

**William C. Thompson, Jr.
New York City Comptroller**

**Testimony before the New York State Democratic Joint Task Force for Senior
Citizen Issues**

**April 29, 2004
10:00 am**

Good morning, Senator Diaz, Assemblyman Diaz, and members of the State Democratic Joint Task Force for Senior Citizen Issues. I would like to thank Senator Diaz for convening this hearing to review concerns regarding the pilot frozen meals program in the Bronx. This pilot represents a significant change in New York City's Home Delivered Meals Program, often referred to as Meals-on-Wheels.

As initially drafted the pilot program would have required seniors to accept frozen meals whether they wanted them or not, based on an assessment by case managers. This was clearly unacceptable, and I and others objected to this poor treatment of one of the City's most vulnerable populations. The Department of the Aging has since reversed itself and now says that all homebound seniors in the current program who want to continue to receive hot delivered meals may do so.

I believe that this will go a long way toward reducing the anxiety of many seniors who were worried about being forced to give up their daily visits from the hardworking Meals-on-Wheels delivery staff.

I am pleased that the Department of the Aging and Commissioner Mendez-Santiago have abandoned one of the many poorly considered aspects of this pilot program.

This announcement is extremely important because earlier statements by the agency as well as the Request for Proposals (RFP) for the program left a very different impression. The RFP provided that "up to 40 percent of clients may be referred for hot meals," suggesting that the remaining 60 percent must be switched to frozen meals. Since that time, the proportion of clients eligible to receive hot meals has increased from 40 percent to 70 percent, although until the Commissioner's recent statement there was no change in the basic premise that a percentage of current clients would have to be switched to frozen meal delivery.

The language in the RFP reflected one of the original goals of the demonstration project – cost savings – that was articulated by the agency. As a statement released by Commissioner Mendez-Santiago on December 18, 2003 confirmed: "The FY 04 adopted budget, which was passed by the City Council, contained an \$8 million PEG for DFTA. ... The greater efficiencies we seek with the demonstration pilot will help us to meet our PEG ..." Consistent with that goal, the RFP described as its purpose, "to improve efficiency, produce cost savings and provide increased flexibility..."

For that reason, after the frozen meals program was announced, I wrote to the Commissioner asking him to release the financial analyses that led to the decision to implement this pilot so that the public and oversight agencies could evaluate the costs and benefits to the City and its elderly. I also raised concerns, based on my staff's discussions with current providers, seniors and advocates, that seniors would be harmed by the transition to the frozen meals program. I have attached copies of this correspondence to my testimony along with the Commissioner's response.

However, the agency was simply unwilling – or unable – to produce financial projections or concrete plans for implementing and paying for the newly-configured program, despite the fact that it had been studying this project for over a year.

Accordingly, I directed my staff to prepare an analysis of the financial impact of the proposed pilot program based on the best available information.

That analysis showed an increase of 5.6% in expenses for the Home Delivered Meal Program in the Bronx during the first year of the pilot project, but could not project beyond the first year because there remain so many unanswered questions. A copy of that analysis is appended to my March 22nd letter to Commissioner Mendez-Santiago, which I also attach.

In a complete reversal, however, both the agency and the Mayor now acknowledge what my financial analysis projected: that this program will not save any money and may, in fact, be more costly, at least in the short term.

Other significant questions remain. Since participation is now purely voluntary, it is not clear what will happen if fewer than 30 percent of the seniors in the program choose to receive frozen meals. There is simply no provision in the RFP for this eventuality. Moreover, since reimbursement for all meals, hot and frozen alike, is capped at \$5.00, serious questions arise as to the financial viability of the program since the less-expensive frozen meals offset the cost to the providers of the more-expensive hot meals. If fewer seniors than anticipated agree, new vendors may have to take advantage of the option set forth in the RFP to renegotiate for a higher rate at the end of one year.

My concerns in this regard are made more acute by what appears to be a poor planning process by the agency. In addition to its apparent lack of fiscal analysis, it also does not appear to have in place many of the basic structural elements necessary for the program's success.

For instance, in his April 7, 2004 letter responding to my financial analysis, the Commissioner asserted that it is “premature” to make assumptions about the number of clients who will need microwaves and freezers in order to be able to participate in the frozen meals program, and stated that his staff is still trying to determine the volume, cost and funding for these items. As a matter of basic planning, however, it is hard to imagine how it can be considered premature to develop a reasonable estimate of the costs for this essential equipment less than 90 days before the program is launched.

Moreover, without further explanation, the Commissioner flatly stated that it will not be necessary to retrofit the program’s delivery vehicles. It is unclear how the Department expects vendors to safely deliver frozen meals without either retrofitting current vans, which lack the necessary freezer capacity, or purchasing new vans, which would cost an estimated \$35,000 each.

Finally, the Commissioner stated that the Department would use voluntary client contributions to “mitigate program expenses.” He stated that the FY 2003 voluntary contributions were \$280,000. This would hardly mitigate the additional expenses of \$735,400 we projected for the program in the first year.

I was pleased to have had the opportunity to work so closely with the Council of Senior Centers and Services, the Public Advocate and other concerned stakeholders to ensure that the senior citizens of the Bronx continue to receive the vital services provided by the Meals-on-Wheels program. I would also like to commend Council Member Maria Baez, Chair of the Aging Committee of the New York City Council.

We have a strong working relationship, and her leadership has been devoted to protecting senior citizens throughout the City of New York. I look forward to working directly with council Member Baez in this endeavor to ensure that the pilot program truly delivers to our seniors.

I will soon be meeting with Commissioner Mendez-Santiago to discuss with him my remaining concerns, both about the specifics of this pilot program and about the way in which the implementation process was conducted. It is vital that the planning for any changes to this program be both transparent and inclusive.

Thank you for allowing me to testify on this important issue