



# Leadership Council of Aging Organizations

February 25, 2009

President Barack Obama  
The White House  
1600 Pennsylvania Avenue, N.W.  
Washington, DC 20500

Dear President Obama:

On behalf of the members of the Leadership Council of Aging Organizations (LCAO), we write to urge you to ensure that spending levels and proposals in your fiscal year (FY) 2010 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 56 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 help those in need, we urge you to make certain that your FY 2010 budget supports the strengthening of Medicare and Medicaid, the preservation of 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, 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, as well as funding levels for these critical programs.

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, the LCAO strongly opposes the enactment of any commission or task force related to entitlements that could dictate 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 income security of the elderly.

Entitlement commissions have been proposed 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, and Medicare expenditures are being driven by the rising costs of health care generally. Under the entitlement commission plans, a very small group of legislators and administration officials would design legislation affecting programs with vastly different features and then fast-track them through Congress with no opportunity for amendment. This mechanism ignores your call for transparency and participation by the American public in making policy decisions. Enacting restrictive measures to push through changes of this importance to millions of Americans ultimately disenfranchises the public and compromises our political process.

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 our shared goals.

Sincerely,

A handwritten signature in black ink, appearing to read "Ed Coyle". The signature is fluid and cursive, with the first name "Ed" and last name "Coyle" clearly distinguishable.

Ed Coyle  
Chair, Leadership Council of Aging Organizations

# **LCAO FY 2010 BUDGET RECOMMENDATIONS**

## *Organized by Subject Area*

### **COMMUNITY SERVICES**

#### **Older Americans Act Programs (All HHS except Title V is Labor)**

LCAO feels strongly that Older Americans Act (OAA) appropriations must be increased by at least 12 percent in FY 2010. This amounts to an overall increase of approximately \$246 million.

The OAA funds critical programs and services to keep older adults independent, including home-delivered (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. Without these home and community-based services, many older adults would end up requiring much more expensive institutional care or suffer unnecessarily from hunger, isolation, ill health, neglect/abuse, unemployment or other challenges to living healthfully and independently. (For a listing of the key titles of the Act, please see below.)

The need for these supports is great and growing. The first of the 77 million Boomers are now reaching retirement age. Meanwhile, the fastest growing segment of the aging population is individuals over 85, the most vulnerable older adults who tend to need long-term services and supports and whose numbers are expected to double by 2020. Increasing funding for OAA programs also supports recent state and federal initiatives to give consumers more choice in where they receive long-term care.

Yet, for the past eight years, OAA programs have effectively been cut as federal funding levels have failed to keep pace with inflation or to recognize increasing demographic need. Inadequate funding for OAA means that only an estimated six percent of eligible older Americans receive the home-delivered meal, transportation or other vital services for which they are eligible. OAA programs have had to absorb increases in operating costs due to such factors as hikes in insurance premiums and gas prices, as well as being entrusted with new responsibilities without resources, such as assisting Medicare beneficiaries. Recent economic pressures have only magnified the situation, driving away volunteer drivers and forcing program cuts even as demand rises.

A significant increase in OAA funds must be provided if we are to continue the cost-effective and consumer-preferred provision of home and community-based care. The FY 2010 request of at least a 12 percent is based on a data-driven formula that accounts for inflation (in the form of CPI) and the growth in the older adult population for the coming year, as well as taking modest steps toward addressing the years of funding erosion and the toll it has taken on service capacity.

## **Key OAA Titles**

### **Title III B: Supportive Services and Centers**

Local agencies can use a flexible pool of funds for up to 28 different activities that support older adults aging in place—from transportation to in-home chore services to adult day care.

### **Title III C 1: Congregate Meals**

Provides congregate meals served in community settings such as senior centers.

### **Title III C 2: Home-Delivered Meals**

Often known as Meals On Wheels, this program offers reliable nutrition to homebound older adults and critical supports to prevent isolation, as the staff and volunteers may be the only direct human contact homebound seniors have during a day.

