

Presentation to the Continuing Care Advisory Council

FLORIDA OFFICE OF INSURANCE REGULATION

In the absence of a 2022 meeting of the Continuing Care Advisory Council, OIR has prepared this report of the information required in Section 651.121(8), Florida Statutes.



Summary and Comparison of CCRC Data

LIFE & HEALTH FINANCIAL OVERSIGHT



CCRC Industry News, Notes & Developments

The effect of statutory and rule changes on the data in this report:

- Revisions to Chapter 651, Florida Statutes, were effective January 1, 2020, and revisions to Chapter 69O-193, Florida Administrative Code, became effective March 12, 2020.
- For years before 2020, this presentation uses definitions and calculations in effect during the reporting period, not new statutory definitions and administrative rules that appear for 2020 and future presentations.
- For 2019, this presentation combines data from annual reports submitted on the old form and data submitted in the new annual report workbooks because CCRCs file annual reports throughout the year.



Florida CCRCs

	2021	2022
Certificates of Authority	70	70
Operational Facilities	69	70
Provisional Certificates of Authority	1	2
Monthly Reporters	2	2
Accredited Facilities	4	4
Facilities in Run-Off	1	1



Market Trends and Developments – 2018 to Present

Provisional Certificates of Authority

- Green Cay Life Plan Village
 - PCOA issued in May 2022
 - Facility to be located in Boynton Beach, Florida, in Palm Beach County

Certificates of Authority for New Facilities

- Siena Lakes
 - PCOA issued in November 2018
 - COA issued in July 2019
 - Facility located in Naples, Florida, in Collier County
 - Began operations in July 2021
- Legacy Pointe at UCF
 - COA issued in January 2020 (PCOA issued in November 2016)
 - Facility located in Oviedo, Florida, in Seminole County
 - Began operations in December 2021



Market Trends and Developments – 2018 to Present

Expansion Applications

- Toby & Leon Cooperman Sinai Residences of Boca Raton in May 2019
- Vicar's Landing in October 2020
- The Waterford in October 2021
- Mayflower Retirement Center, Inc. in August 2022
 - This expansion application was to offer continuing care at-home contracts

Note: Requirements for expansion applications changed as of January 1, 2020.



Market Trends and Developments – 2018 to Present

Acquisitions

- Concordia of Florida acquired John Knox Village of Tampa Bay in April 2018
 - Facility renamed Concordia Village of Tampa
- LCS Sandhill Cove acquired Sandhill Cove in November 2018
- 9 Brookdale facilities acquired by former minority owner Healthpeak Properties, Inc., formerly HCP, Inc., in January 2020
- Tampa Life Plan Village acquired University Village in July 2020
 - Renamed Unisen Senior Living in 2021
- NSC – Siena Lakes, a subsidiary of National Senior Communities, obtained a 10% membership interest in Siena Lakes in 2020
- Alliance Community for Retirement Living acquired by Deland Senior Care in June 2021
- LCS Holding Company, LLC, was approved to acquire a 10% or greater interest in LCS Sandhill Cove in May 2022
- Due to a corporate reorganization of Westminster Retirement Communities, acquisition applications were approved for Westminster Pines, Palm Shores Retirement Community, Suncoast Manor Retirement Community, Presbyterian Retirement Communities, Wesley Manor, and Westminster Shores in October 2022



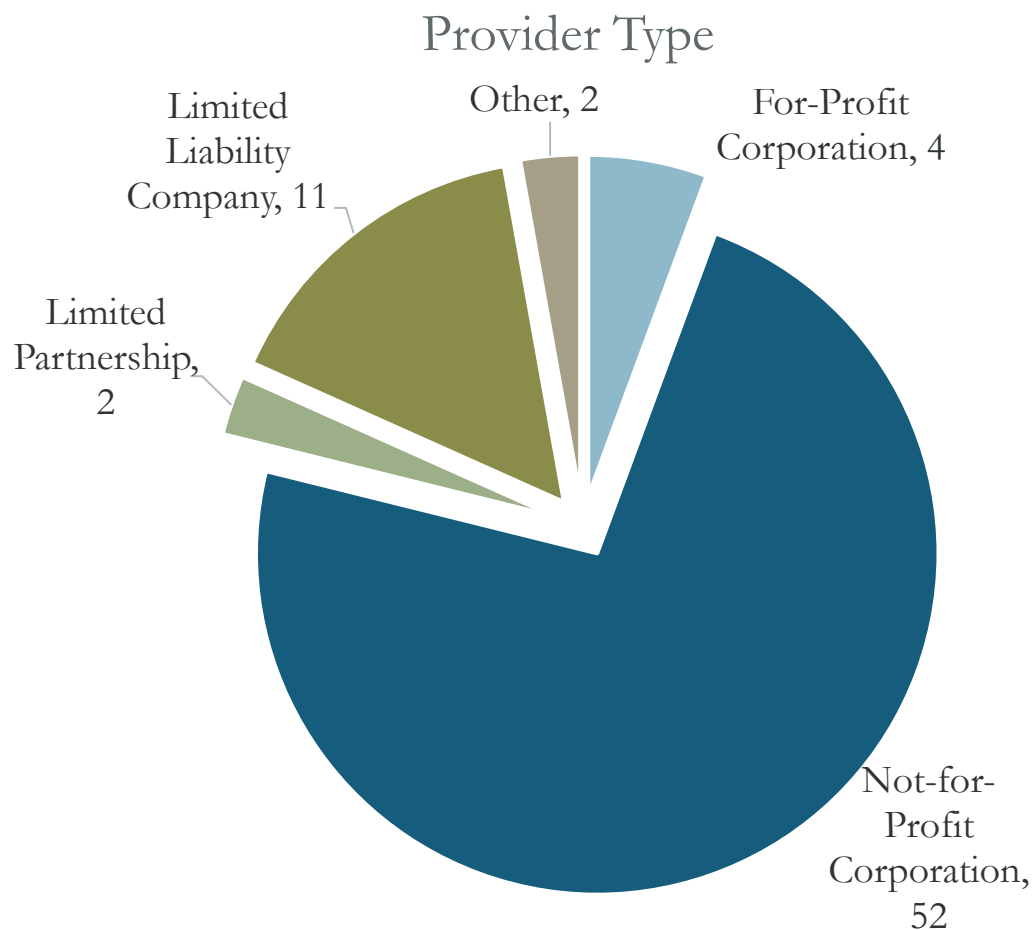
Market Trends and Developments – 2018 to Present

Surrendered Certificates of Authority

- In 2018, Florida Lutheran Retirement Center surrendered its COA
 - Provider had not regularly sold continuing care contracts for years
 - Provider offered incentives for the few continuing care residents to terminate continuing care contracts and execute rental agreements
 - Surrendered when there were no continuing care contracts remaining
- In 2019, Waterside Retirement Estates surrendered its COA
 - Completed the run-off of its continuing care contracts

