

Senate Engrossed House Bill
outpatient treatment centers; exemption

State of Arizona
House of Representatives
Fifty-sixth Legislature
First Regular Session
2023

CHAPTER 89
HOUSE BILL 2346

AN ACT

AMENDING SECTIONS 36-401, 36-402, 36-422 AND 36-439, 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
10 accredited by a nationally recognized organization on hospital
11 accreditation.

12 3. "Adult behavioral health therapeutic home" means a residence for
13 individuals who are at least eighteen years of age, have behavioral health
14 issues and need behavioral health services that does all of the following
15 for those individuals:

16 (a) Provides room and board.

17 (b) Assists in acquiring daily living skills.

18 (c) Coordinates transportation to scheduled appointments.

19 (d) Monitors behaviors.

20 (e) Assists in the self-administration of medication.

21 (f) Provides feedback to case managers related to behavior.

22 4. "Adult day health care facility" means a facility that provides
23 adult day health services during a portion of a continuous
24 twenty-four-hour period for compensation on a regular basis for five or
25 more adults who are not related to the proprietor.

26 5. "Adult day health services" means a program that provides
27 planned care supervision and activities, personal care, personal living
28 skills training, meals and health monitoring in a group setting during a
29 portion of a continuous twenty-four-hour period. Adult day health
30 services may also include preventive, therapeutic and restorative
31 health-related services that do not include behavioral health services.

32 6. "Adult foster care home" means a residential setting that
33 provides room and board and adult foster care services for at least one
34 and not more than four adults who are participants in the Arizona
35 long-term care system pursuant to chapter 29, article 2 of this title or
36 contracts for services with the United States department of veterans
37 affairs and in which the sponsor or the manager resides with the residents
38 and integrates the residents who are receiving adult foster care into that
39 person's family.

40 7. "Adult foster care services" means supervision, assistance with
41 eating, bathing, toileting, dressing, self-medication and other routines
42 of daily living or services authorized by rules adopted pursuant to
43 section 36-405 and section 36-2939, subsection C.

44 8. "Assisted living center" means an assisted living facility that
45 provides resident rooms or residential units to eleven or more residents.

- 1 9. "Assisted living facility" means a residential care institution,
2 including an adult foster care home, that provides or contracts to provide
3 supervisory care services, personal care services or directed care
4 services on a continuous basis.
- 5 10. "Assisted living home" means an assisted living facility that
6 provides resident rooms to ten or fewer residents.
- 7 11. "Behavioral health services" means services that pertain to
8 mental health and substance use disorders and that are either:
9 (a) Performed by or under the supervision of a professional who is
10 licensed pursuant to title 32 and whose scope of practice allows the
11 professional to provide these services.
12 (b) Performed on behalf of patients by behavioral health staff as
13 prescribed by rule.
- 14 12. "Construction" means building, erecting, fabricating or
15 installing a health care institution.
- 16 13. "Continuous" means available at all times without cessation,
17 break or interruption.
- 18 14. "Controlling person" means a person who:
19 (a) Through ownership, has the power to vote at least ten percent
20 of the outstanding voting securities.
21 (b) If the applicant or licensee is a partnership, is the general
22 partner or a limited partner who holds at least ten percent of the voting
23 rights of the partnership.
24 (c) If the applicant or licensee is a corporation, an association
25 or a limited liability company, is the president, the chief executive
26 officer, the incorporator or any person who owns or controls at least ten
27 percent of the voting securities. For the purposes of this subdivision,
28 corporation does not include nonprofit corporations.
29 (d) Holds a beneficial interest in ten percent or more of the
30 liabilities of the applicant or the licensee.
- 31 15. "Department" means the department of health services.
- 32 16. "Directed care services" means programs and services, including
33 supervisory and personal care services, that are provided to persons who
34 are incapable of recognizing danger, summoning assistance, expressing need
35 or making basic care decisions.
- 36 17. "Direction" means authoritative policy or procedural guidance
37 to accomplish a function or activity.
- 38 18. "Director" means the director of the department.
- 39 19. "DIRECT OWNER" MEANS A PERSON THAT HAS AN OWNERSHIP OR CONTROL
40 INTEREST IN A HEALTH CARE INSTITUTION TOTALING FIFTY-ONE PERCENT OR MORE.
- 41 ~~19.~~ 20. "Facilities" means buildings that are used by a health
42 care institution for providing any of the types of services as defined in
43 this chapter.
- 44 ~~20.~~ 21. "Freestanding urgent care center":

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

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

5 (ii) Claims to provide unscheduled medical services that are not
6 otherwise routinely available in primary care physician offices.

