

Report on Examination

of

CCRC – Freedom Pointe at the Villages, LLC

The Villages, Florida

as of

December 31, 2020



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## **SCOPE OF EXAMINATION**

The Florida Office of Insurance Regulation (“OIR”), Life & Health Financial Oversight unit conducted a routine examination of CCRC – Freedom Pointe at the Villages, LLC (“Freedom Pointe at the Villages”), 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, 2014 through December 31, 2020.

## **COMPANY HISTORY**

CCRC – Freedom Pointe at the Villages, LLC, a Delaware Limited Liability Company was granted a certificate of authority by the OIR to offer continuing care contracts on December 7, 2007. CCRC – Freedom Pointe at the Villages, LLC, operates Freedom Pointe at the Villages, a continuing care retirement community (“CCRC”) facility located in The Villages, Florida. Freedom Pointe at the Villages is managed by Life Care Services, LLC.

Freedom Pointe at the Villages operates on a calendar year basis. As of December 31, 2020, Freedom Pointe at the Villages reported in its Annual Report filed with the OIR: 319 Continuing Care Units consisting of 235 Independent Living Units and 84 Assisted Living Units; 72 Skilled Nursing Units consisting of 62 Sheltered Beds and 10 Community Beds; and 65 Rental Units. As of that date, there were 472 individuals reported residing at Freedom Pointe at the Villages: 393 pursuant to a continuing care contract; and, 79 not pursuant to a continuing care contract.

## 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 7.

### QUARTERLY MEETING WITH RESIDENTS

Quarterly meeting minutes, meeting notices, agenda, 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 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, Freedom Pointe at the Villages failed to provide residents with at least 7 days' advance notice of the quarterly meetings between the governing body of the provider, or the designated representative of the provider and the residents, as required by Section 651.085(1), Florida Statutes.

<u>Date Meeting Held</u>	<u>Date Meeting Noticed</u>
November 16, 2017	November 10, 2017
February 28, 2019	February 22, 2019
February 27, 2020	February 21, 2020

#### Finding 2:

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

In 16 instances, Freedom Pointe at the Villages failed to accurately report in its 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.

<b>Date Quarterly Meeting Held Per Freedom Pointe at the Villages</b>	<b>Date Quarterly Meeting Reported in the Annual Report</b>
February 26, 2015	February 23, 2015
May 28, 2015	June 22, 2015
August 28, 2015	August 24, 2015
November 19, 2015	November 23, 2015
February 25, 2016	February 22, 2016
May 26, 2016	May 23, 2016
August 30, 2016	August 22, 2016
November 17, 2016	November 28, 2016
February 23, 2017	February 27, 2017
May 25, 2017	May 22, 2017
August 24, 2017	August 28, 2017
November 16, 2017	November 27, 2017
February 22, 2018	No meeting date reported
May 24, 2018	No meeting date reported
August 29, 2018	No meeting date reported
November 19, 2018	No meeting date reported

NEW FINANCING, ADDITIONAL FINANCING OR REFINANCING

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

Finding:

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

In two instances, Freedom Pointe at the Villages failed to provide to the OIR a general outline, including intended use of the proceeds, with respect to financing transactions, at least 30 days before the closing date of such financing transaction, as required by Section 651.019(1), Florida Statutes (2018). In these instances, the financing transactions were entered into on or about August 31, 2015, and April 27, 2018.

#### RESIDENTS' COUNCIL REQUIRED DISCLOSURES

Documentation was reviewed to determine compliance with the Residents' Council disclosure requirements, pursuant to Sections 651.081(2)(a), 651.085(3), and 651.091(2), Florida Statutes.

#### Finding 1:

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 2015, 2016, 2017, 2018, 2019, and 2020, Freedom Pointe at the Villages 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 2:

Section 651.085(1), Florida Statutes, provides in pertinent part that at a quarterly meeting where monthly maintenance fees are discussed, a summary of the reasons for raising the fee as specified

in Section 651.085(4), Florida Statutes, must be provided in writing to the president or chair of the residents' council.

