TO: ALL CONTINUING CARE PROVIDERS AND OTHER INTERESTED PARTIES

FROM: KATIE HERNANDEZ, Acting Chief
CONTINUING CARE CONTRACTS BUREAU

SUBJECT: UPDATED ANNUAL REPORT INSTRUCTIONS AND FORMS

Provider Information Notice (PIN) Summary

This PIN serves to highlight the revisions made to the Annual Report Instructions and forms.

The Continuing Care Contracts Bureau has made the following revisions to the instructions and forms required for compliance with the annual report pursuant to Health and Safety Code section 1790, et seq.:

INTRODUCTION

- Revises submission requirement from three hard copies to two hard copies along with an electronic copy (unlocked).

PART 4 (Audited Financial Statements)

- Added reminder regarding refund reserve and disclosure requirements.
- Added reminder regarding requirement for disclosure(s) pursuant to H&SC section 1790(a)(3).
- Presentation of Balance Sheet (Statement of Financial Position)
  - Non-Profit Providers: A classified statement of financial position for all assets and liabilities is required.
  - For-Profit Providers: A classified balance sheet for all assets and liabilities is required.

PART 5 (Liquid Reserves)

- Form 5-4: Added reminder regarding requirement that amount entered on Line 2e must reconcile to the Statement of Cash Flow (direct method).
PART 6 (Disclosure Statement)
- Revises historical monthly care fee section on page 3. The data in the last two columns should reflect the average monthly care fee and percentage change for the reporting year.

PART 7 (Report on CCRC Monthly Care Fee)
- Form 7-1: Revised instructions and form (please see below for explanation).
- Form 7-1 Attachment: Monthly care fee increases and instructions.

NOTE: The instructions for Form 7-1 were revised to ensure there is verifiable and uniform reporting of monthly care fee increases (MCFI). Form 7-1 now requires additional information such as data, method, and location of required notices to resident as well as the date of meetings required. This is now a three (3) part requirement which includes Form 7-1, Form 7-1 Attachment, and a narrative explaining the increase.

The Form 7-1 Attachment was created to help demonstrate how the MCFI was calculated. The form begins with baseline financial data that is easily verifiable, the anticipated operating expense and projected operating costs allow for adjustments to be made and those adjustments to be clearly listed on the bottom section of the form. Please note, Form 7-1 Attachment does not replace narrative that provides a concise explanation for increase in the monthly care fee.

PART 8 (Key Indicators Report)
- Revises the number of copies to be submitted and an electronic copy may be submitted in lieu of hard copies.
- Updated form requires an explanatory memo must be attached summarizing significant trends or variances.

PART 9 (Refund Reserve)
- Form 9-1 - Added form and instructions

The updated instructions and forms are attached for your convenience.

*Providers with a fiscal year end of August 31, 2019, are required to use these updated forms and instructions.*

If you have any questions, please feel free to contact William Young at (916) 654-0591.