
EVALUATOR MANUAL TRANSMITTAL SHEET

<p><u>Distribution:</u></p> <p><input type="checkbox"/> All Child Care Evaluator Manual Holders</p> <p><input checked="" type="checkbox"/> All Residential Care Evaluator Manual Holders</p> <p><input type="checkbox"/> All Evaluator Manual Holders</p>	<p><u>Transmittal No.</u> 10RCFE-03</p> <hr/> <p><u>Date Issued</u> October 2010</p>
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Subject:

RCFE
87155 – Application for License

Reason for Change:

Clarification of Orientation requirements

Filing Instructions:

REMOVE Pages 17–22

INSERT Pages 17–22

Approved:

Original Document Signed By
Gary Palmer for Thomas Stahl

10/21/2010

THOMAS STAHL Chief
Policy Development Bureau
Community Care Licensing Division

Date

Contact Person:
Tricia Nishio

Phone Number:
(916) 445-6743

87118 NONDISCRIMINATION (Continued)

87118

PROCEDURE (Continued)

Or individuals may wish to call HUD's toll-free complaint hotline: 1-800-347-3739; TDD 1-415-436-6594.

87120 APPLICATION FOR RENEWAL OF LICENSE (Repealed 8/00)

87120

ARTICLE 3. APPLICATION PROCEDURES

87155 APPLICATION FOR LICENSE

87155

(a) **POLICY**

This is to clarify the issue of whether management companies utilized by applicants/licensees to operate and manage facilities should be added to the license as co-licensees. If an applicant/licensee agrees to allow a management company to assume responsibility and control over any aspect of care and supervision in the operation or management of the facility, the management company must appear on the license as a co-licensee.

PROCEDURE

When it has been determined that such a co-licensee situation exists, each of the entities must meet all applicable requirements that an individual/licensee must meet to obtain a license.

The relationship between an applicant/licensee and management company is not to be considered a partnership, and are not to be required to demonstrate that legal relationship. The management company is normally an independent contractor. A copy of the contract between the licensee/applicant and the management company must be submitted with the application for licensure.

(a)(1) **POLICY**

Orientations are required before the submission of the application pursuant to Health and Safety Code Section 1569.235 which reads as follows:

As a requirement for licensure, the applicant shall attend an orientation given by the department which outlines the applicable rules and regulations, and the scope and responsibility for operation of a residential care facility for the elderly.

Persons inquiring about licensure **shall be advised** that they must attend an orientation. (See Reference Material Section 3-0100). **Only those that have never attended an orientation for the specific facility category are required to attend. Current licensees that are relocating to a new site, changing the type of ownership (i.e. individual to Limited Liability Partnership), or expanding by opening another facility, do NOT need to attend a new orientation. The intent of the orientation is to provide information about**

(a)(1) **POLICY (Continued)**

licensing, specific regulations for the applicable facility type, and the application process. Only one person needs to attend for any entity applying for a license.

The Application Booklet for Facility License (LIC 281) is distributed during orientations. (See Evaluator Manual Section 3-0025, Guidelines for Processing Applications.)

PROCEDURE

When all required documents in Section A are received, review to ensure that they are properly completed. If additional information or clarification is needed, contact the applicant by telephone or via the Notification of Incomplete Application form (LIC 184). Record all telephone calls on the Contact Sheet (LIC 185), which is kept in the facility file. If all material is complete, return the facility file to the clerk pending receipt of supportive documents in Section B.

(a)(2)(B) **POLICY**

Only the person designated by a firm, partnership, association or corporation as the facility administrator is required to be certified. As long as there is a designated administrator who is certified, the chief executive officer and the other officers are not required to take the 40 hours of training or to be certified. However, in many cases, officers voluntarily become certified and keep their certification current so that they can serve as a backup administrator. There is no rule prohibiting officers from obtaining and maintaining certification on a voluntary basis.

If an applicant or a chief executive officer who is not the designated administrator takes the 40 hours of training, it is not necessary for him/her to take continuing education courses or to keep his/her certification current unless he/she voluntarily chooses to do so.

