CCRC
GOVERNANCE & TRANSPARENCY
WOULDN’T YOU EXPECT CHANGE?
THE RESIDENTS’ CHANGING ROLE IN CCRC GOVERNANCE

• The original conception: Passive residents and custodial providers—even in independent living

• Changes in resident profiles lead to changes in resident expectations

• Toward a more “condominium-like” governance structure?

• Would you expect change?
ARE CHANGES IN CCRC GOVERNANCE COMING?

• The movement toward residents as fully voting members of CCRC governing boards

• Residents recognition that they are “contracting parties,” not “supplicants”

• The willingness to challenge performance and risk the consequences

• If the promised “pot of gold” is peace of mind—should performance meet the “Gold Standard?”
TRANSPARENCY AND DISCLOSURE

• “Advertising and sales materials” for prospective CCRC residents: What do you get? What should you get?

• A “disclosure package?”: What about the SEC’s “MD&A?”

• Reports to existing residents: What do you get? What continuing disclosure should you get?

• The “Key Indicators Report”: How useful and accessible is the CCCB’s publicly available information?

• The CCRC law is being reviewed: Would you expect change?
Resident Perspective on CCRC Governance
Resident Perspective

- Transfer financial oversight of CCRCs from the Dept of Social Services to the Dept of Insurance.
- Require that all CCRC's conduct periodic actuarial studies to assess the financial condition and long-term viability of the organization.
Resident Perspective

- Financial information currently is required to be provided to residents only every six months. That should be changed to, at a minimum, quarterly, and include a written explanation of all significant budget variances.

- Establish a firewall between the CCRC and its parent or management company so that assets of the CCRC may not be pledged on behalf of other activities of the parent company.
Resident Perspective

- Acknowledge the provider's fiduciary responsibility to residents.
- All non-profit CCRC board meetings, excluding executive sessions, be open to residents.
- All non-profit CCRC boards have an Audit Committee and a Nominating Committee consisting of independent directors or trustees.
Resident Perspective

- A self-evaluation of non-profit boards be conducted annually and the evaluation made available to residents.
- Provider investment policies should be clearly articulated in writing and available to residents.
- Require a minimum of one resident as a full voting member on non-profit CCRC boards.
Resident Perspective

- IRS Ruling 72-124, which established the charitable, tax-free status of non-profit CCRCs, requires that they be operated at the lowest feasible cost. Require that the board, annually, determine that this requirement is met and make the basis for that conclusion available to all residents.
Resident Perspective

- Require posting on the CCRC's website all public information reported by the provider. This would include all information reported by the provider to the Dept of Social Services and the IRS Form 990.

- Require management to report to all residents, quarterly, all complaints or concerns filed with management, the board, or DSS; how they were resolved; and when any remaining unresolved matters will be resolved.