



EXECUTIVE REPORT July 19, 2013

Strategic Plan Updates

Risk Management

In June, the Area Agency on Aging 1-B (AAA 1-B) management team completed its second Risk Management training. The team has identified seven areas of risk to be explored and included as part of the current strategic plan, which are:

- New, lower, unit-based funding model for MI Choice
- Developing new line(s) of business (EDSI Care Services, ClearStone Solutions diversification project)
- Difficulty competing for funding (MI Choice Macomb moving to Integrated Care)
- Difficulty meeting new customer expectations
- Difficulty measuring business outcomes
- Difficulty changing culture
- Regulators limiting innovation

Working as a team we have identified risk drivers, primary and secondary impacts, and mitigation strategies for five of the seven potential risk events. We will continue working on the project through August and plan to present information on our activities to the Board at the September or October meeting. The risk management identification and mitigation exercise has been a very good learning experience for the management team, and we anticipate this activity will become a regular part of our strategic planning review and process in the future.

Communication/Branding Awareness

The market research to determine brand awareness of the Area Agency on Aging 1-B is progressing. The caregiver audience and adults with disability audience surveys are anticipated to be completed by the end of July. These two audiences were more difficult to reach and an on-line survey was implemented in early July to reach the total number of completed surveys of 400 for caregivers and 150 for adults with disabilities. A full presentation of the results will be provided at the next Board meeting.

Cultural Alignment

Much work has been done in this area in recent months. Meeting Rhythms have been implemented and, as a part of that process, directors met on June 24 to review 3rd quarter goals and identify goals and priorities for 4th quarter.

Lately, we have focused on facilitating a shift in the organization's culture that will cultivate a positive environment and engage employees in strategies designed to achieve our priorities. Through meetings and work sessions with directors, managers, and team leaders, facilitated by Deanna Mitchell and Joscelyn Andrews (JADE Strategies), we have been able to define the organizational culture. This framework will be rolled out to all staff at meetings scheduled in late August. We are in the process of identifying specific activities that will be implemented to support the new culture and finalizing the communication/rollout plan. Our staff will be asked to complete our first

annual engagement survey in September. The results will create a benchmark against which we will be able to measure our success in areas such as achieving our priorities and engaging and supporting our employees.

An updated and detailed report on our progress in the area of Cultural Alignment will be presented at the September or October Board meeting.

FY 2014 Budget

Finally, we are in the process of reviewing and prioritizing FY 2014 costs associated specifically with the strategic plan. This task will be completed before September, when the FY 2014 budget will be presented at the Finance Committee and full Board meetings for approval.

State Level Advocacy Activities

Ryan Cowmeadow provided the following update on a top priority for Michigan this summer, Medicaid Expansion. On June 13, the Michigan House of Representatives voted to pass HB 4714 reforming Medicaid to cover individuals with incomes up to 133% of the federal poverty level for up to 48 months with a requirement that the newly insured would pay no more than 5% of their out of pocket medical expenses. Following the 48 month period, the newly insured could then remain on Medicaid with an increase in their copayments up to 7% or they could choose to purchase health coverage through the Federal Health Care Exchange. This legislation has the potential to improve the quality of life and health care outcomes of nearly 500,000 Michiganians.

This widely backed legislation moved to the state Senate in late June where the anticipated vote failed to take place, with Senate Majority Leader Randy Richardville citing the need for more time to thoroughly review the measure before taking action. Senator Richardville later announced an all Republican workgroup to assess the legislation led by Senator Roger Kahn, M.D., who is a vocal proponent of Medicaid expansion. Other members include Senators Bruce Caswell, Dave Robertson, John Pappageorge, James Marleau and Darwin Booher.

When it became clear the Senate was not going to vote before the end of the session, Governor Snyder cut short a trade trip to Israel and returned to Michigan to advocate for passage of Medicaid Expansion. Governor Snyder hoped for a vote on this legislation to take place when the Senate next convened on July 3, however given the formation of the Medicaid reform work group a vote may not come until late August of 2013.

The Healthy Michigan Plan as proposed in HB 4714 requires Michigan to achieve two federal waivers needed to implement Medicaid reform by January 1, 2014. Supporters of expansion are concerned that a vote by the state Senate in August may not allow enough time for the federal government to respond to the request for the waivers.

On June 27 speaking at a special Medicaid event in Grand Blanc, one of many such events scheduled throughout the state, Governor Rick Snyder called for Michigianians to take three actions to help move Medicaid reform forward:

1. Call your senator and express your support
2. Network with your friends and neighbors to have them call their senators
3. Sign the online petition at www.healthymichigannow.com

It's hard to believe, but Jim McGuire and Ryan Cowmeadow are already hard at work on FY 2015 state budget activities. This year, AAAs will work together at the state level to prepare a budget request and submit it to the Michigan Office of Services to the Aging (OSA) for their consideration in preparing recommendations for the Governor. Volunteers from Region 1-A (Detroit), Region III-B (Western Michigan); Region V (Flint); and Region IV (Southwest Michigan) will be part of the committee developing the recommendations. The goal is to finalize the recommendations at the Area Agency on Aging Association of Michigan (4AM), then submit them to OSA in August for consideration. I anticipate this information will also be shared with the Michigan Senior Advocates Council (MSAC) in August as well. Details will be presented to the AAA 1-B Board of Directors at the September meeting.

