

Department of Legislative Services  
Maryland General Assembly  
2003 Session

FISCAL AND POLICY NOTE  
Revised

House Bill 552 (Delegate Donoghue, *et al.*)

Health and Government Operations

Finance

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Department of Aging - Continuing Care Retirement Communities - Regulation

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This bill authorizes the Department of Aging to count continuing care services agreements a person enters into up until the time the department issues a preliminary certificate to the person toward the 65% presales requirement if certain conditions are met. Additionally, the department may issue an initial certificate for a number of units that would otherwise not be financially viable if the applicant satisfactorily assures the department that adequate provisions were made to ensure subscribers will receive a refund if the project becomes insolvent before it is completed. In order for this exception to apply, the person whose existing operations become subject to the continuing care contracts statute as a result of Chapter 150 of 2002 must demonstrate that as of October 1, 2002 the person already completed the site acquisition, site development, and infrastructure investment intended to support a project planned before October 1, 2002 that would expand the number of independent living and assisted living units at the facility.

The bill takes effect June 1, 2003.

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Fiscal Summary

**State Effect:** None. The change is procedural in nature and would not directly affect governmental finances.

**Local Effect:** None.

**Small Business Effect:** Meaningful impact for the two CCRCs that would be affected by this bill.

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## **Analysis**

**Current Law:** The Continuing Care Contract Act was enacted in 1980. CCRCs furnish shelter and either medical and nursing services or other health-related services to individuals over the age of 59 and not related to the provider. CCRCs require the transfer of assets or an entrance fee.

If independent or assisted living units are to be built, the number must be less than or equal to 25% of the number of existing independent and assisted living units.

Chapter 150 of 2002 made various changes to the Continuing Care Contract Act, one of which was to require some existing retirement communities to become subject to the Act.

A provider may not provide continuing care until the department issues a certificate of registration. The application must contain, among other information, verification that subscribers' continuing care agreements have been executed for at least 65% of the independent living units and at least 10% of the total entrance fee for each contracted unit has been collected.

**Background:** The 31 CCRCs operating in Maryland individually set contract terms and fees. Five CCRCs are in the planning process and are not yet operational. One operating CCRC is planning to place more buildings on its existing campus. Approximately 90% of CCRCs are operated as nonprofit entities. Most CCRCs offer nursing homes and assisted living facilities on their campuses. Assisted living facilities provide assistance with daily living activities. CCRCs offer a full range of housing, residential services, and health care to serve older residents as their needs change over time.

The Department of Aging advises that this bill affects two CCRCs that are in the process of complying with the 65% presales requirement.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

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

**Fiscal Note History:** First Reader - March 4, 2003  
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