

# ARIZONA STATE SENATE

## RESEARCH STAFF



**ALANNA BENDEL**  
ASSISTANT RESEARCH ANALYST

**MOLLY GRAVER**  
LEGISLATIVE RESEARCH ANALYST  
FINANCE AND COMMERCE COMMITTEE  
Telephone: (602) 926-3171

TO: MEMBERS OF THE SENATE  
FINANCE AND COMMERCE COMMITTEE

DATE: March 7, 2024

SUBJECT: Strike everything amendment to H.B. 2199, relating to life care contract; disclosure

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### Purpose

Outlines additional disclosure requirements for new and existing life care contracts that offer a refund.

### Background

A *life care contract* is a contractual agreement between a provider and a person to provide the person, for the duration of the person's life or for at least one year, with nursing, medical or health-related services in addition to board and lodging for the person in a facility, or nursing, medical or health-related services in the person's private residence with the right to future access to such services, board and lodging in a facility, conditioned on the transfer of an entrance fee to the provider in addition to or in lieu of the payment of regular periodic charges for the care and services involved. A *provider* is a person who is issued a permit by the Department of Insurance and Financial Institutions (DIFI) to provide services pursuant to a life care contract.

At the time of or before the execution of a life care contract and the transfer of any money or other property to a provider, the provider must deliver to the person with whom the life care contract is entered into (purchaser) a disclosure statement that contains a copy of the provider's certified financial statements, feasibility study and any other information required by the Director of DIFI. The cover of the disclosure statement must contain a prescribed statement (A.R.S. §§ [20-1801](#) and [20-1812](#)).

There is no anticipated fiscal impact to the state General Fund associated with this legislation.

### Provisions

1. Stipulates that, if a life care contract offers a refund, a provider must deliver to the purchaser a separate disclosure document that indicates:
  - a) whether an entrance fee will be charged and when the person must pay the entrance fee;
  - b) whether any part of the entrance fee, or any other amount, paid at any time by the contract holder or resident will be refunded to the person or the person's heirs;
  - c) if a refund will be paid to the person or the person's heirs, the amount or amounts to be paid and the time for payment of the amounts; and
  - d) the specific conditions or limits, if any, on the payment of any refund, including a requirement for reoccupancy of a vacated unit, or any other limit or condition.
2. Requires the separate disclosure document to be printed in at least 10-point boldface type, signed by the contract holder and contract holder's partner or spouse, if any, and witnessed by at least two independent persons.

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3. Requires a purchaser to separately initial each disclosure and verify that the purchaser has read and understands the information presented in each disclosure.
4. Directs a provider to give an initialed copy of the separate disclosure statement to the contract holder at the time of signing and keep a signed copy.
5. Allows the Director of DIFI to recommend or require that the separate disclosure document be in a specified form that contains the required information.
6. Applies the separate disclosure document requirements to new and existing life care contracts.
7. Makes conforming changes.
8. Becomes effective on the general effective date.

House Action

COM	1/30/24	DPA	10-0-0-0
3 <sup>rd</sup> Read	2/22/24		58-0-1-0-1