



# Florida Office of Insurance Regulation

## Presentation to the Governor's Continuing Care Advisory Council

Presented By Leean Chojnowski, Deputy Director  
Life & Health Financial Oversight



# Florida Office of Insurance Regulation

## Introduction & Greetings



Ramsey Geyer



# Florida Office of Insurance Regulation

## Purpose of the Council



Ramsey Geyer



# Florida Office of Insurance Regulation

## Reading of the Conflict of Interest Statement

Michael Lawrence, Jr.

# Travel Reimbursement Information

- A copy of the travel reimbursement form is included with your meeting materials. An excel spreadsheet version of the form was previously sent to council members via email.
- Please submit your travel documentation to Melinda Cupp by Monday, September 30, 2019.
- Travel documentation includes any of the following:
  - Completed travel reimbursement form
  - Zero-balance hotel receipt
  - Car rental receipt
  - Gas receipts
  - Toll receipts
  - Airfare receipt
  - Baggage receipts
  - Parking receipts
  - Taxi receipts
- Contact Melinda at [Melinda.Cupp@foir.com](mailto:Melinda.Cupp@foir.com) with any questions.





# Florida Office of Insurance Regulation

## Review & Approval of February 6, 2019 Meeting Minutes

Ramsey Geyer



# Florida Office of Insurance Regulation

## Summary and Comparison of CCRC Data

Leean Chojnowski

# CCRC Industry News, Notes, & Developments

- Legislative Reform
  - HB 1033 passed during the 2019 Legislative Session. The bill substantially reforms Chapter 651, Florida Statutes, which governs CCRCs.
  - Section 651.043, Florida Statutes, which addresses approval of change in management, became effective July 1, 2019.
  - “Impaired” or “Impairment” definition related to debt service coverage ratio and/or days cash on hand is effective January 1, 2021.
  - All other provisions are effective January 1, 2020.
- University Village
  - QSH/Tampa, LLC filed PCOA, COA, and Specialty Acquisition applications to acquire the University Village facility on July 1, 2019. The applications are still under review. At this time, the facility remains under the control of the liquidating trustee.
  - The 2018 annual report has not been submitted; therefore, occupancy and financial information for 2018 included in this report does not include University Village.
  - Other annual reports that were outstanding as of the last CCAC meeting have been submitted. Please be aware that due to the inclusion of this recently received occupancy and financial information, there may be discrepancies between this report and the data that was previously reported to the Council.



# Florida CCRCs

	2018	2019
Certificates of Authority	70	69
Operational Facilities*	70	68
Provisional Certificates of Authority	3	2
Monthly Reporters	3	2
Quarterly Reporters	64	62
Accredited Providers	9	9
Facilities in Run-Off	2	1

\*Siena Lakes received its COA on July 18, 2019, but is not yet operational.  
Source: Life & Health Financial Oversight



# Market Trends and Developments – 2015 to present

- Provisional Certificates of Authority
  - Legacy Pointe at UCF
    - PCOA issued in November 2016
    - Currently in presales
    - Facility to be located in Oviedo, Florida, in Seminole County
  - Colonnade of Estero
    - PCOA issued in April 2017
    - Currently in presales
    - Facility to be located in Estero, Florida, in Lee County
  - Siena Lakes
    - PCOA issued November 2018
    - Facility to be located in Naples, Florida, in Collier County
- Certificates of Authority for New Facilities
  - Siena Lakes
    - COA issued July 2019
    - Under construction
    - 252 days from PCOA issuance to COA issuance
- Expansion Applications
  - Moorings Park in July 2017
  - Fleet Landing in July 2017
  - Toby & Leon Cooperman Sinai Residences of Boca Raton in May 2019

*Note: Providers are required to get Office approval before marketing or constructing an expansion that would be an addition of 20% or more of existing units. Requirements will change under the new law.*

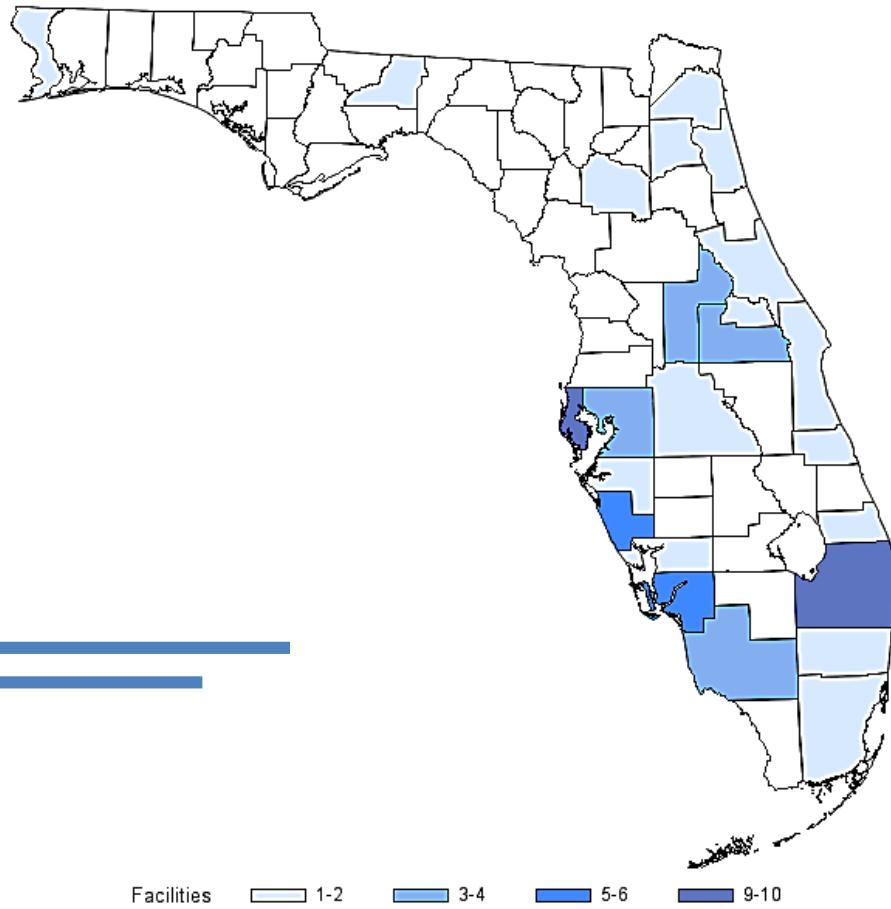
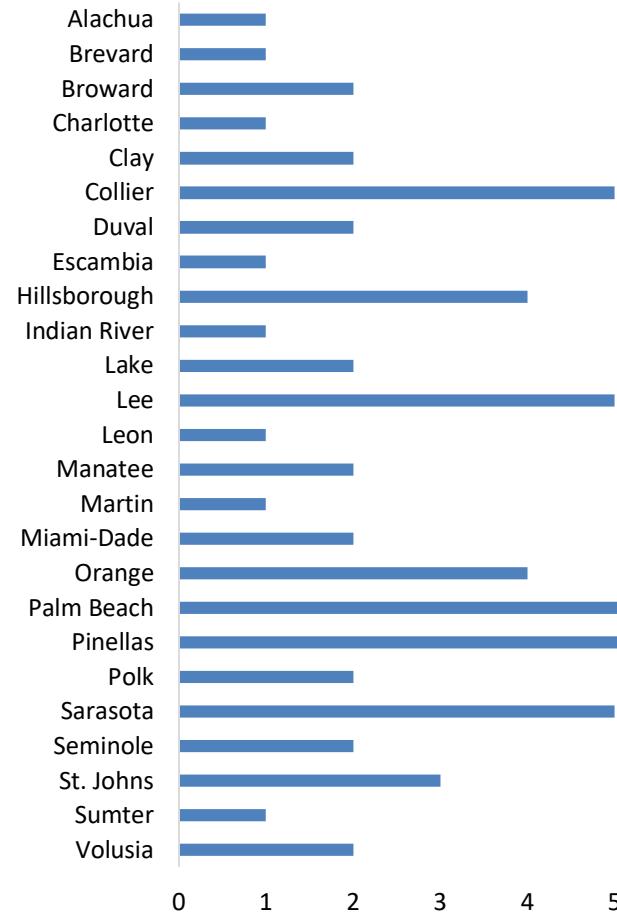


# Market Trends and Developments – 2015 to present

- Acquisitions
  - Westminster Pines acquired Glenmoor in October 2017
    - Purchased from Life Care St. Johns in a bankruptcy proceeding
    - Facility renamed Westminster St. Augustine
  - Concordia of Florida acquired John Knox Village of Tampa Bay in April 2018
    - Facility renamed Concordia Village of Tampa
  - LCS Sandhill Cove acquired Sandhill Cove in November 2018
- Surrenders
  - In 2015, Bishop Gray Retirement Foundation surrendered its COA
    - Completed the run-off of its continuing care contracts
  - In 2017, Miramar Senior Housing Project surrendered its PCOA for Casa Sant'Angelo
    - Surrendered due to minimal presales since its PCOA was issued in 2015
  - In 2017, Fountains at Lake Pointe Woods surrendered its COA
    - Completed the run-off of its continuing care contracts
  - In 2018, Florida Lutheran Retirement Center surrendered its COA
    - Provider had not regularly sold continuing care contracts for years
    - Provider offered incentives for the few continuing care residents to terminate continuing care contracts and execute rental agreements
    - Surrendered when there were no continuing care contracts remaining
  - In 2019, Waterside Retirement Estates surrendered its COA
    - Completed the run-off of its continuing care contracts



