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Washington Continuing Care Residents Association (WACCRA) is an affiliate of the
National Continuing Care Residents Association, NaCCRA.
WACCRA 1420 NW Gilman Blvd, #2276, Issaquah, WA 98027

“Almost all residents I know say they wish they had moved here sooner.”

Consumers’ Guide to Continuing Care Retirement Communities In Washington State

A manual for those seeking or living in a CCRC

Introduction

Congratulations on beginning your research on Continuing Care Retirement Communities (CCRCs)*. The community living experience in a CCRC can offer you congenial new friends, rich social and cultural experiences, excellent health care, life-enhancing fitness/wellness opportunities, genuine security, and peace of mind. Your move will eliminate the stress of maintaining a home and relieve your children’s worries about their parents living alone. You will avoid becoming a burden to them or to others. Perhaps you will choose a CCRC nearer to family.

For up-to-date information about issues for CCRC residents in WA State, and to become a member of WACCRA, visit our web site:
www.waccra.org

What Is a CCRC?

According to Washington State law, “a Continuing Care Retirement Community is an entity that agrees to provide continuing care to a resident, for at least a year, under a residency agreement.” “Continuing Care” can include Independent Living, Assisted Living, Skilled Nursing, and Memory Care, depending on the residency agreement.

The Department of Social and Health Services:
www.dshs.wa.gov/

As of March, 2019, Washington State had 23 CCRCs, home to more than 13,500 residents. (See sidebar.) Each CCRC is unique for its geographical location, the size and desirability of its living accommodations, the attractiveness of the grounds, its proximity to your family, the quality of the dining experience, and the characteristics of its residents and management.

WACCRA, our state CCRC association, has the benefit of partnership with the National Continuing Care Residents Association (NaCCRA), which helped us start our state association, develop our mission, and grow our membership. Our affiliation with NaCCRA increases our effectiveness through its nationwide resources and its links to other state associations with organizational, governance, and advocacy experience.

www.NaCCRA.com

The purpose of this guide is to help people shopping for a CCRC to evaluate important fundamental aspects that are

**This term is changing to “Lifecare Community”.*

less obvious to the uninformed consumer, including the financial strength of the CCRC. This guide is intended to help you define your needs and find the best CCRC for you. It also may help existing CCRC residents support and expand the ongoing health and performance of their own community.

This is the only guide developed entirely by residents for residents and potential residents of CCRCs in Washington State. Please note that this guide provides general information only. It is not intended to provide legal, financial, or other advice nor to be an exhaustive guide to CCRC living. To the best of WACCRA's knowledge it is accurate as of the publication date, but prospective CCRC residents should obtain independent legal and tax advice and make careful and complete investigations of any facility where they are considering residence.

As CCRC residents, we are sharing our experiences of CCRC living as well as our study and reflections on getting the best value from our CCRC investment. We hope that you find the content helpful in your evaluation of CCRCs.

This guide is divided into five sections:

- 1) Why consider a CCRC?
- 2) The contracts that residents sign
- 3) The quality of the healthcare provided
- 4) The long-term financial strength of the CCRC
- 5) The ownership and governance of the CCRC

There are many well-managed CCRCs, and you can be confident that, with curiosity, information, and patience, you will find the right one for you. WACCRA hopes that this guide will be a substantial help to you in your search, and that it will remain useful to you as you participate in the life of the CCRC you have chosen.

You will find a list of all the CCRCs in Washington State in the Appendix.

***“A wave of relief washed over me the day I moved in here.
A stack of worries just evaporated. No house to take care of,
and support is right here if I need it.”***

Section 1: Why a CCRC? Why Not?

A CCRC offers many attractive advantages for older adults. It eliminates the stress of keeping up a home: making repairs, raking leaves, cleaning gutters, shoveling snow. It reduces cooking to an occasional voluntary pleasure. It alleviates the children's worries about parents living alone. It might be selected for its proximity to family. It offers incredible peace of mind by taking care of future health needs associated with aging without burdening one's family.

Many of the advantages of a CCRC may not be evident until after moving in. The living community itself is a major source of pleasure. Typically people move to CCRCs when they are in their seventies, while still driving, traveling, and even working. They bring with them a fascinating lifetime of careers, interests, and skills developed over the years. Often these gifts become transformed into interest groups, to the benefit of the entire community. Any dinner can be a dinner party that you didn't have to organize, shared with delightful neighbors. This vibrant, friendly culture is the most enjoyable part of CCRC life.

Perhaps the most important benefit of CCRC life is relief from the challenges and stresses of growing older. This is partly the result of the connections among the four unique, interacting living communities "under one roof": Independent Living, Assisted Living, Skilled Nursing, and Memory Care. Each person living in a CCRC can have the amenities and care they need without losing touch with each other or their friends outside.

The majority of residents who move into Independent Living in a CCRC remain very active both within and outside their CCRC.

Some residents, as they age, may have difficulty with certain aspects of daily life. One option is for that resident to move to Assisted Living and have help with those difficulties, while still engaged in activities in the Independent Living area. Some people in the same situation might contract for outside daily services while remaining in Independent Living.

The greatest blessings of CCRCs occur in the most heart-rending situations. Imagine a couple in which the husband has major surgery, or the wife's health becomes fragile. What a convenience it is to have the recovery and rehabilitative care right next door in the Skilled Nursing unit, which is only a short walk away from the partner in Independent Living.

Or imagine a couple in which one partner experiences a decline in memory function. That person can move to the Memory Care unit, right next door, served by a staff trained

in memory care. The other partner can remain in Independent Living, just a few steps away, but relieved of anxiety about how they and their family will cope for perhaps many years down the road.

The “continuing care” aspect of a CCRC may also include an emphasis on fitness and wellness that encourages residents’ active lives beyond what might have been likely if living alone.

Plan to make this transition to a CCRC before you *need* to move. You’ll be glad you did. Don’t keep putting it off. Prices are increasing with the ballooning of the senior population. The sooner you move, the lower the entrance fees will be, and the sooner you can take full advantage of the programs offered and the friendships you will develop and cherish.

