8lr2030

By: Delegates McDonough, Beitzel, Benson, Boteler, Costa, Hubbard, Kach, Kipke, Montgomery, Oaks, Riley, V. Turner, and Weldon <u>Weldon</u>, <u>Hammen, Pendergrass, Bromwell, Donoghue, Elliott, Kullen, Morhaim,</u> Pena-Melnyk, Reznik, and Tarrant

Introduced and read first time: February 8, 2008 Assigned to: Health and Government Operations

Committee Report: Favorable with amendments House action: Adopted Read second time: March 16, 2008

CHAPTER _____

1 AN ACT concerning

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Persons Who Operate Nursing Homes – Licensure

3 FOR the purpose of requiring a person to be licensed by the Secretary of Health and 4 Mental Hygiene before operating a nursing home; establishing the qualifications for licensure; requiring the Secretary to evaluate the background $\mathbf{5}$ 6 and qualifications of certain persons an applicant for licensure or relicensure of 7 a nursing home to include certain information in the application; requiring 8 applicants to provide the Secretary with certain information; requiring the 9 Secretary to issue licenses to applicants who meet certain requirements; 10 authorizing licensees to renew licenses under certain circumstances authorizing the Secretary of Health and Mental Hygiene to make certain approvals or 11 12 denials of licensure applications after a certain review; requiring licensees to 13 report to the Secretary certain changes in the financial condition of a nursing home; authorizing the Secretary to verify certain financial conditions requiring 14 the Secretary to convene a certain workgroup to make certain 15recommendations; requiring the Secretary to review certain recommendations 16 17and to publish certain regulations on or before a certain date; making certain exceptions; requiring the Secretary to adopt certain regulations; defining 18 19 certain terms; and generally relating to the licensure of persons who operate 20 nursing homes.

<u>BY repealing and reenacting, with amendments,</u> <u>Article – Health – General</u>

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

Strike out indicates matter stricken from the bill by amendment or deleted from the law by amendment.



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$1\\2\\3$	Section 19–1401 Annotated Code of Maryland (2005 Replacement Volume and 2007 Supplement)			
4 5 6 7 8 9	BY adding to Article – Health – General Section 19–1401.1, 19–1401.2, <u>and 19–1401.3</u> 19–1401.3, 19–1401.4, 19–1401.5, 19–1401.6, 19–1401.7, and 19–1401.8 Annotated Code of Maryland (2005 Replacement Volume and 2007 Supplement)			
10 11	SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY MARYLAND, That the Laws of Maryland read as follows:	OF		
12	Article – Health – General			
13	19–1401.			
14	(a) In this subtitle, the following words have the meanings indicated.			
15	(b) "Actual harm deficiency" means a condition existing in a nursing ho			
$\frac{16}{17}$	an action or inaction by the nursing home staff that has caused physical or emo	tional		
11	injury or impairment to a resident.			
18 19	(c) <u>"Concurrent review" means daily rounds by a licensed nurse</u> include:	which		
$\begin{array}{c} 20\\ 21 \end{array}$	(1) Appraisal and observation of each resident by the licensed nu determine any change in the resident's physical or mental status; and	rse to		
$\begin{array}{c} 22\\ 23 \end{array}$	(2) If there is a change in the resident's physical or mental state evaluation by the licensed nurse of:	is, an		
24	(i) The resident's medications;			
25	(ii) Laboratory values relating to the resident;			
$\frac{26}{27}$	(iii) Clinical data relating to the resident, including resident's:	; −the		
28	1. Hydration and nutritional need;			
29	$\frac{2}{2}$. Skin integrity;			
30	3. Noted weight changes; and			
31	4. Appetite;			

