

ACTION REQUIRED

SB 1898 (SOTO), CHAPTER 557, STATUTES OF 2002

Affects: Residential Care Facilities for the Elderly

Subject: Pre-Admission and Other Fees

Summary: This legislation adds Sections 1569.651 and 1569.655 to the Health and Safety Code. The new provisions are outlined below:

- Licensee must provide a 60-day advance written notice to residents for any fee or rate structure increase, except those due to a change in level of care.
- Licensees may only charge a single pre-admission fee to private pay residents. Licensees must provide applicants or their representatives with a written general statement describing the costs associated with this fee and stating whether or not the fee is refundable, and the conditions for a refund.
- Licensees must clearly specify in the admission agreement any fees charged by the RCFE.
- Licensees may not accept or require any funds that constitute a deposit against possible damages by the resident.
- Licensees are prohibited from charging nonrecurring lump sum assessments. However, the legislation does allow amortizing lump sum assessments over a twelve-month period. Any and all fees must be clearly delineated in the admission agreement.
- Licensees may not require any form of pre-admission fee or deposit from an SSI/SSP recipient.

Implementation:

Until regulations are issued, licensing staff will use the statutory provision in Health and Safety Code Sections 1569.651 and 1569.655 as the authority for citing and implementing. Effective January 1, 2003, licensing staff will use the following procedures and citing authority when reviewing facility records.

Admission Agreements – H&S Code 1569.651

Review admission agreements dated on or after January 1, 2003 for the following:

- No fee is charged as a damage deposit.
- All fees charged are clearly specified in the admission agreement, whether the fees are refundable, and the conditions for the refund.
- No pre-admission fee or deposit of any kind is charged to SSI/SSP recipients.
- Notice of rate increases are at least 60 days in advance.

Residents' Records – H&S Code 1659.655

These provisions are applicable to all residents regardless of date of admission.

Review resident's records for the following:

- Documentation of 60 days' prior notice of a rate increase and a general description of the additional costs. Rate increases due to a change in the resident's level of care are not subject to a 60 day notice. (This does not apply to SSI/SSP residents who receive yearly COLA increases.)
- No non-recurring lump sum increase. Licensees cannot charge residents a one-time fee for increases in insurance premiums, energy costs, etc. Such costs to the resident must be amortized over a 12-month period of time.