

REFERENCE TITLE: health care institutions; regulation

State of Arizona
Senate
Fifty-seventh Legislature
First Regular Session
2025

SB 1567

Introduced by
Senator Hatathlie

AN ACT

AMENDING SECTIONS 36-405, 36-414, 36-422.01, 36-424 AND 36-425, ARIZONA REVISED STATUTES; AMENDING TITLE 36, CHAPTER 4, ARTICLE 2, ARIZONA REVISED STATUTES, BY ADDING SECTIONS 36-425.10 AND 36-425.11; AMENDING SECTIONS 36-431.01 AND 36-431.02, ARIZONA REVISED STATUTES; AMENDING TITLE 36, CHAPTER 4, ARTICLE 2, ARIZONA REVISED STATUTES, BY ADDING SECTIONS 36-431.03 AND 36-431.04; 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 36-405, Arizona Revised Statutes, is amended to
3 read:

4 36-405. Powers and duties of the director

5 A. The director shall adopt rules to establish minimum standards
6 and requirements for constructing, modifying and licensing health care
7 institutions necessary to ensure the public health, safety and welfare.
8 The standards and requirements shall relate to the construction,
9 equipment, sanitation, staffing for medical, nursing and personal care
10 services, and recordkeeping pertaining to administering medical, nursing,
11 behavioral health and personal care services, in accordance with generally
12 accepted practices of health care. The standards shall require that a
13 physician who is licensed pursuant to title 32, chapter 13 or 17 medically
14 discharge patients from surgery and shall allow an outpatient surgical
15 center to require that either an anesthesia provider who is licensed
16 pursuant to title 32, chapter 13, 15 or 17 or a physician who is licensed
17 pursuant to title 32, chapter 13 or 17 remain present on the premises
18 until all patients are discharged from the recovery room. Except as
19 otherwise provided in this subsection, the director shall use the current
20 standards adopted by the joint commission on accreditation of hospitals
21 and the commission on accreditation of the American osteopathic
22 association or those adopted by any recognized accreditation organization
23 approved by the department as guidelines in prescribing minimum standards
24 and requirements under this section.

25 B. The director, by rule, may:

26 1. Classify and subclassify health care institutions according to
27 character, size, range of services provided, medical or dental specialty
28 offered, duration of care and standard of patient care required for the
29 purposes of licensure. Classes of health care institutions may include
30 hospitals, infirmaries, outpatient treatment centers, health screening
31 services centers and residential care facilities. Whenever the director
32 reasonably deems distinctions in rules and standards to be appropriate
33 among different classes or subclasses of health care institutions, the
34 director may make such distinctions.

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

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

38 4. Prescribe standards for selecting health care-related
39 demonstration projects.

40 5. Establish nonrefundable application and licensing fees for
41 health care institutions, including a grace period and a fee for the late
42 payment of licensing fees.

43 6. Establish a process for the department to notify a licensee of
44 the licensee's licensing fee due date.

~~7. Establish a process for a licensee to request a different licensing fee due date, including any limits on the number of requests by the licensee.~~

7. ESTABLISH AN ADDITIONAL MONITORING FEE FOR HEALTH CARE INSTITUTIONS THAT ARE NOT IN COMPLIANCE WITH THE REQUIREMENTS OF THIS CHAPTER AND THE RULES ADOPTED PURSUANT TO THIS CHAPTER.

C. The director, by rule, shall adopt licensing provisions that facilitate the colocation and integration of outpatient treatment centers that provide medical, nursing and health-related services with behavioral health services consistent with article 3.1 of this chapter.

D. The director shall establish a model in rule for the department to monitor health care institutions on-site that are found to not be in substantial compliance with the applicable licensure requirements. The director shall establish on-site monitoring fees for health care institutions that are subject to the on-site monitoring requirements. The department may not charge a fee pursuant to this subsection for a complaint or compliance-related survey or inspection if a health care institution is in substantial compliance.

E. The department may provide in-service training to health care institutions that request in-service training relating to regulatory compliance outside of the survey process. The director shall establish in rule in-service training fees for health care institutions that request in-service training from the department.

