

Department of Legislative Services
Maryland General Assembly
2026 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 488
Finance

(Senator Lewis Young)

**Continuing Care in a Retirement Community Providers - Governing Bodies -
Membership (Sue Hecht Continuing Care Retirement Community Transparency
Act)**

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 effectively controls the financial and policy decisions. 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. The bill also requires a provider to include specified information on an application and a disclosure statement.

Fiscal Summary

State Effect: Special fund expenditures for the Maryland Department of Aging (MDOA) increase by \$85,600 in FY 2027 for staff. 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 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:

Governing Body Meetings and Membership

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.

Certificate of Registration and Disclosure Statement Requirements

An application for a preliminary certificate of registration must include a copy of the bylaws or similar instrument or agreement governing the provider.

A disclosure statement must include the articles of incorporation or other founding instrument of the provider, including any amendments, and a copy of the bylaws or similar instrument or agreement governing the provider.

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.

Certificate of Registration Requirements

A provider may not enter into a continuing care agreement until MDOA issues a preliminary certificate of registration. An application for a preliminary certificate of registration must include: (1) the name and address of the facility and the name and address of any affiliate, parent, or subsidiary; (2) the organizational structure and management of the provider; (3) a copy of the corporate charter, partnership agreement, articles of association, membership agreement, trust agreement, or similar instrument or agreement governing the legal organization of the provider; (4) specified financial documents; (5) a statement of any affiliation with a religious, charitable, or other nonprofit organization, the extent of the affiliation, and the extent, if any, to which the affiliate organization will be responsible for the provider’s financial and contractual obligations; (6) a copy of the proposed continuing care agreement; (7) a copy of any priority admission agreements between the provider and any health care provider for health related services;

(8) a statement of the current fee structure; (9) a statement of the role of any publicly funded benefit or insurance program in the financing of care; (10) the form and substance of any advertisement, advertising campaign, or other promotional material for the facility; and (11) other reasonable and pertinent information that MDOA requires.

Disclosure Statement Requirements

A provider must give a disclosure statement for each facility for which the provider holds a preliminary, initial, or renewal certificate of registration (1) to a prospective subscriber before the earlier of payment of any part of the entrance fee or execution of a continuing care agreement and (2) annually to any subscriber who requests a disclosure statement.

A disclosure statement must include, among other things:

- the name and address of the provider and of any parent or subsidiary;
- the organizational structure and management of the provider;
- the name and occupation of each officer, director, trustee, managing or general partner, and each person with a 10% or greater equity or beneficial interest in the provider, and a description of the person's financial interest in or occupation with the provider;
- a description of the provider's form of governance and the composition of its governing body;
- if the provider has a governing body, a description of the process used by the provider to select a subscriber member;
- a statement of any affiliation of the provider with a religious, charitable, or other nonprofit organization, and the extent of the organization's responsibility for the financial and contractual obligations of the provider;
- if the facility will be managed on a day-to-day basis by a person other than an individual who is directly employed by the provider;
- a description of all basic fees, including entrance fees;
- a summary of the basic services provided or proposed to be provided at the facility under the continuing care agreement;
- a description of the role of any resident association;
- a description of the internal grievance procedure; and
- any other material information about the facility or the provider that MDOA requires or that the provider wishes to include.

State Expenditures: Under the bill, MDOA is responsible for ensuring that providers (including a person who effectively controls the financial and policy decisions, 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 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: HB 424 (Delegate Kerr, *et al.*) - Health.

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

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jg/jc

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