

# Long-Term Care Ombudsman Program Final Rule

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The National Long-Term Care  
Ombudsman Resource Center

45 CFR § 1324.21

**EDIT KEY:** ~~Deleted Text~~ **New Text**

| §1324.21 Conflicts of Interest  | Notes |
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| <p>The State agency and the Ombudsman shall consider both the organizational and individual conflicts of interest that may impact the effectiveness and credibility of the work of the Office. In so doing, both the State agency and the Ombudsman shall be responsible to identify actual and potential conflicts and, where a conflict has been identified, to remove or remedy such conflict as set forth in paragraphs (b) and (d) of this section.</p>  |       |
| <p>(a) Identification of organizational conflicts. In identifying conflicts of interest pursuant to section 712(f) of the Act (<b>42 U.S.C. 3058g(f)</b>), the State agency and the Ombudsman shall consider the organizational conflicts that may impact the effectiveness and credibility of the work of the Office. Organizational conflicts of interest include, but are not limited to, placement of the Office, or requiring that an Ombudsman or representative of the Office perform conflicting activities, in an organization that:</p> <ul style="list-style-type: none"><li>(1) Is responsible for licensing, surveying, or certifying long-term care <b>services including</b> facilities;</li><li>(2) Is an association (or an affiliate of such an association) of long-term care facilities, or of any other residential facilities for older individuals or individuals with disabilities;</li><li>(3) Has any ownership or investment interest (represented by equity, debt, or other financial relationship) in, or receives</li></ul> |       |

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| <p>grants or donations from, a long-term care facility;</p> <p>(4) Has governing board members with any ownership, investment, or employment interest in long-term care facilities;</p> <p>(5) Provides long-term care to residents of long-term care facilities, including the provision of personnel for long-term care facilities or the operation of programs which control access to or services for long-term care facilities;</p> <p><b>(6) Provides long-term care services, including programs carried out under a Medicaid waiver approved under section 115 of the Social Security Act (42 U.S.C. 1396n), or under a Medicaid State plan under section 1905(a) or subsection (i), (j), or (k) of section 1915 of the Social Security Act (42 U.S.C. 1396(a); 42 U.S.C. 1396n(i)-(k));</b></p> <p>(7) Provides long-term care coordination or case management, <b>including</b> for residents of long-term care facilities;</p> <p>(8) Sets reimbursement rates for long-term care facilities'</p> <p><b>(9) Sets reimbursement rates for long-term care services;</b></p> <p>(10) Provides adult protective services;</p> <p>(11) <b>Is responsible for eligibility determinations for the Medicaid program carried out under title XIX of the Social Security Act (42 U.S.C. 1396-1396v);</b></p> <p>(12) Is responsible for eligibility determinations regarding Medicaid or other public benefits for residents of long-term care facilities;</p> <p>(13) Conducts preadmission screening for long-term care facility <b>placements admission;</b></p> <p>(14) Makes decisions regarding admission or discharge of individuals to or from long-term care facilities; or</p> <p>(15) Provides guardianship, conservatorship or other fiduciary or surrogate decision-making services for residents of long-term care facilities.</p> |  |
| <p><b>(b) Removing or remedying organizational conflicts.</b> The State agency and the Ombudsman shall identify and take steps to remove</p>  |  |

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| or remedy conflicts of interest between the Office and the State agency or other agency carrying out the Ombudsman program.  |  |
| (1) The Ombudsman shall identify organizational conflicts of interest in the Ombudsman program and describe steps taken to remove or remedy conflicts within the annual report submitted to the Assistant Secretary <b>for Aging</b> through the National Ombudsman Reporting System.  |  |
| <p>(2) Where the Office is located within or otherwise organizationally attached to the State agency, the State agency shall:</p> <ul style="list-style-type: none"> <li>i) Take reasonable steps to avoid internal conflicts of interest;</li> <li>ii) Establish a process for review and identification of internal conflicts;</li> <li>iii) Take steps to remove or remedy conflicts;</li> <li>iv) Ensure that no individual, or member of the immediate family of an individual, involved in <del>the</del> designating, appointing, otherwise selecting, or terminating the Ombudsman is subject to a conflict of interest; and</li> <li>v) Assure that the Ombudsman has disclosed such conflicts and described steps taken to remove or remedy conflicts within the annual report submitted to the Assistant Secretary <b>for Aging</b> through the National Ombudsman Reporting System.</li> </ul> |  |
| <p>(3) Where a State agency is unable to adequately remove or remedy a conflict, it shall carry out the Ombudsman program by contract or other arrangement with a public agency or nonprofit private organization, pursuant to section 712(a)(4) of the Act (<b>42 U.S.C. 3058g(a)(4)</b>). The State agency may not enter into a contract or other arrangement to carry out the Ombudsman program <b>if the other entity</b>, and may not operate the Office directly if it:</p> <ul style="list-style-type: none"> <li>i) Is responsible for licensing, surveying, or certifying long-term care facilities;</li> <li>ii) Is an association (or an affiliate of such an association) of long-term care facilities, or of any other residential facilities for</li> </ul>  |  |

