



Residents News-Mail

WACCRA-OIC work: WHY WE ARE COMMITTED

November 22, 2022

Hello WACCRA Members,

What do you know about the finances of your CCRC? At present, most Washington CCRC residents have a hard time getting financial information from their CCRCs. The financials are even more complicated when there are management companies or multiple CCRCs involved. Some CCRCs clearly do better than others in providing information to their residents. Other residents are not provided with information and can only hope that their CCRC management and board of directors are doing a great job in balancing the budget and managing investments. As a result, financial protection for residents has been key to the mission of WACCRA.

At WACCRA's 2022 Annual Meeting, a portion of the meeting focused on the work being done by WACCRA with the Washington State Office of the Insurance Commissioner (OIC) to bring our state's regulation of CCRCs into alignment with other states' regulations.* One of WACCRA's regulatory goals is to improve the financial oversight of each CCRC to ensure its ability to meet the obligations to residents.

CCRC residents pay considerable upfront entrance fees plus escalating monthly fees. In exchange, residents are promised a list of services that includes long-term health care. CCRC promises are analogous to annuities and insurance contracts. In an insurance contract, premiums are received in advance for promised future benefits, and the state regulates the insurance companies to ensure they hold reserves adequate to meet their obligations.

Residents assume that their entrance fees and ongoing monthly fees are used to fund the future cost of healthcare as residents age in place. However, CCRCs primarily fund on a pay-as-you-go basis with no governmental oversight or requirement that future promises are backed by secured reserves.

WACCRA has been discussing with the OIC our concern that CCRC revenues be maintained for the benefit of existing residents. WACCRA members are concerned that rather than being set aside to pay the promised health care benefits or refund entrance fees, the revenues are being used as collateral for new business expansions, servicing or funding projects not benefiting the residents who paid those fees.

Residents are dependent on CCRC management to maintain the quality of services and financial viability of their CCRC. Residents face a lack of guarantees on the long-term financial sustainability of CCRCs and, in a worst-case scenario, the associated risks of:

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

Ensuring that any single CCRC is appropriately funding its obligations to residents can be a difficult task for new or existing residents. The unique features of each CCRC's business model make it difficult to draw meaningful comparisons based on easily available public data. No single data point can provide a complete financial insight into a CCRC's financial health. When you buy an insurance policy, you have confidence that the insurer can pay your claims because the state regulators have reviewed the assets of the insurer, evaluated the reserves they hold and analyzed financial capability to meet their obligations. To make those assessments requires that insurers submit relevant data to the state in a form and manner that is comparable across insurers.

Other states have more robust and thorough CCRC regulations designed to protect seniors. Bankruptcies and financial failures of CCRCs have motivated other states to regulate CCRCs significantly beyond Washington's current non-financial regulatory requirements. Many states have requirements including public reporting of financial reviews and actuarial studies, state monitoring of changes in ownership and asset diversions, bankruptcy protection for residents and oversight of CCRC management activities. WACCRA's goal is to have Washington State's regulations provide that type of protection to CCRC residents. Bottom line, residents deserve to know what the financial health of their CCRC is.

*If you have not seen the WACCRA 2022 Annual Meeting presentation on the

OIC work and would like to, visit our website waccra.org. From the Home Page, click on ABOUT US then ANNUAL MEETING.

WACCRA Board member Kim Hickman presented at the Meeting, and also wrote this informative News-Mail. Thank you, Kim.

We hope the information here has given you a deeper understanding of the work being undertaken by WACCRA and the WA State Office of Insurance Commissioner (OIC). We expect that the OIC will be reporting out on their findings early in December.

Until then, if you have questions or comments, feel free to contact your WACCRA Coordinator via waccra.org. Click on MEMBERSHIP then PARTICIPATE. If you do not have a Coordinator, you can reply to this email.

As always, thank you for your continued support of WACCRA, and have a wonderful Holiday!

Monica Clement
WACCRA Communications Chair

©2022 WACCRA | 1420 NW Gilman Blvd., #2275, Issaquah, WA 98027 | 701-801-3233
info@waccra.org

[Web Version](#)

[Preferences](#)

[Forward](#)

[Unsubscribe](#)

Powered by
[GoDaddy Email Marketing](#)®