



*Barbara B. Kennelly, Chair*

February 28, 2011

United States Senate  
Washington, DC 20510

Dear Senator:

On behalf of the members of the Leadership Council of Aging Organizations (LCAO), I am writing to provide you with our comments on the proposals and funding levels in President Obama's fiscal year 2012 budget for crucial programs that enable older Americans to live independent and dignified lives.

LCAO is a coalition of 65 national not-for-profit organizations concerned with the well-being of America's 87 million people over age 50. An advocacy leader since 1978, LCAO is committed to social justice and fiscal responsibility for an aging society.

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 groups may vary, the effort herein represents the concerns of the majority of our national member organizations and the millions of mature and older Americans whose interests we represent.

This is an unprecedented time in our nation's economic history. Every day, workers worry about losing their jobs, their homes, their retirement savings, their standard of living, and their chance at the American Dream. Retirees living on fixed incomes and dwindling retirement investment savings worry about making ends meet in their golden years.

To help restore the economy and assist those in need, we urge you to make certain that the FY 2012 congressional budget resolution supports the strengthening of Medicare, Medicaid and Social Security; increased funding for a wide variety of home and community-based supportive services; financing of aging services for the future; better jobs and better care for the aging; and expanded opportunities for our nation's seniors to engage in citizen service.

We have a golden opportunity to prepare now for the enormous number of baby boomers who will need economic, health, and long-term care protection as they age. Toward accomplishing these goals, LCAO requests and hopes that you will consider the recommendations to follow on health care, Social Security, Older Americans Act, Senior Volunteer Programs and housing, as well as funding levels for these critical programs.

10 G Street, NE, Suite 600, Washington, DC 20002 ♦ (202) 216-8387 ♦ (202) 787-3726 (Fax)  
Email: [LCAO@ncpssm.org](mailto:LCAO@ncpssm.org) ♦ Website: [www.LCAO.org](http://www.LCAO.org)

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As budget deliberations move ahead, we must also caution against resorting to mechanisms and processes that bypass those elected to represent constituents in the Congress. In that regard, LCAO strongly opposes the enactment of any budget enforcement legislation or an amendment to the Constitution which requires automatic spending cuts. This could lead to reductions in benefits or shift cost to beneficiaries under limited Congressional review.

The recent economic meltdown has reinforced the importance of Social Security, Medicare, and Medicaid as critical lifelines for America's seniors both now and in the future. Despite this fact, however, some are pressing for a grand bargain that pits the short and mid-term costs of the current economic recovery measures against the future economic security of the elderly.

LCAO opposes most of the recommendations from the co-chairs of the President's Fiscal Commission because they rely on deep benefit cuts to the Social Security program and make a number of harmful changes to Medicare. Indeed, some of the Fiscal Commission co-chair's recommendations are based on the faulty notion that Social Security and Medicare are responsible for a long-term fiscal crisis. The truth is that Social Security has a funding gap, but it is modest and manageable. Medicare solvency has been extended through reforms in the Affordable Care Act and has been further addressed in the President's budget.

With a growing senior population, we offer these timely suggestions for responding to human needs and tapping the talents of seniors as a resource for the nation. We count among our membership a variety of organizations that serve seniors, advocate for their interests, and put their talents to use in communities across the country. While our member organizations represent millions of older Americans, our interests are those of the entire nation.

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

Sincerely,

Barbara Kennelly  
Chair, Leadership Council of Aging Organizations

# **LCAO FY 2012 BUDGET RECOMMENDATIONS**

## ***Organized by Subject Area***

### **COMMUNITY SERVICES**

#### **Administration on Aging (AoA)**

- The Leadership Council of Aging Organizations (LCAO) supports the Administration's continuing commitment to the Caregiver Initiative, providing \$96 million through increases of \$48 million for Older Americans Act (OAA) Title IIIB supportive services and centers, \$38 million for the National Family Caregiver Support Program, \$2 million for Native American Caregivers Support, and \$7.5 million for the Lifespan Respite Program.
- LCAO supports new and increased funding reflecting enactment of the Elder Justice Act (EJA), with a first time investment of \$16.5 million for Adult Protective Services and a \$5 million increase for the State Long-Term Care Ombudsman Program.
- LCAO supports the transfer of the State Health Insurance Assistance Programs (SHIPs) to AoA to increase coordination with enrollment assistance and counseling efforts of the Aging Services Network. However, we support additional funding for Medicare Part D enrollment assistance and counseling by funding the State Health Insurance Assistance Programs (SHIPs) budget at \$60 million, an increase of \$15 million above FY 2010.

