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The Resident CONNECTION

1st Quarter 2023

President's Message

In addition to FLiCRA, there are two other organizations that actively impact the lives of residents who live in Florida's continuing care communities.

LeadingAge Florida, formerly called The Florida Association of Homes and Services for the Aging, represents the interests of the proprietors of continuing care communities. Established in 1963, it is a not-for-profit organization committed to assisting members in achieving excellence as providers, businesses, and employers. To accomplish this goal, LeadingAge Florida provides up-to-date regulatory information, a wide variety of educational opportunities, representation before the legislature and government agencies, group purchasing services, and opportunities for networking with peers.

If this seems like a lot of services, and it is, it is because Leading Age Florida doesn't just represent providers of CCRCs. Their membership includes standalone not-for-profit assisted living facilities, skilled nursing homes and HUD housing for the elderly. They are a huge organization, representing over a hundred members with an annual operating budget of $3 million. Their in-house and contract lobbyists number 12 to 14 a year.

The other organization that impacts the lives of residents in Florida's CCRCs is the Office of Insurance Regulation (OIR). This organization serves Floridians through its responsibilities for regulation, compliance and enforcement of statutes related to the business of insurance.

The OIR is also entrusted with the duty of carefully monitoring statewide industry markets. Within this organization is a specialty insurers unit which oversees Continuing Care Retirement Communities under Florida Statute 651. There are about 15 dedicated CCRC staff at OIR.

I'm providing this information because it is important to know that FLiCRA doesn't operate in a vacuum. Any changes we want to make or propose to 651 for the betterment of the residents of CCRCs must be agreed upon by the OIR, whose interests lie with the legality of the change, and by LeadingAge, whose interests lie with the providers of the CCRCs.

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Issue at a Glance

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FLiCRA is sensitive to resident's concerns and will always respond to inquiries. Keep in mind that LeadingAge's interests primarily lie with the providers just as FLiCRA's interests primarily lie with the residents.

The good news here is that FLiCRA enjoys an amicable relationship with both of these organizations and can easily discuss issues important to residents. But if you wonder why we don't always get what we want, perhaps this will explain the systems that FLiCRA must navigate to make change happen.

FLiCRA has been affiliated with Partners in Association Management in Tallahassee for many, many years. This is the group that so successfully represents us with the State Legislature. The staff are long time employees of Partners who know how to navigate the sometimes difficult waters of the State legislature.

Of all the other dozen or so states that have state organizations, FLiCRA was the first of its kind, and remains the most successful in terms of membership, results, and organization.

Patricia Burdsall, FLiCRA President

Governor Ron DeSantis Nominates Michael Yaworsky as Commissioner of the Office of Insurance Regulation

Governor Ron DeSantis reently nominated Michael Yaworksy as the new Commissioner of the Office of Insurance Regulation (OIR).

Yaworsky will serve as Interim Commissioner until his nomination is brought before the Financial Services Commission for final approval.

Michael Yaworsky, of Tallahassee, is currently Vice Chairman of the Florida Gaming Control Commission. Previously, he was Chief of Staff at the Florida Office of Insurance Regulation, Legal Counsel to the Georgia Insurance and Safety Fire Commissioner, Counsel to the Georgia Senate President Pro Tempore and Chief of Staff at the Florida Department of Business and Professional Regulation.

Yaworsky earned his bachelor's degree in social science from Florida State University and Juris Doctor from Samford University.

CCRC Ad Valorem Tax Exemptions & Annual Affidavit Explained

There is always discussion regarding the availability of ad valorem taxation of CCRCs and what exemptions are available and how residents benefit from filling out an affidavit.

The applicable statutes can be confusing, however, the following explanation should help to bring some clarity and help you and your fellow CCRC residents understand the reason they are asked to annually complete an affidavit, what portions need to be completed, and why.

There are three different exemptions available to CCRCs pursuant to Section 196.1975, Florida Statutes. These exemptions are available to "homes for the aged" which are defined as a facility having 75% of its residents over the age of 62.

