



**TESTIMONY BEFORE THE
HOUSE HEALTH AND GOVERNMENT OPERATIONS COMMITTEE**

February 1, 2024

House Bill 68: Continuing Care Retirement Communities - Governing Bodies, Grievances, and Entrance Fees
Written Testimony Only

POSITION: UNFAVORABLE

On behalf of the members of the Health Facilities Association of Maryland (HFAM), we appreciate the opportunity to submit this testimony regarding House Bill 68. HFAM represents skilled nursing centers and assisted living communities in Maryland, as well as associate businesses that offer products and services to healthcare providers. Our members provide services and employ individuals in nearly every jurisdiction of the state.

House Bill 68 alters the membership of governing bodies of continuing care retirement communities by increasing the number of subscribers; alters the number of times select committees of providers without a governing body are required to meet with subscribers each year; requires the Department of Aging to collect certain information about internal grievances; alters the processes for the termination of a continuing care agreement; and alters the process for refunding certain entrance fees.

We agree that it is useful to place more attention on transparency and communication that empowers consumers, residents, patients, and their families to be active and informed consumers of healthcare. We appreciate this legislation's attempt to enhance transparency, protect residents, and increase representation on governance boards. However, many of the changes this bill proposes do not serve a clear purpose and would be problematic. Below are our comments on the three main components of this legislation.

1. **Sequence for the Return of Deposits.** When an individual moves into a CCRC, they sign a contract that defines the terms of the agreement, including how and when a refund of the entrance fee will be provided. These contracts are reviewed and approved by the Maryland Department of Aging. The proposed process for issuing entrance fee refunds in this legislation would place an undue financial burden on CCRCs and may even create cashflow issues that threaten investments and services benefiting existing residents.

2. **Resident Representation on Boards.** Resident involvement is incredibly important for CCRCs and Maryland already exceeds most other states in resident representation on CCRC boards. Maryland is one of three states that require one resident board member to have full voting rights. There is no data-driven evidence that additional voting members add value or efficacy to governance. Again, resident involvement and open communication between the board and residents are to be applauded. However, the changes proposed in HB 68 would limit the ability of CCRCs to operate their boards effectively and in line with best governance practices.

3. **Reporting of Grievances.** House Bill 68 requires all CCRCs to report twice per year all internal grievances filed by residents. While regulatory bodies in other states can mediate conflicts between residents and their CCRC, there is no precedent for the regulatory body to collect all grievances received. This requirement would add an administrative burden to both the CCRC and the Department of Aging. In addition, CCRCs already have internal grievance procedures and there doesn't appear to be a purpose for the Department of Aging collecting information about grievances that have already been resolved. Nor does this legislation outline to what end this information would be used or shared.

For these reasons, we respectfully request an unfavorable report from the Committee on House Bill 68.

Submitted by:

Joseph DeMattos, Jr.
President and CEO
(410) 290-5132