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The Resident CONNECTION

1st Quarter 2024

President's Message

The Florida Life Care Residents Association (FLiCRA) has worked over the past year to examine areas of universal need for residents living in Florida CCRCs. Resoundingly, the role of resident councils rose to the top.

Resident councils are the legal body under state law which provides a formal structure for resident interests to be represented at the local level.

After much research and deliberation, the FLiCRA state board of directors has concluded there is a gap in comprehensive and relevant educational resources available to local resident councils that would enable them to more effectively perform their legal duties.

FLiCRA is positioned to meet this need. The state board of directors recently approved launching a project to develop and deliver educational tools to current and future resident council leaders across the state.

The goal is to develop a series of educational modules which would include topics but not limited to: resident council bylaws, resident council committees; role of the designated resident representative; review of CCRC financial statements, audit reports and related public records; and preparation for quarterly resident meetings with the provider.

On another topic, as you receive this newsletter, the 2024 regular session of the Florida Legislature has concluded.

Every year, FLiCRA members ask, "what have you done for me lately"? From a legislative perspective, FLiCRA is on offense some years, and defense others. 2024 was a defense year.

There were no bills filed which impacted Florida Statute 651 (Continuing Care) this year. There were a number of bills filed that would have impacted the health center and assisted living areas of our campuses, however, a number of those did not pass, with many not even getting a committee hearing.

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Issue at a Glance

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I want to share my appreciation for the chapters across the state that are holding recruitment drives for membership. Nearly 100% of our operating revenue for the association comes from membership dues.

On another note, I was recently approached by a resident, and I know there are others, who would like to see a sharper focus on environmental concerns by the operators of CCRCs.

Many operators/proprietors have already switched from paper notices in mailboxes to computerized messages to individual residents. Some residents are happy about this but some are not.

Change is certainly hard sometimes, but this seems to be a trend that is not going away. Certainly this amounts to a savings since printing costs are quite high these days, but, broadly speaking, this is also very helpful for the environment. Most properties offer a hard copy of items for those who do not have a computer or a printer. Cutting costs impacts the bottom line of doing business, which, of course, eventually affects our monthly cost to live in our CCRC.

Many of us were not raised with a focus on recycling and choose not to participate. On an individual basis, this may seem like a small contribution, but if more and more people participate, it has a huge impact.

If you feel that your management can make more of an effort in this regard, don't hesitate to let them know by advising your resident council to speak on your behalf.

Patricia Burdsall
FLiCRA President

SAVE THE DATE

FLiCRA 2024 Annual Conference & Chapter Delegates Meeting

October 24

Bay Village, Sarasota

More information coming soon!

2024 Florida Legislative Session Update

The Florida Legislature concluded its regular session on March 8, 2024.

In general terms, there was very little legislation filed or passed this year that has a significant direct impact on continuing care retirement community residents.

Home Health Care Services
Senate Bill 1798 and House Bill 935

This legislation amends Home Health Agency (HHA) licensure law to allow contractors, rather than only employees, to provide the initial admission, service evaluation, and discharge visits for patients. The bill expands the definition of health care facility provided in Florida Statute 408 to include home health agency.

The bills allow Medicaid to pay for home health services ordered by an advanced practice registered nurse (APRN).

House Bill 935 was passed by the Senate on March 5th and awaits action by the Governor.

Background Screening
House Bill 975 and Senate Bill 1008

Previous law required only specified health care professions to undergo background screening as a requirement for initial licensure, including: allopathic and osteopathic physicians, interns, and fellows; physician assistants; chiropractic physicians and chiropractic physician assistants; orthotists and prosthetists; podiatric physicians and podiatric x-ray assistants; certified nursing assistants, licensed practical nurses, registered nurses, and advanced practice registered nurses; athletic trainers; and massage therapists. In addition to background screening as a requirement for the initial licensure process, several of the listed professions require subsequent national criminal history checks as a part of the licensure renewal process.

House Bill 975, filed this session, requires all health care professions licensed by the Florida Department of Health (DOH) to undergo background screening as a requirement for initial licensure. The bill also adds background screening to the licensure by endorsement requirements for specified professions, including occupational therapists, respiratory therapists, dieticians and nutritionists, psychologists, and mental health professions.

The bill requires health care professionals licensed prior to July 1, 2024, to comply with the background screening requirement as part of their next licensure renewal. The House and Senate passed House Bill 975 this week. It awaits action by the Governor.

