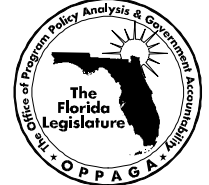




# Office of Program Policy Analysis And Government Accountability



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## The Role of Area Agencies on Aging in Providing Case Management Services to Florida's Elders

### Abstract

- Area Agencies on Aging (AAAs) in other states provide case management. Allowing Florida's AAAs to provide case management has several possible benefits, including better integration of services and reduced costs.
- However, changing the current system by mandating that AAAs provide case management services may be premature in light of the pending re-authorization of the Older Americans Act and the potential for the role of AAAs to change under the state's long-term managed care initiatives.

### Purpose

The Joint Legislative Auditing Committee directed that we review the feasibility of allowing Area Agencies on Aging (AAAs) to provide case management services. This report discusses whether providing case management to Florida's elders is an appropriate function for the AAAs. A future OPPAGA report will address whether Florida should consider making changes in the number or configuration of the planning and service areas covered by the state's AAAs.

### Background

Most of Florida's 3.3 million residents aged 60 and over live independently, but nearly one-fifth need assistance with one or more activities of daily living, such as eating, bathing, or dressing. While many elders who need assistance can rely on family or friends for help, others must turn to the state's formal service system to remain independent. A critical component of this

service system is well-developed and integrated case management that links client needs to available services.

Case management consists of a number of activities intended to assist elders to remain in the community and avoid the costs of nursing home care. Elders seeking assistance to help them remain independent contact their local provider agency. That agency assigns a case manager who assesses the elder client's functional level and determines whether the elder meets service requirements. If the client is eligible for services, the case manager prepares a care plan with the client or caregiver that identifies needs and the services available to meet those needs. The case manager also assists the elder client in obtaining community resources and monitors the client's progress.

In Florida, entities called lead agencies typically provide case management services to elder clients.<sup>1</sup> Lead agencies have provided case management services to the state's functionally impaired elders since 1980 when the Legislature expanded the Community Care for the Elderly (CCE) program statewide.<sup>2</sup> The CCE law requires AAAs to contract with lead agencies to coordinate case management and ensure that core services are available to meet the needs of the elders in their communities.<sup>3</sup> Lead agencies may directly provide these services or subcontract with other providers.

AAAs are public or nonprofit private organizations required by the federal Older Americans Act to administer programs and services for elders, including those funded by the Act. Pursuant to the requirements

<sup>1</sup> Florida currently has 59 lead agencies, including one that serves the Seminole Indian tribe.

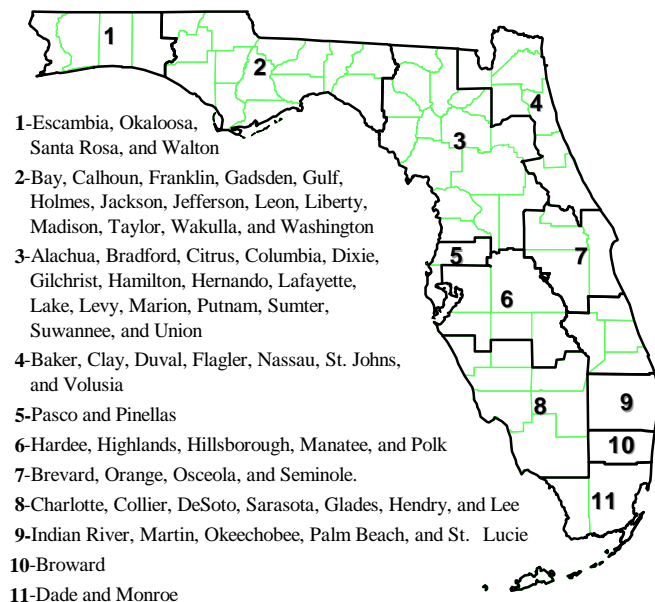
<sup>2</sup> The CCE Act provides that each planning and service area in the state develop at least one community care system that provides services to enable functionally impaired elders to live independently in the community and prevent unnecessary nursing home placement.

<sup>3</sup> Core services include a variety of home-delivered and day care services such as homemaker and chore services, respite care, adult day care, personal care, and home-delivered meals.

of the Act, the Department of Elder Affairs has designated 11 AAAs, one located in each of Florida's 11 planning and service areas (see Exhibit 1). In addition to services funded by the Act, the Department contracts with the AAAs to administer other federally-funded as well as state-funded programs.

