CONCURRENCE IN SENATE AMENDMENTS
AB 1983 (Blanca Rubio)
As Amended August 21, 2026
Majority vote

SUMMARY

Allows for Continuing Care Retirement Communities (CCRC) to add sequential order method as a type of repayable contract to a person entering a residential care for the elderly (RCFE).

Senate Amendments

1) Defines "entrance fee refund" as the return of all or a portion of the initial entrance fee paid by a resident to a provider, which is required to be paid back to the resident or the resident's estate upon the termination or cancellation of a refundable contract.

2) Defines "lump sum payment" as a one-time reimbursement of all or a portion of an entrance fee owed by a provider to a resident or the resident's estate in the event of cancellation, termination, or death.

3) Amends the definition of "repayable contract" to mean either a repayable conditioned on resale contract or a repayable in sequential order contract.

4) Defines "repayable conditioned on resale contract" to mean a continuing care contract that includes a promise to repay all or a portion of an entrance fee that is conditioned upon resale or reoccupancy of the unit previously occupied by the resident.

5) Defines "repayable in sequential order contract" as a continuing care contract that includes a promise to repay all or a portion of an entrance fee based strictly on the sequential order in which repayable contracts are terminated. Requires a provider to repay entrance fees solely in the sequential order in which the contracts were terminated, and prohibits a provider from repaying all or a portion of an entrance fee before the resident's sequential number is reached. Requires a provider to provide the resident, their estate, or other appropriate party with written notice of their sequential number on the repayment log at the time a contract is terminated, as specified. Requires the provider to ensure the full repayment amount and any applicable interest is kept in the sequential repayment account until the payment can be made if the resident, their estate, or other appropriate party is unable to receive the repayment when their sequential number is reached. Requires the provider to keep records adequate to show which moneys have been designated for each resident and the moneys to be held in the account until the resident, their estate, or other appropriate party can receive the payment.

6) Defines the following terms related to repayable in sequential order contracts:

    a) Defines "sequential order method" or "sequential order" to mean the repayment of entrance fees in the order in which repayable contracts are terminated. Provides that the provider shall assign each terminated contract a sequential repayment number, to be paid from a sequential repayment account funded by entrance fees received from any reoccupied residential living units with sequential order contracts. Provides that, each time a unit is reoccupied, the repayment account shall be credited with an amount equal to the repayment owed to the unit's prior resident. Provides that, when the funds in the

repayment account are sufficient to repay the next terminated contract in sequential order, the provider shall issue the repayment within 14 days.

b) Defines "sequential repayment account" as a separately accounted for financial bank account established and maintained by a provider for the exclusive purpose of funding repayments of entrance fees under repayable in sequential order contracts. Requires the account to indicate that the moneys are held for the exclusive benefit of the residents or their estates. Requires the money to remain separate, intact, and free from any liability the provider incurs. Prohibits the sequential repayment account from being deemed a refund reserve or subject to refund reserve requirements.

7) Adds repayable contract language to the list of requirements a continuing care contract must contain, where only refundable contract language exists in current law.

8) Requires the policy or terms of a continuing care contract for refunds or repayments due to cancellations to specify whether repayment is conditioned upon resale of the unit or subject to the sequential order method.

9) Requires the policy or terms of a repayable in sequential order contract to state that repayment of sequential order contracts shall be paid from a sequential repayment account funded by entrance fees received from the sale of residential living units with repayable in sequential order contracts.

10) Requires the policy or terms of a repayable in sequential order contract to include a disclosure with specified information.

11) Requires, for repayable in sequential order contracts, the full lump sum owed, including any interest accrued, to be paid within 14 calendar days after sufficient funds exist in the sequential repayment account to satisfy the contract's assigned sequential repayment number. Requires a provider that offers or maintains any repayable in sequential order contracts to establish and maintain a sequential repayment account for the exclusive purpose of funding repayments owed under those contracts.

