

MINUTES OF THE SENATE COMMITTEE ON FINANCIAL INSTITUTIONS AND INSURANCE

The meeting was called to order by Sen. Neil H. Arasmith at
Chairperson

9:00 a.m./~~p.m.~~ on March 27, 1985 in room 529-S of the Capitol.

All members were present except:

Committee staff present:

Bill Wolff, Legislative Research
Bruce Kinzie, Revisor of Statutes

Conferees appearing before the committee:

Basil Covey, Kansas Retired Teachers Association
John Yager, Clearview City, A.A.R.P.
John Grace, Kansas Association of Homes for the Aging
Jan Jenkins, United Methodist Home
John Lehman, Apostolic Christian Home of Sabetha
Stewart Entz, Kansas Association of Homes for the Aging

The minutes of March 26 were approved.

The hearing began on HB 2251 dealing with the regulation of continuing care agreements and the registration of providers of continuing care. The chairman called the committee's attention to written testimony of Rep. David Miller, author of the bill, which had been distributed at the request of Rep. Miller who was unable to appear. (See Attachment I.)

Basil Covey, Kansas Retired Teachers Association, gave testimony in support of HB 2251. (See Attachment II.)

John Yager of Clearview City and representing a chapter of the A.A.R.P. followed with testimony in support of the bill. He said that the bill has been changed from the bill of last year to remove features considered objectionable by the committee. The main purpose of the bill is to require that providers of continuing care present a financial statement to be filed with the state. This would put it in the hands of the Attorney General if it were not adhered to, which would benefit retired people who are not financially able to file suits. Mr. Yager passed out copies of several pieces of information relating to the bill and clarifying the need for it in Mr. Yager's opinion. (See Attachments III through IX.) Throughout his testimony, Mr. Yager reiterated that at present increases are made without explanation at Clearview City and that a disclosure requirement is needed showing where the money is coming from, how much, and what is being done with it because he feels the increases are more than necessary and are taking money out of the pockets of senior citizens.

Sen. Reilly asked what the population of Clearview City is and if there is a homeowners association there. Mr. Yager said the population is around 350 and that there is no homeowners association there because the residents have been brow beaten so much that they will not lend their name to anything. Sen. Reilly inquired further if they had talked to the Attorney General about the situation. Mr. Yager said that Rep. Miller had talked to the Attorney General and received support for the bill. Sen. Reilly questioned why the bill had been assigned to this committee, and Mr. Yager said that Rep. Miller had made this decision because he had likened it to an annuity policy and approached the Insurance Commissioner.

Sen. Strick noted that John Knox Village has begun a homeowners group and seems to have gotten their problems under control and wondered why Clearview City had not attempted to form a homeowners group. Mr. Yager answered that this has not been attempted because any attempts on the part of residents of Clearview City to complain received a response from the business administrator that he can make anyone move out at any time, causing the residents to be fearful to form an association. Sen. Strick asked if the bill would accomplish what Mr. Yager's group wants, and Mr. Yager said that it would help although last years bill had stronger penalties. This bill at

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON FINANCIAL INSTITUTIONS AND INSURANCE,
room 529-S, Statehouse, at 9:00 a.m./~~p.m.~~ on March 27, 1985.

least would require a financial statement to be filed with the state which would provide them access to information as to how the money is being handled. Sen. Strick asked what the vote passing the bill in the House was, and Mr. Yager said it passed on a 110 to 12 vote.

In response to questions from Sen. Reilly and Sen. Karr as to who owns Clearview City, Mr. Yager explained that it had been owned by Paul Hanson, a contractor, William Scruggs, a used car salesman, and Dewey Hanson, contractor and son of Paul. Paul Hanson and William Scruggs are deceased. It is an estate now being managed by Research Health Services with personnel there only to answer questions.

John Grace, Kansas Association of Homes for the Aging, began his testimony in opposition to HB 2251. (See Attachment X.) He said he has been an administrator of a retirement home and is aware of the impact this bill would have across the state. Sen. Reilly asked if there are any life care homes in Kansas where a lump sum is paid, and Mr. Grace said there are none.

Others testifying in opposition to the bill are as follows: Jan Jenkins, United Methodist Home (See Attachment XI), John Lehman, Apostolic Christian Home of Sabetha (See Attachment XII), and Stewart Entz, Kansas Association of Homes for the Aging (See Attachment XIII). Mr. Entz demonstrated in his testimony that the bill deals with more than just a disclosure statement. It creates a substantial burden on everyone in the state in its requirements and penalties. He feels the bill passed the House without these issues being looked at closely. He is sympathetic with the residents of Clearview City but feels this bill is not the answer to their problems but rather will create burdens.

Sen. Reilly said he felt that it would be beneficial if staff would prepare a memo as to current law in regard to the protection these people might have already in the statutes. The chairman requested staff to do so and to also get input from the Attorney General and the Insurance Department.

The meeting was adjourned.

SENATE COMMITTEE

ON

FINANCIAL INSTITUTIONS AND INSURANCE

OBSERVERS
(Please print)

DATE NAME ADDRESS REPRESENTING

DATE	NAME	ADDRESS	REPRESENTING
3/27/85	Basil Covey	Topeka	KRTA
3/27/85	Verna Watson	Pleasanton city, Ka	QARP
3/27/85	John Yager	" "	H.F.B.P.
3/27/85	Dana Whitsett	" "	AARP
	Steve Coetz	Topeka	KAHA
	Lowell Strahan	Lenexa	KAHA
	Ben Todd	Topeka	Buss Dept
	John Lydman	Sabetha	
	John Grace	Topeka	KS Assn Home Indgng
	Gene Jenkins	Topeka	United Methodist Homes
	L. Roy Sedall	McPherson	The Cedars
	Laurence Heath	Topeka	Brewster Place
	DENNIS DEHN	"	SEN. WERTS' INTERN

DAVID G. MILLER
REPRESENTATIVE, FORTY-THIRD DISTRICT
DOUGLAS AND JOHNSON COUNTIES
1312 FIR
EUDORA, KANSAS 66025



TOPEKA

HOUSE OF
REPRESENTATIVES

TESTIMONY ON H.B. 2251

Presented to the
SENATE COMMITTEE ON
FINANCIAL INSTITUTIONS AND INSURANCE

March 27, 1985
by
DAVID G. MILLER

Mr. Chairman, thank you for this hearing on the continuing care contract act.

Under a continuing care contract a resident of a continuing care facility enjoys the right to reside in the facility for an extended period of time, assuming that the resident abides by the facility's rules and regulations, including the payment of required fees. Contracts for continuing care offer elderly persons the security of knowing they will have a place to live and the services they require for years to come.

H.G. 2251 would impose certain registration and disclosure requirements on those individuals offering care contracts in Kansas. Under the bill, the Office of the Insurance Commissioner is the state agency charged with the responsibility of regulating the use of such contracts.

