

REFERENCE TITLE: health facilities; complaints; investigations; training

State of Arizona
House of Representatives
Fifty-seventh Legislature
First Regular Session
2025

HB 2176

Introduced by
Representative Willoughby

AN ACT

AMENDING SECTIONS 36-420.05 AND 36-424, ARIZONA REVISED STATUTES; AMENDING TITLE 36, CHAPTER 4, ARTICLE 2, ARIZONA REVISED STATUTES, BY ADDING SECTIONS 36-424.01, 36-424.02 AND 36-424.03; 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 36-420.05, Arizona Revised Statutes, is amended
3 to read:

4 36-420.05. Legal action or sale; effect on licensure; rules

5 A. The director may continue to pursue any court, administrative or
6 enforcement action against a licensee even if the health care institution
7 is in the process of being sold or transferred or has closed.

8 B. The department may deny an application for a health care
9 institution license if either:

10 1. The applicant, the licensee or a controlling person has a health
11 care institution license that is in an enforcement action or court action
12 related to the health and safety of the residents or patients.

13 2. The department has determined for reasons other than those
14 specified in paragraph 1 of this subsection that the issuance of a new
15 license is likely to jeopardize resident or patient safety.

16 C. The department may deny the approval of a change in ownership of
17 a currently licensed health care institution if the department determines
18 that the transfer of ownership, whether involving a direct owner or
19 indirect owner, may jeopardize patient safety.

20 D. THE DEPARTMENT SHALL ADOPT RULES OUTLINING THE EVALUATION
21 PROCESS FROM WHICH THE DIRECTOR WILL MAKE A DETERMINATION UNDER THIS
22 SECTION.

23 Sec. 2. Section 36-424, Arizona Revised Statutes, is amended to
24 read:

25 36-424. Inspections; suspension or revocation of license;
26 report to board of examiners of nursing care
27 institution administrators and assisted living
28 facility managers

29 A. Except as provided in subsection B of this section, the director
30 shall inspect the premises of the health care institution and investigate
31 the character and other qualifications of the applicant to ascertain
32 whether the applicant and the health care institution are in substantial
33 compliance with the requirements of this chapter and the rules established
34 pursuant to this chapter. The director may prescribe rules regarding
35 department background investigations into an applicant's character and
36 qualifications.

37 B. The director ~~may~~ SHALL accept proof that a health care
38 institution is an accredited hospital or is an accredited health care
39 institution in lieu of all compliance inspections required by this chapter
40 if the director receives a copy of the health care institution's
41 accreditation report for the licensure period and the health care
42 institution is accredited by an independent, nonprofit accrediting
43 organization approved by the secretary of the United States department of
44 health and human services. If the health care institution's accreditation
45 report is not valid for the entire licensure period, the department may

1 conduct a compliance inspection of the health care institution during the
2 time period the department does not have a valid accreditation report for
3 the health care institution. For the purposes of this subsection, each
4 licensed premises of a health care institution must have its own
5 accreditation report. The director may not accept an accreditation report
6 in lieu of a compliance inspection of:

7 1. An intermediate care facility for individuals with intellectual
8 disabilities.

9 2. A nursing-supported group home.

10 3. A health care institution if the health care institution has
11 been subject to an enforcement action pursuant to section 36-427 or
12 36-431.01 within the year preceding the annual licensing fee anniversary
13 date.

14 C. On a determination by the director that there is reasonable
15 cause to believe a health care institution is not adhering to the
16 licensing requirements of this chapter, the director and any duly
17 designated employee or agent of the director, including county health
18 representatives and county or municipal fire inspectors, consistent with
19 standard medical practices, may enter on and into the premises of any
20 health care institution that is licensed or required to be licensed
21 pursuant to this chapter at any reasonable time for the purpose of
22 determining the state of compliance with this chapter, the rules adopted
23 pursuant to this chapter and local fire ordinances or rules. Any
24 application for licensure under this chapter constitutes permission for
25 and complete acquiescence in any entry or inspection of the premises
26 during the pendency of the application and, if licensed, during the term
27 of the license. If an inspection reveals that the health care institution
28 is not adhering to the licensing requirements established pursuant to this
29 chapter, the director may take action authorized by this chapter. Any
30 health care institution, including an accredited hospital, whose license
31 has been suspended or revoked in accordance with this section is subject
32 to inspection on application for relicensure or reinstatement of license.

