

External Market Assessment

Pennsylvania Association of Area Agencies on Aging

September 2020

INTRODUCTION

The aging network, while born in a different era, has unique strengths that will be critical to meet [future] programmatic and demographic challenges.

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Purpose

This external market assessment offers Pennsylvania's Area Agencies on Aging a series of strategic insights and considerations for planning and orienting services and activities to current, emerging, and future social, public policy, and market-based trends. The findings and observations detailed in this report describe a confluence of forces that reinforce the need for AAAs to collectively plan for a different future. A future that will require inspiration and realization of solutions and responses to a host of challenges and opportunities. These include growing public need and demand for services, evolving public policies that will continue to shift the roles AAAs play in public and private health care and human services systems, and the continued advancement of consumer and business technologies that are altering daily life of older adults and people with disabilities.

External Drivers of Change and Influence

The assessment is organized as a series of trends across four broad areas that influence - or drive - current and future opportunities and challenges of AAAs and the people they serve. Some trends are specific to Pennsylvania; others are broader and relate to national patterns, federal policies, and market-based activities that impact people, organizations, and systems of social and health care in Pennsylvania. These trends are by no means meant to be an exhaustive list, but represent broad, immediate, and significant factors for strategic considerations of AAAs. The four drivers are:

- **SOCIAL DRIVERS**
- **HEALTH CARE DRIVERS**
- **AGING SERVICES DRIVERS**
- **TECHNOLOGY DRIVERS**

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A Convergence of Drivers

AAAs are intersectional by nature, occupying a place in their communities that bridges organizations, industries, and systems in order to help individuals achieve the greatest outcomes possible. AAAs influence and are influenced by a host of interconnected forces many of which are considered in the four driver areas of this assessment.

The evolution of health care and human services policies and regulations have created greater formal and informal integration across sectors, fueling the growth of new commercial partnership opportunities and the emergence of more for-profit organizations that are presenting both partnership opportunities and competition to AAAs. Greater societal focus and understanding of the social determinants of health, of social and health equity, and evidence-based social interventions are demonstrating that the gaps and barriers that prevent some individuals from accessing the resources they need to live healthy, independent lives are much more complex and span more systems of care and support than previously thought.

At the same time, the share of the population that are aging – and aging into disability – is growing, far outpacing budgets available to finance care across the continuum. While lifespans have increased, healthspans are lagging, resulting in older adults spending more years in poor health than ever before. These drivers present AAAs with significant strategic and tactical considerations as they look toward a future that is very different than the past.

The Rise of Networks

As a response to the rise in large, complex political, social, and market-based challenges and opportunities, AAAs across the US have been organizing in greater numbers and with greater strategic intent than ever before, resulting in many favorable policy changes, greater client outcomes, systems improvements, and increased organizational and network capabilities.

AAA Network Leveraging Strategies

AAAs at the regional, state, and national level have been organizing to accomplish greater involvement and impact in long-term services and supports and health care policies and systems. This coordinated work has taken shape in many ways, depending on local and regional priorities of groups of AAAs as well as broader national priorities and agendas of aging services advocacy organizations and trade associations.

AAAs are working in greater coordination and collaboration to expand their capacities and enhance their capabilities by aligning around shared strategic goals and objectives, including political advocacy, research and development, cost mitigation, skill-building, joint contracting, and many other practices that are explained further in this assessment.

Structure of this Report

There are two overarching parts to this report. The first entails four broad areas of external trends – drivers - that are influencing the current and future experiences and strategic imperatives of AAAs. These are combinations of challenges and opportunities within and beyond Pennsylvania that are growing in complexity and scale. Within each area are microtrends that impact AAAs and the AAA network. The second part of this report considers how AAA networks are aligning and organizing in relation and response to many of these trends.

Readers are encouraged to engage with this report in the context of change and future thinking by recognizing past, present, and emerging forces that influence the lives of those served as well as the organizations and professionals committed to serving them. It is crucial that AAAs maximize operations in the present while anticipating and planning for a future that presents significant opportunities and threats. AAAs will need to exercise abilities in meeting the demands of today while planning and preparing for greater demands and opportunities for tomorrow.

1. SOCIAL DRIVERS

By the year 2020, the year of perfect vision, the old will outnumber the young.

Maggie Kuhn

Pennsylvania, like many parts of the US, is undergoing significant population change, with a higher share of the population entering older age and experiencing physical and cognitive disabilities. The state ranks in the top 10 for states with the highest rate of older adults per capita. Health and income disparities exist between different racial and ethnic groups, as well as between urban and rural residents. The state's size and diversity of geographic characteristics results in significant differences in lived experiences, variations of population aging and health trends, concentrations of cultural and racial and ethnic diversity, and mixed availability and accessibility of services and resources for an aging population.

Consumer preferences are also changing as a new generation enters older age and as a greater number and share of older Pennsylvanians are minorities. The current pandemic is a significant event that has ended, threatened, and/or disrupted the life of nearly every older adult in Pennsylvania. These evolving social trends place increasing pressure on AAAs as both public advocacy and social service organizations.

The trends fueling social drivers are:

- **Aging**
- **Disabilities**
- **Disparities**
- **Consumer Preferences**
- **Pandemic Implications**

1. **Increasing numbers of older and lower income adults will place rising demands on systems and organizations.**

This will force AAAs to continue to research, design, and adopt services and programs that can minimize utilization of costly care settings while encouraging service, home, and community design that can accommodate greater numbers of high risk, lower-income older adults.

2. **The rise in the share of the population with cognitive and physical disabilities will require greater advocacy and tailored services to individuals and caregivers.**

With the growing aging population there will be an increase in the share of the population that age into disability, while at the same time a greater share of adults with existing disabilities that are entering older age. This will continue to force AAAs to consider their role as advocates and service providers for people with disabilities, as well as community partners with other organizations and groups that advocate and deliver services for people with disabilities.

3. **Greater racial and ethnic diversity means greater health and income disparities.**

An increase in minority households in the state presents growing need for social service organizations to become more responsive to cultural differences and preferences. Given the health and income disparities that exist between racial and ethnic groups, this also means that organizations serving those most in need must become experts in targeting and reaching populations that may be hardest to reach. Meanwhile, many voices are calling for radical changes to systems and institutions that explicitly and implicitly perpetuate disparities and injustices.

4. **Consumer behaviors are changing, driven by a new generations of older adults, greater racial and ethnic diversity, and the pandemic.**

These changes will include how older adults access services, the adoption and integration of new technologies in daily life, a greater desire for safe spaces, and greater desire to age in place and outside of congregate living facilities.

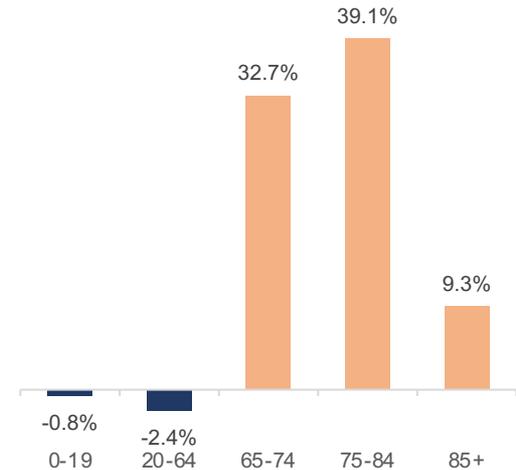
SOCIAL DRIVERS

Aging

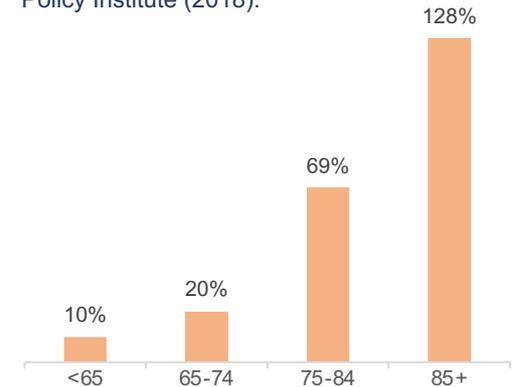
Pennsylvania ranks as the state with the eighth highest rate of adults age 65 and older among its population. As of 2019, Pennsylvania's 65+ population represented 18.2% of the total state's population, 2.6% higher than the national average. Statewide, the aging trend is expected to continue through 2030, when 29% of the population will be 65 years or older. While Pennsylvanians' lifespans have increased, healthspans (the years of life spent in good health) have not increased at the same rate. Older adults in the US live an average of 9-10 years in poor health.

Since 2018, the number of home health care workers in Pennsylvania increased by 6%, and Pennsylvania ranks 13th nationally in home health aides per capita. Despite this workforce increase, the unpaid caregiver population (friends and family) is aging at a higher rate than the national average, as nearly 30% of family caregivers in Pennsylvania are 60 years or older, compared to 17% in the US. Risk of social isolation and loneliness among older Pennsylvanians is also increasing, as a greater number and share of Pennsylvania's older adults are living alone, and nearly half of all single-resident households are 65 years or older. Among the state's older residents, 28.3% live alone (compared to 26.7% nationally), 39.2% are divorced or widowed (compared to 38.8% nationally), and 14.3% are homebound (compared to 14.1% nationally).

Change in Pennsylvania's Population by Age Group, 2015-2025. Source: US Census



Change in Pennsylvania's Population by Age Group, 2015-2050. Source: AARP Public Policy Institute (2018).



TRENDS	IMPACT ON THE AAA NETWORK
<ul style="list-style-type: none"> More residents in the oldest age cohort (85+) 	<ul style="list-style-type: none"> Greater ADL and IADL assistance needs Higher level of care needs Greater complexity of cases
<ul style="list-style-type: none"> Higher rates of chronic conditions 	<ul style="list-style-type: none"> Increased need to deliver disease prevention and health promotion programs
<ul style="list-style-type: none"> Decreasing availability of friend and family caregivers 	<ul style="list-style-type: none"> Increased demand for in-home assistance and caregiver support programs
<ul style="list-style-type: none"> Greater desire for aging in homes and outside of congregate living facilities 	<ul style="list-style-type: none"> Increased demand for affordable and accessible living environments as well as in-home and community-based services

SOCIAL DRIVERS

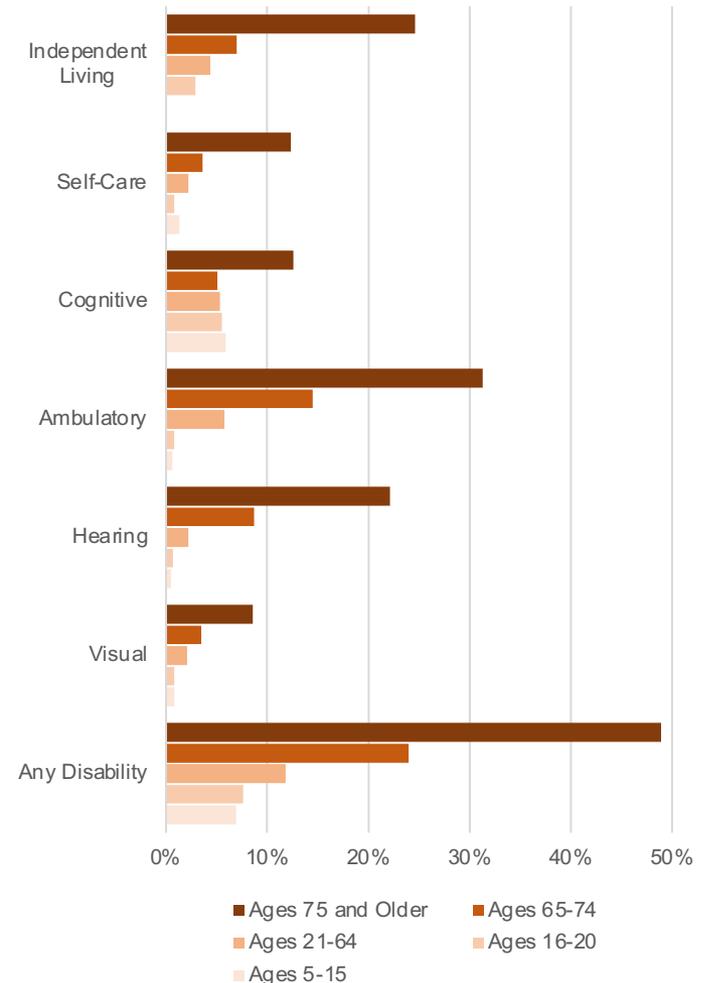
Disabilities

Rates of disability are increasing as the likelihood of having a physical or cognitive disability increases with age. One in four of Pennsylvanians aged 65-74 have one or more disabilities, and 69% of the US population 85+ had at least one disability, compared to just 9% of Americans under the age of 65. The disability with the highest prevalence among older Pennsylvanians is ambulatory at 14.3% (walking or climbing up stairs), while the lowest is self-care at 3.6% (difficulty dressing or bathing). As Pennsylvania's population ages, it will be critical to anticipate a dramatic rise in residents with disabilities.

Cognitive and mental health conditions are rising while dementia rates are falling. As of 2017, Alzheimer's and Parkinson's disease were the leading causes of cognitive related deaths among the state's older adults. Alzheimer's cases among the state's 65+ population is expected to increase by 14.3% by 2025 while prevalence of dementia is expected to continue a downward trajectory. Additionally, 13% of the state's 65+ population is experiencing depression, up 8% from 2018, and 8.3% of older adults experience frequent mental distress, compared to 7.9% nationally.