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

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

12 (b) Does not include the following:

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

15 (ii) A qualifying community health center pursuant to section
16 36-2907.06.

17 (iii) Any other health care institution licensed pursuant to this
18 chapter.

19 (iv) A physician's office that offers extended hours or same-day
20 appointments to existing and new patients and that does not meet the
21 requirements of subdivision (a), item (i), (iii) or (iv) of this
22 paragraph.

23 ~~21.~~ 22. "Governing authority" means the individual, agency,
24 partners, ~~owner~~, group or corporation, whether appointed, elected or
25 otherwise designated, in which the ultimate responsibility and authority
26 for the conduct of the health care institution are vested. ~~For the~~
27 ~~purposes of this paragraph, "owner" means a person who has an ownership~~
28 ~~interest of at least fifty-one percent of a health care institution.~~

29 ~~22.~~ 23. "Health care institution" means every place, institution,
30 building or agency, whether organized for profit or not, that provides
31 facilities with medical services, nursing services, behavioral health
32 services, health screening services, other health-related services,
33 supervisory care services, personal care services or directed care
34 services and includes home health agencies as defined in section 36-151,
35 outdoor behavioral health care programs and hospice service agencies.

36 ~~23.~~ 24. "Health-related services" means services, other than
37 medical, that pertain to general supervision, protective, preventive and
38 personal care services, supervisory care services or directed care
39 services.

40 ~~24.~~ 25. "Health screening services" means the acquisition,
41 analysis and delivery of health-related data of individuals to aid in
42 determining the need for medical services.

43 ~~25.~~ 26. "Hospice" means a hospice service agency or the provision
44 of hospice services in an inpatient facility.

1 ~~26.~~ 27. "Hospice service" means a program of palliative and
2 supportive care for terminally ill persons and their families or
3 caregivers.

4 ~~27.~~ 28. "Hospice service agency" means an agency or organization,
5 or a subdivision of that agency or organization, that provides hospice
6 services at the place of residence of its clients.

7 ~~29.~~ "INDIRECT OWNER":

8 (a) MEANS A PERSON THAT HAS AN OWNERSHIP OR CONTROL INTEREST IN A
9 DIRECT OWNER TOTALING FIFTY-ONE PERCENT OR MORE.

10 (b) INCLUDES AN OWNERSHIP OR CONTROL INTEREST IN AN INDIRECT OWNER
11 TOTALING FIFTY-ONE PERCENT OR MORE AND A COMBINATION OF DIRECT OWNERSHIP
12 AND INDIRECT OWNERSHIP OR CONTROL INTERESTS TOTALING FIFTY-ONE PERCENT OR
13 MORE IN THE HEALTH CARE INSTITUTION.

14 ~~28.~~ 30. "Inpatient beds" or "resident beds" means accommodations
15 with supporting services, such as food, laundry and housekeeping, for
16 patients or residents who generally stay in excess of twenty-four hours.

17 ~~29.~~ 31. "Intermediate care facility for individuals with
18 intellectual disabilities" has the same meaning prescribed in section
19 36-551.

20 ~~30.~~ 32. "Licensed capacity" means the total number of persons for
21 whom the health care institution is authorized by the department to
22 provide services as required pursuant to this chapter if the person is
23 expected to stay in the health care institution for more than twenty-four
24 hours. For a hospital, licensed capacity means only those beds specified
25 on the hospital license.

26 ~~31.~~ 33. "Medical services" means the services that pertain to
27 medical care and that are performed at the direction of a physician on
28 behalf of patients by physicians, dentists, nurses and other professional
29 and technical personnel.

30 ~~32.~~ 34. "Modification" means the substantial improvement,
31 enlargement, reduction or alteration of or other change in a health care
32 institution.

33 ~~33.~~ 35. "Nonproprietary institution" means any health care
34 institution that is organized and operated exclusively for charitable
35 purposes, no part of the net earnings of which inures to the benefit of
36 any private shareholder or individual, or that is operated by the state or
37 any political subdivision of the state.