33 D. The director shall immediately report to the board of examiners
34 of nursing care institution administrators and assisted living facility
35 managers information identifying that a nursing care institution
36 administrator's conduct may be grounds for disciplinary action pursuant to
37 section 36-446.07.

38 Sec. 3. Title 36, chapter 4, article 2, Arizona Revised Statutes,
39 is amended by adding sections 36-424.01, 36-424.02 and 36-424.03, to read:

40 36-424.01. Complaint investigations; basis of complaints;
41 notification; priority matrix

42 A. WHEN ENTERING A HEALTH CARE INSTITUTION FOR A COMPLAINT
43 INVESTIGATION, THE DEPARTMENT SHALL NOTIFY THE LICENSEE OF THE NATURE OF
44 THE COMPLAINT WHILE ENSURING THAT THE DEPARTMENT DOES NOT RELEASE ANY
45 PRIVATE HEALTH INFORMATION AND CONDUCTS A THOROUGH INVESTIGATION.

1 B. THE DEPARTMENT SHALL PROVIDE A COMPLAINT PRIORITY MATRIX FOR
2 HEALTH CARE INSTITUTIONS ON THE DEPARTMENT'S PUBLIC WEBSITE THAT DETAILS
3 THE LEVELS OF COMPLAINTS AND THE ASSOCIATED INVESTIGATION INITIATION TIME
4 FRAMES, INCLUDING THE INTERNAL DEPARTMENT PROCESS FOR DETERMINING EACH
5 COMPLAINT LEVEL OF PRIORITY. THE COMPLAINT PRIORITY MATRIX SHALL INCLUDE
6 A LINK TO THE APPLICABLE RULES ADOPTED SUPPORTING THE INTERNAL PROCEDURE
7 DOCUMENTS AND MAY NOT INCLUDE ANY CONFIDENTIAL INFORMATION OR OTHER
8 INFORMATION THAT IS OTHERWISE PROTECTED FROM DISCLOSURE.

9 C. BEFORE CONDUCTING A COMPLAINT INVESTIGATION, THE DEPARTMENT
10 SHALL DISCLOSE TO THE LICENSEE THE COMPLAINT PRIORITY MATRIX LEVEL AT
11 WHICH THE COMPLAINT INVESTIGATION WILL TAKE PLACE AND DISCLOSE ALL
12 DOCUMENTS THAT AFFECT THE INTERNAL PROCEDURES OF THE DEPARTMENT OR THAT
13 IMPOSE ADDITIONAL REQUIREMENTS OR PENALTIES ON LICENSEES.

14 36-424.02. Statement of deficiencies; informal dispute
15 resolution; department's written decision

16 A. IF A LICENSEE RECEIVES A STATEMENT OF DEFICIENCIES FOLLOWING A
17 STATE SURVEY OR COMPLAINT INVESTIGATION AND THE LICENSEE WISHES TO REFUTE
18 ONE OR MORE DEFICIENCIES, THE LICENSEE, DURING THE INFORMAL DISPUTE
19 RESOLUTION PROCESS, SHALL INDICATE TO THE DEPARTMENT EACH SPECIFIC
20 DEFICIENCY THE LICENSEE IS REFUTING AND A DETAILED EXPLANATION OF THE
21 REASON THE DEFICIENCY SHOULD NOT HAVE BEEN CITED OR WHY THERE WAS AN ERROR
22 IN THE DEPARTMENT'S FINDINGS.

