NORTH CAROLINA DEPARTMENT OF INSURANCE
CONTINUING CARE ADVISORY COMMITTEE (CCAC)
MEETING MINUTES

Date: June 9, 2026

Time: 1:00 p.m. - 3:00 p.m.

Location: Microsoft Teams (Virtual)

ATTENDANCE

Members Present:

Martha Wood; Joseph Liegl; Perry Aycock; Reed Vanderslik; Charles "Skip" Kingan; Jay Matthews; Matthew Bork.

Seven members were present at roll call, constituting a quorum.

Joined after roll call: Tommy Brewer

Members Absent:

Vincent DeBiase; Gary Massey; Chuck McGrady; John Hayes.

Department of Insurance Staff:

Jeff Trendel (Deputy Commissioner); Jessica Price (Senior Deputy Commissioner); Nancy Wise; Colby Toler; Shauna Schwartzel; Mike McKinney.

Other Attendees:

Members of the public attended.

I. Call to Order

Chair Perry Aycock called the meeting of the Continuing Care Advisory Committee to order at 1:01 p.m. The meeting was conducted virtually via Microsoft Teams and was open to the public in accordance with applicable law and the Committee's bylaws.

II. Roll Call and Quorum

Deputy Commissioner Jeff Trendel conducted a roll call of Committee members. Seven members were present, constituting a quorum. Tommy Brewer joined after roll call and advised that he would need to leave early for another commitment.

III. Approval of Previous Meeting Minutes

The minutes of the April 7, 2026 meeting were presented for approval. No corrections or revisions were offered.

Motion: Martha Wood
Second: Joseph Liegl

To approve the April 7, 2026 meeting minutes.

The motion passed unanimously, and the minutes were approved.

IV. Department Staffing Update

Chair Aycock introduced Jessica Price, Senior Deputy Commissioner for the Company Services Group. He summarized her Department experience and professional credentials and welcomed her to the Committee's work. Senior Deputy Commissioner Price thanked the Committee and expressed her intention to become familiar with CCRC and CCAC matters with assistance from Deputy Commissioner Trendel and Department staff.

At Martha Wood's request, Deputy Commissioner Trendel introduced the Department staff responsible for regulation of CCRCs: Nancy Wise, manager of the Special Entities Section, and senior financial analysts Colby Toler, Shauna Schwartzel, and Mike McKinney.

V. Joint Legislative Task Force Update

Deputy Commissioner Trendel reported on the joint legislative task force convened by the Department with representatives of LeadingAge North Carolina and the North Carolina Continuing Care Residents Association. The task force is reviewing potential 2027 legislative proposals concerning entrance fee refunds, distributions, and related-party transactions. The process is iterative: the Department provides draft language, the stakeholder organizations coordinate and submit consolidated comments, and the Department revises the proposals in response.

The task force's objective is to develop practical and balanced legislation that considers operational realities, financial sustainability, transparency, and resident protections. Deputy Commissioner Trendel summarized the three areas of work:

Entrance fee refunds. The proposal is intended to establish clearer expectations for refund timing, reduce prolonged delays, and recognize the relationship among refunds, liquidity, occupancy, and provider financial condition, while preserving limited flexibility for extraordinary circumstances.

Distributions. The proposal would establish a risk-based framework for discretionary transfers of provider resources, using concepts such as objective financial thresholds and transparency to ensure that distributions occur only when supported by sufficient financial strength and long-term capacity to meet resident obligations.

Related-party transactions. The proposal is intended to provide a clearer framework for arrangements involving affiliates, management entities, and other related parties, with attention to transparency, governance expectations, fair market value, and the alignment of provider resources with resident obligations and long-term financial stability.

Work on the entrance fee refund proposal was substantially complete, and the task force had shifted its focus to distributions. The Department anticipated completing the task force process by the end of August and presenting the final proposals and recommendations to the Committee at its September 15, 2026 meeting. No formal action was taken.

VI. Review of Revised Interpretive Policy Statements

Chair Aycock noted that the draft Interpretive Policy Statements remained works in progress and were intended to assist the Department in interpreting and implementing Article 64A. The Committee first returned to Interpretive Policies 64A-IP-01, 64A-IP-02, and 64A-IP-09, which had generated substantial discussion at the April meeting, and then reviewed Interpretive Policies 64A-IP-10 through 64A-IP-13. The Department would consider the Committee's comments and continue refining the drafts. No formal action was taken on any Interpretive Policy Statement.

