

# Presentation to the Governor's Continuing Care Advisory Council

September 29, 2015



# Reading of the Conflict of Interest Statement

Chapter 112, Florida Statutes



# Duties of the Advisory Council

- **Meet at least once a year**
- **Elect officers**
- **Hold other meetings as required**
- **Keep a record of its proceedings**
- **Act in an advisory capacity to the Office**
- **Recommend to the Office needed changes in statutes and rules**
- **Upon the request of the Office, assist with any corrective action, rehabilitation or cessation of business plan of a provider**



# Distribution of Travel Reimbursement Forms



# Travel Voucher

STATE OF FLORIDA		TRAVELER: <b>EXAMPLE</b>				DEPARTMENT OF INSURANCE & TREASURER					
VOUCHER FOR REIMBURSEMENT		SOCIAL SECURITY NO.:	XXX-XX-XXXX		NON-EMPLOYEE	HEADQUARTERS: TALLAHASSEE					
OF TRAVEL EXPENSES		ORGANIZATION NO.:	43-82-23-10-000R1			RESIDENCE (CITY):	THE CITY YOU RESIDE IN				
Date	Travel Performed From Point of Origin To Destination	Purpose or Reason (Name of Conference)	Hour of Departure and Hour of Return	Meals for Class A & B Travel	Per Diem or Actual Lodging Expense	Class C Meals	Map Mileage Claimed	Vicinity Mileage Claimed	Other Expenses/ Common Carrier Paid by Traveler		
									Amount	Type	
09/17/2013	CITY TO TALLAHASSEE AND RETURN	ANNUAL CONTINUING CARE ADVISORY COUNCIL MEETING	TIME DEPARTED							HOTEL	
			TIME RETURNED							TOLLS AIRPORT PARKING AVIS CAR RENTAL	
							MILES				
<b>REMEMBER TO SIGN THE VOUCHER AND ATTACH ALL ORIGINAL RECEIPTS</b>											
Statement of Benefits to the State or Attach Authorization Form (Conference or Convention):						Column Total	Column Total	Column Total	0 MI. @MI.	Column Total	SUMMARY TOTAL
***PLEASE NOTE THAT THIS VOUCHER IS JUST AN EXAMPLE OF EXPENSES THAT MAY OCCUR. ALL EXPENSES MAY NOT APPLY TO EVERY PERSON. PLEASE REMEMBER TO SIGN THE VOUCHER AND ATTACH ALL ORIGINAL RECEIPTS.***						<b>TOTAL</b>		<b>TOTAL</b>			
						LESS CLASS C MEALS (Employees Only)					
<b>REVOLVING FUND:</b>		<b>MAIL CHECK TO:</b>				<b>NET AMOUNT DUE FOR ACCOUNTING USE ONLY:</b>			<b>TOTALS</b>		
CHECK NO.:						ORG: _____			OBJECT _____		
CHECK DATE:						EO: _____			AMOUNT _____		
AGENCY VOUCHER NO.:						<b>NET AMOUNT DUE \$</b>					
I hereby certify or affirm that the above expenses were actually incurred by me as necessary travel expenses in the performance of my official duties; attendance at a conference or convention was directly related to official duties of the agency; any meals or lodging included in a conference or convention registration have been deducted from this travel claim; and that this claim is true and correct in every material matter and same conforms in every respect with the requirements of section 110.061, Florida Statutes.						Pursuant to Section 112.031(3)(a), Florida Statutes, I hereby certify or affirm that to the best of my knowledge the above travel was on official business of the State of Florida and was performed for the purpose(s) stated above.					
TRAVELER'S SIGNATURE: <u>  X  </u>						SUPERVISOR'S SIGNATURE: _____					
TITLE: Council Member						SUPERVISOR'S NAME: _____					
DATE PREPARED: <u>  X  </u>						SUPERVISOR'S TITLE: _____ DATE: _____					
TRAVEL PERFORMED BY COMMON CARRIER OR STATE VEHICLE											
<i>THIS SECTION REQUIRED TO BE COMPLETED ONLY WHEN COMMON CARRIER IS BILLED DIRECTLY TO THE STATE AGENCY.</i>											
DATE	Ticket Number or State Vehicle Number	From	To	Amount	Name of Common Carrier or State Agency owning vehicle						

**Review & Approval of Minutes of  
the Governor's Continuing Care  
Advisory Council Meeting  
(September 29, 2014)**



# University Village Status Update



# Acquisition Statute Overview

Section 628.4615, Florida Statutes





# Actions Requiring an Acquisition Filing

- Section 628.4615 (13)(a), Florida Statutes
  - “Acquisition” includes any form of change in control whereby any person or affiliated person acquires or attempts to acquire, directly or indirectly, 10 percent or more of the ownership interest or assets of a CCRC or of a controlling company.
- Examples include but are not limited to:
  - Purchase of interest in a provider or parent company
  - Purchase of a facility’s asset(s)
  - Mergers



# Findings Required for Approval of an Acquisition Application

- Upon completion of the acquisition, the CCRC will be able to satisfy the requirements for the issuance of a license.
- The financial condition of the acquiring person or persons will not jeopardize the financial stability of the CCRC or prejudice the interests of its residents or the public.
- Any plan or proposal made by the acquirer is fair and free of prejudice to the residents or to the public.
- The competence, experience, and integrity of those persons who will control the CCRC indicate that the acquisition is in the best interest of the residents and in the public interest.



# Approval findings (cont.)

- The background information provided indicates that it is in the best interest of all involved to allow those who have applied to exercise control.
- The partners, owners, managers and other persons performing similar duties to be employed after the acquisition have sufficient CCRC experience and ability to assure reasonable promise of successful operation.
- The management including officers and directors of the CCRC after the acquisition will be competent and trustworthy, and will possess sufficient experience so as to make the proposed operation of the CCRC not hazardous to the public.
- The acquisition is not likely to be hazardous or prejudicial to the residents or the public.
- The acquisition will not substantially lessen competition or create a monopoly.