(a)(4) **POLICY**

The applicant must disclose on the Applicant Information—Facility License form (LIC 215) any of the following:

1. Past or present beneficial ownership of 10 percent or more in any community care facility, residential care facility for the elderly or health facility; or any past or present service as an administrator, director, general partner or corporate officer of any such facility.
 - a. “Beneficial ownership” is any type or form of ownership. This includes, but is not limited to, persons who are members of nonprofit corporations, stockholders, trustees, trustors, partners, etc.

POLICY (Continued)

2. Revocation or other disciplinary action taken or being taken against a license held or previously held by the entities described in Health and Safety Code Section 1569.15(d).
 - a. “Other Disciplinary Action” includes pending or sustained denial actions, temporary suspension orders, pending revocations, injunctions and misdemeanor actions (Health and Safety Code Section 1569.40). This information is gathered for character reference purposes only and should not be considered a reason to cease review of the application (Health and Safety Code Section 1569.16). However, if an accusation has been served, that is grounds for denial of the application.
3. If an applicant indicates, or the licensing agency determines, that the applicant previously was issued a license for a community care facility, a residential care facility for the elderly, or a health facility which was revoked within the preceding two years, the licensing agency will cease any further review of the application until two years have elapsed from the date of the revocation. Such cessation does not constitute a denial of the application for the purposes of Health and Safety Code Section 1569.22 or any other provisions of law (Health and Safety Code Section 1569.16). In addition, an applicant or other person who meets this description cannot serve as a board member, executive director, or an officer of a licensee of any licensed residential care facility for the elderly [Health and Safety Code Section 1596.59(a)(1)].

PROCEDURE

Review the Administrative Organization form (LIC 309). If the form lists persons who own 10 percent or more of stock (for corporations), verify that the information required by Health and Safety Code 1569.16 has been obtained. Ensure that criminal record clearances or exemptions for chief executives are obtained in accordance with Health and Safety Code Section 1569.17(b) and Regulation Section 87355.

Upon disclosure of such involvement or of any revocation or disciplinary action, refer to the list of administrative actions to determine or verify that an administrative action was or is being taken.

The list of administrative actions is provided as a monitoring tool and consists of all completed administrative actions that resulted in a finding of revocation. The report also provides a master list of sustained denial actions and completed temporary suspension orders. Licensing agencies are advised that there may be revocation actions adopted by the Department after the date of a quarterly report. For further clarification on the disposition of a particular case, contact the Office of the Chief Counsel.

For applicants who disclose administrative actions or involvement in a health facility, contact the California Department of Health Services, Licensing and Certification Program Standards Unit, (916) 445-2070. This unit will be able to provide information regarding administrative actions against health facilities.

POLICY (Continued)

If it is verified that a license has been revoked within the past two years, return the application to the applicant with the standard form letter.

(a)(6) POLICY

If the property is not owned by the applicant/licensee, evidence of control of the property (e.g., a copy of the lease or rental agreement) must be submitted to the licensing agency. This policy does not preclude a licensing agency from also requiring copies of deeds when necessary to verify who has control of the property. Such circumstances would include instances where there are multiple license applications for a single location, or where information is obtained by the licensing agency that would cause them to suspect that the applicant does not have control over the property. Such information will only be secured at the time of application, or when subsequent circumstances dictate that such proof of control is needed.

Inform applicants at orientations, interviews, field visits, etc., of their responsibility to adhere to terms placed on deeds, rental agreements and lease agreements. However, the licensing agency is not responsible for determining what the terms of such agreements are and for ensuring that they are met.

(a)(13)(B) POLICY

There must be enough liquid assets in reserve to ensure facility operation for the first three months without relying on prospective resident fees. Start-up funds cannot include funds for construction costs.

However, when there is a change of ownership and residents are currently residing in the facility, expected income from existing clients is considered.

PROCEDURE

Review the Monthly Operating Statement (LIC 401), the Balance Sheet--Financial Statement (LIC 403), the Financial Information Release and Verification form (LIC 404), or other approved forms in conjunction with any other optional financial statements from a bank or lending institution, and verify the availability of the three months of start-up funds.

