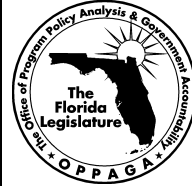




Office of Program Policy Analysis And Government Accountability



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June 1997

Reconfiguring the Planning and Service Areas Covered by Florida's Area Agencies on Aging

Abstract

- Policy makers have questioned whether Florida should reconfigure its planning and service areas for providing services to the state's elders.
- The state could potentially save from \$1.4 to \$1.7 million by eliminating 5 of its 11 planning and service areas. However, such changes may disrupt the service delivery system and take a long time to implement.
- Before reconfiguring Florida's planning and service areas, the Department of Elder Affairs should provide the Legislature with a detailed analysis of the cost savings and other benefits expected by the new configuration.

Purpose

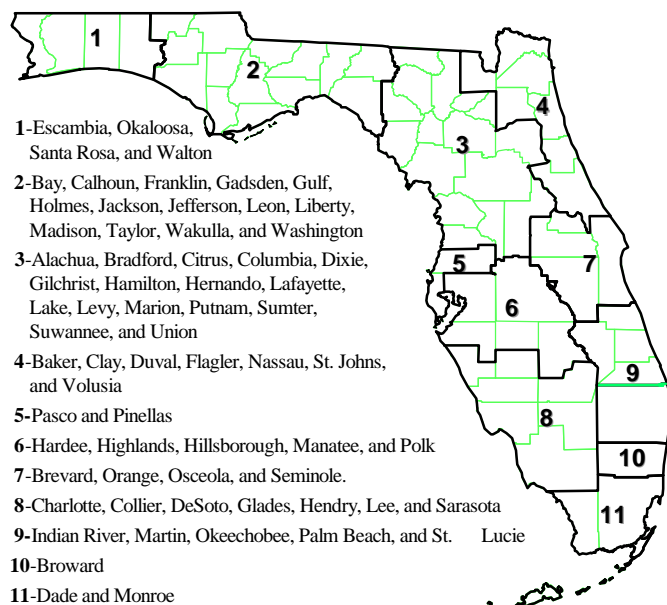
The Joint Legislative Auditing Committee directed that we review the appropriateness of the current configuration of Florida's planning and service areas (PSAs). This report discusses whether Florida should consider making changes in the number or configuration of the PSAs covered by the state's Area Agencies on Aging (AAAs). Another OPPAGA report (Report No. 96-80) addresses whether providing case management to Florida's elders is an appropriate function for the AAAs.

Background

The United States Congress enacted the Older Americans Act of 1965 to address concerns about the increasing numbers and needs of older Americans. The original Act and subsequent amendments establish a network of federal, state, and local agencies that collaborate to plan and provide a variety of programs to meet the needs of older persons in the community. These networks are organized within planning and service areas determined by the state. The Act requires that states establish a AAA in each PSA. AAAs are public or non-profit private organizations responsible for planning and administering programs and services for individuals age 60 and older. For fiscal year 1996-97, the state allocated approximately \$163 million to the AAAs for elder services and about \$6.9 million to them to administer these services.

Most states have configured their PSAs around county, multi-county, or other existing service delivery systems such as health and human resource regions or education districts. Florida aligned its PSAs to coincide with the 11 Department of Health and Rehabilitative Services (DHRS) service districts then in existence. When the Department of Elder Affairs became Florida's state unit on aging in 1992, it continued to use the same boundaries. Exhibit 1 shows the boundaries of the 11 PSAs.

Exhibit 1 Florida Has 11 Planning and Service Areas



Source: Department of Elder Affairs.

Findings

Policy makers have questioned whether Florida should reconfigure its PSAs in response to changing conditions.

Florida's Legislature has questioned whether the state's system of planning and service areas (PSAs) is appropriate. Because conditions have changed since the PSAs were first configured, it may be timely for the Department to examine the PSA system and assess whether the current number and configuration adequately meets the needs of the state's elders.

The Department Is Considering Reducing the Number of PSAs

The Department of Elder Affairs is considering reconfiguring the 11 PSAs and is examining alternatives that would reduce the number of PSAs to between 4 and 10. The Department's goal in realigning the PSAs is to save administrative costs that it could use to provide services to more seniors who need them. As it examines possible ways to reconfigure the current system of PSAs, the Department is considering Older Americans Act

requirements as well as other criteria that it considers to be important such as the number of seniors who are waiting to be served by programs administered by the Department.