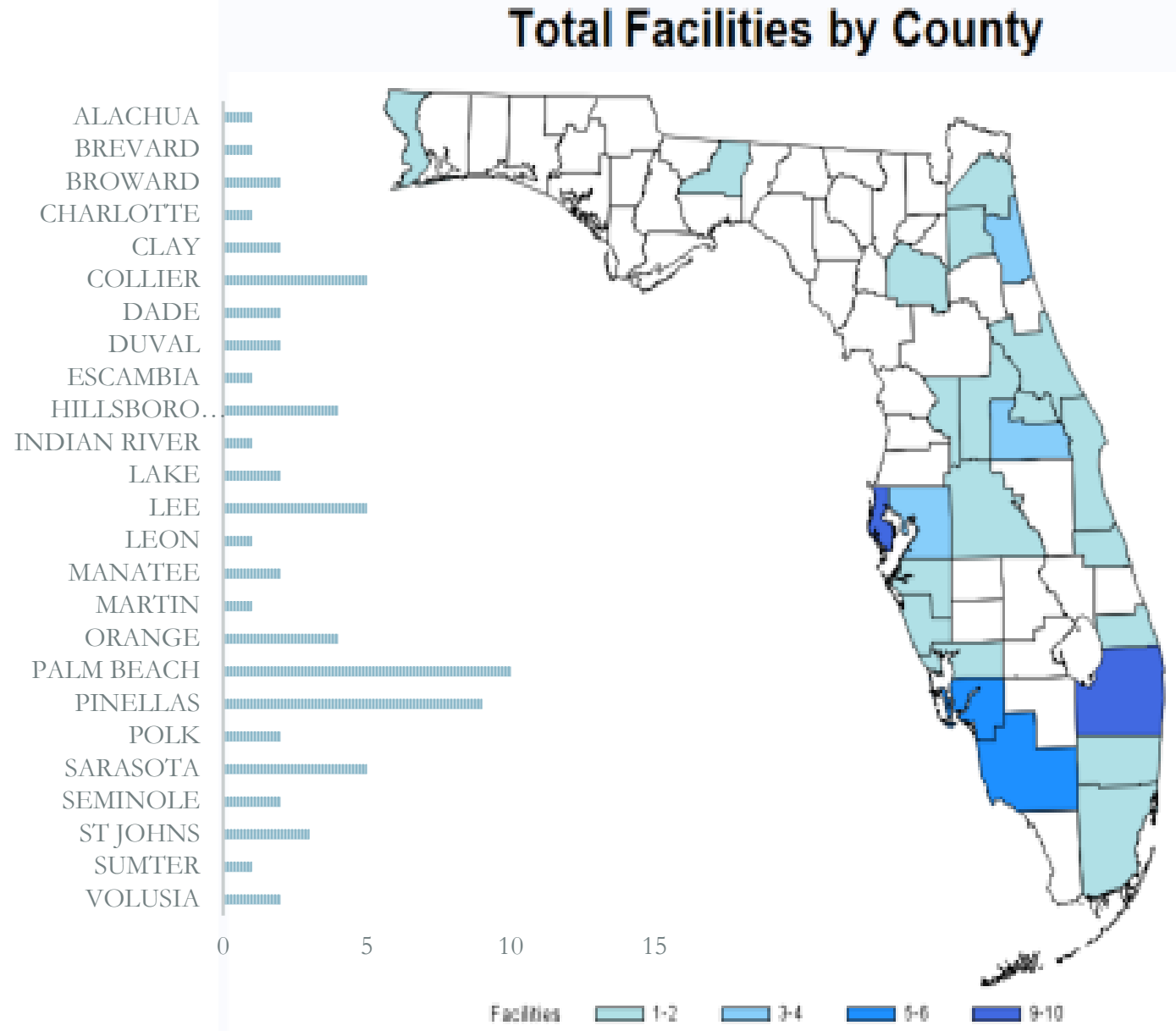


Provider Information



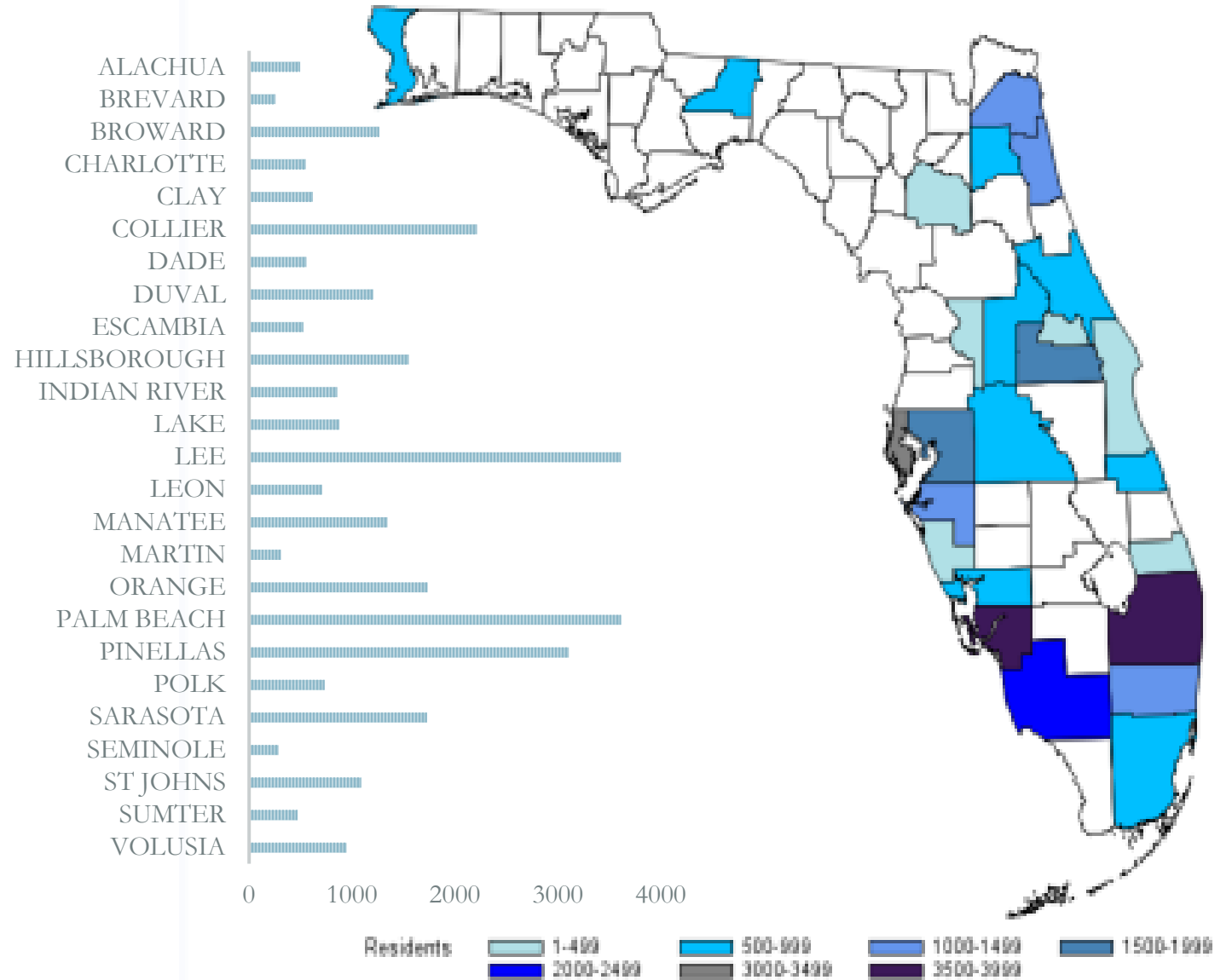
- 75% of providers are not for profits or are affiliated with or sponsored by a not-for-profit organization
- 27% of providers are affiliated with a religious organization
- 65% of providers are using a management company to manage their facility
- 77% of providers had debt service payments due during the reporting period

