

# Demystifying Resident Contracts

For people who are considering moving to a community, many of the benefits are obvious: a beautiful location, friendly neighbors, great amenities, and supportive staff. But moving to a senior community is a big decision, and one that can raise many questions – especially when it comes to signing a contract or resident agreement.



The resident agreement may seem imposing at first, but it also holds the answers to many questions prospective residents may have, such as: What's included and not included in my services? What happens when I need additional services or support? And perhaps the biggest question: if I move to a community am I giving up independence and personal freedom?

After more than 30 years in the field of aging services, Mary McMullin, chief advancement officer for Front Porch, has seen a lot of resident agreements. “This is a topic near and dear to my heart, and I’m one of the few people who can say I like reading them,” she said. In an hour-long webinar on Demystifying Resident Agreements, Mary walked through the major sections of Front Porch’s resident agreement—including accommodations and services, health care, costs and fees, and resident rights—and the reasons behind them.

## Accommodations and Services

Accommodations, as defined in most resident agreements, involve both the residents’ living space, which Mary emphasizes is their personal home, as well as the public spaces in the community. At Front Porch, although each individual home comes unfurnished, there is scope to personalize and make alterations, which vary depending on the community. “The interesting thing about our communities is that each one is different,” said Mary. “What works in a high rise is very different from what works in a stand-alone cottage or patio home.” The agreement also outlines the utilities provided, including broad spectrum Wi-Fi.

Community spaces also vary depending on the community, and, according to Mary, are “probably the most visible benefit” of community living. “Your personal space is there for you to customize and live in privately,” she said. “But it’s the other aspects of community living that add value. If you’re a swimmer, if you want to use the fitness center, if you want to use the art studio, if you’re determined to read every book in the library, having that larger space available to you is very important.”

Services such as housekeeping, dining, and transportation are outlined in the agreement. "It does take a certain amount of burden off of you," Mary said. "There's a staff that's trained and managed to provide these services and you don't have to track it or find it or manage it yourself." Front Porch provides at least 30 days' notice of any changes to the services listed in the resident agreement. Additional services and their related costs are available as an appendix to the agreement, with the fees updated annually, also with 30 days' notice.

## **Healthcare**

The healthcare section of the resident agreement "is probably the area that's the most foreign because of prior conceptions of what healthcare is," Mary said. She breaks down the healthcare section into "Three Ds, Two Ps, and Three Es."

The three Ds are the *Definitions*, such as how do we define healthcare? What are memory care, assisted living, and skilled nursing?; the *Delivery* - can we provide the care in your home? Is the cost covered by the agreement, or is there any additional charge?; and *Determination* - how to determine what kind of care is needed, and where it will be provided.

"The greatest area of fear that I've observed in all my years is that many people worry that moving to a community means we have control over transferring you to a higher level of care," said Mary. "We do not. That's the determination piece, that third D. It's an active collaboration between you and your healthcare team and the community and our healthcare team, because at that point we are one team. We work with you to determine what the best thing is for you, but it is a collaboration. I can't stress that enough."

The two Ps are Physicians and Private Duty Aides. Communities are not primary healthcare providers. Residents are still responsible for managing and maintaining a relationship with a physician and paying for those services. And residents who hire a private duty aide can do so, but need to abide by the organization's policies.

Finally, the three Es are Emergency Care, Excluded Care, and Enrollment in Insurance, all of which are part of how communities and residents collaborate to support residents' health and wellbeing. The section on Emergency care explains how the community responds in case you experience a medical emergency and the section on Excluded care explains health-related services that fall outside of the scope of long-term care (such as dental care or durable medical equipment).

The final E, Enrollment in Insurance, is required as part of the agreement. "We do require you to maintain Medicare Parts A, B, as well as a supplemental policy," Mary explained. "We need to know that you're able to receive regular routine and regular covered care. We need to know that if you go out to a hospital, the care you receive will be appropriate and that we can manage the care after the hospital, if it's needed."

## **Costs and Fees**

The agreement also goes into detail on resident fees. Along with the non-refundable processing fee and optional services spelled out in the appendix, the agreement explains the monthly fee, which changes over time. Monthly fees are subject to a yearly rate increase. At Front Porch, approximately two-thirds of the monthly fees go to labor costs, which naturally increase over time. "Interestingly enough, I think the rate increases are the biggest surprise for people," Mary shared. "People know about them from an intellectual standpoint, but don't necessarily emotionalize the fact that fees increase over time. That's why we put in the historic schedule of average monthly fees."

## **Resident Rights**

Finally, the agreement also covers your rights as a resident. “Resident rights are very serious,” Mary said. “We are as much in partnership with you as we are with our regulators.” In California, resident rights are established by the state’s Department of Social Services and include the right to live in an environment that enhances personal dignity, maintains independence, and encourages self-determination, and the right to receive a clear and complete written contract that establishes the mutual rights and obligations of the resident and the community.

In addition to the rights shared in the agreement, the resident handbook, included as an attachment to the agreement, also outlines the rights and responsibilities for community living, while a separate resident community manual goes into the details such as how to request repairs, how to place orders for a take-out meal, and other practical needs that are unique to the community and not part of the statutory requirements.

## **And more**

In addition to the summary provided here, the webinar provided much more in-depth discussions on the resident agreement, including its appendices.

“We really try not to overwhelm you with information, but it’s hard not to because these agreements have a lot of parts and pieces to them,” Mary said. She encourages prospective residents to read through the agreement, and to work with a legal advisor as well, to become comfortable with the contract before signing. “I think that’s how to go into this wonderful way of living: with your eyes wide open, with your questions answered, feeling confident that, as a consumer, you’ve done everything possible to satisfy your questions and to be comfortable living in one of our communities.”

*If you are interested in getting a link to the full presentation, please send us your name and email address.*