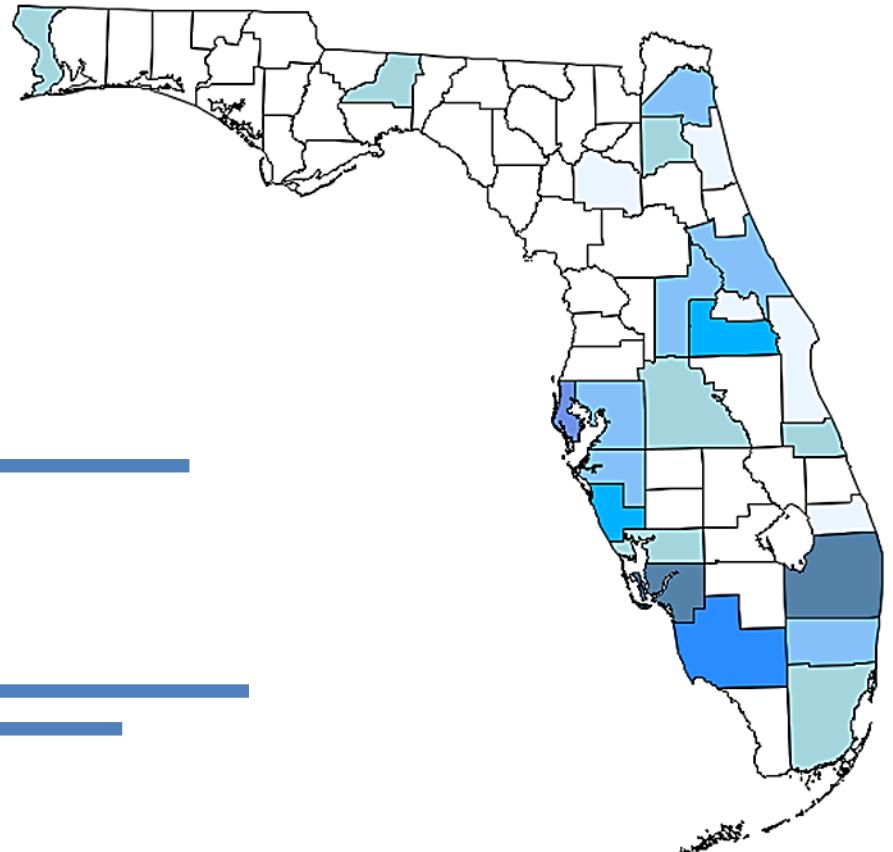
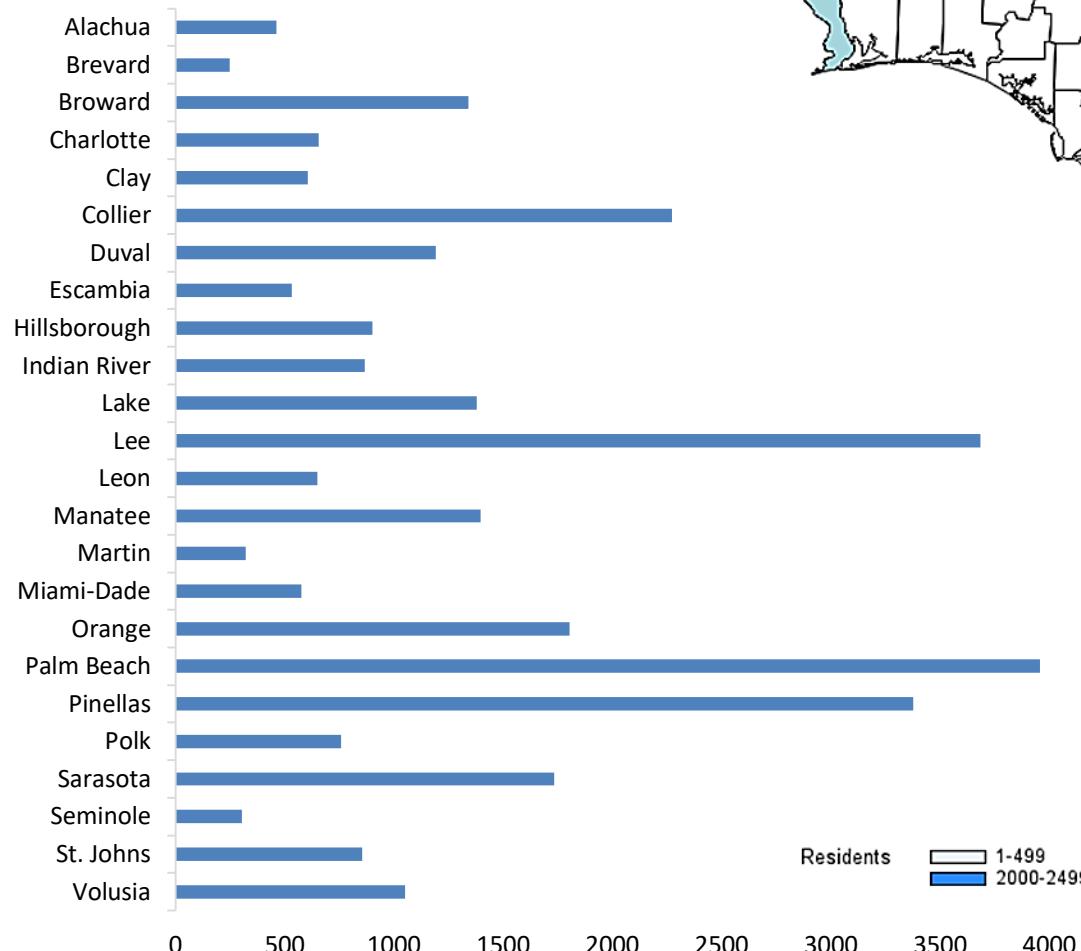
# Facility Distribution



