

State of Arizona
Senate
Fifty-first Legislature
Second Regular Session
2014

CHAPTER 233
SENATE BILL 1216

AN ACT

AMENDING SECTIONS 36-401, 36-402, 36-405 AND 36-422, ARIZONA REVISED
STATUTES; RELATING TO HEALTH CARE INSTITUTIONS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 36-401, Arizona Revised Statutes, is amended to
3 read:

4 36-401. Definitions; adult foster care

5 A. In this chapter, unless the context otherwise requires:

6 1. "Accredited health care institution" means a health care
7 institution, other than a hospital, that is currently accredited by a
8 nationally recognized accreditation organization.

9 2. "Accredited hospital" means a hospital that is currently accredited
10 by a nationally recognized organization on hospital accreditation.

11 3. "Adult day health care facility" means a facility that provides
12 adult day health services during a portion of a continuous twenty-four-hour
13 period for compensation on a regular basis for five or more adults WHO ARE
14 not related to the proprietor.

15 4. "Adult day health services" means a program that provides planned
16 care supervision and activities, personal care, personal living skills
17 training, meals and health monitoring in a group setting during a portion of
18 a continuous twenty-four-hour period. Adult day health services may also
19 include preventive, therapeutic and restorative health-related services that
20 do not include behavioral health services.

21 5. "Adult foster care home" means a residential setting that provides
22 room and board and adult foster care services for at least one and no more
23 than four adults who are participants in the Arizona long-term care system
24 pursuant to chapter 29, article 2 of this title OR CONTRACTS FOR SERVICES
25 WITH THE UNITED STATES DEPARTMENT OF VETERANS AFFAIRS and in which the
26 sponsor or the manager resides with the residents and integrates the
27 residents who are receiving adult foster care into that person's family.

28 6. "Adult foster care services" means supervision, assistance with
29 eating, bathing, toileting, dressing, self-medication and other routines of
30 daily living or services authorized by RULES ADOPTED PURSUANT TO SECTION
31 36-405 AND section 36-2939, subsection C ~~and rules adopted pursuant to that~~
32 ~~section.~~

33 7. "Assisted living center" means an assisted living facility that
34 provides resident rooms or residential units to eleven or more residents.

35 8. "Assisted living facility" means a residential care institution,
36 including an adult foster care home, that provides or contracts to provide
37 supervisory care services, personal care services or directed care services
38 on a continuous basis.

39 9. "Assisted living home" means an assisted living facility that
40 provides resident rooms to ten or fewer residents.

41 10. "BEHAVIORAL HEALTH SERVICES" MEANS SERVICES THAT PERTAIN TO MENTAL
42 HEALTH AND SUBSTANCE USE DISORDERS AND THAT ARE EITHER:

43 (a) PERFORMED BY OR UNDER THE SUPERVISION OF A PROFESSIONAL WHO IS
44 LICENSED PURSUANT TO TITLE 32 AND WHOSE SCOPE OF PRACTICE ALLOWS FOR THE
45 PROVISION OF THESE SERVICES.

1 (b) PERFORMED ON BEHALF OF PATIENTS BY BEHAVIORAL HEALTH STAFF AS
2 PRESCRIBED BY RULE.

3 ~~10-~~ 11. "Construction" means the building, erection, fabrication or
4 installation of a health care institution.

5 ~~11-~~ 12. "Continuous" means available at all times without cessation,
6 break or interruption.

7 ~~12-~~ 13. "Controlling person" means a person who:

8 (a) Through ownership, has the power to vote at least ten per cent of
9 the outstanding voting securities.

10 (b) If the applicant or licensee is a partnership, is the general
11 partner or a limited partner who holds at least ten per cent of the voting
12 rights of the partnership.

13 (c) If the applicant or licensee is a corporation, an association or a
14 limited liability company, is the president, the chief executive officer, the
15 incorporator or any person who owns or controls at least ten per cent of the
16 voting securities. For the purposes of this subdivision, corporation does
17 not include nonprofit corporations.

18 (d) Holds a beneficial interest in ten per cent or more of the
19 liabilities of the applicant or the licensee.

20 ~~13-~~ 14. "Department" means the department of health services.