My interest in the measure is due in large part to the unstable situation which developed at Clearview City, a continuing care facility located in Western Johnson County, when the proprietor of that facility died. The uncertainty as the continued operation of the facility high-lighted many of the problems which could develop with continuing care arrangements. H.B. 2251 would require disclosure that will hopefully help protect the investment of older citizens in continuing care arrangements.

Brief of Bill

H.B. 2251 imposes certain regulations regarding the offering and issuance of continuing care agreements.

Section 1 defines terms used in the bill. "Continuing care agreement" is defined to mean an agreement by a provider to furnish to an individual for the payment of an entrance fee or periodic charges, or both, living accommodations or meals, and related services, or both, in a home possibly but not necessarily together with health-related services, or any combination of such services, which is effective for the life of the individual for a period in excess of one year.

Brief of Bill continued:

Section 2 prohibits any provider from employing any device to defraud, making an untrue statement of material fact, omitting a material fact, or operating fraud or deceit upon any individual when soliciting or entering into an agreement.

Section 3 requires continuing care providers to register with the Commissioner of Insurance. The registration application must be accompanied by the disclosure statements required under sections 4, 5, and 7.

Section 4 requires that the provider deliver and obtain a receipt for the delivery of an initial disclosure statement to a prospective resident prior to the acceptance of any application or entrance fee or the execution of a contract. Information that must be contained in the initial disclosure statement includes: the name and business address of the provider; the names and duties of corporate officers, directors, trustees, or parties; the business experience, ownerships, and certain criminal convictions and civil actions involving such persons, including the manager; the method of choosing and compensating the manager; religious, charitable, or nonprofit affiliations; a description of fees and financial obligations; health and financial requirements for the acceptance of residents; and financial statements.

Section 5 requires the filing of an annual disclosure statement which updates the information contained in the initial disclosure statement required under Section 4.

Section 6 prohibits false or misleading filings with the Commissioner.

Section 7 provides a seven-day "cooling off" period during which a purchaser may rescind a contract without penalty.

Section 8 through 14 provide for enforcement of the Act by the Insurance Commissioner. Section 8 provides that the registrations shall remain in effect until revoked, after notice and hearing, for violations. Section 9 allows residents to recover any fees paid, less reasonable expenses, if the provider fails to deliver the required disclosure statements or otherwise violates the Act; such actions would have to be commenced within three years after occurrence of the violation. Section 10 provides for administration by the Commissioner. Section 11 permits the Commissioner to issue cease and desist orders and to seek any equitable relief for violations of the Act. Section 12 grants rule and regulation authority. Section 13 provides for fines of up to \$5,000 upon conviction of willful violation. Section 14 requires a \$250 fee for initial registration and \$100 for renewals.

The Act would take effect July 1, 1985.



Kansas Retired Teachers Association



1984-1985

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Kansas City, Ks. 66104
Phone 913-287-2279

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Phone 316-736-2213

March 27, 1985

Members of the Senate Financial Institutions and Insurance Committee:

My name is Basil Covey and I represent the Kansas Retired Teachers Association.

We support HB2251 which authorizes the regulation of continuing care agreements and the registration of providers of continuing care.

It is difficult for the elderly to have to leave their home of many years. A home filled with memories must be given up. Many personal and sentimental possessions must be sacrificed. But there comes a time when they cannot take care of a home and they must go to a retirement center. The elderly approach this change in their life with fear and uncertainty.

The new home is provided by private enterprise. The business is to provide services to people--yet make a profit.

HB2251 will insure binding contracts with services fully implemented, with high standards maintained, centered around the needs of the elderly. These high standards must be continuous for each resident as agreed so that they know if there is a change in ownership conditions will remain the same.

We urge you to give HB2251 a favorable vote.

Sincerely,

Basil Covey
Basil Covey
KRTA

APPOINTIVE OFFICERS

Legislative Committee
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Phone 316-722-4458

Mr. Earl Ludlum
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Phone 913-272-5914

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Phone 913-788-3866

Parliamentarian
Mr. Harry McLeod
1214 McAdams Rd.
Salina, Ks. 67401
Phone 913-823-3993

3/27/85
Attachment II



AMERICAN
ASSOCIATION
OF RETIRED
PERSONS

26 YEARS OF SERVICE

1984-1985
KANSAS STATE LEGISLATIVE COMMITTEE

CHAIRMAN
Dr. Calvin E. Harbin
303 W. 19th Street
Hays, KS 67601
(913) 625-2428

VICE CHAIRMAN
Mr. Morton F. Ewing
1806 Tracy Lane
Hutchinson, KS 67501
(316) 665-8767

SECRETARY
Ms. Ila V. Major
8345 Robinson
Overland Park, KS 66212
(913) 341-5878

Feb. 7, 1985

Mr. John Yager, Chairman
Ch. 3702 Legislative Committee
P.O. Box 388
Clearview City, Ks. 66019

Dear John:

Enclosed are copies of letters to Senator Bogina and Representative Miller giving endorsement to the proposed legislative bill on retirement home regulatory and financial disclosure.

At the proper time, we plan to muster support and to help in every possible way to see that the bill receives favorable consideration by the Legislature. We are, of course, counting on you for monitoring and sounding the call for testimony at the hearings.

We appreciate your efforts in behalf of legislation for promoting the welfare of our Kansas senior citizens.

Sincerely yours,

Calvin
Calvin E. Harbin, Ch.

Vito R. Ostrander
AARP President

Cyril F. Brickfield
Executive Director

National Headquarters 1909 K Street, N.W., Washington, D.C. 20049 (202) 872-4700

3/27/85
Attachment III

COPY



AMERICAN
ASSOCIATION
OF RETIRED
PERSONS

26 YEARS OF SERVICE

1984-1985
KANSAS STATE LEGISLATIVE COMMITTEE

CHAIRMAN
Dr. Calvin E. Harbin
303 W. 19th Street
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1806 Tracy Lane
Hutchinson, KS 67501
(316) 665-8767

SECRETARY
Ms. Ila V. Major
8345 Robinson
Overland Park, KS 66212
(913) 341-5878

February 7, 1985

The Honorable David G. Miller
House of Representatives
Capitol bldg.
Topeka, Kansas 66612

Dear Representative Miller:

The Kansas AARP's State Legislative Committee voted at its last meeting to endorse in principle the retirement home regulatory and financial disclosure bill for the protection of residents. We understand that the new bill has not yet been written but that it will be based on HB2251 which will be rewritten and given a new number.

We believe that such legislation would be beneficial to Kansas' older population, and indeed, to all Kansans.

Sincerely yours,

Calvin E. Harbin, Ch.

Vita R. Ostrander
AARP President

Cynl F. Brickfield
Executive Director

CLEARVIEW CITY



An Active Retirement Community West of Kansas City on Highway 10 in Johnson County • Clearview City, Kan. 66019 • 913-432-7477

12-31-80

Mr. & [REDACTED]
Box 207

Dear Resident:

As we are all aware, inflation is on the increase which includes the drastically rising costs in energy. Our utilities alone increased some 30% the first ten months of 1980.

