

STATE OF NEW YORK

2738

2023-2024 Regular Sessions

IN ASSEMBLY

January 27, 2023

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 facili-
ties

The People of the State of New York, represented in Senate and Assem-
bly, 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,
4 two thousand twenty-three, establish up to two demonstration projects to
5 develop, evaluate and implement an innovative approach to encouraging
6 equity investors to provide needed financial resources for and hold an
7 equity interest as operators of residential health care facilities. One
8 project shall be in the upstate region of the state. The other demon-
9 stration project shall be in a downstate region in the state. In antic-
10 ipation of the financial impact on residential health care facilities
11 from the state's expansion of mandatory managed care to long term care
12 services, the demonstrations shall be designed to promote the develop-
13 ment of new sources of capital for the operation of residential health
14 care facilities, and to measure the ability of such investment to posi-
15 tively impact facilities in terms of capital improvements, investment in
16 new technology, and improvement to the quality of care and quality of
17 life for facility residents measured by broadly accepted industry
18 metrics including, but not limited to, those related to reduction in
19 rates of rehospitalization, MDS quality indicators, end of life care,
20 medical orders for life-sustaining treatment and nursing facility
21 "culture change" initiatives. The facilities participating in the demon-
22 strations and the commissioner shall mutually develop the appropriate
23 metrics to measure such impact which shall serve as the basis for the

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

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1 report to the governor and the legislature required by paragraph (h) of
2 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 paragraphs (c) and (d) of this subdivi-
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. Effective immediately, the addition, amendment and/or
54 repeal of any rule or regulation necessary for the implementation of
55 this act on its effective date are authorized to be made and completed
56 on or before such effective date.