



General Assembly

January Session, 2015

Raised Bill No. 1043

LCO No. 4425



Referred to Committee on HUMAN SERVICES

Introduced by:
(HS)

AN ACT CONCERNING CONTINUING CARE COMMUNITIES.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 17b-521 of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective July 1, 2015*):

3 (a) No provider shall offer or enter into a continuing-care contract in
4 this state or with any resident of this state or regarding any facility in
5 this state and no change in ownership of such a facility shall be
6 completed unless the provider or proposed owner, as the case may be,
7 has registered with the department by filing a current disclosure
8 statement that meets the requirements of section 17b-522, as amended
9 by this act, financial information [that meets the requirements of] as
10 required pursuant to section 17b-527, as amended by this act, and a
11 sworn statement of the escrow agent to the effect that the escrows
12 required by sections 17b-524, as amended by this act, and 17b-525, as
13 amended by this act, have been established, has received
14 acknowledgment of such filing and has paid an annual filing fee of
15 twenty-four dollars per residential unit operated by such provider.
16 Acknowledgment of filing shall be furnished to the provider by the

17 commissioner within ten business days of the date of filing. The
18 commissioner may waive the requirements of this section if a change
19 of ownership is proposed pursuant to section 17b-532 or a federal
20 bankruptcy proceeding.

21 (b) Each facility registered with the department pursuant to this
22 section shall permit the residents of a facility to establish a resident
23 council to facilitate the communication of residents' concerns and
24 issues to the provider.

25 Sec. 2. Section 17b-522 of the general statutes is repealed and the
26 following is substituted in lieu thereof (*Effective July 1, 2015*):

27 (a) Before the execution of a contract to provide continuing care, or
28 before the transfer of any money or other property to a provider by or
29 on behalf of a prospective resident, whichever shall occur first, the
30 provider shall deliver to the person with whom the contract is to be
31 entered into, or to that person's legal representative, a conspicuous
32 statement notifying the prospective resident that:

33 (1) A continuing-care contract is a financial investment and his
34 investment may be at risk;

35 (2) The provider's ability to meet its contractual obligations under
36 such contract depends on its financial performance;

37 (3) [He] The prospective contract holder is advised to consult an
38 attorney or other professional experienced in matters relating to
39 investments in continuing-care facilities before he signs a contract for
40 continuing care; and

41 (4) The department does not guarantee the security of his
42 investment.

43 (b) Before the execution of a contract to provide continuing care, or
44 before the transfer of any money or other property to a provider by or
45 on behalf of a prospective resident, whichever shall occur first, the

46 provider shall deliver to the person with whom the contract is to be
47 entered into, or to that person's legal representative, a disclosure
48 statement. The text of the disclosure statement shall contain, to the
49 extent not clearly and completely set forth in the contract for
50 continuing care attached as an exhibit thereto, at least the following
51 information:

52 (1) The name and business address of the provider and a statement
53 of whether the provider is a partnership, corporation or other legal
54 entity;

55 (2) The names of the officers, directors, trustees, or managing and
56 general partners of the provider, the names of persons having a five
57 per cent or greater ownership interest in the provider, and a
58 description of each such person's occupation with the provider;

59 (3) A description of the business experience of the provider and of
60 the manager of the facility if the facility will be managed on a day-to-
61 day basis by an organization other than the provider, in the
62 administration of continuing-care contracts or in the administration of
63 similar contractual arrangements;

64 (4) A description of any matter in which the provider, any of the
65 persons described in subdivision (2) of this subsection, or the manager
66 has been convicted of a felony or pleaded nolo contendere to a felony
67 charge, or held liable or enjoined in a civil action by final judgment, if
68 the felony or civil action involved fraud, embezzlement, fraudulent
69 conversion or misappropriation of property; or is subject to a currently
70 effective injunction or restrictive or remedial order of a court of record,
71 within the past five years has had any state or federal license or permit
72 suspended or revoked as a result of an action brought by a
73 governmental agency or department, rising out of or relating to
74 business activity or health care, including, but not limited to, actions
75 affecting the operation of a foster care facility, nursing home,
76 retirement home, residential care home, or any facility subject to

