# House Bill 2140

Ordered printed by the Speaker pursuant to House Rule 12.00A (5). Presession filed (at the request of Governor Theodore R. Kulongoski for Department of Human Services)

#### **SUMMARY**

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced.** 

Creates Long Term Care Program Quality Assurance Fund. Continuously appropriates moneys in fund to Department of Human Services for purposes of regulatory compliance and enforcement and providing technical assistance to long term care and specified residential care providers. Requires that certain fees and civil penalties be deposited in fund.

Increases license fees for long term care facilities.

Removes prohibition of civil penalties on long term care facilities for violations other than those involving direct patient care or feeding, staff to patient ratio, sanitation involving direct patient care or violations of specified statutes.

Establishes license fees and periodicity for residential care facilities.

Authorizes department to establish civil penalties for residential care facilities according to rules submitted to advisory committee for comment.

A BILL FOR AN ACT

- 2 Relating to care providers; creating new provisions; amending ORS 441.020, 441.367, 441.705, 441.710,
- 3 441.715, 441.745, 441.995, 443.415, 443.425, 443.455, 443.735 and 443.775; repealing ORS 443.790,
- 4 443.795, 443.815 and 443.825; and appropriating money.
  - Be It Enacted by the People of the State of Oregon:
- 6 SECTION 1. (1) The Long Term Care Program Quality Assurance Fund is established in
- 7 the State Treasury, separate and distinct from the General Fund. Interest earned by the
- 8 Long Term Care Program Quality Assurance Fund shall be credited to the Long Term Care
- 9 Program Quality Assurance Fund. Moneys in the fund are continuously appropriated to the
- 10 Department of Human Services for the purposes of regulatory compliance and enforcement
- and providing technical assistance to long term care facilities, as defined in ORS 442.015, and to residential care facilities, residential training facilities and residential training homes, as
- 13 those terms are defined in ORS 443.400. Moneys in the Long Term Care Program Quality
- 14 Assurance Fund at the end of a biennium are retained in the fund and do not revert to the
- 15 General Fund.

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- (2) The Long Term Care Program Quality Assurance Fund consists of interest earned by the fund and moneys deposited in the fund under ORS 441.020 (13), 441.745, 443.415 (4) and
  - **SECTION 2.** ORS 441.020 is amended to read:
- 441.020. (1) Licenses for health care facilities including long term care facilities, as defined in ORS 442.015, shall be obtained from the Department of Human Services.
  - (2) Applications shall be upon such forms and shall contain such information as the department may reasonably require, which may include affirmative evidence of ability to comply with such reasonable standards and rules as may lawfully be prescribed under ORS 441.055.
    - (3) Each application shall be accompanied by the license fee. If the license is denied, the fee

- 1 shall be refunded to the applicant. Except as provided in subsection (13) of this section, if the
- 2 license is issued, the fee shall be paid into the State Treasury to the credit of the Department of
- 3 Human Services Account for carrying out the functions under ORS 441.015 to 441.063 and 431.607
- 4 to 431.619.