Typical Amenities and Services to Ask About In a CCRC:

Personal

- Beauty salon/barber
- Pedicure
- Massage in-house
- Parking for you and your visitors
- Fitness program
- Social, cultural, educational opportunities
- Pastoral care
- Chapel/sanctuary/nearby place of worship
- Washer/dryer in apartment
- In-house appliance servicing
- New neighborhoods to explore
- Pleasant views from your new apartment
- Other _____

Community and Conveniences:

- Concierge
- 24-hour security
- All utilities
- Air conditioning
- Washer/Dryer
- Full service dining room
- Housekeeping
- Banking branch
- Computer/copy center
- Convenience store
- Library
- Package mailing service
- Swimming pool
- Transportation for errands and events
- Other _____

Location of CCRC:

- Setting: city, small town, suburb, country
- Near family, friends, church
- Near primary care doctors, specialists
- Near athletic venues: major league, golf, tennis
- Walking trails
- Culture: symphony, opera, theater, ballet, museums, college campuses, library
- Public transportation
- Shopping malls
- Other _____

Health Care

- Access/transportation to primary care providers
- Exercise facility/gym
- Fitness/wellness program
- Daily check-in
- Home healthcare in Independent Living
- Medication management
- Physical therapist
- 24-hour emergency response system
- Other _____

Interest Groups

- | | |
|---------------|------------------------|
| • Movies | • Civic engagement |
| • Gardening | • Painting |
| • Bridge | • Science & Technology |
| • Bible study | • Model trains |
| • Mah Jongg | • Knitting |
| • Skiing | • Book discussion |
| • Kayaking | • Other _____ |

Section Two: Contracts Types A, C, B, and D

The term “Continuing Care Retirement Community” (now changing to “Life Care Community”) generally refers to any establishment that provides a stimulating, attractive living environment for active seniors, and that incorporates into the community additional facilities that allow aging in place: an Assisted Living unit, a Skilled Nursing wing, and a Memory Care facility. (Note the legal definition, Page 3.)

When contemplating a CCRC, and especially when comparing one CCRC to another based on price, it is important to clearly understand the different types of contracts that are offered.

There are two main contract types: Type A and Type C. There are also hybrids and variations of these. First, note the differences between these two “pure” types, and then consider what variations might be available. To compare the entry fees and monthly fees of a CCRC that offers a Type A contract (explained below) to another CCRC that offers a Type C contract is like comparing the proverbial apples and oranges.

CCRCs will evaluate your finances to determine whether your income and assets can cover present and future costs. For example, some CCRCs use adequacy of annual income formulas: [monthly fee x 1.6 (a multiplier) x 12 months], where the multiplier takes into account other necessary living costs.

It is wise to have your lawyer look over any contract. The contract contains provisions that you will live by. Be sure you understand them. Some provisions may elude the lay-person’s eye.

Type A Contract

In Washington State roughly 1/3 of CCRC contracts are Type A, often informally called a “full care, inclusive contract.” In return for an entry fee, plus monthly fees while in Independent Living that are higher than needed to cover just Independent Living goods and services, residents are guaranteed to pay roughly the same fees (apart from ordinary

TIP

CCRCs vary in how much residents pay for services. Entrance fees are one-time, upfront charges to enter and occupy an independent apartment and use the full range of services supplied by the CCRC. Entrance fees in WA range from \$100,000 to over \$1.8 million. Monthly fees can range from \$3,000 to more than \$7,000 per month, and can increase at the rate of 3.5% to 6% per year.

Many CCRC residents finance their move by selling a home.

CCRCs will evaluate your finances to determine whether your income can cover present and future costs.

Some CCRCs have disqualifying conditions such as medical conditions or upper age limits for Type A contracts.

inflation) if and when Assisted Living or Skilled Nursing Care is needed. Some CCRCs have provisions for receiving full care even if the resident's personal assets become exhausted through no fault of their own. The residents, in effect, mutually insure themselves against catastrophic healthcare costs while keeping the cost of living predictable. The entry fees and monthly fee have been projected actuarially by the CCRC to provide sufficient on-going revenue for all, whether living independently, in Assisted Living, in Memory Care, or in Skilled Nursing.

A portion of the entry fee and the monthly fee is considered payment for healthcare for tax purposes, and is therefore deductible from income as a medical expense when itemizing deductions on the income tax return.

Type A contracts may have entry fees that are refundable upon the departure or death of the resident. The refunds vary from 100% to 80% or 70%, even 50% of the entry fee. The wait for the refund may be several months to a year or more, as specified by the resident's contract.

Type C Contract

This is usually referred to informally as a "fee-for-service" contract. In Washington State, roughly 1/3 of CCRC contracts are Type C. Under this system, residents pay for the services they use at something resembling the market rate. As long as one is living independently, the entry fee and the monthly fee are usually considerably lower than in the case of the Type A contract. However, when assisted living, skilled nursing, or memory care is required, fees escalate dramatically in accordance with market rates. Type C contracts are attractive to individuals of high net worth who prefer to assume personally the risk of future healthcare costs. They are also attractive to people who have (or whose employers have) invested throughout their life in a high quality long term healthcare insurance policy that will cover most healthcare expenses that may arise.

The Type C fee-for-service medical contract has a disadvantage. Since there is no prepayment for medical care under a Type C contract, that tax deduction is not available.

TIP

CCRCs vary widely in the balance between entry fees and monthly fees. To compare communities with similar benefits and contracts, first figure out the monthly equivalent of the entry fee.

As a rough rule of thumb, 7% of the entry fee divided by 12 can be taken as the monthly equivalent. Adding that to the contract's monthly fee allows comparison between two CCRC offerings, much like comparing two regular apartments' rates.

TIP

Some contracts permit partially refundable entrance fees on a declining scale of a percentage over a fixed number of years. Example: 90%, 70%, etc. over 6 years.

TIP

Another rough rule of thumb is that the monthly cost for the care in a Type C contract is worth between \$1,500 and \$2,000 a month. Adding that to the monthly cost for the care included in a Type C contract can provide a fair comparison with the more inclusive Type A contract.

Other Types of Contracts

A **Type B Contract** is a hybrid between Type A and Type C. In Washington State about 1/4 of CCRC contracts are Type B. Higher levels of healthcare may be discounted for defined periods of time, before market rates kick in. Some contracts offer refundable entry fees, but often the refund is contingent upon the management's resale of the vacated living space, and the wait for the refund can be several months.

