



Making New York a better place to age

December 11, 2019

Ms. Michelle Biondi  
Contract Manager, NYC Department for the Aging  
2 Lafayette St  
New York, NY 10007

Dear Ms. Biondi:

On behalf of LiveOn NY and our 100 nonprofit member agencies, thank you for your leadership and commitment to making New York a better place for all of us to age. During this time of increased need, particularly among the rapidly expanding older adult population, we are grateful for your ongoing partnership and for the opportunity to provide input and support to your work.

As a membership-based nonprofit organization, LiveOn NY works to make New York a better place to age by ensuring that older people have quality community services, access to needed information, and policies that reflect their needs. Among the many critical DFTA-funded programs our members administer is the Home Delivered Meals (HDM) Program. By providing a nutritious meal to homebound individuals, this program plays a key role in delaying institutional care, and enables older adults to remain in their homes and communities.

LiveOn NY has worked to support community-based organizations for over four decades; and through that work and the feedback and organizational expertise of our members, we respectfully submit the following recommendations to the HDM Concept Paper:

#### Reimbursement Rates Must Reflect True Cost

Reimbursement rates for meals in the HDM program remain a high concern and primary interest to LiveOn NY. Currently, these rates not only include the cost of raw food, but are intended to cover everything required to run a successful meal delivery program, including staff, fringe, and vehicles. Unfortunately, funding limitations and structural challenges have created varying reimbursement rates that on average are insufficient to cover the true cost of the program. As a result, NYC HDM providers are forced to run a deficit in order to meet the full need in their communities. Consequently, each year, providers estimate losing thousands to hundreds of thousands of dollars on this program alone.

**Firstly, because HDM contracts span multiple years—three years with the possibility of renewal for an additional three—cost escalators must be built into the programs’ budgets.** While reimbursements may meet the need in Year One of the contract, without cost escalators, providers will find themselves running a deficit due to inflation and rising labor costs by Year Six. Cost escalators would help ensure that providers are able to meet rising costs each year, such as raw food, as well as offer their dedicated staff raises on an annual basis. LiveOn NY feels strongly that cost escalators should be included not only in the HDM contract, but for all government social service procurements.

**Secondly, LiveOn NY strongly recommends that DFTA reimburse providers for the true cost of the meal and to fulfill the contractual obligations associated with this program, as well as for the weekend meal program.**



Making New York a better place to age

The concept paper notes that “through a public-private partnership arrangement, Citymeals on Wheels, a non-profit organization, provides funding to DFTA-funded HDM contractors to deliver weekend meals, holiday meals, and emergency food boxes.” Noting this, LiveOn NY strongly recommends that funding for the weekend meals also reflect the true cost of the provision of this service—whether that reimbursement be equal to or higher than the cost of the weekday meal. Providers should not be put in the position to run a deficit on the provision of weekend meals. Further, voluntary contributions should not be subsidizing the HDM program itself. Currently, voluntary contributions are projected into the program’s budget and lower-than-anticipated contributions counts against the program’s bottom line. Providers should not be budgeting based off of expected contributions nor should they be penalized for their HDM recipients’ inability to give. Rather, voluntary contributions should be additive towards the overall operations of the program, as is the spirit of the Older Americans Act.

**Thirdly, LiveOn NY believes it may be necessary to move away from a fixed reimbursement rate per meal, as is currently the structure.** While this reimbursement model may be convenient from a fiscal standpoint, there are numerous downsides to this approach. This fixed reimbursement structure inherently does not allow for the variance that comes with serving more or less meals, changes in food cost, or the impact of economies of scale, for example. The program may be better served by reimbursing providers for fixed costs separately from setting variable per-meal rates for additional reimbursements. These variable rates would still need to incorporate dual funding-models for religious and non-religious meals, as indicated in the Concept Paper.