21 ~~14-~~ 15. "Directed care services" means programs and services,
22 including supervisory and personal care services, that are provided to
23 persons who are incapable of recognizing danger, summoning assistance,
24 expressing need or making basic care decisions.

25 ~~15-~~ 16. "Direction" means authoritative policy or procedural guidance
26 for the accomplishment of a function or activity.

27 ~~16-~~ 17. "Director" means the director of the department of health
28 services.

29 ~~17-~~ 18. "Facilities" means buildings that are used by a health care
30 institution for providing any of the types of services as defined in this
31 chapter.

32 ~~18-~~ 19. "Freestanding urgent care center":

33 (a) Means an outpatient treatment center that, regardless of its
34 posted or advertised name, meets any of the following requirements:

35 (i) Is open twenty-four hours a day, excluding at its option weekends
36 or certain holidays, but is not licensed as a hospital.

37 (ii) Claims to provide unscheduled medical services not otherwise
38 routinely available in primary care physician offices.

39 (iii) By its posted or advertised name, gives the impression to the
40 public that it provides medical care for urgent, immediate or emergency
41 conditions.

42 (iv) Routinely provides ongoing unscheduled medical services for more
43 than eight consecutive hours for an individual patient.

44 (b) Does not include the following:

45 (i) A medical facility that is licensed under a hospital's license and
46 that uses the hospital's medical provider number.

1 (ii) A qualifying community health center pursuant to section
2 36-2907.06.

3 (iii) Any other health care institution licensed pursuant to this
4 chapter.

5 (iv) A physician's office that offers extended hours or same day
6 appointments to existing and new patients and that does not meet the
7 requirements of subdivision (a), item (i), (iii) or (iv) OF THIS PARAGRAPH.

8 ~~For the purposes of this item, "physician" means a person licensed pursuant~~
9 ~~to title 32, chapter 13 or 17.~~

10 ~~19.~~ 20. "Governing authority" means the individual, agency, PARTNERS,
11 group or corporation, appointed, elected or otherwise designated, in which
12 the ultimate responsibility and authority for the conduct of the health care
13 institution are vested.

14 ~~20.~~ 21. "Health care institution" means every place, institution,
15 building or agency, whether organized for profit or not, that provides
16 facilities with medical services, nursing services, BEHAVIORAL HEALTH
17 SERVICES, health screening services, other health-related services,
18 supervisory care services, personal care services or directed care services
19 and includes home health agencies as defined in section 36-151, outdoor
20 behavioral health care programs and hospice service agencies.

21 ~~21.~~ 22. "Health-related services" means services, other than medical,
22 that pertain to general supervision, protective, preventive and personal care
23 services, supervisory care services or directed care services.

24 ~~22.~~ 23. "Health screening services" means the acquisition, analysis
25 and delivery of health-related data of individuals to aid in the
26 determination of the need for medical services.

27 ~~23.~~ 24. "Hospice" means a hospice service agency or the provision of
28 hospice services in an inpatient facility.

29 ~~24.~~ 25. "Hospice service" means a program of palliative and supportive
30 care for terminally ill persons and their families or caregivers.

31 ~~25.~~ 26. "Hospice service agency" means an agency or organization, or a
32 subdivision of that agency or organization, that is engaged in providing
33 hospice services at the place of residence of its clients.

34 ~~26.~~ 27. "Inpatient beds" or "resident beds" means accommodations with
35 supporting services, such as food, laundry and housekeeping, for patients or
36 residents who generally stay in excess of twenty-four hours.

37 ~~27.~~ 28. "Licensed capacity" means the total number of persons for whom
38 the health care institution is authorized by the department to provide
39 services as required pursuant to this chapter if the person is expected to
40 stay in the health care institution for more than twenty-four hours. For a
41 hospital, licensed capacity means only those beds specified on the hospital
42 license.

43 ~~28.~~ 29. "Medical services" means the services that pertain to medical
44 care and that are performed at the direction of a physician on behalf of
45 patients by physicians, dentists, nurses and other professional and technical
46 personnel.

1 ~~29.~~ 30. "Modification" means the substantial improvement, enlargement,
2 reduction or alteration of or other change in a health care institution.

