March 1, 2007        Sent By Fax

Dear Member of Congress:

On behalf of the members of the Leadership Council of Aging Organizations (LCAO), we are writing to express our disappointment with proposals and lower funding levels in the President’s fiscal year (FY) 2008 for crucial programs that enable mature and older Americans to live independent and dignified lives.

Views reflected in the attached document should not be considered exhaustive of the interests of LCAO members, collectively or individually. Rather, while the individual interests of LCAO members go well beyond those set forth in these pages, the effort herein represents the common ground among more than 50 national member organizations and the more than 40 million senior citizens whose interests we represent.

We have an excellent opportunity to prepare now for the enormous number of baby boomers who will need economic, health, and long-term care protection as they age. The President’s FY 2008 budget falls well short of this objective.

Toward accomplishing these mutual goals, the LCAO requests and hopes that you will consider the recommendations to follow on health care, Older Americans Act programming, and an array of services and opportunities reflective of the partnership between the Federal Government and our nation’s senior population.

With a growing senior population, we offer these suggestions, which will answer the human needs of our population and tap the talents of our senior population as a resource for the nation. We count among our membership, organizations that serve seniors, advocate for their interests, and put their talents to use for communities across the country. While we count among our members millions of Americans, our interests are those of the entire nation.

We look forward to the opportunity to work with you to achieve shared goals.

Sincerely,

William (Larry) Minnix, Jr., Chair

William L. Minnix, Jr.
Chair

Attachment
COMMUNITY SERVICES

Older Americans Act Programs

The LCAO opposes the President’s budget proposal to cut Older Americans Act (OAA) funding by a total of $109 million, or 6 percent. This includes the proposed elimination of Title III D (Preventive Health Services) and Alzheimer’s disease demonstration grants, a move the Administration attempted last year and was soundly rejected by Congress. It also includes $82 million in proposed reductions to the Title V Community Service Employment for Older Americans program (formerly known as the Senior Community Services Employment Program). Several other major programs in the Act would also be reduced under the President’s budget request. They include cuts to home-delivered (Meals On Wheels) and congregate meals ($2 million), the family caregiver support program ($2 million), the nutrition services incentive program ($1 million) and the long-term care ombudsman program ($1 million).

The LCAO supports an increase of at least 10 percent in FY 2008 for all OAA programs (above FY 2007 levels) to account for inflation and address the growing senior population and demand for services. The OAA funds critical programs and services to keep older adults independent, including Meals On Wheels and congregate meals, home and community-based care, senior centers, family caregiver support, prevention of elder abuse, older worker training and employment, transportation, the long-term care ombudsman program, legal services, services for Native Americans and Native Hawaiians, and research and training.

Yet, for the past six years, OAA programs have effectively been cut as federal funding levels have failed to keep pace with inflation or to recognize increasing demographic need. In fiscal year 2006, the programs suffered an actual reduction below 2005 levels due to the congressionally mandated across-the-board spending cuts. Inadequate funding, coupled with a growing population of individuals eligible for services, has resulted in premature institutionalization of older Americans and waiting lists for many supportive services. The long-term care ombudsman program investigates more than 300,000 complaints a year from residents of long-term care facilities; yet at a time of tremendous growth in assisted living, the capacity of local programs to respond has actually declined.

Furthermore, an increasing number of older Americans with a range of needs require assistance with activities of daily living. The fastest growing segment of our population is those over age 85. Currently more than 7 million Americans are the primary caregivers for family members with long-term care needs. By expanding OAA caregiver services that include respite, counseling, training and adult day care, the nation acknowledges the substantial contribution of family caregivers.

In September 2006, Congress reauthorized the Older Americans Act adding several new initiatives to the existing responsibilities of the aging services network in the areas of aging in place, transportation services, multigenerational and civic engagement activities, technology-based services, benefits outreach and counseling, community planning and emergency preparedness, and the delivery of mental health screening and treatment services for older individuals, among others. Congress also reauthorized Title V of the OAA, renaming it the Older American Community Service Employment-Based Training Program. Now, the Congress must provide adequate funding for these OAA programs to keep seniors independent and productive.