Facility Distribution

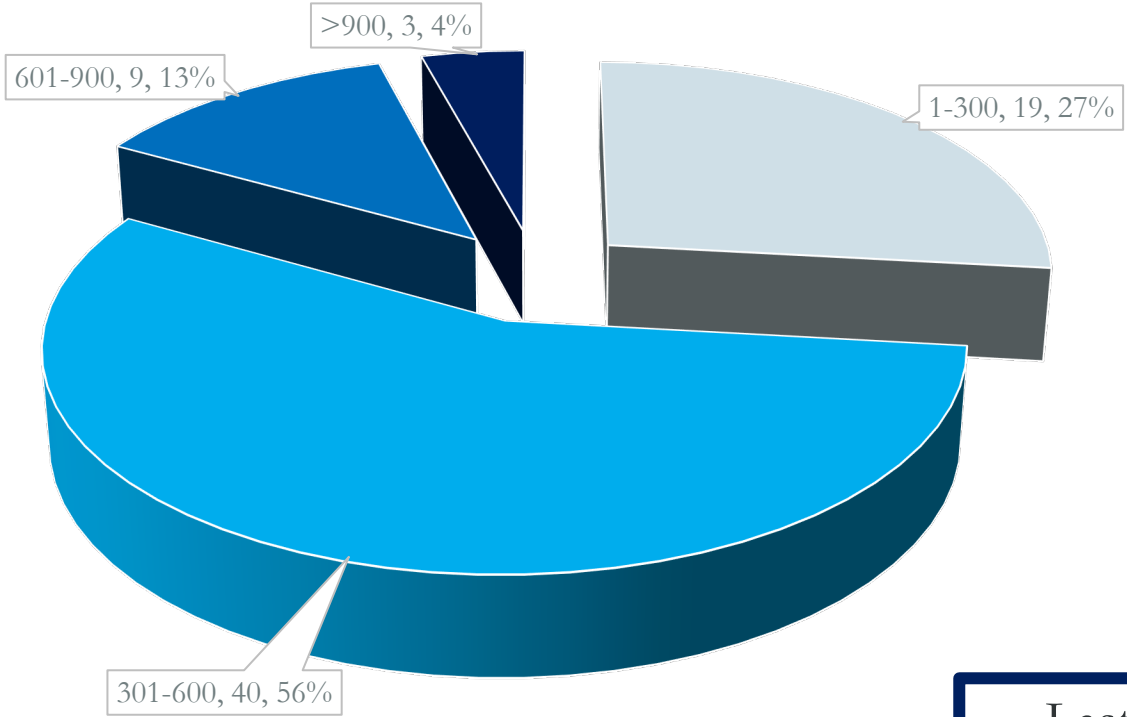


Resident Distribution

Total Residents by County



Facility Size by Unit Count



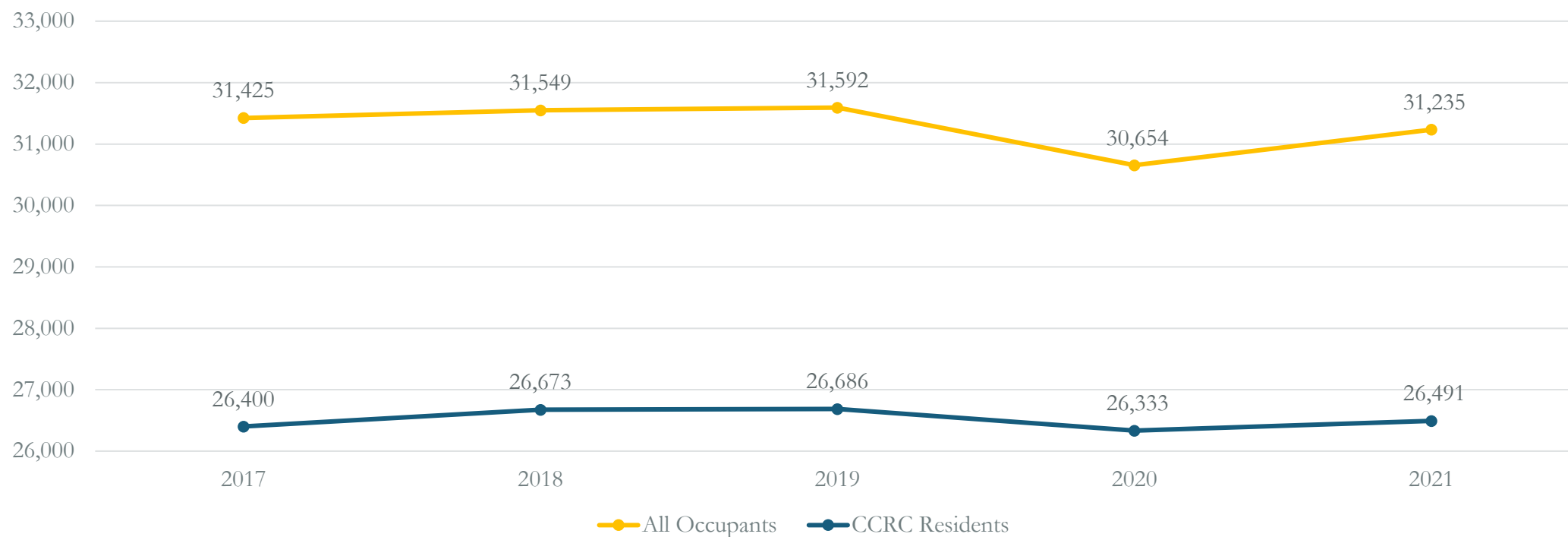
<u>Last Year</u>	
1 - 300:	22
301 - 600:	36
601 - 900:	10
900 or more:	3

■ 1-300 ■ 301-600 ■ 601-900 ■ >900

The “Unit Count” includes all unit types.
 Source: Life & Health Financial Oversight



Total Residents



“CCRC Residents” is the sum of all individuals residing at a CCRC facility pursuant to a continuing care contract at all levels of care, as reported by each facility in its Annual Report. CCRC Residents includes those residing in Independent Living, Assisted Living, or Skilled Nursing units pursuant to a continuing care contract. “All Occupants” is the sum of CCRC Residents plus those residing at a CCRC facility pursuant to a rental contract, as reported by each facility in its Annual Report.

Source: Life & Health Financial Oversight



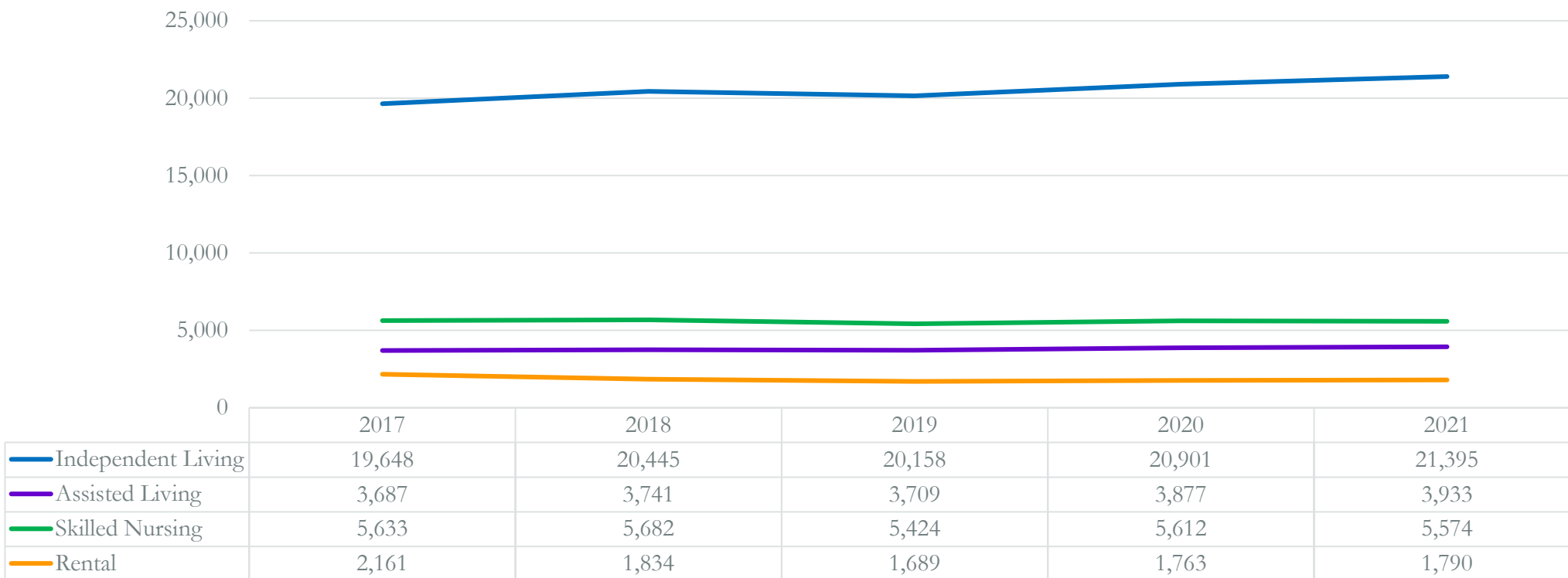
Resident Information

Level of Care	Pursuant to a Continuing Care Contract		Without a Continuing Care Contract	
	2020	2021	2020	2021
Independent Living	22,377	22,687	713	786
Assisted Living and Memory Care	2,536	2,459	1,258	1,337
Skilled Nursing	1,420	1,345	2,350	2,621
Total	26,333	26,491	4,321	4,744

- 140 individuals have contracted with a provider pursuant to a continuing care at-home contract, down from 142 last year
- The average age of the resident population is 84.2 years. Last year, the average age was 82.3 years



CCRC Units By Level of Care

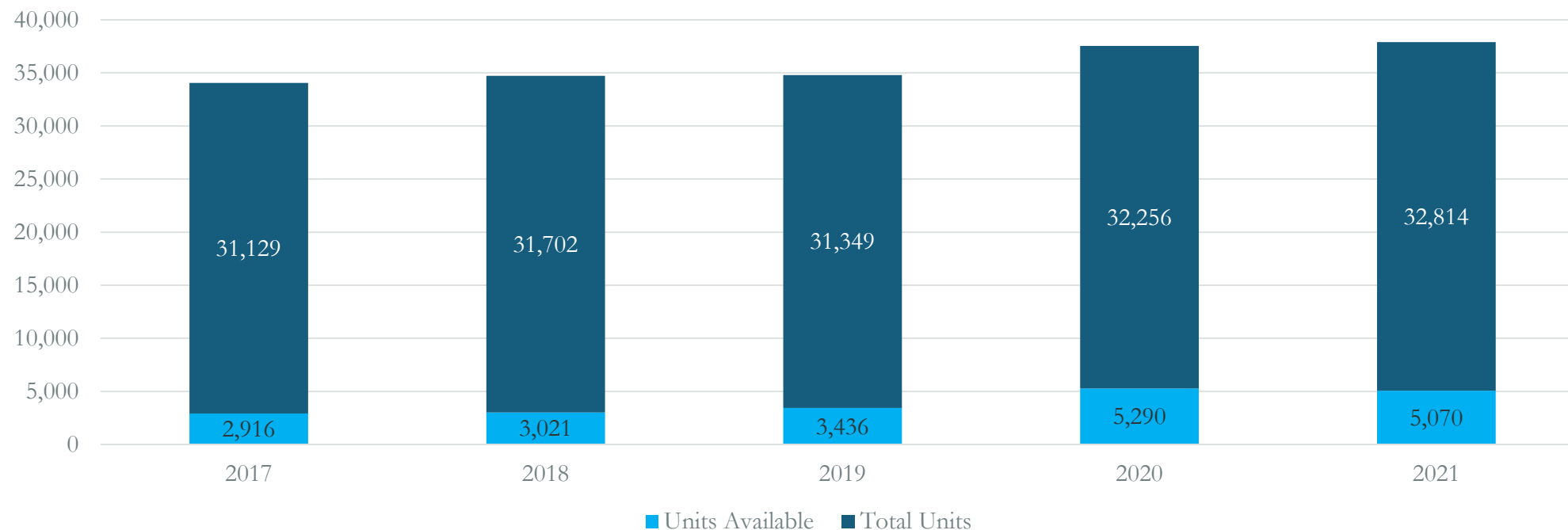


“Unit Count” reported above is the sum of each type of unit as reported by each facility in its Annual Report.

