



Long-Term Care Regulation Provider Letter

Number: PL 2022-30

Title: Adopted Rules Related to Temporary Licenses for Long-term Care Provider Changes of Ownership (CHOWs)

Provider Types: Assisted Living Facilities (ALFs), Intermediate Care Facilities for Individuals with an Intellectual Disability or Related Conditions (ICFs/IID), Day Activity and Health Services (DAHS) Facilities, and Prescribed Pediatric Extended Care Centers (PPECCs)

Date Issued: November 23, 2022

1.0 Subject and Purpose

This letter provides guidance about newly amended rules in Texas Administrative Code, Title 26 (26 TAC) Chapters 550, 551, 553, and 559 related to issuance of a PPECC, ICF/IID, ALF, and DAHS facility temporary change of ownership (CHOW) license. The adopted amendments became effective October 11, 2022. For details about the newly amended rules, see [26 TAC §550.108](#) for PPECCs, [26 TAC §551.16](#) for ICFs/IID, [26 TAC §553.35](#) for ALFs, and [26 TAC §559.16](#) for DAHS facilities.

The main purpose of the amended rules is to authorize HHSC to issue a temporary CHOW license in the name of the new owner of a PPECC, an ICF/IID, an ALF, or a DAHS facility and to complete a health inspection of the provider while the new owner holds the temporary CHOW license. The amended rules also authorize HHSC to extend the duration of the temporary CHOW license to allow HHSC additional time to perform the health inspection of the provider.

2.0 Policy Details & Provider Responsibilities

2.1 CHOW Application Submission

The prospective owner (applicant) must submit a complete CHOW application through the Texas Unified Licensure Information Portal (TULIP) in accordance with the HHSC application instructions. A completed application includes the application fee and a signed and notarized [HHSC Form 1092, Change of Ownership Transfer Affidavit](#), and must be submitted at least 30 days prior to the effective date of the CHOW. The applicant identifies the CHOW effective date when submitting the application in TULIP. The CHOW effective date cannot precede the date the application is received by HHSC through the online portal.

2.2 Issuance of a Temporary License

HHSC issues a temporary CHOW license to the applicant if HHSC finds that the application is complete and the applicant, all controlling persons, and all persons disclosed in the application satisfy the requirements for licensure in applicable state laws and rules.

The effective date of the temporary CHOW license is the date requested in the application. The temporary license expires the earlier of:

- 90 days from the effective date, unless extended by HHSC; or
- the date HHSC issues a standard three-year license in accordance with the particular CHOW rule requirements.

2.3 Responsibility Under the License

When HHSC approves the CHOW by issuing a temporary CHOW license to the new license holder, the current license holder's license becomes invalid as of the effective date of the CHOW indicated in the CHOW application. Between the effective date of the CHOW and the issuance of the temporary CHOW license, the current license holder remains responsible under its license; however, the applicant may operate the PPECC, ICF/IID, ALF, or DAHS facility on behalf of the current license holder during such period of time.

2.4 Issuance of a Standard License

HHSC conducts an on-site health inspection of a provider to verify compliance with the licensure requirements after issuing a temporary CHOW license. HHSC may conduct a desk review instead of an on-site health inspection after issuing a temporary CHOW license if:

- less than 50 percent of the direct or indirect ownership interest in the former license holder changed, when compared to the new license holder; or
- every owner with a disclosable interest in the new license holder had a disclosable interest in the former license holder.

If HHSC finds that the applicant, all controlling persons, and all persons discussed in the application meet the licensing requirements specified in applicable state laws and rules and the provider a successful passes the health inspection, HHSC issues a three-year license.

2.5 Changes that are Not a CHOW

The definition of a CHOW is an event that results in a change to the federal taxpayer identification number of the licensed holder of a provider. This definition of a CHOW has not changed.

If a license holder changes its name but does not undergo a CHOW, the license holder must notify HHSC and submit documentation evidencing a legal name change by submitting an application through TULIP.

If a license holder adds an owner with a disclosable interest, but the license holder does not undergo a CHOW, the license holder must notify HHSC of the addition no later than 30 days after the addition of the owner by submitting an application through TULIP.

3.0 Background/History

Prior to these rule changes, a CHOW for an ALF, PPECC, ICF/IID, or a DAHS facility required a health survey to be completed first before a license could

be issued to the incoming owner. With these rule changes, a temporary license is issued to the incoming owner prior to the health survey.

4.0 Resources

[HHSC Form 1092, Change of Ownership Transfer Affidavit](#)

5.0 Contact Information

If you have any questions about this letter, please contact the Policy and Rules Section by email at LTCRPolicy@hhs.texas.gov or call (512) 438-3161.