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Cynthia Coffman, Esq
Attorney General of Colorado
Ralph Carr Judicial Center
1300 Broadway, 10th Floor
Denver, Co 80203

Re: InnovAge Conversion

Dear Attorney General Coffman:

I am concerned about the proposed conversion of InnovAge to a profit entity. I share the concerns raised by numerous commenters, including especially Dr. Alan Lazaroff, the Center for Law and Social Policy and several major foundations (Rose, Colorado Health Foundation, The Trust and Denver Foundation). I take exception to the proposal of Caring for Colorado, an entity not known for any particular expertise in senior issues and relatively limited funding (7%) in that arena. It would not be the best location for new philanthropic money.

I would like to offer some considerations:

1. Colorado now has many foundations resulting from the sale of public, community assets to the for profit sector. It is inconceivable to me that we need yet another foundation, with all of the attendant costs of startup, executive compensation, strategic planning, flashy annual reports, retreats, consultants travelling the state to implement needs analyses, etc. The chief need for virtually all non-profit agencies serving seniors is operating cost support to sustain successful programs.

2. The proceeds from the sale of InnovAge would be derived chiefly from public dollars—mainly Medicare and Medicaid. The net earnings before taxes in the most recent period is reported to be somewhere around \$17 million (serving an unduplicated count of 2600 members). This profit seems significant. In a for-profit scenario, those dollars would not be used to benefit fragile seniors but inure to shareholders.

3. The salary of the chief executive of the InnovAge Foundation (reported in *Guidestar*) has been over \$520,000 for the past several years—more than double the next salary reported. It seems excessive and inconsistent with the non-profit provision of government benefits to fragile elders. It is outrageous when compared to the purported “average” InnovAge salary of \$47,000. The persons who provide essential PACE services are typically very low wage earners, modestly-educated women with minimal training. It is disingenuous to suggest that the average salary is representative of the mode salary.

4. The InnovAge Foundation track record is not compelling. The materials offered in support of it being the repository of sale proceeds rely on the track record of Seniors! Inc. (but, the programs offered to vulnerable seniors by Seniors! Inc., have recently been shut down by InnovAge with no replacement).

6. It is profoundly NOT in the public interest for a new foundation to be managed by directors selected from InnovAge. Rather, we need to look to existing, accountable-to-the-public entities which have a track record of responsiveness to seniors' needs and whose boards of directors are independent experts in the field of senior care—not a board of money managers attempting to position the entity for the next sale.

7. With all due respect, I strongly encourage the consideration of entities such as the Volunteers of America, Colorado Branch (a significant provider of services to seniors through subsidized housing, meals on wheels, transportation, shelter, etc.). The VOA has an excellent 100+ history of serving effectively and efficiently as a non-profit. In the alternative, I encourage consideration of DRCOG whose expertise in senior issues is indisputable and which is responsive and accountable to the community.

8. We DO NOT HAVE RELIABLE, sensitive monitoring systems in place to assure that vulnerable seniors receive proper care. Capitation carries with it a host of problems including perverse incentives toward underservice, cost cutting and inadequate monitoring. An independent monitoring function with full authority to oversee and hold accountable any successor entity is essential.

The CMS study that influenced Congress relied on weak indicators to determine that for-profit PACE programs would not affect quality of care. For example, the 'outcomes' were gathered from telephone interviews with program participants or their proxies. Relying on the responses of fragile participants, many of whom suffer from dementia is not prudent and casts doubt on the findings. It is noteworthy that the legislation is permissive, i.e., PACE programs could convert to profit status, but are not required to do so. Colorado, as the first state to entertain this 'pilot for profit' model, is entitled to make its own decisions.

By way of background, I am a licensed Geriatric Psychologist and recognized 'expert' in public health issues related to frail, older adults. I am a Colorado native. After a 10 year stint in Washington DC, with federal and other national health programs, I returned to Colorado to work for the State Health Department in long term care regulatory programs. I have managed grants from several of the major conversion foundations and administered a program of community-based grants to senior organizations funded by a local foundation for the 32 years. I have a clinical practice in Geropsychology. I hold two masters degrees, one from New York University and the other from Johns Hopkins School of Public Health, and a doctorate from the University of Denver. I hope the foregoing makes it reasonable for me to comment on this significant issue.

Thank you for your attention to my concerns.

Nancy M. McMahon, MA, MHS, PsyD