### **Title III: Nutrition Services Incentive Program**

Rewards States and tribal organizations through cash or commodities for effective home-delivered meals programs; offers incentives for states to increase the number of meals served and furnishes much-needed resources in rural areas. (Supported in part for the Dept. of Agriculture)

### **Title III D: Preventative Health**

Provides grants to state and community agencies to deliver health promotion and disease prevention programs to reduce illnesses that lower quality of life, drive health care costs and reduce an older adult's ability to live independently.

### **Title III E: National Family Caregiver Support Program**

Provides grants to help family members who are caring for their older loved ones who are ill or who have disabilities.

### **Title IV: Aging Research and Training**

Provides funding for innovation, research and training. This title has had its funding slashed in recent years; this dangerous trend must be reversed so that the aging network can find new and innovative practices and policies for delivering cost-effective services that provide high-quality outcomes, as well as improve the skills of those who provide services.

### **Title V: Senior Community Service Employment Program (Department of Labor)**

Provides a network of respected state and local job training and community service programs to support low-income older workers on the path to economic self-sufficiency.

### **Title VI: Native American and Native Alaskan/Hawaiian aging programs**

Provides primary authority for funding nutrition and family caregiver support services to Native American (Indian, Alaskan and Hawaiian) elders, who are among the most economically disadvantaged elderly minority in the nation.

### **Title VII: Long-Term Care Ombudsman/Elder Abuse**

Advocates for residents of long-term care facilities in order to resolve quality of life and care problems, protect residents' rights, and improve the long-term supports and services system. Requires states to raise public awareness and coordinate agency activities to identify and prevent elder abuse, neglect and exploitation

## **Title II: Administration, Choices for Independence, Eldercare Locator, Pension Counseling, Etc.**

Provides funding for several long-running programs like the Eldercare Locator as well as proven successful demonstrations that need to be expanded nationally (e.g., nursing home diversion, evidence-based health promotion and disease prevention and others).

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

The Social Services Block Grant (SSBG) funds life saving services and supports home and community-based care to prevent inappropriate institutionalization. SSBG services that enable older Americans to live independent, healthy lives include adult protective services, transportation, congregate and home-delivered meals, in-home care, adult foster care and adult day services. The current economic situation calls for an investment in these flexible block grants to states. LCAO supports restoring appropriations for SSBG to \$2.8 billion.

### **Senior Volunteer Programs (CNS)**

The Foster Grandparent Program provides volunteer opportunities for people aged 60 and older from all economic, educational, and social backgrounds to serve children and teenagers who have special needs. More than 30,000 Foster Grandparent volunteers contribute 28 million hours of service through 10,200 local agencies. The value of this service is \$503 million, and represents more than a four-fold return on the federal dollars invested in FGP. LCAO supports an FY 2010 funding level of at least \$116 million.

The Retired and Senior Volunteers Program (RSVP) connects volunteers 55 and older with service opportunities that impact positive change, improve quality of life and meet critical needs in their communities. RSVP volunteers help build capacity and improve sustainability in agencies and organizations where they serve. RSVP engages seniors in a wide array of community services including health, nutrition, human services, education, community and economic development, and public safety to nonprofit and community based organizations. In 2007, 428,500 RSVP volunteers contributed 79 million hours of service through 741 projects nationwide and worked with more than 65,000 community organizations. RSVP offers flexible volunteer opportunities with commitments from a few hours a week to 40 hours a week. Volunteers do not receive monetary incentives or stipends. The funding request for FY 2010 is 69,197,032.

