

SEQUENCE OF EVENTS PRIOR TO OWNERSHIP CHANGE OF A CURRENTLY LICENSED COMMUNITY RESIDENTIAL CARE FACILITY (CRCF)

Certain changes in the ownership arrangements of a CRCF where the existing owners change their degree or legal status of ownership, such as adding/deleting members to a partnership/corporation, changing from a sole proprietorship to a partnership by adding members, changing from a partnership to a corporation, changing from a corporation to a limited liability company/corporation, etc., may alter the procedures indicated in this guide.

As a general rule, if controlling interest in a partnership, limited liability entity, or corporation changes, then all steps listed in this guide must be followed. Whereas, if controlling interest does not change, the steps listed in this guide may be modified to include all, part, or none of the following: application, licensing fee, letters of reference for the new partnership members, financial ability of new partnership members, articles of incorporation, new partnership agreement. If this applies to you, in these special instances, it is important to coordinate with Health Licensing for specific guidance in taking the proper steps exclusive to your situation.

Exceptions to licensing standards that were granted by the Department to the current licensee are not transferable. Any exception to the licensing standards desired by the new licensee must be requested using DHEC Form 0226. A copy of the form may be obtained through our office or from our Web Site at <http://www.scdhec.gov/health/licen/forms.htm>.

Step #1

Read and become familiar with Regulation 61-84, Standards for Licensing Community Residential Care Facilities. A free copy of the regulation is available on our Website at <http://www.scdhec.gov/health/hrreg.htm>. A hard copy of the regulation is available through the Division of Health Licensing for a \$10 fee. Payment must be by personal check, money order or credit card (no cash can be accepted). Once you have obtained a copy of the regulation, determine if you can meet and comply with all requirements described in the regulation. If you feel you can comply all of the requirements contained in Regulation 61-84, proceed to the next step.

Step #2

Submit to Health Licensing, DHEC, 2600 Bull Street, Columbia, SC 29201, written notice of your intent to purchase/acquire a currently licensed facility. This notice shall be submitted no later than 90 days prior to ownership change and should include written notice, signed and notarized, from the current licensee of the intent to sell, lease, rent, or give the facility to you. In instances where the owner is deceased and a beneficiary for the business/facility has been named, that beneficiary must submit a signed statement of intent to become the new owner or the intent to sell, give, lease or rent the facility to another person or entity.

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Step #3

Submit to Health Licensing within 30 days of the initial notification written proof that the ownership of the business and facility is on course to be legally changed from the current owner to you. This requirement may be met by submission of a copy of the proposed contract for the sale or draft lease/rental agreement to Health Licensing, or in instances of the death of the owner, a copy of the Will showing you to be the beneficiary of the business/facility.

Step#4

Secure the reports of the latest licensing, fire/life safety, food service, and sanitation inspections. Ensure that corrective action has been taken at the facility. The reports may be obtained from the current owner, or upon your specific written request, pursuant to Section 44-7-315 of the SC Code of Laws, to the Freedom of Information Office, DHEC, 2600 Bull Street, Columbia, South Carolina, 29201. Should you have any questions or concerns about our Department's Freedom of Information Policy, you can contact their office at (803) 898-3882 or by fax at (803) 898-3816. You may be billed for this service. Contact the Freedom of information Office for the current charges related to this service. Provide to Health Licensing written notice that you have verified that corrective action has been taken or describe the action you have taken, or will be taking to correct any violations noted.

Step #5

The following items should be submitted to the Division of Health Licensing at least 30 days prior to your facility's anticipated/projected date of ownership change. This will allow an appropriate time frame for a thorough review of the documentation and a reasonable period to request any additional or amended information which may be required. A representative of the Community Care Oversight Section, who will assist you with the ownership change process, can be contacted by telephone at (803) 545-4370.

- A. Background Check (BC) on proposed new owners (persons authorized to sign the application). Procedures for having the BC completed are located on our Website at <http://www.scdhec.gov/health/licen/crc.htm>. Be sure to complete [DHEC Form 0286 – \(Owners Complete and Mail to SCDHEC\) \(doc\)](#) and submit to our office so that we may match the results with the facility being aquired.
- B. Licensing application
- C. The licensing fee is to be made payable to DHEC by check, credit card, or money order. Currently the fee is \$10.00 per bed (or \$75 for seven beds or less).

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D. A copy of current zoning approval for you to continue operation of this facility or exemption from zoning by the local land use authorities.

E. A copy of business license or letter from the local authority if business license is not required.

F. Emergency Evacuation Plan as specified by the September 2, 2003 Memorandum from the Division of Health Licensing. If the plan of the prior licensee is used, it must be updated to reflect information related to the new licensee to include all contracts and agreements.

