

Report on Examination

of

Presbyterian Retirement Communities, Inc.

d/b/a

Westminster Oaks

Tallahassee, Florida

as of

June 30, 2019



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SCOPE OF EXAMINATION

The Florida Office of Insurance Regulation (“OIR”), Life & Health Financial Oversight unit conducted a routine examination of Presbyterian Retirement Communities, Inc. d/b/a Westminster Oaks (“Westminster Oaks”), pursuant to Section 651.105, Florida Statutes. The objective of the examination was to determine the extent of compliance with the provisions of Chapter 651, Florida Statutes, and Rule Chapter 69O-193, Florida Administrative Code. The examination covered the period of April 1, 2012 through June 30, 2019.

COMPANY HISTORY

Presbyterian Retirement Communities, Inc. d/b/a Westminster Oaks, a Florida not-for-profit corporation was granted a certificate of authority by the OIR to offer continuing care contracts on April 5, 1982. Presbyterian Retirement Communities, Inc., operates Westminster Oaks a continuing care retirement community (“CCRC”) facility located in Tallahassee, Florida, that is managed by Westminster Services, Inc., an affiliated entity.

Westminster Oaks operates on the fiscal year April 1 through March 31. As of March 31, 2019, Westminster Oaks reported in its Annual Report filed with the OIR: 491 Continuing Care Units consisting of 400 Independent Living Units and 91 Assisted Living Units; 120 Skilled Nursing Units consisting of 60 Sheltered Beds and 60 Community Beds; and 10 Rental Units. As of that date, there were 664 individuals reported residing at Westminster Oaks: 582 pursuant to a continuing care agreement; 18 pursuant to a rental agreement; and 64 skilled nursing-community patients (non-CCRC).

SUMMARY OF FINDINGS

ANNUAL REPORT

Section 651.026(2)(c)6., Florida Statutes (2018), provides in part that if a provider has more than one certificated facility it shall submit a balance sheet, statement of income and expenses, statement of equity of fund balances, and statement of cash flows for each facility licensed under this chapter as supplemental information to the audited financial statements.

Finding:

Westminster Oaks failed to include in its fiscal year 2019 Annual Report filing to the OIR Audited Financial Statements that included, as supplemental information for each of its certificated facilities, a balance sheet, statement of income and expenses, statement of equity of fund balances, and statement of cash flows, as required by Section 651.026(2)(c)6., Florida Statutes (2018).

WAIT LIST FORMS

Westminster Oaks provided a list of 814 wait list deposits received during the scope period of the examination. A sample of 50 transactions was selected and reviewed for compliance with Sections 651.022(2)(g) and 651.033(4), Florida Statutes, and Rule 69O-193.018, Florida Administrative Code.

Finding:

Section 651.022(2)(g), Florida Statutes, provides in part that wait list contract forms be submitted to the OIR and approved prior to use.

In 50 instances, Westminster Oaks failed to utilize a wait list contract form that was approved by the OIR, as required by Section 651.022(2)(g), Florida Statutes. In 42 instances, Westminster Oaks accepted and acknowledged receipt of wait list deposits from individuals on form "WS PRC TR 5-9-10". In 8 instances, form "88014, 88050, 88048, 88056 -- Res_Deposit_Escrow Rev. 5/9/17" was utilized.

Subsequent Event: In response to this examination, Westminster Oaks filed wait list contract forms with the OIR, and they were approved on January 11, 2023.

RESERVATION FORMS

Westminster Oaks provided a list of 472 continuing care contracts entered into during the scope period of the examination. A sample of 50 transactions were selected and reviewed for compliance with Section 651.022(2)(g), Florida Statutes.

Finding:

Section 651.022(2)(g), Florida Statutes, provides in part that reservation contract forms be submitted to the OIR and approved prior to use.

In 50 instances, Westminster Oaks failed to utilize a reservation contract form approved by the OIR, as required by Section 651.022(2)(g), Florida Statutes. In 45 instances, Westminster Oaks accepted and acknowledged receipt of reservation deposits from individuals on form "WS PRC TR 5-9-10". In 5 instances, form "88014, 88050, 88048, 88056 -- Res_Deposit_Escrow Rev. 5/9/17" was utilized.

SUBSEQUENT EVENT: IN RESPONSE TO THIS EXAMINATION, WESTMINSTER OAKS FILED RESERVATION CONTRACT FORMS WITH THE OIR, AND THEY WERE APPROVED ON JANUARY 11, 2023.

QUARTERLY MEETINGS WITH RESIDENTS

Quarterly meeting minutes, meeting notices, agendas, and annual reports filed with the OIR during the scope period of the examination were reviewed for compliance with Section 651.085, Florida Statutes.

Finding 1:

Section 651.085(1), Florida Statutes, provides in part that residents shall be provided at least 7 days' advance notice of each quarterly meeting between the governing body of the provider, or the designated representative of the provider and the residents.

In three instances, Westminster Oaks failed to provide residents with at least 7 days' advance notice of quarterly meetings that were held between the governing body of the provider, or the designated representative of the provider and the residents of the continuing care facility, as required by Section 651.085(1), Florida Statutes.

Finding 2:

Section 651.085(1), Florida Statutes, provides in part that the annual report pursuant to Section 651.026, Florida Statutes, shall include the dates on which quarterly meetings were held during the reporting period.

Westminster Oaks failed to accurately report in its March 31, 2018 and 2019 Annual Reports filed with the OIR the dates on which quarterly meetings with residents were held, as required by Section 651.085(1), Florida Statutes. The examination revealed eight instances where the dates the quarterly meetings with residents were held conflicted with the dates of the meetings reported in the respective Annual Reports filed with the OIR.

