The annual meeting of the CALCRA board was convened October 25, 2018, at Eskaton Village Carmichael by President Margaret Griffin.

Present: Rose Burgis (Eskaton Village), Edward DeLaney (St. Paul's Towers), Mary Dougherty (La Costa Glen), Charles Greene (Valle Verde), Margaret Griffin (University Retirement Community), Mike Hernacki (Vista La Jolla), Linda Saunders (Casa Dorinda) and Len Schneiderman (University Village).

Absent With Notice: Bob Googins (Casa de las Campanas).

Interim Board Actions: The following action was taken by the Board since the April meeting: Email vote to approve the minutes of the April Board Meeting.

Treasurer’s Report submitted by Linda Saunders: Statement of Income and Expenses as of September 30, 2018, which was approved. The proposed budget for 2019 will be forwarded later by email for review and approval before the end of the calendar year.

Election of Board Members and Officers: Bill Mavity was elected to a new three-year board member term; Ed Delaney and Charles Greene were reelected for three-year terms. The following slate of officers was approved for one-year terms: Margaret Griffin, President; Bob Googins, Vice President; Rose Burgis, Secretary; and Linda Saunders, Treasurer.

Margaret Griffin reported for the Executive Committee which met via 2 conference calls since April. No issues were identified for Board consideration at this time.

Margaret also reported for the Governance Committee in the absence of Bob Googins. The committee has been engaged in reviewing the bylaws; the draft has been circulated with feedback due to Bob by November 22.

Margaret reported for the Legislation Committee. The committee presented a list of legislative goals for 2019, which was accepted. This list will now be reviewed with our lobbyist for potential action in the coming legislative session.

Mike Hernacki reported for the Membership Committee. Total membership is 2,700, up from 2,592 in April (an increase of 4.1%). Mike noted that just five CCRCs account for 45% of our membership.

Report from the Department of Social Services. Allison Nakatomi, Manager of the Continuing Care Section at the Department of Social Services gave an update on Branch operations. ● Work continues on the development of the new database. It is hoped it will be completed by the end of the year ● With the assistance of temporary staff, the Section is reevaluating the site visits they conduct every three years. These visits augment the review and analysis conducted each year when staff receive the providers’ annual reports. ● Currently there are 77 providers (53 nonprofit, 24 for-profit). There are 81 nonprofit CCRCs and 28 for-profits for a total of 109 facilities. ● The Provider Fee Fund was created in the State Treasury from fees assessed on providers. It is continuously appropriated and provides 100% support for the program.

Report by Legislative Advocate. Morgan Carvajal of Hernández Strategies addressed the Board regarding lobbying efforts on CALCRA’s behalf in the 2018 legislative session. CALCRA sponsored one bill, AB 3088, authored by Assemblymember Chu. DSS took an oppose position late in the session, and the bill was ultimately vetoed by the Governor. Morgan also summarized other work on CALCRA’s behalf which included coordinating our support for AB 275, AB 940, and SB 313. We also opposed AB 2088, which died in committee.

New Business: Several members of local Finance...
On the agenda each year at the October CALCRA Board Meeting is the report from the Legislation Committee. This report sets forth a proposed list of legislative issues for the coming year. Following discussion and approval by the Board, this “Wish List” is then reviewed with our lobbyist, Hernández Strategy Group, as the first step in generating ideas for bills that will hopefully find an author in the Assembly or Senate. Here is the list approved for the 2019 legislative session:

1. Prohibit transfers of funds from the provider entity for any purpose other than for the benefit of residents (e.g., direct services, capital expenses, expansion, major remodeling) and, for for-profit CCRCs, distribution of profit.

2. State in statute that providers have a fiduciary duty to residents. Recognizing that resident agreements are contracts of adhesion where the terms and conditions are set by the providers with little or no ability for the potential resident to negotiate more favorable terms resulting in a power imbalance; also, the increased vulnerability and reduced discernment of many elderly potential residents creates a situation where a higher level of duty should be required of the more powerful party in these matters.

3. For repayable-on-resale contracts, when a resident moves to a higher level of care thereby vacating their original residential unit, the provider shall upon resale of that original unit place in trust at least sufficient proceeds for eventual repayment of the resident who has surrendered their unit to move to a higher level of care. The amount of any financial support from the community received by the resident shall be deducted from the amount placed in trust.

4. Transfer financial oversight of CCRCs currently conducted by the Continuing Care Contracts Section from the Dept of Social Services to the Dept of Insurance.

5. Require periodic (every 3-5 years) actuarial studies for all CCRCs (not just for those that offer “life care” or “Type A” contracts) including a corrective action plan if necessary, and require all CCRCs obtain a periodic (every 3-5 years) maintenance and replacement study performed by a qualified external engineering firm.

6. Governance Issues. The following items are grouped together as they share a concern re: governance.

   a. General governance (both for- and non-profit providers)

      i. Require management to make available to residents quarterly, a written notice of all complaints or concerns filed with management, the board, or DSS; how they were resolved, and when any remaining unresolved matters will be settled, and include data on litigation costs and an explanation of the nature of legal matters in dispute.

