It is with a heavy heart that I share with you news of the passing of Mae Derdarian. We refer to Mae as the Godmother of the AAA 1-B, because she was there when the agency started, and served on the Board of Directors for nearly two decades. Mae’s photo hangs in the office, near the wall with the Board of Director Chairpersons who are also historic leaders of our organization. Mae’s family indicates that she did not want a funeral. Rather a celebration of life will be planned in the coming months by her daughter, Chris. I will keep you posted on these arrangements. In the meantime, please join me in celebrating the many contributions and achievements of Mae Derdarian, one of the most amazing women I have even known.

The AAA 1-B has recently won several awards for exceeding quality and demonstrating our core value of innovation:

- The Silver Key Coalition, submitted by Ryan Cowmeadow, won a 2015 National Association of Area Agencies on Aging Innovation and Achievement Award for advocacy for our excellence in innovation!
- MichiganHomeCareGuide.com, submitted by Jenny Jarvis, and created by our Consumer Advisory Team (CAT) with development support by Kathleen Yanik, won a 2015 National Association of Area Agencies on Aging Innovation and Achievement Award for technology!
- Elder Law of Michigan has selected the AAA 1-B to receive the Call to Justice Champions Award. This award recognizes agencies and advocates who have made a significant and meaning impact on the aging community. Staff will be recognized for the award on August 6 at 6:00 p.m. at the Museum of African American History! Specific staff members that are recognized for leading the charge include: Jim McGuire, Ann Langford, Ryan Cowmeadow, and Andrea Mulheisen.

Michigan AAAs have joined forces to develop a simple navigator website to promote our evidence-based programs as a statewide AAA network. Currently it highlights the two grant funded programs we are working on: Matter of Balance, which prevents falling, and Diabetes PATH, which is a self-management program. Both of these programs are proven to make people healthier. The website directs people to call our Resource Center and sign up for a class. One day we hope it will link directly to our listing on our website too. Check it out! [http://www.GreatAtAnyAgeMI.com](http://www.GreatAtAnyAgeMI.com)

Jim McGuire, Ryan Cowmeadow, and the AAA 1-B Advisory Council have formed a summer Ad Hoc Study Committee that will identify and test a variety of technologies that have practical value for assisting caregivers to manage their caregiving responsibilities and to assess roles that the AAA 1-B can play to facilitate utilization of the most promising technologies for Region 1-B caregivers. Technology development in all areas is moving fast, and innovations in caregiving are no exception. Our investigation will include a search for technologies that address caregiver issues such as respite, caregiver health, financial assistance, legal assistance, information on community resources, training and education, stress management, care coordination, and communication among multiple family caregivers. Advisory Council members and staff will be leading the investigations into each of these areas, so if you are aware of any little known technologies that are of significant value to caregivers, please forward this information to Jim McGuire at [jmcguire@aaa1b.com](mailto:jmcguire@aaa1b.com). The committee is looking at everything...

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from software and apps, to hardware, such as wearables and monitoring devices, to assistive devices. We anticipate that the effort will be completed by October, and that we may be publishing and promoting our findings as lists of the top five or ten technology solutions for caregivers in each of these areas in time for distribution at the Caregiver Expo. We will also be looking for tech savvy caregivers who can review some of the products we are interested in, so if you are aware of any caregivers who might be interested to test some products and provide a review and comment, please reach out to them and pass their contact information to Jim McGuire if they are willing.

**Financial Success Update**
The Michigan Department of Health and Human Services (MDHHS), formerly the Michigan Department of Community Health has determined that we no longer need to meet monthly to address their PAHP quality concerns. They are satisfied that our efforts to ensure highest quality service to participants, in spite of our financial challenges resulting from their PAHP reimbursement structure, are good. This result is primarily due to the efforts of Marie Baloga, Barb Lavery, and the Community Support Services (CSS) Clinical Managers and staff who have worked hard to share data. We believe our efforts have resulted in greater understanding of the challenges and implications of the Prepaid Ambulatory Health Plan (PAHP) reimbursement system in Region 1-B.

