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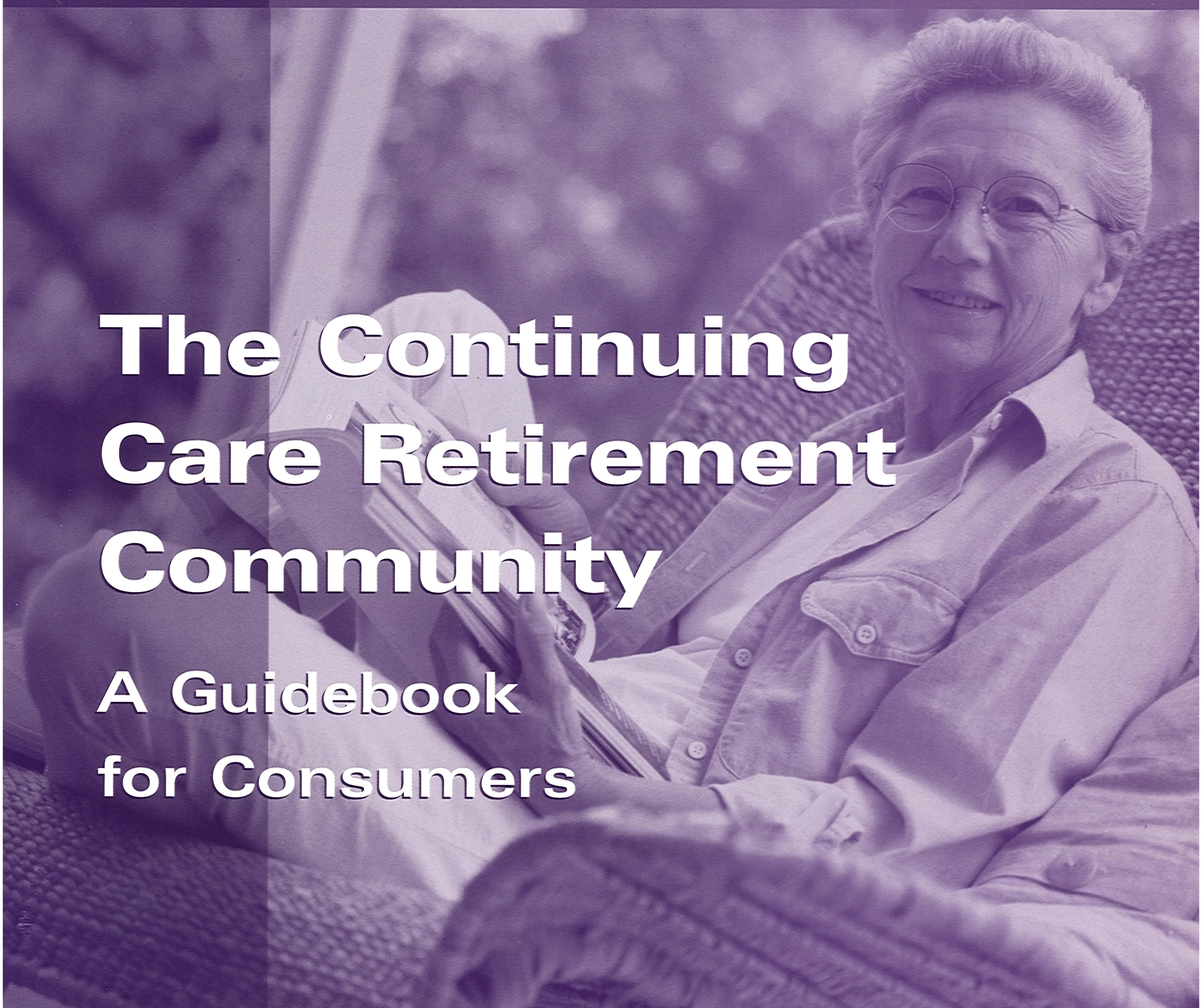

The Continuing Care Retirement Community

A Guidebook for Consumers

AAHSA

American Association
of Homes and Services
for the Aging

*Advancing the Vision of
Healthy, Affordable, Ethical
Long-Term Care for America*

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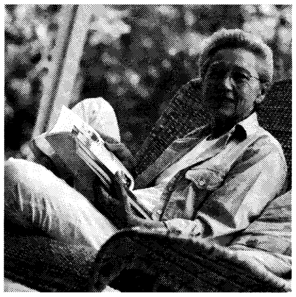

The Continuing Care Retirement Community

A Guidebook for Consumers

AAHSA

American Association
of Homes and Services
for the Aging

The American Association of Homes and Services for the Aging (AAHSA) represents 5,600 mission-driven, not-for-profit continuing care retirement communities, nursing homes, assisted living and senior housing facilities and community service organizations. Every day, AAHSA's members serve one million older persons across the country.

The vision of the American Association of Homes and Services is healthy, affordable, ethical long-term care.

The mission of the American Association of Homes and Services for the Aging is to create the future of long-term care.

The passion of the American Association of Homes and Services for the Aging is to be consumer-focused, member-driven, knowledge-based.

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PREFACE

Determining where to live in retirement is not an easy decision, especially with such a wide variety of choices in today's market. It is of the utmost importance that you do your homework and be as well-informed as possible. Knowledge is truly power. Explore all the options available to you and make the choice that best addresses your concerns about your lifestyle, personal and financial security, and physical well-being.

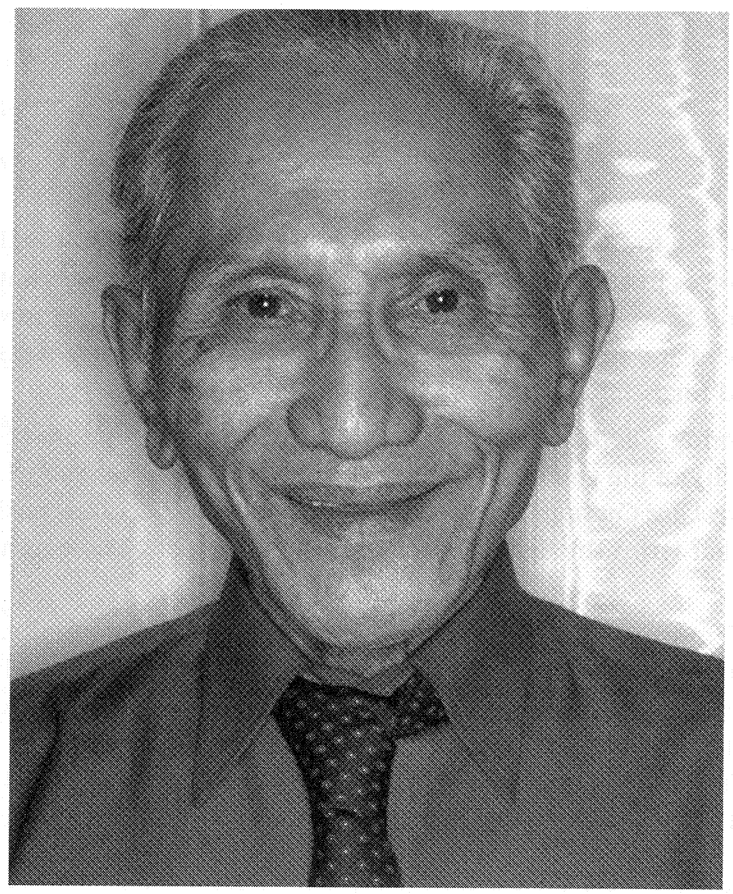
If you are considering whether a continuing care retirement community (CCRC) affords you the richness and quality of life you desire, you'll find this updated *Continuing Care Retirement Community: A Guidebook for Consumers* an invaluable tool in your decision-making process. We have defined unfamiliar terms the first time they appear in the text. Those same terms appear in the glossary.

Living in a CCRC means being an integral part of a supportive community. Over 350,000 Americans have discovered the "continuum of care" upon which CCRCs based: you can fulfill your need for independence and continue to pursue your interests and activities while having the peace of mind that the care and services you may need in the years ahead will be there, all in a familiar environment. Through an agreement you make with the CCRC, you'll know who will care for you, where you'll receive your care, and how you'll pay for it, so you can focus on living your life to the fullest.

The number of CCRCs is increasing rapidly each year, resulting in a range of locations, types of agreement, services and amenities, accommodations and prices. Most CCRCs are not-for-profit organizations. Their national organization, the American Association of Homes and Services for the Aging (AAHSA), sponsors the Continuing Care Accreditation Commission (CCAC), which ensures that accredited CCRCs achieve high standards for their communities and residents. The CCAC is an independent accreditation commission that formally gives a seal of approval to CCRCs that comply with rigorous standards of excellence in the areas of governance and administration, resident life, health and wellness and finance. An up-to-date list of accredited facilities, as well as detailed information about CCAC, is available on the CCAC Web site at *www.ccaconline.org* or upon request by calling CCAC at 1 (202) 783-7286.

