

# STATE OF NEW YORK

7018

2019-2020 Regular Sessions

## IN ASSEMBLY

April 3, 2019

Introduced by M. of A. PEOPLES-STOKES -- read once and referred to the Committee on Health

AN ACT to amend the public health law, in relation to directing the commissioner of health to establish demonstration projects authorizing equity investment in the operation of residential health care facilities

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

1 Section 1. Section 2801-a of the public health law is amended by  
2 adding a new subdivision 17 to read as follows:

3 17. (a) The commissioner shall on or before December thirty-first, two  
4 thousand nineteen, establish up to two demonstration projects to devel-  
5 op, evaluate and implement an innovative approach to encouraging equity  
6 investors to provide needed financial resources for and hold an equity  
7 interest as operators of residential health care facilities. One project  
8 shall be in the upstate region of the state. The other demonstration  
9 project shall be in a downstate region in the state. In anticipation of  
10 the financial impact on residential health care facilities from the  
11 state's expansion of mandatory managed care to long term care services,  
12 the demonstrations shall be designed to promote the development of new  
13 sources of capital for the operation of residential health care facili-  
14 ties, and to measure the ability of such investment to positively impact  
15 facilities in terms of capital improvements, investment in new technolo-  
16 gy, and improvement to the quality of care and quality of life for  
17 facility residents measured by broadly accepted industry metrics includ-  
18 ing, but not limited to, those related to reduction in rates of rehospita-  
19 lizaton, MDS quality indicators, end of life care, medical orders for  
20 life-sustaining treatment and nursing facility "culture change" initi-  
21 atives. The facilities participating in the demonstrations and the  
22 commissioner shall mutually develop the appropriate metrics to measure

EXPLANATION--Matter in italics (underscored) is new; matter in brackets  
[-] is old law to be omitted.

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1 such impact which shall serve as the basis for the report to the gover-  
2 nor and the legislature required by paragraph (h) of this subdivision.

3 (b) For purposes of such demonstrations, the commissioner may approve  
4 demonstration projects each involving the purchase of up to fifteen  
5 existing residential health care facilities which have histories of  
6 providing high quality care to residents.

7 (c) The equity investor shall participate in each facility through the  
8 creation of limited liability companies established to operate the resi-  
9 dential health care facilities.

10 (d) The residential health care facilities may be operated by limited  
11 liability companies formed pursuant to the limited liability company  
12 law, whose members are not natural persons so long as at least one  
13 member of such limited liability companies is a natural person of suffi-  
14 cient experience and expertise in delivering high quality nursing and  
15 health related care to whom the equity investor has delegated, to the  
16 satisfaction of the public health and health planning council, responsi-  
17 bility for the day to day management and operation of the facility.

18 (e) The provisions of paragraph (b) of subdivision three and paragraph  
19 (c) of subdivision four of this section shall not apply to the equity  
20 investor or its owners; provided, however, that the public health and  
21 health planning council may require commercially reasonable disclosure  
22 of the identity of limited liability company members, provided that the  
23 number of investors is not greater than thirty-five.

24 (f) The provisions of paragraphs (e) and (f) of subdivision four of  
25 this section shall not apply to residential health care facilities oper-  
26 ated pursuant to this subdivision. Nothing in this section shall prohib-  
27 it a limited liability company from being the sole member of the limited  
28 liability companies referred to in paragraph (c) and (d) of this subdi-  
29 vision provided that the former limited liability company or at least  
30 one of its members conforms to the requirements of such paragraphs.

31 (g) Residential health care facilities participating in this demon-  
32 stration program shall be subject to all operating standards as set  
33 forth in this article and the regulations promulgated pursuant thereto  
34 and shall be subject to any provisions of this chapter for failure to  
35 comply with such standards. Additionally, facilities in this demon-  
36 stration program shall comply with all department regulations pertaining  
37 to admissions of Medicaid patients.

38 (h) No later than two years after the first facility commences opera-  
39 tion pursuant to this demonstration program, the commissioner shall  
40 provide the governor, the temporary president of the senate and the  
41 speaker of the assembly with a written evaluation of the demonstration  
42 programs. Such evaluation shall address the overall effectiveness of  
43 the program in providing access to capital investment by residential  
44 health care facilities and evaluate the impact private equity investment  
45 has on the quality of care as evidenced by staff retention and quality  
46 indicators, and access to care for various resident populations.

47 (i) Residential health care facilities participating in this demon-  
48 stration program shall submit such quality reports as shall be required  
49 and directed by the commissioner, including information on patient care  
50 quality indicators, staffing levels and patterns and access to care for  
51 various patient populations.

52 § 2. This act shall take effect on the sixtieth day after it shall  
53 have become a law; provided, however, that effective immediately, the  
54 addition, amendment and/or repeal of any rule or regulation necessary  
55 for the implementation of this act on its effective date are authorized  
56 and directed to be made and completed on or before such effective date.