

# Presentation to the Continuing Care Advisory Council

FLORIDA OFFICE OF INSURANCE REGULATION

In the absence of a 2023 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

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LIFE & HEALTH FINANCIAL OVERSIGHT



# CCRC Industry News, Notes & Developments

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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

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	2022	2023
Certificates of Authority	70	71
Operational Facilities	70	70
Provisional Certificates of Authority	2	2
Monthly Reporters	2	3
Accredited Facilities	4	4
Facilities in Run-Off	1	1

As of January 1, 2024, the exam schedule is on track as outlined in Section 651.105(1), Florida Statutes.



# Market Trends and Developments – 2019 to Present

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## Provisional Certificates of Authority

- Ponte Vedra Pine Company
  - PCOA issued in January 2023
  - Facility to be located in Atlantic Beach, Florida, in Duval County
- 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
  - COA issued in July 2019 (PCOA issued in November 2018)
  - 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 – 2019 to Present

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## 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
- Orlando Lutheran Towers, Inc. in January 2023
  - 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 – 2019 to Present

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## Acquisitions

- 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
- Arlington of Naples, LLC acquired Arlington of Naples in 2022. Application was approved December 2022. New provider received a new COA in this application.



# Market Trends and Developments – 2019 to Present

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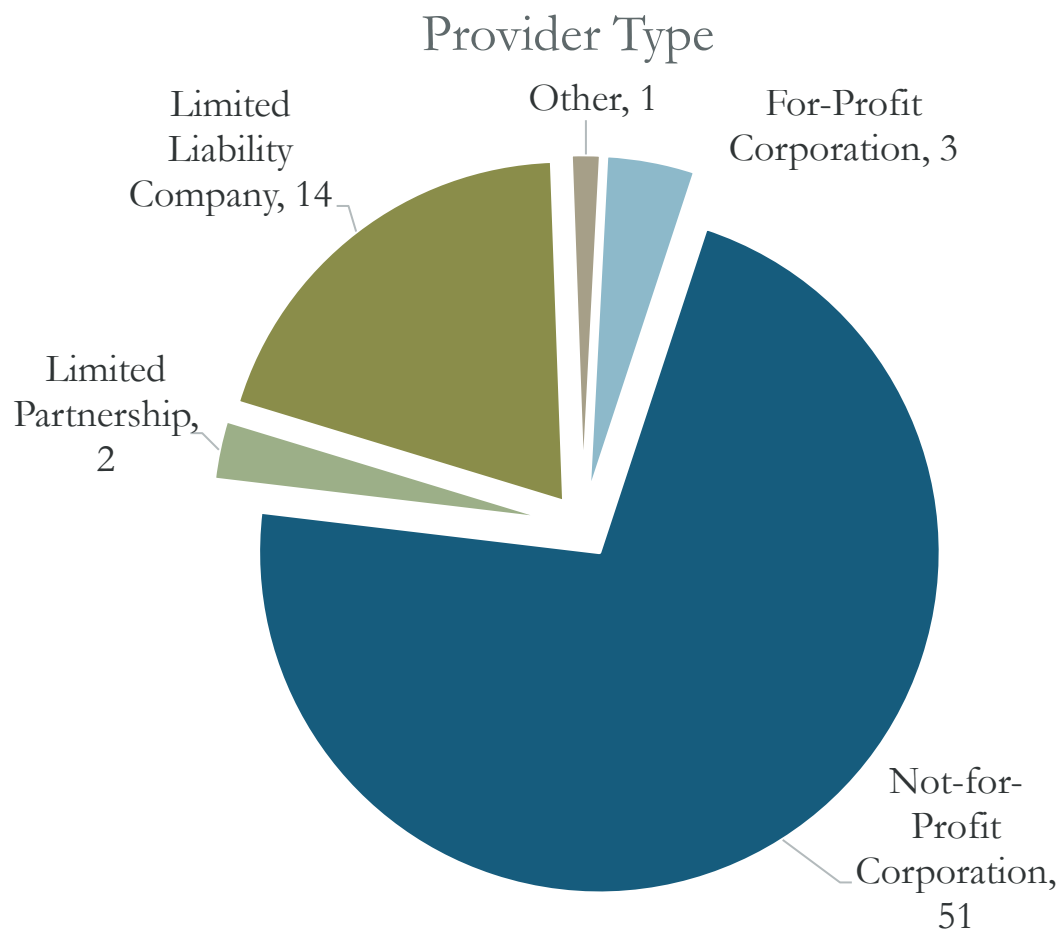
## Surrendered Certificates of Authority

- In 2019, Waterside Retirement Estates surrendered its COA
  - Completed the run-off of its continuing care contracts
- In 2022, The Arlington of Naples Inc. – Surrendered their COA as the result of the transaction mentioned previously