# Application Components

- Information on the acquirer
  - Industry experience
  - Financial statements
- Disclosure of whether the acquirer intends to make any changes to the organizational structure or operations of the CCRC
  - Pro forma financial statements
  - Actuarial analysis or feasibility study



# Application Components (cont.)

- Information on owners, officers, directors and managers
  - Biographical affidavits
  - Fingerprint cards
  - Investigative reports
- Financing documents
- Proof of reserve funding
- Updated escrow agreements, residency contracts, and other forms



# Application Requirements

- An acquirer is required to file a Letter of Notification within 5 days of the agreement to acquire or within 5 days after the acquisition of the ownership interest;
- The acquisition application is required to be filed within 30 days after the acquisition has occurred;

**and**

- The Office has approved the acquisition.



# Application Requirements (cont.)

- During the pendency of the proceeding or review period by the office any person or affiliated person complying with the filing requirements of this section may proceed and take all steps necessary to conclude the acquisition so long as the acquisition becoming final is conditioned upon obtaining office approval.
- As a practical matter, pre-approval is considered necessary. A transaction may be required to be unwound if the provisions of the acquisition statute are not followed.



# **Administrative Supervision Statute Overview**

Chapter 624, Part VI, Florida Statutes





# Administrative Supervision

- A CCRC can consent to Administrative Supervision or be ordered into Administrative Supervision by the Office.
- If Administrative Supervision is ordered by the Office, a CCRC is entitled to an administrative hearing, which will stay the action.
- Successful Administrative Supervision requires the agreement and cooperation of the management of the CCRC.



# Administrative Supervision (cont.)

- The management of the CCRC stays in place during Administrative Supervision.
- A deputy supervisor is appointed to oversee the management of the CCRC, but, unlike a receiver appointed pursuant to Chapter 631, Florida Statutes, the deputy supervisor does not manage the CCRC.
- The deputy supervisor approves or disapproves actions proposed by the management.
- While under administrative supervision, the CCRC may contest actions taken or proposed to be taken by the supervisor, and the CCRC is entitled to administrative hearings on those actions.



# Implementation of House Bill 749



# Summary and Comparison of CCRC Data from Annual Reports



# Florida CCRCs

## 2014

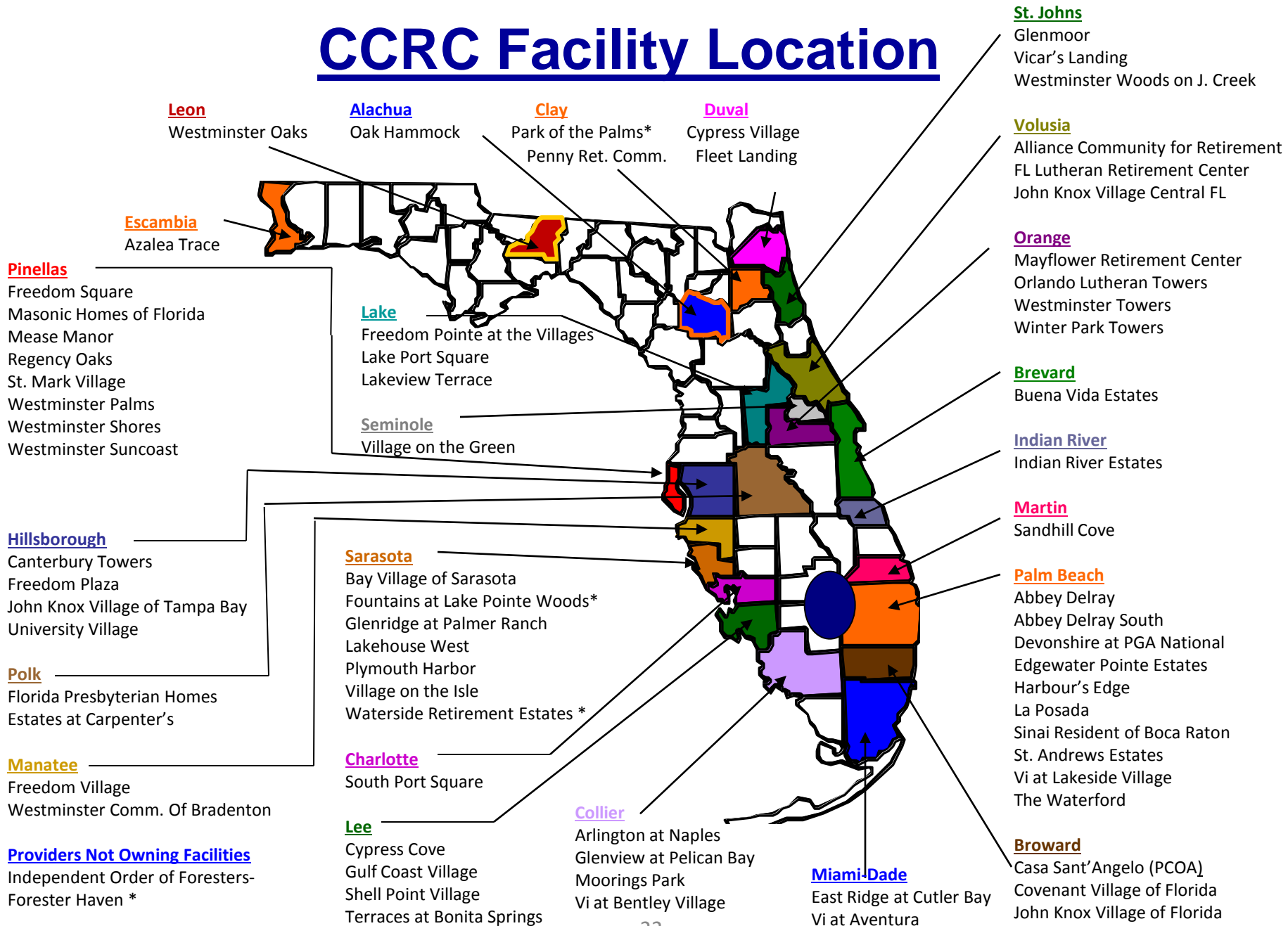
- 71 licensed CCRCs
- No PCOAs
- 7 Monthly Reporters
- 56 Quarterly Reporters
- 13 Accredited Providers
- 5 CCRCs in Run-Off