TRENDS	IMPACT ON THE AAA NETWORK
<ul style="list-style-type: none"> Physical disabilities on the rise 	<ul style="list-style-type: none"> Need for greater accessible physical community infrastructure Need for more disability risk mitigation services
<ul style="list-style-type: none"> Cognitive disabilities on the rise 	<ul style="list-style-type: none"> Need for early detection and targeted caregiver support
<ul style="list-style-type: none"> Depression and frequent mental distress is also increasing 	<ul style="list-style-type: none"> Need to understand and offer solutions to address and prevent

Prevalence of Disability Type by Age Group in Pennsylvania. 2017. Source: United Health Foundation.



SOCIAL DRIVERS

Disparities

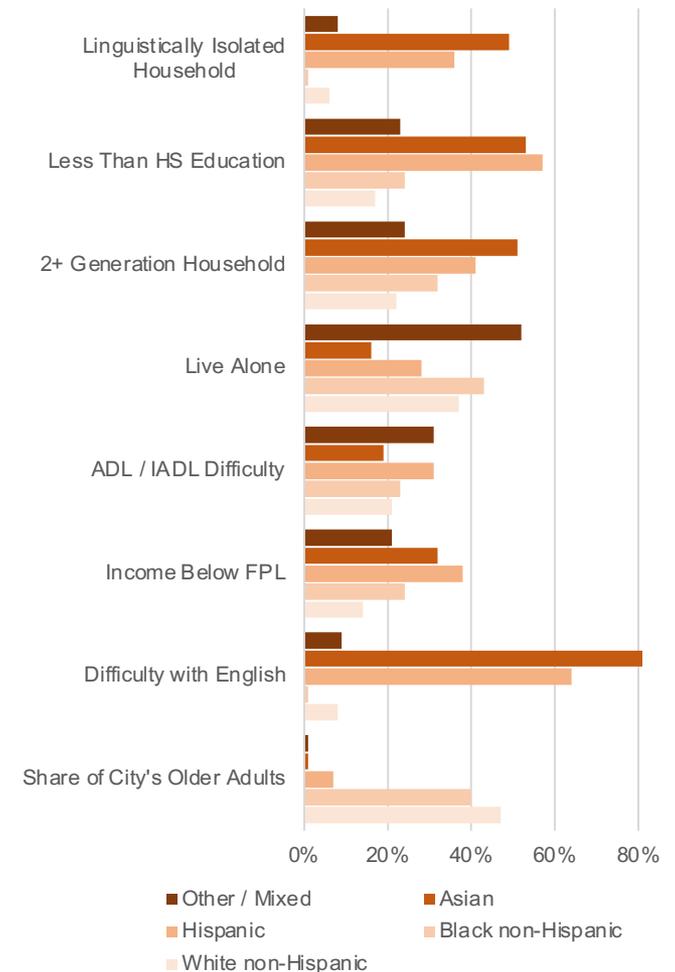
There are significant differences in the lived experiences of older Pennsylvanians, particularly between different race and ethnic groups, income groups, and residents in different regions of the state. White residents have the longest lifespan, with an average of 80.4 years, 15 years longer than the average lifespan of Hispanic residents. Pennsylvania’s population of minority older adults is increasing, with Hispanic and Asian residents increasing by 30% over the last decade.

The share of Pennsylvanians living in poverty is lower than the national average, but there are differences in poverty rates between racial and ethnic groups. Black and Hispanic Pennsylvanians are three times as likely as Whites to be poor, and income disparities are also significant between rural and urban residents. As of 2017, 8.5% of older Pennsylvanians were living below the poverty line. In the past year, older adult poverty increased from 7.8% to 8.5%.

Housing is a major cost burden for many older Pennsylvanians. A third of adults age 50+ and 37% age 80+ pay more than 30% of their income on housing. Roughly half of all older renters and owners paying mortgages are housing cost burdened, and 30% of older renters and 23% of older owners with mortgages are severely burdened, paying more than 50% of their income on housing. Although the state has experienced a decline in overall homelessness, the adult homelessness population has increased.

TRENDS	IMPACT ON THE AAA NETWORK
<ul style="list-style-type: none"> Increase in lower income older adults 	<ul style="list-style-type: none"> Greater demand for AAA services
<ul style="list-style-type: none"> Racial & ethnic diversity is growing in urban and rural areas 	<ul style="list-style-type: none"> Need for more culturally sensitive and appropriate messaging and services Rise in disparities if current trends continue
<ul style="list-style-type: none"> Health and social service availability is inconsistent across the state 	<ul style="list-style-type: none"> Need for better service offerings and coverage across the state
<ul style="list-style-type: none"> High housing cost burden and increase in homelessness 	<ul style="list-style-type: none"> Need for financial assistance for housing Need for affordable, accessible housing

Characteristics of older adults in Philadelphia by race/ethnicity. Source: Philadelphia Corporation for Aging, Area Plan 2016-2020.



SOCIAL DRIVERS

Consumer Preferences

The needs, preferences, and expectations of those being served by AAAs shift as new generations enter older age or become caregivers. Major disasters and crises, such as the current pandemic, can also influence sudden changes in consumer behaviors. Baby boomers are becoming a majority of AAA clients, and by 2025, Gen Xers will begin to knock on AAA doors. In order to best serve a diversity of age, cultural, and income groups, AAAs will have to understand and anticipate the changing attitudes of their current and incoming clients.

Three out of four older Pennsylvanians wish to stay in their homes and communities as they age. Homes, many of which were not built or designed for accessibility, will need to be retrofitted and maintained. The pandemic is also encouraging more consumer demand to age in place and outside of congregate living facilities for as long as possible.

Consumers are becoming more accustomed to personalized care and services. AAA clients are being conditioned to expect services to be easily accessible and available, and personalized to their needs and preferences. As new products, services, and potential competitors enter the aging and disability markets and service arenas, services standards and consumer expectations will demand high quality, responsive services.

TRENDS	IMPACT ON THE AAA NETWORK
<ul style="list-style-type: none"> New generations entering older age 	<ul style="list-style-type: none"> Service types and modalities will need to adapt
<ul style="list-style-type: none"> On-demand, personalization expectations 	<ul style="list-style-type: none"> Customized services with quick turnaround
<ul style="list-style-type: none"> Higher numbers aging in place 	<ul style="list-style-type: none"> Demand for in-home services and accessible on-demand transportation Design of homes and communities
<ul style="list-style-type: none"> Increasing tech savviness 	<ul style="list-style-type: none"> Expectations for up-to-date websites, online presence, chat and text

A Guide to Generations. Adapted from FourHooks (2017).

	SILENT (b. pre-1945)	BOOMERS (b. 1945-64)	GEN X (b. 1965-80)
Formative experiences	World War II Rationing Gender roles Rock n' Roll Nuclear families	Cold War Post-war boom "Swinging 60s" Moon landings Youth culture Family-oriented	Cold War end Challenger disaster Energy crisis Watergate Reagan
Aspiration	Home ownership	Job security	Work-life balance
Attitude toward technology	Largely disengaged	Early adopters	Digital immigrants
Signature product	Automobile	Television	Personal computer
Communication media	Formal letter	Telephone	Email and text
Communication preference	Face-to-face	Face-to-face, but phone or email if required	Text or email

SOCIAL DRIVERS

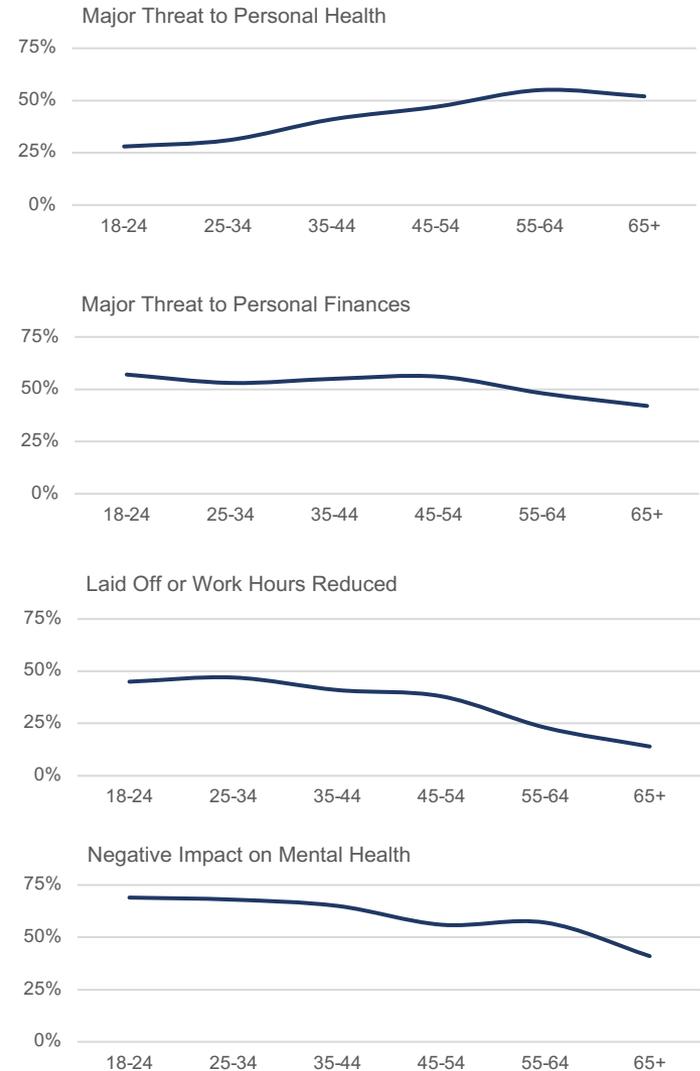
Pandemic Implications

The current pandemic is putting substantial strain on the lives of many older adults and their families, particularly older adults residing in nursing facilities. About two-thirds of all the COVID-19 related deaths and a quarter of all cases in Pennsylvania have taken place in nursing or personal care homes. For those living independently, the pandemic has disrupted many aspects of daily life and connections with friends, family, and communities. The pandemic has also served as a wake-up call for some adults and older adults, including the realities of caregiving, vulnerability to illness, and personal financial situations. A national survey of 1,000 family health care decision makers found that two-thirds plan to use in-home care instead of facility-based care for themselves or their older relatives after the pandemic is over. The survey found 65% said the pandemic has changed their opinions about how to best care for older adults.

The presence of COVID-19, even after a vaccine has been developed and widely distributed, is expected to have lasting effects for older adults. Many are expected to take precautions to avoid or mitigate the risk of infection, including how they shop, socialize, access their medical care, and determine the kind of setting and environment they want to age in. Pennsylvania's mix of urban areas with high population density as well as rural areas with limited health care infrastructure and higher rates of older adults presents numerous current and future challenges.

How COVID-19 is impacting different age groups in PA.

Source: Penn State Center for Survey Research, 2020.



TRENDS

- Increased social isolation and lack of physical activity
- Greater attention to quality of life in nursing facilities
- Growing desire to avoid or transition out of nursing facilities
- Broader adoption of home-based services and shopping

IMPACT ON THE AAA NETWORK

- Increased loneliness and poor physical and mental health
- Need for stronger quality standards and oversight
- Increasing demand for affordable and accessible housing and in-home care
- Increasing demand for virtual, in-home, and delivered services

2. HEALTH CARE DRIVERS

Emerging regulations give you a good way to anticipate change, even in areas where imminent change seems unlikely.

John Sviokla

The health sector is a behemoth. In 2018, national health spending represented nearly 18% of the US gross domestic product, a significant increase from 7% in 1970. Federal and state health care policies and programs have evolved over the years to encourage greater cost effectiveness, and the trend in the health insurance and health care provider industries for privatization and profits has also had an influence on both the commodification of health care as well as increasing focus on value and outcomes. Policies and programs instituted through the Affordable Care Act have brought structural reform and expansion within the health sector, catalyzing new and revised ways to design programs and services for older, disabled, and lower income populations that emphasize quality outcomes and cost savings. This is creating new opportunities for AAAs to play a role in both public programs and private arrangements with health care organizations.

Pennsylvania's health care market is one of the most innovative in the nation, with many health systems and health care organizations involved in different aspects of accountable, value-based care and contracting. Evidence of and opportunities for AAA partnership with the health sector currently exist and are growing. So too are competitive forces that involve broadening of health care's role in the home and in communities, as well as new entrants that strive to achieve similar outcomes as AAA services.

The trends fueling health care drivers are:

- **Volume to Value**
- **Mergers & Acquisitions**
- **Managed & Accountable Care**
- **Pandemic Implications**

- 1. The growing focus on value-based care will continue to create opportunities for AAAs to participate in public programs and compete for private contracts with health care organizations.** Opportunities for cross-sector partnership and integration will continue to grow. Medicaid and Medicare policies and programs, which drive the national paradigm shift to value, managed, and accountable health care, will continue to advance care management and coordination strategies that involve whole person approaches stretching beyond the walls of health care institutions. While this is creating partnership opportunities, it is also generating new competition that AAAs must be aware of.
- 2. Continued consolidation of health care organizations across the care continuum is creating partnership opportunities for the AAA network.** As mergers and acquisitions continue, health systems are growing in size and influence. This is challenging the ways in which community-based organizations can offer localized social services, fueling a need to work together across multiple regions and coverage areas. Many large systems are building or acquiring new types of organizations, including in-home service agencies.
- 3. Risk- and performance-based contracting is growing in the health care industry, fueling partnership opportunities and influencing payment models for AAAs.** Connected to the shift in value-based care is the rise in managed and accountable care, which often requires participants to take on a certain level of financial risk in order to potentially generate greater financial rewards if performance expectations are met or exceeded. Health care organizations taking on risk may be more willing to explore partnerships that can boost their performance.
- 4. The pandemic is accelerating changes in the market and amplifying the value of home- and community-based services.** Health plans are thriving while many health care providers are facing enormous budgetary shortfalls; telehealth and home visits have increased while social service organizations continue to demonstrate their value in providing person-centered care in homes and communities.

