

## **SB 725 STAFF MEASURE SUMMARY**

### **Senate Committee On Human Services, Mental Health and Recovery**

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**Prepared By:** C. Ross, Counsel

**Meeting Dates:** 3/18, 3/23, 3/30

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#### **WHAT THE MEASURE DOES:**

Prohibits the Department of Human Services (DHS) from authorizing limited liability companies (LLCs), for-profit businesses, or organizations in which a for-profit or an LLC has a financial interest, to operate or administer residential settings, supported living programs, or support service brokerages for individuals with intellectual or developmental disabilities. Prohibits DHS from authorizing the provision of residential programs or services for individuals with intellectual or developmental disabilities by a provider whose authorization was revoked in the past 10 years, or whose decision-making personnel were decision-makers for another provider whose authorization was revoked in the past ten years. Prohibits the voluntary relinquishment of a license in lieu of its being revoked because of a death or serious injury in a program. Declares emergency, effective on passage.

#### **ISSUES DISCUSSED:**

- Acquisition of local supports for intellectually or developmentally disabled persons by large business entities for financial investment purposes
- Concerns about disinterested, impersonal nature of leadership personnel with profit motives managing large business entities
- Concern about businesses that are structured to be insulated from potential liability
- Preference for in-state support providers with close ties to communities and individuals served
- Value of personal connections and commitment to the populations being served
- Investigation and report of U.S. Senate Finance Committee in 2020

#### **EFFECT OF AMENDMENT:**

*[-1 amendment dated 03/15/21]* Includes the provision of attendant and respite care, behavior support, and other home or community-based developmental disability services within prohibitions. Extends the prohibition based on a revocation within the past 10 years, to include providers who were decision-makers for another provider who was revoked. Creates an exception to allow DHS to authorize applicants that might otherwise be prohibited based on a prior revocation, if certain criteria are met, including, when an applicant had no direct responsibility during the six months prior and up to the revocation event or condition; did not know or properly reported the revocation condition; and did not inhibit any inquiry related to the event or condition. Includes endorsements among other forms of authorization. Replaces "provider" with "applicant" where appropriate. Defines additional terms.

*[-2 amendment dated 3/24/21]* Incorporates and builds on -1 amendments. Replaces general reference to for-profit corporations with defined business entities. Clarifies applicability to *initial* applications for licensure.

#### **BACKGROUND:**

In December of 2020 the U.S. Finance Committee (the Committee) concluded a lengthy investigation of certain care facilities in Oregon and Iowa that have been the subject of longstanding complaints and regulatory violations, operated by a large, national corporation with facilities in a majority of states, many of which have been shut down. Both the Committee and Oregon's Department of Human Services (DHS) made disturbing findings that persisted over time, including failures to provide basic care that allowed significant deterioration and caused harm to residents.

## **SB 725 STAFF MEASURE SUMMARY**

Senate Bill 725 prohibits limited liability companies (LLCs), for-profit businesses, or organizations in which a for-profit or an LLC has a financial interest, from being licensed by DHS to operate or administer residential settings, supported living programs, or support service brokerages for individuals with intellectual or developmental disabilities. The measure also prohibits the provision of residential programs or services for individuals with intellectual or developmental disabilities by providers whose authorization has been revoked in the past 10 years, or whose decision-making personnel were decision-makers for another provider whose authorization was revoked in the past ten years. Finally, the measure bars voluntary relinquishment of a license in lieu of its being revoked due to a death or serious injury.