



HB 1033 Amends Reporting Requirements for Continuing Care/Life Plan Communities

HB 1033 (Chapter No. 2019-160, Laws of Florida) expands the content of required reports for continuing care/life plan communities. The new provisions, which take effect January 1, 2020, give the Office of Insurance Regulation (OIR) additional information to identify and work with communities that may be experiencing financial challenges.

Annual Reports (s.651.026, F.S.) -- In addition to the usual requirements, the annual report must include “management’s calculation of the provider’s debt service coverage ratio (DSCR), occupancy, and days cash on hand (DCOH) for the current reporting period.” Occupancy is defined in s.651.011 (21), F.S., as the total number of occupied independent living and assisted living units, and the total number of skilled nursing beds divided by the total number of units and beds in the community, excluding units and beds that are unavailable to market or that are reserved by prospective residents.

Section 651.026 (10), F.S., as amended, requires OIR to publish on its website by August 1 of each year, the following information for the preceding calendar year:

- The median DSCR and DCOH for all providers;
- The median occupancy rate for all providers by setting, including IL, AL, NH and the entire community;
- Documentation of compliance with examination/audit requirements in s.651.105(1), F.S., including the number of examinations completed, the number for which a report has been issued, and the percentage of examinations completed within the statutorily required timeframe (up to 5 years for accredited communities, 3 years for others); and
- The number of annual reports submitted to OIR and the percentage of such reports that were reviewed to determine if a regulatory action level event occurred. It is important to note that a regulatory action level event can only be triggered using financial and occupancy information submitted in the annual report.

The DSCR, DCOH, and occupancy calculations on the website will be used to determine if a provider that is expanding by up to 35 percent of existing units may do so without OIR approval. The provider must exceed the statewide median for all three metrics for two consecutive annual reporting periods to take advantage of this provision according to s. 651. 0246 (1), F.S.

Quarterly Reports (s.651.0261 (1), F.S.) – Within 45 days after the end of each fiscal quarter, every continuing care/life plan community must file a quarterly report. There are no exceptions for accredited communities. The report must include the following:

- An unaudited financial statement;

- A detailed listing of assets included in the minimum liquid reserve; and
- A calculation of DSCR that we assume will be an average over the preceding 12 months, DCOH, and occupancy.
- If a provider falls below two or more of the thresholds that trigger a regulatory action level event, the filing must include an explanation of the circumstances and a description of actions will be taken to meet the requirements. Should this occur, thanks to the efforts of LeadingAge Florida, a regulatory action level event will not be triggered so a provider will not be saddled with a label that could adversely affect marketing or resident confidence.
- The last quarterly report for a fiscal year is not required if a provider does not have pending a regulatory level event, impairment, or corrective action plan.

Monthly Reports (s.651.0261 (2) and (3), F.S. – Historically, five or six providers have been on a monthly reporting schedule. The criteria for monthly reporting are similar to those that OIR has been using. A monthly report may be required if any of the following applies:

- The provider is subject to:
 - Administrative supervision proceedings;
 - A corrective action plan resulting from a regulatory action level event for up to 2 years after the factors that caused the event have been corrected; or
 - Delinquency or receivership proceedings or has filed for bankruptcy.
- The provider or facility displays a declining financial position.
- A change of ownership has occurred within the previous 2 years.
- The provider is impaired.

The report must be filed within 25 days after the end of each month and must include an unaudited financial statement, a detailed listing of the assets included in the minimum liquid reserve, and “Such other data, financial statements, and pertinent information as the commission or office may reasonably require with respect to the provider or the facility, its directors or its trustees; or with respect to any parent, subsidiary, or affiliate if the provider or facility relies on a contractual or financial relationship with such parent, subsidiary, or affiliate in order to meet the financial requirements of this chapter, to determine the financial status of the provider or of the facility and the management capability of its managers and owners.”

Rulemaking – More detail will be available on reporting requirements after the rulemaking process, including forms prescribed by OIR for filing the reports.

This article is the fourth 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 mearly@earthlink.net or Susan Langston, LeadingAge Florida Vice President of Advocacy at (850) 702-0318 or slangston@leadingageflorida.org. To view the first three articles visit www.LeadinAgeFlorida.org.