

House Engrossed

licensed facilities; transfer; sale; prohibition

State of Arizona  
House of Representatives  
Fifty-sixth Legislature  
Second Regular Session  
2024

# HOUSE BILL 2111

AN ACT

AMENDING TITLE 36, CHAPTER 4, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTIONS 36-420.05 AND 36-420.06; AMENDING TITLE 36, CHAPTER 18, ARTICLE 4, ARIZONA REVISED STATUTES, BY ADDING SECTION 36-2068; RELATING TO LICENSED FACILITIES.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Title 36, chapter 4, article 1, Arizona Revised  
3 Statutes, is amended by adding sections 36-420.05 and 36-420.06, to read:

4 36-420.05. Health care institutions; legal action; licensure;  
5 change of ownership

6 A. IF THE DEPARTMENT DETERMINES PATIENT SAFETY MAY BE IN JEOPARDY  
7 DUE TO THE ACTIONS OF A LICENSEE, THE DEPARTMENT MAY DENY A NEW  
8 APPLICATION FOR LICENSURE OF A CURRENTLY LICENSED HEALTH CARE INSTITUTION  
9 WHILE ANY ENFORCEMENT OR COURT ACTION RELATED TO THE LICENSURE OR  
10 OPERATION OF THE HEALTH CARE INSTITUTION IS PENDING AGAINST THAT HEALTH  
11 CARE INSTITUTION'S CURRENT LICENSEE.

12 B. THE DIRECTOR MAY CONTINUE TO PURSUE ANY COURT, ADMINISTRATIVE OR  
13 ENFORCEMENT ACTION AGAINST A LICENSEE DESCRIBED IN SUBSECTION A OF THIS  
14 SECTION EVEN IF THE HEALTH CARE INSTITUTION IS IN THE PROCESS OF BEING  
15 SOLD OR TRANSFERRED TO A NEW OWNER OR HAS CLOSED.

16 C. THE DEPARTMENT MAY DENY THE APPROVAL OF A CHANGE IN OWNERSHIP OF  
17 A CURRENTLY LICENSED HEALTH CARE INSTITUTION IF THE DEPARTMENT DETERMINES  
18 THAT THE TRANSFER OF OWNERSHIP, WHETHER INVOLVING A DIRECT OWNER OR  
19 INDIRECT OWNER, MAY JEOPARDIZE PATIENT SAFETY. IF THE DEPARTMENT APPROVES  
20 A CHANGE OF OWNERSHIP OF A CURRENTLY LICENSED HEALTH CARE INSTITUTION, ANY  
21 DEFICIENCY REMAINING TRANSFERS TO THE NEW OWNER BUT ANY FEES OR CIVIL  
22 PENALTIES ASSOCIATED WITH THE DEFICIENCY REMAIN THE RESPONSIBILITY OF THE  
23 PREVIOUS OWNER.

24 36-420.06. Assisted living facilities; registry check;  
25 hiring; prohibition; civil penalty

26 A. EACH ASSISTED LIVING FACILITY SHALL CONDUCT AN ADULT PROTECTIVE  
27 SERVICES REGISTRY CHECK ON PROSPECTIVE AND CURRENT EMPLOYEES AS PRESCRIBED  
28 BY THE DEPARTMENT OF ECONOMIC SECURITY. THE ASSISTED LIVING FACILITY  
29 SHALL MAINTAIN DOCUMENTATION ON EACH ADULT PROTECTIVE SERVICES REGISTRY  
30 CHECK COMPLETED.

31 B. AN ASSISTED LIVING FACILITY MAY NOT HIRE AN INDIVIDUAL WHO IS  
32 LISTED ON THE ADULT PROTECTIVE SERVICES REGISTRY MAINTAINED PURSUANT TO  
33 SECTION 46-459.

34 C. THE DEPARTMENT OF HEALTH SERVICES SHALL ASSESS A CIVIL PENALTY  
35 OF AT LEAST \$1,000 FOR EACH VIOLATION BY AN ASSISTED LIVING FACILITY THAT  
36 DOES NOT CONDUCT AN ADULT PROTECTIVE SERVICES REGISTRY CHECK AS PRESCRIBED  
37 IN SUBSECTION A OF THIS SECTION AND RULES ADOPTED BY THE DEPARTMENT OF  
38 ECONOMIC SECURITY.

39 Sec. 2. Title 36, chapter 18, article 4, Arizona Revised Statutes,  
40 is amended by adding section 36-2068, to read:

41 36-2068. Sober living homes; legal action; licensure; change  
42 of ownership

43 A. THE DEPARTMENT MAY NOT ACT ON AN APPLICATION FOR LICENSURE OF A  
44 CURRENTLY LICENSED SOBER LIVING HOME WHILE ANY ENFORCEMENT OR COURT ACTION  
45 RELATED TO THE SOBER LIVING HOME, INCLUDING ENFORCEMENT AND COURT ACTIONS

1 OF A CITY, TOWN OR COUNTY THAT ARE REPORTED TO THE DEPARTMENT, IS PENDING  
2 AGAINST THAT SOBER LIVING HOME OR THE CURRENT LICENSEE.

3 B. THE DIRECTOR MAY CONTINUE TO PURSUE ANY COURT, ADMINISTRATIVE OR  
4 ENFORCEMENT ACTION AGAINST A LICENSEE DESCRIBED IN SUBSECTION A OF THIS  
5 SECTION EVEN THOUGH THE SOBER LIVING HOME IS IN THE PROCESS OF BEING SOLD  
6 OR TRANSFERRED TO A NEW OWNER.

7 C. THE DEPARTMENT MAY NOT APPROVE A CHANGE IN SOBER LIVING HOME  
8 OWNERSHIP UNLESS THE DEPARTMENT DETERMINES THAT THERE HAS BEEN A TRANSFER  
9 OF ALL LEGAL AND EQUITABLE INTERESTS, CONTROL AND AUTHORITY IN THE SOBER  
10 LIVING HOME SO THAT PERSONS OTHER THAN THE TRANSFERRING LICENSEE, THAT  
11 LICENSEE'S AGENT OR OTHER PARTIES EXERCISING AUTHORITY OR SUPERVISION OVER  
12 THE SOBER LIVING HOME'S DAILY OPERATIONS OR STAFF ARE RESPONSIBLE FOR AND  
13 HAVE CONTROL OVER THE SOBER LIVING HOME. IF THE DEPARTMENT APPROVES A  
14 CHANGE OF OWNERSHIP OF A CURRENTLY LICENSED SOBER LIVING HOME, ANY  
15 DEFICIENCY REMAINING TRANSFERS TO THE NEW OWNER BUT ANY FEES OR CIVIL  
16 PENALTIES ASSOCIATED WITH THE DEFICIENCY REMAIN THE RESPONSIBILITY OF THE  
17 PREVIOUS OWNER.