Conditions Have Changed Since PSAs Were First Established

The Department's review of the existing PSA configuration is reasonable considering the changes that have occurred in Florida since the Act was created. Prior to 1992, DHRS acted as the state unit on aging and was responsible for implementing the Act. DHRS had broad service responsibilities and a diverse client population that included persons of all ages. As such, DHRS needed to consider all client groups and service delivery systems under its jurisdiction when it established its 11 service district configuration. In 1992, the Legislature changed the number of DHRS service districts from 11 to 15.

Effective January 1, 1992, the Legislature transferred responsibility for administering and coordinating services to Florida's elders from DHRS to the Department of Elder Affairs. Unlike DHRS, the Department of Elder Affairs' focuses exclusively on the elder population which provides the Department an opportunity to match its service delivery areas to the clients it serves.

Further, Florida's population has changed dramatically since 1980. From 1980 to 1996, the number of seniors over age 60 grew from 2.3 to 3.4 million. The number of elders aged 85 and older, considered the most frail, grew by 128% during this same time period and is the fastest growing of all age groups. The number of senior citizens who need services is expected to continue growing at a rapid rate thereby increasing the demand for elder services. Thus, there are several reasons for examining the configuration of PSAs.

Although Florida already has fewer PSAs than comparable states, decreasing the number of PSAs could potentially save from \$1.4 to \$1.7 million.

When considering reductions in the number of PSAs, it is important to note that Florida currently has fewer PSAs than other states with high numbers of elders. As illustrated in Exhibit 2, the number of PSAs in

these other states ranges from 12 to 59. States with many PSAs tend to align them with single counties while the states with few PSAs tend to have multi-county PSAs. For example, New York has one two-county PSA and 58 single county PSAs while Ohio has divided its 88 counties into 12 PSAs.

Exhibit 2
Florida Has Fewer PSAs Than Other States
With Large Elder Populations

State	Elder Population	Number of PSAs
California	4,224,000	33
New York	3,193,000	59
Florida	3,048,000	11
Pennsylvania	2,438,000	52
Texas	2,337,000	28
Illinois	1,924,000	13
Ohio	1,902,000	12
Michigan	1,509,000	16
New Jersey	1,393,000	21

Source: National Directory for Eldercare Information and Referral; 1996-97
 Directory of State and Area Agencies on Aging (based on 1990 U.S.
 Census data)

Florida could realize cost savings by reducing the current number of PSAs. Most savings would likely come by achieving economies of scale in operations and reductions in upper and middle management positions. Department staff have begun assessing the savings that may be achieved by eliminating some PSAs. Preliminary Department estimates suggest savings may range from 20% to 25% of the current AAAs administrative budgets or approximately \$1.4 to \$1.7 million if five AAAs were eliminated.

Making major changes in the current PSA configuration can be disruptive to the existing service delivery system as well as cumbersome and time consuming. However, the state can prevail in its reconfiguration decisions by adhering to the due process provisions of federal and state law.

Reducing the number of PSAs could disrupt the service delivery system and take a long time to implement. Florida's system of 11 PSAs has been in place for over 15 years. Some of Florida's AAA executive directors expressed concern that major changes in the current configuration could adversely affect service delivery systems by reducing the ability of AAAs to provide technical assistance and

adequately respond to the needs of service providers. In addition, reconfiguring the PSAs could adversely affect the relationships that AAAs have developed over the years with the providers in their service areas. AAA's responsible for new PSAs that cover large geographic areas may also find it more difficult to stay involved in the communities which could negatively affect local fund raising and volunteer efforts.

Making changes in PSA configurations can be cumbersome and time consuming. According to federal law, states planning to initiate action to change PSA boundaries must follow due process procedures to protect affected parties. For example, if Florida decides on a specific action, it must notify affected parties (AAAs, service providers, and older persons) of that action and hold a public hearing to explain the need for the action and solicit input as provided in Florida's Administrative Procedures Act.

Federal law also requires states to allow affected parties to appeal the state's recommended action to the Assistant Secretary of the federal Administration on Aging. If the Assistant Secretary sets aside the state's decision, the state must reverse any action it may have taken to revoke the designation of an AAA, designate an additional PSA, or divide the state into different PSAs. If the Assistant Secretary affirms the state's decision, affected parties may initiate legal action to sue the state which consumes even more time. Over half of Florida's AAA Executive Directors indicated that affected AAAs would likely take legal action.