38 ~~34.~~ 36. "Nursing care institution" means a health care institution
39 that provides inpatient beds or resident beds and nursing services to
40 persons who need continuous nursing services but who do not require
41 hospital care or direct daily care from a physician.

42 ~~35.~~ 37. "Nursing services" means those services that pertain to
43 the curative, restorative and preventive aspects of nursing care and that
44 are performed at the direction of a physician by or under the supervision
45 of a registered nurse licensed in this state.

1 ~~36.~~ 38. "Nursing-supported group home" means a health care
2 institution that is a community residential setting as defined in section
3 36-551 for not more than six persons with developmental disabilities, that
4 is operated by a service provider under contract with the department of
5 economic security and that provides room and board, daily habilitation and
6 continuous nursing support and intervention.

7 ~~37.~~ 39. "Organized medical staff" means a formal organization of
8 physicians, and dentists if appropriate, with the delegated authority and
9 responsibility to maintain proper standards of medical care and to plan
10 for continued betterment of that care.

11 ~~38.~~ 40. "Outdoor behavioral health care program" means an agency
12 that provides behavioral health services in an outdoor environment as an
13 alternative to behavioral health services that are provided in a health
14 care institution with facilities. Outdoor behavioral health care programs
15 do not include:

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

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

22 (c) Outdoor youth programs that are licensed by the department of
23 economic security.

24 ~~39.~~ 41. "Personal care services" means assistance with activities
25 of daily living that can be performed by persons without professional
26 skills or professional training and includes the coordination or provision
27 of intermittent nursing services and the administration of medications and
28 treatments by a nurse who is licensed pursuant to title 32, chapter 15 or
29 as otherwise provided by law.

30 ~~40.~~ 42. "Physician" means any person who is licensed pursuant to
31 title 32, chapter 13 or 17.

32 ~~41.~~ 43. "Recidivism reduction services" means services that are
33 delivered by an adult residential care institution to its residents to
34 encourage lawful behavior and to discourage or prevent residents who are
35 suspected of, charged with or convicted of one or more criminal offenses,
36 or whose mental health and substance use can be reasonably expected to
37 place them at risk for the future threat of prosecution, diversion or
38 incarceration, from engaging in future unlawful behavior.

39 ~~42.~~ 44. "Recidivism reduction staff" means a person who provides
40 recidivism reduction services.

41 ~~43.~~ 45. "Residential care institution" means a health care
42 institution other than a hospital or a nursing care institution that
43 provides resident beds or residential units, supervisory care services,
44 personal care services, behavioral health services, directed care services

1 or health-related services for persons who do not need continuous nursing
2 services.

3 ~~44.~~ 46. "Residential unit" means a private apartment, unless
4 otherwise requested by a resident, that includes a living and sleeping
5 space, kitchen area, private bathroom and storage area.

6 ~~45.~~ 47. "Respite care services" means services that are provided
7 by a licensed health care institution to persons who are otherwise cared
8 for in foster homes and in private homes to provide an interval of rest or
9 relief of not more than thirty days to operators of foster homes or to
10 family members.

11 ~~46.~~ 48. "Substantial compliance" means that the nature or number
12 of violations revealed by any type of inspection or investigation of a
13 health care institution does not pose a direct risk to the life, health or
14 safety of patients or residents.

15 ~~47.~~ 49. "Supervision" means directly overseeing and inspecting the
16 act of accomplishing a function or activity.

17 ~~48.~~ 50. "Supervisory care services" means general supervision,
18 including daily awareness of resident functioning and continuing needs,
19 the ability to intervene in a crisis and assistance in self-administering
20 prescribed medications.

21 ~~49.~~ 51. "Temporary license" means a license that is issued by the
22 department to operate a class or subclass of a health care institution at
23 a specific location and that is valid until an initial licensing
24 inspection.

25 ~~50.~~ 52. "Unscheduled medical services" means medically necessary
26 periodic health care services that are unanticipated or cannot reasonably
27 be anticipated and that require medical evaluation or treatment before the
28 next business day.

