
Health Care & Wellness Committee

HB 1296

Brief Description: Concerning continuing care retirement communities.

Sponsors: Representatives Macri, Goodman, Appleton, Cody, Thai, Tharinger and Springer.

Brief Summary of Bill

- Establishes additional registration requirements for continuing care retirement communities (CCRC) related to submitting actuarial reports and service and care agreements.
- Requires CCRC disclosure statements to include information related to the payment of management fees and an actuarial summary of the CCRC's most recent actuarial report.
- Expands the expectations of residents of CCRCs to include standards related to agreements with management companies and the refund of entrance fees.
- Establishes a pilot project with the Long-Term Care Ombuds to investigate and resolve complaints from independent residents of CCRCs.

Hearing Date: 2/6/19

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.

Since July 1, 2017, CCRCs have been required to register with the Department of Social and Health Services. To become registered, an applicant must submit information about the assisted living and nursing home components of the CCRC, copies of residency agreements, a copy of

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the current disclosure statement, copies of audited financial statements, and an attestation that the CCRC is in compliance with disclosure notification requirement. Disclosure requirements for prospective residents include 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 Bill:

Application to become a continuing care retirement community.

Applicants for registration with the Department of Social and Health Services (Department) as a continuing care retirement community (CCRC) must submit copies of any service or care agreements used for nonindependent residents. Agreements must be clear and complete and detail the mutual expectations and obligations of the resident and the CCRC. Modifications of agreements must be submitted to the Department within 60 days of implementation of the modification.

Applicants for registration as a CCRC must also submit a copy of the CCRC's most recent actuarial report. The actuarial report must have been prepared within three years of the date of the CCRC's application for its current registration. The date for submitting an actuarial report may be extended up to five years if the CCRC's most recent financial statement shows a surplus and the CCRC's three most recent financial statements show positive operating earnings.

Continuing care retirement community disclosure statements.

For fiscal years ending after January 1, 2019, CCRC disclosure statements must include whether, and in what manner, funds have been set aside for reserves or other contingent liabilities. In addition, financial statements must disclose management fees and other compensation paid by the CCRC to a management company that has controlled the CCRC during the two preceding fiscal years. The management fee disclosure must include a detailed summary of how the fees and compensation were spent by the management company. The detailed summary must include an itemization of expenditures that were not for the direct benefit of the CCRC or its residents and the amount of management and occupancy fees spent on payment of indebtedness to the management company.

Disclosure statements must also include an actuarial summary of the CCRC's most recent actuarial report, including material actuarial assumptions. Residents and prospective residents of the independent living portion of the CCRC may receive a copy of the most recent full actuary report by submitting a written request. The CCRC shall redact any personal financial or health care information before providing the full actuarial report. A resident or prospective resident that receives the full actuarial report may only disclose it to other residents of the independent living portion of a CCRC and their legal, financial, and actuarial advisers.

Disclosure statement requirements apply to any entity that manages or operates, or has a significant role in the management or operation of, an entity that agrees to provide continuing care to a resident under a residency agreement.

Continuing care retirement community resident expectations.

The expectations of residents of the independent living portion of a CCRC are expanded to include the expectation to be able to participate meaningfully in decisions affecting the resident's health, welfare, and safety. In addition, residents may expect that all agreements and transactions between the CCRC and a management company that controls the CCRC shall be priced at or below fair market value, be in the best interests of residents, and not substantially limit the CCRC's ability to exercise its rights under any agreement.

Residents may also expect residency agreements that provide for refundable entrance fees to assure that any refund due to a resident that leaves a unit shall be based on the entrance fee that the resident provided. A resident may expect that refunds of the entrance fees will be available if the resident physically leaves the CCRC or dies. Refunds must be paid not later than the earlier of two years following the resident's departure or death or when the unit is reoccupied and the resident no longer lives in the CCRC. Each CCRC must maintain a list of vacant units, the dates on which the units became vacant, and the prices of the units. Current and prior residents of the independent living portion of the CCRC may receive a copy of the list.

The CCRC must notify independent residents that audited actuarial evaluations are available within 30 days' of delivery to the chief financial officer.

It is specified that, in addition to a resident's right to file a complaint, residents may pursue other legal remedies.

Pilot project related to independent residents of continuing care retirement communities.

The Department of Commerce and the nonprofit organization that provides long-term care ombuds services must conduct a two-year pilot project to allow the state Long-Term Care Ombuds to provide services to the residents of CCRCs in a county with over 1.5 million residents and a concentration of CCRCs. The pilot project shall:

- identify, investigate, and resolve complaints from independent residents of CCRCs relating to acts or omissions that may adversely affect the residents' health, safety, welfare, rights, or financial well-being;
- track and document the types of needs, complaints, challenges, and successes communicated to the Long-Term Care Ombuds by independent residents of CCRCs;
- develop and offer educational information and resources for self-advocacy by independent residents of CCRCs; and
- carry out other activities as appropriate.

By December 1, 2021, the Long-Term Care Ombuds must submit a report on the pilot project that describes the activities of the pilot project; evaluates the problems experienced by, and complaints made by independent residents of CCRCs; and provides any recommendations to improve and protect the health, safety, welfare, and rights of independent residents of CCRCs.

Appropriation: None.

Fiscal Note: Available.

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