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| <p>older individuals or individuals with disabilities; or</p> <p>iii) Has any ownership, operational, or investment interest (represented by equity, debt, or other financial relationship) in a long-term care facility.</p>   |  |
| <p>(4) Where the State agency carries out the Ombudsman program by contract or other arrangement with a public agency or nonprofit private organization, pursuant to section 712(a)(4) of the Act <b>(42 U.S.C. 3058g(a)(4))</b>, the State agency shall:</p> <ul style="list-style-type: none"> <li>i) Prior to contracting or making another arrangement, take reasonable steps to avoid conflicts of interest in such agency or organization which is to carry out the Ombudsman program and to avoid conflicts of interest in the State agency's oversight of the contract or arrangement;</li> <li>ii) Establish a process for periodic review and identification of conflicts;</li> <li>iii) Establish criteria for approval of steps taken by the agency or organization to remedy or remove conflicts;</li> <li>iv) Require that such agency or organization have a process in place to: <ul style="list-style-type: none"> <li>A) Take reasonable steps to avoid conflicts of interest, ;</li> <li>and</li> <li>B) Disclose identified conflicts and steps taken to remove or remedy conflicts to the State agency for review and approval.</li> </ul> </li> </ul> |  |
| <p>(5) Where an agency or organization carrying out the Ombudsman program by contract or other arrangement develops a conflict and is unable to adequately remove or remedy a conflict, the State agency shall either operate the Ombudsman program directly or by contract or other arrangement with another public agency or nonprofit private organization. <b><del>The State agency shall not enter into such contract or other arrangement with an agency or organization which is responsible for licensing or certifying long-term care facilities in the state or is an association (or affiliate of such an</del></b></p>  |  |

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| <b>association) of long-term care facilities.</b>  |  |
| <p>(6) Where local Ombudsman entities provide <b>Ombudsman ombudsman</b> services, the Ombudsman shall:</p> <ul style="list-style-type: none"> <li>i) Prior to designating or renewing designation, take reasonable steps to avoid conflicts of interest in any agency which may host a local Ombudsman entity-;</li> <li>ii) Establish a process for periodic review and identification of conflicts of interest with the local Ombudsman entity in any agencies hosting a local Ombudsman entity-;</li> <li>iii) Require that such agencies disclose identified conflicts of interest with the local Ombudsman entity and steps taken to remove or remedy conflicts within such agency to the Ombudsman-;</li> <li>iv) Establish criteria for approval of steps taken to remedy or remove conflicts in such agencies-; and</li> <li>v) Establish a process for review of and criteria for approval of plans to remove or remedy conflicts with the local Ombudsman entity in such agencies.</li> </ul> |  |
| <p>(7) Failure of an agency hosting a local Ombudsman entity to disclose a conflict to the Office or inability to adequately remove or remedy a conflict shall constitute grounds for refusal, suspension, or removal of designation of the local Ombudsman entity by the Ombudsman.</p>   |  |
| <b>(c) Identifying individual conflicts of interest</b>  |  |
| <p>(1) In identifying conflicts of interest pursuant to section 712(f) of the Act (<b>42 U.S.C. 3058g(f)</b>), the State agency and the Ombudsman shall consider individual conflicts that may impact the effectiveness and credibility of the work of the Office.</p>   |  |
| <p>(2) Individual conflicts of interest for an Ombudsman, representatives of the Office, and members of their immediate family include, but are not limited to:</p>  |  |

