

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2011

HOUSE BILL 397  
RATIFIED BILL

AN ACT REVISING PENALTIES AND REMEDIES CONCERNING HEALTH FACILITIES.

The General Assembly of North Carolina enacts:

**SECTION 1.** G.S. 122C-24.1 reads as rewritten:

**"§ 122C-24.1. Penalties; remedies.**

(a) ~~Violations Classified.~~ Violation Classification and Penalties. – The Department of Health and Human Services shall impose an administrative penalty in accordance with provisions of this Article on any facility licensed under this Article which is found to be in violation of Article 2 or 3 of this Chapter or applicable State and federal laws and regulations. Citations issued for violations shall be classified and penalties assessed according to the nature of the violation as follows:

- (1) "Type ~~A~~A1 Violation" means a violation by a facility of the regulations, standards, and requirements set forth in Article 2 or 3 of this Chapter or applicable State or federal laws and regulations governing the licensure or certification of a facility which results in death or serious physical harm, abuse, neglect, or exploitation. ~~harm, or results in substantial risk that death or serious physical harm will occur.~~ Type A Violations shall be abated or eliminated immediately. ~~The Department shall require an immediate plan of correction for each Type A Violation.~~ The person making the findings shall do the following:
  - a. Orally and immediately inform the ~~administrator of the facility of the Type A1 Violation and the specific findings and what must be done to correct them, and set a date by which the violation must be corrected;~~ findings.
  - a1. Require a written plan of protection regarding how the facility will immediately abate the Type A1 Violation in order to protect clients from further risk or additional harm.
  - b. ~~Within 10 15 working days of the investigation, confirm in writing to the administrator the information provided orally under sub-subdivision a. of this subdivision; and~~ send a report of the findings to the facility.
  - c. ~~Provide a copy of the written confirmation required under sub-subdivision b. of this subdivision to the Department.~~ Require a plan of correction to be submitted to the Department, based on a written report of the findings, that describes steps the facility will take to achieve and maintain compliance.

The Department shall impose a civil penalty in an amount not less than five hundred dollars (\$500.00) nor more than ten thousand dollars (\$10,000) for each Type ~~A~~A1 Violation in facilities or programs that serve six or fewer persons. The Department shall impose a civil penalty in an amount not less than one thousand dollars (\$1,000) nor more than twenty thousand dollars (\$20,000) for each Type ~~A~~A1 Violation in facilities or programs that serve seven or more persons.

Where a facility has failed to correct a Type A1 Violation, the Department shall assess the facility a civil penalty in the amount of up to one thousand dollars (\$1,000) for each day that the violation continues beyond the time



specified for correction. The Department or its authorized representative shall determine whether the violation has been corrected.

(1a) "Type A2 Violation" means a violation by a facility of the regulations, standards, and requirements set forth in Article 2 or 3 of this Chapter or applicable State or federal laws and regulations governing the licensure or certification of a facility which results in substantial risk that death or serious physical harm, abuse, neglect, or exploitation will occur. The person making the findings shall do the following:

- a. Orally and immediately inform the facility of the Type A2 Violation and the specific findings.
- b. Require a written plan of protection regarding how the facility will immediately abate the Type A2 Violation in order to protect clients or residents from further risk or additional harm.
- c. Within 15 working days of the investigation, send a report of the findings to the facility.
- d. Require a plan of correction to be submitted to the Department, based on the written report of the findings, that describes steps the facility will take to achieve and maintain compliance.

The violation or violations shall be corrected within the time specified for correction by the Department or its authorized representative. The Department may or may not assess a penalty taking into consideration the compliance history, preventative measures, and response to previous violations by the facility. Where a facility has failed to correct a Type A2 Violation, the Department shall assess the facility a civil penalty in the amount of up to one thousand dollars (\$1,000) for each day that the deficiency continues beyond the time specified for correction by the Department or its authorized representative. The Department or its authorized representative shall determine whether the violation has been corrected.

(1b) "Past Corrected Type A1 or Type A2 Violation" means either (i) the violation was not previously identified by the Department or its authorized representative or (ii) the violation was discovered by the facility and was self-reported, but in either case the violation has been corrected. In determining whether a penalty should be assessed under this section, the Department shall consider the following factors:

- a. Preventative measures in place prior to the violation.
- b. Whether the violation or violations were abated immediately.
- c. Whether the facility implemented corrective measures to achieve and maintain compliance.
- d. Whether the facility's system to ensure compliance is maintained and continues to be implemented.
- e. Whether the regulatory area remains in compliance.