**Fourthly, we recommend that DFTA better standardize said system for reimbursement, not allowing for a difference in reimbursement methodology and structure by provider.** We thank DFTA for supporting this recommendation in planning to “set fair and equitable reimbursement rates in the upcoming RFP.” Unfortunately, LiveOn currently estimates, based on publicly available data, that reimbursements now range from as little as \$3.94 per meal to \$14.99 per meal. This disparity among providers is a real equity concern, giving some providers an advantage over others to administer a high quality, successful program, and therefore, offers seniors better access to a quality meal depending on geography. In light of this, LiveOn NY, in partnership with United Neighborhood Houses (UNH) is working with Seachange Capital Partners to identify the true cost of a meal in New York City. Our hope is that these findings will support the work of the Department for the Aging and more accurately inform the RFP process, while ensuring an equitable system for years to come.

**LiveOn NY also recommends that DFTA ensure that providers have the necessary funds to offer competitive wages to hire and retain quality program staff.** With the recent increase of minimum wage to \$15 and other changes in labor standards, providers are increasingly strained to offer competitive salaries. Competitive, livable wages must be constant throughout the longevity of the HDM contract, as the labor market and standards continue to evolve. Additionally, funding should also be made available to allow for substitute staff—particularly drivers—to provide coverage when program staff uses paid time off or sick days. Currently, if a staff member utilizes their much-deserved PTO or sick time, the cost to cover those shifts adversely impacts the program’s bottom line. Therefore, HDM program budgets should be funded to allow for such standard variations in cost.

**Finally, LiveOn NY supports increasing meal variety in a manner that is fiscally prudent for providers and allows for providers with space limitations to remain eligible as contractors.** It is especially important to

incorporate a structure to account for variable costs as the Department shifts towards more meal variety. While emphasis on meal variety and cultural competency is incredibly positive, it is important to also consider the effects that this shift would have on cost-savings resulting from efficiencies achieved from economies of scale—without variance in reimbursement structure, lost efficiencies could not be adequately accounted for.

## No Penalties for Use of Subcontractors

**LiveOn NY recommends that providers not be penalized for the use of subcontractors.** Currently, a number of the HDM program contractors rely on subcontractors to cover meals that they lack the capacity or cultural expertise to serve. The Concept Paper appears to disincentivize providers from subcontracting in some cases. This would prove an exceptionally difficult adjustment for many providers. A number of prime contractors subcontract in order to best meet specific cultural and/or religious needs in their community, outsourcing to other organizations who may have more expertise with a particular cuisine. These critical partnerships and collaborations can only strengthen the surrounding community, and therefore should not be considered a disadvantage in their application.

**It is also critical that non-profit subcontractors receive adequate funding to provide services without incurring a loss.** DFTA must ensure passthrough of the full amount of associated funding to non-profit subcontractors, minus the indirect rate. DFTA must continue to assess the adequacy of this funding and ensure a sustainable, equitable funding pattern for both the prime-contractor, who administers this contract, and the sub-contractor, who provides the associated services.

**LiveOn NY also recommends allowing non-profit providers to cater across contracts or to act as commissary meal providers.** This may be especially fruitful in the provision of additional meal variety and in incorporating fresh-chilled meals, as is alluded to in the Concept Paper.

## Flexibility in Number of Delivery Days

**LiveOn NY recommends that the number of delivery days not affect applicants' scores when applying to DFTA's HDM Request for Proposal.** LiveOn NY stresses this due to our significant concern around the potential shift to less delivery days per week, as displayed by the statement that “the [case management agency] is responsible, during the full assessment, for determining if the older person is capable of managing the receipt of multiple meals twice a week in lieu of a hot meal daily.” It is common for some meal recipients to not have a microwave, or not have the ability to safely heat and reheat meals. Therefore, fresh chilled meals do not address this concern, as they are defined in the Concept Paper as “prepared meals that are to be refrigerated and reheated later,” and are different from a cold meal (e.g. salad or sandwich). Additionally, while it may be that a client is initially assessed as capable of receiving meals, an unexpected health crisis might quickly reverse that finding, creating challenges as CMAs currently lack the funding capacity to significantly increase the number of assessments.

