Date of Hearing: April 23, 2026

ASSEMBLY COMMITTEE ON HUMAN SERVICES
Alex Lee, Chair
AB 1983 (Blanca Rubio) – As Introduced February 13, 2026

SUBJECT: Continuing care retirement communities: repayable contracts

SUMMARY: For a continuing care retirement community (CCRC), redefines a repayable contract to include a continuing care contract that includes a promise to repay all or a portion of an entrance fee based on the sequential order in which repayable contracts are terminated; requires a CCRC provider to assign each terminated contract a sequential repayment number, and each time entrance fees are paid for a reoccupied unit, a repayment account would be credited until funds are sufficient to repay the next terminated contract in sequential order; and, requires, when the funds in the repayment account are sufficient to repay the next terminated contract in sequential order, the provider to issue the repayment within 14 days.

EXISTING LAW:

1) Specifies that nothing in the Residential Care Facilities for the Elderly (RCFE) Act authorizes the imposition of rent regulations or controls for licensed RCFEs, and that licensed RCFEs are not subject to controls on rent imposed by any state or local agency or other local government entity. (Health and Safety Code [HSC] § 1569.147)

2) Defines RCFE as a housing arrangement chosen voluntarily by persons 60 years of age or over, or their authorized representative, where varying levels and intensities of care and supervision, protective supervision, or personal care are provided, based upon their varying needs, as determined in order to be admitted or remain in the facility. Allows persons under 60 years of age with compatible needs to be admitted or retained if a licensee determines that person is compatible, as defined. (HSC § 1569.2(o))

3) Makes the following findings and declarations, among others:

   a) CCRCs are an alternative for the long-term residential, social, and health care needs of California's elderly residents and seek to provide a continuum of care, minimize transfer trauma, and allow services to be provided in an appropriately licensed setting;

   b) Because elderly residents often both expend a significant portion of their savings in order to purchase care in a CCRC and expect to receive care at their CCRC for the rest of their lives, tragic consequences can result if a continuing care provider becomes insolvent or unable to provide responsible care;

   c) There is a need for disclosure concerning the terms of agreements made between prospective residents and the continuing care provider, and concerning the operations of the CCRC; and,

   d) Providers of continuing care should be required to obtain a certificate of authority to enter into continuing care contracts and should be monitored and regulated by the California Department of Social Services (CDSS). (HSC § 1770)

4) Defines "continuing care retirement community" as a facility located within the State of California where services promised in a continuing care contract are provided. A distinct phase of development approved by CDSS may be considered to be the CCRC when a project is being developed in successive distinct phases over a period of time. When the services are provided in residents' own homes, the homes into which the provider takes those services are considered part of the CCRC. (HSC § 1771(c)(10))

5) Defines "continuing care contract" as a contract that includes a continuing care promise made, in exchange for an entrance fee, the payment of periodic charges, or both types of payments. A continuing care contract may consist of one agreement or a series of agreements and other writings incorporated by reference. (HSC § 1771(c)(8))

6) Defines a "repayable contract" as a continuing care contract that includes a promise to repay all or a portion of an entrance fee that is conditioned upon reoccupancy or resale of the unit previously occupied by the resident. Further, prohibits a repayable contract from being considered a refundable contract for purposes of the refund reserve requirements, provided that this conditional promise of repayment is not referred to by the applicant or provider as a "refund." Authorizes a provider to repay all or a portion of an entrance fee that is conditioned upon resale of the unit before the resale of the unit. Specifies that the repayment of an entrance fee before the resale of the unit shall not cause any other entrance fee to be subject to the refund reserve requirements, provided that the provider does not promise, at the time of contracting or thereafter, to make this type of early repayment, represent that the provider intends to make this type of early repayment, or indicate that the provider has a practice of making this type of early repayment. (HSC § 1771(r)(3))

7) Requires CDSS to approve all CCRC contract forms, including all addenda, exhibits, and any other related documents, incorporated therein, as well as any modification to these items, prior to use. (HSC § 1787(b))

FISCAL EFFECT: Unknown, this bill has not been analyzed by a fiscal committee.

COMMENTS:

Background: *Continuing Care Retirement Communities*, also referred to as life plan communities, are residential communities designed to provide a continuum of care for older adults as they age. CCRCs allow older adults to age in place, which offers the advantage of a smooth transition as the needs of an individual increase over time. These communities offer a range of housing, from independent living apartments to RCFE units to skilled nursing facilities (SNF), all within one campus. To be able to obtain a certificate of authority, CCRCs must have a license from CDSS for an RCFE and a license from the California Department of Public Health for a SNF. CDSS is responsible for the oversight of CCRCs which includes licensing to ensure the community is following licensing requirements regarding buildings and grounds, accommodations, care and supervision of residents, and quality of services.

