



## Residents News-Mail

### A New Year: A New Legislative Session

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**January 4, 2023**

Hello WACCRA Members and Friends,

As we begin a New Year, WACCRA's OIC Task Force continues their work with the 2023 Washington State Legislature and the Office of Insurance Commissioner (OIC). Our focus is to improve protection for CCRC residents throughout our state. The Task Force will keep you informed as their work with Legislative leadership progresses and call on you for help when the time is right.

In this News-Mail we provide you with an overview of the OIC study, review the basics of what a CCRC is, and cover WACCRA's legislative position on the importance of mandatory licensure by the state. All are covered in greater detail below. Being informed makes our members powerful!

#### **The December 2022 OIC study assessed the state and federal CCRC authorities and found the following:**

- There are limited financial regulations and disclosure requirements for CCRCs in Washington.
- There are no current state authorities that mandate CCRCs to maintain specific reserves, meet certain surplus levels or refund entry fees.
- Residents have minimal control on how CCRCs use funds committed by residents.
- Washington exhibits lower regulatory oversight and financial scrutiny in comparison to other states.

The results of the OIC study show improved resident protection will result from

identifying a sole regulatory source to be responsible for licensing, financial oversight, and enforcement. In the coming weeks, the Task Force is creating a series of News Mails focused on the important issues we will be addressing with the Legislature.

### **As a Refresher...What is a Continuing Care Retirement Community (CCRC)?**

A CCRC is a type of retirement community in which a continuum of aging care needs (independent living, assisted living and skilled nursing care) can all be met within the community. CCRCs sell senior citizens the promise of financial and healthcare security. Typically, residents pay considerable, upfront entrance fees plus high, escalating monthly service fees. There are significant barriers to residents leaving a CCRC, in many cases including non-refundable entrance fees. Residents are totally dependent on CCRC management to maintain quality services and financial viability of the CCRC.

Residents face a lack of guarantees on the long-term financial sustainability of CCRCs. Residents bear the associated risks of:

- Loss of refundable fees,
- Reduction in services provided,
- Loss of skilled nursing, assisted living and memory care when needed and where needed, and
- Possible loss of housing.

### **WACCA regards mandatory licensure vs voluntary registration as crucial to effective regulation of CCRCs**

Currently, under Washington law (RCW 18.390.01) the definition of a CCRC includes any entity that provides, under a residency agreement, continuing levels of housing and care. The resident contract must be for a period greater than one year and includes payment of an entrance fee and, then, an ongoing monthly service fee. Any entity that meets that definition and wants to advertise as a CCRC must register with the state

[<https://fortress.wa.gov/dshs/adsaapps/lookup/ccrclookup.aspx>].

To date, only 23 organizations have elected to register with the state as a CCRC, although similar organizations use the “opt out” clause in the legislation (RCW18.390.50).

To register, a CCRC must file an application with the Department of Social and Health Services. The application requires non-financial and financial information as well as information about who owns and operates the CCRC:

- copies of the residency agreement; the type of organization it is,
- the name of any affiliated facilities; the year the CCRC opened,
- the location and number of independent-living, nursing and assisted living units,
- occupancy information, and
- an explanation of all types of fees charged for residents including: application, initial entry, monthly, and any other fees required.

WACCRA is aware of numerous other senior living communities offering combinations of independent living and long-term care who have elected not to advertise their services as a CCRC. Expanding the definition to include organizations that provide CCRC living options would help protect tens of thousands of vulnerable seniors, many of whom have poured their life savings into securing care in their final years. WACCRA favors licensure that requires all such entities to be licensed by Washington State and subject to a robust financial review every year.

Look for progress reports on this work via future News-Mails. As stated earlier, we will be calling on you, our members, for help when the time is right.

As always, thank you for your continued support of WACCRA!

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For the WACCRA OIC Task Force

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