



ARIZONA HOUSE OF REPRESENTATIVES

Fifty-sixth Legislature
Second Regular Session

House: COM DP 7-3-0-0

HB 2505: assisted living; refunds; escrow accounts

Sponsor: Representative Gress, LD 4

House Engrossed

Overview

Stipulates the contract holder must receive the entrance fee associated with a life care contract when specified conditions are met and outlines additional disclosure requirements.

History

A life care contract is a contractual agreement between a provider and a person (contract holder) to provide for nursing services, medical services or health-related services, in addition to board and lodging for the person in a facility or services in the person's private residence with the right to future access to services, board and lodging in a facility, and is conditioned on the transfer of an entrance fee to the provider for such services. Life care contracts may only be offered by persons who are issued a permit as a provider by the Department of Insurance and Financial Institution (DIFI).

As a condition for issuing the permit, DIFI requires the provider to maintain on a current basis and in escrow an amount equal to the aggregate principal and interest payments due during the next twelve months on account of any first mortgage or other long-term financing of the facility. Additionally, the provider must establish an escrow account and place any entrance fee in escrow prior to occupancy in the facility or providing services. Statute outlines the conditions for releasing entrance fee monies to the provider.

An entrance fee that is held in escrow may be returned to the person who had made payment to the provider at any time by the escrow agent on receipt of notice from the provider that such person is entitled to a refund of the entrance fee. ([Title 20, Chapter 8, A.R.S.](#))

Provisions

1. Requires the entrance fee, minus deductions for expenses or other fees, be returned to the contract holder when the resident's occupancy terminates with the facility and on the first occurrence of either the resident's former living unit is inhabited by a new resident or within one year. (Sec. 1)
2. Requires the provider, for life care contracts that offer a refund, to deliver 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

Prop 105 (45 votes) Prop 108 (40 votes) Emergency (40 votes) Fiscal Note

- 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. (Sec. 2)
3. Requires the separate disclosure document to be signed by the contract holder and the contract holder's partner or spouse, if any, and witnessed by at least two independent persons. (Sec. 2)
4. Specifies the purchaser must separately initial each disclosure and verify that they have read and understand the information present in each disclosure. (Sec. 2)
5. Instructs the provider to keep a copy of the signed initialed disclosure statement and provide a copy to the contract holder. (Sec. 2)
6. Allows DIFI to recommend or require that the separate disclosures be in a specified form that contains the required information. (Sec. 2)
7. Applies the requirements for the separate disclosure document to new and existing life care contracts. (Sec. 2)
8. Contains technical changes. (Sec 1)