

BILL ANALYSIS

H.B. 2392
By: Madden
Business & Industry
Committee Report (Unamended)

BACKGROUND AND PURPOSE

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 escrowing of funds during construction of these facilities.

Although the current framework in the statute was well intentioned, it fails to fully contemplate new models of CCRCs.

As proposed, HB 2392 will provide the 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

[Pursuant to Section 31.007, Insurance Code, a reference to the State Board of Insurance means the commissioner of insurance or the Texas Department of Insurance as consistent with the respective duties of the commissioner and the department under the Insurance Code and other insurance laws.]

It is the committee's opinion that rulemaking authority is expressly granted to the State Board of Insurance in SECTION 3 (Section 246.0735, Health and Safety Code) of this bill.

ANALYSIS

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SECTION 1. Amends Section 246.002, Health and Safety Code, by amending the definition of “facility” and adding a definition for “marketing activities.”

SECTION 2. Amends Section 246.073(a), Health and Safety Code, to require the escrow agent to release an entrance fee to the provider if certain conditions are met. Adds language to cover a leased facility.

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) to authorize an escrow agent to continue to release escrowed entrance fees for a specific facility to the provider after initial release of an entrance fee by an escrow agent, without further proof of satisfying requirements in Section 246.073, if certain conditions are satisfied

(b) Authorizes the board to require the provider to satisfy the requirements of Section 246.073, Health and Safety Code, 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.

EFFECTIVE DATE

Upon passage, or, if the Act does not receive the necessary vote, the Act takes effect September 1, 2007.