
By: **Delegate Hammen**

Introduced and read first time: February 2, 2001

Assigned to: Environmental Matters

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 14, 2001

CHAPTER _____

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, IN A FORM ACCEPTABLE TO THE
20 DEPARTMENT:

21 (1) Show the total consideration paid by the subscriber for continuing
22 care including the value of all property transferred, donations, entrance fees,

1 subscriptions, monthly fees, and any other fees paid or payable by or on behalf of a
2 subscriber;

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

7 (3) Designate the classes of subscribers according to types of payment
8 plans;

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

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

16 (6) State the policy of the provider with regard to changes in
17 accommodations and the procedure to be followed to implement that policy in the
18 event of an increase or decrease in the number of persons occupying an individual
19 unit;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

30 ~~(I) THE DESIGNATION OF A BENEFICIARY IS MADE IN A FORM~~
31 ~~ACCEPTABLE TO THE DEPARTMENT;~~

32 ~~(II)~~ (I) THE DESIGNATION IS IN WRITING; ~~AND~~

33 ~~(III)~~ (II) THE DESIGNATION IS WITNESSED BY TWO OR MORE
34 COMPETENT WITNESSES; ~~AND~~

35 (III) THE DESIGNATION IS NONCONTINGENT; AND

1 (IV) THE DESIGNATION IS SPECIFIED IN PERCENTAGES AND
2 ACCOUNTS FOR 100 PERCENT OF THE REFUND DUE; AND

3 [(23)] (24) Contain the following statement in boldface type, and in the
4 largest type used in the agreement: "A preliminary certificate of registration or
5 certificate of registration is not an endorsement or guarantee of this facility by the
6 State of Maryland. The Maryland Department of Aging urges you to consult with an
7 attorney and a suitable financial advisor before signing any documents."

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

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