

Disclosure of RCFE Ownership

AB 601 (Eggman)

The Problem

Residential Care Facilities for the Elderly (RCFEs), also referred to as assisted living, are licensed as non-medical facilities serving individuals age 60 and older. RCFEs provide room, meals, supervision and, depending on the needs of the residents, assistance with activities of daily living and distribution of medications. Although over 90% of California's RCFEs are owned and operated by for-profit providers, most are small facilities, i.e., six or fewer beds. The past few years have shown a marked increase in the acquisition of multiple RCFEs by the same owner and the acquisition and development of RCFEs by corporate chains. Complicated ownership structures with multiple stakeholders often obscure lines of ownership and accountability. Ownership information on RCFE licensees is not made available to the public, and the licensing agency, the Department of Social Services, Community Care Licensing, is often unaware of what other facilities are owned and operated by the same licensee.

Very limited suitability requirements are in place for new licensee applicants, and background information on new applicants for RCFE licenses is not crosschecked with other licensing agencies. For example, the owner of Valley Springs Manor in Castro Valley, who abandoned 19 RCFE residents to the care of a part-time cook and janitor in 2013, had a previous history of hundreds of thousands of dollars in fines owed to the federal and state licensing agencies for deficiencies and citations when she owned four California nursing homes. Yet, she was able, ten years later, to apply for and be granted licenses to run RCFEs. Had Community Care Licensing known of her history with the Department of Public Health, her RCFE licenses would not have been approved.

Proposed Legislation

AB 601 establishes specific suitability requirements and requires applicants for licensure of residential care facilities for the elderly (RCFEs) to submit to the Department of Social Services, Community Care Licensing Division information on ownership and prior ownership of any type of facility, in any state, including a history of compliance. AB 601 also requires DSS to crosscheck applicant information with the Department of Public Health (DPH), and allows DSS to deny or revoke licensure for failure to disclose the required information.

AB 601 also requires DSS, to the extent the system can accommodate additional information, to post on its Facility Search website, facility details including ownership information, bed capacity, whether the facility is permitted to provide hospice care services, whether the facility has a special care unit or program for people with Alzheimer's disease and other dementias and has a delayed egress or secured perimeter system in place.

AB 601 will provide the Department of Social Services with the information necessary to make more appropriate decisions as to what applicants are suitable to operate RCFEs in California, and will also allow consumers to make better informed choices regarding placement in an RCFE.