

ACTION REQUIRED

AB 2370 (Bass), CHAPTER 478, STATUTES OF 2008

Affects: Residential Care Facilities for the Elderly (RCFE)

Subject: Residential Care Facilities for the Elderly: Rate Increases

Summary: AB 2370 added Section 1569.658 to the Health and Safety Code, relating to rate increases in RCFEs. This new law requires a licensee of a RCFE to: 1) on or before January 31 of each year, prepare a document disclosing its average monthly rate increases (actual amount and percentage), including rates for living units and service fees, for each of the previous three years; 2) provide written notice of the rate increase history to each resident or resident's representative upon signing an admission agreement and place a confirmation receipt of disclosure signed by the resident or resident's representative in the resident's file; and 3) provide a copy of the most recent rate increase information to any prospective resident or his or her representative.

This new law does not apply to newly licensed RCFEs which have no current residents. Licensed RCFEs operating as part of a Continuing Care Retirement Community (CCRC) are also exempt from this requirement because CCRCs already have extensive disclosure requirements that exceed the requirements of this statute. Newly licensed RCFEs without three years of resident rate increase history are required to disclose the average increase for the years during which the RCFE has been serving residents.

These statutory requirements are effective January 1, 2009.

Implementation: This new law requires Licensing Program Analyst (LPAs) to:

- Investigate complaint allegations related to this rate increase disclosure requirement.
- Verify written copies of disclosures during resident record review process. LPAs are encouraged to request at least one resident record of a newly admitted resident, (admitted post January 31, 2009), to review compliance with this law.
- If violation of law occurs, cite facilities using Health and Safety Code Section 1569.658.