RN1716686  **AP 1**

**INTRODUCED BY SENIOR ASSEMBLY MEMBER WITT**

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Legislative Counsel’s Digest

AP 1: NURSING HOMES.

UNDER EXISTING LAW, THE STATE DEPARTMENT OF PUBLIC HEALTH LICENSES AND REGULATES HEALTH FACILITIES, INCLUDING, AMONG OTHER THINGS, SKILLED NURSING HOMES.

THIS MEASURE WOULD MEMORIALIZE THE LEGISLATURE AND THE GOVERNOR TO ENACT LEGISLATION THAT WOULD REQUIRE NEW NURSING HOME OPERATIONS TO ACQUIRE LIABILITY INSURANCE, NEW NURSING HOME ENTITIES TO BE LIMITED TO THREE COMPANIES, AND A HOLDING COMPANY FOR THESE ENTITIES TO HAVE AT LEAST 20% OF THE STOCK OF THE HOLDING COMPANY IN THE NAME OF AN ACTIVE PRINCIPAL WHO IS A MEDICAL DOCTOR WITH CREDENTIALS IN GERIATRIC MEDICINE.

VOTE MAJORITY.

AP 1: RELATING TO NURSING HOMES

WHEREAS, CALIFORNIA HAS APPROXIMATELY 1,260 NURSING HOMES AND APPROXIMATELY 120,000 CALIFORNIA SENIORS LIVE IN SKILLED NURSING FACILITIES; AND

WHEREAS, IN CALIFORNIA, 25 FOR-PROFIT NURSING-HOME CHAINS CONTROL ABOUT ONE-HALF OF THE STATE’S LICENSED BEDS; AND

WHEREAS, TWENTY OF THE TOP 25 CHAINS FELL BELOW STATE AVERAGES IN STAFFING MEASURES, WHICH INCLUDE ABUSE, ADMINISTRATION, QUALITY OF CARE, ENVIRONMENT, NUTRITION, RESIDENT RIGHTS, PRESSURE SORES, INFECTIONS, FALLS, PHARMACY SERVICES, INSPECTION, AND COMPLAINTS; AND

WHEREAS, BELOW-AVERAGE STAFFING OR HIGH TURNOVER WERE ISSUES IN NINE OUT OF 10 OF THE STATE’S LARGEST NURSING HOME CHAINS IN 2012; AND

WHEREAS, LIMITING NEW NURSING HOME ENTITIES TO THREE COMPANIES WOULD ENABLE PLAINTIFF NURSING HOME RESIDENTS TO MORE EASILY ACCESS ASSETS TO COMPENSATE THE ELDERLY PARTY FOR INJURY DUE TO THE NEGLIGENCE OF THE NURSING HOME STAFF, AND WOULD PREVENT NEW NURSING HOME VENTURES FROM HAVING MULTIPLE LAYERS OF OWNERSHIP DESIGNED TO LIMIT THE DAMAGES AVAILABLE TO THE PLAINTIFF NURSING HOME RESIDENT THAT MAY BE ASSESSED AGAINST THE NURSING HOME, WHILE ALSO PROVIDING SECURITY TO THE NURSING HOME; AND

WHEREAS, REQUIRING AT LEAST 20 PERCENT OF THE STOCK OF A HOLDING COMPANY FOR A NURSING HOME TO BE HELD IN THE NAME OF A MEDICAL DOCTOR WITH CREDENTIALS IN GERIATRIC MEDICINE WOULD ENSURE THAT THERE IS A RESPONSIBLE OWNER WHO UNDERSTANDS THE MEDICAL AND SOCIOLOGICAL NEEDS OF THE NURSING HOME RESIDENTS WHO THE NURSING HOME SHOULD BE PROTECTING. ACCORDING TO THE SACRAMENTO BEE, THE MAJORITY OF THE TOP EXECUTIVES ASSOCIATED WITH THE 25 LARGEST FOR-PROFIT CHAINS COME FROM BACKGROUNDS IN REAL ESTATE, INVESTMENT BANKING, FINANCE, AND LAW; 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 2017 REGULAR SESSION, A MAJORITY OF THE MEMBERS VOTING THEREFOR, HEREBY PROPOSES THAT NEW START-UP NURSING HOME OPERATIONS OR NURSING HOME ACQUISITIONS THAT ACQUIRE MORE THAN 50 PERCENT OWNERSHIP OF AN EXISTING NURSING HOME BE REQUIRED TO PURCHASE AND MAINTAIN A MINIMUM OF $5,000,000 GENERAL LIABILITY INSURANCE PROTECTION AND $5,000,000 PROFESSIONAL LIABILITY COVERAGE, THAT AN ENTITY THAT ACQUIRES THREE OR MORE NURSING HOMES BE REQUIRED TO MAINTAIN A MINIMUM LIABILITY OF $10,000,000, AND THAT AN ENTITY WITH 10 OR MORE NURSING HOMES BE REQUIRED TO MAINTAIN A MINIMUM LIABILITY OF $100,000,000; AND BE IT FURTHER

RESOLVED, THAT THE SENIOR LEGISLATURE ADDITIONALLY PROPOSES THAT THE NEW NURSING HOME ENTITIES BE LIMITED TO THREE COMPANIES, AND THAT A HOLDING COMPANY FOR THESE ENTITIES BE REQUIRED TO HAVE AT LEAST 20 PERCENT OF THE STOCK OF THE HOLDING COMPANY HELD IN THE NAME OF AN ACTIVE PRINCIPAL WHO IS A MEDICAL DOCTOR WITH CREDENTIALS IN GERIATRIC MEDICINE; 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.