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## **On Lok: A Pioneering Long-Term Care Organization for the Elderly (1971–2008)**

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*On Lok is a pioneering nonprofit organization that has delivered services to the frail and elderly since its founding in 1971. The agency began as a grassroots effort focused on improving the health care available to older adults living independently in the community. Over its 40-year history, On Lok has evolved into a \$70 million nonprofit human service organization with a national reputation for innovation as a leading provider of care to frail elderly. The agency has developed its own model of care that has been replicated in cities around the country. The history of On Lok represents the important impact that donor and community support plays in an organization's long-term success.*

**KEYWORDS** *Organizational history, nonprofit, the elderly, health care*

### INTRODUCTION

Mr. Lee is an 89 year-old man who lives in a single-room occupancy (SRO) in San Francisco's Chinatown neighborhood. He immigrated to the United States from China 40 years ago, but he has only limited proficiency in English. Mr. Lee never married, and while his job as a clerk in a neighborhood grocery store supported him throughout his adulthood, he accumulated very little savings. Mr. Lee was recently hospitalized after suffering a stroke that left him with limited mobility on the right side of his body, as well as slurred speech and some memory problems. Following discharge from the hospital,

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All written and verbal sources used to develop this case study can be found in the Appendix B.

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Mr. Lee was sent to a nursing home, but he was very unhappy there because he did not want to spend the rest of his life in an institution in which none of the staff speak Cantonese.

Mr. Rodriguez, age 70, has lived in the Mission District of San Francisco for the past 30 years. A few years ago, he retired from his job as a cook in a local restaurant. His wife, who is 10 years his junior, continues to work, and Mr. Rodriguez is lonely during the day. He is in fairly good health, although he was recently diagnosed with Type II diabetes, which brings with it an increased risk of heart disease, blindness, kidney damage, and nerve damage. Mr. Rodriguez would like to find a place where he can go to meet other men his age, particularly those who share his background and understand the life of a Mexican immigrant in the United States. His physician would like him to find a place where he can engage in physical activity that will stave off some of the complications associated with diabetes.

Mrs. Costa is a 90 year-old widow who has been living with her adult daughter in the North Beach neighborhood since her husband passed away 10 years ago. Mrs. Costa has been showing signs of dementia, becoming forgetful and experiencing extreme mood swings. After she left the stove on all day, her daughter is now afraid to leave her at home alone. Mrs. Costa's daughter works full time in a day care center, but she does not make enough money to hire professional help. Mrs. Costa's daughter does not want to place her mother in a nursing home, but she believes her mother requires a higher level of care than is available in her home. She wants her mother to have access to 24-hour care while still maintaining some privacy and dignity.

Forty years ago, each of these older adults would have had limited options in terms of accessing the type of care they need. Mr. Lee most likely would have been sent to a nursing home outside of Chinatown, spending the remainder of his life struggling to communicate his needs to care providers who did not understand him. Mr. Rodriguez would continue to struggle to find a place to spend his days, since a senior center that could provide culturally competent activities to Latino older adults, as well as exercise and nutrition classes, did not exist near the Mission District. Mrs. Costa's daughter would be faced with a choice of either placing her mother in a nursing home or quitting her job to provide round-the-clock care.

Today, however, there is an organization that can maintain the well-being and dignity of these three older adults, addressing their diverse health and social needs through culturally competent services. On Lok, Inc., is a nonprofit organization providing services to older adults living in the community. What started as a small grass roots organization interested in improving health care to older adults in the Chinatown-North Beach area of San Francisco is now an organization of approximately 600 employees providing services throughout the city and in the South Bay community of Fremont. It has a national reputation for innovation as a leading provider

of care to frail elderly. On Lok has served thousands of older adults since its founding in 1971, the majority of whom would have ended up in a nursing home, cut off from their families, communities, and culture. In addition, On Lok has helped other organizations across the country prevent the institutionalization of thousands of older adults in similar situations by developing an innovative model of care and fighting for its political and financial support.

This is the story of the past, present, and future of On Lok. It begins with the history of the organization, starting in the years leading up to the founding of a small organization (first called the Chinatown-North Beach Health Care Planning & Development Corporation) and ending with the arrival of its current Executive Director, Robert Edmondson, in 2005. It concludes with highlights of recent changes and new directions as On Lok approaches its 40th anniversary in 2011, including detailed descriptions of the programs and services currently offered by On Lok. It also provides a description of future challenges related to the U.S. health care system and the organization's exploration of new models of care and new service locations.