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

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

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

41 36-402. Exemptions

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

- 1 1. The remedial care or treatment of residents or patients in any
2 home or institution conducted only for those who rely solely on treatment
3 by prayer or spiritual means in accordance with the creed or tenets of any
4 well-recognized church or religious denomination.
- 5 2. Establishments, such as motels, hotels and boarding houses, that
6 provide domiciliary and ancillary commercial services but do not provide
7 adaptive, medical, hospital, nursing, behavioral health, health-related or
8 supervisory care services.
- 9 3. Private offices and clinics of health care providers licensed
10 under title 32 that are not freestanding urgent care centers, unless:
- 11 (a) Patients of the office or clinic are kept overnight as bed
12 patients or treated otherwise under general anesthesia, except when
13 treatment by general anesthesia is regulated by title 32, chapter 11.
- 14 (b) The office or clinic is an abortion clinic. For the purposes
15 of this subdivision, "abortion clinic" has the same meaning prescribed in
16 section 36-449.01.
- 17 (c) The office or clinic is a pain management clinic. For the
18 purposes of this subdivision, "pain management clinic" has the same
19 meaning prescribed in section 36-448.01.
- 20 4. Dispensaries and first aid stations that are located within
21 business or industrial establishments and that are maintained solely for
22 the use of employees if the facility does not contain inpatient beds and
23 is under the supervision of a physician or a registered nurse
24 practitioner.
- 25 5. The collection, processing or distribution of whole human blood,
26 blood components, plasma, blood fractions or derivatives that are
27 procured, processed or distributed by federally licensed and regulated
28 blood banks.
- 29 6. Places where four or fewer adults who are not related to the
30 administrator or owner receive adult day health services for compensation
31 on a regular basis.
- 32 7. Places at which persons receive health-related services only
33 from relatives or from legal guardians or places that do not purport to be
34 establishments that regularly provide health-related services and at which
35 one or two persons receive health-related services on a twenty-four-hour
36 basis.
- 37 8. The personal residence of a terminally ill person, or the
38 personal residence of that person's relative or guardian, where that
39 person receives hospice services from a hospice service agency.
- 40 9. All medical and health-related facilities and services that are
41 provided to inmates who are confined in a state prison. The state
42 department of corrections shall annually evaluate the medical and
43 health-related facilities and services that are provided to inmates to
44 determine that the facilities and services meet the applicable standards
45 that are adopted by the director of the department of health services.

1 The state department of corrections shall report the results of its annual
2 evaluation and the actual findings, including a plan of correction for any
3 deficiencies, to the director of the department of health services. The
4 department of health services shall conduct validation surveys on a
5 percentage of the medical and health-related facilities, the number of
6 which shall be determined by the state department of corrections and the
7 department of health services. The director of the state department of
8 corrections shall maintain the annual evaluation reports. This paragraph
9 does not apply to licensed behavioral or mental health inpatient treatment
10 facilities that the state department of corrections operates.

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

20 11. Community education, advocacy or recovery support groups that
21 are not owned or operated by or contracted to provide services with a
22 health care institution.

23 12. An outpatient treatment center that has the same ~~governing~~
24 ~~authority~~ DIRECT OWNER OR INDIRECT OWNER as a hospital licensed pursuant
25 to this chapter, ~~and~~ that is staffed by health care providers who are
26 licensed pursuant to title 32 AND THAT PROVIDES NOTICE TO THE DEPARTMENT
27 OF ITS DECISION TO BE EXEMPT FROM LICENSURE UNDER THIS CHAPTER, unless:

28 (a) Patients are kept overnight in the outpatient treatment center
29 or are treated under general anesthesia, except when the treatment by
30 general anesthesia is regulated pursuant to title 32, chapter 11.

31 (b) The outpatient treatment center is an abortion clinic as defined
32 in section 36-449.01.

33 (c) The outpatient treatment center is a pain management clinic as
34 defined in section 36-448.01.

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

39 1. Does not exceed its intended medical and custodial purposes.

40 2. Adopts policies and procedures to comply with the national
41 commission on correctional health care standards, or equivalent standards.

42 3. As soon as practicable, becomes accredited by the national
43 commission on correctional health care, or by an equivalent organization.

44 4. Once accreditation is obtained, submits a certificate of
45 accreditation to the department of health services annually.

- 1 5. Maintains a copy of the certificate of accreditation.
- 2 6. Maintains patient and custodial records, including on-site
- 3 current photographs and fingerprints, if permitted by applicable law.
- 4 7. Makes patient lists with inmate identifiers available to the
- 5 state department of corrections on reasonable request.
- 6 8. Provides timely notice of any major incident involving public
- 7 safety to the appropriate law enforcement agency and allows that agency
- 8 access to the facility for the purposes of law enforcement and
- 9 investigation.

