CONTINUING CARE RETIREMENT COMMUNITY (CCRC)

Description:
The "continuing care" concept began in the 1920s, with isolated religious, labor, and fraternal organizations providing their own elderly members with housing and care for the rest of their lives. In the 1960s, in the western part of the United States, the current, more familiar, model of Continuing Care Retirement Communities (CCRC) emerged as a retirement "housing and care" option for the general elderly population. Their popularity grew across the country in response to the preference of older people for a living environment that included a complete continuum of housing, services, and health care—all provided in close proximity and under one sponsorship.

A CCRC consists of independent living apartments and/or cottages, supportive residential services, socialization activities, personal and health aide care available in a resident's apartment/cottage or in a separate "assisted living" residence, and nursing home care that can be provided on-site or in an affiliated arrangement with a nursing home in the wider community. Typically, the various buildings comprising a CCRC are built in a campus arrangement, making them a viable option for suburban and rural locations. However, recent market demands have resulted in "vertical" CCRCs being successfully developed in urban centers, with distinct levels of housing and care occupying separate floors of a high-rise building.

The organizational structure of CCRCs varies, including nonprofit and for-profit entrance-fee models and resident-equity models (entrance fee, cooperative or condominium independent living residences). A CCRC is considered a community, where each resident enters into a contract that covers housing, services, and care utilized by the resident. Government licensure and regulatory oversight of CCRCs varies significantly among states.

CCRCs strive to keep residents healthy and living independently for as long as possible through provision of a variety of activities, health screening, and healthy life choices. Residents participate in the operational aspects of their community through a resident organization and, in the case of cooperative and condominium options, through participation on the Board of Directors.

New York— Through Chapter 689 of the laws of 1989, Article 46 of the State's Public Health Law authorized the establishment of CCRCs in New York. The CCRC Council provides oversight of CCRCs, with oversight of health and nursing home care residing with the State Department of Health and primary oversight of the financial aspects of a CCRC residing with the State Department of Insurance.

In New York, CCRCs can be for-profit, nonprofit, or equity models. All CCRCs are required to provide room and board, supportive and social services, access to
personal and health care, and nursing home care as part of the resident's contract in exchange for payment of an entrance fee and monthly fees. In the case of an equity CCRC, a resident purchases the independent living residence as a condominium or cooperative, with the purchase price serving as the entrance fee. CCRC contracts will specify whether any portion of the entrance fee is refundable to the resident (or the resident's estate) upon cancellation of the contract, with refunds of 50 to 90 per cent of the original entrance fee a common practice. Upon sale of a cooperative or condominium in an equity CCRC, residents (or their estates) receive the sale price as well as any appreciation in the real estate value of the independent living unit. New York State requires that all refunds be made upon resale of the residence or one year's time following cancellation of the contract, whichever is sooner.

There are three types of CCRC resident contracts allowed in New York, and many CCRCs offer more than one type as choices to residents:

- **Type A (life care) contract:** All nursing home care is provided as needed during the resident's lifetime, and the resident's monthly charges in the nursing home do not increase as his/her level of care increases, but remains the same as that paid by the resident if he/she were living in the independent living residence.

- **Type B (modified) contract:** A limited amount of nursing home care (specified in the resident's contract) is available to the resident, at the same monthly charge as was paid in the independent living residence; and any additional nursing home care is charged at a per diem rate. New York law requires a minimum of sixty nursing home days at the same monthly fee as paid in the independent living residence, although CCRCs may choose to offer contracts that provide additional coverage at that same amount.

- **Type C (fee-for-service) contract:** The resident's contract does not include the provision of nursing home care, and residents are required to pay a per diem rate for any nursing care as it is needed.

**Benefits:**

For residents:

- Various models, contract types, and refund policies have an impact on the amount of entrance fees and monthly fees charged; most CCRCs offer more than one contract option, thereby providing each resident with choices to better match his/her preferences and financial status.

- Life care contracts (a long-term care insurance concept) provide peace of mind for residents and their families by assuring that a continuum of appropriate care will be available and affordable when needed, while minimizing or eliminating the trauma of relocation as frailties increase.

