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**AB-1695 Health facilities.** (2019-2020)

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**Assembly Bill No. 1695**

**CHAPTER 832**

An act to add Sections 1267.61 and 1267.62 to the Health and Safety Code, relating to health facilities.

[ Approved by Governor October 12, 2019. Filed with Secretary of State October 12, 2019. ]

**LEGISLATIVE COUNSEL'S DIGEST**

AB 1695, Carrillo. Health facilities.

Existing law provides for the licensure and regulation of health facilities, including skilled nursing facilities, by the State Department of Public Health. Existing law requires each applicant for a license to operate a skilled nursing facility to disclose to the department, among other things, the names and addresses of any person or organization, or both, having an ownership or control interest of 5% or more in a management company that operates, or is proposed to operate, the facility. Existing law makes it a misdemeanor to violate laws relating to the licensing of health facilities.

This bill would require a licensee of a skilled nursing facility, at least 90 days prior to the finalization of a sale, transfer of operation, or other change or transfer of ownership interests, to give a written notice of the proposed change in licensee or management company to all residents of the facility and their representatives that contains specified information relating to the prospective licensee, transferee, assignee, lessee, or licensee's parent company or management company. The bill would impose a civil penalty of \$100 per day on a licensee for each day the notice is delayed.

This bill would prohibit a prospective transferee, in the capacity of a prospective licensee, during a 60-day transition period, from discharging an employee, other than the nursing home administrator and the director of nursing, without cause. The bill would prohibit, during that 60-day period, an employee from suffering any reduction in wages, benefits, or other terms and conditions of employment as a result of the transfer or change of ownership.

This bill would exempt from the above provisions a skilled nursing facility that is a distinct part of an acute care hospital and would specify that these provisions only apply to license applications submitted after a specified date.

Because a violation of the above-described requirements would be a crime, the bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority Appropriation: no Fiscal Committee: yes Local Program: yes

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

**SECTION 1.** Section 1267.61 is added to the Health and Safety Code, to read:

**1267.61.** (a) At least 90 days prior to a finalization of the sale, transfer of operation, including management changes, assignment, lease, or other change or transfer of ownership interests, the licensee of a facility defined in subdivision (c) of Section 1250, excluding skilled nursing facilities that are operated as a distinct part of an acute care hospital, shall give a written notice of the proposed change in licensee or management company to all residents of the facility and their representatives that contains all of the following information applicable to the proposed change:

- (1) The name and address of the prospective licensee, transferee, assignee, lessee, property owner, or the licensee's parent company and management company, if applicable.
- (2) A list of all prospective licensee or prospective management company's owners or shareholders and their ownership percentages.
- (3) A list of directors, officers, board members, and property owners of the prospective licensee and, if existing, a list of directors, officers, and board members of the prospective licensee's parent company and proposed management company.
- (4) The expected date of sale, assignment, lease, or other change.

(b) The licensee shall post a copy of the notice required pursuant to this section on all entrance and exit doors of the facility.

(c) The information required by this section shall be made available to the public by the facility upon request and shall be included in the department's licensing database and consumer information website.

(d) A licensee that fails to comply with the notification requirements of this section is liable for a civil penalty in the amount of one hundred dollars (\$100) per day for each day the notice is delayed.

(e) This section applies only to license applications submitted after July 1, 2020.

**SEC. 2.** Section 1267.62 is added to the Health and Safety Code, to read:

**1267.62.** (a) In the event of the sale, transfer of operation, including management changes, assignment, lease, or other change or transfer of ownership of a facility defined in subdivision (c) of Section 1250, excluding skilled nursing facilities that are operated as a distinct part of an acute care hospital, a prospective transferee, in the capacity of a prospective licensee, shall retain, for a 60-day transition employment period, all employees who are employed by the licensee, except for the nursing home administrator and the director of nursing.

(b) The prospective licensee shall make a written offer of employment to each employee for the 60-day transition period in the employee's primary language or another language in which the employee is literate. That offer shall state the time within which the employee shall accept the offer, but that time period may not be fewer than 10 days.

(c) During the 60-day transition period, the prospective licensee shall not discharge without cause an employee retained pursuant to this section. Cause shall be based only on the performance or conduct of the particular employee.

(d) Except as provided in subdivision (c), during the 60-day transition period, an employee shall not suffer any reduction in wages, benefits, or other terms and conditions of employment, economic or otherwise, as a result of the transfer or change of ownership.

(e) This section does not make the department responsible for adjudicating a labor dispute or wrongful termination complaint.

(f) This section applies only to license applications submitted after January 1, 2020.

**SEC. 3.** No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.