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HOUSE BILL 2726

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State of Washington

64th Legislature

2016 Regular Session

By Representatives Walkinshaw, Tharinger, Senn, Cody, Ortiz-Self, Magendanz, and Goodman

Read first time 01/19/16. Referred to Committee on Health Care & Wellness.

1 AN ACT Relating to the regulation of continuing care retirement  
2 communities; adding a new chapter to Title 18 RCW; and providing an  
3 effective date.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 NEW SECTION. **Sec. 1.** The definitions in this section apply  
6 throughout this chapter unless the context clearly requires  
7 otherwise.

8 (1) "Application fee" means a fee charged to an individual or  
9 individuals prior to the execution of a residency agreement, apart  
10 from an entrance fee.

11 (2) "Care" means nursing, medical, or other health-related  
12 services, protection or supervision, assistance with activities of  
13 daily living, or any combination of those services.

14 (3) "Continuing care" means directly providing or indirectly  
15 making available, upon payment of an entrance fee and under a  
16 residency agreement, housing and care for a period of greater than  
17 one year.

18 (4) "Continuing care retirement community" means an entity that  
19 is certified by the department and agrees to provide continuing care  
20 to a resident under a residency agreement.

1 (5) "Department" means the department of social and health  
2 services.

3 (6) "Entrance fee" means an initial or deferred transfer to a  
4 continuing care retirement community of a sum of money or other  
5 property made or promised to be made as full or partial consideration  
6 for acceptance of one or more residents in a continuing care  
7 retirement community.

8 (7) "Residency agreement" means a contract between a continuing  
9 care retirement community and a resident for the provision of  
10 continuing care for a period of greater than one year.

11 (8) "Resident" means a person who enters into a residency  
12 agreement with a continuing care retirement community or who is  
13 designated in a residency agreement to be a person being provided  
14 with continuing care.

15 NEW SECTION. **Sec. 2.** A person or entity must be certified by  
16 the department under this chapter prior to:

- 17 (1) Operating a continuing care retirement community;  
18 (2) Entering into a residency agreement with a prospective  
19 resident;  
20 (3) Soliciting a prospective resident to pay an application fee  
21 or executing a residency agreement; or  
22 (4) Collecting an entrance fee.

23 NEW SECTION. **Sec. 3.** (1) An applicant for a certification as a  
24 continuing care retirement community must demonstrate the ability to  
25 comply with the standards established for continuing care retirement  
26 communities in this chapter, including:

- 27 (a) Submitting a written application to the department providing  
28 all necessary information on a form provided by the department;  
29 (b) Providing information about the licensed assisted living  
30 facility component of the continuing care retirement community and,  
31 if the continuing care retirement community operates a nursing home,  
32 information about that component;  
33 (c) Submitting copies of any proposed residency agreements that  
34 the continuing care retirement community intends to use for the  
35 certification period;  
36 (d) Submitting a copy of the disclosure statement that includes  
37 current information required by section 5 of this act;

1 (e) Submitting copies of audited financial statements for the  
2 three most recent fiscal years. The audited financial statement may  
3 not have been prepared more than sixteen months prior to the date  
4 that the continuing care retirement community applied for its current  
5 certification;

6 (f) Successfully completing a survey conducted by the department;  
7 and

8 (g) Paying any certification fees associated with the cost of  
9 regulating continuing care retirement communities.

10 (2) A certification is valid for one year.

11 (3) A certification is not transferable.

12 NEW SECTION. **Sec. 4.** The department shall:

13 (1) Issue a certification to an entity that meets the  
14 requirements of section 3 of this act;

15 (2) Investigate complaints or reports of noncompliance with this  
16 chapter;

17 (3) Conduct adjudicative proceedings consistent with department  
18 practices;

19 (4) Place conditions upon, suspend, or revoke the certification  
20 of a continuing care retirement community in the event of  
21 noncompliance with this chapter;

22 (5) Conduct surveys of continuing care retirement communities,  
23 including reviews of records of care and financial information. The  
24 department shall minimize regulatory burdens on entities to be  
25 surveyed by developing a process to coordinate surveys of continuing  
26 care retirement communities with the surveys of any assisted living  
27 facility or nursing home operated by the same entity on the property  
28 to be surveyed;

29 (6) Review the disclosure statements submitted by applicants for  
30 an initial or renewal license to operate a continuing care retirement  
31 community for completeness;

32 (7) Establish and collect a fee that is sufficient to defray the  
33 costs associated with administering the requirements of this chapter;

34 (8) Develop and make available educational materials for  
35 prospective residents regarding the benefits of continuing care  
36 retirement communities, considerations for prospective residents of a  
37 continuing care retirement community to assess prior to entering a  
38 residency agreement, and instructions on how to contact the

1 department to file a complaint against a continuing care retirement  
2 community; and

3 (9) Adopt rules as necessary to implement this chapter.