(2) "Type B Violation" means a violation by a facility of the regulations, standards, and requirements set forth in Article 2 or 3 of this Chapter or applicable State or federal laws and regulations governing the licensure or certification of a facility which ~~present a direct relationship~~ is detrimental to the health, safety, or welfare of any client or patient, but which does not result in substantial risk that death or serious physical ~~harm~~ harm, abuse, neglect, or exploitation will occur. The Department shall require a plan of correction for each Type B Violation and may require the facility to establish a specific plan of correction within a specific time period to address the violation. The person making the findings shall do the following:

- a. Orally and immediately inform the facility of the Type B Violation and the specific findings.
- b. Require a written plan of protection regarding how the facility will immediately abate the Type B Violation in order to protect clients or residents from further risk or additional harm.
- c. Within 15 working days of the investigation, send a report of the findings to the facility.

- d. Require a plan of correction to be submitted to the Department, based on the written report of the findings, that describes steps the facility will take to achieve and maintain compliance.
- (b) ~~Penalties for Failure to Correct Violations Within Time Specified. —~~
- (1) ~~Where a facility has failed to correct a Type A Violation, the Department shall assess the facility a civil penalty in the amount of up to one thousand dollars (\$1,000) for each day that the deficiency continues beyond the time specified in the plan of correction approved by the Department or its authorized representative. The Department or its authorized representative shall ensure that the violation has been corrected.~~
  - (2) ~~Where a facility has failed to correct a Type B Violation within the time specified for correction by the Department or its authorized representative, the Department shall assess the facility a civil penalty in the amount of up to four hundred dollars (\$400.00) for each day that the deficiency violation continues beyond the date specified for correction without just reason for the failure. The Department or its authorized representative shall ensure that the violation has been corrected.~~
  - (3) ~~Repeat Violations. — The Department shall impose a civil penalty which is treble the amount assessed under subdivision (1) of this subsection (a) of this section when a facility under the same management, ownership, or control management or ownership has received a citation during the previous 12 months for which the appeal rights are exhausted and penalty payment is expected or has occurred, and has received a citation and paid a penalty for the current violation is for violating the same specific provision of a statute or regulation for which it received a citation violation during the previous 12 months.~~
- (c) Factors to Be Considered in Determining Amount of Initial Penalty. — In determining the amount of the initial penalty to be imposed under this section, the Department shall consider the following factors:
- (1) There is substantial risk that serious physical harm, abuse, neglect, or exploitation will occur, and this has not been corrected within the time specified by the Department or its authorized representative; The gravity of the violation, including the fact that death or serious physical harm to a client or patient has resulted; the severity of the actual or potential harm, and the extent to which the provisions of the applicable statutes or regulations were violated;
  - (2) Serious physical harm, abuse, neglect, or exploitation, without substantial risk for client death, did occur; The gravity of the violation, including the probability that death or serious physical harm to a client or patient will result; the severity of the potential harm, and the extent to which the provisions of the applicable statutes or regulations were violated;
  - (3) Serious physical harm, abuse, neglect, or exploitation, with substantial risk for client death, did occur; The gravity of the violation, including the probability that death or serious physical harm to a client or patient may result; the severity of the potential harm, and the extent to which the provisions of the applicable statutes or regulations were violated;
  - (3a) A client died;
  - (3b) A client died and there is substantial risk to others for serious physical harm, abuse, neglect, or exploitation;
  - (3c) A client died and there is substantial risk for further client death;
  - (4) The reasonable diligence exercised by the licensee to comply with G.S. 131E-256 and other applicable State and federal laws and regulations;
  - (5) Efforts by the licensee to correct violations;
  - (6) The number and type of previous violations committed by the licensee within the past 36 months; and
  - (7) ~~The amount of assessment necessary to ensure immediate and continued compliance; and~~
  - (8) The number of clients or patients put at risk by the violation.

(d) The facts found to support the factors in subsection (c) of this section shall be the basis in determining the amount of the penalty. The Department shall document the findings in written record and shall make the written record available to all affected parties including:

- (1) The licensee involved;
- (2) The clients or patients affected; and
- (3) The family members or guardians of the clients or patients affected.

(e) The Department shall impose a civil penalty of fifty dollars (\$50.00) per day on any facility which refuses to allow an authorized representative of the Department to inspect the premises and records of the facility.

(f) Any facility wishing to contest a penalty shall be entitled to an administrative hearing as provided in Chapter 150B of the General Statutes. A petition for a contested case shall be filed within 30 days after the Department mails a notice of penalty to a licensee. At least the following specific issues shall be addressed at the administrative hearing:

- (1) The reasonableness of the amount of any civil penalty assessed, and
- (2) The degree to which each factor has been evaluated pursuant to subsection (c) of this section to be considered in determining the amount of an initial penalty.

If a civil penalty is found to be unreasonable or if the evaluation of each factor is found to be incomplete, the hearing officer may recommend that the penalty be adjusted accordingly.