3 ~~30.~~ 31. "Nonproprietary institution" means any health care institution
4 that is organized and operated exclusively for charitable purposes, no part
5 of the net earnings of which inures to the benefit of any private shareholder
6 or individual, or that is operated by the state or any political subdivision
7 of the state.

8 ~~31.~~ 32. "Nursing care institution" means a health care institution
9 that provides inpatient beds or resident beds and nursing services to persons
10 who need continuous nursing services but who do not require hospital care or
11 direct daily care from a physician.

12 ~~32.~~ 33. "Nursing services" means those services that pertain to the
13 curative, restorative and preventive aspects of nursing care and that are
14 performed at the direction of a physician by or under the supervision of a
15 registered nurse licensed in this state.

16 ~~33.~~ 34. "Organized medical staff" means a formal organization of
17 physicians, and dentists where appropriate, with the delegated authority and
18 responsibility to maintain proper standards of medical care and to plan for
19 continued betterment of that care.

20 ~~34.~~ 35. "Outdoor behavioral health care program" means an agency that
21 provides behavioral health services in an outdoor environment as an
22 alternative to behavioral health services that are provided in a health care
23 institution with facilities. Outdoor behavioral health care programs do not
24 include:

25 (a) Programs, facilities or activities that are operated by a
26 government entity or that are licensed by the department as a child care
27 program pursuant to chapter 7.1 of this title.

28 (b) Outdoor activities for youth that are designated to be primarily
29 recreational and that are organized by church groups, scouting organizations
30 or similar groups.

31 (c) Outdoor youth programs licensed by the department of economic
32 security.

33 ~~35.~~ 36. "Personal care services" means assistance with activities of
34 daily living that can be performed by persons without professional skills or
35 professional training and includes the coordination or provision of
36 intermittent nursing services and the administration of medications and
37 treatments by a nurse who is licensed pursuant to title 32, chapter 15 or as
38 otherwise provided by law.

39 ~~36.~~ 37. "Physician" means any person who is licensed pursuant to title
40 32, chapter 13 or 17.

41 ~~37.~~ 38. "Residential care institution" means a health care institution
42 other than a hospital or a nursing care institution that provides resident
43 beds or residential units, supervisory care services, personal care services,
44 BEHAVIORAL HEALTH SERVICES, directed care services or health-related services
45 for persons who do not need continuous nursing services.

1 ~~38.~~ 39. "Residential unit" means a private apartment, unless otherwise
2 requested by a resident, that includes a living and sleeping space, kitchen
3 area, private bathroom and storage area.

4 ~~39.~~ 40. "Respite care services" means services that are provided by a
5 licensed health care institution to persons otherwise cared for in foster
6 homes and in private homes to provide an interval of rest or relief of not
7 more than thirty days to operators of foster homes or to family members.

8 ~~40.~~ 41. "Substantial compliance" means that the nature or number of
9 violations revealed by any type of inspection or investigation of a health
10 care institution does not pose a direct risk to the life, health or safety of
11 patients or residents.

12 ~~41.~~ 42. "Supervision" means direct overseeing and inspection of the
13 act of accomplishing a function or activity.

14 ~~42.~~ 43. "Supervisory care services" means general supervision,
15 including daily awareness of resident functioning and continuing needs, the
16 ability to intervene in a crisis and assistance in the self-administration of
17 prescribed medications.

18 ~~43.~~ 44. "Temporary license" means a license **THAT IS** issued by the
19 department to operate a class or subclass of a health care institution at a
20 specific location **AND** that is valid until an initial licensing inspection.

21 ~~44.~~ 45. "Unscheduled medical services" means medically necessary
22 periodic health care services that are unanticipated or cannot reasonably be
23 anticipated and that require medical evaluation or treatment before the next
24 business day.

25 B. If there are fewer than four Arizona long-term care system
26 participants receiving adult foster care in an adult foster care home,
27 nonparticipating adults may receive other types of services that are
28 authorized by law to be provided in the adult foster care home as long as the
29 number of adults served, including the Arizona long-term care system
30 participants, does not exceed four.

31 C. Nursing care services may be provided by the adult foster care
32 licensee if the licensee is a nurse who is licensed pursuant to title 32,
33 chapter 15 and the services are limited to those allowed pursuant to law.
34 The licensee shall keep a record of nursing services rendered.

