Top 10 Questions Prospective Residents of a CCRC Should Ask

If you are considering moving to a life plan retirement community here are 10 of the most important questions you should ask before choosing a provider:

1. What is the ratio of independent living residences to assisted living and healthcare residences?

Some CCRCs offer mostly independent living residences with a proportionately small number of assisted living or skilled care units available. The concern here is whether there is enough availability for residents to receive adequate care when needed. This is particularly concerning for newer communities, where very few residents require care now, but may in the future. On the other side, some CCRCs evolved out of established nursing care facilities that eventually began adding independent living residences. In this case, you may find proportionately more residents requiring care services than living independently. On average independent living residences represent 60–75% of the total residential units.

2. How have your monthly rates changed over the last five years?

This is important to ask for two reasons. First, it gives you an indication of what to expect going forward so you can plan accordingly. Second, it can provide insight into the organizations ability to effectively manage finances. Average fee increases of 3–4% per year are not uncommon in the industry. If you find there have been years when the increase has been substantially more, you should find out why. Be sure you ask what the increases have been each year over the past 3–5 years, as opposed to an average to get a better picture of actual year-over-year increases.

3. What is the level of experience of your management team and board of directors?

An experienced management team is vitally important to maintaining high operating standards and diligent financial management. Ask about the management team's experience and history of managing continuing care communities. Also look for a board of directors that is culturally and professionally diverse. The board should have directors with strong backgrounds in healthcare, hospitality, finance, and real estate.

4. What services are included in my monthly fee, and what will cost extra?

When a provider shares with you their monthly rates, be sure to find out what types of services are included, and which are extra. This helps prevent unwelcome surprises. This is particularly important if you are comparing two communities and one operates à la carte, while the other operates under an all-inclusive approach. Examples would be the number of meals per day included in the monthly rate and utilities. As you gather this information, be sure to also think about the future. If you should require care services in the healthcare center, what type of services would you be expected to pay for in addition to the published cost of care?

5. How will my monthly rate be impacted if I require assisted living or skilled nursing care?

There are several different types of residency contracts offered by CCRCs. The key with each one is to understand what happens to your monthly fees if you ultimately require assisted living services or skilled nursing care. All other things equal, there is generally a trade-off between the amount you pay while living independently and the amount you will pay if you require care services. With some types of contracts, you pay less today, comparatively speaking, but more when you need care services. With other types of contracts, you pay more today but the care services are offered at a deeply discounted rate.

6. What happens if I run out of money due to an extended stay in the healthcare center?

Most CCRCs, particularly not-for-profit providers, will do everything possible to help residents stay put and receive services if the resident runs out of money due to no fault of their own. In fact, many providers maintain a financial assistance or endowment fund to help with this. In cases where there is a refundable entry fee due to the resident in the future, many communities will tap into the refund first before providing any additional assistance. In a few cases, additional financial assistance could be considered a loan against the estate.

7. Does your published rate for healthcare services include a semi-private or private room?

The published rates for the healthcare center may reflect only semiprivate rooms. In this case, the resident would be required to pay the difference in cost for a private room, if available. Some providers only offer private rooms and therefore this question wouldn’t apply.

8. What are the stipulations for receiving a refund (if the community offers refundable entry fees)?

If you are considering a CCRC that offers partially or fully refundable entry fees, ask if your home or apartment within the community must be resold before the refund will be paid. Does the refund become available when you move from independent living into an assisted living or skilled nursing care residence? Is there a maximum time limit whereby the refund will be paid regardless of whether the residential unit has been resold or not? Also, are you or your heirs required to continue paying the monthly fees during that time?

9. What information can you provide to help assure me that the level of care provided in your healthcare center is of the highest quality?

Although it could be years before you require assisted living or healthcare services, you want to know that when that day comes, you will receive the best care possible. Ask to take a tour of the healthcare center, and closely observe the facilities and the care team. Does the staff seem happy and attentive to residents? Is the facility clean and without odor? If you know of others who have received care in the facility be sure to talk with them or their families to find out about their overall experience. If the healthcare center is Medicare certified you can also visit Medicare.gov to find information on complaints, deficiencies, staffing, and more.

10. What information can you provide to help assure me that your community is financially positioned to meet its long-term commitment to residents?

To fulfill its long-term obligation to residents, a CCRC must maintain a strong financial standing. A financial professional who is well-versed in the operations of CCRCs can help you analyze key financial ratios, such as operating margins and debt service coverage, but a few things to look for initially are a willingness by representatives of the community to share their audited financial statements, positive net worth, strong demand (usually indicated by occupancy ratios above 90%), well-kept facilities, and an experienced management team. Also consider whether the community is in a state that regulates CCRCs. If so, the state may have minimum financial requirements that must be met on a year-to-year basis.