(b) POLICY

A husband and wife, an unmarried couple or other adults living at the proposed facility may elect to sign a joint application for a family type of license. However, if only one of the foregoing persons wishes to sign an application, the other party in the home is not also compelled to sign the application. Liability for accidents and injuries sustained by clients, employees or others in the course of the operation of the licensed facility exists for both spouses of a married couple, although only one name may be shown on the license.

The following are procedures pursuant to Health and Safety Code Section 1569.185.

This process is intended to give an overview of the entire fee collection process. The Regional Office is responsible for Regional Office procedures only.

MAILING OF LICENSING INFORMATION SYSTEM GENERATED ANNUAL LICENSE FEE NOTICE

The *Annual License Fee Notice* is automatically generated by the Licensing Information System the first Wednesday of every month and centrally mailed out from the California Department of Social Services mailroom to the licensee's address four months prior to the facility's license anniversary date.

If a licensee pays the annual fee after the facility's anniversary date, Regional Office staff must inform the licensee to submit a new license application and new application fee to become re-licensed. Any exceptions to this must be approved by the Regional Manager.

A licensee who fails to pay the full annual fee by the facility's anniversary date subjects the license to forfeiture. In the event the licensee continues to operate after their license is forfeited, they are operating an unlicensed facility and are subject to unlicensed facility penalties pursuant to Health and Safety Code Section 1569.485. The Regional Office staff are to follow the Regulation Section for Unlicensed Facility Penalties and Evaluator Manual Section 1-0640.

If a licensee is involved in the sale and transfer of the property and business, the annual fee does not have to be paid provided the parties involved in the transfer fully comply with the requirements of Health and Safety Code Section 1569.191(e), and the new application fee has been paid. This is the only circumstance that precludes the licensee from paying the annual fee.

Notice instructs the licensee to:

- Send the annual payment to the Central Office Cashiering, MS 14-67, P.O. Box 944243, Sacramento, CA 94244-2430, due 30 days prior to the facility's anniversary date; or
- Indicate on the *No Longer in Business Notification* located on the reverse side of the fee notice if the facility is no longer in operation as a residential care facility for the elderly and return it to the Regional Office.

Regional Office Information:

- If the Regional Office receives an annual payment, the check must be endorsed and transferred with supporting documentation to the Central Office Cashiering on a daily basis;
- No action is necessary if at any time prior to the facility's anniversary date full

87156 LICENSING FEES (Continued) 87156

- payment of the annual license fee is received and entered by the Central Office Cashiering into the Licensing Information System.

Central Office Cashiering Information:

- Central Office Cashiering will input fee payment into the Licensing Information System Cashiering screens within 48 hours of receipt;
- Central Office Cashiering will verify that the transmittal document concurs with enclosed checks;
- Facility information changes made on the *Annual License Fee Notice* are forwarded to Central Operations Branch by the Central Office Cashiering. The Central Operations Branch sends the copies on to the Regional Office for the Licensing Information System to be updated.

PROCEDURE

For Regional Office

NOTE: The LIC 201F will no longer be used. The Annual License Fee Notice or Annual Aggregate License Fee Notice is now a back-to-back one-page letter generated by the Licensing Information System.

Should a licensee return the *Annual License Fee Notice* to the Regional Office with the signed *No Longer in Business Notification* indicating the facility is no longer in operation, Regional Office staff will enter this information into the Licensing Information System *Facility Closure* screen using Closure Code 3, "Closed-Licensee-Initiated" and file the notice in the facility file. (Refer to Section 3-1600 for surrender acknowledgement instructions.)

NOTE: Staff who perform the above function will inform the analyst of the closed status of the facility. No additional automated notices will be produced.

Any Annual License Fee Notices, or Final Notices or Forfeiture Notices that are returned to the Regional Office that are signed and indicate a Reason for Closure on the No Longer in Business Notification, Regional Office staff must forward a copy of the Reason for Closure to the Technical Assistance Bureau at MS 19-56.

PROCEDURE

For California Department of Social Services Mailroom

- On the first Thursday of every month, the California Department of Social Services mailroom personnel pick up the *Annual License Fee Notice* from the Health and Welfare Data Center for mailing to the licensee's address the following day.