

Dear Mr. Carr,

I appreciate the opportunity to comment on the proposed for-profit conversion of Innovage and its resultant foundation. I have a long history with PACE. Along with Dr. Alan Lazaroff and Ms. Sue Radcliffe, I was part of the team that brought PACE to Denver in 1991 and served as its Medical Director for 16 years and as the interim CEO for 1 year prior to the hiring of the current CEO. I then left PACE in 2008 after it became clear to me that the current CEO's vision for the organization was at odds with my own and with the historical vision of the organization. And now, with the proposed for-profit changes to Innovage, I need to express my concerns with the lack of clear independence of the proposed foundation from the for-profit company.

It is apparent that Innovage has been successful in generating cash and expanding into multiple different areas, including home care and independent day care. Innovage has moved two of the older day centers to newer locations, built an office space and purchased Home Health Agencies and housing. The organization does not appear to be strapped for access to capital.

However, there remain two centers, Chambers and Cody, that have squeezed almost two times more participants into the sites than their projected maximum census. Chambers was built to accommodate about 200 participants and now has 428 and Cody was built to have about 400 participants and now has 765. It appears that instead of using available capital to relieve

overcrowding at these centers, Innovage chose instead to build a PACE center in California. It is this type of decision which demonstrates more of an interest in expansion outside of Colorado in spite of obvious needs within the program locally.

It is also important to note that the monies used to establish Total Longterm Care, the predecessor organization to Innovage, came from local foundations, the Colorado Trust and the P/SL Foundation, among others. These foundations gave these dollars to improve health care for the elderly in Colorado. Again, the choice of building in California indicates that the current leadership may have more interest in helping Californians than Coloradans. This was definitely not the intent of the original donors. California does not have a dearth of PACE organizations; in fact, there are 4 other PACE organizations in the LA area. One might question then why a PACE site was built in California by an organization in Colorado in the first place.

My concern is not whether Innovage remains as a not-for-profit or transitions to a for-profit organization, but with the lack of explicit and complete separation of the proposed Foundation from the for-profit Innovage. Based on the decision to expand into California, I fear that there is a significant possibility that Foundation money could be used to support expansion and program development in California. Innovage, as a for-profit or not-for-profit, can certainly decide that its best business opportunities are in California or any other state outside of Colorado. However, the Foundation itself should focus on the health needs of citizens in Colorado and not be used to assist Innovage, the for-profit company, in leveraging its assets to spread outside Colorado. Only by ensuring the separation of control of the Foundation Board from the current Innovage leadership team can that be accomplished.

William Orr, MD