Source: Life & Health Financial Oversight



# Resident Distribution



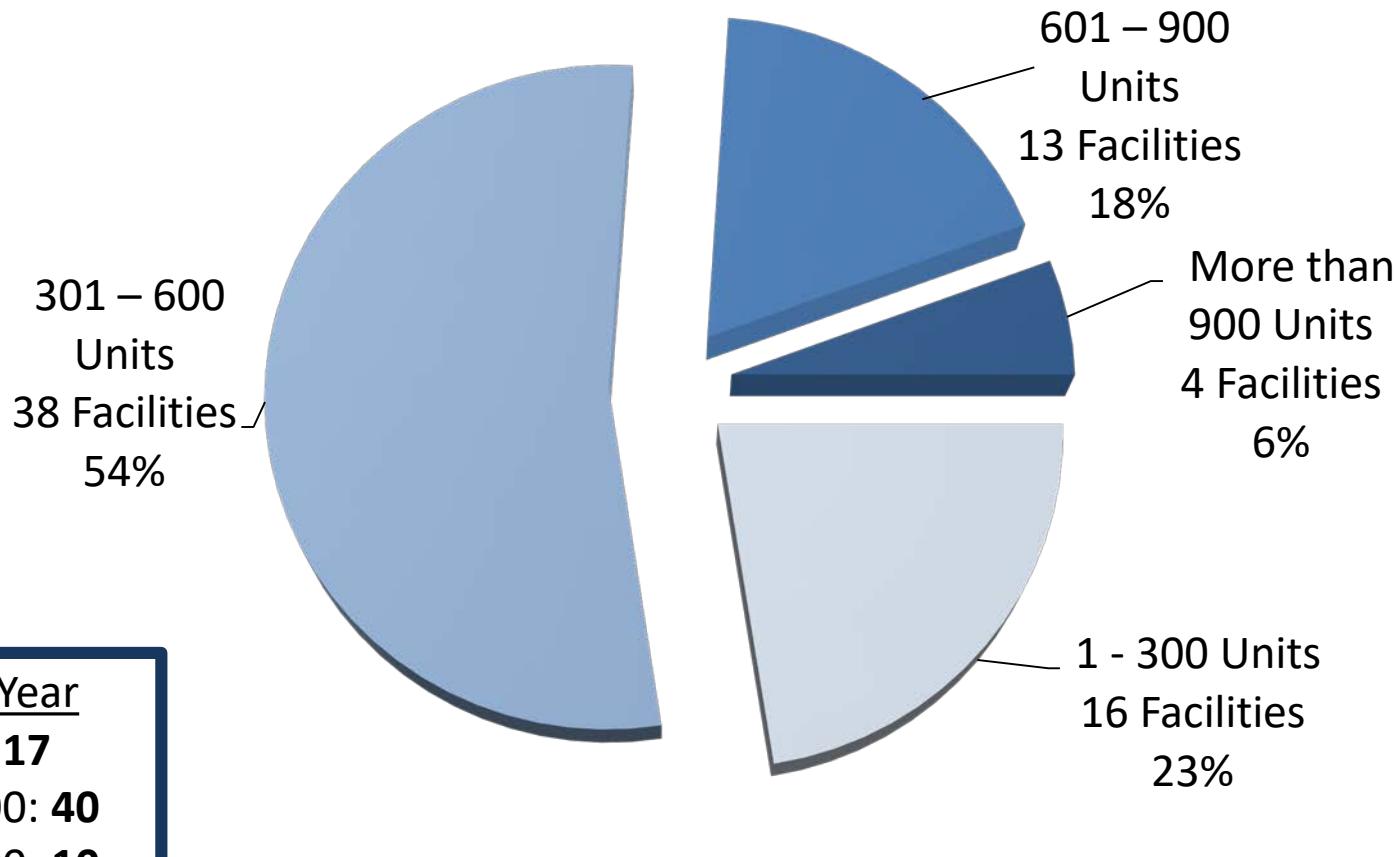
Residents

1-499	500-999	1000-1499	1500-1999
2000-2499	3000-3499	3500-3999	

Source: Life & Health Financial Oversight



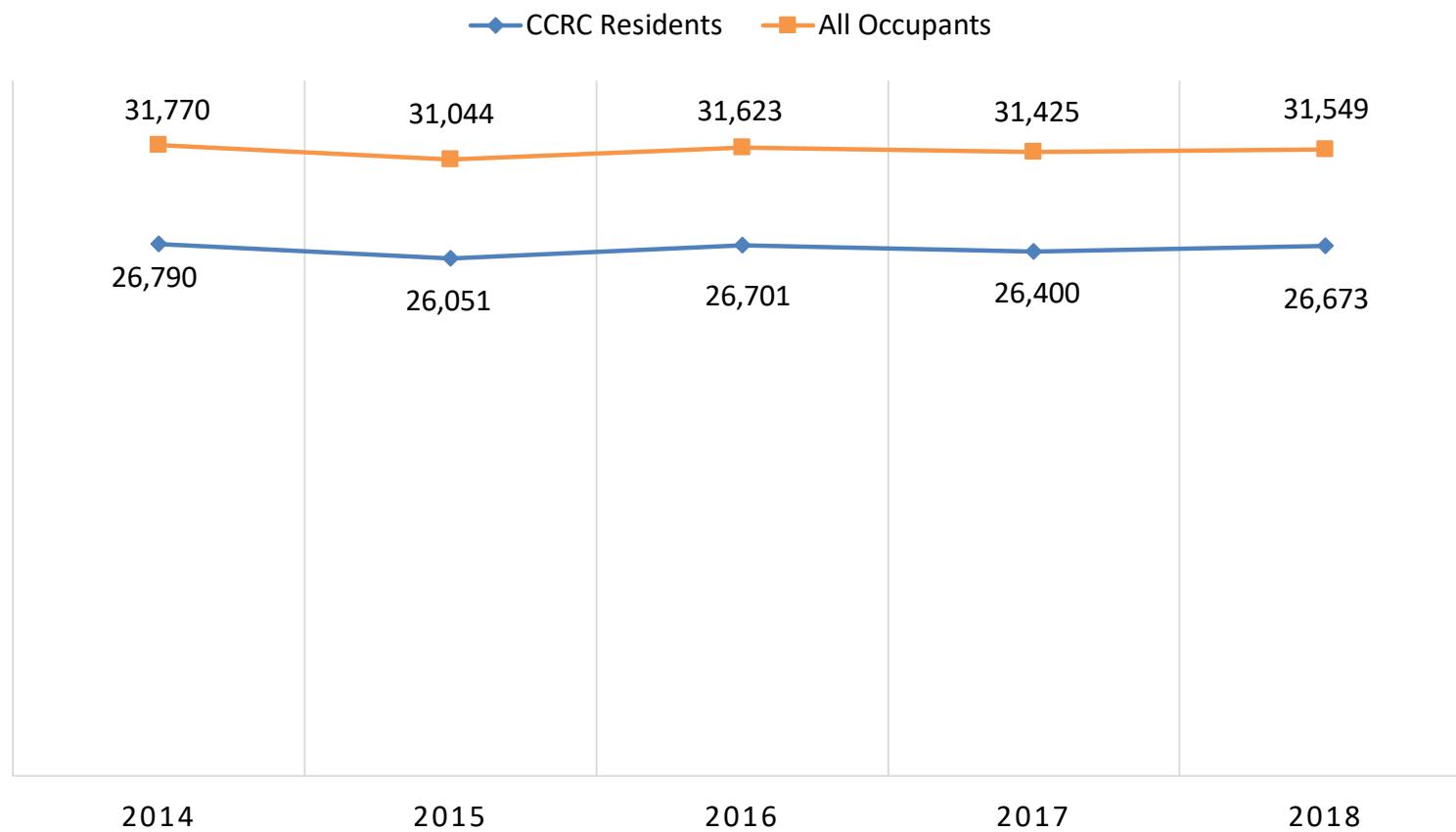
# Facility Size By Unit Count



The “Unit Count” includes all unit types.  
Source: Life & Health Financial Oversight



# Total Residents

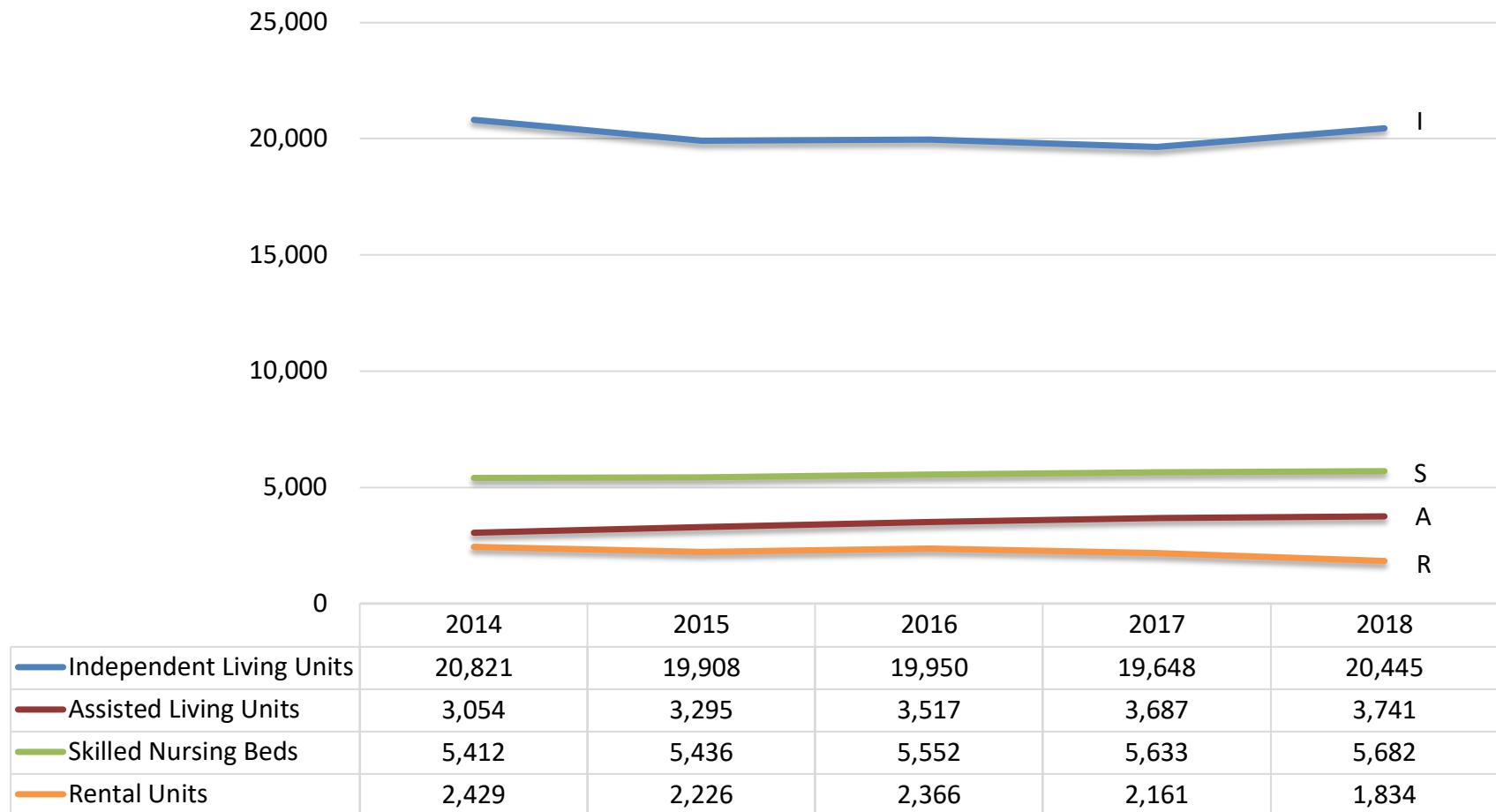


*"CCRC Residents" is the sum of all individuals residing at a CCRC facility pursuant to a continuing care contract at all levels of care, as reported by each facility in its Annual Report. CCRC Residents includes those residing in Independent Living, Assisted Living, or Skilled Nursing units pursuant to a continuing care contract. "All Occupants" is the sum of CCRC Residents plus those residing at a CCRC facility pursuant to a rental contract, as reported by each facility in its Annual Report.*

Source: Life & Health Financial Oversight.