Source: Life & Health Financial Oversight



Total Units vs. Units Available

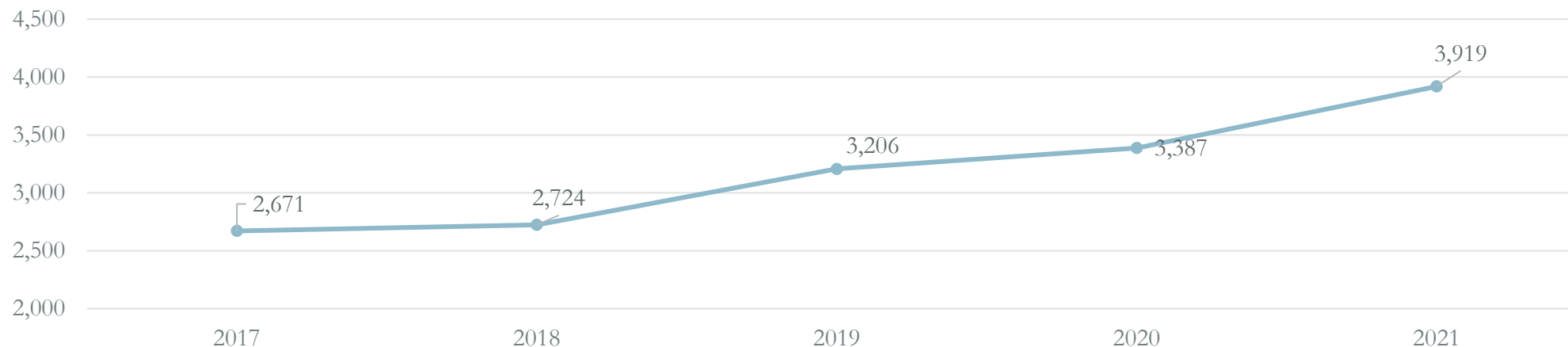


“Units Available” is the sum of the number of CCRC units reported as being available at the end of the reporting period by each facility in its Annual Report. The “Total Units” noted at the top of each bar is the sum of all skilled nursing, assisted living, independent living, and rental units reported by each facility in its Annual Report. “Units Occupied or Unavailable” is the difference between Total Units and Units Available.

Source: Life & Health Financial Oversight



CCRC Unit Sales



- 239 CCRC units removed from inventory for renovation, rental or other purposes during this period, up from 80 last year
- 3,817 units available at the end of the period, up from 3,750 at the end of last year
- 5,619 deposits on hand at the end of this period, down from 6,261 last year
- Wait list deposits totaled \$13,245,044 this year, down from \$17,321,640 last year

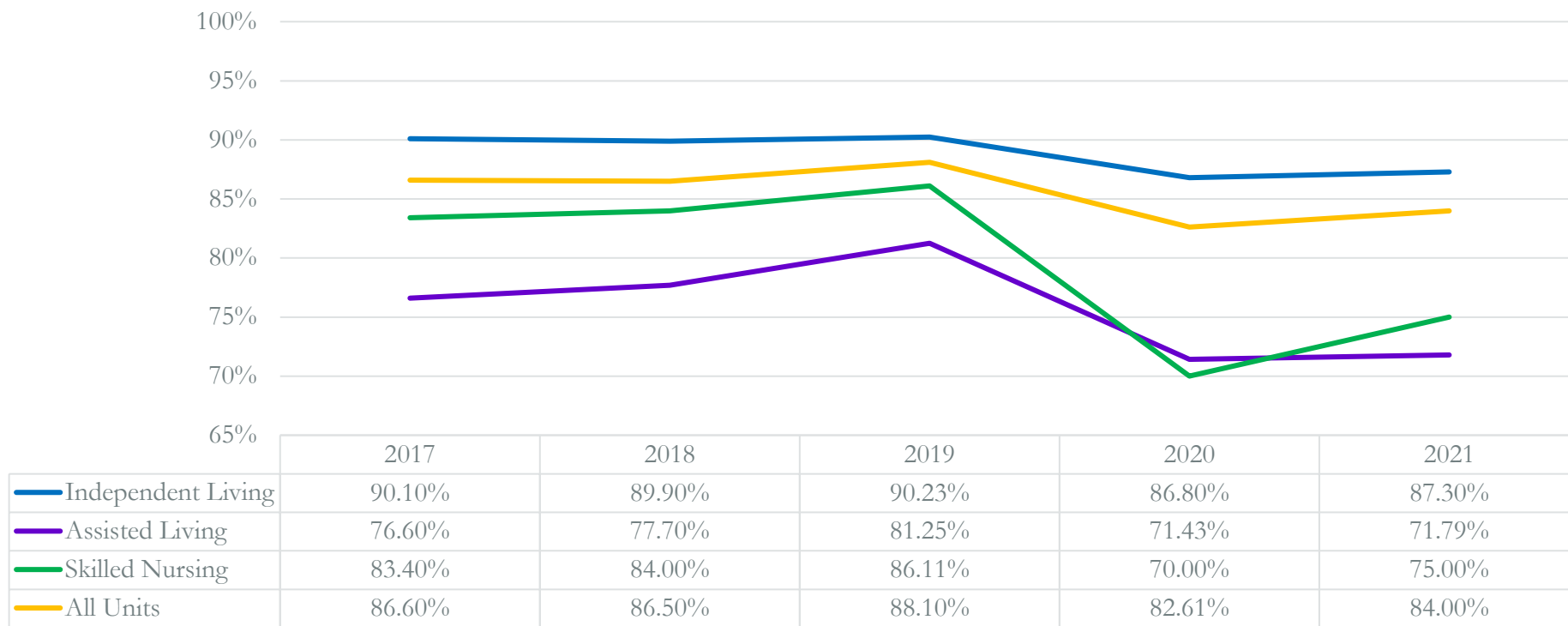
“CCRC Units Sales” is the sum of the number of independent living and assisted living units reported as sold during the reporting period by each facility in its Annual Report.

CCRC units available includes independent living and assisted living units only.

Source: Life & Health Financial Oversight



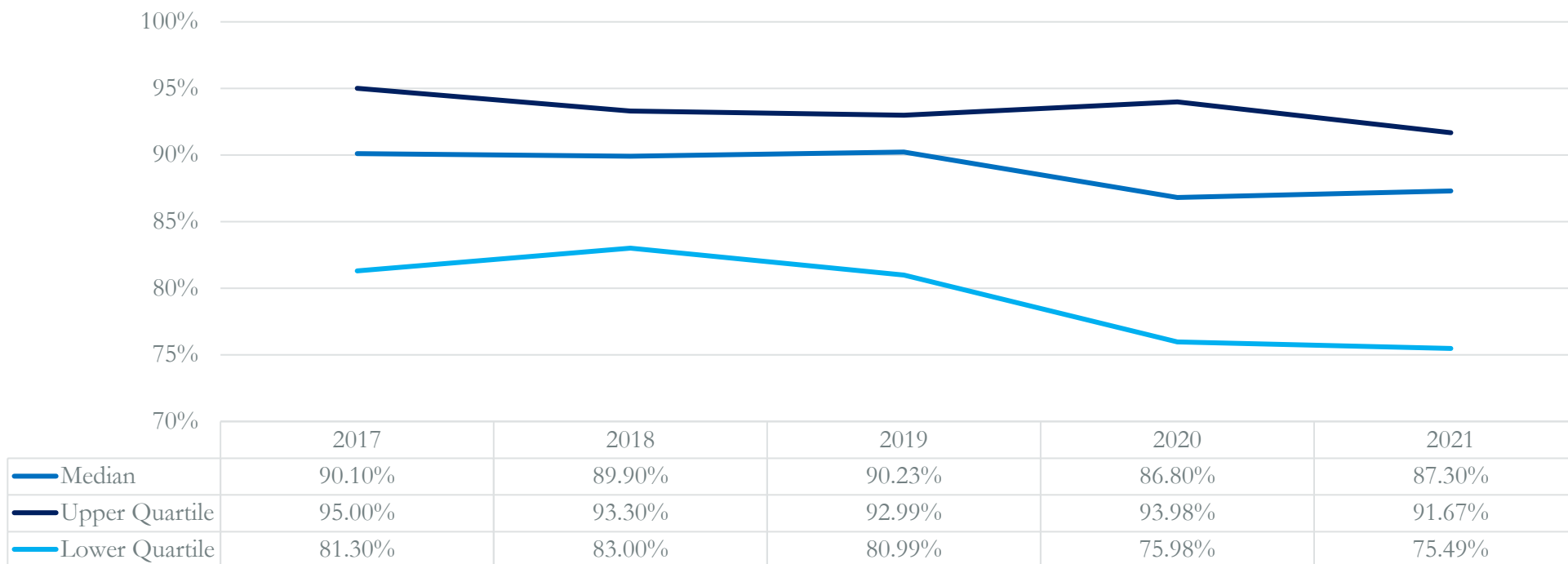
Median Facility Occupancy By Level of Care



For 2017 through 2019, occupancy was calculated pursuant to Rule 69O-193.006(6)(d), Florida Administrative Code (2019), as the total number of occupied units in a facility divided by the total number of units in that facility and tracked by each level of care. For 2020, occupancy is calculated as the total number of occupied independent living units, assisted living units, and skilled nursing beds in a facility divided by the total number of units and beds in that facility, excluding units and beds that are unavailable to market or that are reserved by prospective residents, pursuant to Section 651.011(21), Florida Statutes. The median of each level of care is calculated based on the Unit Analysis portion of the Annual Report. The median for All Units is the median of the occupancy ratios reported in either Schedule C or D of the Annual Report, as applicable.