(g) Any penalty imposed by the Department of Health and Human Services under this section shall commence on the ~~day the violation began.~~ date of the letter of notification of the penalty amount.

(h) The Secretary may bring a civil action in the superior court of the county wherein the violation occurred to recover the amount of the administrative penalty whenever a facility:

- (1) Which has not requested an administrative hearing fails to pay the penalty within 60 days after being notified of the penalty, or
- (2) Which has requested an administrative hearing fails to pay the penalty within 60 days after receipt of a written copy of the decision as provided in G.S. 150B-36.

(i) In lieu of assessing ~~an all~~ or some of the administrative penalty, the Secretary may order a facility to provide staff training ~~if:~~ if the training is:

- (1) Specific to the violation;
- (2) Approved by the Department of Health and Human Services; and
- (3) Taught by someone approved by the Department.
- (1) ~~The penalty would be for the facility's only violation within a 12-month period preceding the current violation and while the facility is under the same management; and~~
- (2) ~~The training is:~~
  - a. ~~Specific to the violation;~~
  - b. ~~Approved by the Department of Health and Human Services; and~~
  - c. ~~Taught by someone approved by the Department and other than the provider.~~

(j) The clear proceeds of civil penalties provided for in this section shall be remitted to the State Treasurer for deposit in accordance with State law.

(k) In considering renewal of a license, the Department shall not renew a license if outstanding fines and penalties imposed by the Department against the facility or program have not been paid. Fines and penalties for which an appeal is pending are exempt from consideration for nonrenewal under this subsection."

**SECTION 2.** G.S. 131D-34 reads as rewritten:

**"§ 131D-34. Penalties; remedies.**

(a) ~~Violations Classified.~~ Violation Classification and Penalties. – The Department of Health and Human Services shall impose an administrative penalty in accordance with provisions of this Article on any facility which is found to be in violation of requirements of G.S. 131D-21 or applicable State and federal laws and regulations. Citations ~~issued~~ for violations shall be classified and penalties assessed according to the nature of the violation as follows:

- (1) "Type ~~A~~ Al Violation" means a violation by a facility of the regulations, standards, and requirements set forth in G.S. 131D-21 or applicable State or federal laws and regulations governing the licensure or certification of a

~~facility which results in death or serious physical harm, abuse, neglect, or exploitation, or results in substantial risk that death or serious physical harm will occur. Type A Violations shall be abated or eliminated immediately. The Department shall require an immediate plan of correction for each Type A Violation. The person making the findings shall do the following:~~

- ~~a. Orally and immediately inform the administrator of the facility of the Type A1 Violation and the specific findings and what must be done to correct them, and set a date by which the violation must be corrected;~~
- ~~a1. Require a written plan of protection regarding how the facility will immediately abate the Type A1 Violation in order to protect residents from further risk or additional harm.~~
- ~~b. Within 10-15 working days of the investigation, confirm in writing to the administrator the information provided orally under sub-subdivision a. of this subdivision; and send a report of the findings to the facility.~~
- ~~c. Provide a copy of the written confirmation required under sub-subdivision b. of this subdivision to the Department. Require a plan of correction to be submitted to the Department, based on the written report of the findings, that describes steps the facility will take to achieve and maintain compliance.~~

~~The Department shall impose a civil penalty in an amount not less than five hundred dollars (\$500.00) nor more than ten thousand dollars (\$10,000) for each Type A-A1 Violation in homes-facilities licensed for six or fewer beds. The Department shall impose a civil penalty in an amount not less than one thousand dollars (\$1,000) nor more than twenty thousand dollars (\$20,000) for each Type A-A1 Violation in facilities licensed for seven or more beds. Where a facility has failed to correct a Type A1 Violation, the Department shall assess the facility a civil penalty in the amount of up to one thousand dollars (\$1,000) for each day that the violation continues beyond the time specified for correction by the Department or its authorized representative. The Department or its authorized representative shall determine whether the violation has been corrected.~~

(1a) "Type A2 Violation" means a violation by a facility of the regulations, standards, and requirements set forth in G.S. 131D-21 or applicable State or federal laws and regulations governing the licensure or certification of a facility which results in substantial risk that death or serious physical harm, abuse, neglect, or exploitation will occur. The person making the findings shall do the following:

- a. Orally and immediately inform the facility of the Type A2 Violation and the specific findings.
- b. Require a written plan of protection regarding how the facility will immediately abate the Type A2 Violation in order to protect clients or residents from further risk or additional harm.
- c. Within 15 working days of the investigation, send a report of the findings to the facility.
- d. Require a plan of correction to be submitted to the Department, based on the written report of the findings, that describes steps the facility will take to achieve and maintain compliance.