# CCRC Unit Count

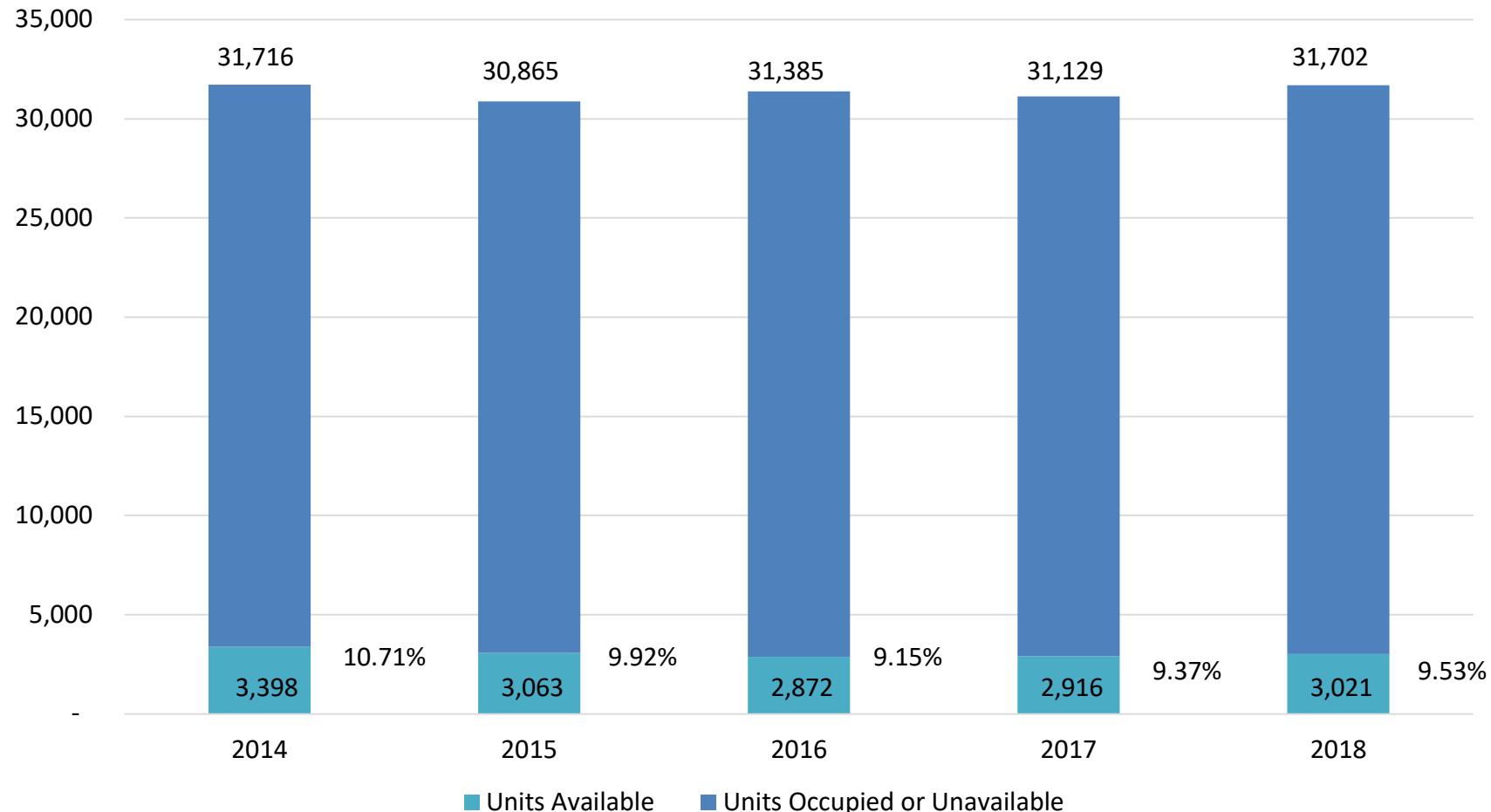


*“Unit Count” reported above is the sum of each type of unit as reported by each facility in its Annual Report.*

Source: Life & Health Financial Oversight



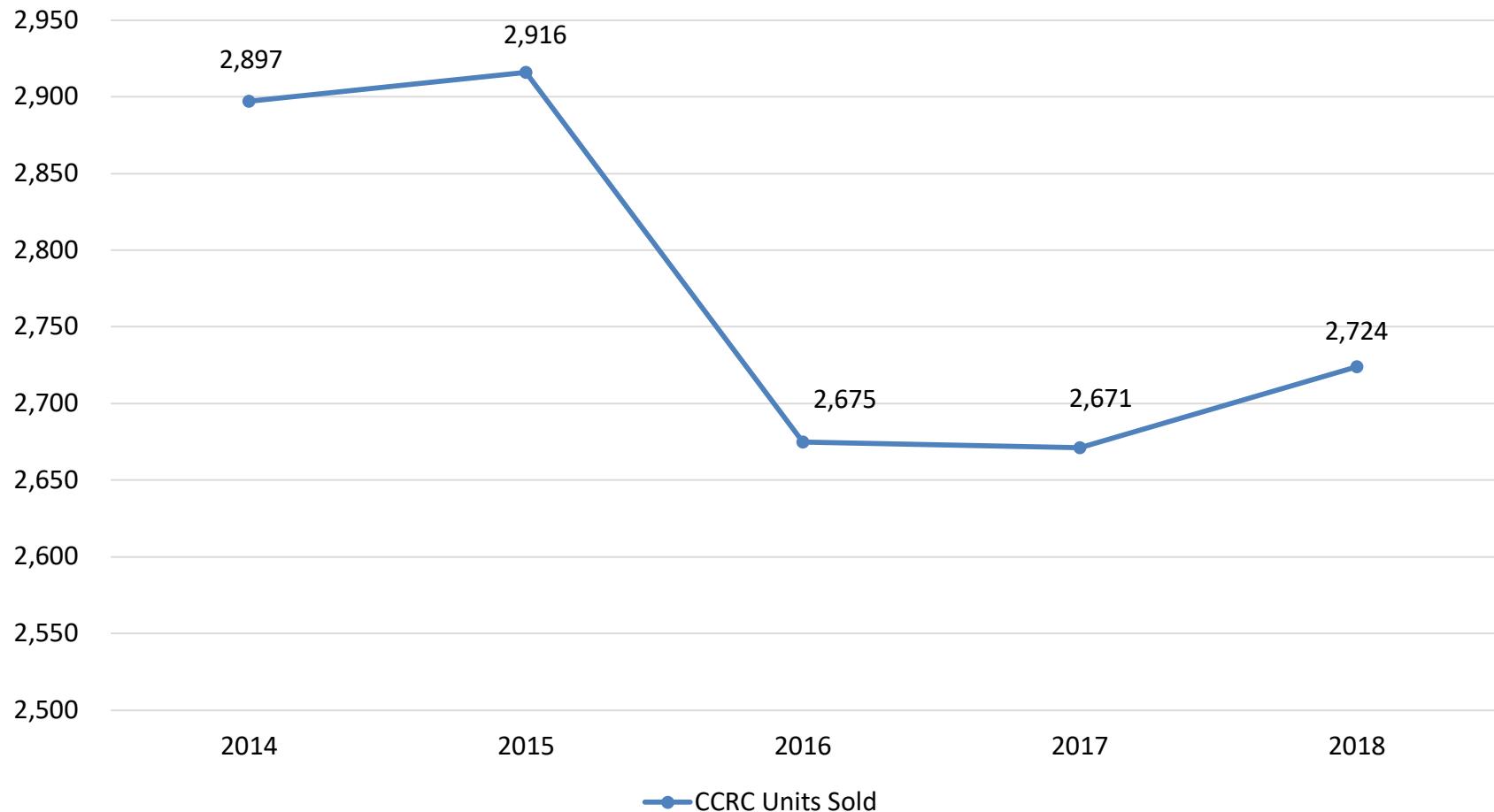
# Total Units vs. Units Available



*“Units Available” is the sum of the number of CCRC units reported as being available at the end of the reporting period by each facility in its Annual Report. The “Total Units” noted at the top of each bar is the sum of all skilled nursing, assisted living, independent living, and rental units reported by each facility in its Annual Report. “Units Occupied or Unavailable” is the difference between Total Units and Units Available.*