## PAST

### Early History: 1965–1970

In the mid- to late-1960s, two events inspired a group of community leaders to create what would eventually develop into On Lok Senior Health Services (OLSHS). First, Congress passed the Immigration Act of 1965 that abolished national origin quotas and ended years of discriminatory U.S. policy that had restricted immigration from certain parts of the world, including the Asia-Pacific Triangle. Once U.S. immigration law was changed, Chinatown began to grow in terms of population and geographic area. Second, a fact-finding commission was formed to study Chinatown in response to an increase in social problems in the neighborhood. One major finding was the absence of nursing homes and long-term care services for the growing elderly population in the area. The community was therefore confronted with two problems: (1) an influx of residents who needed to find jobs, and (2) an elderly population with limited health care and supportive services.

### A New Idea: 1971–1972

On September 16, 1971, members of the Chinatown-North Beach District Health Committee of the San Francisco Public Health Department incorporated the nonprofit Chinatown-North Beach Health Care Planning & Development Corporation. Founding members included: William L. Gee, DDS (a public health dentist and community leader), Gail Lee (a community health

educator), May-Lian Lee (a public health nurse), Dr. Cecilia Johnson (the District Health Officer in the San Francisco Health Department), Gilbert Lum (the Director of the Community Health Center at Northeast Medical Services), Linda Wang (a social worker at Chinese Hospital), and Vera Haile (the Supervisor at Self Help for the Elderly).

The founders wanted to address the needs of the workforce as well as the needs of the elderly. The mission of the new organization was to develop and provide comprehensive health services to residents of the Chinatown-North Beach neighborhoods of San Francisco, focusing particularly on those with language, cultural, and financial barriers to adequate care. With a small grant the new corporation hired Marie-Louise Ansak, a Swiss-born social worker who had been working as the staff development supervisor at San Francisco General Hospital, to conduct a study on the feasibility of building a nursing home in Chinatown.

As Marie-Louise Ansak began talking with people in the community and consulting with geriatric experts, it became clear to her that a nursing home was not the solution to the health care needs of frail elders in Chinatown and North Beach. She discovered that a majority of the older population in these neighborhoods did not require the level of care provided by a nursing home, but instead needed more community care that could provide meals, social activity, and medical check-ups. The exorbitant cost of opening a nursing home, as well as the myriad regulations associated with such a venture, also discouraged the nonprofit from pursuing such a project. The vision of what would become OLSHS, however, came from the work of Lionel Cousin, a physician in England who had started day hospitals for older adults, and Roselyn Lindheim, a professor of architecture at UC Berkeley who provided consultation to Marie-Louise Ansak during her initial study.

In 1972, the Chinatown-North Beach Health Care Planning & Development Corporation hired Marie-Louise Ansak as the first Executive Director of the organization. The main priority for the organization was to set up an adult day health center for the Chinese, Filipino, and Italian populations in Chinatown-North Beach. Toward that end, On Lok applied for an Administration on Aging (AoA) demonstration and research grant focused on day hospitals and day care centers as alternatives to nursing homes. On Lok was one of only four organizations across the country to receive the grant that focused on cost-effective alternatives to nursing homes that could be reimbursed through Medicaid and Medicare.

### Developing the Model: 1972–1975

In late 1972, the Chinatown-North Beach Health Care Planning & Development Corporation began assembling the pieces required to provide services to frail elders in the Chinatown-North Beach neighborhoods. Within this time period, the organization adopted the name On Lok Guey (meaning

happy, peaceful abode in Cantonese) and the service program was designated OLSHS. On Lok was also searching for a location for an adult day health center, and eventually settled on 831 Broadway, a burned-out night club. The Broadway center opened on March 18, 1973, providing adult day health services to 19 participants. On Lok was one of the first organizations in the country to develop an adult day health center. At the time, On Lok's service area consisted of only the northeastern corner of San Francisco (from Van Ness to the Bay to Market Street to Sutter Street).

In 1974, On Lok conducted an evaluation and prepared the final report for the AoA grant. The report proposed that adult day health care could be reimbursed through Medicaid (known as Medi-Cal in the state of California), and On Lok began working with state legislators to get Medi-Cal to cover adult day health care. California Assemblyman Willie Brown introduced legislation in 1974 that set aside \$300,000 for adult day health services through the California Department of Health. Since On Lok was the only organization in the state providing such services, it received the contract for the one-year Medi-Cal state pilot project. With the pilot project, research became an important component of the organization, and On Lok created a Research and Development department.

#### Toward a Continuum of Care: 1975–1979

In 1975 and 1976, other adult day centers had opened in the state of California, and they banded together with On Lok to advocate for Medi-Cal reimbursement. In 1977, California passed legislation that expanded the adult day health program statewide and recognized adult day health as a Medi-Cal benefit. Building on its success in the Chinatown-North Beach neighborhoods at the Broadway adult day health center, On Lok opened a second center on Bush Street in the Polk Gulch area in 1978.

