

Department of Legislative Services  
Maryland General Assembly  
2000 Session

FISCAL NOTE

House Bill 1295 (Delegate Klausmeier)

Environmental Matters

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**Continuing Care Communities - Certificate of Need Exemption -  
Direct Admission**

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This bill allows a continuing care community (CCC) to maintain exemption from certificate of need (CON) requirements when a subscriber is admitted directly into the CCC nursing home facility. A subscriber who has executed a continuing care agreement and paid all entrance fees before entering a continuing care community could be admitted regardless of the level of care needed by the subscriber at the time of admission.

This bill has an effective date of July 1, 2000.

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**Fiscal Summary**

**State Effect:** None. The bill would not substantively change governmental activities or operations.

**Local Effect:** None.

**Small Business Effect:** Potential meaningful.

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**Analysis**

**Current Law:** A CCC continues to qualify for CON-exempt nursing home beds when subscribers have executed a continuing care agreement for the use of independent living units or assisted living units. CCCs are for the exclusive use of community residents and are prohibited from allowing the public direct admissions to its nursing home beds. A CCC may maintain an exemption from a certificate of need as long as: (1) the number of comprehensive care nursing beds does not exceed 20% of the number of independent living

units at the CCC; and (2) the facility is located on the campus of the continuing care facility.

**Background:** CCCs 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 CCCs have added nursing home beds. As of February 14, 2000, there will be 12 CON-exempt CCCs out of a total of 30 CCCs operating in Maryland. Four additional CON-exempt CCCs are in various stages of the development planning process and are expected to open for business within the next few years.

This bill expands the circumstances under which a CCC can maintain CON-exempt status by deleting the requirement that a subscriber be ambulatory upon entrance (e.g., 'use of the independent living units or assisted living units within the CCC'), thus allowing a subscriber direct entrance into the CCC nursing care facility. This bill also requires that the subscriber not only execute a continuing care agreement, but pay all entrance fees before entering the CCC. A similar bill, HB 619 of 1999 was referred to the Environmental Matters Committee for interim study. The committee did not issue a report or findings.

**Small Business Effect:** This bill could favorably affect CCCs because it allows a facility with CON-exempt nursing home beds to directly admit a fee-paid subscriber into a nursing home bed. Three of Maryland's 30 CCCs would be considered small businesses. To the extent that a CCC resident might otherwise have been admitted to a non-CCC 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 nonprofit nursing homes.

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### **Additional Information**

**Prior Introductions:** Substantially similar legislation was introduced in the 1999 session as HB 619. It was referred to the Environmental Matters Committee for interim study.

**Cross File:** SB 146 (Senator Bromwell) - Finance.

**Information Source(s):** Department of Human Resources, Department of Aging, Department of Legislative Services

**Fiscal Note History:** First Reader - March 13, 2000  
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