# CCRC Unit Sales

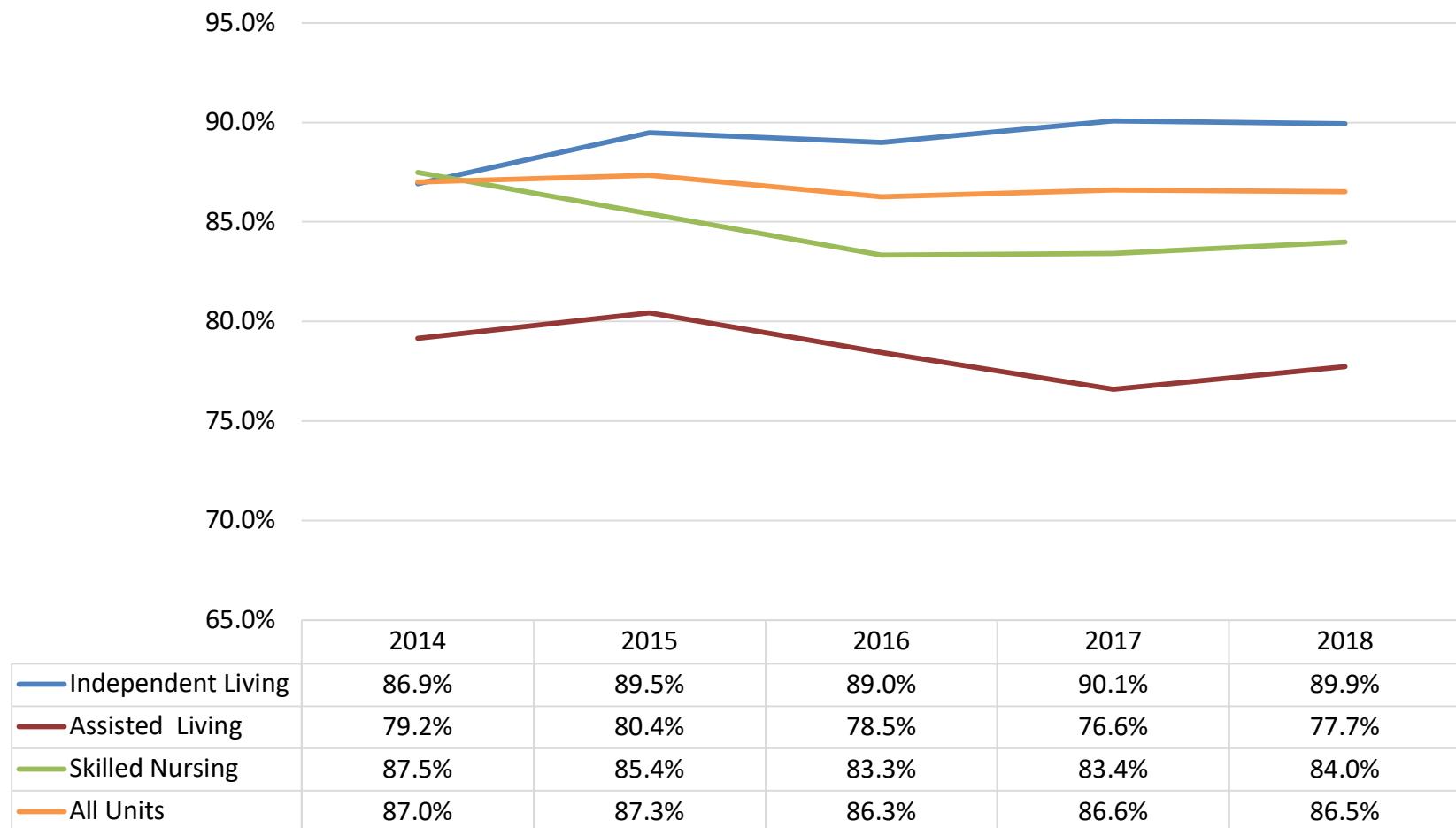


*“CCRC Units Sold” is the sum of the number of CCRC units reported as sold during the reporting period by each facility in its Annual Report.*

Source: Life & Health Financial Oversight



# Median Facility Occupancy By Level of Care

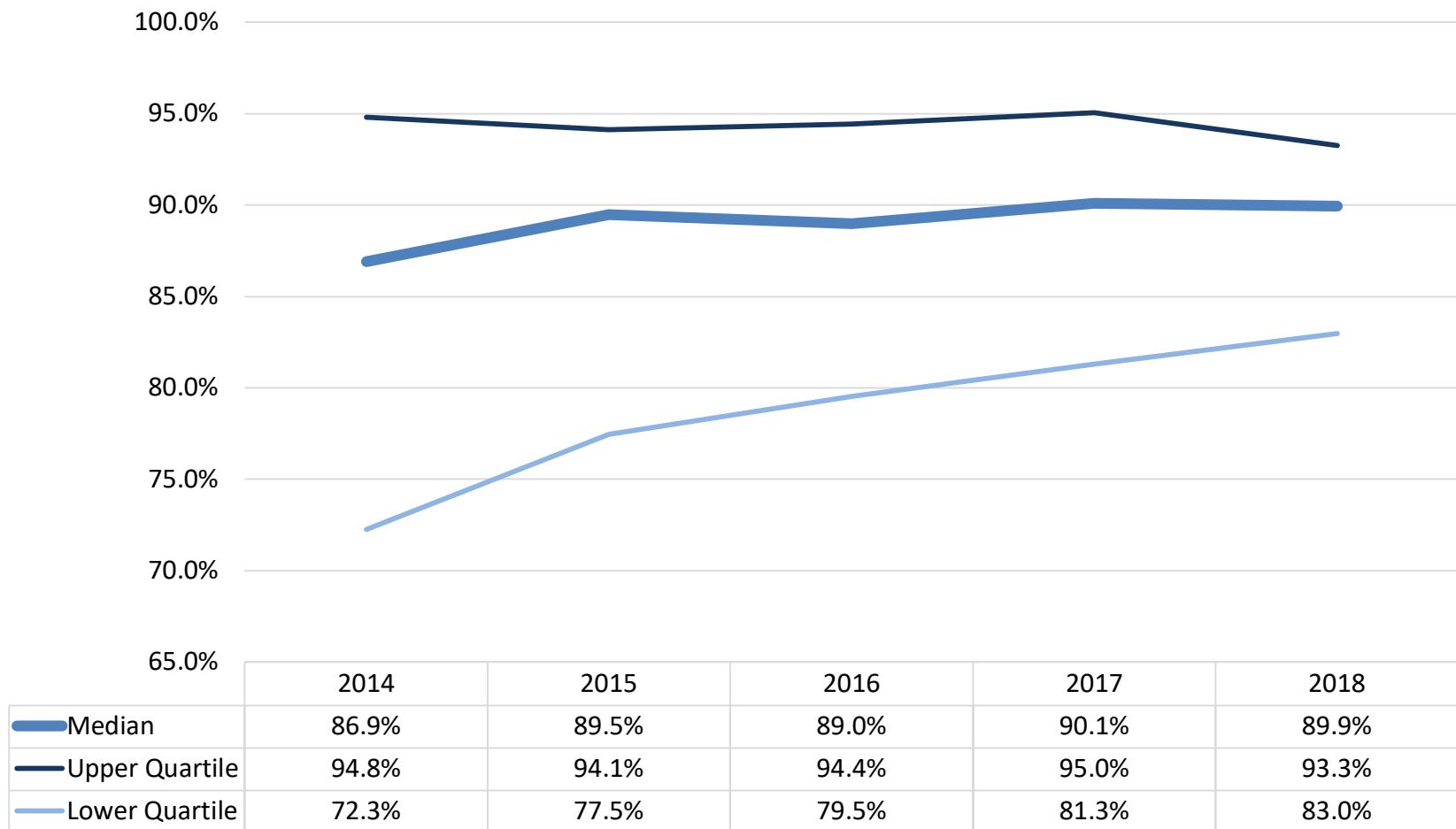


*Occupancy percentages are calculated pursuant to Rule 690-193.006(6)(d), Florida Administrative Code, as the total number of occupied units in a facility divided by the total number of units in that facility and tracked by each level of care. The new law will change these calculations in the future.*

Source: Life & Health Financial Oversight



# Independent Living Occupancy Rate

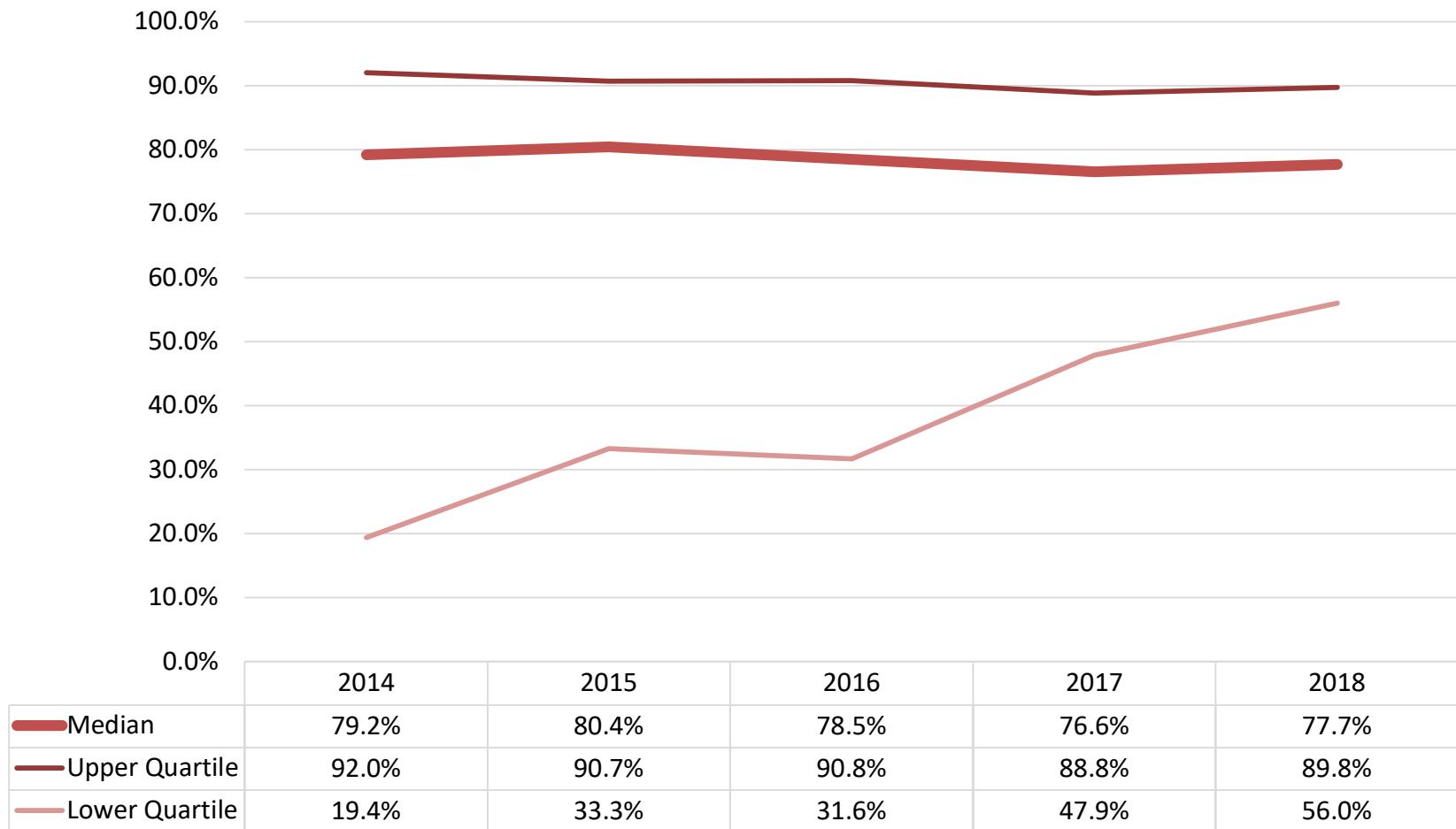


Occupancy percentages are calculated pursuant to Rule 69O-193.006(6)(d), Florida Administrative Code, as the total number of occupied units in a facility divided by the total number of units in that facility and tracked by each level of care. The new law will change these calculations in the future.

