LeadingAge Florida

New Section Created in Chapter 651, F.S., on Expansions of Continuing Care/Life Plan Community

Most of the growth in continuing care/life plan communities (CCRC/LPC) in Florida is due to expansions of established communities that have added independent living units. In spite of the favorable demographics, the number of these communities has hovered around 70 for many years. Although there have been a few new communities, the total number of certified CCRCs/LPCs has been offset by those that have transitioned fully to rentals and are no longer regulated by the Office of Insurance Regulation (OIR).

HB 1033 (Ch. #2019-160 Laws of Florida) consolidates the regulatory requirements for expansions into a new section of law -- s. 651.0246, F.S. The application content has not changed, and the longstanding provision that OIR approval is not required for expansions of less than 20% of "existing units" is retained. (Existing units includes the number of independent and assisted living units identified in a most recent annual report filed with OIR.). However, s. 651.0246, F.S., includes the following two very important changes that were proposed by LeadingAge Florida and incorporated into the new law as a result of our advocacy efforts:

- Allows for expansions of up to 35% of existing units without OIR approval if a CCRC/LPC exceeds the statewide median for days cash on hand, debt service coverage ratio, and occupancy for two consecutive annual reporting periods; and
- Decreases the percentage of "payment in full" requirement for new units from 70% to 50% for the release of escrowed entrance fees.

The statewide median for days cash on hand, debt service coverage ratio, and occupancy is defined as "the median calculated in the most recent annual report submitted by the office to the [Governor's] Continuing Care Advisory Council." The next meeting of the Council is September 19, 2019. Unfortunately, previous annual reports to the Advisory Council did not contain information on days cash on hand or debt service coverage ratio, but we are requesting that the OIR include it in its 2019 report to the Advisory Council.

HB 1033 takes effect on January 1, 2020, but a provider's ability to use the 35% provision could be delayed because the median calculations required to determine a provider's eligibility have not been included in past OIR annual reports to the Advisory Council. This should not affect the lower "payment in full" threshold for the release of escrowed entrance fees.

This article is the fifth in a series of articles on key provisions in CS/CS/CS HB 1033 that will be included in upcoming e-newsletters. If you have any questions or comments, please contact Mary Ellen Early, Public Policy Liaison via phone (386) 734-7681 or email meearly@earthlink.net or Susan Langston, LeadingAge Florida Vice President of Advocacy at (850) 702-0318 or slangston@leadingageflorida.org. To view the first four articles visit www.LeadingAgeFlorida.org.