license be issued at least 10 business days before the sober living home opens to conduct business.
43. Requires employees, owners, contracted persons and volunteers of sober living homes, as a condition of licensure, continued licensure or employment, to both:
  - a) submit a full set of fingerprints, at the applicant's cost, to DHS for the purpose of obtaining a state and federal criminal records check; and
  - b) have a valid fingerprint clearance card.
44. Allows DHS to exchange fingerprint data with the Federal Bureau of Investigation.
45. Directs DHS to establish, by rule, annual continuing education and training requirements for employees, volunteers and contractors who work in sober living homes, including peer recovery support specialists.
46. Requires sober living homes to maintain a staff to resident ratio of two paid staff members who provide monitoring or assistance to residents at the sober living home for every six residents.
47. Requires sober living homes to hold employees responsible for the direct care and supervision of residents on-site, 24 consecutive hours per day, seven days per week.
48. Requires sober living home licensees to provide verification to DHS that naloxone is accessible at each sober living home and that staff are knowledgeable and trained in its use.
49. Requires, rather than allows, DHS to enter the premises of any licensed sober living home, at any reasonable time, to determine compliance and take action if the sober living home is noncompliant.

50. Prohibits a sober living home licensee that has had a license revoked in any state from reapplying for a licensure for a period of five years.
51. Requires DHS to post on the parent page of its public website:
  - a) the name, telephone number, license number and national provider identification number; and
  - b) if applicable, the local jurisdiction business license number and licensure status of each certified and licensed sober living home that directly or indirectly received federal resources, federal monies or payment on behalf of beneficiaries with federal health care program benefits.
52. Exempts sober living homes from confidentiality requirements and requires DHS to disclose the address of each sober living home.
53. Asserts that a sober living home address is a public record and subject to public record laws.
54. Requires sober living homes, to the extent allowed by federal law, to notify a new resident's family or next of kin within 72 hours of accepting the resident and for the notification to be documented in the resident's record.
55. Prohibits sober living homes from coordinating, facilitating, arranging or soliciting transportation of a person to the sober living home if the person is obviously intoxicated or under the influence of a substance, unless the person is referred by an approved provider of a tribal health care program or regional behavioral health authority or is under order of the court.
56. Requires sober living homes, for residents 18 years or older, to inquire, both verbally and in writing, whether the resident wants to be transported to the resident's place of residence or another safe living space in Arizona, as requested by the resident after discharge.
57. Requires a sober living home resident's wishes regarding transportation to be documented on a DHS-prescribed form, signed by the resident and retained in the resident's medical record.
58. Requires sober living homes to ensure safe and reliable transportation, if available, for residents who wish to be transported home or to another safe living space upon discharge.
59. Requires sober living home managers and staff to notify DHS immediately, and no more than six hours, after any of the following occurs:
  - a) the death of a resident, including whether the death may have been drug related;
  - b) a resident needed immediate intervention by an emergency medical provider or other health care provider for a possible overdose or other drug or alcohol-related illness;
  - c) a sex-related crime may have been committed at the sober living home; or
  - d) any other incident specified in rule by DHS.
60. Prohibits sober living home managers and staff from having a personal or intimate relationship with a resident.
61. Requires sober living home managers and staff to contact law enforcement if informed that a resident may be involved in a sex-related crime.

62. Requires a sober living home licensee to ensure that any resident who is required to register as a sex offender does so within the statutorily required time frame after admission to the sober living home.

*Miscellaneous*

63. Exempts DHS, until June 30, 2025, from statutory rulemaking requirements for the purposes of amending rules related to health care institutions.
64. Defines *behavioral health entity* as an adult behavioral health therapeutic home, behavioral health inpatient facility, behavioral health residential facility, substance abuse transitional facility or any person that provides behavioral health services related to substance use disorder, substance abuse, alcohol, drug abuse, or other behavioral health services, and that receives federal funds, or any federal healthcare program.
65. Defines *obviously intoxicated, person, publicly funded sober living home* and *vulnerable adult*.
66. Makes technical and conforming changes.
67. Becomes effective on the general effective date.