While the Medi-Cal funding for adult day health centers was finally secure, it only covered half of the operating budget and staff began investigating the feasibility of providing a more comprehensive model of care that included in-home supportive services, social day care, and housing. Supported by a grant from the San Francisco Foundation, On Lok started developing in-home care in the summer of 1974. It began providing in-home support services in 1975 with financial assistance from a second AoA grant. This grant also enabled On Lok to provide home-delivered meals, launch a social day care center called Ping On, and develop housing options.

The On Lok leadership recognized the importance of providing housing for frail elders but decided to administer housing and services separately. In 1975, On Lok set up On Lok Development Corporation (a separate non-profit) to obtain financing from the Department of Housing and Urban Development (HUD) to build subsidized housing for impoverished, frail older adults in what would become On Lok House. On Lok embarked on

an ambitious fundraising effort, raising money from the Walter Haas, Jr. Fund and other local foundations. In 1978, On Lok received a HUD 202 construction and mortgage loan to build On Lok House.

The On Lok leadership was proving to be adept at enlisting the support of influential policymakers at the state and federal level. Marie-Louise Ansak and Dr. Gee, Board President, complemented each other. Marie-Louise Ansak was a fighter who refused to take “no” for an answer while Dr. Gee was more politically connected. His insistence that On Lok develop relationships on both sides of the political aisle insured that On Lok did not lose its funding when the administration changed political parties. The combination of Marie-Louise Ansak’s passion, Dr. Gee’s political skills, and research data proved to be effective with legislators and regulators at the state and federal level.

At this time, the On Lok leadership felt there was a need to integrate medical care more fully into the model, including primary care physicians, hospitals, and nursing homes. In 1978, On Lok received a research and development grant from the Office of Human Development Services to implement and study a Community Care Organization for Dependent Adults (CCODA), a program resembling a Health Maintenance Organization (HMO) for older adults eligible for nursing home care. The vision was to provide a whole package of services for the frail elderly for less money, and the ability of On Lok to supply data supporting this vision became very important. That same year, On Lok sought a waiver from Medicare to provide both medical and social care under a fixed amount of money per month, known as fixed capitation. On Lok secured a four-year demonstration Medicare waiver from Health Care Financing Administration (HCFA; now the Centers for Medicare and Medicaid) for a no risk capitation project. By 1980, On Lok was providing or paying for all of the medical care for its participants.

### Integrated Care and Financing: 1980–1985

On Lok had two main priorities between 1980–1985: (1) developing a concept of supportive housing with built-in services, and (2) securing permanent funding for its integrated model of care.

On Lok House opened 54 HUD-subsidized apartments for the elderly and a third adult day health center in October of 1980. It took some negotiating before HUD granted On Lok permission to reserve all the housing units for frail older adults, since they were unfamiliar with the term ‘frail elderly’. With the opening of On Lok House on Powell Street, combined with the establishment of the Bush Street adult day health center in 1978 and the integration of medical care into the On Lok model, the number of staff increased dramatically.

Research data indicated that the CCODA was successful and that capitation not only worked with a frail elderly population but was also a more cost-

effective model of care than traditional Medicare or Medi-Cal. Congressman Henry Waxman (D-CA) and Senator Bob Dole (R-KS) inserted a line into the Social Security Amendments of 1983 (P.L. 98-21) authorizing On Lok to experiment with capitation under Medicare and Medi-Cal for three years. Under this risk-based capitation, in exchange for fixed monthly payments from Medicare and Medi-Cal for each participant, On Lok provided all the medical and social care included in its model, assuming the financial risk for any cost overruns.

The question remained as to whether the On Lok model would only work for a very specific frail elderly population living around Chinatown-North Beach in San Francisco. The research staff shared the first research results indicating that the program could move beyond the local community during a pivotal visit by the Robert Wood Johnson Foundation (RWJF) Trustees. In 1985, On Lok obtained a grant from RWJF to conduct a national replication project.

### National Replication Through PACE: 1986–1988

The national replication was motivated by two goals: making the organization stronger by making the model stronger, and making an effective model of care available outside of San Francisco. The first step was to finally move beyond demonstration projects and achieve a more permanent source of funding, and with help from Senators Dole and Daniel Inouye (D-HI) and Congressmen Waxman and Pete Stark (D-CA), On Lok's Medicare and Medi-Cal waivers were extended indefinitely in the Omnibus Budget Reconciliation Act of 1986 (P.L. 99-509).