Here at Clearview City we have endeavored to control our costs as much as possible. Unfortunately, we are now faced with the necessity of raising service fees to meet the increase in operation costs.

The increased insulation which we started last February has helped. We shall continue our insulation program. The conservativeness of some of our residents has helped. Therefore, the increase will be very modest.

The increase on your Meadowlark A will be \$ 107⁰⁰, effective February 1st, 1981.

Your understanding in this matter is greatly appreciated and, as always, my door is always open. I am ready to help you in any way I can should this prove to be a hardship.

kindest Personal Regards,

William J. Scruggs
Administrator

WJS/vdg

CLEARVIEW CITY



An Active Retirement Community West of Kansas City on Highway 10 in Johnson County • Clearview City, Kan. 66019 • 913-432-7477

2/16/82

Dear Resident,

As mentioned at the general meeting of all residents, January 20th, regarding service fee increases as I stated at the time I was not in favor of an increase at this time, unless conditions or circumstances beyond my control, dictated otherwise. This very thing has happened, our utilities have sky rocketed. Our gas bill alone for January was over \$22000.00, a 65% increase. Our electric has been estimated at \$8000.00 for same period. An increase of some 30% over same period last year. After much discussion with the Gas Co., we discover that this particular utility from Greely Gas has increased 65% in past year. It goes without saying the Foundation is not able to handle this burden alone, and therefore I am compelled to pass along a small share of this burden along to you in the form of a service fee increase, effective March 1, 1982.

The service fee increase for your particular unit is \$22.24
Beginning March 1, 1982.

Sincerely,

William J. Scruggs
Administrator

CERTIFICATION OF RENT PAID FOR 1983

First Name and Initial of Claimant CHARLES B	Last Name TANSLEY	Social Security Number
Number and Street or Rural Route of Rental Property #129 Lane 0 P.O. Box 291		
City CLEARVIEW CITY	State KANSAS	Zip Code 66019

1. Check the type of rental unit which you rented during the year 1983.

- | | | |
|--|--|--|
| <input checked="" type="checkbox"/> Apartment | <input type="checkbox"/> Hotel | <input type="checkbox"/> Low Income Housing |
| <input type="checkbox"/> House | <input type="checkbox"/> Boarding Home | <input type="checkbox"/> Section Eight Housing |
| <input type="checkbox"/> Duplex or Like Facility | <input type="checkbox"/> Mobile Home | <input type="checkbox"/> Other (Explain) |
| <input type="checkbox"/> Nursing Home | <input type="checkbox"/> Mobile Home Lot | |

SEE INSTRUCTIONS ON REVERSE SIDE BEFORE ANSWERING QUESTION NUMBER 2

2. Is the rental property subject to property tax? YES NO

3.	Name of Property Owner(s) PAUL I. HANSEN	Owner's Telephone Number 913 432 7477
	Owner's Home Address (Number and Street or Rural Route) P.O. Box 631	
	City CLEARVIEW CITY	State KANSAS

4. Rental period during year: From 1 | 1 | 1983 To 12 | 31 | 1983
Mo Day Yr Mo Day Yr

5. Amount of rent per month (If rent per month varies during 1983, indicate amount paid and number of months for each amount) **182.51 1 mo.**
\$197.57 11 mos.

6. Total rent paid \$2355.78

7. Does your landlord provide any furnishings, gas, lights, water, trash pick up, or other items?
 YES NO
 If YES, complete the reverse side A through M and show total expenses, item M.
 If NO, enter zero on line 7 **schedule attached MEADOWLARK A** \$ 546.44

8. Rent paid for space occupied \$1809.34
(Enter on line 16b, space [P], form 40H)

THE CLAIMANT MUST SIGN THE CERTIFICATION OF RENT BEFORE THE RENT PAID FOR SPACE OCCUPIED CAN BE CONSIDERED IN COMPUTING A HOMESTEAD REFUND

I declare under the penalties of perjury that to the best of my knowledge this is a true, correct, and complete certification of rent paid.

SIGN HERE *William J. Scully* DATE **3/28/84**

SEE INSTRUCTIONS ON REVERSE SIDE

3/27/85
 Attachment V

CLEARVIEW CITY

An Active Retirement Community West of Kansas City on Highway 10 in Johnson County • Clearview City, Kan. 66019 • 913-432-7477

The following represents the expenses on the Housing Units and the method of computation on the different size units.

Electric	\$ 80,941.13
Water	22,814.00
Gas	58,352.89
Sanitation Expense	<u>11,940.62</u>
Total	\$ 174,048.64

Computation Method: Expenses ÷ By the total square footage of Housing Units = Expenses per square foot per year.

$$\$174,048.64 \div 250,000. \text{ Sq. Ft.} = .6961 \text{ per year}$$

UNITS: EXPENSES:

Greencrest	\$ 229.71
Redbird	290.97
Appletree	344.57
Bluebird	359.19
Rosebud	363.36
Sunshine	414.88
Appletree II	431.58
Rosebud II	431.58
Meadowlark "B"	494.23
Meadowlark "A"	546.44
Majesty	634.84
Skyview "A" & "B"	634.84
Holiday	723.94
Supreme	723.94
Chancellor	723.94
Premier	863.86
Holiday "G"	1040.67
Aristocrat	1040.67

Duplex or Like Facility
 Nursing Home

Mobile Home Lot

Searching Home
 Other (Explain)

SEE INSTRUCTIONS ON REVERSE SIDE BEFORE ANSWERING QUESTION NUMBER 2

2. Is the rental property subject to property tax? YES NO

3.

Name of Property Owner(s) Paul I. Hansen		
Owners Home Address (Number and Street or Rural Route) P.O. Box 631		
City Clearview City	State Kansas	Zip Code 66019

4. Rental period during year: From May | 9 | 1980 To Dec | 31 | 1980
Mo. Day Yr. Mo. Day Yr.

5. Amount of rent per month. (If rent per month varies during 1980, indicate amount paid and number of months for each amount.)
\$ 273.97 7 3/4 mo.

6. Total Rent Paid \$ 2123.26
7. Less expenses on reverse side line 7, item L (Schedule attached) Aristocrat \$ 672.10
8. Rent paid for space occupied \$ 1451.16
(Enter on line 17b, space [P], form 40H)

THE CLAIMANT MUST SIGN THE CERTIFICATION OF RENT BEFORE THE RENT PAID FOR SPACE OCCUPIED CAN BE CONSIDERED IN COMPUTING A HOMESTEAD REFUND.