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1	(iv) Injuries sustained by the resident that result from accident
2	or incidents involving the resident; and
ი	
3	(v) Any other relevant parameters affecting or reflecting the
4	resident's physical and mental status.
5	(d) (1) "Controlling person" means a person who has the
6	ABILITY, ACTING ALONE OR IN CONCERT WITH OTHERS, TO DIRECTLY OR
7	INDIRECTLY INFLUENCE, DIRECT, OR CAUSE THE DIRECTION OF THE
8	MANAGEMENT, EXPENDITURE OF MONEY, OR POLICIES OF A NURSING HOME OR
9	ANOTHER PERSON.
10	(2) "Controlling person" includes:
11	(1) A MANAGEMENT COMPANY, LANDLORD, OR OTHER
12	BUSINESS ENTITY THAT OPERATES OR CONTRACTS WITH OTHERS FOR THE
13	OPERATION OF A NURSING HOME;
14	
	(II) ANY PERSON WHO IS A CONTROLLING PERSON OF A
$\frac{15}{16}$	MANAGEMENT COMPANY OR OTHER BUSINESS ENTITY THAT OPERATES A
17	NURSING HOME OR THAT CONTRACTS WITH ANOTHER PERSON FOR THE
11	OPERATION OF A NURSING HOME; AND
18	(iii) Any other individual who, because of a
19	PERSONAL, FAMILIAL, OR OTHER RELATIONSHIP WITH THE OWNER, MANAGER,
20	LANDLORD, OR TENANT OF A NURSING HOME IS IN A POSITION OF ACTUAL
21	CONTROL OR AUTHORITY WITH RESPECT TO THE NURSING HOME, WITHOUT
22	REGARD TO WHETHER THE INDIVIDUAL IS FORMALLY NAMED AS AN OWNER,
23	MANAGER, DIRECTOR, OFFICER, PROVIDER, CONSULTANT, CONTRACTOR, OR
24	EMPLOYEE OF THE NURSING HOME.
25	(3) "Controlling person" does not include a person,
26	INCLUDING AN EMPLOYEE, A LENDER, A SECURED CREDITOR, OR A LANDLORD,
27	WHO DOES NOT EXERCISE ANY INFLUENCE OR CONTROL, WHETHER FORMAL OR
28	ACTUAL, OVER THE OPERATION OF A NURSING HOME.
20	
29	[(d)] (E) "Deficiency" means a condition existing in a nursing home or an
30 21	action or inaction by the nursing home staff that results in potential for more than
31	minimal harm, actual harm, or serious and immediate threat to one or more residents.
32	[(e)] (F) "Nursing home" means a facility (other than a facility offering
33	domiciliary or personal care as defined in Subtitle 3 of this title) which offers nonacute
34	inpatient care to patients suffering from a disease, chronic illness, condition, disability
35	of advanced age, or terminal disease requiring maximal nursing care without
36	continuous hospital services and who require medical services and nursing services

12	with one or more State regulations has caused or is likely to cause serious injury,
13	harm, impairment to, or death of a resident receiving care in the nursing home.
14	[(i)] (J) "Sustained compliance" means a period of 30 days following the
15	date of notice of corrective action with no deficiencies.
16	19–1401.1.
17	A person shall be licensed by the Secretary before a person
18	MAY OPERATE A NURSING HOME.
19	(A) IN ADDITION TO THE REQUIREMENTS FOR LICENSURE OF A
20	RELATED INSTITUTION AS PROVIDED IN THIS TITLE, AN APPLICANT FOR INITIAL
21	LICENSURE OR RELICENSURE OF A NURSING HOME SHALL INCLUDE IN THE
22	APPLICATION THE IDENTITY OF:
23	(1) ANY PERSON WITH AN OWNERSHIP INTEREST IN THE NURSING
24	HOME; AND
25	(2) ANY MANAGEMENT COMPANY, LANDLORD, OR OTHER
26	BUSINESS ENTITY THAT WILL OPERATE OR CONTRACT WITH THE APPLICANT TO
$\frac{1}{27}$	MANAGE THE NURSING HOME.
2.	MANAGE THE NORSHNG HOME.
28	(B) AN APPLICANT FOR INITIAL LICENSURE SHALL SUBMIT TO THE
20 29	SECRETARY OR THE SECRETARY'S DESIGNEE EVIDENCE:
23	SECRETARY OR THE SECRETARY S DESIGNEE EVIDENCE:
30	(1) THAT AFFIRMATIVELY DEMONSTRATES THE ABILITY OF THE
31	APPLICANT TO COMPLY WITH MINIMUM STANDARDS OF:
51	APPLICANT TO COMPLET WITH MINIMUM STANDARDS OF:
32	(I) MEDICAL CARE;
33	(II) <u>NURSING CARE;</u>