F. Ninety percent of the fees collected pursuant to this section shall be deposited, pursuant to sections 35-146 and 35-147, in the health services licensing fund established by section 36-414 and ten percent of the fees collected pursuant to this section shall be deposited, pursuant to sections 35-146 and 35-147, in the state general fund.

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

Sec. 2. Section 36-414, Arizona Revised Statutes, is amended to read:

36-414. Health services licensing fund; exemption

A. The health services licensing fund is established consisting of monies deposited pursuant to sections 30-654, 32-1308, 32-1368, 32-2805, 36-405, 36-431.01, 36-765.05, 36-766.06, 36-851.01, 36-882, 36-897.01, ~~and~~ 36-1903 AND 36-2063. The department of health services shall administer the fund.

B. Monies in the fund are subject to legislative appropriation.

C. Monies in the fund are exempt from the provisions of section 35-190 relating to lapsing of appropriations.

1 Sec. 3. Section 36-422.01, Arizona Revised Statutes, is amended to
2 read:

3 36-422.01. Health care institutions; termination of
4 operation; medical records; civil penalties;
5 definition

6 A. In addition to the requirements prescribed in section 36-422,
7 subsection D, if a current licensee intends to terminate the operation of
8 a licensed health care institution, the current licensee shall do one of
9 the following before the health care institution ceases operation:

10 1. Provide each patient of the health care institution with the
11 patient's medical records.

12 2. Transfer the health care institution's medical records to a
13 third-party entity to ensure patient access to the medical records.

14 B. If a patient or a patient's health care decision maker requests
15 access to or copies of the patient's medical records, the health care
16 institution or third-party entity in possession of the medical records
17 shall provide access to or copies of the medical records to the patient or
18 the patient's health care decision maker in accordance with title 12,
19 chapter 13, article 7.1.

20 C. A licensee that fails to comply with subsection A of this
21 section is subject to a civil penalty of not more than \$10,000. The
22 director may use a licensee's failure to comply with subsection A of this
23 section as grounds to deny a subsequent license pursuant to section
24 36-425, subsection ~~L~~ L.

25 D. For the purposes of this section, "medical record" has the same
26 meaning prescribed in section 36-2201.

27 Sec. 4. Section 36-424, Arizona Revised Statutes, is amended to
28 read:

29 36-424. Inspections; suspension or revocation of license;
30 report to board of examiners of nursing care
31 institution administrators and assisted living
32 facility managers

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

41 B. The director may accept proof that a health care institution is
42 an accredited hospital or is an accredited health care institution in lieu
43 of all compliance inspections required by this chapter if the director
44 receives a copy of the health care institution's accreditation report for
45 the licensure period and the health care institution is accredited by an

independent, nonprofit accrediting organization approved by the secretary of the United States department of health and human services. If the health care institution's accreditation report is not valid for the entire licensure period, the department may conduct a compliance inspection of the health care institution during the time period the department does not have a valid accreditation report for the health care institution. For the purposes of this subsection, each licensed premises of a health care institution must have its own accreditation report. The director may not accept an accreditation report in lieu of a compliance inspection of:

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

2. A nursing-supported group home.

3. A health care institution if the health care institution has been subject to an enforcement action pursuant to section 36-427 or 36-431.01 ~~OR TO A CRIMINAL PENALTY PURSUANT TO TITLE 13~~ within the ~~year~~ preceding ~~the annual licensing fee anniversary date~~ FIVE YEARS.

4. A RESIDENTIAL CARE INSTITUTION.

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

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

1 Sec. 5. Section 36-425, Arizona Revised Statutes, is amended to
2 read:

3 36-425. Inspections; issuance of license; posting
4 requirements; provisional license; violation;
5 classification; denial of license

6 A. On receipt of a properly completed application for a health care
7 institution license, the director shall conduct an inspection of the
8 health care institution as prescribed by this chapter. If an application
9 for a license is submitted due to a planned change of ownership, the
10 director shall determine the need for an inspection of the health care
11 institution. Based on the results of the inspection and after the
12 submission of the applicable licensing fee, the director shall either deny
13 the license or issue a regular or provisional license. A license issued
14 by the department shall be posted in a conspicuous location in the
15 reception area of that health care institution.

