

HOUSE BILL REPORT

SSB 5691

As Reported by House Committee On:
Health Care & Wellness

Title: An act relating to adopting the department of social and health services report recommendations addressing a regulatory oversight plan for continuing care retirement communities.

Brief Description: Adopting the department of social and health services report recommendations addressing a regulatory oversight plan for continuing care retirement communities.

Sponsors: Senate Committee on Health & Long-Term Care (originally sponsored by Senators Cleveland and Nobles).

Brief History:

Committee Activity:

Health Care & Wellness: 3/19/25, 4/1/25 [DPA].

Brief Summary of Substitute Bill
(As Amended by Committee)

- Applies the Consumer Protection Act to all registration requirements related to continuing care retirement communities (CCRCs), rather than select requirements, and allows the Attorney General or a private citizen to enforce the standards.
- Removes the requirement that the Attorney General notify the management of the CCRC of complaints that it receives to allow the CCRC to take corrective action.
- Requires that application materials for registration as a CCRC include a written statement regarding whether the residency agreement includes an entrance fee in lieu of payment for future care and services.

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

HOUSE COMMITTEE ON HEALTH CARE & WELLNESS

Majority Report: Do pass as amended. Signed by 15 members: Representatives Bronoske, Chair; Lekanoff, Vice Chair; Rule, Vice Chair; Caldier, Assistant Ranking Minority Member; Davis, Low, Macri, Obras, Parshley, Shavers, Simmons, Stonier, Stuebe, Thai and Tharinger.

Minority Report: Do not pass. Signed by 4 members: Representatives Schmick, Ranking Minority Member; Marshall, Assistant Ranking Minority Member; Engell and Manjarrez.

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 longer than a year. Care services may include nursing care, medical care, assistance with activities of daily living, and protection or supervision. There are currently 23 CCRCs in Washington with approximately 8,500 residents.

An entity must be registered as a CCRC by the Department of Social and Health Services (Department) if it operates a CCRC, enters into a residency agreement with a prospective resident, solicits a prospective resident to pay an application fee or execute a residency agreement, or collects an entrance fee. Only entities that are registered as CCRCs may advertise or market themselves as "CCRCs" or "registered CCRCs."

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.

Compliance with CCRC standards is enforced through the Consumer Protection Act, with respect to operating a CCRC without a registration, representing oneself as a CCRC without

being registered, failing to comply with disclosure statement delivery and content requirements, and failing to comply with resident expectation requirements. The Attorney General must notify the management of the CCRC of complaints that it receives to allow the CCRC to take corrective action. Other than complaints related to the failure to register, the Attorney General may only take action when there is a pattern of complaints or other activity that likely establishes an unfair or deceptive act in trade or commerce or an unfair method of competition.

The 2023-25 Operating Budget directed the Department to create a regulatory oversight plan for CCRCs with a focus on establishing and implementing resident consumer protections. The Department submitted the oversight plan to the Legislature in December 2024, with recommendations related to revising the oversight structure regarding CCRCs and increasing consumer protection for CCRC residents.

Summary of Amended Bill:

In addition to other materials, applicants for registration as a continuing care retirement community (CCRC) must provide a written statement indicating whether the applicant's residency agreement includes an entrance fee in lieu of payment for future care and services and, if so, whether those services are covered completely or partially by the entrance fee.

The regulatory standards related to CCRCs are declared matters affecting the public interest under the Consumer Protection Act. Provisions are removed that limit the application of the Consumer Protection Act to only operating a CCRC without a registration, representing oneself as a CCRC without being registered, failing to comply with disclosure statement delivery and content requirements, and failing to comply with resident expectation requirements.

The CCRC regulatory standards may be enforced by a private right of action or by the Attorney General. The requirement that the Attorney General notify the management of the CCRC of complaints that it receives to allow the CCRC to take corrective action is removed. The limitation on the Attorney General only taking action when there is a pattern of complaints or other activity that demonstrates a pattern of similar conduct that likely establishes an unfair or deceptive act in trade or commerce or an unfair method of competition is removed.

Amended Bill Compared to Substitute Bill:

The amended bill requires that applications for registration as a continuing care retirement community include a written statement indicating whether the applicant's residency agreement includes an entrance fee in lieu of payment for future care and services and, if so, whether those services are covered completely or partially by the entrance fee.

Appropriation: None.

Fiscal Note: Available.

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

Staff Summary of Public Testimony:

(In support) There have been recent studies of continuing care retirement community (CCRC) regulations that have recommended ways to increase transparency and protections for consumers. Washington's regulatory system for CCRCs does not have teeth and without strong, clear, consistent regulations, statements from CCRCs are only marketing promises. Good regulation leads to good transparency and sustainability for these communities. When a CCRC ceases operation or stops offering certain care services, senior residents are forced to search for other places to live and get care. In addition to the enhanced consumer protections in the bill, there are other low-cost changes that can significantly improve financial transparency for CCRC residents. This bill clarifies the Attorney General's existing authority under the Consumer Protection Act.

(Opposed) None.

Persons Testifying: Laura Saunders, WACCRA; Kimberly Hickman, WACCRA; Glen Melin, LeadingAge Washington; and Donna Kristaponis.

Persons Signed In To Testify But Not Testifying: None.