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- (4) Except as otherwise provided in subsection (5) of this section, for hospitals with:
- (a) Fewer than 26 beds, the annual license fee shall be \$750.
- (b) Twenty-six beds or more but fewer than 50 beds, the annual license fee shall be \$1,000.
- (c) Fifty or more beds but fewer than 100 beds, the annual license fee shall be \$1,900.
- (d) One hundred beds or more but fewer than 200 beds, the annual license fee shall be \$2,900.
- 10 (e) Two hundred or more beds, the annual license fee shall be \$3,400.
- 11 (5) For long term care facilities with:
  - (a) Fewer than 16 beds, the annual license fee shall be up to [\$120] \$180.
- 13 (b) Sixteen beds or more but fewer than 50 beds, the annual license fee shall be up to [\$175] 14 **\$260**.
  - (c) Fifty beds or more but fewer than 100 beds, the annual license fee shall be up to [\$350] \$520.
- 17 (d) One hundred beds or more but fewer than 200 beds, the annual license fee shall be up to [\$450] \$670.
  - (e) Two hundred beds or more, the annual license fee shall be up to [\$580] \$750.
  - (6) For special inpatient care facilities with:
  - (a) Fewer than 26 beds, the annual license fee shall be \$750.
- 22 (b) Twenty-six beds or more but fewer than 50 beds, the annual license fee shall be \$1,000.
- 23 (c) Fifty beds or more but fewer than 100 beds, the annual license fee shall be \$1,900.
- 24 (d) One hundred beds or more but fewer than 200 beds, the annual license fee shall be \$2,900.
- 25 (e) Two hundred beds or more, the annual license fee shall be \$3,400.
  - (7) For ambulatory surgical centers, the annual license fee shall be \$1,000.
  - (8) For birthing centers, the annual license fee shall be \$250.
  - (9) For outpatient renal dialysis facilities, the annual license fee shall be \$1,500.
- 29 (10) During the time the licenses remain in force holders thereof are not required to pay in-30 spection fees to any county, city or other municipality.
  - (11) Any health care facility license may be indorsed to permit operation at more than one location. [In such case] If so, the applicable license fee shall be the sum of the license fees which would be applicable if each location were separately licensed.
  - (12) Licenses for health maintenance organizations shall be obtained from the Director of the Department of Consumer and Business Services pursuant to ORS 731.072.
  - (13) All moneys received pursuant to subsection (5) of this section shall be deposited in the Long Term Care Program Quality Assurance Fund.
    - **SECTION 3.** ORS 441.705 is amended to read:
  - 441.705. As used in ORS 441.705 to 441.745,[:]
- 40 [(1) "Direct patient care or feeding" means any care provided directly to or for any patient related 41 to that patient's physical, medical and dietary well-being as defined by rules of the Department of Hu-42 man Services.]
- 43 [(2)] "person" means a licensee under ORS 441.015 to 441.087, 441.525 to 441.595, 441.815, 441.820, 441.990, 442.342, 442.344 and 442.400 to 442.463, or a person whom the Director of Human Services finds should be so licensed but is not, but does not include any employee of such licensee

1 or person.

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- [(3) "Staff to patient ratio" means the number and training of persons providing direct patient care as defined in rules of the department.]
  - **SECTION 4.** ORS 441.710 is amended to read:
- 441.710. [(1)] In addition to any other liability or penalty provided by law, the Director of Human Services may impose a civil penalty on a person for any of the following:
- [(a)] (1) Violation of any of the terms or conditions of a license issued under ORS 441.015 to 441.087, 441.525 to 441.595, 441.815, 441.820, 441.990, 442.342, 442.344 and 442.400 to 442.463 for a long term care facility, as defined in ORS 442.015.
- [(b)] (2) Violation of any rule or general order of the Department of Human Services that pertains to a long term care facility.
  - [(c)] (3) Violation of any final order of the director that pertains specifically to the long term care facility owned or operated by the person incurring the penalty.
    - [(d)] (4) Violation of ORS 441.605 or of rules required to be adopted under ORS 441.610.
    - [(e)] (5) Violation of ORS 443.880 or 443.881.
  - [(2) A civil penalty may not be imposed under this section for violations other than those involving direct patient care or feeding, an adequate staff to patient ratio, sanitation involving direct patient care or a violation of ORS 441.605 or 443.880 or 443.881 or of the rules required to be adopted by ORS 441.610 unless a violation is found on two consecutive surveys of the long term care facility. The director in every case shall prescribe a reasonable time for elimination of a violation:]
  - [(a) Not to exceed 30 days after first notice of a violation; or]
  - [(b) In cases where the violation requires more than 30 days to correct, such time as is specified in a plan of correction found acceptable by the director.]

