

**Department of Legislative Services**

Maryland General Assembly

2002 Session

**FISCAL NOTE**

**Revised**

House Bill 321

(Delegate Malone, *et al.*)

Environmental Matters

Finance

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**Continuing Care Communities - Direct Admissions Into Comprehensive Care  
Nursing Bed - Repeal of Abrogation Provision**

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This bill repeals the June 30, 2002 termination date for provisions that allow continuing care retirement communities (CCRCs) to have direct admissions to their nursing home beds and still retain their Certificate of Need (CON) exemption.

The bill takes effect July 1, 2002.

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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:** None.

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**Analysis**

**Current Law:** Chapter 248 of 2000 allows a CCRC to retain its CON exemption if the facility is used only for subscribers who have entered into a continuing care agreement and paid all entrance fees before entering the community, regardless of the level of care needed at the time of admission. An entrance fee may not be lower than that paid for the least expensive independent living unit or assisted living unit.

Chapter 248 specifies the limited circumstances for direct subscriber admission to a comprehensive care nursing bed. Such an admission may only occur if: (1) the admitting physician determines that the subscriber has the potential to transfer to an independent living unit or an assisted living unit; and (2) the admission would not cause the nursing bed occupancy rate to exceed 95%. Further, while a nursing facility is under construction, such admissions may not account for more than 20% of the available nursing beds.

Chapter 248 of 2000 is abrogated June 30, 2002.

State health planning law requires nursing home facilities to obtain CON approval prior to being developed, built, or expanded. CON regulation is designed to ensure that new health care services and facilities are developed only as needed, based on the public-developed measures of cost-effectiveness, quality of care, and geographic and financial access to care.

A CCRC is a legally-organized entity that provides continuing care in a facility that has been certified by the Maryland Department of Aging (MDoA).

**Background:** A CCRC offers a full range of housing, residential services, and health care in order to serve its older residents as their needs change over time. CCRCs provide both housing and health care for seniors, as well as emphasizing social involvement and community life. A CCRC is intended to supply a continuum of care throughout the lifetime of its senior residents. It does so by maintaining various on-site medical and social services and facilities. These facilities and services allow residents to enter into the community while still relatively healthy and then move on to more intensive care as it becomes necessary.

There are currently 31 CCRCs in Maryland, 12 of which are in Baltimore County. Most CCRCs have obtained nursing home beds through an exclusion from the CON process. To qualify for this exclusion: (1) a CCRC's number of nursing home beds cannot exceed 20% of its independent living units; (2) it generally must serve its own residents and may only take direct admissions in limited circumstances; and (3) it must provide nursing home care on the same campus as its other housing units.

Prior to 2000, CCRCs were allowed to be excluded from CON regulation because they limited their nursing home bed admissions to subscribers of their own communities and were not perceived as direct competitors with CON-regulated nursing homes. Permitting direct admission to CCRC nursing home beds, as Chapter 248 of 2000 provides, puts CCRCs in direct competition with traditional nursing homes, potentially reducing nursing home admissions. According to a January 1, 2002 report by the Maryland Health Care

Commission, there were 86 direct admissions to CCRCs during a one-year period, a number that did not significantly impact on admissions in traditional nursing homes.

Abrogating the termination provision of Chapter 248 of 2000 would permit CCRCs to continue direct admissions to nursing home beds.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** SB 180 (Senator Bromwell) – Finance.

**Information Source(s):** *Continuing Care Retirement Communities: A Background and Summary of Current Issues* - U.S. Department of Health and Human Services, Office of Disability, Aging and Long-Term Care Policy, February 24, 1997; *Study of Limited Direct Admission at Continuing Care Retirement Communities in Maryland* – Maryland Health Care Commission, January 1, 2002; Department of Health and Mental Hygiene (Developmental Disabilities Administration, Office of Health Care Quality); Department of Legislative Services

**Fiscal Note History:** First Reader - February 4, 2002  
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