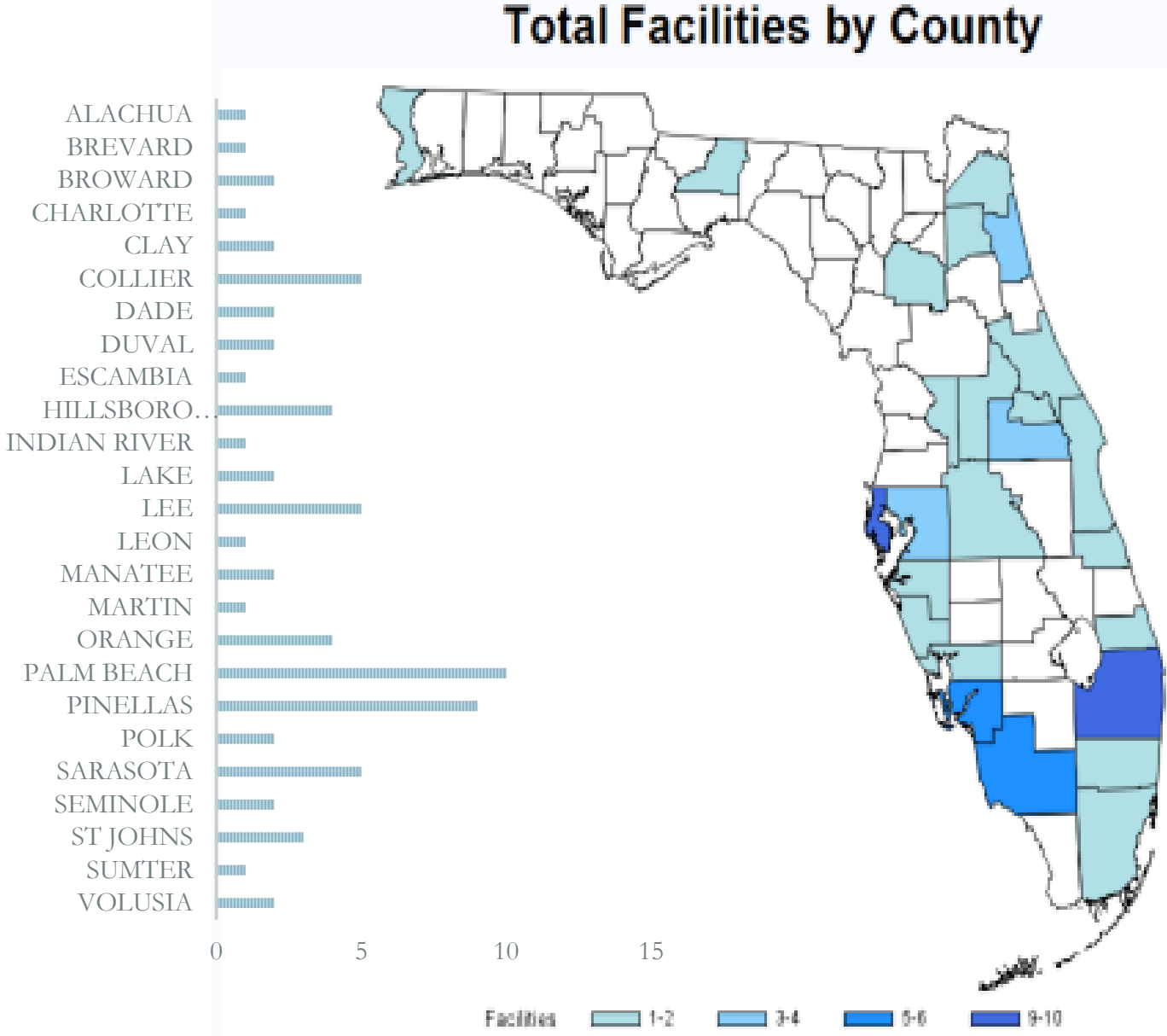


# Provider Information



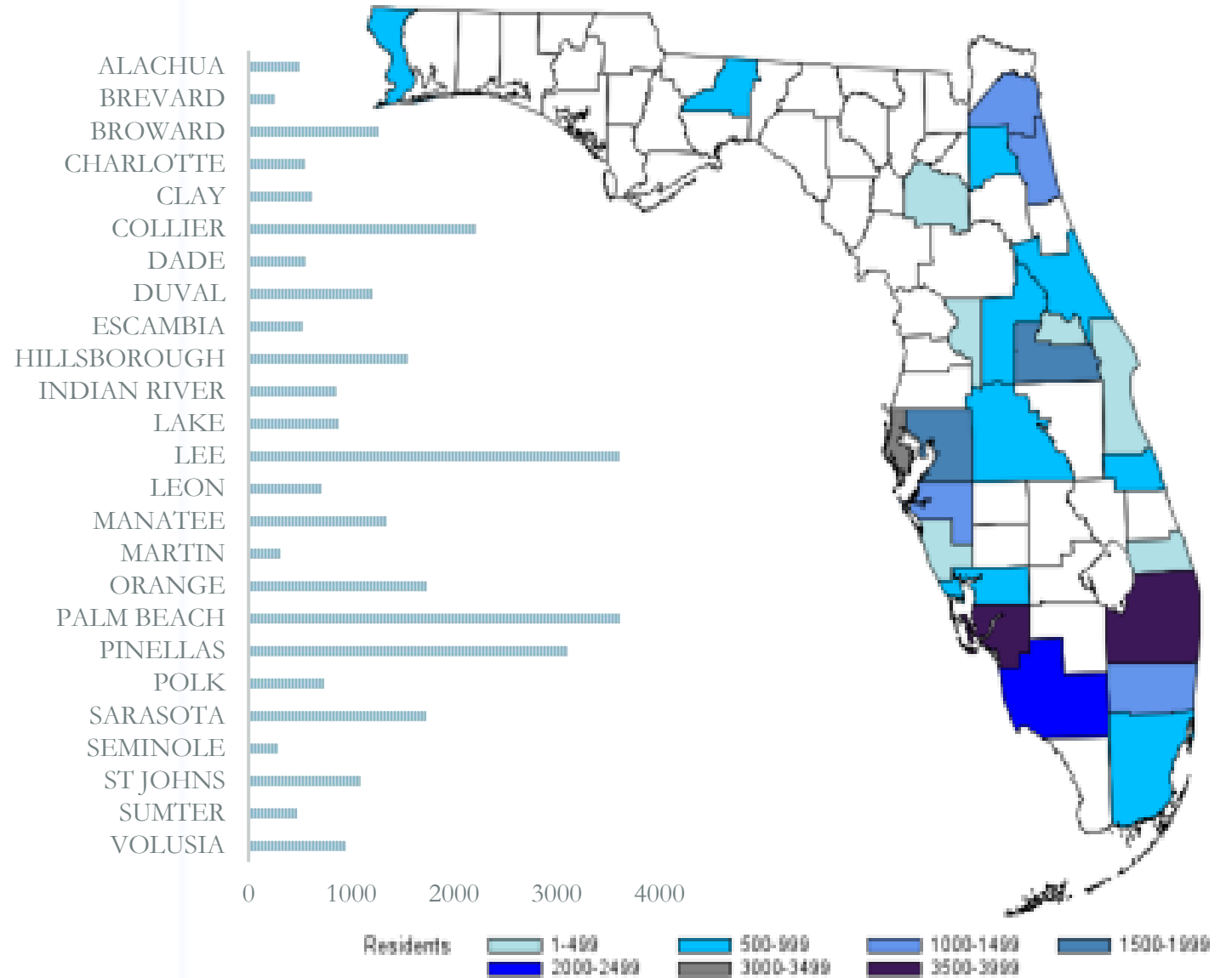
- 72% of providers are not for profits or are affiliated with or sponsored by a not-for-profit organization
- 27% of providers are affiliated with a religious organization
- 63% of providers are using a management company to manage their facility
- 76% of providers had debt service payments due during the reporting period

