



# Leadership Council of Aging Organizations

*William (Larry) Minnix, Jr., Chair*

December 18, 2006

The Honorable George W. Bush  
The White House  
Washington, DC 20500

Dear Mr. President:

On behalf of the members of the Leadership Council of Aging Organizations (LCAO), we are writing to urge you to ensure that spending levels and proposals in your fiscal year (FY) 2008 budget guarantee the continuation and enhancement of effective programs which enable mature and older Americans to pursue healthy, independent and dignified lives.

LCAO is a coalition of 54 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.

Towards that end, we urge you to make certain that your FY 2008 budget supports the strengthening of Medicare and Medicaid, preservation of Social Security, increased funding for a wide variety of home and community-based supportive services, financing of aging services for the future and better jobs and better care for the aging.

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 mutual goals, the 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 proposals and funding levels for these critical programs.

With a growing senior population, we offer these suggestions for a plan 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 which 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 L. Minnix, Jr.  
Chair

Attachment

## COMMUNITY SERVICES

### Older Americans Act (OAA)

The LCAO supports an increase of at least 10 percent in FY 2008 for all OAA programs (above current funding 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.

The resolution which received the most support at the December 2005 White House Conference on Aging -- an event held only once a decade -- focused on the importance of the OAA infrastructure and the need to strengthen these state and community-based programs through adequate funding that reflects the current and future growth of the aging population. In October 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, community planning and emergency preparedness and the delivery of mental health screening and treatment services for older individuals, among others. Now, Congress must provide adequate funding for these OAA programs to keep seniors independent and productive.

OAA funds, and the services they make possible, are expanded by leveraging state and local government funding, as well as private sector, foundation, participant and volunteer contributions. Yet, for the past six years, OAA programs have effectively been cut because 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.

Furthermore, an increasing number of older Americans have a range of needs and 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.

As part of the OAA Amendments of 2006, Congress embedded the principles of the Administration on Aging's Choices for Independence initiative into the major titles of the OAA, including the duties of the Assistant Secretary. The LCAO is supportive of the goals of the Choices for Independence initiative to develop and implement greater opportunities under the OAA for innovative, community-based service delivery methods, such as consumer-directed models that promote independence, autonomy and choice. However, the President and Congress must act to appropriate adequate resources to state and local aging programs if these new mandates, including the expansion of the Aging and Disability Resources Centers to every state and new long-term care and preventive health initiatives, are to be successful.

Congress also reauthorized the Senior Community Service Employment Program administered by the Department of Labor under Title V of the OAA, renaming it the Older American Community Service Employment-Based Training Program. We applaud the Congress for maintaining the existing eligibility age of 55 or older for program participants, preserving the program's dual structure of funding state and national grants and operating through the State Units on Aging and the National Sponsoring Agencies, and retaining Title V's vital, historic focus on community service, which significantly benefits the aging population.

### **Social Services Block Grant (SSBG)**

The LCAO strongly opposes any continued effort to cut SSBG. 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. We also support 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 and tribe-based programs and services to older adults as well as 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**

With continuing unmet need 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 the Retired and Senior Volunteer Program (RSVP) to \$65 million; the Senior Companion Program (SCP) to \$52 million and the Foster Grandparent Program (FGP) to \$122 million in FY 2008. We also support 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 (CSBG)**

The LCAO strongly opposes any effort to eliminate or reduce funding for the CSBG. We support maintaining the current spending level of \$630 million for the CSBG, which provides important senior center and nutrition services to older Americans.

### **Low-Income Home Energy Assistance Program (LIHEAP)**

The LCAO supports additional funding for LIHEAP at the authorized level of \$5.1 billion under the Energy Policy Act of 2005. However, despite repeated attempts to increase LIHEAP funding, Congress was only able to provide level funding for FY 2006, which was later reduced by the across-the-board cut in discretionary spending programs. Congress has proposed \$2.1 billion in LIHEAP funding for FY 2007, failing to match the \$3.1 billion invested in LIHEAP in FY 2006 in response to increased energy prices. The failure to match FY 2006 spending levels may eliminate LIHEAP support to as many as 900,000 households currently receiving assistance. 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 and Related Programs**

The LCAO strongly opposes any effort to cut Section 202 Housing for the Elderly. We support a level of \$760 million in funding for FY 2008 for development and project rental assistance contracts. We also support 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. We believe that the President should recommend that Congress appropriate \$75 million to support the service coordinator and congregate service programs, an increase from the FY 2006 level of \$51.6 million. Finally, we support expansion of the Section 811 Housing Options for Persons with Disabilities program.