77 sections 17b-520 to 17b-535, inclusive, or a similar statute in another
78 state or country;

79 (5) A statement as to whether or not the provider is, or is affiliated
80 with, a religious, charitable, nonprofit, or for-profit organization; the
81 extent of the affiliation, if any; the extent to which the affiliate
82 organization will be responsible for the financial and contractual
83 obligations of the provider; and the provision of the federal Internal
84 Revenue Code, if any, under which the provider or affiliate is exempt
85 from the payment of income tax;

86 (6) The location and a description of the physical property or
87 properties of the provider, existing or proposed; and, if proposed, the
88 estimated completion date or dates, whether or not construction has
89 begun, and the contingencies subject to which construction may be
90 deferred;

91 (7) The goods and services provided or proposed to be provided
92 without additional charge under the contract for continuing care
93 including the extent to which medical or nursing care or other health-
94 related benefits are furnished;

95 (8) The disposition of interest earned on entrance fees or other
96 deposits held in escrow;

97 (9) A description of the conditions under which the continuing-care
98 contract may be terminated, whether before or after occupancy, by the
99 provider or by the resident. In the case of termination by the provider,
100 a description of the manner and procedures by which a decision to
101 terminate is reached by the provider, including grounds for
102 termination, the participation of a resident's council or other group, if
103 any, in reaching such a decision, and any grievance, appeal or other
104 similar procedures available to a resident whose contract has been
105 terminated by the provider;

106 (10) A statement setting forth the rights of a surviving spouse who

107 is a resident of the facility and the effect of the continuing-care contract
108 on the rights of a surviving spouse who is not a resident of the facility,
109 in the event of the death of a resident, subject to any limitations
110 imposed upon such rights by statute or common law principles;

111 (11) A statement of the effect of a resident's marriage or remarriage
112 while in the facility on the terms of such resident's continuing-care
113 contract;

114 (12) Subject to the provisions of subsection [(g)] (j) of this section, a
115 statement of the provider's policy regarding disposition of a resident's
116 personal property in the event of death, temporary or permanent
117 transfer to a nursing facility, or termination of the contract by the
118 provider;

119 (13) A statement that payment of an entrance fee or other transfer of
120 assets pursuant to a continuing-care contract may have significant tax
121 consequences and that any person considering such a payment or
122 transfer may wish to consult a qualified advisor;

123 (14) The provisions that have been made or will be made by the
124 provider for reserve funding and any other security to enable the
125 provider to perform fully its obligations under continuing-care
126 contracts, including, but not limited to, escrow accounts established in
127 compliance with sections 17b-524, as amended by this act, and 17b-525,
128 as amended by this act, trusts or reserve funds, together with the
129 manner in which such funds will be invested and the names and
130 experience of the persons making or who will make investment
131 decisions; [. Disclosure shall include a summary of the information
132 contained in the five-year financial information filed with the
133 commissioner pursuant to section 17b-527; such summary shall set
134 forth by year any anticipated excess of future liabilities over future
135 revenues and shall describe the manner in which the provider plans to
136 meet such liabilities;]

137 (15) [Audited and certified financial statements of the provider,

138 including (A) a balance sheet as of the end of the most recent fiscal
139 year, and (B) income statements for the three] The provider's financial
140 statements, including a balance sheet, income statement and statement
141 of cash flow, associated notes or comments to these statements,
142 audited by an independent certified public accounting firm for the two
143 most recent fiscal years of the provider or such shorter period of time
144 as the provider shall have been in existence;

145 (16) Subject to the provisions of subsection [(g)] (j) of this section, if
146 the operation of the facility has not yet commenced, or if the
147 construction of the facility is to be completed in stages, a statement of
148 the anticipated source and application of the funds used or to be used
149 in the purchase or construction of the facility or each stage of the
150 facility, including:

151 (A) An estimate of such costs as financing expense, legal expense,
152 land costs, marketing costs, and other similar costs which the provider
153 expects to incur or become obligated for prior to the commencement of
154 operations of each stage of the facility;

155 (B) A description of any mortgage loan or any other financing
156 intended to be used for the financing of the facility or each stage of the
157 facility, including the anticipated terms and costs of such financing;

