

LKR Alert

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ADMISSION AGREEMENTS THIRD PARTY GUARANTEES OF PAYMENT ARE PROHIBITED

State and federal laws prohibit facilities from requiring third party guarantees of payment. Federal regulations provide: "The facility must not require a third party guarantee of payment to the facility as a condition of admission or expedited admission, or continued stay in the facility. However, the facility may require an individual who has legal access to a resident's income or resources available to pay for facility care to sign a contract, without incurring personal financial liability, to provide facility payment from the resident's income or resources." The corresponding interpretive guideline provides: "The facility may not require a third person to accept personal responsibility for paying the facility bill out of his or her own funds; however, he or she may use the resident's money to pay for care." The prohibition against third party guarantees applies to all residents and prospective residents in all certified long term care facilities, regardless of payment source.

We recommend that each facility immediately review its admission agreement to ensure that it does not contain any such third party guarantee of payment, as well as to ensure that families make appropriate arrangements to provide a proper source of payment.

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