A **Type D Contract** is essentially a short-term rental agreement. Each CCRC creates its own contract options, often with unique provisions. Contracts are written by the providers and must be accepted by the resident unchanged as proffered.

Contracts often may contain clauses like the two examples below, quoted from actual CCRC contracts:

“The management shall have full authority to increase or decrease daily fees, and make changes in the scope of services, upon a 30-days written notice to residents.”

OR

“Prior to reducing, changing or altering the scope of services and care provided to you pursuant to this agreement we shall give you written notice of such reduction or change at least thirty (30) days prior to its effective date.”

In other words, Type D management reserves the right to unilaterally change the terms of the contract upon the mere provision of thirty days' notice.

“If you were to ask anyone in my CCRC whether they're glad they live here, the vast majority would say, ‘Yes!’”

TIP

Visit communities several times. Ask if you may stay for a few days to experience routine life, rhythms, and culture.

View all areas of the community, including different care levels. Talk with residents, not just administration and marketing.

Enter when healthy enough to get involved in community life, fitness programs, and new friendships, before needing higher levels of care.

Section Three: Healthcare

Know What to Expect in Assisted Living, Skilled Nursing, & Memory Care

The promise to be a “*continuing care* retirement community” means providing facilities that meet most of the health needs that may arise between active adulthood and the end of life. A primary motive of people entering a CCRC is the assurance of ready access to high-quality healthcare when it is needed. Spouses, children, or other relatives are not suddenly left searching for ways to cope in a medical crisis. In a CCRC, a spouse who needs a higher level of care will find it in their community. And other member of the couple will be able to remain in place, among friends, being well cared for and enjoying a high quality of life.

Yet even though healthcare is a primary motivation for entering a CCRC, most potential CCRC residents will focus entirely on evaluating the independent living amenities (which admittedly are important) and will neglect, or take for granted, the adequacy of the healthcare services. That is a mistake.

This guide attempts to help both current and future CCRC residents to assess the healthcare facilities of a CCRC.

In addition to independent living facilities, a CCRC has three levels of care:

- ***An Assisted Living Facility*** for residents who need some measure of help with their activities of daily living, such as dressing, showering, or medication management.
- ***A Skilled Nursing Facility*** for residents who are temporarily ill, or are returning from the hospital following surgery for rehab or other treatment, or who are dependent on skilled nursing daily over a long term, perhaps until the end of life.
- ***A Memory Care Unit*** for residents whose cognitive limitations make it no longer safe for them to live independently.

Some CCRCs will subdivide these care categories. For example, there may be a Memory Care unit for people with mild dementia and another for the severely cognitively disabled. There may be separate assisted living units for people who are mildly and more seriously disabled.

Some CCRCs have certain levels of care at a different facility.

For those seeking to enter a CCRC, the admissions office or marketing department generally will offer tours of the healthcare facilities without intruding on the privacy of residents.

“I get to keep my old friends while also making many new friends.”

What Should You Watch For On a Healthcare Facility Tour?

1. At any facility, and any level of care, you should expect a home-like rather than a clinical atmosphere. Single room occupancy should be the standard in Assisted Living. Some double occupancy occurs in Skilled Nursing. Exceptions occur. Accommodations should be spacious enough to allow a resident to bring a selection of their own furnishings to their living space in all levels of healthcare.
2. Although CCRC administrators may emphasize visuals like state-of-the-art facilities and amenities, residents and patients invariably find that *the quality of the healthcare staff and the sufficiency of the staffing levels* are the most significant factors in evaluating the healthcare center. These factors are difficult for a non-resident to assess when on a marketing tour. Some helpful resources will be mentioned in material that follows.
3. Assisted Living, Memory Care, and Skilled Nursing facilities are inspected and licensed by the Washington State Department of Social and Health Services. You can ask the staff when the last inspection occurred, and request the results. One resident suggests employing the “sniff test”. Additional resources are on P. 14. During site visits, find an opportunity to talk with residents unaccompanied by staff, to learn what you can from informal conversations with people who have used the CCRC’s healthcare services.
4. Healthcare facilities should not be isolated from the rest of the community. Just because a resident may need help getting dressed doesn’t mean he or she has lost interest in seeing friends and participating in the life of the community. Ask whether residents in assisted living and skilled nursing may, if they wish, attend concerts, lectures and films, play bridge, eat in the main dining room, and continue other activities they enjoyed in the independent living community. Spouses and former independent living neighbors should be able to visit easily. Prospective residents need to think carefully before entering a facility where there is not easy access between the healthcare facilities and the rest of the community.

Skilled Nursing Facilities

In addition to the assessment recommended above, both current and prospective residents should consult www.medicare.gov/nursinghomecompare. This government-sponsored web site rates nursing homes according to four criteria as well as an overall rating for each. Given the significant cost of CCRC living and the high level of care that some elderly patients require, *it is preferable that the nursing facility have earned five stars, the highest rating*. If the rating is lower, ask what the deficiencies are.

Assisted Living

In Washington State, Assisted Living facilities within CCRCs generally are expected to have amenities in each apartment that include:

- Single room occupancy (except in cases of spouses wishing to be together)
- Private bathroom
- Accessible half-refrigerator, sink, and microwave oven in every apartment.
- Television in every apartment.
- Enough space for residents to bring their favorite belongings, such as a lounge chair, desk and chair, bookcase, etc.
- The ability for residents to hang their own pictures with staff help.

Learn about and compare the specific policies at each CCRC under consideration.

Memory Care

The staff of a Memory Care unit needs specific training for memory care work. Memory Care apartments should offer a homelike environment that enhances residents' feeling of security and familiarity. Rooms should be comfortable, and allow for familiar furnishings and keepsakes from previous stages of life. Common areas for individual and group activities should be appropriate in size and comfort.

The Memory Care unit must be secure so there is no danger of residents wandering away. There should be easy access to an attractive outdoor, secure space. The Memory Care unit should be close to the main community and accessible for ready access by spouse and visitors and for supervised excursions to community activities outside of the Memory Care unit itself.