# **SECTION 5.** ORS 441.715 is amended to read:

- 441.715. [(1)(a)] After public hearing, the Director of Human Services by rule shall adopt objective criteria for establishing the civil penalty that may be imposed under ORS 441.710. [However, the civil penalty may not exceed \$500 for each violation, except as otherwise provided in ORS 441.637 and 441.995.]
- [(b) Notwithstanding the limitations on the civil penalty in paragraph (a) of this subsection, for any violation involving direct resident care or feeding, an adequate staff to resident ratio, sanitation involving direct resident care or a violation of ORS 441.605 or rules required to be adopted under ORS 441.610, a penalty may be imposed for each day the violation occurs in an amount not to exceed \$500 per day.]
- [(2) The penalties assessed under subsection (1) of this section shall not exceed \$6,000 in the aggregate or as otherwise required by federal law with respect to a single long term care facility within any 90-day period.]
  - **SECTION 6.** ORS 441.745 is amended to read:
- 441.745. All penalties recovered under ORS 441.710 [to 441.740] shall be [paid into the State Treasury and credited to the General Fund.] deposited in the Long Term Care Program Quality Assurance Fund established in section 1 of this 2009 Act.
- SECTION 7. Of the funds in the Long Term Care Program Quality Assurance Fund on June 30, 2011, \$150,000 will revert to the General Fund.
- **SECTION 8.** ORS 441.995 is amended to read:
- 44 441.995. (1) In adopting criteria for establishing the amount of civil penalties for violations of ORS 441.630 to 441.680, the Department of Human Services shall consider:

(a) Any prior violations of laws or rules pertaining to facilities;

- (b) The financial benefits, if any, realized by the facility as a result of the violation;
- 3 (c) The gravity of the violation, including the actual or potential threat to the health, safety and 4 well-being of one or more residents;
  - (d) The severity of the actual or potential harm caused by the violation; and
  - (e) The facility's past history of correcting violations and preventing the recurrence of violations.
  - (2) The department may impose a civil penalty [for abuse] in accordance with rules adopted under ORS 441.637 (1). Facilities assessed civil penalties [for abuse] shall be entitled to a contested case hearing under ORS chapter 183.
  - [(3) If the department finds the facility is responsible for abuse and if the abuse resulted in a resident's death or serious injury, the department shall impose a civil penalty of not less than \$500 nor more than \$1,000 for each violation, or as otherwise required by federal law.]
  - [(4) Nothing in ORS 441.637 and this section is intended to expand, replace or supersede the department's authority to impose civil penalties pursuant to ORS 441.710 or 441.715 for violations that do not constitute abuse.]

## SECTION 9. ORS 443.415 is amended to read:

- 443.415. (1) Applications for licensure to maintain and operate a residential facility shall be made to the Department of Human Services on forms provided for that purpose by the department. Each application shall be accompanied by a fee [of \$60 for facilities defined in ORS 443.400 (5), (7) and (9) and a fee of \$30 for homes defined in ORS 443.400 (8) and (10)]. No fee is required of any governmentally operated residential facility.
  - (2) The fee under subsection (1) of this section for:
- (a) Residential training facilities and residential treatment facilities, as those terms are defined in ORS 443,400, shall be \$60.
- (b) Residential training homes and residential treatment homes, as those terms are defined in ORS 443.400, shall be \$30.
  - (c) Residential care facilities, as defined in ORS 443.400, with:
  - (A) 1 to 15 beds, shall be \$360.
- (B) 16 to 49 beds, shall be \$520.
  - (C) 50 to 99 beds, shall be \$1,040.
  - (D) 100 to 150 beds, shall be \$1,340.
    - (E) More than 150 beds, shall be \$1,500.
- [(2)] (3) Upon receipt of an application and fee, the department shall conduct an investigation. The department shall issue a license to any applicant for operation of a residential facility in compliance with ORS 443.400 to 443.455 and the rules of the director. Licensure may be denied when a residential facility is not in compliance with ORS 443.400 to 443.455 or the rules of the Director of Human Services. Licensure shall be denied if the State Fire Marshal or other authority has given notice of noncompliance of [facilities defined in ORS 443.400 (5), (7) and (9)] residential care facilities, residential training facilities and residential treatment facilities, as those terms are defined in ORS 443.400, pursuant to ORS 479.220.
- (4) All moneys collected under this section and ORS 443.425 for residential care facilities, residential training facilities and residential training homes, as those terms are defined in ORS 443.400, shall be deposited in the Long Term Care Program Quality Assurance Fund established in section 1 of this 2009 Act.