I declare under the penalties of perjury that to the best of my knowledge this is a true, correct, and complete certification of rent paid.
SIGN HERE William J. Scrogg DATE 2/25/81

SEE INSTRUCTIONS ON REVERSE SIDE

CLEARVIEW CITY

An Active Retirement Community West of Kansas City on Highway 10 in Johnson County • Clearview City, Kan. 66019 • 913-432-7477

The following represents the expenses on the Housing Units and the method of computation on the different size units.

Electric	\$ 80,941.13
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Sanitation Expense	11,940.62
Total	<u>\$ 174,048.64</u>

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Appletree II	431.58
Rosebud II	431.58
Meadowlark "B"	494.23
Meadowlark "A"	546.44
Majesty	634.84
Skyview "A" & "B"	634.84
Holiday	723.94
Supreme	723.94
Chancellor	723.94
Premier	863.86
Holiday "G"	1040.67
Aristocrat	1040.67

Questions & Answers

Q WHAT IS CLEARVIEW CITY?

A A community of one story duplex garden homes in Johnson County, Kansas for active adult living. It is an affordable retirement community offering guaranteed refundable endowments for as long as 20 years.

Q WHERE IS CLEARVIEW CITY?

A Clearview City is in beautiful Johnson County, less than 30 minutes west of Kansas City on Highway 10, at the 285 South exit, near 103rd Street.

Q WHAT ACCOMMODATIONS ARE AVAILABLE?

A Homes are available in 1, 2 or 3 bedrooms with or without 1 or 2 car garages. All have a complete kitchen, dining area with individual heating and optional air-conditioning. Each is carpeted with your choice of colors. All homes are 1 level garden cottages. With early reserving you may customize and design your own home.

Q WHAT SERVICES ARE AVAILABLE?

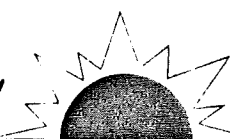
A The growing shopping center has grocery store, mini-shops and post office. There are barber and beauty shops and a laundramat. Medical facilities are only minutes away, and free transportation is furnished several times each week to nearby shopping malls in Johnson County, downtown Kansas City, The Plaza, sports events and other entertainment and activities

Q WHAT ABOUT RECREATION ACTIVITIES?

A THE CLUB HOUSE: Provides space for bingo, dinners, card playing, billiards, dances, library, various meeting rooms, as well as craft centers.

THE SWIMMING POOL AND DECK: Located next to the Club House, provides patio sunning area and swimming for fun and exercise.

CLEARVIEW CITY



3/27/85

Attachment VI

CRAFT AREAS: A craft area is maintained in the Club House and a special woodworking shop is individually maintained next to the laundramat.

TOURS, SHOPPING AND ENTERTAINMENT: Scheduled free transportation is furnished for shopping in closeby shopping malls, places of interest, sports activities, dinner theatres, and exhibits and other cultural locations.

FISHING AND PICNICS: There are fishing lakes, stocked to excite the fisherman and fisherwoman. Picnic areas for groups, families and residents feature tables and outdoor oven and horseshoe pitching.

COST: It's FREE, except tickets to outside activities, or specially planned events.

Q WHAT ABOUT PETS?

A Pets are welcome at Clearview City, BUT, we do have a leash rule and enforce it. You may fence your backyard if you wish, and "pet posts" are available for leaving pets a short time at the Club House.

Q WHAT ABOUT MEDICAL SERVICES?

A Medical services and several hospitals are only a short distance from Clearview City. Ambulance service is nearby, and there are several physicians in nearby professional centers. Transportation is furnished to the local clinic at near-by DeSota, where our staff physician practices. Prescriptions are also delivered to your door.

Q WHAT ABOUT TRANSPORTATION?

A Clearview City maintains its own transportation fleet providing free scheduled transportation to shopping centers, entertainment, medical and other events - Enjoy going places and we do the driving.

Q WHAT ABOUT COSTS OF LIVING HERE?

A You may lease for life the specific size home you want, an initial GUARANTEED REFUNDABLE endowment and maintenance fee is required, but provides you with your "own" home FOR LIFE, at the most affordable cost in this area. There is a low monthly fee, lower than other comparable programs. Your personal utilities are included in your service fee and are furnished except telephone. Clearview City owns its own electrical distribution system, streets, sewer disposal system, water lines, in fact everything but the natural gas system.

Q WHAT ABOUT FUTURE COSTS?

A Clearview City owns most utility service, and costs should remain within limits set. Naturally, as some costs increase a proportional amount may be added to monthly fees.

Q WHAT IS A REFUNDABLE ENDOWMENT?

A Your endowment is NOT LOST. If you should decide to leave Clearview City, you are guaranteed that you may recall the credit balance of your unused 20-year endowment. You pay ONLY ONE endowment no matter how long you live at Clearview City.

Q ARE CHURCHES NEARBY?

A Clearview City has it's own Village Church which is non-demoninational with services each Sunday, plus our own Methodist Church, other churches are nearby.

Q WHAT GROCERY FACILITIES ARE AVAILABLE?

A Our grocery store is located in the shopping center for daily needs. Several super markets are nearby.

Q IS THERE A COMMUNITY BUILDING?

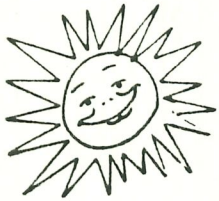
A Yes. Our Club House has a full kitchen and adjacent party room. It may be reserved for your entertaining needs. There is a Sunday brunch each week, plus pot luck lunches are a regular feature as are the many other planned activities.

Q CAN I GET INVOLVED IN THE COMMUNITY?

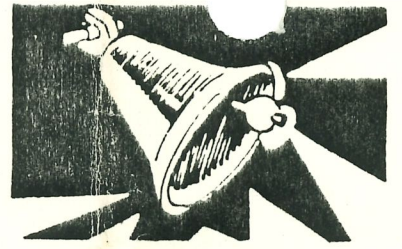
A Clearview City is a caring and sharing community, built on goodwill among neighbors. You will find people from all walks of life joining together in fun activities or leisurely enjoying retirement. Whatever pace of lifestyle you desire, involvement in the community is there for you to enjoy. Daily activities are always posted on the community bulletin board.

Q HOW ABOUT A NURSING HOME?

A Clearview City has a planned nursing home medical facility estimated to open in 1982.



The Village Bell



Published By "The Village" - A Retirement Community, Clearview City, Johnson County, KS

July 1978

Clearview City MAKES NEWS

Directors Announce Revolutionary...

NEW

NEST EGG DEPOSIT

76% REFUND

Of Original Deposit!

For Yourself! Your Children!

Your Estate! Your Heirs!

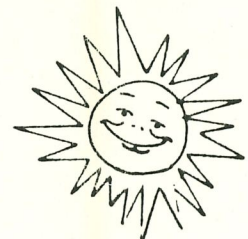
You can say, you read about it first in the "Bell", the voice of Clearview City. The "Nest Egg Deposit", designed by Clearview City directors, has not been released for announcement to the Kansas City Star because our directors wanted you to have this great news before anyone else.