The second step was to receive government support of a replication project. In the Omnibus Budget Reconciliation Act of 1986, Congress authorized the same risk-based capitation waivers to up to 10 sites working with On Lok to replicate the model. Replication sites were required to replicate the On Lok model in every aspect, as well as to abide by guidelines put forth by the organization. The RWJF provided two streams of funding that totaled \$5.8 million over four years. Through the first, On Lok received funding for project management and oversight of the replication endeavor. At this time, the research and development department began focusing almost exclusively on providing technical assistance to the new sites. Second, the RWJF gave money to six replication sites to cover their start-up costs. The Retirement Research Foundation and the Henry J. Kaiser Family Foundation also funded the national replication project.

In 1987, On Lok called its model PACE—the Program of All-Inclusive Care for the Elderly. After years of developing and refining the model, On Lok had firmly established its program of care and developed a set of guidelines and requirements that have remained in place to the present day.



*Description of PACE program.* Individuals who are 55 years or older, live in a specified geographical service area, and have been certified by the state Medicaid agency as requiring nursing home-level care are eligible to participate in a PACE program. A PACE site receives a monthly capitation payment from Medicaid and Medicare, with those participants who are not eligible for Medicaid paying that portion of the monthly fee. There are no co-pays or deductibles, no caps on services, and the PACE site makes a lifetime commitment to provide services to the participant. PACE sites assume full financial risk, although new sites assume this risk gradually throughout the three-year demonstration period, first sharing the risk with federal and state agencies.

Each PACE center includes both an adult day health center and a full-service medical clinic, reflecting the model's emphasis on combining medical and social care. Participants can also receive in-home services and care in a nursing home. Each center employs an interdisciplinary team comprised of primary care physicians, clinic nurses, nurse practitioners, social workers, occupational and physical therapists, dietitians, recreation staff, geriatric aides, home health nurses, transportation workers, and a program manager. The model brings in multiple professional perspectives, and frequent communication among different disciplines leads to the appropriate management of the complex social, home, and medical needs of each participant. The PACE model emphasizes preventive care in order to improve health and functioning through the early detection and treatment of acute diseases and chronic conditions, in contrast to aggressive treatments or invasive testing with limited potential benefits for older adults.

### Balancing Local and National Growth: 1989–1994

By the late 1980s, On Lok was striving to achieve a balance between disseminating the PACE model nationwide through the replication project and maintaining its commitment to provide quality care to the frail elderly in San Francisco.

In 1990, the first replication sites began operating with Medicare and Medicaid waivers. One of the guiding principles behind the replication project was “each one, teach one,” which called for each PACE site that completed the demonstration to provide technical assistance to new sites. Anticipating an exponential growth in the number of PACE sites and the need to develop a supportive network, the National PACE Association (NPA) was formed in 1994 and On Lok managed the day-to-day operations of the association. The NPA, which still exists today, engages in policy advocacy by working with policymakers in Washington, provides educational opportunities through conferences and online networking, collects data, and conducts research on innovative models of care that offer the promise of improving the lives of frail older adults.

At the local level, On Lok was engaging in numerous efforts to improve the lives of frail older adults living in San Francisco. First, On Lok recognized the need to provide more housing options to On Lok participants, since the Broadway and Bush Street centers did not include residential care. Following another ambitious fundraising effort, On Lok opened 35 housing units for the frail elderly and a fourth adult day health center at 1000 Montgomery. In 1990, On Lok started an intergenerational program (Generations) run in collaboration with Wu Yee Children's Services that brings together the frail elderly and pre-school children at 1000 Montgomery.

On Lok needed to increase its capacity to serve frail elders. The Broadway center was becoming inadequate as the headquarters for the growing numbers of administrative staff, while the Bush Street center lacked the housing that was now viewed as a vital component of the model. In 1991, On Lok purchased the old Pacific Bell telephone switching station at the corner of Bush and Larkin. In the midst of planning this new building, founding Executive Director Marie-Louise Ansak, approaching her 65th birthday, decided to retire from On Lok. Marie-Louise Ansak inspired a mixture of admiration and trepidation among her staff. Her compassionate and dedicated hands-on management approach elicited respect from her employees, particularly the direct care staff. As a trained social worker, she embraced an empowerment perspective in which service providers collaborate with participants in defining problems, establishing goals, and devising strategies to achieve those goals. At the same time she was driven by the needs of the organization as a whole and her vision of the organization reflected high standards. Many staff and board members believe that Marie-Louise Ansak deserves primary credit for the growth and success of On Lok in its first 20 years of existence. She was a visionary who was ahead of her time and she took enormous risks.

