

HCS HB 2205 -- LIFE CARE CONTRACTS

SPONSOR: Bondon

COMMITTEE ACTION: Voted "Do Pass with HCS" by the Standing Committee on Financial Institutions by a vote of 8 to 0.

The following is a summary of the House Committee Substitute for HB 2205.

This bill modifies provisions relating to funds held in reserve for life care contracts.

This bill specifies that the "entire amount" of entrance fee funds held in reserve for a life care contract shall be earned by "and available for release to" the care provider as provided by law, provided that the reserve and interest thereon shall not exceed "one hundred percent", rather than "one and one-half times the percentage", of the annual long-term debt principal and interest payments of the provider applicable only to living units occupied under life care contracts.

The requirement to hold reserve funds may be met in whole or in part by other reserve funds held for the purpose of meeting loan obligations, provided that the total amount equals or exceeds the amount otherwise required.

This bill is the same as SB 804 (2020).

The following is a summary of the public testimony from the committee hearing. The testimony was based on the introduced version of the bill.

PROPOSERS: Supporters say that Friendship Villages provides multiple levels of care. The bill would allow us to better use our money, keep costs low, and expand services as needed by being able to invest their reserve funds in other securities besides federal obligations. They want to be treated more like an insurance company.

Testifying for the bill were Representative Bondon; Robert Swearingen; Mary Mungenast; James T. Walsh, Friendship Village; and Timothy L. Vosse, Friendship Villages of St. Louis.

OPPOSERS: There was no opposition voiced to the committee.

This bill is similar to SB 804 (2020).