



## EXECUTIVE REPORT March 20, 2015

One of the biggest changes to the health and human service delivery system in Michigan occurred in mid-February with the merger of the Department of Human Services and the Department of Community Health. The new department, the largest in the state, will employ 14,000 people; 15% more people than the Department of Corrections, which is the second largest department in our state government. Here's a brief update:

### In Change there's Opportunity: Overview of the DCH/DHS Merger - By Ryan Cowmeadow

In an effort to “put people first by delivering services in a smarter, person-centered way with less fragmentation,”<sup>[1]</sup> Governor Rick Snyder signed an Executive Order (EO) combining Michigan Department of Community Health, which houses the Office of Services to the Aging under Director Sederburg and the Department of Human Services directed by Nick Lyon. The new department is known as the Department of Health and Human Services (MDHHS) with Nick Lyon as the director.

As it relates to aging services, the certification of the EO on Feb. 9 by the MI Secretary of State effectively dissolved the Office of Services to the Aging (OSA) and created the Aging and Adult Services Agency (AASA). All OSA staff continues to perform their regular functions during this transition period under the leadership of Interim Director Sederburg.

This merger creates the largest department in the State and provides the opportunity to better align state programs. For instance, all programs that touch and enhance the lives of Michigan's older adults will likely be housed under AASA. No further details have been released regarding what programs will move to AASA yet, but information will be shared as it comes out. We are encouraged by the opportunity to better serve individuals and we are hopeful that Director Kari Sederburg will be named the permanent director of the new Aging and Adult Services Department.

### **Financial Success**

The agency continues to operate in the black! Drivers for this include: 1) the PAHP program is not losing money at this time, and in fact, is showing a slight (less than 1%) profit. Increasing the enrollment numbers and a lack of new catastrophically ill participants are both contributing to this status; and 2) we are moving closer to resolution of the DCH reconciliation settlement with FY 2009 settled, FY 2010 close, FY 2011 settled, and FY 2012 settled. We are still waiting for FY 2013, but anticipate completing the reconciliation process very soon.

As a reminder, in November, the Board of Directors approved Senior Management's recommendation to consider and implement a one-time lump sum payment to staff, in lieu of salary or wage increases, at two intervals (mid-year and year end) if the agency can show it is profitable. The guidelines are based on agency operating performance at March 31 and September 30, and are listed below:

- 1) If profits at 3/31/15 (and/or 9/30/15) exceed \$300,000, then a one-time payment of 3% of wages will be given.

<sup>[1]</sup> [http://michigan.gov/som/0,4669,7-192-53480\\_56421-347072--,00.html](http://michigan.gov/som/0,4669,7-192-53480_56421-347072--,00.html)

- 2) If profits at 3/31/15 (and/or 9/30/15) exceed \$200,000, then a one-time payment of 2% of wages will be given.
- 3) If profits at 3/31/15 (and/or 9/30/15) exceed \$100,000, then a one-time payment of 1% of wages will be given.
- 4) Vendors who took a rate reduction in 2014 will also be considered for a prospective rate increase of 1%,  $\frac{3}{4}\%$ , or  $\frac{1}{2}\%$  based on these same thresholds.
- 5) All employees will be eligible for the one-time lump sum payment(s) with the exception of:
  - a. Anyone hired within the six-month period prior to 4/1/15 (9/1/14 – 3/31/15) and/or 10/1/15 (4/1/15 – 9/30/15).
  - b. Anyone with a development plan in place due to disciplinary action or poor performance.

A recommendation on payments as outlined above is likely to occur at the April Finance Committee Meeting.

