



Accountability, and the High Cost of Mistrust

*Summary of an article by Katherine C. Pearson, JD, that discusses the kind of CCRC and legislative issues confronting WACCRA today. From the Medford, OR, **Mail Tribune**, 9/30/2012.*

<http://www.mailtribune.com/article/20120930/OPINION/209300305>

Summary by Sally W. Soest, Education Committee, WACCRA.

In 2010 the Oregon legislature gave residents of CCRCs greater rights to financial information and a stronger voice in governance of CCRCs. The law allows for at least one resident to serve as a non-voting member on CCRC's governing board, and permits CCRCs to give residents voting rights.

For residents of one CCRC, the legislation may have been too little, too late. The legislation was in response to complaints about lack of transparency and accountability. A new "parent" corporation took over the CCRC in question and made itself the sole member of the CCRC's board. The parent then used the CCRC as its flagship, developed other properties, and charged the CCRC for "management services."

Pearson compares the relationship between CCRC and residents as "a giant marriage between Type A personalities." Trust is essential if residents, CCRC boards, and parent corporations are to work through problems.

Absent that trust, clear laws governing CCRCs, accountability, and residents' rights are needed to head off costly lawsuits that might otherwise plunge all parties into millions of dollars of increased expenses, which of course can translate into increased fees for residents.

Pearson suggests that the parent company of a CCRC should owe at least a limited fiduciary duty to the CCRC. Under tax-exempt law, a nonprofit cannot transmit any "profits" to other individuals. Payments to service providers must be for real services, and at market rates.

In Pearson's words, "It is certainly possible for states – and operators of individual CCRCs – to take steps to better ensure that 'resident rights' are not idle words."