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HOUSE BILL NO. 842**AMENDMENT IN THE NATURE OF A SUBSTITUTE**(Proposed by the House Committee on Health, Welfare and Institutions
on February 8, 1996)

(Patron Prior to Substitute—Delegate Deeds)

*A BILL to amend and reenact § 32.1-27.1 of the Code of Virginia, relating to protection of nursing home patients.***Be it enacted by the General Assembly of Virginia:****1. That § 32.1-27.1 of the Code of Virginia is amended and reenacted as follows:**

§ 32.1-27.1. Additional civil penalty or appointment of a receiver.

A. In addition to the remedies provided in § 32.1-27, the civil penalties set forth in this section may be imposed by the circuit court for the city or county in which the facility is located as follows:

1. A civil penalty for a Class I violation shall not exceed the lesser of \$25 per licensed or certified bed or \$1,000 for each day the facility is in violation, beginning on the date the facility was first notified of the violation.

2. A civil penalty for a Class II violation shall not exceed the lesser of \$5 per licensed or certified bed or \$250 per day for each day the facility is in violation, beginning on the date the facility was first notified of the violation.

In the event federal law or regulations require a civil penalty in excess of the amounts set forth above for Class I or Class II violations, then the lowest amounts required by such federal law or regulations shall become the maximum civil penalties under this section. The date of notification under this section shall be deemed to be the date of receipt by the facility of written notice of the alleged Class I or Class II violation, which notice shall include specifics of the violation charged and which notice shall be hand delivered or sent by overnight express mail or by registered or certified mail, return receipt requested.

All civil penalties received pursuant to this subsection shall be paid into a special fund of the Department for the cost of implementation of this section, to be applied to the protection of the health or property of residents or patients of facilities that the Commissioner or the United States Secretary of Health and Human Services finds in violation, including payment for the costs for relocation of patients, maintenance of temporary management or receivership to operate a facility pending correction of a violation, and for reimbursement to residents or patients of lost personal funds.

B. In addition to the remedies provided in § 32.1-27 and the civil penalties set forth in subsection A of this section, the Commissioner may petition the circuit court for the jurisdiction in which any nursing home or certified nursing facility as defined in § 32.1-123 is located for the appointment of a receiver in accordance with the provisions of this subsection whenever such nursing home or certified nursing facility shall (i) receive official notice from the Commissioner that its license has been or will be revoked or suspended, or that its Medicare or Medicaid certification has been or will be cancelled or revoked; or (ii) receive official notice from the United States Department of Health and Human Services or the Department of Medical Assistance Services that its provider agreement has been or will be revoked, cancelled, terminated or not renewed; or (iii) advise the Department of its intention to close or not to renew its license or Medicare or Medicaid provider agreement less than ninety days in advance; or (iv) operate at any time under conditions which present a major and continuing threat to the health, safety, security, rights or welfare of the patients, including the threat of imminent abandonment by the owner or operator, *or a pattern of failure to meet ongoing financial obligations such as the inability to pay for essential food, pharmaceuticals, personnel, or required insurance*; and (v) the Department is unable to make adequate and timely arrangements for relocating all patients who are receiving medical assistance under this chapter and Title XIX of the Social Security Act in order to ensure their continued safety and health care.

Upon the filing of a petition for appointment of a receiver, the court shall hold a hearing within ten days, at which time the Department and the owner or operator of the facility may participate and present evidence. The court may grant the petition if it finds any one of the conditions identified in (i) through (iv) above to exist in combination with the condition identified in (v) and the court further finds that such conditions will not be remedied and that the patients will not be protected unless the petition is granted.

No receivership established under this subsection shall continue in effect for more than 180 days without further order of the court, nor shall the receivership continue in effect following the revocation of the nursing home's license or the termination of the certified nursing facility's Medicare or Medicaid provider agreement, except to enforce any post-termination duties of the provider as required by the provisions of the Medicare or Medicaid provider agreement.

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60 The appointed receiver shall be a person licensed as nursing home administrator in the
61 Commonwealth pursuant to Title 54.1 or, if not so licensed, shall employ and supervise a person so
62 licensed to administer the day-to-day business of the nursing home or certified nursing facility.

63 The receiver shall have (i) such powers and duties to manage the nursing home or certified nursing
64 facility as the court may grant and direct, including but not limited to the duty to accomplish the orderly
65 relocation of all patients and the right to refuse to admit new patients during the receivership, (ii) the
66 power to receive, conserve, protect and disburse funds, including Medicare and Medicaid payments on
67 behalf of the owner or operator of the nursing home or certified nursing facility, (iii) the power to
68 execute and avoid executory contracts, (iv) the power to hire and discharge employees, and (v) the
69 power to do all other acts, including the filing of such reports as the court may direct, subject to
70 accounting to the court therefor and otherwise consistent with state and federal law, necessary to protect
71 the patients from the threat or threats set forth in the original petitions, as well as such other threats
72 arising thereafter or out of the same conditions.

73 The court may grant injunctive relief as it deems appropriate to the Department or to its receiver
74 either in conjunction with or subsequent to the granting of a petition for appointment of a receiver under
75 this section.

76 The court may terminate the receivership on the motion of the Department, the receiver, or the owner
77 or operator, upon finding, after a hearing, that either (i) the conditions described in the petition have
78 been substantially eliminated or remedied, or (ii) all patients in the nursing home or certified nursing
79 facility have been relocated. Within thirty days after such termination, the receiver shall file a complete
80 report of his activities with the court, including an accounting for all property of which he has taken
81 possession and all funds collected.

82 All costs of administration of a receivership hereunder shall be paid by the receiver out of
83 reimbursement to the nursing home or certified nursing facility from Medicare, Medicaid and other
84 patient care collections. The court, after terminating such receivership, shall enter appropriate orders to
85 ensure such payments upon its approval of the receiver's reports.

86 A receiver appointed under this section shall be an officer of the court, shall not be liable for
87 conditions at the nursing home or certified nursing facility which existed or originated prior to his
88 appointment and shall not be personally liable, except for his own gross negligence and intentional acts
89 which result in injuries to persons or damage to property at the nursing home or certified nursing
90 facility during his receivership.

91 The provisions of this subsection shall not be construed to relieve any owner, operator or other party
92 of any duty imposed by law or of any civil or criminal liability incurred by reason of any act or
93 omission of such owner, operator, or other party.