12) Clarifies the provider shall be responsible for funding all accrued interest.

13) Provides that, for repayable in sequential order contracts, the accrual of interest, as specified, shall not alter the assigned sequential repayment number or priority of payment. Requires interest to accrue beginning 180 days after termination of the contract, regardless of whether sufficient funds exist in the sequential repayment account. Requires payment of both principal and accrued interest to occur only in accordance with the sequential order method. Makes this provision apply only to repayable in sequential order contracts entered into on or after January 1, 2027.

14) Provides that the accrued interest for repayable in sequential order contracts shall be repayable from the sequential repayment account at the time the terminated contract reaches its assigned repayment number. Requires the provider to ensure that the sequential repayment account is funded in an amount sufficient to satisfy both principal and accrued interest prior to issuing repayment. Makes this provision apply only to repayable in sequential order contracts entered into on or after January 1, 2027.

15) Requires providers offering repayable in sequential order contracts to disclose specified information in the continuing care contract.

COMMENTS

Aging in California: A recent compiled data report by the Public Policy Institute of California titled "California's Aging Population" states:

> By 2040, California's older adult population (aged 65 and over) is projected to increase by a remarkable 59%, from 5.7 million to just over 9 million. This growth stands in stark contrast to the projected changes in other age groups. The working-age population (20–64 years old) is expected to increase only 3%, while the population under age 20 is anticipated to decrease by 23%. California is projected to have 3.4 million more older adults aged 65 and over, and 1.7 million fewer residents less than 65 years old.
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> This disproportionate growth in the older population will lead to a significant shift in the state's age structure. Almost one-quarter of Californians (22%) will be age 65 or older by 2040, a substantial increase from 14% in 2020. The old-age dependency ratio (the number of older adults per 100 adults of working ages) is projected to grow from 24 to 38. In other words, there will be 38 older adults for every 100 working adults in the state.
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> The most dramatic growth is projected among the oldest age groups—or the oldest old. The population aged 80 and over is expected to more than double, increasing by nearly 1.8 million in 2040. This rapid growth in the oldest age groups, driven by both the aging of the baby boomers and increases in longevity, is especially significant because of this group's relatively high personal care and health care needs. [1]

Life expectancy continues to rise,[2] however during 2019-2021 overall life expectancy for Californians fell from 81.4 years to 78.4 years. For Hispanics, life expectancy declined by nearly six years, a difference three times greater than their white counterparts. And the difference between those in California's highest and lowest income brackets increased by three-and-a-half years to greater than 15 years (11.5 years before the pandemic to more than 15 years in 2021).[3]

It is important to note that the COVID-19 pandemic caused a brief (and traumatic) deviation from the long-term pattern of increases in life expectancy. The latest estimates suggest that life expectancy has resumed its pre-pandemic trend of gradually increasing longevity. The Department of Finance projects moderate increases in life expectancies through 2060. [4]

Continuing Care Retirement Communities. CCRCs offer people age 60 and older a full range of long-term care options that includes independent living, assisted living, and skilled nursing care. This model allows senior residents to move from independence to high levels of care without leaving the community in which they reside. Typically, this is provided in a campus-like community setting, usually for a resident's lifetime, and always for at least one year. CCRCs require residents to sign a contract that sets forth the range of services, sometimes at an additional cost, depending on the type of contract, to be provided by the CCRC to the resident.

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[1] https://www.ppic.org/publication/californias-aging-population/
[2] https://longevity.stanford.edu/the-new-map-of-life-initiative/
[3] https://newsroom.ucla.edu/releases/covid-life-expectancy-drops-by-race-and-income
[4] www.cdc.gov/nchs/data/databriefs/db492.pdf

CCRCs offer a broad range of contract options so that they have the flexibility to offer a range of services that meet their consumers' varying needs.

Each CCRC offers different options on costs of service, payment methods, services provided, and other elements, including lifestyle choices. All CCRCs must obtain a RCFE license and if they offered skilled nursing services, must hold a Skilled Nursing Facility License issued by the California Department of Public Health.