4 rendered by or under the supervision of a licensed nurse together with convalescent, 1 2 restorative, or rehabilitative services. 3 "Ongoing pattern" means the occurrence of any potential for more **[(f)] (G)** 4 than minimal harm or greater deficiency on two consecutive on-site visits as a result $\mathbf{5}$ of annual surveys, follow-up visits, any unscheduled visits, or complaint 6 investigations. 7 "Potential for more than minimal harm deficiency" means a $\frac{f(g)}{H}$ 8 condition existing in a nursing home or an action or inaction by the nursing home staff 9 that has the potential to cause actual harm to a resident. 10 "Serious and immediate threat" means a situation in which $\frac{[(h)](I)}{I}$ 11 immediate corrective action is necessary because a nursing home's noncompliance lations has caused or is likely to cause serious injury, 10 a resident receiving care in the nursing home. mpliance" means a period of 30 days following the with no deficiencies. CENSED BY THE SECRETARY REFORE A PERSON E. THE REQUIREMENTS FOR LICENSURE OF A VIDED IN THIS TITLE, AN APPLICANT FOR INITIAL OF A NURSING HOME SHALL INCLUDE IN THE F:

GEMENT COMPANY, LANDLORD, OR **OTHER PERATE OR CONTRACT WITH THE APPLICANT TO**

OR INITIAL LICENSURE SHALL SUBMIT TO THE RY'S DESIGNEE EVIDENCE:

MATIVELY DEMONSTRATES THE ABILITY OF THE **IINIMUM STANDARDS OF:**

1	(III) FINANCIAL CONDITION; AND
$2 \\ 3$	(IV) OTHER APPLICABLE STATE OR FEDERAL LAWS AND REGULATIONS; AND
4 5	(2) <u>Regarding the regulatory compliance history and</u> FINANCIAL CONDITION OF ANY HEALTH CARE FACILITY OWNED OR OPERATED
6	BY THE APPLICANT IN OTHER JURISDICTIONS.
7	19–1401.2.
8 9	(A) To qualify for a license, an applicant shall meet the Requirements of this subtitle.
10	(B) AN APPLICANT WHO IS AN INDIVIDUAL, AND ANY INDIVIDUAL WHO
$\frac{11}{12}$	IS APPLYING ON BEHALF OF A CORPORATION, ASSOCIATION, OR GOVERNMENT AGENCY SHALL BE:
13	(1) AT LEAST 18 YEARS OLD; AND
14	(2) OF REPUTABLE AND RESPONSIBLE CHARACTER.
15	ON REVIEW OF THE INFORMATION REQUIRED UNDER § 19-1401.1 OF THIS
$\frac{16}{17}$	SUBTITLE AND ANY OTHER INFORMATION THAT IS RELEVANT TO THE ABILITY OF THE APPLICANT TO OPERATE A NURSING HOME, THE SECRETARY MAY:
18 19	(1) Approve an application for a license or license <u>Renewal;</u>
$\begin{array}{c} 20\\ 21 \end{array}$	(2) DENY AN APPLICATION FOR A LICENSE OR LICENSE RENEWAL; OR
22 23	(3) <u>Approve an application for license or license</u> <u>renewal subject to conditions.</u>
24	19–1401.3.
25	(A) AN APPLICANT FOR A LICENSE SHALL:
26	(1) SUBMIT AN APPLICATION TO THE SECRETARY; AND
27	(2) PAY TO THE SECRETARY AN APPLICATION FEE ESTABLISHED
28	BY THE SECRETARY.