158 (C) An estimate of the total entrance fees to be received from or on
159 behalf of residents at or prior to commencement of operation of each
160 stage of the facility; and

161 (D) An estimate of the funds, if any, which are anticipated to be
162 necessary to fund start-up losses and provide reserve funds to assure
163 full performance of the obligations of the provider under continuing-
164 care contracts;

165 (17) Pro forma [annual income] cash flow statements for the facility
166 for the next [five] three fiscal years, including a summary of
167 projections used in the assumptions for such pro forma statements,

168 including, but not limited to, anticipated resident turnover rates,
169 average age of residents, health care utilization rates, the number of
170 health care admissions per year, days of care per year and the number
171 of permanent transfers;

172 (18) The facility's current rate schedules for entrance fees, monthly
173 fees, fees for ancillary services and current occupancy rates;

174 ~~[(18)]~~ (19) A description of all entrance fees and periodic charges, if
175 any, required of residents and a record of past increases in such fees
176 and charges during the previous [seven] five years;

177 [(19) For each facility operated by the provider, the total actuarial
178 present value of prepaid healthcare obligations assumed by the
179 provider under continuing-care contracts as calculated on an
180 actuarially sound basis using reasonable assumptions for mortality
181 and morbidity;]

182 (20) A statement that all materials required to be filed with the
183 department are on file, a brief description of such materials, and the
184 address of the department at which such materials may be reviewed;

185 (21) The cover page of the disclosure statement shall state, in a
186 prominent location and type face, the date of the disclosure statement
187 and that registration does not constitute approval, recommendation, or
188 endorsement by the department or state, nor does such registration
189 evidence the accuracy or completeness of the information set out in the
190 disclosure statement;

191 (22) If the construction of the facility is to be completed in stages, a
192 statement as to whether all services will be provided at the completion
193 of each stage and, if not, the services that will not be provided listed in
194 bold print; [.]

195 (23) A sworn statement of the applicable escrow agents to the effect
196 that the escrows required by sections 17b-524, as amended by this act,

197 and 17b-525, as amended by this act, have been established and
198 maintained or an independent certified public accounting firm has
199 verified such escrow accounts.

200 (c) Each provider operating a facility in this state shall make the
201 information filed with the department pursuant to this section
202 available to each such resident for viewing during regular business
203 hours and, upon request, shall provide such resident with a copy of
204 the most recent filing with the department. Each provider shall notify
205 each resident, at least annually, of the right to view the filings and of
206 the right to a copy of the most recent filing.

207 (d) The registration of a facility pursuant to section 17b-521, as
208 amended by this act, shall remain effective unless withdrawn by the
209 provider or unless the provider fails to file the documents specified in
210 this section within one hundred fifty days following the end of the first
211 fiscal year in which such registration is filed. The provider shall file a
212 revised disclosure statement at least annually with the commissioner.
213 The provider shall also file a narrative describing any material
214 differences between the pro forma income and cash flow statements
215 filed pursuant to this section and the actual results of operations
216 during the most recently concluded fiscal year. A provider may revise
217 its previously filed disclosure statement at any time if, in the opinion
218 of the provider, revision is necessary to prevent the disclosure
219 statement from containing a material misstatement of fact or from
220 omitting a material fact required to be included in the statement. Only
221 the most recently filed disclosure statement, as amended from time to
222 time, shall be deemed current for purposes of sections 17b-520 to 17b-
223 535, inclusive.

224 (e) The facility shall amend the most recently filed disclosure
225 statement prior to undertaking major facility construction, renovation,
226 or expansion or change of ownership to avoid a material misstatement
227 or omission of a material fact.

228 ~~[(c)]~~ (f) (1) Not more than sixty nor less than ten days before the
229 execution of a contract to provide continuing care, the provider shall
230 deliver a current disclosure statement to the person with whom the
231 contract is to be entered into or to that person's legal representative.

232 (2) Not more than sixty nor less than ten days before a person
233 occupies a continuing care facility, the provider shall deliver a revised
234 and up-to-date disclosure statement to the prospective resident or to
235 that person's legal representative, except that if there have been no
236 revisions to the disclosure statement previously delivered pursuant to
237 subdivision (1) of this subsection, the provider shall deliver a
238 statement to the prospective resident or representative that there have
239 been no revisions to the original disclosure statement.