Marie-Louise Ansak retired in August of 1993 and the board, following her recommendation, selected Jennie Chin Hansen as the new Executive Director. Jennie Chin Hansen, the daughter of Chinese immigrants, had a bachelor's and master's degree in nursing. She had served as a county nurse in Idaho and taught at San Diego State University prior to coming to On Lok's Research and Development department in 1980. In 1990 she was promoted to the second-in-command post as the Director of Operations. Jennie Chin Hansen brought a very different style of leadership to On Lok. While Ansak engaged in a more directive approach to management, Hansen's style was more collegial and collaborative. While Marie-Louise Ansak was a trailblazer who railed against rules and regulations, Hansen sought to change the system from within. Over the course of her tenure, Executive Director Jennie Chin Hansen would successfully steer On Lok through its second phase of development.

In July of 1994, the Bush-Larkin building, officially named the William L. Gee Center, opened. Dr. Gee, who had resigned as president of the board

years earlier, but had been designated as honorary president for life and remained involved in the organization, had passed away in January of 1993. It contained the new administrative headquarters, 42 housing units, a therapy pool, and two PACE centers (the Jade Center for a monolingual Chinese-speaking population, and the Rose Center for frail elderly in the surrounding neighborhood). With the new space provided by the Gee Center, the Bush and Broadway centers closed that same month.

On Lok was entering a new phase in its development based on its successful track record of providing quality, cost-effective services to frail elderly living in the community. The task at hand was to solidify permanent funding for On Lok and PACE while maintaining its commitment to quality long-term care.

### On Lok Comes of Age: 1995–2005

The rate of organizational growth increased over the course of Executive Director Jennie Chin Hansen's tenure. Other organizations across the country continued to replicate the PACE model while On Lok sought to balance its national and local responsibilities.

Jennie Chin Hansen spent a great deal of her time in the 1990s working with federal legislators and their aides on PACE-related legislation, and she was supported in her efforts by PACE colleagues throughout the United States. The NPA was developing into a self-sufficient organization, hiring its own staff to meet its mission. The hard work at the federal level began to pay off when the PACE model was designated as a permanently recognized provider type under Medicare in the Balanced Budget Act of 1997 (P.L. 101-33). This law also gave states the option of paying a capitation rate for PACE services through Medicaid. In late 2003, the federal Centers for Medicare & Medicaid Services and the state of California designated On Lok as a permanent PACE provider.

Up until the mid-1990s, On Lok was serving a primarily Chinese population, and had yet to venture too far away from the Chinatown-North Beach area. In 1995, however, On Lok took over the senior services programs at 225 30th Street from California Pacific Medical Center, where more than 2,000 primarily Latino older adults living in the Mission and Noe Valley neighborhoods were receiving adult day health and social day care. Transforming an existing adult day health program proved to be a challenge for On Lok, particularly since the new center was located so far away from its other centers. By 1996, On Lok was officially a citywide program, and that same year On Lok named its health plan On Lok SeniorHealth.

In the late 1990s, On Lok reached an agreement with the Sisters of the Holy Family to create a unique center across the Bay from San Francisco in Fremont. Many of the Sisters living at the convent in Fremont required care as they encountered the physical and cognitive declines that often accompany

aging, but it was becoming more difficult to rely on younger Sisters to provide care due to declining numbers of younger women entering the order. The convent was therefore forced to send some of the Sisters to nursing homes, but the high costs associated with such institutional care were taking money away from the Sisters' mission to serve the poor and the needy, and they soon approached On Lok about setting up a new On Lok SeniorHealth center. Five years later, after the Sisters raised enough money to renovate a wing of the convent, the Fremont center opened its doors and began providing care for Sisters of the Holy Family and Dominican Sisters of the Mission San Jose.

After 10 years as Executive Director, Jennie Chin Hansen decided in 2005 that it was time for her to leave the organization. Hansen believed that her best work was at the national level, getting federal legislation passed to establish the PACE model as a permanent provider type under Medicare and Medicaid as well as fostering the development of the NPA. The creation of a new Senior Health center in Fremont, which opened its doors to community participants not living in the convent in 2004, suggested that the next step in On Lok's development was providing its innovative model of care to other communities in the Bay Area. There was also discussion about developing other models of care beyond PACE to meet the needs of frail elderly. Hansen believed that a different type of leader would better serve the organization as it moved into a new phase of development.