CDSS, is responsible for the oversight of continuing care providers. The Department's Community Care Licensing Division has two branches that participate in the regulation. The Senior Care Program monitors continuing care providers for compliance with the Community Care licensing laws and regulations regarding buildings and grounds, accommodations, care and supervision of residents, and quality of service.[5]

CCRC Repayable and Refundable Contracts. CCRCs often offer contracts that enable a resident, or their estate in the event of the resident's death, to receive some or all of the initial entrance fee when the contract is terminated. In California, these contracts are classified as either "repayable" or "refundable." Repayable contracts include a promise to repay all or a portion of an entrance fee, conditioned upon the reoccupancy or resale of the unit that was previously occupied by the resident to whom the entrance fee is owed. Refundable contracts include a promise by the provider to refund the entrance fee within a specified time frame that is not conditioned upon re-occupancy or resale of the unit. The key difference between repayable and refundable contracts is the source of the funds; repayable contracts generate the required funds as a result of reselling the resident's unit, while refundable contracts appropriate funds from a reserve account. Current law requires that residents be made aware of whether their contract is refundable or repayable at the time the resident signs the contract.

AB 1983 pertains to repayable contracts. This bill adds a new type of repayable contract based on the sequential order in which repayable contracts are terminated. Under the sequential order method, a provider would assign each terminated contract with a sequential payment number and establish a designated sequential repayment account from which the owner of a unit with a sequential order contract will be repaid. This bill gives Continuing Care Retirement Communities the option to offer sequential order repayable contracts while retaining the option to offer "exact unit" repayable contracts or refundable contracts already permitted by law, which would be renamed as "repayable conditioned on resale" contracts.

In the California Advocates for Nursing Home Reform (CANHR) Guide to CCRCs the following information details the types of CCRC contracts.[6] Continuing care contracts are sometimes referred to by three "types": Type A contracts (also known as life care contracts), are the most expensive and are all-inclusive agreements wherein all housing, services and healthcare are covered by the entrance fee and monthly fees; Type B contracts typically offer discounted healthcare services for limited amounts of time, after which services can be purchased; and, Type

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[5] https://www.cdss.ca.gov/continuing-care-communities#:~:text=The%20California%20Department%20of%20Social,residents%2C%20and%20quality%20of%20service.

[6] canhr.org/wp-content/uploads/2021/08/CCRCGuide.pdf

C contracts can offer the lowest entrance and monthly fees, but may require residents to be responsible for paying for healthcare services at market rates.

Yvonne Troya is a Clinical Professor of Law and Legal Director of the Medical-Legal Partnership for Seniors at UC Law San Francisco, in a presentation to the Massachusetts Special Commission on Continuing Care Retirement Communities highlighted ongoing concerns with entrance fee repayment practices, including that fees are typically, not escrowed and are often repaid only upon re-occupancy of a unit. This structure can result in significant delays and uncertainty for residents and their families, particularly when occupancy is low or units are less marketable. The presentation also notes that residents generally lack ownership interests or secured claims to their entrance fees, exposing them to financial risk.[7]

Residential Care Facilities for the Elderly. The California Residential Care Facilities for the Elderly Act requires RCFEs to be licensed as a separate category within the existing structure of CDSS. RCFEs are defined 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, personal care, or health-related services are provided, based upon their varying needs, as determined in order to be admitted and to remain in the facility. Within RCFEs, "health-related services" are services that shall be directly provided by an appropriate skilled professional, including a registered nurse, licensed vocational nurse, physical therapist, or occupational therapist.

California law provides for a RCFE Resident's Bill of Rights. The rights enumerated in that bill of rights includes, among other things that "A licensed RCFE shall not discriminate against a person seeking admission or a resident based on sex, race, color, religion, national origin, marital status, registered domestic partner status, ancestry, actual or perceived sexual orientation, or actual or perceived gender identity." Since CCRCs must obtain a RCFE license, the Residents Bill of Rights for RCFEs would appear to equally apply to CCRC residents.