Memory Care units often offer many activities for their residents. In some cases the more severe Parkinsons patients reside in the memory care unit in order to more easily participate in activities.

“Our community benefits from our residents’ diverse histories and interests. They invite speakers on a variety of topics: art, chamber music, robotics, opera, history and culture,…”

Healthcare for Residents in the Independent Living Community

CCRCs have a variety of arrangements by which Independent Living residents can obtain healthcare. Arrangements for accessing a physician vary.

- Some CCRCs have physicians on staff, and residents may be encouraged to select one of these as their primary care physician. However, often residents have an outside physician whom they prefer because of continuity of care. If a CCRC does employ in-house physicians, residents who prefer outside physicians usually will have to provide their own transportation to more distant medical services.
- Some CCRCs require residents to be “admitted” to the health center in order to receive services, so a resident cannot simply consult the health center staff for a routine illness. In those cases there is generally an assisted living nurses’ station where a Licensed Practical Nurse provides some services, e.g. blood pressure checks. Since nurses aren’t authorized to diagnose, residents with symptoms may be transported (often by paramedics) to a fully staffed emergency facility, typically for a fee.
- Some CCRCs have nurses or nurse practitioners as the primary caregivers, and encourage residents to see their own outside physician. In that case, when residents living independently require visits to outside medical specialists, the CCRC may provide transportation at no extra charge within a reasonable distance.
- Some CCRCs engage an array of specialists – audiologists, allergists, podiatrists, ophthalmologists, and others – who visit the community on a periodic basis, allowing residents to consult with them by appointment. Some CCRCs provide a comprehensive array of mental health services equal in caliber to physical health services.

In case of an emergency in an independent living apartment, most CCRCs usually will have installed an emergency pull-cord, which will bring help when needed on a 24-hour/seven-days-a-week basis. Some CCRCs have motion detectors installed in apartments that can also alert staff when help is needed.

Most residents rely on their families to help with important healthcare decisions. In the event that a resident has no family available, the healthcare facility should ensure that resident-designated healthcare proxies are available and involved in important healthcare decisions. Some residents employ independent licensed fiduciaries to be sure that there is someone looking out for their interests when they can no longer do this for themselves.

Some CCRCs have an ombudsman, healthcare advocate, or healthcare proxy to assist disabled residents who need to navigate the healthcare system and who lack a nearby relative or other personal caregiver. These CCRCs also have specific plans and protocols

designed with sensitivity to ease the physical and emotional stresses of a resident's permanent transition from independent living to assisted living or skilled nursing.

Washington State has licensing and inspection authority for the various types of health facilities. (See resources below.) Residents and prospective residents can access these government websites and review inspection reports for specific facilities. Healthcare centers licensed as Skilled Nursing facilities are also subject to detailed federal requirements and inspections. Washington State Department of Social and Health Services (DSHS) is the agency that registers CCRCs. (See the law in the Appendix.)

Washington State also has a long-term care Ombudsman Program that receives complaints and resolves problems about the quality of care in Assisted Living, Skilled Nursing, and Memory Care facilities. Friends and family can contact this program if quality-of-care issues arise. (See below.)

Washington State Resources Helpful to CCRC Residents:

Department of Social and Health Services (DSHS)

Oversees eldercare and related industries. Registers CCRCs.

<https://www.dshs.wa.gov/>

Aging and Long Term Support Administration (AL TSA)

<https://www.dshs.wa.gov/altsa>

Long-Term Care Ombudsman Program

<https://www.waombudsman.org/>

1-800-562-6028

Office of the Attorney General

Consumer complaints, fraud, etc.

206-464-6684

1-800-551-4636 206-464-6684

Office of the Insurance Commissioner

Help Line 1-800-562-6900

The Washington State Council on Aging (an advisory body)

[https://www.dshs.wa.gov/altsa/home-and-community-services/](https://www.dshs.wa.gov/altsa/home-and-community-services/washington-state-council-aging-scoa)

[washington-state-council-aging-scoa](https://www.dshs.wa.gov/altsa/home-and-community-services/washington-state-council-aging-scoa)

WACCRA - Washington Continuing Care Residents Association

WACCRA.org

Washington State Law applicable to CCRCs

Chapter 18.390 RCW

<https://app.leg.wa.gov/rcw/default.aspx?cite=18.390>

Section Four: Long-Term Financial Strength

A CCRC Is Not a Bank.

Most prospective CCRC residents are not skilled at evaluating pages of numerical data. The purpose of this section is to highlight some of the factors that a lay person can use to help assess the financial standing and stability of a CCRC.

An essential step in selecting a CCRC is making sure it's operating on a sound financial footing.

Equally essential is the capability of CCRC residents to monitor a CCRC's ongoing financial performance, so that years down the road it will still be able to provide the higher levels of care that you expect when you are at a vulnerable stage of life.

Many people erroneously think that, in terms of security, the entry fee and the monthly fees they pay to a CCRC are comparable to putting money into a bank or an insurance policy. Unfortunately, this is not so. There is no insurance program, such as the FDIC, for CCRCs, nor are they bound up in an industry-wide consortium that will help financially impaired entities to meet their obligations, such as exists for the mainstream insurance industry.

Rather than being analogous to putting money in a bank, or investing it in an insurance policy, paying fees to a CCRC is comparable to investing in a small business firm that is too modest to attract the attention of the best-known stock market analysts, brokers, or rating agencies. You must make an assessment entirely on your own.

After lobbying by Washington Continuing Care Residents Association (WACCRA), the Washington State legislature enacted a law in 2016 requiring CCRCs to disclose to prospective residents certain aspects of financing. (Washington State Law Governing CCRCs, Chapter 18.390 RCW. See Appendix.). Violations are subject to penalties under the Consumer Protection Act.

WACCRA will continue to introduce legislation in the Washington State Legislature to ensure that CCRCs operate with more transparency. This will enable CCRC residents and their families to understand the on-going health of the CCRC. Such "transparency laws" are common in many other states.