HEALTH CARE DRIVERS

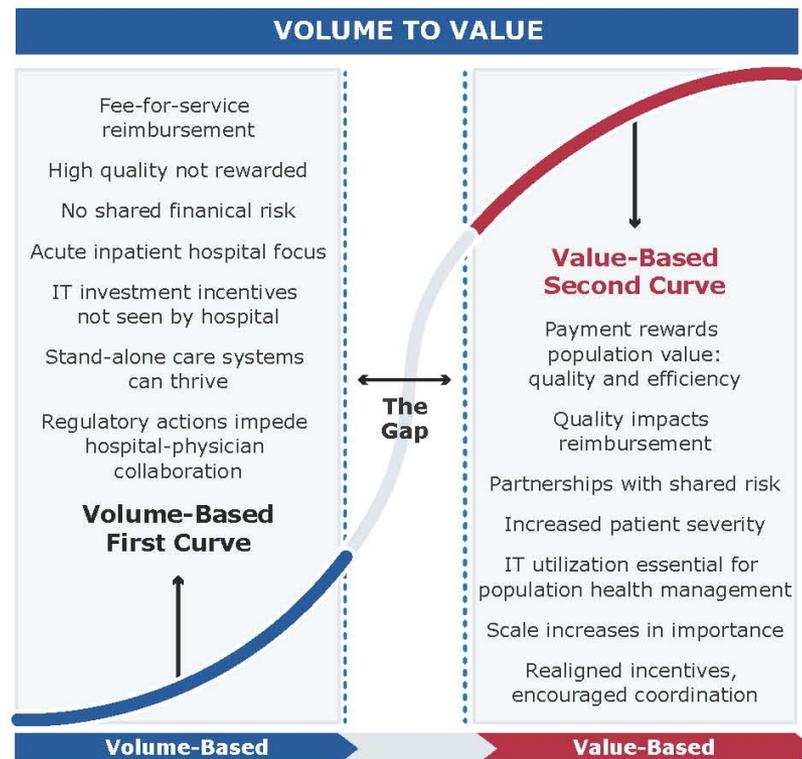
Volume to Value

While policies, programs, and payment mechanisms within the health care industry have not historically influenced the direct service and strategic work of AAAs, this has dramatically changed in the last decade, driven largely by the passage of the Affordable Care Act, subsequent state and federal programs and policies that encourage improvements in patient health outcomes and reductions in unnecessary health care utilization and costs. The Administration for Community Living and national aging associations and advocacy groups for AAAs have invested significant resources in building the capacities of AAAs and AAA networks to play a direct and meaningful role in the expansion of health care and integration of social services in the US.

This “second curve” of health policies and regulations is creating new financing opportunities for AAAs, as well as competitive threats. As demand is created in the market, a swell of activity has followed. New types of business models and platforms have developed in response to new financing, with health care organizations broadening their definition of health care to include the social factors that influence health.

The Second Curve of Health Care: From Volume to Value.

Source: American Hospital Association (2011).



TRENDS	IMPACT ON THE AAA NETWORK
<ul style="list-style-type: none"> • Growing investments in population health, care management, and care coordination 	<ul style="list-style-type: none"> • Need for AAAs to become more business oriented to opportunities • Growing competition in the market
<ul style="list-style-type: none"> • Hospitals as community anchors; age-friendly health systems 	<ul style="list-style-type: none"> • Hospitals and health systems building and investing in social and community infrastructures
<ul style="list-style-type: none"> • Risk-based contracting 	<ul style="list-style-type: none"> • Growing opportunities for partnership – and increased financial risk
<ul style="list-style-type: none"> • Desire for health care ROI of social services 	<ul style="list-style-type: none"> • Demonstrating financial value is a competitive advantage

HEALTH CARE DRIVERS

Volume to Value

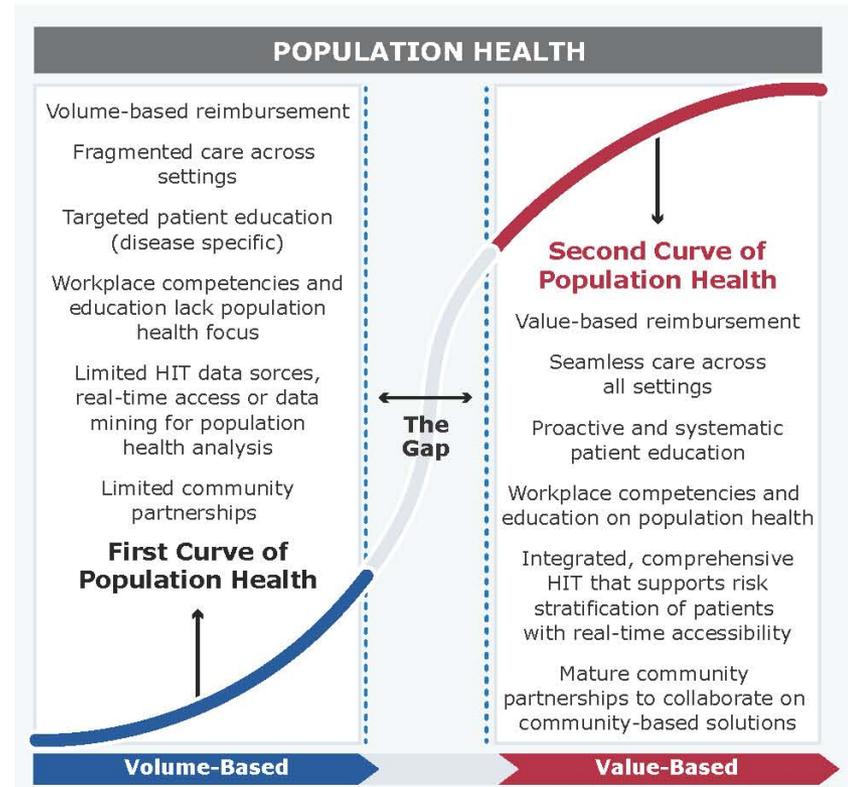
Pennsylvania has hosted a significant amount of national and state-level innovation programs that demonstrate how the state and many of its health care organizations have oriented to new value-based and experimental models of health care payment and delivery. These programs include:

- Accountable Health Communities Model
- Bundled Payment Programs
- Community-based Care Transitions Program
- Comprehensive Primary Care Plus
- FQHC Advanced Primary Care Practice Demonstration
- Independence at Home Demonstration
- Medicare Accountable Care Organizations
- Oncology Care Model
- Pennsylvania Rural Health Model
- Medicare Advantage Value-Based Insurance Design (VBID) Model

This plethora of value-based activity in the marketplace indicates that there are many potential opportunities for AAAs to play a competitive role in helping specific health care organizations enhance their performance in value-based care.

The Second Curve of Population Health: From Volume to Value.

Source: American Hospital Association (2011).



TRENDS	IMPACT ON THE AAA NETWORK
<ul style="list-style-type: none"> • Increasing accountability of care across the continuum 	<ul style="list-style-type: none"> • Broadening potential partner types • Demand for social services at larger scales
<ul style="list-style-type: none"> • Accurate costing and financial projections essential to success 	<ul style="list-style-type: none"> • Upskilling needed for AAA staff
<ul style="list-style-type: none"> • Increase in referrals from health care organizations to AAAs 	<ul style="list-style-type: none"> • Increased demand for services • Lack of awareness of AAA services among health care professionals
<ul style="list-style-type: none"> • Increase in health care-led resource and referral directories 	<ul style="list-style-type: none"> • Weigh pros and cons of joining a privately managed referral network

HEALTH CARE DRIVERS

Mergers & Acquisitions

Pennsylvania's health care market is a prime example of how the health sector is consolidating. The emergence of large systems within the market that span geographic regions is creating opportunities and financial resources to build grander care delivery across the continuum, and coordination infrastructure that includes initiatives to address population health and social needs. Integrating the risks of both payer and provider within such systems requires robust management of the health and wellbeing of the whole individual, including social needs.

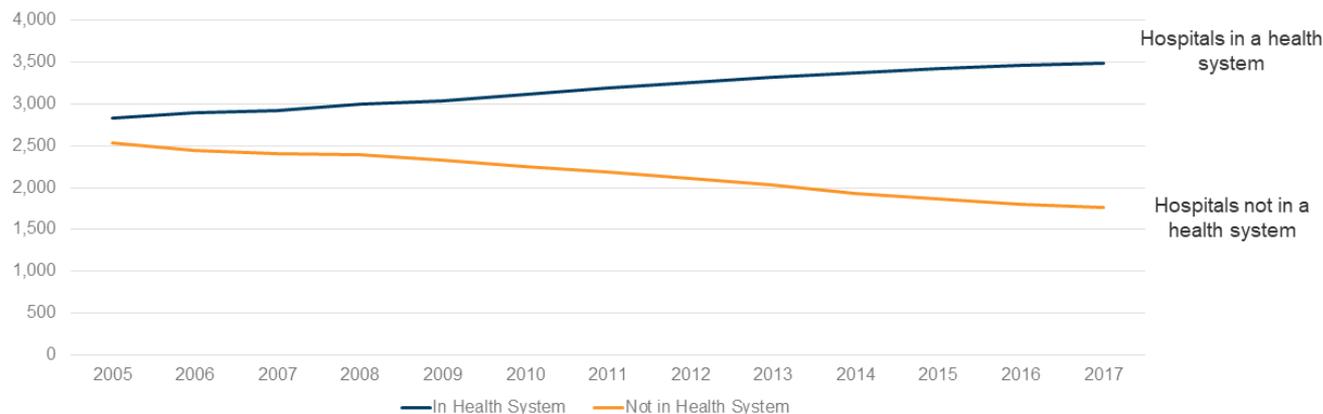
Health care organizations are investing and embedding more in homes and communities, buying out or partnering with pharmacies that are building community health centers (see CVS' HealthHUBs), new storefront and home-based models of primary care (see IoraHealth and DispatchHealth), and retailers are building community clinics (see Walmart's Health Centers). Fewer companies are managing greater financial risk by owning and controlling more services along the continuum.

Continued mergers and closures are expected to continue within Pennsylvania as a result of the pandemic, and rural as well as independent hospitals are increasingly challenged against these large systems.

TRENDS	IMPACT ON THE AAA NETWORK
<ul style="list-style-type: none"> Health care delivery systems are consolidating and increasing in size 	<ul style="list-style-type: none"> Demand for greater scale of partnered services
<ul style="list-style-type: none"> Health care organizations are buying and building across segments of the continuum 	<ul style="list-style-type: none"> Competitive threats to AAAs Expanded partnership opportunities for AAAs too
<ul style="list-style-type: none"> Private equity-backed health care organizations prioritizing profits 	<ul style="list-style-type: none"> Loss of community-oriented presence
<ul style="list-style-type: none"> Rural and independent hospitals are closing 	<ul style="list-style-type: none"> Longer travel for patients Higher risk for poor health

The number of US hospitals that are part of hospital systems increased from 2005 to 2017.

Source: KFF analysis of AHA annual survey data 2017 for community hospitals.



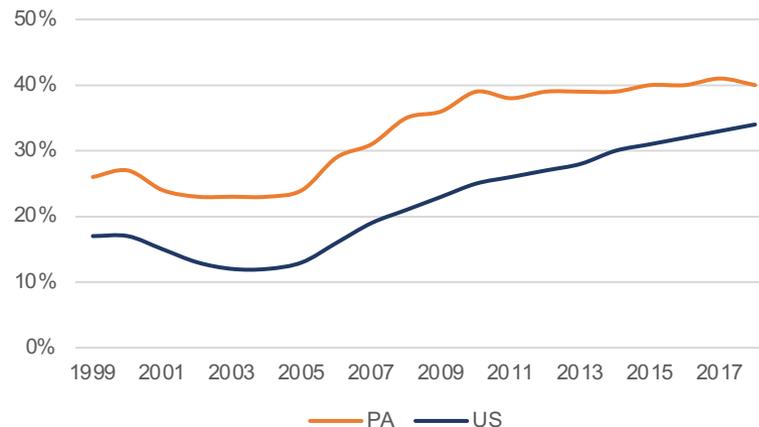
HEALTH CARE DRIVERS

Managed & Accountable Care

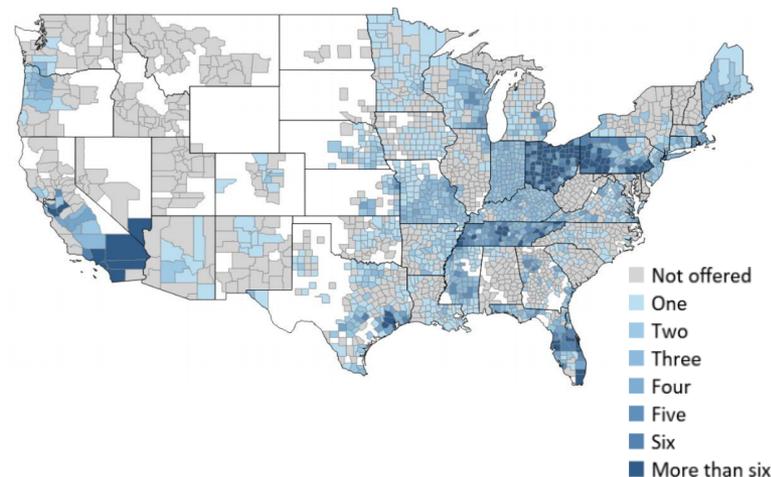
A tidal shift in managed and accountable care has been born out of the Affordable Care Act and subsequent federal and state policies seeking to achieve the triple aim of reducing costs, improving health outcomes, and improving the patient experience. This has led to the creation and growth of accountable care organizations and clinically integrated networks, and the growth of managed care organizations that are meant to streamline, control, and divert utilization and costs of care across the continuum.