Claims Against Assisted Living Facilities
Senate Bill 238 and House Bill 995

House Bill 995 and Senate Bill 238 would have amended Florida Statute 429.29, F.S., to limit the liability of certain persons for negligence or a violation of an Assisted Living Facility (ALF) resident's rights in specified situations.

Specifically, the bills provided that an exclusive cause of action for negligence or a violation of an ALF resident's rights which alleges direct or vicarious liability for an ALF resident's personal injury or death arising from such negligence or violation and which seeks damages for such injury or death may generally be brought only against the licensee; the licensee's management company or active participant; the licensee's managing employees; or any direct caregivers, whether employees or contractors.

In effect, these bills would place assisted living facility claims in the same process as current nursing home law. This legislation did not pass this session.

More Senior Living CEOs to Pass the Baton - But Handoffs May Not Be Smooth

Senior living leaders often talk about the generational tailwinds ahead in the form of an aging demographic of baby boomers. What they don't talk about as much is how those trends will affect their companies in potentially negative ways.

As the boomers age, so too will the leaders of the companies that serve them. While I hear leaders talk about the challenge and opportunity in the generational shifts ahead, I don't often hear them talk about succession planning.

The issue is a recognized pain point for the senior living industry (and other sectors), and it will only become more pressing. Consider that in the last three months, we've reported on the planned retirements of Covenant Living CEO Terri Cunliffe, Presbyterian Homes and Services CEO Dan Lindh, and Ebenezer Senior Living CEO Jon Lundberg (and on the industry association side, AHCA/NCAL CEO Mark Parkinson).

You'll notice that all three of those planned CEO retirements are taking place on the nonprofit side of the sector; 2018 data from Ziegler revealed that 70% of CEOs at senior living nonprofits were expected to retire by 2028.

But for-profits also are poised for CEO handoffs. Succession planning is very much on the mind of Aegis Living CEO Dwayne Clark. Clark told me recently he's been talking to other similarly aged CEOs in the industry and asking them about their future in the business.

"I started asking CEOs, what are you going to do with your company? You're 65 or 70 – are you going to work until you're 80 years old?" he told me. "And there weren't a lot of good answers, to be honest with you."

No doubt, the industry is facing a massive demand wave as the boomer generation ages. But under the surface, that is also leading to a generational changing-of-the-guard for operators. Clark wonders what comes next.

"I would say half those people are going to want out of the industry in the next three years," he told me. "Who are the 'young Turks' of the industry that are going to take this over and take advantage of the baby boomers turning 80?"

Looking across the senior living industry today, I see more than a few leaders capable of picking up the baton as the boomers age into senior living.

On the other hand, I see Clark's point about the generational crosswinds, and believe the industry is going to lose a lot of expertise in the form of retirements in the coming years just when expertise is needed. Mindful succession planning is needed now, to help ensure that their knowledge gets passed as the C-suite guard changes.

Crosscurrent of demographics, demand

Talk to almost any senior living leader in 2024 and they will likely mention their excitement over the prospect of demand in the years ahead as the baby boomers age. They often speak of how the current landscape of low new supply will favor existing senior living communities.

No doubt, operators do have an opportunity in front of them, and Clark believes that demand will be "great" in the few years ahead. But he also worries about the quality of the communities that residents and their families will ultimately choose.

Many of the companies with sizable regional footprints also have CEOs in their 60s and 70s who are likely to head for the exits in the coming years. A lot of them came up during the 1980s during the savings and loan crisis, and over the years built an incredible array of real estate knowledge.

Clark believes that, as leaders head for the exits in the coming years, that could lead to some ill-advised mergers as they attempt to solidify their legacies. He also noted that many of the companies he surveyed don't outright own some or most of their communities, and instead either co-own or manage them.

CEOs could take their knowledge with them as they leave, and potentially strike deals that lead to a worse experience overall for their customers in the process, Clark fears.

In the 1980s, when many of today's leaders were starting out in senior living, competition was much less fierce, and markets were far less saturated than they are today. Financing is also more difficult to obtain than it used to be, and equity requirements are higher, Clark pointed out. That could make it more difficult for the "young bucks" of the industry to get established if they're trying to start their own companies or expand smaller enterprises, he said.

And although new supply is low today, the industry is also saddled with a large supply of older and aging communities. Although financial conditions are thawing in 2024, banks are still choosy about who they lend to.

