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1 (B) any alleged violations of a specific statute  
2 or rule;

3 (C) the specific nature of any finding regarding  
4 an alleged violation or deficiency; and

5 (D) if a deficiency is alleged, the severity of  
6 the deficiency;

7 (2) information on the identity, including the  
8 signature, of each department representative conducting,  
9 reviewing, or approving the results of the survey and the date on  
10 which the department representative acted on the matter; and

11 (3) if requested by the agency, copies of all  
12 documents relating to the survey maintained by the department or  
13 provided by the department to any other state or federal agency that  
14 are not confidential under state law.

15 (g-1) If the department or the department's authorized  
16 representative discovers any additional violations during the  
17 review of field notes or preparation of the official statement of  
18 deficiencies for a home and community support services agency, the  
19 department or the department's representative shall conduct an  
20 additional exit conference regarding the additional violations.  
21 The additional exit conference must be held in person and may not be  
22 held over the telephone, by e-mail, or by facsimile transmission.

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

27 (a) For purposes of this section, a temporary change of

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144

1 ownership license is a temporary 90-day license issued to an  
2 applicant who proposes to become the new operator of an institution  
3 existing on the date the application is filed.

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

7 (1) the application for the license; and

8 (2) notification, in writing, of the intent of the  
9 institution's existing license holder to transfer operation of the  
10 institution to the applicant beginning on a date specified by the  
11 applicant.

12 (b-2) Notwithstanding Section 242.0335, the department  
13 shall establish criteria under which the department may waive the  
14 30-day requirement or the notification requirement of Subsection  
15 (b-1). The criteria may include the occurrence of forcible entry  
16 and detainer, death, or divorce or other events that affect the  
17 ownership of the institution by the existing license holder.

18 (b-3) After receipt of an application or written  
19 notification described by Subsection (b-1), the department may  
20 place a hold on payments to the existing license holder in an amount  
21 not to exceed the average of the monthly vendor payments paid to the  
22 facility, as determined by the department. The department shall  
23 release funds to the previous license holder not later than the  
24 120th day after the date on which the final reporting requirements  
25 are met and any resulting informal reviews or formal appeals are  
26 resolved. The department may reduce the amount of funds released to  
27 the previous license holder by the amount owed to the department or

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1 the Health and Human Services Commission under the previous license  
2 holder's Medicaid contract or license.

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

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

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

11 (3) the reorganization of the license holder into a  
12 different type of business entity; and

13 (4) the death or incapacity of a stockholder, partner,  
14 or owner.

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

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

26 (1) the department does not receive the application  
27 and written notification described by Subsection (b-1) at least 30

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1 days before that date; and

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

3 (c-1) If the department does not receive the application and  
4 written notification required by Subsection (b-1) at least 30 days  
5 before the effective date requested in the application and  
6 Subsection (b-2) does not apply, the effective date of the  
7 temporary change of ownership license is the 31st day after the date  
8 the department receives both the application and the notification.

9 (d) Except as provided in Subsection (d-1), after [~~After~~]  
10 the department issues a temporary change of ownership license to  
11 the applicant, the department shall conduct an inspection or survey  
12 of the nursing facility under Section 242.043 as soon as reasonably  
13 possible. During the period between the issuance of the temporary  
14 license and the inspection or survey of the nursing facility or desk  
15 review under Subsection (d-1), the department may not place a hold  
16 on vendor payments to the temporary license holder.

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

21 (e) After conducting an inspection or survey under  
22 Subsection (d) or a desk review under Subsection (d-1), the  
23 department shall issue a license under Section 242.033 to the  
24 temporary change of ownership license holder if the nursing  
25 facility passes the desk review, inspection, or survey and the  
26 applicant meets the requirements of Section 242.033. If the  
27 nursing facility fails to pass the desk review, inspection, or

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1 survey or the applicant fails to meet the requirements of Section  
2 242.033, the department may:

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

5 (2) take any other action authorized under this  
6 chapter.

7 (f) If the applicant meets the requirements of Section  
8 242.033 and the nursing facility passes a desk review, [~~an~~] initial  
9 inspection, or [~~a~~] subsequent inspection before the temporary  
10 change of ownership license expires, the license issued under  
11 Section 242.033 is considered effective on the date the department  
12 determines under Subsection (c) or (c-1) [~~requested in the~~  
13 ~~application for a temporary change of ownership~~].

