

AMENDED IN SENATE MAY 14, 2002

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 permit a licensee of a residential care facility for the elderly to charge a preadmission fee to private paying residents. If a licensee charges a preadmission fee, this bill would require the licensee to provide the applicant with a written statement of specified ~~expenses~~ *costs* relating to the preadmission fee *and other matters*.

~~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 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 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~~ *written* notice of rate increases, as specified, and would prohibit the collection of a *nonrecurring* lump-sum rate ~~increase~~ *increases, as defined*, 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 preadmission fee or deposit
5 from a recipient under the State Supplementary Program for the
6 Aged, Blind and Disabled (Article 5 (commencing with Section
7 12200) of Chapter 3 of Part 3 of Division 9 of the Welfare and
8 Institutions Code) who applies for admission to the facility.

9 (b) If a licensee charges a preadmission fee, the licensee shall
10 provide the applicant or his or her representative with a written
11 statement describing costs associated with the preadmission fee
12 charges and stating whether or not the preadmission fee is
13 refundable. If the preadmission fee or some portion thereof is
14 refundable, the statement shall describe the conditions for the
15 refund. A licensee of a residential care facility for the elderly shall
16 not assess or collect any other type of preadmission fee, including
17 an application, admission, entrance, processing, or community
18 fee, however designated, prior to or after admission, whether
19 refundable or not, of a resident.

20 (c) A licensee of a residential care facility for the elderly may
21 not require, request, or accept any funds from a resident or a
22 resident’s representative that constitutes a deposit against any
23 possible damages by the resident.



1 (d) Any fee charged by a licensee of a residential care facility
2 for the elderly, whether prior to or after admission, shall be clearly
3 specified in the admission agreement.

4 ~~(e) Prior to signing the admission agreement, the licensee shall
5 present the applicant or his or her representative with a summary
6 history of average increases to the rates for basic services,
7 aggregate levels of care, and aggregate optional services covering
8 the past three calendar years, which shall include a statement
9 indicating that prior experience is not a predictor of future
10 performance.~~

11 ~~(f)~~
12 (e) For the purposes of this section, a ~~preadmission fee is~~
13 ~~defined as “preadmission fee” means~~ an application fee,
14 processing fee, or other fee, however designated, that is requested
15 or accepted by a licensee of a residential care facility for the elderly
16 prior to admission.

17 ~~(g)~~
18 (f) This section ~~applies only shall not apply~~ to licensees of
19 residential care facilities for the elderly that have obtained a
20 certificate of authority to offer continuing care contracts, ~~as~~
21 ~~defined in subdivision (k) of Section 1569.2, and not to licensees~~
22 ~~of continuing care retirement communities, as defined in~~
23 paragraph (11) of subdivision (c) of Section 1771.

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

26 1569.655. (a) If a licensee of a residential care facility for the
27 elderly increases the rates of fees for residents, whether assessed
28 to the basic rate, optional service costs, or the rate for particular
29 items or services, ~~the of fees for residents or makes increases in any~~
30 ~~of its rate structures for services, the~~ licensee shall provide no less
31 than 60 days’ prior written notice to the residents or the residents’
32 representatives setting forth the amount of the increase, the reason
33 for the increase, and ~~an itemization a description~~ of the additional
34 costs, except as provided in ~~subdivisions (b) and (d). subdivision~~
35 (b). ~~This subdivision shall not apply to optional services that are~~
36 ~~provided by individuals, professionals, or organizations under a~~
37 ~~separate fee-for-service arrangement with residents.~~

38 (b) The licensee shall provide ~~no less than 30 days’~~ written
39 notice to the resident or the resident’s representative prior to any
40 increase in the rate due to a change in the level of care of the



1 resident. The notice shall set forth the amount of the increase, the
2 reason for the increase, and ~~an itemization of the additional costs~~
3 *a description of the type and range of service associated with the*
4 *new level of care.*

5 (c) No licensee shall assess ~~a lump-sum increase~~ *nonrecurring*
6 *lump-sum rate increases. The notification requirements contained*
7 *in subdivision (a) shall apply to increases specified in this*
8 *subdivision. For purposes of this subdivision, “nonrecurring*
9 *lump-sum rate increases” means rate increases due to*
10 *unavoidable and unexpected costs that financially obligate the*
11 *licensee. All increases in rates shall be to the monthly rate*
12 *amortized over the calendar year.*

13 (d) If a licensee increases rates for a recipient under the State
14 Supplementary Program for the Aged, Blind, and Disabled,
15 described in Article 5 (Commencing with Section 12200) of
16 Chapter 3 of Part 3 of Division 9 of the Welfare and Institutions
17 Code, the licensee shall meet the requirements for SSI/SSP rate
18 increases, as prescribed by law.

19 (e) This section ~~applies only~~ *shall not apply* to licensees of
20 residential care facilities for the elderly that have obtained a
21 certificate of authority to offer continuing care contracts, as
22 ~~defined in subdivision (k) of Section 1569.2, and not to licensees~~
23 ~~of continuing care retirement communities,~~ as defined in
24 paragraph (11) of subdivision (c) of Section 1771.

25 SEC. 3. No reimbursement is required by this act pursuant to
26 Section 6 of Article XIII B of the California Constitution because
27 the only costs that may be incurred by a local agency or school
28 district will be incurred because this act creates a new crime or
29 infraction, eliminates a crime or infraction, or changes the penalty
30 for a crime or infraction, within the meaning of Section 17556 of
31 the Government Code, or changes the definition of a crime within
32 the meaning of Section 6 of Article XIII B of the California
33 Constitution.

