

Requirements of Life Care Contract Companies – Checklist for Submission

Annual Stmt needs to include the following (376.920)

___ (1) The name and business address of applicant;

___ (2) The name, address and a description of the physical property of the facility;

___(3) The terms and conditions of the life care contracts to be used by the applicant, including the services to be provided to residents pursuant to the contract and the fees or charges to be paid by residents, including the method of payment of such fees or charges. The description of terms and conditions shall include:

- (a) A statement of the fees that will be charged if the resident marries while at the facility, and a statement of the terms concerning the entry of a spouse to the facility and the consequences if the spouse does not meet the requirements for entry;
- (b) The circumstances under which the resident will be permitted to remain in the facility in the event of possible financial difficulties of the resident;
- (c) The terms and conditions under which a contract for continuing care at the facility may be canceled by the provider or by the resident; and the conditions, if any, under which all or any portion of the entrance fee will be refunded in the event of cancellation of the contract by the provider or by the resident or in the event of the death of the resident prior to or following occupancy of a living unit;
- (d) The conditions under which a living unit occupied by a resident may be made available by the facility to a different or new resident other than on the death of the original resident;

___(4) If the applicant is other than an individual, such as a corporation, partnership, or trust, a statement naming the type of legal entity and listing the interest and extent of such interest of each principal in the entity. For the purposes of this section, "principal" means any person or entity having a ten percent or more financial interest or, if the legal entity is a trust, each beneficiary of the trust holding a ten percent or more beneficial interest;

___ (5) If the applicant is other than an individual, the names of the members of the board of directors, the trustees, or the managing partners;

___ (6) The estimated number of residents of the facility to be provided services by the applicant pursuant to the life care contracts;

___ (7) A statement of the provisions that have been made or will be made to provide reserve funding or security by the provider to enable the provider to fully perform his obligations pursuant to life care contracts, including, but not limited to, the establishment of escrow accounts, accounts in financial institutions, trusts, or reserve funds;

___ (8) A statement as to whether the applicant was or is affiliated with a religious, charitable, or other nonprofit organization, the extent of any affiliation and the extent to which the affiliate organization will be responsible for the financial and contract obligations of the applicant;

___ (9) If the applicant is a subsidiary corporation or the affiliate of another corporation, a statement identifying the parent corporation or the other affiliate corporation and the primary activities of such parent or other affiliate corporation;

___ (10) A description of the business experience of the applicant in the operation of similar facilities and, if the facility will be managed on a day-to-day basis by a corporation or organization other than the applicant, a description of the business experience of the manager in the operation or management of similar facilities. The description shall include the name and address of any professional service, firm, association, trust, partnership, or corporation in which such manager has, or which has in such manager, a ten percent or greater interest and which it is presently intended will or may provide goods, leases, or services to the facility of a value of five hundred dollars within any year, including a description of the goods, leases or services and the probable or anticipated cost thereof to the facility or provider or a statement that such cost cannot presently be estimated;

___ (11) A statement as to whether the applicant, a principal, a parent or subsidiary corporation, or an affiliate has had any injunctive or restrictive order of a court of record, or any suspension or revocation of any state or federal license or permit, arising out of or relating to business activity or health care applied against it, including without limitation actions affecting a license to operate a foster care facility, a health care institution, retirement home, or a home for the aged;

___ (12) A statement of any periodic rates to be initially paid by residents, the method by which such rates are determined and the manner by which the provider may adjust such rates in the future. If the facility is already in operation, or if the provider operates one or more similar facilities within this state, the statement shall include tables showing the frequency and average dollar amount of each increase in periodic rates at each such facility for the previous five years or such shorter period as the facility may have been operated by the provider;

___ (13) A statement of the terms and conditions under which a life care contract may be canceled by the provider or resident, including any health and financial conditions required for a person to continue as a resident and any conditions under which all or any portion of the entrance fee will be refunded by the provider;

___ (14) If construction or purchase of the facility has not yet been completed, a statement of the anticipated source and application of the funds to be used in such purchase or construction, including all of the following:

- (a) An estimate of the cost of purchasing or constructing and equipping the facility including such related costs as financing expense, legal expense, land costs, occupancy development costs, and all other similar costs which the provider expects to incur or become obligated for prior to the commencement of operations;
- (b) An estimate of the total entrance fees to be received from residents upon completion of occupancy;
- (c) A description of any mortgage loan or other long-term financing intended to be used for the financing of the facility, including the anticipated terms and costs of such financing;
- (d) An estimate of any funds which are anticipated to be necessary to fund start-up losses and to assure full performance of the obligations of the provider pursuant to life care contracts including, but not limited to, any reserve fund escrow required by the division pursuant to section 376.940*;

___ (15) Financial statements of the applicant as of a date not more than ninety days prior to the date the annual statement is filed, which shall include a balance sheet and income statements for the three most recent fiscal years of the applicant or such shorter period of time as the applicant shall have been in existence. If applicant's fiscal year ended more than ninety days prior to the date of filing there shall also be included an income statement, which need not be certified, covering the period between the date such fiscal year ended and a date not more than ninety days prior to the date the application is filed.

Escrow Account, amount Required (Section 376.945)

___ Require that the provider establish a reserve of an amount equal to at least fifty percent of any entrance fee paid by the first occupant of a living unit under a life care contract.

___ Each provider shall establish and maintain separately for each facility, a reserve equal to not less than five percent of the facility's total outstanding balance of contractually obligated move-out refunds at the close of each fiscal year