

## A Description of CCRC Contract Types

A Continuing Care Retirement Community, also referred to as a CCRC or Life Plan Community, contractually provides access to a continuum of care to its residents, typically including independent living, assisted living, memory care and/or skilled nursing care.

New CCRC residents are typically required to be able to live independently upon moving in, but they have peace of mind knowing that the community also provides care services that may be necessary in the future. Yet, all CCRCs are not created equal. Contract types vary from one provider to another. Therefore, it is important to understand what each contract type offers so you can determine which one is best for your situation.

### **Lifecare (Type A)**

All other things being equal (i.e., size of unit, services and amenities, location, etc.), this type of contract requires the highest monthly fee, and possibly a higher entry fee. In exchange, the monthly service fee will remain relatively stable over the resident's lifetime, regardless of care services received. Residential services, amenities, and health care are typically all-inclusive, with little or no increase in monthly fees over time, other than possible inflationary adjustments and ancillary expenses. *Note:* There is a variation of this contract called an "equalized rate" lifecare contract, whereby the cost of care services is pegged to a pre-determined rate, which may be higher or lower than you were paying while living independently.

### **Modified Fee-for-Service (Type B)**

This contract includes many of the same types of residential services and amenities that a Type-A contract offers. However, if assisted living or other health care services are required, the resident will be responsible for a portion of the increased expense. The resident may pay a discounted rate for health care or, in some cases, the resident will receive a pre-defined number of days in the healthcare center at no cost.

### **Fee-for-Service (Type C)**

All other things equal, this contract requires the lowest monthly fee, and possibly entry fee. Some or all of the same residential services and amenities may be provided, but if assisted living or skilled nursing care is required, the resident's monthly fee will increase to reflect the full market rate for the cost of care.

### **Rental**

There is no entry fee for a rental contract, but a nominal "community fee" may be required. If the services and amenities offered are similar to what you would find in an entry-fee community, the monthly service fee is likely going to be comparatively higher than with an entry-fee contract. However, if the rental community is designed as a more affordable choice, fewer residential services and amenities will be available. Some rental communities may offer a continuum of care but do not provide residents with priority access to healthcare services. As with a fee-for-service contract, the resident will pay the full market rate for health care.

## **Equity/Co-Op**

Residents of equity-based CCRCs purchase their home or condo instead of paying an entry fee; however, a monthly service fee is also required. In a cooperative CCRC, residents purchase ownership in a corporation rather than pay an entry fee, and also pay a monthly service fee or homeowners association dues. Under both arrangements healthcare services will usually be offered at the full market rate or at a slight discount.

## **CCRC Without Walls**

A relatively new type of arrangement, this contract delivers many of the same programs and services available to residents of the community but does so for those who remain in their own home. The concept is much like that of a lifecare contract: in exchange for an entry fee and monthly fee the “member” will receive access to a broad range of services and amenities, including health care, but the fees are much lower than they would be otherwise. If and when the member wishes to move to the CCRC they will have priority over non-members.

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