

Senate Engrossed House Bill

health facilities; licensure; complaints; investigations

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

## **CHAPTER 83**

# **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.

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; exception

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          C. THE DEPARTMENT MAY INITIATE A COMPLAINT INVESTIGATION FOR  
15 INCIDENTS THAT OCCURRED MORE THAN TWELVE MONTHS BEFORE THE DATE THE  
16 COMPLAINT WAS SUBMITTED IF THE COMPLAINT INVOLVES AN ALLEGATION OF ABUSE  
17 AS DEFINED IN SECTION 13-3623.

18           36-424.05. Statement of deficiencies; informal dispute  
19                                   resolution; written decision; amended statement

20          A. THE DEPARTMENT SHALL INCLUDE IN ANY STATEMENT OF DEFICIENCIES  
21 THAT IS ISSUED AFTER A COMPLIANCE INSPECTION OR COMPLAINT INVESTIGATION  
22 THE CITATION OF THE STATUTE OR RULE THAT APPLIES TO EACH IDENTIFIED  
23 DEFICIENCY.

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

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

33           2. A REQUEST FOR THE INFORMATION TO BE CORRECTED OR RESCINDED AND  
34 SUPPORTING DOCUMENTATION THAT EXPLAINS THE REASON THE DEFICIENCY SHOULD BE  
35 CORRECTED OR RESCINDED.

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

1           D. IF ANY CHANGE IS MADE TO THE STATEMENT OF DEFICIENCIES DURING  
2 THE INFORMAL DISPUTE RESOLUTION PROCESS, THE DEPARTMENT SHALL ISSUE AN  
3 AMENDED STATEMENT OF DEFICIENCIES, WHICH MAY INCLUDE A DEFICIENCY-FREE  
4 STATEMENT.

5           E. A DEPARTMENT DECISION OR ACTION UNDER THIS SECTION IS NOT AN  
6 APPEALABLE AGENCY ACTION FOR THE PURPOSES OF TITLE 41, CHAPTER 6,  
7 ARTICLE 10.

APPROVED BY THE GOVERNOR JUNE 4, 2026.

FILED IN THE OFFICE OF THE SECRETARY OF STATE JUNE 5, 2026.