



AREA AGENCIES ON AGING ASSOCIATION OF MICHIGAN  
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## **FACT SHEET ON STATE-FUNDED AGING SERVICES**

*Services funded through the Aging and Adult Services Agency (AASA) help frail older Michigianians who don't qualify for Medicaid but can't afford to purchase services privately, with the goal of helping them live safely in their own homes longer, and delaying or eliminating future use of health care services paid by Medicare/Medicaid.*

### **What are AASA services?**

"AASA services" are the services funded by the Michigan Aging and Adult Services Agency (AASA), the federally designated state agency charged with serving older Michigianians 60+. AASA services are available statewide and include a wide variety of in-home and community-based services designed to keep seniors living safely in their own homes, and out of nursing homes. AASA services are targeted to those in greatest economic and social need. Examples include meals-on-wheels, information and assistance, care management, personal care, homemaker, transportation, home repair, legal assistance, adult day care, etc. Over 40 services are now provided with new services created every year as needs dictate.<sup>1</sup> AASA services are funded with federal funds, state general funds, merit award funds, Blue Cross escheats funds, and client contributions and are augmented by a wide variety of local funding sources. The aging network also utilizes thousands of volunteers to keep costs down. State funding is required as match to bring federal funds into Michigan from the Older Americans Act.

### **Are AASA services cost-effective?**

Yes. It costs, on average, \$1,000 a year to keep at-risk seniors at home with AASA-funded services. Compare this to the \$70,000 average annual cost of a nursing home. These savings quickly add up. In 2015, if AASA's 4,087 highest risk clients had been forced into nursing homes for one year, Medicaid expenditures would have increased by \$286 million. In contrast, the cost of AASA services for this same group was \$4.1 million.<sup>2</sup>

AASA services are cost-effective because they help to support and relieve the family members who provide most elderly care at no taxpayer expense. In fact, caregivers provide 80% of the care received by older adults, at an estimated annual value of \$15 billion in Michigan.<sup>3</sup> It is becoming more difficult for modern families to maintain these caregiving responsibilities, because of the growth in the number of elderly and longer lifespans. Also making it harder - smaller families, the dispersion of younger relatives, and an increase in the number of working women. AASA services play a crucial role in supporting unpaid caregivers and helping them to keep going.

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<sup>1</sup> Every service is not available in every area because of limited funding. More information is available at [www.michigan.gov/miseniors](http://www.michigan.gov/miseniors).

<sup>2</sup> Office of Services to the Aging, 2010 NAPIS data. Nursing home data for FY 2010 from the Department of Community Health.

<sup>3</sup> AARP Public Policy Institute, "Valuing the Invaluable: 2015 Update," retrieved from [www.aarp.org/ppi](http://www.aarp.org/ppi) on September 21, 2016.

### **How do AASA services compare with the MI Choice Medicaid Waiver?**

Both provide home-based care to keep people healthier and more independent in their own homes. But their purposes are slightly different. AASA services divert clients from Medicaid-funded long term care, while MI Choice services divert Medicaid clients from more costly institutions. In addition: 1) AASA services are targeted to those in greatest need, but are not bound by the strict financial and level-of-care tests required for Medicaid programs like MI Choice; 2) AASA funds a wider variety of services and has more flexibility in creating and adding new services; and 3) AASA state-federal match is dictated by the Older Americans Act while MI Choice match is dictated by Medicaid law.

### **Are all low-income frail seniors served by the MI Choice Medicaid Waiver?**

No. Some low-income seniors don't qualify for MI Choice because their income or assets are a few dollars over the Medicaid limits. Others are disqualified because their need for care is not judged severe enough. Still others meet the financial and level-of-care rules, but are put on a waiting list because there are not enough slots.

### **How do AASA services work?**

Most AASA services are administered by 16 regional Area Agencies on Aging (AAAs) that partner with 1200 businesses and nonprofits that provide the services. AAAs directly provide Information & Assistance and Care Management, services that help older adults and families navigate the complex system of programs and housing options, make informed choices, and use their limited financial resources wisely. AAAs use a competitive bidding process for some services, for example, senior meals. For other services, like homemaker and personal care, clients select from a pool of qualified providers, and can change providers if they choose. AAAs use competition to incentivize quality and cost-effectiveness. This competitive structure has spurred the development of many new small businesses in communities with the greatest needs. Those receiving AASA services are encouraged to contribute through donations or a sliding scale; the funds are used to expand services.

### **How much funding is allocated for AASA services?**

In FY 2014, \$60 million in federal funds and \$37.5 million in state funds are budgeted. Both federal and state funds have been cut since 2009. However, recent increases from the Michigan Legislature have restored \$7.5 million of the \$10 million cut in state funding.

### **Is there harm in having people wait for services?**

Yes. Research shows that seniors on wait lists who do not receive services fare poorly compared with seniors on lists who are eventually served. Research commissioned by Area Agency on Aging I-B in Southfield studied what happened to seniors two years after being placed on a waiting list in 2008. Seniors receiving services were compared to those not receiving services and still waiting. Those receiving no help were:

- Five times more likely to be getting care in a nursing home;
- 20% less likely to be living in their own home;
- Twice as likely to have been in a hospital emergency room within the previous 90 days;
- 25% more likely to have died.<sup>4</sup>

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<sup>4</sup> Unpublished study done in 2011, by Dr. Louanne Bakk, University of Buffalo, for Area Agency on Aging I-B, of 1,471 individuals placed on in-home service wait lists in Livingston, Macomb, Monroe, Oakland, St. Clair and Washtenaw counties.