

AMENDED IN SENATE MAY 1, 2002
AMENDED IN SENATE APRIL 1, 2002

SENATE BILL

No. 1898

Introduced by Senator Soto

February 22, 2002

An act to add Sections 1569.651 and 1569.655 to the Health and Safety Code, relating to residential care facilities for the elderly.

LEGISLATIVE COUNSEL'S DIGEST

SB 1898, as amended, Soto. Residential care facilities for the elderly: fees and charges.

Existing law provides for the regulation and licensure of residential care facilities for the elderly by the State Department of Social Services. A violation of these provisions is a misdemeanor.

This bill would ~~provide that~~ *permit* a licensee of a residential care facility for the elderly ~~may~~ *to* charge a ~~nonrefundable application preadmission~~ fee to private paying residents ~~that is not greater than the actual cost of processing or \$150, whichever is less. The bill would also provide that the fee is collectible by the facility only after the applicant enters the facility as a resident. If a licensee charges a preadmission fee, this bill would require the licensee to provide the applicant with a written statement of specified expenses relating to the preadmission fee.~~

The bill would also require the licensee to present the applicant or his or her representative with a history of specified rate information prior to the signing of the application agreement.

This bill would prohibit the collection of any ~~application preadmission~~ fee from a recipient of benefits under the State

Supplementary Program for the Aged, Blind and Disabled who applies for admission to the facility.

~~The bill would also limit a licensee of a residential care facility for the elderly to the assessment of rate increases once every 12 months, and would additionally prohibit any rate increase from being assessed against a resident after his or her admittance until he or she has resided in the facility for 12 consecutive months.~~ *facility. The bill would only authorize the collection of a rate increase from a recipient under this program under specified circumstances.*

The bill would require a licensee to provide residents advance notice of rate increases, as specified, and would prohibit the collection of a lump-sum rate increase by a licensee.

By creating new crimes, this bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. Section 1569.651 is added to the Health and
2 Safety Code, to read:

3 1569.651. (a) A licensee of a residential care facility for the
4 elderly may not require any form of ~~application~~ *preadmission* fee
5 or deposit from a recipient under the State Supplementary
6 Program for the Aged, Blind and Disabled (Article 5
7 (commencing with Section 12200) of Chapter 3 of Part 3 of
8 Division 9 of the Welfare and Institutions Code) who applies for
9 admission to the facility.

10 (b) ~~A licensee of a residential care facility for the elderly may~~
11 ~~charge a nonrefundable application fee to a private paying~~
12 ~~resident. The amount of the application fee may not exceed the~~
13 ~~actual cost of processing the application fee or one hundred fifty~~
14 ~~dollars (\$150), whichever is less. The application fee may only be~~
15 ~~collected if the individual enters the facility as a resident. A~~



1 (b) *If a licensee charges a preadmission fee, the licensee shall*
2 *provide the applicant or his or her representative with a written*
3 *statement describing costs associated with the preadmission fee*
4 *charges and stating whether or not the preadmission fee is*
5 *refundable. If the preadmission fee or some portion thereof is*
6 *refundable, the statement shall describe the conditions for the*
7 *refund.* A licensee of a residential care facility for the elderly shall
8 not assess or collect any other type of *preadmission fee, including*
9 *an application, admission, entrance, processing, or community*
10 *fee, however designated, prior to or after admission, whether*
11 *refundable or not, of a resident.*

12 (c) A licensee of a residential care facility for the elderly may
13 not require, request, or accept any funds from a resident or a
14 resident's representative that constitutes a deposit against any
15 possible damages by the resident.

16 (d) Any fee charged by a licensee of a residential care facility
17 for the elderly, whether prior to or after admission, shall be clearly
18 ~~outlined~~ *specified* in the admission agreement.

19 (e) *Prior to signing the admission agreement, the licensee shall*
20 *present the applicant or his or her representative with a summary*
21 *history of average increases to the rates for basic services,*
22 *aggregate levels of care, and aggregate optional services covering*
23 *the past three calendar years, which shall include a statement*
24 *indicating that prior experience is not a predictor of future*
25 *performance.*

26 (f) For the purposes of this section, ~~an application a~~
27 ~~preadmission fee is defined as a nonrefundable, preadmission or~~
28 ~~an application fee, processing fee, or other fee, however~~
29 ~~designated, that is requested or accepted by a licensee of a~~
30 ~~residential care facility for the elderly prior to admission.~~

31 ~~(f)~~

32 (g) This section applies only to licensees of residential care
33 facilities for the elderly *that have obtained a certificate of*
34 *authority to offer continuing care contracts*, as defined in
35 subdivision (k) of Section 1569.2, and not to licensees of
36 continuing care retirement communities, as defined in paragraph
37 (11) of subdivision (c) of Section 1771.

38 SEC. 2. Section 1569.655 is added to the Health and Safety
39 Code, to read:



1 1569.655. (a) ~~If a licensee of a residential care facility for~~
2 ~~the elderly may impose rate increases, whether assessed to the~~
3 ~~basic rate or the rate for particular items or services, only once~~
4 ~~every 12 months.~~

5 (b) ~~In addition to the limitations provided for in subdivision (a),~~
6 ~~when a resident is admitted to a residential care facility for the~~
7 ~~elderly, a rate increase may not be imposed on that resident until~~
8 ~~he or she has resided in the residential care facility for the elderly~~
9 ~~for a period of 12 consecutive months.~~ *elderly increases the rates*
10 *of fees for residents, whether assessed to the basic rate, optional*
11 *service costs, or the rate for particular items or services, the*
12 *licensee shall provide no less than 60 days' prior written notice to*
13 *the residents or the residents' representatives setting forth the*
14 *amount of the increase, the reason for the increase, and an*
15 *itemization of the additional costs, except as provided in*
16 *subdivisions (b) and (d).*

17 (b) *The licensee shall provide no less than 30 days' written*
18 *notice to the resident or the resident's representative prior to any*
19 *increase in the rate due to a change in the level of care of the*
20 *resident. The notice shall set forth the amount of the increase, the*
21 *reason for the increase, and an itemization of the additional costs.*

22 (c) *No licensee shall assess a lump-sum increase. All increases*
23 *in rates shall be to the monthly rate amortized over the calendar*
24 *year.*

25 (d) *If a licensee increases rates for a recipient under the State*
26 *Supplementary Program for the Aged, Blind, and Disabled,*
27 *described in Article 5 (Commencing with Section 12200) of*
28 *Chapter 3 of Part 3 of Division 9 of the Welfare and Institutions*
29 *Code, the licensee shall meet the requirements for SSI/SSP rate*
30 *increases, as prescribed by law.*

31 ~~(e)~~

32 (e) *This section applies only to licensees of residential care*
33 *facilities for the elderly that have obtained a certificate of*
34 *authority to offer continuing care contracts, as defined in*
35 *subdivision (k) of Section 1569.2, and not to licensees of*
36 *continuing care retirement communities, as defined in paragraph*
37 *(11) of subdivision (c) of Section 1771.*

38 SEC. 3. *No reimbursement is required by this act pursuant to*
39 *Section 6 of Article XIII B of the California Constitution because*
40 *the only costs that may be incurred by a local agency or school*



1 district will be incurred because this act creates a new crime or
2 infraction, eliminates a crime or infraction, or changes the penalty
3 for a crime or infraction, within the meaning of Section 17556 of
4 the Government Code, or changes the definition of a crime within
5 the meaning of Section 6 of Article XIII B of the California
6 Constitution.

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