In this guidebook, we describe the concept of continuing care, explain the provisions of a continuing care agreement and offer a checklist to take with you as you visit communities so that you can keep complete notes during visits and compare your choices with ease. In addition, we have provided a worksheet to help you compute living expenses at the CCRCs you are considering.

AAHSA wishes to express its gratitude to Edythe Cassel-Walters, the author and editor of recent editions of the guidebook. Though its style and contents have changed over the years, the guidebook in its current form came about through her professional expertise and tenacious efforts, and we owe her our continued thanks. In addition, we owe thanks to Jean Wright, a CCRC resident who did her homework when making her decision and shared with us the form she designed to compare communities.



Introduction: Thoughts about CCRC Living

"A continuing care retirement community was the right answer for Mildred and me," said Bill. "Our home was great while we were raising our family. Lots of space, a big yard. But it grew too large for just the two of us. We're both in our 70s. Laurie, Joan and David and the grandkids are scattered around the country. Toward the end of their lives, both of our mothers lived with us. We all helped care for them, but Mildred certainly carried most of the day-to-day responsibility. We needed to make a plan for our own future so we won't be a burden to our kids." Bill and Mildred wanted to be independent, and to have the security of knowing that when they need services and care—especially if one of them should die—those services will be readily available.

Of their new home at a CCRC, Mildred said, "Our apartment is bright and sunny, plenty of space for us, and we love having dinner with new friends in the dining room every evening. I have a garden, Bill spends a good deal of time working in the community's woodshop—his lifelong hobby—and he's now learning to oil paint. We travel to see the children, I volunteer in the library and even occasionally cook our dinner just for the fun of it!"

Dorothy is 78, a retired school teacher. She is single with no immediate family. She has a little arthritis and steps are a bit of a problem for her, but she is proud of her independence. When considering her retirement options, Dorothy calculated that despite her current financial security, a long stay in a nursing home would quickly exhaust her resources. Dorothy likes the idea that the CCRC agreement she chose covers predictable future health care expenses. She also likes the secure feeling of the community and the wide array of activities. "My parents taught me responsibility. I want to make my own choices and pay my own way. Living in this community gives me peace of mind."

People who are planners, independent people who want to get the most out of life, and people with a need to secure their future are typical of those who choose to live in continuing care retirement communities. Choosing the right CCRC for you requires time and patience to shop, analyze, and select the right lifestyle and health and financial plans.

The exciting news is that many different types of CCRCs exist across the country. Making the appropriate choice requires thoughtful decisions based on clear, concise information. We have designed the guidebook with the assistance of people like you, to help you sort through the important issues and decide on a living arrangement that's right for you.

Once you've made a decision to choose a CCRC, the AAHSA Web site (*http://www.aahsa.org/public/find.htm*) is your ideal resource for CCRC listings. You can get contact information for 500 CCRCs, as well as links to their Web sites. We have made every effort to present accurate, useful information about each of them. The information provided in our online listing is based on information provided to us by the organization. AAHSA cannot be held liable for any delays, inaccuracies, errors or omissions in any such content, or in the transmission or delivery of all or any part thereof, or for any damages arising therefrom. For additional sources of information regarding CCRCs, please refer to Appendix C.

All About Continuing Care Retirement Communities

WHAT IS A CCRC?

Many older adults find a campus-type retirement community that offers several levels of care and services (a "continuum" of care) very attractive. One of the most popular types is the continuing care retirement community (CCRC).

A continuing care retirement community offers a blend of several components: part housing complex, part activity center, and part health care system. A CCRC is not a dormitory, an "old folks home," a nursing home, a hospital, or an apartment complex for retired people.

A CCRC differs from other retirement living options by providing a continuum of housing, services, and health care, centrally planned, located, and administered all on one campus. Discussed in detail later in the guidebook, the three levels of care offered by a CCRC are: residential living, assisted living and nursing care. All of these services are coordinated by a team of qualified health professionals. A written agreement between a resident and CCRC is signed by both parties before move-in and is intended to last the resident's lifetime. At each level of care, emphasis is placed upon quality of services and quality of life for each resident. And even as your needs change or increase, you'll be able to remain in a familiar location – one of the most attractive benefits of a CCRC.

The concept of continuing care is not new. Early in the 19th century, some not-for-profit religious, fraternal and community groups took responsibility for their older members, regardless of their ability to pay. For many generations, older people lived with family members who cared for them. Sometimes, however, this was not possible. Most early "homes for the aged" in the United States operated as charities. Donations of funds, food and clothing were common, and sometimes residents had financial resources. In other cases, residents "turned over" their assets and income to the community in exchange for lifetime care. Today, this practice is uncommon.

With the increased mobility of modern society, and with more pension and other retirement income, the demand for the security, companionship, and independent lifestyle offered by today's CCRCs expanded. Early communities were usually called "life care communities"; some CCRCs still use that term today. "Life care" indicates that the community uses an agreement in which a significant amount of health care is included in the entry fee and monthly fees.

The greatest growth in the number of CCRCs has occurred since 1960, and particularly during the 1980s. There are now approximately 2,000 CCRCs in the United States. The number, as well as the variety of living and health care options offered, continues to grow.

Today, many older persons choose to move to a CCRC for security and the benefits and services a CCRC provides. Many are still very active in their communities. CCRCs offer not only relief from burdensome chores but a predictable way to obtain and pay for future needs, especially health care needs.

For many, a CCRC represents the best of all possible worlds. On one hand, you enjoy complete privacy in your own apartment, cottage, or home and, on the other, the opportunity to make new friends. You can usually become involved in a wide array of activities (i.e., social, cultural, educational, recreational, religious, entertainment, and volunteer). Many services and amenities also are available to use when you need them.

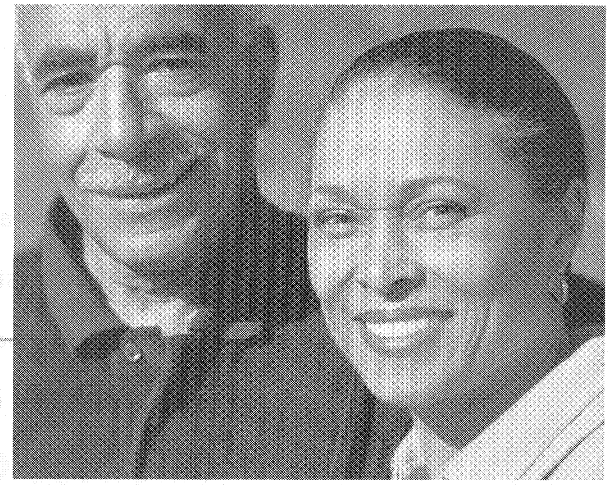
How Should I Choose a CCRC?

Choosing a CCRC can be an exciting process. Perhaps never before in life have you had so many choices available to you—with over 2,000 CCRCs across the country, those who have decided to live in a CCRC have an array of options available to them. Planning ahead is important. By using the tools available in this guidebook, you can narrow the choices by determining the best CCRC price range for your financial situation. Do you want to return to an area where you've previously lived? Do you want to stay in your current locale? Do you want to move closer to (or further from) family or friends? Identifying your geographic preference narrows the circle a bit further. Next consider the amenities and services offered by the CCRCs that meet your selection criteria so far. Which activities and amenities are most important? Accreditation by the Continuing Care Accreditation Commission may also be a requirement for you, since it means that the CCRC has met certain standards of excellence.

All CCRCs provide a resident agreement spelling out the housing and health-related services provided. While the majority of CCRCs provide lifetime care in exchange for an up-front entrance fee and ongoing monthly fee, some provide an agreement that may be for a shorter period, with no up-front entrance fee required. It is critical to carefully review the sample agreement provided by the CCRC staff. Your financial advisor and attorney should provide you with assistance in understanding the details.

To ensure a place in the CCRC of your choice when you want it, making a choice early is important. Many CCRCs have waiting lists for specific apartment or cottage sizes. Word-of-mouth is often a CCRC's best marketing tool. Often a majority of a CCRC's residents moved in due to the experiences of a friend or relative within the CCRC. If you do not know someone already residing in a CCRC, ask the CCRC staff to put you in touch with several residents who can serve as contacts for you.

The most exciting part of the decision-making process is actually visiting the CCRC. A famous quote within the field is that "once you've seen one CCRC, you've only seen one CCRC!" Each CCRC is unique, so visiting more than one will provide you with a better frame of reference. Many communities have guest spaces. Try to spend a few days at each CCRC you are considering to be sure that the CCRC's atmosphere and personality are comfortable for you. The community's staff will want you to feel confident in your decision, so take your time — ask as many questions as you like. Tour all of the CCRC's facilities, including the health care center. Have meals with residents and ask questions. Take part in lectures, community meetings, and whatever activities are occurring during your visit. Experience the community as fully as possible so you'll have confidence in your decision. Once you get home, feel free to contact the staff at a given CCRC if you have additional questions about their location.



WHAT KINDS OF CCRCS ARE THERE?

