

**SUBJECT: SB0076 Continuing Care Retirement Communities - Governing Bodies, Grievances, and Entrance Fees**

COMMITTEE: Finance, The Honorable Pamela Beidle, Chair

DATE: Thursday, February 8, 2024

POSITION: FAVORABLE

I am a resident of a Maryland CCRC and am writing in support of SB0076.

CCRC (Continuing Care Retirement Communities) are a complex model of senior living, providing Independent Living, Assisted Living, and often Skilled Nursing on a single campus. In addition to housing, CCRCs provide many services including meals, housekeeping, recreational facilities, and, in Assisted Living and Skilled Nursing, healthcare.

Residents (called “Subscribers” in the Maryland Code) sign contracts and make two kinds of payments.

- The first is an Entrance Fee, often in the hundreds of thousands of dollars, which varies based on factors such as the size of the apartment or cottage, and whether is any provision for a partial refund of the Entrance Fee upon death or termination of the contract. Entrance Fees are commonly used for capital expenditures, although sometimes used for operating expenses.
- The second fee is a monthly fee, generally 4-5 figures, which is used for operating expenses. Monthly fees vary by the size and type of unit, number of occupants (single or couple), type of contract (Type A, B, or C)

CCRCs can be for-profit or non-profit (most Maryland CCRCs are non-profit). They can be stand alone or under common ownership with other CCRCs in Maryland or other states.

Current law requires that governing boards include at least one resident as a full and regular member, chosen in consultation with the Resident Association but selected by the board itself, and that the board make available a summary of the non-confidential portion of the minutes of each meeting within a month of approval of the minutes. However, the statute is silent on some matters—such as whether, when or how executive sessions may be held, how minutes of such sessions are kept, and whether confidentiality agreements may be required.

Some CCRCs are the sizes of small towns in Maryland, with substantial assets under their control. If a village of several hundred people must have its governance carried out in public with public participation, query whether the residents of a CCRC should have similar expectations. Many residents have invested a substantial portion of their assets in paying the Entrance Fee and a substantial portion of their monthly income in paying the monthly fee. While contracts can be terminated, for most residents, moving to a CCRC is intended to be for the rest of their lives. It is very much in their interest that their CCRC be financially stable. It is also very much in the interest of residents to have knowledge and understanding of the administration and governance of their CCRC.

There is increasing concern among many CCRC residents about the limited representation of their perspectives on governing boards and lack of transparency.

For these reasons I support Senate Bill 76 and ask for a favorable report. Thank you.

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