(5) All moneys collected under this section and ORS 443.425 for residential treatment facilities and residential treatment homes, as those terms are defined in ORS 443.400, shall be deposited into the State Treasury and credited to the General Fund for general governmental expenses.

**SECTION 10.** ORS 443.425 is amended to read:

443.425. (1) Licensure under ORS 443.415 is effective for two years from the date of issue for residential care facilities defined in ORS 443.400 and for one year from the date of issue for residential training facilities, residential training homes, residential treatment facilities and residential treatment homes, as those terms are defined in ORS 443.400, unless sooner revoked. Each license shall state the name of the person operating the residential facility; the name of the person who owns the facility; the address of the premises to which the license applies and the maximum number of residents to be maintained in such residential facility at any time whether the residential facility is licensed as a residential training facility, a residential treatment facility, a residential care facility; a residential training home or residential treatment home and such other information as the Department of Human Services considers necessary.

(2) A license is renewable upon submission of an application to the department and payment of a fee [of \$60 for facilities licensed under ORS 443.400 (5), (7) and (9) and a fee of \$30 for homes licensed under ORS 443.400 (8) and (10)] as provided in ORS 443.415 (2). No fee shall be required of a governmentally operated residential facility. Filing of an application for renewal before the date of expiration of a license extends the effective date of expiration of the license until the department has acted upon such application. The department shall refuse to renew a license if the facility is not substantially in compliance with all applicable laws and rules, or if the State Fire Marshal or the authorized representative thereof has given notice of noncompliance of facilities under ORS 443.400 (5), (7) and (9) pursuant to ORS 479.220.

**SECTION 11.** ORS 443.455 is amended to read:

443.455. (1) For purposes of imposing civil penalties, residential facilities approved under ORS 443.400 to 443.455 are considered to be long-term care facilities, subject to ORS 441.705 to 441.745. However, the Director of Human Services shall exercise the powers conferred under ORS 441.705 to 441.745. The director shall by rule prescribe a schedule of penalties appropriate to residential facilities licensed under ORS 443.400 to 443.455.

(2) For rulemaking on civil penalties imposed under this section, the Department of Human Services must appoint an advisory committee that shall consist of residential facility providers, advocates for patients in residential facilities, relevant licensing boards and the department. The department shall consider and respond to the comments of the advisory group prior to the adoption of a rule.

**SECTION 12.** ORS 443.735 is amended to read:

443.735. (1) Applications for a license to maintain and operate an adult foster home shall be made on forms provided by the Department of Human Services. [Each application] An application for a commercial adult foster home, as defined by the department, shall be accompanied by a fee of \$20 per bed requested for licensing.

- (2) Upon receipt of an application and fee, the department shall conduct an investigation.
- (3) The department shall not issue an initial license unless:
- (a) The applicant and adult foster home are in compliance with ORS 443.705 to 443.825 and the rules of the department;
  - (b) The department has completed an inspection of the adult foster home;