The first two exemptions are not in any way dependent on a resident's gross income.

The first exemption available to a home for the aged (at least 75% of the residents over 62) is that the portions of the facility used for medical or nursing care and the areas used for religious services are exempt from ad valorem taxation.

196.1975
(3) Those portions of the **home for the aged** which are devoted exclusively to the conduct of **religious services or the rendering of nursing or medical services are exempt from ad valorem taxation**.

The second exemption available to a CCRC as a home for the aged is a $25,000 ad valorem tax exemption for each unit in the facility occupied by a resident that makes their unit their permanent residence. This is commonly referred to as a "homestead exemption."

While these first two exemptions are not in any way dependent on a resident's gross income, an annual affidavit is required to support that the facility qualifies as a home for the aged (75% of the residents meet the age requirement) and to support that for each unit seeking a homestead exemption, the resident clams the unit as their permanent residence.

196.1975
(9)(a) Each unit or apartment of a **home for the aged** not exempted in subsection (3) or subsection (4), which is operated by a not-for-profit corporation **is exempt** from all ad valorem taxation, except for assessments for special benefits, **to the extent of $25,000** of assessed valuation of such property for each apartment or unit:

1. Which is used by such home for the aged for the purposes for which it was organized; and
2. Which is occupied, on January 1 of the year in which exemption from ad valorem property taxation is requested, by a person who resides therein and in good faith makes the same his or her permanent home.

(b) Each corporation applying for an exemption under paragraph (a) of this subsection or paragraph

(4)(a) **<u>must file with the annual application for exemption an affidavit from each person who occupies a unit or apartment for which an exemption under either of those paragraphs is claimed stating that the person resides therein and in good faith makes that unit or apartment his or her permanent residence</u>**.

(10) Homes for the aged, or **<u>life care communities</u>**, however designated, which are financed through the sale of health facilities authority bonds or bonds of any other public entity, whether on a sale-leaseback basis, a sale-repurchase basis, or other financing arrangement, or which are financed without public-entity bonds, **are exempt from ad valorem taxation only in accordance with the provisions of this section. ($25,000)**

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Governor Ron DeSantis Announces $79 Million for Nursing Education and Health Care Partnerships

Governor Ron DeSantis recently awarded $79 million for high-performing nursing education programs in Florida.

The funding rewards public post-secondary nursing programs that have gone above and beyond to train Floridians and provides matching funds for scholarship awards, faculty recruitment, equipment and additional educational supports.

This funding is through the Linking Industry to Nursing Education (LINE) and Prepping Institutions, Programs, Employers, and Learners through Incentives for Nursing Education (PIPELINE) programs, which are designed to mitigate Florida's nursing shortage.

Since 2019, Governor DeSantis has awarded more than $5 billion to workforce education funding, supporting Floridians who aim to start new careers and rewarding institutions that provide high-quality training and education programs.

"Florida is proud to support the education of future nurses, who help save lives and provide quality care every single day," says Education Commissioner Manny Diaz, Jr. "We are ensuring that Florida's future nursing workforce is filled with highly trained and dedicated professionals. This would not be possible without the leadership of Governor DeSantis, who has set a goal to make Florida the number one state in workforce education by 2030."

Details about the $79 million in awards are provided below:

Linking Industry to Nursing Education (LINE)
A total of $19 million is awarded through the LINE fund for Florida College System institutions, school district post-secondary technical centers, charter technical centers, and independent nonprofit colleges or universities located and chartered in Florida with necessary accreditation requirements. The program provides matching funds on a dollar-to-dollar basis to participating agencies that partner with approved health care providers. Funds may be used to award scholarships to students who meet in-state tuition residency requirements, recruit additional faculty, purchase equipment and support simulation centers to advance high-quality nursing education programs throughout Florida.

All eligible LINE applicants must also meet performance standards based on the prior year, including:

• A completion rate of at least 70% for certified nursing assistant (CNA) programs.

• A first-time National Council of State Boards of Nursing Licensing Examination (NCLEX) passage rate of at least 70% for licensed practical nurse, Associate of Science in nursing, and Bachelor of Science in nursing programs.

