



Consumer Guide to Continuing Care Retirement Communities and Life Plan Communities in Washington State

The Fourth Edition - 2026

Quotes from Residents

No house and yard to take care of, and support is right here if I need it.

I have made more friendships here than I've ever had before.!

The staff's kindness, dedication, and support add so much to our life experience.

The fitness programs have made my physical health so much better.

CCRC living is such a rich - and enriching - experience. If you shop carefully and do your homework, it will be the greatest gift you can give yourself.

With all the transportation options, I was able to sell my car and I don't miss it!

A wave of relief washed over me the day I moved in here. A stack of worries just evaporated.

I no longer worry about security at my home when traveling.

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Introduction

Congratulations on beginning your research of Continuing Care Retirement Communities (CCRCs), also known as Life Plan Communities (LPCs). For ease, we will refer to these communities as CCRCs in this document.

The community living experience in a CCRC can offer you new friendships, rich social and cultural experiences, life-enhancing fitness/wellness opportunities, lifestyle amenities, enhanced security, peace of mind, and in some cases assistance with long-term healthcare needs. Your move may eliminate the stress of maintaining a home, relieve your children's worries about you living alone, as well as relieve them and others of some of the burden potentially experienced as you age.

A feature of some CCRCs is "continuous" care being available within the community from Independent Living through the stages of declining health as needed. Often such long-term care is provided on the same "campus". Other times it is provided at affiliated "off-campus" Health Centers.

With on-campus Health Centers, either member of a couple may move independently of the other depending on care needs. Thus, the other continues to reside in the same community independently. This arrangement often facilitates ongoing relationships and friendships and reduces the stresses of caregiving.

Often, the decision to move to a CCRC comes with a significant financial price tag: entrance fees and monthly fees. Moving into a retirement community is a balance between living in an environment with a host of beneficial personal services and the degree of financial risk you take when you buy into a CCRC. Thus, understanding both the rewards and the risks is important. We encourage you to share your thoughts with your family and trusted professionals as you consider the CCRC lifestyle.

This consumer guide was developed by residents with experience living in Washington State's CCRC communities. It focuses on fundamental topics that may be of assistance as you consider a CCRC

as part of your next step in retirement planning. Please note that this guide provides general information only. It is not intended to provide legal, financial, or other advice nor to be an exhaustive guide to CCRC living.

This guide is accurate as of the publication date to the best of Washington Continuing Care Residents Association (WACCRA) knowledge. Prospective CCRC residents should make careful and complete investigations of any facility where they are considering residence and obtain independent legal and tax advice from professionals experienced in these issues.

What Is a CCRC?

In general terms, a CCRC is an entity, for profit or not-for-profit that, in exchange for an entrance fee and monthly fees and based on a residency agreement of more than 12 months, provides flexible, supportive living arrangements for seniors and offers a variety of services to them up to, or including, long-term healthcare services. There are basically four types of CCRC contracts – from full-service contracts that provide for your care and security from Independent Living through long-term care to contracts that provide for Independent Living and access to long-term care on a pay-as-you-go basis, if needed. Each of these contract models will be discussed in detail later in the guide.

Each CCRC is unique for its geographical location, size and the features it offers from living accommodations, types of amenities, attractiveness of the grounds, quality of the dining experience, features of the surrounding neighborhoods, style of management, resident engagement, community culture, and financial strength.

The state of Washington has limited oversight of CCRC operations or financial strength. The state does have a voluntary registration process for CCRCs that allows the state to publish a list of registered CCRCs on the Department of Social and Health Services website. ([Click here for the list¹](#)). This is not a comprehensive list of organizations offering these services in Washington, however. Further, each CCRC

¹ See Appendix E: Resources for the actual website address.

community, registered or not, offers different services and contractual terms to its residents. In fact, residents in the same CCRC may have significantly different services and financial arrangements as part of their individual CCRC contract. So, understanding “What is a CCRC?” is not a straight-forward exercise. It is prudent to review the contract with legal and financial advisors.

CCRCs are regulated under Washington State law (See Appendix C for a description). In Washington State, the law defines a CCRC is an entity that agrees to provide continuing care to a resident under a residency agreement for the provision of continuing care for a period of greater than one year. Continuing Care can include Independent Living, Assisted Living, Skilled Nursing, and Memory Care, depending on the residency agreement. In some CCRCs certain levels of care may be contracted out to other locations.

This guide is designed to help you on your search. It is divided into six sections:

- 1) Why a CCRC?
- 2) How to Begin Your Search
- 3) What to know about CCRC Living: Independent & Healthcare
- 4) Contracts
- 5) Long-term Financial Strength of a CCRC
- 6) Ownership and Governance of CCRCs

There are many well-managed CCRCs, and you can be confident, with curiosity, information, and patience, you will find the right one for you. WACCRA hopes this guide will be a substantial help to you in your search, and that remain useful as you participate in the life of the CCRC you choose.

Section 1: Why a CCRC?

A CCRC offers many attractive advantages for older adults. It eliminates the stress of maintaining a home: housekeeping, making repairs, raking leaves, cleaning gutters, shoveling snow. It reduces cooking to an occasional voluntary pleasure. It alleviates children's worries about parents living alone. It eliminates worry about the security of your home when travelling. It may offer peace of mind by helping facilitate or finance future health needs associated with aging and reducing the burden on one's family.

Many of the advantages of a CCRC may not be evident until after moving in. The community itself can be a major source of pleasure. Typically, people move to CCRCs when they are in their seventies, while still driving, traveling, and even working. They bring with them a fascinating lifetime of careers, interests, and skills. Often these attributes can serve and benefit of the entire community through creation of interest groups organized by residents. Any dinner can be a dinner party shared with delightful neighbors in the dining room. This vibrant, friendly culture is the most enjoyable part of CCRC life.

The most important benefit of CCRC life is relief from the challenges and stresses of growing older- property up-keep, dwindling social circles, physical impairments, transportation assistance, and loneliness. Some residents, as they age, may have difficulty with certain aspects of daily life. If the CCRC offers long-term care on campus, that resident might opt to move to Assisted Living and have help with those difficulties while still engaging in community activities and not losing touch with their partner or their friends. It is important to understand how long-term healthcare is delivered today at the CCRC you are considering and what you are guaranteed will be in place in the future. This will be discussed further in the guide as we discuss issues regarding healthcare and contracts.

This important benefit of CCRC living is partly the result of the common connections among the four unique levels of care that can exist in the same CCRC location: Independent Living, Assisted Living, Skilled Nursing, and Memory Care. However, not all CCRCs have all four levels of care at the same location. Some may contract with other

institutions for Skilled Nursing, Memory Care, or other services. Even when not at the same location there is comfort in knowing that a plan is in place if you need to access a higher level of care.

Most residents who move into Independent Living in a CCRC remain very active both within and outside their CCRC. The “continuing care” aspect of a CCRC often includes an emphasis on fitness and wellness that encourages residents’ active lives beyond what might have been likely if living alone. This includes a host of activities for social well-being. One gauge of resident participation in fostering community well-being is how many of the activities are initiated, organized, promoted, and led by residents with staff support. Staff initiates and leads activities as well. In addition, residents often organize programs on a diverse range of topics such as lectures, music programs, book groups, bridge clubs, art classes, special fitness activities, hiking clubs, technology discussions, etc. These activities also add to the community’s well-being.

Plan to transition to a CCRC before you *need* to move. You will be glad you did. Do not keep putting it off. Waiting until you need to move risks not being able to move to your preferred CCRC. Prices are ballooning with the increase of the senior population. The sooner you move, the lower the entrance fees will be, and the sooner you can take full advantage of the programs offered and the friendships you will develop and cherish.

