

**DEPARTMENT OF SOCIAL SERVICES**

744 P Street, MS 10-90, Sacramento, California 95814



**California Department of Social Services  
Continuing Care Advisory Committee  
Meeting Minutes  
February 13, 2007**

The Continuing Care Advisory Committee (Committee) met at The Covington, 3 Pursuit Road, Aliso Viejo, California. The meeting convened at 10:00 a.m. Members present were: Tom Stringer (Committee Chair), Charles Lamb, Marilyn Oliver, Jack Patton, Barbara Hood and Bernard Werth. Department staff present from the Continuing Care Contracts Branch included: John Rodriguez, Linda Smith, Allison Nakatomi, Annette Kite, Rea Osborne, Ahmad German, and Bob Thompson from the Legal Division. Attending from the public were: Mort Swales, Marty Tamburrano, Dave Johnson, Daniel Nalor, Art Christman, Ross Roskamp, Michael Gamet, James Gruanke, Josh Johnson, Eric Dowdy, Matthew Neeley, Thelma Valdez, Tina Yslas, Michael Bosak, Jack Cumming, Joseph Keenan, Norman Eichberg, and Jim Gleason.

**GENERAL ADMINISTRATIVE DUTIES**

The Committee Chair welcomed everyone to the quarterly meeting at the Covington. He thanked Josh Johnson, the Executive Director, for hosting the meeting at his facility.

Mr. Rodriguez reported that over the past year he met personally with each committee member, and these meetings were very productive. The meetings assisted him and staff in strategizing a to frame the issues that were raised. He stated that he intends to continue these individual meetings again this year. He also reported that a majority of the member's terms have expired, but we will continue to move forward with the Committee membership as it is.

**Approval/Correction of September 6, 2006 Advisory Committee Minutes**

Mr. Stringer asked the Committee members if there were any additions, deletions, or corrections to the minutes. No changes were made and the minutes of the September 6, 2006 meeting were approved as written.

**OLD BUSINESS**

**Final Update on P.E.O. Home Closure**

Mr. Thompson gave a brief update on the P.E.O. Home closure. He stated that it had been discussed in great detail at the last meeting. The final remaining residents were relocated in December and the facility was closed on December 8, 2006 and the Certificate of Authority was surrendered. The facility was put on the market and is tentatively in escrow and the closure was successful.

## NEW BUSINESS

### Reviewing the Financial/Managerial Condition of CCRCs and Providers Who Operate Them: Draft Actuary Standards of Practice (ASOP) for CCRCs

Ms. Oliver reported that the ASOP adopted in 1994 is now in the process of being revised. It is being released as an exposure draft with comments due by April 30. Comments received will be reviewed and, depending on the materiality of the comments received, a new exposure draft may be issued or the current exposure draft with minor changes may be issued in final form. The effective date of the standard is four months following adoption by the Actuarial Standards Board.

Ms. Oliver reported on the changes from prior ASOP which include:

1. Written more conceptually so will more easily accommodate the wide range of actuarial projects being performed and future changes in the CCRC environment.
2. Updates for areas not addressed by the prior standard such as special issues relating to for-profit and equity or cooperative CCRCs and benevolence funds and financial assistance subsidies.
3. Expands and clarifies disclosure requirements.
4. Updates definition of Satisfactory Actuarial Balance
  - a. Retains the current three conditions:
    - i. Adequate Resources for Current Residents (Actuarial Balance Sheet).
    - ii. Adequate Fee Structure for a Cohort of New Residents (Cohort Pricing Analysis).
    - iii. Positive Projected Cash and Investment Balances (Cash Flow Projections)
  - b. Retains requirement that all 3 conditions be fulfilled.
  - c. Modifies cash flow requirements to reduce minimum period to 10 years, but requires that "the actuary should choose a projected period that extends to a point at which, in the actuary's professional judgment, the use of a longer period would not materially affect the results."
5. Adds items helpful to practitioners.
  - d. More definitions of terms.
  - e. Specific examples incorporated in many definitions.
  - f. Clearer wording.

Ms. Oliver requested comments from interested parties and the Committee by April 30.

Mr. Jack Cumming reported that he recently moved into Carlsbad by the Sea and he is very interested in the CCRC area. He has been an actuary since 1964 and is a member of the American Academy of Actuaries. He stated that there are few actuaries in the industry and that there are actuarial elements in every aspect of CCRCs. He expressed his concern that there were no CCRCs residents on the task force that developed the draft ASOP.