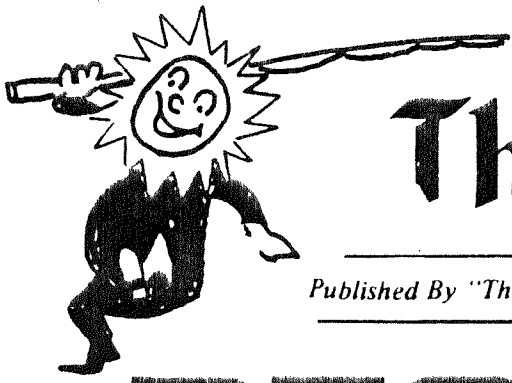
The "Nest Egg Deposit" is revolutionary in concept. Have you ever heard of a plan offering comfortable, secure, fruitful retirement plus a refund? Think of it you can live the good life, in a new one story, ground level garden cottage that has been specially customized for you, with new carpets, even in the kitchen, tile baths, wooden kitchen cabinets, big closets, fireplace and much, much more.

In addition to a comfortable, attractive cottage, you have a great clubhouse with gobs and gobs of activities and always someone to enjoy those things with you. There are fishing lakes, swimming pool, picnic parks plus free scheduled bus transportation, churches, beauty parlors, laundromat and our own post office. Your pets are welcome, too.

All this plus a refund amounting to 76% of your original deposit! This is our "Nest Egg Deposit". No matter how long you reside in Clearview City, 76% of your original deposit will be refunded to you, to your children, to your estate, to your heirs.

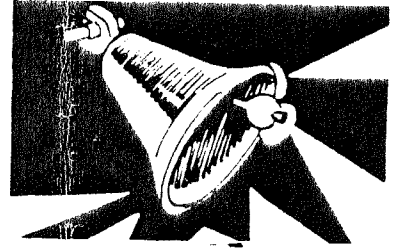
Clearview City, is the only retirement community in Kansas City and in the nation offering you the "Nest Egg Deposit". It has always been our policy to give you more for your dollar. Come out or call for complete details about the new "Nest Egg Deposit".





The Village Bell

Published By "The Village" - A Retirement Community, Clearview City, Johnson County, KS



PEACE OF MIND

What Clearview City is all about!

NO INCREASED SERVICE FEE!

Protection against rising costs is Guaranteed by an exclusively designed program.

YES, YOU DO GET YOUR MONEY BACK!

You do not lose your endowment should you decide to leave or even in the event of death.

CLEARVIEW CITY RESIDENTS MORE CONSERVATIVE — THAN MASS POPULATION!

Result! Lower present costs! Tighter control over future costs.

WATCH-DOG POLICY ON RISING COSTS!

Our Board of Advisors is dedicated to the principles of conservatism, with a keen sense to economizing in balance with your retirement income.

LIFE OCCUPANCY AGREEMENT

This Agreement is hereby made between The Good Neighbor Christian Foundation at Clearview City, (hereinafter called "the Foundation") and John & Vi Yager, (hereinafter called "the Occupant").

This 22nd day of December, 19 77

RECITALS: The Occupant, having made application for residency in the Foundation, and the Foundation having accepted said application, jointly, agree that the Occupant shall be provided with residency, subject to the terms and conditions set forth herein. A copy of said application for residency is attached hereto and by this reference made a part hereof. The Occupant hereby represents that he/she has voluntarily entered into this Agreement, and that the date of execution thereof shall not be the date of entrance into the Foundation, unless otherwise so specified. Furthermore, the Occupant and his/her heirs, successors and assigns specifically covenant and agree to hold the Foundation harmless from any and all liability. In consideration of the terms and conditions set forth herein, the parties hereto covenant and agree as follows:

SECTION I SERVICE AND FACILITIES PROVIDED

The Foundation shall provide for the use, benefit, and enjoyment of the Occupant the following geriatric services and facilities:

A. **LODGING.** Occupancy in Apartment 217 Lane A

subject to provision under Sections III, IV, V and VII of this Occupancy Agreement, plus the following furnishings: Range & Refrigerator

B. **TAXES AND INSURANCE.** The Foundation will pay any and all real estate and personal property taxes and fire and extended insurance on property of the Foundation used by the Occupant.

C. **MAINTENANCE.** The Foundation will maintain the premises including painting and repairs of said apartment and exterior of the entire building as needed.

D. **MEDICAL CARE.** The Foundation will designate a member in good standing of the American and Kansas Medical Associations as staff physician who will be available for providing medical care to the Occupant, at Occupant's expense, on a fee for service basis. The Occupant will be at liberty to engage the services of the staff physician, or any other physician of his choice; at the Occupant's own expense.

E. **UTILITIES.** The utilities reasonably required (water, light, heat and air conditioning, but not including telephone service) in connection with occupancy of the apartment.

F. **TRANSPORTATION.** Scheduled shuttle bus to various areas adjacent to the Foundation as determined by the Foundation.

G. **OTHER SERVICES.** Use of designated facilities and grounds.

SECTION II ENTRANCE ENDOWMENT AND MONTHLY SERVICE FEE

A. **ENTRANCE ENDOWMENT.** The Occupant shall pay to the Foundation, prior to the Occupant's entry of residence in the Foundation, an Entrance Endowment Fee of \$6950.00 - Six Thousand Nine Hundred Fifty Dollars which amount is based upon the anticipated, estimated costs in providing a life long residency for the Occupant. This Entrance Endowment Fee shall be payable in cash prior to the Occupant's taking possession of residency in the Foundation.

B. **NINETY DAY REFUND.** If the Occupant wishes to terminate this Agreement within ninety (90) days of its execution or within ninety (90) days of the Occupant's entrance into his/her residency in the Foundation, the provisions of Section IV shall govern the refunding of this Entrance Endowment Fee.

C. **MONTHLY SERVICE FEE.** The occupant shall pay to the Foundation, on the first day of each month, a Monthly Service Fee, in advance, based on daily services provided to Occupant or Apartment as more fully described in Section I of this Occupancy Agreement. Recognizing the uncertain nature of cost and expense of goods and services, said Monthly Service Fee must necessarily be flexible. The current Monthly Service Fee is \$ 221.40 per month for single occupancy and \$ 221.40 per month for joint occupancy in residential units of the kind in which the Occupant shall reside. However, the Foundation does retain the absolute right to modify or alter the aforementioned Monthly Service Fee.

D. **NON-REFUNDABLE OPTIONS.** The Occupant agrees to pay to the Foundation the sum of \$ 2565.00 for lodging options as noted in Section VII, Paragraph L. Payments for said options shall be non-refundable and are not subject to the provisions of Section IV or VI.

