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“Communities feel financial pinch”

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By JON RUTTER, Staff

When former Arizona residents Stu and June Wesbury were picking a retirement community, one of the things they scrutinized was the institutions' financial health.

They ended up choosing Willow Valley Retirement Communities, the county's largest continuing care retirement community (CCRC).

"The balance sheet is healthy," said Mrs. Wesbury, a retired certified public accountant.

Willow Valley is, in fact, part of a thriving local mecca for the silver haired.

But that mecca is under increasing financial strain.

As the population ages, there are ever more seniors to care for. Food, energy and health care costs are sky-high. The stock market portfolios that help sustain retirees and retirement communities are in the basement.

At the same time, government help is drying up.

Pennsylvania Gov. Ed Rendell's proposed 2008-09 budget includes no increase for medical assistance funding for ill and elderly nursing home residents.

Medical assistance helps make up federal Medicare shortfalls.

The cutbacks hit especially hard in the county, where the percentage of nonprofit, charity-driven organizations is unusually high.

President Robert Hayward Jr. said Quarryville Presbyterian Retirement Community typically keeps residents on even after their assets run out, to the tune of \$2 million a year.

So does Masonic Village, where the census has grown from about 700 two decades ago to 1,732 today.

Chief executive officer Joe Murphy said the facility annually pays out \$10 million in charity services, which breaks down to about \$28,287 a day.

Masonic Village has 320 residents 90 or older. Caring for the elderly can be labor intensive, added Murphy, who said his facility employs 1,357 people, only 375 fewer than the number of residents.

Fees paid by CCRC independent living residents help defray the cost of assisted living and skilled care.

Financial support comes from other sources too.

At **Brethren Village**, for example, officials said, most of the residents live in affordable housing apartment buildings subsidized by the U.S. Department of Housing and Urban Development.

But Hayward said the convergence of rising costs — he expects electricity rates to soar at least 30 percent when caps come off in 2010 — poses an unprecedented challenge for CCRCs.

"The increases to come are more than we can pass on to our customers," he said.

The situation has CCRCs searching for ways to tighten their belts.



June Wesbury swims down a lane in the Willow Valley pool.

One alternative gaining ground is home-based care, called "aging in place," which enables older people to stay in their homes longer.

Meanwhile last year, two Lancaster County CCRCs, Pleasant View Retirement Community and Moravian Manor Inc., filed court appeals asking to be relieved from paying property tax.

Their appeal followed a court case in which Chapel Pointe Retirement Center in Carlisle was relieved from its tax burden on the grounds that it was a purely charitable organization.

Many CCRCs are partly exempt and partly taxable, said Dee Dee McGuire, the director of the county's property assessment office.

The for-profit components help support the non-profit components, according to McGuire, who added that school districts get the bulk of the tax revenue generated.

Should all retirement homes here become exempt, former county administrator Mark Esterbrook calculated last year, the county would lose \$1.5 million in tax revenue.

The trend "could have severe ramifications for most counties and most municipalities in the state," McGuire said.

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