- (c) The department has completed a criminal records check under ORS 181.534 on the applicant and any person, other than a resident, 16 years of age or older who will be residing in the adult foster home. The criminal records check shall be conducted in accordance with rules adopted under ORS 181.534;
- (d) The department has checked the record of sanctions available, including the list of nursing assistants who have been found responsible for abuse and whose names have been added to the registry under ORS 441.678; and
- (e) The applicant has demonstrated to the department the financial ability and resources necessary to operate the adult foster home. The department shall adopt rules as the department deems appropriate that establish the financial standards an applicant must meet to qualify for issuance of a license and that protect financial information from public disclosure. The demonstration of financial ability under this paragraph shall include, but need not be limited to, providing the department with a list of any unsatisfied judgments, pending litigation and unpaid taxes and notifying the department regarding whether the applicant is in bankruptcy. If the applicant is unable to demonstrate the financial ability and resources required by this paragraph, the department may require the applicant to furnish a financial guarantee as a condition of initial licensure.
  - (4) The department may not renew a license under this section unless:
- (a) The applicant and the adult foster home are in compliance with ORS 443.705 to 443.825 and the rules of the department;
  - (b) The department has completed an inspection of the adult foster home;
- (c) The department has completed a criminal records check under ORS 181.534 on the applicant and any person, other than a resident, 16 years of age or older who will be residing in the adult foster home. The criminal records check under this paragraph shall be conducted in accordance with rules adopted under ORS 181.534; and
- (d) The department has checked the record of sanctions available, including the list of nursing assistants who have been found responsible for abuse and whose names have been added to the registry under ORS 441.678.
- (5)(a) In seeking an initial license and renewal of a license when an adult foster home has been licensed for less than 24 months, the burden of proof shall be upon the provider and the adult foster home to establish compliance with ORS 443.705 to 443.825 and the rules of the department.
- (b) In proceedings for renewal of a license when an adult foster home has been licensed for at least 24 continuous months, the burden of proof shall be upon the department to establish noncompliance with ORS 443.705 to 443.825 and the rules of the department.
- (6)(a) Persons who have been convicted of one or more crimes that, as determined by rules of the department, are substantially related to the qualifications, functions or duties of a provider, resident manager, substitute caregiver or other household member of an adult foster home shall be prohibited from operating, working in or residing in an adult foster home.
- (b) The department shall adopt rules that distinguish the criminal convictions and types of abuse that permanently prohibit a person from operating, working in or living in an adult foster home from the convictions and types of abuse that do not permanently prohibit the person from operating, working in or living in an adult foster home.
- (c) A provider may not hire, retain in employment or allow to live in an adult foster home, other than as a resident, any person who the provider knows has been convicted of a disqualifying crime or has been found responsible for a disqualifying type of abuse.
  - (7) A license under ORS 443.725 is effective for one year from the date of issue unless sooner

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- revoked. Each license shall state the name of the resident manager of the adult foster home, the names of all providers who own the adult foster home, the address of the premises to which the license applies, the maximum number of residents and the classification of the home. If, during the period covered by the license, a resident manager changes, the provider must within 15 days request modification of the license. The request must be accompanied by a fee of \$10.
- (8) No license under ORS 443.725 is transferable or applicable to any location, persons operating the adult foster home or the person owning the adult foster home other than that indicated on the application for licensing.
- (9) The department shall not issue a license to operate an additional adult foster home to a provider unless the provider has demonstrated the qualifications and capacity to operate the provider's existing licensed home or homes and has demonstrated the ability to provide care to the residents of those homes that is adequate and substantially free from abuse and neglect.
- (10) All moneys collected under ORS 443.725 to 443.780 shall be deposited in [a special account in the General Fund, and are appropriated continuously for payment of expenses incurred by the Department of Human Services.] the Long Term Care Program Quality Assurance Fund established in section 1 of this 2009 Act.
- (11) Notwithstanding any other provision of this section or ORS 443.725 or 443.738, the department may issue a 60-day provisional license to a qualified person if the department determines that an emergency situation exists after being notified that the licensed provider of an adult foster home is no longer overseeing operation of the adult foster home.