Section 2: How to Begin Your Search

Thinking Through Personal Preferences, Questions, and Issues

Here are some things to consider early on in your CCRC decision-making process. In the state of Washington, CCRCs can be found in big cities, in suburban areas, and in more natural settings. For a listing of registered CCRCs, check the Department of Social and Health Services (DSHS) website [here](#)². NOTE: this list may not be complete due to the lag time between completion of paperwork by the CCRC and posting by DSHS.

| | |
|-----------------|---|
| Location | Where do you want to live? What CCRCs are available there? For instance, for many CCRC residents, being close to family is important. |
| Finances | What can you afford? See Tips (Section 4 - Contracts) for rough cost estimates. Consult your financial planner. |
| Contract | What type of CCRC (A, B, C or D) fits your requirements and finances? See Details (Section 4 – Contracts) |

Schedule a visit to each of your top CCRC picks. There is no better way to help you make this important decision. Ask your tour guide (usually a member of the Marketing Team) questions as you make your way through the community. Pay attention to how current residents interact with each other and with you. Ask to meet with some residents – some who have lived there a while and some who recently moved in. Before and during your CCRC visit/tour, consider the following items.

First Impressions

- How would it feel to live here?
- What amenities would you like to have?
- See Checklist of Amenities (Appendix A)

² See Appendix E: Resources for the actual website address.

Activities

- What activities are you looking for?
- Ask to see the current activities calendar, both for Independent Living (IL) and for the Health Center.
- Do these activities align with your interests?
- What resident-initiated interest groups are active?
- Is the management open to resident suggestions for added activities?

Healthcare

- Special healthcare issues, current and future?
- Are there certain medical conditions that disqualify someone from moving in to this CCRC?
- Visit the healthcare facilities for this CCRC.
- Compare the facility's capabilities with your needs.
- If the CCRC has a Skilled Nursing facilities, ask to see (or look up) its Health Department and Medicare rating.
- Ask to see statistics of the Healthcare facility's occupancy rate.

Management

- Ask about financial structure of the CCRC: stand-alone, consolidated group, obligated group?
- Current expansion plans?
- Ask to see the most recent Actuarial report.
- How many / what percentage empty units? Ask for the Independent Living Occupancy rate over the past 5 years.
- Observe the condition of the physical structure and interior spaces.

Governance

- If you have a chance to meet some current residents one-on-one, talk to them about their relationship with, and opinions about, management.
- Does the CCRC Board include resident members?
- Does their approach to governance seem appropriate?

Section 3: What to know about CCRC Living

Independent Living (IL) & Healthcare

Independent Living

Most of the residents in a CCRC are part of the Independent Living community. These are people who do not need significant assistance with day-to-day activities. When you move into the CCRC, you may join an active group of seniors in the IL community.

There are lots of things to consider when making the decision to join the CCRC as an IL resident. Use the list below to guide your decision-making process. Appendix A provides an amenities checklist for you.

Type of Homes

Each CCRC has its own IL model. Some have stand-alone cottages or houses. Some have apartments in a larger building or buildings. You will have a choice of home amenities. Options may vary with each CCRC (studio, 1, 2, & 3- bedroom).

Home Amenities

- Do you have customizing options before moving in? After moving in? Who pays?
- What appliances are supplied, and how are they repaired/replaced?
- Is there a plan for replacing flooring/carpets periodically?
- Is there a plan for window-washing, inside & out, periodically?
- Is there regular housekeeping? What is the schedule?
- Are pets allowed? Any restrictions?
- What cable TV, phone and internet services are available? Monthly cost?

Getting around

- Will you have a designated place to park your car? Is it free?
- If you have more than one car, how is parking handled? Will you have to pay more for a 2nd car?
- What are the transportation services provided by your CCRC?
- Is there public transportation nearby your CCRC?

- What can you walk to? How far are doctors, stores, restaurants, theaters, parks, trails?
- Is medical transportation provided? Who pays? Is there a designated area limiting distance for transporting to medical appointments? Are your treating physicians within that area?

Activities

- What is the Activities Calendar like?
- Do residents initiate and plan activities?
- What is the fitness center like? Is there a pool?
- Are there regularly scheduled fitness classes?
- Are there trips to theater, symphony, museums, parks, restaurants, grocery stores, etc.? Is there a transportation charge?

Meal Plans and Dining

- Ask to see current menus.
- Is there flexibility in the meal plan?
- Do residents have input to the food and beverage department?
- Does the meal plan encourage family visits?
- Does the meal plan include alcohol purchases? Is there a bar/lounge for socializing?
- Are there options for vegetarians, vegans, gluten-free?
- How does the kitchen accommodate food allergies?
- Are there dining options – formal, casual, takeout...

Culture of the Residents

- What is the structure of the Resident Council, resident committees, and collaboration with management?
- Do residents mix and socialize a great deal?
- Is there an active Disaster-Preparedness program?

Other things to ask about

- What are your Contract options?
- What is the history of increases in monthly fees?
- What is the current, and historical, occupancy rate?

Interaction with the Health Center

- How easy is it to visit people in the Health Center?

- What common activities are available to IL and Health Center residents?

Healthcare For Residents in the Independent Living Community

CCRCs have a variety of arrangements by which Independent Living residents can obtain healthcare. Arrangements for accessing physicians vary.

- Some CCRCs have physicians on staff, and residents may be encouraged to select one of these as their primary care physician. However, often residents have an outside physician whom they prefer because of continuity of care. If a CCRC does employ in-house physicians, residents who prefer outside physicians may have to provide their own transportation to more distant medical services.
- The Health Center of a CCRC may provide services including Memory Care, Assisted Living or Skilled Nursing for those who are admitted. Minor health services may be provided for residents of Independent Living. CCRCs vary in the types of health services provided to residents of Independent Living.
- Some CCRCs have nurses or nurse practitioners as the primary caregivers and encourage residents to see their own outside physician. In that case, when Independent Living residents require visits to outside medical specialists, the CCRC may provide transportation at no or minima extra charge within a reasonable distance (the designated area).
- Some CCRCs engage an array of specialists – audiologists, allergists, podiatrists, ophthalmologists, physical therapists, and others – who visit the community on a periodic or occasional basis, allowing residents to consult with them by appointment.

Regardless of the health services provided through your CCRC, it is important to know that those services will likely be billed through your own healthcare or long-term care plan. This can be complicated if the healthcare providers are not covered by your plan. Some residents with Medicare Advantage plans may not be able to utilize these CCRC-based healthcare providers. Consider checking with your insurance plans and/or agents to discuss how your care will be covered.

In case of an emergency in an Independent Living apartment, most CCRCs will have installed emergency pull-cords, which will bring help when needed on a 24/7 basis. Some CCRCs have motion detectors installed in apartments that can alert staff when help is needed. Wearable emergency pendants are often available to residents. These permit the staff to locate a person anywhere within the CCRC when the resident indicates a need for immediate medical attention.

Healthcare in the CCRC Health Center

Know What to Expect in Memory Care, Assisted Living and Skilled Nursing

The promise of many CCRCs is to meet most of the long-term health needs that may arise between active adulthood and the end of life. A primary motive for people entering a CCRC is the assurance of ready access to high-quality healthcare when needed. This means that spouses, children, and other relatives and loved ones are not suddenly left searching for ways to cope in a medical crisis. In some CCRCs, a spouse who needs a higher level of care will find it in their community. In others, the higher level of care may be off campus. The other member of the couple will be able to remain in place, among friends, being well cared for and enjoying a high quality of life.

Yet even though access to long-term healthcare is a primary motivation for entering a CCRC, many potential CCRC residents will focus entirely on evaluating the Independent Living amenities (see above and Appendix A) and will neglect, or take for granted, the adequacy of the healthcare services. That is a mistake.

The intent of this section is to help both current and future CCRC residents evaluate the healthcare facilities of a CCRC. It is imperative that you carefully read your contract to get a good understanding of your options and expectations about moving to higher levels of care at your CCRC.

