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By: **Delegate Hammen**

Introduced and read first time: February 2, 2001

Assigned to: Environmental Matters

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A BILL ENTITLED

1 AN ACT concerning

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

3 FOR the purpose of requiring a continuing care agreement to allow the individual for  
4 whom the agreement is purchased to designate a beneficiary of a refundable  
5 portion of an entrance fee under certain circumstances; and generally relating to  
6 the designation of a beneficiary of certain fees paid in accordance with certain  
7 continuing care agreements.

8 BY repealing and reenacting, with amendments,  
9 Article 70B - Department of Aging  
10 Section 13(a) and (b)  
11 Annotated Code of Maryland  
12 (1998 Replacement Volume and 2000 Supplement)

13 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
14 MARYLAND, That the Laws of Maryland read as follows:

15 **Article 70B - Department of Aging**

16 13.

17 (a) In addition to such other provisions as may be considered proper to  
18 effectuate the purpose of any continuing care agreement, each agreement executed  
19 between a subscriber and a provider shall:

20 (1) Show the total consideration paid by the subscriber for continuing  
21 care including the value of all property transferred, donations, entrance fees,  
22 subscriptions, monthly fees, and any other fees paid or payable by or on behalf of a  
23 subscriber;

24 (2) Specify all services such as food, shelter, medical care, nursing care,  
25 or other health related services, which are to be provided by the provider to each  
26 subscriber, including in detail all items which each subscriber will receive, whether  
27 the items will be provided for a designated time period or for life;

1           (3)     Designate the classes of subscribers according to types of payment  
2 plans;

3           (4)     Describe the procedures to be followed by the provider when the  
4 provider temporarily or permanently changes the subscriber's accommodation within  
5 the facility or transfers the subscriber to another health facility, but a subscriber's  
6 accommodations shall be changed only for the protection of the health or safety of the  
7 subscriber or the general and economic welfare of the residents;

8           (5)     Describe the policies that will be implemented in the event the  
9 subscriber becomes unable to meet the monthly fees;

10          (6)     State the policy of the provider with regard to changes in  
11 accommodations and the procedure to be followed to implement that policy in the  
12 event of an increase or decrease in the number of persons occupying an individual  
13 unit;

14          (7)     Provide in clear and understandable language, boldface type, and in  
15 the largest type used in the body of the agreement, the terms governing the refund of  
16 any portion of the entrance fee in the event of discharge by the provider or  
17 cancellation by the subscriber;

18          (8)     State the terms under which an agreement is canceled by the death  
19 of the subscriber;

20          (9)     Provide in clear and understandable language, boldface type, and in  
21 the largest type used in the agreement, whether or not monthly fees, if charged, will  
22 be subject to periodic increases;

23          (10)    Provide that charges for care paid in advance in 1 lump sum only  
24 shall not be increased or changed during the duration of the agreed upon care;

25          (11)    State which funeral and burial services, if any, will be provided by the  
26 provider;

27          (12)    Give a description of the living quarters;

28          (13)    State the conditions, if any, under which a unit may be assigned to  
29 the use of another by the subscriber;

30          (14)    State the religious or charitable affiliations of the provider and the  
31 extent, if any, to which the affiliate organization will be responsible for the financial  
32 and contractual obligations of the provider;

33          (15)    State the subscriber's and provider's respective rights and obligations  
34 as to use of the facility and as to real and personal property of the subscriber placed  
35 in the custody of the provider;

1 (16) State that the subscribers shall have the right to organize and  
2 operate a subscriber association at the facility and to meet privately to conduct  
3 business;

4 (17) State what, if any, fee adjustments will be made in the event the  
5 subscriber is voluntarily absent from the facility for an extended period of time;

6 (18) Specify the circumstances, if any, under which the subscriber will be  
7 required to apply for Medicaid, Medicare, public assistance, or any public benefit  
8 program and whether or not the facility is a participant in Medicare or medical  
9 assistance;

10 (19) State that the subscriber has received and reviewed the latest  
11 certified financial statement and that a copy of the certified financial statement was  
12 received at least 2 weeks before signing the agreement;

13 (20) Provide that the facility will make available to the subscriber, upon  
14 request, any certified financial statement transmitted to the Department;

15 (21) Where applicable, describe the conditions under which the provider  
16 may be issued a certificate of registration, describe the conditions under which the  
17 provider may use escrowed deposits, and state the amount of the subscriber's deposit  
18 that may be used upon issuance of a certificate of registration;

19 (22) State that fees collected by a provider under the terms of a continuing  
20 care agreement may not be used for purposes other than those set forth in the  
21 agreement; [and]

22 (23) ALLOW A SUBSCRIBER TO DESIGNATE A BENEFICIARY FOR RECEIPT  
23 OF ANY REFUNDABLE PORTION OF THE ENTRANCE FEE, IF:

24 (I) THE DESIGNATION OF A BENEFICIARY IS MADE IN A FORM  
25 ACCEPTABLE TO THE DEPARTMENT;

26 (II) THE DESIGNATION IS IN WRITING; AND

27 (III) THE DESIGNATION IS WITNESSED BY TWO OR MORE  
28 COMPETENT WITNESSES; AND

29 [(23)] (24) Contain the following statement in boldface type, and in the  
30 largest type used in the agreement: "A preliminary certificate of registration or  
31 certificate of registration is not an endorsement or guarantee of this facility by the  
32 State of Maryland. The Maryland Department of Aging urges you to consult with an  
33 attorney and a suitable financial advisor before signing any documents."

34 (b) [A] EXCEPT AS PROVIDED IN SUBSECTION (A)(23) OF THIS SECTION, A  
35 requirement of this section shall not apply to any continuing care agreements entered  
36 into before the effective date of the requirement.

1 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
2 October 1, 2001.