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State of California—Health and Human Services Agency
California Department of Public Health



GAVIN NEWSOM
Governor

February 3, 2020

AFL 20-12

TO: Skilled Nursing Facilities (SNFs)

SUBJECT: Change of Ownership Procedural Requirements

AUTHORITY: Health and Safety Code (HSC) sections 1267.61 and 1267.62

All Facilities Letter (AFL) Summary

This AFL notifies SNF licensees of the chaptering of Assembly Bill (AB) 1695 ([Chapter 832, Statutes of 2019](#)), adding procedural requirements for a change of SNF ownership, a transfer of facility operation, or a change of management company.

AB 1695 adds procedural requirements for SNFs, other than SNFs that are operated as a distinct part (DP) of a general acute care hospital (GACH), that are undergoing a sale, transfer of operation, assignment, lease, other change or transfer of ownership interests, or a change in management company.

Prospective SNF licensees submitting applications after January 1, 2020, for a change of SNF ownership, a transfer of facility operation, or a change of management company, must retain employees for a 60-day transition period, during which the prospective licensee must:

- retain all employees who are employed by the licensee, except for the nursing home administrator and the director of nursing;
- make a written offer of employment for the transition period to each employee, including a stated acceptance period of not less than 10 days, in the employee's primary language or another language in which the employee is literate;
- not discharge an employee without cause that is only based on the employee's performance or conduct;
- not reduce the wages, benefits, or other terms and conditions of employment, economic or otherwise, of any employee covered by this provision, as a result of the transfer or change of ownership.

SNF licensees submitting applications after July 1, 2020, for a change of SNF ownership, a transfer of facility operation, or a change of management company, must give written notice of the proposed change to all facility residents and their representatives 90 days prior to the finalization of the change. The notice must include:

Center for Health Care Quality, MS 0512
P.O. Box 997377 • Sacramento, CA 95899-7377
(916) 324-6630 • (916) 324-4820 FAX
[Department Website](http://www.cdph.ca.gov) (www.cdph.ca.gov)



- the name and address of the prospective licensee, transferee, assignee, lessee, property owner, or the licensee's parent company and management company, if applicable;
- a list of all prospective licensee or prospective management company's owners or shareholders and their ownership percentages;
- a list of directors, officers, board members, and property owners of the prospective licensee and, if existing, a list of directors, officers, and board members of the prospective licensee's parent company and proposed management company;
- the expected date of sale, assignment, lease, or other change.

The notice also must be posted on all entrance and exit doors of the SNF and made available to the public upon request. The civil penalty for non-compliance is \$100 per day, for each day the notice is delayed.

Please visit CDPH's [Centralized Applications Branch](#) to obtain information and application forms for the type of change planned.

Facilities should refer to the full text of all applicable sections of the Health and Safety Code and Title 22 of the California Code of Regulations, and are responsible for following all applicable laws. CDPH's failure to expressly notify facilities of statutory or regulatory requirements does not relieve facilities of their responsibility for following all laws and regulations.

If you have questions regarding this AFL, please contact your district office.

Sincerely,

Original signed by Heidi W. Steinecker

Heidi W. Steinecker
Deputy Director