



# CALCRA News

California  
Continuing Care  
Residents Association

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## FROM THE PRESIDENT

This is the start of a new year and it seems appropriate to try something new and different. Instead of communicating with residents this time, my effort in this issue is an open letter to all of California's CCRC providers, especially to the many members of CAHSA, the provider organization.



**Walter P. Rozett**

Dear California CCRC providers:

Let me start by praising CAHSA for its recent adoption of a statement on CCRC Transparency, Accountability and Governance which includes guiding principles that commit all providers who accept it to the highest ethical and quality standards in performing their duties. Specifically it requires Board members, individually and collectively to commit to integrity, responsibility, openness and honesty in all aspects of their operations.

It is clear that full adherence to these principles at every CCRC in California would provide residents with an unsurpassed level of comfort in quality of life and financial security and an assurance of stability in their industry. As is so often the case, however, the devil is in the details. Significant among these is the reality that adherence to these principles is purely voluntary, leaving each entity to decide to what extent it will live by the proposed code of behavior.

CALCRA's fond hope is that we will be

able to work with you to obtain full implementation of these guiding principles and to also deal with related issues. As to critical matters not dealt with by CAHSA's guidelines, we urge they be amended to add features now required of public companies to safeguard investors because of recent scandals. As we well know, non-profits are not exempt

from such misbehavior, as evidenced by scandals in the management of United Way and others.

Chief among public company requirements that are missing from CAHSA's statement are board of directors standards requiring such vital measures as adoption and disclosure of governance guidelines and a code of business ethics for directors, officers and employees; a management succession plan; executive sessions of independent directors at every board meeting; director qualification standards; a definition of director responsibility; an adopted charter and annual performance evaluation of the nominating, audit and compensation committees; proactive promotion of ethical behavior by employees; and a statement of the organization's mission and purpose.

Surely, CCRC residents merit governance standards at least equal to

*Continued to page - 3*

## Executive Board

**Walter P. Rozett**  
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**Bernard G. Werth**  
Vice President

**Virginia Anderson**  
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**Paul Beckman**  
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**Ed Washburn**  
Treasurer

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## Inside this issue:

<i>From the President</i>	1
<i>An Invitation to Our April Board Meeting</i>	1
<i>SB 1212, CALCRA's Legislative Effort For 2006</i>	2
<i>The Way it's Spomed to Be</i>	3
<i>Please Join CALCRA</i>	3
<i>Another Chapter In Our Lives</i>	4

## AN INVITATION TO OUR APRIL BOARD MEETING



All members are cordially invited to attend CALCRA's board meeting on Thursday, April 6, 2006 at Air Force Village West, 17050 Arnold Drive in Riverside. Members will have the opportunity to participate.

## **SB 1212, CALCRA's LEGISLATIVE EFFORT FOR 2006**

As many of you know CALCRA's recent efforts have been directed primarily to governance issues - how the providers' boards of directors define and meet their responsibilities for policy making and management oversight. This has been a subject of discussion at each Advisory Committee meeting for the last year. Our concentration on that effort originally lead us to conclude last year that SB 244, covering the appeal process for transfers to higher levels of care, would be a diversion that would detract from the broader governance issues. Fortunately, as we learned more about SB 244 we concluded it was a step in the direction of improved governance and helped CANHR (California Advocates for Nursing Home Reform), the bill's sponsor, bring it through to enactment.

Our discussions of governance at the Advisory Committee have been productive. We don't know how much those discussions contributed to the recent adoption by CAHSA of its statement on CCRC, Transparency, Accountability and Governance but we are certainly pleased with this progress. There is yet some way to go but we feel that continuation of meaningful dialogue is preferable to immediate legislative action by CALCRA. Governance is a complex subject because of the variations of contract types and provider structures, so it will require careful consideration of all factors to ensure that whatever action is proposed will demonstrably serve the best interests of all California CCRC residents.

So this year we will continue to pursue the governance effort at the Advisory Committee but direct our legislation toward less complex matters because enactment would greatly improve dialogue between residents and providers on important issues. Our bill, SB 1212, will be introduced by Senator Tom Torlakson of the Seventh Senatorial District covering Contra Costa County, will be co-sponsored by CANHR and will be endorsed by many other organizations.

