



The Resident CONNECTION

4th Quarter 2022



President's Message

As Diane Dalsimer leaves her position as president of the FLiCRA Board of Directors, we won't say good-bye, we'll just say so-long. We know that Diane will still be interested in what is happening in an organization which she served

so diligently, so devotedly, for many years.

I am humbled by the confidence of those who elected me president and I know I have very big shoes to fill. Having said that, I will share with you that I have been involved with FLiCRA for almost 18 years, which was when we moved to Indian River Estates West. My husband Milt Burdsall joined our local FLiCRA board, became Regional Director for Region Four, then accepted the role of FLiCRA president. During that time, I became aware of the importance of our organization. Milt was a zealous supporter of FLiCRA.

In 2017, I became part of our local board and a couple of years later, I filled a vacant position of Regional Director for Region Four. Serving on the FLiCRA board was an eye-opening experience as I recognized the dedication and devotion of the other board members. The experience they brought to the table and the enthusiasm in tackling the issues that face residents who live in continuing care communities was impressive.

With all non-profit organizations, membership is vital. FLiCRA, among other things this year, will be focusing on maintaining and increasing membership. Throughout the years we've all belonged to organizations that interest us, such as

Kiwanis, Knights of Columbus, Masons, Elks Club and your churches, just to name a few. Without our participation and our dues or donations, these organizations would not exist.

I belong to the local genealogical society because that is of immense interest to me. In exchange for my dues, I get to hear interesting speakers and I am able to participate in specific interest groups relating to genealogy. I'm sure those of you who belong to other groups reap the benefits of membership.

There is a big difference between those groups and the Florida Life Care Residents Association.

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Membership in FLiCRA actually gives you money back through our efforts with the state legislature. If it wasn't for FLiCRA, we might have a bed tax impacting private pay CCRC residents in Florida. That issue has come multiple times by the state and federal government in recent years, and we were able to defeat it each time. We've also beaten the proposal to have a tax placed on meal's within our meal plans.

If you think those are old issues, you are sadly mistaken. Issues similar to those can come up at any time. Our legislative and regulatory staff in Tallahassee make it their business to be aware of anything that would impact CCRCs in Florida. You can rest easy knowing that FLiCRA is watching out for your interests.

With membership, we are able to produce our quarterly newsletter, The Resident Connection, which brings you news about what is happening at other CCRCs, in addition to articles of interest targeted specifically to residents in independent living, assisted living and skilled nursing.

I've run into people over the years who are quite willing to let others seek membership and not participate themselves, knowing they will reap the benefit anyway. Of course I don't have to tell you the problem with that theory. There would be no organizations, no matter how good they are, that would survive under those circumstances. If you have a neighbor or friend who has not yet joined FLiCRA, you can be confident in recommending membership, knowing it is an association specifically organized many years ago to make life in a CCRC better for everyone.

So, this year we will be looking into innovative ways to attract CCRCs that do not yet belong to FLiCRA, and we will be exchanging ideas on why and how some CCRCs are more successful than others with their membership programs.

I look forward to the challenges we'll face as the year progresses and hope I can represent you in the best way possible as I assume the duties as your president.

Patricia Burdsall
FLiCRA President

LeadingAge Florida/FLiCRA Florida Statutes 651 Modernization Proposal for 2023 Florida Legislative Session

During the course of the spring and summer of 2022, FLiCRA and LeadingAge Florida worked on a collaborative project to identify and propose new legislation by consideration of the Florida Legislature for the 2023 session which starts in March 2023.

The LeadingAge Florida/FLiCRA proposal is intended to help ensure the future viability and financial strength of the continuing care/life plan community model in Florida by modernizing current laws affecting access to capital, annual reporting, campus expansions, escrow requirements, and regulatory relief in the event of a catastrophic occurrence.