## 2015

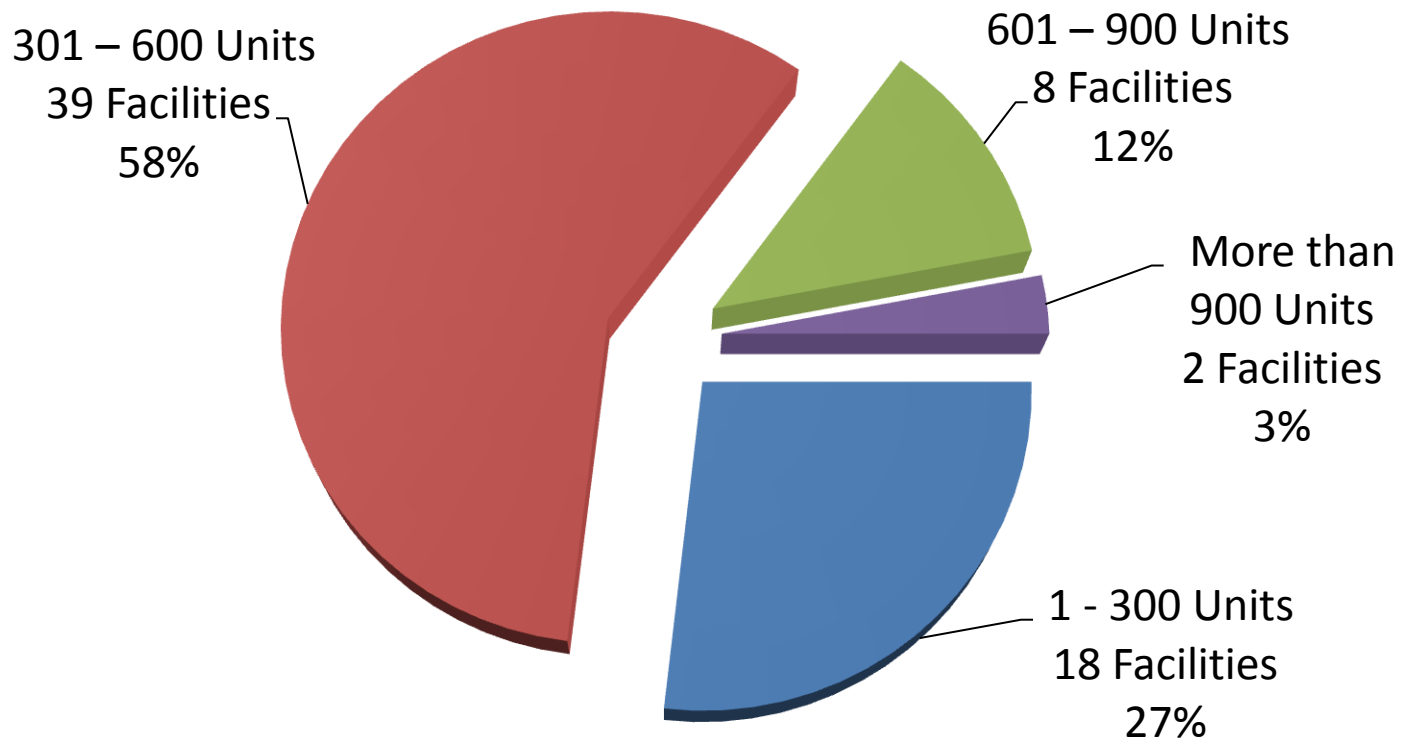
- 71 licensed CCRCs
- 1 PCOA
- 8 Monthly Reporters
- 58 Quarterly Reporters
- 9 Accredited Providers
- 4 CCRCs in Run-Off