Source: Life & Health Financial Oversight



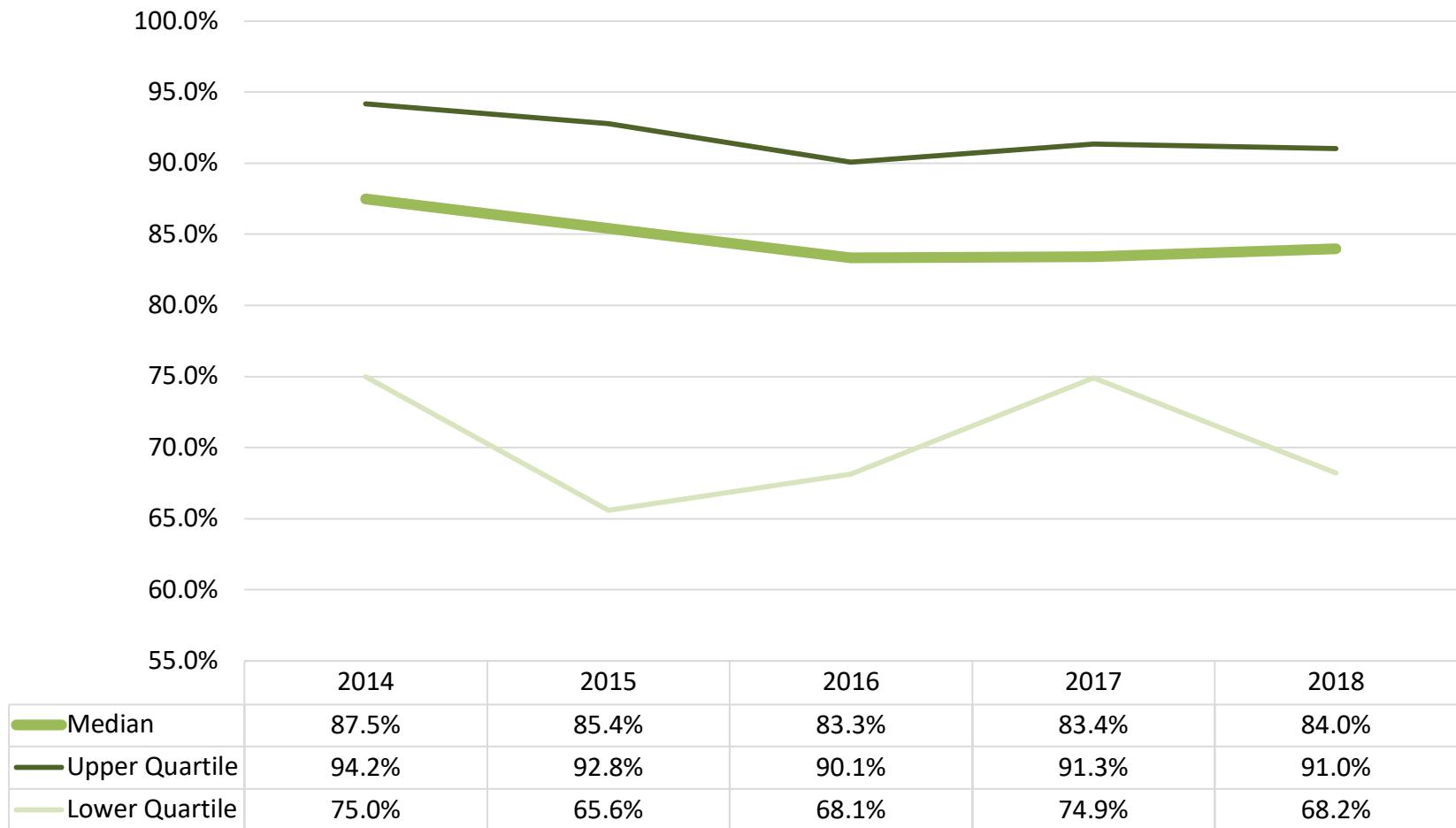
# Assisted Living Occupancy



*Occupancy percentages are calculated pursuant to Rule 69O-193.006(6)(d), Florida Administrative Code, as the total number of occupied units in a facility divided by the total number of units in that facility and tracked by each level of care. The new law will change these calculations in the future.*



# Skilled Nursing Occupancy

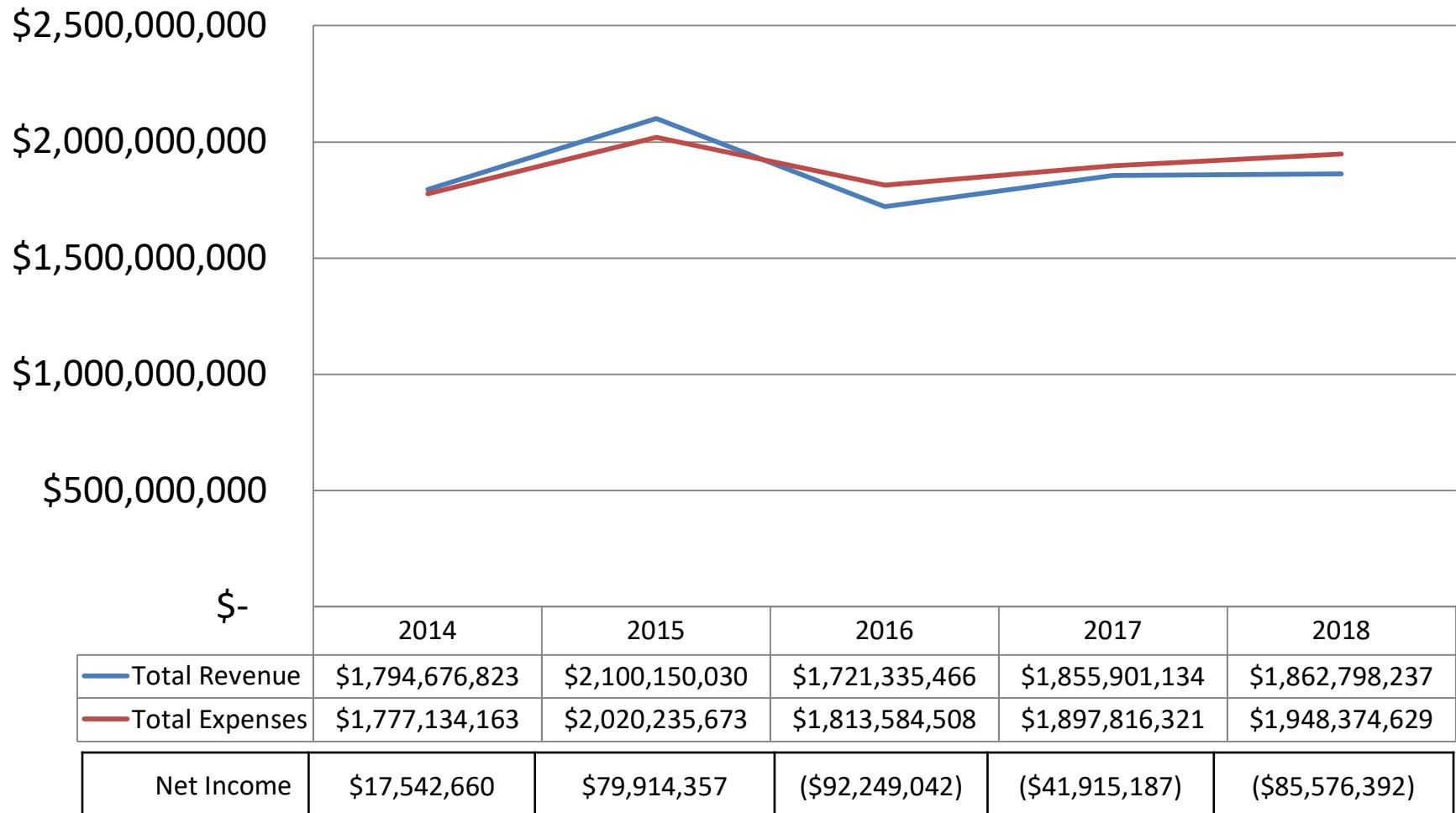


Occupancy percentages are calculated pursuant to Rule 69O-193.006(6)(d), Florida Administrative Code, as the total number of occupied units in a facility divided by the total number of units in that facility and tracked by each level of care. The new law will change these calculations in the future.