4 NEW SECTION. **Sec. 5.** (1) A continuing care retirement community  
5 must prepare a disclosure statement that includes the following  
6 information:

7 (a) The names of the individual or individuals who constitute the  
8 continuing care retirement community and each of the officers,  
9 directors, trustees, or managing general partners of the legal entity  
10 and a description of each individual's duties on behalf of the legal  
11 entity;

12 (b) The business address of the continuing care retirement  
13 community;

14 (c) The type of ownership, the names of the continuing care  
15 retirement community's owner and operator, and the names of any  
16 affiliated facilities;

17 (d) The names and business addresses of any individual having any  
18 more than a ten percent direct or indirect ownership or beneficial  
19 interest in the continuing care retirement community, the percentage  
20 of the direct or indirect ownership or beneficial interest, and a  
21 description of each individual's interest in or occupation with the  
22 continuing care retirement community;

23 (e) The location and general description of the continuing care  
24 retirement community, including:

25 (i) The year the continuing care retirement community opened;

26 (ii) The location and number of living units, licensed assisted  
27 living facility beds, and nursing beds considered part of the  
28 continuing care retirement community;

29 (iii) The occupancy rate for the prior fiscal year for each type  
30 of unit or bed; and

31 (iv) Any other care facilities owned or operated by the owner of  
32 the continuing care retirement community;

33 (f) The number of residents who were placed off-site in the  
34 previous three years for assisted living and nursing services due to  
35 the lack of available capacity at the continuing care retirement  
36 community;

37 (g) An explanation of all types of fees charged by the continuing  
38 care retirement community, how each type of fee is determined,

1 current ranges for each type of fee, and refund policies for each  
2 type of fee;

3 (h) The continuing care retirement community's policy for  
4 notifying residents of fee increases, including the amount of prior  
5 notification that is provided;

6 (i) A description of services provided or proposed to be provided  
7 by the continuing care retirement community under its residency  
8 agreements, including:

9 (i) The extent to which medical care, long-term care, or health-  
10 related services are provided. If the services are provided at a  
11 facility that is not certified as part of the continuing care  
12 retirement community's campus, the disclosure statement must identify  
13 the location where the services are provided and any additional fees  
14 associated with the services; and

15 (ii) The services made available by the continuing care  
16 retirement community for an additional charge;

17 (j) The continuing care retirement community's most recent  
18 audited financial statement prepared in accordance with generally  
19 accepted accounting principles by a certified public accountant. The  
20 audited financial statement may not have been prepared more than  
21 sixteen months prior to the date that the continuing care retirement  
22 community applied for its current certification.

23 (2) The disclosure statement must be written in understandable  
24 language and a clear format.

25 (3) Prior to entering into a residency agreement with, or  
26 accepting an entrance fee from, any prospective resident, a  
27 continuing care retirement community must deliver to the prospective  
28 resident a copy of the disclosure statement most recently approved by  
29 the department.

30 NEW SECTION. **Sec. 6.** (1) A prospective resident has the right  
31 to visit each of the different care levels and to inspect continuing  
32 care retirement community, assisted living facility, and nursing home  
33 credentialing reports, including the most recent inspection reports  
34 and findings of complaint investigations covering a period of not  
35 less than two years, prior to signing a residency agreement.

36 (2) All residents of a continuing care retirement community in a  
37 living unit that is not used exclusively for assisted living or  
38 nursing services have the following rights:

1 (a) To live in an attractive, safe, and well-maintained physical  
2 environment;

3 (b) To live in an environment that enhances personal dignity,  
4 maintains independence, and encourages self-determination;

5 (c) To participate in activities that meet individual physical,  
6 intellectual, social, and spiritual needs;

7 (d) To expect effective channels of communication between  
8 residents and the administration or provider's governing body;

9 (e) To receive a clear and complete written contract that  
10 establishes the mutual rights and obligations of the resident and the  
11 continuing care retirement community;

12 (f) To manage his or her financial affairs;

13 (g) To be assured that all donations, contributions, gifts, or  
14 purchases of provider-sponsored financial products are voluntary and  
15 are not a condition of acceptance or ongoing eligibility for  
16 services;

17 (h) To maintain and establish ties to the local community; and

18 (i) To organize and participate freely in the operation of  
19 independent resident organizations and associations.

20 (3) The continuing care retirement community shall:

21 (a) Provide a copy of the rights specified in this section to  
22 each resident prior to the resident signing a residency agreement and  
23 at any time when the resident is proposed to be moved to a different  
24 level of care; and

25 (b) Prominently post in areas accessible to the residents and  
26 visitors a notice that a copy of rights specified in subsections (1)  
27 and (2) of this section and the department's rules governing  
28 continuing care retirement communities is available upon request from  
29 the continuing care retirement community. The notice must also state  
30 that residents have the right to file a complaint with the department  
31 for any violation of these rights and contain information explaining  
32 how a complaint may be filed, including the telephone number and  
33 address of the department's investigative unit.

34 NEW SECTION. **Sec. 7.** Nothing in this chapter affects any of the  
35 requirements and standards associated with a license to operate an  
36 assisted living facility under chapter 18.20 RCW or a nursing home  
37 under chapter 18.51 RCW.

38 NEW SECTION. **Sec. 8.** This act takes effect July 1, 2017.

1        NEW SECTION.    **Sec. 9.**    Sections 1 through 8 of this act  
2    constitute a new chapter in Title 18 RCW.

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