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

18 SECTION 3. Subsections (b) and (c), Section 242.0445,  
19 Health and Safety Code, are amended to read as follows:

20 (b) At the conclusion of an inspection, survey, or  
21 investigation under Section 242.043 or 242.044, the department or  
22 the department's representative conducting the inspection, survey,  
23 or investigation shall discuss the violations with the facility's  
24 management in an exit conference. The department or the  
25 department's representative shall leave a written list of the  
26 violations with the facility at the time of the exit conference. If  
27 the department or the department's representative discovers any

1 additional violations during the review of field notes or  
2 preparation of the official final list, the department or the  
3 department's representative shall give the facility an additional  
4 exit conference regarding the additional violations. An additional  
5 exit conference must be held in person and may not be held by  
6 telephone, e-mail, or facsimile transmission.

7 (c) The facility shall submit a plan to correct the  
8 violations to the regional director not later than the 10th working  
9 day after the date the facility receives the final official  
10 statement of violations.

11 SECTION 4. Section 247.0271, Health and Safety Code, is  
12 amended by amending Subsection (c) and adding Subsection (d) to  
13 read as follows:

14 (c) If, after the initial exit conference, additional  
15 violations are cited, the inspector shall conduct an additional  
16 exit conference regarding the newly identified violations. An  
17 additional exit conference must be held in person and may not be  
18 held by telephone, e-mail, or facsimile transmission.

19 (d) The assisted living facility shall submit a plan of  
20 correction to the regional director with supervisory authority over  
21 the inspector not later than the 10th working day after the date the  
22 facility receives the final official statement of violations.

23 SECTION 5. Section 247.050, Health and Safety Code, is  
24 amended by adding Subsection (d) to read as follows:

25 (d) The department shall permanently retain at least one  
26 copy or one electronic source of information pertaining to  
27 complaints and investigations of unlicensed assisted living

1 facilities used to maintain a registry as required under Subsection  
2 (a)(1) and used to prepare a report under Subsection (a)(2).

3 SECTION 6. Subsections (b) and (c), Section 252.044, Health  
4 and Safety Code, are amended to read as follows:

5 (b) At the conclusion of an inspection, survey, or  
6 investigation under this chapter, the department or the  
7 department's representative conducting the inspection, survey, or  
8 investigation shall discuss the violations with the facility's  
9 management in an exit conference. The department or the  
10 department's representative shall leave a written list of the  
11 violations with the facility and the person designated by the  
12 facility to receive notice under Section 252.066 at the time of the  
13 exit conference. If the department or the department's  
14 representative discovers any additional violations during the  
15 review of field notes or preparation of the official final list, the  
16 department or the department's representative shall give the  
17 facility an additional exit conference regarding the additional  
18 violations. An additional exit conference must be held in person  
19 and may not be held by telephone, e-mail, or facsimile  
20 transmission.

21 (c) The facility shall submit a plan to correct the  
22 violations to the regional director not later than the 10th working  
23 day after the date the facility receives the final official  
24 statement of violations.

25 SECTION 7. (a) As soon as practicable after the effective  
26 date of this Act, the executive commissioner of the Health and Human  
27 Services Commission shall adopt the rules required by Section



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S.B. No. 344

1 242.0336, Health and Safety Code, as amended by this Act.

2 (b) The changes in law made by this Act to Section 242.0336,  
3 Health and Safety Code, apply only to a temporary change of  
4 ownership license application received by the Department of Aging  
5 and Disability Services on or after September 1, 2007. An  
6 application received by the department before September 1, 2007, is  
7 governed by the law in effect at the time the application is  
8 received, and the former law is continued in effect for that  
9 purpose.

10 SECTION 8. This Act takes effect September 1, 2007.\_\_\_\_\_

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S.B. No. 344

David Newkirk  
President of the Senate

Tom Caddick  
Speaker of the House

I hereby certify that S.B. No. 344 passed the Senate on March 28, 2007, by the following vote: Yeas 30, Nays 0; May 21, 2007, Senate refused to concur in House amendments and requested appointment of Conference Committee; May 22, 2007, House granted request of the Senate; May 26, 2007, Senate adopted Conference Committee Report by the following vote: Yeas 30, Nays 0.

Patsy Saw  
Secretary of the Senate

I hereby certify that S.B. No. 344 passed the House, with amendments, on May 15, 2007, by the following vote: Yeas 139, Nays 0, two present not voting; May 22, 2007, House granted request of the Senate for appointment of Conference Committee; May 27, 2007, House adopted Conference Committee Report by the following vote: Yeas 143, Nays 0, two present not voting.

Robert Haney  
Chief Clerk of the House

Approved:

15 JUN 07  
Date

RICK PERRY  
Governor

FILED IN THE OFFICE OF THE  
SECRETARY OF STATE  
6 PM O'CLOCK  
JUN 15 2007  
Roger Williams  
Secretary of State