This is an executive summary of the proposal:

- Add definitions for “residents’ council” and “designated resident representative,” and clarify the roles of each.
- Modify current requirements for the expansion of continuing care/life plan retirement communities (CCRCs) so they can secure Office of Insurance Regulation (OIR) approval for the early release of escrow funds to pay indebtedness and reduce costs for the expansion. Most of the growth in Florida is in the expansion of high-quality CCRCs.
- Streamline financial reporting by eliminating multiple costly audits for CCRCs that are part of an obligated group or that own or control additional entities if a consolidated audit contains the required financial information by CCRC or entity.
- Eliminate the requirement that escrowed accounts must be established in financial institutions with a Florida branch.
- Provide greater flexibility for minimum liquid reserve escrow account investment options for providers that exceed the statewide median for certain financial indicators for two consecutive years.

- Address the concerns of investors in tax-exempt bonds that finance nonprofit CCRCs.
- Give the OIR the authority to temporarily suspend financial or operating requirements for a provider after an extraordinary event that renders a provider incapable of continuing normal operation.
- Expand the financial institutions that may issue a letter of credit to satisfy the minimum liquid reserve requirement.
- Specify that a residents’ council has the authority to establish governance documents and appoint committees.
- Clarify who may participate in residents’ council elections.
- Specify that residents have the right to contact ombudsman staff.
- Conform the OIR examination process for CCRCs to that of other insurance entities.
- Codify in law a required interview during the OIR examination with the president or chair of the residents’ council or designated representative.
- Require the provider to disclose whether or not they have resident representation on their board and when a change in management occurs.
- Require the provider to give the president or chair of the residents’ council a copy of the OIR final examination report and any related corrective action plan.
- Allow sheltered nursing home beds to be used for post-acute care in conjunction with a contractual agreement with a health care delivery system.

At the time of the printing of this Resident Connection newsletter, a House and Senate bill number is not available.

Not Going Back: Brookdale, Brandywine, Maplewood, Priority CEOs Prepare for Senior Living's Uncertain Future

Changing consumer preferences with the arrival of the baby boomers. The middle-market. Rising expenses. Evolving resident care needs.

The senior living industry is in the midst of a host of changes, creating new challenges and opportunities for operators. A melange of forces are driving that change, from the pandemic to a historic labor market and the looming arrival of the baby boomer generation.

Few are more focused on those issues than the CEOs of Brookdale Senior Living (NYSE: BKD), Brandywine Living, Maplewood Senior Living and Priority Life Care. All four leaders are navigating the current environment with a keen eye on what comes next, not the rear-view mirror.

To Brandywine Living CEO Brenda Bacon, the industry is truly in a new era in the post-Covid world. And it is one that requires brand-new operational strategies, and an appetite for embracing change.

"I hear people say so much, 'We need to get back to a stable workforce, get back to the margins,'" Bacon said Thursday during a panel discussion at the 2022 NIC Fall Conference in Washington, D.C. "I really think we need to think about, 'How do we go ahead?' Because I don't think anything goes back."

Boomers loom large

The senior living industry in 2022 is at the crossroads between the outgoing Silent Generation and the incoming baby boomers. Only 19% of Brandywine's customer base are in their 70s, and Bacon noted that "we'll have a while still before the baby boomers come."

But she added that when they do arrive, they will come with very different ideas on what senior living should entail.

"Baby boomers don't live in the world of need, they live in the world of want," Bacon said. "So, I think the way that we market to them, and what we offer, has

to be in a way that they are making choices about the things that they want."

Maplewood CEO Greg Smith concurred, and added that he has seen a "real shift in expectations and demand" in the boomers, and one that he expects will continue to evolve in the coming years.

For Brookdale CEO Cindy Baier, the biggest shift has occurred in the way older adults embrace new technology and devices. And it is "going to play a big role in the implications of our future," she said.

"By using technology to assist us in providing the right services for the right residents, I think that we can actually exponentially improve the quality of the offering that we have," Baier added.

Relative to other industries, Baier said the senior living industry has not invested as much in technology. The world is full of technology - from apps that can diagnose skin lesions to custom iced coffee machines — and the senior living industry must catch up, she said.

Priority Life Care CEO Sevy Petras believes that the industry actually has an opportunity to serve two generations with current product, not just one. After the boomers have moved through the acuity stream, she envisions Gen-Xers following in their footsteps.

"If we create the right products for the boomer ... we've got a real product for two generations coming up," Petras said.

Serving the middle market

Another challenge — and opportunity — is how the industry will serve the roughly 11.5 million older Americans age 75 and older who will be unable to afford assisted living in the coming decade.