***"The staff's kindness, dedication, and support
add so much to our life experience.
They encourage healthy living, look after our wellness, and enrich our lives,
while making it all seem effortless."***

Net Assets

Every not-for-profit CCRC that is exempt from federal tax is required to file a Form 990 with the Internal Revenue Service. These are public documents, available on the internet at:

<http://foundationcenter.org/find-funding/990-finder>

This is a long, complex filing. But the **first page** contains a vital piece of information. The figure on the lower right-hand corner of Page 1 gives the difference between a CCRC's assets and liabilities, or **net assets**. If the number is negative (known liabilities exceed known assets), you should be able to know why. Current residents deserve to know management's plan for repairing the balance sheet.

If the number is positive, how large a positive number is advisable? Clearly, *all other things being equal*, investing in an organization with a large net asset position would be safer than a small net asset position. As a rough rule of thumb, you should expect to see *a net asset position equal to or larger than the organization's annual expenditure budget*.

You can also look at Form 990s over several previous years to see what the trend is in the net asset position. *It is preferable to see net assets increasing or holding steady, rather than declining*.

Occupancy Rate

Occupancy rates in Independent Living are the single most important indicator of a CCRC's fiscal viability. While a CCRC can do some downscaling of operating costs to adjust for some vacant apartments, many fixed costs cannot be adjusted. When there are too many empty units, the fixed costs must be spread over fewer people, so rates are apt to rise. Alternatively, the organization may draw down reserves to meet the shortfall, gradually worsening the net asset position. Often a failure to be fully occupied does not reflect the quality of a CCRC, but is a result of oversupply in the geographical area where the CCRC is located.

TIP

Full occupancy of *skilled nursing or assisted living* might imply that the capacity is too small to serve its independent living population, and space may not be available when **you** need it.

A healthcare facility that is *scaled adequately to fit the needs of the community* will usually have a few empty spaces available for sudden need, and only rarely be completely full.

The state of the national economy can also affect the occupancy rate of CCRCs. For example, many residents will need to sell a house to generate their entry fee.

Nevertheless, a CCRC whose occupancy rate is chronically less than 90% should be regarded cautiously before making an entry fee investment. It may be appealing to consider entering a CCRC where there is a variety of apartments or cottages to choose from for immediate occupancy. But it is safer to enter a CCRC where one must wait a few years for the desired apartment. A waiting list is a better sign of fiscal good health than is a vacancy rate.

The Financial Insignificance of Denominational Affiliation

Many not-for-profit CCRCs are affiliated with religious denominations or large institutions such as universities or hospitals. Be aware that although the management of a CCRC associated with a religious denomination may sincerely try to see that the denomination's values are expressed in the life of the community, the larger affiliated institution has no legal or financial obligation to the CCRC in case of failure. Roman Catholic,¹ Protestant,² and Jewish³ CCRCs have gone bankrupt without being able to access the funds of their respective denominations for help.⁴

References:

¹ www.chicagobusiness.com/realestate

² <http://chapter11dallas.com/sears-methodist/>

³ http://triblive.com/x/pittsburghtrib/news/s_702569.html

⁴ In exceptional cases where malfeasance by parent corporation is shown, some support from parent corporation can sometimes be obtained when bankruptcy occurs.

Actuarial Computations:

A Reputable Estimate of Future Financial Health of a CCRC

Not only does a desirable CCRC have a positive net asset position, but it has established financial reserves, and it determines its entrance and monthly fee rates with the involvement of qualified actuaries. It is always a good idea to ask the marketing staff (if you are searching for a CCRC) or the finance office (if you are already in one) to let you see the latest actuarial report.

Without actuarial analysis there can be no assurance that financial reserves, or entrance screening and other practices, are properly related to the future costs of promises made to residents.

Most people familiar with not-for-profit organizational budgets look for current income to equal or slightly to exceed current expenses as a sign of health. In the case of a CCRC this rule of thumb is insufficient, because the future costs of the current independent living population will escalate as, with advancing age, they need assisted living or skilled nursing care. An overdependence on current entry fees to support current operations can,

in time, result in a reliance on the entry fees of new residents to meet the promises made to earlier arrivals. This is the proverbial “borrowing from Peter to pay Paul.”

Without adequate actuarial studies supporting decisions regarding fee structures, and without actuarial reserves on the balance sheet, a CCRC’s finances are in danger of drifting into unsound territory. It is wise to ask if contract reserves on the balance sheet are actuarially determined, or are simply accounting estimates based on guessed-at life expectancy calculations.

Indebtedness:

The Audit Report Discloses Payment of Debt Obligations

It is not unreasonable for a CCRC to borrow money to finance expansions of the facility, or to add amenities like a swimming pool or to up-date a Memory Care facility. If a CCRC with 400 residents has a debt of \$40,000,000, it is as if each resident assumes responsibility for a mortgage of \$100,000. Paying down the principal and paying the interest must come out of future fees. If a strategic planning process is underway, or is about to be launched, it is sometimes *a signal that some amount of additional debt will be assumed soon.*

Under most contracts, *CCRC residents are “unsecured creditors,”* that is, bondholders. This means that even vendors are ahead of residents in line for reimbursement if there is financial trouble.

While indebtedness is wrapped into the net asset position described above in **Net Assets**, it is not identifiable in the form 990 filing. Indebtedness can be assessed more easily in the annual audited report, which should be available from the admissions or marketing department. Indebtedness deserves a special look to *be sure that it is not unreasonable in relation to the size of the resident population,* and existing and potential residents should inquire about any plans for additional borrowing in the near future.

Stand-Alone CCRCs and Consortia:

How to Isolate CCRC’s Financial Position When It Is Part of a Consortium

Some CCRCs are stand-alone operations, while others are part of institutions operating together. Such consortia may consist of a string of CCRCs in different cities, or they may be an association of many different types of institutions, all of which usually serve the elderly in some way or another.

In terms of finances, there is sometimes “safety in numbers,” in that several CCRCs operating as a unit spread the risks and the costs over a larger population. This gives more

statistical certainty to actuarial calculations, and allows some efficiencies in operating costs. On the other hand, it is often difficult for residents in a consortium to know whether their fees are appropriate, or are subsidizing a poorly performing entity in a distant city, or are otherwise being diverted to purposes other than their own care and housing.