E. **DEFAULT IN PAYMENTS.** The Occupant agrees to make payments herein provided for at the time and in the manner specified. If any such payments shall be in default for more than ninety (90) days, the Foundation shall have the right to terminate and cancel this Occupancy Agreement without obligation to make any refunds theretofore paid. It is the declared policy of the Foundation that Occupancy will not be terminated solely by reason of the financial inability of the Occupant to pay the monthly fee, if the Occupant has applied for and established facts which justify special financial consideration and dispensation, and if such application can be granted (within the discretion of the Foundation) without impairing the ability of the Foundation to operate on a sound financial basis. Further, the Occupant agrees not to impair his or her ability to meet financial obligations hereunder by transferring assets after securing occupancy, without consent of the Foundation, other than to meet ordinary and customary living expenses.

SECTION III MOVE TO OUTSIDE INSTITUTION

A. **INCAPACITATED OCCUPANTS.** In the event the Occupant is affected with a dangerous or contagious disease, in the opinion of the staff physician, or in the event the Occupant becomes mentally or emotionally disturbed to the extent that his or her presence at the Foundation is deemed detrimental to the health or peace of the Occupant or other resident, or in the event that the Occupant becomes incapacitated as determined by the staff physician, the Foundation shall then notify the Occupant and/or the immediate family and make arrangements to transfer the Occupant to an appropriate facility where proper medical care can be provided, keeping in mind at all times the welfare and well being of the Occupant. Any facility outside the Foundation will be at the Occupant's expense. If, after thirty (30) days in the care of said appropriate facility, it appears evident that the Occupant shall not be able to return to the Foundation, as a resident, the Foundation shall have the right to find a new Occupant for said vacated residence. If such move occurs within twenty-four (24) months of the date of this Agreement, disposition of the Entrance Endowment Fee will be regulated by Section IV, below.

SECTION IV TERMINATION

A. **BY DEATH PRIOR TO OCCUPANCY.** In the event the Occupant dies prior to occupancy, the Foundation shall refund, to his or her estate or designee, 76% of all monies theretofore paid to the Foundation.

B. **BY VOLUNTARY CANCELLATION PRIOR TO OCCUPANCY.** ~~The Occupant has the right to cancel this Agreement at any time prior to occupancy, and if so cancelled, the Foundation shall refund to the Occupant all monies theretofore paid thereto, less the sum of 24% of the aforementioned Entrance Endowment Fee.~~

C. **BY VOLUNTARY CANCELLATION AFTER OCCUPANCY.** In the event the Occupant wishes to have this Agreement terminated after occupancy, the Foundation will release the Occupant from this Agreement under the following terms:

1. **Notice.** The Occupant must give the Foundation ninety (90) days written notice of his or her intention to so terminate. The Foundation shall have the right to charge the Occupant the Monthly Service Fee for ninety (90) days, following the date of receipt of termination notice or orderly vacation of premises by the Occupant.

2. **Resale.** The Foundation, with cooperation of the Occupant, shall endeavor to find a new resident for the residence to be vacated by the Occupant, as soon as written notice has been received.

3. **Refunds.** Upon the Ninety First (91st) day following the receipt of termination notice or vacation of the premises by Occupant, whichever date occurs later, a portion of the entrance endowment fee may be refunded under the following terms:

a) Any voluntary cancellation by the Occupant after occupancy shall be subject to a minimum of Twenty-Four Percent (24%) forfeiture of the entrance endowment fee.

b) Termination shall be subject to a forfeiture of one percent (1%) of the entrance endowment fee. [For each calendar month following the Occupant's first day of residency and including the Ninety (90) day notice of termination and vacation of occupancy period.]

c) For purposes of computation, an Occupant will be deemed to have resided in the Foundation for one (1) month if he or she has resided therein for fifteen (15) days or more of the calendar month in question.

3/27/85
Attachment VII

(d). No refund of any portion of an Occupant's Entrance Endowment Fee will be made to any Occupant who has resided in the Foundation for One Hundred months or Eight years and four months since the first day of that Occupant's actual residency in the Foundation. If the balance remaining in the Entrance Endowment Fee so permits, the mandatory ninety (90) day monthly service fee will be deducted therefrom after the Occupant's orderly termination and vacation of his/her residency in the Foundation. This is provided for the maintenance of the sound condition of the Foundation and to preclude its economic instability.

D. BY THE FOUNDATION. The Foundation reserves the right to terminate the Occupant's residency upon showing a good cause that the Occupant is not complying with the operating procedures of the Foundation and/or is creating a disturbance within the Foundation that is detrimental to the health and peaceful living of other residents or that the Occupant is medically incapacitated in the opinion of the staff physician. In the event of such termination, the Occupant shall be given thirty (30) days written notice of such termination. If any portion of the Entrance Endowment Fee be applicable for refund under the terms of Section "c" of this Part IV, based upon the date of written notice, such refund will be paid on the ninetieth (90th) day after said date of written notice.

**SECTION V
PROVISIONS FOR JOINT RESIDENCE**

If this Occupancy Agreement is entered into by two Occupants planning to share a residence together, then the following special provisions shall apply:

- A. The word "Occupant" as used in this Agreement may be read as "Occupants" wherever applicable.
- B. In the event one of the Occupants is in an appropriate facility outside of the Foundation, and has been released from said residence the ~~monthly maintenance fee will be reduced from the joint Occupancy rate to the rate of a single Occupant at the time this Agreement was entered into~~ by the Occupant.
- C. If a residence is for any reason vacated by one of the Occupants, or if any Occupant should marry after Occupancy, any second Occupant in said residence shall pay an Entrance Endowment Fee equal to one-half (1/2) of the Entrance Endowment Fee at the time of entrance into the Foundation by the other Occupant of the residence, the monthly maintenance fee formerly assessed the original single Occupant will be increased by the Foundation. The joint Occupants will immediately be charged the jointly occupied residency rate for the premises jointly occupied which is in force at the time the said residence is first jointly occupied. This increase in the monthly maintenance fee is in addition to the aforementioned assessment of one-half (1/2) of the Entrance Endowment Fee to be paid by the incoming Occupant.

**SECTION VI
CHANGING RESIDENCES**

The Occupant may move to a residence other than the one subject to this Agreement only by written modification hereof, signed by both parties hereto, subject to the discretion of the Foundation, subject to applicable adjustments to the Entrance Endowment Fee and the Monthly Service Fee, and subject to availability of the desired type of residence.