### **Legal Services Corporation (LSC)**

The LCAO supports the work of the LSC and its services to low-income older Americans. The LCAO supports an appropriation of not less than \$400 million for the LSC for FY 2008. This increase in funding will 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 to legal services to a growing population of eligible clients due to the needs of individuals affected by Hurricanes Katrina, Rita and Wilma in 2005.

### **Transportation Services**

Transportation is one of the most critical issues for older adults, especially in determining their access to essential health care services. This came across loud and clear when the delegates to the 2005 White House Conference on Aging voted the need to “ensure that Older Americans have transportation options to retain their mobility and independence” as their third highest resolution.

The LCAO supports an increase in the FY 2008 appropriation level for the Federal Transit Administration’s (FTA) Section 5310 formula grant program for the elderly and persons with disabilities to \$155 million. We believe this increase in funding is needed to help non-profit transportation providers meet the estimated \$1 billion a year in unmet senior transportation needs that now exists.

The LCAO supports funding for the Section 5311 rural formula grant program and Section 5317 New Freedom grant program at the authorized levels of \$508 million and \$87.5 million, respectively. We are pleased that Congress created the new Section 5317 program 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.

Finally, the LCAO supports funding for the National Technical Assistance Center on Senior Transportation at \$2 million for FY 2008 to assist local communities, states and tribes in the expansion and provision of transportation services for older adults.

### **Real Choice Systems Change Grants**

The LCAO supports FY 2008 funding of \$40 million for Real Choice System Change Grants, which are used to enable 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 divert Social Security contributions into private accounts. Replacing all or part of Social Security’s guaranteed benefit with the proceeds of these accounts does not help shore up the system, and would leave people at the mercy of often unpredictable private investments. Incorporating private investment accounts into the Social Security system simply cannot be done without threatening 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. 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 nearly 75 percent of all benefits after that* (2006 Trustees Report). Changes are needed

to prevent that eventual shortfall, but these changes should not mean the fundamental dismantling of the Social Security system represented by moving toward private accounts. Instead, with modest, responsible adjustments, the system's long-range shortfall will be corrected allowing Social Security to provide our children and grandchildren with the same secure inflation-protected foundation of retirement income that provides to current beneficiaries. Drastic changes, such as an administratively expensive and individually risky private investment account scheme are not necessary and would not be beneficial.

The Social Security system has long anticipated the demographic shift it now faces, and in 1983 made modest changes to the system to prepare by creating a surplus in the trust fund. Trust fund money is invested in Treasury bonds and loaned to the federal government at market interest rates. Naturally, the federal government is obligated to repay Social Security for these loans, just as it repays other bond holders. To ensure that the federal government does not default on any of its obligations -- including the debt to Social Security -- LCAO thinks it's imperative that the President and Congress develop a prudent budget plan that significantly reduces annual deficits.

The creation of the trust fund surplus demonstrates that the Social Security system can adapt to changing demographics with modest changes. Repaying debt of all kinds is a potential problem for the government but it is not Social Security's problem. For many years to come, the Social Security system will take in more than enough revenue to meet its obligations. Social Security's structure is essentially sound and the fact that the government must repay its debt to the system must not be used as an excuse to radically change this fundamental American institution.

### **Social Security Disability**

Age is a factor when determining that an individual is disabled for Social Security benefits because younger workers are expected to have a greater potential for obtaining alternative employment if their physical/mental condition makes it impossible to continue to work in their current employment setting. Despite this, your administration has pursued a rule change which would raise the age factors for disability consideration. Even though the comments received on this proposed rule change were overwhelmingly negative, the issue is still being considered. The LCAO opposes raising the age categories for evaluating disability.

### **Social Security Administrative Budget**

The Social Security Administration directly serves approximately 49 million beneficiaries each year. It also maintains the earnings records of all current workers.

