



CALCRA News

California
Continuing Care
Residents Association

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FROM THE PRESIDENT

For one who once thought he had learned a lot of life's lessons while commuting to work over Europe in a B-17 during WW II, one of the more enlightening of many experiences since has been shepherding CALCRA-sponsored legislation through the legislative process. This has been especially true this past year when I naively presumed that our SB 489 would be a walk in the park, since it is designed to fill an inexcusable void in regulatory guidelines for handling disruptions of resident lives whenever CCRCs are closed temporarily or permanently.



Walter P. Rozett

The need for such legislation was evidenced strikingly by the messy conditions precipitated by last year's closure of Marguerite Terrace in San Jose. This clumsily executed closing very possibly caused the deaths of several residents almost immediately after their forced transfers. From this devastating experience we had hopes that providers would understand that removing guess work in carrying out a closure properly would benefit them as well as residents.

But it soon became apparent that any requirements for handling temporary closures were going to meet especially vigorous opposition. Providers seem to want unbridled authority to make decisions on how, where and when residents are to be moved after they have already made a unilateral decision to displace the residents. Considering the potentially severe impact of forced changes of residence on the quality of life and financial security of affected residents, that is simply unacceptable. And avoiding life-threatening transfer trauma surely is as great a challenge in these instances as it is in permanent closures.

It is also becoming increasingly evident that few aging CCRCs have prepared adequately to finance the cost of suitable temporary housing for residents they must move to make way for renovations. As a consequence, needed renovation often has been deferred, causing declining attractiveness of the community to new entrants. Inevitably this fuels a vicious cycle of rising charges to remaining and prospective residents because fixed costs must now be carried by declining numbers of occupants. Indeed, there is one aging facility with a declining occupancy rate that recently announced it will only accept new residents on a month to month basis-- a move apparently intended to minimize relocation expenses when and if overdue renovation commences. Not a likely recruitment incentive, but this does underscore the potential of temporary, as well as permanent closures in the foreseeable future.

As my previous discussions have repeatedly made evident, our aging care industry is vibrant with challenges and opportunities arising from the dynamically expanding numbers of Boomers just around the corner from retirement. With these increasing industry complexities we are acutely aware of the greater needs of residents for CALCRA's watchful eye to safeguard their rights, rights that otherwise are without any representation before the state's legislature or with concerned regulatory agencies. Passage of SB 489 will be just one more step in fulfilling those CALCRA obligations. But there is much more work yet ahead. Your continued active support will be vital.

AN INVITATION TO OUR ANNUAL MEETING

All members are cordially invited to attend CALCRA's annual meeting on Thursday, October 4, 2007 at 10:00 AM at Classic Residence by Hyatt at La Jolla village, 8515 Costa Verde Boulevard, San Diego.

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TRANSPARENCY AND ACCOUNTABILITY

We heard recently from a CALCRA member who wanted to know what is meant when we write of “provider transparency and accountability”, and why do we believe they are so important? Those are fair questions and merit detailed answers.

Let's start with why they are so important. Transparency and accountability are basic ingredients of integrity. Considering the profound influence that providers exert over residents' lives, their relationship with residents must rest on a foundation of integrity. Any provider reluctant to be transparent and accountable casts a shadow over its integrity and that of the entire elder care industry. And any provider lacking integrity should not be licensed to operate a CCRC.

Provider Transparency

“Transparency” describes financial reporting that is forthright, clear, complete and timely. It is CALCRA's position that a provider should be completely open in such reporting to residents, the only exception being when there is an undeniably credible reason for not releasing it. An element of this vital reporting is the need for residents to be made aware of and receive any information that is required by government regulations to be made available to the general public. In this respect, the IRS requires each non-profit to disclose its financial information publicly to help stakeholders decide if its funding is being used as intended.

This required reporting includes the compensation of a non-profit's five highest paid employees and its five highest paid independent contractors. These requirements clearly indicate the government's intention that stakeholders should know if top level compensation is appropriate and if contracting is competitive and without the appearance of favoritism. Although this information is always available on the Internet it is

accessible only to those with a fairly high level of computer skills. To be genuinely transparent, a CCRC provider should never conceal information of this sort from current and prospective residents.