Freedom Pointe at the Villages failed to provide documentation to demonstrate that the Residents' Council President or Chair was provided with a written summary of the reasons for the maintenance fee increases that became effective in the calendar years 2015, 2016, 2017, 2018, 2019 and 2020, as required by Section 651.085(1), Florida Statutes. In these instances, the examination was unable to determine if this information had been provided.

Finding 3:

Section 651.091(2)(f), Florida Statutes, 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.

Freedom Pointe at the Villages failed to provide documentation to demonstrate that the President or Chair of the Residents' Council was provided a copy of the full annual statement for the calendar years ended: 2014, 2016, 2017, 2018, and 2019, as required by Section 651.091(2)(f), Florida Statutes. In addition, Freedom Pointe at the Villages 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)(f), Florida Statutes. In these instances, the examination was unable to determine if the required information had been provided.

Finding 4:

Section 651.091(2)(h), Florida Statutes, provides that every continuing care facility shall deliver to the president or chair of the residents' council a summary of entrance fees collected and refunds made during the time period covered in the annual report and the refund balances due at the end of the report period.

For calendar years ended 2014, 2015, 2016, 2017, 2018, and 2019, Freedom Pointe at the Villages 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 made during the time period covered in the annual report and the refund balances due at the end of the report period, as required by Section 651.091(2)(h), Florida Statutes. In these instances, the examination was unable to determine if the written summaries of information had been provided.

Finding 5:

Section 651.091(2)(e), Florida Statutes (2018), provides that every continuing care facility shall notify the residents' council 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, Freedom Pointe at the Villages failed to provide documentation to demonstrate that the Residents' Council was notified of plans for new financing, additional financing, or refinancing, as required by Section 651.091(2)(e), Florida Statutes (2018). Specifically, for the financing transactions that were entered into on or about August 31, 2015, and April 27, 2018, the examination was unable to determine if the required information had been provided.



## **MINIMUM LIQUID RESERVE**

As of December 31, 2020, Freedom Pointe at the Villages' Minimum Liquid Reserve was funded in accordance with Section 651.035, Florida Statutes.

## **SUMMARY OF RECOMMENDATIONS**

### QUARTERLY MEETING WITH RESIDENTS

Finding 1: The OIR recommends Freedom Pointe at the Villages establish adequate procedures and controls to ensure that residents are provided at least 7 days' advance notice for the required quarterly meetings, in accordance with Section 651.085(1), Florida Statutes.

Finding 2: The OIR recommends Freedom Pointe at the Villages establish adequate procedures and controls to ensure that the actual dates on which the quarterly meetings with residents are held are accurately reported in its Annual Reports filed with the OIR, in accordance with Section 651.085(1), Florida Statutes.

### NEW FINANCING, ADDITIONAL FINANCING OR REFINANCING

The OIR recommends Freedom Pointe at the Villages establish adequate procedures and controls to ensure compliance with Section 651.019, Florida Statutes.

### RESIDENTS' COUNCIL REQUIRED DISCLOSURES

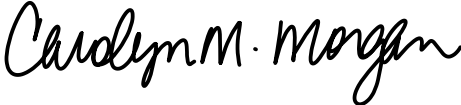
Findings 1, 2, 3, 4, and 5: The OIR recommends Freedom Pointe at the Villages establish adequate procedures and controls to ensure that all required Residents' Council disclosures are properly delivered to the appropriate individuals, in accordance with Chapter 651, Florida Statutes. The OIR further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

## CONCLUSION

This Final Report of Examination is based upon the information provided to the OIR from CCRC – Freedom Pointe at the Villages, LLC 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,

A handwritten signature in black ink that reads "Carolyn M. Morgan". The signature is written in a cursive style with a large initial 'C'.

Carolyn M. Morgan, APIR  
Director,  
Life & Health Financial Oversight  
Florida Office of Insurance Regulation  
Date Signed: February 3, 2023