The violation or violations shall be corrected within the time specified for correction by the Department or its authorized representative. The Department may or may not assess a penalty taking into consideration the compliance history, preventative measures, and response to previous violations by the facility. Where a facility has failed to correct a Type A2 Violation, the Department shall assess the facility a civil penalty in the amount of up to one thousand dollars (\$1,000) for each day that the deficiency continues beyond the time specified for correction by the Department or its authorized representative. The Department or its

authorized representative shall determine whether the violation has been corrected.

(1b) "Past Corrected Type A1 or Type A2 Violation" means either (i) the violation was not previously identified by the Department or its authorized representative or (ii) the violation was discovered by the facility and was self-reported, but in either case the violation has been corrected. In determining whether a penalty should be assessed under this section, the Department shall consider the following factors:

- a. Preventive systems in place prior to the violation.
- b. Whether the violation or violations were abated immediately.
- c. Whether the facility implemented corrective measures to achieve maintain compliance.
- d. Whether the facility's system to ensure compliance is maintained and continues to be implemented.
- e. Whether the regulatory area remains in compliance.

(2) "Type B Violation" means a violation by a facility of the regulations, standards and requirements set forth in G.S. 131D-21 or applicable State or federal laws and regulations governing the licensure or certification of a facility which is detrimental present a direct relationship to the health, safety, or welfare of any resident, but which does not result in substantial risk that death or serious physical harm-harm, abuse, neglect, or exploitation will occur. The Department shall require a plan of correction for each Type B Violation and may require the facility to establish a specific plan of correction within a reasonable time period to address the violation. The required plan cannot exceed requirements imposed by existing rule or law. The person making the findings shall do the following:

- a. Orally and immediately inform the facility of the Type B Violation and the specific findings.
- b. Require a written plan of protection regarding how the facility will immediately abate the Type B Violation in order to protect residents from further risk or additional harm.
- c. Within 15 working days of the investigation, send a report of the findings to the facility.
- d. Require a plan of correction to be submitted to the Department, based on the written report of the findings, that describes steps the facility will take to achieve and maintain compliance.

(b) Penalties for failure to correct violations within time specified.

(1) Where a facility has failed to correct a Type A Violation, the Department shall assess the facility a civil penalty in the amount of up to one thousand dollars (\$1,000) for each day that the deficiency continues beyond the time specified in the plan of correction approved by the Department or its authorized representative. The Department or its authorized representative shall ensure that the violation has been corrected.

(2) Where a facility has failed to correct a Type B Violation within the time specified for correction by the Department or its authorized representative, the Department shall assess the facility a civil penalty in the amount of up to four hundred dollars (\$400.00) for each day that the deficiency-violation continues beyond the date specified for correction without just reason for such failure. The Department or its authorized representative shall ensure that the violation has been corrected.

(3) Repeat Violations. – The Department shall impose a civil penalty which is treble the amount assessed under subdivision (1) of subsection (a) of this section when a facility under the same management, ownership, or control has received a citation-management or ownership has received a citation during the previous 12 months for which the appeal rights are exhausted and penalty payment is expected or has occurred, and the current violation is and paid a penalty for violating the same specific provision of a statute or regulation for which it received a citation-violation during the previous 12 months. The counting of the 12-month period shall be tolled during any time

when the facility is being operated by a court-appointed temporary manager pursuant to Article 4 of this Chapter.

(c) ~~Factors to be considered in determining amount of initial penalty.~~ Factors to Be Considered in Determining Amount of Initial Penalty. – In determining the amount of the initial penalty to be imposed under this section, the Department shall consider the following factors:

- (1) ~~The gravity of the violation, including the fact that death or serious physical harm to a resident has resulted; the severity of the actual or potential harm, and the extent to which the provisions of the applicable statutes or regulations were violated;~~ There is substantial risk that serious physical harm, abuse, neglect, or exploitation will occur;
- (1a) ~~The gravity of the violation, including the probability that death or serious physical harm to a resident will result; the severity of the potential harm, and the extent to which the provisions of the applicable statutes or regulations were violated;~~ Serious physical harm, abuse, neglect, or exploitation, without substantial risk for resident death, did occur;
- (1b) ~~The gravity of the violation, including the probability that death or serious physical harm to a resident may result; the severity of the potential harm, and the extent to which the provisions of the applicable statutes or regulations were violated;~~ Serious physical harm, abuse, neglect, or exploitation, with substantial risk for resident death, did occur;
- (1c) A resident died;
- (1d) A resident died and there is substantial risk to others for serious physical harm, abuse, neglect, or exploitation;
- (1e) A resident died and there is substantial risk for further resident death;
- (2) ~~The reasonable diligence exercised by the licensee to comply with G.S. 131E-256 and G.S. 131E-265~~ G.S. 131D-40 and other applicable State and federal laws and regulations;
- (2a) Efforts by the licensee to correct violations;
- (3) The number and type of previous violations committed by the licensee within the past 36 months; and
- (4) ~~The amount of assessment necessary to insure immediate and continued compliance; and~~
- (5) (4) ~~The number of patients~~ residents put at risk by the violation.

