

Continuing Care Retirement Communities

By Jack Cumming, NaCCRA Research Director

Six things to know about CCRCs:

1. The carefree lifestyle is attractive for people who anticipate lagging energy as they age.
2. The promise of a safe haven is comforting for people who fear that they may become vulnerable with slowed thinking, muddle headedness, physical infirmity, and worse as they age.
3. Many, perhaps, most residents view their relationship with providers as one of trust, in which the provider undertakes to look after resident welfare throughout their lives, even as residents become unable to fend for themselves.
4. Many providers -- and their advisors and boards -- are less concerned with resident welfare than with enterprise aggrandizement, which means that residents are valued principally as payers to whom the provider organization just delivers contracted services.
5. Residents generally view entrance fees as advance payment (contract consideration) for future services to be stewarded by the provider to ensure that services promised can be delivered later when they are needed; many providers view entrance fees as at-risk investment funds which are not subject to the disclosure laws usually applicable to investments.
6. Market share for CCRCs is dropping as a percentage of all senior housing (households over age 65) as the perception grows that only infirm people should choose to accept institutional life on a campus where their wishes will be subordinated to managerial decisions.

What has NaCCRA Done:

1. NaCCRA worked successfully with providers to end the taxation of imputed interest on refundable entrance fees and to give CCRC residents a right to return to care facilities in their own CCRC even when a managed care provider could save money by sending them elsewhere.
2. NaCCRA has sought to bring the deteriorating situation to the attention of the providers by presenting panel programs at LeadingAge Conferences.
3. NaCCRA developed a set of Model Laws to protect residents and asked providers to work with residents to assure a trustworthy industry.
4. NaCCRA agreed to join LeadingAge providers in a Joint Task Force to seek common ground and mutual understandings.
5. NaCCRA opened confidential back channel lines of communication to try to bring principled accounting, consistent with accounting for other industries, to CCRCs.
6. NaCCRA developed educational materials for a website to help to educate residents, providers, prospective residents, family members, and others about the situation of those who seek CCRC protections and who place their trust in providers.
7. NaCCRA has succeeded in gaining sufficient attention from the popular press that more objective reporting is beginning to supplant the puff pieces previously influenced solely by the providers public relations efforts.

Conclusion

In my experience, NaCCRA has sought to empower residents and to give them greater

assurance that the dream of peace of mind which drew them into residence will be a dream realized. Unfortunately, this dream can conflict with the pretenses and career ambitions of providers, their boards, and their executives. This conflict inhibits providers from accepting residents as co-thinkers and has limited the forward progress of the CCRC life choice.

Takeaways:

NaCCRA supports the desirability of the continuum of care model for people who are aging. Moreover, for those who enjoy the collegiality of a campus setting, NaCCRA favors secure, empowering living experiences to maximize human fulfillment throughout the life spectrum.

Still, the CCRC industry is shrinking when measured by market share, and NaCCRA has continuously tried, with only limited success, to work with providers to help them to reverse that downward trend. Until residents are first in the thinking which guides CCRCs, prospective residents are likely to continue pursuing other alternatives for support through aging.

With exceptions, providers believe that they need be the sole deciders and that there will be an endless influx of new residents. Providers commonly believe that they are the victims of overregulation. The industry consensus is to oppose all change that might give greater assurance to CCRC residents at the expense of provider control and freedom of action.

Moreover, the emphasis on state-by-state regulation has favored the providers' pushback against uniform nationwide regulation, like that proposed in the Model Laws. These Laws, in substance, could provide consumer safeguards for aging CCRC residents like the protections given to bank depositors, investors, pension recipients, and insurance policyholders. The widespread belief that resident protections can only be achieved one state at a time has divided residents and muted their voice aside from incremental advances in a few states.

The providers, and their lobbyists and advocates, have hurt the industry and their own best interests. Provider lack of constructive action has allowed the perception to spread that moving to a CCRC is institutionalization and not an empowering choice for young retirees still in the prime of life. That myopia is unfortunate because it limits the extent to which aging Americans can have the full benefit of the continuum of care dream that inspired the industry in its origins.

Practicalities.

The industry has the ability to assess residents through resident fees the costs for the industry to lobby for less regulation. That financial advantage dwarfs any representation that the residents might be able assemble by way of advocacy. That means that residents need to win the hearts and minds of the industry leaders as the best path for residents to gain needed protections and respect.

Legislators view the providers as experts, and so there is a tendency for legislators to discount what residents say. We have to win the legislators to view our cause on the merits, and that can be difficult when legislators have so many issues to decide. They may also view CCRC residents as wealthy, unlike, say, participants in affordable housing programs, and so able to fend for themselves. That makes it very difficult to overcome the providers' financial edge.

NaCCRA cannot advance its agenda without substantially greater financial resources than it now has. The most pressing question is how to raise the funds needed to give CCRC residents the empowerment and protection that they have sought by moving to a CCRC.