According to the Author
"AB 1983 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."

Arguments in Support
Erickson Senior Living, a sponsor of the bill, writes in support "For California's senior residents and their families, AB 1983 offers meaningful benefits. Residents can better anticipate repayment timelines, enabling more informed financial planning. All former residents stand in the same queue, regardless of their unit. Providers can communicate a clear, objective repayment process rather than one dependent on the re-occupancy of a single unit. Under the sequential method, both providers and families share a common goal — reoccupying any unit in the community — removing any potential conflict between a pending repayment and sales

[7] https://malegislature.gov/Commissions/Detail/674/Documents

incentives. Residents are granted the same California laws and consumer protections as existing repayable contracts.

AB 1983 also offers benefits to CCRC providers. The trigger for repayment is not tied to the vacating or reoccupancy of any specified unit. Instead, repayment only occurs when the repayment account has accumulated sufficient funds from reoccupancies in the community to repay the next vacated unit's beneficiary in the queue. Providers can focus on matching prospective residents with the unit that best meets their unique needs, rather than creating unintended incentives to prioritize a specific unit tied to a pending repayment. Providers may adopt the sequential method on a go-forward basis, phasing out existing same-unit contracts over time. All existing California consumer protections remain unchanged. If providers determine the exact-unit method works best for their facility, such as smaller providers with less inventory, they do not have to switch to the sequential method. It draws on successful models from other states and addresses a gap in California's current law."

Arguments in Opposition
None.

FISCAL COMMENTS

According to the Senate Appropriations Committee, "The California Department of Social Services (CDSS) estimates General Fund costs of $185,000 in 2026-27 and $181,000 ongoing thereafter to review contracts and create an additional repayment method to review within contracts, as well as to provide training to staff on these contract types."

VOTES:

ASM AGING AND LONG-TERM CARE: 6-0-1
YES: Bains, Ellis, Arambula, Patterson, Blanca Rubio, Sharp-Collins
ABS, ABST OR NV: Ávila Farías

ASM HUMAN SERVICES: 6-0-1
YES: Lee, Calderon, Elhawary, Blanca Rubio, Ahrens, Tangipa
ABS, ABST OR NV: Castillo

ASM APPROPRIATIONS: 15-0-0
YES: Wicks, Hoover, Aguiar-Curry, Calderon, Caloza, Dixon, Fong, Mark González, Krell, Pacheco, Pellerin, Sharp-Collins, Solache, Ta, Tangipa

ASSEMBLY FLOOR: 72-0-8
YES: Addis, Aguiar-Curry, Ahrens, Alanis, Alvarez, Ávila Farías, Bains, Bauer-Kahan, Bennett, Berman, Boerner, Bonta, Bryan, Calderon, Caloza, Carrillo, Castillo, Connolly, Davies, DeMaio, Dixon, Elhawary, Ellis, Flora, Fong, Gabriel, Gallagher, Gipson, Jeff Gonzalez, Mark González, Hadwick, Haney, Harabedian, Hart, Irwin, Jackson, Johnson, Kalra, Krell, Lee, Lowenthal, Macedo, McKinnor, Nguyen, Ortega, Pacheco, Papan, Patel, Patterson, Pellerin, Petrie-Norris, Quirk-Silva, Ransom, Michelle Rodriguez, Rogers, Blanca Rubio, Sanchez, Schiavo, Schultz, Sharp-Collins, Solache, Soria, Stefani, Ta, Tangipa, Valencia, Wallis, Ward, Wicks, Wilson, Zbur, Rivas
ABS, ABST OR NV: Arambula, Chen, Garcia, Hoover, Lackey, Muratsuchi, Ramos, Celeste Rodriguez

UPDATED

VERSION: August 21, 2026

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