Budgetary constraints have forced the first moratorium of processing reconsideration of disability cases recently. Additional workloads related to the implementation of Medicare Part D (particularly for lower income beneficiaries) and the income-tested Medicare Part B premiums will tax the resources available to address issues related to current and future Social Security beneficiaries. It is essential that the Social Security Administration be provided with sufficient funding to meet all its mandates.

### **Pensions and Retirement Savings**

While Social Security is a guaranteed universal benefit, it should not be considered as a retiree's only source of income. Employer-sponsored defined benefit pension and savings plans are essential components of a strong national retirement system. Defined benefit plans remain the soundest vehicles for building and safeguarding retirement income, as they are federally insured and provide a guaranteed monthly benefit. In the recently enacted Pension Protection Act of 2006 (P.L. 109-280), Congress changed the funding requirements for defined benefit plans and it remains to be seen whether these changes will stabilize or jeopardize the continuity of these plans. As to employer-sponsored savings plans, the Act allows employers to automatically enroll workers into 401(k) plans potentially boosting participation rates for many employees who did not previously

participate in this employee benefit. For moderate- and low-income households, the LCAO is pleased that the new law made the Saver's Tax Credit permanent. The law, however, failed to make the credit refundable which would have increased its availability to an additional 50 million lower-income households nor does it extend eligibility to additional middle-income households. The PPA does have provisions that may increase retirement savings. It allows employers to automatically enroll employees in 401(k) plans and encourages automatic increases in contributions. However, it does not require employer contributions.

### **Supplemental Security Income**

The Supplemental Security Income 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 at least 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.

### **Minimum Wage**

LCAO supports policies raising the minimum wage -- move that would help the economic circumstances of low-income older workers and long term care workers. The real value of the minimum wage has eroded more than 20% since the last wage was last raised in 1997. Many older Americans find themselves having to postpone retirement or work part-time to supplement their retirement income. At the current rate, a senior who works full-time for a year would earn a mere \$10,700 - often not enough to keep pace with rising costs elsewhere in the economy.

At the same time, there is in most states a growing shortage of long term care workers. Many nurse aides and home care workers make only minimum wage and turnover is a major problem. The cost of replacing a long term care worker is high and high turnover has negative implications for the quality of care, in institutions and home and community based care. Raising the minimum wage would be a first step in helping to stabilize the long term care workforce.

Increasing the minimum wage could require programs that provide services for senior citizens receive additional funding. Without additional funding for these programs, the number of hours of services that could be provided may be reduced to cover the increased cost of the labor supplied by minimum wage workers.

## **HEALTH CARE**

### **Overview**

The LCAO is concerned about the myriad of federally funded and state administered health and long term care programs that provide medical and drug coverage, as well as institutional and home and community based long term care services for older people. These programs and services are particularly important to the more frail and vulnerable older populations, such as those who are dually eligible for Medicare and Medicaid.

**Medicaid** is an important safety net for millions of older people who need long term care. **Medicare** is the cornerstone of the health care system for older people, now covering more than half of all medical and drug needs for older beneficiaries.

These two vital programs are the foundation for the health and long term care delivery systems in this country, and federal proposals should strive to strengthen them. We oppose federal efforts to divert resources away from Medicare and Medicaid in order to fund so called “innovative” programs that are ostensibly designed to give consumers more control over health care spending but may have the unintended consequence of making health care less available and less affordable for older people. Health Savings Accounts (HSAs) are such an initiative. LCAO will strongly oppose any Administration effort to expand HSAs because they must be coupled with high-deductible health insurance policies and will ultimately put older people at risk financially and may actually increase the number of uninsured in this country.

### **Medicare**

The Medicare Modernization Act of 2003 (MMA) made a number of policy changes to the Medicare program in addition to establishing the Part D benefit in Medicare. LCAO believes many of these policies should be amended to improve the Medicare program. Below is a summary of some of the most pressing concerns we have regarding Medicare.

#### **Counseling Resources**

We strongly support providing 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 the 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.