# Facility Distribution

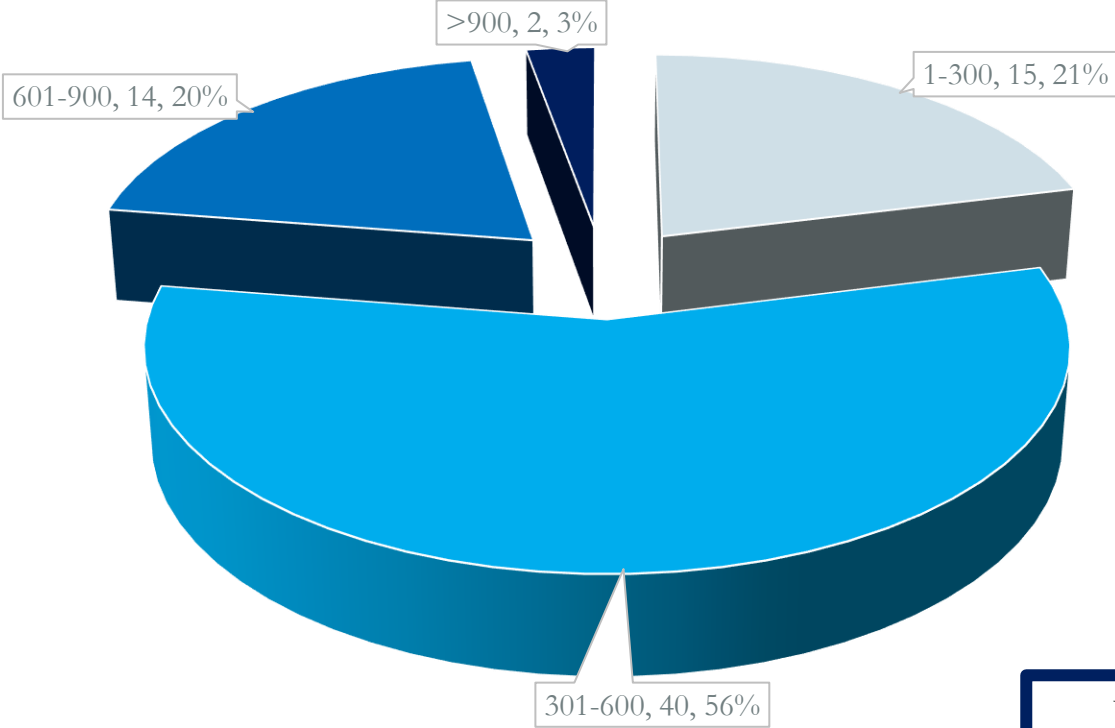


# Resident Distribution

## Total Residents by County



# Facility Size by Unit Count



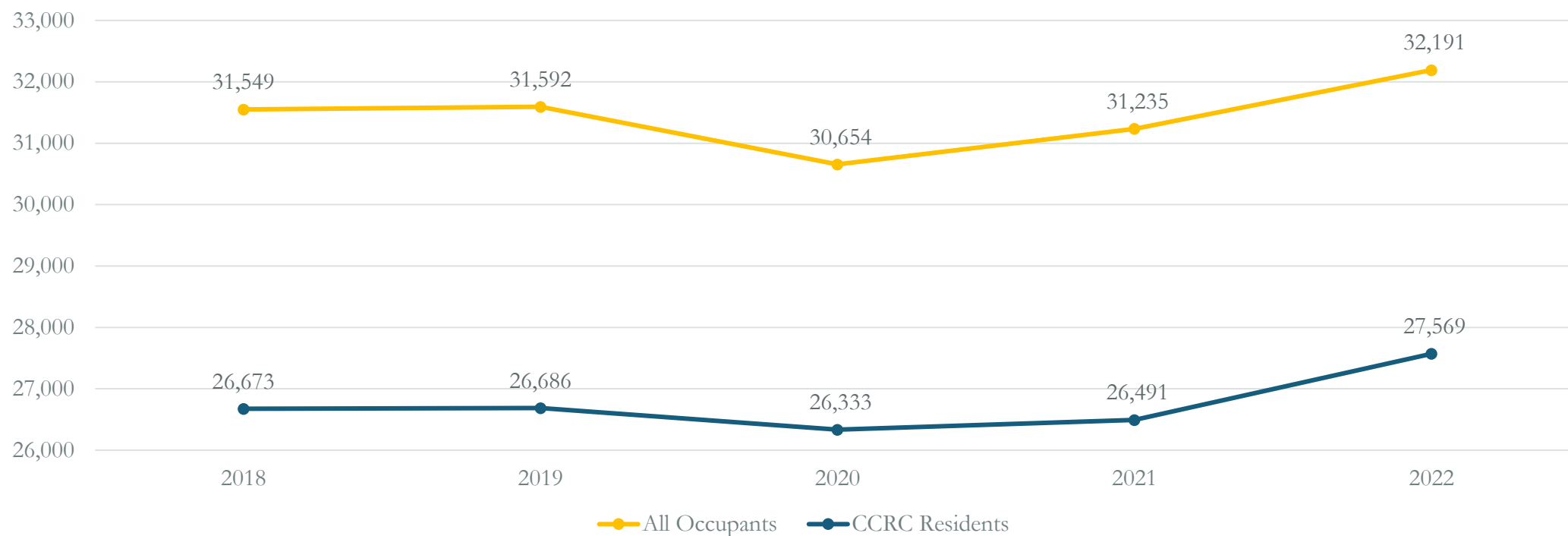
■ 1-300 ■ 301-600 ■ 601-900 ■ >900

<u>Last Year</u>	
1 - 300:	<b>19</b>
301 - 600:	<b>40</b>
601 - 900:	<b>9</b>
900 or more:	<b>3</b>

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



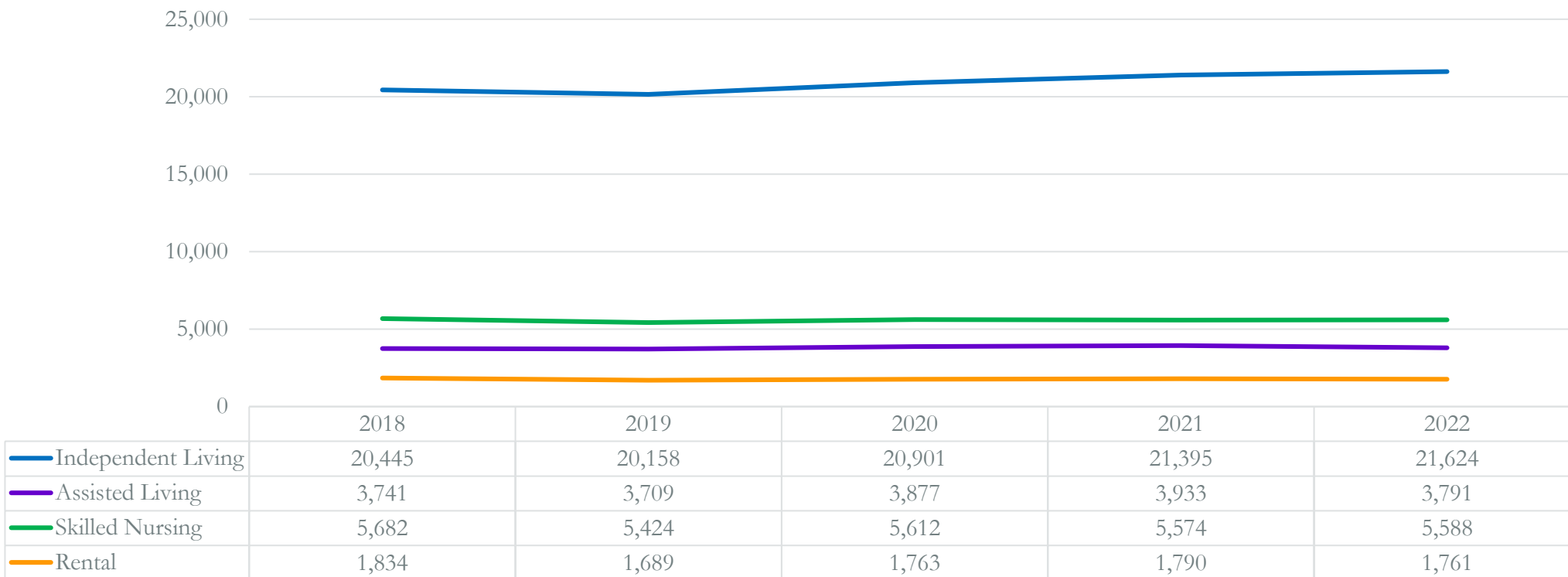
# Resident Information

Level of Care	Pursuant to a Continuing Care Contract		Without a Continuing Care Contract	
	2021	2022	2021	2022
Independent Living	22,687	23,699	786	763
Assisted Living and Memory Care	2,459	2,433	1,337	1,434
Skilled Nursing	1,345	1,437	2,621	2,425
Total	26,491	27,569	4,744	4,622

- 222 individuals have contracted with a provider pursuant to a continuing care at-home contract, up from 140 last year
- The average age of the resident population is 85.5 years. Last year, the average age was 84.2 years



# CCRC Units By Level of Care

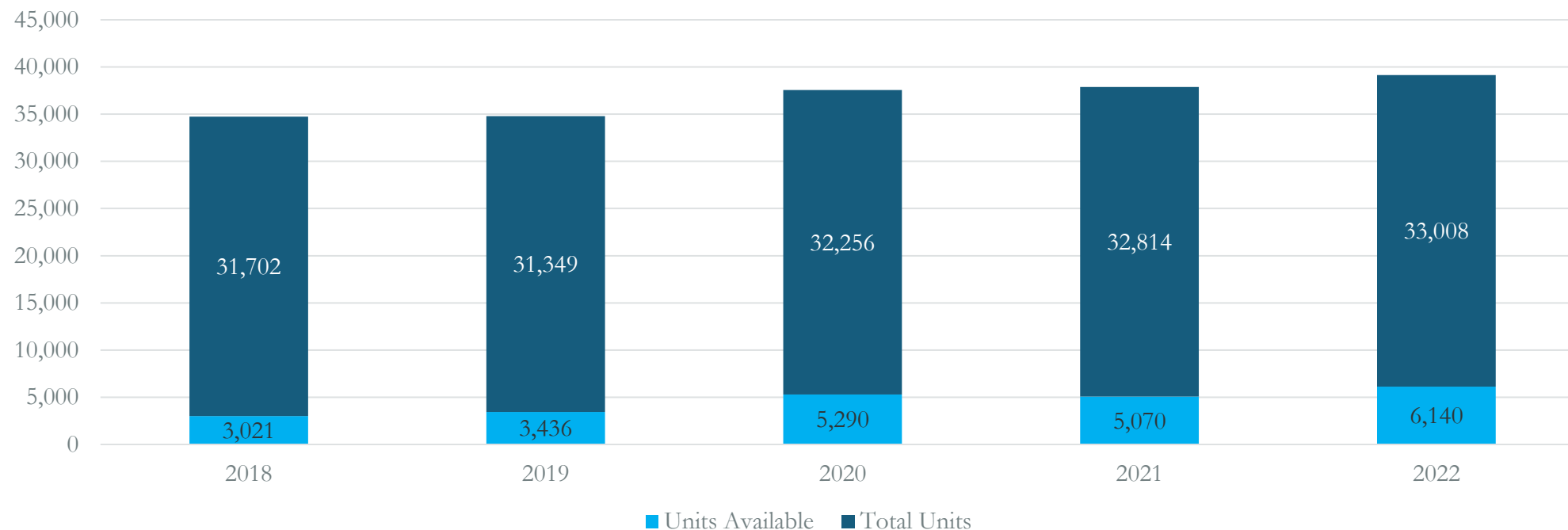


“Unit Count” reported above is the sum of each type of unit as reported by each facility in its Annual Report.