Each CCRC has its own particular mission, philosophy, and "personality" that reflect the sponsor, board of trustees, residents, and staff. Other factors that influence the way a community feels and functions are the facilities, accommodations, services, and amenities.

Community Ownership, Sponsorship and Management

A CCRC may be owned by a not-for-profit corporation, a for-profit corporation, a partnership, an individual, a syndicate (any number of investors), or residents.

Many CCRCs are historically and philosophically affiliated with sponsoring organizations such as religious denominations, fraternal organizations, or community not-for-profit organizations. Does the sponsor have financial responsibility for the CCRC? The community's disclosure statement or the resident agreement should address this issue. Before entering a CCRC, you should understand what legal and financial responsibility the sponsoring organization has for the CCRC.

Most CCRCs are governed by the owner or by a board of trustees who employ management staff. Some are managed by either for-profit or not-for-profit management companies. It is important to a well-run and financially sound organization that the governing body sets policy and provides oversight; that management is responsible for day-to-day operations; and that the governing body or owner shows concern for the long-term well-being of residents. If this information is not included in the materials you receive from the community, ask for it.

While the majority of CCRC organizations operate only one CCRC, many owners operate several communities, such as other CCRCs or other types of housing and health care services. If the CCRC you are considering is part of a larger organization, evaluate the strength of the corporation as a whole, not just the particular CCRC you are considering.

Because a continuing care agreement generally represents a long-term commitment to provide you with housing and health care, the owner's and manager's business record, experience, and reputation in the community are important considerations to assess prior to signing an agreement.

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Questions to Ask

- Who sponsors or owns the community?
- Does the sponsoring organization have a financial responsibility for the community?
- Who serves on the board of directors or trustees? What is their background and experience?
- Who manages the community? Is it an individual hired by the board? Is it a management firm?
- What is the experience and philsophy of the management? (Be certain to meet the administrator or his or her representative.)
- Is there an active residents' association? How does it function? The residents' association should have an active role in providing input to the management. Management should meet periodically with residents to share information and solicit residents' views.
- What are the rules and regulations of the community, as outlined in its resident handbook? Some rules are necessary for the functioning of an organization that provides diverse services to so many people. The rules should make sense and be flexible where appropriate. They should also be in writing; however, you can expect changes from time to time in response to changing needs.
- What is the community's mission statement? How does the mission statement affect the board's policy-making and management's daily decision-making?

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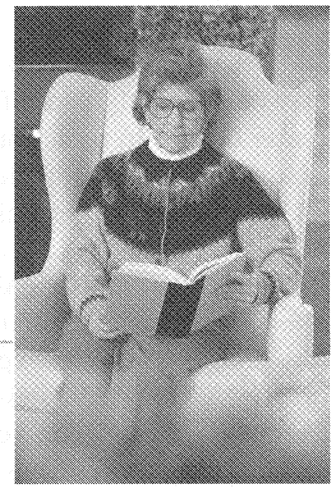
Points to Consider

- Sponsors often do not have binding legal or financial responsibilities for the CCRC. If they do, it should be stated in writing.
- Not-for-profit CCRCs have sponsoring organizations (such as religious organizations, fraternal or community groups) that may assume some responsibility for running the retirement community and have an interest in maintaining high standards. Check into the sponsor's reputation. Look for a good track record, stability, and high-quality service.
- Approximately ten percent of CCRCs are for-profit and are owned by individuals, partnerships, or private corporations. You should know who owns or has a financial interest in the community and what kind of experience the owner has. Find out if the owner plans to continue to manage the community and if the owner has a reputation for stability and high-quality service in this and other locations. Ask whether the owner has developed documentation to address residents' contracts in the event of the CCRC's sale.
- Because of the unique characteristics of each CCRC, shopping and comparing can be a challenge. Remember, for your convenience in comparing CCRCs, checklists are provided in the back of this guidebook.



Facilities, Accommodations, Services and Amenities

Facilities

CCRCs come in many shapes and sizes. Locations can be urban, suburban, or rural. A CCRC may be located on a small piece of land, on a large campus, or in a resort. The facilities, or physical plant and grounds, can differ in a number of ways. Building types can be high-rise, mid-rise, low-rise, or garden style. Living units can be apartments, cottages, townhomes, clusters, or single-family homes.

Accommodations

CCRCs offer housing accommodations along a continuum of care, ranging from independent residential living to nursing care.

Residential Living

Residential living units can be apartments, cottages, townhouses, cluster homes, or single-family homes and come in many different types and sizes: studio, one-bedroom, two-bedroom, and larger units. Residents in these units generally require no assistance with their daily activities. A variety of residential services may be available as a convenience (i.e., meals, transportation, housekeeping, and laundry service). Some assistance or nursing care in the form of home health services may be provided on a limited basis. Emergency response systems, such as alarms, are a common feature. Often an on-site clinic monitors residents' health and provides preventive care and treatment. Wellness and fitness programs, health education, nursing advice, physician services, podiatry, dental care, pharmacy services, and various types of therapy are often available. Sometimes, small pets are allowed.

Assisted Living

Also called personal care or residential care units, *assisted living* units may include helping a resident with bathing, dressing, taking medications, and other daily activities. These units may be located in a separate wing or building. Sometimes assisted living services may be available in a cottage apartment or other residential living unit.

Nursing Care

Short-term and long-term *nursing care* such as rehabilitative and round-the-clock nursing services may be provided in an infirmary or nursing center, usually within the CCRC or at a related care center nearby. In some communities, nursing services may be available in aa residential living unit. Some CCRCs provide nursing or assisted living units that are designed for special purposes, such as the care of persons with Alzheimer's disease.

Services and Amenities

The program of services and amenities that a CCRC offers contributes to determining the community's lifestyle and can express its prevailing philosophy of living and aging. A community may be oriented to such things as outdoor, cultural, religious, or educational pursuits. Some of these services may be included in your monthly fees; others may require an additional charge. Typical services that may be available include the following:

- Meals, including prescribed diets
- Grounds maintenance
- Unit maintenance
- Routine and/or heavy housekeeping
- Laundry services
- Social, physical, religious, recreational, cultural, and activity programs
- Scheduled transportation
- Bed and bath linens
- Security systems
- Social services and counseling
- Exercise programs

Significant variations exist in how services are delivered. For example, one, two, or three meals may be available each day. One or more meals may be required under the terms of your agreement. Meals may be served restaurant style, family style, or cafeteria style. In addition, the number of choices in each course may vary. Dress may be casual or more formal. Seating may be restaurant style, random, or pre-assigned. Some facilities require advance notice for guests; others do not. Some provide alternatives to the main dining area, such as a coffee shop. Eat a meal when you visit and ask residents abou the food and food services.

Health care services delivered within or near the community are at the heart of the continuing care concept. The availability of a wide range of health-related services, which you can use as needed, can contribute a great deal to your peace of mind. Health-related services may include the following:

- Emergency response systems
- Resident health clinic
- Wellness programs
- Health education
- Hospice services
- Nursing advice

- Physician services (primary and specialty)
- Podiatry services
- Dental services
- Pharmacy or pharmacy services
- Therapies (physical, occupational, speech)
- Assisted living
- Nursing care

Amenities offered for the comfort and convenience of residents often include the following:

- Auditorium
- Bank
- Beauty and barber shop
- Cable television
- Carports or garages
- Chapel, chaplain, religious services
- Convenience store, gift shop, or coffee shop
- Exercise room
- Game room
- Garden plots
- Guest accommodations
- Hiking/walking trails
- Internet connections
- Library
- Postal services
- Private dining room and catering services
- Residents' association
- Social, craft, and recreational spaces, sometimes with professionally staffed activities programs
- Trips organized throughout the year by residents and retirement communities
- Various classes in conjunction with area colleges and universities
- Volunteer activities

To meet the demands of active retirees, CCRCs are increasingly offering one or more of the following: golf courses, putting greens, greenhouses, saunas, whirlpools, and swimming pools on site. The interests of residents typically help the CCRC determine what services and amenities to offer.

Because of the unique characteristics of each CCRC, comparison shopping can be a challenge. Remember, for your convenience in comparing CCRCs, checklists are provided in the back of this guidebook.

Questions to Ask

- How do residents and staff members feel about the community?
- Is there a resident representative on the community's Board of Directors? If so, is it a voting or non-voting role?
- What accommodations, services, and levels of care are covered by the terms of the resident agreement?
- What accommodations, services, and levels of care are available only for additional fees?
- Are there limitations or restrictions in service? If so, are they detailed fully in the agreement?
- How do the services, facilities, and lifestyle of the community I am most interested in compare to those of others in the area?
- What kinds of activities, entertainment, and outings are scheduled? Do they match my interests?
- What kinds of volunteer opportunities will I find in the CCRC and in the local community?
- How many meals are included in the fees? Must I take a specific meal each day or is the plan flexible?
- What are the meal hours?
- Are meals served family style, buffet, or at waited tables? How many selections are typically offered?
- May I sit where and with whom I choose or is seating assigned?
- May I have guests at meals? Is advance notice required? What is the cost?
- Are there overnight accommodations for my guests? How much does it cost? How long can they stay?
- Is housekeeping provided? What chores are done and how often? Can I pay for extra or more frequent service?
- What maintenance services are provided?
- Will the community repair personal items for me for a fee?
- Is scheduled transportation provided? Is there a cost?
- Is there a fee for on-site outdoor or indoor parking? Is there space for guest parking? Is there a cost for guest parking?
- Can additional transportation be arranged?
- Under what circumstances might I be asked to leave the community?
- What security and emergency systems are in place?