Some consortia are organized so that the finances of each constituent entity are kept separate; these are easier for consumers to assess. In general, it is easier to assess the financial qualifications of a stand-alone community.

However, consortia may also choose to consolidate the finances of multiple individual communities. They can then obligate the residents' fees from a group of individual communities (an "obligated group") in order to secure general corporate debt. Such practices have less accountability toward residents, who may be left in the dark. The admissions or marketing department *should be able to tell you whether a CCRC is part of such an "obligated group," the industry term for a group of CCRCs whose residents' fees have been committed toward general corporate indebtedness.*

Summary: Financial Strength: Items to Consider

Assessing the financial strength of a CCRC is one of the most challenging tasks facing current and prospective residents. The following are useful strategies for making an evaluation:

- Gather information about the recent history of net asset balances from Forms 990;
- Research the recent history of occupancy rates;
- Seek information about maintenance schedules for buildings and equipment; and compare these expenditures to depreciation;
- Seek actuarial reports;
- Define a comfort level with respect to indebtedness;
- Seek information about significant capital improvement plans for the facility.

In general, you should determine that the fees being paid by a CCRC's residents are not being used for any profit-making or not-for-profit activity *that does not benefit the residents who are paying those fees.*

Never hesitate to ask for explanations from CCRC management if the material given cannot be understood by a lay-person. Management unwilling to clarify things may indicate future unresponsiveness to residents' concerns.

Section Five: Ownership and Governance

The ownership and governance characteristics of a CCRC influence the quality of life that residents enjoy, and affect the degree of engagement that residents can have in the CCRC's governance, as either passive consumers or active participants in the CCRC's governance.

Ownership

About 85 percent of CCRCs are not-for-profit organizations, while the other 15 percent are profit-making corporations. A very small number of CCRCs are owned and governed by the residents themselves and function as cooperatives or condominiums.

Profit-making CCRCs operate to make money for their shareholders and investors. Residents have no financial interest other than as paying customers, and their governing role may be limited to influencing the program of recreational activities.

Not-for-profit CCRCs operate with the charitable purpose of providing service. Residents have an indirect, but real, investment and financial stake in the enterprise, since it is residents and not shareholders who provide the leveraged capital to operate the community.

At this stage in the evolution of the CCRC industry it is not possible to generalize about whether profit-making or not-for-profit organizations better serve the residents. Each separate CCRC institution needs to be judged individually.

Governance

Day-to-day operations directly affect the residents' well-being and satisfaction, whether it be a for-profit or not-for-profit organization, whether a stand-alone CCRC or a consortium of CCRCs and other organizations.

Stand-alone CCRCs often are managed on a day-to-day basis by a staff supervised by a CEO who is appointed by and responsible to a Board of Directors. Typically, the Board in a not-for-profit CCRC appoints its own successors, usually to staggered terms so that turnover doesn't occur all at once.

“I have made more friendships here than I’ve ever had before.”

A consortium comprised of CCRCs combined with other entities may have a wide variety of organizational structures headed by a single executive management group. A CCRC within a consortium is most often managed on a day-to-day basis by a staff that is supervised by an Executive Director who is appointed by and responsible to the consortium's executive management group.

CCRC residents have made a major risk investment in their CCRC through entry fees and monthly payments. Current and prospective residents should *pay attention to the Board process that determines the use of their money*. It is important to review the composition of the Board and feel satisfied that the people serving on that Board have skills in finance, institutional management, civic leadership, and healthcare management. CCRCs usually post the composition of the Board on their website and will also include it in readily available literature.

It is also important to determine whether the CCRC's organizational Bylaws mandate term limits for Board members. A healthy organization will not have a governing Board who serve for decades. A simple question posed to the admissions or marketing department should clarify this. The Bylaws themselves should also be readily available.

Given residents' investments in financing CCRCs, we should be considered stakeholders in the enterprise and deserving of disclosure as to how well our interests are being served. This is not yet the accepted view of most CCRC management, but there is growing recognition that residents have rights that should be protected.

Some CCRCs have one or more residents as Board members. Others allow one or more residents to attend and observe Board meetings. This practice promotes good communications and positive relationships between the residents and the Board.

The means of selecting resident Board members is important. They should be appointed by the resident body, either by direct election or through a nomination process controlled by the Residents Association. This practice gives the residents confidence that the resident Board members are accountable to the residents. Resident Board members who are selected by management may feel reluctant to raise questions that challenge management.

A well run CCRC will ensure that residents have access to the CEO or Executive Director, either by appointment, for a personal concern, or at regularly scheduled "fireside chats" where anyone can participate in open discussion.

Residents should also receive regular briefings from the governing Board or Executive Director to promptly communicate deliberations and actions to the residents. Residents should have a process for expressing ideas, suggestions, and opinions before the Board

makes major decisions, such as adopting the annual budget, undertaking a facilities expansion, or developing a strategic plan.

The Executive Director’s judgment, management philosophy, and personal style tend to affect daily life in a CCRC, as current residents know. As a prospective resident, you may or may not have a chance to meet with the Executive Director, but you can learn a lot by talking with current residents about their degree of satisfaction with management and the Executive Director’s impact on the community. In the normal course of events the Executive Director may change once or twice during a resident’s tenure, so the quality of the Board of Directors and their personnel judgment are key factors in ensuring the ongoing effective operation of the CCRC.

The CCRC industry emerged from the former “old people’s homes”, which often cared for indigent elderly with funds raised from members of a religious denomination. Often residents were the widows of clergymen. A paternalistic pattern of governance is a legacy of this history, a pattern that is only gradually being overcome. Today it’s the residents who pay for the service they receive, so it is appropriate that the industry evolve toward governance that is more open and accountable to the residents themselves. Some CCRCs are managing this transition faster than others. As the baby-boomers move into the field, with their aversion to paternalism, the CCRCs with the most robust enrollments will be those that meet this governance challenge most creatively.

CCRC providers and residents share a common interest in the successful operation of the CCRC, but they have different perspectives. Owners and operators are responsible for sustaining the business for the rest of the residents’ lives. Residents have made a significant investment that may leave them with no other financial options, and they have very limited control over how their investment is managed.

This dichotomy is precisely why WACCRA has turned to legislation as a mutually transparent way of defining and safeguarding the respective interests of owners/operators and residents/investors.