23 B. THE DEPARTMENT SHALL REVIEW THE INFORMATION AND DOCUMENTATION
24 PROVIDED BY THE LICENSEE PURSUANT TO SUBSECTION A OF THIS SECTION WITHIN
25 TEN DAYS AFTER RECEIVING THE INFORMATION AND SHALL PROVIDE THE LICENSEE
26 WITH A WRITTEN DECISION STATING IN DETAIL THE REASON FOR APPROVING OR
27 DENYING EACH DEFICIENCY AND WHY THE DEPARTMENT WILL OR WILL NOT BE
28 REMOVING THE DEFICIENCY FROM THE STATEMENT OF DEFICIENCIES. IF THE
29 DEPARTMENT REMOVES ALL DEFICIENCIES FROM THE STATEMENT OF DEFICIENCIES
30 DURING THE INFORMAL DISPUTE RESOLUTION PROCESS, THE DEPARTMENT SHALL CLOSE
31 THE COMPLAINT.

32 36-424.03. Surveyors and supervisors; annual training
33 program; objectives

34 THE DEPARTMENT SHALL IMPLEMENT AN ANNUAL TRAINING PROGRAM FOR ALL
35 LICENSING SURVEYORS AND THE SUPERVISORS AND MANAGERS OF LICENSING
36 SURVEYORS TO ENSURE COMPLIANCE WITH THIS CHAPTER. THE TRAINING PROGRAM
37 MUST ENSURE THAT SURVEYORS, SUPERVISORS AND MANAGERS MEET AT LEAST THE
38 FOLLOWING:

39 1. ACT IN A PROFESSIONAL MANNER THAT PLACES AN EMPHASIS ON DIGNITY
40 AND RESPECT AND PROVIDING TRANSPARENCY FOR LICENSEES.

41 2. UNDERSTAND ALL CURRENT POLICIES, PROCEDURES, RULES AND STATUTES
42 RELEVANT TO EACH LICENSE TYPE FOR WHICH THE EMPLOYEE IS RESPONSIBLE.

43 3. KNOW ALL REQUIRED INFORMATION NECESSARY TO UNDERSTAND THE NATURE
44 OF A COMPLAINT OR GRIEVANCE THAT RESULTS IN A COMPLAINT INVESTIGATION
45 UNDER THIS CHAPTER.

- 1 4. HAVE APPLICABLE EXPERIENCE WITH REGULATING AND INSPECTING WITHIN
- 2 THE TYPE OF LICENSE FOR WHICH THE EMPLOYEE IS INSPECTING AND SURVEYING.
- 3 5. THAT SURVEYORS DO NOT MAKE BIASED OR UNPUBLISHED INTERPRETATIONS
- 4 OF CLINICAL OR BUSINESS OPERATIONS.
- 5 6. UNDERSTAND THE PROCEDURES FOR CONDUCTING INSPECTIONS WITH CLEAR
- 6 DOCUMENTATION PROVIDED AT THE START, OUTLINE THE PURPOSE OF THE
- 7 INSPECTION, SURVEY OR AUDIT, KNOW THE LICENSEE'S RIGHTS AND PROVIDE
- 8 CONTACT INFORMATION FOR GRIEVANCES.
- 9 7. NOTIFY THE LICENSEE BEFORE THE COMPLAINT INVESTIGATION OF THE
- 10 NATURE OF THE COMPLAINT WHILE ENSURING THAT THE EMPLOYEE DOES NOT RELEASE
- 11 ANY PRIVATE HEALTH INFORMATION AND CONDUCTS A THOROUGH INVESTIGATION.
- 12 8. REVIEW PRELIMINARY FINDINGS WITH THE LICENSEE DURING AN EXIT
- 13 CONFERENCE AND ISSUE A STATEMENT OF DEFICIENCIES, INCLUDING ANY NECESSARY
- 14 ENFORCEMENT ACTION, WITHIN THIRTY BUSINESS DAYS AFTER COMPLETING AN
- 15 ON-SITE INVESTIGATION.