10 C. Subsection B of this section does not apply to health care

11 institutions that exclusively provide behavioral health services.

12 Sec. 3. Section 36-422, Arizona Revised Statutes, is amended to

13 read:

14 36-422. Application for license; notification of proposed

15 change in status; joint licenses; definitions

16 A. A person who wishes to apply for a license to operate a health

17 care institution pursuant to this chapter shall submit to the department

18 all of the following:

19 1. An application on a written or electronic form that is

20 prescribed, prepared and furnished by the department and that contains all

21 of the following:

- 22 (a) The name and location of the health care institution.
- 23 (b) Whether the health care institution is to be operated as a
- 24 proprietary or nonproprietary institution.
- 25 (c) The name of the governing authority. The applicant shall be
- 26 the governing authority having the operative ownership of, or the
- 27 governmental agency charged with the administration of, the health care
- 28 institution sought to be licensed. If the applicant is a partnership that
- 29 is not a limited partnership, the partners shall apply jointly, and the
- 30 partners are jointly the governing authority for purposes of this article.
- 31 (d) The name and business or residential address of each
- 32 controlling person and an affirmation that none of the controlling persons
- 33 has been denied a license or certificate by a health profession regulatory
- 34 board pursuant to title 32 or by a state agency pursuant to chapter 6,
- 35 article 7 or chapter 17 of this title or a license to operate a health
- 36 care institution in this state or another state or has had a license or
- 37 certificate issued by a health profession regulatory board pursuant to
- 38 title 32 or issued by a state agency pursuant to chapter 6, article 7 or
- 39 chapter 17 of this title or a license to operate a health care institution
- 40 revoked. If a controlling person has been denied a license or certificate
- 41 by a health profession regulatory board pursuant to title 32 or by a state
- 42 agency pursuant to chapter 6, article 7 or chapter 17 of this title or a
- 43 license to operate a health care institution in this state or another
- 44 state or has had a health care professional license or a license to
- 45 operate a health care institution revoked, the controlling person shall

1 include in the application a comprehensive description of the
2 circumstances for the denial or the revocation.

3 (e) The class or subclass of health care institution to be
4 established or operated.

5 (f) The types and extent of the health care services to be
6 provided, including emergency services, community health services and
7 services to indigent patients.

8 (g) The name and qualifications of the chief administrative officer
9 implementing direction in that specific health care institution.

10 (h) Other pertinent information required by the department for the
11 proper administration of this chapter and department rules.

12 2. The attestation required by section 36-421, subsection A.

13 3. The applicable application fee.

14 B. An application submitted pursuant to this section shall contain
15 the written or electronic signature of:

16 1. If the applicant is an individual, the owner of the health care
17 institution.

18 2. If the applicant is a partnership, limited liability company or
19 corporation, two of the officers of the corporation or managing members of
20 the partnership or limited liability company or the sole member of the
21 limited liability company if it has only one member.

22 3. If the applicant is a governmental unit, the head of the
23 governmental unit.

24 C. An application for licensure shall be submitted at least sixty
25 but not more than one hundred twenty days before the anticipated date of
26 operation. An application for a substantial compliance survey submitted
27 pursuant to section 36-425, subsection G shall be submitted at least
28 thirty days before the date on which the substantial compliance survey is
29 requested.

30 D. If a current licensee intends to terminate the operation of a
31 licensed health care institution or if a change of ownership is planned,
32 the current licensee shall notify the director in writing at least thirty
33 days before the termination of operation or change in ownership is to take
34 place. The current licensee is responsible for preventing any
35 interruption of services required to sustain the life, health and safety
36 of the patients or residents. A new owner shall not begin operating the
37 health care institution until the director issues a license to the new
38 owner.

39 E. A licensed health care institution for which operations have not
40 been terminated for more than thirty days may be relicensed pursuant to
41 the codes and standards for architectural plans and specifications that
42 were applicable under its most recent license.