Independent Living Occupancy Rate

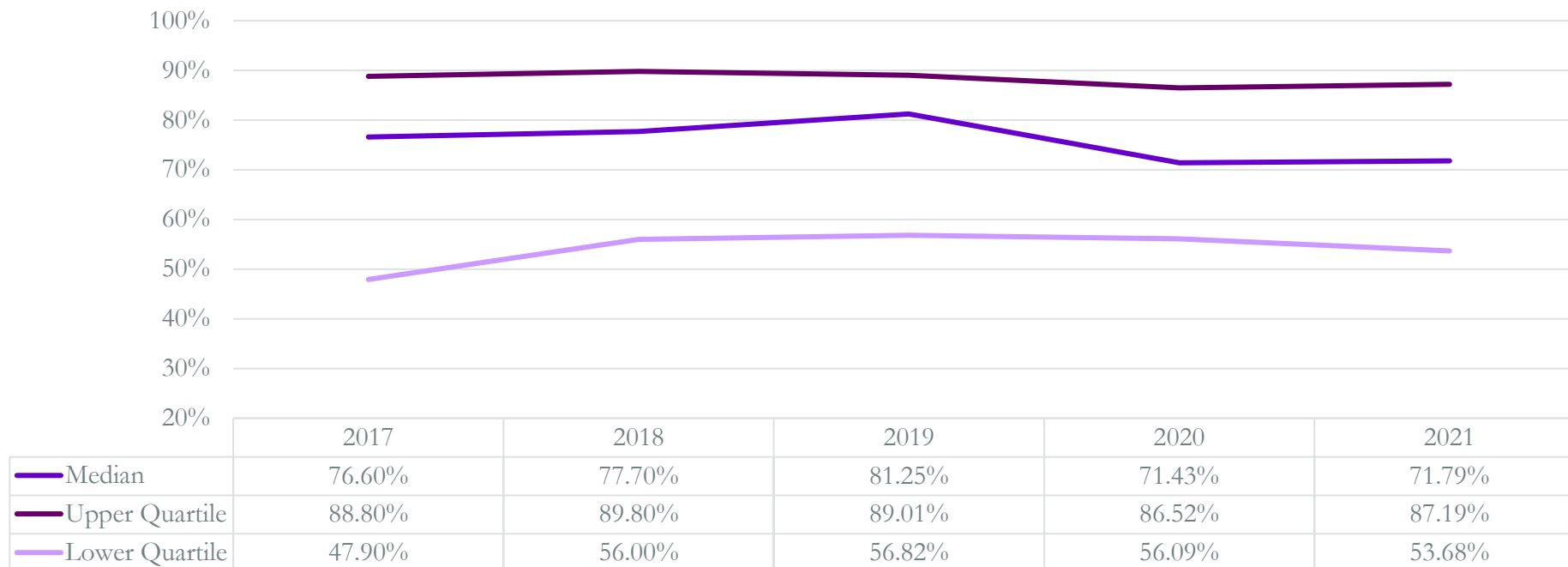


For 2017 through 2019, occupancy percentages were calculated pursuant to Rule 69O-193.006(6)(d), Florida Administrative Code (2019), as the total number of occupied units in a facility divided by the total number of units in that facility and tracked by each level of care. For 2020, occupancy is calculated as the total number of occupied independent living units, assisted living units, and skilled nursing beds in a facility divided by the total number of units and beds in that facility, excluding units and beds that are unavailable to market or that are reserved by prospective residents, pursuant to Section 651.011(21), Florida Statutes.

Source: Life & Health Financial Oversight



Assisted Living Occupancy Rate

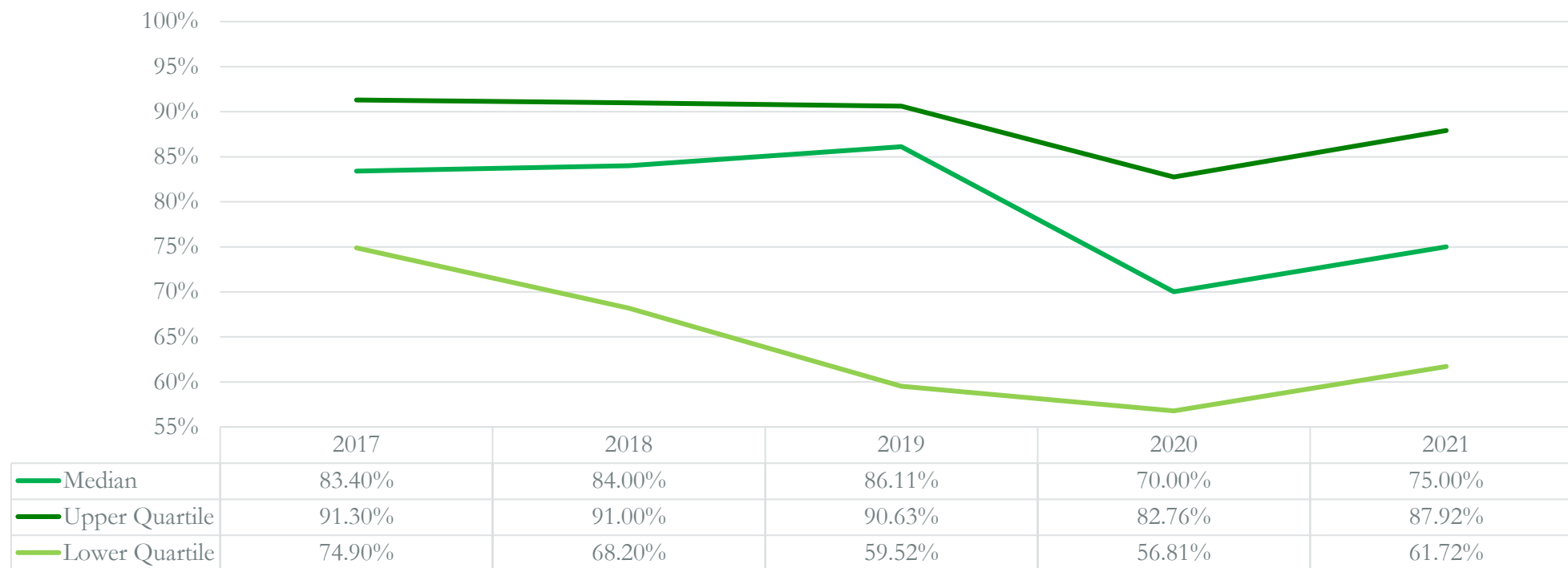


For 2017 through 2019, occupancy percentages were calculated pursuant to Rule 69O-193.006(6)(d), Florida Administrative Code (2019), as the total number of occupied units in a facility divided by the total number of units in that facility and tracked by each level of care. For 2020 and going forward, occupancy is calculated as the total number of occupied independent living units, assisted living units, and skilled nursing beds in a facility divided by the total number of units and beds in that facility, excluding units and beds that are unavailable to market or that are reserved by prospective residents pursuant to Section 651.011(21), Florida Statutes.

