Building the Business Acumen of Community-based Aging and Disability Organizations

Marisa Scala-Foley – Administration for Community Living
Nancy Zweibel – The Retirement Research Foundation
Cindy Kauffman – Institute on Aging
Erin Westphal – The SCAN Foundation
Agenda

- Preparing the Aging and Disability Networks for Integrated Care: A Federal Perspective
- The Illinois Aging Network At Risk
- Linkage Lab
- Building the Business Acumen
- Discussion and Q&A
Frank and Ernest

OH WOW! PARADIGM SHIFT!
Preparing the Aging and Disability Networks for Integrated Care: A Federal Perspective

Marisa Scala-Foley
Center for Disability & Aging Policy

October 16, 2013
ACL-CMS
Integrated Care Opportunities

- Accountable Care Organizations
- Community-based Care Transitions Program
- Health Homes
- Medicaid Managed LTSS
- Duals Financial Alignment Initiative
- State Innovation Models
Where do CBOs fit in?

- Contracting with integrated care entities (e.g., health systems, ACOs, managed/integrated care plans) as part of their long-term services and supports (LTSS) provider networks
  - Offering packages of services such as: assessment, options counseling, person-centered planning, care and transitions management, chronic disease self-management and other evidence-based programs, nutrition, transportation, caregiver support, benefits outreach and enrollment
  - More formal network building at the community level will be critical, as such associations/networks can provide a critical mass in terms of the types of services offered, expand the geographic reach of any single organization, and offer economies of scale for common business functions.
Where do CBOs fit in? (continued)

• Working with the state in an outreach/education/advocacy role
  – Assisting consumers with selecting plans
  – Monitoring quality of care provided to older adults and persons with disabilities (e.g., secret shopping and other forms of monitoring)
  – Individual complaint resolution (through ombudsmen programs)
Where does ACL fit in?

- Providing training and technical assistance to state and local aging and disability organizations to help prepare for these systems changes
  - New role as technical assistance center for states receiving dual ombudsman grants
Where does ACL fit in? (continued)

• Funding efforts to build the business capacity of state and community-based aging and disability organizations for MLTSS
  — Working with national partners to design and implement training and technical assistance for aging and disability networks on issues related to MLTSS, and assess aging and disability networks’ involvement in MLTSS systems
Where does ACL fit in? (continued)

- Targeted technical assistance to build business capacity of community-based integrated care networks (in partnership with the John A. Hartford Foundation)
  - Partners in Care Foundation (CA)
  - San Francisco Department of Aging and Adult Services (CA)
  - Healthy Aging Regional Collaborative (FL)
  - Elder Services of the Merrimack Valley (MA)
  - The Senior Alliance and the Detroit Area Agency on Aging (MI)
  - Minnesota Metro Aging and Business Network (MN)
  - AAAs of Erie and Niagara counties (NY)
  - PA Association of AAA, Inc. in partnership with the PA Centers for Independent Living (PA)
  - North Central Texas Council of Governments (TX)
Business acumen learning collaborative

- Action learning collaborative
  - Aim *(Each network will have at least one new contract with an integrated care entity with the next year.)*
  - Change package
  - Learning sessions
  - Action periods
What is our change package for collaborative members?

• Understanding the market
  – Existing and changing
  – What do their customers want?
  – What are their network’s strengths (and weaknesses)?
  – Who are their competitors?

• Identifying product lines
  – What are their costs?
  – What can the market bear?
Change package (continued)

• Articulating value/business case
  – Communicating services and value clearly and consistently
  – How does what they can offer meet their customers’ needs or solve their problems?)?

• Forging relationships/partnerships
  – Who is in their network? Who isn’t, but needs to be (based on customers’ needs)?
  – Who are their champions (especially those closely tied to their target customers)?
Change package (continued)

• Changing organizational culture
• Establishing a legal structure
  – What are the options for structuring a network?
  – What firewalls are needed?
  – What are potential contracting vehicle?
• Determining pricing/capital/cash flow
• Building infrastructure for referral/billing/tracking outcomes
  – Information technology
Change package (continued)

- Ensuring scalability/volume
- Selling services/negotiating contracts
For more information

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The Illinois Aging Network At Risk

2013 ANNUAL CONFERENCE
GRANTMAKERS IN AGING

NANCY R. ZWEIBEL, PH.D.
THE RETIREMENT RESEARCH FOUNDATION
“PERFECT STORM” Has Hit

2008
SCARCITY: recession drives revenue down, need up

2010
COMPLEXITY: state budget worsens; service system reforms accumulate

2013
UNCERTAINTY: major state redesign of aging services system; Federal sequester
Study Objectives

- Take pulse of Illinois aging services providers.
  - Current financial status? Funding trajectory?
  - How coping?
  - Impact on services for seniors?
  - Other effects on agency operations?
  - Concerns about future?

