RN1522590 **AP 24**

**INTRODUCED BY SENIOR ASSEMBLY MEMBER WITT**

Legislative Counsel’s Digest

AP 24: NURSING HOMES.

EXISTING LAW PROVIDES FOR THE LICENSURE AND REGULATION OF LONG-TERM HEALTH FACILITIES, AS DEFINED, INCLUDING NURSING HOMES. A VIOLATION OF THOSE PROVISIONS IS A CRIME. EXISTING LAW REQUIRES AN APPLICANT FOR A LICENSE TO OPERATE A SKILLED NURSING FACILITY OR INTERMEDIATE CARE FACILITY TO MEET SPECIFIED REQUIREMENTS AND TO MAKE CERTAIN DISCLOSURES REGARDING CORPORATE GOVERNANCE AND OWNERSHIP OF THE FACILITY TO THE STATE DEPARTMENT OF PUBLIC HEALTH. EXISTING LAW REQUIRES THE DEPARTMENT TO MAINTAIN SPECIFIED TYPES OF INFORMATION ON NURSING HOMES AND TO IMPLEMENT A CONSUMER INFORMATION SERVICE REGARDING CERTAIN LONG-TERM CARE HEALTH FACILITIES.

THIS MEASURE WOULD MEMORIALIZE THE LEGISLATURE AND THE GOVERNOR TO ENACT LEGISLATION THAT WOULD: (1) REQUIRE AN ENTITY THAT HAS A 50 PERCENT OR GREATER OWNERSHIP INTEREST IN ONE OR MORE NURSING HOMES THAT IT ACQUIRES OR PURCHASES, OR THAT IT SEEKS TO OPERATE IN THE STATE, TO SECURE AND MAINTAIN A MINIMUM OF GENERAL LIABILITY INSURANCE COVERAGE AND PROFESSIONAL/MALPRACTICE LIABILITY INSURANCE COVERAGE; AND (2) IMPOSE VARIOUS REQUIREMENTS ON AN ENTITY THAT APPLIES FOR A LICENSE TO OPERATE A NURSING HOME IN THE STATE WITH REGARD TO PROVIDING THE STATE DEPARTMENT OF PUBLIC HEALTH WITH SPECIFIED INFORMATION RELATING TO THE OWNERSHIP AND MANAGEMENT STRUCTURE OF THE ENTITY, AS PROVIDED.

VOTE: MAJORITY.

AP 24: RELATING TO NURSING HOMES

WHEREAS, MANY NURSING HOMES IN THE STATE THAT ARE CORPORATE OR CHAIN OWNED HAVE A COMPLEX MANAGEMENT STRUCTURE; AND

WHEREAS, THE EFFECT OF MULTIPLE TIERS OF NURSING HOME OWNERSHIP IS TO LIMIT A CONSUMER PLAINTIFF’S ACCESS TO A DEFENDANT NURSING HOME’S ASSETS IN THE EVENT OF AN ADVERSE CIVIL JUDGMENT AGAINST THE NURSING HOME; AND

WHEREAS, AN ENTITY THAT HAS AT LEAST A 50 PERCENT OR GREATER OWNERSHIP INTEREST IN AN ACQUIRED OR PURCHASED NURSING HOME, OR THAT COMMENCES OPERATION OF A NURSING HOME, SHOULD BE REQUIRED TO SECURE AND MAINTAIN A MINIMUM OF $5,000,000 OF GENERAL LIABILITY INSURANCE COVERAGE AND $5,000,000 OF PROFESSIONAL/MALPRACTICE LIABILITY INSURANCE COVERAGE PRIOR TO COMMENCING OPERATION OF THE NURSING HOME; AND

WHEREAS, AN ENTITY THAT HAS A 50 PERCENT OR GREATER OWNERSHIP INTEREST IN THREE OR MORE ACQUIRED OR PURCHASED NURSING HOMES, OR THAT COMMENCES OPERATION OF THREE OR MORE NURSING HOMES, SHOULD BE REQUIRED TO SECURE AND MAINTAIN A MINIMUM OF $10,000,000 OF GENERAL LIABILITY INSURANCE COVERAGE AND $10,000,000 OF PROFESSIONAL/MALPRACTICE INSURANCE COVERAGE PRIOR TO COMMENCING OPERATION OF THE HOMES; AND

