

# HOUSE BILL REPORT

## SHB 1232

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**As Passed House:**  
February 28, 2017

**Title:** An act relating to strengthening the timing and content of disclosures by continuing care retirement communities.

**Brief Description:** Concerning the timing and content of disclosures by continuing care retirement communities.

**Sponsors:** House Committee on Health Care & Wellness (originally sponsored by Representatives Clibborn, Macri, Rodne, Caldier, Jinkins and Goodman).

**Brief History:**

**Committee Activity:**

Health Care & Wellness: 1/17/17, 1/31/17 [DPS].

**Floor Activity:**

Passed House: 2/28/17, 64-34.

**Brief Summary of Substitute Bill**

- Allows residents of a continuing care retirement community (CCRC) to receive a copy of the CCRC's current disclosure statement and any agreements filed with the Department of Social and Health Services.
- Requires CCRCs to include the actuarial summary of the CCRC's most recent annual actuarial analysis in their disclosure statements.

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### HOUSE COMMITTEE ON HEALTH CARE & WELLNESS

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 13 members: Representatives Cody, Chair; Macri, Vice Chair; Graves, Assistant Ranking Minority Member; Caldier, Clibborn, Jinkins, MacEwen, Riccelli, Robinson, Rodne, Slatter, Stonier and Tharinger.

**Minority Report:** Without recommendation. Signed by 2 members: Representatives DeBolt and Harris.

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

**Minority Report:** Do not pass. Signed by 1 member: Representative Schmick, Ranking Minority Member.

**Staff:** Chris Blake (786-7392).

**Background:**

Continuing care retirement communities (CCRCs) are entities that provide care and housing to residents under a residency agreement that lasts for longer than a year. Care services may include nursing care, medical care, assistance with activities of daily living, and protection or supervision.

As of July 1, 2017, CCRCs must become registered with the Department of Social and Health Services. In addition, CCRCs must comply with several disclosure requirements to prospective residents, including information about the ownership; descriptive information about the facilities; policies regarding notifications of fee increases, changes in levels of care, and contract termination; a description of standard and supplemental services; and the most recent audited financial statements. Residents of CCRCs are afforded several expectations that a CCRC must fulfill. These expectations include transparency in the financial stability of the facility, timely notification of developments affecting the facility, reasonable accommodations for persons with disabilities, the opportunity to participate in resident organizations, the opportunity to seek independent review of contracts and agreements, and the assurance that donations made by residents to the CCRC are voluntary.

**Summary of Substitute Bill:**

Disclosure statements prepared by continuing care retirement communities (CCRCs) must include the actuarial summary of the most recent annual actuarial analysis prepared in accordance with generally accepted actuarial principles by a qualified actuary. The list of expectations that residents may have of their CCRC is expanded to include the receipt of a copy of the CCRC's current disclosure statement and any agreements recently filed with the Department of Social and Health Services.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.

**Staff Summary of Public Testimony:**

(In support) Residents are treated well in continuing care retirement communities (CCRCs), however, as these facilities have evolved their business plans have changed. Residents of CCRCs give much of their wealth at the end of their lives to these communities with the expectation that the investment will last and they should receive assurances through disclosures. This bill will close the information gap for the disclosures that residents may receive and make sure that the residents are aware of the financial stability of their

CCRC. There should not be an assumption that residents cannot understand this financial information. We should be careful about proprietary information being shared that might damage the CCRC.

Prospective resident and existing residents should receive the financial documents necessary to evaluate their communities. Residents need ongoing information because financial planning for supportive services is a lifelong process. Actuarial reports are very important for a resident to know if the CCRC is financially sound and able to operate and provide care into the future.

(Opposed) None.

**Persons Testifying:** Representative Clibborn, prime sponsor; Jim McClaine, Washington Continuing Care Association; and Liz Tidyman.

**Persons Signed In To Testify But Not Testifying:** None.