Source: Life & Health Financial Oversight



# Florida CCRC Industry Revenue and Expenses

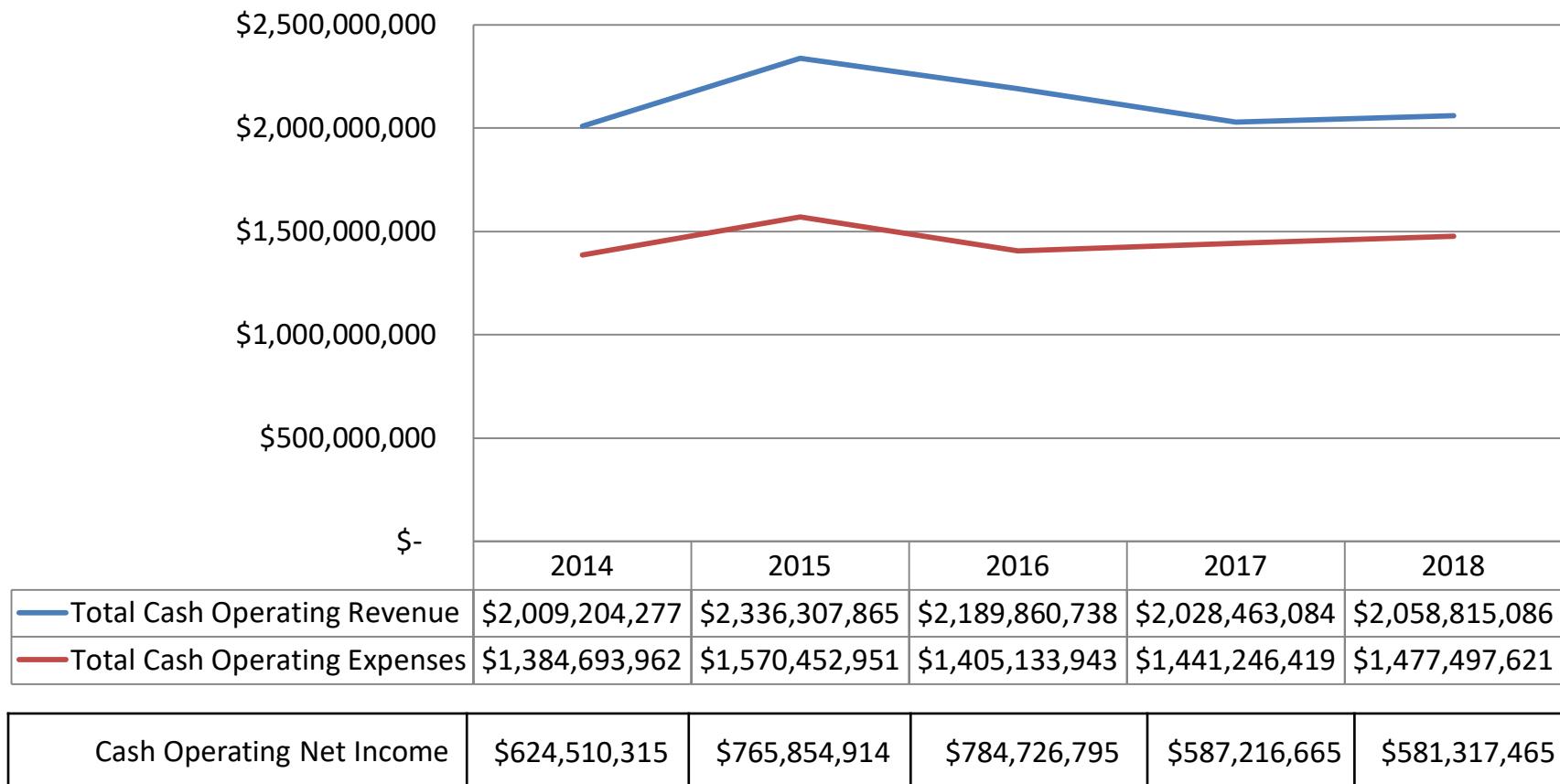


*Total Revenue and Total Expense reported are the sum of the Total Revenue and Total Expense reported by each facility in its Annual Report.*

Source: Life & Health Financial Oversight.



# Florida CCRC Industry Revenue and Expenses – Cash Operating Basis

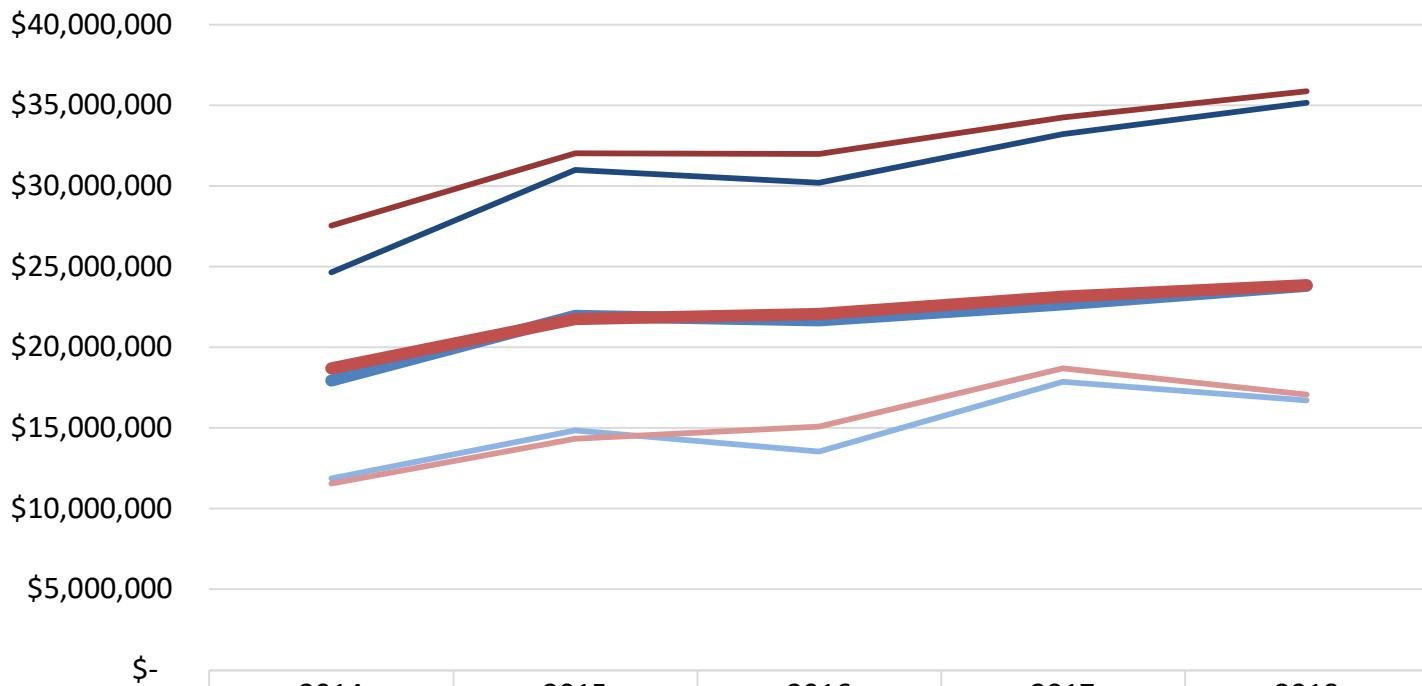


*Total Cash Operating Revenue and Total Cash Operating Expenses reported are the sum of the Cash Operating Revenue and Cash Operating Expenses reported by each facility in its Annual Report and each is defined in Rule 690-193.006(6)(e), Florida Administrative Code. “Cash Operating Revenue” means all revenue excluding amortized entrance fees and including actual entrance fees received. “Cash Operating Expenses” means total expenses less interest, depreciation, and amortization expense. “Cash Operating Net Income” is the difference between Total Cash Operating Revenue and Total Cash Operating Expenses.*

Source: Life & Health Financial Oversight.