Provider Accountability

“Accountability” refers to management's responsibility to report on and justify operating results and planning. Since CCRC residents are the basic source of revenue and the basis for qualifying operations as a tax free charity, management should be obligated to be fully accountable to residents for explaining performance and planning.

Without full accountability current and prospective residents cannot know if management is complying with all applicable regulatory and other legal requirements, as well as if it is meeting self-established goals or other performance standards. For example, boards of directors of non-profit CCRCs are required by the IRS to compensate chief executives and chief financial officers appropriately in relation to comparable executives in comparable organizations. A truly accountable organization would openly inform residents of the basis on which such compensation determination is made.

What CALCRA believes...

Clearly, any competently managed non-profit CCRC that is operating with integrity has every reason to be fully transparent in its reporting and fully accountable for its actions and operating results. That quite surely is what the Internal Revenue Code intends. Unfortunately, the IRS appears unable to dedicate sufficient resources to rigorously enforce its requirements, no doubt because of its overriding attention to generating tax revenues. As a consequence of this lax enforcement non-profits have proved to be vulnerable to

embezzlements and management self aggrandizement.

Because of this CALCRA believes non-profit CCRCs have a special obligation to be fully transparent and accountable. Residents deserve this because they are obliged to entrust providers with substantial sums as entrance fees, and also are required to commit to residency contracts that empower providers to unilaterally decide on operating budgets and monthly fees, as well as on investment policies and reserves.

For profit CCRCs have much the same obligations for the same reasons. Provider integrity at several for profit CCRCs has been brought into question recently by not living up to appropriate standards of transparency and accountability. One CCRC has inappropriately transferred resident funds from its reserves into another corporate entity. Another is persistently determining monthly fees at excessive levels, ignoring appropriate accounting practices. In the latter situation a law suit has been brought by residents. This conduct is a blemish on the reputation of all CCRCs and raises the question of whether the provider should continue to be licensed.

Considering the magnitude of trust that residents must place in the integrity, fair dealing and competency of their provider, there can be no justification for providers operating behind a self-serving veil of secrecy. Certainly, there is no question that trust borne of full transparency and accountability in a CCRC's reporting is essential for the peace of mind of current residents and equally so for prospective residents to make an informed judgment in their selection of a CCRC that will have such a profound influence over the remainder of their lives.

Be assured, transparency and accountability will always be prime elements of any CALCRA sponsored legislation.

CCRCs and CARE AT HOME

“Care at home” is a phrase reverberating through the elder care industry as it prepares for a tidal wave of aging Baby Boomers. Industry surveys indicate that overwhelmingly they want to remain in their homes as long as possible. CCRC providers are gearing up to accommodate that interest as an adjunct to traditional operations. Facilitating legislation has been introduced in Sacramento by the provider organization, Aging Services, but action has been deferred until next year.

Some industry observers attribute the Boomers care at home interest as a money saving response to the spendthrift ways of these consummate consumers that has left many with limited financing for retirement. Others suggest it is more likely recognition of a longer life expectancy and a less than favorable image of current institutional elder care.

The CCRC image problem may stem from aging facilities that have not been modified to meet current standards and from management practices that fail to provide a

stimulating environment that appeals to the modern reality of independent, mentally competent residents. These conditions must be overcome wherever they exist if any form of delivery system is to succeed in meeting acceptance by discerning Boomers. Residency contracts and management practices that rest on expectations that residents are unable to think clearly or act independently are outdated and outmoded, if ever applicable.

Before a CCRC provider ever contemplates offering the proposed Care at Home services to non-residents, it should first demonstrate its capabilities to provide comparable care to current residents. Those added services are needed to enable Independent Living residents to remain in their comfortable and familiar surroundings much longer than is now customary. That would be a clear cut demonstration of customer oriented management.

A core issue for CCRCs offering Care at Home programs to non-residents is how these services could

impact adversely on their established residents. Clearly there is the potential of undue stress on such vital services as higher levels of care. This would not be a problem at a CCRC with low occupancy since the community would benefit financially from employing otherwise idle resources. This, however, will not cure the fundamental occupancy problem if it is due to an outdated facility or flawed management. And finally, established residents must be shielded from the added risks inherent when offering Care at Home services to non-residents.