240 ~~[(d)]~~ (g) The statement required under subsections (a) and (b) of this
241 section shall be signed and dated by the prospective resident before
242 the execution of a contract to provide continuing care or before the
243 transfer of any money or other property to a provider by or on behalf
244 of the prospective resident. Each such statement shall contain an
245 acknowledgment that such statement and the continuing-care contract
246 have been reviewed by the prospective resident or his legal
247 representative. Such signed statements shall be kept on file by the
248 provider for a period of not less than the term of the contract.

249 ~~[(e)]~~ (h) Each statement required under subsections (a) and (b) of
250 this section and the continuing-care contract shall be in language easily
251 readable and understandable in accordance with the provisions of
252 subsections (a) and (b) of section 42-152.

253 ~~[(f)]~~ (i) A copy of the standard form or forms of the continuing-care
254 contract used by the provider shall be attached as an exhibit to each
255 disclosure statement.

256 ~~[(g)]~~ (j) The provisions of subdivisions (12) and (16) of subsection (b)
257 of this section shall not apply to a continuing-care contract for the
258 provision of care in a person's home.

259 [(h)] (k) The commissioner may adopt regulations in accordance
260 with the provisions of chapter 54 to specify any additional information
261 required in the disclosure statement.

262 Sec. 3. Subdivision (3) of subsection (a) of section 17b-523 of the
263 general statutes is repealed and the following is substituted in lieu
264 thereof (*Effective July 1, 2015*):

265 (3) That if construction of the facility has not yet begun, construction
266 will not begin until a minimum number of living units, which shall not
267 be less than one-half of the units in the facility [or if the construction is
268 to be completed in stages, one-half of the units evidencing financial
269 feasibility in accordance with section 17b-526,] or fifty per cent of any
270 designated part or parts thereof determined by the commissioner have
271 been presold, and a minimum deposit of [five per cent of the entrance
272 fee per unit for all presold units or] ten thousand dollars per unit for
273 all presold units [, whichever is less,] has been received by the
274 provider. The requirements of this subdivision shall not apply to any
275 continuing-care contract for the provision of care in a person's home.

276 Sec. 4. Section 17b-524 of the general statutes is repealed and the
277 following is substituted in lieu thereof (*Effective July 1, 2015*):

278 (a) Prior to soliciting or entering into any contract for the provision
279 of continuing care, the provider shall establish with a bank or trust
280 company as an escrow agent, an entrance fee escrow pursuant to
281 which the provider shall deposit with the escrow agent, within
282 seventy-two hours of receipt by the provider, each entrance fee or
283 portion of an entrance fee received by the provider from or on behalf
284 of a resident prior to the date the resident is permitted to occupy a
285 living unit in the facility. [If the prospective resident, as defined in
286 section 17b-520, is a resident of this state at the time the continuing-
287 care contract is signed, the] The bank or trust company serving as
288 escrow agent for such fees received from such a resident shall have [its
289 principal] a place of business in this state. The entrance fee escrow

290 shall be subject to release as follows:

291 (1) If the entrance fee applies to a living unit that has been
292 previously occupied in the facility, the entrance fee shall be released to
293 the provider at the time the living unit becomes available for
294 occupancy by the new resident, or shall be returned to the resident or
295 the resident's personal representative under the conditions described
296 in section 17b-523, as amended by this act, if the escrow agent has
297 received written demand by registered or certified mail for return of
298 the entrance fee prior to the release thereof to the provider;

299 (2) If the entrance fee applies to a living unit which has not
300 previously been occupied by any resident, the entrance fee shall be
301 returned to the resident or the resident's legal representative under the
302 conditions described in section 17b-523, as amended by this act, if the
303 escrow agent receives written demand by registered or certified mail
304 for return of the entrance fee prior to release thereof to the provider, or
305 the entrance fee shall be released to the provider at the time all of the
306 following conditions have been met:

307 (A) The sum of the entrance fees received or receivable by the
308 provider pursuant to binding contracts for continuing care, plus the
309 anticipated proceeds of any first mortgage loan or other long-term
310 financing commitment, plus funds from other sources in the actual
311 possession of the provider, equals or exceeds the sum of seventy-five
312 per cent of the aggregate cost of constructing or purchasing, equipping
313 and furnishing the facility plus seventy-five per cent of the funds
314 estimated in the statement of anticipated source and application of
315 funds submitted by the provider as part of its disclosure statement to
316 be necessary to fund start-up losses of the facility plus seventy-five per
317 cent of the amount of the reserve fund escrow required to be
318 maintained by the provider pursuant to section 17b-525, as amended
319 by this act;

320 (B) A commitment has been received by the provider for any

321 permanent mortgage loan or other long-term financing described in
322 the statement of anticipated source and application of funds included
323 in the current disclosure statement on file pursuant to section 17b-522,
324 as amended by this act, and any conditions of the commitment prior to
325 disbursement of funds thereunder, other than completion of the
326 construction or closing of the purchase of the facility, have been
327 substantially satisfied; and

328 (C) If construction of the facility has not been substantially
329 completed, all governmental permits or approvals necessary prior to
330 the commencement of construction have been obtained; and a
331 maximum price contract has been entered into between the provider
332 and a general contractor responsible for construction of the facility; a
333 bond covering the faithful performance of the construction contract by
334 the general contractor and the payment of all obligations arising
335 thereunder has been issued by an insurer authorized to do business in
336 this state with the provider as obligee; a loan agreement has been
337 entered into by the provider for an interim construction loan in an
338 amount, when combined with the amount of entrance fees then held in
339 escrow under the provisions of this section plus the amount of funds
340 from other sources then in the actual possession of the provider, that
341 will equal or exceed the estimated cost of constructing, equipping and
342 furnishing the facility; not less than ten per cent of the amount of the
343 construction loan has been disbursed by the lender for physical
344 construction or site preparation work completed; and orders at firm
345 prices have been placed by the provider for not less than fifty per cent
346 in value, including installation charges if applicable, of items necessary
347 for equipping and furnishing the facility in accordance with the
348 description set forth in the disclosure statement required by section
349 17b-522, as amended by this act; or if construction or purchase of the
350 facility has been substantially completed, an occupancy permit
351 covering the living unit has been issued by the local government
352 having authority to issue these permits.

353 (b) The aggregate amount of entrance fees which may be released to

354 the provider pursuant to subparagraph (A) of subdivision (2) of
355 subsection (a) of this section prior to the date on which any reserve
356 fund escrow required to be established under section 17b-525, as
357 amended by this act, is established shall not exceed the aggregate
358 amount of entrance fees then received or receivable by the provider
359 pursuant to binding contracts for continuing care less the amount of
360 the entrance fees received or receivable which may be required to be
361 initially maintained in the reserve fund escrow.

362 (c) The provider shall provide each prospective resident who has
363 signed a contract for continuing care with the name, address, and
364 telephone number of the escrow agent and shall file a copy of the
365 escrow agreement with the department.

366 (d) The provisions of this section shall not apply to any continuing-
367 care contract for the provision of care in a person's home.

368 Sec. 5. Section 17b-525 of the general statutes is repealed and the
369 following is substituted in lieu thereof (*Effective July 1, 2015*):

370 (a) Except as provided in section 17b-534, on and after the date any
371 facility located in this state is first occupied by any resident, the
372 provider shall establish and maintain on a current basis, in escrow
373 with a bank, trust company, or other escrow agent having [its
374 principal] a place of business in this state, a portion of all entrance fees
375 received by the provider in an aggregate amount sufficient to cover: (1)
376 All principal and interest, rental or lease payments due during the next
377 [twelve] six months on account of any first mortgage loan or any other
378 long-term financing of the facility; and (2) the total cost of operations
379 of the facility for a one-month period, excluding debt service, rental or
380 lease payments as described in subdivision (1) of this subsection and
381 excluding capital expenditures. A provider may use funds in an
382 account established by or pursuant to a mortgage loan, bond indenture
383 or other long-term financing in its computation of the reserve amounts
384 required to satisfy this section, provided such funds are available to