We believe transferring the SHIP program from CMS to the AoA budget will enhance the program's ability to meet the ever-growing need to provide one-on-one assistance and counseling on Medicare to beneficiaries at the community level. With two-thirds of local SHIP programs operated through AAAs this move makes good policy sense. The increased funding is warranted in order to allow for continued support to all AAAs and Title VI programs, which have previously received one-time funding as part of the Medicare Improvements for Patients and Providers Act of 2008 (P.L. No: 110-275). Stabilizing these resources under the annual appropriations process will be especially critical as Medicare beneficiaries seek assistance in understanding their prescription drug plan options, and changes to the Part D and Low-Income Subsidy (LIS) programs.

- LCAO opposes the \$375 million, or 45 percent, cut for the Senior Community Service Employment Program (SCSEP), which will eliminate over 55,000 jobs at a time in which older workers continue to experience historic unemployment rates, and are more likely than any other age group to face very long-term unemployment (many remaining jobless for 99 weeks or more).

- LCAO opposes level funding for Home-Delivered and Congregate Meal Programs, especially since both senior hunger and the population relying on these programs as their primary source of nutritious food continues to grow while the cost of food and fuel increases.

### **Administration for Children and Families**

- LCAO opposes the nearly 50 percent, or \$2.5 billion, cut in the Low-Income Home Energy Assistance Program (LIHEAP) at a time when older adults, individuals with disabilities and low-income families are struggling to meet basic needs. Forty percent of households receiving LIHEAP have an adult age 60 or older, and those seniors should not have to choose between buying food and medicine or paying for home energy.
- LCAO opposes the \$350 million cut in the Community Services Block Grant, which supports the nation's infrastructure of Community Action Agencies that coordinate programs and leverage resources to serve low-income Americans and their families, including 2.3 million older adults and 1.7 million people with disabilities.

### **Housing and Urban Development (HUD)**

- LCAO supports the Administration's continued investment in affordable senior housing for the elderly through the Section 202 Supportive Housing Program, and notes that the President credited the recently enacted Section 202 reform legislation for setting the program on the road to reform that made it possible to request funding for new development. Despite a proposed \$68 million cut, the Section 202 request maintains the production program for new housing units and is estimated to provide for 2,813 new homes. The budget includes \$387 million to expand the number of housing units through capital advances and new project-based rental assistance, \$259 million for existing project-based rental assistance contract (PRAC) renewals, \$91 million for service coordinators and \$20 million for assisted living conversions. In addition, the budget would fund all Section 8 project-based rental assistance contracts for those residents living in older Section 202 communities with project based assistance.
- LCAO supports the Administration's continued efforts through the multi-agency Partnership for Sustainable Communities by including \$150 million in the HUD budget, consistent with funding in FY 2010, to create incentives for more communities to develop comprehensive housing and transportation plans that result in sustainable development, reduced greenhouse gas emissions and increased transit-accessible housing.

## **Corporation for National Service**

- LCAO supports the Administration's commitment to the Corporation for National and Community Service, including the \$5.2 million increase for the Senior Corps programs and the new demonstration authority to assist in proving the efficacy of Senior Corps Programs. The LCAO also is encouraged by the Administration's support of civic engagement programs, including its request for a \$73 million increase in AmeriCorps funding, which will provide service opportunities for many older adults.

## **Department of Transportation**

- LCAO supports the Administration's proposal to create a new Livable Communities program under the Federal Highway Administration funded at \$4.1 billion that would help communities increase transportation choices and access to transportation services, and a new \$3.5 billion Transit Expansion and Livable Communities program under the Federal Transit Administration that would be funded through the Transportation Trust Fund.

