



To: Continuing Care Retirement Community (CCRC) providers

From: Company Licensing Division, Pennsylvania Insurance Department (Department)

Re: Website financial disclosure summary form

Effective July 31, 2019, CCRC providers will have the **option** of completing an online summary of key data from annual financial disclosure statements. Completion of the form is voluntary and does not substitute for the statutorily mandated full financial disclosure statement that is due annually four months after the end of your fiscal year. The data submitted on the summary should be the same as what is contained in the full financial disclosure statement, for the same fiscal year. Occupancy, fee rates, and all other data should be determined as of the last day of the fiscal year.

This uniform, one-page summary will allow prospective CCRC residents to more easily compare multiple facilities. Below are instructions on completing the form online. Providers with multiple facilities should complete a separate form for each facility.

The form will be available on the Department's website at: insurance.pa.gov. Once on the site, click Companies, Filing Requirements, Continuing Care Retirement Community. Scroll down to the "Additional Information" section. Here, click the link for "Disclosure Statement Summary."

Contact Information

Use the name of the facility and provider as printed on the certificate of authority that was issued upon licensure. If a fictitious name is used for "doing business as" (d/b/a), it should be on file with the PA Department of State. The address should be a street address for the facility, and the phone number should reach the admissions office.

Occupancy

Please indicate the number of units in each of the levels of care and the number of residents living in those units on the last day of your fiscal year.

Self-description

This text box is available for you to highlight special features or amenities that distinguish your facility. There is a limit of 5,000 words to the amount of text that may be entered, but please note that only about 200 words will be visible without scrolling.

Fees

Provide the lowest and highest available entrance fees, with corresponding monthly fees for independent living units. If a different payment scheme is utilized, please provide an explanation in the self-description.

Financial Information

Indicate the year the facility initially opened. If substantial renovations or additions have been more recently completed, use the self-description text box to explain.

The fiscal year end date should indicate the day on which the supplied data was accurate.

The source of financial information used to calculate the ratios “number of days cash on hand” and “debt service ratio” should be from the same financial statement information contained in the full financial disclosure statement, for the same fiscal year.

Number of Days Cash on Hand

Number of days cash on hand is the number of days that your facility can continue to pay its operating expenses, given the amount of unrestricted cash and cash equivalents available.

The amount of unrestricted cash and cash equivalents used in the calculation should correspond to the amounts recorded on your balance sheet (for-profit) or statement of financial position (nonprofit) as of the last day of your fiscal year.

If your organization is for-profit, the amount of operating expense used in the calculation should correspond to the operating expenses recorded on the income statement (for-profit) less all non-cash expenses (usually depreciation and amortization) for the entire fiscal year. If your organization is nonprofit, the amount of operating expense used in the calculation should correspond to unrestricted operating expenses recorded on the statement of activities (nonprofit) less all non-cash expenses (usually depreciation and amortization) for the entire fiscal year. In each circumstance, the annual operating expense value should then be divided by 365 to determine the amount of cash outflow per day.

The formula is:

$$\text{Cash on hand} \div ((\text{annual operating expenses} - \text{annual non-cash expenses}) \div 365)$$

For example, if your facility has annual operating expenses less non-cash expenses of \$7,300,000, divide \$7,300,000 by 365 to find that daily operating expenses equal \$20,000. If \$4,000,000 of cash is available, the facility would have 200 days cash on hand.

Debt Service Coverage Ratio

The debt service coverage ratio measures the relationship between operating income and all debt obligations.

If your organization is for-profit, the amount of income used in the calculation should correspond to the net income recorded on the income statement(for-profit) less interest expense, taxes, depreciation and amortization for the entire fiscal year. If your organization is nonprofit, the amount of income used in the calculation should correspond to the change in unrestricted net assets recorded on the statement of activities (nonprofit) less interest expense, depreciation and amortization for the entire fiscal year.

Debt obligations include all interest expense, principal payments on debt, and any capital lease payments.

The debt service coverage ratio is calculated by dividing operating income by total debt obligations.

For example, if your facility generates \$10,000,000 of net operating income annually and needs to make debt payments of \$8,000,000, the debt service coverage ratio would be 1.25.

Contract and Refund Options

“Contract Options” refers to the level of health-related services that are included in the entrance fee and monthly fee. Check “Extensive” if your facility offers life care or Type A contracts, where the monthly fee does not increase when the level of provided care increases. Check “Fee for Service” when health-related services are paid for separately on a “pay-as-you-go” basis (Type C contracts). Check “Modified” if a limited amount of health-related services are available without an increase in the monthly fee (Type B contracts).

“Refund Options” refers to the policies by which entrance fees may be – or may not be – refunded.

Because of the great variability of contract and refund options among facilities, a text box has been provided to allow facilities to indicate exactly what options are available.

Other

Check those items which are applicable to your facility.

Questions?

If you have any questions, please do not hesitate to contact Karen Feather at kfeather@pa.gov or (717) 214-4113.