The bill's first element deals with restructuring the Advisory Committee.

As the committee name indicates, it is advisory to the Department of Social Services on matters relating to continuing care contracts. Its principal duties are to review the financial and managerial conditions of existing and proposed CCRCs and to make recommendations to the department regarding needed changes in its rules and regulations.

Members of the committee are appointed by the governor, the Assembly and the Senate with one additional provider and resident being selected by the appointed members. Membership currently includes five providers, an actuary and an accountant who work for the providers and four residents. This membership imbalance can detract from the credibility of the committee's recommendations to the Department. Eliminating even the appearance of bias would certainly make the committee a more useful forum for discussion of CCRC concerns by residents and providers.

Since the committee has no direct authority and functions only in an advisory capacity and since a primary function of the Department is to protect resident interests we believe it is important that residents' voices be on an equal level with providers. In fact, legislative staff suggested that, given the function of the department, that it would be more appropriate for the committee to be weighted in favor of residents. However, we believe that equal representation is the preferable approach because it will work best toward encouragement of thoughtful compromise on potentially contentious issues. SB 1212 provides that there be five resident and five provider members of the committee, that the actuary and accountant be converted to consultants and that the chair of the committee rotate annually between provider and resident members.

The second element of the bill deals with the need for full disclosure of all reserves of each provider. A few reserves are currently required to be fully disclosed by the Health and Safety Code. These are debt service, operating expense and refund reserves. The proposed legislation defines reserves as all amounts

accumulated to provide for future expenditures. In addition to the Code's current provisions this would add disclosure of amounts set aside for depreciation or replacement, self-insurance, expansion, improvements and contingency, and any other reserves, whether separately stated or included in surplus or net assets. Details for each reserve shall include the purpose of the reserve, the method of accumulation, the amount to be accumulated and the intended source of funds when they are required.

Since this information is essential for a provider board of directors to perform its oversight function effectively, this requirement would not cause any unnecessary burden. By making this information available to current and potential residents it will provide them with a reliable means for evaluating a provider's financial stability. Considering that the CAHSA statement on CCRC Transparency, Accountability and Governance includes a commitment to integrity, openness and honesty it seems reasonable to conclude that this proposal will be acceptable to most, if not all, providers.

The final element of the bill involves some clarification of the transfer appeal process introduced by SB244. The wording in that bill gave the impression that some involuntary transfers might not be subject to the appeal process. Clearly that was not the intent of the legislation and that will be corrected in SB 1212 along with several other minor corrections of the code.

We believe this bill merits enactment because it fills a need to improve the effectiveness of the Advisory Committee in dealing with important matters requiring reconciliation of differing views held by residents and providers and, also, because it will make available important financial information to residents, both current and prospective, while ensuring attention by provider boards to critical financial issues. We look forward to working with providers in the effort to have SB 1212 enacted.

# The Way it's S'posed to Be by Virginia Anderson, St. Paul's Towers, Oakland

It's easy for new residents to take for granted that there is resident involvement in the budgeting process at each facility. That's the way "it's s'posed to be", but until five years ago, that's not the way it was. That there is resident involvement is thanks to CALCRA.

Previously at St. Paul's Towers (SPT), an Episcopal Homes Foundation (EHF) facility in Oakland, the only budget information was given in a brief half hour meeting with the Resident Council before the meeting with residents to announce the annual fee increase. This year there have been four meetings of EHF representatives, SPT administrators and members of the Residents Council and the finance committee discussing the budget. Residents were given the required information, they could ask

questions, there was discussion.

Current Health and Safety Code regulations which were sponsored by CALCRA and protested every step of the way by CAHSA, the provider organization, require that providers make available, not less than semi-annually, to the resident council or a committee of residents a financial statement of activities, comparing actual costs to budgeted costs, broken down by expense category, and to consult with the Resident Council or the committee of residents during the annual budgeting process.

Also, CALCRA brought into being the requirements that there be a resident representative to the provider board of directors with access to executive sessions related to budgets, fees, expansion and debt and that the resident representatives have the

right to attend board finance committee meetings.

