

Report on Examination

of

CCRC – Lake Port Square, LLC

Leesburg, 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 – Lake Port Square, LLC (“Lake Port Square”), 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 December 12, 2014 through December 31, 2020.

COMPANY HISTORY

CCRC – Lake Port Square, LLC, a Delaware Limited Liability Company was granted a certificate of authority by the OIR to offer continuing care contracts on December 12, 2014. CCRC – Lake Port Square, LLC, operates a continuing care retirement community (“CCRC”) facility located in Leesburg, Florida. Lake Port Square is managed by Life Care Services, LLC.

Lake Port Square operates on a calendar year basis. As of December 31, 2020, Lake Port Square reported in its Annual Report filed with the OIR: 418 Continuing Care Units consisting of 391 Independent Living Units and 27 Assisted Living Units; 120 Skilled Nursing Units consisting solely of Community Beds; and 13 Rental Units. As of that date, there were 440 individuals reported residing at Lake Port Square: 344 pursuant to a continuing care contract; and, 96 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(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.

In five instances, Lake Port Square failed to provide documentation to demonstrate that at a quarterly meeting with the residents prior to the increase in monthly maintenance fees, the reasons, by department cost centers, for 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. For the monthly fee increases effective for the calendar years 2016, 2017, 2018, 2019, and 2020, the examination was unable to determine if this requirement had been met.

Finding 2:

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 two instances, Lake Port Square 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>
December 22, 2015	December 17, 2015
June 5, 2017	June 7, 2017

Finding 3:

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, Lake Port Square 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.

Date Quarterly Meeting Held Per Lake Port Square	Date Quarterly Meeting Reported in the Annual Report
March 4, 2015	March 16, 2015
June 3, 2015	June 15, 2015
October 7, 2015	September 28, 2015
December 22, 2015	December 21, 2015
March 2, 2016	March 21, 2016
June 1, 2016	June 20, 2016
September 7, 2016	September 19, 2016
November 2, 2016	December 19, 2016

March 1, 2017	March 20, 2017
June 7, 2017	June 19, 2017
September 6, 2017	September 18, 2017
November 1, 2017	December 18, 2017
March 7, 2018	March 19, 2018
June 7, 2018	June 18, 2018
September 5, 2018	September 17, 2018
November 11, 2018	December 17, 2018

ANNUAL REPORTS

The Annual Reports filed with the OIR during the scope period of the examination were reviewed for compliance with Section 651.026, Florida Statutes.

Finding:

Lake Port Square failed to accurately report in its Annual Reports filed with the OIR, wait list deposit information, as required by Section 651.026(1), Florida Statutes. Specifically, the Wait List Schedule in the Annual Reports for calendar years ended 2014, 2015, 2016, 2017, 2018, and 2019, included wait list deposits and/or other non-related amounts.

WAIT LIST CONTRACTS

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.

Lake Port Square failed to utilize an OIR approved wait list contract form during the period December 12, 2014, through 2019, as required by Section 651.022(2)(g), 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), 651.085(3), 651.091(2), Florida Statutes.

Finding:

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 2016, 2017, 2018, 2019, and 2020, Lake Port Square 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.

MINIMUM LIQUID RESERVE

As of December 31, 2020, Lake Port Square's 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 Lake Port Square establish adequate procedures and controls to ensure that at a quarterly 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 Lake Port Square obtain documentation to demonstrate this information has been provided.

Finding 2: The OIR recommends Lake Port Square establish adequate procedures and controls to ensure that residents are provided at least 7 days' advance notice of statutorily required quarterly meetings, in accordance with Section 651.085(1), Florida Statutes.

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

ANNUAL REPORTS

The OIR recommends Lake Port Square establish adequate procedures and controls to ensure that wait list deposit information is accurately reported in its Annual Reports filed with the OIR, in accordance with Section 651.026(1), Florida Statutes.

WAIT LIST CONTRACTS

The OIR recommends Lake Port Square establish adequate procedures and controls to ensure that wait list contracts are approved by the OIR prior to use, in accordance with Section 651.022(2)(g), Florida Statutes.

RESIDENTS' COUNCIL REQUIRED DISCLOSURES

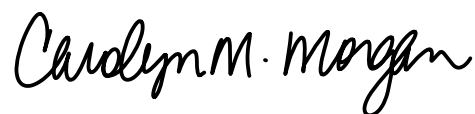
Finding: The OIR recommends Lake Port Square establish adequate procedures and controls to ensure that all required Residents' Council disclosures are properly delivered to the appropriate individuals, in accordance with Chapter 651, Florida Statutes. The OIR further recommends Lake Port Square obtain documentation to demonstrate the disclosures were provided.

CONCLUSION

This Final Report of Examination is based upon the information provided to the OIR from CCRC – Lake Port Square, 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' and 'M'.

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