35 Sec. 2. Section 36-402, Arizona Revised Statutes, is amended to read:

36 36-402. Exemptions

37 A. This chapter and the rules adopted by the director pursuant to this
38 chapter do not authorize the licensure, supervision, regulation or control
39 of:

40 1. The remedial care or treatment of residents or patients in any home
41 or institution conducted only for those who rely solely on treatment by
42 prayer or spiritual means in accordance with the creed or tenets of any
43 well-recognized church or religious denomination.

44 2. Establishments, such as motels, hotels and boarding houses, that
45 provide domiciliary and ancillary commercial services, but do not provide

1 adaptive, medical, hospital, nursing, BEHAVIORAL HEALTH, health-related or
2 supervisory care services.

3 3. Private offices and clinics of health care providers licensed under
4 title 32 that are not freestanding urgent care centers, unless:

5 (a) Patients are kept overnight as bed patients or treated otherwise
6 under general anesthesia, except when treatment by general anesthesia is
7 regulated by title 32, chapter 11.

8 (b) The office or clinic is an abortion clinic. For the purposes of
9 this subdivision, "abortion clinic" has the same meaning prescribed in
10 section 36-449.01.

11 4. Dispensaries and first aid stations located within business or
12 industrial establishments maintained solely for the use of employees if the
13 facility does not contain inpatient beds and is under the supervision of a
14 physician.

15 5. The collection, processing or distribution of whole human blood,
16 blood components, plasma, blood fractions or derivatives procured, processed
17 or distributed by federally licensed and regulated blood banks.

18 6. Places where four or fewer adults not related to the administrator
19 or owner receive adult day health services for compensation on a regular
20 basis.

21 7. Places at which persons receive health-related services only from
22 relatives or from legal guardians or places that do not purport to be
23 establishments that regularly provide health-related services and at which
24 one or two persons receive health-related services on a twenty-four-hour
25 basis.

26 8. The Arizona pioneers' home. However, the department of health
27 services shall evaluate the health and sanitation conditions at the Arizona
28 pioneers' home annually using the standards applicable to licensed nursing
29 care institutions.

30 9. The personal residence of a terminally ill person, or the personal
31 residence of that person's relative or guardian, where that person receives
32 hospice services from a hospice service agency.

33 10. All medical and health-related facilities and services that are
34 provided to inmates who are confined in a state prison. The state department
35 of corrections shall annually evaluate the medical and health-related
36 facilities and services that are provided to inmates to determine that the
37 facilities and services meet the applicable standards that are adopted by the
38 director of the department of health services. The state department of
39 corrections shall report the results of its annual evaluation and the actual
40 findings, including a plan of correction for any deficiencies, to the
41 director of the department of health services. The department of health
42 services shall conduct validation surveys on a percentage of the medical and
43 health-related facilities, the number of which shall be determined by the
44 state department of corrections and the department of health services. The
45 director of the state department of corrections shall maintain the annual
46 evaluation reports. This paragraph does not apply to licensed behavioral or

1 mental health inpatient treatment facilities that the state department of
2 corrections operates.

3 11. A facility that provides medical and health services to inmates who
4 are confined in a county jail. The sheriff shall annually evaluate the
5 facility to determine if it meets the applicable standards that are adopted
6 by either a national corrections commission on health care or an American
7 correctional association, or the sheriff shall annually submit the facility
8 to a similar separate inspection by an outside agency with medical
9 standards. The sheriff must submit the certificate of accreditation or proof
10 of successful inspection to the department annually and keep a copy of the
11 certificate or proof of inspection.

12 12. COMMUNITY EDUCATION, ADVOCACY OR RECOVERY SUPPORT GROUPS THAT ARE
13 NOT OWNED OR OPERATED BY OR CONTRACTED TO PROVIDE SERVICES WITH A HEALTH CARE
14 INSTITUTION.

