



Ohio Revised Code

Section 3721.026 Assignment or transfer of operation of nursing home.

Effective: October 3, 2023

Legislation: House Bill 33

(A) If a nursing home undergoes a change of operator, all of the following requirements must be satisfied before the director of health may issue a license authorizing the person to operate the nursing home:

(1) The person completes a change of operator license application on a form prescribed by the director and pays the applicable fee as determined by the director.

The change of operator license application established under this section shall include all of the following:

(a) Disclosure of all direct and indirect owners owning at least five per cent of each of the following:

(i) The applicant, if the applicant is an entity;

(ii) The owner of the building or buildings in which the nursing home is housed, if the owner of the building or buildings is a different person from the applicant;

(iii) The owner of the legal rights associated with the ownership and operation of the nursing home beds, if the owner is a different person from the applicant;

(iv) The management firm or business employed to manage the nursing home, if the management firm or business employed to manage the nursing home is a different person from the applicant;

(v) Each related party that provides or will provide services to the nursing home, through contracts with any party identified in division (A)(1)(a) of this section.

(b) Disclosure of the direct or indirect ownership interest of each individual identified in division (A)(1)(a) of this section in a current or previously licensed nursing home in this state or another



state, including disclosure of whether any of the following occurred with respect to an identified nursing home within the five years immediately proceeding the date of application:

- (i) Voluntary or involuntary closure of the nursing home;
 - (ii) Voluntary or involuntary bankruptcy proceedings;
 - (iii) Voluntary or involuntary receivership proceedings;
 - (iv) License suspension, denial, or revocation;
 - (v) Injunction proceedings initiated by a regulatory agency;
 - (vi) The nursing home is listed in table A, table B, or table D on the SFF list under the special focus facility program;
 - (vii) A civil or criminal action was filed against it by a state or federal entity.
- (c) Any additional information that the director considers necessary to determine the ownership, operation, management, and control of the nursing home.
- (2) The application fee required under division (A)(1) of this section is credited to the general operations fund established under section 3701.83 of the Revised Code.
- (3) Except for applications that demonstrate that the applicant owns at least fifty per cent of the nursing home and its assets or at least fifty per cent of the entity that owns the nursing home and its assets the applicant submits evidence of a bond or other financial security reasonably acceptable to the director for an amount not less than the product of the number of licensed beds in the nursing home, as reflected in the application, multiplied by ten thousand dollars.
- (a) The bond or other financial security shall be renewed or maintained for five years after the effective date of the change of operator. If the bond or other financial security is not renewed or maintained in accordance with this division, the director shall revoke the nursing home operator's



license. The bond or other financial security shall be released five years after the effective date of the change of operator if none of the events described in division (A)(3)(b) of this section have occurred.

(b) The director may utilize the bond or other financial security required under division (A)(3) of this section if any of the following occur during the five-year period for which the bond or other financial security is required:

(1) The nursing home is voluntarily or involuntarily closed.

(2) The nursing home or its owner or operator is the subject of voluntary or involuntary bankruptcy proceedings.

(3) The nursing home or its owner or operator is the subject of voluntary or involuntary receivership proceedings.

(4) The license to operate the nursing home is suspended, denied, or revoked.

(5) The nursing home undergoes a change of operator, unless the new applicant submits a bond or other financial security in accordance with this section.

(6) The nursing home appears in table A, table B, or table D on the SFF list under the special focus facility program.

(4) A person who is a direct or indirect owner of fifty per cent or more of the applicant is an individual who has at least five years of experience as either of the following:

(a) An administrator of a nursing home located in this state or another state;

(b) A direct or indirect owner of at least fifty per cent in either of the following:

(i) An operator of a nursing home located in this state or another state;



(ii) A manager of a nursing home located in this state or another state.

(5) The applicant attests that the applicant has plans for quality assurance and risk management for the operation of the nursing home.

(6) The applicant attests that the applicant has general and professional liability insurance coverage that provides coverage of at least one million dollars per occurrence and three million dollars aggregate.

(7) The applicant attests that the applicant has sufficient numbers of qualified staff, by training or experience, who will be employed to properly care for the type and number of nursing home residents.

(B) The director shall conduct a survey of the nursing home not more than sixty days after the effective date of the change of operator.

(1) The requirements established by this section are in addition to the other requirements established by this chapter and the rules adopted under it for a license to operate a nursing home. The director shall deny a change of operator license application if any of the requirements established by this section are not satisfied license application or if the applicant has or had fifty per cent or more direct or indirect ownership in the operator or manager of a current or previously licensed nursing home in this state or another state with respect to which any of the following occurred within the five years immediately preceding the date of application:

(a) Involuntary closure of the nursing home by a regulatory agency or voluntary closure in response to licensure or certification action;

(b) Voluntary or involuntary bankruptcy proceedings that are not dismissed within sixty days;

(c) Voluntary or involuntary receivership proceedings that are not dismissed within sixty days;

(d) License suspension, denial, or revocation for failure to comply with operating standards.



(2) An applicant may appeal the denial of a change of operator license application in accordance with Chapter 119. of the Revised Code.

(C) An applicant shall notify the director within ten days of any change in the information or documentation required by this section, whether the change occurs before or after the effective date of the change of operator. If an applicant fails to notify the director in accordance with this division, the director shall impose a civil penalty of two thousand dollars for each day of noncompliance.

(D)(1) The director shall investigate an allegation that a change of operator has occurred and the entering operator failed to submit an application in accordance with this section or an application was filed but the information was fraudulent. The director may request the attorney general's assistance with an investigation under this section.

(2) If the director becomes aware, by means of an investigation or otherwise, that a change of operator has occurred and the entering operator failed to submit an application in accordance with this section, or an application was filed but the information provided was fraudulent, the director shall impose a civil penalty of two thousand dollars for each day of noncompliance after the date the director becomes aware that the change of operator has occurred. If the entering operator fails to submit an application or new application in accordance with this section within sixty days of the director becoming aware of the change of operator, the director shall begin the process of revoking a nursing home license as specified in section 3721.03 of the Revised Code.

(E) It is the intent of the general assembly in amending this section to require full and complete disclosure and transparency with respect to the ownership, operation, and management of each licensed nursing home located in this state. The director may adopt rules as necessary to implement this section. Any rules shall be adopted in accordance with Chapter 119. of the Revised Code.