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HOUSE BILL NO. 1130

AMENDMENT IN THE NATURE OF A SUBSTITUTE

(Proposed by the Senate Committee on Rehabilitation and Social Services
on February 16, 2018)

(Patron Prior to Substitute—Delegate Rasoul)

A *BILL to amend and reenact §§ 63.2-1701, 63.2-1709, 63.2-1709.2, 63.2-1710, and 63.2-1737 of the Code of Virginia and to amend the Code of Virginia by adding sections numbered 63.2-1710.1 and 63.2-1710.2, relating to licensure of facilities operated by agencies of the Commonwealth.*

Be it enacted by the General Assembly of Virginia:

1. That §§ 63.2-1701, 63.2-1709, 63.2-1709.2, 63.2-1710, and 63.2-1737 of the Code of Virginia are amended and reenacted and that the Code of Virginia is amended by adding sections numbered 63.2-1710.1 and 63.2-1710.2 as follows:

§ 63.2-1701. Licenses required; issuance, expiration, and renewal; maximum number of residents, participants or children; posting of licenses.

A. As used in this section, "person who operates or maintains a child welfare agency" means any individual; corporation; partnership; association; limited liability company; local government; state agency, including any department, institution, authority, instrumentality, board, or other administrative agency of the Commonwealth; or other legal or commercial entity that operates or maintains a child welfare agency, *adult day care center, or assisted living facility.*

B. Every person who constitutes, or who operates or maintains, an assisted living facility, adult day care center, or child welfare agency shall obtain the appropriate license from the Commissioner, which may be renewed. However, no license shall be required for an adult day care center that provides services only to individuals enrolled in a Programs of All-Inclusive Care for the Elderly program operated in accordance with an agreement between the provider, the Department of Medical Assistance Services and the Centers for Medicare and Medicaid Services. The Commissioner, upon request, shall consult with, advise, and assist any person interested in securing and maintaining any such license. Each application for a license shall be made to the Commissioner, in such form as he may prescribe. It shall contain the name and address of the applicant and, if the applicant is an association, partnership, limited liability company, or corporation, the names and addresses of its officers and agents. The application shall also contain a description of the activities proposed to be engaged in and the facilities and services to be employed, together with other pertinent information as the Commissioner may require.

C. The licenses shall be issued on forms prescribed by the Commissioner. Any two or more licenses may be issued for concurrent operation of more than one assisted living facility, adult day care center, or child welfare agency, but each license shall be issued upon a separate form. Each license and renewals thereof for an assisted living facility, adult day care center, or child welfare agency may be issued for periods of up to three successive years, unless sooner revoked or surrendered. Licenses issued to child day centers under this chapter shall have a duration of two years from date of issuance.

D. The length of each license or renewal thereof for an assisted living facility shall be based on the judgment of the Commissioner regarding the compliance history of the facility and the extent to which it meets or exceeds state licensing standards. On the basis of this judgment, the Commissioner may issue licenses or renewals thereof for periods of six months, one year, two years, or three years.

E. The Commissioner may extend or shorten the duration of licensure periods for a child welfare agency whenever, in his sole discretion, it is administratively necessary to redistribute the workload for greater efficiency in staff utilization.

F. Each license shall indicate the maximum number of persons who may be cared for in the assisted living facility, adult day care center, or child welfare agency for which it is issued.

G. The license and any other documents required by the Commissioner shall be posted in a conspicuous place on the licensed premises.

H. Every person issued a license that has not been suspended or revoked shall renew such license prior to its expiration.

§ 63.2-1709. Enforcement and sanctions; assisted living facilities and adult day care centers; interim administration; receivership, revocation, denial, summary suspension.