WHEREAS, AN ENTITY THAT APPLIES FOR A LICENSE TO OPERATE A NURSING HOME SHOULD BE PROHIBITED FROM OBTAINING A LICENSE TO OPERATE A NURSING HOME, UNLESS THE APPLICANT PROVIDES THE STATE DEPARTMENT OF PUBLIC HEALTH WITH ALL OF THE FOLLOWING:

(1) CLEAR AND ACCURATE INFORMATION REGARDING ITS MANAGEMENT STRUCTURE, STOCK OWNERSHIP, AND PRINCIPALS ACTIVELY INVOLVED IN THE MANAGEMENT OF THE ENTITY.

(2) IF THE ENTITY CONSISTS OF A LIMITED LIABILITY CORPORATION, INFORMATION AND A DESCRIPTION OF ALL OF THE PRINCIPALS OF THE CORPORATION WHO ARE ACTIVELY INVOLVED IN THE MANAGEMENT OF THE CORPORATION.

(3) EVIDENCE INDICATING THAT ANY HOLDING COMPANY THAT HOLDS AT LEAST 20 PERCENT OR MORE OF THE STOCK OF A CORPORATION THAT OWNS ONE OR MORE NURSING HOMES HAS A LICENSED PHYSICIAN WITH CREDENTIALS IN GERIATRIC MEDICINE AMONG ITS ACTIVE PRINCIPALS.

(4) ANY OTHER RELEVANT INFORMATION ABOUT THE OWNERSHIP OR OPERATION OF AN APPLICANT ENTITY THAT THE STATE DEPARTMENT OF PUBLIC HEALTH DEEMS APPROPRIATE TO DETERMINE THE ENTITY’S CORPORATE STRUCTURE AND ASSETS FOR PURPOSES OF DETERMINING RESPONSIBILITY IN THE EVENT OF LIABILITY FOR ADVERSE EVENTS; NOW, THEREFORE, BE IT

RESOLVED, BY THE SENIOR ASSEMBLY AND THE SENIOR SENATE, JOINTLY, THAT THE SENIOR LEGISLATURE OF THE STATE OF CALIFORNIA AT ITS 2015 REGULAR SESSION, A MAJORITY OF THE MEMBERS VOTING THEREFOR, HEREBY PROPOSES THAT AN ENTITY THAT HAS AT LEAST A 50 PERCENT OR GREATER OWNERSHIP INTEREST IN ONE OR MORE ACQUIRED OR PURCHASED NURSING HOMES, OR THAT COMMENCES OPERATION OF ONE OR MORE NURSING HOMES, SHOULD BE REQUIRED TO SECURE AND MAINTAIN MINIMUM SPECIFIED AMOUNTS OF GENERAL LIABILITY INSURANCE COVERAGE AND PROFESSIONAL/MALPRACTICE INSURANCE COVERAGE PRIOR TO COMMENCING OPERATION OF A NURSING HOME, AND THAT AN ENTITY THAT APPLIES FOR A LICENSE TO OPERATE A NURSING HOME SHOULD BE REQUIRED TO PROVIDE THE STATE DEPARTMENT OF PUBLIC HEALTH WITH INFORMATION REGARDING THE OWNERSHIP AND MANAGEMENT STRUCTURE OF THE ENTITY, AS SPECIFIED IN THIS MEASURE; AND BE IT FURTHER

RESOLVED, THAT THE SENIOR LEGISLATURE OF THE STATE OF CALIFORNIA RESPECTFULLY MEMORIALIZES THE LEGISLATURE AND THE GOVERNOR OF THE STATE OF CALIFORNIA TO ENACT APPROPRIATE LEGISLATION THAT WOULD ADDRESS THE CONCERNS SET FORTH IN THIS MEASURE; AND BE IT FURTHER

RESOLVED, THAT A COPY OF THIS MEASURE BE TRANSMITTED TO THE SPEAKER OF THE ASSEMBLY, THE PRESIDENT PRO TEMPORE OF THE SENATE, AND THE GOVERNOR OF THE STATE OF CALIFORNIA.