

## BILL ANALYSIS

Senate Research Center  
80R7202 JLL-F

H.B. 2392  
By: Madden (Deuell)  
Health & Human Services  
5/16/2007  
Engrossed

### AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Continuing care retirement communities (CCRCs) provide a valuable option to seniors when contemplating their long-term care plans. Texas has made it a priority to protect the investment of seniors in these types of facilities by requiring certain financial disclosures by providers as well as the escrowing of funds during construction of these facilities. The current statute fails to fully contemplate new models of CCRCs.

H.B. 2392 provides the Texas Department of Insurance with increased flexibility in permitting alternative models of CCRCs to proceed, while still ensuring adequate consumer protective measures. The intent is to allow larger CCRCs to be constructed in phases. It will additionally encourage the continued development of this type of housing in Texas.

### RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the State Board of Insurance [commissioner of insurance] in SECTION 3 (Section 246.0735, Health and Safety Code) of this bill.

### SECTION BY SECTION ANALYSIS

[References in this bill to the State Board of Insurance means the commissioner of insurance or the Texas Department of Insurance, pursuant to Section 31.007, Insurance Code, as consistent with the respective duties of the commissioner and the department under this code and other insurance laws.]

SECTION 1. Amends Section 246.002, Health and Safety Code, by amending Subdivision (6) and adding Subdivision (8-a), to redefine "facility" and define "marketing activities," respectively.

SECTION 2. Amends Section 246.073(a), Health and Safety Code, to require an escrow agent, except as provided by Subsection (b), to release an entrance fee to the provider if certain circumstances exist.

SECTION 3. Amends Subchapter D, Chapter 246, Health and Safety Code, by adding Section 246.0735, as follows:

Sec. 246.0735. CONTINUING RELEASE OF ESCROW. (a) Requires the State Board of Insurance (board), after the initial release of an entrance fee by an escrow agent for a specific facility, to authorize an escrow agent to continue to release escrowed entrance fees for that facility to the provider without further proof of satisfying the requirements of Section 246.073 if the provider provides a monthly report to the department on marketing activities for living units of the facility and the provider immediately informs the department of any problems, issues, or irregularities encountered in its marketing activities for the facility.

(b) Authorizes the board, if the provider fails to meet the requirements of Subsection (a), to require the provider to satisfy the requirements of Section 246.073 before the board authorizes the escrow agent to continue releasing escrowed entrance fees to the provider.

(c) Requires the board to adopt rules to implement this section.

SECTION 4. Effective date: upon passage or September 1, 2007.