

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: March 31, 2011
POSITION: Oppose
SPONSOR: California Senior Legislature, California
Advocates for Nursing Home Reform

BILL NUMBER: SB 897
AUTHOR: M. Leno
RELATED BILLS: SB 1329 - Leno
(2010)

BILL SUMMARY: Elderly Residential Care Facilities

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

FISCAL SUMMARY

This bill would result in estimated costs of \$41,000 (\$25,000 General Fund) in fiscal year 2011-12 and \$68,000 (\$41,000 General Fund) in 2012-13 and annually thereafter due to an increase in DSS workload. The DSS estimates it would need 1.0 permanent Licensing Program Analyst position 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 from other high priority licensing activities.

This bill would result in minor additional workload for the Ombudsman program within the California Department of Aging (CDA). The Ombudsman would likely add these notifications to the existing workload and work with the local agencies that oversee the RCFE in question. The CDA indicates this workload would be absorbed within existing resources.

COMMENTS

The Department of Finance is opposed to this bill because it would result in General Fund costs. Notwithstanding any potential policy merit, the creation of a new program with General Fund costs is inappropriate during this time of limited resources.

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. Although 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.

This bill is substantially similar to Senate Bill 1329 of 2010 (Leno), which was vetoed by Governor Schwarzenegger. That bill was vetoed due to costs and additional workload requirements.

Analyst/Principal Date Program Budget Manager Date
(0512) T. Calvert Lisa Ann L. Mangat

Department Deputy Director Date

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

BILL ANALYSIS Form DF-43 (Rev 03/95 Buff)

**BILL ANALYSIS/ENROLLED BILL REPORT--(CONTINUED)**

**AUTHOR**

**AMENDMENT DATE**

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M. Leno

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SB 897

Code/Department Agency or Revenue Type	SO	(Fiscal Impact by Fiscal Year)							Fund Code
	LA	(Dollars in Thousands)							
	CO	PROP							
	RV	98	FC	2010-2011	FC	2011-2012	FC	2012-2013	
4170/Dept Aging	SO	No		-----	No/Minor	Fiscal Impact	-----		0001
5180/Social Svcs	SO	No		--	C	\$25	C	\$41	0001
5180/Social Svcs	SO	No		--	C	\$16	C	\$27	0890
<u>Fund Code</u>	<u>Title</u>								
0001	General Fund								
0890	Trust Fund, Federal								