



Ohio Revised Code

Section 3721.026 Assignment or transfer of operation of nursing home.

Effective: October 24, 2024

Legislation: Senate Bill 144

(A) Before the director of health can issue a license to operate a nursing home to an entering operator, all of the following requirements must be satisfied:

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

Any fee required by the director under division (A)(1) of this section shall be credited to the general operations fund established under section 3701.83 of the Revised Code.

A completed application shall be submitted not later than forty-five days before the proposed effective date of the change of operator if the change of operator does not entail the relocation of residents. A completed application shall be submitted not later than ninety days before the proposed effective date of the change of operator if the change of operator entails the relocation of residents. The director may waive the time requirements specified in division (A)(1) of this section in an emergency, such as the death of the operator.

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 entering operator, if the entering operator 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 or government entity from the entering operator;

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



operator;

(iv) 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 whether a person or government entity identified in division (A)(1)(a) of this section has or had a direct or indirect ownership or operational interest 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 preceding 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) Except for applications that demonstrate that the entering operator, or a person or government entity that directly or indirectly owns at least fifty per cent of the entering operator, directly or indirectly owns at least fifty per cent of the nursing home and its assets, the entering operator 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. The bond may be supplied by either the entering operator or the property owner of the nursing home.

(a) The bond or other financial security shall be renewed, replaced, or maintained for five years after the effective date of the change of operator. The aggregate liability of a surety shall not exceed the sum of the bond, which is not cumulative from period to period. If the bond or other financial security is not renewed, replaced, or maintained in accordance with this division, the director shall revoke the nursing home operator's license after providing thirty days' notice to the operator. 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)(2)(b) of this section have occurred.

(b) The director may utilize the bond or other financial security required under division (A)(2) of this section to pay expenses incurred by the director or another state official or agency if any of the following occur during the five-year period for which the bond or other financial security is required:

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

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

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

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

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

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



- (3) The entering operator or a person or government entity who will have operational control of the nursing home 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 person or government entity with operational control of a nursing home located in this state or another state.
- (4) The entering operator attests that the entering operator has plans for quality assurance and risk management for the operation of the nursing home.
- (5) The entering operator attests that the entering operator has general and professional liability insurance coverage that provides coverage of at least one million dollars per occurrence and three million dollars aggregate.
- (6) The entering operator attests that the entering operator 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 issue to the entering operator a notice of intent to grant a change of operator license upon a determination that all requirements of this section have been met, except for submission of the final document evidencing completion of the transaction.
- (C) The director may conduct a survey of the nursing home not less than sixty days after the effective date of the change of operator.
- (D) 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.
- (E) The director shall deny a change of operator license application if any of the following circumstances exist:
- (1) The requirements established by this section are not satisfied.



(2) The entering operator or a person or government entity identified in division (A)(1)(a) of this section who directly or indirectly has twenty-five per cent or more ownership of the entering operator meets both of the following criteria:

(a) The entering operator or the person or government entity has or had either of the following relationships to a currently or previously licensed nursing home in this state or another state:

(i) Fifty per cent or more direct or indirect ownership in the nursing home;

(ii) Alone or together with one or more other persons, operational control of the nursing home.

(b) Any of the following occurred with respect to the current or previously licensed nursing home described in division (E)(2)(a) of this section within the five years immediately preceding the date of application:

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

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

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

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

(3) If a change of twenty-five per cent or more of the property ownership interest in a nursing home occurs in connection with the change of operator, the person or government entity who acquired the property ownership interest meets both of the following criteria:

(a) The person or government entity has or had either of the following relationships to a currently or previously licensed nursing home in this state or another state:

(i) Fifty per cent or more direct or indirect property ownership in the nursing home;



(ii) Alone or together with one or more other persons, operational control of the nursing home.

(b) Any of the following occurred with respect to the current or previously licensed nursing home described in division (E)(3)(a) of this section within the five years immediately preceding the date of application:

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

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

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

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

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

(G) An entering operator shall do all of the following:

(1) Notify the director immediately upon discovery of any error, omission, or change of information in a change of operator license application.

(2) Notify the director within ten days of any change in the information or documentation required by this section that occurs after the effective date of the change of operator.

(3) Truthfully supply any additional information or documentation requested by the director.

If an entering operator fails to notify the director or supply additional information or documentation in accordance with this division, the director shall impose a civil penalty of two thousand dollars for each day of noncompliance.



(4) Not complete the change of operator until the director issues to the entering operator notice of intent to grant a change of operator license in accordance with division (B) of this section. The entering operator shall submit the final document evidencing completion of the transaction not later than five days after completion.

(H)(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.

(I) 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.