**Furnishing Information to Consumer of Continuing Care:  
Aging Services of California Public Policy Forum**

Eric Dowdy, Associate Director of Aging Services of California, gave a briefing on the Public Policy Conference which was held in Sacramento. The conference had 396 attendees with 25 residents present. The conference was very productive and they scheduled 108 legislative visits as a part of their annual lobby days. Mr. Dowdy thanked Mr. Rodriguez and Mr. Thompson for their presentations at the conference. Mr. Thompson presented two sessions which included a mock transfer review session and a transfer review update. Mr. Dowdy reported the hot issue at this conference was compliance with SB 244 and the paper trail that is needed for a legal transfer.

Mr. Dowdy also talked briefly about Continuing Care at Home. Continuing Care at Home is: A service delivery system where seniors receive specified care and services in his/her private residence and typically (not necessarily) receives future care at a CCRC or MLRC. The services are targeted to the moderate-income level who are charged a monthly fee which may involve a lump-sum payment. He discussed how this system would benefit seniors and providers, and the need for legislation, and the contents of the legislative proposal.

Mr. Dowdy reported the Aging Services of California's Annual Conference is scheduled for May 8-9 in Monterey. He invited interested parties to send their registration forms in as soon as possible.

**Improving the Continuing Care Statutes and Facility Management:  
Scripps/Episcopal Home Communities Merger**

Mr. Graunke gave the history of the merger between Scripps Home and The Episcopal Home's Kensington. It involved two vintage organizations: the Scripps Home is 96 years old, and the The Episcopal Home is 83 years old.

The Scripps Home is an unaffiliated community in the Pasadena area and has served services to lower income people on a contractually secure basis. Scripps Home has had a successful operation over the nine decades that they have existed and that has occurred for a number of reasons which include: they have had charitable support from the Pasadena area, they are debt-free, and the land was donated by William A. Scripps. Scripps was pretty successful up until September 11, 2001 and in its aftermath a number of things occurred. At this time the Board of Directors of Scripps looked at the situation very realistically and realized that Scripps had to come up with some strategic answers to the situation. One direction they looked at was the opportunity for affiliation or merger potentially with other entities. They considered a number of other entities as candidates for that kind of merger/affiliation.

Mr. Graunke met with Ms. Tambarrano and discussed a possible affiliation with Episcopal Home's "The Kensington". Physically located 7 ½ miles apart, The Kensington and

Scripps Home share an overlapping service area. The Episcopal Home Board, like the Scripps Home Board, has a very strong commitment to charitable care and a large amount of uncompensated care for lower income people. The two organizations had some very parallel challenges. The two management groups began exploring the wisdom and feasibility of the merger. They met with the two board chairs, and the CDSS. Both boards voted in November to enter into a binding merger. That merger was adopted.

Mr. Graunke discussed the transition of the merger and the process involved. When the board made the decision to explore the merger, they realized they needed to communicate to their residents about the process and what it might mean for them. They held meetings with their residents, their families, and staff to discuss the process, and they provided tours. Twenty seven residents have moved from Scripps to The Kensington. He has met with each resident who has moved and he has been getting positive reports from them. They put a lot of resources into the planning of the move, and now they are turning their attention to transferring the skilled nursing residents from the Scripps to the Kensington.

Marty Tamburrano discussed how the transfer was handled from The Episcopal Home's viewpoint. She stated that she was the Executive Director at the Claremont Manor during the Front Porch merger and she witnessed the process that took place over several years. The merger with Scripps became very highly visible in the community. The Kensington campus had struggled with occupancy levels for 15 years. It is located in an area in Alhambra on a 12-acre site, the land is worth a great deal, and it is surrounded by a multiplicity of ethnicity and many poor people. They found that over the years the occupancy level continued to decline. A variety of efforts on their part was not succeeding there. In 2005 they asked their Board to develop a strategy. The Kensington has small studio apartments with 210 square feet and tiny bathrooms. This campus was falling down physically and would need to be relocated to another area or rebuilt. They did not feel they could build a new CCRC in that area because of the demography. In early 2006 the Board made a decision to sell the northerly 40 percent of the campus. When they were seeking buyers, Episcopal Homes needed a new site and Scripps offered it. Together they will create a new CCRC in Altadena.

