



Wes Moore | Governor

Aruna Miller | Lt. Governor

Carmel Roques | Secretary

Date: March 5, 2024

Bill Number: **HB1177**

Bill Title: Continuing Care Retirement Communities - Subscriber Rights and Provider Duties

Committee: House Health and Government Operations

MDOA Position: UNFAVORABLE

The Department of Aging (MDOA) respectfully submits this letter of opposition on House Bill (HB) 1177 - Continuing Care Retirement Communities - Subscriber Rights and Provider Duties.

The Maryland Department of Aging (MDOA) serves as Maryland's State Unit of Aging, administering federal funding for core programs, overseeing the Area Agency on Aging (AAA) network at the local level that provides services, and planning for Maryland's older adult population. Pursuant to a recent Executive Order, in January 2024, MDOA launched the Longevity-Ready Maryland Initiative,¹ which will build upon existing efforts across state agencies, private and philanthropic sectors and other stakeholders to tackle real-life challenges throughout the lifespan, taking a whole-of-life and whole-of-government approach. Continuing care retirement communities (CCRCs) are a needed component of the long-term care ecosystem and longevity-readiness.

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; with over 20,000 residents in independent living, assisted living and skilled nursing levels of care. In general, a CCRC consists of the three elements being present:

¹ See, Maryland Department of Aging: Longevity-Ready Maryland Initiative *available at*: <https://aging.maryland.gov/Pages/LRM.aspx>



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

Maryland's CCRC law is fairly rigorous 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, amend their contracts 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 detailed licensing process.

In MDOA's view many of the concerns raised are not widespread, but really a manifestation of the economic impact of the post COVID market. The pandemic stressed CCRC finances in multiple ways: no new residents moved in for a sustained period; high staff turnover and higher staffing expenses. As a result, rates have gone up, as they have across many business sectors. The pandemic caused occupancy to decline and weakened financial positions. The good news is that these trends have reversed and CCRC occupancy is improving and financials are stronger.

While MDOA's prescribed role pursuant to state law is as the regulator of CCRC's, by focusing primarily on statutory compliance and financial health. MDOA of course supports CCRC residents' rights. MDOA Division of Housing Services regularly responds to consumer inquiries and provides information as allowed by law by public requestors. MDOA supports additional online posting of CCRC disclosure statements, which include detailed language around services and living conditions, on CCRC websites, and proposed that as an amendment to HB68.

Much of the language currently in HB1177, however, restates already enacted federal or state law or regulations around CCRCs and CCRC residents' basic rights. For example, in the new proposed Human Services Article, section 10-451(9), the bill proposes a 90 day notice period to residents before any planned fee changes. Maryland regulations already require a 45 day notice period for monthly fee changes paid by subscribers, which we understand is similar to many other states.



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MDOA is aware of interest by CCRC residents and the bill sponsor in converting portions of this bill potentially into a CCRC resident's bill of rights, with additional disclosures and free resources available to them in independent living settings. While this doesn't enhance MDOA's current regulatory oversight function, MDOA would be glad to continue discussions of such a bill as well as existing state regulations of CCRCs in the future.

MDOA opposes the creation of a CCRC ombudsman system at MDOA. Due to its role as a regulator of CCRCs it would be a conflict of interest for MDOA to serve as the host agency of a CCRC ombudsman function, adopting regulations, vetting, appointing and overseeing local ombudsmen, whether compensated or volunteers.

If you have any questions, please contact Andrea Nunez, Legislative Director, at andrea.nunez@maryland.gov or (443) 414-8183.

Sincerely,

Carmel Roques
Secretary
Maryland Department of Aging