

Questions for Stakeholders – Change of Ownership Regulations

The Center for Health Care Quality (CHCQ) within the California Department of Public Health (Department) is developing regulations governing change of ownership (CHOW) in Title 22 of the California Code of Regulations (CCR). CHCQ is seeking input from interested stakeholders to ensure the proposed regulations are consistent with other laws and regulations, modern facility practices, and other relevant standards.

1. What types of health facilities should be included in the CHOW regulations?
2. What type of transactions constitute a CHOW? What percentage of ownership change should be considered a CHOW?
3. What background information should the Department review to establish a “reputable and responsible character”? What person(s) should the Department examine, that are associated with an applicant that is a firm, association, organization, partnership, business trust, corporation, or company?
4. Should the Department examine an applicant’s compliance practicing under a professional license, if applicable, during the health facility application review? If so, what compliance factors are most relevant to owning a health facility?
5. In evaluating an applicant’s compliance, what period of time should the Department review and consider?
6. What factors in an applicant’s compliance history establish the ability or inability to follow the rules and regulations applicable to operating a health facility?
7. What criteria should the Department apply to a compliance history to determine approval/denial of a CHOW?
8. How can an applicant best demonstrate the financial ability to operate a health facility?
9. In the event of a CHOW denial, what would be the responsibility of the original licensee to take back operations of the facility?
10. Should a CHOW application be reviewed and approved by the Department before a purchase of the assets take effect?