LiveOn NY is concerned that clients could become more isolated if the number of delivery days is tapered down—as isolation remains a greater predictor of morbidity than cigarettes. While a percentage of individuals may be *capable* of receiving multiple meals at one time, the face-to-face interaction with HDM recipients must remain an important facet of this program, which is inherently a social-services program in addition to a hunger-relief program. For the majority of individuals, albeit brief, this is the only social interaction they have

all day. The face-to-face interaction with immigrant older adults could be particularly important; for example, a 2013 report by the Center for an Urban Future shows that more than 90 percent of both Korean and Chinese American seniors in NYC speak English less than very well. Because of this, they tend to be more isolated, meaning the social interaction of a daily check-in can be especially impactful for these HDM recipients. Further, it is unsurprising that many seniors may not similarly report an emphasis on social interaction as this would equate to articulating loneliness or a lack of social connectedness—a task that would be difficult for any individual.

Additionally, daily delivery provides an opportunity to regularly confirm the wellbeing of participants—many of whom are fall risks—observe changes over time, and mitigate possible threats to an individual's wellbeing. Many providers report numerous emergency situations being found and addressed as a result of this daily check-in. Currently, there is no other structure in place to fill the gap that would be left in the wake of a decrease in delivery days, as case management agencies themselves are regularly overburdened, with significant case loads and even waiting lists that wax and wane throughout the year.

LiveOn NY also expresses the need to ensure cultural competency is adhered to in the manner in which certain meals are delivered. As an example, from a cultural competency standpoint, Korean meals are generally meant to be served hot, and may not maintain the intended taste profile if chilled and reheated. In particular, a hot soup called “gug” is one of the most basic facets of a Korean meal and is served as a daily to Korean HDM recipients; it is infeasible, unfortunately, to serve this particular soup at a varied temperature. Meals that are unable to be properly frozen or chilled, must be taken into consideration when determining the number of delivery days.

Lastly, a move toward less delivery days could have a significant impact on HDM providers' staffing. For new HDM providers, recruiting and hiring employees to deliver only two days a week could prove difficult; and for experienced HDM providers, a reduction in employment days could lead to the loss of valued employees who have been loyal to their organizations despite low pay and lack of significant raises.

Each community is unique, and the community-based organizations who contract with DFTA are therefore uniquely positioned to best understand the needs of their community and respond accordingly. Because the clientele and even meal routes vary so vastly from neighborhood to neighborhood, HDM providers must have the flexibility to administer their program appropriately.

## DFTA Must Make Significant Capital Investments

One of the biggest needs across all current HDM program contractors is capital funds. In particular, there are **four** areas in which capital funding could improve both cost and operational efficiency:

### **1. Resources available for adoption of route/delivery technology**

Currently, providers find themselves using pen and paper to track their routes and delivery data. As a result, data tracking and entry proves to be an onerous task. With each program delivering hundreds of meals each day, this lack of technology is a true barrier to the efficiency of these programs.

While we were thrilled to see recognition of the need for new technology in the Concept Paper, LiveOn

would like to note that there is a software already being used by home-delivered meal providers across the country called ServTracker. This technology update would eliminate manual reconciliation, provide GPS mapping, and allow for real-time tracking and service delivery changes. DFTA should provide funding to invest in existing software like ServTracker, which will vastly improve efficiency and allow contractors to focus on what matters most: the older adults receiving these meals.

## **2. Funding availability to increase kitchen capacity and storage space**

For many community-based organizations in New York City, kitchen capacity and storage space are incredibly limited. Because there is a large focus on expanding meal variety for HDM recipients in this Concept Paper, providers have expressed concern regarding the kitchen space and storage capacity it would take to procure an increased variety of meals. For this reason, LiveOn NY recommends capital funds be made available as necessary to properly outfit kitchens so they are able to meet these requirements.