Some states that have attempted to reconfigure PSAs report that the process was controversial and protracted but states can successfully reconfigure their PSAs. For example, when West Virginia policy makers proposed reducing the number of PSAs, some affected AAAs sued the state. The state prevailed but only after a state supreme court decision which took about a year and a half to resolve. A key factor in defending reconfiguration decisions is to ensure that all affected parties are afforded due process as provided in federal and state laws.

In deciding whether to reconfigure the PSAs, the Department will need to consider a number of factors and establish criteria for applying them before changing the current system.

The Department should take a number of factors into account before reconfiguring the PSAs. The Older Americans Act provides a list of factors for states to consider when planning their PSAs. (See Exhibit 3.) However, the Act does not define these factors or provide guidance to states on how to use them.

Exhibit 3 Factors the State Must Consider When Establishing Their PSAs

- *Geographic distribution of older persons;*
- *Incidence of need for supportive services, nutrition services, multi-purpose senior centers, and legal assistance;*
- *Distribution of older persons with greatest economic need, particularly low-income minority;*
- *Distribution of older persons who are Indian;*
- *Distribution of resources available to provide needed services or centers;*
- *Boundaries of existing areas within the state drawn for purposes of planning or administering supportive services; and*
- *Any other relevant factors.*

Source: Older Americans Act.

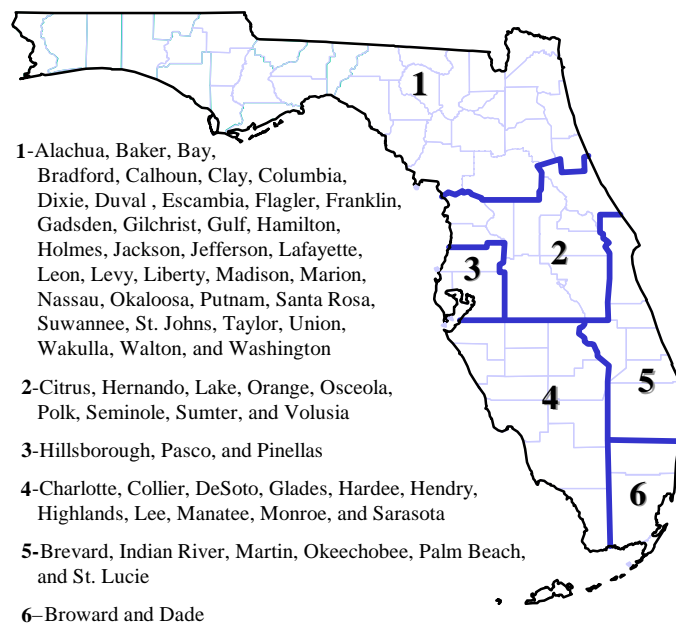
We considered these factors and developed potential PSA configurations that emphasize one or more of the primary factors identified in the Act.¹ We also sought to create configurations that would meet the Department's objective of decreasing administrative costs by reducing the current number of PSAs.

We developed the configuration shown in Exhibit 4 based on equalizing Florida's elder population. To ensure that this configuration would contain fewer than 11 PSAs, we established that each PSA should contain between 500,000 and 700,000 senior citizens. Applying these criteria resulted in a system of 6 PSAs. While this configuration has the advantage of making PSAs more similar in terms of senior population, it has the potential disadvantage of creating one very large PSA, containing 36 counties and nearly 25,000 square miles. The logistics of

¹ We developed a number of different configurations ranging from 3 to 12 PSAs using the factors in the Older Americans Act. Exhibit 4 emphasizes the geographic distribution of older persons. Exhibit 5 emphasizes the need of all older persons including Indians. Both exhibits use county lines to form boundaries. We did not have sufficient information about the service delivery system for us to consider the distribution of resources.

planning and administering elder services in such a large geographic area could make it difficult for the AAA to be responsive to the needs of the individual counties.

Exhibit 4 Florida Could Be Divided into Six PSAs by Considering the Distribution of the State's Elder Population



Source: OPPAGA analysis of 1996 Population Estimates Provided by Florida Demographic Estimating Conference.