(c1) The facts found to support the factors in subsection (c) of this section shall be the basis in determining the amount of the penalty. The ~~Secretary~~ Department shall document the findings in written record and shall make the written record available to all affected parties including:

- (1) The penalty review committee;
- (2) The local department of social services who is responsible for oversight of the facility involved;
- (3) The licensee involved;
- (4) The residents affected; and
- (5) ~~The family members or guardians of the residents affected.~~ The family member who serves as a responsible party or those who have legal authority on behalf of the affected resident.

(c2) Local county departments of social services and Division of Health Service Regulation personnel shall submit proposed penalty recommendations to the Department within 45 days of the citation of a violation.

(d) The Department shall impose a civil penalty of fifty dollars (\$50.00) per day on any facility which refuses to allow an authorized representative of the Department to inspect the premises and records of the facility.

(d1) The Department shall impose a civil penalty on any applicant for licensure who provides false information or omits information on the portion of the licensure application requesting information on owners, administrators, principals, or affiliates of the facility. The amount of the penalty shall be as is prescribed for a ~~Type A-A1~~ Violation.

(e) Any facility wishing to contest a penalty shall be entitled to an administrative hearing as provided in ~~the Administrative Procedure Act, Chapter 150B of the General Statutes.~~ A petition for a contested case shall be filed within 30 days after the Department mails a notice

of penalty to a licensee. At least the following specific issues shall be addressed at the administrative hearing:

- (1) The reasonableness of the amount of any civil penalty assessed, and
- (2) The degree to which each factor has been evaluated pursuant to subsection (c) of this section to be considered in determining the amount of an initial penalty.

If a civil penalty is found to be unreasonable or if the evaluation of each factor is found to be incomplete, the hearing officer may recommend that the penalty be adjusted accordingly.

(f) ~~Notwithstanding the notice requirements of G.S. 131D-26(b), any~~ Any penalty imposed by the Department of Health and Human Services under this section shall commence ~~on the day the violation began.~~ date the violation was identified.

(g) The Secretary may bring a civil action in the superior court of the county wherein the violation occurred to recover the amount of the administrative penalty whenever a facility:

- (1) Which has not requested an administrative hearing fails to pay the penalty within 60 days after being notified of the penalty, or
- (2) Which has requested an administrative hearing fails to pay the penalty within 60 days after receipt of a written copy of the decision as provided in G.S. 150B-36.

(g1) In lieu of assessing ~~an~~ all or some of the administrative penalty, the Secretary may order a facility to ~~provide staff training if:~~ provide staff training if:

- (1) Specific to the violation;
- (2) Approved by the Department of Health and Human Services; and
- (3) Taught by someone approved by the Department.
- ~~(1) The cost of training does not exceed one thousand dollars (\$1,000);~~
- ~~(2) The penalty would be for the facility's only violation within a 12-month period preceding the current violation and while the facility is under the same management; and~~
- ~~(3) The training is:~~
  - ~~a. Specific to the violation;~~
  - ~~b. Approved by the Department of Health and Human Services; and~~
  - ~~c. Taught by someone approved by the Department and other than the provider.~~

(h) The Secretary shall establish a penalty review committee within the Department, which shall meet as often as needed, but no less frequently than once each quarter of the year, to review administrative penalties assessed pursuant to this section and pursuant to G.S. 131E-129 as follows:

- (1) The Secretary shall administer the work of the Committee and provide public notice of its meetings via Web site, and provide direct notice to the following parties involved in the penalties the Committee will be reviewing:
  - a. The licensed provider, who upon receipt of the notice, shall post the notice of the scheduled Penalty Review Committee meeting in a conspicuous place available to residents, family members, and the public;
  - b. The local department of social services that is responsible for oversight of the facility involved;
  - c. The residents affected; and
  - d. Those individuals lawfully designated by the affected resident to make health care decisions for the resident.
- (2) The Secretary shall ensure that the Nursing Home/Adult Care Home Penalty Review Committee established by this subsection is comprised of nine members. At least one member shall be appointed from each of the following categories:
  - a. A licensed pharmacist;
  - b. A registered nurse experienced in long term care;
  - c. A representative of a nursing home;
  - d. A representative of an adult care home; and
  - e. Two public members. One shall be a "near" relative of a nursing home patient, chosen from a list prepared by the Office of State Long Term Care Ombudsman, Division of Aging, Department of Health



and Human Services. One shall be a "near" relative of a rest home patient, chosen from a list prepared by the Office of State Long Term Care Ombudsman, Division of Aging, Department of Health and Human Services. For purposes of this subdivision, a "near" relative is a spouse, sibling, parent, child, grandparent, or grandchild.

