HB 952

Department of Legislative Services

Maryland General Assembly
2009 Session

FISCAL AND POLICY NOTE
Revised

House Bill 952 (Delegate Hubbard, *et al.*)

Health and Government Operations Finance

Continuing Care Agreements and Related Agreements

This bill requires the Maryland Department of Aging (MDoA) to review continuing care agreements or any other related agreements within 120 days, rather than 180 days, after receiving the agreement. However, if MDoA submits comments or requests additional information from the provider, the 120-day review period is frozen until MDoA receives the requested information. If a provider seeks to modify an approved agreement or other related agreement, MDoA must limit its review to the section of the agreement being modified, any sections directly affected by the modification, and any section that may have been affected by a change in the law or a regulation that was enacted after MDoA approved the agreement.

The bill takes effect July 1, 2009.

Fiscal Summary

State Effect: General and/or special fund expenditures increase by at least $69,700 in FY 2010 to hire one additional attorney to review continuing care agreements within the shortened timeframe. Future years reflect annualization and inflation. No effect on revenues.

(in dollars)	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Revenues	$0	$0	$0	$0	$0
GF/SF Exp.	69,700	88,600	92,800	97,200	101,800
Net Effect	($69,700)	($88,600)	($92,800)	($97,200)	($101,800)

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: If MDoA does not approve an agreement, it must notify the provider in writing and cite specific provisions of the law that it determined did not comply with the agreement. A provider may appeal the disapproval.

The bill also eliminates the requirement that a provider submit the assisted living agreement, comprehensive care agreement, or any requests for modifications to MDoA for approval if the provider executes a separate assisted living agreement or comprehensive care agreement.

Current Law/Background: MDoA's Continuing Care Division regulates continuing-care retirement communities (CCRCs). CCRCs offer a full range of housing, residential services, and health care in order to serve their older residents as their medical needs change over time. 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 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. Most CCRCs have nursing facilities on site or contract with nursing homes that are nearby.

The division also regulates continuing care at home, which includes health services and assistance with the maintenance of a person's dwelling.

A continuing care agreement is an agreement between a provider and a subscriber to provide continuing care. If a provider's feasibility study has been approved, MDoA must decide whether to approve a continuing care agreement within 180 days after the receipt of a complete agreement. If MDoA does not act within 180 days, the agreement is deemed approved. Each continuing care agreement must include specified information regarding fees and service packages offered by a CCRC.

Regulations require a provider to request approval from MDoA for any modification, addition, or deletion to the terms of a continuing care agreement.

MDoA advises that it reviews about 200 agreements annually. In addition, MDoA advises that, when a provider submits an agreement that does not meet set standards, it requests a revised contract from the provider, and the 180-day approval timeframe is "reset" when MDoA receives the revised contract from the provider.

The Office of Health Care Quality within the Department of Health and Mental Hygiene licenses and regulates assisted living programs and comprehensive care facilities.

State Fiscal Effect: General and/or special fund expenditures increase by at least $69,676 in fiscal 2010, reflecting a 90-day start-up delay, to hire one additional attorney to review continuing care agreements within the shortened timeframe. In addition to the shortened timeframe, MDoA advises that under the bill, it will no longer be able to "reset" the timeframe when a provider submits an agreement that, upon initial MDoA review, does not meet set standards and therefore must be resubmitted – putting more pressure on the department to expedite the review process. The estimate includes a salary, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Position	1
Salary and Fringe Benefits	$64,098
Operating Expenses	1,283
Start-up Costs	4,295
Total FY 2010 Expenditures	**$69,676**

Future year expenditures reflect a full salary with 4.4% annual increases, 3% employee turnover, and 1% increases in ongoing operating expenses.

It is unclear whether the addition of only one attorney is sufficient to manage the expedited workload under the bill. To the extent more resources are needed, they can be requested through the annual budget process.

Additional Information

Prior Introductions: None.

Cross File: SB 778 (Senator Della) - Finance.

Information Source(s): Department of Legislative Services

Fiscal Note History: First Reader - March 9, 2009
mcp/mwc Revised - House Third Reader - April 3, 2009

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