In addition to an Independent Living facility, a CCRC may provide for further levels of care:

- ***Assisted Living facility*** for residents who need some measure of help with their activities of daily living, such as dressing, showering, or medication management.
- ***Skilled Nursing facility*** for residents who are temporarily ill or are returning from the hospital following surgery for rehab or other treatment, or who are dependent on Skilled Nursing daily over a long term, perhaps until the end of life.
- ***Memory Care facility*** for residents whose cognitive limitations make it no longer safe for them to live independently.

Some CCRCs will subdivide these care categories. For example, there may be a Memory Care facility for people with mild dementia and another for the severely cognitively disabled. There may be separate Assisted Living facilities for people who are mildly and more seriously disabled.

Some CCRCs offer certain levels of care at a different facility. In recent years, many CCRCs have dropped their in-house Skilled Nursing facilities. In this case, a separate institution may provide care under contract with the CCRC. Check the contract for details of the plan at your CCRC and how care is handled if it cannot be provided at either the CCRC or separate institution, or if the care facility temporarily has no room.

For those seeking to enter a CCRC, the admissions or marketing department generally will offer tours of the healthcare facilities without intruding on the privacy of residents. It is highly recommended that you take a tour of the healthcare facilities.

What to look for on a Healthcare Facility Tour

- At any facility, and any level of care, one can expect a home-like rather than a clinical atmosphere. Take note of whether private room/apartment occupancy is offered in Assisted Living or in Skilled Nursing. Consider whether the accommodations are spacious enough to allow a resident to bring a selection of their own furnishings to their living space in all levels of healthcare.
- Although a CCRC may emphasize visuals, like state-of-the-art facilities and amenities, residents and patients invariably find that

the quality of the healthcare staff and the sufficiency of the staffing levels are the most significant factors in evaluating the healthcare center. These factors are difficult for a non-resident to observe when on a marketing tour but do ask about staffing ratios. Some helpful resources will be mentioned in material that follows.

- Memory Care, Assisted Living, and Skilled Nursing facilities are inspected and licensed by the Washington State Department of Social and Health Services. You can ask the staff when the last inspection occurred and request the results. You might also find opportunities to talk privately with residents, to gain their perspective on healthcare services. Additional resources can be found in Appendix F.
- Healthcare facilities may be isolated from the rest of the community. However, just because a resident may need help getting dressed does not mean he or she has lost interest in seeing friends and participating in the life of the community. Ask whether residents in Assisted Living and Skilled Nursing may, if they wish, attend concerts, lectures, and films, play bridge, eat in the main dining room, and continue other activities they enjoyed in the Independent Living community. Spouses and former Independent Living neighbors should be able to visit easily. Prospective residents need to be thoughtful and fully aware before entering a facility where there is not easy access between the healthcare facilities and the rest of the community. When the healthcare facility is separated by a distance, ask about transportation options that are available and the times of operation.

Skilled Nursing

In addition to the assessment recommended above, both current and prospective residents can consult [Medicare](#)³. This government-sponsored website rates nursing homes according to four criteria as well as an overall rating for each. Given the significant cost of CCRC living and the high level of care that some elderly patients require, *it is*

³ See Appendix D: Resources for the actual website address.

preferable that the nursing facility has earned five stars, the highest rating. If the rating is lower, ask what the reasons are.

Assisted Living

Assisted Living facilities within CCRCs generally are expected to have amenities in each room that may include:

- Single room occupancy
- Double room occupancy (including spouses wishing to be together)
- Private bathroom
- Accessible compact or mini-refrigerator, sink, and microwave oven in every apartment.
- Television (or TV connectivity) in every apartment.
- Enough space for residents to bring their favorite belongings, such as a lounge chair, desk and chair, bookcase, etc.
- The ability for residents to hang their own pictures with staff help.
- Some residents may prefer to hire an in-home caretaker to provide Assisted Living services. Does the CCRC allow this? How are such arrangements made?

Learn about and compare the specific policies at each CCRC under consideration, as amenities vary between CCRCs.

Memory Care

The staff of a Memory Care facility need specific training for Memory Care work. Memory Care rooms often offer a home-like environment that enhances residents' feeling of security and familiarity. Note whether the rooms seem comfortable and allow for familiar furnishings and keepsakes from previous stages of life. Are the communal areas for individual and group activities appropriate in size and comfort?

Memory Care facilities have differing policies regarding resident security. Ask about the ability of residents to wander away and decide whether you are comfortable with the security system. Enquire about access to an attractive, secure outdoor space. Note how close the Memory Care facility is to the main community and how accessible it is for spouses and visitors and for supervised excursions to community activities outside of the Memory Care facility itself.

Memory Care facilities often offer many services and activities for their residents. These may vary significantly from one CCRC to another. In some cases, Parkinson's patients reside in the Memory Care facility in order to participate in activities more easily. Understanding these differences may be important to some future residents.

Most residents rely on their families to help with important healthcare decisions. If a resident has no family available, the healthcare facility often ensures that resident-designated healthcare proxies are available and involved in important healthcare decisions. Some residents employ independent licensed fiduciaries to be sure that there is someone looking out for their interests if they can no longer do this for themselves.

Some CCRCs have an ombudsman, healthcare advocate, or healthcare proxy to assist disabled residents who need to navigate the healthcare system and who lack a nearby relative or other personal caregiver. These CCRCs also have specific plans and protocols designed with sensitivity to ease the physical and emotional stresses of a resident's permanent transition from Independent Living to Assisted Living or Skilled Nursing.

Washington State has licensing and inspection authority for the various types of health facilities. See Appendix F for more information. Residents and prospective residents can access these government websites and review inspection reports for specific facilities. Healthcare centers licensed as Skilled Nursing facilities are also subject to detailed federal requirements and inspections.

Washington State also has a federally mandated long-term care Ombudsman Program that advocates for residents in Memory Care, Assisted Living, and Skilled Nursing facilities (see Appendix F).

Section 4: Contracts

CCRC Types: A, C, B, and D

The term “Continuing Care Retirement Community” generally refers to any establishment that provides a secure, active, stimulating, attractive living environment for active seniors, and that incorporates or facilitates additional healthcare services like Memory Care, Assisted Living and/or Skilled Nursing.

When contemplating a CCRC, and especially when comparing one CCRC to another based on price, it is important to clearly understand the different types of contracts that are offered.

There are two main contract types: Type A and Type C. There are also hybrids and variations of these. First, note the differences between these two “pure” types, and then consider what variations might be available. Comparing the entry fees and monthly fees of a CCRC that offers a Type A contract to another CCRC that offers a Type C contract is like comparing the proverbial apples and oranges. All contract types are summarized in the table below, and described in detail in the next several pages.

Summary of Contract Types

| | TYPE A | TYPE B | TYPE C | TYPE D |
|------------------------------|--|---|---|--|
| Contract for Life | Yes | Yes | Yes | In some cases |
| Entrance Fees | \$100K – \$1.8M. A portion may be refundable on departure from the CCRC. | Entrance fee is less than Type A. A portion may be refundable on departure from the CCRC. | Minimal or no entrance fees. | Minimal or no entrance fees. |
| IL Monthly Fees | Vary depending on CCRC and type of apartment or cottage. | | | |
| IRS Tax Deductibility | Part of entrance fee and monthly fee is deductible. | Part of entrance fee and monthly fee is deductible. | Not applicable in most contracts. | Not applicable. |
| Healthcare Costs | Little additional cost beyond regular monthly fee. | Below market rate OR time-limited reduced rate and then full market rate. | Market rate for most forms of healthcare. | Market rate for all forms of healthcare. |

Before accepting a new resident, a CCRC may evaluate your personal finances to determine whether your income and assets can cover present and future costs. Prospective residents can do their own rough calculation comparing their annual income to the estimated cost of CCRC living using the following formula: [monthly fee x 1.6 (a multiplier) x 12 months], where the multiplier takes into account other necessary living costs. This rule of thumb gives a very rough estimate of typical annual costs of living in a CCRC. It is wise to consult a financial planner to obtain a better estimate of how these annual and lifetime costs align with your retirement assets.