Priority Life Care primarily focuses on the middle-market segment of senior living. And to reach the boomers, Petras believes the industry needs to look at another product made for them: Hotels.

“[The hotel industry] thought there was high-end service, full-service or no-service, and then along comes these mid-level or mid-services [hotels] like Hilton Garden Inn and Embassy Suites,” she said. “And it’s probably one of the larger markets now.”

Her point was that the senior living industry has an opportunity to differentiate itself by price much in the same way hotels do today. Like in the hotel world, she envisions an ecosystem of service tiers of senior living for the boomers.

And perhaps more importantly, she added that middle-market properties, as no-frills as they are, can still have margins in the low- to mid-20s.

But the boomers are also arriving with more complicated care needs than their predecessors, she added, which could complicate operators’ abilities to keep their rates affordable for middle-income residents.

Rising expenses, pricing power

The rising cost of operating a senior living community is among the industry’s biggest challenges in 2022. Even as operators regain occupancy and reach pre-pandemic levels, rising costs are eating into margins.

At the same time, the U.S. economy is at somewhat of a crossroads, and it’s unclear whether a recession or another hit to the economy is just over the horizon.

Baier said that she has seen inflation in “every aspect of the P&L of running a community.” While that is important to manage and mitigate, Baier said her north star is resident satisfaction.

“Regardless of the economic environment, the most important thing to focus on is your resident, and to make sure that you are providing value and services,” she said.

That said, she believes that, as the company gains occupancy, “pricing is more important today than it ever has been in the past, because we’re in an inflationary environment.”

Looking ahead, she does not believe that labor expenses will decrease over the next 12 months. And that is why it’s important to price units accordingly before resident rates are locked in for a year.

“You can’t expect the cost structure in your community to be stable for the next 12 months or 15 months,” Baier said. “What you have to say is, where is it going?”

Rising interest rates are another thorn in the industry’s side, and Baier noted that Brookdale would incur about \$15 million in new costs for every percentage point that interest rates rise.

Bacon said she believes the industry has pricing power, and she said that, like other operators in the industry, Brandywine saw little pushback when it raised resident rates last go-around.

While she doesn’t think returning to pre-pandemic margins across the board is realistic in the near future, she does believe that Brandywine and other operators like it can return to occupancy north of 90%.

That said, she sees a real need to course-correct different aspects of the business for the new era of senior living.

“We have to think about how we get there and beyond,” she said. “And not think that if we just settle down, it will go back to normal, because ... that’s not going to happen.”

Like Bacon, Petras also believes that the industry is “not going back” to its old, pre-pandemic ways. While she is focused on cost efficiency, there is one area that she thinks operators must invest and reinvest in time and time again: Its people.

“My job is to create more opportunities for them, because if we take care of them, they’re going to take care of our residents,” she said.

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Centers for Medicare & Medicaid Services Staffing Study to Inform Minimum Staffing Requirements for Nursing Homes

In February 2022, President Biden announced a comprehensive set of reforms to improve the safety and quality of nursing home care, hold nursing homes accountable for the care they provide, and make the quality of care and facility ownership more transparent so that potential residents and their loved ones can make informed care choices.

One key initiative within the President’s strategy is to establish new federal minimum staffing requirements so every nursing home has sufficient staff who are adequately trained to provide the safe and quality care residents need. Evidence has shown that adequate staffing is closely linked to the quality of care residents receive. The COVID-19 Public Health Emergency (PHE) has highlighted and exacerbated the long-standing staffing challenges experienced in many facilities, creating an urgent need to address this issue for the well-being of all individuals residing in our nation’s federally certified nursing homes and the workers who care for them.

The Centers for Medicare & Medicaid Services (CMS) has launched a multi-faceted approach aimed at determining the minimum level and type of staffing needed to enable safe and quality care in nursing homes. This effort includes issuing a Request for Information (which occurred earlier this year as a part of the Fiscal Year 2023 Skilled Nursing Facility Prospective Payment System Proposed Rule) and conducting a new study. The information obtained through these efforts will inform future proposed rulemaking on minimum staffing requirements, which CMS plans to issue in Spring 2023. Facilities will be held accountable if they fail to meet this standard.

