

Report on Examination

of

Mease Life, Inc.

(formerly known as Mease Manor, Inc.)

Dunedin, Florida

as of

December 31, 2020



Contents

Scope of Examination	1
Company History	1
Summary of Findings	2
Minimum Liquid Reserve.....	9
Summary of Recommendations	10
Conclusion	12

SCOPE OF EXAMINATION

The Florida Office of Insurance Regulation (“OIR”), Life & Health Financial Oversight unit conducted a routine examination of Mease Life, Inc., (formerly known as Mease Manor, Inc.¹) 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 January 1, 2013 through December 31, 2020.

COMPANY HISTORY

Mease Life, Inc., a Florida not-for-profit corporation was granted a certificate of authority by the OIR to offer continuing care contracts on February 15, 1980. Mease Life operates a continuing care retirement community (“CCRC”) facility located in Dunedin, Florida. Mease Life is self-managed and does not utilize a “manager” or “management company”, as defined by Section 651.011(18), Florida Statutes.

Mease Life operates on a calendar year basis. As of December 31, 2020, Mease Life reported in its Annual Report filed with the OIR: 129 Continuing Care Units consisting solely of Independent Living Units; 100 Skilled Nursing Units consisting of 70 Community Beds and 30 Sheltered Beds; and 205 Rental Units. As of that date, there were 309 individuals reported residing at the facility: 107 pursuant to a continuing care contract; and, 202 not pursuant to a continuing care contract.

¹ Effective August 10, 2020, Mease Manor, Inc. corporate name was changed to Mease Life, Inc.

SUMMARY OF FINDINGS

The following is a summary of findings. The findings are discussed in more detail in the pages that follow with recommendations beginning on page 10.

CANCELATIONS AND REFUNDS

Finding:

Section 651.055(1)(g), Florida Statutes (2015), provides in part that each continuing care contract provide the terms governing the refund of any portion of the entrance fee. Section 651.055(1)(g)2., Florida Statutes (2015), provides in pertinent part that such refund must be paid within 120 days after giving the notice of intention to cancel.

Mease Life failed to timely issue an entrance fee refund in accordance with Section 651.055(1)(g), Florida Statutes (2015). In this instance, the residents provided their notice of terminating their life residency agreement with respect to their Mease Manor apartment and that it will be vacant on or before July 9, 2014. The applicable refund terms of the continuing care contract provided for a fifty percent (50%) refund to be paid no later than one hundred (120) days from the date the apartment is vacated. The refund was paid on March 31, 2016, and not within the required 120-day period.

WAIT LIST CONTRACT FORMS

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.

During the scope period of this examination, Mease Life failed to utilize a wait list contract form approved by the OIR, as required by Section 651.022(2)(g), Florida Statutes.

Specifically, Mease Life accepted and acknowledged receipt of wait list deposits from individuals on the form titled “Mease Life Receipt of Deposit”.

RESERVATION CONTRACT FORMS

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.

During the scope period of this examination, Mease Life failed to utilize a reservation contract form approved by the OIR, as required by Section 651.022(2)(g), Florida Statutes. Specifically, Mease Life accepted and acknowledged receipt of reservation deposits from individuals on the form titled “Mease Life Receipt of Deposit”.

Subsequent Event: Mease Life filed a Membership Reservation Deposit Agreement form with the OIR for approval on June 9, 2021. The OIR approved the form on June 15, 2021.

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 the intended use of proceeds, with respect to any new financing, additional financing, or refinancing at least 30 days before the closing date of such transaction.

In two instances, Mease Life failed to provide the OIR a general outline including the intended use of proceeds at least 30 days before the closing date of the financing transactions that occurred in 2013 and 2019, as required by Section 651.019(1), Florida Statutes (2019).

Finding 2:

Section 651.019(2), Florida Statutes (2013), 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, Mease Life failed to provide the OIR with copies of the executed financing documents within 30 days after the closing of the financing transaction that occurred on July 24, 2013, as required by Section 651.019(2), Florida Statutes (2013). In this instance, the executed financing documents were not timely submitted to the OIR. The documents were submitted via letter dated August 27, 2013.

QUARTERLY MEETING WITH RESIDENTS

Quarterly meeting documentation and meeting dates contained in the 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 the governing body of a provider, or the designated representative of the provider, shall hold quarterly meetings with the residents of the continuing care facility for the purpose of free discussion of subjects including, but not limited to, income, expenditures, and financial trends and problems as they apply to the facility, as well as a discussion on proposed changes in policies, programs, and services.

