

Assembly Bill No. 330

CHAPTER 507

An act to amend Section 1265 of, and to add Section 1265.3 to, the Health and Safety Code, relating to health facilities.

[Approved by Governor October 4, 2005. Filed with
Secretary of State October 4, 2005.]

LEGISLATIVE COUNSEL'S DIGEST

AB 330, Gordon. General acute care, acute psychiatric, and special hospitals: management requirements.

Existing law provides for the licensure and regulation of health facilities administered by the State Department of Health Services. A violation of these provisions is a crime.

Existing law requires that any person, political subdivision of the state, or governmental agency desiring approval to manage a health facility currently licensed as a skilled nursing facility or intermediate care facility that has not filed an application for a license to operate that facility to file with the department a verified application containing specific information, including information regarding the applicant's character and ability to comply with applicable licensing and regulatory provisions.

This bill would expand this application requirement to apply to those seeking approval to operate, or manage, as defined, a health facility currently licensed as a general acute care hospital, acute psychiatric hospital, or special hospital that has not filed an application for a license to operate that facility. With respect to these health facilities, the bill would require the department to consider specific evidence in making determinations regarding character and ability to comply with applicable licensing and regulatory provisions and to make one additional determination with respect to a demonstration of sufficiency of financial resources.

The people of the State of California do enact as follows:

SECTION 1. Section 1265 of the Health and Safety Code is amended to read:

1265. Any person, political subdivision of the state, or governmental agency desiring a license for a health facility, approval for a special service under this chapter, or approval to manage a health facility currently licensed as a health facility, as defined in subdivision (a), (b), (c), (d), or (f) of Section 1250, that has not filed an application for a license to operate that facility shall file with the department a verified application on forms

prescribed and furnished by the department, containing all of the following:

- (a) The name of the applicant and, if an individual, whether the applicant has attained the age of 18 years.
- (b) The type of facility or health facility.
- (c) The location thereof.
- (d) The name of the person in charge thereof.
- (e) Evidence satisfactory to the department that the applicant is of reputable and responsible character. If the applicant is a firm, association, organization, partnership, business trust, corporation, or company, like evidence shall be submitted as to the members or shareholders thereof, and the person in charge of the health facility for which application for license is made. If the applicant is a political subdivision of the state or other governmental agency, like evidence shall be submitted as to the person in charge of the health facility for which application for license is made.
- (f) Evidence satisfactory to the department of the ability of the applicant to comply with this chapter and of rules and regulations promulgated under this chapter by the department.
- (g) Evidence satisfactory to the department that the applicant to operate a skilled nursing facility or intermediate care facility possesses financial resources sufficient to operate the facility for a period of at least 45 days. A management company shall not be required to submit this information.
- (h) Each applicant for a license to operate a skilled nursing facility or intermediate care facility shall disclose to the department evidence of the right to possession of the facility at the time the application will be granted, which may be satisfied by the submission of a copy of applicable portions of a lease agreement or deed of trust. The names and addresses of any persons or organizations listed as owner of record in the real estate, including the buildings and the grounds appurtenant to the buildings, shall be disclosed to the department.
- (i) Any other information as may be required by the department for the proper administration and enforcement of this chapter.
- (j) Upon submission of an application to the department by an intermediate care facility/developmentally disabled habilitative or an intermediate care facility/developmentally disabled-nursing, the application shall include a statement of need signed by the chairperson of the area board pursuant to Chapter 4 (commencing with Section 4570) of Division 4.5 of the Welfare and Institutions Code. In the event the area board has not provided the statement of need within 30 days of receipt of the request from the applicant, the department may process the application for license without the statement.
- (k) The information required pursuant to this section, other than individuals' social security numbers, shall be made available to the public upon request, and shall be included in the department's public file regarding the facility.

(l) With respect to a facility licensed as a health facility, as defined in subdivision (a), (b), or (f) of Section 1250, for purposes of this section, “manage” means to assume operational control of the facility.

SEC. 2. Section 1265.3 is added to the Health and Safety Code, to read:

1265.3. (a) For any individual or entity that seeks approval to operate or manage a health facility licensed pursuant to subdivision (a), (b), or (f) of Section 1250 and is subject to Section 1265, the department shall consider the following:

(1) To determine whether the applicant is of reputable and responsible character, the department shall consider any available information that the applicant has demonstrated a pattern and practice of violations of state or federal laws and regulations. The department shall give particular consideration to those violations that affect the applicant’s ability to deliver safe patient care.

(2) To determine whether the applicant has the ability to comply with this chapter and the rules and regulations adopted under this chapter, the department shall consider evidence that shall include all of the following:

(A) If any, prior history of operating in this state any other facility licensed pursuant to Section 1250, and the applicant’s history of substantial compliance with the requirements imposed under that license, applicable federal laws and regulations, and requirements governing the operators of those facilities.

(B) If any, prior history of operating in any other state any facility authorized to receive Medicare Program reimbursement or Medicaid Program reimbursement, and the applicant’s history of substantial compliance with that state’s requirements, and applicable federal laws, regulations, and requirements.

(C) If any, prior history of providing health services as a licensed health professional or an individual or entity contracting with a health care service plan or insurer, and the applicant’s history of substantial compliance with state requirements, and applicable federal law, regulations, and requirements.

(b) The department may also require the entity described in subdivision (a) to furnish other information or documents for the proper administration and enforcement of the licensing laws.