# **INCOME SECURITY**

## **Social Security**

- Social Security is critically important to the vast majority of Americans and is our nation's top poverty fighter. Its dependable monthly checks not only keep millions of retirees and families afloat, but also make a major contribution to the economic health of our local communities. Social Security is virtually unique among federal programs because it has its own income sources and is self-sustaining, with a reserve fund of nearly \$2.6 trillion.
- LCAO is pleased that the President's budget refrains from targeting Social Security as a vehicle for deficit reduction. In fact, his budget emphasizes that Social Security is not a cause of federal budget deficits or long-term debt and that the system "does not face an immediate crisis." According to the President, the system's long-range shortfall should be dealt with only in terms of Social Security's future. LCAO could not agree more. We also commend the President for taking a strong stand against privatizing Social Security, either fully or partially.

- In the budget, the President defends the importance of Social Security benefits for current and future retirees, as well as for disability and survivor beneficiaries. This is reassuring, but as pressures grow for making cuts, we hope the President strengthens his resolve. LCAO urges the President and Members of Congress to take a strong stand against benefit cuts and in favor of revenue raisers. This is a position the President has taken in the past, and one we hope will guide his future dealings with Congress.

### **Social Security Administration Budget**

- LCAO strongly supports adequate funding for SSA's administrative expenses and staffing, so the agency can do its important job. We commend the President for recognizing this as well, particularly in the face of efforts by some in Congress to cut the SSA budget. The recent economic downturn has caused an increase in applications for retirement benefits and a skyrocketing of disability claims. In recognition of the growing administrative pressures on the Social Security Administration (SSA), the President's budget adds \$1 billion to SSA's operating funds, for a total of \$12.5 billion. In announcing the increase, the President noted the increased demands on SSA, including its backlog of claims. Currently, there is a 426-day waiting period just to get a decision on a hearing for disability insurance.

### **Economic Recovery Payment**

- LCAO is pleased to see that the President has continued his support for a \$250 one-time "economic recovery" payment to every eligible recipient of benefits under Social Security, Supplemental Security Income (SSI), Veterans Affairs, Railroad Retirement and government pensions (similar to the previous payment provided under Public Law 111-5. The payment is particularly welcome in the absence of annual benefit cost-of-living adjustments (COLAs) in 2010 and 2011. As these payments will go into the pockets of mostly low and moderate income individuals, they will almost certainly be spent quickly in local economies.

### **Automatic Workplace Individual Retirement Accounts (IRAs)**

- LCAO appreciates the President's recognition of the importance of retirement savings plans in addition to Social Security. Once again, his budget proposes automatic individual retirement accounts. These automatic IRAs would make retirement saving simpler and more prevalent in the workplace, but have significant drawbacks. They do not guarantee retirement benefits and offer few worker protections. These plans require workers to bear all the responsibility for

making contributions as well as the investment risk. In addition, investments are often insufficiently diversified and suffer from poor returns and higher fees. As a result, these plans may fall short of the comprehensive retirement-income solution that American workers need and deserve.

## **Supplemental Security Income**

- The Supplemental Security Income (SSI) program provides a vital safety net for the 8.3 million Americans who will receive SSI in fiscal year 2012. Under SSI, enrollees who demonstrate severe economic need are eligible for financial assistance to help meet the basic costs of food and shelter. Although the President's budget recognizes the importance of this program for America's neediest residents by proposing adequate funding for payment of benefits and program administration, we regret that the budget includes no proposals to modernize a program that has for too many years been on auto-pilot.
- LCAO is pleased that the budget funds the Social Security Administration at a level that will enable it to reduce processing times for initial claims and for hearings. All who apply for benefits will be helped by these proposals.
- We also applaud the President for including in his budget a proposal that would allow refugees and asylees to receive SSI an additional two years, in FY 2012 and FY 2013. Without this provision, the policy would revert back to allowing refugees and asylees who have not become citizens to receive SSI only for seven years. While we would rather see the time limit on eligibility eliminated completely this extension would recognize the challenges faced by this aging population in completing the naturalization process and provide two more years of much needed benefits.