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 one instance, Mease Life failed to provide residents at least 7 days' advance notice for the quarterly meeting held on January 27, 2017, as required by Section 651.085(1), Florida Statutes. In this instance, the quarterly meeting was noticed and held on January 27, 2017.

Finding 2:

Section 651.085(4), Florida Statutes, provides in part that at a quarterly meeting prior to the implementation of any increase in the monthly maintenance fee, the designated representative of the provider must provide the reasons, by department cost centers, for any increase in the fee that exceeds the most recently published Consumer Price Index for All Urban Consumers, all items, Class A Areas of the Southern Region.

For monthly fee increases that took effect in calendar years 2014, and 2015, Mease Life failed to provide documentation to demonstrate that at a quarterly meeting with the residents prior to the increase, residents were provided the reasons, by department cost centers, for the monthly maintenance fee increase that exceeded the Consumer Price Index for All Urban Consumers, all items, Class A Areas of the Southern Region, as required by Section 651.085(4), Florida Statutes. Accordingly, in these instances the examination was unable to determine if Mease Life complied with the requirements of Section 651.085(4), Florida Statutes.

RESIDENTS' COUNCIL REQUIRED DISCLOSURES

Documentation was reviewed to determine compliance with the Residents' Council disclosure requirements, pursuant to Sections 651.081(2)(a), and 651.091(2), Florida Statutes.

Finding 1:

Section 651.081(2)(a), Florida Statutes, provides in part that within 30 days after the election of a newly elected president or chair of the residents' council, the provider shall give the president or chair a copy of Chapter 651, Florida Statutes and rules adopted thereunder, or direct him or her to the appropriate public website to obtain this information.

Mease Life failed to provide documentation to demonstrate that each newly elected President of the Residents' Council, was provided a copy of Chapter 651, Florida Statutes and rules adopted thereunder, or directed him or her to the appropriate public website to obtain this information, as required by Section 651.081(2)(a), Florida Statutes. The examination was unable to determine if the newly elected President or Chair of the Residents' Council for the years 2013, 2014, 2015, 2017, and 2020, were provided the required information.

Finding 2:

Section 651.085(3), Florida Statutes, provides that the designated representative of the residents' council shall be notified at least 14 days in advance of any meeting of the full governing body at which proposed changes in resident fees or services will be discussed and the representative shall be invited to attend and participate in that portion of the meeting designated for the discussion of the changes.

For the fee increases effective for calendar years 2014, 2015, 2016, 2017, 2018, 2019, and 2020, Mease Life failed to notify and invite the designated representative of the Residents' Council to attend and participate in that portion of the meetings of the full governing body at which proposed changes in resident fees were discussed, as required by Section 651.085(3), Florida Statutes.

Finding 3:

Section 651.091(2)(d), Florida Statutes (2019), provides that each continuing care facility distribute a copy of the full annual statement and a copy of the most recent third-party financial audit filed with the annual report to the president or chair of the residents' council within 30 days after filing the annual report with the OIR.

Mease Life failed to provide documentation to demonstrate that the President or Chair of the Residents' Council was provided a copy of the Annual Reports filed with the OIR for the calendar years ended 2013, 2014, 2015, 2016, 2017, and 2018, as required by Section 651.091(2)(d), Florida Statutes (2019). In addition, Mease Life failed to provide documentation to demonstrate that the President or Chair of the Residents' Council was provided a copy of the third-party financial audit for the calendar years ended 2016, 2017, 2018 and 2019, as required by Section 651.091(2)(d), Florida Statutes (2019). In these instances, the examination was unable to determine if the required information had been provided.

Finding 4:

Section 651.091(2)(f), Florida Statutes (2018), provides that each continuing care facility shall deliver to the president or chair of the residents' council a summary of entrance fees collected and refunds

paid during the period covered in the annual report and the refund balances due at the ending of the reporting period.

Mease Life failed to failed to provide documentation to demonstrate that the President or Chair of the Residents' Council was provided a summary of entrance fees collected and refunds paid during the periods covered in the 2013, 2014, 2015, 2016, 2017, and 2018 Annual Reports and the refund balances due at the ending of these reporting periods, as required by Section 651.091(2)(f), Florida Statutes (2018). In these instances, the examination was unable to determine if the required information had been provided.