Source: Life & Health Financial Oversight



Skilled Nursing Occupancy Rate

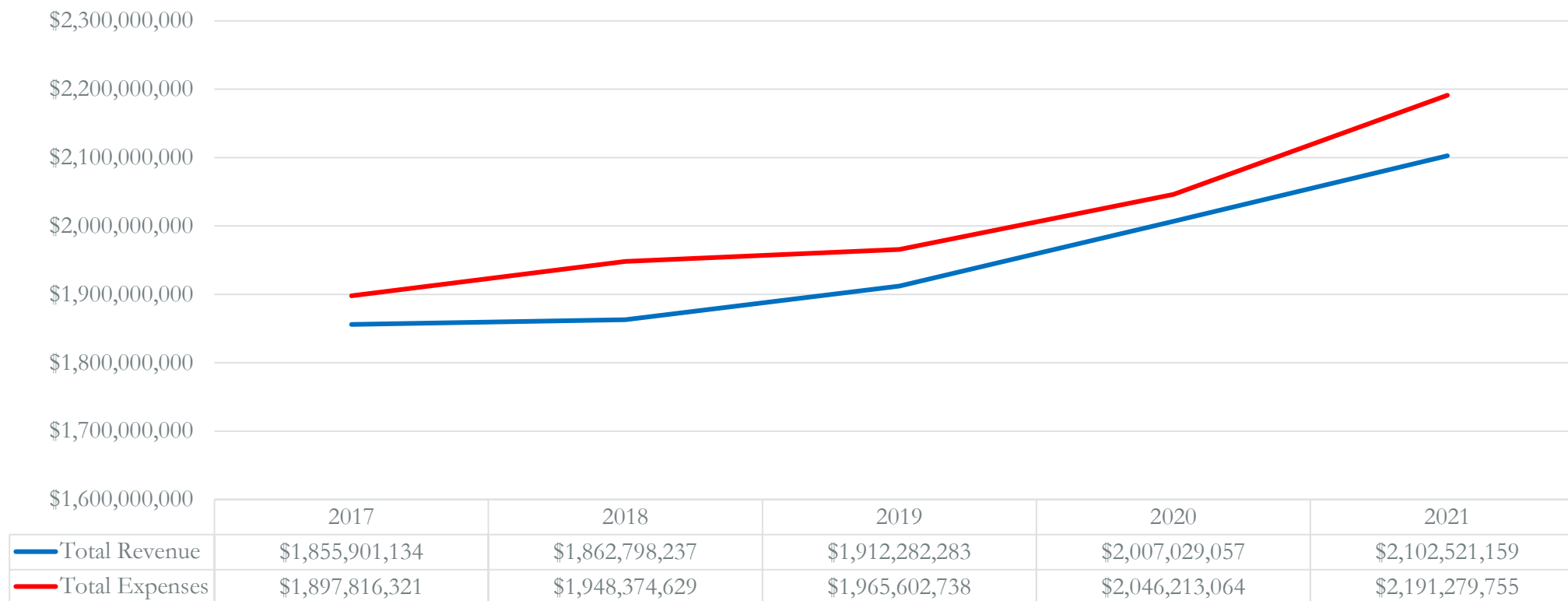


For 2017 through 2019, occupancy percentages were calculated pursuant to Rule 69O-193.006(6)(d), Florida Administrative Code (2019), as the total number of occupied units in a facility divided by the total number of units in that facility and tracked by each level of care. For 2020 and going forward, occupancy is calculated as the total number of occupied independent living units, assisted living units, and skilled nursing beds in a facility divided by the total number of units and beds in that facility, excluding units and beds that are unavailable to market or that are reserved by prospective residents pursuant to Section 651.011(21), Florida Statutes.

Source: Life & Health Financial Oversight



Florida CCRC Industry Revenue and Expenses

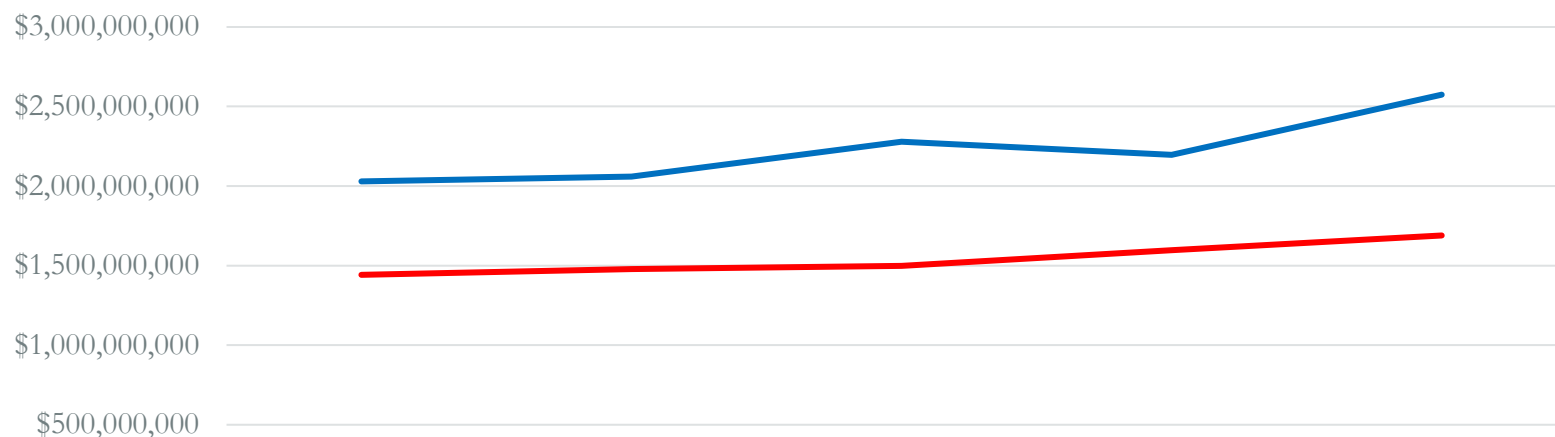


Total Revenue and Total Expense reported are the sum of the Total Revenue and Total Expense reported by each facility in its Annual Report.

Source: Life & Health Financial Oversight.



Florida CCRC Industry Revenue and Expenses – Cash Basis



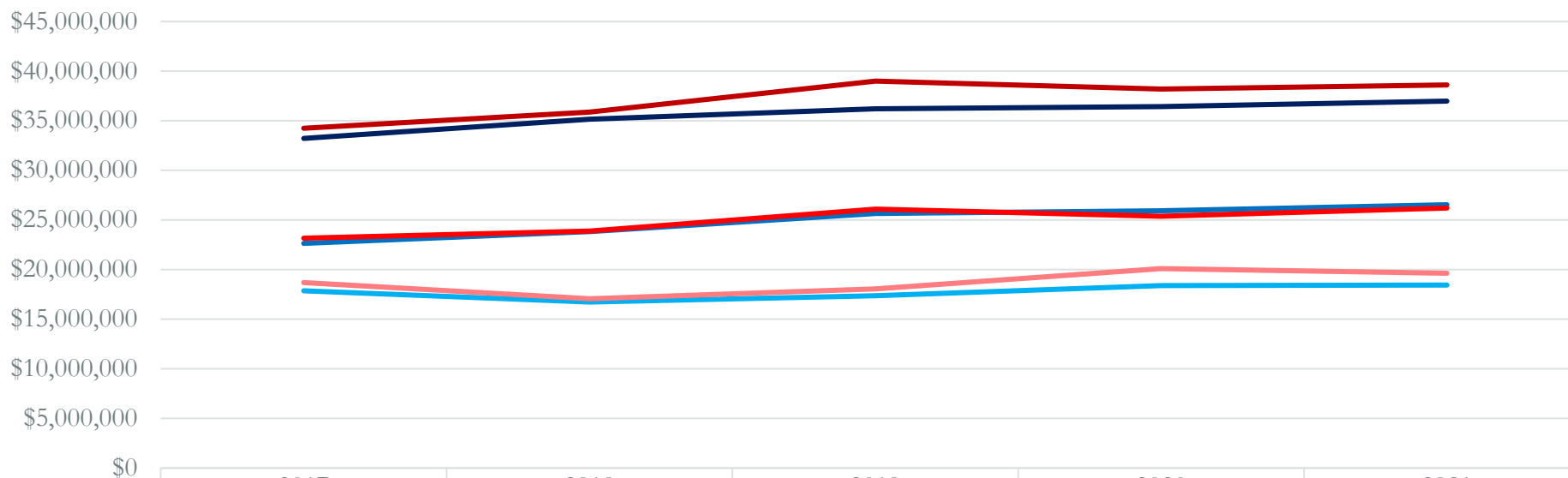
	2017	2018	2019	2020	2021
Total Cash Operating Revenue	\$2,028,463,084	\$2,058,815,086	\$2,278,067,428	\$2,197,143,759	\$2,574,540,996
Total Cash Operating Expenses	\$1,441,246,419	\$1,477,497,621	\$1,498,221,735	\$1,597,341,902	\$1,690,234,215

For 2017-2019, Total Cash Operating Revenue and Total Cash Operating Expenses reported are the sum of the Cash Operating Revenue and Cash Operating Expenses reported by each facility in its Annual Report, and each is defined in Rule 69O-193.006(6)(e), Florida Administrative Code (2019). “Cash Operating Revenue” means all revenue excluding amortized entrance fees and including actual entrance fees received. “Cash Operating Expenses” means total expenses less interest, depreciation, and amortization expense. “Cash Operating Net Income” is the difference between Total Cash Operating Revenue and Total Cash Operating Expenses. For 2020 and going forward, we will use the adjusted revenue and expense calculations established in Section 651.011(11)(a), Florida Statutes. For 2020, we have calculated Cash Operating Expenses as the sum of total expenses less interest expense on the debt facility, depreciation, amortization, and other noncash expense and nonoperating losses and Cash Operating Revenue as the sum of total revenues, excluding noncash revenues and nonoperating gains, and gross entrance fees received less earned entrance fees and refunds paid.