- Identify investments RRF can make to stabilize the Aging Network.
Study Methods

- E-Survey with 123 providers serving elders
  - regular program grant applicants from last 5 years
  - 75 responded; response rate = 61 percent

- 16 qualitative interviews (including 4 AAAs)
  - to better understand the issues
  - to get input about how foundations can assist

- Literature review
Who are Responding Agencies?

- **All sizes:**
  - Revenue below $500,000: 22%
  - Revenue above $10,000,000: 29%

- **All regions of Illinois:**
  - Chicago: 39%
  - Suburban Cook County: 22%
  - Collar Counties: 17%
  - Downstate: 22%

- **Services – at least 20% offer:**
  - Nutrition, case management, adult day, transportation, advocacy, volunteer roles, benefits counseling, disease management, care coordination, in-home care, legal, mental health
### Characteristics of Agency Clients

<table>
<thead>
<tr>
<th>% of Agencies</th>
<th>Percentage</th>
</tr>
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<tbody>
<tr>
<td>many, most, all clients are low-income:</td>
<td>77%</td>
</tr>
<tr>
<td>1 in 5 clients have limited English:</td>
<td>29%</td>
</tr>
<tr>
<td>1 in 5 clients live in rural areas:</td>
<td>22%</td>
</tr>
<tr>
<td>majority of clients are age 65 or older:</td>
<td>46%</td>
</tr>
</tbody>
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# of older adults served: 140,845
THE RAIN STARTS FALLING

SCARCITY

RECESSION AND ITS LINGERING EFFECTS

2008
## All Sources Cut Funding

<table>
<thead>
<tr>
<th>Source</th>
<th>2006*</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government</td>
<td>23%</td>
<td>54%</td>
</tr>
<tr>
<td>Foundations</td>
<td>28%</td>
<td>69%</td>
</tr>
<tr>
<td>Individuals</td>
<td>13%</td>
<td>58%</td>
</tr>
</tbody>
</table>

Income Down; Demand Up

Funding ↓ somewhat or significantly 2008-2010: 70%
Further drop since 2010: 40%

Demand ↑ somewhat or significantly: 84%
Impact on Seniors

- 41% of agencies have cut services. Of these:
  - eliminated 1 or more services entirely 59%
  - started or grew waiting lists 48%
  - reduced # served in one or more programs 44%
  - started or increased fees for service 36%
  - ↓ hours of service per client 19%
  - replaced professional staff with volunteers *

- Seven agencies known to have closed.
- Mergers on the rise: complex, time-consuming.
Agencies Are Trying EVERYTHING

- Worked to diversify funding 86%
- Reduced non-personnel expenses 83%
- Laid off staff 78%
- Froze or reduced wages and benefits 61%
- Used cash reserves 56%
- Borrowed money 36%
- Paid vendors late 36%
- Added or increased fees for service 34%
- Added social enterprises 32%
Effects on Human Capital

Morale is DOWN
- wages and benefits cut
- asked to do more
- fewer services for clients

Turnover is UP
- more retiring/resigning
- hard to recruit talent with low wages, benefits
- development directors hard to find
FROM BAD TO WORSE

COMPLEXITY

STATE BUDGET CRISIS AND SERVICE SYSTEM CHANGE
2010
State Fiscal Crisis Deepens

- FY2011 deficit was $43.8 billion “worst in the nation.”
  - 57% of agencies rely on state funds
  - payments more and more overdue
  - agencies borrowing to compensate
  - NEW UNCERTAINTY about payment dates
  - NEW UNCERTAINTY about payment amounts

→ Contingency planning is now a monthly task: VERY TIME CONSUMING!
Too Much Change, Too Fast

- HUGE CHANGES to system composition, financing, operations
- Happening QUICKLY
- Guidance provided is inadequate
- Requires new skill sets for nonprofits
- All changes happening at same time
AND NOW…
THE KNOCKOUT PUNCHES

UNCERTAINTY
MAJOR REDESIGN OF STATE AGING SERVICES SYSTEM
THE FEDERAL SEQUESTER 2013
Managed Care to Overhaul LTSS*

- 50% of Medicaid recipients must move into “risk-based care coordination” by 2015
- Includes 136,000 nursing home-eligible, low-income elderly now served by Aging Network
- State has opted for Managed Care:
  - Using 8 contracted Managed Care Organizations (MCO)
  - MCOs required to put together provider networks
Agencies Have “More Questions Than Answers”

- HOW to negotiate with MCOs?
- HOW to price their services?
- WHAT will be new role for Case Coordination Units?
- WHO will help elders choose an MCO? Resolve problems?
- WHO will pay for services like transportation, meals, and respite?
And now … THE SEQUESTER

$4.5M cuts to Illinois for Older Americans Act programs

- $2.7 Million
- $1.7 Million
- $450,000

- Nutrition Programs
- Overhead Allowance
- All Other Programs
This Situation is NOT Temporary