### Exhibit 1

#### Florida Has 11 Planning and Service Areas



Source: Department of Elder Affairs.

## Findings

**Other states allow AAAs to provide case management and allowing Florida's AAAs to provide case management may benefit the state by improving service coordination and integration and by reducing costs.**

Case management is an appropriate function for AAAs, and other states generally allow their AAAs to provide this service. Allowing AAAs to provide case management could benefit the state by improving service coordination and integration and by reducing costs. However, cost savings might be minimal and changing the current system could cause disruption in the aging network.<sup>4</sup>

### AAAs in Other States Provide Case Management

<sup>4</sup>The aging network comprises federal, state, and local funding agencies and service providers.

Allowing AAAs to provide case management services is a common practice in other states that have multiple planning and service areas such as Florida. In 34 of the 42 states (81%) that have more than one planning and service area, at least one AAA provides case management services. Nationally, 52% of all AAAs directly provide some case management services to elders.<sup>5</sup>

### Allowing Florida's AAAs to Provide Case Management Could Minimize Potential Conflicts of Interest

Because most of the lead agencies that provide case management services to Florida's elders also directly provide core services, the potential exists for conflicts of interest which can adversely affect the cost and appropriateness of services. For over 15 years, lead agencies have provided most case management services to Florida's functionally impaired elders. State law also allows lead agencies to directly provide core services to elders in their communities. As shown in Exhibit 2, all but three of the lead agencies directly provide some core services in addition to case management.

### Exhibit 2

#### Most Lead Agencies Provide Case Management and Core Services

Services Provided	Number of Lead Agencies
Case Management /100% Core Services Direct	16
Case Management/Some Core Services Direct and Some Subcontract	40
Case Management /100% Core Services Subcontract	3

Source: Department of Elder Affairs

As a result, some Department staff and AAA executive directors are concerned that case managers in these lead agencies may tend to authorize services provided by their agency rather than services offered elsewhere that may be more appropriate or less costly. For example, if a client needs a service that the lead agency does not provide, the case manager might substitute a service the agency provides rather than going outside the agency for the needed service. Alternatively, if the needed service is available through the lead agency and another provider at less cost, the case manager might authorize the agency's service instead of the less costly service.

<sup>5</sup>State Source Book: Infrastructure of Home and Community Based Services for the Functionally Impaired Elderly, Washington, D.C., Administration on Aging (1994).

While none of the AAA executive directors gave examples of specific instances of conflicts of interest, the majority of them believe that the potential exists. Since state law precludes AAAs from directly providing core services, conflict of interest is not an issue if AAAs provided case management services. However, only 5 of the 11 AAA executive directors think that AAAs should provide case management. Others believe that lead agencies should continue to provide case management but not core services.

The Department has taken steps to encourage the separation of case management and core services. The Department plans to solicit proposals from AAAs for demonstration projects designed to produce innovative approaches to CCE administration and service delivery. Such approaches are expected to result in cost efficiencies by separating the provision of case management and core services except when lead agencies submit the lowest and best bids for core services.

However, a professional association representing Florida's providers reported that separating the provision of case management from other services will not eliminate the potential for conflict of interest. In a 1994 briefing paper, the association reported that concerns about conflicts of interest are unnecessary. According to the association, there are too many clients for the available services, so there is no need for service providers to keep clients to themselves. In addition, the association reported that case managers already refer clients to outside providers.

### **Changing AAA Functions Could Produce Benefits But Changes Could Be Disruptive**

Allowing AAAs to provide case management services to elders could lead to benefits such as improved service delivery and reduced costs. The majority of AAA executive directors believe that the quality and appropriateness of services to elders could potentially improve if they provided case management. AAAs as case managers could serve as the single point of entry into the formal service system, thereby ensuring consistency and objectivity. Aging officials in other states with whom we spoke supported this perception that having AAAs provide case management services could improve service delivery, integration, and quality. Some of Florida's AAA executive directors believe the state could realize savings if the AAAs provided case management. According to some AAA executive directors the state could potentially save money if it contracted with fewer agencies to provide case

management. For example, it could be less costly to contract with 11 rather than 59 case management entities, thereby spreading the costs associated with providing case management services across more clients. On the other hand, other executive directors cautioned that savings, if any, may be minimal since AAAs would likely assume additional supervision and travel costs.

