

HOUSE BILL REPORT

HB 2345

As Passed House:
February 14, 2020

Title: An act relating to continuing care retirement communities.

Brief Description: Concerning continuing care retirement communities.

Sponsors: Representatives Macri, Wylie, Cody, Goodman, Tharinger and Appleton.

Brief History:

Committee Activity:

Health Care & Wellness: 1/15/20, 1/28/20 [DP].

Floor Activity:

Passed House: 2/14/20, 57-41.

Brief Summary of Bill

- Requires that continuing care retirement communities (CCRCs) provide each existing resident with a copy of the CCRC's disclosure statement.
- Establishes time standards for the return of refundable entrance fees to CCRC residents.
- Requires each CCRC to make available any full actuarial reports from the previous three years to any resident council relating to financial matters at the CCRC.

HOUSE COMMITTEE ON HEALTH CARE & WELLNESS

Majority Report: Do pass. Signed by 10 members: Representatives Cody, Chair; Macri, Vice Chair; Chopp, Davis, Harris, Riccelli, Robinson, Stonier, Thai and Tharinger.

Minority Report: Do not pass. Signed by 4 members: Representatives Schmick, Ranking Minority Member; Caldier, Assistant Ranking Minority Member; DeBolt and Maycumber.

Minority Report: Without recommendation. Signed by 1 member: Representative Chambers.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Staff: Chris Blake (786-7392).

Background:

Continuing care retirement communities (CCRCs) are entities that provide care and housing to residents under a residency agreement that lasts for longer than a year. Care services may include nursing care, medical care, assistance with activities of daily living, and protection or supervision.

Since July 1, 2017, CCRCs have been required to register with the Department of Social and Health Services. To become registered, an applicant must submit information about the assisted living and nursing home components of the CCRC, copies of residency agreements, a copy of the current disclosure statement, copies of audited financial statements, and an attestation that the CCRC is in compliance with disclosure notification requirements. Disclosure requirements for prospective residents include information about the ownership; descriptive information about the facilities; policies regarding notifications of fee increases, changes in levels of care, and contract termination; a description of standard and supplemental services; and the most recent audited financial statements.

Residents of CCRCs are afforded several expectations that a CCRC must fulfill. These expectations include transparency in the financial stability of the facility, timely notification of developments affecting the facility, reasonable accommodations for persons with disabilities, the opportunity to participate in resident organizations, the opportunity to seek independent review of contracts and agreements, and the assurance that donations made by residents to the CCRC are voluntary.

Summary of Bill:

In addition to providing disclosure statements to prospective residents, a continuing care retirement community (CCRC) must provide each existing resident with a copy of the CCRC's disclosure statement within 30 days of submission to the Department of Social and Health Services.

Beginning July 1, 2021, if a CCRC has a council of residents that is formed to communicate between residents and management on financial matters, the CCRC must make any full actuarial reports that the CCRC has prepared in the previous three years available to the members of the council.

The expectations of residents of a CCRC are expanded with respect to refundable entrance fees. Residents may expect that residency agreements that provide for refundable entrance fees will provide for the refund to be available if the resident leaves the CCRC or dies. Once five years have passed from the issuance of a certificate of occupancy, refunds must be paid no later than the earlier of: (1) the thirtieth day after the resident's unit is reoccupied and the resident no longer lives in the CCRC; or (2) two years following the resident's departure or death. The refund may be delayed if the occupancy rate of independent living units is below 90 percent 60 days before the refund is due. The refund may be delayed until 60 days after the first month in which the occupancy rate is 90 percent or more.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) This bill builds on the work of a bill from last year and, following work with stakeholders, it is simpler than last year's bill. There are many great things about living at a continuing care retirement community (CCRC), however, residents would like assurances about the financial health of the community and this bill assures such transparency for residents. Many residents have paid a substantial portion of their savings as nonrefundable entrance fees. There is a question of whether a CCRC's medical services will be there when they are needed. Residents are concerned that there is little financial disclosure or transparency. In 2019 there were at least six CCRC bankruptcies in five states and two CCRCs in Washington closed their nursing facilities which can result in the separation of spouses. Actuarial reports are one of the best forecasts of future financial health and this bill would allow a resident finance committee to access the full actuarial reports if they are done by the CCRC.

Most CCRCs do not have a time limit on the refund of entrance fees and this bill establishes expectations about the return of entrance fees when a resident passes away. While this has not been a problem in Washington, it has been an issue in other states and addressing it here will avoid it becoming a problem in Washington.

(Opposed) These issues can be resolved outside of the legislative process. There have been productive facilitated discussions over the past several months with stakeholders committed to the process of discussing the points in this bill. The bill should be set aside while the stakeholders continue negotiations in good faith outside of the legislative process.

Persons Testifying: (In support) Representative Macri, prime sponsor; and Rick Baugh and Donna Kristaponis, Washington Continuing Care Residents Association.

(Opposed) Scott Sigmon, LeadingAge Washington.

Persons Signed In To Testify But Not Testifying: None.