A. Upon receipt and verification by the Commissioner of information from any source indicating an imminent and substantial risk of harm to residents, the Commissioner may require an assisted living facility to contract with an individual licensed by the Board of Long-Term Care Administrators, to be either selected from a list created and maintained by the Department of Medical Assistance Services or selected from a pool of appropriately licensed administrators recommended by the owner of the assisted living facility, to administer, manage, or operate the assisted living facility on an interim basis, and to attempt to bring the facility into compliance with all relevant requirements of law, regulation, or any

60 plan of correction approved by the Commissioner. Such contract shall require the interim administrator
61 to comply with any and all requirements established by the Department to ensure the health, safety, and
62 welfare of the residents. Prior to or upon conclusion of the period of interim administration,
63 management, or operation, an inspection shall be conducted to determine whether operation of the
64 assisted living facility shall be permitted to continue or should cease. Such interim administration,
65 management, or operation shall not be permitted when defects in the conditions of the premises of the
66 assisted living facility (i) present imminent and substantial risks to the health, safety, and welfare of
67 residents, and (ii) may not be corrected within a reasonable period of time. Any decision by the
68 Commissioner to require the employment of a person to administer, manage, or operate an assisted
69 living facility shall be subject to the rights of judicial review and appeal as provided in the
70 Administrative Process Act (§ 2.2-4000 et seq.). Actual and reasonable costs of such interim
71 administration shall be the responsibility of and shall be borne by the owner of the assisted living
72 facility.

73 B. The Board shall adopt regulations for the Commissioner to use in determining when the
74 imposition of administrative sanctions or initiation of court proceedings, severally or jointly, is
75 appropriate in order to ensure prompt correction of violations in assisted living facilities and adult day
76 care centers involving noncompliance with state law or regulation as discovered through any inspection
77 or investigation conducted by the Departments of Social Services, Health, or Behavioral Health and
78 Developmental Services. The Commissioner may impose such sanctions or take such actions as are
79 appropriate for violation of any of the provisions of this subtitle or any regulation adopted under any
80 provision of this subtitle that adversely affects the health, safety or welfare of an assisted living facility
81 resident or an adult day care participant. Such sanctions or actions may include (i) petitioning the court
82 to appoint a receiver for any assisted living facility or adult day care center and (ii) revoking or denying
83 renewal of the license for the assisted living facility or adult day care center for violation of any of the
84 provisions of this subtitle, § 54.1-3408 or any regulation adopted under this subtitle that violation
85 adversely affects, or is an imminent and substantial threat to, the health, safety or welfare of the person
86 cared for therein, or for permitting, aiding or abetting the commission of any illegal act in an assisted
87 living facility or adult day care center.

88 C. The Commissioner may issue a summary order of suspension of the license to operate the assisted
89 living facility pursuant to (i) *for assisted living facilities operated by agencies of the Commonwealth, the*
90 *procedures set forth in § 63.2-1710.1* or (ii) *for all other assisted living facilities, the procedures*
91 *hereinafter set forth in conjunction with any proceeding for revocation, denial, or other action when*
92 *conditions or practices exist that pose an imminent and substantial threat to the health, safety, and*
93 *welfare of the residents. Before a summary order of suspension shall take effect, the Commissioner shall*
94 *issue to the assisted living facility a notice of summary order of suspension setting forth* (i) *the*
95 *procedures for the summary order of suspension, (ii) (b) hearing and appeal rights as provided under*
96 *this subsection, and (iii) (c) facts and evidence that formed the basis for which the summary order of*
97 *suspension is sought. Such notice shall be served on the assisted living facility or its designee as soon as*
98 *practicable thereafter by personal service or certified mail, return receipt requested, to the address of*
99 *record of the assisted living facility. The order shall state the time, date, and location of a hearing to*
100 *determine whether the suspension is appropriate. Such hearing shall be presided over by a hearing*
101 *officer selected by the Commissioner from a list prepared by the Executive Secretary of the Supreme*
102 *Court of Virginia and shall be held as soon as practicable, but in no event later than 15 business days*
103 *following service of the notice of hearing; however, the hearing officer may grant a written request for a*
104 *continuance, not to exceed an additional 10 business days, for good cause shown. After such hearing,*
105 *the hearing officer shall provide to the Commissioner written findings and conclusions, together with a*
106 *recommendation whether the license should be summarily suspended, whereupon the Commissioner shall*
107 *adopt the hearing officer's recommended decision unless to do so would be an error of law or*
108 *Department policy. Any final agency case decision in which the Commissioner rejects a hearing officer's*
109 *recommended decision shall state with particularity the basis for rejection. The Commissioner shall*
110 *issue: (a) (1) a final order of summary suspension or (b) (2) an order that summary suspension is not*
111 *warranted by the facts and circumstances presented. A final order of summary suspension shall include*
112 *notice that the assisted living facility may appeal the Commissioner's decision to the appropriate circuit*
113 *court no later than 10 days following service of the order. A copy of any final order of summary*
114 *suspension shall be prominently displayed by the provider at each public entrance of the facility, or in*
115 *lieu thereof, the provider may display a written statement summarizing the terms of the order in a*
116 *prominent location, printed in a clear and legible size and typeface, and identifying the location within*
117 *the facility where the final order of summary suspension may be reviewed.*