The full list of institutions receiving LINE funding include: AdventHealth University, Seminole State College, Daytona State College, Nova Southeastern University, Indian River County School District, Polk State College, Jacksonville University, Valencia College, Santa Fe College, The College of the Florida Keys, Bethesda College of Health Sciences, Palm Beach Atlantic University, Hillsborough Community College, Southeastern University, St. Petersburg College, Broward College, Barry University, Northwest Florida State College, South Florida State College, State College of Florida, Manatee-Sarasota, Indian River State College, Florida Southern College, Tallahassee Community College, Miami Dade College, University of Miami, and College of Central Florida.

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Governor Ron DeSantis Announces Comprehensive Lawsuit Reforms

After property insurers got long-sought legal changes in a December 2022 special legislative session, business groups see an opportunity to curb litigation in other areas such as auto insurance.

With this year's regular legislative session starting March 7, Associated Industries of Florida recently brought together lawmakers, lobbyists and representatives of business groups to discuss a series of ideas for reducing lawsuits and legal damages.

Brewster Bevis, president and CEO of Associated Industries, said this is the "right time to really put together a good tort-reform package." In part, businesses are buoyed by expected support from Gov. Ron DeSantis, Senate President Kathleen Passidomo and House Speaker Paul Renner after the property-insurance changes in December 2022.

Sen. Doug Broxson, R-Gulf Breeze, expects to see legislation and called Passidomo, R-Naples, a "champion of tort reform." Perhaps the biggest legislative shift, however, has happened in the House, where Renner, R-Palm Coast, in November 2022 succeeded former Speaker Chris Sprowls, who was widely viewed as friendly to plaintiffs' attorneys.

Tort reform, a phrase often shorthand for trying to limit legal damages, is one of the eternal issues in the Legislature and extends to a wide variety of subjects such as property insurance, auto insurance, medical malpractice and workers' compensation insurance.

Plaintiffs' attorneys fiercely fight against limits, arguing that they will hurt consumers and patients. But business groups contend that "frivolous" lawsuits drive up costs and are often spurred by attorneys seeking fees.

With Florida's property-insurance market facing major financial troubles, the Republican-controlled Legislature made numerous changes in December 2022, including eliminating what are known as "one-way" attorney fees in lawsuits against property insurers. One-way attorney fees require insurers to pay the attorney fees of policyholders who successfully file lawsuits.

Also, lawmakers barred a controversial practice known as "assignment of benefits" for property-insurance claims. Assignment of benefits, or AOB, involves policyholders signing over claims to contractors, who then pursue payment from insurers. The insurance industry has long argued that AOB leads to more litigation.

Insurance lobbyists pointed to an effort to prevent assignment of benefits and subsequent lawsuits over windshield-damage claims.

Rep. Toby Overdorf, a Palm City Republican who led a recent panel discussion, said he hopes to "chip away" at the financing issue. Tallahassee attorney Jason Gonzalez also said the Florida Supreme Court could set procedural rules that would affect the practices.

2022 GOVERNOR'S CONTINUING CARE ADVISORY COUNCIL ANNUAL REPORT OF THE FLORIDA CCRC MARKET

Each year the Florida Office of Insurance Regulation publishes a comprehensive report of market trends for the state's continuing care retirement communities.

The most recent report was recently published and a link to the full report is on the FLiCRA website at:

http://www.flicra.com/news/2022-governors-continuing-care-advisory-council-annual-report-of-fl-ccrcs/

The report covers occupancy rates, average fee increases, financial trends and complaints information.

Nationwide Resident Monthly Fee Increases

The data is not specific to Florida CCRC fees, but includes those fee changes within the national data reported. The first table below shows the descriptive statistics of Independent Living monthly fees in recent years, and providers' projections for 2023. For 2022, the median percentage increase in monthly fees, nearly 4.5%, is significantly higher than the typical 3% increase of previous years. The overall average increase, 4.7%, is the highest of the past nine surveys. The projections for 2023, by almost all metrics, are even higher. The susequent table outlines the 2022 increases that were implemented by level of care (Independent Living (IL), Assisted Living (AL), and Skilled Nursing (SN)), and the next table shows the metrics as projected for 2023.