POINTS TO CONSIDER

- Community size may be important to you. Some find a small community has more of a family feeling. A large community may offer so many services and activities and have so many residents that it is almost a small town in itself. Large or small, a CCRC may interact with the surrounding community very little or a great deal.
- The community you choose should suit your lifestyle. A golf course or swimming pool may seem attractive, but not if you never swim or play golf! The CCRC may be active and busy or quiet and calm. Dress for dinner may be formal or informal. There may be a strong focus on religious activities, or residents may be encouraged to pursue such activities on their own or at their own discretion.
- Many of the answers to the questions above may be found in the resident agreement. Read it carefully.

Continuing Care at Home

Continuing care at home is a new option, based on research and development by Brandeis University's Health Policy Center and several Quaker organizations with extensive continuing care experience. Continuing care at home springs from the desire of older people to stay in their own homes, but still have the assurance of long-term health care and support services. A care coordinator is available on a 24-hour basis, and some level of nursing and assisted living care are available when needed. Services may include registered nurses, home health aides, companions, homemakers, meals, emergency response, and home repair. Members usually pay an entry and monthly fee. Just a handful of providers in the United States offer continuing care at home.

Accreditation and Regulation

Accreditation

As you do with schools and colleges, you should look at objective evaluations performed by a credible agency to help you assess the quality of CCRCs you are considering. The Continuing Care Accreditation Commission (CCAC), based in Washington, D.C., accredits aging services continuums and issues a "seal of approval" to those that meet its standards of excellence. The accreditation process itself is rigorous, requiring that the CCRC complete an extensive, voluntary self-assessment by its staff, board of directors, and residents. Then, an on-site review is conducted by highly qualified CCAC evaluators. These CCAC evaluators measure the organization against its stated mission and against established standards of excellence in the aging services industry. Over 300 CCRCs are accredited. To meet the CCAC standards of excellence, CCRCs must:

- demonstrate that the governing board has ultimate responsibility and authority for the operation of the community
- establish policies that determine the kind and quality of services and monitor how well those services are provided
- demonstrate that the resident agreement clearly establishes the legal rights and obligations of the resident and the community and their obligations to each other

- demonstrate that proper emphasis is placed on residents' physical, psychological, and social needs while preserving each resident's right to self-determination, dignity, and independence
- demonstrate that annual audited financial statements are made available to residents and applicants
- demonstrate that the CCRC has the financial resources necessary to meet present and future needs
- show that the CCRC has competent fiscal planning and experienced management and meets all legal, health, and safety requirements.

Both for-profit and not-for-profit CCRCs interested in becoming accredited can apply for accreditation. The commission accredits organizations for a five-year term. During that time, CCRCs must submit detailed annual reports and audited financial statements to CCAC for review. Every five years, CCRCs must complete the accreditation process again if they wish to remain accredited.

The CCAC maintains a list of currently accredited communities, which it provides free of charge. (See Appendix C: "Where to Get More Information.") Most accredited communities feature the CCAC seal on their doors and stationery and display the CCAC plaque signifying their accreditation. Look for the CCAC logo on stationery and promotional materials. When looking for a CCRC, remember to ask if it is accredited by CCAC. It is important to remember, however, that there are many fine, stable CCRCs that have not yet applied for accreditation, or are not yet eligible.

Regulation

Because many CCRCs provide insurance-like coverage to residents, they are regulated by the Department of Insurance in some states. Other states regulate CCRCs through departments such as health, consumer affairs, or aging. In some states, CCRCs are regulated by a combination of these departments.

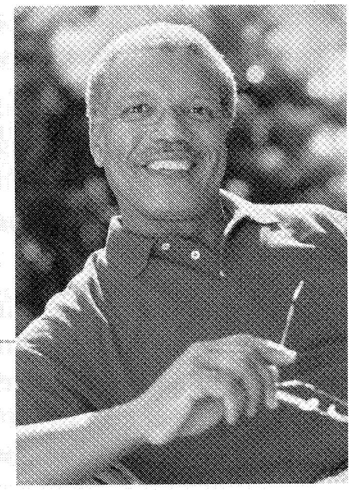
Today, nearly all states regulate CCRCs. You should know that the definition of continuing care, as well as the regulations themselves, can vary widely from state to state. Most state regulations require some degree of disclosure of information for consumer protection. States often require public financial disclosure, and may specify the content of resident agreements and financial reserve requirements. Because of business risks associated with any organizational start-up, regulations often require market and financial feasibility studies, that entry fees be placed in escrow, and that a substantial number of resident reservations for occupancy be received before permitting construction of a CCRC can begin. Should you have a concern, ask the CCRC management how to contact the regulatory agency responsible for CCRCs in their state.

Questions to Ask

- Is the community properly licensed and certified if required by law?
- Is the community accredited by the Continuing Care Accreditation Commission?
- Are there disclosure documents available for prospective residents to review?

Points to Consider

- CCAC accreditation can help to assure you of the quality, integrity, and financial soundness of the community. However, there are many fine communities that have not yet applied for accreditation or are not yet eligible. Key eligibility requirements are centered around occupancy and financial benchmarks.



Continuing Care Resident Agreements and Health Care Coverage

Continuing care retirement communities offer residents an agreement for services that are provided or arranged. The resident agreement is a legal contract between the resident and the CCRC that spells out the rights and obligations of both parties. These agreements may be offered by one or more organizations, just as services may be delivered in one or several locations. To differentiate it from other types of retirement communities, a CCRC's resident agreement must include at least residential living in a cottage apartment or other residential unit and nursing care and must cover more than one year.

The agreement covers many areas: accommodations; fees; health care coverage; cancellations and refunds (including conditions under which the CCRC may cancel the agreement); services; insurance requirements; conditions for transfer within the community to other levels of care or living accommodations; transfer out of the community; and a description of the CCRC's responsibility, should a resident become unable to pay fees.

You should examine the resident agreement very carefully. Many communities appear to be offering identical benefits and services, but the resident agreement may reveal subtle differences. As a prospective resident, you should depend only on what is written in the agreement. It is a good idea to ask a financial advisor or attorney to review any resident agreement you consider. If you have any questions, do not hesitate to contact the CCRC to request clarifications. Clearly keep track of these answers.

There are many types of CCRC agreements, but they generally can be differentiated in two important ways: **the amount of health care included in the agreement** and **how a resident pays** for accommodations, services, and health care. The three most common types of health care coverage are extensive, modified, and fee-for-service. The three most common types of payment options are entry fee and monthly fee; monthly fee only, or rental; and ownership, or equity. To help you understand how financial arrangements are related to health care coverage, please also see the chart in Appendix A entitled "Continuing Care Agreement Options."

Continuing care agreements differ in the amount of health care coverage included. The three most common types of health care coverage in a CCRC agreement are listed below.

Extensive Agreements (Type A)

An *extensive agreement* includes housing, residential services, amenities, and unlimited, specific health-related services with little or no substantial increase in periodic (monthly) payments, except for normal operating costs and inflation adjustments. Extensive agreements provide for the prepayment of medical expenses, similar to an insurance arrangement, and are sometimes known as life care agreements. While an extensive agreement generally requires a higher monthly fee than other types of agreements in the early years of residence in the CCRC, it allows you to plan for future, unexpected health care expenditures with a steady stream of monthly fee payments.

No two extensive agreements are exactly alike; here is one example of how an extensive agreement works.

George and Martha retired five years ago and have been traveling, gardening, performing volunteer services, and enjoying their extended family. They signed up for a two-bedroom apartment at Pine Acres, a CCRC sponsored by their church, almost ten years ago and know they should make the move soon while they are both in excellent health. Although they hate to leave their home of 30 years, they know they must anticipate their future health care needs.

One day, George falls on his arthritic hip. His doctor recommends hip replacement surgery. During his recovery, George and Martha decide the time has come to move to a smaller place where services are nearby. Fortunately, their name is near the top of the Pine Acres waiting list. For an entry fee of $125,000, George and Martha gain use of a two-bedroom apartment and, most importantly, lifetime health care that includes assisted living and nursing care. Their monthly fee will be $2,320, adjusted annually based on operating costs.

Should either George or Martha require temporary or permanent nursing care, this would be included in their monthly fee. In the event that one of them—say, Martha—must move permanently to the nursing care center, their agreement provides that their account will be charged for three meals per day for Martha and some miscellaneous medical supply charges in addition to their established monthly fee of $2,320.