Finding 5:

Section 651.085(1), Florida Statutes, provides in part that a written summary of the reasons for raising the fee as specified in Section 651.085(4), Florida Statutes, be provided in writing to the president or chair of the residents' council.

For the calendar years 2014, and 2015, Mease Life failed to provide to the President or Chair of the Residents' Council a written summary of the reasons for raising the fees, as required by Section 651.085(1), Florida Statutes. In these instances, the examination was unable to determine if the required information had been provided.

Finding 6:

Section 651.091(2)(i), Florida Statutes, provides that each continuing care facility shall deliver to the president or chair of the residents' council a copy of each quarterly statement within 30 days after the quarterly statement is filed with the OIR if the facility is required to file quarterly.

For the calendar years 2013, 2014, 2015, 2016, 2017, 2018, 2019, and the second and third quarters of 2020, Mease Life failed to provide documentation to demonstrate that copies of the quarterly statements were delivered to the President or Chair of the Residents' Council within 30 days after the quarterly statements were filed with the OIR, as required by Section 651.091(2)(i), Florida Statutes (2019). In these instances, the examination was unable to determine if a copy of each quarterly statement was provided.

Finding 7:

Section 651.091(2)(e), Florida Statutes (2019), provides that the residents' council be notified of any plans filed with the OIR to obtain new financing, additional financing, or refinancing for the facility and of any applications to the OIR for any expansion of the facility.

In two instances, Mease Life failed to provide documentation to demonstrate that the Residents' Council was notified of plans filed with the OIR to obtain new financing, additional financing, or refinancing for the facility, as required by Section 651.091(2)(e), Florida Statutes (2019). The Residents' Council was not provided with notification for the related financing transactions that were entered into during the years 2013, and 2019.

MINIMUM LIQUID RESERVE

As of December 31, 2020, Mease Life's Minimum Liquid Reserve was funded in accordance with Section 651.035, Florida Statutes.

SUMMARY OF RECOMMENDATIONS

CANCELATIONS AND REFUNDS

The OIR recommends Mease Life establish adequate procedures and controls to ensure that refunds are timely issued, in accordance with Section 651.055(1), Florida Statutes.

WAIT LIST CONTRACT FORMS

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

RESERVATION CONTRACT FORMS

The OIR recommends Mease Life establish adequate procedures and controls to ensure that reservation contract forms have been approved by the OIR prior to use, in accordance with Section 651.022(2)(g), Florida Statutes.

QUARTERLY MEETING WITH RESIDENTS

Finding 1: The OIR recommends Mease Life establish adequate procedures and controls to ensure that residents are provided at least 7 days' notice in advance of each quarterly meeting, in accordance with Section 651.085(1), Florida Statutes.

Finding 2: The OIR recommends Mease Life establish adequate controls and procedures to ensure that a quarterly with residents, meeting prior to the implementation of any increase in the monthly maintenance fee, the designated representative of the provider provide the reasons, by department cost centers, for any increase in the fee that exceeds the most recently published Consumer Price Index for All Urban Consumers, all items, Class A Areas of the Southern Region, in accordance

with Section 651.085(4), Florida Statutes. The OIR further recommends Mease Life obtain documentation to demonstrate this required information has been provided to the residents.

NEW FINANCING, ADDITIONAL FINANCING, OR REFINANCING

Findings 1 and 2: The OIR recommends Mease Life establish adequate procedures and controls to ensure compliance with Section 651.019, Florida Statutes.

RESIDENTS' COUNCIL REQUIRED DISCLOSURES

Findings 1, 2, 3, 4, 5, 6, and 7: The OIR recommends Mease Life establish adequate procedures and controls to ensure that all required Residents' Council disclosures are properly delivered to the appropriate individuals, in accordance with Chapter 651, Florida Statutes. The OIR further recommends Mease Life obtain documentation to demonstrate the disclosures were provided.

CONCLUSION

This Final Report of Examination is based upon the information provided to the OIR from Mease Life, Inc., and additional research conducted by the OIR.

The following individuals from the Florida Office of Insurance Regulation participated in the examination: Bernie L. Stoffel, Senior Management Analyst Supervisor and Kyle Barber, Financial Specialist.

Respectfully submitted,



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