Percentage Increase to Independent Living Monthly Fees

Statistic	2023 (Proj.)	2022	2021	2020	2019	2018	2017	2016	2015	2014
Minimum	**-15.00%**	**0.00%**	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
1st Quartile	**4.00%**	**3.50%**	2.71%	2.90%	3.00%	3.00%	2.90%	2.80%	2.90%	2.80%
Median	**5.00%**	**4.48%**	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
3rd Quartile	**6.90%**	**5.50%**	3.75%	3.90%	3.80%	3.50%	3.50%	3.50%	3.60%	3.50%
Maximum	**12.00%**	**15.00%**	12.00%	10.00%	6.88%	6.00%	8.00%	5.50%	6.50%	5.00%
Average	**5.33%**	**4.70%**	**2.98%**	**3.26%**	**3.14%**	**3.17%**	**3.12%**	**3.09%**	**3.16%**	**3.05%**

2022 Percentage Increases by Care Level

Statistic	IL	AL	SN
Minimum	0.00%	0.00%	0.00%
1st Quartile	3.50%	3.50%	3.50%
Median	4.48%	4.30%	4.50%
3rd Quartile	5.50%	5.50%	5.75%
Maximum	15.00%	10.00%	15.00%
Average	**4.70%**	**4.65%**	**4.71%**

2023 Estimated Percentage Increases by Care Level

Statistic	IL	AL	SN
Minimum	-15.00%	0.00%	0.00%
1st Quartile	4.00%	4.00%	4.00%
Median	5.00%	5.00%	5.00%
3rd Quartile	6.90%	6.98%	6.81%
Maximum	12.00%	12.05	12.00%
Average	**5.33%**	**5.40%**	**5.33%**

The table below showcases the monthly fee increases for 2022 and projected increases for 2023 broken down by geographic region, for all care levels.