The Senior Companion Program provides assistance and friendship to frail individuals who are homebound and, generally, living alone. By taking care of simple chores, providing transportation to medical appointments, and offering contact with the outside world, Senior Companions often provide the essential services that enable frail citizens to remain in their homes. The program meets the growing need for cost-effective, long-term care for the aging by helping with activities of daily living, friendly visits and providing respite for primary caregivers. In 2007, 15,200 Senior Companions provided 12.2 million hours of service and helped over 62,000 frail clients, preventing premature and costly institutionalization at an annual savings of over \$200 million. Senior Companions are 60 years of age and older with limited incomes (125% of poverty) who serve weekly schedules ranging from 15-40 hours. They are provided hourly stipends, mileage and meal reimbursements, so that they may volunteer at little or no personal cost to themselves. The funding request for FY 2010 is \$ 54,449,505.

### **Community Services Block Grant (HHS)**

The Community Services Block Grant (CSBG) funding supports myriad local programs benefiting older adults, including adult protective services, transportation programs, and nutrition. CSBG appropriations leverage over \$11 billion in federal, state, local and private funding to serve 20 percent of Americans in poverty, including more than 1.2 million retired families living on low retirement incomes. In FY 2007, almost 18 percent of program participants, or nearly 1.8 million people, were 54 years or older; almost half of these participants were 70 years or older. CSBG funding helps these older Americans maintain their independence and remain engaged in their communities through initiatives such as home care, adult protective services, congregate and home-delivered meals, volunteer opportunities and transportation services. LCAO supports maintaining at least the FY 2009 level for CSBG in FY 2010.

### **Commodity Supplemental Food Program (Agriculture)**

The Commodity Supplemental Food Program provides monthly nutritious food packages to low-income seniors age 60 and over in 32 states, D.C., and two locations in Indian Country. In 2008, it was estimated that 440,000 older adults nationwide received these food packages in an average month. The previous Administration tried to eliminate the CSFP for three years in a row, which Congress repeatedly refused to do. LCAO supports previous Congressional decisions to continue funding for the Commodity Supplemental Food Program and urges increases in the FY 2010 budget for this important program.

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

The Low-Income Home Energy Assistance Program (LIHEAP) was funded at its authorized level of \$5.1 billion for FY 2009. It is estimated that nearly 8 million households will be served with this historic amount, receiving an average grant of \$543. With home energy prices continuing to rise (50 percent increase over the past 5 years), and more households struggling to pay utility bills in the face of declining incomes or unemployment, high rates of shut-offs continue. Older Americans in particular struggle to pay the rising costs for an array of basic needs while on fixed (or even dwindling) incomes. State energy directors have requested an additional \$2.5 billion to meet the growing need; LCAO supports this recommendation.

### **Senior Housing / Section 202 (HUD)**

Affordable, supportive housing is a key part of the continuum of care and critically necessary for some older adults to prevent premature institutionalization. The Section 202 Supportive Housing for the Elderly program has provided safe, decent, affordable housing and service coordination to very low-income seniors since 1959. Today, there are over 300,000 Section 202 units in over 3,500 developments across the United States. According to AARP, an estimated 10 seniors are waiting for every unit that becomes available. Despite the success of Section 202, the program has been continually under-funded. A HUD Office of Policy Development and Research (PD&R) June 2008 study, *Section 202 Supportive Housing for the Elderly: Program Status and Performance Measurement*, recommended that at least 10,000 units should be built each year over the next 10-15 years to meet the escalating demand.

LCAO believes that \$2.07 billion should be provided in FY 2010 for Section 202 to meet the ever-growing senior demand. This funding level will provide 10,000 new units for very low-income seniors and much-needed service coordination money to assist them in finding necessary

community-based services. Additionally, we urge the President to request full funding for upcoming project-based Section 8 renewals, and to pass Section 202 reform legislation to streamline and facilitate refinancing to preserve those units for very low-income senior households.

#### **Community Development Block Grant (HUD)**

LCAO supports at least level funding for the Community Development Block Grant (CDBG) under the Department of Housing and Urban Development (\$3.6 billion in FY '08), which provides housing and supportive services for low-income older Americans.