### **Prepaid Ambulatory Health Plan (PAHP) Follow Up**

At last month's meeting we heard from our Actuary Consultant, Kevin Russell, from Mercer, how the cost of high cost (formerly call SMOU) participants is putting the PAHP program at risk. Here's an update on the number of these participants that are in the pipeline for entry into the program:

- 1) In January, we received notice that the guardian of the high cost twins' case was appealing. The appeal is set for March 17 with attorneys representing the twins. Our position is that the rehabilitation (HAB) waiver meets their needs. The Michigan Department of Community Health (DCH) was consulted and supports our position. However, the judge will make the final determination. The DCH capitation payment for the twins will be \$13,318 for one month. We estimate the cost to the agency for the Private Duty Nursing and the Community Living Support will be \$23,164 per month for one twin and 21,000 for the second twin. This gives us a negative variance of **\$30,846** in one month with no compensation for administration and supports coordination.
- 2) Other high cost cases coming down the line
  - Case A - Family has not made a decision (Washtenaw); may still want AAA 1-B.
  - Case B - Most likely MI Choice with a call scheduled for March 27 (Washtenaw)
  - Case C - Unsure of family choice/needs; call scheduled for July (Oakland)
  - Case D - Most likely MI Choice with a call scheduled in September (Oakland)

Currently, as of January 2015, the PAHP program is operating at a slight margin, which we plan to use for two purposes: 1) to provide a 1-2% increase to providers who were reduced 9% in FY 2014, making our program the lowest reimbursing program in the state; and 2) to provide a payment in lieu of salary increase to staff to support our Total Rewards employee retention program.

The March meeting with DCH will focus specifically on high cost participant issues. Our April Board meeting will be focused specifically on ensuring our strategy related to PAHP is solid and give us the highest likelihood of financial success.

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**Strategic Priority I: Program Development**

Myride2 Expansion

We submitted a \$300,000 grant to the Suburban Mobility Authority for Regional Transportation (SMART) to support continuation of this program through FY 2017. We should learn if we are successful in the next 90 - 120 days.

**Strategic Priority II: Program Diversification**

Integrated Care (aka MI Health Link)

Jan Getty, former AAA 1-B Board of Directors member and consultant to us and all the AAAs in the state, will be here to provide an update on MI Health Link, and the status of the contracts we have with the plans. At this point, we've submitted final pricing for one plan, and the other four will be completed by the end of March. Our "Go Live" date to start working with the plans is May 1, 2015.

Internally, there is still much work to be done to ensure we are ready for this transition. A few new job positions have been posted, and the internal work team is implementing some process improvements that we believe will strengthen our ability to delivery service to the plans. We are also building a firewall between staff involved in this project and staff who are trained on the Medicare and Medicaid Assistance Program (MMAP). MMAP staff will be providing non-biased counseling service to dually eligible people who will choose between the five health plans available in southeast Michigan.

Here's an update on the type of work we'll be doing with each of the five plans. I anticipate our discussion at the March Board meeting will focus on this chart:

Service	Plan A	Plan B	Plan C	Plan D	Plan E
Network Credentialing	x	X	x	x	x
Network Service Arranging		X	x	x	x
Network Claims processing		X	x	x	x
Long Term Care Assessment (Multiple Types)		X	x	x	x
Care Coordination		TBD	x	x	x
Other - Backup Support	x				

Third Party Contracts

Work on the Oakland Physician Network Services (OPNS) contract is slow. This Accountable Care Organization (ACO) has been in full operation for 12 months, but they still do not have the data systems in place to make appropriate referrals and/or to track health outcomes other than

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manually. We met with them recently to talk about what we can do to support them and what other services, in addition to Care Transition support, we can offer them. At this point, they are very interested in evidence-based programs and services. Revenue from the contract is very low; however, we feel it's important to work with this partner as they are still developing their business practices around coordination/integration of care.

#### Evidence Based Program Development

We hired ten trainers this month. Most will focus on our Matter of Balance programs. It is more difficult to find trainers for Diabetes Personal Action Toward Health (PATH) and it is also more difficult to find individuals with diabetes who want to become more engaged in their health care. If you know people who would like to be trainers (we do pay a small wage), and or have ideas to help with marketing/outreach please let me know.

#### Program for the All-Inclusive Care of Elderly (PACE) Partnership

We reviewed the performance of the Executive Director of Huron Valley PACE and asked for additional details and strengthening of FY 2015 goals. Overall, Huron Valley PACE is outperforming the pro forma projections and we are very satisfied with the performance of the Executive Director. He is a retiree from the University of Michigan Health Care System and his expertise has allowed us to keep our medical costs lower than initially projected. We currently have three physicians employed part time at our PACE program.

