

Department of Legislative Services
Maryland General Assembly
2000 Session

FISCAL NOTE
Revised

Senate Bill 146 (Senator Bromwell)

Finance

Continuing Care Communities - Certificate of Need Exemption -
Direct Admission

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 under certain circumstances. A subscriber who has executed a continuing care agreement and paid at least the minimum required entrance fees before entering a continuing care community could be admitted to the comprehensive nursing care unit of the facility regardless of the level of care needed by the subscriber at the time of admission. The bill specifies the limited circumstances for direct admissions to a comprehensive care unit.

This bill has an effective date of July 1, 2000 and sunsets July 1, 2002.

Fiscal Summary

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

Local Effect: None.

Small Business Effect: Potential meaningful.

Analysis

Bill Summary: 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 and able to use 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 entrance fees that are at least equal to the lowest fee charged for an assisted living or independent living unit before entering the CCC.

The bill provides the limited circumstances for direct subscriber admission to a comprehensive care nursing bed. Such an admission may only occur if the subscriber's personal physician, who is not an owner or employee of the CCC, determines that the subscriber has the potential to transfer to an independent living unit or an assisted living unit. In addition, direct admissions may not account for more than 20% of the available nursing home beds. Notwithstanding these limitations, a direct admission is prohibited if it would cause the occupancy of the comprehensive care nursing beds of the CCC to exceed 95% of full capacity. The bill's provisions remain in effect for two years, sunseting on July 1, 2002.

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.

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.

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: None.

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

Fiscal Note History: First Reader - February 8, 2000
nncsjr Revised - Senate Third Reader - March 27, 2000
Revised - Enrolled Bill - April 18, 2000

Analysis by: Louise Hanson

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