#### **Senior Transportation Programs (Transportation)**

LCAO requests that the Administration propose increase funding for senior transportation programs for FY 2010. The Federal Transit Administration's (FTA) Section 5310 formula grant for the elderly and persons with disabilities should receive \$176.8 million. The current level of funding is nowhere near enough to ensure needed transportation for the millions of older adults age 60 and over and the tens of millions of persons with disabilities currently living in the United States, let alone the influx of aging boomers.

LCAO supports \$104 million in funding for the Section 5317 New Freedom Initiative 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. This increased funding is consistent with the yearly increases outlined in SAFETEA-LU. We believe these increases will help non-profit transportation providers meet the estimated \$1 billion a year in unmet senior transportation needs that now exist. The LCAO also supports funding for the National Technical Assistance Center on Senior Transportation at \$5 million for FY 2010 to assist local communities and states in the expansion and provision of transportation services for older adults. Finally, LCAO supports funding the Section 5311 Rural Formula Grant Program at a level consistent with funding growth during the SAFETEA-LU reauthorization period.

#### **Legal Services Corporation (Independent Agency)**

LCAO supports the FY 2010 budget amount of \$495.5 million requested by the LSC. The LSC currently receives the \$350 million funding level appropriated in FY 2008; however, the House and Senate Appropriations Committees have recommended a budget of \$390 million for FY 2009. An increase in funding would enable LSC grantees at the state and local level to continue to work towards closing the shameful justice gap documented in LSC's 2005 report "Documenting the Justice Gap in America," by providing legal assistance to more eligible people. Currently, LSC grantees are only able to offer legal assistance to 50 percent of the eligible individuals who request help. LSC assistance is crucial for older people in that it works to safeguard poor consumers and assists individuals who qualify for government benefits. Increased resources will also allow the LSC to provide legal services to a growing population

#### **Falls Prevention (HHS)**

The Safety of Seniors Act (PL 110-202), enacted in 2008, authorizes increased research and education for adult falls prevention. CDC reports that each year, one in three older Americans (65 and older) falls, and 30 percent of falls cause injuries requiring medical treatment. Despite being largely preventable, falls are the leading cause of both fatal and nonfatal injuries for those 65 and over. CDC confirms that \$19.2 billion annually is spent on treating the elderly for the

adverse effects of falls. It is projected that the direct treatment costs of older adult falls will reach \$43.8 billion annually in 2020, at which time the cost to Medicare would be \$32.4 billion. LCAO supports an increase of at least \$20.7 million in FY 2010 for older adults falls prevention.

### **Lifespan Respite Care (HHS)**

The Lifespan Respite Care Act amended the Public Health Service Act to establish a program to assist family caregivers in accessing affordable and high-quality respite care, and for other purposes. Although signed into law over two years ago, it has yet to see any funding. The Lifespan Respite Care Act authorizes competitive grants to Aging and Disability Resource Centers (ADRCs), in collaboration with a public or private non-profit state respite coalition or organization, to make quality respite available and accessible to family caregivers regardless of age or disability. LCAO encourages the President to include the authorized amount of \$71.1 million for Lifespan Respite.

### **Money Follows the Person (HHS)**

LCAO supports funding of at least \$348 million or level funding for the Money Follows the Person (MFP) demonstration grants, which are designed to help states shift Medicaid's institutional bias to a system offering greater choices for individuals and a full range of home and community-based services.

### **Real Choice Systems Change Grants (HHS)**

Funding for the Real Choice Systems Change Grants should be increased to \$40 million. These funds 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.

## **HEALTH CARE**

### ***Medicare***

#### **Eliminate means-testing in Medicare**

Currently, Medicare beneficiaries with incomes above certain levels are paying higher Part B premiums due to passage of the Medicare Modernization Act of 2003 (MMA). Prior to 2007, all Medicare beneficiaries paid premiums equal to about 25 percent of the Part B program's average cost per beneficiary. Today, higher-income seniors are paying premiums double or triple the standard premium amount.