- (3) Neither the pharmacist, nurse, nor public members appointed under this subsection nor any member of their immediate families shall be employed by or own any interest in a nursing home or adult care home.
- (4) Repealed by Session Laws 2005-276, s. 10.40A(1), effective July 1, 2005.
- (4a) Repealed by Session Laws 2007-544, s. 1, effective October 1, 2007.
- (4b) Prior to serving on the Committee, each member shall complete a training program provided by the Department of Health and Human Services that covers standards of care and applicable State and federal laws and regulations governing facilities licensed under Chapter 131D and Chapter 131E of the General Statutes.
- (5) Each member of the Committee shall serve a term of two years. The initial terms of the members shall commence on August 3, 1989. The Secretary shall fill all vacancies. Unexcused absences from three consecutive meetings constitute resignation from the Committee.
- (6) The Committee shall be cochaired by:
  - a. One member of the Department outside of the Division of Health Service Regulation; and
  - b. One member who is not affiliated with the Department.

(i) The clear proceeds of civil penalties provided for in this section shall be remitted to the Civil Penalty and Forfeiture Fund—State Treasurer for deposit in accordance with G.S. 115C 457.2, State law."

**SECTION 3.** G.S. 131E-129 reads as rewritten:

**"§ 131E-129. ~~Penalties.~~Penalties; remedies.**

(a) ~~Violations classified.~~ Violation Classification and Penalties. – The Department of Health and Human Services shall impose an administrative penalty in accordance with provisions of this ~~Part~~ Article on any ~~facility's licensee~~ facility which is found to be in violation of the requirements of G.S. 131E-117 or applicable State and federal laws and regulations. Citations ~~issued~~ for violations shall be classified and penalties assessed according to the nature of the violation as follows:

- (1) "Type ~~A~~ A1 Violation" means a violation by a ~~facility's licensee~~ facility of the ~~regulations, standards, regulations~~ and requirements set forth in G.S. 131E-117, or applicable State or federal laws and regulations governing the licensure or certification of a facility which results in death or serious physical harm, ~~or results in substantial risk that death or serious physical harm will occur.~~ Type A Violations shall be abated or eliminated immediately. The Department shall require an immediate plan of correction for each Type A Violation. ~~harm.~~ The person making the findings shall do the following:
  - a. Orally and immediately inform the ~~administrator of the facility of the Type A1 Violation and the specific findings and what must be done to correct them and set a date by which the violation must be corrected;~~ findings.
  - b. ~~Within 10 working days of the investigation, confirm in writing to the administrator the information provided orally under sub-subdivision a. of this subdivision; and~~
  - c. ~~Provide a copy of the written confirmation required under sub-subdivision b. of this subdivision to the Department.~~
  - d. Require a written, credible allegation regarding how the facility will immediately remove the Type A1 Violation in order to protect residents from further risk or additional harm.
  - e. Within 15 working days of the investigation, send a report of the findings to the facility.
  - f. Require a plan of correction to be submitted to the Department, based on the written report of the findings, that describes steps the facility

will take to achieve and maintain compliance by the date specified by the Department.

The Department shall impose a civil penalty in an amount not less than five hundred dollars (\$500.00) one thousand dollars (\$1,000) nor more than ten thousand dollars (\$10,000) twenty thousand dollars (\$20,000) for each Type A-A1 Violation. Where a facility has failed to correct a Type A1 Violation, the Department shall assess the facility a civil penalty in the amount of up to one thousand dollars (\$1,000) for each day that the violation continues beyond the date specified for correction by the Department or its authorized representative. The Department or its authorized representative shall determine whether the violation has been corrected.

(1a) "Type A2 Violation" means a violation by a facility of the regulations, standards, and requirements set forth in G.S. 131E-117 or applicable State or federal laws and regulations governing the licensure or certification of a facility which results in substantial risk that death or serious physical harm will occur. The person making the findings shall do the following:

- a. Orally and immediately inform the facility of the Type A2 Violation and the specific findings.
- b. Require a credible allegation regarding how the facility will immediately remove the Type A2 Violation in order to protect residents from further risk or additional harm.
- c. Within 10 working days of the investigation, send a report of the findings to the facility.
- d. Require a plan of correction to be submitted to the Department, based on the written report of the findings, that describes steps the facility will take to achieve and maintain compliance by the date specified by the Department.