## PRESENT

### A New Time of Growth: 2005–Present

On May 23, 2005, Robert Edmondson became the third Executive Director of On Lok. Robert Edmondson had received his bachelor's and law degree from Stanford University. Prior to coming to On Lok, Robert Edmondson had served as the President and CEO of Bridgeway Plan for Health in San Francisco and Omni Healthcare in Sacramento. His experience working in Brazil, first for Aetna International and later for a hospital where he developed a business plan to set up a model for health care in that country, was particularly relevant cross-cultural experience and paralleled the experiences of many On Lok participants who were also living outside their native homeland. His background in law and knowledge of Medicare and Medi-Cal appealed to the search committee. He was able to articulate a vision of On Lok that could take the organization in new directions without losing the core principles on which it was founded. He was also good at listening to the board and staff to learn about what makes On Lok a unique organization and demonstrated the capacity to sustain the On Lok culture and mission.

He immediately began working with staff and the board to develop a strategic plan. The plan called for On Lok to become the local and national

leader in promoting the health and well-being of older adults by the year 2011 by addressing the following four goals: (1) growing and enhancing existing services, (2) diversifying services beyond the PACE model, (3) providing national leadership to improve quality of life for older adults, and (4) strengthening financial and organizational infrastructure. In the less than two years since the plan was finalized, On Lok has engaged in activities that are moving it closer to reaching these goals.

### Current Structure and Services of On Lok

Today, On Lok looks very different from its original incarnation as the Chinatown-North Beach Health Care Planning & Development Corporation. It is a complex organization comprised of multiple affiliated programs providing multiple services.

*Organizational structure.* On Lok has become a much more formal organization over the years. On Lok reorganized its corporate structure in 1990 by creating five affiliated non-profits in order to better manage the increasing complexity of the organization. On Lok Inc. (OLI) was established as the parent organization, responsible for fundraising, the national replication, and maintaining the broader vision of On Lok (Ansak, 2004). Though not legally designated as the holding corporation of the others, practically it serves such a role. OLSHS manages the On Lok PACE centers, now called Lifeways Centers, and all the local components of the PACE model. On Lok Day Services (OLDS) is affiliated with the 30th Street Senior Center. The On Lok Development Corporation, originally created to develop HUD subsidized housing on Powell Street, was renamed On Lok House, Inc. (OLHI). Finally, to manage the housing units at 1000 Montgomery and the Gee Center, the organization started On Lok Community Housing, Inc. (OLCHI).

When Regina Liang Muehlhauser, an executive at Bank of America, joined the board in 1987 she saw the need for a more formalized board. During her tenure as President she brought more structure to the proceedings by applying the lessons she had learned as a board member of other successful nonprofits. She reinstated a term-limit policy, called for strategic planning, and requested annual board member financial contributions if they could afford to do so. She also made it a high priority to recruit new board members from the community who would be a valuable addition to the organization's leadership in order to represent the fields of medicine, law, finance, insurance, grantmaking, public health, and academe. The board is also required to include a prescribed number of members who are age 55 and older. The role of the board has also changed since the 1980s. In earlier years, the board had been much more involved in the day-to-day operations of the organization, but as On Lok has brought on professional staff with clearly defined roles, that type of involvement is no longer necessary.

*On Lok programs.* On Lok, Inc.'s, mission is "to maintain and develop health care models for the well-being and dignity of the elderly and chronically ill through education, advocacy, innovation in services and financing, while advocating for quality and affordable care." To achieve its mission, On Lok administers five different programs, including On Lok Lifeways, the 30th Street Senior Center, On Lok Intergenerational Program, On Lok PACE*partners*, and housing (i.e., On Lok Community Housing and On Lok House).

As of March 2008, 1,038 frail elders in the Bay Area participated in On Lok Lifeways, which is On Lok's PACE program. Although more than half (54.3%) of participants are Chinese, today the program provides care to a racially and ethnically diverse population, including Caucasian (17%), Latino/Hispanic (12.3%), African American (5.8%), Filipino (5.3%), and Korean (2.8%) adults 55 and older. Almost all participants are poor enough to be eligible for complete coverage by Medicare and Medi-Cal. The On Lok Lifeways model is aimed at helping older adults at risk of nursing home placement remain in the community as long as possible, and participants are struggling with significant health problems.

On Lok now has eight Lifeways centers and nine interdisciplinary teams, including centers at 30th Street, Mission, Montgomery, Powell, Fremont, and two Lifeways programs at the Gee Center. On Lok also subcontracts with the Institute on Aging (IOA) to provide PACE services at centers on Fillmore and Geary. In the mid-1990s, IOA, which had created one of the first adult day health centers in the city, expressed an interest in working with On Lok. On Lok helped IOA convert their existing program into a PACE program, adding in-home services, a medical clinic, and an interdisciplinary team approach to care management. In August of 1996, the IOA began providing PACE services through its contract with On Lok in the Western Addition, Richmond, and Sunset neighborhoods of San Francisco.

