



CCRC Public Policy Update

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TO: LeadingAge Florida CCRC Members

FROM: LeadingAge Florida Public Policy Team

DATE: April 27, 2015

SUBJECT: CCRC Update #02/2015 – CCRC Bill Passes Both Chambers
*Corrected April 28, 2015

CCRC Bill Passes Both Chambers – The legislative proposal adopted by the FLiCRA/LeadingAge Florida Ch.651 Task Force and approved by both associations has passed both the House and the Senate. This was another example of a great team effort by FLiCRA and LeadingAge Florida to ensure the main interests of CCRC consumers and providers are adequately addressed and protected.

CS/HB 749, sponsored by Rep. Charles Van Zant, R-Palatka, passed the House with unanimous approval on April 16. On April 24, the Senate substituted the House bill for CS/SB 1126 by Sen. Thad Altman, R-Indian River, and passed it unanimously. CS/HB 749 will become law on October 1, 2015 assuming it is not vetoed by the Governor. Once the Governor receives the bill, he has 15 days to sign it, let the bill become law without his signature or veto it. Since the bill sailed through the legislature with only two minor amendments, we do not anticipate any problems.

To view the enrolled bill CS/HB 749, click [here](#).

Among other things, CS/HB 749 makes several changes to the entrance fee refund provisions in section 651.055, Florida Statutes. Please be sure to take the following changes into consideration if your organization offers refunds that are contingent on the receipt of the next entrance fee for a specific unit or unit type:

- ✓ For traditional contracts, requires a continuing care retirement community (CCRC) to make entrance fee refunds within 90 days after the contract is terminated and the unit is vacated vs. current law which requires the refund to be made no later than 120 days after the resident gives notice of intent to cancel. CCRCs will have until January 1, 2016 to modify their contracts to implement this change.
- ✓ Phases out contracts that tie a refund to the unit that is vacated by specifying that they will not be approved by the Office of Insurance Regulation (OIR) after October 1, 2015. Those that have been approved prior to that date may not be used after October 1, 2016.
- ✓ Effective January 1, 2016, requires CCRCs with contracts that tie entrance fee refunds to the next entrance fee received for a “like or similar unit” to include a maximum time frame to be set by the provider for making a refund when the contract is not voluntarily terminated.

Consumers who are shopping for a CCRC will have the advantage of knowing before they sign a refundable contingency entrance fee contract of knowing the maximum amount of time that their estate will have to wait for a refund if the unit type they select has marketing challenges in the future.

- ✓ Defines “like or similar unit” as a group of dwellings with similar characteristics such as comparable square footage, number of bedrooms, location, age of construction, or a combination of one or more of these features. Each category must consist of at least 5% of the total number of residential units designated for independent living or 10 residential units, whichever is less. A category of single-family homes may contain fewer than 10 units. This provision was included in the bill to provide some assurance that a sufficient number of units are in each category for refunds to be made within a reasonable period of time.
- ✓ For contracts issued on or after October 1, 2015 that are terminated voluntarily and tie the refund to the receipt of the next entrance fee for a like or similar unit, the refund must be made within 30 days of receipt of the next entrance fee for whatever unit or unit type is specified in the contract.

LeadingAge Florida will hold a webinar after the Legislative Session to go over contract and other changes that CCRCs will be required to make as a result of the bill. We have invited OIR to participate in the webinar.

If you have any questions in the interim, please contact Mary Ellen Early, LeadingAge Florida Public Policy Liaison, at (386) 734-7681 or via email to [Mary Ellen Early](mailto:MaryEllen.Early@leadingage.com).

Bill Filed in California to Address Entrance Fee Refunds -- CCRC residents in Florida are not alone in their concern about refundable entrance fee contracts. A bill has been introduced in California that would require contracts with repayable entrance fees that are contingent on resale of the unit that is vacated be paid to a resident or his/her estate within 90 days of the unit being vacated. The bill would also require interest to be paid to the resident (10% per annum) if the unit is not resold within 90 days. Finally, the bill also prohibits assessing monthly fees for maintenance and housekeeping after the unit has been vacated.

In contrast, CS/HB 749 contains much more reasonable changes that provide consumers with greater assurance that they will receive entrance fee refunds within a reasonable period of time. The FLiCRA/LeadingAge Florida Ch.651 Task Force was cautious in its approach, recognizing that dramatic changes to current business models could undermine the financial stability of CCRCs that are now financially healthy.