The monthly fees vary widely depending on factors such as apartment size, apartment location, urban versus rural setting or dining options. Typically, the monthly fee increases annually, usually by 3 - 5%. In some circumstances the change may be higher or lower. Be sure to ask the CCRC about its actual fee increases over the last five to ten years.

It is wise to have a qualified lawyer look over any contract. The contract contains provisions that the resident will live by. Be sure to understand them. Some provisions may use terms that require specialized knowledge or careful interpretation. Remember that the time to negotiate changes in the contract language and provisions is before you sign it!

Type A Contract

In Washington State several CCRCs offer contracts that are Type A, often informally called a “full care, inclusive contract.” In return for an entry fee plus a monthly fee, the resident is guaranteed to pay roughly the same monthly fee (apart from ordinary inflation, additional meals, and incidentals) for as long as the resident remains in the community, even if and when, Skilled Nursing Care, or Memory Care is needed.



TIP:

CCRCs vary in how much residents pay for services. Entrance fees are one-time, upfront charges to enter and occupy an Independent Living apartment and use the full range of services supplied by the CCRC. Not all contracts require entrance fees.

Many CCRC residents finance their move by selling a home. CCRCs will evaluate your finances to determine whether your income can cover present and future costs. Some CCRCs have disqualifying conditions such as certain medical conditions or upper age limits for Type A contracts.

Not-for-profit CCRCs are required by government regulations to provide full care throughout the resident's life, even if the resident's personal assets become exhausted through no fault of their own. For-profit CCRCs may also have this provision. It is wise to check.

In this kind of contract, the fees for all residents are set at a level to cover the full operating costs of the entire community. The costs for occupying an Independent Living apartment will, therefore, be higher in a Type A contract community because it includes pre-payment of some or all of the charges for higher levels of care.

Both entry fees and monthly fees are projected actuarially to provide sufficient on-going revenue for all types of care, whether living in Independent or Memory Care, Assisted Living, or Skilled Nursing.

Some CCRCs may not offer Type A contracts to all prospective residents based on their age or specific medical conditions. Be sure to ask about such restrictions early in your discussions with a CCRC.

In a Type A contract, portions of the entrance fee and the monthly fees are considered a medical expense for Federal income tax purposes. Those portions may therefore be deducted from income when itemizing deductions on an income tax return. This amount is calculated annually by accountants working for management of the CCRC and is communicated to residents.

Type A contracts frequently set entrance fees that may be refundable upon departure from the CCRC or paid into the resident's estate at the time of death. The contract signed at entry often specifies the refund as a percentage of the entry fee. It may vary from 100% to 80% even as low as 50% of the entrance fee. The contract will also specify the

TIP:



CCRCs vary widely in the balance between entry fees and monthly fees. To compare communities with similar benefits and contracts, first figure out the monthly equivalent of the entry fee. As a rough rule of thumb, the monthly equivalent can be taken as 7% of the entry fee divided by 12. Adding that to the contract's monthly fee allows comparison between two CCRC offerings, much like comparing two regular apartments' rates.

TIP:



Some contracts permit partially refundable entrance fees on a declining scale of a percentage over a fixed number of years. Example: 90%, 70%, etc. over 6 years.

interval between the time the resident leaves the CCRC and payment of the refund. Often these refunds are contingent upon the management's resale of the vacated living space. The wait for the refund may also be contingent on the occupancy rate for Independent Living.

Ask about the average time to pay an entrance fee refund and be sure to review that portion of your contract carefully.

Type C Contract

This is usually referred to informally as a "fee-for-service" contract. Under these contracts, residents pay for the services they use at something resembling the market rate. If one is living independently, the entry fee and the monthly fee are usually considerably lower than in the case of the Type A contract. However, when Memory Care, Assisted Living, or Skilled Nursing is required, fees can escalate significantly toward market rates. Type C contracts are attractive to individuals who prefer to personally assume the risk of future healthcare costs. They are also attractive to people who have a high-quality long-term healthcare insurance policy that will cover most long-term healthcare expenses that may arise.

Type C fee-for-service medical contracts may not have any prepayment for medical care, so the medical tax deduction may not be available.

Other Types of Contracts

A **Type B Contract** is a hybrid between Type A and Type C. Higher levels of healthcare may be discounted for defined periods of time, before market rates kick in. Other contracts may have discounts for unlimited periods of time. Like Type A CCRCs, some Type B CCRCs offer refundable entrance fees. Often these refunds are contingent upon the management's resale of the vacated living space. The wait for the refund can also be contingent on the occupancy rate for Independent Living and it can take several years or more. Ask about the average time to pay an entrance fee refund and be sure to review that portion of your contract carefully. Like the Type A contract, portions of the entrance fee and the monthly fee may be considered for Federal income tax purposes as a medical tax deduction.

A **Type D Contract** is essentially a short-term rental agreement. Each CCRC creates its own contract options, often with unique provisions. Typically, either party can terminate the contract without cause in a Type D contract.

In Type D contracts, management reserves the right to unilaterally change some of the terms of the contract upon the provision of thirty days' notice.

Type D contracts meet the needs of some prospective residents and are attractive to those looking for flexibility in their housing choices. For example, a resident may not want to forfeit an entrance fee while having the option to move in a few years to the city where an adult child resides.

Section 5: Long-Term Financial Strength

It is important to keep in mind that the CCRC is not only a home community but is also a business. Therefore, the financial health of the CCRC should be considered. This section highlights some of the factors that can be used to evaluate the financial status and stability of a CCRC. Both prospective and current residents want to have peace of mind about the future financial condition of the CCRC to protect their entrance fee investments that pay for future services (and to avoid the major disruption if the CCRC closes). The topics in this section are sophisticated financial issues, often unique to CCRCs, that you might find overwhelming. Contacting an accountant, attorney, and/or a financial advisor for professional consultation on these financial matters may be helpful.



TIP:

When considering the financial health of a CCRC, the current financial status is important to know. Also, look at trends over multiple years to see how the CCRC operates during various economic conditions.

Equally essential is the capability of CCRC residents to have access to their CCRC's ongoing financial performance, so that years down the road the CCRC will still be able to provide the higher levels of care that you expect when you are at a more vulnerable stage of life.

When thinking about financial security, it is **not** valid to consider the entry and monthly fees paid to a CCRC as comparable to money in a bank or an insurance policy. There is no insurance program like the FDIC for CCRCs, nor is there an industry-wide consortium that will help financially impaired entities to meet their obligations, such as exists for the insurance industry.

Rather than being analogous to protected money in a bank or an insurance policy, the non-refundable entrance fees are payments for healthcare services promised in the future. The CCRC uses the money from non-refundable entrance fees to cover current and future financial obligations. Hence, it is prudent to have an understanding of the long-term financial strength of the CCRC to have some assurance that the CCRC can fulfill its future promises.

In many financial instruments where payments are for future services, the product is evaluated for risk by stock market analysts,

brokers, or rating agencies. WACCRA knows of no independent agencies that evaluate the risk to residents of a CCRC's near-term and long-term financial ability to provide promised future healthcare.

After an initiative by Washington Continuing Care Residents Association (WACCRA), the Washington State legislature enacted a law in 2016 requiring CCRCs to disclose to prospective residents certain aspects of their financing. (Washington State Law Governing CCRCs, Chapter 18.390 Revised Code of Washington. See Appendix C). An amendment, effective July 1, 2025, made violations of these regulations subject to penalties under the Consumer Protection Act.

The following financial topics are highlighted in this section:

- Occupancy Rate
- Audited Annual Financial Statement
- Bond Rating of Indebtedness
- Actuarial Analysis
- Net Assets
- Non-profit CCRC's Financial Form 990
- CCRCs and Large Organizations

More detail on some topics is provided in the appendices.

Occupancy Rate

Occupancy rates throughout the community are the single most important driver of a CCRC's fiscal viability. The revenue of the CCRC depends on the number of occupied apartments or homes. The higher the percentage of units occupied, the greater the revenue.

