



# Family Care Connections, LLC

## WHAT IS A CONTINUING CARE RETIREMENT COMMUNITY (CCRC) AND A FEE FOR SERVICE CONTINUING CARE RETIREMENT COMMUNITY (FFCCRC)

by Dr. Frank G. D'Angelo, JD, PhD

The Continuing Care Retirement Community (CCRC) and the Fee For Service Continuing Care retirement community (FFCCRC) are residential facilities that provide a comprehensive spectrum of community, health and social services for individuals who are 62 years of age or older. The services can range from independent living in an apartment or cottage to a continuum of long-term care services. The services might include health and social services depending on the needs of the individual resident as well as skilled nursing and hospice care.

### What are the requirements for entrance into these types of communities?

In addition to the age requirement, prospective residents must also meet the financial and healthcare criteria established by the CCRC/FFCCRC. The criteria will vary from community to community, and prospective residents must also meet the community's health standards and be capable of living independently.

They must also demonstrate that they have sufficient financial resources available to cover the entrance fees and monthly fees, as well as any additional living expenses. All residents must also be enrolled in Medicare Part A and Part B and must maintain a Medicare supplemental insurance policy.

### What types of services does a typical CCRC provide?

The CCRC community typically offers a range of amenities and services including professional health services such as physician and nursing care, as well as skilled nursing care, assisted living care, memory care, outside pharmacy, dentistry and mental health counseling. They also offer a variety of commercial services such as barber and beauty salon, Postal Service, private delivery, house repairs and maintenance, transportation, housekeeping and laundry. Many CCRC's offer a range of additional community services including swimming pools, tennis, golf, fitness centers, library, arts and crafts, game room, gardening, art and music studios. Each CCRC will offer some but not all of these services and it is important to determine what services are offered when visiting the particular community.

### What are the care levels in the CCRC?

There are generally four levels of care offered in the CCRC contract. They include independent living, assisted living, memory care and skilled nursing care. Prospective residents should determine who and how a determination is made regarding the need for a change of level of care. It is also important to understand if these levels of care are available in the resident's apartment and whether a patient can continue to reside with their spouse/partner if their level of care needs change.

## What are the costs and payments involved in the Continuing Care Retirement Community?

Residents in the CCRC must make a significant financial commitment. The cost can vary depending on a multitude of factors including the community's location, the size of the apartment and the scope of the additional services offered under the residential care contract.

The payment consists of two parts. The first is the entrance fee. This is generally comparable to the average value of a residential home. Then there is a monthly maintenance fee, which will vary from community to community. Entrance fees begin at approximately \$115,000 for a single person in an independent living unit, with a monthly fee beginning at approximately \$2,100.

NOTE: The average entrance fee is \$329,000 according to CBRE Group. The average monthly maintenance fee can range from \$3,000-\$5,000 monthly and in some cases even higher. Obviously, it is important to determine if these fees are manageable within an individual's financial circumstance.

It is important to establish the fees when visiting the communities. The exact costs should be clearly specified so the resident clearly understands the financial commitment involved. It is also important to be mindful that these fees are likely to be adjusted annually.

### How are the residential contracts structured?

There are four main types of Continuing Care Retirement Community contracts. They involve Type A, Type B, Type C and Total Fee for Service contracts. It is important to understand the differences and to determine which contract meets a prospective resident's lifestyle and financial needs.

The Type A contract is also known as an extensive care contract. The Type A entrance and service fees are the costliest of the four CCCRC contracts. The Type A contract comes at a greater cost because all health related services are pre-paid. This ensures that a full range of higher medical care is included. For example, the contract will cover assisted-living, medical treatment and skilled nursing care with little or no additional cost.

The Type B contract is known as a Modified Life Care contract and it is less comprehensive. The Type B entrance and service fees include partial pre-payment of future medical care but not all care is included. The monthly service fee may increase when a higher level of care is necessary. For example, should a resident need to move from independent living to skilled nursing, a Type B contract would only cover a portion of the skilled nursing cost.

The Type C contract is also known as a fee for service contract. The Type C upfront entrance fees and monthly service fees tend to be the lowest. Instead of pre-paying for all medical costs as in the contract A or a portion of the medical care as in contract B, residents pay for medical expenses as they arise and are needed.