VII. Interpretive Policy 64A-IP-01 - Dual-Capacity Escrow Agents

Deputy Commissioner Trendel described revisions recognizing that lender-affiliated banking and escrow relationships may arise in customary commercial lending and bond financing. The revised draft clarified that lender involvement is not inherently inconsistent with Article 64A and that the Department's review would focus on resident protections, statutory escrow objectives, substantive safeguards, operational separation, independence, and internal controls.

Tommy Brewer supported the revisions and recommended that the policy address whether linked banking services are provided on market-competitive terms. Committee members discussed the potential benefit of combined services as well as the need to avoid arrangements in which a provider accepts below-market terms. Deputy Commissioner Trendel agreed to add clarification concerning fair market value or market competitiveness.

Reed Vanderslik suggested developing model escrow-agreement language that providers and financial institutions could use voluntarily. Committee members observed that a model could reduce drafting expense, clarify Department expectations, and help identify noncompetitive arrangements while remaining adaptable to individual transactions. Deputy Commissioner Trendel agreed that the Department could develop such a template.

VIII. Interpretive Policy 64A-IP-02 - Waiver Authority for Independent Board-Member Attendance

Deputy Commissioner Trendel explained that further review of G.S. 58-64A-360 suggested a narrower threshold question than the draft policy had originally used: whether the board or other governing body exercising actual governance authority over the provider includes at least one independent member capable of attending the semiannual resident meeting. If an independent member exists, a waiver would ordinarily be limited to temporary or unusual circumstances affecting that member. If no independent member exists, the Department would consider what waiver conditions are necessary to preserve transparency, accountability, and meaningful resident engagement.

Discussion addressed closely held organizations, sole-member structures, multi-campus systems, and large public or multistate organizations. Deputy Commissioner Trendel explained that the Department would look through the formal structure to the body exercising actual governance authority. Members discussed the practical difficulty of requiring a distant governing-board member who may have limited knowledge of a particular campus, while also emphasizing that North Carolina providers must comply with Article 64A and that waivers should not become a means of avoiding meaningful participation.

Committee members generally emphasized the function to be preserved: a knowledgeable person should engage with residents, communicate material concerns to those able to act, and support verification and transparency. Where a provider has no qualifying independent member, discussion focused on whether a regional or other designated representative close enough to operations could satisfy those purposes, subject to Department review and conditions. Members also stressed that the attending representative need not personally answer every question, but unanswered questions should not disappear and should be communicated for appropriate follow-up.

Joseph Liegl recommended that residents receive advance notice when a waiver has been granted, particularly in the first year before the disclosure statement would provide notice. Deputy Commissioner Trendel agreed that notice accompanying the meeting notice could be considered as a condition of the waiver. He indicated that he would give the policy further consideration and consult with Committee leadership and members before revising it.

IX. Interpretive Policy 64A-IP-09 - Semiannual Resident Meetings

Deputy Commissioner Trendel summarized revisions encouraging providers, where practicable, to identify significant proposed changes expected to be discussed at a meeting while recognizing that Article 64A does not require expanded advance-notice disclosures. The draft also clarified the role of an independent board member or designated representative, recognized that questions may be referred to other provider representatives, and added expectations for reasonable follow-up, communication of material resident concerns to governance-level leadership, and documentation of meeting compliance.

Joseph Liegl recommended encouraging providers to include in the meeting notice, or state at the beginning of the meeting, the broad scope of subjects residents may raise under the statute. Deputy Commissioner Trendel agreed that the policy could identify this as a best practice rather than a statutory requirement.

Martha Wood asked what should occur after residents express concerns and whether governing bodies are expected to respond. Discussion distinguished between matters requiring a factual answer and matters involving management or governance judgment. Deputy Commissioner Trendel agreed that boards should be responsive and that the policy could express that expectation, while explaining that the Department cannot regulate every response or require a particular substantive outcome. Unanswered concerns or a pattern of nonresponsiveness could be brought to the Department by residents and could prompt questions or further review.