While a CCRC can do some downscaling of operating costs to adjust for some vacant apartments, many fixed costs cannot be adjusted. When there are too many empty units, the fixed costs must be spread over fewer people, so rates are apt to rise. Alternatively, the organization may draw down reserves to meet the shortfall, gradually worsening the financial condition. Often a failure



TIP:

Occupancy is a critically important factor in the financial health of the CCRC. Revenue of the CCRC is dependent upon occupancy.

Knowing the historical occupancy rate is helpful for having peace of mind about financial stability of the CCRC

to be fully occupied does not reflect the quality of a CCRC but is a result of oversupply in the geographical area where the CCRC is located.

The state of the national and local economy can also affect the occupancy rate of CCRCs. For example, many residents will need to sell a house to generate their entry fee before signing a contract. For others, a downturn in the stock market may delay the use of assets for the entry fee. In such cases, the CCRC may accept a temporary bridge loan.

Nevertheless, if a CCRC's occupancy rate is chronically less than 90%, understand the reason before making an entry fee payment toward future healthcare services. New CCRCs or those that have expanded may take some time before reaching 90% occupancy. If CCRCs typically have an upward trend towards increased occupancy, that demonstrates progress. Note that full occupancy is typically around 95% since some are being upgraded, have only recently become available, or are being customized or refurbished for a future resident.

It may be appealing to consider entering a CCRC where there is a variety of apartments or cottages to choose from for immediate occupancy. But a CCRC where one must wait a few years for the desired apartment may be financially stronger. A waiting list with many names may be a better sign of fiscal good health than the availability of many residences to choose from.

A history that shows a consistent high percentage of occupancy is a good indicator of a CCRC that has good standing in the retirement community marketplace. When there are swings and fluctuations of occupancy, your marketing representative should provide a good explanation as there might be good reasons why, such as a downturn in the local or national economy.



TIP:

Full occupancy of *Assisted Living or Skilled Nursing* might imply that the capacity is too small to serve its Independent Living population, so space may not be available when *you* need it.

A healthcare facility that is *scaled adequately to fit the needs of the community* will usually have a few empty spaces available for unexpected needs, and only rarely be completely full.


Audited Annual Report of the CCRC

A Professional Accounting of the CCRC's Past Financial Performance

The audited annual report provides a detailed look at the financial performance of the CCRC for the year of the report. For those that wish to look at income and expenses as well as assets and liabilities, this report provides the description of those moneys. The Washington State Law governing CCRCs ensures that prospective residents have the right to a copy of that report.

Terminology: 
Audited annual report provides a professional's assessment of a prior year's financial performance.

One key item in the audited annual report is the cash flow statement. It shows the amount of money that comes into and goes out of the CCRC for that year. Occupancy obviously drives the income of the CCRC. The incoming money should exceed the outgoing money. Having a history of positive net cash flow is one indicator of financial health. If there are periods of negative cash flow, there may be a valid reason but it would be prudent to have an explanation.

Terminology: 
NET CASH FLOW is the total revenue for the prior year minus all the expenses for that year. A positive value indicates cash is being accumulated.

Net cash flow is often summarized by the Net Operating Margin (NOM). The NOM is the ratio of operating revenue divided by operating expenses. A typical desired value for the NOM is 1.05. The history of NOM over past years provides insight into the financial health of the CCRC.

It is not unreasonable for a CCRC to borrow money for updates to the facility such as new Memory Care facility or new additional facilities such as more Independent Living apartments or a swimming pool. Paying down the principal and paying the interest must come out of future fees. If a strategic planning process is underway, or is about to be launched, it may be a signal that some additional debt will be assumed soon. That may be reasonable, and it can be a benefit to the residents. But understand what the CCRC is planning for the future.

Under most contracts, CCRC residents are "unsecured creditors". This means bondholders and even vendors are in line ahead of residents for reimbursement if there is financial trouble. Existing and

potential residents should also inquire about any plans for additional borrowing in the near future.

Bond Rating Services for Indebtedness

A Professional Estimate of the CCRCs Ability to Retire Its Debt

Since most CCRCs will likely have debt in the form of bonds, the lenders will want to continually assess the CCRC's ability to retire the bond. Professional bond rating services such as Fitch Solutions have financial professionals analyzing the level of risk a lender has in the CCRC being able to pay off the bond. Their analysis is called a Fitch Rating. These professionals publish their conclusions with bond ratings that indicate the level of risk for a specified bond.



TIP:

The financial professionals who establish bond ratings are objective experts on evaluating the CCRC's ability to retire their debt.

The risk of defaulting on the bond is lower when the bond rating of the CCRC is higher. The bond rating is an objective assessment by financial professionals of the CCRC's financial health and its ability to continue to retire its debt. Hence, obtaining the bond rating is one indicator of financial status of the CCRC. See Appendix F for a detailed discussion of bond ratings.

Actuarial Analysis

A Professional Estimate of Future Financial Health of a CCRC

An essential step in selecting a CCRC is to make sure it is operating on a sound financial footing for the future. Projections are necessary to ensure that there is sufficient capacity (beds) in higher levels of care for the demographics of the resident population. Financial reserves need to be sufficient to pay for promised healthcare and to survive the economy's ups and downs. In addition, the actuarial study should indicate that projected borrowing capacity or reserves are sufficient to provide for major capital improvements. Those improvements may increase the quality of life for residents, while also being necessary to stay competitive in the dynamic marketplace for retirement communities.

An actuarial study for a CCRC provides a projection into the future that analyzes if anticipated revenue will be sufficient to cover all

projected costs. It also estimates whether there will be sufficient capacity in the healthcare facilities to accommodate the demographics of the resident population. If reserves are needed for capital improvements, the report analyzes if revenue over the projected time frame is sufficient to accumulate those reserves. If additional borrowing is needed for future capital improvements, the study estimates whether revenue is adequate for repaying those bonds.

Terminology: 
An actuarial study is an actuarial industry standard method for estimating the CCRC's financial future and healthcare capacity.


The summary report of the actuarial study discusses the main conclusions. The conclusions depend on the age demographics of current and future and expected new residents of that CCRC as well as the assumptions on costs, occupancy, inflation, fee increases and other key items.

It is desirable for a CCRC to have a consistent positive net cash flow over prior years, stable bond ratings, and a financial plan for future years. Reviewing the latest actuarial report's conclusions can project a view of the financial picture into the future. Of course, the conclusions are only estimates. They are only as good as the assumptions about the future that drive the results of the study.

Some CCRCs do their own financial forecasting to support decisions regarding fee structures, future increases in expenses, and reserves on the balance sheet. However, if actuarial firms do not do these analyses, you could reasonably ask if the CCRC's methods are equivalent to actuarial studies. Understanding the basic methodology of forecasts promotes peace of mind about the future financial status of the CCRC.

Net Assets

Net assets is the difference between the assets and liabilities of the CCRC. Many people with financial awareness will look at the net assets of the CCRC as one indicator of its financial health. Net assets must be understood carefully when evaluating the financial health of a CCRC. Financially healthy CCRCs often report having negative net assets.

Terminology: 
NET Definition of NET ASSETS:
Assets
-Liabilities
NET ASSETS

Even with a negative net asset value, a CCRC may be able to borrow additional capital to cover a major expansion of the community, a major upgrade of the physical plant, or provide for an unexpected crisis. The CCRC may continue to be in a financially sound position.

If a CCRC has refundable entrance fees, understanding net assets becomes more complex. There are factors unique to CCRCs that should be considered when analyzing net assets. A better understanding can lead to peace of mind even when net assets are negative. See Appendix G for an extended discussion.



TIP:

Understanding net assets when there are refundable entrance fees is complex and unique to CCRCs. If you wish to have a financial advisor or accountant give you advice, it may prudent for them to have information from this guide on net assets.