Source: Life & Health Financial Oversight



# Total Units vs. Units Available



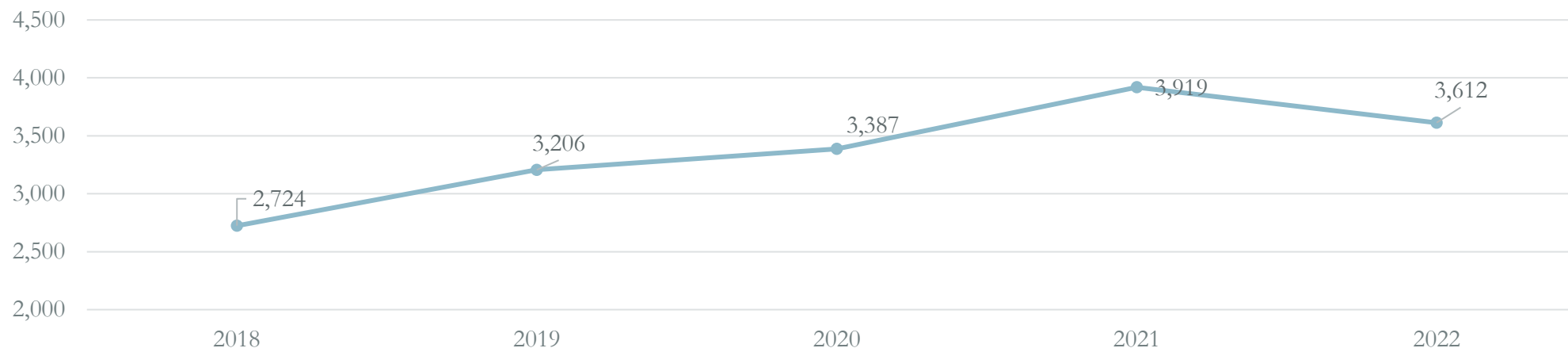
“Units Available” is the sum of the number of CCRC units reported as being available at the end of the reporting period by each facility in its Annual Report. The “Total Units” noted at the top of each bar is the sum of all skilled nursing, assisted living, independent living, and rental units reported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



- 284 CCRC units removed from inventory for renovation, rental or other purposes during this period, up from 239 last year
- 4,671 units available at the end of the period, up from 3,817 at the end of last year
- 6,063 deposits on hand at the end of this period, up from 5,619 last year
- Wait list deposits totaled \$22,427,316 this year, up from \$13,245,044 last year

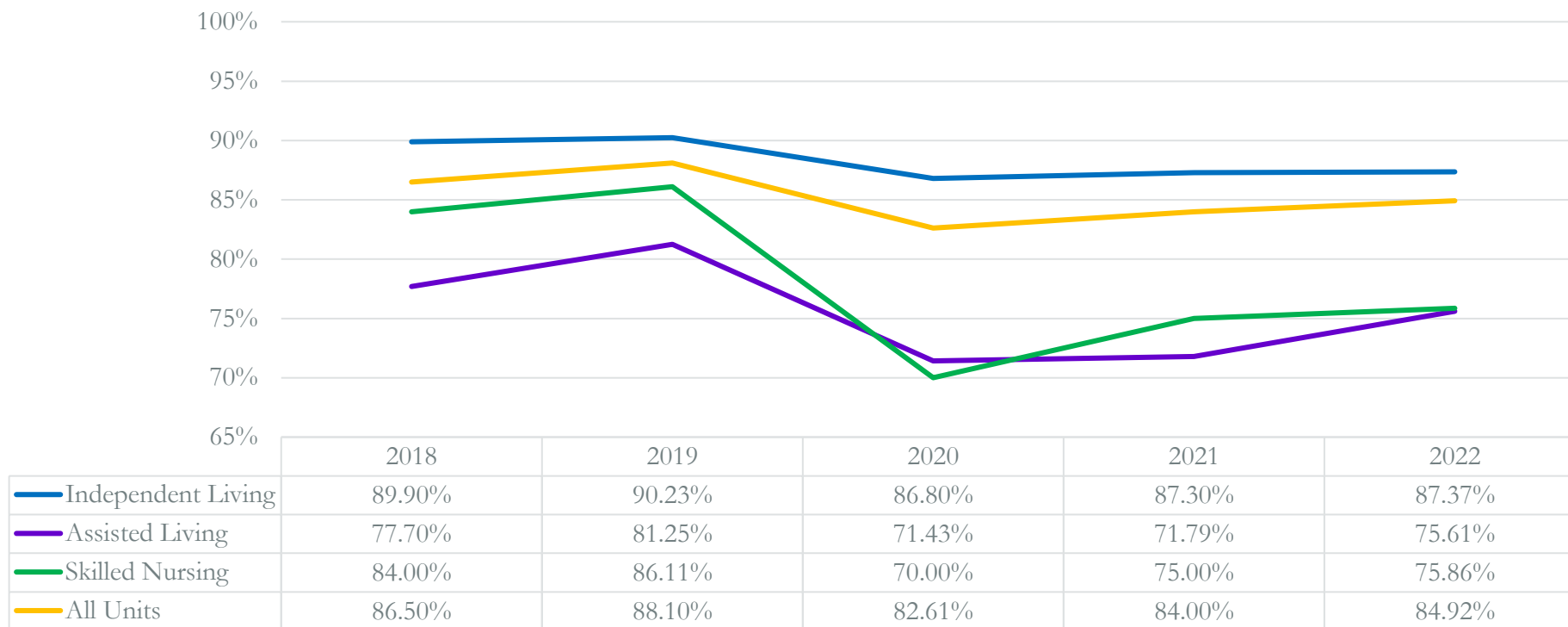
“CCRC Units Sales” is the sum of the number of independent living and assisted living units reported as sold during the reporting period by each facility in its Annual Report.

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

Source: Life & Health Financial Oversight



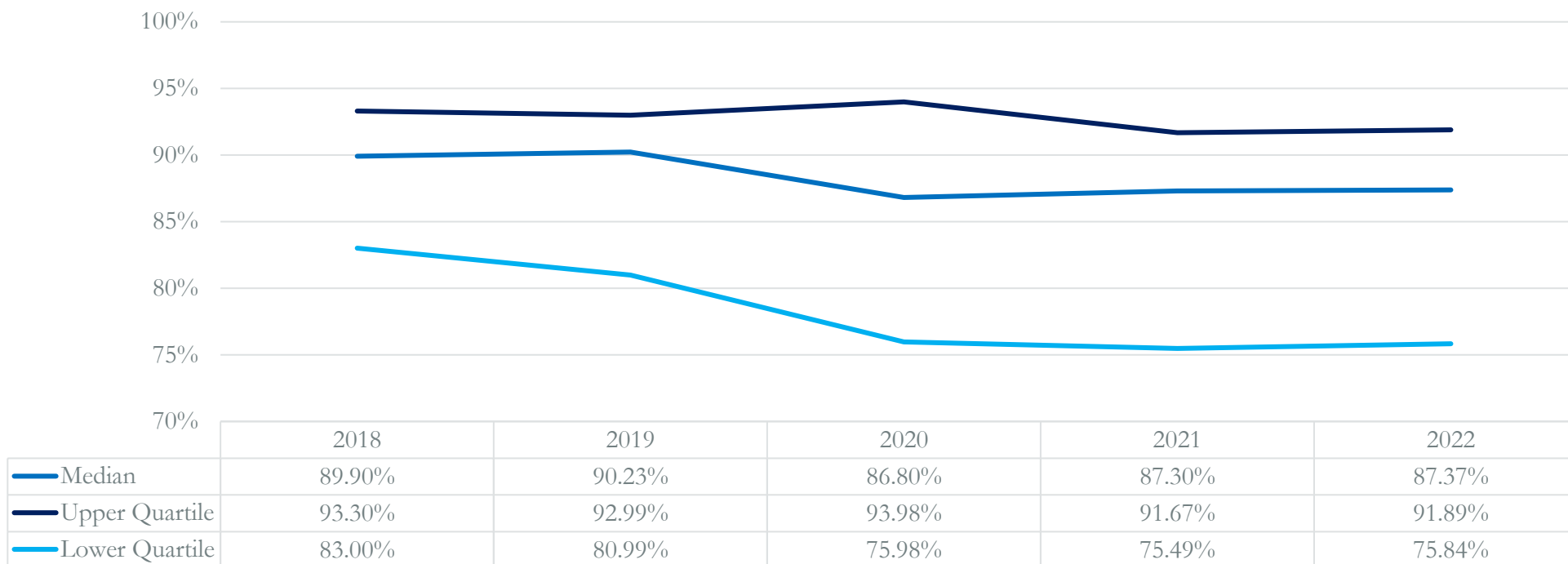
# Median Facility Occupancy By Level of Care