118 Upon appeal, the sole issue before the court shall be whether the Department had reasonable grounds
119 to require the assisted living facility to cease operations during the pendency of the concurrent
120 revocation, denial, or other proceeding. Any concurrent revocation, denial, or other proceeding shall not
121 be affected by the outcome of any hearing on the appropriateness of the summary order of suspension.

Failure to comply with the summary order of suspension shall constitute an offense under subdivision 1 of § 63.2-1712. All agencies and subdivisions of the Commonwealth shall cooperate with the Commissioner in the relocation of residents of an assisted living facility whose license has been summarily suspended pursuant to this section and in any other actions necessary to reduce the risk of further harm to residents.

D. Notice of the Commissioner's intent to revoke or deny renewal of the license for ~~the~~ *an* assisted living facility *or to summarily suspend the license of an assisted living facility* shall be provided by the Department and a copy of such notice shall be posted in a prominent place at each public entrance of the licensed premises to advise consumers of serious or persistent violations. In determining whether to deny, revoke, or summarily suspend a license, the Commissioner may choose to deny, revoke, or summarily suspend only certain authority of the assisted living facility to operate, and may restrict or modify the assisted living facility's authority to provide certain services or perform certain functions that the Commissioner determines should be restricted or modified in order to protect the health, safety, or welfare of the residents. Such *proposed* denial, revocation, or summary suspension of certain services or functions may be appealed (i) *if the assisted living facility is operated by an agency of the Commonwealth, in accordance with the provisions of § 63.2-1710.2* and (ii) *for all other assisted living facilities*, as otherwise provided in this subtitle for any denial, revocation, or summary suspension.

§ 63.2-1709.2. Enforcement and sanctions; special orders; civil penalties.

A. Notwithstanding any other provision of law, following a proceeding as provided in § 2.2-4019, the Commissioner may issue a special order (i) for violation of any of the provisions of this subtitle, § 54.1-3408, or any regulation adopted under any provision of this subtitle which violation adversely affects, or is an imminent and substantial threat to, the health, safety, or welfare of the person cared for therein, or (ii) for permitting, aiding, or abetting the commission of any illegal act in an assisted living facility, adult day care center, or child welfare agency. Notice of the Commissioner's intent to take any of the actions enumerated in subdivisions B 1 through B 7 shall be provided by the Department and a copy of such notice shall be posted in a prominent place at each public entrance of the licensed premises to advise consumers of serious or persistent violations. The issuance of a special order shall be considered a case decision as defined in § 2.2-4001. *Actions set forth in subsection B may be appealed by (a) an assisted living facility, adult day care center, or child welfare agency operated by an agency of the Commonwealth in accordance with § 63.2-1710.2 or (b) any other assisted living facility, adult day care center, or child welfare agency in accordance with the Administrative Process Act (§ 2.2-4000 et seq.).* The Commissioner shall not delegate his authority to impose civil penalties in conjunction with the issuance of special orders.

B. The Commissioner may take the following actions regarding assisted living facilities, adult day care centers, and child welfare agencies through the issuance of a special order and may require a copy of the special order provided by the Department to be posted in a prominent place at each public entrance of the licensed premises to advise consumers of serious or persistent violations:

1. Place a licensee on probation upon finding that the licensee is substantially out of compliance with the terms of its license and that the health and safety of residents, participants, or children are at risk;

2. Reduce licensed capacity or prohibit new admissions when the Commissioner concludes that the licensee cannot make necessary corrections to achieve compliance with regulations except by a temporary restriction of its scope of service;

3. Mandate training for the licensee or licensee's employees, with any costs to be borne by the licensee, when the Commissioner concludes that the lack of such training has led directly to violations of regulations;