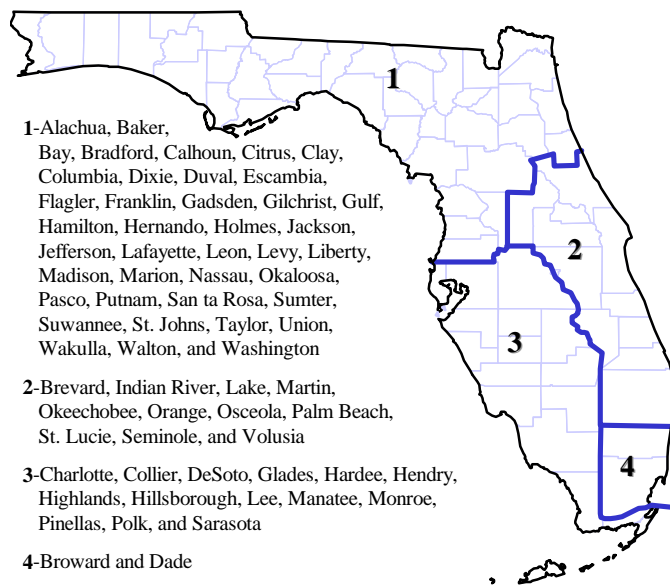
The configuration shown in Exhibit 5 is based on the estimated need for services. To derive this configuration, we used a Geographic Information Systems software package to plot the estimated need for elder services in each county. We developed an index of need for each county based on the number of elders who are low income, of minority status, and have mobility or self care limitations. This process resulted in a system of 4 PSAs. Although this configuration balances low and high need areas while taking geography into account, the resultant potential configuration also contains one PSA that covers a very large geographic area (40 counties) and another that has a population of around one million elders.

Other reconfigurations are possible by applying other factors or combinations of factors and approaches. For example, the Department could configure PSAs by emphasizing factors such as the number of elders who cannot perform some activities of daily living

without assistance, such as eating, bathing, and dressing. Because the number and size of potential PSAs varies depending on the factors and criteria being considered, it will be important for the Department to take into account demographic and geographic considerations as well as the types of services needed and the location of service providers. The Department will also need to establish criteria for applying these factors.

Exhibit 5

Florida Could Be Divided into Four PSAs by Considering the Density of Need for Elder Services in the State



Source: OPPAGA analysis of need for elder services.

The Department should identify and weigh the potential advantages of changing the PSA system against the potential disadvantages. Specifically, before making any major changes in the current configuration, the Department should develop projections of potential cost-savings or identify improvements in the delivery of services to elders and weigh these against potential disadvantages such as service disruption and legal problems.

Furthermore, any decision to reconfigure PSAs could be influenced by Congress when it considers re-authorizing the Older Americans Act. Currently, the Act's programs and services are funded under a continuing resolution that is expected to remain in effect until the end of September 1997. If Congress does not re-authorize the Act and decides to use block grants to fund aging services, it may not require states

to comply with current regulations, thereby making it easier for states to reconfigure their PSAs. On the other hand, Congress could provide additional guidance on PSAs which could affect proposed changes.

Options

Florida can consider several options as it assesses what the best number and configuration of PSAs may be for the state. These options include (1) making no changes in the current configuration, (2) making minor changes in PSA service boundaries, and (3) changing the current number of PSAs. In deliberating these options, we believe any changes in PSA configuration should not be implemented until Congress takes action on the Older Americans Act.

Make No Changes in the Current System. Under this option, Florida would continue to serve its senior citizens using the existing system of 11 PSAs. This option has the advantage of avoiding disruptions in the system that could result from change. However, the state could miss an opportunity to better balance needs and meet increased demand for services through more efficient networks of services.

Make Minor Changes in PSA Boundaries. Under this option, Florida would continue to use 11 PSAs but could shift some counties between PSAs. This option has the advantage of allowing some counties that may be dissatisfied with their current network to become part of another PSA. Also, minor changes such as these would likely be accomplished with minimal disruption and would not involve eliminating any of the AAAs. However, according to some AAA executive directors, assigning counties to another PSA could affect funding allocations and create controversy.

Change the Current Number of PSAs. Under this option, Florida could increase or decrease the number of PSAs. Making major changes in the number of PSAs may disrupt the service delivery system and be time consuming to implement. Most of the AAA executive directors do not support changing the number of PSAs and reported that they would likely resist these changes.

Increasing the number of PSAs would allow the state to reduce the geographic size of some PSAs or reduce the number of elders served by some PSAs. However, for each new PSA Florida creates, it would also have to establish another AAA to administer the services within the new PSA. While this action might facilitate a AAA's ability to raise local funds and to be involved in community activities, it would increase administrative costs.

Decreasing the number of PSAs could cut administrative costs although some of this potential savings could be offset by the need to add staff in new PSAs that are larger in area. These larger PSAs might also provide economies of scale that could reduce the costs associated with providing services. On the other hand, decreasing the number of PSAs could make it more difficult for AAAs to be responsive to local providers.