For 2018 and 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

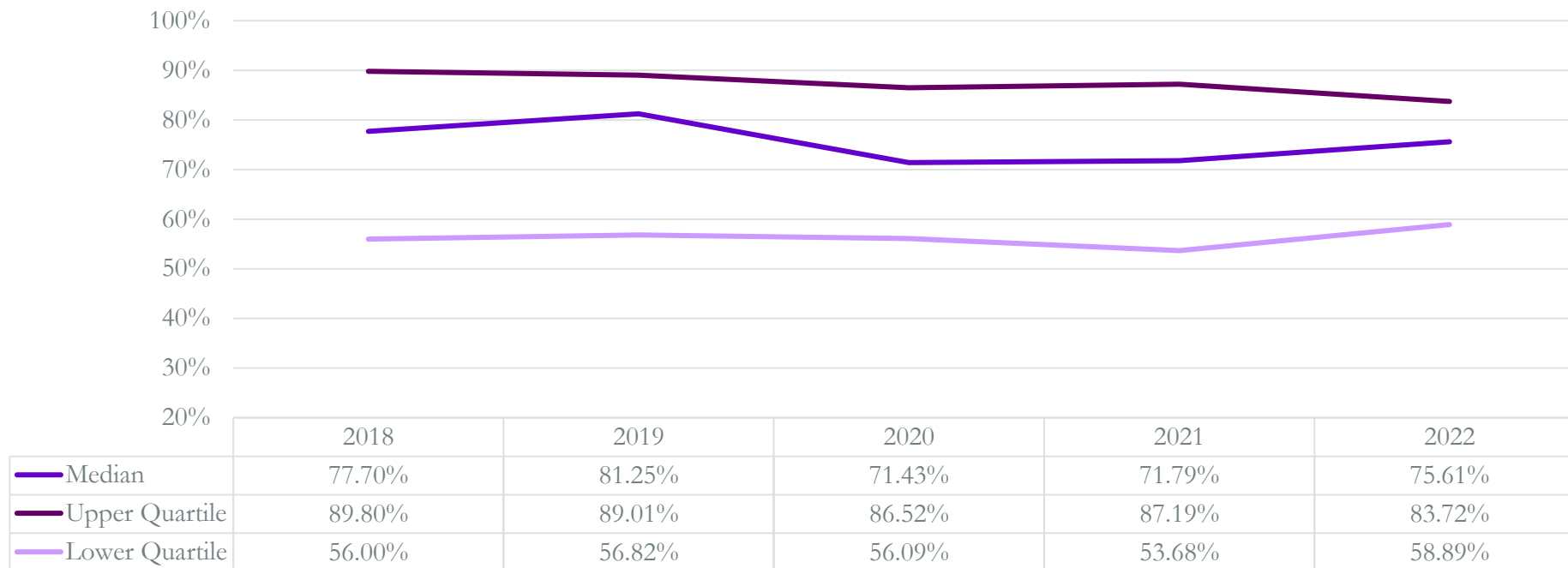


For 2018 and 2019, occupancy percentages were calculated pursuant to Rule 69O-193.006(6)(d), Florida Administrative Code (2019), as the total number of occupied units in a facility divided by the total number of units in that facility and tracked by each level of care. For 2020, occupancy is calculated 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

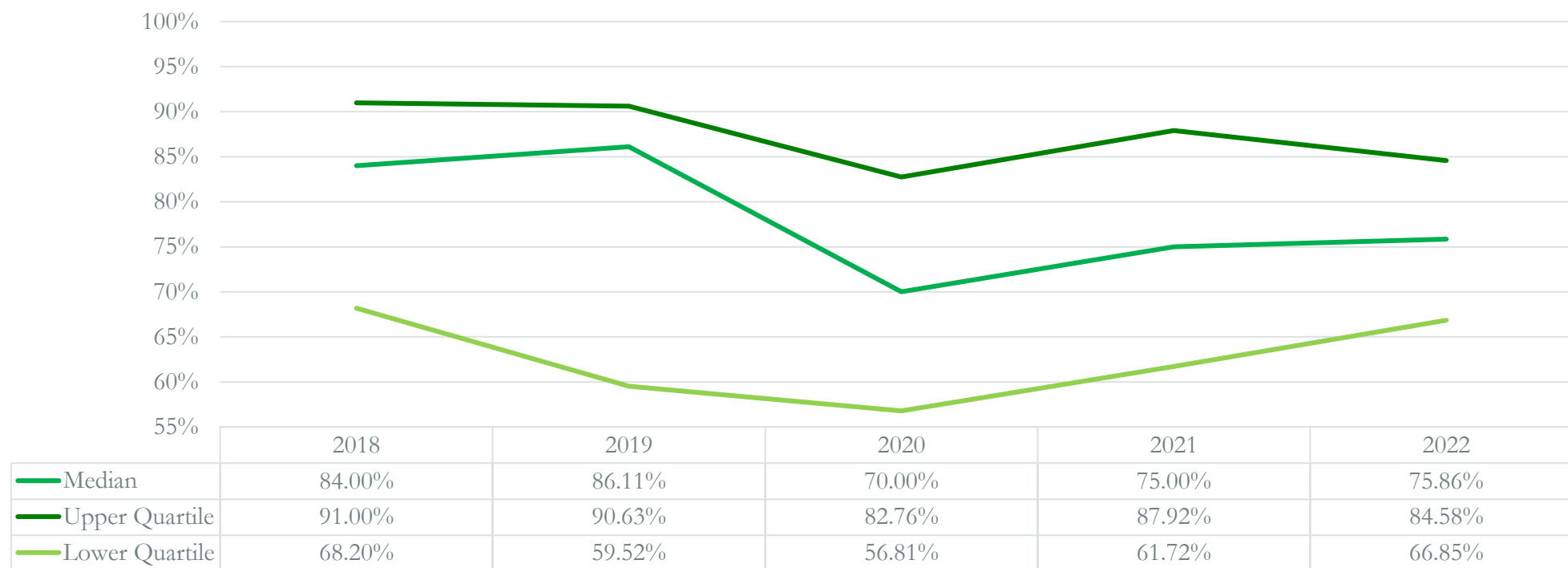


For 2018 and 2019, occupancy percentages were calculated pursuant to Rule 69O-193.006(6)(d), Florida Administrative Code (2019), as the total number of occupied units in a facility divided by the total number of units in that facility and tracked by each level of care. For 2020 and going forward, occupancy 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