16 B. The director shall issue a license if the director determines
17 that an applicant and the health care institution for which the license is
18 sought substantially comply with the requirements of this chapter and
19 rules adopted pursuant to this chapter ~~and the applicant agrees to carry~~
20 ~~out a plan acceptable to the director to eliminate any deficiencies.~~ The
21 director shall not require a health care institution that was designated
22 as a critical access hospital to make any modifications required by this
23 chapter or rules adopted pursuant to this chapter in order to obtain an
24 amended license with the same licensed capacity the health care
25 institution had before it was designated as a critical access hospital if
26 all of the following are true:

27 1. The health care institution has subsequently terminated its
28 critical access hospital designation.

29 2. The licensed capacity of the health care institution does not
30 exceed its licensed capacity before its designation as a critical access
31 hospital.

32 3. The health care institution remains in compliance with the
33 applicable codes and standards that were in effect at the time the
34 facility was originally licensed with the higher licensed capacity.

35 C. A health care institution license does not expire and remains
36 valid unless:

37 1. The department subsequently revokes or suspends the license.

38 2. The license is considered void because the licensee did not pay
39 the licensing fee, civil penalties or provider agreement fees **ASSESSED**
40 before the relevant due date or did not enter into an agreement with the
41 department before the relevant due date to pay all outstanding fees or
42 civil penalties.

43 D. Except as provided in section 36-424, subsection B and
44 subsection E of this section, the department shall conduct a compliance

1 inspection of a health care institution to determine compliance with this
2 chapter and rules adopted pursuant to this chapter at least once annually.

3 E. If the department determines a facility, except for a
4 residential care institution or a nursing care institution that does not
5 have the same direct owner or indirect owner as a hospital licensed
6 pursuant to this chapter, to be deficiency free on a compliance survey,
7 the department shall not conduct a compliance survey of that facility for
8 twenty-four months after the date of the deficiency free survey. This
9 subsection does not prohibit the department from enforcing licensing
10 requirements as authorized by section 36-424.

11 F. A hospital licensed as a rural general hospital may provide
12 intensive care services.

13 G. The director shall issue a provisional license for a period of
14 not more than one year if an inspection or investigation of a currently
15 licensed health care institution ~~or a health care institution for which an~~
16 ~~applicant is seeking a license~~ reveals that the health care institution is
17 not in substantial compliance with department licensure requirements and
18 the director believes that the immediate interests of the patients and the
19 general public are best served if the health care institution is given an
20 opportunity to correct deficiencies. The applicant or licensee shall
21 agree to carry out a **CORRECTIVE ACTION** plan to eliminate deficiencies that
22 is acceptable to the director. The director shall not issue consecutive
23 provisional licenses to a single health care institution. The director
24 shall not issue a license to the current licensee or a successor applicant
25 before the expiration of the provisional license unless the health care
26 institution submits an application for a substantial compliance survey and
27 is found to be in substantial compliance. The director may issue a
28 license only if the director determines that the health care institution
29 is in substantial compliance with the licensure requirements of the
30 department and this chapter. This subsection does not prevent the
31 director from taking action to protect the safety of patients pursuant to
32 section 36-427.

33 **H. A RESIDENTIAL CARE INSTITUTION THAT OPERATES IN THIS STATE**
34 **WITHOUT A LICENSE IN VIOLATION OF THIS CHAPTER IS GUILTY OF A CLASS 6**
35 **FELONY, AND THE DIRECTOR SHALL ASSESS A CIVIL PENALTY OF AT LEAST \$5,000**
36 **AND NOT MORE THAN \$10,000 FOR EACH VIOLATION. EACH DAY THE RESIDENTIAL**
37 **CARE INSTITUTION OPERATES WITHOUT A LICENSE IS A SEPARATE VIOLATION.**

38 ~~H.~~ I. Subject to the confidentiality requirements of articles 4
39 and 5 of this chapter, title 12, chapter 13, article 7.1 and section
40 12-2235, the licensee shall keep current department inspection reports at
41 the health care institution. Unless federal law requires otherwise, the
42 licensee shall post in a conspicuous location a notice that identifies the
43 location at that health care institution where the inspection reports are
44 available for review.

~~J.~~ J. A health care institution shall immediately notify the department in writing when there is a change of the chief administrative officer specified in section 36-422, subsection A, paragraph 1, subdivision (g).

