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**California Department of Social Services
Continuing Care Advisory Committee
Meeting Minutes
July 13, 2009**

The Continuing Care Advisory Committee (Committee) met at University Retirement Community at Davis (URCAD), 1515 Shasta Drive, Davis, California. Members present included: Charles Lamb, Mary Beth Tompane, Kathy Kirchhoff, Marilyn Oliver, and Bernard Werth via telephone. Tom Stringer, Jack Patton and Barbara Hood were absent. Staff attending from the Continuing Care Contracts Branch (CCCB) included: John Rodriguez, Linda Smith, Paramjit (PJ) Judge, Lan Jaduram, and Rea Osborne. DSS's attorney for the Branch, Robert Thompson was also present. Public attendees included: Walt Rozette, Betsy Donovan, Greg Bearce, David Reimer, Jim Johnson, Ron Ridley, Fred Anderson, Kevin Gerber, Eric Dowdy, and several other residents from URCAD.

GENERAL ADMINISTRATIVE DUTIES

Mr. Lamb called the meeting to order at 10:00 a.m. and welcomed everyone. He reported that Tom Stringer could not attend the meeting and he thanked the staff from URCAD for graciously hosting the meeting. Mr. Lamb stated that Bernard Werth would be attending the meeting via conference call. He also reported that Marilyn Oliver would be late and once she arrived, there would be a quorum.

Approval/Correction of November 18, 2008 Advisory Committee Minutes

Mr. Lamb asked the Committee members if there were any additions, deletions, or corrections to the minutes. It was decided to table the approval of the minutes until Ms. Oliver arrived at the meeting and there would be a quorum at that time.

OLD BUSINESS

Informal Discussion

Since there was not a quorum, Mr. Lamb called for an informal discussion. Mr. Lamb started the discussion citing the four items that are adversely affecting CCRCs which are: (1) the real estate market is affecting occupancy levels; certain areas are being affected more than others; people do not want to make long-term care decisions until they know the value of their home; (2) people do not know how much they have left in their investment accounts; (3) people are having to postpone their decisions for long-term care to take care of their own families; and, (4) recently people are not moving to California and/or people are moving to other states that are tax free. He stated that the top four states that are doing alright these days have no income tax. Mr. Lamb added that Air Force Village West's occupancy rate is down by 20 percent. Mr. Werth stated that the big problem generally is that the value of people's investments have gone down which is hurting every provider.

Mr. Werth suggested that the meeting proceed at this time with the Department giving the status reports.

CALIFORNIA DEPARTMENT OF SOCIAL SERVICES BRIEFING

Report on Status of Applications, the 2008 Year End Report, and the 2008 Complaint Summary

Ms. Smith reported on the Status of Applications, the 2008 Year End Report, and the 2008 Complaint Summary (attached).

Mr. Werth inquired about the status of the provider fee fund. Mr. Thompson reported that the provider fee fund remains strong and that there is a very significant surplus. That surplus has been held in reserve to cover the potential cost of retaining outside consultant services in the event the financial position of the industry deteriorates.

Mr. Thompson stated that there are a few providers who have a cash-flow issue and several providers that have balance sheet problems as a result of unrecognized losses in their portfolios. He stated that up to this point, no action has been warranted. Problems could surface if sales and occupancy rates continue to decline. He stated that the Department receives an annual report that is outdated when received so that the Branch has asked providers for interim financial reports.

Introduction of New Staff

Ms. Smith introduced Lan Jaduram and Paramjit (PJ) Judge as the new General Auditors that joined the Branch in December 2008.

Mr. Lamb inquired about any difficulties that the Branch is experiencing because of the budget process, etc. Mr. Rodriguez stated that the Branch is impacted by the furloughs because the Department is general funded and that travel expenses are being processed once again but at a slower rate than in the past. He added that the provider fee fund is still supporting the Branch.

Mr. Thompson reported that there will be a formal supplement to the instruction booklet coming out in the near future dealing with refundable contracts and refund reserves. He also stated that changes to the statutes are dependent on the outcome of pending legislation.

Legislative Update

AB 407/AB 1433 – CCRC Closures

Mr. Thompson stated that AB 1433 is now a two-year bill. It defines the term "permanent closure" and requires providers to follow a specified process before closing a facility. It has been displaced by AB 407. Mr. Dowdy stated that 1433 is the sister bill to 407 and it will not be amended until language can be agreed upon. He stated that right now it reflects the version that they introduced at the beginning of the session so it still says permanent closure but that will be the temporary closure bill when Aging Services works with the other stakeholders. AB 1433 is still in the Assembly Human Services Committee. Mr. Thompson reported that the Department cannot comment on the position of the bill until there is an approved position.

At this point in the meeting, Ms. Oliver arrived and Mr. Lamb announced that there was now a quorum at 11:05 a.m. He asked Ms. Oliver if she had any changes to the minutes of November 18, 2008, and she stated that she did not, and the minutes were approved as written. The discussion then continued on the legislative update.

AB1169 – Transfer of Resident Funds

Mr. Thompson stated that this bill deals with continuing care reserve requirements and will probably be amended. Ms. Tompane stated that she has some concerns with the current revisions made to this bill. Mr. Werth brought up a recent lawsuit dealing with a provider's reserves but he did not want to discuss it. Ms. Kirchhoff asked about the lawsuit stating that she feels that whenever a lawsuit or legislation is brought up in a public meeting such as this, it is only fair to explain what the lawsuit in reference was dealing with so that everyone in attendance understands the relevance to the conversation. Mr. Thompson stated that the lawsuit questioned the legality of a provider's use of continuing care revenues for purposes other than continuing care, such as low-income housing or any other enterprise apart from continuing care. Ms. Kirchhoff stated that she appreciated Mr. Thompson's explanation. He added that the relevance of the lawsuit to AB 1169 is that the bill was originally written to prohibit providers from using continuing care funds for any purpose other than the benefit of continuing care residents.

AB 1044 – Transfer of the CCCB to the Department of Insurance

Mr. Thompson reported that in its current version, this bill transfers the financial oversight function of the Branch to the Department of Insurance. It will change the landscape dramatically in its current form. There was a lengthy discussion of this bill by the Committee but no action was taken by the Committee since it is scheduled for a hearing tomorrow (July 14, 2009).

NEW BUSINESS

Episcopal Senior Communities (ESC) Overview

Kevin Gerber, President and CEO, of ESC gave an overview on the Strategic Business Plan Matrix 2008-2013. He stated that the first community was founded in the 1870s as a charity and it still operates today. ESC's mission is to provide housing and services with respect and dignity to seniors, supports independence and self-worth, and encourages continued intellectual, physical, social, and spiritual growth. Their first community was the John Tennant Memorial Home gifted by the diocese to Episcopal Home Foundation in 1965. It was a retirement community underdeveloped in Pacific Grove and that organization stayed in place as the John Tennant Memorial Home. Two years ago they made the decision to form a parent company called JTM Communities to become the parent of ESC. They operate five life-care continuing care retirement communities: Canterbury Woods in Pacific Grove, St. Paul's Towers in downtown Oakland, Los Gatos Meadows in Los Gatos, Spring Lake Village (their largest facility) in Santa Rosa, and San Francisco Towers in downtown San Francisco. Mr. Gerber discussed their goals, strategies and future challenges to ESC.

California P.E.O. Homes Redstone Project

Ms. Smith stated that this presentation will be deferred for a meeting in the future.

NEW MATTERS UPON REQUEST BY PUBLIC ATTENDEES

There were no new matters brought up at this time by public attendees.

ADJOURNMENT

There being no further business, the meeting was adjourned.