

SENATE COMMITTEE SUBSTITUTE

FOR

SENATE BILL NO. 804

AN ACT

To repeal section 376.945, RSMo, and to enact in lieu thereof one new section relating to funds held in reserve for life care contracts.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF MISSOURI,
AS FOLLOWS:

Section A. Section 376.945, RSMo, is repealed and one new section enacted in lieu thereof, to be known as section 376.945, to read as follows:

376.945. 1. The department shall, as a condition of the issuance of a certificate of authority pursuant to section 376.935, require that the provider establish a reserve of an amount equal to at least fifty percent of any entrance fee paid by the first occupant of a living unit under a life care contract. The reserve shall be maintained by the provider on a current basis, in escrow with a bank, trust company, or other escrow agent approved by the department. ~~Such~~ The entire amount of such reserve shall be amortized and earned by and available for release to the provider at the rate of one percent per month on the balance of the reserve, provided, however, that at no time shall the entrance fee reserve together with all interest earned thereon total less than an amount equal to one ~~and one-half times the percentage~~ hundred percent of the annual long-term debt principal and interest payments of the provider

applicable only to living units occupied under life care contracts. Such portion of each entrance fee as is necessary to maintain the entrance fee reserve as set forth herein shall be paid to the reserve fund for the second and all subsequent occupancies of a living unit occupied under a life care contract. The requirements of this subsection may be met in whole or in part by other reserve funds held for the purpose of meeting loan obligations, provided that the total amount equals or exceeds the amount required under this subsection.

2. In addition, each provider shall establish and maintain separately for each facility, a reserve equal to not less than five percent of the facility's total outstanding balance of contractually obligated move-out refunds at the close of each fiscal year. [All reserves required hereunder for move-out refunds]

3. All reserve funds held under subsections 1 or 2 of this section shall be held in liquid assets consisting of federal government or other marketable securities, deposits, or accounts insured by the federal government.

4. This section shall be applicable only to life care contracts executed for occupancy of living units constructed after September 28, 1981.