~~K.~~ K. When the department issues an original license or an original provisional license to a health care institution, it shall notify the owners and lessees of any agricultural land within one-fourth mile of the health care institution. The health care institution shall provide the department with the names and addresses of owners or lessees of agricultural land within one-fourth mile of the proposed health care institution.

~~L.~~ L. In addition to the grounds for denial of licensure prescribed pursuant to subsection A of this section, the director may deny a license because an applicant or anyone in a business relationship with the applicant, including stockholders and controlling persons, has had a license to operate a health care institution denied, revoked or suspended or a license or certificate issued by a health profession regulatory board pursuant to title 32 or issued by a state agency pursuant to chapter 6, article 7 or chapter 17 of this title denied, revoked or suspended or has a licensing history of recent serious violations occurring in this state or in another state that posed a direct risk to the life, health or safety of patients or residents.

~~M.~~ M. In addition to the requirements of this chapter, the director may prescribe by rule other licensure requirements.

Sec. 6. Title 36, chapter 4, article 2, Arizona Revised Statutes, is amended by adding sections 36-425.10 and 36-425.11, to read:

36-425.10. Behavioral health residential facilities; admittance; notification of family; conditions for transportation

A. WHEN A RESIDENT IS ADMITTED FOR INITIAL EVALUATION, A BEHAVIORAL HEALTH RESIDENTIAL FACILITY SHALL NOTIFY THE RESIDENT'S FAMILY OR NEXT OF KIN WITHIN SEVENTY-TWO HOURS AFTER THE INITIAL EVALUATION. THE NOTIFICATION SHALL BE DOCUMENTED IN THE RESIDENT'S MEDICAL RECORD.

B. A BEHAVIORAL HEALTH RESIDENTIAL FACILITY MAY NOT COORDINATE, FACILITATE, ARRANGE FOR OR SOLICIT TRANSPORTATION OF A PERSON TO THE BEHAVIORAL HEALTH RESIDENTIAL FACILITY IF THE PERSON IS INTOXICATED OR UNDER THE INFLUENCE OF ALCOHOL OR OTHER SUBSTANCES, UNLESS THE PERSON IS REFERRED BY AN APPROVED PROVIDER OF A TRIBAL HEALTH CARE PROGRAM OR A REGIONAL BEHAVIORAL HEALTH AUTHORITY OR THE TRANSPORTATION IS COURT-ORDERED.

36-425.11. Behavioral health residential facilities; resident discharge; transportation; documentation

A BEHAVIORAL HEALTH RESIDENTIAL FACILITY SHALL INQUIRE, BOTH VERBALLY AND IN WRITING, WHETHER A RESIDENT WANTS TO BE TRANSPORTED TO THE RESIDENT'S PLACE OF RESIDENCE OR AN ALTERNATIVE SAFE LIVING SPACE IN THIS

STATE AS REQUESTED BY THE RESIDENT AFTER DISCHARGE FROM THE BEHAVIORAL HEALTH RESIDENTIAL FACILITY. THE RESIDENT'S WISHES REGARDING TRANSPORTATION SHALL BE DOCUMENTED ON A FORM PRESCRIBED BY THE DEPARTMENT, SIGNED BY THE RESIDENT AND RETAINED IN THE RESIDENT'S MEDICAL RECORD. THE BEHAVIORAL HEALTH RESIDENTIAL FACILITY SHALL ENSURE SAFE AND RELIABLE TRANSPORTATION, AS DETERMINED BY THE DEPARTMENT, FOR A RESIDENT WHO WISHES TO BE TRANSPORTED TO THE RESIDENT'S PLACE OF RESIDENCE OR AN ALTERNATIVE SAFE LIVING SPACE IN THIS STATE AS REQUESTED BY THE RESIDENT ON DISCHARGE.

Sec. 7. Section 36-431.01, Arizona Revised Statutes, is amended to read:

36-431.01. Violations; civil penalties; enforcement; use of monies

A. The director may assess a civil penalty against a person who violates this chapter or a rule adopted pursuant to this chapter in an amount of ~~not more than \$1,000~~ AT LEAST \$5,000 AND NOT MORE THAN \$10,000 for each violation, which may be assessed for each resident or patient who the department determines was impacted by the violation. Each day that a violation occurs constitutes a separate violation.

