

Report on Examination

of

CCRC OPCO – Cypress Village, LLC

Jacksonville, Florida

as of

December 31, 2020



Contents

Scope of Examination	1
Company History	1
Summary of Findings	2
Minimum Liquid Reserve.....	6
Summary of Recommendations	6
Conclusion	7

SCOPE OF EXAMINATION

The Florida Office of Insurance Regulation (“OIR”), Life & Health Financial Oversight unit conducted a routine examination of CCRC OPCO – Cypress Village, LLC (“Cypress Village”), 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 OPCO – Cypress Village, 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 OPCO – Cypress Village, LLC, operates a continuing care retirement community (“CCRC”) facility located in Jacksonville, Florida. Cypress Village is managed by Life Care Services, LLC.

Cypress Village operates on a calendar year basis. As of December 31, 2020, Cypress Village reported in its Annual Report filed with the OIR: 392 Continuing Care Units consisting of 341 Independent Living Units and 51 Assisted Living Units; 120 Skilled Nursing Units consisting solely of Community Beds; and 42 Rental Units. As of that date, there were 573 individuals reported residing at Cypress Village: 434 pursuant to a continuing care contract; and, 139 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 6.

CANCELATIONS AND REFUNDS

Finding:

Section 651.055(1), Florida Statutes, requires each continuing care contract and each addendum to such contract be submitted to and approved by the OIR before use. In addition, Section 651.055(1)(i), Florida Statutes, provides in part that each continuing care contract state the terms under which a contract is canceled by the death of the resident.

Cypress Village failed to timely issue a refund in accordance with the terms of the continuing care contract, as required by Section 651.055, Florida Statutes. In this instance, the terms of the continuing care contract provided for the refund to be paid within 120 days. The termination date of the contract was December 7, 2019, with the refund due on April 5, 2020. The refund was issued on April 17, 2020.

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 eight instances, Cypress Village failed to provide documentation to demonstrate residents were provided 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. In these instances, the examination was unable to determine if the required notice was provided for the following quarterly meetings: February 24, 2015; May 26, 2015; August 31, 2015; November 4, 2015; March 8, 2016; September 27, 2016; September 6, 2017; and June 13, 2018.

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.

In three instances, Cypress Village 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, and 2020, the examination was unable to determine if this requirement had been met.

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 that became effective in calendar years 2016, 2017, 2018, 2019, and 2020, Cypress Village 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 651.091(2)(d), Florida Statutes (2014), 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.

Cypress Village 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 year ended 2014, as required by Section 651.091(2)(d), Florida Statutes (2014). In this instance, the examination was unable to determine if the required information was provided.

Finding 3:

Section 651.091(2)(f), Florida Statutes (2014), requires the provider to deliver to the president or chair of the residents' council a summary of entrance fees collected and refunds made during the time covered in the annual report and the refund balances due at the end of the reporting period.

Cypress Village failed to provide documentation to demonstrate that the Residents' Council President or Chair was provided a summary of entrance fees collected and refunds made during the time covered in the 2014 Annual Report and the refund balances due at the end of this reporting period, as required by Section 651.091(2)(f), Florida Statutes (2014). In this instance, the examination was unable to determine if this information had been provided.

Finding 4:

Section 651.091(2)(g), Florida Statutes (2015), 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.

In three instances, Cypress Village failed to provide documentation to demonstrate that a copy of the quarterly statement was delivered to the President or Chair of the Residents' Council within 30 days after the quarterly statement was filed with the OIR, as required by Section 651.091(2)(g), Florida Statutes (2015). The examination was unable to determine

if the following quarterly statements were provided: December 31, 2014; March 31, 2015; and June 30, 2015.

MINIMUM LIQUID RESERVE

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

SUMMARY OF RECOMMENDATIONS

CANCELATIONS AND REFUNDS

The OIR recommends Cypress Village ensure refunds are timely issued, in accordance with Section 651.055, Florida Statutes.

QUARTERLY MEETING WITH RESIDENTS

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

Finding 2: The OIR recommends Cypress Village 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.

RESIDENTS' COUNCIL REQUIRED DISCLOSURES

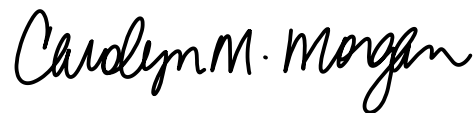
Findings 1, 2, 3, and 4: The OIR recommends Cypress Village establish adequate procedures and controls to ensure that all required Residents' Council disclosures are properly delivered to the appropriate individuals, in accordance with Chapter 651, Florida Statutes. The OIR further recommends Cypress Village 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 OPCO – Cypress Village, 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,



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