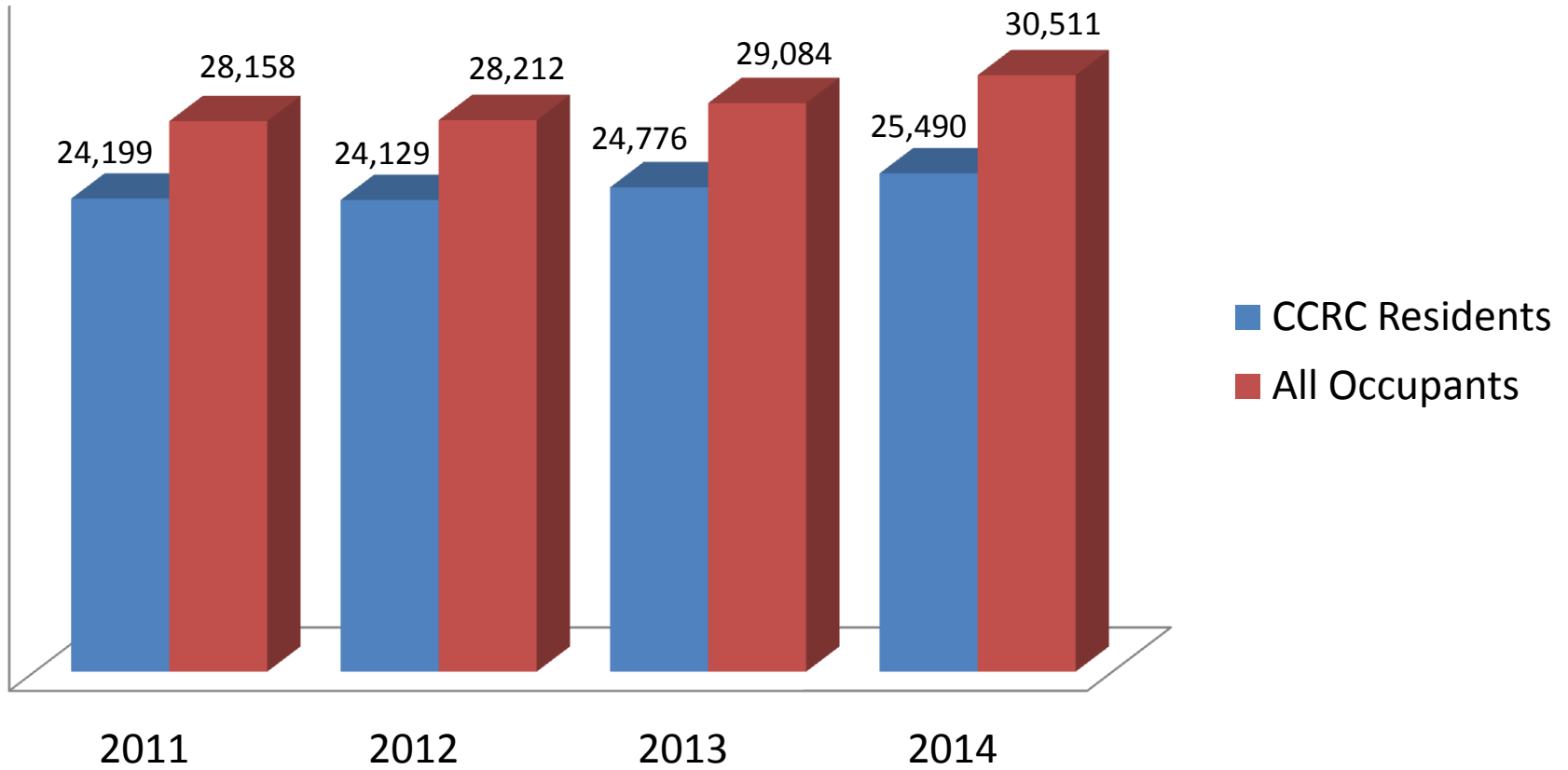
# CCRC Facility Location



# Facility Size by Unit Count

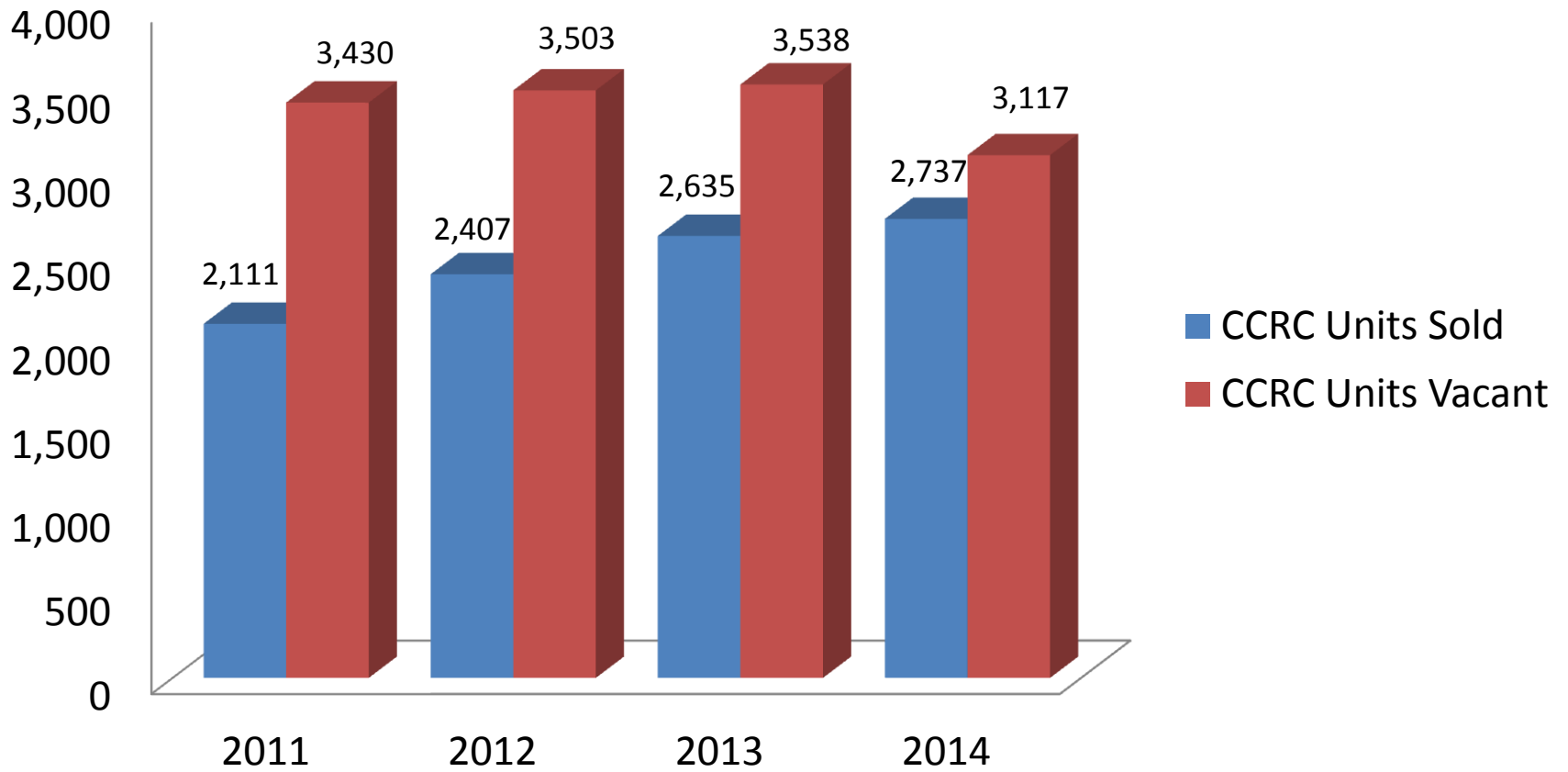


# Total Occupancy

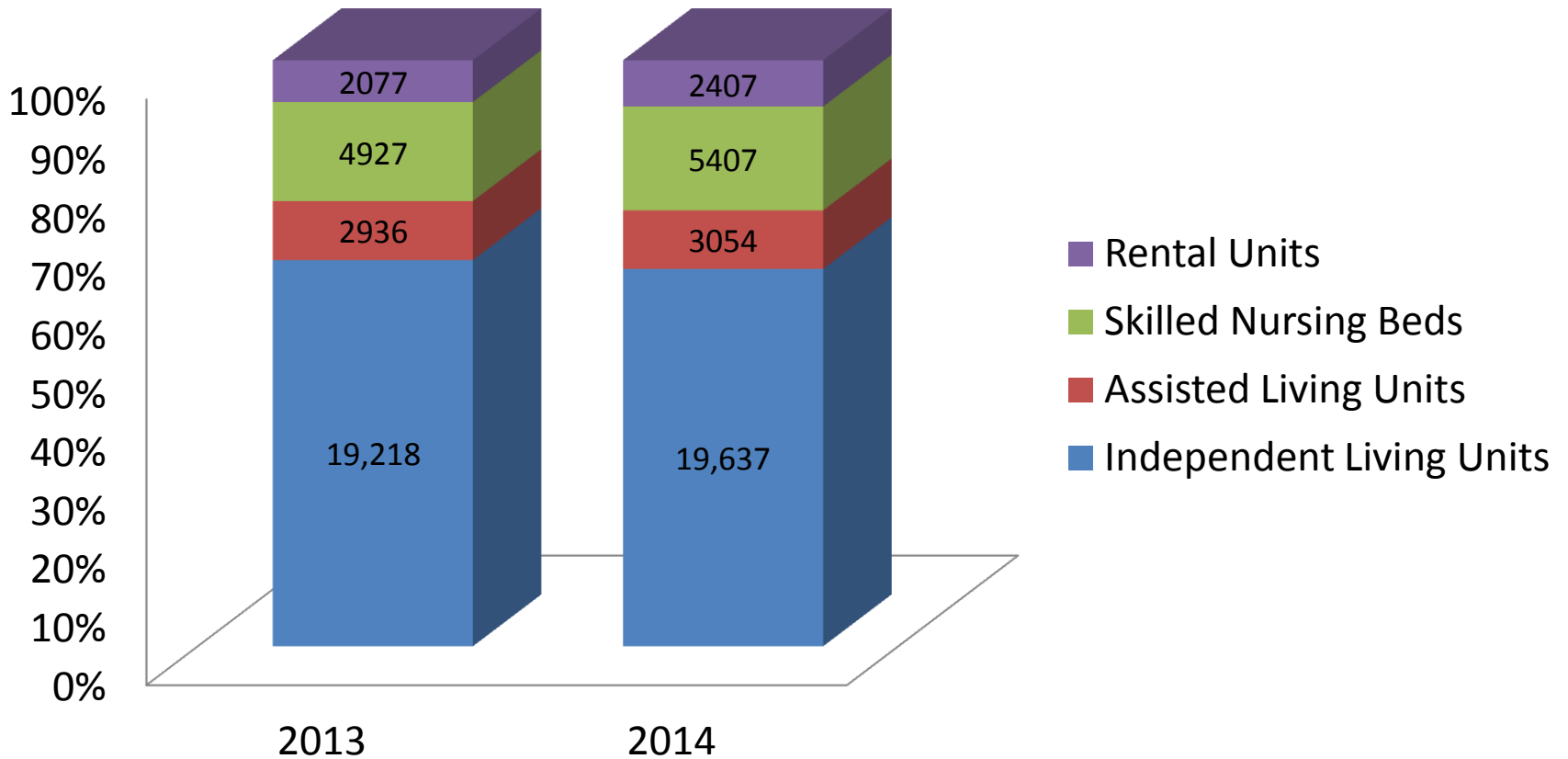




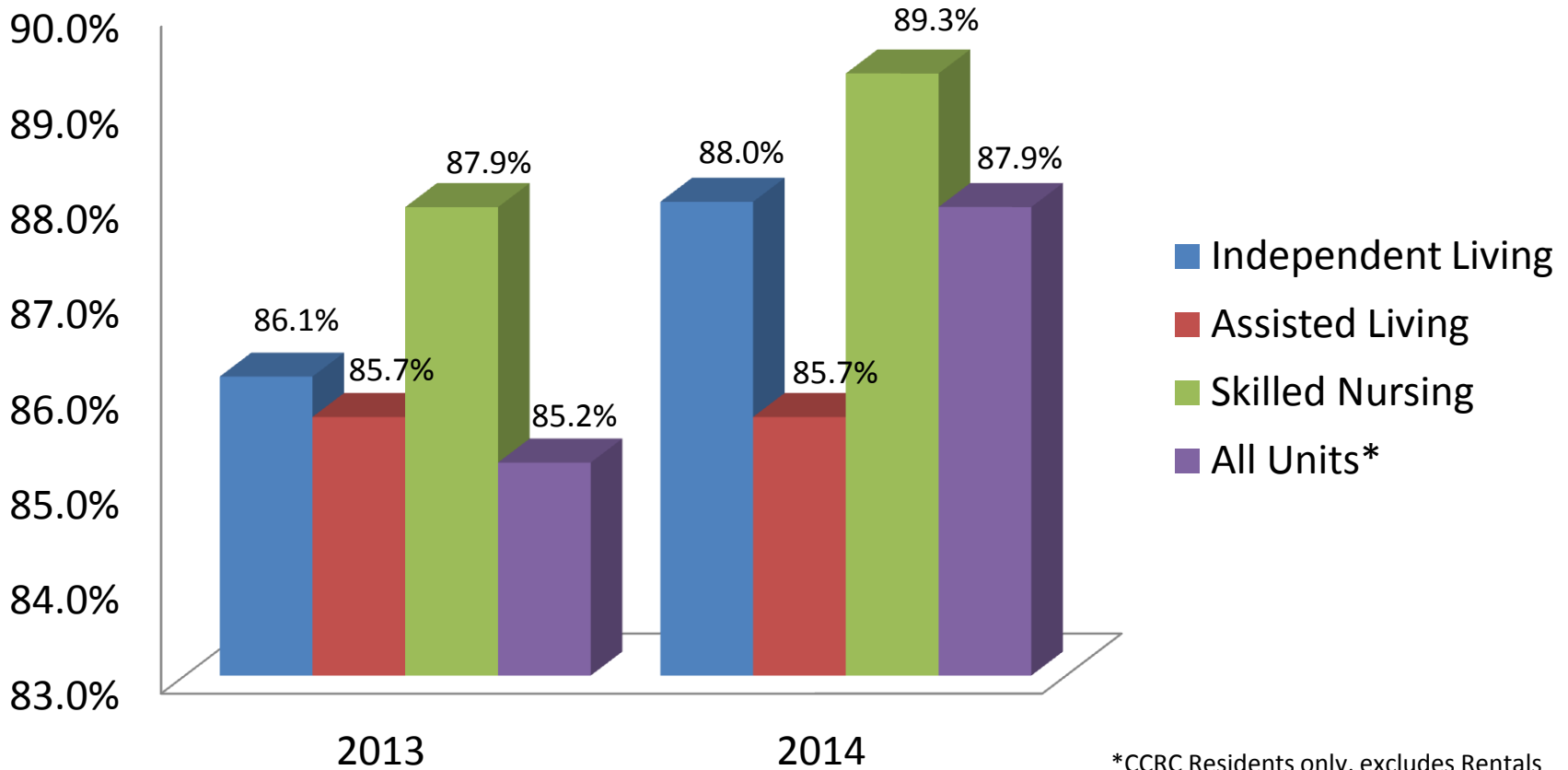
# CCRC Units



# CCRC Units (cont.)



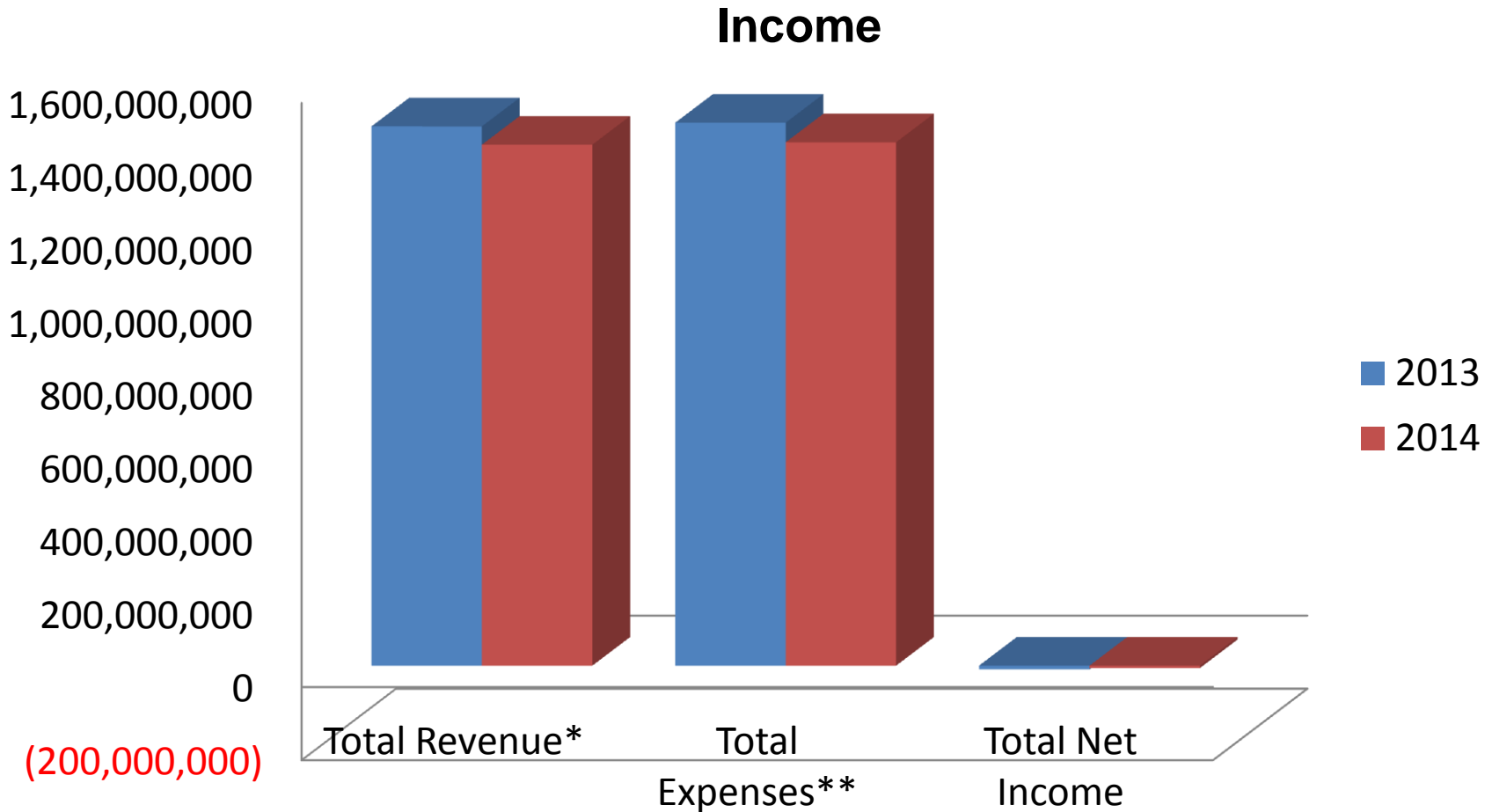
