

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

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HOUSE BILL 1176

Short Title: Continuing Care Facilities/Liens.

(Public)

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Sponsors: Representative Insko.

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Referred to: Insurance.

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April 15, 1999

A BILL TO BE ENTITLED

1 AN ACT TO PROTECT RESIDENTS IN CONTINUING CARE FACILITIES UPON  
2 THE LIQUIDATION OF A FACILITY OR THE INSOLVENCY OR  
3 BANKRUPTCY OF A PROVIDER BY IMPOSING A LIEN ON THE PROPERTY  
4 OF THE FACILITY OR THE PROVIDER.

5 The General Assembly of North Carolina enacts:

6 Section 1. G.S. 58-64-45(f) reads as rewritten:

7 "(f) In applying for an order to rehabilitate or liquidate a facility, the Commissioner  
8 shall give due consideration in the application to the manner in which the welfare of  
9 persons who have previously contracted with the provider for continuing care may be  
10 best served. In furtherance of this objective, the proceeds of any lien pursuant to G.S. 58-  
11 64-48 may be used in full or partial payment of entrance fees, on behalf of residents of a  
12 facility being liquidated, to other facilities then in compliance with this Article."

13 Section 2. Article 64 of Chapter 58 of the General Statutes is amended by  
14 adding a new section to read:

15 "**§ 58-64-48. Lien on behalf of residents.**

16 Effective at the time a facility is first occupied by any resident, there is a lien on the  
17 real and personal property of the provider or facility to secure the obligations of the  
18 provider pursuant to existing and future contracts for continuing care. A lien under this  
19 section shall remain in effect for a period of 10 years. The lien may be foreclosed upon  
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1 the liquidation of the facility or the insolvency or bankruptcy of the provider, and in that  
2 event the proceeds shall be used in full or partial satisfaction of obligations of the  
3 provider pursuant to contracts for continuing care then in effect."

4           Section 3. This act becomes effective January 1, 2000, and applies to all  
5 continuing care facilities and providers that, on or after that date, hold a license under  
6 Article 64 of Chapter 58 of the General Statutes.