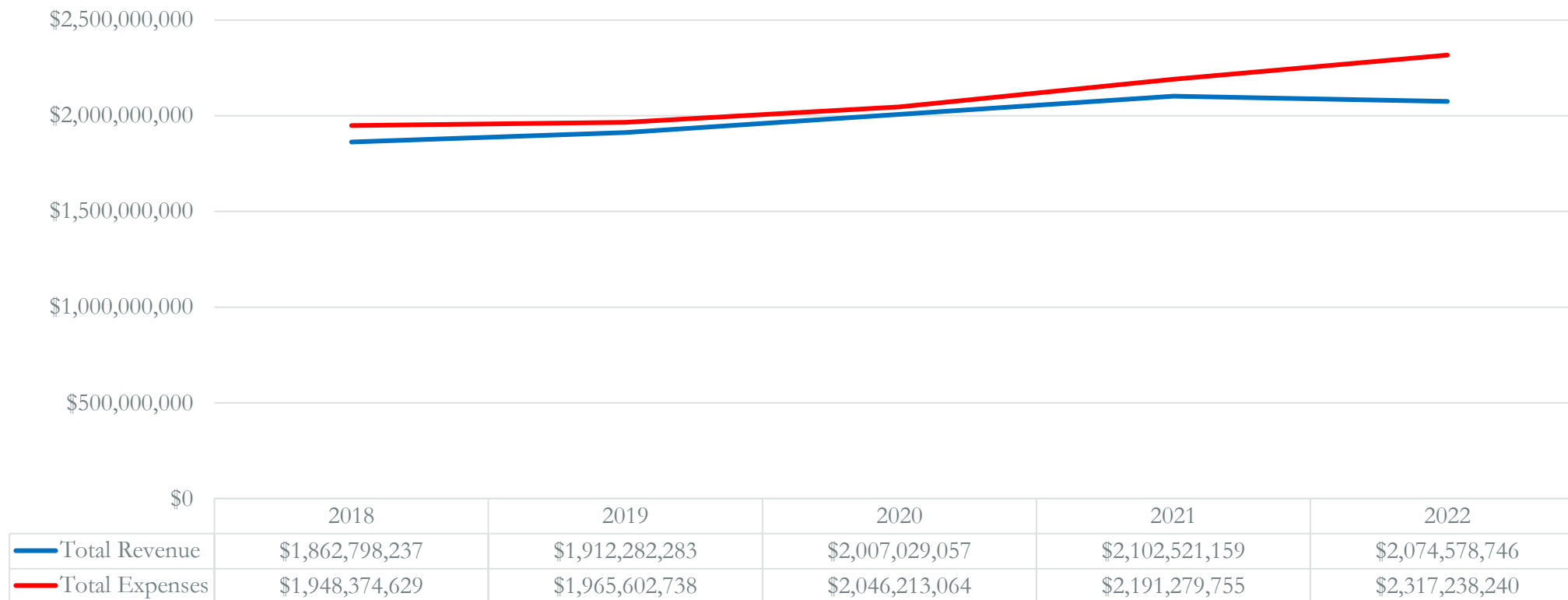


For 2018 and 2019, occupancy percentages were calculated pursuant to Rule 69O-193.006(6)(d), Florida Administrative Code (2019), as the total number of occupied units in a facility divided by the total number of units in that facility and tracked by each level of care. For 2020 and going forward, occupancy 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

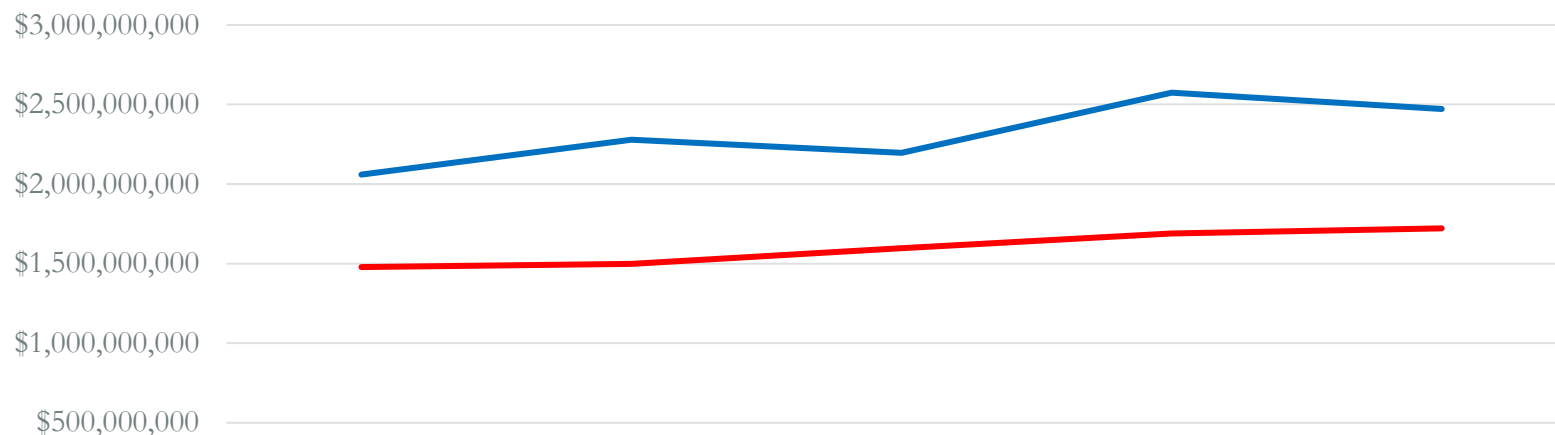


Total Revenue and Total Expense reported are the sum of the Total Revenue and Total Expense reported by each facility in its Annual Report.

Source: Life & Health Financial Oversight.



# Florida CCRC Industry Revenue and Expenses – Cash Basis



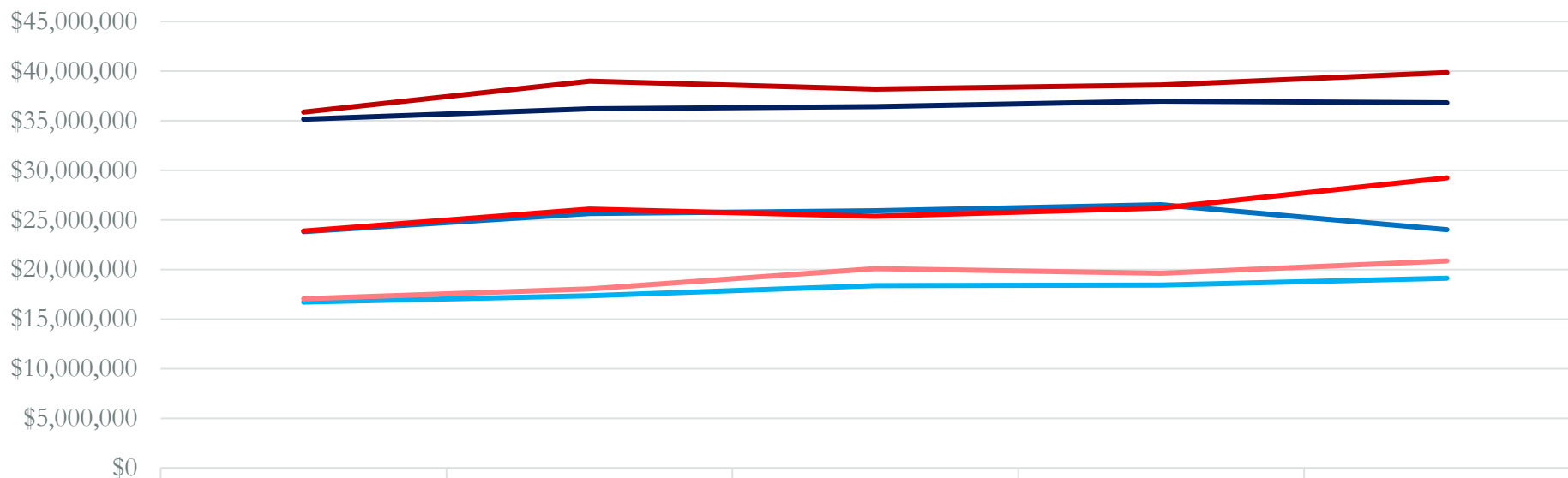
	2018	2019	2020	2021	2022
— Total Cash Operating Revenue	\$2,058,815,086	\$2,278,067,428	\$2,197,143,759	\$2,574,540,996	\$2,472,688,417
— Total Cash Operating Expenses	\$1,477,497,621	\$1,498,221,735	\$1,597,341,902	\$1,690,234,215	\$1,722,011,756