4. Assess civil penalties for each day the assisted living facility is or was out of compliance with the terms of its license and the health, safety, and welfare of residents are at risk, which shall be paid into the state treasury and credited to the Assisted Living Facility Education, Training, and Technical Assistance Fund created pursuant to § 63.2-1803.1; *however, no civil penalty shall be imposed pursuant to this subdivision on any assisted living facility operated by an agency of the Commonwealth.* The aggregate amount of such civil penalties shall not exceed \$10,000 for assisted living facilities in any 12-month period. Criteria for imposition of civil penalties and amounts, expressed in ranges, shall be developed by the Board, and shall be based upon the severity, pervasiveness, duration, and degree of risk to the health, safety, or welfare of residents. Such civil penalties shall be applied by the Commissioner in a consistent manner. Such criteria shall also provide that (i) the Commissioner may accept a plan of correction, including a schedule of compliance, from an assisted living facility prior to setting a civil penalty, and (ii) the Commissioner may reduce or abate the penalty amount if the facility complies with the plan of correction within its terms.

A single act, omission, or incident shall not give rise to imposition of multiple civil penalties even though such act, omission, or incident may violate more than one statute or regulation. A civil penalty that is not appealed becomes due on the first day after the appeal period expires. The license of an

183 assisted living facility that has failed to pay a civil penalty due under this section shall not be renewed
184 until the civil penalty has been paid in full, with interest, provided that the Commissioner may renew a
185 license when an unpaid civil penalty is the subject of a pending appeal;

186 5. Assess civil penalties of not more than \$500 per inspection upon finding that the adult day care
187 center or child welfare agency is substantially out of compliance with the terms of its license and the
188 health and safety of residents, participants, or children are at risk; *however, no civil penalty shall be*
189 *imposed pursuant to this subdivision on any adult day care center or child welfare agency operated by*
190 *an agency of the Commonwealth;*

191 6. Require licensees to contact parents, guardians, or other responsible persons in writing regarding
192 health and safety violations; and

193 7. Prevent licensees who are substantially out of compliance with the licensure terms or in violation
194 of the regulations from receiving public funds.

195 C. The Board shall adopt regulations to implement the provisions of this section.

196 **§ 63.2-1710. Appeal from refusal, denial of renewal, or revocation of license.**

197 A. Whenever the Commissioner refuses to issue a license or to renew a license, or revokes a license
198 for an assisted living facility, adult day care center, or child welfare agency *operated by an agency of*
199 *the Commonwealth, the provisions of § 63.2-1710.2 shall apply. Whenever the Commissioner refuses to*
200 *issue a license or to renew a license or revokes a license for an assisted living facility, adult day care*
201 *center, or child welfare agency other than an assisted living facility, adult day care center, or child*
202 *welfare agency operated by an agency of the Commonwealth, the provisions of the Administrative*
203 *Process Act (§ 2.2-4000 et seq.) shall apply, except that all appeals from notice of the Commissioner's*
204 *intent to refuse to issue or renew, or revoke a license shall be received in writing from the assisted*
205 *living facility, adult day care center or child welfare agency operator within fifteen days of the date of*
206 *receipt of the notice. Judicial review of a final review agency decision shall be in accordance with the*
207 *provisions of the Administrative Process Act. No stay may be granted upon appeal to the Virginia*
208 *Supreme Court.*

209 B. In every appeal to a court of record, the Commissioner shall be named defendant.

210 C. An appeal, taken as provided in this section, shall operate to stay any criminal prosecution for
211 operation without a license.

212 D. When issuance or renewal of a license as an assisted living facility or adult day care center has
213 been refused by the Commissioner, the applicant shall not thereafter for a period of one year apply
214 again for such license unless the Commissioner in his sole discretion believes that there has been such a
215 change in the conditions on account of which he refused the prior application as to justify considering
216 the new application. When an appeal is taken by the applicant pursuant to subsection A, the one-year
217 period shall be extended until a final decision has been rendered on appeal.