- (i) Direct involvement in the licensing or certification of a long-term care facility **or of a provider of a long-term care service;**
- (ii) Ownership, operational, or investment interest (represented by equity, debt, or other financial relationship) in an existing or proposed long-term care facility **or a long-term care service;**
- (iii) Employment of an individual by, or participation in the management of, a long-term care facility **or a related organization** in the service area or by the owner or operator of any long-term care facility in the service area;
- (iv) Receipt of, or right to receive, directly or indirectly, remuneration (in cash or in kind) under a compensation arrangement with an owner or operator of a long-term care facility;
- (v) Accepting gifts or gratuities of significant value from a long-term care facility or its management, a resident, or a resident representative of a long-term care facility in which the Ombudsman or representative of the Office provides services (except where there is a personal relationship with a resident or resident representative which is separate from the individual's role as Ombudsman or representative of the Office);
- (vi) Accepting money or any other consideration from anyone other than the Office, or an entity approved by the Ombudsman, for the performance of an act in the regular course of the duties of the Ombudsman or the representatives of the Office without Ombudsman approval;
- (vii) Serving as guardian, conservator or in another fiduciary or surrogate decision-making capacity for a resident of a long-term care facility in which the Ombudsman or representative of the Office provides services; **and**
- (viii) Serving residents of a facility in which an immediate family

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| <p>member resides; ;</p> <p>(ix) <b>Management responsibility for, or operating under the supervision of, an individual with management responsibility for, adult protective services; and</b></p> <p>(x) <b>Serving as a guardian or in another fiduciary capacity for residents of long-term care facilities in an official capacity (as opposed to serving as a guardian or fiduciary for a family member, in a personal capacity).</b></p>  |  |
| <p><b>(d) Removing or remedying individual conflicts.</b></p> <p>(1) The State agency or Ombudsman shall develop and implement policies and procedures, pursuant to § 1324.11(e)(4), to ensure that no Ombudsman or representatives of the Office are required or permitted to hold positions or perform duties that would constitute a conflict of interest as set forth in § 1324.21(c). This rule does not prohibit a State agency or Ombudsman from having policies or procedures that exceed these requirements.</p>   |  |
| <p>(2) When considering the employment or appointment of an individual as the Ombudsman or as a representative of the Office, the State agency or other employing or appointing entity shall:</p> <ul style="list-style-type: none"> <li>(i) Take reasonable steps to avoid employing or appointing an individual who has an unremedied conflict of interest or who has a member of the immediate family with an unremedied conflict of interest;</li> <li>(ii) Take reasonable steps to avoid assigning an individual to perform duties which would constitute an unremedied conflict of interest;</li> <li>(iii) Establish a process for periodic review and identification of conflicts of the Ombudsman and representatives of the Office; ; and</li> <li>(iv) Take steps to remove or remedy conflicts.</li> </ul> |  |

(3) In no circumstance shall the entity, which appoints or employs the Ombudsman, appoint or employ an individual as the Ombudsman who:

- (i) Has direct involvement in the licensing or certification of a long-term care facility;
- (ii) Has an ownership or investment interest (represented by equity, debt, or other financial relationship) in a long-term care facility. Divestment within a reasonable period may be considered an adequate remedy to this conflict;
- (iii) Has been employed by or ~~participating~~ **participated** in the management of a long-term care facility within the previous twelve months; **; and**
- (iv) Receives, or has the right to receive, directly or indirectly, remuneration (in cash or in kind) under a compensation arrangement with an owner or operator of a long-term care facility.

(4) In no circumstance shall the State agency, other agency which carries out the Office, or an agency hosting a local Ombudsman entity appoint or employ an individual, nor shall the Ombudsman designate an individual, as a representative of the Office who:

- (i) Has direct involvement in the licensing or certification of a long-term care facility;
- (ii) Has an ownership or investment interest (represented by equity, debt, or other financial relationship) in a long-term care facility. Divestment within a reasonable period may be considered an adequate remedy to this conflict;
- (iii) Receives, directly or indirectly, remuneration (in cash or in kind) under a compensation arrangement with an owner or operator of a long-term care facility; or
- (iv) Is employed by, or participating in the management of, a long-term care facility.



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| <p>(A) An agency which appoints or employs representatives of the Office shall make efforts to avoid appointing or employing an individual as a representative of the Office who has been employed by or <b>participating participated</b> in the management of a long-term care facility within the previous twelve months.</p> |  |
| <p>(B) Where such individual is appointed or employed, the agency shall take steps to remedy the conflict.</p>   |  |



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