**SECTION VII
SPECIAL PROVISIONS**

- A. It is understood that a condition of this Occupancy Agreement is that the Occupant must be in good enough health at the time of Occupancy to maintain himself or herself in his or her residence.
- B. The Occupant agrees to live in harmony with the ideals of neighborliness and cooperative good-will under which the Foundation shall always be operated.
- C. The Occupant agrees to follow and obey the reasonable rules and regulations of the Foundation, which are designed for the comfort, safety and security of all Occupants. The Occupant shall be furnished a copy of current rules and regulations. Repeated failure to follow said rules and regulations, resulting in a loss of comfort, security or safety for other residents, may result in a dismissal of the Occupant for cause. The rules and regulations are part of this Agreement by reference and may be amended by the Foundation.
- D. The Occupant agrees to assist the Foundation in application for and utilization of all governmental support and funds to which he or she may be entitled, and agrees to execute reasonable and necessary documents for this purpose.
- E. The Occupant agrees to indemnify and hold harmless the Foundation and any person connected therewith, for any injury to any person or property resulting from the negligence of the Occupant.
- F. The Foundation cannot be responsible for funeral arrangements and expenses except by written agreement between the Foundation and the Occupant.
- G. The absolute right of management of the Foundation is reserved to the Foundation and/or its agents. This Agreement may be assigned without notice to any assignee, successor, or agent of the Foundation's designation.
- H. Whenever the term "Occupant" is used herein, if a joint application of two applicants has been accepted by the Foundation and will result in a joint Occupancy of certain premises in the Foundation, the singular term "Occupant" shall be construed to mean "Occupants" where such plural terminology is appropriate.
- I. It is expressly understood by and between the Foundation and the Occupant that the Occupancy of any apartment or residence, by reason of the execution of this Agreement, does not create or vest any legal or equitable property interest in the Occupant whatsoever. Furthermore, the Occupant specifically and expressly covenants that it is the said Occupant's understanding and belief that the execution of this Agreement does not create or vest any legal or equitable property interest in any property (real, personal or intangible) that the Foundation now possesses or may hereafter acquire. The Occupant further expressly declares and understands that this Agreement provides a privilege of residency to said Occupant and such occupancy shall not in any way inure to or be capable of being assigned to the Occupant's heirs, representatives, assigns, agents, or any other person or body.
- J. If any portion of this Agreement be invalidated by operation of law, the remaining valid portion shall not otherwise be affected thereby. No addendum to this Agreement shall be enforceable between the Foundation and the Occupant unless the said addendum is committed to a writing and executed by said parties to this Agreement.
- K. The laws of the State of Kansas shall exclusively govern the interpretation of this Agreement in full. The parties further agree that the occupancy at this institution is incidental to the provision of medical, geriatric or similar services as defined in K.S.A. 1975 Supp. 58-2541.

L. Comments. Cost of options is not refundable and remains with the
property.

NON-REFUNDABLE OPTIONS: Garage, Central Air Conditioning, W/Dryer Hookups,
& Disposal

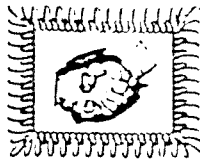
IN WITNESS WHEREOF, the parties have hereto affixed their signatures on the date and year written.

DATE: December 22, 1977

DATE: December 22, 1977

John L. Young
OCCUPANT
J. L. Taylor
OCCUPANT

The Good Neighbor Christian Foundation, THE FOUNDATION
William F. Langley
TITLE



The Good Neighbor Christian Foundation.

Clearview City Retirement Community

Clearview City, Kansas 66018

Johnson County

432-7477 585-1451

August 29, 1978

Dear Resident,

This is a letter I have been putting off writing for months. And in fact, I kept hoping I would not have to do it at all. It has been a long time since we have had to adjust the monthly service fee, and we still intend to keep costs down as much as possible. But, as you surely know, basic operating expenses have been going up and up, especially the utility and energy expenses. We have tried to absorb these increases for as long as possible. At this time, however, we have come to the point where we must reluctantly ask for a modest increase as we continue to pledge that we will maintain the highest quality and standards for good living at Clearview City.

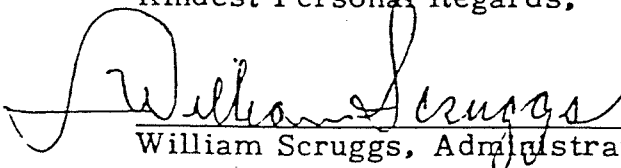
Since all our costs are based on the square footage of each home, the smaller homes, of course, pay less than the larger units.

This small increase of 2¢ per foot per month on your Holiday will only be \$19.80 effective October 1, 1978.

We appreciate your understanding in this matter and look forward to your long and happy years at Clearview City.

One final word: I want you to know that in the spirit of Christian understanding and help, I am always ready to visit with you and to help you in any way I can if this should prove to be an unbearable burden or hardship.

Kindest Personal Regards,


William Scruggs, Administrator



The Organization of
Nonprofit Homes and
Services for the Elderly

Kansas Association of Homes for the Aging
One Townsite Plaza
Fifth and Kansas Avenue
Topeka, Kansas 66603

913-233-7443

TESTIMONY BEFORE THE SENATE FINANCIAL INSTITUTIONS AND INSURANCE
COMMITTEE

REGARDING HOUSE BILL 2251

MARCH 27, 1985

JOHN R. GRACE, EXECUTIVE DIRECTOR

KANSAS ASSOCIATION OF HOMES FOR AGING

Thank you Mr. Chairman and Good Morning Members of the Committee.

The Kansas Association of Homes for the Aging is a nonprofit organization which serves the not-for-profit religious, community, and governmental sponsored housing and health care services for our elderly Kansans'. We have 52 members from all areas of the state.

We are opposed to HB2251. We believe that our current law offers adequate protections for older persons who are entering retirement communities.

We empathize with the older citizens of Clearview City. We understand that some remedy has already been accomplished for these persons, since they have settled a class action lawsuit against the owners of this facility. However, we believe that this situation is a single isolated incident, and to judge all retirement communities in this light is unfair and inaccurate.

I bring to the committess attention the Insurance Commissioner's fiscal note of over \$88,000 for the development of rules and regulations of this bill and its implementation. The providers cost of meeting the intent of this bill is another cost of at least that figure and more.

The intent of this bill was initially, to cover only those facilities that utilize "life care contracts". However, because of the language in the definition of "Continuing Care Agreement" in lines 25 through 32, we would interpret this bill as applying to all facilities in the state that utilize contracts that are for more than 12 months; virtually, every one of the 370 adult care homes, 125 housing facilities, rehabilitation facilities, etc.

Mr. Chairman, I have asked two members of our association who manage retirement communities to share their thoughts on HB 2251. I would be glad to answer any questions. Thank you.

3/27/85
Attachment X

John Knox Lessons

A decade and more ago when operations like John Knox Village in Lee's Summit advertised lifetime care at prices that sounded too good to be true, people flocked in but few challenged the promises. Experience has shown it was too good to be true. Or at least, practical.

No longer associated with John Knox Village, Kenneth Berg must stand trial in the suit brought by 350 residents of the retirement complex he founded. They allege fraudulent schemes caused near financial collapse and cuts in services. This case will be settled in an orderly judicial process and it is encouraging to see residents having their day in court.

Other facilities around the country have also had fatal difficulties. Some involved thievery. Others collapsed of their own weight, bowed down by inaccurate assumptions (about inflation rates and health care costs, for example) and innocent ignorance.