The violation or violations shall be corrected within the time specified for correction by the Department or its authorized representative. The Department may or may not assess a penalty taking into consideration the compliance history, preventative measures, and response to previous violations by the facility. Where a facility has failed to correct a Type A2 Violation, the Department shall assess the facility a civil penalty in the amount of up to one thousand dollars (\$1,000) for each day that the deficiency continues beyond the time specified for correction by the Department or its authorized representative. The Department or its authorized representative shall determine whether the violation has been corrected.

(1b) "Past Corrected Type A1 or Type A2 Violation" means either (i) the violation was not previously identified by the Department or its authorized representative or (ii) the violation was discovered by the facility and was self-reported, but in either case the violation has been corrected. In determining whether a penalty should be assessed under this section, the Department shall consider the following factors:

- a. Preventive systems in place prior to the violation.
- b. Whether the violation or violations were abated immediately. and
- c. Whether the facility implemented corrective measures to achieve and maintain compliance.
- d. Whether the facility's system to ensure compliance is maintained and continues to be implemented.
- e. Whether the regulatory area remains in compliance.

(2) "Type B Violation" means a violation by a facility's licensee of the regulations, standards and requirements set forth in G.S. 131E-117 or applicable State or federal laws and regulations governing the licensure or certification of a facility which presents a direct relationship is detrimental to the health, safety, or welfare of any resident, but which does not result in substantial risk that death or serious physical harm will occur. The Department shall require a plan of correction for each Type B Violation and may require the facility to establish a specific plan of correction within a

~~specific time period to address the violation. The person making the findings shall do the following:~~

- ~~a. Orally and immediately inform the facility of the Type B Violation and the specific findings.~~
- ~~b. Require a written plan regarding how the facility will immediately remove the Type B Violation in order to protect residents from further risk or additional harm.~~
- ~~c. Within 10 working days of the investigation, send a report of the findings to the facility.~~
- ~~d. Require a plan of correction to be submitted to the Department, based on the written report of the findings, that describes steps the facility will take to achieve and maintain compliance by the date specified by the Department.~~

~~Where a facility has failed to correct a Type B Violation within the time specified for correction by the Department or its authorized representative, the Department shall assess the facility a civil penalty in the amount of up to four hundred dollars (\$400.00) for each day that the violation continues beyond the date specified for correction without just reason for such failure. The Department or its authorized representative shall ensure that the violation has been corrected.~~

- ~~(3) Repeat Violations. – The Department shall impose a civil penalty which is treble the amount assessed under subsection (a) of this section when a facility under the same management or ownership has received a citation during the previous 12 months for which the appeal rights are exhausted and penalty payment is expected or has occurred, and the current violation is for the same specific provision of a statute or regulation for which it received a violation during the previous 12 months. The counting of the 12-month period shall be tolled during any time when the facility is being operated by a court-appointed temporary manager pursuant to law.~~

~~(b) Penalties for failure to correct violations within time specified.~~

- ~~(1) Where a facility's licensee has failed to correct a Type A Violation, the Department shall assess the facility's licensee a civil penalty in the amount of up to five hundred dollars (\$500.00) for each day that the deficiency continues beyond the time specified in the plan of correction approved by the Department or its authorized representative. The Department or its authorized representative shall ensure that the violation has been corrected.~~
- ~~(2) Where a facility's licensee has failed to correct a Type B Violation within the time specified for correction by the Department or its authorized representative, the Department shall assess the facility's licensee a civil penalty in the amount of up to two hundred dollars (\$200.00) for each day that the deficiency continues beyond the time specified in the plan of correction approved by the Department or its authorized representative without just reason for such failure. The Department or its authorized representative shall ensure that the violation has been corrected.~~
- ~~(3) The Department shall impose a civil penalty on a facility's licensee which is treble the amount assessed under subdivision (1) of subsection (a) when a facility under the management, ownership, or control of that same licensee has received a citation and paid a penalty for violating the same specific provision of a statute or regulation for which the facility's licensee has received a citation during the previous 12 months. The counting of the 12-month period shall be tolled during any time when the facility is being operated by a court-appointed temporary manager pursuant to Article 13 of this Chapter.~~

~~(c) Factors to be considered in determining amount of initial penalty. In determining the amount of the initial penalty to be imposed under this section, the Department shall consider the following factors:~~

- ~~(1) The gravity of the violation, including the fact that death or serious physical harm to a resident has resulted; the severity of the actual or potential harm,~~

~~and the extent to which the provisions of the applicable statutes or regulations were violated;~~

~~(1a) The gravity of the violation, including the probability that death or serious physical harm to a resident will result; the severity of the potential harm, and the extent to which the provisions of the applicable statutes or regulations were violated;~~

~~(1b) The gravity of the violation, including the probability that death or serious physical harm to a resident may result; the severity of the potential harm, and the extent to which the provisions of the applicable statutes or regulations were violated;~~

~~(2) The reasonable diligence exercised by the licensee to comply with G.S. 131E-256 and G.S. 131E-265 and other applicable State and federal laws and regulations;~~

~~(2a) Efforts by the licensee to correct violations;~~

~~(3) The number and type of previous violations committed by the licensee within the past 36 months;~~

~~(4) The amount of assessment necessary to insure immediate and continued compliance; and~~

~~(5) The number of patients put at risk by the violation.~~

(1) There is substantial risk that serious physical harm, abuse, neglect, or exploitation will occur.

