



## AB 601 (Eggman) – Transparency in RCFE Ownership

### PURPOSE OF THIS BILL:

In recent years, there has been a tremendous increase in corporate ownership of Residential Care Facilities for the Elderly (RCFEs), also known as board and care facilities or assisted living. These facilities are often operated by one business but owned by another. Such complex ownership structures make it difficult for consumers to determine who really owns a facility; this lack of transparency has a direct impact on the ability of consumers to obtain information about licensure violations and other relevant information when they seek to place a loved one.

Under the current system, a family member can unknowingly transfer a loved one from one troubled facility to another without even knowing that the facilities are part of the same chain. How can a California consumer know whether an abusive chain is run and operated by the same person if they are only able to see data on the individual facility, but not who owns it at the chain level?

### BACKGROUND:

RCFEs are primarily non-medical facilities that provide room, supervision, meals, transportation, housekeeping, distribution of medication, and personal care assistance with basic daily living activities like hygiene, eating, bathing, etc. They serve persons 60 years of age and older and are sometimes called “board and care homes” (6 or fewer residents) or “assisted living homes” (> 6 to over 100 residents) depending on the number of beds they have.

According to DSS, there are currently over 7,500 licensed RCFEs in California with capacity to serve over 176,000 individuals. RCFEs are currently regulated by several state and local government authorities. Regulations promulgated by the Department of Social Services (DSS) and the Department of Health Care Services cover most aspects of RCFE operation.



facilities.

### PROBLEM:

As our population ages, RCFEs are increasingly becoming the answer for our mothers, fathers and other relatives in their later years of life. Unfortunately, some facilities have not maintained high standards of quality of life for their residents; transparency in ownership is crucial for families seeking to place their loved ones in quality

In the recent three-part series “Nursing Homes Unmasked,” The Sacramento Bee found that consumers remain largely in the dark about the ownership of many California nursing homes- and their track records. State and federal databases meant to help consumers make informed choices are often cumbersome to manage and lack key information including nursing-home ownership information. Consumers looking for a quality RCFE for their loved one face the same hurdles when trying to decipher RCFE ownership.

According to The Bee, some companies doing business in California go to great lengths to create complex business structures. **“The tangled corporate webs they create make it difficult for consumers and government regulators to identify who’s running the operations – and who should be held responsible when things go wrong.”**<sup>[1]</sup>

Current law does not require new RCFE license applicants to disclose their operational history for other facility licenses. Additionally, Community Care Licensing (CCL) is currently not required to cross-check owner/licensee information with the Department of Public Health (DPH). Therefore, CCL is often unaware of what other facilities are owned and operated by the same licensee.

### SOLUTION:

AB 610 will require applicants for licensure of RCFEs to submit to DSS, CCL Division information on ownership and prior ownership of any type of facility, in any state, including a history of compliance. The bill also requires

<sup>[1]</sup> <http://media.sacbee.com/static/sinclair/Nursing1c/index.html>

DSS to cross-check applicant information with the DPH, and allows DSS to deny or revoke licensure for failure to disclose the required information. Lastly, AB 601 will require DSS, to the extent the system can accommodate additional information, to post on its Facility Search website, facility details including ownership information, bed capacity, and whether it holds permits for special programs such as care units for people with Alzheimer's disease.

**SUPPORT:**

California Advocates for Nursing Home Reform  
(CANHR) (Sponsor)  
Consumer Attorneys of California

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