Not-for-Profit IRS Form 990

Summary Financial Information for CCRC

Every not-for-profit CCRC that is exempt from federal tax is required to file a Form 990 with the Internal Revenue Service. If the CCRC is a stand-alone organization and not one of several affiliates, this form provides some summary financial information about the CCRC. However, if there are many affiliates in the organization, the Form 990 provides consolidated financial information for the combination of all affiliates. These are public documents, available on the internet ([Click here](#)⁴).

Some CCRCs might be “Doing business as” with a name different than the legal name. In that case, the legal name of the CCRC will be needed to find Form 990.

Stand-Alone CCRCs and Large Organizations

Some CCRCs are stand-alone operations. Such a CCRC has its own board of directors who are responsible for only that CCRC’s operation. When looking at the financial status of a stand-alone CCRC, all financial information concerns only that CCRC since there are no other affiliates to consider.

⁴ See Appendix D: Resources for the actual website address.

Other CCRCs are part of an organization that has many affiliates each of which may be operating as separate legal entities. The entire organization is usually overseen by one board of directors who are responsible for the operations of all the affiliates.

Large organizations may consist of multiple CCRCs in different cities or states, or they may be an association of many types of affiliates providing seniors with different types of services. These larger organizations may have only non-profit affiliates, only for-profit affiliates, or a mix of for-profit and non-profit affiliates.

In terms of finances, large organizations argue there is safety in numbers: several CCRCs operating as a single unit spread the risks and the costs over a larger population. This gives more statistical certainty to actuarial calculations and allows some efficiencies in operating costs. On the other hand, it is often difficult for residents in a consolidated group to know how their fees are used, or whether some of the money from their fees is being used for purposes not directly benefiting the residents. One CCRC may supply funds or loan funds to grow other affiliates.

Several CCRCs may join together for the purpose of reducing some costs such as interest rates on a bond for expansion and/or major capital upgrades of each affiliate. This group of communities is often called an “obligated group”. The obligated group is jointly responsible for retiring the indebtedness. The admissions or marketing department can tell you whether a CCRC is part of such an “obligated group,” having a combined and shared indebtedness.

If the CCRC is part of an obligated group, it might be wise to have some understanding of the other affiliates who are jointly responsible for the bond.

The Financial Insignificance of Religious or Other Associations

Some not-for-profit CCRCs are associated with religious denominations or large institutions such as universities or hospitals. The management of a CCRC associated with a religious denomination may try to see that the denomination’s values are expressed in the life

of the community. However, larger associated institutions have no legal or financial obligation to the CCRC in case of failure.

Summary: Financial Strength

Items to Consider

Evaluating the financial strength of a CCRC is one of the most challenging tasks facing current and prospective residents. The following are useful strategies for making an evaluation:

- Research the recent history of occupancy rates.
- Research the recent history of net cash flow.
- Seek information from actuarial reports.
- Research the history of the CCRC's bond ratings.
- Seek information about maintenance schedules for buildings and equipment.
- Seek information about significant capital improvement plans for the facility.
- Seek advice from an experienced financial advisor.
- Define your own comfort level with respect to indebtedness.

Never hesitate to ask for explanations from CCRC management if any of the information is difficult to understand. Ask for clarification on items where more explanation would be helpful. Often these questions lead to a list of items with which a prospective resident's professional advisors can be very helpful.

Section 6: Ownership, Management, and Industry Changes

The CCRC industry emerged from the former “old people’s homes”, which often cared for indigent elderly with funds raised from members of a religious denomination or fraternal organizations. Often residents were the widows of clergymen. Today it is the residents who pay for the services they receive, so it is appropriate that the industry evolves toward governance that is more open and accountable to the residents themselves. Some CCRCs are managing this transition faster than others. As the baby-boomers, born 1946-1964, move into CCRCs, with their aversion to paternalism, the CCRCs with the most robust enrollments will be those that meet this governance challenge most creatively.

The ownership and management characteristics of a CCRC influence the quality of life that residents enjoy. The board of directors of the CCRC or the organization of which the CCRC is an affiliate has the legal responsibility for the managing the day-to-day operations. The board determines the degree of involvement the residents have with the board. The CCRC management establishes the degree of engagement that residents can have with its operations, as either passive consumers or active participants in the functioning of the CCRC.

If the CCRC is an affiliate of a large organization, the executive director of the CCRC typically reports to an executive management team within the large organization. That executive management team determines the degree of engagement that residents have with its operations.

Ownership

Nationwide, roughly 80 percent of CCRCs are not-for-profit organizations, while the other 20 percent are for-profit corporations. A very small number of CCRCs are owned and governed by the residents themselves and function as cooperatives or condominiums. The for-profit segment of the industry is growing much faster than the not-for-profit.

Not-for-profit CCRCs ideally operate with the charitable purpose of providing service. Residents have an indirect, but real, financial stake in the enterprise, since their entrance fees and monthly fees provide substantial funds to operate the community.

For-profit CCRCs have a responsibility to provide a financial return for their shareholders' and investors' investments. Most residents have no financial investment in the CCRC since they are essentially renters and usually not shareholders or investors.

It is not possible to generalize whether for-profit or not-for-profit organizations better serve the residents. Each CCRC institution needs to be considered on its own attributes.

Legal Structure for Management

Day-to-day operations directly affect the residents' well-being and satisfaction, whether it be a for-profit or not-for-profit organization, whether a stand-alone CCRC or a consolidated group of CCRCs and other organizations.

Stand-alone CCRCs are often managed on a day-to-day basis by a staff supervised by the CEO who is appointed by and responsible to a Board of Directors. Typically, the Board in a not-for-profit CCRC appoints its own successors, usually to staggered terms so that turnover does not occur all at once.

A consolidated group combining CCRCs with other affiliates may have a wide variety of organizational structures headed by a single executive management group. A CCRC within a consolidated group is typically managed on a day-to-day basis by a staff that is supervised by an Executive Director who is appointed by, and responsible to, the consolidated group's executive management group.

CCRC residents have taken a financial risk in their CCRC through entry fees. Current and prospective residents may wish to pay attention to the Board process that determines the use of their money. It is important to review the composition of the Board and feel satisfied that the people serving on that Board have skills in finance, law, institutional management, civic leadership, and healthcare

management. CCRCs usually post the composition of the Board on their website and will also include it in readily available literature.

It is also important to determine whether the CCRC's organizational Bylaws mandate term limits for Board members. A healthy organization will not have a governing Board that serves for decades. A simple question posed to the administration or marketing department should clarify this. The Bylaws themselves should also be readily available.

There is growing recognition that residents have rights that need protection. Given that residents pay entrance fees to finance CCRCs, residents are stakeholders in the enterprise and deserve disclosure regarding how well their interests are being served.

Some CCRCs have one or more residents as Board members. Resident Board members have a primary responsibility as a Board member and a secondary and subordinate role representing residents. Other CCRCs allow one or more residents to attend and observe Board meetings. This practice promotes good communications and positive relationships between the residents and the Board.

The means of selecting Resident Board members is important. Resident Board members can be most effective when they are appointed by the resident body, either by direct election or through a nomination process controlled by the Residents Association. This practice gives the residents confidence that the Resident Board members advocate for the residents when appropriate. When Resident Board members are selected by management, residents sometimes wonder whether the Resident Board Member actively advocates for residents' issues.

A well run CCRC will ensure that residents have access to the CEO or Executive Director, either by appointment for a personal concern, or at regularly scheduled "fireside chats" where anyone can participate in open discussion.

Residents should also receive regular briefings from the governing Board or Executive Director to promptly communicate deliberations and actions to the residents. There should be a process for residents to

express ideas, suggestions, and opinions before the Board makes major decisions such as adopting the annual budget, undertaking a facilities expansion, or developing a strategic plan.

The Executive Director's judgment, management philosophy, and personal style affect daily life in a CCRC. A prospective resident may or may not have a chance to meet with the Executive Director, but current residents can readily describe their degree of satisfaction with management and the Executive Director's impact on the community. In the normal course of events the Executive Director may change once or twice during a resident's stay, so the quality of the Board of Directors and their personnel judgment are key factors in ensuring the ongoing effective operation of the CCRC.