#### **Medicare Savings Programs**

LCAO supports a change in federal policy that would make the Qualified Individual or “QI” program a permanent part of the Medicare statute. This is an important program for low income Medicare beneficiaries who may otherwise not be able to afford their Medicare Part B premiums, deductibles and copayments. The Medicare savings programs -- Qualified Medicare Beneficiary (QMB), Specified Low-Income Medicare Beneficiary (SLMB) and QI could also reach more eligible people if more federal resources were dedicated to the outreach and enrollment efforts and if the application process was simplified.

#### **Budget Implications for Medicare Spending Over Limits**

LCAO is concerned about the rule established in the MMA that creates a new procedural hurdle for mandatory spending whenever federal revenues are more than 45 percent of total Medicare spending. This rule would not apply to other spending or revenue proposals and prohibits the consideration of all solutions to the program’s long-term shortfall. The 45 percent cap could trigger significant cuts to Medicare with the release of the 2007 Trustees Report. We oppose provider cuts that are triggered by this cap and believe the cap should be repealed immediately.

#### **Stabilization Fund**

The stabilization fund established in the MMA sets aside federal resources that may be needed to improve payments to Medicare health plans so that they continue to offer coverage to Medicare beneficiaries. Given the robust response to solicitations from the Centers for Medicare and Medicaid Services (CMS) to health plans to enter the market, it is obvious that this financial incentive is unnecessary. The stabilization fund

should be eliminated and the savings from this fund should be used to improve the prescription drug benefit in Medicare.

### **Inflation Adjustment for Income-Related Part B Premium**

LCAO is opposed to means testing in Medicare and opposed the imposition of an income related Part B premium when it was established in 2003. This new policy is scheduled to take effect January 1, 2007. We believe this provision should be repealed outright. We oppose any proposal that eliminates the inflation-adjusted income thresholds for the Part B premium. Without such an inflation adjustment, over time, this provision will begin to impact middle income older people and not only those in the upper income brackets as the law had originally intended.

### **Late Enrollment Penalty**

LCAO strongly supports waiving the late enrollment penalty for those who missed the May 15, 2006 Part D enrollment deadline. Given the complexity of the decisions involved in choosing the appropriate plan, and considering the number of Part D options that were initially available to people with Medicare, allowing beneficiaries to enroll until at least May 15, 2007 without penalty will improve uptake and ultimately benefit the Medicare program. It will also provide much needed financial relief to those who missed the May 15, 2006 enrollment deadline.

### **Eliminate Asset Test for Part D Low-Income Assistance**

To help facilitate enrollment, we urge Congress to eliminate the asset test for the Part D low-income subsidy. We believe it poses an unnecessary barrier to low-income persons enrolling in Part D. While CMS has estimated that 8.4 million Medicare beneficiaries who are not automatically enrolled in the subsidy may be eligible, fewer than 5 million people have applied. Of those who have applied, only 1.6 million have been approved. That means more than four out of five people who should qualify for the subsidy are not getting it.

### **Improving Overall Part D Benefit**

We realize that for some people with Medicare, the Part D benefit is their only drug coverage. About two-thirds of all beneficiaries had some coverage either through an employer plan or a Medigap plan. So for those who had no coverage prior to January 1, 2006, this represents an improvement in Medicare. But we know the benefit can and should be improved over time. Specifically, the “doughnut hole” leaves many people with high out-of-pocket drug costs with no coverage at all for their drugs while they still are required to make monthly premium payments. This is a major financial burden for people with limited incomes who rely on prescription drugs to treat chronic conditions. New policies in Medicare should consider methods to either close the doughnut hole or allow beneficiaries to suspend payment of premiums while they are not receiving any benefit other than the continuation of insurance coverage.

In addition, rules regarding the calculation of “true out-of-pocket costs” unfairly penalize beneficiaries whose prescription drugs are not covered under Part D. These rules should be amended so that the calculation includes expenditures for all prescription drugs whether or not they are covered under Part D or covered by the plan in which the beneficiary is enrolled.

