



Independent Living & Continuing Care Retirement Community (CCRC) Evaluation Kit



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Independent Living: What to Expect from Retirement Communities

For many seniors, the thought of leaving their homes to move into a retirement community is unsettling. It is widely assumed that the only other option when moving out of one's home is to move into a nursing home. Adult children, also unaware of the range of choices, often put off discussions of moving parents into a senior living community due to the misconceptions associated with “nursing homes.” However, this does not have to be the case. Never before have there been so many choices and solutions for retired seniors looking to make a move.

What is often overlooked is the fastest growing option in senior living: independent living communities, which are also called retirement communities. Independent living communities offer a solution for seniors looking to simplify their lives, but who do not



necessarily need the individual attention found in nursing or assisted living homes, including medical or personal assistance with [everyday tasks such as bathing, dressing and medication management](#). In most independent living communities, residents care for themselves, but are able to enjoy a simplified lifestyle—free from everyday worries and chores such as cooking, cleaning, driving, or home maintenance.

While every independent living community is different, many of the leading providers feature communities that offer the following:

- ❖ chef-prepared meals made daily
- ❖ activity and wellness coordinators that plan numerous events for the community
- ❖ weekly housekeeping and linen service
- ❖ local transportation services
- ❖ suites that include kitchenettes or even full kitchens
- ❖ live-in management and/or 24-hour security
- ❖ chapel services
- ❖ travel programs
- ❖ on-site barber shops and beauty salons
- ❖ a concierge service
- ❖ and more

Management staff generally keeps a watchful eye over residents, and in most communities there is 24-hour staffing and building security. In an independent living community, residents maintain their independence, living in a private suite, coming and going as they please, and making the choices that are right for them.

Paying for Active Retirement Communities



Independent living communities are private pay. Some require an entrance fee, also called a “buy-in” fee, while others merely require a month-to-month all-inclusive rent payment. Depending on the community's individual rules, you may be able to [hire in help](#), such as a caregiver, and manage these services on your own.

The cost of an independent facility is generally quite a bit less than assisted living or nursing homes—and may be less expensive than living at home. Prices range widely, depending on the size of the suite and the services offered by the community. When you take into account the items and services that are provided for the price of residency at an independent living community, the cost may actually be less than that of maintaining a home.

In order to figure out how to pay for an active retirement community you should consult a financial planner and factor in what your costs of living are now, what they would be in a retirement community, while also keeping in mind what your long-term care financial needs may be. Gilbert Guide can help you navigate through this (at times) tricky territory.

How to Find the Right Active Retirement Community for You

So, where do you go from here? Good research is critical—begin early. Gilbert Guide provides a [national database of independent living communities](#). Also take a tour of local retirement communities. Find out what amenities they offer. Ask to have a complete cost analysis up front, with every charge detailed—be wary of any extra fees or hidden costs. You may even want to ask for a trial stay. Most independent living communities will be happy to have you stay as a guest for a night or two, in order to get a better idea of what the lifestyle and environment is truly like within the community.

Talk over the options with family and friends. Moving is never an easy decision and should not be done hastily. Once you've found the right place, contact the administration and let them know you are interested. Many have waiting lists, so it is wise to get on that list, even if you're not quite ready. The most important aspect of this process is to make the choices that will make you the happiest. Examine what is important to you, investigate the options thoroughly, and then pursue the path that best suits your own personal wants and needs.

Continuing Care Retirement Community (CCRC) Explained: What They Are, What to Expect & How to Find One

What They Are

A CCRC, also referred to as a life-care community, combines residential accommodations with health services. The purpose of a CCRC is to allow residents to receive the appropriate care across a continuum, from independent living to assisted living and skilled nursing care, as their needs change, without having to leave the retirement community. This ensures that residents will be cared for through end-of-life. CCRCs usually



charge residents an entrance fee as well as a monthly payment. The entrance fee may include the cost of purchasing a unit, or it may be a one-time fee in order to join the community.

What to Expect

Continuing care retirement communities span a continuum of care according to the needs of senior residents. Services range from assisted living (which provides some housekeeping, social activities, supervision and assistance with basic activities like personal hygiene, dressing, eating and walking) through skilled nursing care for seniors requiring medical care prescribed by a physician. CCRCs usually charge residents an entrance fee as well as a monthly payment. The community provides housing and defined long-term care services for the life of the resident. Residents may select different options, which are noted in their contracts.