FY 2014 Federal Appropriations Update

The United States Senate and House of Representative appropriations committees are in the process of outlining their 12 annual appropriations bills. With the completion of each chamber's appropriations any differences that exist between the Senate and House bills are resolved in a conference committee. Based upon the varying approaches to appropriations taken by both chambers, the house continuing sequestration moving forward and the Senate ending the sequester for FY 14, and the prodigious difference in spending levels, it is unlikely that the differences between the House and Senate will be resolved before the end of the fiscal year and another continuing resolution may result from the stalemate.

Highlights of Appropriation Bills:

Senate: \$164.3 Billion	House: \$121.8 Billion
<ul style="list-style-type: none">Publicly released Department of Labor, Health and Human Services, Education and Related Agency appropriations bill for FY 2014 totaling \$164.3 billion	<ul style="list-style-type: none">Has not publicly released Department of Labor, Health and Human Services, Education and Related Agency appropriations bill for FY 2014 however targeted spending is \$121.8 billion – 26% less than appropriated by the senate
<ul style="list-style-type: none">Sequester ends after FY 2013	<ul style="list-style-type: none">Sequester continues in 2014 appropriations

Senate: \$164.3 Billion	House: \$121.8 Billion
<ul style="list-style-type: none"> • Restores Older American Act funding to FY 2012 levels (pre-sequester) • Allocates \$6 million in discretionary funding to Aging and Disability Resource Centers • Rejects the president's proposed \$68 million cut to Senior Community Services Employment Program • Allocates \$8 million to the Administration on Community Living for Adult Protective Services offering the first funding for the Elder Justice Act • Supports falls prevention and chronic disease self management with \$7 million and \$10 million respectively • Transfers State Health Insurance Assistance and Information Program known as MMAP in Michigan from CMS to AoA with an increase of \$52 million • Restores funding cuts to the Low-Income Home Energy Assistance Program with a nearly \$150 million increase over FY 12 funding levels 	<ul style="list-style-type: none"> • Redirects funding to national defense programs and shifts the burden of sequestration to the remaining discretionary programs

Given the disparate appropriations bills produced by the Senate and the House, it is likely that intense negotiation will take place close to the end of FY 13. It is important that advocacy efforts continue to help ensure adequate funding levels for FY 14.

State Level Interstate Funding Formula (IFF)

I am absolutely thrilled to report that 100% unanimous consensus was reached by all 16 AAAs in Michigan to retain the current IFF funding formula with the following conditions:

- All changes in funding (increases and/or decreases) will be phased in over a four year period
- The formula will be updated every 5 years (rather than every 10 years) using the American Community Survey
- These conditions should be implemented beginning FY 2014, rather than FY 2015

This is the first time in the 40 year history of AAAs that directors have been able to reach 100% consensus on the formula. We celebrated this collective victory by signing our ballot cards with unanimous "yes" and plan to hang this document in our 4AM Board

room. We are in the process of notifying the OSA and the Commission on Services to the Aging (CSA) about this decision.

Application Review Committee (ARC) Work

Thanks to the following Board and Advisory Council members for volunteering at least 15-20 hours of their time reading, reviewing, rating, and developing funding recommendations for FY 2014-2016 Social and Nutrition service applications. This is one of the most difficult functions of the agency, and your collective work will help ensure nearly \$20 million in home and community based services are available to serve individuals throughout the region.

- Tom Miree, Board of Directors Vice Chairperson, Committee Chairperson
- Amin Irving, Board of Directors Chairperson
- Commissioner Kathy Crawford, Board of Directors
- Jan Dolan, Board of Directors
- Walter Ernst, Board of Directors
- Jim Forrer, Advisory Council
- Sandra Hann, Board of Directors
- Floreine Mentel, Advisory Council
- Theresa Monsour, Advisory Council
- Mark Swanson, Advisory Council
- Commissioner Jason Turner, Board of Directors
- Jamie Verdi, Board of Directors

Thanks also to the staff for their hard work in reviewing applications and providing technical assistance to the ARC:

- Andrea Mulheisen
- Cathy Backos
- Karen Jackson
- Kristin Wilson
- Ann Langford
- Paula Dunlap
- Missy Maxwell
- Angela Dixon

Great team work by all those involved. The ARC's recommendations will be presented at the July Board of Directors meeting for approval. Award/denial letters will be mailed the following week, and ARC members may be asked to participate in informal hearings to discuss denial reasons. In the event the informal hearings are unsuccessful in addressing applicant grievances, the Board of Directors has been notified that we may need to conduct a Board meeting/hearing on August 23rd at 9:30 a.m.

OSA Fiscal Assessment

OSA conducted an on-site fiscal assessment of the AAA 1-B for FY 2013 on June 6, 2013. There were no compliance findings and one recommendation to develop a system to easily access and retrieve supporting documentation. Attached is a copy of OSA's Fiscal Assessment Feedback Report the letter received from OSA.

