

**Department of Legislative Services**  
Maryland General Assembly  
2001 Session

**FISCAL NOTE**  
**Revised**

House Bill 472

(Delegate Hammen)

Environmental Matters

Finance

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**Continuing Care Agreements - Designation of a Beneficiary - Entrance Fee**

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This bill requires a continuing care agreement to be in a form acceptable to the Department of Aging (DOA), and include a provision allowing a subscriber (resident) to designate a beneficiary for receipt of any refundable portion of the facility's entrance fee upon the subscriber's death. The designation must be: (1) made in writing; (2) witnessed by two or more competent witnesses; (3) noncontingent; and (4) specified in percentages to account for 100% of the refund due.

The bill applies to continuing care agreements entered into before and after the bill's October 1, 2001 effective date.

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**Fiscal Summary**

**State Effect:** DOA could review designation of beneficiary forms using existing budgeted resources.

**Local Effect:** None.

**Small Business Effect:** Minimal.

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**Analysis**

**Current Law:** Contracts effectuating continuing care agreements are required to specify numerous items, including the total entrance fee paid by the subscriber and the terms governing the refund of any portion of the entrance fee in the event of discharge by the

provider or cancellation by the subscriber. The agreements are not required to be in a form acceptable to DOA.

**Background:** Continuing care retirement communities are specific types of retirement arrangements that offer a combination of housing and services, including access to medical and nursing services or other health-related benefits. Residents pay a substantial entrance fee and sign contracts covering a period of more than one year (usually for life). Currently, Maryland has 30 operating and two planned continuing care retirement communities.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Department of Health and Mental Hygiene, Department of Aging, Department of Legislative Services

**Fiscal Note History:** First Reader – February 28, 2001  
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Analysis by: Sandra Steele

Direct Inquiries to:  
John Rixey, Coordinating Analyst  
(410) 946-5510  
(301) 970-5510