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1	(B)	THE APPLICATION;
2		(1) SHALL BE ON THE FORM THAT THE SECRETARY REQUIRES;
3		(2) SHALL BE SIGNED AND VERIFIED AS FOLLOWS:
4 5	THE INDIV	(I) IF THE APPLICATION IS MADE BY AN INDIVIDUAL, BY IDUAL; OR
6 7 8		(II) IF THE APPLICATION IS MADE BY AN INDIVIDUAL WHO NG ON BEHALF OF A CORPORATION, ASSOCIATION, OR GOVERNMENT BY TWO OFFICERS OF THE CORPORATION, ASSOCIATION, OR
9		ENT AGENCY; AND
10		(3) SHALL INCLUDE:
11		(I) THE NAME OF THE APPLICANT;
12 13	MANAGING	(H) THE NAME OF ANY PARTNER, OFFICER, DIRECTOR, OR EMPLOYEE OF THE APPLICANT;
$14 \\ 15 \\ 16$		(HI) THE NAME OF ANY PERSON WHO OWNS OR CONTROLS CAL PLANT OF A FACILITY IN WHICH THE NURSING HOME OPERATES TO OPERATE;
17 18	RESPECT 1	(IV) THE NAME OF ANY CONTROLLING PERSON WITH O THE NURSING HOME FOR WHICH A LICENSE IS REQUESTED;
19 20	REQUIREM	(V) A STATEMENT THAT THE APPLICANT MEETS THE ENTS OF THIS SUBTITLE;
21		(VI) THE LOCATION OF THE PROPOSED NURSING HOME;
22 23	ADMINISTI	(vii) The name of the individual who is to be the rative head of the proposed nursing home; and
$\begin{array}{c} 24 \\ 25 \end{array}$	REQUIRES	(VIII) ANY OTHER INFORMATION THAT THE SECRETARY
26	(C)	AN APPLICATION FEE MAY NOT BE REFUNDED.
$27 \\ 28 \\ 29$	(D) Secretar the appli	An <u>Applicant for initial licensure shall submit to the</u> Y evidence that affirmatively demonstrates the ability of cant to:

29 THE APPLICANT TO:

1	(1)	Comply with minimum standards of:
2		(I) MEDICAL CARE;
3		(II) NURSING CARE;
4		(III) FINANCIAL CONDITION; AND
5		(IV) ANY OTHER APPLICABLE STATE OR FEDERAL LAWS AND
6	REGULATIONS; A	ND
7	(2)	Obtain liability insurance in the amount required by
8	THE DEPARTMEN	
9	(e) The	SECRETARY SHALL EVALUATE THE BACKGROUND AND
10	QUALIFICATIONS	: OF:
11	(1)	A partner, officer, director, or managing employee
12	OF THE APPLICA	
10		·
13 14	(<u>2</u>)	ANY PERSON WHO OWNS OR CONTROLS THE PHYSICAL PLANT
14 15		IN WHICH THE NURSING HOME OPERATES OR PLANS TO
10	OPERATE; AND	
16	(3)	A CONTROLLING PERSON WITH RESPECT TO THE NURSING
17	HOME FOR WHIC	H A LICENSE IS REQUESTED.
18		
18 19		AKING THE EVALUATION REQUIRED UNDER SUBSECTION (E) OF HE SECRETARY SHALL REQUIRE AN APPLICANT OR ANY OTHER
$\frac{13}{20}$,	BED IN SUBSECTION (E) OF THIS SECTION WHO OPERATED A
$\frac{20}{21}$		IN ANOTHER JURISDICTION DURING THE 5-YEAR PERIOD
22		DATE OF THE APPLICATION TO:
23	(1)	FILE A SWORN AFFIDAVIT OF SATISFACTORY COMPLIANCE
24	HISTORY; AND	
25	(2)	PROVIDE ANY OTHER INFORMATION REQUIRED BY THE
26 26		UBSTANTIATE THE:
27		(I) SATISFACTORY COMPLIANCE HISTORY; AND
28		(II) SOUNDNESS OF THE FINANCIAL CONDITION OF THE
29	NURSING HOME.	
30	19–1401.4.	