Committees responded to an item in the Spring Newsletter offering an opportunity for them to communicate and collaborate. Given this initial interest, the Board approved moving ahead with establishing a forum or chatroom on our website for this purpose.

Executive Session: The Board adjourned to Executive Session to discuss succession planning.

Next Meeting: The next Board meeting will be held April 24, 2017, at the Vi at La Jolla.
Legislative Wish List Con’t...

ii. Require that provider investment policies are clearly articulated in writing and available to residents. For non-profit CCRCs, require that residents are provided annually with an evaluation of the composition and performance of its portfolio of investments relative to financial markets.

iii. In the event of bankruptcy, receivership or liquidation proceedings against a provider, all continuing care contracts executed by a provider shall be deemed preferred claims against all assets owned by the provider (current statute 1739.9 states only a refundable contract is “a preferred claim to liquid assets held in the refund reserve”); however, such claims are subordinate to any secured claim. If a licensed facility files for bankruptcy under chapter 11 of the United States Bankruptcy Code, 11 U.S.C. chapter 11, the facility, in its required filing of the 20 largest unsecured creditors with the United States Trustee, shall include the name and contact information of a designated resident selected by the residents’ council, and a statement explaining that the designated resident was chosen by the residents' council to serve as a representative of the residents' interest on the creditors' committee, if appropriate.

iv. The results of the biennial resident satisfaction survey shall be posted on the provider's website (current statute requires that it “be posted in a conspicuous location at each facility”); and the results, along with any actions proposed to address the findings, be discussed with residents.

b. Non-profit governance issues:

- IRS Ruling 72-124, which established the charitable, tax-free status of non-profit CCRCs, requires that they be operated at the lowest feasible cost. Require that the provider's board, annually, determine that this requirement is met and make the basis for that conclusion available in writing to residents. Require that the non-profit provider’s mission statement include: “operate at the lowest feasible cost.”

- Require all non-profit CCRC board meetings, excluding executive sessions, be open to residents, and that notices of board meetings and the agenda be distributed to all residents.

- Require that all non-profit CCRC boards have an Audit Committee consisting of independent directors or trustees. “Independent” means the members are not compensated by the organization as employees or independent contractors; do not receive directly or indirectly material financial benefits from the organization; or be related to anyone in the organization.

- Require that all non-profit boards have a Nominating Committee consisting solely of independent directors or trustees.

- Require a self-evaluation of non-profit boards annually and that the evaluation be made available to residents.

7. For “life-care” CCRCs, require that reserves are established and sufficient to fund obligation to provide life-time health care. Also require that actuarial studies be completed every 3 years (not 5 years as currently specified §1792.10); and require that the actuarial study be constructed to determine and report whether or not reserves are sufficient for the provider to fulfill its obligation to provide life-time health care as set forth in its resident contracts.

8. If the Department determines through a review of occupancy and other financial performance data that a facility is in financial distress, the provider of that facility shall propose a remediation plan to improve the facility’s financial health. This plan shall be submitted to the Department for approval and, once approved,...

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Dues Coming Due

The CALCRA membership year runs from January – December. Please use the Membership Form in this issue to renew for 2019. Payments ($25 for an individual, $35 for a couple) may be sent to Al Hale, 1515 Shasta Dr., #4104, Davis, CA 95616. Contributions in addition to dues are always welcome!

CALCRA needs you and you need CALCRA.
Who Do You Know?

CALCRA’s membership level is the critical element in our ability to influence providers and to get legislation enacted. The key to growing CALCRA membership is effectively reaching out to those communities where we have no members. But just getting our foot in the door is difficult if we have no resident there to contact. This is a vicious circle we need to break.

To bridge this gap we are reaching out to current members to ask, “Who do you know at a CCRC where there are no CALCRA members?” If through your contact we are able to arrange for an introductory presentation by a Board member about CALCRA at a facility where we currently have no members, you will get a year’s free membership and the satisfaction that you have helped CALCRA become more effective.

So dust off your address book or your contacts list and talk to your friends in other CCRCs about CALCRA. If you have questions or would like to know if a particular community qualifies for this offer, contact Margaret Griffin at 916-573-1247 or mgriffin@urcad.org.

Legislative Wish List Con’t...

9. Increase the requirement for an operating expense reserve from 75 to 180 days (1792.4 (a)).

10. Change the name of the Provider Fee Fund (1778) to “CCRC Oversight Fund”. Instead of specifying a limit on the fund (currently $500K), limit the Fund to the amount necessary to cover one year’s expenses; if a surplus develops that exceeds the statutory limit for 2 consecutive years, the Dept shall evaluate the appropriateness of changing the fee structure rather than mandating fees must be reduced (§1778 (c) ). Also direct that fines and civil penalties be deposited into this fund. The approved budget for the Branch shall be posted on the DSS website.

Please forward your suggestions for the next “Wish List” to Margaret Griffin at info@calcra.org.