# Median Occupancy All Units



\*CCRC Residents only, excludes Rentals



# Florida CCRC Industry Data



\*Total Revenue is the total amount of revenue reported in the 2013 and 2014 annual reports.

\*\*Total Expenses is the total amount of expenses reported in the 2013 and 2014 annual reports.

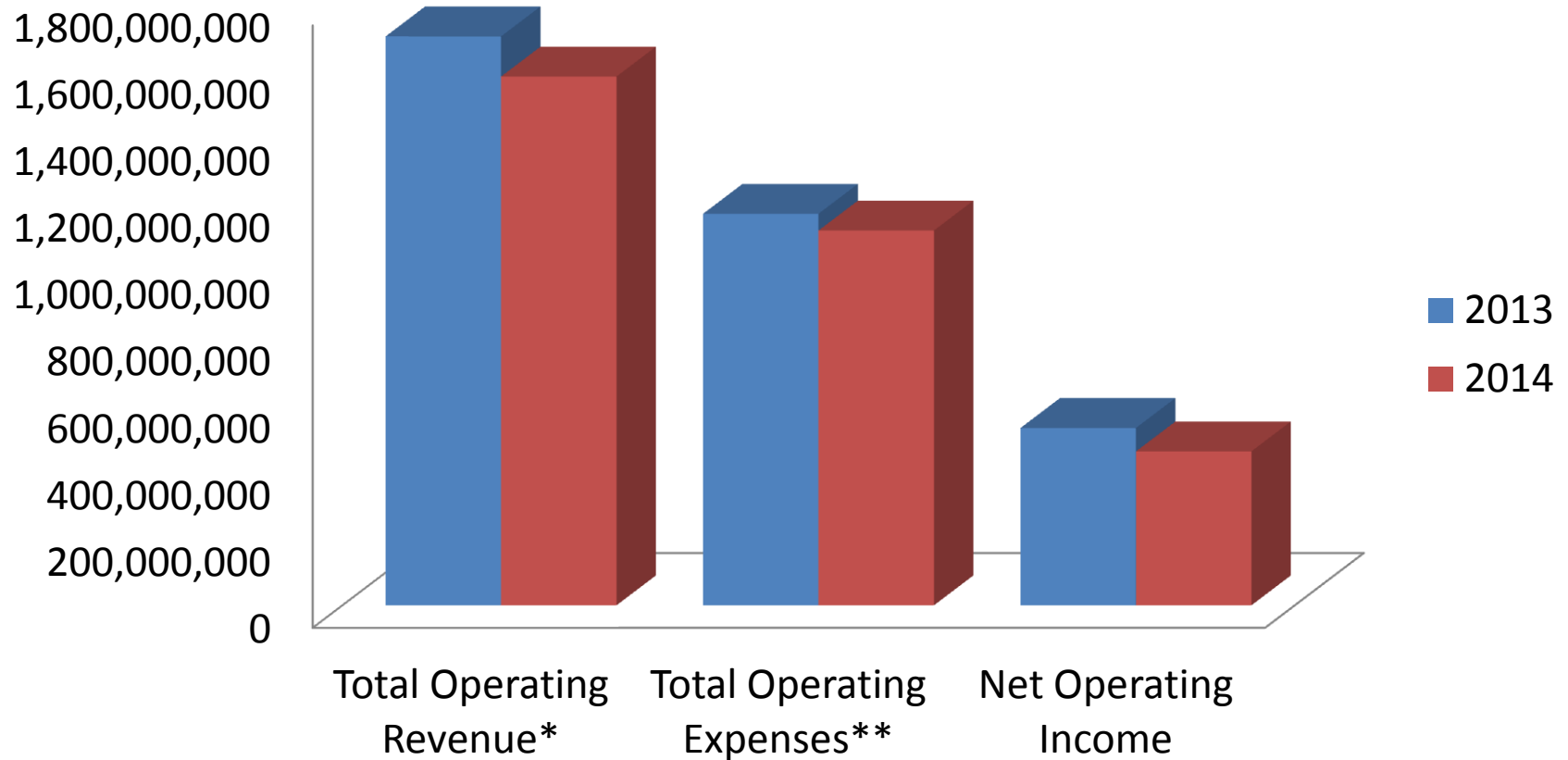
These definitions are consistent with prior presentations to the Governor's CCAC. 28

Source: Life & Health Financial Oversight



FLORIDA OFFICE OF  
INSURANCE REGULATION

# Florida CCRC Industry Data (cont.)



\*Total Operating Revenue is calculated as all revenues and gross entrance fees received less earned entrance fees and refunds paid.

\*\*Total Operating Expenses is calculated as all expenses less facility interest, depreciation, and amortization expenses.

This information comes from the 2013 and 2014 annual reports. The definitions provided are consistent with prior presentations to the Governor's CCAC.