The LCAO supports funding for the Administration on Aging (AoA) Choices for Independence initiative. We support the development and implementation of greater opportunities under the OAA for innovative, community-based service delivery methods, including consumer-directed models that promote independence, autonomy and choice. However, the LCAO believes that the Choices initiative should not come at the expense of existing core OAA programs with a proven record of success. The LCAO is concerned that the Administration has proposed for the second year in a row to eliminate the Title III D program and the Alzheimer’s demonstration grants and to dramatically reduce Title V funding. At a time when these programs are needed more than ever before, we believe funding should be significantly increased, not eliminated.
Social Services Block Grant

The LCAO opposes the President’s proposal to cut Social Services Block Grant (SSBG) by $500 million. We support FY 2008 SSBG funding of at least $2.8 billion, reflecting the authorization level of SSBG before the Transportation Equity Act of the 21st Century (TEA 21) reduced the authorization level. The LCAO also supports the preservation of state ability to transfer 10 percent of Temporary Assistance for Needy Families (TANF) funds into SSBG.

These funds provide a wide array of community-based programs and services to older adults and to people with disabilities, children and families. Programs most frequently supported by SSBG for older adults include home care, protective services to prevent neglect and abuse, congregate and home-delivered meals, adult day care, and transportation. Since its inception in 1975, communities nationwide have depended on the flexibility of SSBG funds to address service gaps and to support independent living of older adults. Without an adequate level of funding, critically needed services will have to be cut back for seniors who are in greatest economic and social need.

Senior Volunteer Programs

The President has proposed a Senior Corps budget of $204.4 million. This includes $65.5 million for Retired and Senior Volunteer Program (RSVP), including $6 million to launch a Boomer Corps initiative, $97.5 million for the Foster Grandparent program and $41.3 million for the Senior Companion program. The LCAO is pleased that the Administration has proposed increasing funding to the RSVP program; however, we are disappointed that both the Foster Grandparent and Senior Companion programs would sustain budget decreases.

With continuing unmet needs and a growing cadre of available senior volunteers as the baby boomers seek opportunities to give back to their communities, the LCAO supports a FY 2008 funding level of $239 million, a 10 percent increase over FY 2007, to create opportunities for seniors to be resources in their communities. We support increasing funding for RSVP to $65 million, the Senior Companion program to $52 million and the Foster Grandparent program to $122 million in FY 2008.

The LCAO also supports providing $20 million for a new Silver Scholarship Program to award seniors working in both mentorship activities and long-term care activities. In exchange for a significant contribution of time amounting to at least 500 hours per year in volunteer activity, volunteers would be eligible for a $1,000 transferable education award that could be used by their children and grandchildren.

Community Services Block Grant

The President proposes to eliminate the Community Services Block Grant (CSBG) for third year in a row. In FY 2006, Congress funded CSBG at $630 million after a previous attempt by the Administration to eliminate the program failed. The LCAO supports maintaining current level of $630 million for CSBG, which provides important community services to older Americans such as home care, adult protective services, congregate and home-delivered meals and transportation and should be funded at least at its FY 2006 level.

Commodity Supplemental Food Program

The LCAO opposes the President’s proposal to eliminate the Commodity Supplemental Food Program (CSFP) for the second year in a row. CSFP provides monthly nutritious food packages primarily to low-income seniors aged 60 and older in parts of 32 states, DC and two Indian reservations. It is estimated that 440,000 older adults nationwide receive these food packages in an average month. The LCAO calls on the Congress to reject the President’s proposal as it did last year.
Low-Income Home Energy Assistance Program

The President’s budget proposes a funding level of $1.782 billion for the Low-Income Home Energy Assistance Program (LIHEAP), a reduction of $379 million from the FY 2006 level of $2.161 billion. The failure to match FY 2006 spending levels may eliminate LIHEAP support to as many as 900,000 households currently receiving assistance. With energy prices continuing to rise, the LCAO is disappointed that the President did not choose to fund LIHEAP at the authorized level of $5.1 billion established by the Energy Policy Act of 2005. Despite repeated examples of the danger that low-income and elderly citizens face in times of excessive heat or cold, the LIHEAP program continues to be funded at less than half of its authorized $5.1 billion.

Section 202 Supportive Housing for the Elderly Program, Service Coordinator Program

The LCAO opposes the President’s proposal to cut Section 202 Housing for the Elderly by $160 million, down to a proposed funding level of $575 million from $735 million in FY 2006. The LCAO supports the funding of Section 202 Housing for the Elderly and related programs at a level of $760 million for FY 2008 for development and project rental assistance contracts.

The President has proposed $24.8 million for the conversion of existing Section 202 housing stock. The LCAO supports funding of at least $50 million for the conversion of existing Section 202 housing stock to assisted living facilities, and for preservation needs including rehabilitation, modernization, and retrofitting of elderly housing facilities. The President has proposed an increase of almost $20 million above FY 2006 for service coordinator and congregate service programs to $71 million; however, most of these funds will be needed to extend expiring contracts for existing service coordinators and will provide limited funds for new service coordinators. The LCAO believes funding for service coordinators and congregate service programs should be increased to at least $75 million. Finally, we support expansion of the Section 811 Housing Options for Persons with Disabilities program.