LCAO supports the complete elimination of Part B means-testing, and opposes past efforts to raise revenues from an increasing pool of middle-income seniors by eliminating the annual inflation adjustment of the income thresholds for higher premium payments. In addition, LCAO opposes proposals that would apply means-testing to Part D prescription drug premiums.

Means-testing undermines the social insurance nature of the Medicare program and could lead to increased costs for middle- and lower-income seniors if higher-income seniors, who are often younger and healthier, are driven away by increased cost-sharing. It also raises premiums for those who have paid the most into the program through Medicare payroll taxes, harms seniors and their families regardless of their financial obligations, and puts the burden on seniors to demonstrate that their premiums should not be increased if their income is reduced. Given



Medicare's current unresolved problems with premium processing, indexing premiums is extremely difficult to implement.

### **Repeal the 45 percent rule on general revenue financing of Medicare**

The Medicare Modernization Act imposed an arbitrary cap of 45 percent on general revenue financing of the Medicare program. When the Medicare Trustees determine for two consecutive years that general revenues will exceed 45 percent of Medicare funding within the next seven years, the President is required to present a plan to Congress to reduce general revenue funding. This cap approach inhibits consideration of other potential solutions to the program's long-term shortfall. Further, it ignores Medicare's financing structure, which is designed to include substantial contributions from general revenues to fund Medicare Parts B and D, as well as the need to address Medicare's future in the context of U. S. health policy as a whole. LCAO supports the House of Representatives' decision to ignore the 45 percent rule in the 111<sup>th</sup> Congress and urges permanent repeal of the 45 percent rule.

### **Support adequate payments to providers to maintain beneficiary access to health care**

The President's budget should address the flawed physician fee schedule. Any adjustment to provider payments should ensure that beneficiaries maintain access to quality health care, including implementing mechanisms to ensure transparency and accountability in Medicare expenditures in skilled nursing facilities, as recommended in 2007 congressional hearings.

It is imperative that Medicare beneficiaries receive high quality post acute care services they need to manage chronic illnesses and prevent unnecessary hospitalizations. Adequate reimbursement under Medicare is critical to ensure that post acute care providers are able to meet the cost of recruiting, training and retaining qualified staff as well as other essential operations that ensure high quality clinical care and quality of life for Medicare beneficiaries. Skilled nursing facilities serve 2 million Medicare beneficiaries each year; home health agencies, 3.1 million; and hospices, 1 million. Medicare reimbursements must be sufficient to ensure that seniors continue to have access to these post-acute care services.

We also urge regulatory reforms to prevent arbitrary cuts in reimbursements that threaten access to post acute care services. Consideration should be given to reinstating the home health rural add-on payment for services provided in rural areas to address the unique problems of access to care in rural areas. The cap on Medicare coverage of medically-necessary therapy must be removed to enable beneficiaries to obtain the therapy services they need to recover from serious illnesses or injuries.

### **Make necessary improvements to the Medicare program**

The President's budget should include key Medicare improvements that have received substantial support from members of Congress and advocates.

### **Improve the Medicare Savings Program (MSP) for Parts A and B and the Low-Income Subsidy (LIS) for Part D**

We believe that the FY 2010 budget should eliminate the asset limits for the MSP and LIS programs to be more reflective of seniors with limited incomes who have managed to save a modest nest egg for retirement. We support "cross-deeming" for the MSP and LIS programs; people eligible for one program should automatically be enrolled in the other program. We

support the elimination of Part D cost-sharing for full benefit dual eligible beneficiaries receiving care through home- and community-based care waivers. Furthermore, the budget should include provisions to simplify the LIS and MSP application forms and processes so that Medicare beneficiaries in greatest need receive the assistance they deserve, and to provide additional resources for finding and enrolling this difficult-to-reach population.

These programs directly help beneficiaries with limited incomes and assets afford their rising Medicare out-of-pocket costs. Millions of seniors in need are still not receiving this critical assistance.