***“We have a free car and driver for destinations within a 5-mile radius,
and regular bus trips to and from the supermarket and arts events.
I sold my car, and I don’t miss it at all.”***

Conclusions

The Time of Your Life

This consumer guide was developed by and for residents. It focuses on four fundamental topics that often are inadequately addressed in other materials: contracts, healthcare, financial stability, and governance.

Moving into a continuing care retirement community is a balance between living in a community with a host of beneficial features while, at the same time, having a personal level of comfort with the degree of risk. Giving up a home of your own can seem like a loss of autonomy. However, the availability of lifetime care can convey a profound sense of peace and security, and the energy that comes from living in a community of new friends and neighbors can revitalize your life.

A CCRC has many additional aspects to evaluate. For further reading about these characteristics, please visit Sources on the last page of this guide.

The National Continuing Care Residents Association (NaCCRA) has developed a *Bill of Rights for CCRC Residents*. You will find it in the Appendix.

How to Begin Thinking Through Personal Preferences, Questions, and Issues

Location	Where do you want to live? What CCRCs are available there?
First Impressions	How would it feel to live here?
Finances	What can you afford? See Tips (Section Two - Contracts) for rough cost estimates. Consult your financial planner.
Healthcare	Special healthcare issues, current and future? Medical conditions that are not accepted in this CCRC? Visit CCRCs' healthcare units. Compare facility's capabilities with your needs. Look up Health Department rating of the Skilled Nursing unit.
Contract	What type fits your requirements and finances? (A,C, B, D)
Management	Ask about financial structure of the CCRC: stand-alone, consortium, obligated group? Expansion plans? Actuarial report. How many / what percentage empty units? Observe conditions of physical structure and interiors?
Governance	Talk to residents about their relationship with and opinions about management. Does the Board include resident members?

“CCRC living is such a rich - and enriching - experience. If you shop carefully and do your homework, it will be the greatest gift you can give yourself.”

Appendix

Washington State Law Regulating CCRCs

Title: Continuing Care Retirement Communities

Revised Code of Washington, Chapter 18.390 RCW

The law was initiated by WACCRA and signed by Governor Inslee on April 1, 2016 and became effective on July 1, 2017. Find the text of the law in the WA State Legislature, online at

<http://app.leg.wa.gov/RCW/default.aspx?cite=18.390>

1. Why is the law important?

It is the first law enacted by the Washington State legislature that addresses the interests of residents in the Independent Living level of continuing care retirement communities (CCRCs) (“the residents”) and the persons or entities that own and operate them (“the providers”).

2. Why did the WA State Legislature enact this law at this time?

Independent living residents of CCRCs in Washington were concerned that their needs were not protected by state law. The new law, 18.390 RCW, sets the scenario for a resident’s CCRC life from entry to exit. It became law because providers and residents worked with each other and with key legislators to get it enacted. From start to finish, the entire legislative process was accomplished in a remarkably short period of time. This indicates that there is a strong and continuing public interest in CCRCs in the state of Washington.

3. What are some key provisions of the law?

The new law defines a CCRC as “an entity that agrees to provide continuing care to a resident under a residency agreement.” (Section 18.390.010(4))

The law establishes two registration requirements: a person or entity must be registered with the state in order to do business as a CCRC (Section 18.390.020); and an entity cannot represent itself as a CCRC unless it is registered with the state. (Section 18.390.050) The registration is valid for two years. (Section 18.390.060(4))

The law lists several important mandatory disclosures that CCRCs must make to prospective residents. For example, it requires “an explanation of all types of fees charged by the [CCRC], how each type of fee is determined, current ranges for each type of fee, and refund policies for each type of fee.”

The law also requires the CCRC to disclose its policies for placing residents in off-site locations. (Section 18.390.060(1)(f))

The law provides for inspection of CCRC facilities by prospective residents. (Section 18.390.070(1))

WA State Law Regulating CCRCs (continued)

It also identifies specific expectations that all residents of CCRC have who are residing in independent living units. (Section 18.390.070(2))

The law establishes the state of Washington's strong and continuing public interest in CCRCs (Section 18.390.080(1)) It also instructs the state Attorney General to investigate complaints and to consider whether the state Consumer Protection Act should be applied. (Section 18.390.080(2))

The law states that it does not affect the requirements and standards for licensing an assisted living facility or a nursing home. These are covered under other state laws. (Section 18.390.090)

4. How is the law administered?

The Department of Social and Health Services (DSHS) has the responsibility to administer the registration requirements. (Section 18.390.010(5) and (Section 18.390.04) The law contains detailed information about what is required in the application to register with DSHS (Section 18.390.030), and what are the duties of DSHS to administer the registration requirements. (Section 18.390.040)

DSHS registration duties include reviewing an application for completeness. (Section 18.390.040(2))

The review for completeness does not signify that DSHS has otherwise issued a certification or license to that CCRC or any of its component parts. (Section 18.390.040(2))

5. Do providers and residents always have the same opinions about the operation and management of CCRCs?

No. Providers and residents do have strong common interests in the operation and management of CCRC's. However, providers and residents have different perspectives on some issues. For example, the perspective of the owners and operators of CCRCs is informed by the responsibility they have to successfully manage and sustain a complex business activity in order to provide a high level of present services to residents, and to plan for the future so that high level is sustainable for the rest of the residents' lives.

On the other hand, residents' perspectives are informed by the fact that they make significant financial commitments to provide the money that makes CCRCs possible. After the residents' funds are committed and become irrevocable, many residents have no "financial options" should they subsequently want to leave the CCRC. In addition, residents have very little direct control over how the CCRC will use the funds they have contributed.

Accordingly, residents have a very strong lifetime interest in the operation and management of CCRCs. The fact that there is a strong and growing public interest in CCRCs means that the state legislature is an appropriate forum for residents and providers to resolve their respective interests in CCRCs; and state legislators will continue to pay attention to the operation and management of CCRCs.