CDSS' oversight also includes reviewing and approving applications to operate a CCRC and monitoring the ongoing financial condition of all CCRC providers and their ability to fulfill the long-term contractual obligations to residents. Under this authority, CDSS reviews every contract prior to a CCRC being able to use them to ensure consumer protection. A contract includes a promise to provide a range of services at a CCRC for a period longer than one year in exchange for payment. CCRCs typically utilize the following types of contracts:[1]

- Type A contracts, also called extensive contracts or life care contracts, require a high entry fee and a relatively stable monthly service fee that typically includes residential services, amenities, and health care. This is considered an all-inclusive option with predictable future expenses, regardless of healthcare needs that may arise. Monthly fees may adjust slightly over time, based on inflation and ancillary expenses. CDSS requires that this type of contract include all of the following promises by the provider to a resident:

  1) To provide all levels of care, including acute care and physicians' and surgeons' services;

  2) To provide that care for the resident's life;

  3) To provide a comprehensive continuum of care, including skilled nursing, under the ownership and supervision of the provider on, or adjacent to, the premises;

  4) That no change will be made in the monthly fee based on level of care or service; and,

  5) To subsidize residents who become financially unable to pay their monthly care fees.[2]

- Type B contracts, also known as Modified Fee-for-Service contracts, include most of the residential services and amenities offered through a Type-A contract, but there may be an additional cost if assisted living or skilled nursing care is required. These services are typically available at a discounted rate.

- Type C contracts, also known as fee-for-service contracts, offer a lower entry fee compared to the other entry fee contracts, and cover some or all of the residential services and amenities available through Type A and B contracts. However, if assisted living or skilled nursing care is required, the resident's monthly fee will increase to cover the full market rate for the cost of care.

- Rental contracts do not require an entry fee, although there may be a nominal "community fee." The level of residential services and amenities varies and is reflected in the monthly service fee, which may be higher than comparable entry fee communities. Rental residents often have priority access to the health care facility but are not necessarily guaranteed access, as is the case with entry fee contracts. The residents pay the full market rate for health care.

Aside from the rental option, continuing care contracts may be refundable or non-refundable. Refundable contracts refund a portion of the entrance fees, sometimes on a scale that decreases over time the percentage of the entrance fee that is refunded. These types of contracts require a CCRC to maintain a reserve for refunds (in addition to other reserves required for the operation of a CCRC). However, many CCRC providers choose instead to offer a repayment of a designated portion of the entrance fee – a "lump-sum payment" – that is conditioned upon resale of the unit; these contracts are sometimes referred to as "repayable" versus refundable. The timeline for reselling each unit varies, which means that the former resident's beneficiary may

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[1] https://mylifesite.net/blog/post/choosing-a-ccrc-which-contract-model-is-best
[2] https://www.cdss.ca.gov/continuing-care-communities/ccrc-faqs

wait a significant time for repayment. When a resident's beneficiaries are not repaid in a timely manner, interests accrue as follows:

1) Any amount owed a resident or resident's estate that is not paid within 180 days after the termination of the repayable contract shall accrue simple interest at a rate of 4% of the amount owed;

2) Any amount owed a resident or resident's estate that is not paid within 240 days after the termination of the repayable contract shall accrue simple interest at a rate of 6% of the amount owed; and,

3) Any amount owed a resident or resident's estate that is not paid within one year after the initial 240-day period after the termination of the repayable contract shall accrue interest at a rate of 6%, compounded annually.

This bill allows CCRCs to update their contracts to allow for a sequential order repayable contract rather than a promise to repay. If a CCRC elects to include this in their contracts, CDSS would be required to review and approve it prior to the updated contract being used.

Author's Statement: According to the Author, "[This bill] addresses delays and uncertainty in the repayment of entrance fees to residents of Continuing Care Retirement Communities (CCRCs). Under current law, refunds are tied to the re-occupancy of a specific unit, which can leave residents and their families waiting months or even years for repayment. The bill authorizes a sequential repayment method, in which refunds are issued based on when residents vacate rather than when a unit is resold. This approach creates a more predictable, transparent, and equitable system, increasing fairness for residents and their families while giving providers flexibility to adopt a system that meets the needs of a growing older adult population."

Equity Implications: *This bill* aims to reduce the wait time for repayment of a unit. This policy may be mutually beneficial for the residents' beneficiaries by allowing a quicker repayment and simultaneously reducing the interest that is required to be paid when a unit takes longer than 180 days to be sold.

Double referral: This bill was previously heard in the Assembly Committee on Aging and Long-term Care on April 21, 2026, and was approved on a (6-0) vote.

RELATED AND PRIOR LEGISLATION:

AB 2033 (Choi) of 2018, would have required CCRCs to utilize sequential order repayment for repayable contracts. *AB 2033 was double-referred to the Assembly Committee on Aging & Long-term Care and the Assembly Committee on Human Services, but was never set for hearing.*

AB 853 (Choi) of 2017, would have required CCRCs to utilize sequential order repayment for repayable contracts. *AB 2033 was double-referred to the Assembly Committee on Aging & Long-term Care and the Assembly Committee on Human Services, but was never set for hearing.*

REGISTERED SUPPORT / OPPOSITION:

Support

Erickson Senior Living

Opposition

None on file.

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