### **SECTION 13.** ORS 443.775 is amended to read:

- 443.775. (1) The Department of Human Services shall adopt rules governing adult foster homes and the level of care provided in such homes, including the provision of care to more than one person with nursing care needs under specified conditions and department approval, such as are necessary to protect the health, safety or welfare of the residents and to provide for an appropriate continuum of care, but shall not be inconsistent with the residential nature of the living accommodations and the family atmosphere of the home. The rules shall be consistent with rules adopted by the Oregon State Board of Nursing under ORS 678.150 (9).
- (a) An exception to the limit of one resident with nursing care needs may be granted if the provider proves to the department by clear and convincing evidence that such an exception will not jeopardize the care, health, safety or welfare of the residents and that the provider is capable of meeting the additional care needs of the new resident.
- (b) The department, and the counties acting under the exemption granted pursuant to ORS 443.780, shall report on a quarterly basis to the Legislative Assembly on the number of exceptions granted during the quarter pursuant to paragraph (a) of this subsection.
- (2) The provider may not employ a resident manager who does not meet the classification standard for the adult foster home.
- (3) The provider shall be able to meet the night care needs of a resident before admitting the resident. The provider shall include night care needs in the resident's care plan.
- (4) The provider shall screen a prospective resident before admitting the resident. The screening shall include but is not limited to diagnosis, medications, personal care needs, nursing care needs, night care needs, nutritional needs, activities and lifestyle preferences. A copy of the screening shall be given to the prospective resident or the prospective resident's representative.
- (5) The department shall make rules to assure that any employee who makes a complaint pursuant to ORS 443.755 shall be protected from retaliation.

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- (6) For adult foster homes in which clients reside for whom the department pays for care, including homes in which the provider and the resident are related, the department may require substantial compliance with its rules relating to standards for care of the client as a condition for paying for care.
- (7) By order the Director of Human Services may delegate authority under this section to personnel other than of the department.
- (8) The department may commence a suit in equity to enjoin maintenance of an adult foster home if:
  - (a) The home is operated without a valid license under this section; or
- (b) After the license to maintain the home is ordered suspended or revoked, a reasonable time for placement of residents in other facilities has been allowed but such placement has not been accomplished.
- (9) The department shall establish by rule the maximum capacity of adult foster homes, including all nonrelated and related persons receiving residential care and day care.
- (10) Any [person] adult foster home provider licensed under ORS 443.735 who violates a provision of ORS 443.705 to 443.825 or the rules adopted thereunder may be subjected to the imposition of a civil penalty, to be fixed by the director by rule [, not to exceed \$100 per violation, to a maximum of \$250 or, per occurrence of substantiated abuse, a maximum of \$1,000]. For rulemaking on civil penalties imposed under this subsection, the department must appoint an advisory committee that shall consist of adult foster home providers, advocates for residents of adult foster homes, relevant licensing boards and the department. The department shall consider and respond to the comments of the advisory group prior to the adoption of a rule.
- (11) All moneys collected under subsection (10) of this section shall be deposited in the Long Term Care Program Quality Assurance Fund established in section 1 of this 2009 Act.

SECTION 14. ORS 441.367 is amended to read:

- 441.367. (1) The Department of Human Services by rule shall require long term care facilities licensed under ORS 441.020 to provide written and oral notice before or at the time of admission to any resident who does not receive medical assistance under ORS chapter 414, specifying:
- (a) The base daily rate and any additional expenses reasonably to be expected including medical supplies, pharmacy and doctor visits and the charges for incontinency care, feeding and laundry; and
- (b) The long term care facility's policy regarding residents who become unable to pay facility charges by reason of exhaustion of all income and resources to or below the level of eligibility for medical assistance.
- (2) A long term care facility shall give 30 days' notice in writing to all residents of changes in additional expenses or charges.
- (3) The Director of Human Services may impose a civil penalty for violation of subsection (1) of this section under ORS  $441.710 \ [(1)(b)]$  (2).

SECTION 15. ORS 443.790, 443.795, 443.815 and 443.825 are repealed.