

Department of Legislative Services
Maryland General Assembly
1999 Session

FISCAL NOTE

Senate Bill 564 (Senators Collins and Kasemever)

Finance

**Continuing Care Facilities - Certificates of Need - Exceptions for Per Diem Nursing
Care Residents**

This bill provides that, under certain conditions, a continuing care retirement community (CCRC) does not lose its exemption from certificate of need (CON) requirements when an individual is admitted directly to a nursing facility within the community. These conditions include: (1) an individual has been admitted under a per diem nursing care agreement; (2) the nursing bed into which the individual is admitted has been initially licensed within the last five years; and (3) the admission does not cause the CCRC to exceed 90% of the total nursing home beds licensed within the last five years. CCRCs with current per diem nursing home admissions must provide CCRC subscribers with nursing care within the CCRC.

Fiscal Summary

State Effect: None. The bill's requirements could be handled with existing budgeted resources.

Local Effect: None.

Small Business Effect: Potential meaningful.

Fiscal Analysis

Background: CCRCs can offer a continuum of care within the same campus to a senior citizen who wishes to age in place; these include, from the lightest to the heaviest levels of care: independent living units, assisted living units, and nursing home beds. As the need for additional nursing home beds has declined statewide, the CON exemption process has been the predominant route by which CCRCs have added nursing home beds. Eleven of the 29 CCRCs in Maryland have CON-exempt nursing home beds.

Current law allows CCRCs to have CON-exempt nursing home beds only if the beds are for the exclusive use of community residents who have executed continuing care agreements for the purpose of residing in independent living units or assisted living units. Under current law, an individual cannot be admitted directly into a CCRC's nursing facility. The bill addresses a concern regarding economic hardship for newer CCRCs of maintaining primarily empty nursing facilities because residents who enter a CCRC are initially healthy.

State Expenditures: The bill could result in additional workload in the Department of Aging to review per diem nursing contracts and revised CCRC contracts. However, the additional workload could be handled with existing budgeted resources.

Small Business Effect: The bill could favorably affect newer CCRCs because it would allow those with CON-exempt nursing home beds to directly admit a resident to a nursing home bed. Two or three of Maryland's 29 CCRCs would be considered small businesses. To the extent that a CCRC resident might otherwise have been admitted to a non-CCRC nursing home, nursing homes could be adversely affected. About 20 nursing homes are small businesses. This represents fewer than 2% of for-profit nursing homes and 20% of non-profit nursing homes.

Information Source(s): Department of Aging; Department of Health and Mental Hygiene (Licensing and Certification Administration, Health Resources Planning Commission); Department of Legislative Services; Mid-Atlantic Non-Profit Health and Housing Association; *Continuing Care Retirement Communities: An Examination of the Exemption of Nursing Home Beds from Certificate of Need Review*, Health Resources Planning Commission, October 1998

Fiscal Note History: First Reader - March 14, 1999

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