15 B. A medical and health-related facility that provides medical and
16 health services exclusively to persons who are incarcerated, detained or
17 confined under court order or court jurisdiction is exempt from the
18 patient-per-room capacity requirements provided in rule if the facility:

- 19 1. Does not exceed its intended medical and custodial purposes.
- 20 2. Adopts policies and procedures to comply with the national
21 commission on correctional health care standards, or equivalent standards.
- 22 3. As soon as practicable, becomes accredited by the national
23 commission on correctional health care, or by an equivalent organization.
- 24 4. Once accreditation is obtained, submits a certificate of
25 accreditation to the department of health services annually.
- 26 5. Maintains a copy of the certificate of accreditation.
- 27 6. Maintains patient and custodial records, including on-site current
28 photographs and fingerprints, if permitted by applicable law.
- 29 7. Makes patient lists with inmate identifiers available to the state
30 department of corrections on reasonable request.
- 31 8. Provides timely notice of any major incident involving public
32 safety to the appropriate law enforcement agency and allows that agency
33 access to the facility for the purposes of law enforcement and investigation.

34 C. Subsection B of this section does not apply to health care
35 institutions that exclusively provide behavioral health services.

36 Sec. 3. Section 36-405, Arizona Revised Statutes, is amended to read:

37 36-405. Powers and duties of the director

38 A. The director shall adopt rules to establish minimum standards and
39 requirements for the construction, modification and licensure of health care
40 institutions necessary to assure the public health, safety and welfare. The
41 standards and requirements shall relate to the construction, equipment,
42 sanitation, staffing for medical, nursing and personal care services, and
43 record keeping pertaining to the administration of medical, nursing,
44 BEHAVIORAL HEALTH and personal care services, in accordance with generally
45 accepted practices of health care. The director shall use the current
46 standards adopted by the joint commission on accreditation of hospitals and

1 the commission on accreditation of the American osteopathic association or
2 those adopted by any recognized accreditation organization approved by the
3 department as guidelines in prescribing minimum standards and requirements
4 under this section.

5 B. The director, by rule, may:

6 1. Classify and subclassify health care institutions according to
7 character, size, range of services provided, medical or dental specialty
8 offered, duration of care and standard of patient care required for the
9 purposes of licensure. Classes of health care institutions may include
10 hospitals, infirmaries, outpatient treatment centers, health screening
11 services centers and residential care facilities. Whenever the director
12 reasonably deems distinctions in rules and standards to be appropriate among
13 different classes or subclasses of health care institutions, the director may
14 make such distinctions.

15 2. Prescribe standards for determining a health care institution's
16 substantial compliance with licensure requirements.

17 3. Prescribe the criteria for the licensure inspection process.

18 4. Prescribe standards for the selection of health care related
19 demonstration projects.

20 5. Establish and collect nonrefundable fees for health care
21 institutions for license applications, initial licenses, renewal licenses and
22 architectural drawing reviews.

23 C. THE DIRECTOR, BY RULE, MAY ADOPT LICENSING PROVISIONS THAT
24 FACILITATE THE COLOCATION AND INTEGRATION OF OUTPATIENT TREATMENT CENTERS
25 THAT PROVIDE MEDICAL, NURSING AND HEALTH-RELATED SERVICES WITH BEHAVIORAL
26 HEALTH SERVICES, INCLUDING PROVISIONS FOR AVOIDING DUPLICATIVE REQUIREMENTS
27 FOR CONSTRUCTION, RECORD KEEPING, ANCILLARY SERVICES, EQUIPMENT AND OPERATION
28 FOR A FACILITY AT A SINGLE LOCATION THAT OPERATES WITH MORE THAN ONE LICENSE.

29 ~~C. D. Beginning January 1, 2010,~~ Ninety per cent of the fees
30 collected pursuant to this section shall be deposited, pursuant to sections
31 35-146 and 35-147, in the health services licensing fund established by
32 section 36-414 and ten per cent of the fees collected pursuant to this
33 section shall be deposited, pursuant to sections 35-146 and 35-147, in the
34 state general fund.

35 ~~D. E.~~ Subsection B, paragraph 5 of this section does not apply to a
36 health care institution operated by a state agency pursuant to state or
37 federal law or to adult foster care residential settings.

38 Sec. 4. Section 36-422, Arizona Revised Statutes, is amended to read:

39 36-422. Application for license; notification of proposed
40 change in status; joint licenses; definitions

41 A. A person who wishes to apply for an initial license or to renew a
42 license to operate a health care institution pursuant to this chapter shall
43 file with the department an application on a written or electronic form **THAT**
44 **IS** prescribed, prepared and furnished by the department. The application
45 shall contain the following:

46 1. The name and location of the health care institution.