George will continue to live independently in their apartment as long as possible and will be able to easily visit Martha. Should he need to permanently move to the assisted living or nursing center, their apartment will be released for another resident. The additional charges for meals and supplies will be added to their bill each month. George feels reassured in knowing that Martha will receive good care should he pass away first. All nursing costs are included under the terms of the couple's extensive continuing care agreement, regardless of whether George or Martha should need short- or long-term nursing care before they die.

Modified Agreements (Type B)

A *modified agreement* includes housing, residential services, amenities, and a specific amount of long-term nursing care with no substantial increase in periodic (monthly) payments. For example, you may receive 30 days of long-term nursing care per year without increased charges. After that period, you pay the standard daily rate, or you may pay a discounted daily rate for all nursing care. Some communities offering a modified contract increase the monthly payments when assisted living or nursing care is required, but at a rate that is less than you would pay if you were not covered by a continuing care resident agreement.

As with extensive agreements, modified agreements differ. Here is one example of how a modified agreement works with an entry fee and monthly fee arrangement.

Morris and Maria are moving today to their new one-bedroom cottage at Seaview Retirement Community, which just opened in their old hometown. They have been following its construction progress over the past year-and-a-half through regular newsletters and periodic site visits.

The couple paid ten percent of their entrance fee when they signed up to reserve a cottage. They paid a $84,500 entry fee for a one-bedroom cottage; therefore, their deposit was $8,450, held in escrow. The remainder of the entry fee is due when they move in. Their monthly fee will be $1,360; in addition, they expect to pay about $350 per month for meals.

The building in which the assisted living and nursing facilities will be located should be completed in six months. Meanwhile, emergency call buttons in their cottage will be monitored by staff in the community building. If Morris or Maria should need immediate attention, a security guard and a nurse will respond. In the event either requires extended care before the nursing facilities are completed, arrangements have already been made with a nearby nursing home for the care of Seaview residents. When the new on-site health care center opens, residents of Seaview will be cared for there.

The cost of nursing care for up to 30 days per year per person is covered by the couple's modified agreement and current level of monthly fees—that is, at no additional charge. If Morris or Maria requires more that 30 days of care, they will have to pay a daily rate for care that is 85 percent of the full rate paid by those without a continuing care resident agreement. For example, if the full rate for semi-private nursing care is $70 per day, Morris or Maria would pay $59.50 per day.

If, for example, Morris were to require extended nursing care, the monthly fee for Maria to remain in their cottage would be reduced to the one-person rate of $770, plus the cost of meals for just Maria—$175. Added to that would be $1,785 for Morris' nursing care. The total would be $2,730 per month after the first 30 days of free care were exhausted.

Fee-for-Service Agreements (Type C)

A *fee-for-service agreement* includes housing, residential services, and amenities for the fees stated in your agreement. Health-related services, including long-term nursing care and assisted living services, are paid for as they are used. Under a fee-for-service agreement, you usually enjoy lower monthly fees in the early years of your residence in a cottage or apartment but in turn must accept the risk of paying for care later, should you need to transfer to a higher level of care.

Here is an example of how one fee-for-service agreement works.

After her husband died, Ellen moved into Fairlands Retirement Community so that she would not be dependent on her two children. She had several friends who already lived there and were quite happy. When notified that her name was at the top of the waiting list for a one-bedroom apartment, she moved in. Fairlands is a fee-for-service community with quite reasonable fees, and its nursing care center has an excellent reputation.

Ellen paid an entrance fee of $37,000 and now pays her monthly fee of $665 plus a meal charge for 20 meals per month. She does her own laundry and still drives her car. However, she has the security of knowing that if the day comes when she can no longer continue to do these things herself, she can have them provided for a modest fee.

Years later, Ellen has a stroke and requires skilled nursing care. She moves to the nursing care center. The staff is very helpful in moving Ellen's personal belongings. They also assist her daughter in cleaning out the apartment. This move is made after they all—including Ellen—agree that she is not able to return to her apartment. Her monthly fee is now based on the $97 daily rate for semi-private skilled nursing care plus miscellaneous charges for equipment and supplies; the monthly bill now totals more than $2,910 (as compared to $665 per month when she was in her apartment). If Ellen's health improves, she may move to the assisted living center where the daily charge is $64 per day plus miscellaneous charges. If she can live without assistance in an apartment again, Fairlands policy will allow her to move back to the first available one-bedroom apartment.

Questions to Ask

- What health care services are available to me under the terms of my agreement?
- Is the health care coverage extensive, modified, or fee-for-service?
- If the community is new and does not yet have health care facilities, what are the present and future plans for meeting residents' health care needs?
- Are assisted living and nursing services available on campus or somewhere else?
- What other medical services are available on campus or nearby?
- May I continue to use my current physician or must I use a physician approved by the community?
- Is there a health clinic for residents? What services does it provide?
- Is there a system for monitoring my health and my health care needs?
- Are there educational programs to help me stay healthy?
- What kinds of care might be provided to me in my apartment? Are there limits?
- How is the decision made to transfer a resident from independent living to assisted living or the nursing center? Who is involved? Are there written policies or guidelines?
- Is there an ethics committee? Do residents and families participate?
- What happens if I need care that is not available in the community's facilities? What are the options? Who decides? Who pays?
- How long will my apartment be held for me during a stay in the health center? What is the policy?
- Will my fees change when I transfer to the nursing and health care facilities?
- Will there be extra charges? For what?
- What insurance will I be required to maintain?
- If I have a long-term care insurance policy or belong to an HMO/PPO, how will it affect my agreement?
- What provisions are made for care of residents with special needs such as Alzheimer's disease?
- Will staff help me fill out any necessary insurance forms?
- How are emergencies handled? Who responds?
- Does the CCRC encourage residents to express in advance their wishes in case of incapacitating illness by writing living wills and durable powers of attorney for health care?

Points to Consider

- When you tour the nursing and health care facilities, meet the health care coordinator and other staff members. Notice whether staff seem attentive and residents well cared for. Look for appropriate and pleasant accommodations and evidence of interesting activities.
- Ask to see the most recent government inspection report for the nursing center. If the report raises questions in your mind, ask for explanations.

Payment Options and Refunds in Continuing Care Agreements

Continuing care agreements also differ in how you pay for the care. In the past, most CCRCs offered one fee arrangement, but today's residents are often offered a choice. There are advantages and disadvantages to each, depending on your financial situation. The three general types of payment options are entry fee and monthly fee; monthly fee only or rental; and ownership or equity (condominium, cooperative or membership).

Entry Fee and Monthly Fee Payments

The one-time, up-front entry fee is combined with monthly fees to cover the living unit, services, and care items specified in your resident agreement. This is the most common type of fee arrangement offered by not-for-profit CCRCs. The entry fee may or may not be refundable; if it is refundable, it may be only partially refundable.

Monthly Fee Only or Rental Payments

There is no up-front entry fee, and the costs of your living unit, services, and care are covered solely by your monthly fee. For comparable living units, a monthly fee only is likely to be higher than the monthly fee paid under the entry fee plus monthly fee agreements described above.

Ownership or Equity (condominium, cooperative or membership) Payments

These types of CCRC agreements involve the actual purchase of real estate or membership. They are the least common type of agreement and their values are dependent on the trends in the general real estate market. Ownership agreements have most of the characteristics of property ownership found outside the CCRC industry, with the addition of entry eligibility requirements that affect resale. The service and health care package transactions are generally separate from the purchase transaction.

Types of Fees: Terms and Definitions

Entry Fees

These are one-time, up-front fees you pay for the right to occupy an apartment, house, or other type of living unit. Entry fees sometimes cover health care services that you pay for in advance. If you enter a community under development, the entry fee may sometimes be paid in installments during the development. These fees often are placed in escrow in a bank or other safe place until the community meets specific development goals, such as a minimum number of living units reserved. Entry fees vary, based on the type of living unit you choose and the promises for services and care your resident agreement stipulates. Entry fees that cover prepaid health care may be considered a medical expense by the IRS and therefore may be deductible to a degree in your year of move-in. Ask the CCRC about this potential tax savings.

CCRCs sometimes assess refund penalties, particularly for those who sign up for a CCRC under development. CCRCs count on serious commitments before they can build or finish projects. Withdrawal penalties are a way to ensure that a prospective resident seriously intends to move into the community. Also, penalties can be required by law or by lenders. However, such penalties are usually not applied if you are unable to enter the community because of an illness or another serious circumstance. Refundable entry fees may have tax implications, described later in this guidebook.

Entry fees may not be refunded until the unit you vacated is occupied by a new resident or it may be payable immediately once your unit is vacated. The amount of the refund may vary as follows:

Nonrefundable: After an adjustment period, such fees are not refundable, either to you if you decide to leave or to your estate when you die.

Refundable on a declining scale: The agreement will specify a period of time in which the entry fee may be refundable to you on a declining basis. For instance, if an entry fee is refundable and declines at the rate of one percent per month, then 94 percent of the entry fee would be refundable to you after six months. Specific refund circumstances are described in your agreement. Sometimes, a fixed amount is deducted before the declining rate is applied.