The 30th Street Senior Center is the largest multipurpose senior center in San Francisco, with more than 5,000 older adults participating. The goal of all the programs at the 30th Street Senior Center is to promote the health and independence of attendees so they can remain in their communities for as long as possible. The Senior Center includes an art room, a billiards room, a hair salon, classrooms for lectures and other instructional programs (including English as a Second Language and Citizenship class) and a garden, just to name a few of the activities available to participants. It also provides the Always Active program to help older adults remain healthy through physical activity through services including health assessments, exercise classes, and a personalized wellness plan developed with input from the participant's primary care physician. In addition, to meet the needs of the high percentage of Spanish-speaking participants at the Senior Center, there is a Bilingual Case Management Program that provides services such as home delivered meals, transportation, referrals and advocacy to isolated

and homebound elders. The first floor at 30th Street is home to the 30th Street Nutrition Program that provides congregate meals at seven locations throughout San Francisco and delivers meals to homebound seniors six days per week.

On Lok has always promoted social interaction between children and frail elderly participants, and today it offers the Generations Intergenerational Program at 1000 Montgomery. Pre-school aged children visit with participants three times per week for approximately 30 minutes, and they spend their time gardening, playing board games, working on puzzles, painting, and other quiet activities. On Lok also has an Intergenerational Program Coordinator who plans and implements activities at all On Lok-operated Lifeways centers. These activities involve children of many ages—from toddlers to high school students.

On Lok PACE*partners* helps organizations become vital PACE providers. Its clients include nonprofit organizations just beginning to explore the model, current PACE providers who need help with specific functions, and the NPA to develop curricula to train new PACE providers.

On Lok provides housing through two separate nonprofits: On Lok House, which is HUD-subsidized housing for low-income seniors, and On Lok Community Housing, which oversees housing at 1000 Montgomery and the Gee Center. On Lok House, located at 1441 Powell Street, has 54 studio apartments regulated by the HUD 202/8 program, which provides rent subsidies for very low-income older adults. On Lok House operates the housing facility in accordance with HUD requirements. Residents who are enrolled in On Lok Lifeways receive home care services as needed, as well as outpatient social and medical services from the On Lok Lifeways clinic/adult day health center located downstairs. On Lok Community Housing manages the housing in two locations: 1000 Montgomery and the Dr. William L. Gee House. Both locations are SRO hotels located above Lifeways centers.

## FUTURE CHALLENGES

As On Lok approaches its 40th anniversary, it faces several challenges in maintaining its mission of providing health and social services that promote the well-being and dignity of older adults and the chronically ill. These challenges include: (a) dependence on government funding in the form of Medicare and Medi-Cal and (b) balancing growth with the maintenance of the founding core values.

On Lok receives the bulk of its funding through the federal and state government, and in fiscal year 2006–2007, 65% of Lifeways revenues came from Medi-Cal and 33% came from Medicare. On Lok spent years trying to become a permanent provider under Medi-Cal and Medicare, reaching its goal in 2003 when the Centers for Medicare & Medicaid Services and

California designated On Lok as a permanent provider. The benefit of being an approved Medicare and Medi-Cal provider can be seen in the dramatic increase in OLSHS over the course of the organization's history. In 1974, On Lok's care consisted simply of day health services to 80 enrollees; in 2007, On Lok's Lifeways program cared for well over 1,000 very frail older people and offered a variety of medical services, including hospitalization and specialty care, nursing home care if they needed it, home care and day health services.

With the security of public funding comes numerous regulations and requirements. On Lok is a unique organization that differs from other organizations and entities that receive public reimbursement. Under the monthly capitation, On Lok provides some services to its participants that are traditionally not covered through Medicare and Medicaid programs. To date, On Lok has successfully made the case that it is different from other health plans and should therefore be treated differently, as evidenced by the passage of California Assembly Bill 847 in 2005, which exempted PACE providers from some regulatory requirements, but there remains the feeling within the Organization that On Lok is still subject to cumbersome regulations that are not appropriate to its model of care.

As the U.S. economy enters a recession in 2008 and the state of California faces an estimated \$16 billion budget shortfall, there is apprehension that future On Lok reimbursement rates will be cut, especially since states often adopt cuts to their Medicaid programs in economic downturns when revenues decline and Medicaid enrollment rises. On Lok and other established PACE providers typically have a 5% operating margin, and future expansion or improvements in services may be curtailed if reimbursement rates drop. PACE providers are required to assume the financial risk for their health plan, and there is also concern that rate cutbacks may discourage other organizations from developing PACE sites.

