



Preparation Tips for CCRC Triennial Examination/Audit

Section 651.105, Florida Statutes, requires the Office of Insurance Regulation to examine the business of a continuing care retirement community at least once every three years. However, OIR has the discretion to examine an accredited community, of which there are 10, every five years. The examination is also known as a triennial audit.

Since a number of members are due for an examination, the purpose of this article is to share the recent experience of a few CCRCs that were audited in 2018.

As has been the case for many years, providers are notified in writing well in advance of an examination. The OIR examination notification letter includes an [attachment](#) listing the records, reports, and accounting transactions that must be submitted electronically to OIR for review. In addition, the following documents were requested on-site while examinations were being conducted over the past year:

- Management Affidavit -- a statement that the CEO or ED did not committed any crimes.
- Unfair & Deceptive Trades Practices Questionnaire – includes disclosure of gifts exceeding \$25 in value to residents and prospective residents.
- Details on any resident(s) discharged or dismissed pursuant to s. 651.061, Florida Statutes, during the time period covered by the examination.
- Copies of all Independent Living rental or other contracts (non-CCRC) utilized during the examination scope period and subsequently. If none, so state.
- Copies of any assisted living and skilled nursing rental or other contracts (non-CCRC) utilized during the examination scope period and subsequently. If none, so state.
- Taxes – Documentation that payments are current for real estate and payroll taxes.
- Insurance policies -- coverage and current status of policies and premium payments for property, liability, Workers' Compensation, and employee health insurance. Expect requests for more information if your organization self-insures.
- Original files for each CCRC contract entered into during the scope period of the examination.
- Original files for each of the contract cancelations/terminations during the scope period of the examination along with any applicable refund documentation (calculation of refund, refund deductions, payment, and refund checks that cleared the financial institution).
- Identify by year and quarter which specific meetings shown on your USB drive relate to the quarterly meetings required by s. 651.085(1), Florida Statutes, (also reportable in the Annual Report Item 14b).
- Explain wait list activity shown on annual reports over the scope period of the examination. Rule 69O-193.002(29), Florida Administrative Code, defines "Waiting list deposit" as any payment made by a prospective resident to a provider for a preferential right to subscribe to a continuing care agreement.
- Copies of AHCA licenses for assisted living, nursing home, other and the most recently completed final reports/inspection results.
- Copies of approved budgets for the years covered by the examination together with the final operating results and associated variances for each of the respective years.
- A copy of the notice provided to residents pertaining to the fee increase that took effect in XX year.
- Documentation of the quarterly meeting discussion prior to the fee increase per ss. 651.085(1) & (4), Florida Statutes, as applicable.

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1812 Riggins Rd, Tallahassee, FL 32308

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- Documentation that required information and disclosures were provided to the Residents' Council or resident, as applicable.
- For each calendar year in the examination scope period, a census and a reconciliation of census changes during the respective year (preferably in excel format). The reconciliation should include: name, age, unit, location (IL AL, SN), type of contract (CCRC, CCRC at-home, lease/ rental, other defined), reason (voluntary move-out, deceased, discharge/dismissal, other defined) and date of status change. If a unit had 2 residents and one moved-out or deceased, please state and provide the details.
- An amended listing of continuing care contracts canceled/terminated during the scope period of the examination. Based upon review and information received included in the initial list provided were residents who transferred (presumably to another level of care) but were still the subject of a continuing care contract and in some instances wherein a surviving spouse was still the subject of a continuing care contract.
- Documentation that refund payments (checks) have cleared the financial institution for the following sample of residents.
- A request to meet with auditors to discuss work papers for audits performed during the period covered by the examination.
- Dates and times for interview availability for the following individuals: Executive Director, Board President, Controller, and CFO.

The CCRC representatives interviewed for this article described the examination as more thorough and longer than in the past (2 ½ to 3 weeks in the community followed by questions afterwards). The biggest challenge noted by one CCRC executive with an examination covering five years was locating files containing documentation for certain disclosure requirements related to marketing that were maintained by staff who are no longer employees of the CCRC. Final reports have not been issued, months after the examinations ended.

We hope the information included in this article will help CCRCs that are due for a triennial audit. If you have any questions or experience something during an audit/examination that you believe would be of interest to other CCRCs, please let Mary Ellen Early know (mearly@earthlink.net; (386) 734-7681). We are following what is happening during the triennial audits closely so we can alert members to any changes in practice.

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