For example, if a senior requires assisted-living or memory care this will be an out-of-pocket expense. This type of contract is also known as a rental agreement and is offered by some continuing care retirement communities, but not all. Think of this as a pay-as-you-go option. There is no entrance fee and you only pay for the services, as they are needed.

#### What are the Fee For Service contracts in the Continuing Care Retirement Community (FFCCRC)?

The fourth type of contract is a Fee For Service contract. These contracts include independent housing with residential amenities such as transportation and social activities as well as access to a spectrum of long-term care services. They also offer enriched housing and assisted living as well and skilled nursing care.

However, if the services are available, payment is made on a fee for service or per diem basis. Further, not all FFCCRC's offer long-term care services. If these contracts do not provide a long-term care benefit the resident must pay for the long-term care if and when it is needed. It is important to note that the medical and post-hospital skilled nursing and rehabilitation care would still be available through Medicare up to 100 days. These services can be provided in a separate healthcare facility.

Residents should understand the scope of coverage in the Fee-For-Service Continuing Care Retirement Community and understand the relationship with

Medicare Part A, Part B and the Medicare supplemental insurance policy that they maintain.

How to determine if the Continuing Care Retirement Community is the appropriate living option?

The CCRC provides a multitude of services and benefits. However, there are advantages and disadvantages to these types of communities.

In order to determine if the CCRC is the right living choice, an individual must analyze their personal preferences and financial circumstances.

Potential residents should ask –

- (1) Am I ready to spend the rest of my life in a Continuing Care Retirement Community?
- (2) Do I have sufficient resources available to buy into the CCRC?
- (3) Can I “let go” of the emotional attachment I have to my current home?
- (4) What does my current social network look like? Am I ready to create a new social network?
- (5) Will a CCRC improve my overall quality of life?

There are advantages and disadvantages and they must be carefully examined.

Some of the advantages include –

- (1) The CCRC offers independent living with various residential options like condominiums, cottages, duplex and studios.
- (2) It ensures access to on-site advanced healthcare support, such as assisted living and memory care and skilled nursing care.
- (3) It provides flexibility for spouses or partners needing different levels of medical or personal care.
- (4) It increases opportunities for social engagement and expands a senior's social network potential with a wide variety of activities and amenities.
- (5) It creates a maintenance free lifestyle eliminating cooking, house cleaning and yard work, etc.
- (6) It offers potential tax benefits
- (7) It provides peace of mind and security for the residents and their caregivers.

The disadvantages include –

- (1) There are substantial entry and monthly service fees and these fees are likely to be adjusted upwards annually.
- (2) It requires intensive planning including guidance from financial advisors accountants and lawyers.
- (3) There are complex contracts that need to be reviewed.

- (4) There is a risk of financial loss. If the CCRC goes bankrupt due to a real estate crisis or recession or if the facility is poorly funded.
- (5) There could be a waitlist or limited housing choices as well as locations available due to high demand.
- (6) Applicants must meet physical and cognitive health requirements to be eligible.
- (7) Members do not own the place of residence. Resident are paying to use the facility and receive the services during the period of the contract.

When considering a CCRC an individual should ask –

- (1) What medical and social services are included in each contract option?
- (2) What services are offered at an additional cost?
- (3) What is the occupancy level in each area of care?
- (4) Has there been a major annual fee increase over the past five year?
- (5) Is there an assurance that care will be available even if the resident outlives their financial resource?
- (6) Is benevolence care available if a resident runs out of money?
- (7) How much of the entrance fee is refunded due to relocation or death?
- (8) Is the CCRC A skilled nursing care and Medicare certified facility?
- (9) How safe is the community and is it a gated community?
- (10) Is the CCRC a nonprofit or for-profit retirement community?



(11) Who will decide when and under what circumstances relocation to a higher level of care is needed?

(12) What is the current financial health of the community?  
Examine the financials.

How are the entrance fees refunded if the resident does not remain in the community?

Continuing Care Retirement Communities have a variety of entrance fee refund options. These refund policies are established by the community and/or pursuant to contract. At a minimum, all residents must receive a refund of some portion of the residence entrance fee during the first four years of residency. This option is called the traditional declining contract.

Under the traditional declining contract the resident entrance fees are refunded and reduced by 2% per month, with a one time 4% processing fee. After 48 months of residency the entrance fee is reduced to zero. Many Continuing Care Retirement Communities provide a contract with a refund of a specific percentage of the entrance fee regardless of the length of residency, for example: 75% or 50%. The refund is paid to the resident or the resident's estate if the contract is terminated or if the resident dies.