MAINTENANCE OF RECORDS AND ASSETS

Records and assets were reviewed to determine if provider was in compliance with requirements listed in Section 651.051, Florida Statutes (2018).

Finding:

Section 651.051, Florida Statutes (2018), provides in part that no records or assets may be removed from this state by a provider unless the OIR consents to such removal in writing before such removal.

Westminster Oaks failed to obtain the written consent of the OIR prior to the removal of records from this state, as required by Section 651.051, Florida Statutes (2018). The examination revealed certain records of Westminster Oaks were moved to a storage facility located in Thomasville, Georgia. In addition, Westminster Oaks failed to disclose this information in their March 31, 2019 Annual Report, filed with the OIR.

NEW FINANCING, ADDITIONAL FINANCING OR REFINANCING

Information was obtained and reviewed related to new financing, additional financing, and refinancing during the scope period of the examination to determine compliance with Section 651.019, Florida Statutes (2018).

Finding 1:

Section 651.019(1), Florida Statutes (2018), requires the provider to submit to the OIR a general outline including intended use of proceeds, with respect to any new financing, additional financing or refinancing at least 30 days before closing date of such transaction.

In one instance, Westminster Oaks failed to provide the OIR a general outline including the intended use of proceeds at least 30 days before closing date of a financing transaction, as required by Section 651.019(1), Florida Statutes (2018). The financing transaction was entered into on June 15, 2015, notification related to the financing transaction was provided to the OIR 19 days prior to the closing of the transaction on May 27, 2015.

Finding 2:

Section 651.019(2), Florida Statutes (2018), requires the provider to submit to the OIR copies of the executed financing documents within 30 days after the closing date of the transaction.

In one instance, Westminster Oaks failed to provide the OIR with copies of the executed financing documents within 30 days after the closing of the financing transaction, as required by Section 651.019(2), Florida Statutes. OIR In this instance, Westminster Oaks entered into a financing agreement on December 1, 2016; the OIR was provided copies of the executed financing documents 44 days later on January 14, 2017.

NOTIFICATION TO THE OIR

The Florida Department of State, Division of Corporations website (www.sunbiz.com) was reviewed for items of significance.

Finding

Westminster Oaks amended its Articles of Incorporation, effective May 17, 2017, and failed to notify the OIR and file pertinent documents within five business days, as required by Rule 69O-193.058, Florida Administrative Code (2018). In addition, Westminster Oaks failed to disclose this amendment to its Articles of Incorporation in their June 30, 2017 Quarterly Report Interrogatories filed with the OIR.

MINIMUM LIQUID RESERVE

As of March 31, 2019, the Westminster Oaks' Minimum Liquid Reserve was funded in accordance with Section 651.035, Florida Statutes (2018).

SUMMARY OF RECOMMENDATIONS

ANNUAL REPORT

The OIR recommends Westminster Oaks ensures that it includes all supplemental information required to be filed as part of its Annual Report to the OIR in accordance with Section 651.026(2)(c)6, Florida Statutes.

WAIT LIST FORMS

The OIR recommends Westminster Oaks establish adequate procedures and controls to ensure wait list contract forms are approved by the OIR prior to use, in accordance with Section 651.022(2)(g), Florida Statutes.

RESERVATION FORMS

The OIR recommends Westminster Oaks establish adequate procedure and controls to ensure reservation contract forms are approved by the OIR prior to use, in accordance with Section 651.022(2)(g), Florida Statutes.

QUARTERLY MEETINGS WITH RESIDENTS

Finding 1: The OIR recommends Westminster Oaks establish adequate procedures and controls to ensure the statutory quarterly meetings with residents are properly noticed, in accordance with Section 651.085(1), Florida Statutes.

Finding 3: The OIR recommends Westminster Oaks establish adequate procedures and controls to ensure the dates on which quarterly meetings with residents held are accurately reported in the Annual Reports filed with the OIR, in accordance with Section 651.085(1), Florida Statutes.

MAINTENANCE OF RECORDS AND ASSETS

The OIR recommends Westminster Oaks establish adequate procedures and controls to ensure that records and assets are maintained in accordance with Section 651.051, Florida Statutes. Further, the OIR recommends Westminster Oaks submit a request to the OIR for consent to remove records from this state, in accordance with Section 651.051, Florida Statutes, within 45 days after issuance of the Final Report of Examination.

NEW FINANCING, ADDITIONAL FINANCING, OR REFINANCING

Findings 1 & 2: The OIR recommends Westminster Oaks ensure compliance with Section 651.019, Florida Statutes.

NOTIFICATIONS TO THE OIR

The OIR recommends Westminster Oaks ensures the OIR is timely provided information and documentation, in accordance with requirements of Chapter 651, Florida Statutes and Rule Chapter 690-193, Florida Administrative Code.

CONCLUSION

This Final Report of Examination is based upon the information provided to the OIR from Presbyterian Retirement Communities, Inc. d/b/a Westminster Oaks and additional research conducted by the OIR.

The following individuals from the OIR participated in the examination: Bernie L. Stoffel, Senior Management Analyst Supervisor; Alicia Thompkins-Perryman, CFE, APIR, Financial Specialist; and Kyle Barber, Financial Specialist.

Respectfully submitted,



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Director, Life & Health Financial Oversight
Florida Office of Insurance Regulation
Date Signed: 7/7/23