43 F. If a person operates a hospital in a county with a population of
44 more than five hundred thousand persons in a setting that includes
45 satellite facilities of the hospital that are located separately from the

1 main hospital building, the department at the request of the applicant or
2 licensee shall issue a single group license to the hospital and its
3 designated satellite facilities located within one-half mile of the main
4 hospital building if all of the facilities meet or exceed department
5 licensure requirements for the designated facilities. At the request of
6 the applicant or licensee, the department shall also issue a single group
7 license that includes the hospital and its designated satellite facilities
8 that are located farther than one-half mile from the main hospital
9 building if all of these facilities meet or exceed applicable department
10 licensure requirements. Each facility included under a single group
11 license is subject to the department's licensure requirements that are
12 applicable to that category of facility. Subject to compliance with
13 applicable licensure or accreditation requirements, the department shall
14 reissue individual licenses for the facility of a hospital located in
15 separate buildings from the main hospital building when requested by the
16 hospital. This subsection does not apply to nursing care institutions and
17 residential care institutions. The department is not limited in
18 conducting inspections of an accredited health care institution to ensure
19 that the institution meets department licensure requirements. If a person
20 operates a hospital in a county with a population of five hundred thousand
21 persons or less in a setting that includes satellite facilities of the
22 hospital that are located separately from the main hospital building, the
23 department at the request of the applicant or licensee shall issue a
24 single group license to the hospital and its designated satellite
25 facilities located within thirty-five miles of the main hospital building
26 if all of the facilities meet or exceed department licensure requirements
27 for the designated facilities. At the request of the applicant or
28 licensee, the department shall also issue a single group license that
29 includes the hospital and its designated satellite facilities that are
30 located farther than thirty-five miles from the main hospital building if
31 all of these facilities meet or exceed applicable department licensure
32 requirements.

33 G. If a county with a population of more than one million persons
34 or a special health care district in a county with a population of more
35 than one million persons operates an accredited hospital that includes the
36 hospital's accredited facilities that are located separately from the main
37 hospital building and the accrediting body's standards as applied to all
38 facilities meet or exceed the department's licensure requirements, the
39 department shall issue a single license to the hospital and its facilities
40 if requested to do so by the hospital. If a hospital complies with
41 applicable licensure or accreditation requirements, the department shall
42 reissue individual licenses for each hospital facility that is located in
43 a separate building from the main hospital building if requested to do so
44 by the hospital. This subsection does not limit the department's duty to
45 inspect a health care institution to determine its compliance with

1 department licensure standards. This subsection does not apply to nursing
2 care institutions and residential care institutions.

3 H. An applicant or licensee must notify the department within
4 thirty days after any change regarding a controlling person and provide
5 the information and affirmation required pursuant to subsection A,
6 paragraph 1, subdivision (d) of this section.

7 I. A behavioral health residential facility that provides services
8 to children must notify the department within thirty days after the
9 facility begins contracting exclusively with the federal government,
10 receives only federal monies and does not contract with this state.

11 J. This section does not limit the application of federal laws and
12 regulations to an applicant or licensee that is certified as a medicare or
13 an Arizona health care cost containment system provider under federal law.

14 K. Except for an outpatient treatment center that provides dialysis
15 services or abortion procedures or that is exempt from licensure pursuant
16 to section 36-402, subsection A, paragraph 12, a person wishing to begin
17 operating an outpatient treatment center before a licensing inspection is
18 completed shall submit all of the following:

19 1. The license application required pursuant to this section.

20 2. All applicable application and license fees.

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

22 (a) The anticipated date of operation.

23 (b) An attestation signed by the applicant that the applicant and
24 the facility comply with and will continue to comply with the applicable
25 licensing statutes and rules.

26 L. Within seven days after the department's receipt of the items
27 required in subsection K of this section, but not before the anticipated
28 operation date submitted pursuant to subsection C of this section, the
29 department shall issue a temporary license that includes:

30 1. The name of the facility.

31 2. The name of the licensee.

32 3. The facility's class or subclass.

33 4. The temporary license's effective date.

34 5. The location of the licensed premises.

35 M. A facility may begin operating on the effective date of the
36 temporary license.

37 N. The director may cease the issuance of temporary licenses at any
38 time if the director believes that public health and safety is endangered.

39 O. An outpatient treatment center that is exempt from licensure
40 pursuant to section 36-402, subsection A, paragraph 12 ~~and that has the~~
41 ~~same governing authority as a hospital licensed pursuant to this chapter~~
42 is subject to reasonable inspection by the department if the director has
43 reasonable cause to believe that patient harm is or may be occurring at
44 that outpatient treatment center. A substantiated complaint that harm is
45 occurring at an exempt outpatient treatment center is a violation of this

1 chapter against the ~~hospital's~~ license OF THE HOSPITAL LISTED IN THE
2 NOTICE REQUIRED BY SECTION 36-402, SUBSECTION A, PARAGRAPH 12.