B. The director may issue a notice of assessment that ~~shall include~~ INCLUDES the ~~proposed~~ amount of the assessment. A person may appeal the assessment by requesting a hearing pursuant to title 41, chapter 6, article 10. When an assessment is appealed, the director shall take no further action to enforce and collect the assessment until after the hearing.

C. In determining the amount of the civil penalty pursuant to subsection A of this section, the department shall establish a model in rule that considers the following:

1. Repeated violations of statutes or rules.
2. Patterns of noncompliance.
3. Types of violations.
4. The severity of violations.
5. The potential for and occurrences of actual harm, including to patients, staff or residents.
6. Threats to health and safety, including to patients, staff or residents.
7. The number of persons affected by the violations.
8. The number of violations.
9. The size of the facility.
10. The length of time that the violations have been occurring.
11. The type of health care institution.
12. Whether the health care institution and staff are in compliance with the reporting requirements pursuant to section 46-454.

13. THE NUMBER OF INJURIES CAUSED.

14. THE SEVERITY OF THE INJURIES CAUSED.

15. THE NUMBER OF DEATHS CAUSED.

16. THE CAUSE OF DEATHS.

D. Pursuant to interagency agreement specified in section 36-409, the director may assess a civil penalty, including interest, in accordance with 42 United States Code section 1396r. A person may appeal this assessment by requesting a hearing before the director in accordance with subsection B of this section. Civil penalty amounts may be established by rules adopted by the director that conform to guidelines or regulations adopted by the secretary of the United States department of health and human services pursuant to 42 United States Code section 1396r.

E. Actions to enforce the collection of penalties assessed pursuant to subsections A and D of this section shall be brought by the attorney general or the county attorney in the name of the state in the justice court or the superior court in the county in which the violation occurred.

F. Penalties assessed under subsection D of this section are in addition to and not in limitation of other penalties imposed pursuant to this chapter. All civil penalties and interest assessed pursuant to subsection D of this section shall be deposited, pursuant to sections 35-146 and 35-147, in the nursing care institution resident protection revolving fund established by section 36-431.02. The director shall use these monies for the purposes prescribed by 42 United States Code section 1396r, including payment for the costs of relocation of residents to other facilities, maintenance of operation of a facility pending correction of the deficiencies or closure and reimbursement of residents for personal monies lost.

G. The department shall deposit civil penalties assessed under subsection A of this section in the ~~state general fund~~ FOLLOWING FUNDS AS FOLLOWS:

1. EIGHTY PERCENT IN THE INDIGENOUS PEOPLES PROTECTION REVOLVING FUND ESTABLISHED BY SECTION 36-431.03.

2. FIVE PERCENT IN THE HEALTH SERVICES LICENSING FUND ESTABLISHED BY SECTION 36-414. THE DEPARTMENT SHALL USE THE MONIES DEPOSITED IN THE HEALTH SERVICES LICENSING FUND PURSUANT TO THIS PARAGRAPH FOR INSPECTIONS AND ENFORCEMENT RELATING TO RESIDENTIAL CARE INSTITUTIONS.

3. FIFTEEN PERCENT IN THE NURSING CARE INSTITUTION RESIDENT PROTECTION REVOLVING FUND ESTABLISHED BY SECTION 36-431.02.

Sec. 8. Section 36-431.02, Arizona Revised Statutes, is amended to read:

36-431.02. Nursing care institution resident protection revolving fund; use; nonreversion

A. The nursing care institution resident protection revolving fund is established. The fund consists of monies received from civil penalties collected by the director pursuant to section 36-431.01, ~~subsection D~~.

1 B. The director shall use monies in the fund for the purposes
2 prescribed in section 36-431.01, subsection F, subject to legislative
3 appropriation.

