

REFERENCE TITLE: health facilities; licensure; complaints; investigations

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

HB 2176

Introduced by
Representative Willoughby

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)

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

Section 1. Section 36-420.05, Arizona Revised Statutes, is amended to read:

36-420.05. Legal action or sale; change of ownership; effect on licensure

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

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

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

~~2. The department has determined for reasons other than those specified in paragraph 1 of this subsection that~~ the issuance of a new license is likely to jeopardize resident or patient safety **BECAUSE THE APPLICANT OR ANYONE IN A BUSINESS RELATIONSHIP WITH THE APPLICANT, INCLUDING STOCKHOLDERS AND CONTROLLING PERSONS, EITHER:**

1. 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.

2. 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.

C. The department may deny the approval of a change in ownership of a currently licensed health care institution if the department determines that the transfer of ownership, whether involving a **NEW** direct owner or **NEW** indirect owner, may jeopardize patient safety **BECAUSE THE NEW DIRECT OWNER OR NEW INDIRECT OWNER OR ANYONE IN A BUSINESS RELATIONSHIP WITH THE NEW DIRECT OWNER OR NEW INDIRECT OWNER, INCLUDING STOCKHOLDERS AND CONTROLLING PERSONS, EITHER:**

1. 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.

2. 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.

1 Sec. 2. Title 36, chapter 4, article 2, Arizona Revised Statutes,
2 is amended by adding sections 36-424.04 and 36-424.05, to read:

3 36-424.04. Complaint investigations; basis of complaints;
4 time limit

5 A. WHEN ENTERING A HEALTH CARE INSTITUTION FOR A COMPLAINT
6 INVESTIGATION THAT IS FILED WITH THE DEPARTMENT, THE DEPARTMENT SHALL
7 NOTIFY THE LICENSEE OF THE GENERAL NATURE OF THE COMPLAINT OR COMPLAINTS
8 WHILE ENSURING THAT THE DEPARTMENT DOES NOT RELEASE ANY PROTECTED HEALTH
9 INFORMATION OR INFORMATION THAT MAY IDENTIFY THE COMPLAINANT.

10 B. IN CONDUCTING A COMPLIANCE INSPECTION OR INITIAL COMPLAINT
11 INVESTIGATION, THE DEPARTMENT MAY NOT CONSIDER OR INVESTIGATE ANY ALLEGED
12 VIOLATION THAT OCCURRED MORE THAN TWELVE MONTHS BEFORE THE DATE THAT THE
13 COMPLAINT WAS SUBMITTED TO THE DEPARTMENT.

14 36-424.05. Statement of deficiencies; informal dispute
15 resolution; written decision; amended statement

16 A. THE DEPARTMENT SHALL INCLUDE IN ANY STATEMENT OF DEFICIENCIES
17 THAT IS ISSUED AFTER A COMPLIANCE INSPECTION OR COMPLAINT INVESTIGATION
18 THE CITATION OF THE STATUTE OR RULE THAT APPLIES TO EACH IDENTIFIED
19 DEFICIENCY.

20 B. IF A LICENSEE RECEIVES A STATEMENT OF DEFICIENCIES FOLLOWING A
21 COMPLIANCE INSPECTION OR COMPLAINT INVESTIGATION AND THE LICENSEE WISHES
22 TO DISPUTE ANY IDENTIFIED DEFICIENCY, THE LICENSEE, DURING THE INFORMAL
23 DISPUTE RESOLUTION PROCESS, SHALL INDICATE TO THE DEPARTMENT WITHIN TEN
24 BUSINESS DAYS AFTER RECEIVING THE STATEMENT OF DEFICIENCIES EACH
25 DEFICIENCY THE LICENSEE IS DISPUTING AND PROVIDE:

26 1. AN EXPLANATION DEMONSTRATING, OR DOCUMENTATION SHOWING, THAT THE
27 LICENSEE WAS IN COMPLIANCE WITH THE IDENTIFIED DEFICIENCY AT THE TIME OF
28 THE COMPLIANCE INSPECTION OR COMPLAINT INVESTIGATION.

29 2. A REQUEST FOR THE INFORMATION TO BE CORRECTED OR RESCINDED AND
30 SUPPORTING DOCUMENTATION THAT EXPLAINS THE REASON THE DEFICIENCY SHOULD BE
31 CORRECTED OR RESCINDED.

32 C. THE DEPARTMENT SHALL REVIEW ANY INFORMATION AND DOCUMENTATION
33 PROVIDED BY THE LICENSEE PURSUANT TO SUBSECTION B OF THIS SECTION WITHIN
34 TEN BUSINESS DAYS AFTER RECEIVING THE INFORMATION AND RENDER A WRITTEN
35 DECISION. THE WRITTEN DECISION SHALL STATE WHETHER THE LICENSEE'S REQUEST
36 TO AMEND THE STATEMENT OF DEFICIENCIES IS ACCEPTED AND SHALL CONTAIN A
37 DETAILED EXPLANATION OF THE DISPOSITION OF EACH DEFICIENCY CONTAINED IN
38 THE DISPUTE.

39 D. IF ANY CHANGE IS MADE TO THE STATEMENT OF DEFICIENCIES DURING
40 THE INFORMAL DISPUTE RESOLUTION PROCESS, THE DEPARTMENT SHALL ISSUE AN
41 AMENDED STATEMENT OF DEFICIENCIES, WHICH MAY INCLUDE A DEFICIENCY-FREE
42 STATEMENT.