

**Department of Legislative Services**  
Maryland General Assembly  
2007 Session

**FISCAL AND POLICY NOTE**

House Bill 1423 (Chair, Health and Government Operations Committee)  
(By Request – Departmental – Aging)

Health and Government Operations

Finance

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**Department of Aging - Continuing Care Fund**

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This departmental bill establishes a Continuing Care Fund within the Maryland Department of Aging (MDoA) to defray the costs of administering continuing care statutory requirements. The special, nonlapsing fund would consist of all continuing care retirement community (CCRC) fees, money appropriated in the State budget to the fund, fund investment earnings, and any other money from any other source accepted for the fund's benefit.

The bill takes effect June 1, 2007.

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**Fiscal Summary**

**State Effect:** The bill generally codifies a recently halted practice. The Governor's proposed FY 2008 budget includes \$324,001 in MDoA special fund expenditures from CCRC fees. CCRC provider fee revenues MDoA already collects would be paid into the Continuing Care Fund. The Governor's proposed FY 2008 budget assumes \$324,001 in special fund revenues from CCRC fees for MDoA.

**Local Effect:** None.

**Small Business Effect:** MDoA has determined that this bill has minimal or no impact on small business (attached). Legislative Services concurs with this assessment.

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## Analysis

**Current Law:** MDoA is authorized to establish and collect CCRC provider fees to recover costs related to CCRC regulation. A CCRC furnishes or makes available shelter and either medical and nursing services or other health-related services to an individual age 60 or older not related by blood or marriage to the provider for the life of the individual or for more than one year under one or more written agreements that require the transfer of assets or an entrance fee notwithstanding periodic charges. A CCRC may not provide continuing care until it receives an initial certificate of registration from MDoA.

**Background:** MDoA advises that the bill codifies a recently halted practice of not reverting special fund revenues from CCRC fees unspent at the end of a fiscal year to the general fund. Historically, CCRC renewal application fees and fees for construction of new units were placed in a nonstatutory special fund that did not revert to the general fund at the end of the fiscal year. Nothing in statute prohibits these revenues from reverting to the general fund at the end of the fiscal year if MDoA does not spend it. As a result, if MDoA receives CCRC fee revenues close to the end of a fiscal year that it cannot spend before the fiscal year ends, the special funds revert to the general fund. For example, a CCRC may submit an application to construct new units to MDoA in June. Although CCRC's application fee is intended to be used to hire contractors to determine if the new community is financially feasible, the department may not be able to spend the fee revenues before the end of the fiscal year. If this happened, the fee revenues would revert to the general fund before they could be spent. MDoA advises that it receives approximately 40 CCRC payments annually. If those funds come at the end of a fiscal year, MDoA advises that it cannot effectively carry out its mandate.

There are 34 CCRCs serving 15,000 subscribers in Maryland.

**State Fiscal Effect:** The Governor's proposed fiscal 2008 budget includes \$324,001 in special fund expenditures from CCRC fee revenues. CCRC provider fee revenues MDoA already collects would be paid into the Continuing Care Fund. MDoA would be allowed to retain any unspent special fund revenue at the end of fiscal 2008 and future years instead of those funds being reverted to the general fund.

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## Additional Information

**Prior Introductions:** None.

**Cross File:** None.

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

**Fiscal Note History:** First Reader - March 20, 2007  
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