Amendments Adopted by Committee of the Whole

1. Allows the Director, by rule, to establish a monitoring program for BHEs and prescribes requirements of the program.
2. Removes the establishment of, and allocation of civil penalty monies to, the Indigenous Peoples Protection Revolving Fund.
3. Sets the minimum civil penalty assessed for terminating the operation of a health care institution without proper handling of patient medical records, as prescribed, at \$5,000.
4. Allows civil penalties assessed for violations of health care institution or BHE statutes to be assessed for each resident or patient impacted by the violation.
5. Removes the requirement that the Director assess a civil penalty against a person who violates health care institution statutes.
6. Sets the minimum civil penalty for violation of health care institution statutes at \$1,500 per violation, for each day that a violation occurs, for each resident or patient determined to be impacted by the violation.
7. Requires the Director, in addition to any other civil penalty and absent a demonstration of good cause, to assess a civil penalty, of at least \$5,000 and no more than \$10,000, against any BHE with repeated violations, to be assessed for each resident determined to be impacted by the violations.
8. Subjects a person associated with a residential care institution that operates without a license, rather than the institution itself, to a class 6 felony and daily civil penalty.

9. Removes modifications to DHS standards for nutrition and feeding assistant training programs.
10. Prohibits the Director from accepting an accreditation report in lieu of a compliance inspection of a BHE, rather than a residential care institution.
11. Removes the requirement that health care institutions maintain full compliance with all laws.
12. Prohibits the Director from issuing more than two nonconsecutive provisional licenses to a single health care institution.
13. Requires the Director, through the Attorney General, to bring action for an injunction to restrain a violation or to enjoin the future operation or maintenance of a BHE.
14. Requires DHS, in addition to all other licensing standards and requirements, to establish a designated one-year license, by rule, for BHEs that use funds received directly or indirectly from any federal health care program.
15. Prohibits DHS from:
  - a) issuing a BHE license for greater than 12 months;
  - b) issuing a temporary license to a behavioral health applicant or licensee;
  - c) assessing a civil penalty on a BHE in an amount less than \$5,000 or more than \$10,000 for each violation;
  - d) rescinding, in whole or in part, sanctions imposed on a BHE;
  - e) authorizing or approving the removal of a BHE licensee and appointing another person to continue operation of the BHE pending further action, absent good cause and risk of life, health or safety of a patient; or
  - f) authorizing or approving a license application for a currently licensed BHE while any enforcement or court action is pending against the current owner or licensee.
16. Requires BHEs, when a resident is admitted for evaluation, to obtain and document a list of the resident's medications, allergies and emergency contact information by the resident's arrival date.
17. Removes the prohibition on health care institution license approvals and ownership changes for institutions with pending enforcement or court action.
18. Prescribes requirements for sober living homes and BHEs that file for incorporation as a business.
19. Establishes background check and fingerprint clearance card requirements for sober living home employees and volunteers.
20. Prescribes sober living home staffing requirements.
21. Requires sober living home licensees to provide verification to DHS that naloxone is accessible at each sober living home and that staff are knowledgeable and trained in its use.
22. Prohibits a sober living home licensee that has had a license revoked in any state from reapplying for a licensure for a period of five years.



23. Declares a person that operates or maintains a sober living home without a license guilty of a class 6 felony and subject to civil penalty.
24. Exempts sober living homes from confidentiality requirements and asserts that sober living home addresses are subject to public record laws.
25. Prohibits sober living homes from coordinating, facilitating, arranging or soliciting transportation of a person to the sober living home if the person is obviously intoxicated or under the influence of a substance.
26. Applies BHE notification and resident transportation requirements to sober living homes.
27. Establishes sober living home reporting requirements for the occurrence of outlined incidences.
28. Defines terms.

Senate Action

HHS            2/13/24    DP            7-0-0

Prepared by Senate Research

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