(2) Serious physical harm, abuse, neglect, or exploitation, without substantial risk for resident death, did occur.

(3) Serious physical harm, abuse, neglect, or exploitation, with substantial risk for resident death, did occur.

(4) A resident died.

(5) A resident died and there is substantial risk to others for serious physical harm, abuse, neglect, or exploitation.

(6) A resident died and there is substantial risk for further resident death.

(7) Reasonable diligence exercised by the licensee to comply with G.S. 131E-256 and G.S. 131E-265 did occur.

(8) Efforts by the licensee to correct violations.

(9) The number and type of previous violations committed by the licensee within the past 36 months.

(10) The number of residents put at risk by the violations.

(c1) The facts found to support the factors in subsection (c) of this section shall be the basis in determining the amount of the penalty. The Secretary shall document the findings in written record and shall make the written record available to all affected parties including:

(1) The penalty review committee;

(2) The local department of social services who is responsible for oversight of the facility involved;

(3) The licensee involved;

(4) The residents affected; and

(5) The family members or guardians of the residents affected. The family member who serves as a responsible party or those who have legal authority on behalf of the affected resident.

(c2) Local county departments of social services and Division of Health Service Regulation personnel shall submit proposed penalty recommendations to the Department within 45 days of the citation of a violation.

(d) The Department shall impose a civil penalty of fifty dollars (\$50.00) per day on any ~~facility's licensee-facility~~ which refuses to allow an authorized representative of the Department to inspect the premises and records of the facility.

(e) Any ~~facility's licensee-facility~~ wishing to contest a penalty shall be entitled to an administrative hearing as provided in the Administrative Procedure Act, Chapter 150B of the General Statutes. A petition for a contested case shall be filed within 30 days after the Department mails a notice of penalty to a licensee. At least the following specific issues shall be addressed at the administrative hearing:

(1) The reasonableness of the amount of any civil penalty assessed, and

- (2) The degree to which each factor has been evaluated pursuant to subsection (c) of this section to be considered in determining the amount of an initial penalty.

If a civil penalty is found to be unreasonable or if the evaluation of each factor is found to be incomplete, the hearing officer may recommend that the penalty be adjusted accordingly.

(e1) Notwithstanding the notice requirements of G.S. 131E-24, any penalty imposed by the Department of Health and Human Services under this section shall commence on the day the citation is imposed.

(f) The Secretary may bring a civil action in the superior court of the county wherein the violation occurred to recover the amount of the administrative penalty whenever a ~~facility's licensee~~: facility:

- (1) Which has not requested an administrative hearing fails to pay the penalty within 60 days after being notified of the penalty; or
- (2) Which has requested an administrative hearing fails to pay the penalty within 60 days after receipt of a written copy of the decision as provided in G.S. 150B-36.

(g) The penalty review committee established pursuant to G.S. 131D-34(h) shall review administrative penalties assessed pursuant to this section.

(g1) In lieu of assessing ~~an~~ all or some of the administrative penalty, the Secretary may order a facility to provide staff training ~~if~~: if the training is:

- ~~(1) The cost of training does not exceed one thousand dollars (\$1,000);~~
- ~~(2) The penalty would be for the facility's only violation within a 12-month period preceding the current violation and while the facility is under the same management; and~~
- ~~(3) The training is:~~
  - ~~a. (1) Specific to the violation;~~
  - ~~b. (2) Approved by the Department of Health and Human Services; and~~
  - ~~c. (3) Taught by someone an individual approved by the Department and other than the provider.~~ Department.

(h) The Department shall not assess an administrative penalty against a facility under this section if a civil monetary penalty has been assessed for the same violation under federal enforcement laws and regulations.

(i) The clear proceeds of civil penalties provided for in this section shall be remitted to the Civil Penalty and Forfeiture Fund in accordance with G.S. 115C-457.2."

**SECTION 4.** This act is effective when it becomes law.

In the General Assembly read three times and ratified this the 16<sup>th</sup> day of June,

2011.

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Walter H. Dalton  
President of the Senate

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Thom Tillis  
Speaker of the House of Representatives

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Beverly E. Perdue  
Governor

Approved \_\_\_\_\_ .m. this \_\_\_\_\_ day of \_\_\_\_\_, 2011