1 2. Whether it is to be operated as a proprietary or nonproprietary
2 institution.

3 3. The name of the governing authority. The applicant shall be the
4 governing authority having the operative ownership of, or the governmental
5 agency charged with the administration of, the health care institution sought
6 to be licensed. IF THE APPLICANT IS A PARTNERSHIP THAT IS NOT A LIMITED
7 PARTNERSHIP, THE PARTNERS SHALL MAKE THE APPLICATION JOINTLY, AND THE
8 PARTNERS ARE JOINTLY THE GOVERNING AUTHORITY FOR PURPOSES OF THIS ARTICLE.

9 4. The name and business or residential address of each controlling
10 person and an affirmation that none of the controlling persons has been
11 denied a license or certificate by a health profession regulatory board
12 pursuant to title 32 or by a state agency pursuant to chapter 6, article 7 or
13 chapter 17 of this title or a license to operate a health care institution in
14 this state or another state or has had a license or certificate issued by a
15 health profession regulatory board pursuant to title 32 or issued by a state
16 agency pursuant to chapter 6, article 7 or chapter 17 of this title or a
17 license to operate a health care institution revoked. If a controlling
18 person has been denied a license or certificate by a health profession
19 regulatory board pursuant to title 32 or by a state agency pursuant to
20 chapter 6, article 7 or chapter 17 of this title or a license to operate a
21 health care institution in this state or another state or has had a health
22 care professional license or a license to operate a health care institution
23 revoked, the controlling person shall include in the application a
24 comprehensive description of the circumstances for the denial or the
25 revocation.

26 5. The class or subclass of health care institution to be established
27 or operated.

28 6. The types and extent of the health care services to be provided,
29 including emergency services, community health services and services to
30 indigent patients.

31 7. The name and qualifications of the chief administrative officer
32 implementing direction in that specific health care institution.

33 8. Other pertinent information required by the department for the
34 proper administration of this chapter and department rules.

35 B. An application filed pursuant to this section shall contain the
36 written or electronic signature of:

37 1. If the applicant is an individual, the owner of the health care
38 institution.

39 2. If the applicant is a partnership, LIMITED LIABILITY COMPANY or
40 corporation, two of the ~~partnership's or corporation's~~ officers OF THE
41 CORPORATION OR MANAGING MEMBERS OF THE PARTNERSHIP OR LIMITED LIABILITY
42 COMPANY OR THE SOLE MEMBER OF THE LIMITED LIABILITY COMPANY IF IT HAS ONLY
43 ONE MEMBER.

44 3. If the applicant is a governmental unit, the head of the
45 governmental unit.

1 C. An application for licensure or relicensure shall be filed at least
2 sixty but not more than one hundred twenty days before the anticipated
3 operation or the expiration date of the current license. An application for
4 a substantial compliance survey submitted pursuant to section 36-425,
5 subsection G shall be filed at least thirty days before the date on which the
6 substantial compliance survey is requested.

7 D. If a current licensee intends to terminate the operation of a
8 licensed health care institution or if a change of ownership is planned
9 either during or at the expiration of the term of the license, the current
10 licensee shall notify the director in writing at least thirty days before the
11 termination of operation or change in ownership is to take place. The
12 current licensee is responsible for preventing any interruption of services
13 required to sustain the life, health and safety of the patients or residents.
14 A new owner shall not begin operating the health care institution until the
15 director issues a license.

16 E. A licensed health care institution for which operations have not
17 been terminated for more than thirty days may be relicensed pursuant to the
18 standards that were applicable under its most recent license.

