



AREA AGENCIES ON AGING ASSOCIATION OF MICHIGAN  
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## **FACT SHEET ON OSA SERVICES**

*OSA services 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 Medicaid.*

### **What are OSA services?**

“OSA services” refers to the services funded by the Office of Services to the Aging (OSA), the federally-designated state agency charged with serving older Michigianians 60+. OSA 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, out of nursing homes, and off the Medicaid program. Most OSA services are “Medicaid prevention” services and 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> OSA services are funded with federal funds, state general funds, merit award funds, Blue Cross escheats funds, client contributions and 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 OSA services cost-effective?**

Yes. It costs, on average, \$1,000 a year to keep seniors at home with meals-on-wheels and in-home services. Compare this to the \$63,000 average daily cost of a nursing home. These savings quickly add up. In 2010, if OSA's 2,830 highest risk clients had been forced into nursing homes for one year, Medicaid expenditures would have increased by \$191 million. In contrast, the cost of OSA services for this same group was \$2.4 million.<sup>2</sup>

OSA 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 \$13 billion in Michigan.<sup>3</sup> It has become 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. OSA 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> National Center on Caregiving, “State of the States in Family Caregiver Support,” retrieved from [www.caregiver.org](http://www.caregiver.org) on December 13, 2010.

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

Both programs provide home-based care, but they have different purposes. OSA services divert clients from Medicaid-funded long term care. In contrast, MI Choice services divert Medicaid clients from more costly institutions. While the services are similar, there are some differences: 1) OSA funds a wider variety of services and has more flexibility in creating and adding new services; 2) OSA state-federal match is dictated by the Older Americans Act while MI Choice match is dictated by Medicaid law; and 3) OSA 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.

### **Aren't 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 OSA services work?**

Most OSA 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 OSA services are encouraged to contribute through donations or a sliding scale; the funds are used to expand services.

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

In FY 2011, \$60 million in federal funds and \$30 million in state funds are budgeted. Federal funds were cut in 2011. State funds have been cut by \$10 million since 2009, affecting 15,000 elders. Waiting lists for OSA services have grown during this period, from 4,619 in September of 2008, to 7,345 in March of 2011.<sup>4</sup>

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

Research shows that frail elders in the community with unmet needs are more likely to experience crises, such as falls, burns, dehydration, medication problems, etc. leading to emergency room visits, hospitalizations and nursing home stays. For example, a 2006 Purdue University study showed that frail older people with unmet needs have higher rates of hospital admissions while they have unmet needs but not after their needs are met.<sup>5</sup> Many studies indicate that poor nutrition in the elderly is associated with weight loss and health problems.

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<sup>4</sup> Information obtained from the Office of Services to the Aging.

<sup>5</sup> Laura P. Sands, et. al., "Rates of Acute Care Admissions for Frail Older People Living with Met Versus Unmet Activity of Daily Living Needs," Journal of the American Geriatrics Society, February 2006.