385 make payments when operating funds are insufficient for these
386 purposes. To the extent that a provider is required pursuant to a
387 mortgage loan, bond indenture or other long-term financing to
388 maintain a certain number of days of cash on hand, cash amounts held
389 pursuant to such a requirement may be applied toward the provider's
390 computation of the operating reserve amount required to satisfy this
391 subsection. Notwithstanding any provision of this subsection, the
392 commissioner may accept the terms or covenants regarding the
393 establishment or maintenance of reserve or escrow funds or financial
394 ratios associated with a mortgage loan, bond indenture or other long-
395 term financing as an alternative to the reserve provisions set forth in
396 this subsection. The escrow agent may release up to one-twelfth of the
397 required principal balance of funds held in escrow pursuant to said
398 subdivision not more than once during any calendar month, if the
399 provider so requests in writing. The commissioner may authorize the
400 escrow agent to release additional funds held in escrow pursuant to
401 subdivisions (1) and (2) of this subsection, upon application by the
402 provider setting forth the reasons for the requested release and a plan
403 for replacing these funds within one year; the commissioner shall
404 respond within fifteen business days. If any escrow funds so released
405 are not replaced within one year the escrow agent shall so notify the
406 commissioner. A provider shall promptly notify the commissioner in
407 the event such provider uses funds held in escrow pursuant to
408 subdivisions (1) and (2) of this subsection. Upon written application by
409 a provider, the commissioner may authorize a facility to maintain a
410 reserve escrow or escrows in an amount less than the amounts set forth
411 in this section, if the commissioner finds that the contractual liabilities
412 of the provider and the best interests of the residents may be
413 adequately protected by a reserve escrow or escrows in a lesser
414 amount.

415 (b) No entrance fee escrows established or maintained under section
416 17b-524, as amended by this act, shall be subordinated to other loans or
417 commitments of any kind. No reserve fund escrows established or

418 maintained under this section shall be subordinated to other loans or
419 commitments, other than first mortgage loans or other long-term
420 financing obligations of the facility. No entrance fee escrows or reserve
421 fund escrows shall be (1) pledged as collateral for any loan or
422 commitment other than a first mortgage loan or other long-term
423 financing obligation of the facility, (2) invested in any building or
424 [healthcare] health care facility of any kind, (3) used for capital
425 construction or improvements or for the purchase of real estate, or (4)
426 removed from the state if required to be maintained within this state.
427 Interest on the reserve fund required under this section shall be
428 payable to the provider.

429 (c) Any affiliate of a provider that controls any part of the reserve
430 escrow funds is liable for the debts of the provider up to the amount of
431 the provider's contribution to the fund plus any prorated interest the
432 fund may earn.

433 Sec. 6. Section 17b-526 of the general statutes is repealed and the
434 following is substituted in lieu thereof (*Effective July 1, 2015*):

435 [(a)] Construction of any facility or, if the construction of the facility
436 is to be completed in stages, construction of any stage of the facility
437 shall not begin until (1) fifty per cent of all the living units within the
438 planned facility, or fifty per cent of any designated part or parts
439 thereof determined by the commissioner [as evidencing financial
440 feasibility in accordance with subdivision (2) of subsection (b) of this
441 section,] have been presold, (2) a minimum deposit of [five per cent of
442 the entrance fee per unit for all presold units or] ten thousand dollars
443 per unit for all presold units [, whichever is less,] has been received by
444 the provider, and (3) the thirty-day rescission period set forth in
445 subdivision (1) of subsection (a) of section 17b-523 has expired.

446 [(b) When the construction of a facility is to be completed in stages,
447 construction of any stage shall not begin until (1) the financial
448 feasibility of the designated part of the project to be constructed,

449 maintained and operated as a facility prior to the construction,
450 maintenance and operation of the remaining planned part or parts has
451 been demonstrated to the commissioner by the filing of proof of
452 committed construction financing or other documentation of financial
453 feasibility deemed sufficient by the commissioner, and (2) the
454 commissioner has issued a written notice stating that proof of
455 committed construction financing or other documentation of financial
456 feasibility deemed sufficient by the commissioner has been filed. The
457 commissioner shall issue a written notice as to whether the proof or
458 other documentation submitted is sufficient within twenty days of the
459 filing of such proof or other documentation.