Bill Walsh and his team continue to work hard to ensure some type of financial safety net to support high cost (catastrophically ill) participants is built into the FY 2016 PAHP reimbursement rates. We used the enclosed document to help reinforce this urgency (Attachment A). The state would like to incorporate a stronger acuity based component into the PAHP rates, but admits a transition to a new system will take time. We encouraged them to implement an administrative, short-term fix for FY 2016, and offered several ideas how this could be done. We submitted the attached letter outlining our ideas on how this could work (Attachment B). We indicated that the AAA 1-B Board of Directors would welcome an opportunity to talk with them directly, and encouraged them to take administrative action prior to this discussion. All in all things seem to be moving in a more positive direction. We will keep you posted.

**Strategic Priority I: Program Development**

**Innovative Grants**
Former state representative Matt Lori, who works at the MDHHS Innovation Division came down to talk with us about ideas to help ensure MDHHS Innovation Grants can continue even if state budget cuts are needed. We talked a lot about the importance of these grants, and ideas for how public/private partnerships might be able to protect and or expand his team’s efforts. He sent an email back stating, “Thank you for taking the time to meet on Tuesday…I like the SameAddress concept, I think it has tons of potential. Innovation ideas, please stay in touch. It appears AAA1-B is very innovative and not afraid to try something different.”

**Public/Private Partnerships**
Ann Langford and Jenny Jarvis have identified an insurance provider who is interested in sponsoring a limited number of congregate meal sites. They are working on the details now. We hope to be able to report back on success in this area soon.
Myride2 Expansion
Consultants with the Regional Transit Authority are looking for ways to expand our service into Detroit. The AAA 1-B is working with our Center for Independent Living Partners to see if this might be a way to do this.

Strategic Priority II: Program Diversification

MI Health Link (Integrated Care)
Four of the five contracts are signed. Our Integrated Care Team got their first pay check from Molina! Here’s a photo marking the milestone occasion! We are officially in the MI Health Link long term care business! 😊

Third Party Contracts
Amy Sanford, our CSI Supports and Coordination Project Liaison, will be at the July Board meeting to talk about her role as a service coordinator and to present a gift on behalf of CSI Support and Coordination to our agency.

Huron Valley Program for All-Inclusive Care to the Elderly (PACE)
Huron Valley PACE will not be investing in the Adult Foster Care home I mentioned last month. The home was sold before our people could finalize a decision. The team plans to continue to evaluate options to reduce our reliance on nursing homes for respite and rehabilitation.

SameAddress
Another update on our social enterprise program is on the July Board meeting agenda. We will also meet the entire staff team.

Strategic Priority III: Organizational Support

Aging and Adult Services Agency (AASA) FY 2014 Assessment
Attachment B includes a letter from AAA 1-B and from the AASA regarding the AAA 1-B’s FY 2014 Assessment.

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Alliance of Information and Referral Systems (AIRS) Accreditation
We completed a milestone toward achieving this accreditation this month. Our database review went very well. We are required to submit all final documentation by month’s end. After that, AIRS has six months to review our policies, protocols, and make a final determination. Great work by Kelly Elswick and Jenny Jarvis, who have been working hard on this for many months.

Commission on Accreditation for Rehabilitation Facilities (CARF) Accreditation
Deanna Mitchell wrote, while the AAA 1-B does have an affirmative action plan and equal employment opportunity (EEO) policy, the CARF surveyors felt we needed a more robust cultural competency and diversity plan that addresses all areas – culture, age, gender, sexual orientation, spiritual beliefs, socioeconomic status, and language, for all stakeholders, including personnel, persons served, and others. To that end, we engaged the services of a consultant to help develop a comprehensive plan. The plan is in the final stages of development and, once approved, will be shared with the Advisory Council and Board of Directors. Stay tuned for more information.