3 P. EACH HOSPITAL THAT IS LICENSED PURSUANT TO THIS CHAPTER SHALL
4 PROVIDE TO AND MAINTAIN WITH THE DEPARTMENT A CURRENT LIST OF EXEMPT
5 OUTPATIENT TREATMENT CENTERS THAT HAVE THE SAME DIRECT OWNER OR INDIRECT
6 OWNER AS THE HOSPITAL.

7 ~~P.~~ Q. For the purposes of this section:

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

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

12 Sec. 4. Section 36-439, Arizona Revised Statutes, is amended to
13 read:

14 36-439. Definitions

15 In this article, unless the context otherwise requires:

16 1. "Associated licensed provider" means one or more licensed
17 outpatient treatment centers or exempt outpatient treatment centers or one
18 or more licensed counseling facilities that share common areas pursuant to
19 a written agreement with a collaborating outpatient treatment center and
20 that are liable and responsible for the treatment areas that are used by
21 the respective associated licensed provider pursuant to written policies.

22 2. "Collaborating outpatient treatment center" means a licensed
23 outpatient treatment center or an exempt outpatient treatment center that
24 has a written agreement with one or more outpatient treatment centers or
25 exempt health care providers or licensed counseling facilities that
26 requires the collaborating outpatient treatment center to be liable and
27 responsible pursuant to written policies for all common areas that one or
28 more colocators use.

29 3. "Colocator" means an exempt health care provider, an exempt
30 outpatient treatment center or a governing authority operating as an
31 outpatient treatment center or a licensed counseling facility that may
32 share common areas and nontreatment personnel with another colocator
33 pursuant to an agreement as prescribed in this article.

34 4. "Common areas":

35 (a) Means the licensed public or nonpublic portions of outpatient
36 treatment center premises that are not used for treatment and that are
37 shared by one or more licensees or exempt health care providers.

38 (b) Includes hallways, entrances, elevators, staircases, restrooms,
39 reception areas, conference areas, employee break rooms, records retention
40 areas and other nontreatment areas of an outpatient treatment center.

41 5. "Emergency health care services" means treatment for a medical
42 or behavioral health condition, including labor and delivery, that
43 manifests itself by acute symptoms of sufficient severity, including
44 severe pain, such that a prudent layperson who possesses an average

1 knowledge of health and medicine could reasonably expect the absence of
2 immediate medical attention to result in any of the following:

3 (a) Placing the patient's health, including mental health, in
4 serious jeopardy.

5 (b) Serious impairment to a bodily function of the patient.

6 (c) Serious dysfunction of any bodily organ or part of the patient.

7 (d) Harm to the patient or others.

8 6. "Exempt health care provider" means a health care provider who
9 is licensed pursuant to title 32, who holds an active license and whose
10 private office or clinic is exempt from licensure pursuant to section
11 36-402, subsection A, paragraph 3.

12 7. "Exempt outpatient treatment center" means a facility with the
13 same ~~governing authority~~ DIRECT OWNER OR INDIRECT OWNER as a hospital that
14 is licensed pursuant to this chapter, that does not have inpatient beds,
15 that provides PHYSICAL health services or behavioral health services for
16 the diagnosis and treatment of patients and that is exempt from licensure
17 pursuant to section 36-402, subsection A, paragraph 12.

18 8. "Nontreatment personnel" means employees, agents, students,
19 interns or independent contractors who provide services to an outpatient
20 treatment center collocator that do not entail medical, nursing or
21 behavioral health assessment or treatment.

22 9. "Treatment areas" means portions of licensed outpatient
23 treatment center premises that are used for the provision of health care
24 assessment and treatment of patients.

25 Sec. 5. Outpatient treatment centers; notice; licensure;
26 delayed repeal

27 A. An outpatient treatment center that was licensed on September
28 23, 2022 and that does not provide notice to the department of health
29 services of the outpatient treatment center's intent to be exempt from
30 licensure shall remain licensed if the outpatient treatment center pays
31 the lapsed licensing fees within sixty days after the effective date of
32 this act.

33 B. This section is repealed from and after December 31, 2024.

APPROVED BY THE GOVERNOR APRIL 18, 2023.

FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 18, 2023.