How can a consumer be sure that the facilities will be kept operational?

Continuing Care Retirement Communities in New York State are regulated by the New York State Department of Health and the New York State Department

of Insurance as well as the Office of the Attorney General. They maintain strict requirements for the CCRC community in New York State.

In order to create a CCRC the Department of Health must approve the plan of the proposed community. Additionally, the Department of Health reviews the character and competence of the sponsor that manages the facility. It also oversees the legal requirements of the CCRC including the organizational documents and resident contracts.

Construction of the CCRC cannot begin until at least 50% of the units have been pre-sold. Likewise, occupancy of a Fee For Service Community cannot begin until at least 50% of the units have been pre-sold as well.

Any changes in the CCRC that may affect the residence, such as the change in the scope of services offered by the community or a change in the community's operator requires Department of Health approval.

In addition to the Department of Health, the New York State Office of the Attorney General also monitors all aspects of the Continuing Care Retirement Community. The insurance department must review and approve the proposal, the disclosure statements and residency agreement and the Insurance Department must also establish financial feasibility of the proposed CCRC. Finally the CCRC must maintain financial reserves consistent with insurance department requirements and both departments conduct joint periodic operational and financial reviews of the CCRCs/FFCCRC.

## SUMMARY

The Continuing Care Retirement Community (CCRC) and the Fee For Service Continuing Care Retirement Community (FFCCRC) can be a viable and valuable housing option for people who are aging. However, individuals should be careful to determine if such an option is financially affordable for them and that the CCRC meets their personal lifestyle choices and financial requirements.

People who are interested in the Continuing Care Retirement Community or the Fee For Service Continuing Care Retirement Community should speak with professionals who are fully familiar with such housing options. In addition, they should consult with their attorneys, accountants and financial advisors in order to make the best life care decision.

### How to find a CCRC community?

They are currently 14 Continuing Care Retirement Communities that have received a certificate of authority from the Commissioner of Health. A list of the current communities is attached.

For additional questions about Continuing Care Retirement Communities or Fee For Service Continuing Care Retirement Communities contact Dr. Frank D'Angelo, JD, PhD at Family Care Connections 516-248-9323 or [DrFrank@FamilyCareConnections.com](mailto:DrFrank@FamilyCareConnections.com).

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CONTINUING CARE RETIREMENT COMMUNITIES and

FEE-FOR-SERVICE CONTINUING CARE RETIREMENT COMMUNITIES

COMMUNITY NAME	TYPE	ADDRESS	PHONE
Kendal at Ithaca	CCRC	2230 N. Triphammer Road Ithaca, NY 14850	800-253-6325
Glen Arden	CCRC	6 Harriman Drive Goshen, NY 10924	800-914-4051
Summit at Brighton	CCRC	2000 Summit Circle Drive Rochester, NY 14618	585-341-2306
Canterbury Woods	CCRC	705 Renaissance Drive Williamsville, NY 14221	716-929-5817
Jefferson's Ferry	CCRC	1 Jefferson's Ferry Drive South Setauket, NY 11720	888-233-1330
Peconic Landing	CCRC	1500 Brecknock Road Greenport, NY 11944	888-273-2664
The Knolls, a Bethel Community	CCRC	55 Grasslands Road Valhalla, NY 10595	914-989-7800
Kendal on Hudson	CCRC	One Kendal Way Sleepy Hollow, NY 10591	800-517-8964
Fox Run at Orchard Park	CCRC	One Fox Run Lane Orchard Park, NY 14127	716-662-5001

COMMUNITY NAME	TYPE	ADDRESS	PHONE
The Amsterdam at Harborside	CCRC	West Shore Road Port Washington, NY 10050	800-365-0665
Woodland Pond at New Paltz	CCRC	100 Woodland Pond Circle New Paltz, NY 12561	877-505-9800
Fountaingate Gardens	CCRC	50 Hauppauge Road Commack, NY 11725	631-210-5806
River's Edge	CCRC	5921 Palisade Avenue Bronx, NY 10471	718-581-1900
Good Shepherd Village	FFCCRC	Farm to Market & Sally Piper Road Union, NY 13760	607-757-3100