## **3. Investment in appliances for fresh chilled meals**

The Concept Paper defines fresh chilled meals as “prepared meals that are to be refrigerated and reheated later.” The paper explicates the difference between fresh chilled meals and a typical cold meal, such as a sandwich or salad, and notes that the shelf-life (if refrigerated at a proper temperature) of a fresh-chilled meals is 5-7 days. While many providers expressed interest in the addition of this option as a way to improve quality, there was also concern about their ability to operationalize this.

In order to ensure meals remain fresh for 5-7 days, HDM providers would need to prepare and plate meals differently. Possibly the best way to do this would require a specific type of machinery known as modified atmosphere packaging (MAP). This new type of equipment extends the shelf-life of food products without the need for preservatives or freezing, and without affecting the texture of foods. While the option of a fresh-chilled meal could certainly be an improved alternative to frozen meals, HDM providers would need additional funding to purchase the equipment. The type of MAP machine required for a kitchen that prepares hundreds of meals each day would cost anywhere from \$35,000 to \$125,000 each depending on the meal capacity of the machine. It is critical that capital funding be made available to cover the full cost of this equipment for all providers seeking to utilize the fresh chilled meals option.

## **4. Technology investments and improvements to streamline communication between HDM providers and Case Management Agencies**

Both HDM providers and case management agencies use PeerPlace for client data. At present, these two DFTA-funded services, although so closely linked, must communicate about shared clients in a time-consuming and inefficient way. For example, if a case manager notes a change in condition from a recent visit, the only way he or she can communicate this finding is by sending an email to the HDM provider separate from their case notes. In order to provide a more streamlined, consistent, and informed service to HDM recipients, it would be helpful to have a mechanism—preferably through PeerPlace, a data system both are already using—to share important client updates with each other,



Making New York a better place to age

while continuing to keep sensitive case notes private. LiveOn NY believes that improved communications between systems will lead to better outcomes for clients and efficiency of time and resources for providers

### Support for Group Purchasing

**From witnessing the value of GPOs firsthand, LiveOn NY supports DFTA's recommendation that GPOs be a critical cost-savings mechanism in the program's future; however, we recognize that this will not act as a silver bullet to controlling all costs.** LiveOn NY is proud to offer the Marketplace to members, a Group Purchasing program that creates significant savings on food and supplies, we are happy to expand this practice and work with the Department for the Aging to meet the goals of the new procurement.

### Provide Funding for Sustainable Food and Products

**Additionally, LiveOn NY applauds the emphasis in sustainability found in the Concept Paper.** As the sourcing of products and food shifts to becoming more sustainable, LiveOn emphasizes the need for commensurate funding for associated variance in costs. We also emphasize flexibility for providers in catchment areas where local sourcing might be more difficult; this program feature might be best served on an individualized contract basis.

**LiveOn NY greatly appreciates that private fundraising will not result in reductions in a program's public funding level.** We are hopeful that this includes any voluntary contributions received.

### DFTA Should Explore New Revenue Opportunities

**We recommend that the Department for the Aging look into ways to bring new revenue into the program.** For example, a potential way to bring new revenue into the program is to allow for the provision of meals through private-pay options, as recently made allowable by the New York State Office for the Aging. For caregivers whose older loved ones may not be inherently eligible for the program, paying to opt in to a trusted meal-delivery service by local community-based organizations may be a desirable investment. Finally, the Department for the Aging might decide to support providers with capacity to cater meals to other government programs, such as Universal Pre-K, as a means of expanding organizational services and revenue sources. If kitchen spaces would otherwise go unused during portions of the day, this allowance could create efficiencies beyond the DFTA system.

### Conclusion

Again, LiveOn NY is incredibly grateful for the opportunity to provide feedback on the Home Delivered Meals Concept Paper, and look forward to an RFP process that allows for innovative approaches to serving the City's diverse older adults. We thank you for your ongoing partnership, and look forward to working together to ensure New York City's HDM program is the strongest it can be.