4 C. Monies in the fund are exempt from the provisions of section
5 35-190 relating to the lapsing of appropriations.

6 Sec. 9. Title 36, chapter 4, article 2, Arizona Revised Statutes,
7 is amended by adding sections 36-431.03 and 36-431.04, to read:

8 36-431.03. Indigenous peoples protection revolving fund

9 A. THE INDIGENOUS PEOPLES PROTECTION REVOLVING FUND IS ESTABLISHED
10 TO SUPPORT RESILIENCY AND HEALING OF INDIGENOUS PEOPLES IN THIS STATE.
11 THE FUND CONSISTS OF MONIES DEPOSITED PURSUANT TO SECTION 36-431.01.
12 MONIES IN THE FUND ARE CONTINUOUSLY APPROPRIATED AND ARE EXEMPT FROM THE
13 PROVISIONS OF SECTION 35-190 RELATING TO THE LAPSING OF APPROPRIATIONS.
14 THE DIRECTOR SHALL ADMINISTER THE FUND.

15 B. THE MONIES IN THE FUND SHALL BE USED ANNUALLY AS FOLLOWS:

16 1. FORTY PERCENT SHALL BE TRANSFERRED TO TRIBAL COLLEGES IN THIS
17 STATE FOR PROGRAMMING IN SOCIAL WORK AND BEHAVIORAL HEALTH.

18 2. TWENTY PERCENT SHALL PROVIDE RESTITUTION PAYMENTS FOR FAMILIES
19 OF DECEASED VICTIMS OF THIS STATE'S BEHAVIORAL HEALTH SYSTEM AND SOBER
20 LIVING HOMES. EACH FAMILY OF A DECEASED VICTIM SHALL RECEIVE A MINIMUM OF
21 \$3,000 AND THE REPATRIATION OF THE VICTIM'S HUMAN REMAINS AND EXPENSES.

22 3. FORTY PERCENT SHALL BE DISTRIBUTED TO TRIBAL COMMUNITIES FOR
23 BEHAVIORAL HEALTH TREATMENT SERVICES AND PROGRAMS OR RESIDENTIAL HOMES,
24 INCLUDING BEHAVIORAL HEALTH RESIDENTIAL FACILITIES, SOBER LIVING HOMES AND
25 TRANSITIONAL HOMES.

26 36-431.04. Legal action or sale; effect on licensure

27 A. THE DEPARTMENT SHALL NOT APPROVE AN APPLICATION FOR LICENSURE OF
28 A CURRENTLY LICENSED HEALTH CARE INSTITUTION WHILE ANY ENFORCEMENT OR
29 COURT ACTION RELATED TO HEALTH CARE INSTITUTION LICENSURE IS PENDING
30 AGAINST THAT HEALTH CARE INSTITUTION'S CURRENT LICENSEE.

31 B. THE DIRECTOR SHALL CONTINUE TO PURSUE ANY COURT, ADMINISTRATIVE
32 OR ENFORCEMENT ACTION AGAINST THE LICENSEE EVEN THOUGH THE HEALTH CARE
33 INSTITUTION IS IN THE PROCESS OF BEING SOLD OR TRANSFERRED TO A NEW OWNER.

34 C. THE DEPARTMENT SHALL NOT APPROVE A CHANGE IN OWNERSHIP UNLESS
35 THE DEPARTMENT DETERMINES THAT THERE HAS BEEN A TRANSFER OF ALL LEGAL AND
36 EQUITABLE INTERESTS, CONTROL AND AUTHORITY IN THE HEALTH CARE INSTITUTION
37 SO THAT PERSONS OTHER THAN THE TRANSFERRING LICENSEE, THAT LICENSEE'S
38 AGENT OR OTHER PARTIES EXERCISING AUTHORITY OR SUPERVISION OVER THE HEALTH
39 CARE INSTITUTION'S DAILY OPERATIONS OR STAFF ARE RESPONSIBLE FOR AND HAVE
40 CONTROL OVER THE HEALTH CARE INSTITUTION.

41 Sec. 10. Rulemaking exemption; intent

42 A. Notwithstanding any other law, for the purposes of this act and
43 amending the rules relating to residential care institutions, the
44 department of health services is exempt from the rulemaking requirements

1 of title 41, chapters 6 and 6.1, Arizona Revised Statutes, through June
2 30, 2026.

3 B. The legislature intends for the department of health services to
4 review and amend the rules for behavioral health residential facilities to
5 ensure that there are adequate and proper requirements for staffing, care
6 and oversight.