218 E. When issuance or renewal of a license for a child welfare agency has been refused by the
219 Commissioner, the applicant shall not thereafter for a period of six months apply again for such license
220 unless the Commissioner in his sole discretion believes that there has been such a change in the
221 conditions on account of which he refused the prior application as to justify considering the new
222 application. When an appeal is taken by the applicant pursuant to subsection A, the six-month period
223 shall be extended until a final decision has been rendered on appeal.

224 **§ 63.2-1710.1. Summary order of suspension; assisted living facilities, group homes, and children's**
225 **residential facilities operated by an agency of the Commonwealth.**

226 *Whenever the Commissioner issues a summary order of suspension of the license to operate an*
227 *assisted living facility, group home, or children's residential facility operated by an agency of the*
228 *Commonwealth:*

229 1. Before such summary order of suspension shall take effect, the Commissioner shall issue to the
230 assisted living facility, group home, or children's residential facility a notice of summary order of
231 suspension setting forth (i) the procedures for a hearing and right of review as provided in this section
232 and (ii) facts and evidence that formed the basis on which the summary order of suspension is sought.
233 Such notice shall be served on the licensee or its designee as soon as practicable thereafter by personal
234 service or certified mail, return receipt requested, to the address of record of the licensee. The notice
235 shall state the time, date, and location of a hearing to determine whether the suspension is appropriate.
236 Such hearing shall be held no later than three business days after the issuance of the notice of the
237 summary order of suspension and shall be convened by the Commissioner or his designee. After such
238 hearing, the Commissioner may issue a final order of summary suspension or may find that such
239 summary suspension is not warranted by the facts and circumstances presented.

240 2. A final order of summary suspension shall include notice that the licensee may request, in writing
241 and within three business days after receiving the Commissioner's decision, that the Commissioner refer
242 the matter to the Secretary of Health and Human Resources for resolution within three business days of
243 the referral. Any determination by the Secretary shall be final and not subject to judicial review. If the
244 final order of summary suspension is upheld, it shall take effect immediately, and a copy of the final

order of summary suspension shall be prominently displayed by the licensee at each public entrance of the facility. Any concurrent revocation, denial, or other proceedings shall not be affected by the outcome of any determination by the Secretary.

§ 63.2-1710.2. Right to appeal notice of intent; assisted living facilities, adult day care centers, and child welfare agencies operated by agencies of the Commonwealth.

An assisted living facility, adult day care center, or child welfare agency operated by an agency of the Commonwealth shall have the right to appeal any notice of intent as follows:

1. Within 30 days after receiving a notice of intent to impose a sanction, the licensee shall request in writing that the Commissioner review the intended agency action and may submit, together with such request, relevant information, documentation, or other pertinent data supporting its appeal. The Commissioner shall issue a decision within 60 days after receiving the request and shall have the authority to uphold the sanction or take whatever action he deems appropriate to resolve the controversy.

2. If the assisted living facility, adult day care center, or child welfare agency disputes the Commissioner's decision, the licensee shall request, within 30 days of receiving the Commissioner's decision, that the Commissioner refer the matter to the Secretary of Health and Human Resources. The Secretary shall issue a decision within 60 days of receiving the request for review. The Secretary's decision shall be final and shall not be subject to review.

§ 63.2-1737. Licensure of group homes and residential facilities for children.

A. Notwithstanding any other provisions of this subtitle, the Department shall cooperate with other state departments in fulfilling their respective licensing and certification responsibilities of children's residential facilities. The Board shall adopt regulations establishing the Department as the single licensing agency for the regulation of children's residential facilities, including group homes, which provide social services programs, with the exception of educational programs licensed by the Department of Education and facilities regulated by the Department of Juvenile Justice. Notwithstanding any other provisions of this chapter, licenses issued to children's residential facilities may be issued for periods of up to 36 successive months.

B. The Board's regulations for the regulation of children's residential facilities shall address the services required to be provided in such facilities as it may deem appropriate to ensure the health and safety of the children. In addition, the Board's regulations shall include, but shall not be limited to (i) specifications for the structure and accommodations of such facilities according to the needs of the children; (ii) rules concerning allowable activities, local government- and facility-imposed curfews, and study, recreational, and bedtime hours; and (iii) a requirement that each facility have a community liaison who shall be responsible for facilitating cooperative relationships with the neighbors, the school system, local law enforcement, local government officials, and the community at large.