It should be noted that EHF has responded fully and in good faith to the resident involvement requirements, even to the extent of scheduling a meeting open to all residents to present some facets of the budget and allowing discussion and questions.

For CALCRA to continue its efforts to benefit residents of continuing care communities effectively more CALCRA membership is needed. Larger membership will give CALCRA more "clout" in dealing with the providers and in legislative efforts. Unfortunately, "the way it' s'posed to be" doesn't just happen nor will it continue without resident support.

**YOU NEED CALCRA,  
CALCRA NEEDS YOU!**

## From the President con't...

those required to protect the interests of stockholders of publicly owned companies. Residents entrust providers with substantial influence over their quality of life and a significant portion of their net worth, certainly reasons enough to expect performance standards even higher than for publicly held companies. And, like those for publicly held companies, those standards need to be compulsory not voluntary.

With this as background CALCRA would also note and solicit your support for our legislative effort this year which is directed toward improving dialogue between providers and residents; a call for transparency of all CCRC reserves; and finally, a technical clarification of the language in SB 244. Each of these fits within the objectives of CAHSA's statement committing providers to the highest ethical

standards, integrity and openness. More detailed information on this legislation can be found in the article on page two of this paper

We would welcome responses from CAHSA and individual providers and offer to publish those responses in our Spring issue.

Sincerely,

Walt Rozett

**PLEASE  
JOIN  
CALCRA!**

If you are at one of these three CCRCs with CALCRA chapters, please fill out the Membership form below and place it along with your check in the mailbox indicated:

- Eskaton, Carmichael - Gus Schlick #258**
- Piedmont Gardens, Oakland - Ed Oliveria #1704 (Please add chapter dues of \$6 per person)**
- University Retirement Community, Davis - John Celesia # 3109**

If you are at any other location please fill out the form and return it with your check to:

**C.E. Washburn, 21151 Vandenberg Ave., Riverside, CA 92518**

### CALCRA MEMBERSHIP 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.**

## ANOTHER CHAPTER IN OUR LIVES

On Thursday, January 26, Walt Rozett gave a presentation on CALCRA at The Sequoias in San Francisco. The meeting was attended by about one hundred residents. The presentation covered CALCRA's background, its past legislative accomplishments and its current attention to governance, restructuring of the Advisory Committee and improved financial disclosure. The question and answer session following the presentation lasted about an hour. The Sequoias now has more than twenty five CALCRA members and, thanks to several thoughtful residents, a CALCRA chapter is in the process of being formed.

The benefits of having a CALCRA chapter are numerous. Most important is the opportunity for improved communication among residents. Chapters also provide a basis for meaningful communication with other CCRCs by establishing connections with and inviting speakers from chapters at those

facilities. We have much to learn from each other. The sharing of views on current happenings at your community, either positive or negative, along with discussion of current or pending legislation provides an opportunity for improved understanding of the issues and for residents to influence legislation.

Last year the Eskaton Village chapter had a birthday party for CALCRA which provided the opportunity for much discussion about the organization. All residents were invited to the party with cookies, grapes and punch being served. Gifts were raffled off and a good time was had by all. Of course, the objective was to acquaint non-members with CALCRA and about fifteen joined. The Eskaton chapter also has speakers on health access, speakers from the Department of Social Services and others that tend to increase interest in CALCRA membership.

At Piedmont Gardens the chapter stimulated the formation of Next

Generation involving the children of members in the community in the pursuit of excellence in management performance to the benefit of current and future residents. Next Generation wrote a letter of support for SB 244 and contributed to its enactment. The Piedmont Gardens CALCRA chapter is quite active, meeting monthly, and at times meets jointly with Next Generation.

The most recent chapter at University Retirement Community at Davis is sponsoring an advocacy roundtable discussion next month including the ombudsman, residents and staff. The theme is "Who will help you when you need it?" To ensure a lively and productive session questions will be provided to the roundtable participants in advance.

Anyone interested in further information or assistance in the formation of a new CALCRA chapter should contact Walt Rozett using the contact information on the first page of this newsletter.

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

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