The concept of a life-care retirement community seemed to offer everything to older people, a lifestyle in a package without flaws.

Development of such communities was really a brave experiment. That things in practice didn't always work out the way they did on paper was realized — by owners and management, residents and gerontologists — only after a few years' experience when the warts began to show.

Major ingredients of trouble were there. Lack of verified facts. Failure to adequately anticipate future economic changes. Vulnerable people the dishonest could use. Promises of much for little. John Knox Village operates quite differently now than it did in the early years. It is to be hoped lessons learned there will be remembered next time another pioneering scheme to take care of retirees is born.

3/27/85
Atch. TX

Testimony on HB 2251

March 27, 1985

Senate Committee on Financial Institutions and Insurance
Room 529 S, 9:00 AM

Jan Jenkins, Director of Health Services/Administrator
United Methodist Homes for the Aged of Topeka

My name is Jan Jenkins. I am the Director of Health Services for the United Methodist Homes of Topeka. The United Methodist Homes is a non-profit corporation representing approximately 475 older adults receiving continuum of care retirement services through its two separate campuses. The United Methodist Home, near downtown Topeka at 1135 College, has provided a ministry for 81 years. A second campus Southwest of Topeka, Aldersgate Village at 29th and Urish Road, was opened over 5 years ago.

I am speaking in opposition to HB 2251.

This bill is unneeded and puts an unnecessary financial burden on the providers and taxpayers of the State of Kansas. Neither, in my view does it offer protection to the consumer.

In analyzing HB 2251, I found 40 requirements in the initial disclosure statement of the provider. Ten (10) of these requirements do not apply to the United Methodist Homes. Of the thirty (30) that do apply, we currently disclose to all future residents the most crucial requirements. One of these includes the 7-day "cooling off" period stated in Section 7, lines 0377 through 0386 of this bill. The other requirements are available upon request.

The cost of producing the "text" that is required by HB 2251, is an unnecessary burden to the providers.

The financial burden to the taxpayers of the State would amount to \$52,000.00 annually. There are currently approximately 360 providers in Kansas. At an annual registration fee of \$100.00, the amount of \$36,000.00 would be realized. The Insurance Commissioner has estimated a cost of \$88,000.00 per year to his office. This leaves \$52,000.00 to be paid by the taxpayers due to unnecessary legislation.

The protection to the consumer, which was the intent of this bill is indeed questionable.

Section 4, page 9, lines 0325 through 0331 state: "The cover page of the disclosure statement shall state, in a prominent location and type face, the date of the disclosure statement and that registration of the home does not constitute approval, recommendation or endorsement of the home by the commissioner nor does such registration evidence the accuracy or completeness of the information set forth in the disclosure statement."

3/27/85
Attachment XI

What is the consumer to think when reading this statement? What is the worth to the consumer of the registration process with the Insurance Commissioner if there are no assurances?

I would liken this to the purchase of a bottle of milk labeled 2%, that had a statement on the label saying, "This product and it's butterfat content is registered with the Milk Commissioner. This registration does not constitute approval, recommendation or endorsement of the milk by the Commissioner nor does such registration evidence the accuracy or completeness of the information set forth in the report of butterfat content." Can we really call this consumer protection?

The United Methodist Homes of Topeka has been in business for 81 years. It is governed by a voluntary Board of Trustees representing competent, respected people from our community. They are the responsible entity and review the operations of the Homes regularly. This is local involvement, control, and consumer protection at it's best.

The passage of HB 2251 would serve only to assess the taxpayers additional monies unnecessarily and place additional expense on providers in Kansas, the majority of which, like the United Methodist Homes of Topeka, are already complying with the spirit of the bill.

I urge you to put HB 2251 to rest.

My name is John Lehman. I am the administrator of the Apostolic Christian Home of Sabetha. Our facility is an 80 bed intermediate care facility and a 30 unit congregate care facility.

Our Board of Trustees is opposed to H.B. 2251. We are already monitored heavily by the Department of Health & Environment. Surveyors periodically review charges and the type of contracts with each resident as specified in K.S.A. 28-39-78-a-1. Our non-profit board of trustees continually review the operation of our nursing home and congregate facility by meeting each month. Our congregate contract is written in such a way that our facility must demonstrate in writing actual costs and notify each resident why costs are increasing. A certified audit is prepared each year for each resident's information.

Each nursing facility in Kansas is presently overloaded with paperwork. This bill will only add more! Who will pay for it? We all know the resident will have to pay this extra expense.

This bill will only be a duplication to what is already being done in every adult care home and retirement center. Your consideration of our views on H.B. 2251 are appreciated. A vote to table this bill will be an act that will curb additional cost throughout the state. I await your decision in that direction. Thank you.

3/27/85
Attachment XII



The Organization of
Nonprofit Homes and
Services for the Elderly

Kansas Association of Homes for the Aging
One Townsite Plaza
Fifth and Kansas Avenue
Topeka, Kansas 66603

913-233-7443

HB 2251

Proposition: HB 2251 is a dangerously ambiguous criminal statute with broad potential application and is unconstitutional on its face.

The Crime: "in connection with the process of entering into" (lines 75-76) an agreement to furnish living accommodations, needs or related service for a periodic charge effective (line 31) for more than one year, one omit stating a material fact necessary in order to make the statement made, in the light of the circumstances under which they are made not misleading (lines 79-82)

The Punishment:

- (1) Initial Disclosure Statement: (lines 144-334) 17 parts, 6 pages including projections on anticipated earnings on cash reserves (line 297), estimated gifts (line 303) and effects on the income of third party payments (line 309).
- (2) Annual Disclosure Statements: (lines 335-371) with a "narrative describing" (line 343) differences between the Initial Statement and the Annual Statement.
- (3) Right to Rescind: (lines 377-386)
- (4) Full restitution plus interest and attorneys' fees (lines 412-427)
- (5) Extended Statute of Limitations: (lines 433-440) beyond all other similar torts.
- (6) "Stare Chamber" Investigation: (lines 452-474) with full power of subpoena to invade private citizens when the commission believes someone "is about to violate this act". (line 454)
- (7) Administrative Cease and Desist Order: (lines 475-481) if someone "is about to violate any provision". (line 476)

3/27/85
Attachment XIII

(8) Cease and Desist Order WITHOUT a Hearing: (lines 482-490) for ten days.

(9) Injunction, Receiver to Take Over Property: (line 491-503) on the illusive grounds of "a proper showing" (line 498-499) and they don't even have to put up a bond (line 503)

(10) Fine of \$5,000.00: (line 504-511)

(11) Other "appropriate criminal proceedings: (line 512-537) Whatever this means, with extensive provisions for appointment of special prosecutors.

Comment: All of these provisions are in addition to our existing:

- (1) Criminal fraud and deception statutes;
- (2) Civil fraud and contract law;
- (3) Possible protection under commercial code statutes;
- (4) Possible protection under Blue Sky laws.

Stu Entz