FY 2017-2019 Strategic Plan Process
As supported by the Board of Directors at their June meeting, the AAA 1-B is extending the current three year strategic plan by one year to align the development of the three year Multi Year Plan with the AAA 1-B Strategic Plan to improve efficiencies and increase overall impact. Over the 2016 summer months, the AAA 1-B will be in the planning stages for the development of the FY 2017-2019 Strategic Plan. The planning stage will focus on 1) the methodology to use in the development of the plan; 2) information needed to drive the development of priority areas; and 3) processes to gather information from key stakeholders.

Strategic Priority IV: Cultural Alignment
Deanna Mitchell will present our Total Rewards for working at the AAA 1-B concept at the July Board meeting.

Strategic Priority V: Marketing/Communication
The Communications Team is working on a branding update that will be presented at the September Board meeting. Sallie Justice is leading the charge on developing new branding key messages, brand character, and brand positioning to define the AAA 1-B in the community. Kathleen Yanik is leading the charge on developing a new website that will be the pillar in supporting digital marketing initiatives of the organization and increasing brand awareness.

212 Degree News:
• Our 212˚ Award winner for the quarter is Rabia Raftari. Rabia is the Assistant Director of Finance and has been instrumental in helping us get our arms around the PAHP reimbursement system and establish competitive pricing for the MI Health Link contracts. She was nominated by her peers for working long hours, keeping a positive attitude, and going the extra mile to support them and the agency. Congratulations to Rabia! She earns a ½ day off and will be formally recognized on the website and at the next Annual Community Meeting.
• Josephine Cassar, a caregiver who received information from Sandy Smith, emailed her and said, “I just wanted to thank you for your kindness. A couple of weeks ago, I was desperately looking for a group home for my son, Edward. I was not successful after making

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about 100 phone calls. Someone (and I can't remember who) suggested I call Area Agency on Aging. What a miracle call that was. You immediately emailed me several possibilities. After checking them out we found the perfect place for him. You cannot imagine how thankful we all are. You were our "angel in disguise". God bless you."

- Sallie Justice led the charge that allowed us to win $1,000 from Gardner White through a social media contest. And that allowed Support Coordinator, Ruth Zwick, to apply for funds and receive one of the two $500 Gardner White gift cards for her participant, Gerry. Ruth tells the story, “We took Gerry to Gardner White in Novi to pick out his furniture. Homestead Home Care sent a worker with Gerry to help him. The staff at Gardner White was awesome. Gerry got a LEATHER electric reclining chair, a lamp, and a table with drawers. I don't have a picture of the table because I took it home to paint it red for him. Since we spent all the money on the furniture we needed help transporting it to his apartment. Angels at Home Care provided staff and the van and moved the furniture. Talk about Angels! Gerry is so happy with his furniture. I can't tell you how awesome it was to see him smile when he sat in this chair. It is the only furniture he has in his apartment. He was using his bed as a couch in the front room before this. THANK YOU SO MUCH. You rock. “

- I (Tina) am leading the AAA 1-B Allstars which is our team for the Walk to End Alzheimer's Disease. The walk is being held on August 29 and we need walkers. I've got us started with the first donation, but I need your help. It only costs $1 to join the team, but, if you can’t walk that day you can also make a donation for our team. Please give this some thought. Even $1 can make a difference in eliminating this horrible disease. ☺

Thanks! http://act.alz.org/goto/AAA1-BStars

- Mr. Clyde Riley, a well-known older adult in Livingston County, who helped found the Livingston Council On Aging, passed away earlier this month. Mr. Riley was a great voice for older adults, and worked closely with Kristin Wilson, AAA 1-B Program Manager, Nutrition and Wellness Services, to get the group off the ground. Thanks to Mr. Riley for his many contributions to the community. He will be missed.
Recap A AA 1-B 2014 FY

Challenges and Actions Taken:

- Capitation Rates Implemented for 2014 FY
- Immediate monthly losses in excess of $500,000
- Program is frozen to new entrants
- Home care vendor rates cut by 9% saves $1.86M/year
- 2 vendors resign (3 additional vendors resigned during 2015 FY; at least 5 additional vendors will stop at end of 2015 FY)
- Annual wage increases discontinued saves $180K/year
- 12 employees resign including: the MI Choice Program Director and 3 key managers
- Headcount further reduced through attrition: March 2015-111 employees
- Headcount further reduced through attrition: 2013-140 employees
- St. Clair satellite office closed
- Many lean processes implemented
- Agency 2014FY Audited Revenues-$46.3M and Deficit $1.26M
- Agency 2014FY Audited Revenues-$46.3M and Deficit

ATTACHMENT A
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<th>Description</th>
<th>Budget</th>
<th>Actual 2015 FY</th>
<th>Variance (Fav/(Unfav))</th>
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<td><strong>Service Costs</strong></td>
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<td>Medicaid Waiver Settlement 2013</td>
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<td><strong>Personnel Costs</strong></td>
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<td>1,767.3</td>
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<td><strong>Operating Expenses</strong></td>
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<td><strong>Adjusted (Deficit)</strong></td>
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**Notes:**

A-$259,291 2014FY Quality Payment and State's changes to SSP classification

B- 79.9% (adjusted for Quality Withhold payment)

C- Increased accrual based on State's initial settlement analysis for 2013FY

D-Higher Revenues inc. Admin Allocation and Higher Profit, Services & Consultant Costs

E-Increased accrual based on State's initial settlement analysis for 2013FY

**ATTACHMENT A**
May 2015 Participants

- There are at least 3 pending SSPs with service costs > $100,000/year.
- Milliman Actuarial Assumptions: 55=3.3%, 55-65=3.75%, >65=10.67%.

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<th>Age Group</th>
<th>SSP</th>
<th>Non-SSP</th>
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<td>55.9%</td>
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<tr>
<td>65 and Older</td>
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<td>SSP</td>
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<td>Non-SSP</td>
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<td>55.9%</td>
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<tr>
<td>55.9%</td>
<td>66.9%</td>
<td>33.1%</td>
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</tbody>
</table>

- Total PPTs: 792
- SSP: 311
  - 55 to 64: 161 (55.9%)
  - 65 and Older: 150 (68.5%)
- Non-SSP: 481
  - 55 to 64: 109 (33.1%)
  - 65 and Older: 372 (66.9%)

Less than 55

SSTP

Attachment A
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<th>Case No</th>
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<th>Age</th>
<th>Total Amount of Claims</th>
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<th>Adjusted to Full Rate</th>
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</table>

**MI Choice Cost per Ppt for Set Period of Time with Capitation**

Exclude Supports & Coordination (T2022) Yes

5/1/2015 to 5/31/2015
AAA 1-B’s program has a both an adverse selection and a disparate impact versus the Milliman assumed high cost case distribution.

Mercer (Agency’s Actuary) Suggested Solutions:

* Establish a $10,000 per month claims maximum with excess claims being invoiced to the State;

* Establish a cap rate for SMOU-like cases above the 90th percentile of claims costs, or

* Establish a stop-loss maximum at the State level to provide an insurable pool of claims.

* Establish a SMOU-level claims withhold with distributions based on magnitude and acuity of claims by waiver agent.

Timing is Critical: AAA 1-B’s Board and stakeholders are requesting resolution prior to 2016 FY (October 1, 2016).

Risk Sharing Alternatives include:

* ATTACHMENT A

* ATTACHMENT A
July 16, 2015

Ms. Elizabeth Gallagher  
Michigan Department of Health and Human Services  
400 South Pine  
P.O. Box 30479  
Lansing, MI 48909

Dear Ms. Gallagher:

Please accept my sincere thanks and the thanks of everyone at the Area Agency on Aging 1-B (AAA 1-B) for your ongoing efforts to better understand the AAA 1-B PAHP program operations and finances. Clearly, there have been significant challenges in serving participants while we transitioned from a fee for service program to a managed care reimbursement methodology.