Legal Services Corporation

The President proposes to reduce funding in FY 2008 for the Legal Services Corporation (LSC) to $311 million, or by 5.1 percent, a move we oppose. The LCAO supports an appropriation of not less than $400 million for the LSC for FY 2008. The LCAO supports this increase in funding to enable LSC grantees to provide legal assistance to more eligible people than the 50 percent now being served. Currently, LSC grantees are turning away at least one eligible client who seeks assistance for every one being served. These resources will also allow the LSC to provide legal services to a growing population of eligible clients due to the needs of individuals affected by Hurricanes Katrina, Rita and Wilma in 2005.

Senior Transportation Programs

The LCAO supports the Administration’s proposed funding for senior transportation programs at the authorized levels for FY 2008. The Federal Transit Administration’s (FTA) Section 5310 formula grant for the elderly and persons with disabilities would receive $127 million under the President’s budget, an increase of $16.2 million over FY 2006. The budget would also provide $506.5 million for the Section 5311 rural formula grant program.

The LCAO is pleased to see the President included funding for the Section 5317 New Freedom Initiative at the authorized level of $87.5 million to make improvements in transportation services to address the needs of persons with disabilities that go beyond those required by the Americans with Disabilities Act. We believe these increases will help non-profit transportation providers meet the estimated $1 billion a year in unmet senior transportation needs that now exists.

The LCAO also supports funding for the newly created National Technical Assistance Center on Senior Transportation at $2 million for FY 2008 to assist local communities and states in the expansion and provision of transportation services for older adults.
Real Choice Systems Change Grants

The President’s budget request does not include funding for Real Choice Systems Change Grants. The LCAO supports FY 2008 funding at $40 million for Real Choice Systems Change Grants, which are used to enable states and community partners to make effective and enduring improvements in community-integrated services and long-term support systems that allow seniors and persons with disabilities to remain in their homes and communities, thus providing greater independence and choice.

INCOME SECURITY

Social Security

The LCAO strongly opposes any effort to replace all or part of Social Security’s guaranteed benefit with the unreliable returns of private investment accounts. Incorporating private investment accounts into the Social Security system cannot be done without undermining the basic income security of current and future retirees, survivors and the disabled.

Social Security is not, as has been suggested, on the brink of bankruptcy. Repaying debt of all kinds is a potential problem for the government but it not Social Security’s problem. Social Security’s structure is essentially sound. The system’s enduring funding source -- contributions of American workers and their employers -- will enable it to pay all promised benefits until at least 2040 and between 70 and 80 percent of all benefits after that (2006 Trustees Report). With modest, responsible adjustments, the system’s long-range shortfall can be addressed allowing Social Security to provide our children and grandchildren with the same secure inflation-protected foundation of retirement income that it provides to current beneficiaries. Drastic changes, such as an administratively expensive and individually risky private investment account schemes are unnecessary and ill advised, drastically reducing guaranteed benefits for future retirees and adding more than $1 trillion to the federal deficit.

The President’s budget proposal includes $29.3 billion for FY 2012 and $637.4 billion in FY 2008-2017 for diverting up to 4 percent of a worker’s FICA contributions to private investment accounts. (Note that the FY 2008-2017 projection includes four years [FY 2008-2011] prior to implementation of this concept. Thus, the actual cost over a 10-year period after this proposal is implemented would be significantly higher.) The LCAO is opposed to any diversion of any portion of the Federal Insurance Contributions Act (FICA) contributions to private investment accounts.

Social Security Disability

The President has proposed that if the projections from the Social Security actuaries indicate that there will be a negative cash flow of more than 10 percent of the Disability Insurance (DI) program cost in four consecutive years of the ten year forecast, then a “Funding Warning” must be included in the annual Trustees Report. This “Funding Warning” would require that the President propose legislation within 15 days of the release of the President’s budget to address the “Funding Warning”. Congress would be required to consider the legislation proposed by the President.

We recognize that the Administration and the Congress have a responsibility to address funding shortfalls in the Social Security trust funds. However, this proposed “Funding Warning” system would force legislation driven by a “crisis mode”. Any modifications to the Social Security Disability Insurance program should be driven by well-researched policy -- not “crisis management.”