212° News

- We received a satisfaction/outcome survey from a Community Living Program participant who wrote the following: “My contacts were Sue Probert and Emily DeMeester. I was so wound up and frustrated, I just talked and talked - and they listened and believed me ... indeed there are angels among us. I recently had contact with Nicole Terry and Kristy Mattingly ... they (made) me feel secure and comfortable.” When the participant was asked to rate her quality of life BEFORE receiving CLP services, she stated: “I had none. I was depressed and felt helpless.” When rating her quality of life AFTER receiving services, she wrote: “My attitude has changed...I am no longer overwhelmed, and I actually look forward to tomorrow and each day (I improve). I thank you with my whole heart.” That is 212° teamwork and 212° outcomes!
- Special thanks to "super advocate" and nutrition provider Frankie Foidl, Executive Director of Living Independence for Everyone (LIFE), a nutrition contractor from Monroe County who participated in the “Don’t Empty My Plate” sponsored by the National Association of Nutrition and Aging Service Providers (NANASP). Frankie has been active in contacting congressional legislators during the summer recess to encourage them to spare aging services and nutrition programs from the next round of sequestration cuts. Her efforts were recognized nationally. That's super advocacy!
- Congratulations to Emily DeMeester, this quarter’s 212° award winner! Emily exemplifies this concept on a daily basis, and her extra degree effort is evident in her work and interactions with others – staff and participants alike. It’s no wonder she was nominated for the award! Some of the comments her peers made in nominating Emily include:
 - Without a doubt, Emily is extraordinary.
 - Emily consistently comes up with creative solutions to improve the efficiency of processes.
 - She is an invaluable liaison between the departments and provides insights that allow issues to be quickly identified and addressed.
 - Emily consistently assumes leadership roles for new projects and initiatives.
 - Emily is an invaluable asset to the OSA team, CSS Department and AAA 1-B.

Congratulations, Emily, on this well-deserved award!

Five other employees were also nominated this quarter:

- Mary Beth Platt
- Beth Gamboa
- Andrea Mulheisen
- Angela Dixon
- Ann Langford

Congratulations to all the nominees!



STATE OF MICHIGAN

OFFICE OF SERVICES TO THE AGING
LANSING

RICK SNYDER
GOVERNOR

KARI SEDERBURG
DIRECTOR

July 17, 2013

Tina Abbate Marzolf, Executive Director
Area Agency on Aging 1-B
29100 Northwestern Hwy., Suite 400
Southfield, MI 48034

RE: Fiscal Assessment for Area Agency on Aging (AAA) 1-B for Fiscal Year (FY)
2013

Dear Ms. Abbate Marzolf:

The Michigan Office of Services to the Aging (OSA) has a responsibility to conduct fiscal assessments to assure that AAAs are in compliance with funds awarded under the Older Americans Act and from the Michigan Legislature. On June 6, 2013, OSA conducted an on-site fiscal assessment for AAA 1-B. We reviewed the materials included in the AAA 1-B Financial Policy and Procedure Manual, as well as additional procedures and policies that directly affect the operation of your agency.

We also reviewed and/or tested a variety of other documents including the following items:

- Most Current Single Audit
- Fiscal Assessment Questionnaire
- Financial Expenditure Reports
- Timekeeping Studies and Process; payroll samples
- Internal Controls; procedures, process and examples

Based on the responses to the fiscal assessment guide and on our financial assessment visit, there are no findings of non-compliance for FY 2013.

While there are no formal issues of compliance, we recommend AAA 1-B address the following concern that was identified during our fiscal assessment. OSA staff was on site for a longer period of time than is typical for fiscal assessments. After the Financial Assessment Questionnaire portion was completed, AAA staff took four hours to retrieve source documents needed for the review.

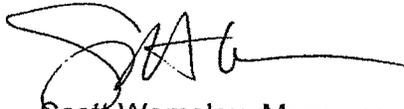
– We recommend that the agency develop a system in which supporting documents and records are accessible and are readily retrievable by agency

Tina Abbate Marzolf, Executive Director
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staff that facilitates examination by both agency and OSA staff. This supporting documentation should be easily cross-referenced with the accounting system, in addition to being verifiable with the amounts recorded on the financial status report.

A copy of the OSA Fiscal Assessment Feedback Form is attached for your records. If you have any questions, please feel free to contact your field representative, Steve Betterly, at (517) 373-4089, or at BetterlyS@Michigan.gov; and OSA Field Representative/Financial Specialist Amy Colletti, at (517) 241-3864, or at CollettiA@michigan.gov. We appreciate the time and cooperation provided by you and the rest of the AAA staff involved in this assessment visit.

Sincerely,



Scott Wamsley, Manager
Technical Assistance, Support and Compliance Section

SW/ac

Attachments

cc: Joe Hehir, CFO/Chief Compliance Officer, AAA 1B
Steve Betterly, OSA Field Representative
Amy Colletti, OSA Field Representative/Financial Specialist