Pennsylvania's Medicare Advantage market has been ahead of the national curve. This market, as demonstrated through market share and types of supplemental benefits offerings, is one of the most advanced in the country. Although MA enrollment growth has slowed in recent years while national average growth continues to climb, plans in the market have been experimenting and deploying supplemental benefits that address the social and community-based needs of their beneficiary populations. With recent changes in Medicare Advantage regulations that allow for non-medical services to be offered as supplemental benefits, plans have begun to experiment with offering their beneficiaries additional services such as home delivered meals, transportation, and caregiver support services.

MA Enrollees as Percent of Total Medicare Population in Pennsylvania and US. Source: Kaiser Family Foundation.



Number of Plans Offering Select Primarily Health-Related Benefits in the US in 2020. Source: HMA.



TRENDS

- Advanced primary care as the locus of whole person care management
- Expansion of non-medical supplemental benefits
- Commercial and employer plan interest in social needs
- Rise in risk-based contracting between plans and providers

IMPACT ON THE AAA NETWORK

- Medicare beneficiaries becoming more “managed” and “coached” beyond medical care
- Partnership opportunities for home- and community-based services
- Non-traditional consumer populations for AAAs
- Growing demands among hospitals for social services

HEALTH CARE DRIVERS

Managed & Accountable Care

THE PENNSYLVANIA RURAL HEALTH MODEL

The Pennsylvania Rural Health Model bridges health plans and hospitals serving rural communities and is a newer program based on an agreement between the Centers for Medicare and Medicaid Services (CMS) and the State of Pennsylvania. The model is testing whether a global budget payment structure can alleviate financial challenges facing rural hospitals while improving patient health outcomes, through addressing avoidable utilization, operational efficiencies, and unmet community needs of patients. Participating hospitals are given predictable monthly budgets to put more focus on quality of care and needs of their patients. Each is tasked with creating a strategy to guide their efforts, and they are financially incentivized to keep their costs low, staying within or under their budgets.

The Rural Health Redesign Center serves as the lead agency and the program, which is now in its second year of implementation out of a total of six years with a goal to continue global payment arrangements after the innovation model ends. There are currently six payers participating in the model: Aetna, Highmark, Gateway Health, Geisinger Health Plan, Medicare and UPMC Health Plan. Each of these payers is paying the participating hospitals global monthly payments. There are 13 hospitals participating, and each has negotiated with the payers for the monthly budget they receive.

If exploring health care partnerships and integration is a strategic imperative for rural AAAs in Pennsylvania, is important to understand the economics of the Rural Health Model and identify if any providers are participating in the model in the AAA's region. The model has been adapted from a similar program in Maryland, where a growing network of AAAs and CBOs have expanded an enterprise that has become integrated throughout the state (see Network Leveraging Strategies below).

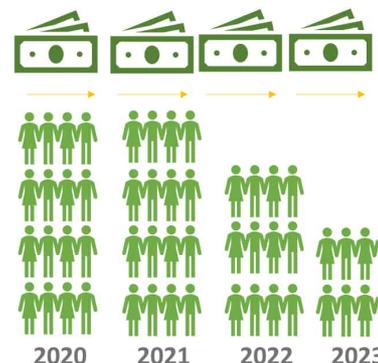
Fee for Service

Hospital is paid for the # of healthcare resources consumed by the community, but as the community is getting smaller, so is revenue.



Global Budget

Hospital is paid the same amount of money as historic NPR regardless of how many resources are consumed by the community.



The differences between a fee for service payment model and a global budget payment model. The Rural Health Model uses a global budget payment model to incentivize health care providers to reduce unnecessary health care utilization.

Source: PA Dept. of Health.

HEALTH CARE DRIVERS

Pandemic Implications

The pandemic has impacted the health care industry in numerous ways. Many health plans and integrated health systems are experiencing significant savings and earnings due to a reduction in elective medical care, while many health care providers have been experiencing revenue shortfalls, workforce cutbacks, and low morale. The full impact will not be known for a long time. Congress and the White House have instituted over 200 regulatory changes, many of which are currently temporary, in order to allow for greater flexibility for medical care services and payments, including Medicare reimbursement for telehealth services and services within the home setting.

Telehealth and home-based care is growing rapidly. Some providers are reporting more telehealth visits in one day during the pandemic than all of 2019. Across the US, the pandemic has demonstrated the roles that home- and community-based services and supports play in helping people remain healthy and well. As health care providers continue to grapple with lower utilization and revenue, they may be in a more difficult position to focus on new initiatives and partnerships; however, many will still be accountable for value-based performance and some will have existing initiatives to maintain, leaving ample opportunity for cross-sector partnership.

TRENDS	IMPACT ON THE AAA NETWORK
<ul style="list-style-type: none"> Older adults avoiding routine and needed care 	<ul style="list-style-type: none"> Declining oral, physical, mental health of AAA clients
<ul style="list-style-type: none"> Exponential growth in telemedicine use 	<ul style="list-style-type: none"> Older adults adopting telehealth technologies New virtual service delivery modalities for AAAs Fueling greater disparities along digital divide
<ul style="list-style-type: none"> Downsizing and closure of health care providers 	<ul style="list-style-type: none"> Decline in available health care providers



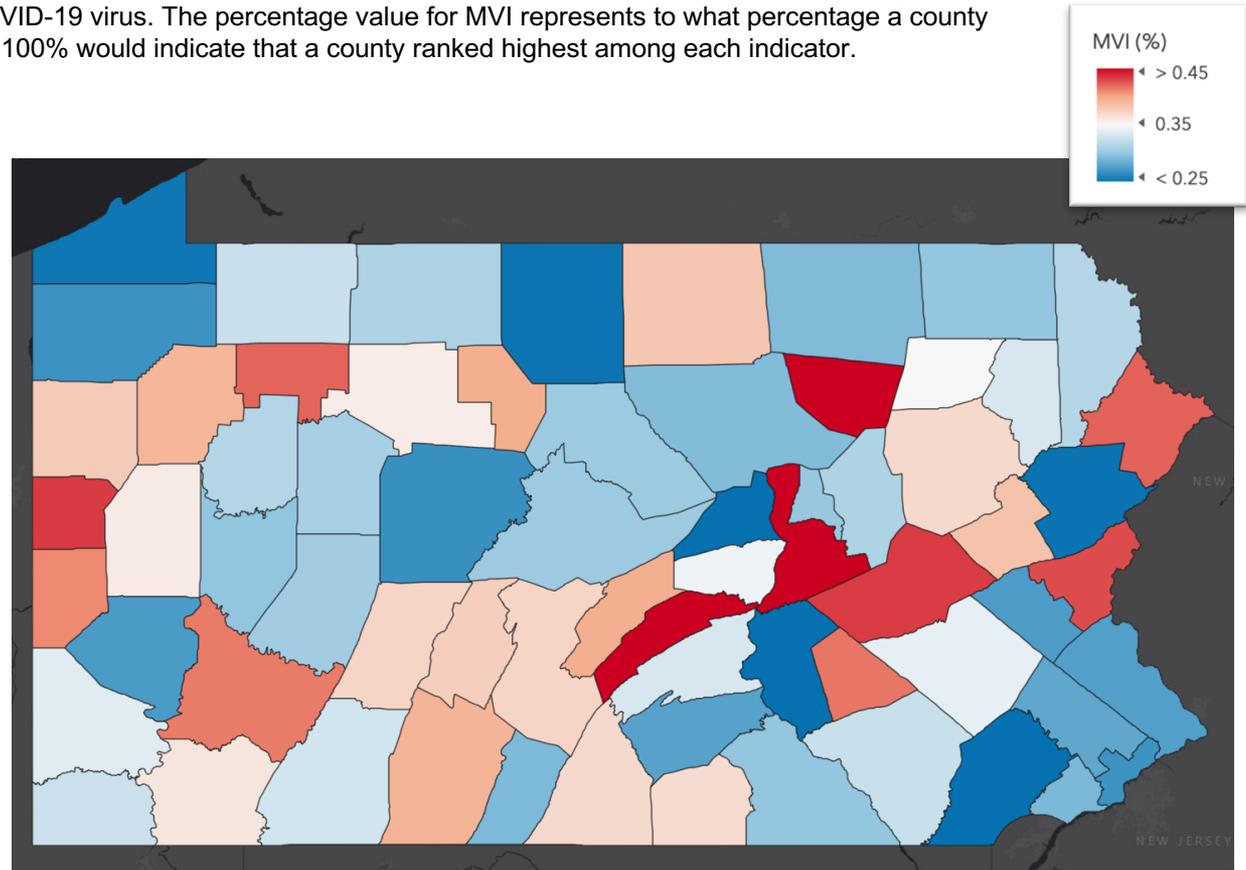
Year over year percent change in personal consumption expenditures on health care services, January 1960 - June 2020.

Source: KFF analysis of BEA Data (2020).

HEALTH CARE DRIVERS

Pandemic Implications

COVID risk is higher in certain parts of the Commonwealth than in others. The Medical Vulnerability Index (MVI) is a combination of population, population health, and health infrastructure factors that provide an indication of how high the county's vulnerabilities are to the COVID-19 virus. The percentage value for MVI represents to what percentage a county ranked across each indicator, where 100% would indicate that a county ranked highest among each indicator.



3. AGING SERVICES DRIVERS

[The aging] network literally has built the foundation of this nation's formal system of home and community-based care, and we have done it in partnership with older Americans and their families.

Lance Robertson
Assistant Secretary for Aging

Area Agencies on Aging are nodes in a giant network of over 20,000 community-based organizations that oversee and deliver a diverse array of services in every community. AAAs have evolved since the birth of the Older Americans Act over 50 years ago to respond to the changing needs and consistently advocate for the wellbeing of older adults, family caregivers, and, more recently, adults with disabilities.

Pennsylvania's AAAs are influenced by a multitude of factors, including funding policies and regulations, bureaucracies and politics, local initiatives and alliances, services and program trends in the field, and the behaviors and desires of the people they serve. There has been no time in our history when the need for AAAs has been as great as today, with compounding stressors of a wasteful and expensive health care system, forthcoming public budget cuts, and an ongoing pandemic, AAA missions and operating models have the potential to efficiently and effectively meet the evolving needs of older and disabled Pennsylvanians today and tomorrow.

The trends fueling aging services drivers are:

- **Coordination & Integration**
- **Home- and Community-Based Strategies**
- **Budgets & Financing**
- **Performance Expectations**
- **Pandemic Implications**

1. **Multi-agency and cross-sector coordination and integration is growing among AAAs.** AAAs are playing increasing leadership and participant roles in the expansion of networks that are advancing evidence-based health and wellness program delivery, earning revenue-generating contracts with health care organizations, expanding service coordination and referrals between agencies, and improving the design of communities for older adults and people with disabilities.
2. **Increasing public demands for aging in place will continue to create opportunities for AAAs to play direct and indirect roles in LTSS and HCBS systems.** Greater need for LTSS may constrain funding for upstream, preventative services and programs. Opportunities for AAAs and the aging network to deliver cost effective home- and community-based services as part of public and privately funded systems will increase.
3. **Public budget cuts and increasing need for services will force AAAs to do more with less.** Operating with a thin margin is not new for AAAs, and as they anticipate the potential for several years of public budget tightening, pressure will increase to meet growing demand with constrained resources. At the same time, competitive opportunities to develop and grow partnerships with the health sector should not be ignored, nor should threats of potential restructuring or reorientation that could ensue if a recession is prolonged and local, state, and federal politics are not in the favor of AAAs.
4. **Increasing focus on quality and outcomes across health and human services, health care, and philanthropy will press AAAs to demonstrate outcomes and returns on investments.** A multitude of factors, including trends in health and human services policies and program evaluation, health care focus on value and outcomes, and increasing demands among private grant makers for grantees to demonstrate the efficacy of their programs. As a result, AAAs will need to have competencies and capacities to deliver cost effective services with proven outcomes.

AGING SERVICES DRIVERS

Coordination & Integration

AAAs have become much more coordinated and integrated. With the joining of aging and disability offices at the federal level into the Administration for Community Living, the creation of Aging and Disability Resource Centers and their formalization into the Older Americans Act, AAAs have become more oriented to the broader interests and needs of adults with disabilities and chronic conditions.