## **Health Care**

### **Medicare**

- The President's budget takes a responsible approach to deficit reduction while further strengthening the Medicare program. It relies on and expands upon changes made in the Affordable Care Act (ACA), which reduced net Medicare spending by \$428 billion over ten years and reduced the federal deficit by over \$200 billion over ten years, without further altering the Medicare program in a manner that would shift extra costs to consumers, eliminate benefits and/or limit access to high quality care. LCAO supports proposals that fortify ACA provisions to combat fraud in order to help bolster the financial health of Medicare. For example, the budget recognizes the importance of eliminating conflicts of

interests within Medicare that may cause consumers to be unable to access quality care by ensuring that Quality Improvement Organizations (QIOs) remain independent, represent the welfare of consumers, and act as true purveyors of quality in the program.

- LCAO supports extending the Qualified Individual Program (QI) for an additional year. Programs like QI, a Medicare Savings Program (MSP), help Medicare consumers with limited incomes afford and access the care they need. MSPs are especially essential during times of economic uncertainty. They save enrollees up to \$1,312 in annual Medicare Part B premiums and, through the Medicare Part D low-income subsidy (LIS), an estimated \$3,900 in drug costs — income that QI recipients can use toward food, housing, and other basic living expenses. For older adults and persons with disabilities—many of whom are vulnerable to an increasingly complex, precarious healthcare system — QI provides greater financial stability and peace of mind. However, as we have stated in the past, LCAO believes that QI should be made permanent and income eligibility aligned with LIS at 150 percent of poverty.
- The President's budget recognizes that a long-term solution is necessary to address the Sustainable Growth Rate (SGR) and doctor payments under Medicare. The month-to-month fixes used in the past created an unstable and unpredictable environment for both physicians and patients. LCAO supports the approach of (1) providing two years of relief from cuts resulting from the SGR formula, and (2) using that time period to work with Congress to develop a permanent solution to physician payments. However, LCAO has some concerns about the proposed offset, which would limit states' ability to use provider taxes to pay the state share of Medicaid costs. We do not want to make it harder for states to support their Medicaid programs, and therefore reduce access to Medicaid providers and benefits, in order to preserve access to Medicare physicians.
- LCAO supports increased funding for Medicare Survey and Certification by more than \$53 million (15%) over 2011 appropriations. These funds include payments for state inspections of nursing homes and home health agencies that provide long-term care for vulnerable adults and will also be used for new initiatives to improve nursing home care and transparency.

### **Generic Prescription Drugs**

- LCAO supports the proposal to decrease the pathway for generic versions of biologic drugs from 12 years to seven years as well as the proposal to allow the Federal Trade Commission to prohibit “pay-for-delay” agreements that delay consumers access to more affordable generic drugs. These agreements put business interests and profits before the health and financial needs of the public.



The budget proposals ensure that consumers will have timely access to affordable prescription drugs. In addition, the provisions achieve savings in a way that benefits consumers.

### **Geriatrics Health Care Providers and Education**

- LCAO is encouraged by the increased funding levels provided for geriatric workforce programs under Title VII and Title VIII of the Public Health Service Act. The Title VII Geriatrics Health Professions programs increase the number of faculty to train the healthcare workforce to care for an aging America and support strengthen the training of clinicians, other healthcare workers, and family caregivers who care for older Americans. For example, the Title VIII Comprehensive Geriatric Education program provides grants to train nurses who will provide direct care to older adults, and who will also train other faculty members in geriatrics care; and the Title VII Geriatric Education Centers (GECs), Geriatric Academic Career Awards (GACAs), and Geriatric Career Incentive Awards (GCIAs) support geriatric training for faculty in medical, nursing, social work, and other health professions.
- In light of our nation's growing aging population and the current shortage of health care workers specializing in geriatrics, expanded federal investment in these programs is absolutely essential. Without appropriate training for health care professionals that deliver care to Medicare beneficiaries, especially those with chronic and complex conditions, improvements in the quality and safety of care will lag as will efforts to bend the cost curve. The coordinated care provided by the geriatrics care team improves the quality of care, while preventing costly problems through reducing hospital readmissions, preventing falls and effective medication management.