

Five Basic Types of CCRC Contracts

1. **Extensive Contract**
2. **Modified Continuing Care Contract**
3. **Fee-for-Service Continuing Care Contract**
4. **Rental Agreement Contract**
5. **Equity Agreement Contract**

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1. Extensive Contract

- Shelter, residential services, amenities + unlimited long-term nursing care without an increase in monthly payments (except for increases related to operating costs & inflation adjustments)
- Spreads risk – no single person faces financial ruin
- Entrance fees & monthly costs – higher than other two plans

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2. Modified Continuing Care Contract



- Shelter, residential services, amenities, plus a specified amount of nursing care
- After specified amount has been received, resident can receive care at daily/monthly care rates

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3. Fee-for-Service Continuing Care Contract



- Emergency & short-term nursing care usually included
- Access to long-term nursing care – guaranteed only at daily rates
- Entrance & monthly fees lower – residents responsible for all long-term nursing & health care costs

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4. Rental Agreement Contract



- Pay monthly fees; generally not guaranteed more than 1 level of care
- Commonly offered in first years of operation before many need higher level of care/times of economic downturn
- Least expensive initially but can be very costly over long run

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5. Equity Agreement Contract



- Receive ownership rights to independent living units based on current market values
- Owners pay property taxes, ownership fees
- Can resell only to age & income-qualified buyers & benefit from appreciation
- When health requires – sell their condo units & purchase healthcare and long-term care services for additional & substantially higher monthly market rate fees

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UNDERSTAND ENTRANCE FEES

Knowing the options when paying for Life Plan Communities ✓

- **Most require one-time fee (Entrance Fee)**
 - Amount depends -level of care on entry
 - Type of housing chosen
 - Agreement Type
 - Refunds may be called rebates

- **DECLINING SCALE REFUNDS/Amortizing Entrance Fees**
 - Specifies a period of time entrance fee will be refundable
On a declining basis
 - Eg – fee declines at 1% each month; after 6 months – 94%
 - Refundable

- **PARTIALLY REFUNDABLE**
 - Guarantee specific percentage within certain period of time, regardless of term of residency
 - Eg – 50% refundable upon termination of contract or resident's death

- **FULL REFUNDS**
 - Fixed charge may be deducted
 - States how long refund is valid
 - Under what condition refund is due
 - More expensive than other two