Conclusions and Recommendations

While Florida's configuration of 11 PSAs may have been appropriate when first established, changing conditions have led policy makers to suggest the state should consider reconfiguring its service delivery system for seniors. In response to these changes and to budget constraints, the Department of Elder Affairs has, in recent months, considered reducing the number of PSAs. Although Florida already has fewer PSAs than comparable states, preliminary estimates by Department staff suggest the state could potentially save from \$1.4 to \$1.7 million by eliminating 5 PSAs. However, such changes may disrupt the service delivery system and be time consuming to implement.

We recommend that the Department continue to study possible PSA configurations. The Department's study should balance and weigh multiple factors such as the characteristics of elders, geographical area, and the location of service providers to ensure that new PSAs are not overburdened. The Department's study should also include a detailed analysis of any cost saving expected by reconfiguring the PSAs. Prior to making changes, the Department should report to the Legislature the results of its study including an

assessment of the potential advantages of changing the system against the disadvantages. The Department should use the study, along with input from the Legislature, to guide it in deciding whether to reconfigure the PSAs.

Response From the Department of Elder Affairs

Thank you for the opportunity to review the draft report concerning reconfiguring planning and service areas (PSAs) of the Florida Department of Elder Affairs. We offer the following comments.

- As background information, please note the current boundaries of the PSAs were designed over 20 years ago in the mid-1970s for purposes of the Department of Health and Rehabilitative Services. At that time boundaries were not designed specifically with regard to aging populations and demographics but with regard to the many sub-populations which would have need of human services.
- It would be more helpful to compare costs and effectiveness rather than the number of PSAs in Florida which has 11 to New York with 59 and Ohio with 88.
- It is our understanding from conversations with Georgia that they have been able to effect a smooth transition and reconfiguration of boundaries. This state action, in Georgia, followed the West Virginia State Supreme Court ruling in which the state prevailed in changing PSA boundaries.
- While OPPAGA notes on several occasions in the report that "changes may disrupt the service delivery system," it should be noted that changes also have the potential for improving service delivery.

- The department agrees that consultation with the Legislature is appropriate if and when the matter of reconfiguration is reconsidered.

Thank you again for the opportunity to comment and a special thank you to Curtis Baynes for his responsiveness to requests for clarification.

Response From the Florida Association of Area Agencies on Aging

On behalf of the Florida Association of Area Agencies on Aging, we want to thank you for the opportunity to comment on the Draft OPPAGA Report on Reconfiguring the Planning and Service Areas Covered by Florida's Area Agencies on Aging.

Our organization met on Tuesday, April 3, to review the document and develop a response. Conclusions, that were unanimously approved by our membership, are listed below:

- The present configuration of 11 planning and service areas should remain intact.
- Since the report highlights both the Findings and Options Sections, in the significance of Congressional Reauthorization of the Older Americans Act in regard to Reconfiguration, we feel the report would be enhanced by your also mentioning the option of delaying any decisions pending such action, in your Conclusions and Recommendations Section.
- Some emphasis should be made concerning the fact that Area Agencies on Aging are extremely efficient organizations, as witnessed by the report figures that indicate that our entities administer over \$163 million in taxpayer

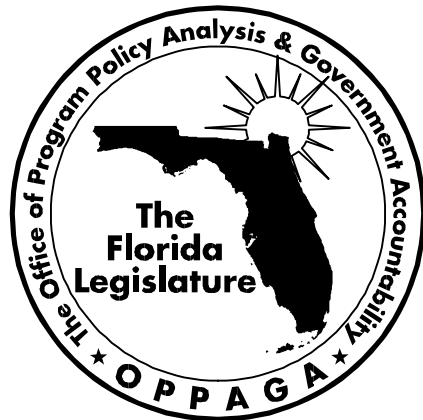
funds at an overall administrative cost approximating just 4.23% of the total.

- F-4-A concurs with OPPAGA's conclusion that the Florida Department of Elder Affairs should develop a detailed analysis of any potential cost saving before proceeding with plans to reconfigure the PSAs. It is essential that any reconfiguration plan be underpinned by specific financial cost forecasts that are supported by existing actual cost data.
- We agree that reconfiguration would cause disruption to the service delivery system, as well as to allocations for service providers. If downsizing were to occur, new intradistrict funding formulae, based on changes in areas and other altering factors, would come into existence.

F-4-A looks forward to receipt of the finalized report on this vitally important issue.

The Florida Legislature

**Office of Program Policy Analysis
and Government Accountability**



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