As we discussed, the primary concern today is that one high-cost, catastrophically ill person will undermine the financial viability of this important program. Of particular concern are those aging out of Children’s Special Care Services. This concern was demonstrated most recently for the twins aging out of Children’s Special Care Services. We appreciate that you personally stepped in to determine that the HAB waiver was the most appropriate program for this catastrophically ill pair. Had you not done this, the AAA 1-B program would have incurred an operating deficit as high as $500,000 for this year. As we’ve demonstrated and described on numerous occasions, the problem of high cost participants has dramatically impacted Region 1-B. Further, as you and your staff have indicated, all Waiver Agents can potentially be impacted by this situation, particularly smaller programs.

The AAA 1-B has invested considerable resources to study the population of individuals whose annual costs traditionally exceed $180,000/year. Research we’ve commissioned and provided to you from Mercer, a well know actuarial corporation, has confirmed that these catastrophically ill individuals are a “distinct and separate population,” and should not be folded into the standard managed care rates. Further, we have explored the phenomena occurring in Region 1-B and its high number of catastrophically ill individuals and compared it to other waiver agents operating in the area and statewide. Our costs far exceed all others with whom we spoke.

Work through our Michigan Association of Health Plan colleagues has helped us to determine that two factors common to managed care are contributing to this phenomenon:

1) **Adverse Selection**
   Adverse selection occurs when participants do not operate with the same information about services. For example, most of our high cost participants aging out of Children’s Special Care Services are very familiar with the services offered by the MORC. They often select AAA 1-B simply because they want a choice other than MORC. Further, anecdotal information from participants indicate they believe AAA 1-B provides a higher quality service, and a greater opportunity for person-centered care.

2) **Disparate Impact**
   Disparate impact occurs when a group of people may be excluded from receiving services for a variety of reasons. In the case of Region 1-B, we have a large neighboring county with...
a population that is regularly relocating into the AAA 1-B region in search of additional services. This has resulted in an abnormally large percentage of people that fall into the catastrophic category residing in our region rather than being spread out across the state. Add to this the fact the PAHP rates have averaged the reimbursement for these individuals across the state, but their actual expense is carried primarily in our region. The impact of this situation has negatively impacted all stakeholders including service providers, participants, and staff that live and work in the area. Further, it has the potential to fully bankrupt the program.

As such, we urge you to take administrative action to correct this situation prior to the start of FY 2016. At the conclusion of our final meeting, Mr. Miles asked our team to put together a list of ideas that your office could consider to address this problem as you prepare to set the reimbursement rates for FY 2016 PAHP rates. We offer the following ideas for your team to consider:

- As part of our work with Mercer, we identified several action steps that other states have taken to mitigate the issues resulting from adverse selection and disparate impact. Here’s a few they suggested:
  1) Establish a cap rate for cases that fall above the 90th percentile of claims costs.
  2) Establish a maximum claims threshold with excess claims being invoiced to the state.
  3) Establish a stop loss maximum at the state and provide an insurable pool that can offset a certain level of costs.

- During and following our meeting we also came up with a few other ideas for your team to consider:
  1) Use any proposed FY 2016 capitation rate increase as a “high cost”/catastrophic withhold and distribute the resources based on the number of individuals identified in this category. This may include persons with annual costs that exceed a certain level of care.
  2) Take an additional 1% from the current rates and create a withhold similar to the quality withhold that can be used to create the stop loss pool mentioned above.
  3) Utilize any unspent PAHP funds from FY 2015 (our understanding is the program was under spent in FY 2014 and is in line to be under spent in FY 2015) and reimburse AAAs for claims beyond a maximum claim level. This would be a retrospective reimbursement method, but would give providers assurance that losses would be mitigated relatively quickly.

