

House Engrossed

health facilities; licensure; complaints; investigations

State of Arizona
House of Representatives
Fifty-seventh Legislature
Second Regular Session
2026

HOUSE BILL 2176

AN ACT

AMENDING SECTION 36-420.05, ARIZONA REVISED STATUTES; AMENDING TITLE 36, CHAPTER 4, ARTICLE 2, ARIZONA REVISED STATUTES, BY ADDING SECTIONS 36-424.04 AND 36-424.05; 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; change of ownership; effect
5 on licensure
6 A. The director may continue to pursue any court, administrative or
7 enforcement action against a licensee even if the health care institution
8 is in the process of being sold or transferred or has closed.
9 B. The department may deny an application for a health care
10 institution license if ~~either:~~
11 ~~1. The applicant, the licensee or a controlling person has a health~~
12 ~~care institution license that is in an enforcement action or court action~~
13 ~~related to the health and safety of the residents or patients.~~
14 ~~2. The department has determined for reasons other than those~~
15 ~~specified in paragraph 1 of this subsection that the issuance of a new~~
16 ~~license is likely to jeopardize resident or patient safety BECAUSE THE~~
17 ~~APPLICANT OR ANYONE IN A BUSINESS RELATIONSHIP WITH THE APPLICANT,~~
18 ~~INCLUDING STOCKHOLDERS AND CONTROLLING PERSONS, EITHER:~~
19 1. HAS HAD A LICENSE TO OPERATE A HEALTH CARE INSTITUTION DENIED,
20 REVOKED OR SUSPENDED OR A LICENSE OR CERTIFICATE ISSUED BY A HEALTH
21 PROFESSION REGULATORY BOARD PURSUANT TO TITLE 32 OR ISSUED BY A STATE
22 AGENCY PURSUANT TO CHAPTER 6, ARTICLE 7 OR CHAPTER 17 OF THIS TITLE
23 DENIED, REVOKED OR SUSPENDED.
24 2. HAS A LICENSING HISTORY OF RECENT SERIOUS VIOLATIONS OCCURRING
25 IN THIS STATE OR IN ANOTHER STATE THAT POSED A DIRECT RISK TO THE LIFE,
26 HEALTH OR SAFETY OF PATIENTS OR RESIDENTS.
27 C. The department may deny the approval of a change in ownership of
28 a currently licensed health care institution if the department determines
29 that the transfer of ownership, whether involving a NEW direct owner or
30 NEW indirect owner, may jeopardize patient safety BECAUSE THE NEW DIRECT
31 OWNER OR NEW INDIRECT OWNER OR ANYONE IN A BUSINESS RELATIONSHIP WITH THE
32 NEW DIRECT OWNER OR NEW INDIRECT OWNER, INCLUDING STOCKHOLDERS AND
33 CONTROLLING PERSONS, EITHER:
34 1. HAS HAD A LICENSE TO OPERATE A HEALTH CARE INSTITUTION DENIED,
35 REVOKED OR SUSPENDED OR A LICENSE OR CERTIFICATE ISSUED BY A HEALTH
36 PROFESSION REGULATORY BOARD PURSUANT TO TITLE 32 OR ISSUED BY A STATE
37 AGENCY PURSUANT TO CHAPTER 6, ARTICLE 7 OR CHAPTER 17 OF THIS TITLE
38 DENIED, REVOKED OR SUSPENDED.
39 2. HAS A LICENSING HISTORY OF RECENT SERIOUS VIOLATIONS OCCURRING
40 IN THIS STATE OR IN ANOTHER STATE THAT POSED A DIRECT RISK TO THE LIFE,
41 HEALTH OR SAFETY OF PATIENTS OR RESIDENTS.