Are there federal nursing home staffing standards currently in place? Federal law currently requires Medicare and Medicaid-certified nursing homes to provide 24-hour licensed nursing services, which are “sufficient to meet nursing needs of [their] residents” and must use the services of a registered professional nurse at least 8 consecutive hours a day, seven days a week.

Additionally, regulations specify that nursing homes are required to conduct an annual facility assessment, which considers resident needs and staff ability to provide care. In determining what 24-hour services provide “sufficient” staff - meaning registered nurses (RNs), licensed practical and vocational nurses (LPNs and LVNs), and certified nurse aides (CNAs)—facilities must account for individual resident assessments and plans of care, in addition to the facility assessment.

CMS currently posts staffing data for all facilities on the Care Compare website, including resident census data and data on the hours of care provided per resident per day. Some states also have minimum staffing requirements for nursing homes. Despite these existing requirements, understaffing continues to be a concern. For that reason, CMS believes it essential to patient safety that it conduct the new rulemaking to establish more specific, detailed, and quantitative minimum staffing requirements.

What will the staffing study look like? CMS will be conducting a mixed methods study with qualitative and quantitative elements to inform the minimum staffing proposal. Qualitative analysis will include primary data collected during site visits, including interviews, surveys, and observation data in nursing homes. Quantitative analysis will use secondary data, including Medicare Payroll-based Journal (PBJ) data, Minimum Data Set (MDS), and Medicare claims.

This staffing study seeks to help identify a minimum staffing level, which would include RN, LPNs/LVNs, and CNAs, that will establish a threshold below which residents would be at substantially increased risk of not receiving the safe and quality care they deserve. Importantly, this study is on an accelerated timeline and seeks to build on, not replace, previous studies.

By: Pauline Karikari-Martin PhD, MPH, MSN, PHNA-BC, RN Senior Nurse Researcher and Cameron Ingram, MFA Policy Analyst of the Center for Clinical Standards and Quality

2022 Annual Conferene & Chapter Delegates Meeting



2022-2023 FLiCRA Board (from Left to Right): Diane Dalsimer, Immediate Past President; Charles Schneider, Region 4 Director; Hugh Strachan, Treasurer; Ken Shanahan, Vice President; Pat Burdsall, President; Gary Hughes, Region 2 Director; Doug Stather, Region 6 Director; Michael League, Director-at-Large and Dave Bayer, Region 5 Director. **Not Pictured:** Charlotte Cummings, Secretary and Region 1 Director; Chet Janes, Director-at-Large; Richard Greatwood, Region 3 Director; Ray Neff, Region 7 Director and Tom Gire, Region 8 Director.



Above: Keynote Speaker Katherine C. Pearson, Professor of Law, Dickinson Law, Pennsylvania State University.
Left: Bennett Napier, CAE presents Diane Dalsimer with the President's Gavel plaque for her hard work and dedication to FLiCRA.



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Not Going Back: Brookdale, Brandywine, Maplewood, Priority CEOs Prepare for Senior Living’s Uncertain Future Cont.

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Smith added that he thinks the industry will “feel a little bit of pain before we get better.”

But “We’re 95% occupied, and we told our team to stay at that level and increase our rates, try to keep wages and culture at a certain level, and keep a retention to a level that we don’t have to continue to go out and deal with turnover,” Smith said.

“Individuals and their families understand that this is the world we live in - you want great service and great care, and we’re all going to have to make sacrifices.”

Source:

<https://seniorhousingnews.com/2022/09/15/not-going-back-brookdale-brandywine-maplewood-priority-ceos-prepare-for-senior-livings-uncertain-future/>

CCRC FINANCE GUIDEBOOK

FLiCRA chapters can purchase copies of the “CCRC Finances, A Guidebook for Members of CCRC Resident Finance Committees.”

The guidebook is intended to assist interested residents with achieving a basic understanding of their CCRC’s financial position and performance as reflected in its financial statements and other key documents.

Printed guidebooks are available for \$14.90 each and electronic copies are free. Orders can be placed by contacting the FLiCRA Office at (850) 906-9314 or by email at lauren@executiveoffice.org.