- Residents find a comfort level in knowing exactly who will be providing their care when it is needed.
- Residents are not impoverished, as communities must guarantee that each contract holder will be cared for by the community even if a resident's assets are depleted.

- Long-term nursing care is typically provided on the same campus so that the resident stays within the community, among familiar surroundings, and with easy access by their spouse and friends.

- Communities respond in emergency situations and can easily arrange for resident health services and care planning as needed, freeing residents and their families from those tasks.

- CCRCs generally have a high level of staffing, allowing for upscale services, including those provided in the long-term care setting.

- Residents retain their ability to use private long-term care insurance, if they so choose.

- Transportation, residence cleaning and maintenance, social/cultural activities, health screening, and other preventative services are normally provided or arranged by the community for residents at little or no additional cost.

- Refundable-entrance-fee contracts allow CCRC residents to preserve assets for their heirs.

- The continuum of housing and care provides a resident's family with peace of mind regarding a frail resident's on-going safety, care, and supervision . . . as well as a comfort level that their own care giving efforts will be consistently supplemented by the CCRC's services and care.

For the state/locality:
- Substantial job creation and use of local resources . . . during development and continuing during operations.

- For-profit CCRCs make major contributions to the property and school tax base of the surrounding community.

- Affluent residents remain in the State, contributing to both state and local economies.

- CCRCs make a special effort to maintain the integration of their residents with the wider community; thus, residents contribute substantial time, effort, and financial support to many civic, intergenerational, and other projects in the wider community.

- CCRC residents do not divest themselves of assets for Medicaid eligibility.

- CCRCs are a successful model for rural, suburban, and urban areas.
Impediments or barriers to development or implementation:

- Lack of continuing bonding authority for the development phase:
  - Industrial Development Agency (IDA) authority to issue tax-free bonds lapses periodically, making financing uncertain, delaying the start of new CCRC communities, or requiring more costly financing sources, all of which increase residents' entrance fees and monthly charges.
  - No authority for the Dormitory Authority to issue unrated bonds for CCRCs.

- Lack of affordable seed capital – sponsors are unable to obtain bond anticipation notes, although allowed by existing legislation. High cost of seed capital increases resident fees.

- Excessive regulatory oversight:
  - Two State agencies (Department of Health; Department of Insurance) review applications of entrance-fee models, and three State agencies (Department of Health; Department of Insurance; Office of the Attorney General) review applications of equity models. The resulting review process delays application approvals.
  - State Insurance Department micromanagement of community operations, contracts, fee changes, investments.
  - Lengthy process for updating resident contracts.

- Unique New York State requirements make establishment and operation of CCRCs more expensive than in other States:
  - Unique actuarial requirements;
  - Investment restrictions;
  - Restricted use of deposits for construction;
  - Application and finance delays require additional seed capital.

- Inability of CCRCs to accept outside residents into the community's nursing home and assisted living residence on a continuing basis increases resident fees.

- Unfamiliarity with the CCRC concept by potential sponsors and prospective residents throughout New York State.

- A discouraging business climate for CCRC development due to local zoning restrictions, development-financing sunsets, and lack of payment-in-lieu-of-taxes (PILOT) agreements.

Resource—laws and regulations:

- New York State Public Health Law:


- Westlaw, New York State Department of State, Division of Administrative Rules—to find the regulations governing Continuing Care Retirement Communities: NYCRR, Title 10 (New York State Department of Health), Part 900 (Certificate of Authority), Chapter VII (Life Care Communities): http://w3.health.state.ny.us/dbspace/NYCRR10.nsf/56cf2e25d626f9f785256538006c3ed7?SearchView: in the search slot, type "Part 900."

Resource—examples (one co-op; the rest are entrance fee communities):

- Peconic Landing (the State’s only cooperative CCRC), Greenport, NY, Suffolk County, www.peconiclanding.org.


Resource—written and web:

- Continuing Care Accreditation Commission (CCAC), a national organization which is now part of the national Commission on Accreditation of Rehabilitation Facilities (CARF). CCAC is the nation's only accrediting body for CCRCs. http://www.carf.org. On the home page, choose CARF-CCAC on the menu on the left.


Institute on Aging, Dorsky Hodgson Parrish Yue (architectural firm), and Ziegler Capital Markets Group (financial services company for senior living projects).


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