

**New California Laws Affecting
Assisted Living and/or
Adult Residential Facilities**

**APPROVED BY GOVERNOR
IN SEPT. 2008**

Three New Laws

- Three new laws in signed into law in Sept. 2008
 - Emergency (Disaster) Planning – AB 749 (Wolk)
 - Rate History Disclosure – AB 2370 (Bass)
 - Licensing and Enforcement Changes – AB 978 (Benoit)

**AB 749
Emergency (Disaster) Planning**

RCFE ONLY

AB 749: Highlights & Dates

- Introduced by Assembly Member Wolk
- Adds Section 1569.695 to the Health and Safety Code
- Requires RCFEs to have an emergency plan completed by March 1, 2009

AB 749: Highlights, cont.

- Plan must be:
 - Available upon request to residents onsite
 - Available to local emergency responders
- CCLD will:
 - Confirm that the plan is on file at the facility during comprehensive licensing visits
 - NOT be required to evaluate the plan

AB 749: Emergency Plan Shall Include:

- Evacuation procedures
- Plans to be self-reliant for up to 72 hours, including long-term power failure
- Transportation needs and evacuation procedures to ensure that RCFE can:
 - Communicate with emergency response personnel, or
 - Access information to check emergency routes to be used during evacuation and relocation during a disaster

AB 749: Procedures Shall Address:

- Provision for emergency power
 - generators not required
 - can identify suppliers of backup generators
- Response to individual resident's needs if call buttons inoperable
- Process for communicating with residents, families, hospice providers, and others
- Assistance with and administration of medications
- Storage and preservation of medications

AB 749: Procedures Shall Address, cont.:

- Operation of assistive medical devices that need electric power for operation
 - i.e., oxygen equipment, wheelchairs, etc.
- Process for identifying residents with special needs and a plan to meet the needs
 - i.e., hospice

AB 749

- AB 749 does not apply to RCFEs that have obtained a certificate of authority to offer continuing care contracts.

**AB 2370
Rate Increase Disclosure**

RCFE ONLY

AB 2370 (Bass) Rate Increase Disclosure

- Must disclose on or before Jan. 31 of each year
- Must disclose average monthly rate increases (\$ and %)
 - Inclusive of rates for living units and service fees
 - For each of the previous 3 years
- Provide to every resident or representative upon signing the admission agreement
- Signed confirmation of receipt of the disclosure in resident's file
- Provide a copy to any prospective resident or representative

AB 2370 (Bass) Rate Increase Disclosure

- Do not need to give to in-house residents; just new
- Newly licensed facilities without 3 years of history disclose for the years during which it served residents.
- If recently purchased a facility that served residents, still need to provide past 3 years of history.
- This law does not apply to newly licensed facilities with no current residents.

Rate Disclosure Example

Example

- We are going to use a scenario of just one year's data to give you a model to calculate your rate increases.
 - Reminder: You need to disclose rate increases for the past three years.

Example

- The following example takes you through three steps:
 - Calculate the average base rate increase.
 - Calculate the average increase in levels of care.
 - Calculate the overall average percentage of rate increase per resident per year.

ABC Assisted Living: Base Rate

- Calculate the average base rate increase.
 - Example of Base Rate Data: Let's assume you have 100 residents and you increased the base rate 5% in 2007.

Number of Residents	2006 Base Rate	Base Rate Increase for 2007	2007 Base Rate	Rate Increase
100	\$2000	5%	\$2100	\$100

The Math

\$2000 X .05 = \$100 rate increase

\$2000 + \$100=\$2100 rate in 2007

\$100 average increase per resident

ABC Assisted Living: Levels of Care

- Calculate the average increase in levels of care.
 - Example: In addition to the base rate, ABC has 4 levels of care with different rates for each level. Each level of care was raised \$100 in 2007, which resulted in an average increase of \$80.

Level of Care	Percentage of Residents at Each Level	2006 Cost	2007 Cost Increased \$100
No additional care	20%	\$0	\$0
Level 1	20%	\$500	\$600
Level 2	20%	\$700	\$800
Level 3	20%	\$900	\$1000
Level 4	20%	\$1100	\$1200

- The next slide shows you the math

ABC Assisted Living: Levels of Care, cont.

Level of Care	Percentage of Residents at Each Level	2006 Cost	2007 Cost Increased \$100
No additional care	20%	\$0	\$0
Level 1	20%	\$500	\$600
Level 2	20%	\$700	\$800
Level 3	20%	\$900	\$1000
Level 4	20%	\$1100	\$1200

The Math

2006 year: \$0 + \$500 + \$700 + \$900 + \$1100 = \$3200 ÷ 5 levels = **\$640 average** per resident

2007 year: \$0 + \$600 + \$800 + \$1000 + \$1200 = \$3600 ÷ 5 levels = **\$720 average** per resident

2006 – 2007 average increase = \$720 - \$640 = **\$80 average increase per resident**

ABC Assisted Living:
2006 – 2007 Rate Increase Summary

- Calculate the overall average percentage of rate increase per resident per year.
 - Average base monthly fee increase per resident = \$100
 - Average increase in levels of care per resident = \$80
 - \$100 + \$80 = \$180 average increase per resident
 - Thus, 2006 average rate = \$2640
 - 2007 average rate = \$2820
- 2006 – 2007 average rate increase was 6.8%

ABC Assisted Living:
2006 – 2007 Rate Increase Summary

- How to calculate the overall average percentage of rate increase shown in the last slide:
 - 2006 average rate = \$2640
 - 2007 average rate = \$2820

The Math

$$((\text{value at time 2} \div \text{value at time 1}) - 1) \times 100 = \text{percent increase}$$
$$(2820 \div 2640) = 1.068 - 1 = .068 \times 100 = 6.8\%$$

One More Consideration . . .

- Your method to determine increases may be more complicated than this example.
- Your best advice is to do your best estimate and explain what you did.
- For example, you may wish to qualify such as: "Data above assumes that the number of residents on each level of care for each of the three years is the same as the current level."

Consider a Disclaimer

- It may be a good idea to include some disclaimers in your rate increase document so that residents are not misled.
 - For example:
 - ✦ You may want to include a statement that past rate increases are not necessarily an indication of future increases.
 - ✦ Rate increases reflect changes in the same level of care; they do not reflect changes in rate if a person requires a different level of care.

AB 978 Community Care Safety

LICENSING AND ENFORCEMENT CHANGES RCFE AND ARF

AB 978 (Benoit) Enforcement: Highlights

- Amends the Health and Safety Code
- Defines serious violations warranting civil penalties of up to \$150 per day to include:
 - Lack of fire clearance, except when:
 - ✦ The clearance has been requested and is pending
 - ✦ Eviction notices have been issued or
 - ✦ A denial is under appeal (with up to 60 days to appeal a denial)
 - Absence of supervision, as required by regs.
 - Accessible bodies of water
 - Accessible firearms or ammunition

Continued--

AB 978 (Benoit) Enforcement : Highlights

- Defines serious violations, cont. :
 - Refusing CCLD entry to a facility and
 - Presence of an excluded person
- Money used to support health and safety and the licensing program
- Plans of correction must be verifiable and measureable

Access to Legislation

- If you wish to read the legislation, go to:
 - <http://www.leginfo.ca.gov/>
 - Bill information
 - Session 2007 – 2008
 - Enter in Bill Number