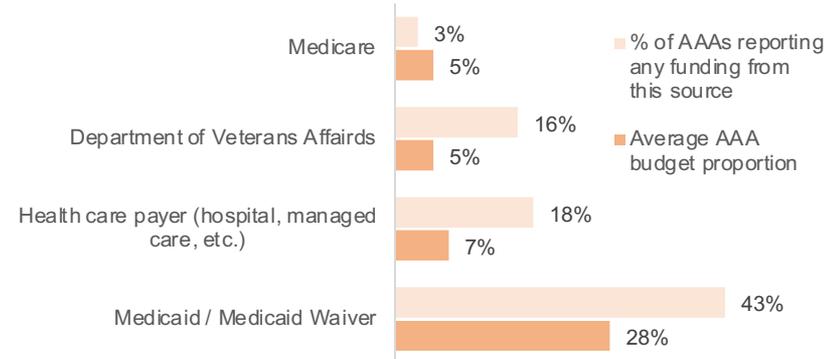
AAAs are becoming more involved in coordinating activities through the expansion of state LTSS and HCBS programs designed to help older adults and people with disabilities avoid long-term care stays or transition back to community settings. AAAs, including nearly a dozen in Pennsylvania, are also partnering with Veterans Affairs Medical Centers to offer veterans and their families self-directed LTSS assistance. Building competitive partnerships with health care payers and providers is also a growing strategy for many AAAs and AAA networks.

The livable communities movement has also been a growing area of involvement and investment among some AAAs that have taken leadership and coordination roles in shaping local policies and programs that create friendlier environments for all ages and abilities.

TRENDS	IMPACT ON THE AAA NETWORK
<ul style="list-style-type: none"> Increase in health care financing of evidence-based wellness programs 	<ul style="list-style-type: none"> Opportunity for advocacy for Medicaid financing Competition from other providers
<ul style="list-style-type: none"> Growth of and national support for coordinated AAA networks 	<ul style="list-style-type: none"> Opportunities for formalizing network to contract with health care Potential competition from other CBO networks / out of state
<ul style="list-style-type: none"> Increasing focus on aging and older adults among non-aging services organizations 	<ul style="list-style-type: none"> Potential partnership opportunities with organizations like YMCAs, United Ways, and chambers of commerce

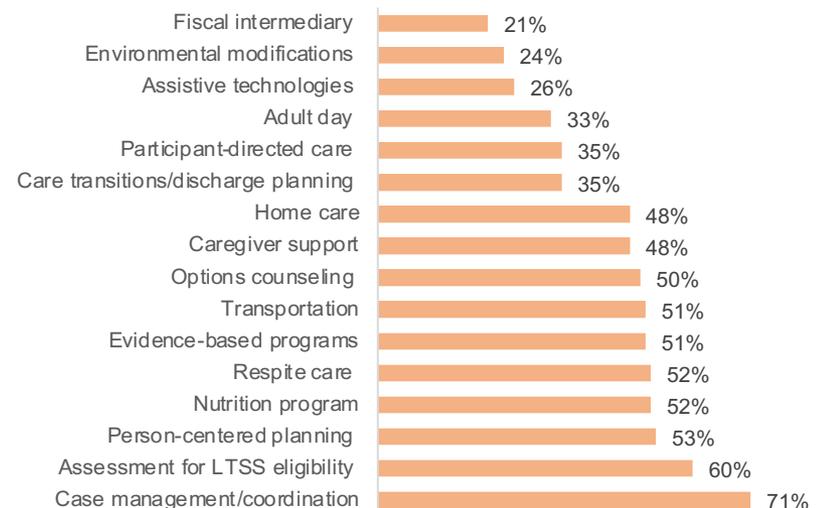
Health Care Funding Sources Among AAAs in the US.

Source: n4a National AAA Survey (2020).



Services AAAs Provide Through Integrated Care Partnerships.

Source: n4a National AAA Survey (2020).



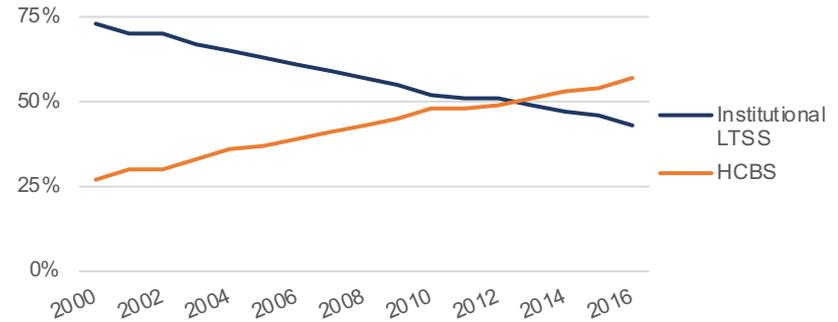
AGING SERVICES DRIVERS

Home & Community-Based Strategies

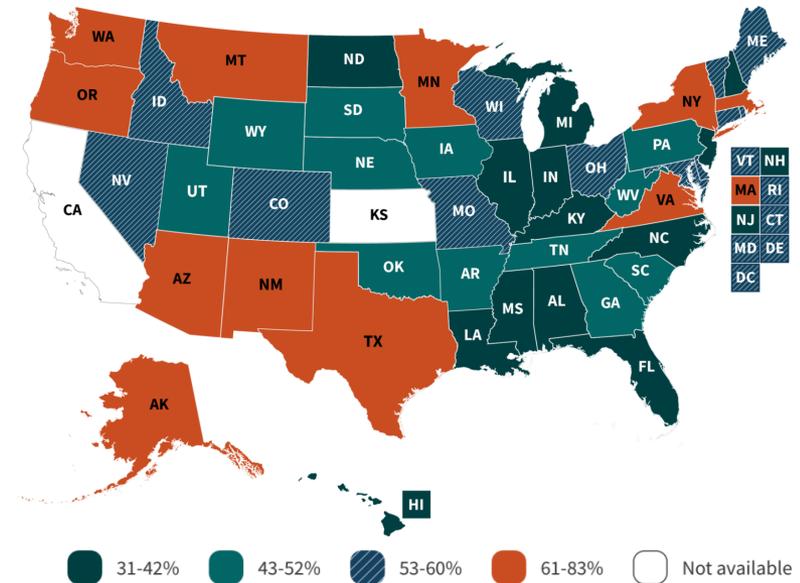
The expansion of Medicaid programs in tandem with the rise in older adult populations and utilization of long-term care facilities has encouraged states, including Pennsylvania, to develop programs to reduce utilization of costly institutional care and promote more cost-effective services in alternative home- and community-based settings. Pennsylvania's managed LTSS and HCBS system follows a national trend that other states are following to attempt to contain public spending and support consumer preferences and experiences through a more streamlined, managed care arrangement to promote home- and community-based services. Between 2011 and 2016, Pennsylvania's share of LTSS spending that went to HCBS increased 13 percentage points, from 22% to 35%.

Designing a consumer-friendly, cost effective LTSS solution is one of Pennsylvania's greatest challenges. Many respected experts, organizations, and institutions have offered ideas and proposals for improving how long-term services and supports systems can be better designed a managed, with an emphasis on integrated, community-based care.

Proportion of Total Medicaid LTSS Spending on Institutional LTSS and HCBS in the US, 2000-2016. Source: MACPAC (2018).



Percentage of LTSS Expenditures on HCBS by State. Source: CMS (2017).



TRENDS	IMPACT ON THE AAA NETWORK
<ul style="list-style-type: none"> Increasing demand for LTSS 	<ul style="list-style-type: none"> Opportunities for AAAs to play larger role in LTSS systems and advocacy for smart alternatives that expand financing for community-based solutions
<ul style="list-style-type: none"> Workforce challenges across the sector 	<ul style="list-style-type: none"> Need for workforce development programs and wage increases
<ul style="list-style-type: none"> High number of PACE programs 	<ul style="list-style-type: none"> Partnership opportunities
<ul style="list-style-type: none"> Community-based health hub and primary care models are growing 	<ul style="list-style-type: none"> Health hubs could co-locate in Senior Centers across a region
<ul style="list-style-type: none"> Evolution and expansion of managed LTSS and HCBS 	<ul style="list-style-type: none"> Increase in competition from private for-profit organizations.

AGING SERVICES DRIVERS

Budgets & Financing

As a consequence of emergency spending to control and curtail the current pandemic, local, state, and federal government agencies are anticipating severe budget cuts on the horizon. Reduced budgets will likely fuel greater efforts to focus on services and intervention models that prove to be most cost effective with greatest outcomes. Foundations and philanthropies have also spent emergency funds to help fight the pandemic, indicating a desire to reconsider normal grant cycles and spending until the pandemic is over.

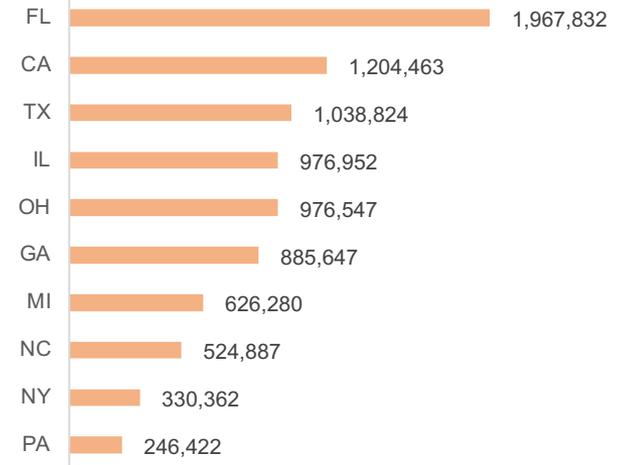
While Pennsylvania has expanded its LTSS spending in HCBS, the state's LTSS system is by no means solvent. LTSS costs are increasing twice as much as the revenue sources that fund them. The system is not sustainable. If current population rates and public budgetary trends continue along their projected paths, the increasing older adult population will soon exceed the capacity of Pennsylvania's systems. The opportunity for advocacy and strategic alignment with allies beyond the AAA network for better societal and policy solutions is here.

The need to expand and diversify revenues is not a new concept for AAAs, but the combination of budgetary threats, increasing demand for services, and opportunities to commercially partner with health care organizations all point to a need for greater entrepreneurialism and creativity.

TRENDS	IMPACT ON THE AAA NETWORK
<ul style="list-style-type: none"> Shrinking local, state, and federal budgets. 	<ul style="list-style-type: none"> Need for expanding alternative revenues Do more with less Need to create greater economies of scale
<ul style="list-style-type: none"> Support for privatization and consolidation is increasing; low population-to-AAA ratio in PA 	<ul style="list-style-type: none"> Imperative to demonstrate value of many AAAs in the network or study potential for consolidation or resource / cost-sharing
<ul style="list-style-type: none"> Calls among public and private stakeholders for human service social enterprise is increasing. 	<ul style="list-style-type: none"> Growing pressure to orient to business opportunities

Average population to each Area Agency on Aging in the ten most populous states (total population divided by the number of AAAs).

Sources: US Census, state AAA associations, SUAs.



Median Budget of AAAs in the US Compared with 60+ Population, 2009-2018. Source: n4a (2020) and US Census Bureau.



AGING SERVICES DRIVERS

Performance Expectations

AAAs are gradually being expected to demonstrate the outcomes of their services and programs. Between changing trends in private grants, public funding, and health care financing, AAAs are increasingly being asked to prove the efficacy of their work and the return on investment in their services.

The Department of Aging’s draft plan for 2020-2024 demonstrates how the DOA is setting goals and objectives for AAAs and evaluating performance of the network. While most of the DOA’s performance measures are process and outputs-oriented, some actions reveal a desire to shift to an outcomes-oriented approach. The State Plan on Aging may also provide the AAA network with specific insights into ways in which they can work in partnership with the DOA to achieve goals in the next plan cycle, while exploring ways to co-develop future goals and plans. A well-coordinated and calibrated strategic planning system at the state, AAA network, and local AAA levels, with aligned goals and objectives, could encourage greater outcomes and alignment across the network and with the DOA.

TRENDS	IMPACT ON THE AAA NETWORK
<ul style="list-style-type: none"> Evidence-based programs in OAA 	<ul style="list-style-type: none"> Need for fidelity, quality control, and program evaluations
<ul style="list-style-type: none"> Healthcare focus on value and ROI – costs, patient experience, health outcomes 	<ul style="list-style-type: none"> Develop and use strong ROIs in political and business messaging
<ul style="list-style-type: none"> Increases in risk- and performance-based payments 	<ul style="list-style-type: none"> Understand how to manage risk in operational modelling and contract negotiations
<ul style="list-style-type: none"> Growing emphasis on social determinants of health 	<ul style="list-style-type: none"> Harness the trend and use to strategic advantage to generate interest in AAA programs

Excerpt from the PA Dept. of Aging’s 2020-2024 State Plan on Aging (July 2020).

PROPOSED ACTIONS	PROPOSED GOALS AND MEASURES
Reduce caregiver stress and burden through the provision of the Caregiver Support Program.	% reduction in caregiver burden in the Caregiver Assessment Tool
Advocate for legislative changes to improve access to and utilization of the Caregiver Support Program.	Enactment and implementation of legislation
Provide training to the Department, AAA Network, and partners on cultural competence, implicit bias and other related subjects.	Measure number of participants, satisfaction level and outcomes.

