

NOTICE OF
PROPOSED NEW RULE

- ⌘ The agency identified below in box 1 provides notice of proposed rule change pursuant to Utah Code Section 63G-3-301 and Subsection 53C-1-201(3)(c).
- ⌘ Please address questions regarding information on this notice to the agency.
- ⌘ The full text of all rule filings is published in the Utah State Bulletin unless excluded because of space constraints.
- ⌘ The full text of all rule filings may also be inspected at the Office of Administrative Rules.

Agency Information

1. Agency: Insurance - Administration
 Room no.: 3110
 Building: STATE OFFICE BLDG
 Street address 1: 450 N MAIN ST
 Street address 2:
 City, state, zip: SALT LAKE CITY UT 84114-1201
 Mailing address 1: PO BOX 146901
 Mailing address 2:
 City, state, zip: SALT LAKE CITY UT 84114-6901

Contact person(s):

Name:	Phone:	Fax:	E-mail:
Steve Gooch	801-538-3803	801-538-3829	sgooch@utah.gov

(Interested persons may inspect this filing at the above address or at DAR during business hours)

Rule Information

DAR file no: 40953 Date filed: 11/04/2016 04:04 PM
 State Admin Rule Filing Key: 158103
 Utah Admin. Code ref. (R no.): R 590 - 273 -

Title

2. Title of rule or section (catchline):
 Continuing Care Provider Rule

Notice Type

3. Type of notice: New Rule

Rule Purpose

4. Purpose of the rule or reason for the change:
 This is a new rule required by Chapter 31A-44, which was created by HB 323: Continuing Care Retirement Community Amendments during the 2016 General Legislative Session. It creates protections for residents of continuing care facilities.

Response Information

5. This change is a response to comments by the Administrative Rules Review Committee.
 No

Rule Summary

6. Summary of the rule or change:

Because of the substantial payments that residents make to CCRCs, combined with recent bankruptcies, the potential

risk of financial loss to residents the Utah legislature has created Chapter 44 of Title 31A to regulate the financial stability and market conduct practices of CCRCs seeking to do business in the state. The rule outlines standards for monitoring CCRCs through periodic disclosure and reporting requirements. Additionally the rule outlines registration and annual renewal procedures for CCRCs including disclosure of the CCRC's finances, fees and refund provisions. The rule requires independent actuarial reviews for CCRCs offering "insurance like" future care. The rule addresses minimum refunds in the event of contract rescission or early withdrawal by the resident.

Aggregate Cost Information

7. Aggregate anticipated cost or savings to:

A) State budget:

Affected: No

There will be no direct impact on the State budget. No new appropriation was requested or received as a result of this rule. The rule does prescribe a fee paid by the CCRC at initial registration and with the required annual renewal. This fee is intended to defray the costs of regulating the CCRC.

B) Local government:

Affected: No

There will be no impact on local government because the rule does not address the domain of local government and no local government employees perform functions related to the CCRC rule.

C) Small businesses:

Affected: No

("small business" means a business employing fewer than 50 persons)

The revisions will not impact small businesses because this rule only applies to CCRCs. Currently there is only one CCRC operating in Utah.

D) Persons other than small businesses, businesses, or local government entities:

Affected: No

("person" means any individual, partnership, corporation, association, governmental entity, or public or private organization of any character other than an agency)

The rule only applies to CCRCs and not to other persons.

Compliance Cost Information

8. Compliance costs for affected persons:

CCRCs will incur regulatory costs associated with filing financial statements, registration and renewal statements and associated fees. A CCRC is also required to bear the cost of periodic financial examinations and any possible fines or forfeitures for non-compliance with the chapter 31A-44 and this rule. The cost of the regulation of a CCRC in Utah is estimated to be similar or less than the cost a CCRC would incur in other state jurisdictions. Annual licensure and renewal fees are currently set at \$6,900 per year. Additional costs may be in the range of \$5,000 to \$20,000 year including the cost of internal employee compliance time and the cost of periodic financial examinations performed by the Utah Insurance Department.

Department Head Comments

9. A) Comments by the department head on the fiscal impact the rule may have on businesses:

The \$6,900 annual fee that will be paid by continuing care providers will represent a minimal cost in their ongoing budgets. However, the protections it will provide for residents of such facilities will be significant.

B) Name and title of department head commenting on the fiscal impacts:

Todd E. Kiser, Insurance Commissioner

Citation Information

10. This rule change is authorized or mandated by state law, and implements or interprets the following state and federal laws.

State code or constitution citations (required) (e.g., Section 63G-3-402; Subsection 63G-3-601(3); Article IV) :
Subsection 31A-44-402(2)

Subsection 31A-44-502(2)(d)

Subsection 31A-44-503(4)(d)

Subsection 31A-44-601(6)(f)

Subsection 31A-44-602(2)(b)

Subsection 31A-44-203(4)

Section 31A-2-201

Subsection 31A-44-202(2)

Subsection 31A-44-401(3)

Section 31A-44-314

Incorporated Materials

11. This rule adds, updates, or removes the following title of materials incorporated by reference (a copy of materials incorporated by reference must be submitted to DAR; if none, leave blank) :

Official Title of Materials Incorporated (from title page):

Publisher:

Date Issued:

Issue, or version:

ISBN Number:

ISSN Number:

Cost of Incorporated Reference:

Adds, updates, removes:

Comments

12. The public may submit written or oral comments to the agency identified in box 1. (The public may also request a hearing by submitting a written request to the agency. The agency is required to hold a hearing if it receives requests from ten interested persons or from an association having not fewer than ten members. Additionally, the request must be received by the agency not more than 15 days after the publication of this rule in the Utah State Bulletin. See Section 63G-3-302 and Rule R15-1 for more information.)

A) Comments will be accepted until 5:00 p.m. on (mm/dd/yyyy) :

01/03/2017

B) A public hearing (optional) will be held:

On (mm/dd/yyyy): At (hh:mm AM/PM): At (place):

12/01/2016 10:00 AM 450 N. State St., State Office Building Rm. 3110, Salt Lake City, UT
84114

Proposed Effective Date

13. This rule change may become effective on (mm/dd/yyyy): 01/10/2017

NOTE: The date above is the date on which this rule MAY become effective. It is NOT the effective date. After a minimum of seven days following the date designated in Box 12(A) above, the agency must submit a Notice of Effective Date to the Office of Administrative Rules to make this rule effective. Failure to submit a Notice of Effective Date will result in this rule lapsing and will require the agency to start the rulemaking process over.

Indexing Information

14. Indexing information - keywords (maximum of four, in lower case, except for acronyms (e.g., "GRAMA") or proper nouns (e.g., "Medicaid")):
- insurance
 - continuing care facility

File Information

15. Attach an RTF document containing the text of this rule change (filename):
- There is a document associated with this rule filing.

To the Agency

Information requested on this form is required by Sections 63G-3-301, 302, 303, and 402. Incomplete forms will be returned to the agency for completion, possibly delaying publication in the Utah State Bulletin, and delaying the first possible effective date.

Agency Authorization

Agency head or designee, and title:	Steve Gooch Information Specialist	Date (mm/dd/yyyy): 11/04/2016
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