

**GOVERNMENT OF THE DISTRICT OF COLUMBIA**  
**Office of the Chief Financial Officer**

Natwar M. Gandhi  
Chief Financial Officer



**MEMORANDUM**

**TO:** The Honorable Linda W. Cropp  
Chairman, Council of the District of Columbia

**FROM:** Natwar M. Gandhi [signature]  
Chief Financial Officer

**DATE:** March 1, 2004

**SUBJECT:** Fiscal Impact Statement: “Continuing Care Retirement  
Communities Act of 2003”

**REFERENCE:** Bill 15-615 as Introduced

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**Conclusion**

Funds are sufficient in the FY 2004 budget and the FY 2004 through FY 2007 financial plan to implement the “Continuing Care Retirement Communities Act of 2003.”

**Background**

The “Continuing Care Retirement Communities Act of 2003” requires all continuing care providers operating in the District of Columbia to obtain a license and provides for the revocation of licenses under certain circumstances. The proposed legislation requires any sale or transfer of ownership of a continuing care retirement community (CCRC) facility to be approved by the Mayor. Continuing care providers would be required to provide disclosure statements whenever a contract to provide continuing care is executed or when money or other property is transferred to the provider. The proposed legislation also regulates contracts for continuing care, continuing care facilities’ operating reserves, and escrow accounts.

In addition, the proposed legislation gives residents in facilities registered under this bill the right of self-organization and requires CCRC facilities to hold annual meetings with their residents.

Though the primary business of CCRCs is providing communal housing to older persons, CCRCs also engage in activities that resemble the business of insurance. A resident gives

a CCRC money up front in exchange for the CCRC's promise to provide care to the resident for the rest of his or her life. The CCRC's fees are at least partly based on actuarial projections of the life expectancy of those who buy into the CCRC. Although the proposed legislation does not explicitly refer to the Department of Insurance and Securities Regulation (DISR), it is expected that DISR would be the agency responsible for regulating the financial and contractual operations of CCRCs because of the similarity between CCRC activities and insurance.

There are currently three CCRCs operating in the District of Columbia.

### **Financial Plan Impact**

DISR has indicated that it can handle the additional work necessary to implement the proposed legislation using existing resources. It should be noted, however that if the number of CCRCs in the District were to grow, additional resources could be need