Further, aging officials in Florida as well as other states cautioned that any changes in the existing case management system should be made gradually to minimize disruption in the aging network. For example, changes could cause disruption at the local level where lead agencies have been the primary providers of case management services for elders for over 15 years. Taking the case management function away from these agencies could be upsetting to clients who rely on working with familiar case managers.

**Although the state could potentially benefit by having AAAs provide case management services it might be premature to mandate widespread changes.**

Even though Florida might benefit by having AAAs provide case management services to elders, it may be premature for the state to make widespread changes in the delivery system. The two most critical reasons include the uncertainty surrounding the reauthorization of the Older Americans Act and the possible changing role of the AAAs under the state's long-term managed care initiatives.

**Uncertainty of Re-Authorization.** A principal reason for delaying major changes in how Florida provides case management to elders is that Congress has not reauthorized the Older Americans Act. Currently, the federal government is funding the Act's programs and services under a continuing resolution which is expected to remain in effect until the end of September 1997. If Congress does not reauthorize the Act and decides to use block grants to fund aging services, it may not require states to comply with current regulations, thereby giving states more flexibility in how they implement the Act's provisions. For example, Congress may no longer require states to designate AAAs to administer elder services within their planning and service areas. If this happens, Florida might decide to eliminate AAAs and develop some other mechanism for administering elder services.

**Changing Roles Under Managed Care.** Another important reason for delaying major changes in the case management system relates to the changing roles of AAAs under managed care. Although the role of Florida's AAAs is likely to change as the state develops

and implements a long-term managed care system for its elders, the nature of this change has yet to be determined.

Traditionally, AAA roles have included advocating for elders, planning and coordinating services, and providing referral information to elders and their caregivers. Under a managed care environment, these roles could change to include quality assurance and overall oversight of the managed care system. This new role might include assessing client needs upon entry to the system, helping clients select and enroll in managed care, tracking client progress, and ensuring that clients get the services they need. However, it is uncertain the extent to which managed care organizations would be willing to have AAAs provide case management services to the elders enrolled in the system.

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## Conclusions and Recommendations

A well-developed and integrated case management system that links client needs to available services is fundamental to ensuring that Florida's elders remain independent and avoid nursing home placement for as long as possible. Case management is an appropriate function for AAAs and there is a potential that reassigning this function could improve service delivery and decrease costs. However, taking this step could be premature in light of the pending reauthorization of the Older Americans Act and the possibility that AAA roles may change as the state develops and implements its long-term managed care system.

If the Legislature wants to test the feasibility of allowing AAAs to provide case management, we recommend that it authorize one or more of the AAAs to provide case management on a pilot basis. The pilot evaluation should identify any problems associated with allowing AAAs to provide case management as well as assess the effect on costs and quality of services. Further, we recommend the Department conduct a review to determine if lead agencies are providing cost-efficient and appropriate services. Specifically, the Department's review should assess whether lead

agencies exhibit a bias towards providing in-house services that adversely affects either costs or service delivery. If the Department determines such a bias exists, it should identify ways to mitigate the adverse effects.

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## Agency Response

The Department of Elder Affairs provided the following written response to our review:

“The Department agrees that a pilot of one or more area agencies on aging (AAAs) providing case management to test the feasibility would be appropriate. Even though the current statute permits demonstrations, the legislature should authorize such a demonstration since section 430.203(9), Florida Statutes, currently requires that lead agencies provide case management.

“The Legislature should revise chapter 430, Florida Statutes, to permit the flexibility for AAAs and other agencies to provide case management in the Community Care for the Elderly program. In 1995, the Legislature moved toward competition and openness by requiring that lead agencies be bid at least once every three years in revisions to the Community Care for the Elderly Act. The Legislature should not specify in statute but allow flexibility for the Department to obtain the most cost efficient and effective entities to provide case management. Any designation of a specific entity in statute eliminates competition and sets up a monopoly for that entity to gain economically.”

The Florida Association of Area Agencies on Aging reviewed our findings. They noted that the federal law does not prohibit AAAs from providing case management, that they support the department's efforts to separate case management and core services, and they agree with the findings of our report that there may be benefits to AAAs providing case management services.

This project was conducted in accordance with applicable evaluation standards. Copies of this report may be obtained by telephone (904/488-1023 or 800/531-2477), by FAX (904/487-3804), in person (Claude Pepper Building, Room 312, 111 W. Madison St.), or by mail (OPPAGA Report Production, P.O. Box 1735, Tallahassee, FL 32302). Web site: <http://www.state.fl.us/oppaga/>

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