CCRC providers and residents share a common interest in the successful operation of the CCRC, but they have different perspectives. Owners and operators are responsible for sustaining the business for the rest of current and future residents' lives. Many residents have made a significant commitment of their life savings when paying their entry fee. That leaves some with no other financial options, and they have limited control over how their money is managed by the CCRC.

This dichotomy is precisely why WACCRA turned to legislation (see Appendix C) seeking a mutually transparent means of defining and safeguarding the respective interests of owners/operators and residents. As the CCRC industry becomes increasingly consolidated into larger and more sophisticated and complex organizations with larger professional executive teams, this increased transparency becomes even more important for residents.

Industry Changes

The dramatic size of the aging baby boomer population has stimulated a growth in the senior care industry with most of the growth occurring in the for-profit sector. Thus, with the new communities, there are more options: locations, type of facilities, array of services and the inclusion of health facilities. Many of the new communities in the marketplace have very attractive physical facilities. A prospective resident looking for a CCRC may need to do more

investigation to learn about the CCRCs in this larger crowd of senior living options. For more information on Industry Changes see Appendix H.

Appendix A: CCRC Amenities Checklist

Each CCRC has a unique culture that incorporates a variety of amenities. The following list gives an idea of what may exist in various CCRCs. Prospective residents may want to discover if the desired CCRC includes some of the amenities and activities they would enjoy. Here is a partial checklist to use as a guide:

| | |
|--|--|
| <p>Personal</p> <ul style="list-style-type: none"> ○ Beauty salon/barber ○ Manicure/Pedicure ○ Massage in-house ○ Parking for you and your visitors ○ Fitness/wellness program ○ Exercise Facility/Pool ○ Social, cultural, educational opportunities ○ Pastoral care ○ In-house appliance servicing ○ Pleasant views from your apartment ○ Other: <hr/> <p>Community and Conveniences:</p> <ul style="list-style-type: none"> ○ Concierge ○ 24-hour security ○ All utilities & Washer/Dryer ○ Air conditioning ○ Full-service dining room ○ Housekeeping ○ Banking branch ○ Computer/copy center ○ In-house Convenience store ○ Library ○ Organized outing and trips ○ Package mailing service ○ Activities, programs, interest groups ○ Transportation for personal trips ○ Other: | <p>Contract Options</p> <ul style="list-style-type: none"> ○ Tenant Improvement allowed ○ List of utilities provided ○ Options for TV, telephone & Internet ○ Historical occupancy data ○ Historical increases in monthly fees ○ Meal plan options ○ Periodic furnishings replacements ○ Other: <hr/> <p>Location of CCRC:</p> <ul style="list-style-type: none"> ○ Setting: city, small town, suburb, country ○ Near family, friends, church ○ Near primary care doctors, specialists, urgent care clinic, hospital ○ Near athletic venues: sports teams, golf, tennis ○ Parks, green spaces, walking/hiking trails nearby ○ Culture: symphony, opera, theater, ballet, museums, college campuses, library nearby ○ Public transportation nearby ○ Restaurants nearby (within walking distance?) ○ Near shopping malls ○ Other: <hr/> <p>Healthcare</p> <ul style="list-style-type: none"> ○ Access/transportation to primary care providers ○ Daily check-in ○ Clinic and its staffing ○ Home healthcare in Independent Living ○ Medication management ○ Physical and Occupational therapist ○ 24-hour emergency response system ○ Other: |
|--|--|

Appendix B: Commitment to CCRC Practices

In 2021 a landmark agreement between each CCRC's management and all the residents of that CCRC was established. The Executive Director at each of the 23 CCRCs registered with the State of Washington signed the document as a good-faith commitment to residents that the agreement will be honored. This agreement, "The Commitment to CCRC Practices" became effective on January 21, 2021. The full text of the agreement is available on the [WACCRA website](#). It gives residents rights in three major areas:

1. If management has a pending decision that *impacts residents' health, welfare, and financial security in material ways*, the Resident Association can establish a committee or task force to **provide input to the pending decision** before the decision is made by management.
2. If a CCRC does an **actuarial study**, management notifies the Resident Association, and the Resident Association has access to a specific list of information from that actuarial report.
3. After a resident's death or departure from a CCRC, **refunds of entrance fees** will occur within no longer than 24 months with certain exceptions.

The agreement is viewed as a major step forward in increasing synergism and collaboration between a CCRC's management and residents.

This agreement was forged after the Washington State Senate Committee on Health and Long-term Care recommended to WACCRA (a resident association) and LeadingAge WA (an industry association), that rather than argue and debate over legislation, the two organizations attempt to mediate their issues. Thus, the Commitment to CCRC Practices agreement is a result of the cooperative effort of WACCRA and LeadingAge Washington.

Appendix C: Washington State Law Regulating CCRCs

Title: Continuing Care Retirement Communities Revised Code of Washington, Chapter 18.390 RCW

The law was initiated by WACCRA and signed by Governor Inslee on April 1, 2016 and became effective on July 1, 2017. Find the text of the law online: <http://app.leg.wa.gov/RCW/default.aspx?cite=18.390>

This is the first law enacted by the Washington State Legislature that addresses the interests of residents in the Independent Living level of continuing care retirement communities (CCRCs) ("the residents") and the persons or entities that own and operate the CCRCs ("the providers"). This law:

- Defines a CCRC as "an entity that agrees to provide continuing care to a resident under a residency agreement." (Section 18.390.010(4)).
- Establishes a registration process: a person or entity must be registered with the state in order to do business as a CCRC (Section 18.390.020); and identifies documents that must accompany the application (Section 18.390.030).
- An entity cannot represent itself as a CCRC unless it is registered with the state (Section 18.390.050).
- The registration is valid for two years. (Section 18.390.060(4)).
- Lists several important mandatory disclosures that CCRCs must make to prospective residents (Section 18.390.60). For example, it requires "an explanation of all types of fees charged by the [CCRC], how each type of fee is determined, current ranges for each type of fee, and refund policies for each type of fee."
- Requires the CCRC to disclose its policies for placing residents in off-site locations. (Section 18.390.060(1)(f)).
- Provides for inspection of CCRC facilities by prospective residents. (Section 18.390.070(1)).
- Establishes the state of Washington's strong and continuing public interest in CCRCs (Section 18.390.080(1)) It also

- instructs the state Attorney General to investigate complaints and to consider whether the state Consumer Protection Act should be applied. (Section 18.390.080(2)).
- States that it does not affect the requirements and standards for licensing an Assisted Living facility or a nursing home. These are covered under other state laws. (Section 18.390.090).
 - Identifies specific expectations that all CCRC IL residents have (Section 18.390.070(2)).
 - The 2025 Legislation added consumer protection act enforcement by the Office of the Attorney General for residents of CCRCs (Section 18.390.080).

Appendix D: National Resources

WACCRA is grateful for the pioneering work by residents of CCRCs across the USA to set down examples of good governance and good management for us to follow and build upon. We have borrowed shamelessly from the following organizations who have paved the way for us in Washington State.

Consumer's Guide to Continuing Care Retirement Communities, published by the National Continuing Care Residents Association (NaCCRA), 2018. [Click here for a copy of the guide.](#)

Continuing Care Retirement Communities in California: Is One Right for You? Published by California Advocates for Nursing Home Reform (CANHR) © 2009. [Click here for a copy of the guide](#)

Continuing Care Retirement Communities: A Guide Book for the Connecticut Consumer. Prepared by the Connecticut Continuing Care Residents Association (ConnCCRA) with support by LeadingAge Connecticut and The Commission on Aging of the Town of Greenwich. [Click here for a copy of the guide.](#)

The Age Well Study: Comparing Wellness Outcomes in Life Plan Communities vs the Community-at-Large. Mather Institute on Aging. www.matherinstitute.com

Holistic Living in Life Plan Communities: Providing a Continuum of Care for Seniors, by Frederick Herb, Lake Union Press, 2017.

