



Continuing Care Retirement Community Council
Public Comments

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Introduction

I am Dan Heim, Executive Vice President of LeadingAge New York. Thank you for the opportunity to appear before the Continuing Care Retirement Community (CCRC) Council to provide input on challenges and opportunities for current and prospective operators of CCRCs in New York State.

Founded in 1961, LeadingAge New York is the only statewide organization representing the entire continuum of not-for-profit, mission-driven and public continuing care, including CCRCs, nursing homes, adult care facilities, assisted living programs, home and community-based services, adult day health care, senior housing, and managed long term care plans. LeadingAge New York's nearly 500 members serve an estimated 500,000 New Yorkers of all ages annually.

CCRCs provide a full range of services including independent housing, adult care facility/assisted living and nursing home care to residents in a campus setting as their needs change. While the number of CCRCs has grown considerably across the nation, only 12 CCRCs are currently operating in New York.

Current and Future Demand for CCRCs

There are 62 counties in New York State – only 10 of these counties are home to the 12 CCRCs – leaving nearly 84 percent of New York's counties without a single CCRC.

According to the Ziegler National CCRC Listing and Profile, there are currently 1,954 CCRCs in the United States. The majority – 79.1 percent – of CCRCs are sponsored by not-for-profit organizations.

While there continues to be significant out migration of older adults to warm weather states such as Florida and the Carolinas, older New Yorkers are also leaving the State for neighboring states such as Pennsylvania (with 197 CCRCs); New Jersey (with 27 CCRCs); and Massachusetts (with 31 CCRCs). With only 12 CCRCs scattered throughout New York State, seniors who can afford to pay for this model of care are migrating to neighboring states – where CCRCs are more plentiful – to access services.

The relatively small number of CCRCs in New York State in relation to the potential demand is stark when compared to these neighboring states. There are over 200,000 New Yorkers, aged 65+, for each CCRC in the State. Compare this with Pennsylvania, which has a CCRC for about every 10,000 residents aged 65+ and Connecticut, New Jersey and Massachusetts, which have CCRCs for about every 30-40,000 aged 65+ persons. For the 85+ population, there are over 30,000 New Yorkers for each CCRC in New York State and only about 1,500 individuals, aged 85+ in Pennsylvania for each CCRC. Connecticut, New Jersey and Massachusetts have a CCRC for about every 4,500-6,500 aged 85+ persons.

Even excluding Pennsylvania from these comparisons, the population figures suggest that New York State should have 6-7 times the number of CCRCs currently operating here.

Zeigler, a national full-service investment bank that specializes in CCRC financings, explained in its 2015 National CCRC Listing and Profile why there are such major differences in the number of CCRCs among states (note that the term “Life Plan Communities” is a new name for CCRCs):

“There are a number of reasons why a particular state may be higher or lower in their number of retirement communities. In addition to drivers such as state population and parts of the country where the concept of retirement living was founded (e.g., Philadelphia), a state’s regulatory environment has a great deal to do with the number of Life Plan Communities in existence. Some states have been much more receptive to the development of Life Plan Communities over the years, Pennsylvania for example, *while other states such as Maryland and New York, present significant barriers to new community development*. Some parts of the country also have limited land capacity for additional development or have land that is cost prohibitive for many organizations.

Why aren’t more of these communities being developed in New York State? New York’s statutory and regulatory oversight of CCRC establishment and ongoing operations is burdensome, adding significant time and cost to establishing a community and operating it on an ongoing basis. State law, regulation and day-to-day oversight must be revised to encourage additional development of CCRCs, while continuing to protect the interests of residents and improving the operation of existing communities.

The market for CCRCs is expected to expand as baby boomers age and begin planning for their retirement, resulting in the potential for additional job creation and a brighter economic future for the State. However, without increased CCRC development, many of New York’s seniors will leave the State and spend their assets and income elsewhere.

CCRCs as Economic Drivers

CCRCs, in addition to providing quality care and multiple services on one campus, create jobs and significant economic development opportunities for local communities. In a fiscal climate that calls for encouraging increased economic development and reduced public spending, additional CCRC development in New York State would meet both of these important goals:

- Residents and employees of CCRCs spend their income in the community, contributing to the economic growth of local communities and to the State. Direct expenditures within the CCRC are multiplied as these income expenditures translate into income for businesses and individuals in the community.
- Residents invest their assets and income in the community for their residential and health-related needs, which in turn obviates or significantly delays the need to rely on the State/local funded Medicaid program to cover such costs.

While New York's CCRCs differ in terms of size, structure, amenities and location, each of them has two economic features in common:

1. Based upon 2014 information, each CCRC annually generates between \$10 and \$50 million in economic activity within its region; and
2. Each CCRC directly supports between 100 and 300 jobs, and indirectly supports additional employment through secondary economic activity.

Collectively, New York's CCRCs generated nearly \$500 million in economic activity to the State in 2014 and directly/indirectly supported well over 2,000 jobs.

New York, bountiful in land, workforce, financial capital and creative potential, is in need of additional CCRCs; however, the State is falling behind and missing out on the multi-million-dollar economic development opportunities. With a more progressive regulatory and development environment, the CCRC model could become more widely available and affordable to New York's seniors; create thousands of good-paying construction and ongoing jobs; and generate millions of dollars of economic activity for the State and its local communities.

Enact CCRC Revitalization Legislation

LeadingAge New York has begun to educate State policymakers and lawmakers on the need to eliminate barriers to the development, expansion, and efficient operation of CCRCs in New York, while preserving vitally important resident protections. We believe that comprehensive statutory and regulatory reforms are needed in order to modernize outdated provisions of Public Health Law Articles 46 and 46-A, and eliminate barriers to the development, expansion, and efficient operation of CCRCs in New York. Among the reforms we are advancing are the following:

- ***Streamlining Approvals:*** Establish clear guidelines and timeframes to process applications and approvals and ensure staff resources to evaluate these requests in an efficient manner;
- ***Single Contract:*** Clarify that the CCRC residency agreement is the single contract covering all services provided by the community to streamline State surveillance and oversight;
- ***Outside Admissions:*** Clarify standards for "outside admissions" to ensure CCRCs can meet their actuarial revenue projections. When assisted living/nursing home beds are first opened, there may be vacancies and CCRCs are allowed under certain circumstances to admit individuals from outside of the community;
- ***Unnecessary Requirements:*** Identify statutory requirements that do not exist in other states and that make the establishment and operation of CCRCs in New York unnecessarily complex and expensive;

- ***Efficient Use of Entrance Fees:*** Allow use of up to 85 percent of residents' entrance fee deposits for the cost of acquiring, constructing, and equipping the facility;
- ***Investment of Reserve Funds:*** Modify existing regulatory requirements to enable CCRCs to realize prevailing market returns on their invested reserves, while preserving the security of these funds;
- ***Supplemental Medicare Coverage:*** Require that residents have supplemental coverage for Medicare Part A coinsurance amounts payable for post-hospital nursing home care; and
- ***Cost-Effective Financing:*** Convene a workgroup to make recommendations to lawmakers, DOH and the CCRC Council on creating affordable financing options for the development of additional CCRCs in New York State.

Conclusion

LeadingAge NY and its membership remain dedicated to ensuring that the State's existing CCRCs can continue to offer high quality housing and health services, meet their current and future financial obligations to residents, provide for needed upgrades to facilities and programs, and be responsive to their residents, employees, communities and regulators.

As the association representing the State's CCRCs, LeadingAge NY looks forward to working with the CCRC Council and relevant State agencies to advance CCRC policy here in New York State. Thank you again for the opportunity to comment.