



Continuing Care Retirement Communities: Top Ten Questions Prospective Residents Should Ask

If you or a loved one is considering a continuing care retirement community here are ten of the most important questions you should ask:

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What is the ratio of independent living residences to assisted living and healthcare residences?

Some CCRCs are mainly independent living communities with a proportionately small number of assisted living or skilled care units available. This is particularly concerning for newer communities, where very few residents require care now but may in the future. The question is whether there will be enough availability in the healthcare center for residents requiring care at that time. On the flip side, some CCRCs evolved out of established nursing care facilities that added a few independent living residences. In this case, you may find proportionately more residents requiring care services than living independently. On average independent living residences represent 60-75% of the total residential units.

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How have your monthly rates changed over the last five years?

This is important to ask for two reasons. First, it gives you an indication of what to expect going forward so you can plan accordingly. Second, it could also be an indication of the community's financial viability. Average fee increases of 3-4% per year are not uncommon in the industry. If you find there have been years when the increase has been substantially more, you should find out why. Be sure you ask what the increases have been each year over the past 3-5 years, as opposed to an average. Averages can sometimes hide larger increases in a given year.

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What services are included in my monthly fee, and what will cost extra?

When a provider shares with you their monthly rates, be sure to find out what types of services are included, and which are extra. In some cases, you could ultimately spend considerably more than the published rate each month. This is particularly important if you are comparing two communities and one operates à la carte, while the other operates under an all-inclusive model. One example of this would be the number of meals per day included in the monthly rate.

7**What is the level of experience of your management team and board of directors?**

An experienced management team is vitally important to maintaining high operating standards and diligent financial management. Ask whether the management team has a track record of managing other CCRCs. Also look for a board of directors that is culturally and professionally diverse. The board should have directors with strong backgrounds in healthcare, hospitality, finance, and real estate.

6**What happens if I run out of money and can't pay the monthly service fee?**

Most CCRCs, particularly not-for-profit providers and even some for-profits, will do everything possible to help residents stay put and receive services if the resident runs out of money due to no fault of their own. In fact, many providers maintain a financial assistance or endowment fund to help with this effort. Yet, there are some CCRCs that will ask you to vacate your residence if you are no longer able to pay.

5**How will my monthly rate be impacted if I require assisted living or skilled nursing care?**

There are several different types of residency contracts offered by CCRCs. The key with each one is to understand what happens to your monthly fees if you ultimately require assisted living services or skilled nursing care. All other things being equal, there is generally a trade-off between the amount of the entry fee and monthly fees, and the amount you will ultimately pay if you require care services.

4**Does your published rate for healthcare services include a semi-private or private room?**

The published rates for a room in the healthcare center may reflect only semi-private rooms. You may be required to pay the difference in cost for a private room. Some providers only offer private rooms.

3**What are the stipulations for receiving a refund (if the community offers refundable entry fees)?**

If you are considering a CCRC that offers partially or fully refundable entry fees, ask if your home or apartment within the community has to be resold before the refund will be paid. Is there a maximum time limit whereby the refund will be paid regardless of whether the residential unit has been resold or not? Also, are you or your heirs required to continue paying the monthly fees during that time period?

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What information can you provide to help assure me that the level of care provided in your healthcare center is of the highest quality?

Although it could be years before you require assisted living or healthcare services, you want to know that when that day comes, you will receive the best care possible. Ask to take a tour of the healthcare center, and closely observe the facilities and the care team. Does the staff seem happy and attentive to residents? Is the facility clean and without odor? Ask about staff turnover ratios. The industry average for skilled nursing centers is around 40%. A low turnover rate generally indicates a happy staff, which translates into better care for residents. If the healthcare center is Medicare certified you can also visit Medicare.gov to find information on complaints, deficiencies, staffing, and more.

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What information can you provide to help assure me that your community is financially positioned to meet its long-term commitment to residents?

In order to fulfill its long-term obligation to residents, a CCRC must maintain a strong financial standing. A financial professional who is well-versed in the financial operations of CCRCs can help you analyze key financial ratios, such as operating margins and debt service coverage, but a few things to look for initially are a willingness by representatives of the community to share their audited financial statements, positive net worth, strong demand (usually indicated by occupancy ratios above 90%), well-kept facilities, and an experienced management team. Also consider whether the community is located in a state that regulates CCRCs. If so, the state may have minimum financial requirements that must be met on a year-to-year basis.

My LifeSite develops web-based resources designed to help families make better-informed decisions when considering a continuing care retirement community(CCRC) or lifecare community. For more helpful information visit: www.MyLifeSite.net.