Paying for a CCRC

Paying for a CCRC is decided by the level of care that you require, and where you reside, from independent living to assisted living and skilled nursing care. In independent living, the only option is private payment. Assisted living is not covered by Medicare, Medigap, Managed Care and Medicaid, but is covered by certain long-term care policies (LTCI) and Veterans Benefits. Skilled nursing is covered by Medicare, Managed Care, Medigap, Medicaid, long-term care insurance (LTCI) and Veterans Benefits.

[Read a detailed description of all types of reimbursements.](#)

Finding and Assessing a CCRC

Gilbert Guide provides [national CCRC listings](#) along with information on how to assess assisted living and skilled nursing sections so that you can find a CCRC that will best fit your needs both now and in the future.

CCRC vs. Life Care: Which Contract is Right for You?

The burgeoning senior care market has introduced a slew of new concepts and terms that are easily confused. Many people believe, for example, that life care and continuing care communities are the same thing, and they use these terms interchangeably. However, life care is actually a subset of continuing care. While the offerings may look similar at a glance, don't be fooled. Let's take a look at the differences between the two, beginning with continuing care retirement communities (CCRCs).

CCRCs vs. Life Care Communities

CCRCs offer contractual agreements to people sixty years or older, providing them with a continuum of services, usually on the same campus. These services include independent living, assisted living, skilled nursing and sometimes memory care. Although all CCRCs offer a continuum of care, some rely on contracts with other care providers to administer the higher levels of care, which may be located off campus. This



means that residents who move in at the independent or assisted living levels would have access to higher levels care as their needs progress, but they may need to move off campus to access those services. Most contracts require payment of an entrance fee (sometimes referred to as a “buy-in” or “purchase” fee) and monthly fees. Some contracts include the purchase of real estate (i.e., the resident’s apartment within the community), which can be willed or deeded to an heir just like any other real estate purchase. However, not all contracts involve the purchase of real estate. Under these terms, the seniors would become residents of the community, but would not own any real estate under the contract. Buy-in or entrance fees can range from \$10,000–500,000+.

Life care communities provide the same continuum of care to a resident for life, but the biggest difference is this: **residents who become financially unable to pay their monthly care fees will be subsidized by the community, with the same access to services, and with no interruption in care or change in priority status.** In other words, residents are guaranteed the same quality of care and access to care from day one through end-of-life, regardless of their personal financial situation. In addition, most life care communities offer all health care services on the same campus. The idea is that, after qualifying through a health and financial application process, residents will never have to move again, except between levels of care as needed. So, for example, a resident may be required to move from assisted living to skilled nursing as his or her care needs progress, but the new place of residence will be on the same campus. However, certain states allow life care communities to provide skilled nursing services off campus as long as it is under the ownership and supervision of the life care provider, and not through a contract agreement. There is one other significant difference. In a life care community, residents do not own real estate under their life care contract. Upon a resident’s death, the apartment (or room) that he or she occupied reverts back to the community.

Because there is no federal agency that governs CCRCs and life care communities, the terminology and requirements vary from state to state. However, the easy way to distinguish between a life care community and a CCRC is by the contract type: Type A is considered life care; Types B and C are considered continuing care.

The Contract Types: A, B & C

In general, there are three types of continuing care contracts: Type A (Extensive or Full Life Care), Type B (Modified or Continuing Care) and Type C (Fee-for-Service). Each contract type involves a different degree of risk to the resident and the community. The highest level of risk is assumed by communities with a Type A contract and the lowest with Type C. The opposite is true for residents, where Type A is the lowest risk and Type C is the highest. Each contract type has different fee structures, which correspond to the levels of risk assumed by either party. Some continuing care communities offer only one

type of contract, so contact the community you're interested in to see which one(s) it offers. Here's an overview of how each contract operates:



Type A: Extensive or Life Care Contract

With this type of agreement, consumers assume the least amount of risk, but pay top dollar. A Type A contract provides housing, services and amenities, and unlimited access to long-term

nursing care at little to no additional cost, apart from periodic inflationary increases. The higher initial fee is based on the assumption that these residents may require—and utilize—higher levels of care as their needs develop over time. This can add up to substantial savings over a resident's lifetime, considering that Medicare does not cover custodial nursing care, which currently runs \$250+ daily, for a private room in a nursing home. In addition, the prepayment of future health care costs qualifies these residents for significant tax benefits (the IRS medical deduction). Typically, residents must maintain a minimum level of Medicare coinsurance.