1	THE SECRETARY SHALL ISSUE A LICENSE TO ANY APPLICANT IF THE
2	APPLICANT MEETS THE REQUIREMENTS OF THIS SUBTITLE.
3	19–1401.5.
4	WHILE IT IS EFFECTIVE, A LICENSE AUTHORIZES THE LICENSEE TO
5	OPERATE A NURSING HOME.
6	19–1401.6.
7	(A) A license expires on the second anniversary of its
8	EFFECTIVE DATE, UNLESS IT IS RENEWED FOR A 2-YEAR TERM AS PROVIDED IN
9	THIS SECTION.
10	(b) (1) Before the license expires, the licensee
11	PERIODICALLY MAY RENEW IT FOR AN ADDITIONAL 2-YEAR TERM, IF THE
12	LICENSEE:
13	(I) OTHERWISE IS ENTITLED TO THE LICENSE;
14	(11) Pays to the Secretary a renewal fee
15	ESTABLISHED BY THE SECRETARY; AND
16	(III) SUBMITS TO THE SECRETARY:
17	1. A RENEWAL APPLICATION ON THE FORM THAT
18	THE SECRETARY REQUIRES; AND
19	2. SATISFACTORY EVIDENCE OF COMPLIANCE WITH
20	ANY REQUIREMENTS SET UNDER THIS SUBTITLE FOR LICENSE RENEWAL.
21	(2) The licensee shall submit to the Secretary evidence
22	THAT AFFIRMATIVELY DEMONSTRATES THE ONGOING ABILITY OF THE
$\frac{22}{23}$	
40	LICENSEE:
24	(I) TO COMPLY WITH MINIMUM STANDARDS OF:
25	1. Medical care;
26	2. NURSING CARE; AND

3. FINANCIAL CONDITION; AND

1 (III) TO DOCUMENT CURRENT LIABILITY INSURANCE 2 **COVERAGE IN AN AMOUNT REQUIRED BY THE SECRETARY.** 3 AS PART OF THE LICENSE RENEWAL APPLICATION PROCESS, (3) 4 THE SECRETARY SHALL CONSIDER THE BACKGROUND AND QUALIFICATIONS OF: $\mathbf{5}$ (I) A PARTNER, OFFICER, DIRECTOR, OR MANAGING 6 **EMPLOYEE OF THE APPLICANT:** 7 (III) A PERSON WHO OWNS OR CONTROLS THE PHYSICAL 8 PLANT OF A FACILITY IN WHICH THE NURSING HOME OPERATES OR PLANS TO 9 **OPERATE: AND** 10 (HI) A CONTROLLING PERSON WITH RESPECT TO THE 11 NURSING HOME FOR WHICH RENEWAL OF A LICENSE IS REQUESTED. 12(C) **IN MAKING THE EVALUATION REQUIRED UNDER SUBSECTION (B) OF** 13 THIS SECTION, THE SECRETARY SHALL REQUIRE AN APPLICANT OR ANY OTHER 14 PERSON DESCRIBED IN SUBSECTION (B)(3) OF THIS SECTION WHO OPERATED A 15 NURSING HOME IN ANOTHER JURISDICTION DURING THE 5-YEAR PERIOD 16 PRECEDING THE DATE OF THE APPLICATION TO: 17(1) FILE A SWORN AFFIDAVIT OF SATISFACTORY COMPLIANCE 18 HISTORY: AND 19 (2) PROVIDE ANY OTHER INFORMATION REQUIRED BY THE 20SECRETARY TO SUBSTANTIATE THE: 21(I) SATISFACTORY COMPLIANCE HISTORY: AND 22(II) SOUNDNESS OF THE FINANCIAL CONDITION OF THE 23NURSING HOME. 24THE SECRETARY SHALL RENEW THE LICENSE OF EACH LICENSEE (D) 25WHO MEETS THE REQUIREMENTS OF THIS SECTION. 26 **19-1401.7** 27(A) A LICENSEE SHALL REPORT SIGNIFICANT CHANCES IN THE 28NURSING HOME'S FINANCIAL CONDITION, INCLUDING CASH FLOW, OR ANY 29 OTHER CIRCUMSTANCE THAT COULD ADVERSELY AFFECT THE NURSING HOME'S 30 DELIVERY OF ESSENTIAL SERVICES, INCLUDING NURSING SERVICES, DIETARY