Example of performance objectives that Medicare Advantage plans must focus on in order to achieve strong Star ratings. Average Star Ratings (out of 5) for all MA plans in the US, 2017-2020. Source: CMS (2020).

MEASURE	2017	2018	2019	2020
Improving physical health	2.6	2.9	3.0	3.2
Improving mental health	3.6	3.7	3.3	3.9
Reducing the risk of falling	2.4	2.5	3.0	2.5
Plan all-cause readmissions	3.3	3.3	3.1	2.8
Rating of health plan	3.2	3.2	3.3	3.2

AGING SERVICES DRIVERS

Pandemic Implications

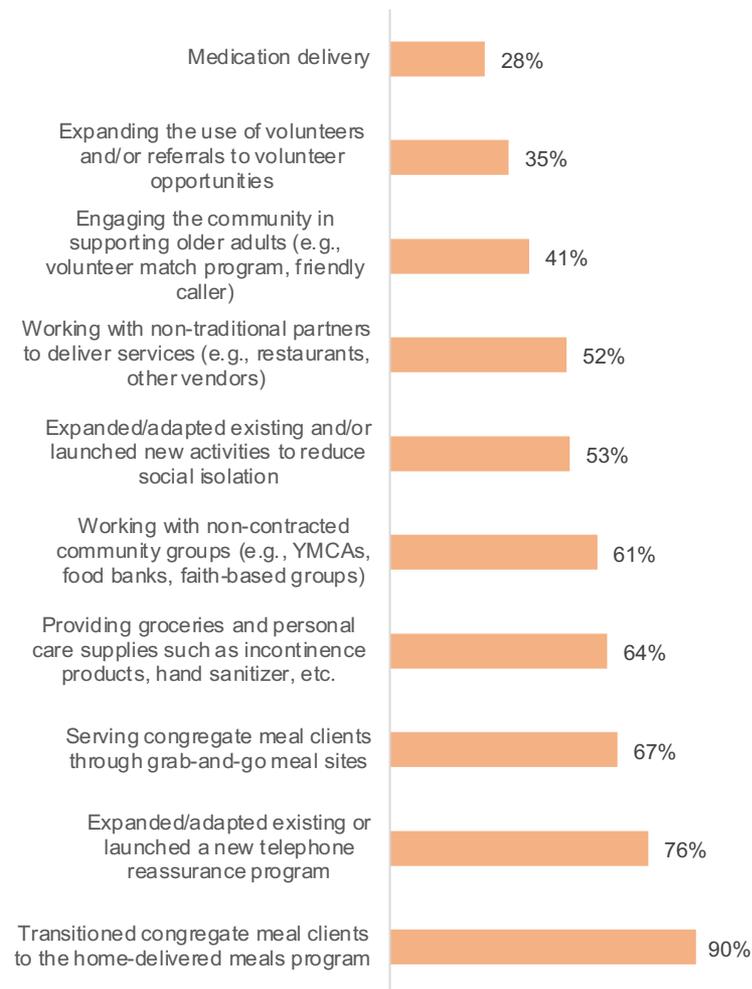
While the ongoing pandemic has revealed many shortfalls in our country, it has also revealed how agile and proactive many AAAs are in understanding and responding to emergent needs in their communities. AAAs have rapidly responded to the changing environment, modifying service offerings and modalities to meet dramatic shifts in consumer demand and operate within narrow constraints.

The new environment has also stimulated new community partnerships for AAAs, and, like many other organizations, shifted the ways in which staff are fulfilling their professional obligations. These changes will have lasting effects on the role that AAAs play in their communities, on the future of their service designs and offerings, and on their formal and informal connections and partnerships with health care organizations, public health departments, community-based organizations, and others in their communities.

TRENDS	IMPACT ON THE AAA NETWORK
<ul style="list-style-type: none"> Potential budget cuts 	<ul style="list-style-type: none"> Do more with less Seek out alternative funding sources to sustain/grow service levels
<ul style="list-style-type: none"> Changing service types and modalities 	<ul style="list-style-type: none"> Opportunity to rapidly test new ideas Need for greater technological solutions and capacities
<ul style="list-style-type: none"> New formal and informal organizational partnerships 	<ul style="list-style-type: none"> Potential for new sustained partnerships in future funding cycles
<ul style="list-style-type: none"> Increases in referrals and demand for services and supports 	<ul style="list-style-type: none"> Need to create more efficiencies
<ul style="list-style-type: none"> Increasing demands to age in place or transition back to community 	<ul style="list-style-type: none"> Short- and long-term increases in desire for community living

AAA Actions Taken in Response to COVID-19.

Source: n4a National Survey (July 2020).



4. TECHNOLOGY DRIVERS

Innovators are playing an increasingly active role in designing, developing, implementing and testing an intriguing array of technology-enabled devices and services for older adults.

Dr. David Lindeman, PhD
University of California, Berkeley

A host of technologies are becoming more integrated into our personal and professional lives, playing integral roles in supporting and advancing daily tasks. From assistive devices to automation, cloud storage to machine learning, new technologies are already revolutionizing how we go about our daily lives – and will transform many of the ways in which gaps and barriers involving physical and cognitive limitations are bridged and reduced.

AAAs have many opportunities to explore and better understand how new technologies will change the lives of tomorrow's older adults, and how their organizations can help to close digital divides, broaden service delivery, support independence, and track, measure, and achieve greater outcomes. AAAs will undoubtedly adapt services and operations to incorporate new technologies that can increase efficiencies and advance missions.

As new technologies continue to become embedded in everyday life, AAAs will need to determine how they will respond. The trends fueling technology services drivers are:

- **Digital Divide**
- **App-Based Platforms**
- **Home-Based Tech**
- **Automation**
- **Cloud Computing**

- 1. The digital divide applies to consumers as well as AAAs.**
While many older adults and organizations have access to broadband internet and possess the resources to acquire digital technologies, there are many that are in broadband deserts, that do not have the means to access certain types of technologies or have the desire to incorporate more advanced technologies. For those individuals and organizations lacking the access or desire, the digital divide deepens.
- 2. App-based services and in-home technologies are creating alternative service delivery models and modalities that can be cost effective and scalable.** The adoption growth of app-based services and in-home assistive technologies by consumers as well as the health care industry is fueling demand and opportunities for AAAs to play a role in digital and virtual health promotion and disease prevention interventions. These trends are also indicating new opportunities for subcontracted AAA services as well as new competitors entering the evidence-based wellness space.
- 3. Autonomous and unmanned systems will dramatically change how older adults, particularly those in Pennsylvania's rural communities, access social and commercial resources.** While it may seem like a far and distant future, significant investment and regulatory action is going into making self-driving cars, drones, and robots a reality that is likely closer than we think. AAAs have a tremendous opportunity today to explore these new solutions by configuring them into their partnership and service planning strategies.
- 4. Cloud computing and interoperability is advancing the ways multiple organizations across sectors and systems share and analyze data, and measure and manage performance.** AAAs will need to become progressively more data-driven and savvy if they are to demonstrate their value and effectiveness into the future, participate in ever-greater complex systems of care and coordination, and develop insight- and foresight-driven strategies that have the greatest impact on their communities.

TECHNOLOGY DRIVERS

Digital Divide

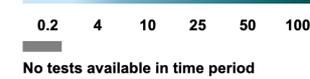
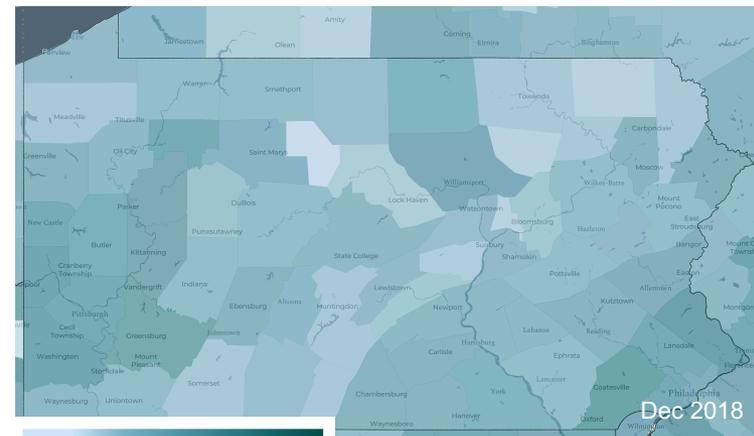
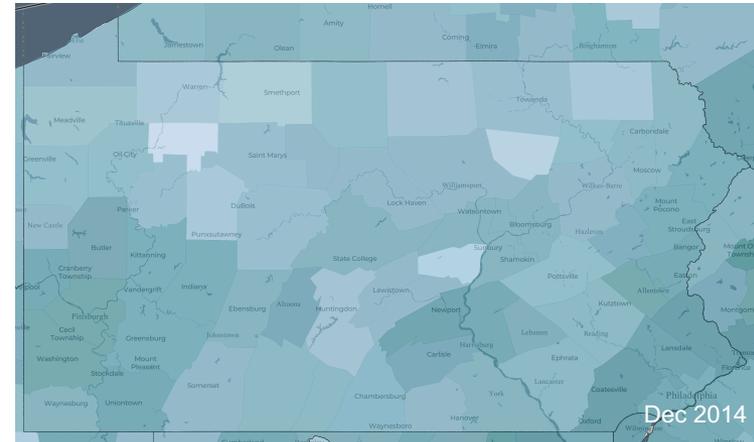
Many rural areas lack strong and stable internet connections. While there is not one county in Pennsylvania where 50% or more of the population can receive broadband connectivity, internet speeds and access in rural communities are significantly worse. The Federal Communications Commission estimates that at least 800,000 rural Pennsylvanians lack broadband access, while the Center for Rural Pennsylvania estimates this figure to be significantly higher. A lack of internet access or high-speed internet connections furthers the digital divide between rural and urban residents, age groups, and income groups.

Geography is not the only factor fueling the digital divide. Age, income, gender, education level, minority status, and functional status are all factors that increase an older Pennsylvanian's likelihood of not having access to a digital device. The digital divide also applies to AAAs as organizations with limited financial and human resources to invest in advanced operational technologies. According to n4a's national COVID-19 survey of AAAs, many AAAs are seeking technological solutions to support their clients as well as their workforce.

TRENDS	IMPACT ON THE AAA NETWORK
<ul style="list-style-type: none"> Geographic gaps in high quality internet coverage 	<ul style="list-style-type: none"> Need for coordinated advocacy to expand rural broadband Opportunity for creative rural broadband solutions
<ul style="list-style-type: none"> Income gaps in accessibility and use of technology 	<ul style="list-style-type: none"> Offer subsidized services and products to lower income older adults
<ul style="list-style-type: none"> Age gaps in accessibility and use of technology 	<ul style="list-style-type: none"> Target learning, hardware, and service resources to older age cohorts
<ul style="list-style-type: none"> Expectations for businesses to have advanced IT systems 	<ul style="list-style-type: none"> Underdeveloped IT systems and resources; variation across network

Median Mbps download speed by PA county, Dec 2014 (top) and Dec 2018 (bottom). The FCC considers 25 Mbps or greater in rural areas as broadband high-speed internet.

Source: MLab.



TECHNOLOGY DRIVERS

App-Based Platforms

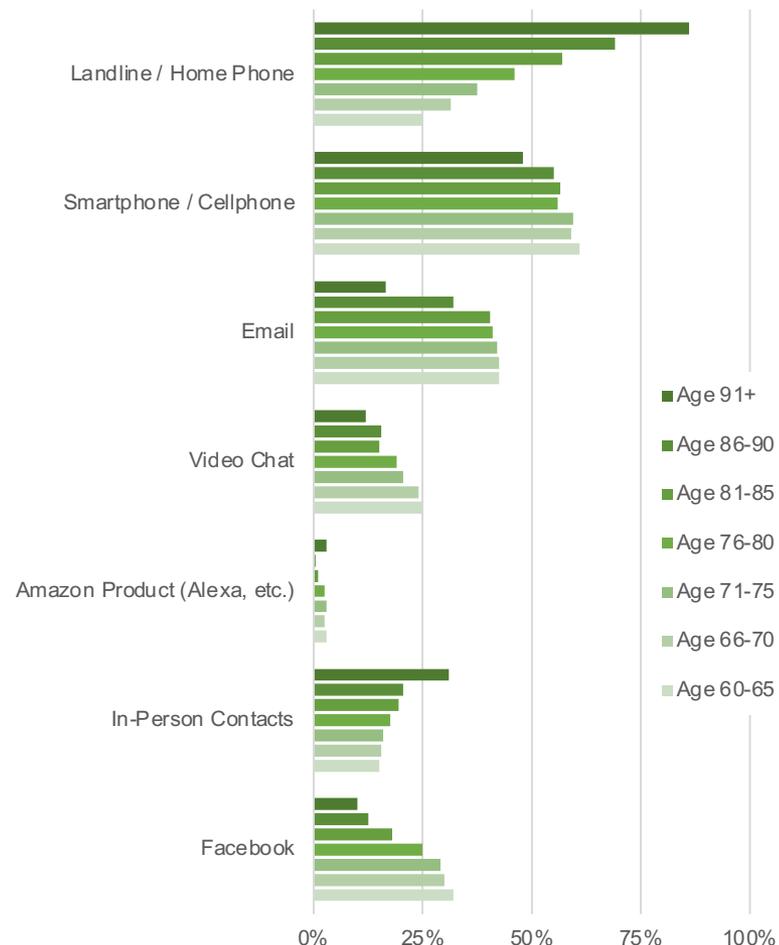
App-based platforms and digital health services are attempting to advance the work and missions of social, behavioral, and medical health services organizations. In the first half of 2020, digital health startups raised a total of \$5.4 billion in investment funding, with companies offering on-demand healthcare services and remote monitoring drawing the greatest share of funding, and significant growth in behavioral health companies.