19 F. If a person operates a hospital in a county with a population of
20 more than five hundred thousand persons in a setting that includes satellite
21 facilities of the hospital that are located separately from the main hospital
22 building, the department at the request of the applicant or licensee shall
23 issue a single group license to the hospital and its designated satellite
24 facilities located within one-half mile of the main hospital building if all
25 of the facilities meet or exceed department licensure requirements for the
26 designated facilities. At the request of the applicant or licensee, the
27 department shall also issue a single group license that includes the hospital
28 and not more than ten of its designated satellite facilities that are located
29 farther than one-half mile from the main hospital building if all of these
30 facilities meet or exceed applicable department licensure requirements. Each
31 facility included under a single group license is subject to the department's
32 licensure requirements that are applicable to that category of facility.
33 Subject to compliance with applicable licensure or accreditation
34 requirements, the department shall reissue individual licenses for the
35 facility of a hospital located in separate buildings from the main hospital
36 building when requested by the hospital. This subsection does not apply to
37 nursing care institutions and residential care institutions. The department
38 is not limited in conducting inspections of an accredited health care
39 institution to ensure that the institution meets department licensure
40 requirements. If a person operates a hospital in a county with a population
41 of five hundred thousand persons or less in a setting that includes satellite
42 facilities of the hospital that are located separately from the main hospital
43 building, the department at the request of the applicant or licensee shall
44 issue a single group license to the hospital and its designated satellite
45 facilities located within thirty-five miles of the main hospital building if
46 all of the facilities meet or exceed department licensure requirements for

1 the designated facilities. At the request of the applicant or licensee, the
2 department shall also issue a single group license that includes the hospital
3 and not more than ten of its designated satellite facilities that are located
4 farther than thirty-five miles from the main hospital building if all of
5 these facilities meet or exceed applicable department licensure requirements.

6 G. If a county with a population of more than one million persons or a
7 special health care district in a county with a population of more than one
8 million persons operates an accredited hospital that includes the hospital's
9 accredited facilities that are located separately from the main hospital
10 building and the accrediting body's standards as applied to all facilities
11 meet or exceed the department's licensure requirements, the department shall
12 issue a single license to the hospital and its facilities if requested to do
13 so by the hospital. If a hospital complies with applicable licensure or
14 accreditation requirements, the department shall reissue individual licenses
15 for each hospital facility that is located in a separate building from the
16 main hospital building if requested to do so by the hospital. This
17 subsection does not limit the department's duty to inspect a health care
18 institution to determine its compliance with department licensure standards.
19 This subsection does not apply to nursing care institutions and residential
20 care institutions.

21 H. An applicant or licensee must notify the department within thirty
22 days after any change regarding a controlling person and provide the
23 information and affirmation required pursuant to subsection A, paragraph 4 of
24 this section.

25 I. This section does not limit the application of federal laws and
26 regulations to an applicant or licensee certified as a medicare or an Arizona
27 health care cost containment system provider under federal law.

28 J. Except for an outpatient treatment center providing dialysis
29 services or abortion procedures, a person wishing to begin operating an
30 outpatient treatment center before an initial licensing inspection is
31 completed shall submit all of the following:

32 1. The initial license application required pursuant to this section.

33 2. All applicable application and license fees.

34 3. A written request for a temporary license that includes:

35 (a) The anticipated date of operation.

36 (b) An attestation signed by the applicant that the applicant and the
37 facility comply with and will continue to comply with the applicable
38 licensing statutes and rules.

39 K. Within seven days of the department's receipt of the items required
40 in subsection J **OF THIS SECTION**, but not before the anticipated operation
41 date submitted in subsection C **OF THIS SECTION**, the department shall issue a
42 temporary license that includes:

43 1. The name of the facility.

44 2. The name of the licensee.

45 3. The facility's class or subclass.

46 4. The temporary license's effective date.

1 5. The location of the licensed premises.

2 L. A facility may begin operating on the effective date of the
3 temporary license.

4 M. The director may cease the issuance of temporary licenses at any
5 time if the director believes that public health and safety is endangered.

6 N. For the purposes of this section:

7 1. "Accredited" means accredited by a nationally recognized
8 accreditation organization.

9 2. "Satellite facility" means an outpatient facility at which the
10 hospital provides outpatient medical services.

11 Sec. 5. Rulemaking; department of health services; exemption

12 For the purposes of implementing this act, the department of health
13 services is exempt from the rulemaking requirements of title 41, chapter 6,
14 Arizona Revised Statutes, until April 30, 2015, except that the department
15 shall provide public notice and an opportunity for public comment on proposed
16 rules at least thirty days before the rules are adopted or amended.

APPROVED BY THE GOVERNOR APRIL 25, 2014.

FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 25, 2014.