

R E S O L U T I O N

1 BE IT RESOLVED by the House of Representatives of the State of  
2 Texas, 80th Legislature, Regular Session, 2007, That House Rule 13,  
3 Section 9(a), be suspended in part as provided by House Rule 13,  
4 Section 9(f), to enable the conference committee appointed to  
5 resolve the differences on Senate Bill 344 (additional exit  
6 conference required following inspection, survey, or investigation  
7 of, and temporary change of ownership licenses for, certain  
8 facilities) to consider and take action on the following matter:

9 House Rule 13, Sections 9(a)(3) and (4), are suspended to  
10 permit the committee to add the following:

11 SECTION 2. Section 242.0336, Health and Safety Code, is  
12 amended by amending Subsections (a) and (c) through (g) and adding  
13 Subsections (b-1) through (b-5), (c-1), and (d-1) to read as  
14 follows:

15 (a) For purposes of this section, a temporary change of  
16 ownership license is a temporary 90-day license issued to an  
17 applicant who proposes to become the new operator of an institution  
18 existing on the date the application is filed.

19 (b-1) Except as provided by Subsection (b-2), the  
20 department may not issue a temporary change of ownership license  
21 before the 31st day after the date the department has received both:

22 (1) the application for the license; and

23 (2) notification, in writing, of the intent of the  
24 institution's existing license holder to transfer operation of the  
25 institution to the applicant beginning on a date specified by the

1 applicant.

2 (b-2) Notwithstanding Section 242.0335, the department  
3 shall establish criteria under which the department may waive the  
4 30-day requirement or the notification requirement of Subsection  
5 (b-1). The criteria may include the occurrence of forcible entry  
6 and detainer, death, or divorce or other events that affect the  
7 ownership of the institution by the existing license holder.

8 (b-3) After receipt of an application or written  
9 notification described by Subsection (b-1), the department may  
10 place a hold on payments to the existing license holder in an amount  
11 not to exceed the average of the monthly vendor payments paid to the  
12 facility, as determined by the department. The department shall  
13 release funds to the previous license holder not later than the  
14 120th day after the date on which the final reporting requirements  
15 are met and any resulting informal reviews or formal appeals are  
16 resolved. The department may reduce the amount of funds released to  
17 the previous license holder by the amount owed to the department or  
18 the Health and Human Services Commission under the previous license  
19 holder's Medicaid contract or license.

20 (b-4) The executive commissioner of the Health and Human  
21 Services Commission shall adopt rules for the department that  
22 define a change of ownership. In adopting the rules, the executive  
23 commissioner shall consider:

24 (1) the proportion of ownership interest that is being  
25 transferred to another person;

26 (2) the addition or removal of a stockholder, partner,  
27 owner, or other controlling person;

28 (3) the reorganization of the license holder into a

1 different type of business entity; and

2 (4) the death or incapacity of a stockholder, partner,  
3 or owner.

4 (b-5) The executive commissioner may adopt rules for the  
5 department that require a license holder to notify the department  
6 of any change, including a change that is not a change of ownership,  
7 as that term is defined by rules adopted under Subsection (b-4).  
8 Nothing in this section prevents the department from acting under  
9 Section 242.061 or any other provision of this chapter.

10 (c) The department shall issue or deny a temporary change of  
11 ownership license not later than the 31st [~~30th~~] day after the date  
12 of receipt of the completed application. The effective date of a  
13 temporary change of ownership license issued under this section is  
14 the date requested in the application unless:

15 (1) the department does not receive the application  
16 and written notification described by Subsection (b-1) at least 30  
17 days before that date; and

18 (2) no waiver under Subsection (b-2) applies.

19 (c-1) If the department does not receive the application and  
20 written notification required by Subsection (b-1) at least 30 days  
21 before the effective date requested in the application and  
22 Subsection (b-2) does not apply, the effective date of the  
23 temporary change of ownership license is the 31st day after the date  
24 the department receives both the application and the notification.

25 (d) Except as provided in Subsection (d-1), after [~~After~~]  
26 the department issues a temporary change of ownership license to  
27 the applicant, the department shall conduct an inspection or survey  
28 of the nursing facility under Section 242.043 as soon as reasonably

1 possible. During the period between the issuance of the temporary  
2 license and the inspection or survey of the nursing facility or desk  
3 review under Subsection (d-1), the department may not place a hold  
4 on vendor payments to the temporary license holder.

5 (d-1) The department shall establish criteria under which a  
6 desk review of the facility's compliance with applicable  
7 requirements may be substituted for the on-site inspection or  
8 survey under Subsection (d).

9 (e) After conducting an inspection or survey under  
10 Subsection (d) or a desk review under Subsection (d-1), the  
11 department shall issue a license under Section 242.033 to the  
12 temporary change of ownership license holder if the nursing  
13 facility passes the desk review, inspection, or survey and the  
14 applicant meets the requirements of Section 242.033. If the  
15 nursing facility fails to pass the desk review, inspection, or  
16 survey or the applicant fails to meet the requirements of Section  
17 242.033, the department may:

18 (1) place a hold on vendor payments to the temporary  
19 change of ownership license holder; and

20 (2) take any other action authorized under this  
21 chapter.

22 (f) If the applicant meets the requirements of Section  
23 242.033 and the nursing facility passes a desk review, ~~[an]~~ initial  
24 inspection, or ~~[a]~~ subsequent inspection before the temporary  
25 change of ownership license expires, the license issued under  
26 Section 242.033 is considered effective on the date the department  
27 determines under Subsection (c) or (c-1) ~~[requested in the~~  
28 ~~application for a temporary change of ownership]~~.

1           (g) A temporary change of ownership license issued under  
2 Subsection (b) expires on the 90th [~~91st~~] day after the effective  
3 date established under Subsection (c) or (c-1) [~~date the license~~  
4 ~~was issued~~].

5           Explanation: The addition of the SECTION to the bill is  
6 necessary to address a temporary change of ownership licenses for  
7 certain facilities.

8           House Rule 13, Sections 9(a)(3) and (4), are suspended to  
9 permit the committee to add the following:

10           SECTION 7. (a) As soon as practicable after the effective  
11 date of this Act, the executive commissioner of the Health and Human  
12 Services Commission shall adopt the rules required by Section  
13 242.0336, Health and Safety Code, as amended by this Act.

14           (b) The changes in law made by this Act to Section 242.0336,  
15 Health and Safety Code, apply only to a temporary change of  
16 ownership license application received by the Department of Aging  
17 and Disability Services on or after September 1, 2007. An  
18 application received by the department before September 1, 2007, is  
19 governed by the law in effect at the time the application is  
20 received, and the former law is continued in effect for that  
21 purpose.

22           Explanation: The addition of this provision is necessary to  
23 properly implement the addition of SECTION 2 to the conference  
24 committee report.

Davis of Harris

H.R. No. 2588

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Speaker of the House

I certify that H.R. No. 2588 was adopted by the House on May 27, 2007, by a non-record vote.

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Chief Clerk of the House