



Wes Moore | Governor

Aruna Miller | Lt. Governor

Carmel Roques | Secretary

Date: February 8, 2024

Bill Number: SB 76

Bill Title: Continuing Care Retirement Communities - Governing Bodies, Grievances, and Entrance Fees

Committee: Senate Finance Committee

MDOA Position: FAVORABLE WITH AMENDMENTS

The Department of Aging (MDOA) thanks the Chair and Committee members for the opportunity to testify in support of Senate Bill (SB) 76 - Continuing Care Retirement Communities - Governing Bodies, Grievances, and Entrance Fees.

MDOA is statutorily required to license and regulate continuing care retirement communities (CCRCs) in Maryland pursuant to Title 10, Subtitle 4 of the Human Services Article, Annotated Code of Maryland and the COMAR 32.02.01. As of January 1, 2023, there were 36 CCRC's in Maryland; containing over 12,000 independent living units, 2,000 assisted living units and 2,000 nursing care units. In general, a CCRC consists of the three elements being present:

1. the consumer pays an entrance fee that is at minimum, three times the average monthly fee;
2. the provider furnishes or makes available shelter and/or medical, nursing or other health-related services to people 60 or older; and
3. the shelter and services are offered under a contract that lasts more than a year, usually for life.

Maryland's CCRC law is fairly strict compared to other states, and primarily focused on the financial health of the organizations. CCRCs must request approval to build a new campus, expand, renovate, sell or close, and must provide very detailed information when they make any of these requests. Additionally their financial, organizational, legal and marketing information is reviewed annually through a rigorous MDOA licensing process.



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In MDOA's view, some of the issues that have led to this legislation are the result of the pandemic, which stressed CCRC finances in multiple ways: no new residents moved in for a sustained period; staff quit; staffing expenses soared, rates have gone up. The pandemic caused occupancy to decline and weakened financial positions. The ability to reimburse entrance fees on a timely basis was delayed in some situations that MDOA is aware of. The good news is that these trends have reversed and CCRC occupancy is improving and financials are stronger.

MDOA is supportive of provisions in SB 76 that aim to improve relations & communications between residents and management at CCRCs and increase transparency for residents. To that end, MDOA supports amended language to require CCRC's to post their disclosure statements on their own websites as a condition to receiving an MDOA license. Although this is public information, and technically available to residents and consumers, it is not currently accessible online.

SB 76 would mandate new internal grievance and refund reporting by CCRC's although we believe that this information does not enhance MDOA's current regulatory oversight function. MDOA can absorb the new reporting requirements from a staff capacity perspective. MDOA requests clarifying language that directs these reports be made once annually to MDOA and that MDOA's annual report of this data be directed to the Maryland General Assembly, with protections against revealing personal information, including where there are low numbers of grievances and refunds in a particular year in a single community.

However, MDOA is concerned that the sequential refund structure in SB 76 will not help expedite the refund process for existing CCRC residents and may cause more harm than good. Most CCRC financing is predicated on assumptions that involve the entrance fee refund process; that refunds are not made to residents or their families or estates until individual units are re-occupied by new residents. MDOA has real concern that this could be destabilizing, cutting against to MDOA's current statutory interest in overseeing a fiscally strong CCRC community. MDOA notes this change could put CCRCs at an additional competitive disadvantage with other kinds of providers, such as high end assisted living communities.



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With respect to increasing resident representation on boards, MDOA is concerned it will not necessarily improve transparency or resident relations, as board members must pledge confidentiality and loyalty to the organization. SB 76 would require that the resident representative be elected by a CCRC's resident association. However, this overlooks that in some cases there are multiple resident groups, or more than one resident association at a CCRC.

For these reasons, the Department of Aging respectfully urges a favorable with amendments report for SB 76. If you have any questions, please contact Andrea Nunez, Legislative Director, at andrea.nunez@maryland.gov or (443) 414-8183.

Sincerely,

Isabella Shycoff
Director, Division of Housing Services
Maryland Department of Aging