X. Interpretive Policies 64A-IP-10 Through 64A-IP-13

Interpretive Policy 64A-IP-10 - Meaning of Access

Deputy Commissioner Trendel explained that the policy provides internal guidance on the meaning of "access" in the statutory definition of continuing care. Members offered no substantive comments and noted that the draft preserved sufficient flexibility to address differing CCRC models.

Interpretive Policy 64A-IP-11 - Parental Guarantees and Enterprise Financial Support

Deputy Commissioner Trendel explained that the licensed provider is the legal entity that contracts with residents and remains the reporting and regulated entity under Article 64A. Parent guarantees and enterprise support may be considered when evaluating financial condition, but they do not replace the provider's legal obligations. No substantive comments were offered.

Interpretive Policy 64A-IP-12 - Multi-Entity Organizational Structures

Deputy Commissioner Trendel explained that many CCRCs operate through affiliated entities that separately own property, provide management or healthcare services, employ staff, or exercise governance and financial oversight. The policy is not intended to prohibit those structures or prescribe a single organizational model. It is intended to guide the Department in determining when entities other than the contracting provider materially participate in undertaking, controlling, financing, or performing continuing care obligations and therefore may need to be included on the license or otherwise brought within regulatory oversight.

Discussion addressed where the Department should draw the line among property owners, operating companies, management entities, healthcare providers, foundations, and parent organizations. Deputy Commissioner Trendel explained that a foundation ordinarily would not be included merely because it may support benevolent care, because it generally has no contractual guarantee to provide the continuing care services. By contrast, affiliated entities integral to delivering the contracted services may present a stronger case for inclusion, particularly when common control could complicate the Department's response to financial distress.

Members discussed the significance of contractual rights, fair-value management agreements, arm's-length arrangements, combined financial reporting, and the balance between resident protection and encouraging investment in North Carolina. The Committee did not reach a final conclusion and agreed that the policy warranted additional consideration, including how far regulatory oversight should extend and what reporting should be required of related entities.

Interpretive Policy 64A-IP-13 - Independent Third-Party Ownership and Management Arrangements

Deputy Commissioner Trendel distinguished independent, arm's-length property ownership and management arrangements from the related-party structures addressed in 64A-IP-12. The Department ordinarily would not place a truly independent third-party landlord or manager on a provider's license or attempt to regulate that entity under Article 64A. Members discussed how the analysis could change if an independent manager acquired an ownership interest or if preferred vendors became related parties, and noted that governing boards retain responsibility for deciding whether to use such vendors. The distinction between related and independent parties remained an area for further consideration.

XI. Proposed Staggered Committee Terms

Chair Aycock noted that the Committee's members were appointed at approximately the same time for three-year terms, creating the possibility of substantial simultaneous turnover. He asked the Committee to consider how to establish staggered terms while respecting the authority of the officials who appoint members.

Deputy Commissioner Trendel recommended a statutory amendment authorizing the appointing authorities, after expiration of the initial terms, to designate one-, two-, or three-year terms as necessary to establish a staggered cycle. After the stagger is established, subsequent appointments and reappointments would return to the standard three-year term. Members agreed that this approach was reasonable and preferable to attempting to accomplish the change solely through the bylaws or internal Committee action.

Deputy Commissioner Trendel advised that he had drafted language for further review and, with the Chair's approval, would place the proposal on the agenda for the September 15, 2026 meeting for possible inclusion in the Department's 2027 legislative package. No formal vote was taken.

XII. Future Treatment of Interpretive Policy Statements

In response to a question from Martha Wood, Deputy Commissioner Trendel explained that, once the Committee and Department complete their review, the Interpretive Policy Statements would be submitted to the Department's Legal Division. If approved for publication, the Department's goal would be to post them on its website for public access and transparency.

The Committee's next scheduled meeting was identified as September 15, 2026. Anticipated business included the legislative task force proposals, the proposed statutory amendment concerning staggered Committee terms, and continued consideration of matters arising from the draft Interpretive Policy Statements.

XIII. Adjournment

There being no further business before the Committee, Chair Aycock called for a motion to adjourn.

Motion: Joseph Liegl
Second: Martha Wood

To adjourn the meeting.

The motion passed unanimously. The meeting adjourned at approximately 2:56 p.m.

Approved by the Continuing Care Advisory Committee on September 15, 2026.