

We Deserve a Say

Approximately 80% of Continuing Care Retirement Communities (CCRCs) are operated as not-for-profit organizations.

In a not-for-profit CCRC the residents themselves provide all the revenue that makes the operation possible. Their very large (usually non-refundable) entry fees, and their monthly fees, support all the day-to-day operations, including assisted living and nursing care for those who need it, they support the establishment and maintenance of the physical plant, and they provide the risk capital for facilities expansions or new service ventures. Residents and their families make voluntary contributions to the charitable funds sponsored by the CCRC and which help support the enterprise. When the CCRC borrows money, it is the residents who end up being unsecured creditors who are last in line for reimbursement if anything goes wrong.

Thus, residents are stakeholders in their CCRC in every sense of the word, and they deserve a say in how the community in which they live is being managed. Their stake in the enterprise is even greater than that of a stockholder in an ordinary business enterprise. A business stockholder can sell her stock and cut her ties to the business if she does not like the management's policies; a CCRC resident can never leave without abandoning the investment she made in it via the entry fee and monthly fees. A CCRC resident has entrusted his future care at a most vulnerable stage in any person's life – his final years – to the CCRC he has elected to enter.

Yet, oddly, not-for-profit CCRCs tend to be operated as if owned by their administrations and boards, that is, by people who usually have no significant financial investment in the enterprise. While, to the best of my knowledge, most not-for-profit boards of CCRCs operate with integrity and try very seriously to exercise a conscientious trusteeship on behalf of the residents, here at the National Continuing Care Residents Association (NaCCRA) we are aware of a steady flow of information about initiatives by managements which it is hard to understand as being in their residents' best interests. Even when these actions do not fatally compromise the organization's financial soundness or its delivery of services, they can often be substantially annoying departures from the representations made

to residents during the marketing process, and can seem to be advanced in a totally arbitrary manner. And there are, of course, cases where CCRCs have become bankrupt, or are seriously impaired financially, due to unwise management initiatives and decisions. Some Boards and managers of CCRCs have invested residents' funds as venture capital in enterprises and programs in which the residents whose funds were so used will never participate. If such ventures fail, the cost to residents' future security can be enormous.

At the NaCCRA Annual Meeting on March 15, 2015 there was a lively discussion by attenders about our Bill of Rights Project, which is nearing completion. The Bill of Rights Project is seeking to articulate a series of principles which ought to govern the respective responsibilities and rights of residents, boards and managements in CCRCs. It aspires to offer a model of best practice. Many of its provisions are already practiced in some CCRC communities. The idea behind the Bill of Rights Project is that people in different communities and different states may select, according to local need, from among those practices not yet implemented in their situation the ones which it seems most useful to advance in the immediate future. The Bill of Rights Project is meant to inspire, not to legislate.

A clear focus of interest at the annual meeting was the Bill of Rights' provision that residents serve on CCRC governing boards. Everyone present seemed to recognize the fatal disconnect between the residents as financiers and stakeholders, on the one hand, and their lack of any genuine say about how their funds are being used and managed, on the other. Attention, therefore, centered on two issues – how many residents ought to serve on a governing board; and how should they be selected.

Regarding how many ought to serve, discussion disclosed that it is useful to be aware of the risks of “tokenism.” To have one resident only in a Board group can make it very hard for such a person to advance a perspective which may be absent from the prevailing dynamic. The entire point of the exercise of placing residents on governing Boards is to make the Board aware of ways of seeing things that may not at first be obvious to them, in spite of all good intentions. This will not be necessary with

respect to every issue which may come before a Board, but in the ordinary course of events it will sometimes be necessary, and to leave the burden on the shoulders of a single “token” resident member of the group cannot ensure that this vital contribution will be carried out effectively. It would, therefore, seem useful to have three or four resident members of governing bodies, at least, depending upon the size of the overall group. Since residents are not monolithic in their views, having more than one representative makes it more likely that the board can effectively be made aware of divergences and nuances among resident perspectives.

Many CCRCs do already have resident members on their governing boards. But experience suggests that it is crucial to attend to how such members are selected. They should be selected by the body of residents themselves, according to the By-Laws of their own residents association. The practice of having managements or board nominating committees select board members from among the residents seems often to result in the selection of kindly and lovable persons who are easily awed by the other board members, rather than people who will scrutinize carefully propositions laid before the body and speak up when necessary. Obviously, it would be wrong to characterize every person selected by the management or the board itself in this way, but the trend is unmistakable, at least based on anecdotal evidence. If residents who are stakeholders and financiers are to have their say, they should select their own spokespersons.

I am grateful for NaCCRA members’ vigorous participation in our Bill of Rights Project – whether in person at the annual meeting or by e-mail or regular mail. With your help and support we will make of NaCCRA an effective vehicle through which CCRC residents can have their say.

Daniel A. Seeger, President
National Continuing Care Residents Association