Bill of Rights for CCRC Residents

The National Continuing Care Residents Association (NaCCRA) has developed a *Bill of Rights for CCRC Residents*. It is available on NaCCRA's web site:

https://www.naccra.com/pdfs/Bill_of_Rights-NaCCRA.pdf

It is meant to be used as a model of Best Practices. No CCRC is likely to implement all these best practices regarding governance. But prospective residents may use it to clarify the practices of the CCRCs they are exploring, to be sure the configuration of practices are ones with which they feel comfortable. Existing residents should use the Bill of Rights as a model, to assess the CCRC they are in and to prioritize the evolutionary steps that they regard as important for moving their community forward.

CCRCs In Washington State (2018)

CCRC Name and Contact Information	Address	County	Profit/ Non Profit
Bayview Retirement Community 206-284-7330 www.bayviewcommunity.org	11 West Aloha St Seattle 98119	King	NP
Cheney Care Center Association kristina.alexander@cheneycare.com http://cheneycare.com	2219 N. 6 th St Cheney 99004	Spokane	NP
Covenant Shores 206-268-3000 www.covenantshores.org	9150 Fortuna Dr Mercer Island 98040	King	NP
Crista Shores Retirement Community (Crista Ministries) 360-698-0900 www.cristaseniorliving.org/crista-shores	1600 NW Crista Shores Lane Silverdale 98383	Kitsap	NP
Cristwood Retirement Community (Crista Ministries) 206-546-7208 www.cristaseniorliving.org/cristwood	19303 Fremont Av N Shoreline 98133	King	NP
Emerald Heights (Emerald Communities) Phone: (425) 556-8100 info@emeraldheights.com www.emeraldheights.com	10901 176th Circle NE Redmond 98052	King	NP
Franke Tobey Jones (CEO +Bd of Directors) 253-752-6621 www.franketobeyjones.com	5340 N Bristol St Tacoma 98407	Pierce	NP
Heron's Key (affiliated with Emerald Communities) 253-851-8100 www.heronskey.org	4340 Borgen Blvd NW Gig Harbor 98332	Pierce	NP
Horizon House 206-624-3700 www.horizonhouse.org	900 University St Seattle 98101	King	NP
Judson Park Retirement Community (American Baptist Homes) 206-824-4000 www.judsonpark.com	23600 Marine View Dr S Des Moines 98198	King	NP

CCRCs in Washington State (2018), continued

CCRC Name and Contact Information	Address	County	Profit/ Non Profit
Mirabella Seattle 206-254-1441 seattle@retirement.org http://www.retirement.org/mirabellaseattle/contact	116 Fairview Ave. N. Seattle, WA 98109	King	NP
Panorama 360-438-7771 Retire@Panorama.org www.panorama.org	1751 Circle Lane SE Lacey 98503	Thurston	NP
Parkshore (under Presbyterian Retirement Communities Northwest) 206-329-0770 www.parkshore.org	1630 43rd Ave East Seattle 98112	King	NP
Riverview Retirement Community 509-483-6483 www.riverviewretirement.org	1801 East Upriver Dr Spokane 99207	Spokane	NP
Rockwood Hawthorne Road (by Spokane United Methodist Homes) 509-466-0411 rockwoodretirement.org/home/about-rockwood-at-hawthorne	101 E. Hawthorne Rd Spokane 99218	Spokane	NP
Rockwood South Hill (by Spokane United Methodist Homes) 509-536-6850 rockwoodretirement.org/home/about-rockwood-south-hill	2903 East 25th Ave Spokane 99223	Spokane	NP
Skyline (under Presbyterian Retirement Communities Northwest) 206-407-1700 www.skylineseattle.org	725 9th Avenue Seattle 98104	King	NP
Tacoma Lutheran Retirement Community 253-752-7112 www.tacomalutheran.org	1301 N Highlands Pkwy Tacoma 98406	Pierce	NP
The Hearthstone 206-525-9666 info@hearthstone.org www.hearthstone.org	6720 E. Green Lk Wy N Seattle 98103	King	NP

CCRCs in Washington State (2018), continued

CCRC Name and Contact Information	Address	County	Profit / Non-Profit
The Kenney 206-937-2800 thekenney.org	7125 Fautleroy Way SW Seattle, WA 98136	King	NP
Timber Ridge (Mgmt by Lifecare Services) 425-427-5200 timberridgelcs.com	100 Timber Ridge Way NW Issaquah 98027	King	P
Warm Beach Senior Community 206-870-1127	20420 Marine Dr Stanwood 98292-6616	Snohomish	NP
Wesley Homes Des Moines 206-870-1127 www.wesleyhomes.org	815 South 216 th Des Moines 98198	King	NP

Sources

WACCRA is grateful for the pioneering work that has been done by residents of CCRCs across the USA to set down examples of good government and good management for us to follow and build upon. We have borrowed shamelessly from the following organizations who have paved the way for us in Washington State.

Consumer's Guide to Continuing Care Retirement Communities, published by the National Continuing Care Residents Association (NaCCRA), 2018.

Continuing Care Retirement Communities in California: Is One Right for You? Published by California Advocates for Nursing Home Reform (CANHR) © 2009.

Continuing Care Retirement Communities: A Guide Book for the Connecticut Consumer. Prepared by the Connecticut Continuing Care Residents Association (ConnCCRA) with support by LeadingAge Connecticut and The Commission on Aging of the Town of Greenwich. www.arborsct.com/sites/arborsct.com/files/Connecticut%20Guide10.14.11.pdf

The Age Well Study: Comparing Wellness Outcomes in Life Plan Communities vs the Community-at-Large. Mather Institute on Aging. matherinstituteonaging.com

The Foundation Center. Search their database of individual 990 forms of private foundations, public charities, and other nonprofits. Learn the profit/non-profit status of organizations. <http://foundationcenter.org/find-funding/990-finder>

Holistic Living in Life Plan Communities: Providing a Continuum of Care for Seniors, by Frederick Herb, Lake Union Press, 2017.

List of CCRCs in Washington State (2018), Washington State Department of Social and Health Services.

Thank you to the dozens of WACCRA members who have read and given valuable feedback during the writing of this guide.

WACCRA is a resident-operated non-profit 501(c)4 membership organization devoted to the well-being of current and prospective residents of continuing care communities throughout Washington State.

For more information, visit WACCRA's web page: www.waccra.org

Notes