Partially refundable: The agreement will specify the amount of refund available to you—for example, 50 percent or 75 percent—and the time period during which the refund will be available.

Fully refundable: You may receive a refund of the entire entry fee. A fixed charge may be deducted before the refund is made. The agreement will state the period of time in which a refund may be granted. In some states, the law says you can cancel your agreement without penalty during what's called a "rescission period," usually seven to 30 days, and receive a full refund. Refund of the entry fee may be contingent upon a new resident taking your place. Your resident agreement should specify the conditions under which a refund is due. Refundable entry fees typically are higher than non-refundable entry fees.

Monthly Fees

These typically cover housing and designated services, but sometimes also include health care services. Increases in monthly fees are based on increased operating expenses of the community and inflation. Fees can vary according to the type of unit occupied and the services and care promised in the resident agreement. Like entry fees, monthly fees may be considered a medical expense by the IRS and may be deductible to some degree.

Ownership or Equity (condominiums, cooperatives, or memberships) Fees

You own your condominium, cooperative, or membership (similar to country club membership). The purchase process is similar to purchasing any other condominium, cooperative, or membership. However, the sale and resale usually are limited to those who meet the community's entrance eligibility criteria. Sometimes, the CCRC may share in the financial appreciation of the unit. An owner's association usually governs the residential services and health care. A firm specializing in the management of retirement facilities often is in charge of day-to-day management. For an additional fee, you may purchase service and health care packages.

? Questions to Ask

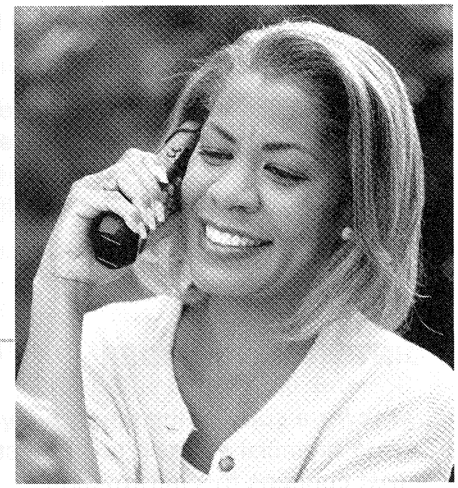
- What types of agreements and payment plans are available? What services are included in each type? What is considered an extra charge?
- Is a sample agreement available for review before my name goes on the waiting list or I make a deposit?
- Are the terms of its agreement clear, complete, and satisfactory, both to me and my financial advisor or attorney?
- If I select one payment plan, can I switch to another at a later date? Under what circumstances?
- Can I move to a more expensive or less expensive unit? Under what circumstances?
- What are the payment procedures for the care—particularly nursing care—residents receive?
- Can the monthly fees be adjusted? What is the procedure?
- What is the community's policy for residents who become unable to pay the monthly charges?
- What insurance coverage will I be required to purchase upon entering the community?
- Will I be entitled to a refund of any fees if I move in and later decide to leave? Are all details spelled out in the agreement?
- Under what circumstances will I or my estate receive a refund? What if I share my apartment with another person?
- Is there a time limit or are other conditions imposed on refunds?
- What adjustment, if any, will be made to my monthly fee if I am transferred to other accommodations, such as assisted living or nursing care, within or outside the community?
- Under what circumstances can the community terminate my agreement?
- If I am single but remarry while I am a resident, what additional fees will be required?

! Points to Consider

- Even nonrefundable fees will usually be returned to you if you change your mind during a short period of time known as the "rescission" period. It may be as short as a week or as long as several months. Nonrefundable fees are usually lower than refundable fees.
- Entry fees that are refundable on a declining scale usually decline in refundability a little each month. For example, if a refund declines at one percent per month, after four months, 96 percent of the fee would be returned; after eight months, 92 percent of the fee would be returned; and so on. After a certain number of months or years, the refund declines to zero, and no refund will be made.
- Partially refundable fees also are typically subject to a short rescission period. The refund is usually expressed as a percentage of the entry fee. For example, 50 percent of the entry fee may be refundable.

- Communities that have fully refundable entry fees provide a refund of the full amount of the entry fee to you or your estate at the end of your stay or upon reoccupancy of your unit by another resident. These fees are typically the most expensive.
- While a refundable entry fee provides a predictable refund to the estate, the cost is higher. Evaluate whether you could (or would!) invest the difference between the cost of a refundable and a nonrefundable fee for a better return on your investment.

You should receive assurance in writing that any large payment you make prior to occupancy will be returned to you if you decide not to enter the community. Find out when the fee will be returned and if a new resident must be obtained for your apartment before your payment is returned. A processing fee or penalty may be charged, but it should be reasonable and stated in writing.



Other Financial Considerations

The Community's Financial Condition

CCRCs operate with the express purpose of providing housing, health care, and other services to older people. To do so responsibly, however, CCRCs must also operate on sound business principles. Income must be adequate to cover expenses and liabilities. In addition, funds must be put aside for future repair and replacement of buildings and equipment. For most CCRCs, the primary source of income is resident fees. If a CCRC depends on non-operating income—such as a fund-raising campaign—check out the stability of that source of funding.

CCRCs are service-intensive businesses. This means that a large portion of expenses goes toward salaries. While CCRCs are motivated to keep costs as low as possible, both in recognition of the fixed incomes of many residents and to maintain fees at competitive levels with other retirement options, inflation is always a factor; CCRCs must adjust fees to keep pace.

A CCRC bases its budget and financial projections on occupancy targets that are key to a strong financial condition. New communities make critical assumptions about occupancy rates at all levels of care that are vital to its viability and future success. Strong occupancy rates and reasonable occupancy assumptions in financial projections are important.

When you investigate any CCRC, be sure to verify the community's financial strength and stability. It may be a good idea to have your financial advisor assist you with evaluating the financial position of the CCRC.

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Questions to Ask

- If the agreement you intend to sign includes any amount of health or nursing care as part of the basic terms and fees, how has the CCRC provided for the funds that will be needed to cover future costs?
- Does the community keep residents informed of its financial condition on a regular basis? If so, how?
- Is the community current with its loan payments?

- Does the community maintain a positive cash flow, or, if it is a new community, is a positive cash flow projected?
- If the CCRC depends on non-operating income, does the funding source have a strong history? Will this source continue to generate income?
- Does the community have a history of a strong occupancy rate at all levels of care?

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POINTS TO CONSIDER

- Ask for a copy of the community's most recent audited financial statement and review it with your financial advisor. In some states, the CCRC is required to give you a disclosure statement that contains this information.
- Accreditation by the Continuing Care Accreditation Commission can help to assure you of the quality, integrity, and financial soundness of the community since accredited CCRcs must meet certain financial standards set by CCAC. However, there are many fine communities that have not yet applied for accreditation or are not yet eligible.

Legal and Tax Issues

TAX ON REFUNDABLE ENTRY FEES/IMPUTED INTEREST

If the CCRC you are considering offers a refundable entry fee, you need to understand the financial impact of federal tax law Section 7872 of the Internal Revenue Code, which characterizes certain refundable entry fees as "below-market interest rate loans." The IRS considers that, even though you receive no interest on the entry fee, you could have invested the same money elsewhere, producing taxable interest. Therefore, the IRS considers the imputed interest or pretend interest taxable to you at a rate they set each year.

Not all refundable fees are subject to imputed interest. For example, entry fees that are refundable for a brief period, such as six months, probably will not be considered as a loan when regulations for this law are written. The law provides an exemption for certain types of CCRCs' refundable entry fees. For 2001, the excludable amount is $144,100, and the interest rate is 4.98%.

To be eligible for this exemption, the CCRC must meet certain criteria including offering a qualified continuing care resident agreement. According to the IRS, a qualified agreement: 1) lasts the lifetime of residents of the living unit; 2) applies to a residency that begins in an independent living unit with facilities that are available for meals and other personal care services; 3) requires that the resident not need long-term nursing care immediately upon entrance; 4) requires that the resident will be provided long-term nursing care as long as necessary, and 5) requires that no additional substantial payment is necessary for personal care or long-term nursing care.

In addition, the CCRC also must be a "Qualified Continuing Care Facility," which is defined by the IRS as one or more facilities that 1) are designed to provide services under continuing care facility agreements; 2) substantially cover all residents through continuing care facility agreements; and 3) substantially provide services using facilities that are owned or operated by the continuing care facility.

The IRS has not yet published the regulations that will further define the law, and some aspects of the application of this rule remain unclear. Ask the CCRC whether the agreement you are considering may be subject to imputed interest rules, since such rules could affect your income tax.

Capital Gains

When you sell your home and move into a CCRC, you may find that you must pay tax on capital gains realized from the sale of your home. Some people can take advantage of a limited, one-time exemption for those over age 55. You may roll over capital gains if a purchase of real estate is involved, such as a condominium. However, you may not do this if you choose an entry-fee or rental type CCRC, because no real estate purchase is involved. It is a good idea to check with a tax advisor to see what effect these taxes may have on your financial situation.

