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ONE PAGE NARRATIVE FOR PROPOSAL FOR REGULATING ADMINISTRATIVE OWNERSHIP STRUCTURES AND MINIMUM LIMITS OF GENERAL LIABILITY & PROFESSIONAL LIABILITY FOR NEW NURSING HOMES.

Most chain nursing homes have a complex chain of entities who are involved in the management of chain nursing home operations. The function of the multiple tiers of ownership is to limit plaintiff's access to defendant nursing home assets in the event of an adverse judgment against the nursing home. This proposal intends to require new start-up nursing home operations or nursing home acquisitions to purchase and maintain a minimum of \$5,000,000 general liability insurance protection and \$5,000,000 professional (malpractice / E&O) liability coverage. Any entity that starts up, or acquires through purchase, of 50% or more ownership of an existing nursing home, would be subject to the insurance rule. Once this new entity acquires a minimum of three nursing homes, the minimum limit of liability would be increased to \$10,000,000. New entities with ten or more nursing homes would be subject to minimum limits of \$100,000,000

As respects management structures for new owners, the new entities would be limited to three companies to ease the access of plaintiff's to the ultimate holding company in cases involving negligence or abuse of elder residents. In other words, the creator of a new entity to purchase or set up a new nursing home could have a limited liability corporation, which could be owned by a second corporation and a third holding company could own 100% of the stock of the second corporation.

The holding company would be required to have at least 20% 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. This bill is designed to ensure that, at senior levels of nursing home management structures that there is a responsible owner who understands the medical and sociological needs of the nursing home residents that the nursing home should be protecting.

The agency charged with overseeing skilled-nursing facilities is the Department of Public Health. Common complaints from nursing home residents include abuse, administration, quality of care, environment, nutrition, resident rights, pressure sores, infections, falls, pharmacy services, inspection and complaints. This bill is designed to 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.

This bill also intends to apply to new nursing home ventures so that the nursing home cannot have multiple layers of ownership designed to limit the damages to the plaintiff nursing home resident that would be assessed against responsible nursing homes. By limiting corporate structures to three layers, the bill provides a certain amount of security to the nursing home as well as providing a simpler avenue to enable the senior plaintiff to access assets of the nursing home.