31 SERVICES, AND UTILITIES, TO RESIDENTS OF THE NURSING HOME.

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 1
 (B)
 The Secretary may verify the financial condition of a

 2
 NURSING HOME IN ORDER TO IDENTIFY ANY RISK TO THE ABILITY OF THE

 3
 NURSING HOME TO DELIVER ESSENTIAL SERVICES.

4 (C) A PERSON WHO KNOWINGLY FILES FALSE INFORMATION UNDER 5 THIS SECTION SHALL BE SUBJECT TO CRIMINAL PROSECUTION.

6 <u>(A) A LICENSEE SHALL REPORT TO THE SECRETARY OR THE</u> 7 <u>SECRETARY'S DESIGNEE ANY SIGNIFICANT CHANGE IN THE FINANCIAL</u> 8 <u>CONDITION OF THE NURSING HOME, INCLUDING CASH FLOW OR ANY OTHER</u> 9 <u>CIRCUMSTANCES THAT COULD ADVERSELY AFFECT THE NURSING HOME'S</u> 10 <u>DELIVERY OF ESSENTIAL SERVICES TO PATIENTS, INCLUDING NURSING</u> 11 <u>SERVICES, DIETARY SERVICES, AND UTILITIES.</u>

12 (D) (B) ANY EXCEPT AS PROVIDED BY SUBSECTION (C) OF THIS 13 <u>SECTION, ANY</u> INFORMATION OBTAINED BY THE SECRETARY UNDER THIS 14 SECTION IS CONFIDENTIAL AND MAY NOT BE DISCLOSED WITHOUT THE 15 CONSENT OF THE LICENSEE.

16(E) (C)THE PROVISIONS OF SUBSECTION (B)THIS SECTION DO NOT17APPLY TO:

18 (1) THE HOLDER OF A LICENSE THAT HAS BEEN SUSPENDED OR
 19 REVOKED; OR

- 20 (2)**THE USE OF INFORMATION IN:**
- 21(I)AN ADMINISTRATIVE PROCEEDING INITIATED BY THE22DEPARTMENT; OR
- 23 (II) A JUDICIAL PROCEEDING.
- 24 19-1401.8.

25THE SECRETARY SHALL ADOPT REGULATIONS TO CARRY OUT THE26PROVISIONS OF THIS SUBTITLE, INCLUDING REGULATIONS THAT ESTABLISH27MINIMUM REQUIREMENTS FOR A LICENSEE TO BE SELF-INSURED AS AN28ALTERNATIVE TO OBTAINING LIABILITY INSURANCE THROUGH AN INSURER.

29 <u>SECTION 2. AND BE IT FURTHER ENACTED, That:</u>

30(a)the Secretary of Health and Mental Hygiene shall convene a workgroup31consisting of representatives of advocacy organizations, nursing homes, and32government agencies;

1 (b) the workgroup shall make recommendations to the Secretary regarding 2 regulations on:

3 (1) the specific information to be required during the licensure and
 4 relicensure process established under § 19–1401.1 of the Health – General Article, as
 5 enacted by Section 1 of this Act;

6 (2) <u>the significant changes in financial condition to be reported to the</u> 7 <u>Secretary under § 19–1401.3 of the Health – General Article, as enacted by Section 1</u> 8 <u>of this Act; and</u>

9 (3) any other issues related to the licensure of nursing homes; and

10 <u>(c) on or before December 1, 2008, the Secretary shall review the</u> 11 <u>recommendations of the workgroup established under subsection (a) of this section and</u> 12 <u>shall publish regulations to implement Section 1 of this Act.</u>

13 SECTION 2. 3. AND BE IT FURTHER ENACTED, That this Act shall take
 14 effect October 1, 2008.

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.