Candid (formerly The Foundation Center). Search their database of individual 990 forms of private foundations, public charities, and other nonprofits. Learn the profit/non-profit status of organizations. <https://candid.org/research-and-verify-nonprofits/990-finder>

Medicare Rating of Skilled Nursing Homes
www.medicare.gov/nursinghomecompare

Appendix E: Washington State Resources

Department of Social and Health Services (DSHS)

Oversees eldercare and related industries. Registers CCRCs.

www.dshs.wa.gov

Home and Community Living Administration (HCLA) of DSHS

www.dshs.wa.gov/altsa

Long-Term Care Ombudsman Program

www.waombudsman.org

1-800-562-6028

Office of the Attorney General

Consumer complaints, fraud, etc.

206-464-6684 or 1-800-551-4636

<https://www.atg.wa.gov/file-complaint>

Office of the Insurance Commissioner

www.insurance.wa.gov

Help Line 1-800-562-1900

WACCRA - Washington Continuing Care Residents Association

www.waccra.org

Washington State Law applicable to CCRCs

Chapter 18.390 RCW

app.leg.wa.gov/rcw/default.aspx?cite=18.390

DSHS Continuing Care Retirement Community (CCRC) Registry

fortress.wa.gov/dshs/adsaapps/lookup/ccrclookup.aspx

Appendix F: Bond Rating Services for Indebtedness

Most CCRC have taken on debt in the form of a bond to expand the CCRC or finance a major renovation to maintain the CCRC's ability to compete in the ever-changing retirement community marketplace. There are groups of financial experts that monitor the CCRC to estimate the CCRC's continued ability to pay down the bond. The CCRC has several covenants that it must meet to stay in good standing with the bond holders. The CCRC must report quarterly as to the status of meeting these covenants.

Bond rating organizations, such as Fitch, periodically update the rating of the CCRC bond. The CCRC's bond rating history is an excellent indicator of its ability to have sufficient cash flow to pay the bond's principal and interest. If the bond rating stays the same or moves to a higher rating, the CCRC is estimated to be financially stable and making the bond payments. If the bond rating goes down, the CCRC management should explain why that occurred. There may be a good reason. A recent downgrade is a signal to review the CCRC's finances especially closely.

Appendix G: Discussion of Net Assets

For CCRCs, the net assets are typically negative. It is a characteristic of the operation of CCRCs. Borrowing is typically the method for providing capital for the CCRC. This negative value merits a closer examination to understand the operations of financially healthy CCRCs.

Net Cash Flow

One perspective on net assets considers net cash flow. If the CCRC has a consistent pattern of positive net cash flow for all expenses including the existing bond payments, then the CCRC is accumulating capital while meeting all its financial obligations even while the net assets are negative. Hence, a large negative net assets value or even net assets becoming more negative may not be a good indicator of financial health. A consistent positive net cash flow helps in understanding net assets from a larger perspective.

Terminology:



A POSITIVE NET CASH FLOW is the amount by which this year's revenue exceeds this year's bills, including its indebtedness.

Current Value of Buildings

One of the major assets of the CCRC is the physical land and buildings. That asset might not be stated in the accounting report in terms of its current appraised value. The value of land and buildings in the report might reflect the cost when they were constructed or purchased. Moreover, the value of the buildings is reduced by the annual depreciation required by accounting rules. Hence, accounting practices may not reflect the current market value of the physical land and building assets. It is the current market value that is important when a CCRC attempts to borrow money.

Refundable Entrance Fees

Another issue in understanding net assets is the resident's contract. If the contract includes a full or partial refund of the entrance fee upon exiting the community, the refundable entrance fees from an accounting perspective are considered a liability. However, the

resident's contract often states that the refund will be paid when the next resident occupies that resident's apartment. This practice is unique to CCRCs. The CCRC does have a legal liability for the refundable entrance fee, BUT the next resident's entrance fee typically is more than enough to pay the previous resident's refundable entrance fee.

Thus, if the occupancy rate is consistently high, the refundable entrance fee of the former resident is paid, not by the CCRC, but by the new resident. The refundable entrance fees are typically a large fraction of the liabilities. Hence, refundable entrance fees may be subtracted from the liabilities on the accounting report, thereby making net assets more positive.



TIP:

Occupancy is a key factor of understanding net assets when the CCRC has refundable entrance fees.

Summary

When considering all the factors above, the operational view of net assets may reflect a very different understanding of net assets than standard accounting method for calculating it. Therefore, the net asset value may be negative while the CCRC is still able to borrow significant capital for expansion or provision of major upgrades to the facilities to maintain its competitive position in the local marketplace.

Appendix H: Industry Changes

The fastest growing segment of the retirement community marketplace is month-to-month rentals (Type D contract) with market rate pricing for Memory Care and Assisted Living. It may be prudent to consider how a married couple might live when one person is in Independent Living while the spouse is in Memory Care, Assisted Living or Skilled Nursing. Prospective residents should pay careful attention to the terms of the contract depending on what needs they currently have and project to have as they age.

Skilled Nursing is not usually available in these monthly rental organizations. Thus, residents may have to plan for their own Skilled Nursing needs and determine which Skilled Nursing organization is best for their situation. They may also be responsible for managing the transition to Skilled Nursing whether temporary due to issues such as recovery from surgery or whether it is permanent due to a substantial life change such as a debilitating stroke. And a couple should recognize that they will be living in separate locations. The bottom line – the resident may be responsible for coordinating their transitions to higher levels of care such as Skilled Nursing.

The CCRCs with Type A and B contracts tend to have higher retention of residents than the month-to-month facilities. If continuity with residents is important to a prospective resident, it might be prudent to understand the rate at which residents move out to go to a different senior living community. Continuity among residents usually leads to increased well-being.

Some Type A and B CCRCs no longer provide Skilled Nursing on their campuses and have contracted with Skilled Nursing organizations for those services. A prospective resident would want to understand how the CCRC provides transitions to and from Skilled Nursing as well as the location of the Skilled Nursing. Some communities have had to change who provides Skilled Nursing because the contracted Skilled Nursing organization changed the scope of care it provides. Living in a community with an on-going contract with a Skilled Nursing

organization usually makes transitioning to and from Skilled Nursing easier for a resident.

CCRCs and other communities with Type A and B contracts are becoming a smaller percentage of the senior living communities. If a prospective resident wishes to have such a contract, it might be wise to understand the type of contracts offered by a particular community early in the process of considering a particular CCRC.

Notes

Washington Continuing Care Residents Association (WACCRA)

Washington Continuing Care Residents Association (WACCRA) is the only organization in the state that represents the interests and priorities of residents of CCRCs in Washington State. WACCRA works to advocate, educate and collaborate on federal and state issues affecting Continuing Care Retirement Communities and Life Plan Communities. It is dedicated to promoting, protecting, and improving the CCRC lifestyle in all levels of care. The organization consists primarily of volunteers who live in several CCRCs.

WACCRA works to foster vibrant CCRC communities characterized by mutually respectful and productive relationships between residents and management. WACCRA empowers residents so that their voices are included in CCRC management's decision-making and policy implementation. WACCRA advocates for residents' rights, financial transparency, and consumer protections – all strengthened by enforcement.

We Advocate: for consumer rights and protection on behalf of seniors, ensuring these protections are enforceable through state regulations.

We Educate: residents, prospective residents, their families, and legislators on issues related to life in CCRCs.

We Collaborate: with other groups and organizations including CCRC management on issues of common interest.

WACCRA and CCRC management share the goal of making CCRCs thriving communities that are of interest to future residents. By doing so we can ensure the long-term financial viability of the CCRC industry and preserve this senior living option for our children and grandchildren.

More detailed information about WACCRA's scope can be found at waccra.org. Information on joining WACCRA is also available on the website. Non-residents of CCRCs may also join the organization.