C. Notwithstanding any other provisions of this chapter, any facility licensed by the Commissioner as a child-caring institution as of January 1, 1987, and that receives no public funds shall be licensed under minimum standards for licensed child-caring institutions as adopted by the Board and in effect on January 1, 1987. Effective January 1, 1987, all children's residential facilities shall be licensed under the regulations for children's residential facilities.

D. Pursuant to the procedures set forth in subsection E and in addition to the authority for other disciplinary actions provided in this title, the Commissioner may issue a summary order of suspension of the license of any group home or residential facility for children, in conjunction with any proceeding for revocation, denial, or other action, when conditions or practices exist in the home or facility that pose an immediate and substantial threat to the health, safety, and welfare of the children who are residents and the Commissioner believes the operation of the home or facility should be suspended during the pendency of such proceeding.

E. The summary order of suspension shall take effect upon its issuance and shall be served on the licensee or its designee as soon as practicable thereafter by personal service and certified mail, return receipt requested, to the address of record of the licensee. The order shall state the time, date, and location of a hearing to determine whether the suspension is appropriate. Such hearing shall be held no later than three business days after the issuance of the summary order of suspension and shall be convened by the Commissioner or his designee.

After such hearing, the Commissioner may issue a final order of summary suspension or may find that such summary suspension is not warranted by the facts and circumstances presented. A final order of summary suspension shall include notice that the licensee may appeal the Commissioner's decision to the appropriate circuit court no later than 10 days following issuance of the order. The sole issue before the court shall be whether the Commissioner had reasonable grounds to require the licensee to cease operations during the pendency of the concurrent revocation, denial, or other proceeding. The concurrent revocation, denial, or other proceeding shall not be affected by the outcome of any hearing on the appropriateness of the summary suspension.

306 The willful and material failure to comply with the summary order of suspension or final order of
307 summary suspension shall be punishable as a Class 2 misdemeanor. The Commissioner may require the
308 cooperation of any other agency or subdivision of the Commonwealth in the relocation of children who
309 are residents of a home or facility whose license has been summarily suspended pursuant to this section
310 and in any other actions necessary to reduce the risk of further harm to such residents.

311 *The provisions of this subsection shall not apply to any group home or children's residential facility*
312 *operated by an agency of the Commonwealth, which shall instead be governed by the provisions of*
313 *§ 63.2-1710.1.*

314 F. In addition to the requirements set forth in subsection B, the Board's regulations shall require, as a
315 condition of initial licensure or, if appropriate, license renewal, that the applicant shall: (i) be personally
316 interviewed by Department personnel to determine the qualifications of the owner or operator before
317 granting an initial license; (ii) provide evidence of having relevant prior experience before any initial
318 license is granted; (iii) provide, as a condition of initial license or renewal licensure, evidence of staff
319 participation in training on appropriate siting of the residential facilities for children, good neighbor
320 policies, community relations, and shaken baby syndrome and its effects; and (iv) be required to screen
321 residents prior to admission to exclude individuals with behavioral issues, such as histories of violence,
322 that cannot be managed in the relevant residential facility.

323 G. In addition, the Department shall:

324 1. Notify relevant local governments and placing and funding agencies, including the Office of
325 Children's Services, of multiple health and safety or human rights violations in residential facilities for
326 which the Department serves as lead licensure agency when such violations result in the lowering of the
327 licensure status of the facility to provisional;

328 2. Post on the Department's website information concerning the application for initial licensure of or
329 renewal, denial, or provisional licensure of any residential facility for children located in the locality;

330 3. Require all licensees to self-report lawsuits against or settlements with residential facility operators
331 relating to the health and safety or human rights of residents and any criminal charges that may have
332 been made relating to the health and safety or human rights of residents;

333 4. Require proof of contractual agreements or staff expertise to provide educational services,
334 counseling services, psychological services, medical services, or any other services needed to serve the
335 residents in accordance with the facility's operational plan;

336 5. Disseminate to local governments, or post on the Department's website, an accurate (updated
337 weekly or monthly as necessary) list of licensed and operating group homes and other residential
338 facilities for children by locality with information on services and identification of the lead licensure
339 agency; and

340 6. Modify the term of the license at any time during the term of the license based on a change in
341 compliance.