460 (c) Upon receipt of a notice of the commissioner stating that proof of
461 committed construction financing or other documentation of financial
462 feasibility filed pursuant to subsection (b) of this section is deemed
463 insufficient, the provider shall have thirty days from the date of the
464 issuance of such notice to file a written request for a hearing in
465 accordance with chapter 54. The final decision of the commissioner
466 after a hearing shall be subject to appeal in accordance with section 4-
467 183. Notwithstanding the provisions of subsection (f) of section 4-183,
468 no stay of the final decision of the commissioner shall be granted
469 pending the outcome of any appeal of such decision.]

470 Sec. 7. Section 17b-527 of the general statutes is repealed and the
471 following is substituted in lieu thereof (*Effective July 1, 2015*):

472 [(a) A provider operating a facility located in this state shall file with
473 the department annually, in a form and manner prescribed by the
474 commissioner, financial and actuarial information for each facility
475 located in this state and operated by the provider or by a manager
476 under contract to the provider. The commissioner shall prescribe the
477 information to be filed which shall include but is not limited to the
478 following: Financial statements including certified current balance
479 sheets and certified income statements and pro forma statements for
480 the next five years as provided in section 17b-522 and such information

481 as is necessary to assess the actuarial soundness thereof; the basis for
482 amortization assumptions for the provider's capital costs; the facility's
483 current rate schedule; a statement of source and application of funds
484 for the five-year period beginning the year of initial filing pursuant to
485 section 17b-521 or subsequent filing pursuant to section 17b-529;
486 current and anticipated residential turnover rates; the average age of
487 the residents for the next five years; healthcare utilization rates,
488 including admission rates and days per one hundred residents by level
489 of care; occupancy rates; the number of healthcare admissions per
490 year; the days of care per year; and the number of permanent transfers.
491 Financial and actuarial projections contained in such studies shall be
492 determined on an actuarially sound basis using reasonable
493 assumptions for mortality, morbidity and interest. Each provider
494 operating a facility in this state shall make the information filed with
495 the department pursuant to this subsection available to each such
496 resident for viewing during regular business hours and, upon request,
497 shall provide such resident with a copy of the most recent filing with
498 the department. Each provider shall notify each resident, at least
499 annually, of the right to view the filings and of the right to a copy of
500 the most recent filing. The commissioner may adopt regulations in
501 accordance with chapter 54 to prescribe financial and actuarial
502 information to be filed pursuant to this subsection.]

503 [(b)] (a) A provider operating a facility in this state shall notify the
504 commissioner in writing prior to refinancing its existing indebtedness
505 or making any material change in its business or corporate structure.

506 [(c)] (b) The commissioner may require a provider operating a
507 facility in this state to submit such information as the commissioner
508 requests if the commissioner has reason to believe that such facility is
509 in financial distress. The commissioner may require a provider
510 constructing a facility in this state to submit such information as the
511 commissioner requests if the commissioner has reason to believe that
512 such facility is at risk of being in financial distress. "Financial distress"
513 means the issuance of a negative going concern opinion, or failure to

514 meet debt service payments, or drawing down on debt service reserve.

515 [(d)] (c) The commissioner may adopt regulations in accordance
516 with chapter 54 to prescribe additional conditions that constitute
517 financial distress.

518 Sec. 8. Section 17b-528 of the general statutes is repealed. (Effective
519 July 1, 2015)

| | | |
|---|--------------|------------------|
| This act shall take effect as follows and shall amend the following sections: | | |
| Section 1 | July 1, 2015 | 17b-521 |
| Sec. 2 | July 1, 2015 | 17b-522 |
| Sec. 3 | July 1, 2015 | 17b-523(a)(3) |
| Sec. 4 | July 1, 2015 | 17b-524 |
| Sec. 5 | July 1, 2015 | 17b-525 |
| Sec. 6 | July 1, 2015 | 17b-526 |
| Sec. 7 | July 1, 2015 | 17b-527 |
| Sec. 8 | July 1, 2015 | Repealer section |

Statement of Purpose:

To change reporting requirements for continuing-care retirement communities and require such communities to allow residents to form a council.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]