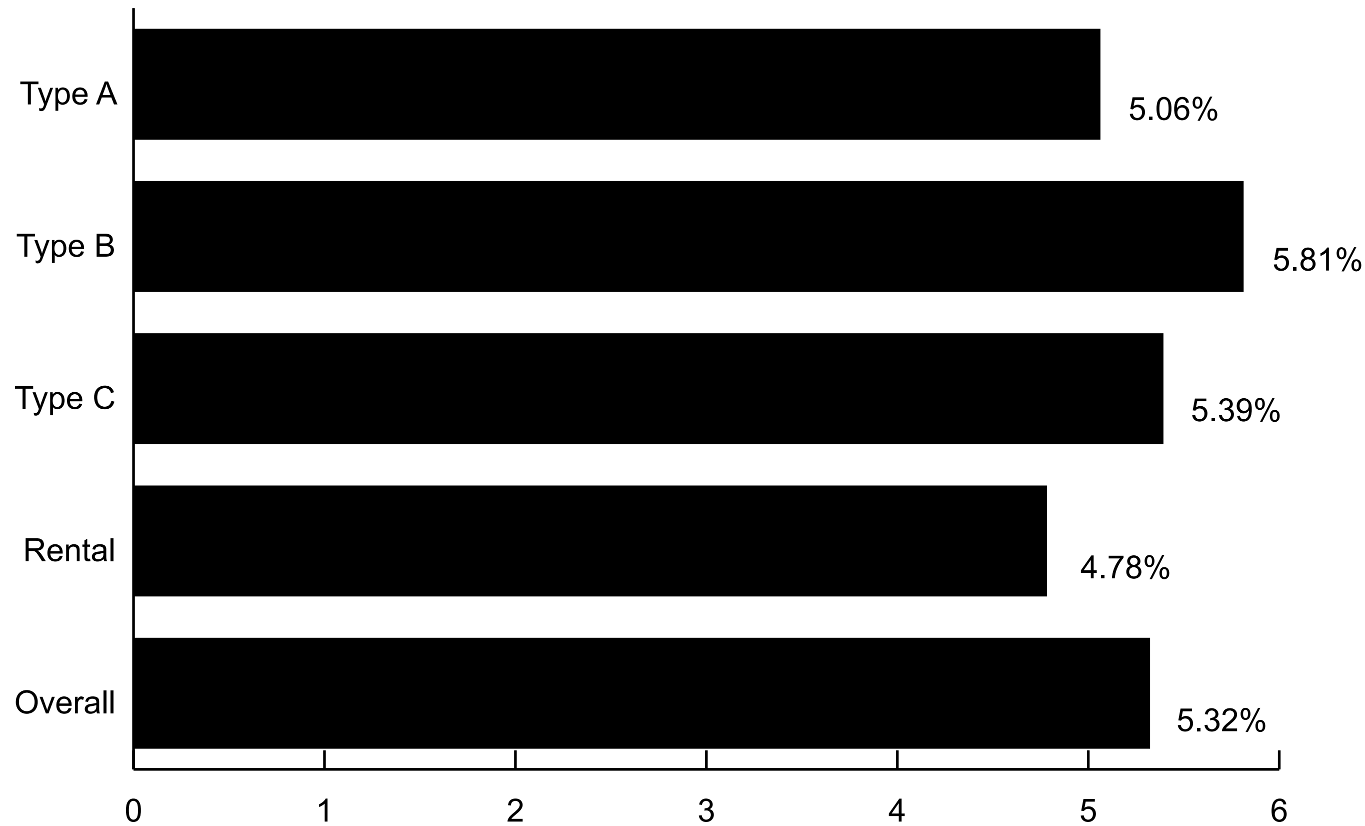
Average Increases by Region

	2022	2023 (Projected)
Northeast	4.12%	4.40%
Midwest	5.06%	4.90%
South	4.32%	6.15%
West	5.45%	5.87%

Source: B.C. Ziegler and Company

Below is a breakout of projected fees for 2023 by primary contract type for Independent Living.

2023 Estimated Percentage Monthly Fee Increases for Independent Living by Predominant Contract Type



Source: B.C. Ziegler and Company

CCRC Ad Valorem Tax Exemptions & Annual Affidavit Explained Cont.

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There is also an additional third income dependent exemption available to qualifying CCRCs pursuant to 196.1975. Subsection (8) spells out that an **additional exemption for the common areas is available for a home for the aged if 25% of units are occupied by residents with incomes below the income limit**:

(8) Physical occupancy on January 1 is not required in those instances in which a home restricts occupancy to persons meeting the income requirements specified in this section. Those portions of a property failing to meet those requirements shall qualify for an alternative exemption as provided in subsection (9). In a home in which at least **25 percent** of the units or apartments of the home are restricted to or **occupied by persons meeting the income requirements** specified in this section, **the common areas of that home are exempt from taxation**.

In conclusion, in order to ensure that CCRCs are able to fully take advantage of the available exemptions and to avoid the unnecessary expense of additional ad valorem property taxes being passed on to CCRC residents, it is important that all residents annually complete the general portions of the resident affidavit and that those who qualify with income below the limit complete the gross income portion of the affidavit as well.

Florida Life Care Residents Association
FLiCRA
A resident-led association to ensure quality of life in retirement communities

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Governor Ron DeSantis Announces $79 Million for Nursing Education and Health Care Partnerships Cont.

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Prepping Institutions, Programs, Employers, and Learners through Incentives for Nursing Education (PIPELINE)

A total of $60 million has been distributed to school districts with licensed practical nursing programs ($20 million) and Florida College System institutions with licensed practical nursing and registered nursing programs ($40 million) through the PIPELINE program.

Performance funds are based on the following criteria:

• The number of nursing education program completers, by program.

• The first-time NCLEX passage rate of the institution's nursing education program completers, by program.

• Excellence among nursing education programs with an average first-time NCLEX passage rate above the national average.