Medical Expense Tax Deduction

The Internal Revenue Service may allow you to deduct the portion of the CCRC entry fee and/or monthly fee that goes toward paying medical expenses (ruling 76-481). The deductible amount generally is calculated annually by the community management and provided to you. You should contact your personal tax advisor regarding this deduction.

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Questions to Ask

- Does the agreement qualify residents for a tax deduction for medical expenses? How much was the deduction in the most recent year? Does it apply to the entry fee, monthly fees, or both?
- Does the agreement potentially subject me to an imputed interest tax liability?
- Do the financial terms permit me to take advantage of the one-time, over-55 capital gains tax exclusion on the sale of my home?
- As a resident, will I pay real estate tax? How much?
- What other tax considerations should I know about?

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Points to Consider

- Medical expense deduction of either an entry fee or monthly fee may decrease your tax liability significantly in your year of move-in and to varying degrees on an ongoing basis.
- The liability for imputed interest on a refundable entry fee also can have significant impact on your taxes.
- No real estate interest is conveyed in typical entry-fee/monthly-fee agreements. However, in CCRC equity agreements, residents purchase real estate that may appreciate (or depreciate) in value. The CCRC may share in any appreciation of your unit.
- Condominium or cooperative fees should be considered as part of your living costs if you choose a community with such fees. The cost of real estate tax, if any, should also be considered as part of your total expense.
- There may be some restrictions on sales and resales in a retirement community in which you hold an ownership or membership interest. Review agreement terms and conditions carefully, and understand their financial impact.

Care for Life

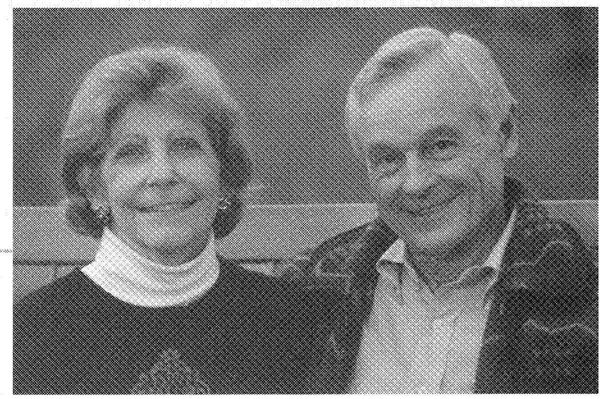
As a part of the entrance procedure, you often are required to list financial resources that show how you would cover expenses as long as you live. Some residents, however, can outlive their resources.

One of the defining features of not-for-profit CCRCs is the promise to provide housing, care and services to you for the rest of your life, even if you live a very long time and become unable to pay all fees and expenses. Sometimes, this shortfall is covered by charitable gifts, special resident assistance funds, memorials, and bequests. Your resident agreement should describe what will happen if you exhaust your funds.

Insurance

Some CCRCs require that you have both Medicare Part A and Part B coverage. Often, CCRCs will manage the paperwork and file insurance claims on your behalf. If you participate in a Medicare HMO, you should verify that you will be permitted to receive any skilled nursing care you may require in the nursing facilities of the CCRC you select. The CCRC may also require that you have Medicare supplemental insurance or Medigap. Since both parts of Medicare and Medigap insurance provide you with extensive health care coverage, this may be to your advantage even if it is not required under some agreements. Remember that Medicare and Medigap generally do not cover long-term nursing care.

Over the past decade, long-term care insurance policies have become more attractive and more available. While some CCRCs provide nursing care by covering your long-term care costs under the fees they charge, others require you to have or purchase commercial long-term care insurance. If you have purchased or are considering purchasing long-term care insurance, you will want to check what benefits the policy will provide in the CCRC or whether the policy duplicates existing CCRC coverage.



Before You Enter

Entry Requirements

A CCRC will probably have financial requirements for entry into the community. In most cases, you must show sufficient financial resources to cover the entry fee, if there is one, and monthly fees and expenses for a period of time. Complete financial disclosure may or may not be required. Some CCRCs can provide financial assistance to enter the CCRC.

Because CCRCs are designed to meet the special needs of retirees as they grow older, a CCRC usually assesses your health before you are accepted. This helps them determine which area of the campus can best meet your needs (cottage/apartment, assisted living, or nursing care). A particular CCRC may not have facilities and services to care for some conditions. CCRCs with extensive and modified agreements have underwriting criteria similar to those insurance companies use. Sometimes, certain pre-existing medical conditions may be excluded from the usual health care coverage offered in the agreement.

Fees and Deposits

When you are seriously interested in a future move to a particular CCRC, some fees will be required. In the case of an established CCRC, you will want to put your name on their waiting list. They will probably require a waiting list deposit, which is usually refundable on request or applied to your account when you are ready to move in. Many CCRCs charge application fees—usually nonrefundable—to defray costs of processing your application.

In an entry-fee CCRC, the CCRC requires you to pay part or all of the entry fee when you are accepted for residency. If the CCRC is in the planning stages or under construction, you will probably pay a priority or reservation deposit to reserve your unit. Sometimes you pay entry fees at intervals during construction. Monthly fee only or rental CCRCs may require a special fee or deposit. Equity (condominium, cooperative or membership) CCRCs charge monthly service fees and, sometimes, transfer fees in addition to the costs connected with the purchase.

Advance Directives (Living Will, Durable Power of Attorney)

Before entry into the community, a CCRC often will raise the issue of residents taking part in decision-making with respect to their own health care, even when incapacitated. CCRCs often suggest that residents express their wishes by writing advance directives (e.g., living wills, durable power of attorney for health care) at the time of admission to the independent living unit.

There are several good reasons to discuss these issues early. First, you have the capacity to complete these documents at the time of admission. Second, your treatment wishes may need to be known if you should suddenly develop a life-threatening condition while living independently. Third, the CCRC should know your wishes before you enter. Some communities may not be able to fulfill your advance directive wishes. Federal law requires that advance directives be considered upon admission to the nursing center.

Adjusting to Life in a CCRC

While the benefits of living in a CCRC are almost too numerous to list, there are some adjustments you will need to make. Although staff, volunteers, and visitors vary in age, some people are uncomfortable in a community where all the residents are retired people. For some, it's difficult to watch others become frail and ill.

Community living also imposes some restrictions on individual lifestyle. For example, you cannot play the radio loudly at three in the morning because it might disturb neighbors. As in all group living settings, CCRCs have some "house rules." They can cover such areas as parking, pets, gardening, cleaning schedules and meal schedules that must be standardized or organized to work well for as many people as possible. A CCRC tries to have fair policies, but probably cannot please every resident all the time. In short, community living demands some flexibility, tolerance, and good humor.

Many CCRC residents have said that the magic of continuing care is that you can maintain your own lifestyle and preferred activities, have old friends and new, get just the supportive services and care you need when you need them, and know where and from whom you will receive that care. A CCRC is a network of caring and support — friends and family, neighbors, staff, and volunteers work together to provide a rich, challenging, comfortable, interesting, and secure future for retired people.

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Questions to Ask

- Are the community's admissions policies fair, reasonable, and clearly stated?
- If there is a waiting list, how does it work? (For example, if I decline the first available unit, does my name go to the end of the list?)
- Are there considerations other than my position on the waiting list, such as membership in the sponsoring organization? How much is a waiting list deposit?
- Is a sample agreement available for review before my name goes on the waiting list or I make a deposit?
- What are the rules and regulations of the community, as outlined in its resident handbook?
- Does the CCRC encourage residents to express in advance their wishes in case of incapacitating illness by writing living wills and durable powers of attorney for health care?

Appendix A

CONTINUING CARE AGREEMENT OPTIONS

There are many different types of agreements. Listed here are the types of basic agreements and refunds that communities may offer.