For 2018-2019, 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



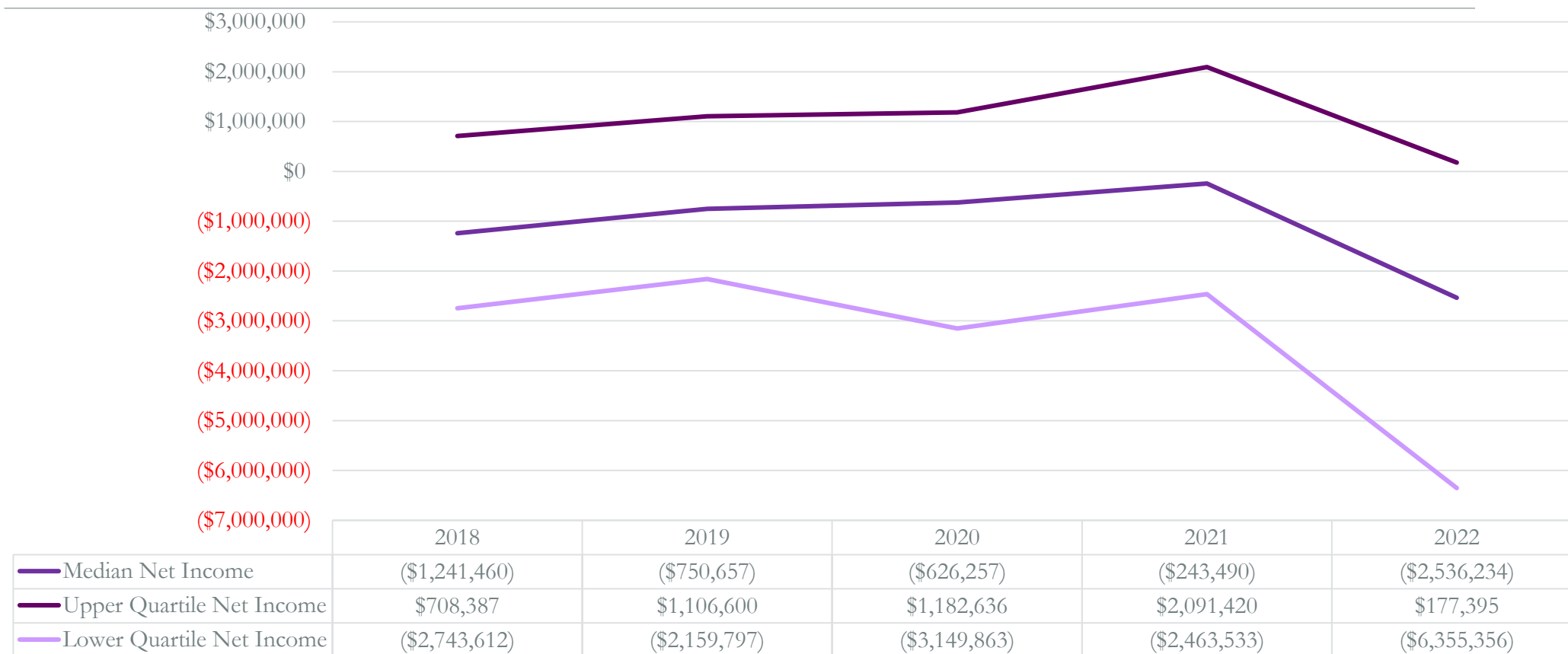
	2018	2019	2020	2021	2022
— Median Revenue	\$23,830,995	\$25,646,611	\$25,939,967	\$26,536,757	\$24,009,028
— Upper Quartile Revenue	\$35,147,437	\$36,204,053	\$36,428,127	\$36,976,846	\$36,810,512
— Lower Quartile Revenue	\$16,732,300	\$17,354,410	\$18,377,696	\$18,442,055	\$19,117,253
— Median Expenses	\$23,872,760	\$26,090,210	\$25,372,199	\$26,213,480	\$29,230,652
— Upper Quartile Expenses	\$35,866,801	\$39,004,117	\$38,188,796	\$38,613,364	\$39,851,965
— Lower Quartile Expenses	\$17,070,655	\$18,049,783	\$20,091,120	\$19,629,039	\$20,875,567

Source: Life & Health Financial Oversight.





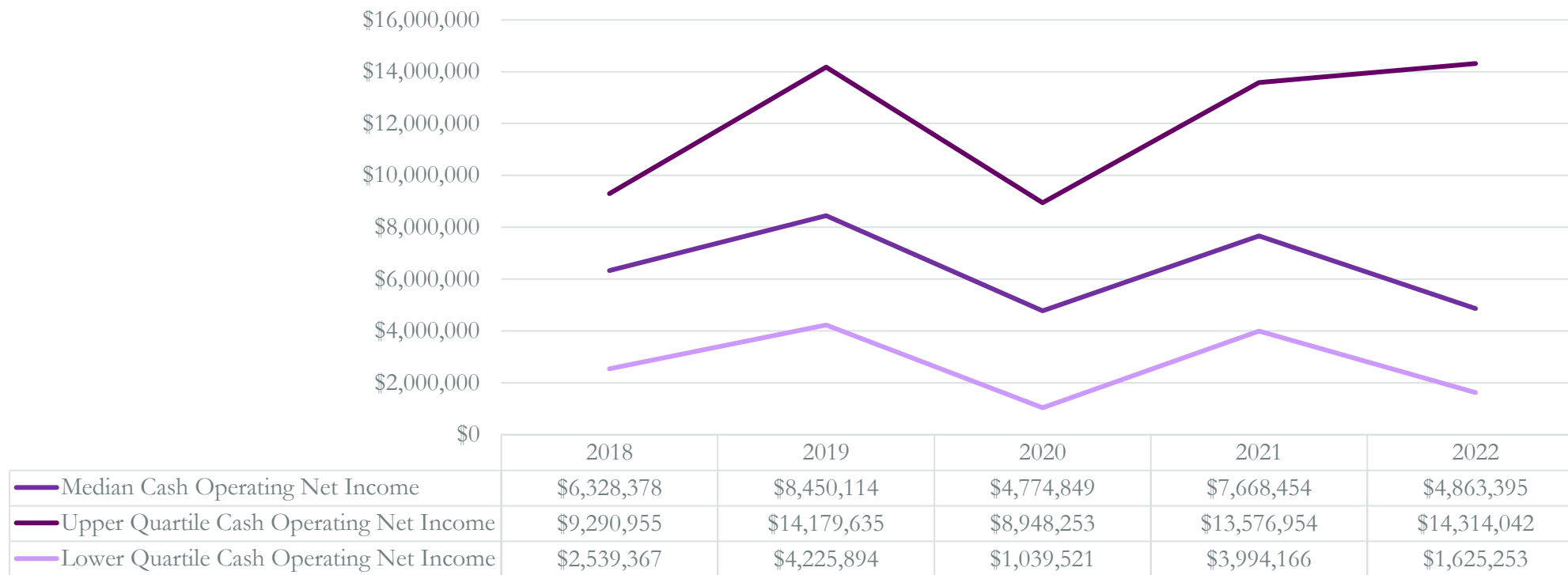
# Facility Net Income



Source: Life & Health Financial Oversight.



# Facility Cash Basis Net Income



For 2018-2019, 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	
<b>Statutory Threshold</b>	100 or Lender Requirement		1.2 or Lender Requirement		80%	
	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>
<b>Median</b>	373.99	290.77	2.82	2.62	84.0%	84.10%
<b>Range</b>	105.29 to 8,729.83	7.63 to 5,068.59	-0.80 to 15.01	-2.91 to 37.56	0% to 100%	0% to 95.2%
<b>Percentage of Facilities that Met the Statutory Threshold</b>	98.5%	97.18%	86.05%	80%	66.67%	74.65%

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. 55 (77.46%) facilities report a Debt Service Coverage Ratio.