New NCOA certified evidence-based wellness programs are emerging that offer app-based learning, allowing leaders and participants to have digital classes in person or remotely. There seems to be an app or digital solution for many of the traditional services that AAAs offer, including falls prevention (Nymbly Science), medication reconciliation (MedActionPlan), and family caregiver support (TCARE). As AAAs continue to expand their digital strategies and virtual and remote services, app-based and digital wellness solutions make a lot of sense.

Apps are also proving valuable for how aging services organizations promote their resources and engage with consumers. New York State developed an app that consolidated their aging resources in one place, allowing the public to easily search for and locate services.

TRENDS	IMPACT ON THE AAA NETWORK
<ul style="list-style-type: none"> Growth in app-based services 	<ul style="list-style-type: none"> Increased interest in app-based services. Opportunity to fund some evidence-based apps with OAA funds
<ul style="list-style-type: none"> New platforms integrated with organization's resources and call center 	<ul style="list-style-type: none"> Increased awareness and demand for services, potential efficiencies
<ul style="list-style-type: none"> Increased use for banking, health, and other services that require sensitive information 	<ul style="list-style-type: none"> High privacy and security risk Opportunities for app training

Older Adult Communications Access in Pennsylvania During COVID-19. Source: PA Dept. of Aging, Council on Aging, State of Older Adults COVID-19 Report, April 2020.



TECHNOLOGY DRIVERS

Home-Based Technologies

Many kinds of new in-home technologies are being designed into “smart home ecosystems” for a consumer base that is older and may have limited physical or cognitive functions. The health care and consumer electronics industries are aggressively developing and deploying products and services that can, in theory, promote physical and mental health, encourage greater independence in the home, improve safety and reduce risk, and help connect people to virtual services and social networks.

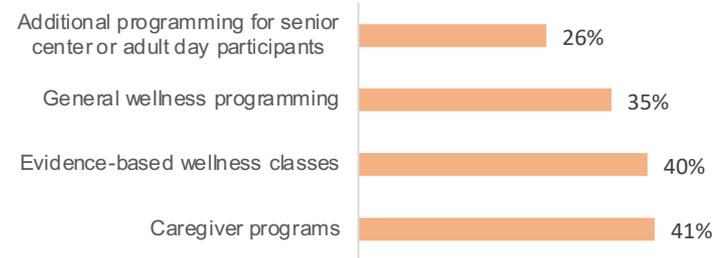
The pandemic has encouraged an enormous increase in virtual care visits, with one in four older Americans having a virtual care visit in the first three months of the pandemic, well over the 4% that had a virtual visit in 2019. Some are now predicting that telemedicine will emerge as a front door for care, with future utilization rates balancing out somewhere between the pre-pandemic lows and pandemic highs.

The homes of older adults and people with disabilities will undoubtedly become more tech enabled over time. As AAAs seek to close the digital divide, promote safety and independence in the home, and scale services to meet growing demands, in-home technologies will be an ever-greater tactical and strategic focus.

TRENDS	IMPACT ON THE AAA NETWORK
<ul style="list-style-type: none"> Smart home ecosystems 	<ul style="list-style-type: none"> Smart home tech as extension of aging in place strategies and services
<ul style="list-style-type: none"> Growth in virtual services and programming 	<ul style="list-style-type: none"> Expectations for virtual services Outsourced / scaled services Automated services
<ul style="list-style-type: none"> Increase in wearables, remote monitoring, and self-services 	<ul style="list-style-type: none"> Greater opportunities for prevention and self-care Economies of scale potentials

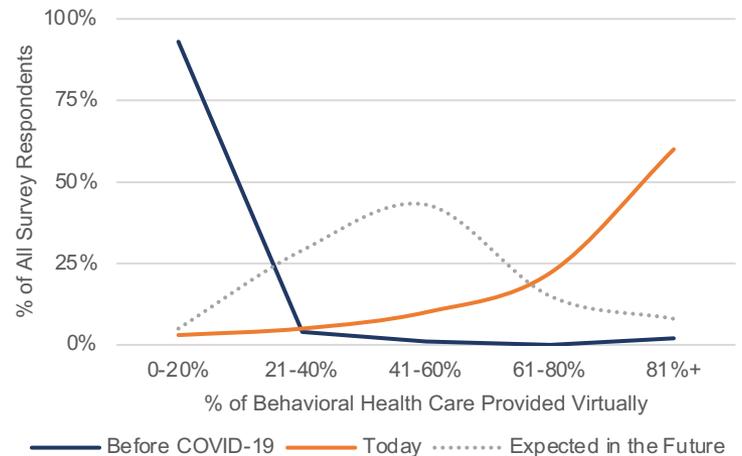
AAA Programs Moved to Online Format Due to COVID-19.

Source: n4a national survey (July 2020).



Total Percent of Care Provided Virtually.

Source: National Council for Behavioral Health (2020).



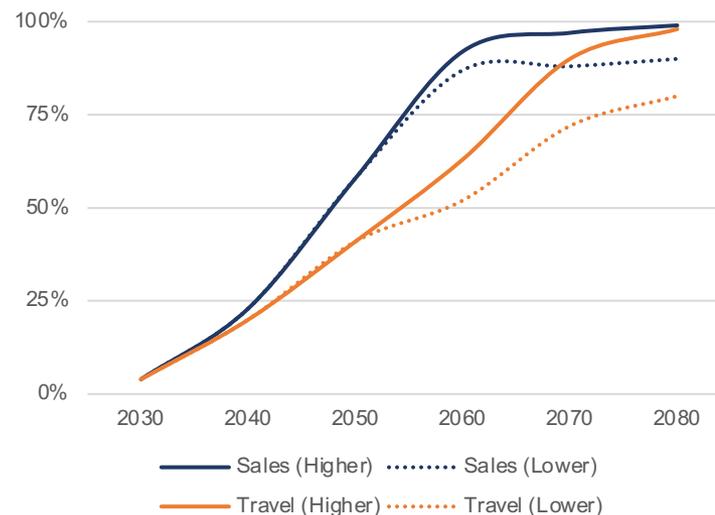
TECHNOLOGY DRIVERS

Automation

Automation is designed to substitute physical and cognitive human tasks. Today, most automated tasks are those that are routine and predictable, but as the software and data intelligence behind automation advances, so too will the types of automated tasks that can be conducted. As automation becomes more sophisticated and reliable, we can expect to see increases in automated solutions to many home- and community-related gaps and barriers currently experienced by older adults and people with disabilities.

In the home, automated technologies are already being developed that that socially engage with people, learning about them and carrying on meaningful conversations. Robots that can clean a home or retrieve objects already exist. Outside of the home, self-driving cars are already being tested. Some of the most advanced automated vehicle research is happening in Pennsylvania, led by several universities and the Department of Transportation. Similarly, investments in unmanned flying vehicles, along with gradual changes in regulations is slowly creating a market for rapid, flight-based delivery of products.

Autonomous Vehicle Sales and Travel Projections.
Source: Victoria Transport Policy Institute (2020).



TRENDS	IMPACT ON THE AAA NETWORK
<ul style="list-style-type: none"> Self-driving cars 	<ul style="list-style-type: none"> Opportunity to advocate for, pilot and invest in fleets of autonomous vehicles for clients Rural mobility solutions
<ul style="list-style-type: none"> Drones 	<ul style="list-style-type: none"> Opportunity to advocate for, pilot, and invest in fleets of drones Rural delivery solutions
<ul style="list-style-type: none"> Automated in-home services, robots 	<ul style="list-style-type: none"> Opportunity to advocate for, pilot, and invest in automated and robotic services

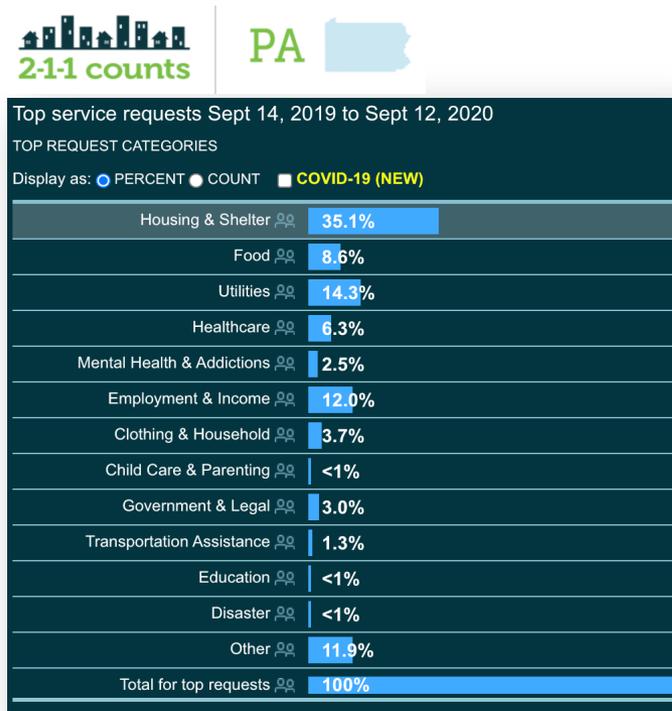
TECHNOLOGY DRIVERS

Cloud Computing

The use of cloud computing has fueled powerful capabilities for organizations and groups of organizations to securely manage, share, and analyze large amounts of client, service, and performance data. Cloud computing is being used by large health care organizations as well as government agencies to create scalable IT solutions that multiple teams and offices, vendors, and other partners and stakeholders can access, such as health information exchanges. Groups like the United Way are also using cloud-based solutions to track, monitor, and show patterns and trends in consumer need and service utilization.

Cloud-based technology is fueling the development and broad use of new types of social resource platforms that are encouraging greater coordination between health care organizations and social services providers. These platforms are changing the ways in which the public and other professionals navigate and access social services. This trend is already apparent in the Pennsylvania Department of Human Services' recent request for expressions of interest to establish a statewide resource and referral tool that will serve as a care coordination systems for social and health care providers.

Screenshot from the PA United Way's 2-1-1 Counts (2020).



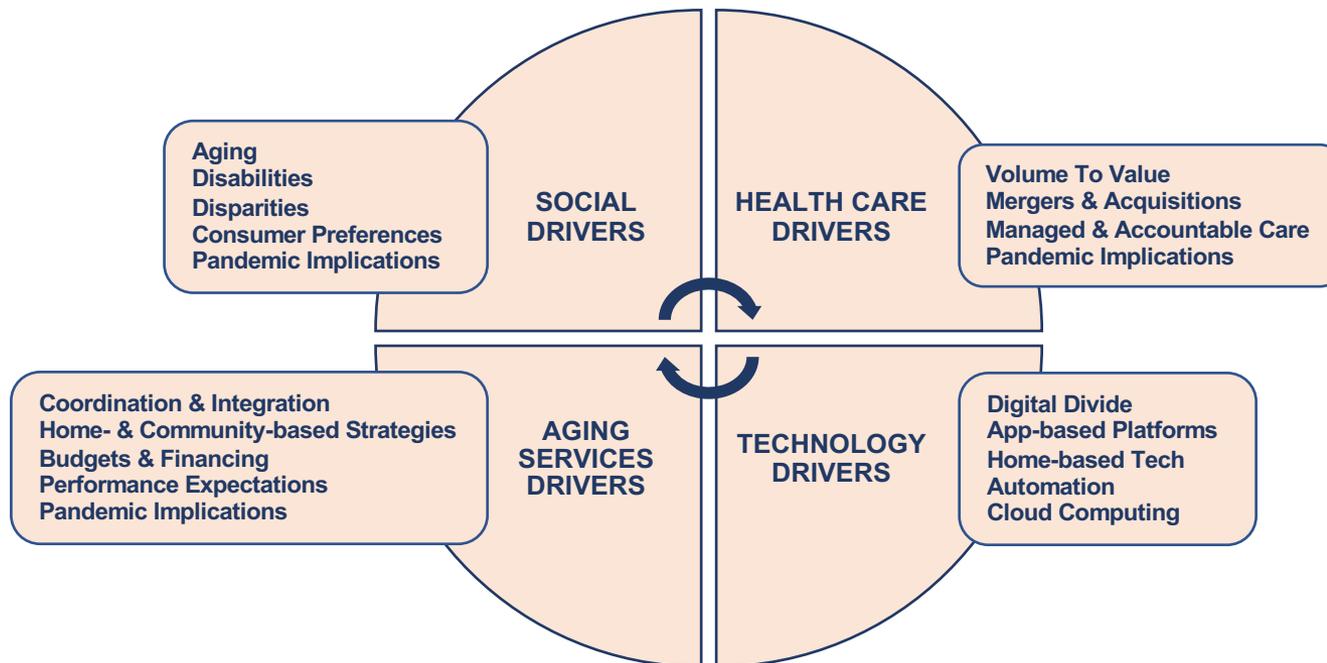
TRENDS	IMPACT ON THE AAA NETWORK
<ul style="list-style-type: none"> Growth of cloud-based systems Rise of shared resource and referral databases 	<ul style="list-style-type: none"> Potential integration with HIEs Participation in new resource directories
<ul style="list-style-type: none"> Advanced analytics 	<ul style="list-style-type: none"> Real-time program analytics Performance measurement and management capabilities
<ul style="list-style-type: none"> Machine learning and predictive analytics 	<ul style="list-style-type: none"> Potential for risk stratification of clients, high quality options counseling and coordination
<ul style="list-style-type: none"> Statewide resource directory 	<ul style="list-style-type: none"> Increase in referrals to AAA services Potential for future financing to AAAs

A CONFLUENCE OF DRIVERS

There are countless ways in which multiple social, political, and market-based trends within the four driver areas intersect, interconnect, and influence the strategic and tactical work of AAAs.