ENTRY FEE/MONTHLY FEE

Extensive Health Care Coverage

- Requires lump-sum investment
- Long-term care costs are predictable
- More expensive – greater long-term care coverage
- No real estate owned – may have tax on capital gains from sale of home
- Some portion of fees may be tax-deductible as medical expense

Modified Health Care Coverage

- Requires lump-sum investment
- Some long-term care costs are predictable
- More costly than fee-for-service, less than extensive
- No real estate owned – may have tax on capital gains from sale of home
- Some portion of fees may be tax-deductible as medical expense

Fee-for-Service Health Care Coverage

- Requires lump-sum investment
- Long-term care costs are not predictable
- Least expensive – no long-term care coverage
- No real estate owned – may have tax on capital gains from sale of home
- No income tax deduction for medical expense – no coverage included in fees

RENTAL (MONTHLY FEE ONLY)

Extensive Health Care Coverage

- No lump sum investment
- Long-term care costs are predictable
- More expensive – greater long-term care coverage
- No real estate owned – may have tax on capital gains from sale of home
- Some portion of fees may be tax-deductible as medical expense
- Rent likely higher than when entry fee paid
- May be subject to existing landlord/tenant laws

Modified Health Care Coverage

- No lump sum investment
- Some long-term care costs are predictable
- More costly than fee-for-service, less than extensive
- No real estate owned, may have tax on capital gains from sale of home
- Some portion of fees may be tax-deductible as medical expense
- Rent likely higher than when entry fee paid
- May be subject to existing landlord/tenant laws

Fee-for-Service Health Care Coverage

- No lump sum investment
- Long-term care costs are not preditable
- Least expensive – no long-term care coverage
- No real estate owned – may have tax on capital gains from sale of home
- No income tax deduction for medical expense – no coverage included in fees
- Rent likely higher than when entry fee is paid
- May be subject to existing landlord/tenant laws

OWNERSHIP OR EQUITY (CONDOMINIUM, COOPERATIVE MEMBERSHIP)

Extensive Health Care Coverage

- Involves purchase, condo/co-op fee and service fees
- Long-term care costs are predictable
- More expensive – greater long-term care coverage
- May roll over capital gains from previous residence
- Some portion of fees may be tax-deductible as medical expense portion of service fees
- Subject to benefits and burdens of real estate ownership:
  - real estate tax
  - increase/decrease in value based upon real estate market
  - facility may share in appreciation
- Resale may be subject to new owner meeting eligibility criteria

Modified Health Care Coverage

- Involves purchase, condo/co-op fee and service fees
- Some long-term care costs are predictable
- More costly than fee-for-service, less than extensive
- May roll over capital gains from previous residence
- Some portion of fees may be tax-deductible as medical expense
- Subject to benefits and burdens of real estate ownership:
  - real estate tax
  - increase/decrease in value based upon real estate market
  - facility may share in appreciation
- Resale may be subject to new owner meeting eligibility criteria

Fee-for-Service Health Care Coverage

- Involves purchase, condo/co-op fee and service fees
- Long-term care costs are not predictable
- Least expensive – no long-term care coverage
- May roll over capital gains from previous residence
- No income tax deduction for medical expense – no coverage included in fees
- Subject to benefits and burdens of real estate ownership:
  - real estate tax
  - increase/decrease in value based upon real estate market
  - facility may share in appreciation
- Resale may be subject to new owner meeting eligibility criteria

Note: The services and amenities covered under the terms of a contract vary from facility to facility. Health coverage may be provided through the CCRC or a long-term care insurance policy.

Entry Fee Refund Options

Non-Refundable

- Not subject to tax on imputed interest
- No return to estate
- Less than refundable plans and difference between non-refundable and higher refundable fee may be invested – yield comparison depends on rate and time

Declining Refund Over Several Years (Up to Eight Years)

- Not subject to tax on imputed interest
- Return to estate declines over time to zero
- Less than refundable plans and difference between non-refundable and higher refundable fee may be invested – yield comparison depends on rate and time

Partially Refundable

- May be subject to tax on imputed interest
- Some return to estate, but probably no interest paid
- More costly than non-refundable or declining refund

Fully Refundable

- May be subject to tax on imputed interest
- Full return to estate, but probably no interest paid
- More costly than other types

CHECKLISTS

Organization Name ____

Point of Contact/Sales Representative______________________________________

Address ____

Phone______________________________Fax ______________________________

E-Mail______________________________Web site ____________________________

Facility Operator/Parent Organization ____

Setting ____

CAPACITY

	Total Number of Units	Total Number of Units Available
Independent Living		
Apartment - Studio		
Apartment - 1BDRM		
Apartment - 2BDRM		
Cottage/House		
Assisted Living		
Skilled Nursing		

Type of Ownership: ❑ Not for Profit ❑ For Profit

Accredited: ❑ Yes ❑ No

Form of Contract:

❑ Life Care ❑ Fee for Service ❑ Continuing Care

❑ Assign Assets ❑ Equity ❑ Entry Fee ❑ Rental

Refund Provisions: ❑ 90% ❑ 75% ❑ 50% ❑ Prorated ❑ Other

Range of Entrance Fees: ________________________

Nursing Home Insurance Required: ❑ Yes ❑ No

Health Care Benefits Included:__________________

Medicare Certified: ❑ Yes ❑ No

Medicaid Certified: ❑ Yes ❑ No

Entry Requirements (Minimum Age): ____________

Average Time on Waiting List: ______________

Religious Affiliation: ______________________

❑ **Multi-story** ❑ **Single Story** ❑ **Both**

Miles to Shopping: ______________________

Miles to Hospital: ______________________

Access to Public Transportation: ❑ Yes ❑ No

Furnished: ❑ Yes ❑ No

Return Home Policy After Acute Leave: ______________________________________

FACILITY SERVICES AND AMENITIES

	Available	Included in Fee	Service Fee
Beauty/Barber Shop			
Billiard Room			
Bowling Green			
Card Rooms			
Chapel			
Coffee Shop			
Craft Rooms			
Exercise Facility/Spa			
Golf Course Access			
Internet Access/Computer Facility			
Library			
Putting Green			
Shuffleboard			
Swimming Pool - Indoor			
Swimming Pool - Outdoor			
Tennis Court			
Workshop			

	Available	Included in Fee	Service Fee
Housekeeping Times Per Month			
Number of Meals Per Day			
Special Diets Available			
24-Hour Emergency Response			
Activities Program			
All Utilities Except Phone			
Apartment Maintenance			
Cable TV			
Linens Furnished			
Linens Laundered			
Medication Management			
Wellness Clinic			
Personal Nursing/Home Care			
Transportation - Personal			
Transportation - Prearranged			
Other:			
Other:			
Other:			
Other:			

Where to Get More Information

American Association of Homes and Services for the Aging
2519 Connecticut Avenue, NW
Washington, DC 20008-1520
(202) 783-2242
www.aahsa.org

Continuing Care Accreditation Commission
2519 Connecticut Avenue, NW
Washington, DC 20008-1520
(202) 783-7286
www.ccaconline.org

Health Policy Center, Brandeis University
The Heller School for Social Policy and Management
P.O. Box 549110/MS 035
Waltham, MA 02454
(781) 736-3800

Helpful Web sites:

(The following Web sites are provided as informational resources only. AAHSA cannot be held liable for any delays, inaccuracies, errors or omissions in any such content, or in the transmission or delivery of all or any part thereof, or for any damages arising therefrom.)

www.aoa.gov
The Administration on Aging has links to regional agencies on aging in each state. These agencies are not CCRC experts but they may offer useful contacts and information about senior housing options in your area.

www.hcfa.gov
The Centers for Medicare and Medicaid Services is the comprehensive informational source on all Medicare and Medicaid services.

www.seniorhousing.net
A searchable database of senior housing options across the United States. Provides information and educational resources on a variety of aging topics.

www.medicare.gov
The official U.S. Government site for Medicare information. Learn the basics of Medicare, learn how to recognize fraud and abuse, find out about various Medicare plans and more.

Glossary of Commonly Used Terms

Accreditation – a status granted to CCRCs by the Continuing Care Accreditation Commission (CCAC). To be accredited, a CCRC must meet exacting industry standards and pass a rigorous review.

Assisted Living – sometimes called personal care of residential care, may include services such as bathing, dressing, medications, and help with other activities of daily living.

Continuum of Care – the full range of housing, services, and care residents may need. In CCRCs, these services generally are located in one place and centrally planned and administered.

Entry Fee – one-time, up-front fee you pay for the right to occupy an apartment, house or other type of living unit and use services in the CCRC.

Extensive Agreement – a type of CCRC agreement providing for prepayment of health care expenses similar to an insurance arrangement; sometimes known as a "life care" agreement. Extensive agreements offer most health-related services for one pre-determined monthly fee.

Fee-for-Service Agreement – a type of CCRC agreement that includes housing and residential services, but not long-term health care, in its monthly fees. While residents receive priority admission to the nursing care facility, the full daily rate for care is assessed.

Imputed Interest Tax – a tax levied by the IRS on certain refundable entry fees over a specified dollar amount; the tax is paid by the resident.

Independent Living – apartments, cottages, cluster homes, and single family homes. Homes typically are of many different types and sizes: studio, one bedroom, two bedroom, and larger. Residents almost always enter a CCRC to live in an independent living arrangement.

Modified Agreement – a type of CCRC agreement that includes housing, residential services, and a specified amount of long-term health care in the monthly fee. Additional health care beyond the pre-paid amount is available on a fee-for-service basis.

Monthly Fee – typically covers housing and other designated services; sometimes includes health care services.

Nursing Care – can be short-term or long-term care, rehabilitative, or round-the-clock. Services are provided in an infirmary or nursing center usually within the CCRC or nearby.

Reservation Deposit – sometimes called a priority deposit. A CCRC under development may request this fee from a prospective resident to reserve a living unit until the person is accepted for residency, signs a resident agreement and pays other fees.

Waiting List Deposit – a nominal amount, refundable upon request, that ensures a CCRC will place a prospective resident's name on its waiting list.