# Median CCRC Data

## 2013

- Median Revenue
  - \$19,150,000
- Median Expenses
  - \$19,200,000
- Median Net Income
  - \$85,000
- Median Net Operating Income
  - \$4,889,754
- Median Revenue Growth
  - Monthly Fees 3.50%
  - Health Care Revenue 1.18%
  - Other Income 2.69%

## 2014

- Median Revenue
  - \$18,890,000
- Median Expenses
  - \$18,800,000
- Median Net Income
  - \$ (67,000)
- Median Net Operating Income
  - \$4,401,488
- Median Revenue Growth
  - Monthly Fees 4.00%
  - Health Care Revenue 4.06%
  - Other Income 20.55%



# Facilities Reporting Positive Income

## 2013

- Positive Net Income
  - 53.6%
- Positive Net Operating Income
  - 94.2%

## 2014

- Positive Net Income
  - 49.3%
- Positive Net Operating Income
  - 100%



# **CCRC Complaints Received by the Department of Financial Services, Division of Consumer Services**

July 1, 2014 - June 30, 2015





# Complaint Resolution

## 1. Reserves Issue - 1/29/2015

Resident concerned with community's monetary reserves.

Status: Closed

Resolution: Resolved

## 2. Property Conditions Issue - 4/1/2015

Request for mediation by provider with resident.

Status: Assigned

Resolution: N/A



# Data Call: Refunds



# Refund Data Calls

**Data Calls for refund information are sent to all licensed providers on a semi-annual basis.**

## Data Call “As of Dates”

2013	2014	2015
	August 31, 2014	June 30, 2015
December 31, 2013	December 31, 2014	

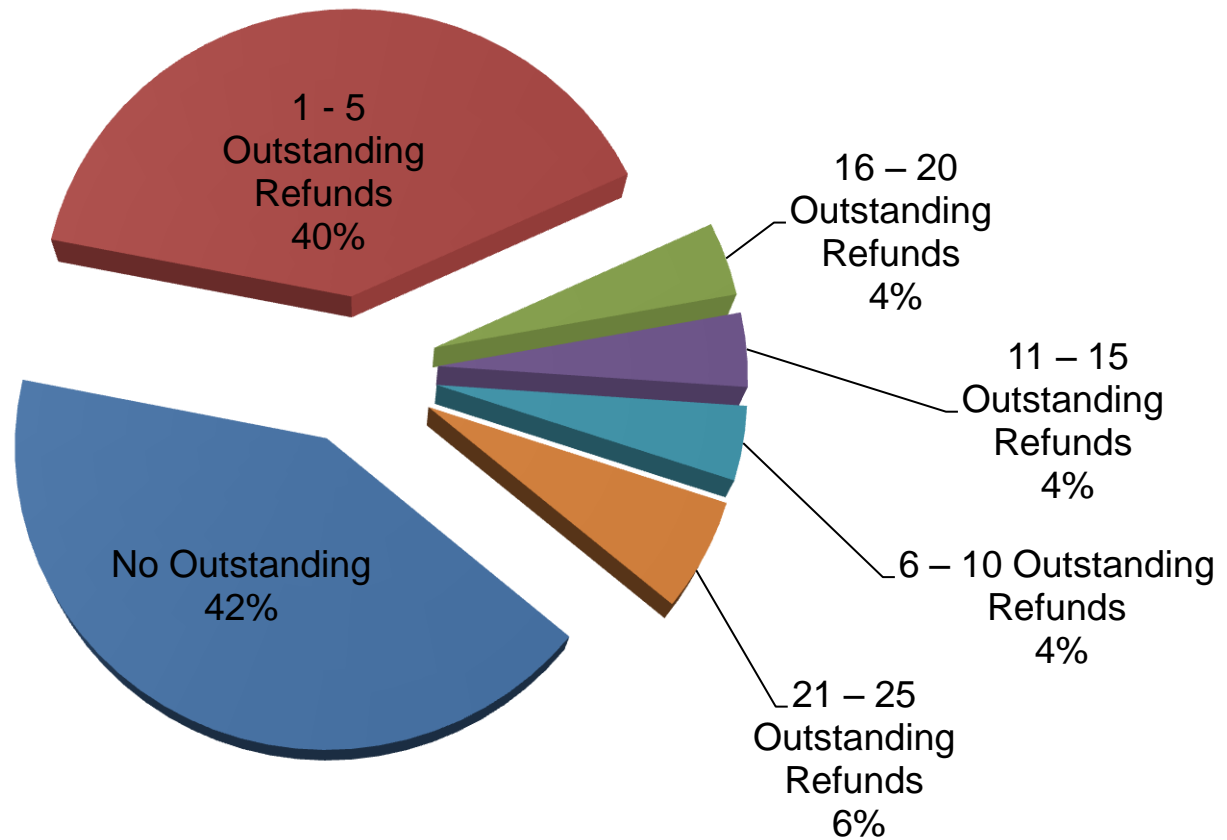


# June 2015 Data Call Results

- 72 Providers responded
- 1 Provider did not respond
- 42 Providers had outstanding refunds
- 289 total outstanding refunds
- 101 Refunds due from next entrance fee
- Reason for contract cancellation
  - Withdrawal of Resident – 89
  - Passing of Resident – 200
- \$40,319,119 of outstanding refunds
- 6 Providers have refunds outstanding that are over 360 days



# June 2015 Data Call Results



# **Advice to the Office on matters pertaining to the operation and regulation of continuing care facilities**

Presented by  
Governor's Continuing Care Advisory Council



# **Discussion Regarding Needed Changes in Statutes and Rules**



# **Review and Discussion regarding a “Guarantee Fund” for CCRC Refunds**

Presented by Walter Hood





# **Confidentiality of potential Board members who are involved in the PCOA process**

Presented by Rich Scanlon



# **Presentation of the CCRC Default Study provided by Ziegler**

Presented by Rich Scanlon



# **Election of Officers Date, Time, and Place of Next Meeting**



# Public Comment