Social Security Administrative Budget

The Social Security Administration provides essential services for all Americans. It maintains a record of every worker’s earnings, which will be used to calculate the amount of future Social Security benefit payments for workers, their dependents and their survivors. All workers receive an annual statement, which estimates the amount of the Social Security benefits payable based on their work history. These statements assist in retirement planning.
The Administration also processes all activity related to claims for Social Security benefits. Social Security employees respond to inquiries about Medicare entitlement (including Part D matters.) It is essential that adequate funding be available for the Social Security Administration. The President’s budget proposal includes a 4.6 percent increase in funding for FY 2008 for the Social Security Administration. The LCAO supports full funding for the Social Security Administration so that it can fulfill its vital mission.

Pensions and Retirement Savings

The LCAO supports public policies that will extend pension coverage and workplace retirement savings opportunities to the millions of Americans who are currently without them, most notably lower-paid and part time workers. LCAO also supports policies that expand and protect the rights of workers and retirees who already participate in employer-sponsored pensions and savings plans.

The members of the LCAO are particularly concerned about the reintroduction of Retirement Savings Accounts, Employer Retirement Savings Accounts and Lifetime Savings Accounts. According to analysis done by the Tax Policy Center of the Urban Institute and the Brookings Institution, these proposed accounts would overwhelmingly benefit those with incomes above $100,000. Rather than creating new savings, they would likely result in the transfer of existing savings and enable wealthy individuals to shelter large amounts of personal savings. They could also destroy some of the incentives for businesses to establish and maintain retirement plans. They are also designed to produce increased tax revenues over the next five years, but lose enormous sums in future decades.

Supplemental Security Income

The Supplemental Security Income (SSI) program provides a basic safety net for millions of needy aged, blind and disabled adults and children. The LCAO would like to see this 32-year old program modernized. The basic benefit should immediately be increased to 120 percent of the federal poverty level.

The general and earned income exclusion in the SSI program should be increased as well as the asset/resources limits. An effective outreach program must be developed and funded.

The application and appeals process for SSI should be simplified to be more appropriate for the population SSI serves. Many SSI recipients are non-English speaking. Most have low literacy rates or limited cognitive abilities or emotional disabilities. Complicated applications and appeals processes can serve as a barrier for those who most need this assistance.

The President’s budget proposal prospectively extends for one year the SSI eligibility period for refugees, asylees and other humanitarian immigrants while they are in the process of obtaining citizenship. Many of these individuals find it impossible to complete the citizenship process within the defined time frame. We would like Congress to address this issue and extend the duration of SSI benefits for these individuals.

HEALTH CARE

Medicare

We are extremely disappointed that the budget proposal directly contradicts the many recommendations we made for improvements in the Medicare Part D prescription drug program. Instead of addressing the heavy burden that rising drug prices continue to impose on beneficiaries, the budget leaves the “doughnut hole” in coverage in place and refuses to allow negotiation of drug prices by the federal government, the establishment of a Medicare-administered option, or the elimination of the asset test for low-income assistance under Part D. All of these issues could be ameliorated through the elimination of what Medicare Payment Advisory Commission (MedPAC) has identified as overpayments to Medicare managed care plans, but the budget would leave this funding in place.

In fact, the proposed budget would impose heavy new costs on Medicare beneficiaries. Those with incomes above certain levels already are paying higher Part B premiums according to the Medicare Modernization Act of 2003.
(MMA). The President’s budget would eliminate the MMA’s annual inflation adjustment of the income thresholds for higher premium payments, so that over time more and more beneficiaries would have to pay the higher premiums. We support the complete elimination of Part B means testing, and it definitely should not be used to raise revenues from an increasing pool of middle-income retirees.

In addition, the budget would apply this means testing to Part D prescription drug premiums as well. Higher Part D premiums would be imposed on beneficiaries in the same income categories as under Part B. Since these income thresholds also would not be adjusted for inflation, every year more beneficiaries would have to pay the higher premiums. This means testing undermines the social insurance nature of the Medicare program, raising costs for middle-income seniors who are dependent on it. It raises premiums for those who have paid the most into the program and harms seniors and their families regardless of financial obligations.

Not only does the budget proposal fail to address problems with Part D, it also calls for damaging cuts in Medicare reimbursements to healthcare providers. The budget allows no remedy for the flawed physician fee schedule, under which doctors who treat Medicare beneficiaries will see their reimbursement cut by 10 percent in 2008. Caring for older people, especially the very old and those who have several chronic health conditions that require treatment, often is more time consuming than treating a younger person. Skilled nursing facilities would receive no inflation adjustment in their reimbursement next year, and home health care providers would receive none for the next five years. In addition, permanent changes would be made in the inflation adjustment formula so that future payment updates always would be lower than actual inflation in medical costs. These cutbacks in payments to healthcare providers almost certainly will affect Medicare beneficiaries’ access to the healthcare services they need and the quality of care they deserve.