Who it's good for: People who want to ensure that all of their health care needs will be covered for the remainder of their lifetime.

Type B: Modified or Continuing Care Contract

A Type B contract also provides housing, services and amenities, but access to long-term health care and nursing services is restricted to a specified number of days. After that, the resident is responsible for any additional care costs incurred. Some contracts allow residents to pay for the additional care at a discounted rate once they have utilized the care included in their contract. Just as with a Type A contract, residents are eligible for the IRS medical deduction.

Who it's good for: People who are able to pay for the costs of care not covered through their contract, and those who do not expect their health care needs to increase significantly over time.

Type C: Fee-For-Service Contract

With a Type C contract, access to health care is guaranteed, but residents must pay the full cost of the services they use. Under this type of agreement, residents receive housing, services and amenities as defined in the contract. Some communities do not charge an entrance fee for Type C contracts, instead charging only a monthly fee. However, other communities do charge an entrance fee, with the funds subsidizing a resident's assisted living or skilled nursing care. If the cost of care exceeds the funds obtained from the entrance fee, then the resident would be charged for the full cost of any services utilized. This can happen if a resident requires extended skilled nursing care. For those who require higher levels of health care later on, the cost can be extremely high. At a daily rate of \$250, nursing home care costs escalate rapidly, creating a major financial burden for residents without long-term care insurance or considerable financial resources. Residents do not qualify for the IRS medical deduction under a Type C contract.

Who it's good for: People who are willing to assume the full risk of health care costs.

Benefits of Continuing Care

Continuing care grants residents convenient access to most of the services that they require, all in one place. With the exception of a Type C contract, the cost of those services is included in the fees they pay under their contract. Although health care constitutes the basis of the contract, it's certainly not all about health care. Let's take a look at what's included under a typical continuing care agreement:

- ❖ Access to an on-site doctor by appointment, five days a week.
- ❖ House calls during an illness to assess the condition.
- ❖ Meal delivery during the illness.
- ❖ Daily van service to an off-campus hospital.
- ❖ The option to retain services under a separate medical plan, with certain provisions.

- ❖ Three meals a day, weekly housekeeping, and laundered linens and towels.
- ❖ Access to banking services, recreational outings and numerous on-site activities.

Regulatory Conditions

Although CCRCs and life care communities are highly regulated in some states, there is no federal agency that oversees these types of retirement communities. However, there is a system of checks and balances in place to protect the consumer. Here's how it works. Life care providers must submit audited financial statements and reserve reports, usually to the state Department of Social Services, on an annual basis. Various financial and reserve requirements are mandated by continuing care contracts statutes, to help ensure that providers will have sufficient financial resources available to meet future obligations to residents. This is so that residents will be protected from any financial difficulties that may affect the life care provider. Providers must recalculate reserves each year. If the Department of Social Services determines that a provider is in unsound financial condition, it will exercise its statutory authority to require that corrective measures be taken.

The following worksheet will give you an idea of the basic cost differences between what staying in your home will cost versus moving into an active retirement community—based on both yearly and monthly fees. Make sure to consult a professional before making any major financial decisions.

INDEPENDENT LIVING COST COMPARISON



MONTHLY COSTS	Staying at Home	Staying at Home Notes	Independent Living	Independent Living Notes
Utilities (electric, gas, water, sewer, garbage)				
Food: Groceries, Restaurants				
Phone, Internet and/or Cable				
Housekeeping				
Transportation (Auto, Maintenance, Gas, Cab)				
Social Activities (club memberships, local events)				
Total Monthly Costs				
YEARLY COSTS	Staying at Home	Staying at Home	Item	Independent Living Costs
Housing	Mortgage Payments		Capital Gains Tax for Sale of Home	
	Property Taxes		Rent/Monthly Fees x 12	
	Homeowners or Other Insurances		Auxiliary Fees (community and/or entrance fees)	
	Maintenance (gardening, handymen. etc.)		Moving Costs	
Annual Maintenance Cost	Future Maintenance Costs (new roof, plumbing, home modifications for aging)			
Total Yearly Costs				