The Care at Home concept will be given serious attention by the CALCRA board. It is probable we will pursue legislation next year to require any CCRC that undertakes a Care at Home venture for non-residents to fund this in a corporate entity separate from the CCRC and that current residents must be fully protected from any added costs and overcrowding of already established services, most especially higher levels of care.

MEMBERSHIP NOTICE

CALCRA's membership year begins October 1. Now is the time for you to send in the renewal form below with your dues for 2008. If you want to check the year through which your dues have been paid it is shown in the address section following your name.

If you are at one of these locations please place the completed form with your check in the mailbox indicated:

- Eskaton, Carmichael - Jack Seibert #362**
- La Jolla Village, San Diego - Norm Eichberg #1412**
- Paradise Valley Estates, Fairfield - Tom Martin, 5902 Victory Court**
- Piedmont Gardens, Oakland - Ed Linsley#2302 (Add chapter dues of \$6 per person)**
- San Francisco Towers - Bernard Werth #646**
- The Sequoias, San Francisco - Ly Leong #2101**
- University Retirement Community, Davis - John Celesia #3109**

All others, send the completed form and check to:

C. E. Washburn, 17050 Arnold Drive #F115, Riverside, CA 92518

CALCRA MEMBERSHIP / RENEWAL FORM

NAME: _____ **FIRST NAME OF SPOUSE:** _____

DATE: _____ **NAME OF FACILITY:** _____

STREET: _____ **APT #:** _____

CITY: _____ **ZIP:** _____ **PHONE:** _____

EMAIL ADDRESS: _____

WOULD YOU LIKE TO RECEIVE YOUR NEWSLETTER VIA EMAIL? YES NO

Members: \$18 for Singles, \$30 for Couples. Please make your check payable to CALCRA.

WHAT CALCRA HAS DONE FOR RESIDENTS by Barbara Krings

In the twelve years since the California Continuing Care Residents Assn., Inc. (CALCRA) started as a coalition and then became a corporation with 501(C) (4) tax exemption, there have been many changes in the regulations that govern continuing care retirement communities. These changes are the result of diligence, tenacity and just plain hard work on the part of CALCRA.

The first coalition-sponsored legislation, Assembly Bill 827, was authored by Assemblywoman Jackie Speirer in 1995 and covered many issues including requiring continuing care retirement communities to maintain an environment that enhances residents' independence and self-determination, revising the requirement for an application for a permit to sell deposit subscriptions, requiring that certain services be listed in the contracts, providing annual reporting by providers on their financial condition and restricting the type of investments permitted with

the money held in trust for contract holders. All in all, Assembly Bill 827 made more than forty changes in the existing regulations and added two new sections. This is representative of every CALCRA bill signed into law.

Detailing all of the changes that every bill has made would take many pages, however, all CALCRA bills, and there have been eight to date, have revised resident contracts, improved information supplied to the Department of Social Services, modified deposit subscription requirements, specified reserve information that must be revealed as well as plans for future development. All of the changes have been designed to refine, clarify and add to the statutes to give residents more information and protection or require that providers be more transparent and accountable. Each has produced a benefit to residents far in excess of any additional costs.

It is important to note a few of the more significant resident benefits that are now taken for granted that were

the result of CALCRA legislation: a resident bill of rights, financial information comparing actual costs to budgeted costs by expense categories must be made available to residents at least semi-annually, consultations with resident council members during the annual budget process, allow selection/election of a resident representative to serve on the provider board of directors with access to executive sessions, requires a provider/resident meeting prior to implementation of any increase in the monthly care fee to discuss the reasons for the increase and the basis for determining the amount of the increase and the data used for calculating the increase.

CALCRA's work continues with Senate Bill 489 which will give protection to residents who are facing relocation due to partial or full community closure. This bill has passed through the Senate and is currently awaiting a final reading in the Assembly before it goes to the governor for his signature.

WWW.CALCRA.ORG
We're on the Web!!!

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