All of that could lead to what he called an "artificial" rate of demand, as new customers enter communities, have sub-par experiences, and then look to move out soon after.

"People will pick aging buildings because they have no other alternative," Clark said. "That issue alone will make the industry vulnerable, because as soon as money flows back into the industry, or you have some colossal merger and the banks start lending again, then those aging products are going to have a very, very short shelf life."

Generational shift underway

I do think that the senior living industry is going to have a monumental challenge ahead of it catering to the boomers, and that challenge will be complicated by CEO retirements. But looking across the senior living industry, I see no shortage of CEOs or C-suite executives in their 30s, 40s and 50s. And I do see opportunities for young executives to cut their teeth.

Take, for example, the case of Justin Dickinson, who took the reins at Pathway to Living in 2022. Though Dickinson had a short tenure leading Pathway – and later, Anthology Senior Living – he is at the helm of a new company, Evolve Senior Living, along with former Anthology leader Andrew Agins.

When I caught up with Dickinson and Agins last year, they said it was their mission to fix what they see as a "fundamentally broken industry" by better aligning ownership with operations.

"We named our company Evolve because we want to be a part of the evolution that … is occurring within the sector," Dickinson told me then. "It's a nod toward our focus on the future, and our focus on the change which is inevitable within the sector."

In the end, I think the industry will encounter some turbulence as the old guard makes way for the new. But like Dickinson and Agins, I believe that younger leaders will naturally emerge with new ideas and they will pick up the torch.

With that in mind, it will be interesting to see who ends up in the CEO role at Covenant, Ebenezer and Presbyterian Homes. All of those organizations are currently considering candidates, as is AHCA, while their current CEOs continue to serve until their exit; perhaps there are internal candidates who have been waiting in the wings and ultimately will be selected, or perhaps the boards will look to bring in an outside perspective. I hope that at these and other senior living organizations, the new class of CEOs reflects the demographic diversity of the rising group of boomer consumers.

And I hope that current CEOs and boards also share my viewpoint that there are strong candidates – whether internal or external – across the sector ready to take on the biggest executive jobs, and don't wait too long to pass them the baton. These current leaders might take a cue from some of the most recent retirement announcements, including that of AHCA's Parkinson, who said, "I want to leave when I'm still pretty close to peak performance. I don't want to stay on too long."

Source: Tim Regan, Senior Housing News

Fitch Changes Could Affect Ratings for 10 Percent of CCRCs

Ratings for 10% of the country's not-for-profit continuing care retirement/life plan communities could be affected by changes being proposed by Fitch Ratings, the agency. The company released a draft of the proposal in early March 2024, saying it wanted to make the changes to better reflect the risk profile of the communities it rates.

"We anticipate most rating changes, if any, would be downgrades limited to one notch," Fitch said. "The proposed revisions to criteria are intended to better reflect the unique risks of [life plan communities] and their typically very limited market draw and high industry concentration risk, which limit their rating potential," Fitch Senior Director Margaret Johnson said in an emailed press release. "The proposed revisions also acknowledge [life plan communities'] propensity for large-scale capital plans relative to their revenue size and provide better transparency on when and how these plans will be factored into ratings."

CCRCs with more skilled nursing units than independent living units "are more vulnerable to revenue pressures, as they typically have very little pricing flexibility due to their high exposure to governmental payers," Fitch said. Expansion projects also have an effect on determining a community's revenue defensibility, according to the agency.

"While expansion projects can be of strategic benefit … they very often lead to increased leverage and represent a relatively high degree of risk associated with the fill-up of expansion units," Johnson said.

Among the proposed changes to rating criteria:

- Limiting ratings of CCRCs that do not carry a third-party guarantee to the 'A' category;
- Added revenue defensibility sub-assessments to better differentiate risks of multi-site versus single-site CCRCs;
- An added 'B' category to the ratings positioning table and added enhanced guidance for ratings below 'B' category; and;
- Further guidance on potential rating action based on probability and the rating effect of a capital project.

The proposal, "Exposure Draft: U.S. Public Finance Not-For-Profit Life Plan Community Rating Criteria," and answers to FAQs are available on the Fitch Ratings website. Comments about the proposed changes will be accepted at *feedback@fitchratings.com* through April 18.