Some questions about trends that readers can consider before advancing to the next section:

- Which call for the greatest political advocacy priorities for AAAs?
- Which speak to a need for AAA service and program changes?
- How might AAAs need to reorient their strategic thinking and planning for the future?
- Which demand greater collaboration or coordination among AAAs?
- What trend areas are missing?



5. LEVERAGING AAA NETWORKS

The drivers above present a host of complex challenges and opportunities that many AAAs – in Pennsylvania and across the US – are grappling with. Many of these challenges and opportunities require advanced capabilities to influence policies, build professional skillsets and organizational capacities, design and develop new services and programs, conduct expert research, and communicate and influence with strategic finesse.

Such imperatives are not uncommon to AAAs, but they are growing. The forces in the external environment are putting pressure on AAA organizations, on those they serve, and on the systems that they operate within. Networks are becoming essential vehicles for multiple organizations to respond to growing public need for services in a financially unsustainable environment. Coordinated and aligned social impact networks are emerging across the US, driven by a combination of health care payment reforms, strategic field-building investments from public and private funders, and member organizations that seek a better future for their clients, staff, and organizations.

As highly networked and collaborative organizations, many AAAs have become organized into formal and informal networks that communicate and coordinate around shared interests and objectives, such as state and federal policies and procedures, public funding, coordinated services across multiple regions, and the rights and wellbeing of those they serve.

What follows is a series of network-oriented strategic practices that AAAs across the US are instituting in response to many of the trends outlined in the previous sections of this report. The examples provide both proactive and reactive ways in which AAA networks have developed strategies to further and advance their shared missions and objectives.

IN PRACTICE

Across the country, AAA networks are leveraging their shared interests and missions to expand their capacities and advance their capabilities to achieve greater client outcomes, play increasingly greater roles in health and social services ecosystems, and build financial sustainability into the future.

AAAs are leveraging their networks in many ways, including:

- **Political Advocacy**
- **Skill Building**
- **Joint Contracting**
- **Sharing Tools and Resources**
- **Research and Development**
- **Expanding Network Membership Eligibility**
- **Broadening Awareness of AAA Services**
- **Coordinating AAA Services and Programs**
- **Group Purchasing and Revenue Sourcing**

LEVERAGING AAA NETWORKS

NETWORK STRATEGY

STRATEGY IN PRACTICE



Political Advocacy

Many state AAA networks have organized to advocate for favorable state policies, programs, and funding. Network activities and strategies are widely informed by state and federal policies, so having a voice in numbers can help the network direct future policy and reform. Some of the advocacy activities practiced by networks include hosting public forums, creating literature around state and federal policy for network members, partnering with local and regional political advocacy groups and creating policy platforms and templates that network members can use to help influence favorable policies at the local level.

State AAA associations have had varying success in their advocacy efforts for funding increases, favorable regulatory changes, and inclusion in new publicly funded programs. The **Ohio Association of AAAs (O4A)** advocated for the inclusion of AAAs in the state's Medicaid waiver system (the PASSPORT Program) for home- and community-based service alternatives to nursing home care. In this program, the AAAs provide case management and program oversight. The AAAs also administer Ohio's Assisted Living Waiver program.



Skill Building

Because educating and informing are such integral pieces of the vision and value of each AAA, it only makes sense this is a key objective for groups of AAAs seeking to expand and enhance their capacities and capabilities. Training and development activities are very common among networks and is an important benefit to being a member of a network. Many networks hold regular meetings to inform members on political and legislative updates, policy/program changes, and programmatic standards. Beyond hosting routine or annual training events, some organizations have a more systematic approach to training and skill building, particularly if the network has a strategic plan in place to develop certain competencies or meet certain performance standards.

The **Oregon Association of Area Agencies on Aging and Disability (O4AD)**, through their network hub, the **Oregon Wellness Network (OWN)**, trains AAAs on how to create value propositions for social services they are catering to health care organizations, monitor and manage program data and quality, and providers technical business acumen and development assistance. **AgingNY** holds an annual business acumen training for members to gain professional skills. And the **Southern Alabama Regional Council of Governments (SARCOA)** led all of Alabama's AAAs to earn accreditation from the National Committee for Quality Assurance (NCQA) in preparation for a Medicaid managed LTSS program.



Joint Contracting

A major advantage a network can bring to its members is the convenience of contracting on behalf of its members, while offering to health care organizations similar convenience of benefitting from multiple service providers while contracting with just one entity. Statewide programs, health plans contracting for social services, and larger health care provider systems are demanding greater volumes and standardization of social services at scales greater than any one AAA can deliver. A network can leverage resources to create more value and coordinate services that many health plans and health care delivery organizations are interested in.

Trade associations are providing avenues for their members to contract with Medicare and Medicaid supported plans, like the **New York Association for Area Agencies on Aging (AgingNY)**, which provides resources on the state mandated Diabetes Prevention Program. Other associations like **4AM (Michigan)** help constituent members partner and contract with private health care organizations. In 2018, 4AM hosted an annual conference, "Building Bridges: Strengthening the Aging Network" for its members, which focused primarily on the importance of multi-stakeholder collaboration and best practices around partnering and contracting.

LEVERAGING AAA NETWORKS

NETWORK STRATEGY



Sharing Tools & Resources

Networks are uniquely poised to work with member organizations to encourage greater effectiveness and impact. Networks can help to create, collect and distribute useful tactical and strategic tools that members can use to advance their work. In addition to providing a platform for contracting, networks can also aid in closing the technical gaps involved in contracting. Activities such as these include creating sample contracts for members, holding network-wide information and training sessions on contract navigation and meeting regularly to discuss partnership opportunities.

STRATEGY IN PRACTICE

The **Texas Association for AAAs (T4A)** developed a pricing model tool for their network that helped member AAAs set reasonable and sustainable pricing for health care partnership contracts, while the **National Association of AAAs (n4a)** creates and distributes many tools and resources to help AAAs advance their work in a variety of strategic orientations, including through the Aging and Disability Business Institute.



Research & Development

Organizational capacities and financial means to conduct research relating to program effectiveness or needs assessments of consumers are often limited. Networks can leverage their membership and shared resources to collect data, interpret it and report out on it, or jointly outsource such tasks. By taking on research at a network level, members can establish shared benchmarks and build more consistent and reliable datasets. Shared research activities also draw member interest and buy-in of processes, help steer resources to disadvantaged members, and creates a common framework and foundation. Some networks partner with consulting firms, universities, and other organizations to engage in research of different types, including program design, evaluation, and piloting new technologies.

in 2019, the **Colorado Association of AAAs (C4A)** jointly wrote and won a \$225,000 private grant to fund a statewide assessment of older adults. Colorado hired the National Research Center to deploy the Community Assessment Survey of Older Adults (CASOA) over a period of several months. The findings were used by all of the AAAs as well as the State Unit on Aging to develop each AAA area plan as well as the State Plan on Aging. Findings were also used to observe longitudinal trends (some AAAs had used the survey every four years for nearly 20 years) and compare communities with those in other parts of the country. Usage of CASOA has created measurable indicators for AAAs and the State to monitor outcomes and impact in key areas.



Expanded Network Membership

A network also provides the platform to be able to market the network and onboard potential members. Building and coordinating a network can be challenging and setting up and supporting the infrastructure to be able to manage a network is critical to its success and longevity. By providing a platform and selling current network services, the network can gain more members, grow its service portfolio and reach a larger set of communities. This also provides the network leaders control in vetting network members, partners and potential associates in making sure new members are aligned with the network's overall mission.

The **Ohio Association of AAAs (O4A)** offers an Associate Membership to non-AAA organizations seeking to support the O4A mission and benefit from several resources the association produces. O4A claims to connect Associate Members with thousands of Aging Network supporters (consumers), over 450 Aging Network affiliates (subcontractors/grantees), and 12 AAAs. Associates receive exclusive legislative bulletins from O4A, as well as the ability to participate in exclusive educational, advocacy, and networking events, plus exposure through O4A's social media, newsletter, website, and special events.

LEVERAGING AAA NETWORKS

NETWORK STRATEGY

STRATEGY IN PRACTICE



Broadening Awareness

One advantage of a network is having access to shared and collective resources greater than any one member. This can be helpful when recognizing opportunities to scale and broadcast messaging to wider audiences. A network can bring its members together and activate its allies and partners to develop and deploy common, effective messaging that can have significantly greater impact than any one organization's effort. Other public awareness activities occurring across networks include podcasts, social media, newsletters and magazines for the public, for other professionals, and for policy makers. Networks engage in statewide and national conferences and events to promote their members and members' services.

The **Michigan Association for AAAs (4AM)**, coordinates an annual "Senior Citizens Day", an event where their 16 member AAAs present and raise awareness of statewide senior needs. Similarly, the **North Carolina Association for AAAs (NC4A)**, has increased promotion and awareness around the demand for Home and Community-Based Services (HCBS) in response to their 65+ expected trajectory over the next ten years.



Coordinating Services & Programs

A network can help facilitate the delivery and coordination of standardized programs and services by members across multiple regions, through helping create common standards of practice, centralized accountability for meeting those standards, and support and assistance for continuous improvement. A network can also invest in common platforms for data management and coordination, establishing shared processes and performance measures that can be monitored and evaluated by all members. Networks can also spotlight innovative AAAs and demonstrate to others how they accomplished certain feats. They can act as a researcher, facilitator, coordinator, and implementation partner to help study and replicate programs for AAAs that could benefit from new and innovative programs.

The **Juniper Network**, led by the **Metropolitan Area Agency on Aging** (Minnesota), leads a statewide initiative to advance the delivery and availability of evidence-based wellness programs through partnerships with peer AAAs. The Juniper network trains coaches, helps organizations improve their promotion and retention in classes, and assists members with quality oversight and improvement. The network is now venturing into contracting opportunities with health care organizations. As part of **SARCOA's** effort to align **Alabama's AAAs** around preparing to participate in the state's Medicaid program, it took the lead to manage, customize, and implement a new network-wide case management technology platform to meet current and future needs of its AAA network.



Group Purchasing & Revenue Sourcing

Group purchasing can serve as a potential capacity building and cost savings strategy for AAAs in a network. Networks and network hubs can help members save costs by providing or helping coordinate among members shared administrative infrastructure and overhead, such as software, human resources functions, policy development, and quality assurance. By absorbing some of the administrative activities and expenses of multiple individual organizations, the network can create capacity for member partners to invest in services and programs and spend more staff time delivering direct services in their communities.

Members of networks have worked together to apply for and participate in capacity building programs and initiatives produced and funded by n4a, NCOA, and ACL, including the **Florida Association of AAAs**, **Alabama Association of AAAs (A4A)**, the **Indiana Association of AAAs (IAAAA aka enlivin)**, and the **Missouri Association of AAAs (M4A)**.

6. CONCLUSION

We will need new strategies to meet the needs of our aging society.

Robert Applebaum and Suzanne Kunkel
Scripps Gerontology Center

The Older Americans Act was intentionally designed to allow AAAs to be flexible and adaptable organizations, able to meet the unique needs of the communities they are charged to serve by continuously working to understand the lived experiences and cultures in their backyard, and develop and coordinate targeted responses that bridge gaps and reduce barriers.

Networks are, similarly, inherently responsive to the needs, demands, and preferences of their member constituents and peers. A successful network coordinates and plans its strategy in light of the existing, evolving, and anticipated opportunities and challenges which are driven by its members (which are, driven by the existing, evolving, and anticipated opportunities and challenges within each member's unique social, political, and market-based context).

As you reflect on the trends and strategic considerations in this report, it is important to keep in mind that this serves as a high-level review and opportunity to stimulate thinking about the past, present, and future. There are connections between many of the trends in this report, many of which are rooted in the social drivers. The trends in this assessment, paired with examples of ways in which AAA networks are responding to threats and opportunities in their marketplaces, demonstrates the broad and deep array of strategic imperatives and possibilities for Pennsylvania's AAAs.

NEXT STEPS

In addition to this market assessment, an internal network assessment will be conducted. Findings from the PA AAA network assessment will be used to identify connections between AAA perspectives, their strategic priorities, and their orientations to the network, the health sector, the LTSS systems, and the market trends.

The combined results will inform ways in which the next phase of strategic thinking and planning are designed, particularly regarding the areas of greatest importance as shared by the AAAs and areas of critical challenges and opportunities as observed in the external environment.

Considerations for approaches to network-based strategic thinking, planning, and implementation will be informed by the combined findings of the network assessment and external market assessment.

We look forward to the next step of learning more about the PA AAA network!