- This is not simply another cyclical downturn.
  - Federal cuts will deepen every year through 2023.
  - State has not shown the will to resolve its budget crisis.
- Agencies face several new, time-consuming administrative tasks over and above operating existing programs.
- Budgets that are already cut to the bone have no resources to meet these new challenges.
What RRF Can Do

- Expand and market capacity-building grant program

- Advocate and educate:
  - with other funders, to build interest in supporting the Aging Network
  - with government officials, to minimize cuts and protect seniors

- Minimize burden on applicants and grantees
  - during application process
  - in required reporting
Actions for Board Consideration…

- Return to multi-year grants as appropriate to reduce uncertainty and decrease fundraising costs
- Create a “set-aside” pool of funds for matching and challenge grants to give non-profits fundraising leverage
- Consider operating support?
- Raise indirect rate for overhead?


The Scan Foundation

Linkage Lab

Silicon Valley Independent Living Center

Victor Tabbush Consulting

Collaborative Consulting

Institute on Aging

Jewish Family Service of Los Angeles

BACS

St. Paul’s PACE

Camarillo Health Care District

www.TheSCANFoundation.org
Building the Business Acumen

Cindy Kauffman, MS, CRC
Chief Operating Officer
Institute on Aging
HOME CARE
- Personal Care/Nursing
- Care Management
- Financial Services

COMMUNITY LIVING
- Transition to Home (Older adults and disabled)
- Intensive & Long-Term Case Management

SOCIAL & RECREATIONAL SERVICES
- Adult Day Clubs
- Art Programs

EDUCATION
- Professional Training
- IOA Staff Training
- Elder Abuse Awareness
- Elder Abuse Forensic Center

PACE LIFEWAYS
- All Inclusive Medical Care (Frail Elders)

PSYCHOLOGICAL & COUNSELING SERVICES
- Neuropsychological Testing
- Home Psychotherapy
- PhD Internship program
- Suicide & Friendship Lines

IOA Divisions
SWOT

• **Strengths**
  - Breadth of services
  - Expertise
  - Partnerships

• **Weaknesses**
  - Business acumen
  - Pricing
  - Negotiating

• **Opportunities**
  - Innovations
  - Community focus
  - Funding

• **Threats**
  - Competition
  - Scalability
  - Ability to differentiate
Vision
Linkage Lab – Initial Proposal

• Service Model
  • **Marketing**
    ➢ How do we get before the correct people?
  • **Scalability**
    ➢ How do we meet the needs of ACOs, Kaiser, Health Plans?
    ➢ What are the regional and statewide possibilities?
  • **Business proposal**
    ➢ Do we want a cafeteria plan or set product?
    ➢ How do we price it?
    ➢ How do we pitch it?
Linkage Lab - Commitment

• Provide community-based organizations in California with the tools necessary to deliver a specific product or service to the health care sector through a formal contract.

• Support efforts to build new sustainable relationships

• Build a network of share leadership across the state

• Provide technical assistance

• Requirements – Commitment of executive leadership
Linkage Lab – Project Planning

- Environmental analysis
- Mission Alignment
- Root, Cause, Analysis
- GOALS ➔ SMART objectives
- GAP Analysis
- Stakeholder Analysis
- Making the Business Case
  - Burden reduction
  - Cost-effectiveness
- Program Monitoring and Evaluation
Linkage Lab – Leadership

• Leadership versus Management
• Leadership Styles
• Effective Leadership
• Managing Change
• Vision and Strategies
Linkage Lab - Pricing

Mission vs. Profit

• Buyer sets price?
• Cost-based pricing?
• Negotiate price?
• Seller sets price?
• Loss leadership?
• Limited entry?
• Exploiting the learning curve?
Linkage Lab – Marketing & Competitive Analysis

- Services and products
- Framework for marketing analysis
- Value proposition and positioning
- Building strong brands
Institute on Aging – Where we are now

- Partnership with housing provider to provide services across several residencies
  - Partner with Mercy Housing as part of Learning Collaborative
- Partnership with AAA and research university
- Partnership with other CBOs and community hospitals as part of Innovations grant and transitional care
- Current Negotiations with health plan
- Pre-negotiations with county health plan
- Discussions with pioneer ACO
- Member of San Francisco Community Based Organizations receiving technical assistance from the Administration for Community Living
Changes along the way…

• Marketing fell into our laps
• Senior management fully engaged
• Confidence
• New level of conversation

• Access to resources previously unavailable!!!!!!
Our mission is to advance the development of a sustainable continuum of quality care for seniors.

Our vision is a society where seniors receive medical treatment and human services that are integrated in the setting most appropriate to their needs and with the greatest likelihood of a healthy, independent life.

For more information and to subscribe for email alerts, please visit us at www.TheSCANFoundation.org

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