

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: April 28, 2010
POSITION: Oppose
SPONSOR: Ben Tzedek Legal Services, California
 Advocates for Nursing Home Reform

BILL NUMBER: SB 1329
AUTHOR: M. Leno

BILL SUMMARY: Residential Care Facilities for the Elderly

This bill would require the licensee of a Residential Care Facility for the Elderly (RCFE) to notify the Department of Social Services (DSS) within two business days if an event reflecting financial distress occurs, as specified. The bill would also require the licensee of an RCFE to notify the department, all residents of the RCFE, potential residents, applicants, and, if applicable, their legal representatives if the facility is facing a foreclosure, bankruptcy, or unlawful detainer action. In these specific instances, the DSS would also be required to initiate some form of administrative action against the licensee.

FISCAL SUMMARY

This bill would result in estimated costs of \$81,000 (\$49,000 General Fund [GF]) in fiscal year 2010-11, and \$135,000 (\$81,000 GF) in 2011-12 and continuing due to an increase in the DSS workload. The DSS estimates it would need 2.0 permanent Licensing Program Analyst positions to review incident reports and initiate administrative actions against licensees of RCFEs in specific instances of financial distress. This workload would be unabsorbable without redirecting existing resources which are currently assigned to administer other mandated activities.

COMMENTS

The Department of Finance is opposed to this bill given the resulting GF costs.

The DSS encourages providers to submit information to the department if a facility's financial condition is in question. However, current law does not require licensees of RCFEs to report to the DSS, or to notify residents or their families of financial distress. Many RCFEs have been impacted by foreclosures and bankruptcies during the housing crisis. There have been cases where RCFEs have become involved in foreclosure proceedings and the licensees did not alert the residents, or the DSS, until the end of the proceedings, resulting in the residents being forced to relocate on short notice. While this bill is not intended to protect RCFEs from financial distress, it is intended to minimize the impact that these events have on residents and potential residents.

Code/Department Agency or Revenue Type	(Fiscal Impact by Fiscal Year)								
	SO	(Dollars in Thousands)							
	LA	CO	PROP	2010-2011		2011-2012		2012-2013	Fund Code
	RV	98	FC		FC		FC		
5180/Social Svcs	SO	No	C	\$49	C	\$81	C	\$81	0001
5180/Social Svcs	SO	No	C	\$32	C	\$54	C	\$54	0890

<u>Fund Code</u>	<u>Title</u>
0001	General Fund
0890	Trust Fund, Federal

Analyst/Principal	Date	Program Budget Manager	Date
(0591) J. Wordlaw		Lisa Ann L. Mangat	

Department Deputy Director	Date

Governor's Office:	By:	Date:	Position Approved
			Position Disapproved