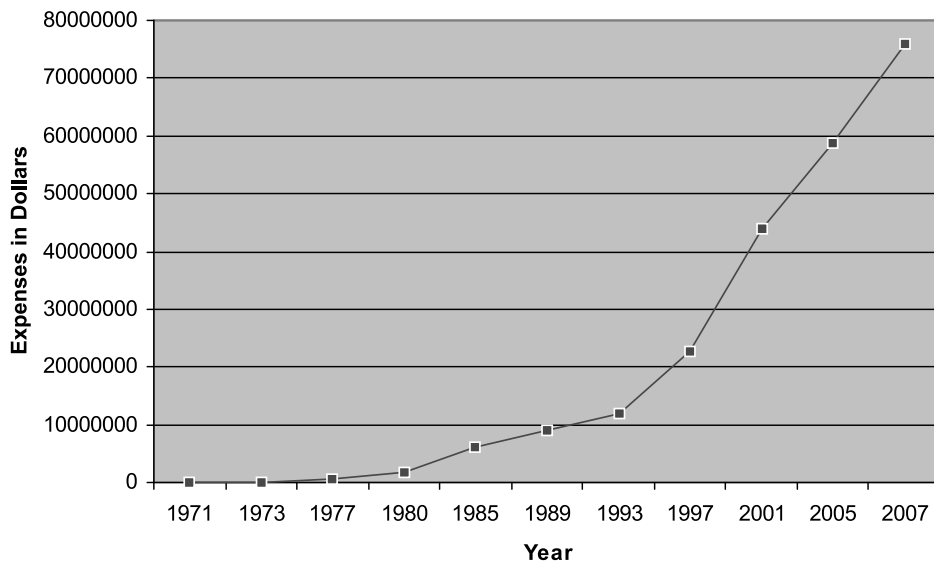
A second major challenge confronting On Lok in 2008 is keeping the core values and strengths of the On Lok culture intact as it expands into new geographic regions and new models of service delivery. While there is not yet unanimous agreement among current board members and staff as to the future of On Lok, the vast majority of the leadership believes the organization should grow to meet the needs of the increasing elderly population. The main debate focuses on how the organization should grow, not if the organization should grow. First, there is some concern that as On Lok moves farther away from Chinatown, it will lose sight of some of the core values it acquired from the Chinese culture, including the importance of hard work and respect for elders. Second, some people believe that the organization is growing too fast. There is a feeling that one of the strengths of On Lok is community ownership of the organization, and it takes time to cultivate community ties in new geographic regions. A third debate centers on the best use of On Lok's reserves: should On Lok devote this money



to developing new centers, or should it put this money back into existing services, such as hiring more physicians and direct care staff?

These debates will no doubt continue into the future, but there is a general sense that On Lok has the responsibility to provide its innovative model of care to as many frail elderly as possible. The key may lie in measured growth that allows the organization to maintain a consistency in services. This involves the careful assessment of community needs for the On Lok model. Measured growth also involves continuing to employ interdisciplinary team members and program managers who are dedicated to the model of care and the organization’s mission. Finally, measured growth involves balancing business decisions with the core values of On Lok, a difficult balancing act for any successful nonprofit.

APPENDIX A: BUDGET TREND LINE (EXPENDITURES)



APPENDIX B: SOURCES OF INFORMATION

Interviews

- Joseph Barbaccia, MD—On Lok, Inc., and On Lok Day Services Board
- Herbert Golenpaul—On Lok Senior Health Services Board
- Vera Haile—former Member of On Lok Board
- Regina Liang Muehlhauser—former President, On Lok, Inc., Board
- Tom Maravilla—On Lok, Inc., and On Lok Day Services Board

Linda Trowbridge—On Lok, Inc., and On Lok Senior Health Services Board  
 Gretchen Brickson, MPH, MBA, LCSW—Director of Technical Assistance  
 Jennie Chin Hansen—former Executive Director  
 Robert Edmondson—Executive Director/CEO  
 Maria Echaniz—Program Manager, On Lok Lifeways, 1000 Montgomery  
 Diana Eng—Contract Administrator  
 Karen Gee—Program Manager, On Lok Lifeways, Powell Center  
 Janice Fuji—Program Manager, On Lok Lifeways, Fremont Center  
 Eileen Kunz, MPH—Director for Policy and Government Relations  
 Kate O'Malley—former Director of Senior Health Services  
 Cheryl Phillips, MD—Chief Medical Officer  
 Peerapong Tantameng—Program Manager, On Lok Lifeways, Jade Center  
 Rick Zawadski, PhD—former Director of Research and Development  
 Carol Van Steenberg—longtime Consultant to On Lok

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