Source: Life & Health Financial Oversight



Facility Revenue and Expenses

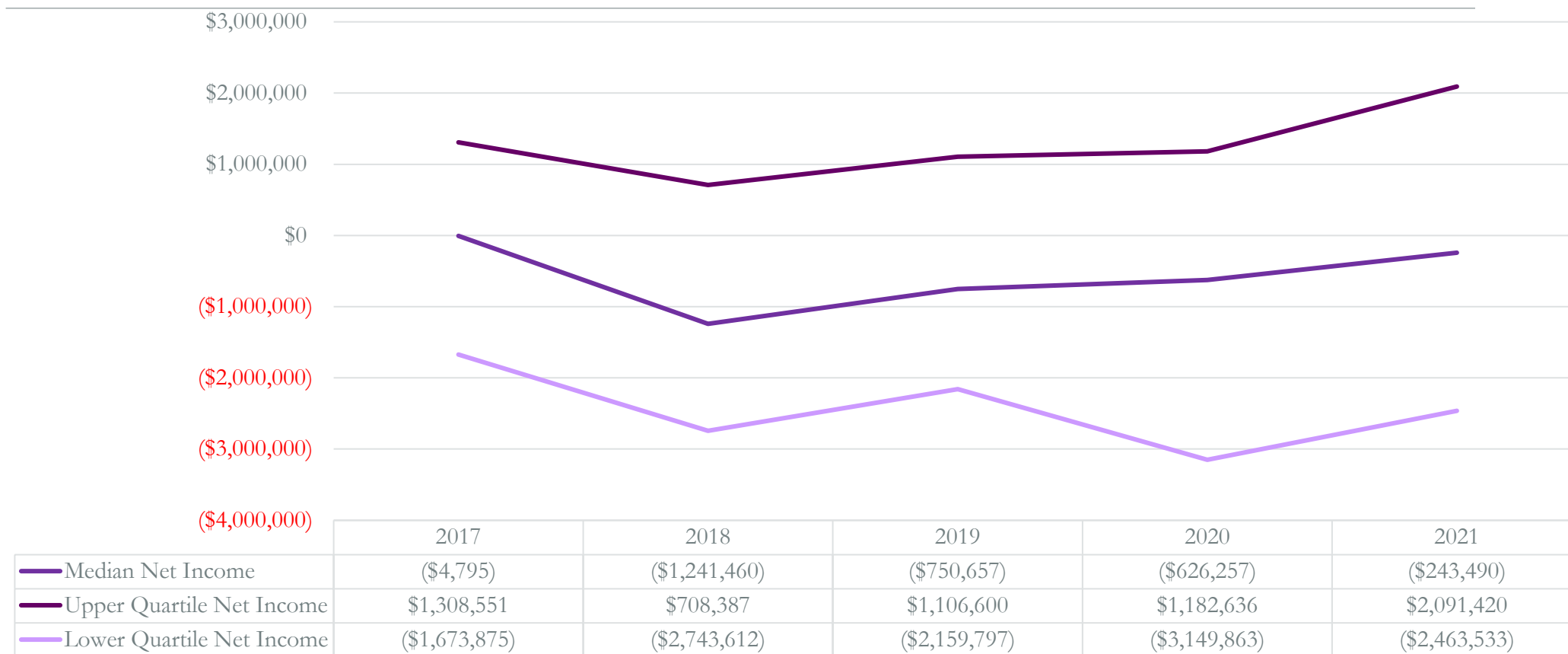


	2017	2018	2019	2020	2021
— Median Revenue	\$22,651,429	\$23,830,995	\$25,646,611	\$25,939,967	\$26,536,757
— Upper Quartile Revenue	\$33,214,966	\$35,147,437	\$36,204,053	\$36,428,127	\$36,976,846
— Lower Quartile Revenue	\$17,860,192	\$16,732,300	\$17,354,410	\$18,377,696	\$18,442,055
— Median Expenses	\$23,166,047	\$23,872,760	\$26,090,210	\$25,372,199	\$26,213,480
— Upper Quartile Expenses	\$34,250,615	\$35,866,801	\$39,004,117	\$38,188,796	\$38,613,364
— Lower Quartile Expenses	\$18,690,029	\$17,070,655	\$18,049,783	\$20,091,120	\$19,629,039

Source: Life & Health Financial Oversight.



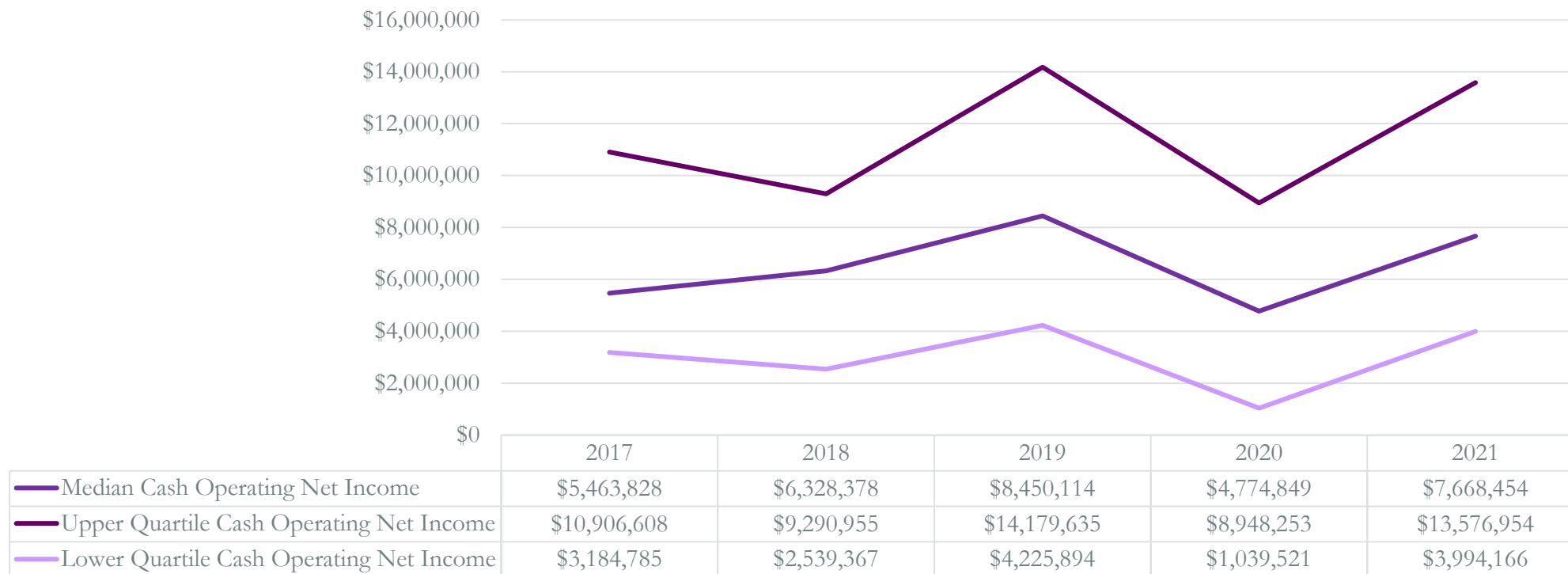
Facility Net Income



Source: Life & Health Financial Oversight.



Facility Cash Basis Net Income



For 2017-2019, Cash Operating Net Income was calculated as Cash Operating Revenue minus Cash Operating Expenses, as those terms were defined in Rule 69O-193.006(6)(e), Florida Administrative Code (2019). For 2020, Cash Operating Net Income was calculated as the sum of total expenses less interest expense on the debt facility, depreciation, amortization, and other noncash expense and nonoperating losses, subtracted from the sum of total revenues, excluding noncash revenues and nonoperating gains, and gross entrance fees received less earned entrance fees and refunds paid, as described in Section 651.011(11)(a), Florida Statutes.

Source: Life & Health Financial Oversight



Financial and Operating Ratios

	Days Cash on Hand		Debt Service Coverage Ratio		Occupancy	
Statutory Threshold	100 or Lender Requirement		1.2 or Lender Requirement		80%	
	2020	2021	2020	2021	2020	2021
Median	387.19	373.99	2.34	2.82	85.9%	84.0%
Range	18.71 to 2,130.95	105.29 to 8,729.83	-54.11 to 54.08	-.80 to 15.01	31% to 96.2%	0% to 100%
Percentage of Facilities that Met the Statutory Threshold	97.2%	98.5%	55.0%	86.05%	74.6%	66.67%

This slide includes data from all entities that file annual reports, which may include provisional certificate of authority providers, facilities that are not operational, and facilities that are not yet subject to the financial and operating ratio standards because they have not completed their initial fill-up period.