We understand that the ideas we’ve proposed are only short term fixes, and your goal is to move to a reimbursement system based on acuity sometime in the future. In the meantime, and on behalf of our team and our PAHP participants and vendors, we greatly appreciate your consideration of these short term solutions for FY 2016. Lastly, we would welcome an opportunity to participate in any workgroups and/or discussions that might support efforts to address this concern.

Sincerely,

Tina Abbate Marzolf
Chief Executive Officer

c: Dick Miles, Michigan Department of Health and Human Services
   Brian Barrie, Michigan Department of Health and Human Services
April 23, 2015

Mr. Scott Wamsley, Director  
Technical Assistance, Support and Compliance Division  
Aging and Adult Services Agency  
Michigan Department of Health and Human Services  
P.O. Box 30676  
Lansing, MI 48909-8176

Dear Mr. Wamsley:

On behalf of the Area Agency on Aging 1-B (AAA 1-B) Board of Directors, thank you for the opportunity to meet with you, Director Kari Sederburg, and Associate Director Leslie Shanlian to discuss the FY 2014 Assessment follow up.

We discussed the following two areas:

1. The AAA will not require the public to submit signed confidentiality notices or other precedent to attend public meetings of the AAA Board of Directors.
2. The AAA will submit a complete copy of the EDSI plan to OSA, as requested. OSA will maintain this document in a confidential manner.

AAA 1-B response:

1. The AAA 1-B assures that we will not require the public to sign any documents as a provision of attending meetings of the Board of Directors. As an added precaution, we have added the word “voluntary” to sign in sheets.
2. This document was submitted to the Aging and Adult Services Agency (AAS) on February 5, 2014, including de-identified product line pricing in the financials. We understand this fully meets your requirements.

We appreciate the partnership we have with the AAS and hope that this information will allow you to close out the FY 2014 assessment process.

Sincerely,

Tina Abbate Marzolf  
Chief Executive Officer
June 2, 2015

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

Dear Ms. Abbate Marzolf:

RE: Closeout of Fiscal Year (FY) 2014 Compliance Assessment of Area Agency on Aging 1-B (AAA 1-B)

On July 18, 2014, staff from the Aging and Adult Services Agency (AASA), formerly known as the Michigan Office of Services to the Aging, conducted an on-site assessment of AAA 1-B. The assessment reviewed the agency’s compliance with AASA Operating Standards, FY 2013 area plan program outcomes and service delivery experience, and the agency’s FY 2014 area plan implementation experience.

During the assessment, AASA staff identified several issues related to restriction of public attendance during the October 25, 2013, Area Agency on Aging 1-B Board of Directors meeting, and restriction of AASA access to EDSI deliberative material that was provided to the Board members for use during the meeting. Both restrictions placed the agency out of compliance with AASA Operating Standards and/or the Area Plan as outlined in our October 19, 2014, Assessment Feedback Report, our January 9, 2015, follow-up letter, and the April 22, 2015, meeting with AASA leadership.

We have now reviewed AAA 1-B’s April 23, 2015, letter assuring our office that on February 5, 2014, we received the complete copy of the EDSI business plan material that was provided to AAA 1-B Board members as part of that October 2013 Board meeting. AAA 1-B’s letter also assures us that in the future the agency will not require signed confidentially agreements as a pre-condition of Board meeting attendance or participation. These written assurances by the AAA adequately address our assessment findings and therefore our July 18, 2014, on-site compliance assessment is considered closed.
Tina Abbate Marzolf, Chief Executive Officer
Page 2
June 2, 2015

Thank you for your cooperation during this assessment process. Please direct any questions to AAA 1-B’s AASA field representative, Steve Betterly, at (517) 373-4089, or at BetterlyS@michigan.gov.

Sincerely,

Scott Wamsley, Director
Technical Assistance, Support and Compliance Division

SW/sb

cc: Amin Irving, AAA Policy Board Chair
Eric Berke, AASA Field Services and Support Unit Manager
Steve Betterly, AASA Field Representative