G. Documentation that the proposed owner is financially able to operate the facility. For example:

1. A written statement from a bank that they have made a loan to this individual or entity for purchase and/or start-up costs;
2. A written statement from a bank regarding an individual's or entity's bank account balance and a written statement from the individual or entity that this money is specifically set aside for the operation of the facility.

H. In accordance with Section 40-35-32 of the South Carolina Code of Laws, the administrator of your proposed facility must be licensed as a CRCF administrator. Submit verification of the administrator's license issued by the Board of Long Term Health Care, SC Department of Labor, Licensing and Regulation. Their office is located at Synergy Business Park, Kingstree Building, 110 Centerview Drive, Columbia, SC, 29210. Their mailing address is P.O. Box 11329, Columbia, SC 29211-1329. Phone contacts are (803) 896-4544 and fax # (803) 896-4596. For further information, please visit their Website at <http://www.llr.state.sc.us/POL/LongTermHealthCare/>.

I. Submit to Health Licensing proof of ownership of the business and facility. This requirement may be met by submission of a copy of one or more of the following as may be applicable to the transaction:

1. In the event of the owner's death (there may or may not be a will), legally accepted documentation which verifies your authority as issued by Probate Court to continue the business on behalf of the estate until the estate is settled. If the estate has been settled, documentation of the settlement (deed of distribution or settlement agreement, etc.) which verifies the current legal owner of the business and property on which the business is maintained.

J. Documentation of ownership of the facility if the owner is other than a sole proprietor (single person). For example:

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1. A copy of all documents required to be filed with the South Carolina (SC) Secretary of States Office for corporations, limited liability companies, limited partnerships, and limited liability partnerships. A copy of the Articles of Incorporation, if applicable, must also be provided to our office. If the ownership organization is based outside of the State of SC, a copy of the authorization from the SC Secretary of State for that entity to do business in SC must also be furnished to our office. This would include a copy of the Articles of Incorporation (if applicable to the type of entity) filed in another state other than SC along with the name of the authorized agent for service.;
2. Written, signed, and notarized partnership agreement.

When this information is received, reviewed, and accepted, you will be contacted by Health Licensing and notified of the acceptance of the ownership change. The effective date of the license may not be established until notification occurs. Therefore, it is imperative that these documents be promptly submitted. If the license cannot be issued to the new owner prior to the expiration date of the license held by the current owner, the current license must be renewed and issued in the name of the current owner. Until the new license is issued to the new owner, the current owner shall be responsible for the operation of the facility in accordance with the standards established in DHEC Regulation 61-84. An inspection of the facility by this Department may be necessary in order to finalize the ownership change.

Step #7

After all of the steps above have been completed as applicable, a license will be mailed to you. A license is effective for a 12-month period. The license issued to the previous owner must be returned to DHEC at that time, if it has not already been submitted by the previous owner.

The following must be in place at the facility at the time you begin operation of the facility and will be reviewed by the Department during the first inspection with you as owner:

- A. Section 401.A & 401.B - Written residential care policies and procedures. If policies and procedures of the prior licensee are used, there must be documentation that the new licensee has reviewed and adapted and revised as necessary;
- B. Section 501.F - Personnel records for all employees;
- C. Section 502.C The individual designated to act in the absence of the administrator;
- D. Sections 701, 702, & 703 - Resident records;

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- E. Section 704 - Supplies and equipment for the establishment and maintenance of health records;
- F. Section 901.A - Admission contracts or similar documentation, which detail all services, charges and refund policy;
- G. Section 903.D - Activity and recreational supplies;
- H. Section 1201.A - First aid kit or supplies;
- I. Section 1201.A - Supplies and equipment for proper administration of resident medication program must be in place;
- J. Sections 1300 & 1706 - Dry goods, linens and nonperishable foods;
- K. Section 1306.C - Diet manual published within the previous five years;
- L. Sections 1601, 1703, 2716.C & 2717 - The facility neatly maintained and landscaped;
- M. The following posted in a conspicuous location in the facility which is accessible by visitors and residents;
 - 1. Section 903.E - Current month's activity schedule;
 - 2. Section 1001.A & 1001.B - The Omnibus Adult Protection Act or <http://www.scstatehouse.gov/code/t43c035.php> for the latest version;
 - 3. Section 1001.A & 1001.B - Bill of Rights for Residents and Grievance Procedures;
 - 4. Section 1307.A - Current week's menu;
 - 5. Section 1402 - Emergency phone numbers.
- N. Section 2200 - All required fire prevention and fire-fighting equipment;
- O. Sections 2701, 2702, 2704, 2715, & 2717.E - All furnishings, furniture and equipment to include outside tables and chairs.