Source: Life and Health Financial Oversight

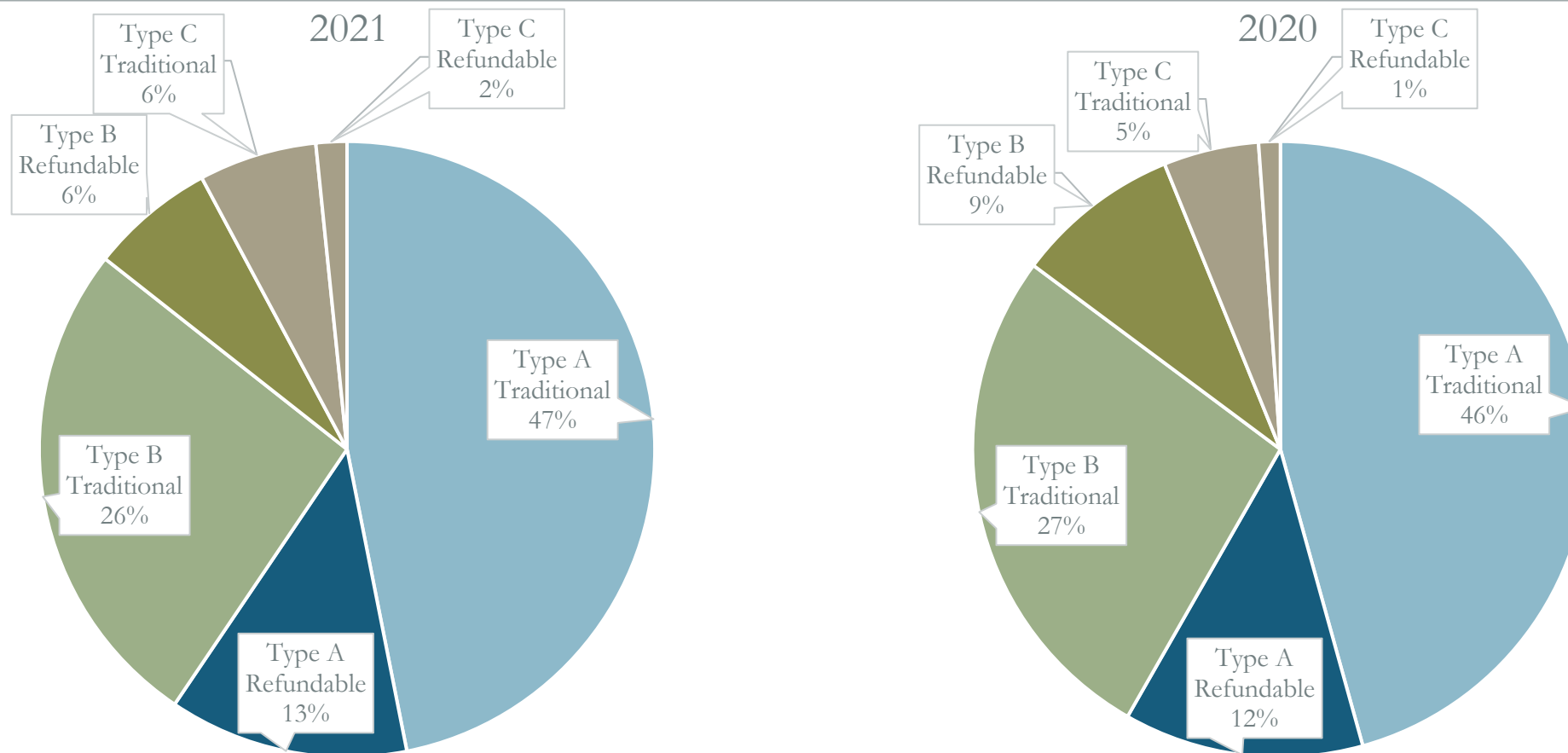


Continuing Care Contracts

- Type A: “Extensive” or Life Care” Contracts; provide lifetime access to independent living and assisted living or skilled nursing care with little or no increase in the monthly fee as the result of moving to a higher level of care.
- Type B: “Modified” Contracts; offer a less extensive health care benefit than Type A contracts, but more benefits than a fee-for-service contract.
- Type C: “Fee-for-Service” Contracts; grant residents exclusive or priority access to assisted living or skilled nursing care, but do not provide any discounts for assisted living or skilled nursing care.
- Traditional: resident’s entrance fee amortizes down to a 0% refund of the entrance fee based on months of occupancy by the resident.
- Refundable: provides the resident with a right to a refund of a specified percentage their entrance fee regardless of the number of months of occupancy, subject to terms and conditions



Continuing Care Contracts



Source: Life & Health Financial Oversight.



Changes in Fees

Entrance Fees	Year to Year Change		5 Year Change	
	2019-2020	2020-2021	2016-2020	2017-2021
Median	1.57%	2.74%	14.56%	11.70%
Upper Quartile	5.00%	4.26%	23.31%	21.16%
Lower Quartile	0%	0%	4.69%	3.08%
Monthly Maintenance Fees	2019-2020	2020-2021	2016-2020	2017-2021
Median	3.50%	3.50%	13.88%	13.32%
Upper Quartile	5.00%	5.16%	17.59%	18.06%
Lower Quartile	0.67%	1.98%	10.11%	9.69%

Changes in fees were calculated using the lowest first-person entrance fee and monthly maintenance fee reported by each facility in its Annual Report to describe changes in cost of entry to CCRCs.

Source: Life & Health Financial Oversight



Changes in Fees and Services

	Increased		Stayed the Same		Decreased	
	2020	2021	2020	2021	2020	2021
Fees	88.73%	92.96%	11.27%	7.04%	0%	0%
Scope of Services	0%	0%	97.18%	100%	2.82%	0%
Rates for Care or Services	74.65%	78.87%	23.94%	19.72%	1.41%	1.41%

- For entities that increased fees, the average fee increase was 4%, and the increases ranged from 2% to 10%, up from a 3.56% average increase and range of 2% to 5% last year
- For entities that increased rates for care or services, the average increase was 4%, and the increases ranged 1% to 9%, up from an average increase of 2.74% and range of 1% to 4% last year

Source: Life & Health Financial Oversight.



How Providers Determine Entrance Fees

Methods Used to Determine Entrance Fee Price	2020	2021
Entrance fee varies by unit type	96%	96%
Entrance fee changes based on market conditions or marketing promotions	82%	80%
Entrance fee varies based on whether a portion of the entrance fee is refundable regardless of the length of the resident's occupancy or if the entrance fee will amortize to 0% refundable	61%	61%
Entrance fee varies based on healthcare services provided	18%	21%
Entrance fees vary by the age or health of the prospective resident	8%	6%
Entrance fee varies based on services provided other than healthcare benefits (number of meals, housekeeping, etc.)	7%	7%
Entrance fee varies based on timing of the refund payment	0%	1%
Other	4%	4%

Source: Life & Health Financial Oversight.



How Providers Use Entrance Fees

Uses of Entrance Fee Funds	2020	2021
Pay resident refunds	77%	80%
Pay down long-term debt	76%	76%
Pay operating expenses	65%	63%
Fund construction or renovation	65%	66%
Other	13%	10%

Source: Life & Health Financial Oversight.



Facilities Expanding or Renovating

Description of Expansion/Renovation	Number of Facilities that Expanded or Renovated		Number of Facilities with Expansions or Renovations Planned in the Next 3 Years	
	2020	2021	2020	2021
New Independent Living or Community Common Areas	6	13	25	22
New Assisted Living or Memory Care Facility	1	4	9	12
New Skilled Nursing Facility	2	2	3	4
Substantial Renovation Project for Existing Units	7	8	8	6
Remodel to Permanently Reduce the Number of Units	6	7	9	9
Incurred/Plan to Incur Additional Debt for Construction	11	11	12	11

Source: Life & Health Financial Oversight.



Facility Expansion in Units

Type	Added		Under Construction		Planned in the Next 3 Years	
	2020	2021	2020	2021	2020	2021
Independent Living Units	139	476	703	818	1,035	1,041
Total Assisted Living Units (AL+MC)	89	122	97	135	360	350
Assisted Living Units	59	104	79	79	271	242
Memory Care Units	30	18	18	56	89	108
Total Skilled Nursing Beds (CB+SB)	10	42	78	64	26	58
Community Beds	0	12	48	0	0	48
Sheltered Beds	10	30	30	64	26	10
Total Units	238	616	878	955	1,281	1,329

Source: Life & Health Financial Oversight.



Summary of CCRC Complaints Filed with the Florida Department of Financial Services Division of Consumer Services

JULY 1, 2021 TO JUNE 30, 2022



Complaint Summary

Number and status of complaints

- 14 complaints received during the 2021-2022 fiscal year
- At this time, 13 complaints have been closed

Distribution of complaints

- 4 providers were the subject of complaints
- 1 provider had 10 complaints regarding the same issue
- 1 provider had 2 complaints from the same individual regarding the same issue



Complaint Description

- Complaints 1 and 3:
 - Issue: Resident sought reimbursement for charges for services specified in the contract that were not provided due to the pandemic and staffing shortages
 - Resolution: Company position was explained and mediation resulted in an impasse
- Complaint 2:
 - Issue: Son of a resident seeking a refund from a CCRC on behalf of his deceased parents and was advised by the CCRC that the refund may not be issued for up to a year
 - Resolution: Contract provision applies
- Complaints 3 through 13:
 - Issue: CCRC requested that residents move to new residential units that they felt were inferior to their current units and inconsistent with contract provisions
 - Resolution: Settled prior to mediation
- Complaint 14:
 - Issue: Complaint regarding how contract was interpreted in a situation where two residents were separating due to domestic violence and resident divorce and one resident would be required to pay substantially more than their current contract
 - Resolution: Company position was explained