Source: CCRCs / Life Plan Communities (mcknightsseniorliving.com)

CCRC Performance 3Q 2023

The National Investment Center for Seniors Housing and Care, NIC MAP®, powered by NIC MAP Vision, collects primary data on occupancy, asking rents, demand, inventory, and construction for about 16,200 independent living, assisted living, memory care, skilled nursing, and continuing care retirement communities (CCRCs - also referred to as life plan communities) across 140 U.S. metropolitan markets. The dataset includes more than 1,164 not-for-profit and for-profit entrance fee and rental CCRCs in these 140 combined markets, including 1,086 in the 99 combined primary and secondary markets.

The CCRC independent living segment had the highest occupancy (90.5%) in the third quarter of 2023, followed by CCRC assisted living and memory care segments (87.5% and 86.5%, respectively).

Among the 1,086 CCRCs spread across the 99 primary and secondary markets tracked by NIC MAP Vision, approximately 70% are operated as not-for-profit, and 30% are operated as for-profit.

Source: National Investment Center for Seniors Housing & Care (NIC)

Let's Get Real About What's Driving Staffing Shortages

By most accounts, senior living is recovering from COVID's darkest days.

Occupancy levels are rising across the board. Dealmaking is back in play. And many operators are reporting profits that are robust. In some cases, they are unprecedented.

While the rebound is welcome, one nagging problem persists and might even be getting worse.

Simply put, communities cannot find or keep enough employees to do the work that needs to be done.

Various reasons have been put forth for this continuing challenge. One is that the work is physically and mentally exhausting. A second is that the hours are ridiculous. And yet another is that many workers simply don't have enough career-advancement opportunities.

These are true enough, as far as they go. But they do overlook the proverbial elephant in the room. All too often, the pay stinks.

In many ways, senior living doesn't really have a labor problem; it has a math problem. For many candidates and job-leavers, the numbers being offered by their senior living employer simply don't add up. So they either go away or stay away.

If it's any consolation, senior living is hardly alone here. The hotel sector currently is experiencing an eerily similar phenomenon.

A recent survey of more than 400 managers by the American Hotel and Lodging Association found that about two-thirds (67%) also face a staffing shortage.

This comes despite the fact that front-line employees in the hotel sector make $23.91 an hour on average, according to the Bureau of Labor Statistics.

More than 80% of the respondents said they had increased wages in the past six months alone.

But despite those and other efforts, hotels have nine open positions to fill on average.

The senior living sector and the hotel sector don't just share the same problem. Both also will need to do the same thing to truly address the issue: pay workers more.

I realize that is not exactly the answer many of our readers will want to hear. Especially as other operating costs continue to climb.

But here's the thing: Your employees are not widgets; they are people. And most people tend to do things that they see as being in their own interest.

If you are going to tempt workers to go elsewhere for more money and/or other benefits, you shouldn't be surprised if they take you up on the offer.

Source: John O'Connor is editorial director for McKnight's Senior Living and its sister media brands, McKnight's Long-Term Care News, which focuses on skilled nursing, and McKnight's Home Care.

CCRC FINANCE GUIDEBOOK

FLiCRA chapters can purchase copies of the "CCRC Finances, A Guidebook for Members of CCRC Resident Finance Committees."

The guidebook is intended to assist interested residents with achieving a basic understanding of their CCRC's financial position and performance as reflected in its financial statements and other key documents.

Printed guidebooks are available for $14.90 each and electronic copies are free. Orders can be placed by contacting the FLiCRA Office at (850) 906-9314 or by email at lauren@executiveoffice.org.

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Tuskegee Airman is Honored Speaker at Freedom Village Bradenton Veterans Meeting

George Hardy, Lt. Colonel Retired USAF, is one of the last two Tuskegee Airmen with us today. He honored our group by graciously speaking at Freedom Village Bradenton's monthly Veterans meeting on January 9th, 2024. He shared his career flying P-51 Mustang "cover" for American bombers over Germany and other missions in Korea and Vietnam. He also flew P-47 fighter, B-29 bomber, on a B-36 bomber and C-119 attack plane in Vietnam. None of his aircraft ever took a bullet. He is 98, lives on his own currently, is very active with military and aviation functions around the country and will have his virtual hologram in the World War II Museum in March located in in New Orleans.

Larry Leetzow, leader of the FVB IL Veterans Group, said that, "the group felt very honored to have Lt. Colonel Hardy take time to visit our group and share his military story."

Freedom Village Bradenton is home to nearly 70 Veterans with several in their 80s, 90s and a few 100+.

From right to left: Lt. Colonel Hardy, Larry Leetzow, Phil Wright