#### SameAddress Launch

Gary Evans and Garry Cole from SameAddress will present at our first Emerging Business Committee meeting, which is scheduled to occur on May 28 from 2:00 p.m. to 4:00 p.m. Tom Miree, Governance Committee Chairperson, and Mark Rottermond, Finance Committee Chairperson, will co-chair the Committee. All Board members are invited to attend to learn more about SameAddress and plans to pilot the program in Oakland County. Please let Amanda Sears know if you plan to attend this meeting. For those unable to participate, a meeting summary will be provided to the full Board in June.

### **Strategic Priority III: Organizational Support**

#### Commission on Accreditation of Rehabilitation Facilities (CARF) Accreditation

Five officials from CARF visited with Board members, staff, leadership, vendors, and participants during first three days of March. Although they could not tell us our "score," the exit interview was exceptional. Thanks to Karen Wintringham and Dr. Peter Lichtenberg for representing the Board of Directors during the Governance portion of the evaluation. They did a great job!

#### AIRS Accreditation

An overview of what AIRS accreditation will cover and why we are pursuing it was provided to the Advisory Council at its February meeting and will be provided to the Board at its March Board meeting.

#### Financial Audit

The Board approved the FY 2014 financial statement audit at its February 27, 2015 meeting.

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### **Strategic Priority IV: Cultural Alignment**

We rolled out our second core value and cultural prompts in March. Here's a copy of the poster that will hang in all offices:



Prompts help us as staff to live the core value of Integrity in our workplace:

- *Keep Moving* and help find solutions to the problems we encounter; find new and better ways to do our jobs and meet our mission
- *Be Positive* and reflect your confidence that the agency and staff work in the best interest of all stakeholders
- *Exceed Standards* encourages us to strive for excellence, give recognition to those who do, and find ways to reward excellence.

Overall, we are striving to improve our overall employee engagement, which dropped from 74% to 72% this year. By tying our corporate culture prompts to our core values, and taking time each month to highlight the values and prompts in a variety of ways (brown bag lunch, Monday Morning Memo), we believe we can improve overall employee engagement.

### **Strategic Priority V: Marketing/Communication**

Communications staff is currently working on revising the homepage of the agency website ([www.aaa1b.org](http://www.aaa1b.org)) to improve the experience of end users and to integrate the other websites ([myride2.com](http://myride2.com) and [MichiganHomeCareGuide.com](http://MichiganHomeCareGuide.com)) within the overall agency brand. Relationships have been developed and strengthened with media including the new WWJ healthcare reporter, Dr. Deanna Lites, Orlander Brand Williams of the Detroit News, and Kate Wise, Producer PBS. Staff is currently developing a plan for outreach to editorial boards including the Oakland Press, Macomb Daily, and the Detroit News with the intent to have the editorial meetings in June or July 2015. New branding statements will be presented at the June 2015 Board meeting.

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## **212° Updates**

- Thanks to Advisory Council member Mark Swanson for his work in reaching out to new legislators to introduce them to the aging network and the local opportunities to interact with older adults.
- Thanks to Advisory Council member Steve Faine for his work in developing a concept that can be used by advocates to reinforce the message to legislators that they need to support aging issues. Steve's idea involves aligning legislative districts to the population of seniors and showing how the funding they contribute directly affects their constituents. Jim McGuire and Ryan Cowmeadow are working to flesh out the idea. 😊
- Check out these photos of Board member Barbara Turner and her husband, Holden Turner, from the 2014 Christmas in Ida celebration! Barbara Turner staffed the information booth and helped families in Monroe County to understand Adult Day Services. Holden Turner helped to develop the brochure holder shown in the photo and was honored as the Marshall of the Christmas in Ida Parade! Note he's been able to wear this elf costume for 40 years! Thanks to you both for your good work in Ida and the Monroe County community!



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