

Department of Legislative Services
Maryland General Assembly
2026 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 424

Health

(Delegate Kerr, *et al.*)

Continuing Care in a Retirement Community Providers - Governing Bodies - Membership

This bill expands the definition of “provider” with respect to the governing body of a continuing care in a retirement community (CCRC) to include a person who oversees the financial and policy decisions in providing CCRC. If a provider owns or operates multiple facilities in the State, the governing body must include (1) as a regular member, one of the provider’s subscribers who is a subscriber at the facility with the most subscribers and (2) as an alternate member, at least one of the provider’s subscribers for every three facilities in the State, if applicable. The bill specifies that the purpose of a subscriber member of a governing body is to represent the interests of the provider’s subscribers and alters other provisions relating to a governing body of a CCRC.

Fiscal Summary

State Effect: Special fund expenditures for the Maryland Department of Aging (MDOA) increase by \$85,600 in FY 2027 for staff, as discussed below. Future years reflect annualization and ongoing costs. Special fund revenues to the Continuing Care Fund may increase by an indeterminate amount beginning as early as FY 2027 (and may be used to offset expenditures), as discussed below.

(in dollars)	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
SF Revenue	-	-	-	-	-
SF Expenditure	\$85,600	\$100,500	\$105,200	\$110,000	\$114,800
Net Effect	(\$85,600)	(\$100,500)	(\$105,200)	(\$110,000)	(\$114,800)

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

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: The bill specifies that a regular or alternate member of the governing body of a CCRC must be selected by the resident association of the facility. A regular or alternate member selected by the resident association is not required to meet the same general written standards and criteria used to select other members of the governing body, including any requirement to adhere to a particular religious faith or principle.

The bill removes the requirement that the governing body confer with the resident association at each of the provider's facilities before the subscriber or alternate subscriber officially joins the governing body.

Current Law: In general, a provider must have received a license from MDOA for each facility offering continuing care. MDOA currently conducts financial reviews of continuing care providers.

“Continuing care in a retirement community” means providing shelter and either medical and nursing or other health-related services or making the services readily accessible through the provider or an affiliate of the provider, whether or not the services are specifically offered in written agreement for shelter (1) to an individual who is at least age 60 and not related by blood or marriage to the provider; (2) for the life of the individual or for a period exceeding one year; and (3) under one or more written agreements that require a transfer of assets or an entrance fee notwithstanding periodic changes.

“Provider” means a person who undertakes to provide continuing care and is (1) the owner or operator of a facility or (2) an applicant for or the holder of a preliminary, initial, or renewal certificate of registration.

“Governing body” means a board of directors, board of trustees, or similar group that ultimately directs the affairs of a provider, but whose members are not required to have an equity interest in the provider. A provider must disclose to a subscriber the provider’s form of governance and the composition of its governing body.

Governing Body Meetings and Membership

At least quarterly, each provider must hold a meeting open to all the provider’s subscribers. The provider must summarize their operations, significant changes from the previous year, and goals and objectives for the next year, as well as answer subscribers’ questions.

If a provider has a governing body, at least one of the provider's subscribers must be a full and regular member of the governing body. If a provider owns or operates more than three facilities in the State, the governing body must include at least one of the provider's subscribers for every three facilities in the State.

Chapter 331 of 2025 requires the governing body of a continuing care provider that has only one subscriber to authorize the appointment of an alternate subscriber to serve as a regular member of the governing body if the regular subscriber is unable to fulfill the subscriber's duties. The alternate subscriber may (1) attend all meetings of the governing body and (2) vote only if the regular subscriber is unable to fulfill the subscriber's duties as a regular member of the governing body.

A regular or alternate member of the governing body must be selected according to the same general written standards and criteria used to select other members of the governing body. The governing body must confer with the resident association at each of the provider's facilities before the subscriber officially joins the governing body.

State Expenditures: Under the bill, MDOA is responsible for ensuring that providers (including a person who oversees the financial and policy decisions in providing CCRC, such as a parent company) are following the law with respect to the governing body of a CCRC.

MDOA advises that the expanded definition of "provider" requires the department to collect and assess additional documentation for each licensed CCRC to determine parent corporations, affiliated corporations, and other entities, many of which could be non-Maryland entities. MDOA further advises that, over the past two years, it has received a significant increase in inquiries about the roles and responsibilities of parent organizations and public information requests associated with CCRCs. MDOA notes that any additional workload cannot be absorbed by existing staff.

Therefore, MDOA special fund expenditures increase by \$85,616 in fiscal 2027, which accounts for the bill's October 1, 2026 effective date. This estimate reflects the cost of hiring one financial analyst to evaluate CCRC providers to determine parent corporations and other entities to ensure that providers comply with governing body requirements. It includes a salary, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Position	1.0
Salary and Fringe Benefits	\$76,475
Operating Expenses	<u>9,141</u>
Total FY 2027 State Expenditures	\$85,616

Future year expenditures reflect a full salary with annual increases and employee turnover as well as annual increases in ongoing operating expenses.

Provider Fees

The Continuing Care Fund is used to defray the costs of administering continuing care statutory requirements. The special, nonlapsing fund consists of all continuing care provider 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.

MDOA advises that counting care provider fee increases may be needed to offset the cost of the bill. To the extent that provider fees increase as a result of the bill, special fund revenues to the fund increase by an indeterminate amount beginning as early as fiscal 2027 and may be used to offset expenses under the bill.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: SB 488 (Senator Lewis Young) - Finance.

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

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