



**Financial Affairs Division
Arizona Department of Insurance**

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**CHECKLIST FOR
CHANGE FROM A PROVISIONAL PERMIT TO LIFE CARE PROVIDER PERMIT**

Review Arizona Revised Statutes (ARS) § 20-1801 through § 20-1812 and our *Notice of License Requirements Form ENLR*.

After a preliminary review of the application is conducted, the Arizona Department of Insurance (Department) Examinations Section may be assigned to perform a pre-admission examination of all books and records pursuant to ARS § 20-156. This examination will be made in the office where the entity's books and records are maintained or at the Department and then reviewed by an examination supervisor. The expense of the examination will be billed to the applicant or the Arizona representative of the applicant.

Provide the following:

1. The original provisional permit.
2. An *Application for Life Care Provider Permit Change Form E654*.
3. A notice and claim of lien pursuant to ARS § 20-1805.
4. An actuarial study, pursuant to ARS § 20-1802.B.17, prepared by a qualified actuary for the purpose of demonstrating that the project has sufficient revenues and funds, including reserves, for the project to continue as a viable operating concern. The actuarial study shall include a cash flow projection, the adequacy of current pricing structures and an analysis of the long-term relationship between the project's assets and liabilities.
5. A feasibility study, pursuant to ARS § 20-1802.B.16, that shall include a financial forecast of the life care facility estimating the most probable financial position, results of operations and changes in financial position for the immediately succeeding five year period. The feasibility study must set forth the actuarial assumptions for determining that the project has sufficient revenues and funds, including reserves, for the project to continue as a viable operating concern. The study must include all of the following:
 - a. Beginning cash balance, and in the event that operation of the facility has not yet commenced, the beginning cash balance shall be consistent with the statement of anticipated source and application of funds previously provided with the provisional permit application pursuant to ARS § 20-1802.B.14.
 - b. Anticipated earning on cash reserves.
 - c. Estimates of net receipts from entrance fees, other than entrance fees included in the statement of source and application of funds previously provided with the provisional permit application pursuant to ARS § 20-1802.B.14, less estimated entrance fee refunds and a description of the actuarial basis and method of calculation for the projection of entrance fee receipts.
 - d. An estimate of gifts or bequests, if any, to be relied on to meet operating expenses.
 - e. A projection of estimated income from fees and charges other than entrance fees, showing individual rates presently anticipated to be charged, including a description of the assumptions used for calculating the effect on the income of the facility of subsidized health services to be provided pursuant to the life care contracts.
 - f. A projection of estimated operating expenses of the facility and for providing services in contract holders' private residences, including a description of the assumptions used in calculating the expenses, and separate allowances for the replacement of equipment and furnishings and anticipated major structural repairs or additions.
 - g. An estimate of annual payments of principal and interest required by any mortgage loan or other long-term financing.
6. If the feasibility study, pursuant to ARS § 20-1802.B.18, required by ARS § 20-1802.B.16 indicates that the provider will have cash balances over and above two months' projected operating expenses of the facility, a description of the manner in which the reserve funds will be invested and the persons who will be making the investment decisions.