The previous decision to sell off 40 percent of The Kensington's campus put them in a mode of downsizing. They stopped taking new residents, and hope by June they will have created enough vacancies to absorb all of the Scripps independent living and assisted living residents. Moving skilled nursing facility residents from Scripps will occur at the end of summer. Plans are now to operate the Kensington, which is being renamed the Scripps-Kensington on March 1, and will continue to operate for another three years. AT that time they will begin downsizing and begin funding the new community in Altadena at the former Scripps site. When the new facility is completed they plan to subsidize 40 SSI recipients who can not afford to live in CCRCs. The entire process will take at least five years. The average age of residents on both of the campus is 87 years old. Ms. Tamburrano reported that there is still a lot of work to be done, but so far the transition is going well.

## **The Green House Project**

Matthew Neeley gave an overview of the Green House® Project which is a new initiative to transform long-term care. The Green House model is a de-institutionalization effort that restores individuals to a home in the community. It combines small homes with the full range of personal care and clinical services expected in high-quality nursing homes. Green House homes typically are licensed as nursing homes but may be created under assisted living regulations under certain circumstances. The Green House model of elder care is a total re-envisioning of a nursing facility. The program creates an intentional community to support positive elderhood. To achieve these goals, the model changes the architecture, organizational configuration, staffing patterns, and the philosophy of care.

The essence of the Green House Model:

- It is a self-contained residence, designed like a private home; it houses 7-10 elders, each with his or her own bedroom and full bathroom. The physical space is not meant to be “homelike” but to be a home.
- Specially trained universal workers (with core training as certified nursing assistants) staff each residence and provide a wide variety of assistance, including: personal care, activities, meal preparation and service, light housekeeping, and laundry. The elders and workers are the primary decision-makers for each community.
- Each Green House home is supported by a clinical support team that includes nurses, social workers, activities experts, therapists, a medical director, nutritionists, and a pharmacist.

Within this general structure, many variations are possible. The home can vary in size, physical design, amenities, and operational structure. Some houses may be built on a long-term campus; others may be in a residential community. A slide show was presented to the audience.

Mr. Stringer on behalf of the Committee, thanked Matthew Neeley, James Graunke, Marty Tamburrano, Eric Dowdy, Marilyn Oliver and Jack Cumming for their presentations at the meeting. He stated that the presentations were very informative and helpful for the Committee to receive input on what is happening in the industry and getting new ideas. He expressed his appreciation for their time and efforts.

## **CALIFORNIA DEPARTMENT OF SOCIAL SERVICES BRIEFING**

Mr. Rodriguez introduced Ahmad German, the Branch’s new financial analyst. Mr. German will be assisting with financial reviews, analyzing the auditor’s reports, and preparing the financial analyses.

Ms. Nakatomi presented an update on the 2006 Year End Report (attached) and the 2006 Complaints Summary (attached).

Ms. Smith presented a draft of the 2006 Annual Report to the Department on the Activities of the Continuing Care Advisory Committee (attached). She asked the Committee to provide any comments to her by the end of February so the report can be submitted to the Director of the Department of Social Services.

Ms. Smith reported on the Continuing Care Provider Fee Fund Update. She stated that the balance of as of December 31, 2006 was \$1,848,000. Nearly \$32,000 of that amount was interest earned during 2006. One of the reasons for the balance increase was vacant positions and some part-time staffing. An RFP for a Marketing Consultant is in the process and will encumber an additional \$200,000. Another RFP for Financial Consultants will encumber another \$400,000. There was also an increase in applications last year so more consultant fees will be used this year. All these factors will equalize the balance. Mr. Stringer stated that he appreciated this report and it reassures the Committee that the fund is accruing interest from the State

#### **NEW MATTERS UPON REQUEST BY PUBLIC ATTENDEES**

Mr. Lamb called attention to the Panel on the Nonprofit Sector that has been working with the U.S. Senate Finance Committee. He reported that this is the principle for self-regulation improvement and they closed comments on February 2. Their recommendations are divided into four categories: legal compliance, governance, financial oversight, and fund raising. This is a very high level panel, there are no residents on the panel, and none of the Committee members are on the panel. He wrote to everyone in California who is on the panel inquiring whether they needed any assistance, and offering assistance from the Committee. He requested that the Committee monitor this item, and stated that it should be an action item for future discussion.

#### **ADJOURNMENT**

There being no further new business, the meeting was adjourned.