Source: Life and Health Financial Oversight



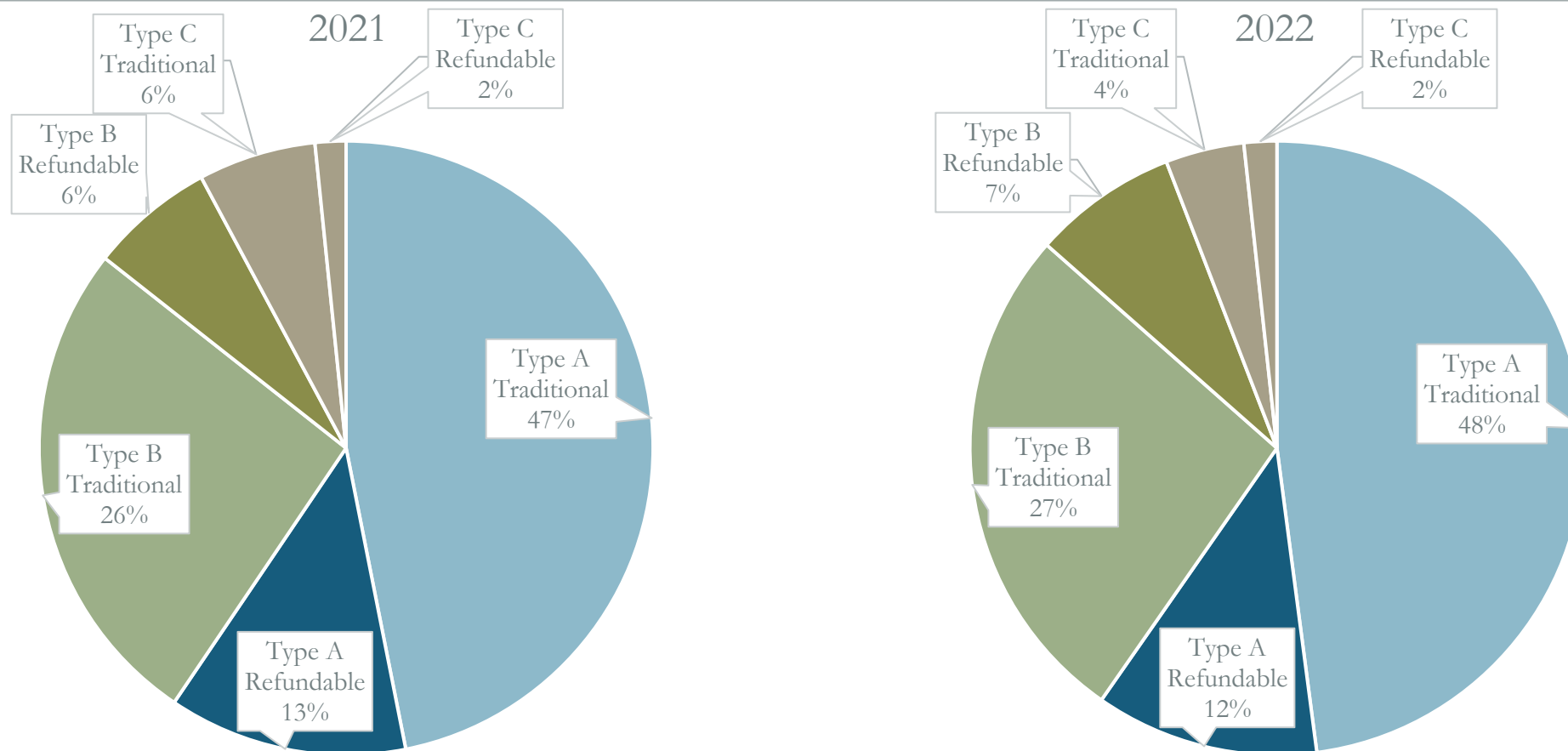
# Continuing Care Contracts

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- 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	
	2020-2021	2021-2022	2017-2021	2018-2022
Median	2.74%	4.0%	11.70%	13.02%
Upper Quartile	4.26%	5.0%	21.16%	26.18
Lower Quartile	0.0%	1.0%	3.08%	3.8%
Monthly Maintenance Fees	2020-2021	2021-2022	2017-2021	2018-2022
Median	3.50%	4.50%	13.32%	14.62
Upper Quartile	5.16%	6.50%	18.06%	25.17
Lower Quartile	1.98%	3.25%	9.69%	10.9%

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	
	2021	2022	2021	2022	2021	2022
Fees	92.96%	91.55%	7.04%	8.45%	0%	0%
Scope of Services	0%	0%	100%	100%	0%	0%
Rates for Care or Services	78.87%	80.28%	19.72%	19.72%	1.41%	0%

- For entities that increased fees, the average fee increase was 5.5%, and the increases ranged from 2% to 10.9%, up from a 4% average increase and range of 2% to 10% last year
- For entities that increased rates for care or services, the average increase was 3.64%, and the increases ranged 1% to 14.23%, down from an average increase of 4% and up from a range of 1% to 9% last year

Source: Life & Health Financial Oversight.



# How Providers Determine Entrance Fees

Methods Used to Determine Entrance Fee Price	2021	2022
Entrance fee varies by unit type	96%	93%
Entrance fee changes based on market conditions or marketing promotions	80%	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%	75%
Entrance fee varies based on healthcare services provided	21%	25%
Entrance fees vary by the age or health of the prospective resident	6%	3%
Entrance fee varies based on services provided other than healthcare benefits (number of meals, housekeeping, etc.)	7%	15%
Entrance fee varies based on timing of the refund payment	1%	1%
Other	4%	6%

Source: Life & Health Financial Oversight.





# How Providers Use Entrance Fees

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Uses of Entrance Fee Funds	2021	2021
Pay resident refunds	80%	77%
Pay down long-term debt	76%	73%
Pay operating expenses	63%	61%
Fund construction or renovation	66%	70%
Other	10%	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	
	2021	2022	2021	2022
New Independent Living or Community Common Areas	13	13	22	16
New Assisted Living or Memory Care Facility	4	4	12	7
New Skilled Nursing Facility	2	1	4	3
Substantial Renovation Project for Existing Units	8	3	6	4
Remodel to Permanently Reduce the Number of Units	7	8	9	6
Incurred/Plan to Incur Additional Debt for Construction	11	3	11	4

Source: Life & Health Financial Oversight.



## Facility Expansion in Units

Type	Added		Under Construction		Planned in the Next 3 Years	
	2021	2022	2021	2022	2021	2022
<b>Independent Living Units</b>	<b>476</b>	<b>617</b>	<b>818</b>	<b>441</b>	<b>1,041</b>	<b>800</b>
<b>Total Assisted Living Units (AL+MC)</b>	<b>122</b>	<b>105</b>	<b>135</b>	<b>148</b>	<b>350</b>	<b>157</b>
Assisted Living Units	104	83	79	97	242	105
Memory Care Units	18	22	56	51	108	52
<b>Total Skilled Nursing Beds (CB+SB)</b>	<b>42</b>	<b>180</b>	<b>64</b>	<b>58</b>	<b>58</b>	<b>-7</b>
Community Beds	12	180	0	0	48	0
Sheltered Beds	30	0	64	58	10	-7
<b>Total Units</b>	<b>616</b>	<b>902</b>	<b>955</b>	<b>647</b>	<b>1,329</b>	<b>950</b>

Source: Life & Health Financial Oversight.



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

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JULY 1, 2022 TO JUNE 30, 2023



# Complaint Summary

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## Number and status of complaints

- 6 complaints received during the 2022-2023 fiscal year
- At this time, 6 complaints have been closed

## Distribution of complaints

- 3 providers were the subject of complaints
- 2 providers had 2 complaints regarding the same issue from the same individual
- 1 providers were the subject of 1 complaint
- 1 complaint was for a non-CCRC provider



# Complaint Description

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- Complaints 1 and 2:
  - Issue: Alleges increases in fees that don't add up in accordance with contract conditions.
  - Resolution: Contract dispute was referred to the Florida Department of Financial Services, Division of Consumer Services mediation processes. The petitioner has not pursued mediation.
- Complaint 3 and 4:
  - Issue: Alleges provider is in breach of contract due to construction on site.
  - Resolution: Contract dispute was referred to the Florida Department of Financial Services, Division of Consumer Services mediation processes. The petitioner requested information to make a public records request.
- Complaints 5:
  - Issue: Change in TV utility provider resulted in 2 residents no longer have access to the community TV channel.
  - Resolution: Utility provider dispute was referred to the Florida Department of Financial Services, Division of Consumer Services mediation processes. The petitioner has not pursued mediation.



# Complaint Description

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- Complaint 6:
  - Issue: Alleges false advertising of a non-CCRC entity.
  - Resolution: Informed petitioner the entity in question is not a licensed Continuing Care Retirement Community and is not under the jurisdiction of the Office of Insurance Regulation.