### **Price Negotiation for Lower Cost Drugs**

We recommend giving the Secretary of Health and Human Services the authority and duty to negotiate for lower drug prices for Medicare beneficiaries just as the Department of Veterans Affairs does. The Department of Veterans Affairs (VA) achieves significant discounts on generic and brand-name prescription drugs by negotiating directly with pharmaceutical manufacturers on behalf of its five million beneficiaries. A



nonpartisan Congressional Budget Office (CBO) study found that the VA pays about 42 percent of the suggested list price for brand-name drugs, with significant savings to the VA. Price negotiation makes good business sense and would save money not only for beneficiaries but for all taxpayers. The “noninterference” provision in MMA should be repealed.

### **Medicare Option for Prescription Drug Coverage**

One way to address many of these concerns, including price negotiation, would be to provide all beneficiaries with the option to enroll in a Medicare-administered prescription drug plan. A Medicare-operated Part D plan with drug prices directly negotiated with pharmaceutical companies would deliver billions of dollars in savings. Such savings, in turn, could be used to close Part D’s doughnut hole and to lower cost-sharing for Medicare beneficiaries. Medicare beneficiaries should be given the choice to get their prescription drug benefit from the traditional Medicare program that they know and trust.

### **Geriatric Training and Education Programs**

LCAO supports the restoration of funding for Title VII-funded programs including Geriatric Education Centers, Geriatric Health Professions Training and Geriatric Career Awards. Americans are reaching old age in unprecedented numbers and there are not enough new physicians, nurses and other geriatric providers pursuing careers in the field of geriatric care to meet the unique needs of this rapidly growing population. Caring for the elderly requires special skills. Inadequate training in geriatrics often results in misdiagnoses that are harmful to older patients and costly to our healthcare system. A lack of funding for these vital programs will have a tremendous impact on the quality of care older adults receive. We strongly urge the reinstatement of these programs in the FY 2008 budget so that we can continue to recruit and adequately train those who will care for our elderly now and in the future.

## **Medicaid**

Medicaid is the essential safety net program for our nation’s older people and people with disabilities. LCAO believes it is a priority that Medicaid be maintained as an entitlement, and that comprehensive health and long term care supports and services are available and affordable to its recipients.

### **Cost Shifting to States**

LCAO opposes any effort to eliminate or limit currently permissible financing methods in ways that would shift the cost of long term care supports and services to the states. This includes regulatory or legislative initiatives to limit or reduce the currently permissible provider assessment, or to limit Medicaid payments to hospitals and other health care institutions operated by state and local governments to the actual cost of furnishing such services.

### **Flexibility for States to Expand Benefits to Older People**

LCAO supports greater flexibility for states to provide home and community based services (HCBS) under Medicaid. Many states have successfully used home and community based Medicaid waivers to expand services to older people. In many states, HCBS waivers have allowed states to provide Medicaid long term care services to people whose acuity level would not yet make them entitled to nursing home services. Thus, flexibility in the state administration of Medicaid can allow states to use Medicaid to reach frail older people in order to prevent inappropriate or premature and costly placement in an institutional setting.

LCAO also supports efforts to inject consumer choice, direction and control into the Medicaid program when it allows people to access a set of services that is appropriate to their individual needs. Program such as “cash and counseling” or others that allow the Medicaid long term care recipient to hire and manage their personal

care workers or use Medicaid funds to purchase assistive technology or modify a home have allowed Medicaid long term care recipients to live independently and with dignity in the setting they choose. LCAO supports policies that would expand such initiatives that allow state Medicaid programs to tailor long term care services to meet the needs and preferences of the frail older person.

#### **Asset Transfer Rule**

LCAO supports repeal of the Deficit Reduction Act of 2005 (DRA) provisions that amended asset transfer rules in Medicaid. These policies are harmful to low-income older people and people with disabilities who need long term care. We understand the need to prevent individuals from illegally transferring assets in order to qualify for Medicaid benefits. However, these policies only penalize consumers, providers and families and do very little to impact those who may deliberately try to cheat the system.

#### **Home Equity Rule**

LCAO supports repeal of the DRA provision that made people ineligible for Medicaid if they had home equity greater than \$500,000. While the provision was intended to ensure that Medicaid resources are dedicated to the truly needy, it ignores real estate market conditions that have made that \$500,000 mark rather arbitrary. This provision needlessly penalizes older people who may need Medicaid long term care services but are not in a position to sell their home or cash in on their home equity because they may own the home with a spouse.