# Facility Revenue and Expenses

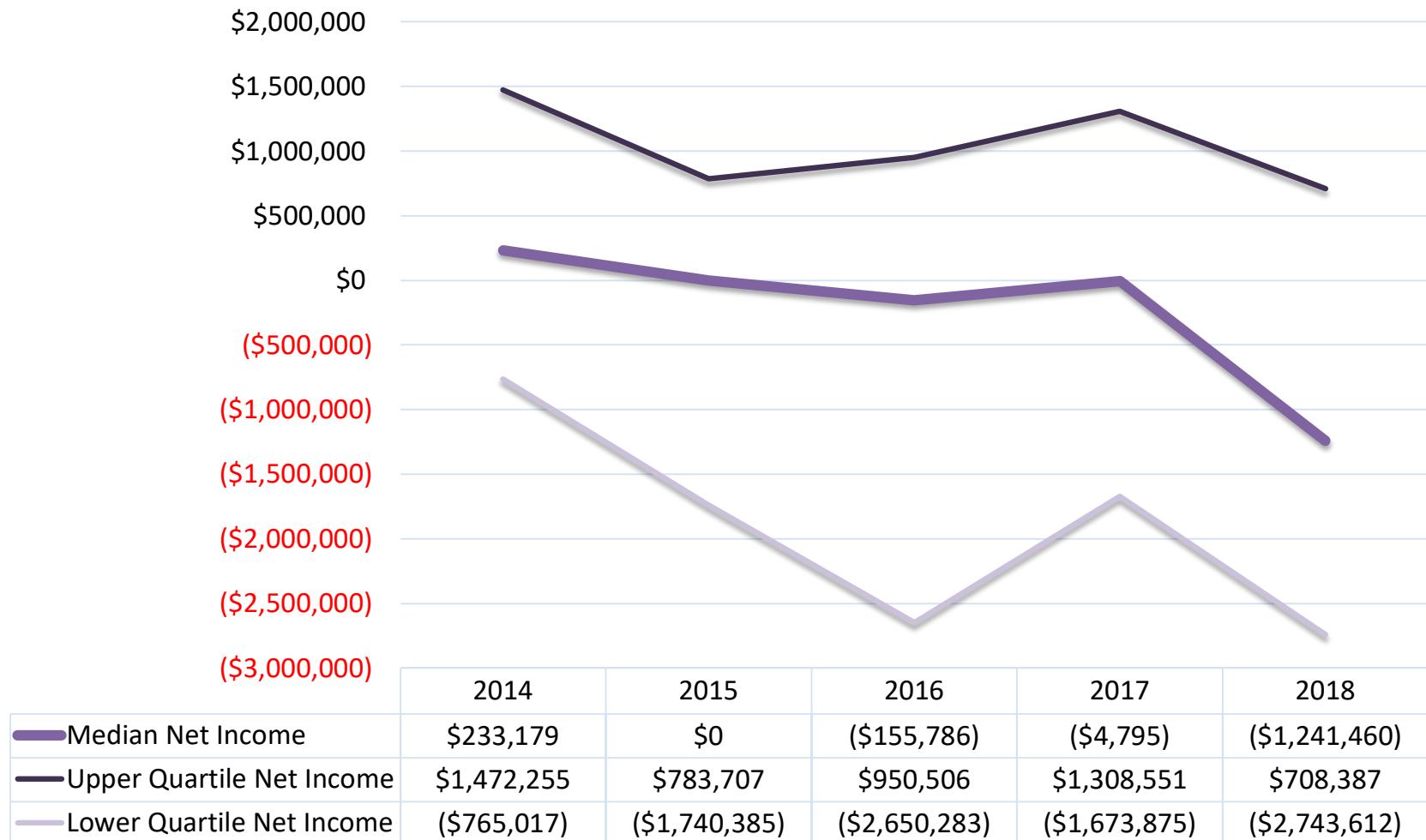


\$-	2014	2015	2016	2017	2018
Median Revenue	\$17,949,811	\$21,963,622	\$21,669,171	\$22,651,429	\$23,830,995
Upper Quartile Revenue	\$24,669,009	\$30,989,898	\$30,188,443	\$33,214,966	\$35,147,437
Lower Quartile Revenue	\$11,880,888	\$14,871,025	\$13,559,109	\$17,860,192	\$16,732,300
Median Expenses	\$18,699,038	\$21,762,660	\$22,087,912	\$23,166,047	\$23,872,760
Upper Quartile Expenses	\$27,563,566	\$32,015,171	\$31,990,098	\$34,250,615	\$35,866,801
Lower Quartile Expenses	\$11,561,703	\$14,346,059	\$15,077,508	\$18,690,029	\$17,070,655

Source: Life & Health Financial Oversight.



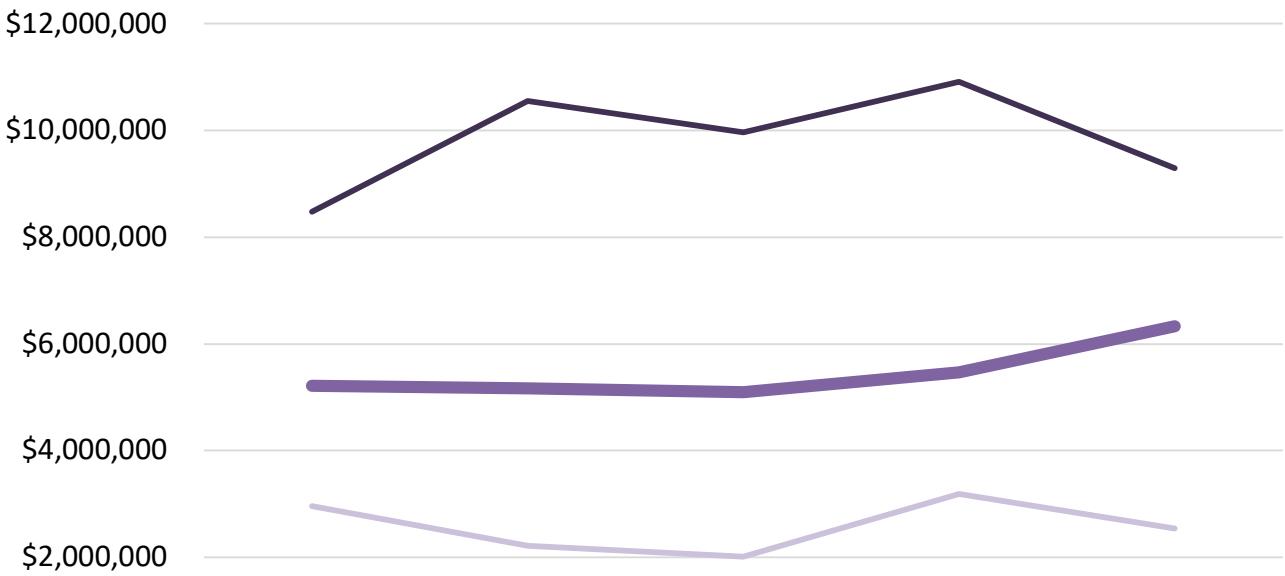
# Facility Net Income



Source: Life & Health Financial Oversight.



# Facility Cash Operating Net Income



*Cash Operating Net Income was calculated as Cash Operating Revenue minus Cash Operating Expenses, as those terms are defined in Rule 690-193.006(6)(e), Florida Administrative Code.*

Source: Life & Health Financial Oversight



# Changes in Fees

## Entrance Fees

- From 2017 to 2018
  - Average: 3.78%
  - Median: 0%
  - Upper Quartile: 3.96%
  - Lower Quartile: 0%
- From 2014 to 2018
  - Average: 9.39%
  - Median: 0%
  - Upper Quartile: 18.72%
  - Lower Quartile: 0%

## Monthly Maintenance Fees

- From 2017 to 2018
  - Average: 2.69%
  - Median: 1.97%
  - Upper Quartile: 3.71%
  - Lower Quartile: 0%
- From 2014 to 2018
  - Average: 7.10%
  - Median: 4.55%
  - Upper Quartile: 13.87%
  - Lower Quartile: 0%

*Changes in fees were calculated using the lowest first-person entrance fee and monthly maintenance fee reported by each facility in its Annual Report to describe changes in cost of entry to CCRCs.*





# Florida Office of Insurance Regulation

## Summary of CCRC Complaints Filed with the Division of Consumer Services

Leean Chojnowski

# Complaint Summary

- Number and status of complaints
  - 6 complaints received during the 2018-2019 fiscal year
  - At this time, 5 complaints have been closed
- Compliant resolution
  - 3 were settled in mediation
  - 1 mediation resulted in an impasse
  - 1 complaint was closed after the facility explained its position
  - 1 complaint is scheduled for mediation
- Distribution of complaints
  - 3 complaints involved a single provider, though they originated from different facilities
    - 1 was initiated by the provider seeking mediation regarding terminating a resident contract
    - Complaints were not similar in nature
- Timing of complaint resolution
  - Days from complaint receipt to first letter being sent to the facility
    - Ranged from 1 day to 23 days
    - Average time was 9.3 days
  - Days from complaint receipt to complaint resolution
    - Ranged from 85 to 122
    - Average time was 104.8 days



# Complaint Description

- 2 complaints, against different providers, were received regarding the amount of refund that was issued.
  - 1 settled in mediation.
  - 1 was closed after the company's position was explained.
- 1 complaint was filed regarding the timing of refund payment.
  - Settled in mediation.
- 1 complaint was filed by a provider requesting mediation with a resident. The provider requested mediation because they were seeking to terminate a resident's contract due to inappropriate behavior.
  - Mediation resulted in an impasse, and the complaint was closed.
- 1 complaint was filed regarding residents' selection of healthcare benefits. A couple felt that, after consulting with facility staff, they were sold a contract with a more expensive entrance fee for health care benefits that duplicated their long-term care coverage. The residents wanted the facility to credit the amount they felt they overpaid in entrance fee due to the unnecessary health care benefit.
  - Settled in mediation.
- In the pending complaint, a couple has been asked to downsize after requesting a hardship discount.
  - Mediation is pending.





# Florida Office of Insurance Regulation

## Legislative Report: LeadingAge Florida



# Florida Office of Insurance Regulation

## Legislative Report: Florida Life Care Residents Association

# Legislative Report: Office of Insurance Regulation

- The Office does not anticipate proposing any changes to Chapter 651 in the 2020 Legislative Session
- Implementation of HB 1033
  - Effective Dates
    - July 1, 2019: Approval in Change of Management – Section 651.043, Florida Statutes
    - January 1, 2020: All provisions except for “Impaired” or “Impairment”
    - January 1, 2021: “Impaired” or “Impairment” definition related to debt service coverage ratio and/or days cash on hand
  - Rulemaking Process
    - Updates to Chapter 690-193, Florida Administrative Code
  - Form Adoption
    - Applications (may be filed January 1, 2020)
      - Consolidated Application for a PCOA and COA; Required Restrictions on Entrance Fees
      - Provisional Certificate of Authority
      - Certificate of Authority
      - Application for Simultaneous Acquisition of a Facility and Issuance of a COA
      - Expansion
    - Quarterly/Periodic Financial Report (first filing due May 15, 2020)
    - Annual Report (first filing due May 1, 2021)
    - Minimum Liquid Reserve Calculation Form (first filing due May 1, 2021)
  - Timing Considerations
    - Annual Report to the Continuing Care Advisory Council
    - Benchmarking Report





# Florida Office of Insurance Regulation

## Public Comment





# Florida Office of Insurance Regulation

## Operating or Procedural Changes Due to the New 651 Requirements

Continuing Care Advisory Council



# Florida Office of Insurance Regulation

## Triggers that Require OIR Review



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# Florida Office of Insurance Regulation

## Trends in the CCRC/ Life Care Industry

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# Florida Office of Insurance Regulation

## Other New Business



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# Florida Office of Insurance Regulation

## Election of Officers



Continuing Care Advisory Council



# Florida Office of Insurance Regulation

## Date, Time, and Place of Next Meeting



Continuing Care Advisory Council



# Florida Office of Insurance Regulation

## Adjournment

