

SENATE BILL REPORT

SSB 5691

As Passed Senate, March 3, 2025

Title: An act relating to adopting the department of social and health services report recommendations addressing a regulatory oversight plan for continuing care retirement communities.

Brief Description: Adopting the department of social and health services report recommendations addressing a regulatory oversight plan for continuing care retirement communities.

Sponsors: Senate Committee on Health & Long-Term Care (originally sponsored by Senators Cleveland and Nobles).

Brief History:

Committee Activity: Health & Long-Term Care: 2/14/25, 2/20/25 [DPS].

Floor Activity: Passed Senate: 3/3/25, 48-0.

Brief Summary of First Substitute Bill

- Clarifies the Attorney General's statutory authority to enforce the statutes related to the Continuing Care Retirement Communities under the Consumer Protection Act.

SENATE COMMITTEE ON HEALTH & LONG-TERM CARE

Majority Report: That Substitute Senate Bill No. 5691 be substituted therefor, and the substitute bill do pass.

Signed by Senators Cleveland, Chair; Orwall, Vice Chair; Muzzall, Ranking Member; Bateman, Chapman, Christian, Harris, Holy, Riccelli, Robinson and Slatter.

Staff: Julie Tran (786-7283)

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

Background: A Continuing Care Retirement Community (CCRC) is an entity that agrees to provide continuing care to a resident under a residency agreement. It is a residential community for adults that offers a range of housing options—normally independent living through nursing home care, and varying levels of medical and personal care services.

As of February 2025, there are over 20 CCRCs registered in Washington State and in February 2021, there were approximately 8500 CCRC residents in the state.

Current Statute. Currently, the Department of Social and Health Services (DSHS) oversees the CCRC registration process and the Attorney General's Office (AGO) provides civil enforcement related to the CCRCs. Since July 1, 2017, CCRCs have been required to register with DSHS. 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 the current disclosure statement, copies of audited financial statements, and an attestation that the CCRC is in compliance with disclosure notification requirement.

The following violations are a matter vitally affecting the public interest for the purpose of applying the Consumer Protection Act (CPA):

- title protection requirements and the failure of a CCRC to register with DSHS;
- comply with the disclosure statement delivery and content requirements; and
- comply with resident expectations.

These violations are not reasonable in relation to the development and preservation of business and are an unfair or deceptive act in trade or commerce and an unfair method of competition for the purpose of applying the CPA.

The AGO shall provide notice to the CCRC management of submitted complaints including the name of the complainant to allow the community to take corrective action. Except for violations of the title protection requirements and the failure of a CCRC to register with DSHS, the AGO must limit its application of the CPA to those cases in which a pattern of complaints, submitted by affected parties, or other activity that, when considered together, demonstrate a pattern of similar conduct that, without enforcement, likely establishes an unfair or deceptive act in trade or commerce and an unfair method of competition.

2024 Department of Social and Health Services Report. In 2023, the Legislature appropriated funds directing DSHS in collaboration with OIC and the AGO, to create a regulatory oversight plan for CCRCs, focusing primarily on establishing and implementing resident consumer protections, and submit a final plan to the Legislature by December 1, 2024.

The plan concluded that there needed to be a clarification of the authority for DSHS and AGO to enable them to meet the increased responsibilities and support the consumer protections recommended in the plan.

The plan's recommendations for increasing consumer protection for CCRC residents include:

- recommendations for increasing consumer protection for residents of CCRCs;
- establish more financial protections and transparency;
- establish a more robust registration process;
- clarify AGO's statutory authority to enforce the Revised Code of Washington (RCW) 18.390;
- establish an independent ombuds program specifically for CCRC residents;
- establish more operational transparency for CCRC residents;
- clarify resident access to contracted services; and
- define data needs and requirements for regulatory monitoring and oversight.

Summary of First Substitute Bill: Practices covered by the RCW statutes related to CCRCs are matters vitally affecting the public interest for the purpose of applying the CPA. A violation of those statutes is not reasonable in relation to the development and preservation of business and is an unfair or deceptive act in trade or commerce and an unfair method of competition for the purpose of applying the CPA.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony on Original Bill: *The committee recommended a different version of the bill than what was heard.* PRO: This bill increases financial transparency and oversight for CCRCs. Currently, when a CCRC submits their registration documents, the agency just has to check that the application and requirements are complete. This bill enhances current regulations, which are important to seniors. The state needs to protect seniors who live in CCRCs as there are facilities who are no longer registered as CCRCs but are still operating as one. Residents sign up with an offer of various levels of care and when a CCRC fails or goes into receivership, the residents do not get a refund from management and they also must find a new place to live as the services they need are no longer available. It's important that people are getting the care that they paid for and this bill is about providing transparency and consistency for the seniors in the state.

OTHER: As written, the bill is implementable and consistent with the report recommendations. There would need to be funding for the agency to accomplish this work and as there is a focus on financial solvency and significant oversight of CCRCs, there is a need to contract with a firm that has the specific expertise. There are concerns that the bill focuses on only one type of contract and additional metrics should be considered to ensure financial oversight. Also, there are also concerns about provisions in the bill related to

lifetime care guarantee, the role of residents in the day to day business operations, the future development of CCRCs, and other financial reporting requirements.

Persons Testifying: PRO: Senator Annette Cleveland, Prime Sponsor; Laura Saunders, WaCCRA Washington Continuing Care Residents Association; Kim Hickman, WaCCRA Washington Continuing Care Residents Association; Mary Baroni, WaCCRA Washington Continuing Care Residents Association; Donna Kristaponis, WACCRA; Cathleen MacCaul, AARP Washington State.

OTHER: Alyssa Odegaard, LeadingAge Washington; Kevin McFeely, Futura Age; Bea Rector, Dept. of Social and Health Services; Amy Abbott, Dept. of Social and Health Services Aging and Long-Term Supports Administration (DSHS ALTSA).

Persons Signed In To Testify But Not Testifying: No one.