We are very concerned about the potential for automatic Medicare spending cuts, which the Administration’s budget would exacerbate. The Medicare Modernization Act imposed a completely arbitrary cap of 45 percent on general revenue financing of the Medicare program. If Medicare trustees predict that the cap will be exceeded, the President is supposed to present a plan to Congress to reduce general revenue funding. President Bush’s budget would go beyond the MMA provisions to require automatic payment reductions of 0.4 percent per year to health care providers whenever the cap is breached. This proposal would prevent consideration of all potential solutions to the program's long-term shortfall. Further, it ignores Medicare’s financing structure and prohibits the use of increased revenues to address problems facing both the Medicare program and the U.S. health care system.

We also are concerned about the budget’s proposed elimination of mandamus jurisdiction as a basis for obtaining judicial review of Medicare determinations. This provision would make it far more difficult for beneficiaries to have wrongful determinations of their eligibility or benefits overturned.

The budget does propose a one-year extension of the Qualified Individual (QI) program, which assists beneficiaries just above Medicaid income eligibility in paying their Medicare Part B premiums. While we support this provision of the budget, we had recommended that the QI program be made permanent.

We request an additional $1 per beneficiary to fund one-on-one counseling and decision support through the existing network of state and area agencies on aging and the State Health Insurance and Assistance Programs (SHIPs). We support increasing current funding by $13 million to SHIPs and allocating $30 million to State and Area Agencies on Aging and Title VI Native American aging programs. The aging network is well positioned to serve the growing needs of people with Medicare as they wade through all the information about Medicare, including options under Part D and information about new preventive benefits. The network needs additional resources to reach the most vulnerable beneficiaries and their families and caregivers.

**Medicaid**

In the last Congress, we opposed provisions of the Deficit Reduction Act of 2005 (DRA) that make it more difficult for middle-income individuals to qualify for Medicaid coverage of long-term care costs. Once again, the President’s budget would make the DRA provisions even harsher. The DRA requires home equity exceeding $500,000 to be counted against an individual’s eligibility for Medicaid, but in recognition of differing real estate markets across the
country, gave states the option to raise the threshold to $750,000. President Bush’s budget would remove this state option, making the DRA requirement even more draconian.

We also oppose the more broad-based Medicaid reductions in the President’s budget. These wrong-headed proposals could force states to cut back on populations or services covered by Medicaid in order to make up for the loss of federal funds. The budget proposes to reduce federal matching funds for states’ administrative costs for nursing home surveys, which ensure the health and safety of residents in Medicare and Medicaid-funded facilities; for Medicaid fraud control units, which investigate and prosecute fraud and abuse by Medicaid providers; and for targeted case management, the very mechanism that states use to ensure efficiency in the services the program covers. We are concerned about the potential impact of the proposed user fee for nursing home surveys on states’ efforts to maintain and improve the quality of nursing home care. The budget also would shift more costs to states by capping payments to government health care providers. Additionally, although the population we represent is not directly affected by the proposed changes in the State Children’s Health Insurance Program, the proposed cutbacks in eligibility for coverage will have a severe impact on thousands of American families by removing basic healthcare coverage from millions of children.

**Health and Aging Research**

In view of the terrible toll that Alzheimer’s and other chronic diseases take on older Americans and their families, we are appalled at the flat funding for health research that the President’s budget proposes. Alzheimer’s disease, in particular, costs American families and the federal and state governments billions of dollars in out-of-pocket long-term care costs, lost productivity from family caregivers, and Medicare and Medicaid outlays. Unless better treatments and ultimately a cure are found, these costs will escalate sharply as the baby boom generation ages. Today there are 4.5 million people with Alzheimer’s disease and this number will swell to as many as 16 million by mid-century, if increased public investment isn’t made now. The substantial progress already made toward finding a cure would be jeopardized by proposed funding levels that do not even keep up with inflation. Recent studies have shown that an increase in research funding by $300 million annually may be enough to achieve the kind of breakthroughs that would eventually save $50 billion in Medicare costs and $10 billion in Medicaid costs alone. A failure to adequately fund this promising research is one of the worst examples of upside-down priorities in the proposed budget.