

OHIO LAW UPDATE: CHANGES TO SKILLED NURSING CHANGE OF OPERATOR PROCESS

In July 2018, Governor Mike DeWine signed Ohio House Bill 166 into law. Ohio House Bill 166 contained several changes to Ohio's Change of Operator laws for skilled nursing providers.

CHANGES TO OHIO'S CHANGE OF OPERATOR (CHOP) LAWS

Ohio House Bill 166 revised Ohio Revised Code Section 3721.026. Under the new law, if the operation of a skilled nursing facility is assigned or transferred to a new operator, the new operator must, before an Ohio license is issued, submit documentation showing that the new operator meets all of the following requirements:

CHOP via a Non-Lease Transfer - Financial Resources

If the assignment or transfer is not made through a lease, the new operator must show it has financial resources that are sufficient to cover any reasonably anticipated revenue shortfall for at least 12 months after the assignment or transfer.

CHOP via a Lease Transfer - Financial Resources or Bond

If the assignment or transfer is in the form of a lease, the new operator must show that either:

- (a) The new operator has obtained a 12-month bond for an amount not less than one million dollars; or
- (b) Has financial resources that the director determines are sufficient to cover any reasonably anticipated revenue shortfall for at least 12 months after the assignment or transfer.

All CHOPs - Experience

The new operator must show that it has at least five years of experience as an operator, manager or administrator of a nursing home.

Quality Assurance and Risk Management Plans

The new operator must show that it has plans for quality assurance and risk management plans for the facility.

General and Personal Liability Insurance

The new operator must show that it has general and personal liability insurance at least one million dollars per occurrence and three million dollars total coverage.

EFFECTIVE DATE

Ohio House Bill 166's CHOP law changes are effective October 17, 2019.

PRACTICAL TAKEAWAYS

New Ohio operators and Ohio operators transferring skilled nursing facilities need to keep in mind the requirements needed for the new operator to obtain an Ohio licensure, since Ohio has added new requirements for new Ohio operators.

If you have questions or would like additional information about this topic, please contact:

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