#### **Make permanent improvements to the Qualified Individual (QI) program**

The Qualified Individual (QI) program, which assists beneficiaries with incomes between 120-135 percent of poverty in paying their Medicare Part B premiums, is set to expire again at the end of calendar year 2010. While we support an extension of the QI program, we believe the program should be made permanent and income eligibility should be aligned with the Part D LIS program at 150 percent of poverty. This program should continue to be fully federally funded, with no cost-sharing passed on to the states. To date, the QI program has been very unstable, with extensions made for short periods at the last minute just as the program was scheduled to expire. Such instability has caused havoc and uncertainty in the lives of those who rely on the benefit and runs counter to Medicare's goal of providing health security to those in greatest need.

#### **Enhance access to preventive care and mental health services**

Preventive care can improve beneficiary health outcomes and lower Medicare spending by preventing the onset of costly diseases. We believe the FY 2010 budget should eliminate out-of-pocket costs for preventive benefits. We also believe the FY 2010 budget should accelerate the phase out of Medicare's 50 percent coinsurance rate for outpatient mental health services, reducing it more quickly to 20 percent, the coinsurance for most outpatient services under Medicare, as initiated by the Medicare Improvements for Patients and Providers Act of 2008 and recommended by the President's New Freedom Commission on Mental Health.

#### **End overpayments to Medicare Advantage (MA) plans**

The President's budget should eliminate overpayments to Medicare Advantage (MA) plans. Private plans were originally allowed to participate in Medicare because they were expected to deliver extra benefits to enrollees at a lower cost than the traditional fee-for-service program. However, due to provisions of the Medicare Modernization Act of 2003 (MMA), private Medicare Advantage plans are now paid an average of 14 percent more than traditional Medicare. Inflated payments to Medicare Advantage plans, which amount to \$15 billion a year, are funded by all taxpayers and all Medicare beneficiaries, not just the 20 percent of Medicare beneficiaries enrolled in private plans. The Congressional Budget Office (CBO) has estimated that equalized Medicare payments would save about \$150 billion over the next nine years. According to the Centers for Medicare and Medicaid Services (CMS), eliminating these inflated payments would reduce Medicare Part B premiums by \$3 a month per beneficiary and would add an additional 18 months of solvency to the Medicare hospital trust fund.

LCAO supports the recommendation of the Medicare Payment Advisory Commission (MedPAC) to bring payments to private Medicare Advantage plans in line with traditional Medicare and level the playing field between traditional Medicare and private plans.

### **Make necessary improvements to Medicare Advantage and Medicare Part D**

The FY 2010 budget should include steps to standardize the benefits offered by Medicare Advantage and Part D plans in an effort to provide stability to the beneficiaries enrolled in these plans. In addition, beneficiaries who choose Medicare Advantage plans should not have higher cost sharing for high-cost and other services and items than those under traditional Medicare. LCAO supports efforts to prevent the fraudulent marketing of Medicare Advantage and Part D plans. The FY 2010 budget should eliminate Part D's "lock-in" provision to ensure that beneficiaries can enroll in a plan that best meets their health needs.

Further, Medicare Part D should be improved by:

- Adding a uniform public, nationally available drug benefit to traditional Medicare;
- Reducing the number of plans;
- Reducing reassignments by changing the way the benchmark premium is calculated;
- Stopping random assignment of individuals who are dually eligible by implementing a system that ensures they are enrolled in plans that cover their medications;
- Simplifying the appeals and coverage determination process to require plans to cover medications unless it is shown they are not medically necessary; and
- Extending CMS contracting authority so that Medicare Part D contracts automatically renew unless discontinued every year for 3 years. The annual rebidding creates instability and places seniors at risk because they either have to change plans every year or pay higher premiums.

### **Eliminate the 2010 Premium Support Demonstration**

The Medicare Modernization Act establishes a demonstration project that would require traditional fee-for-service Medicare to compete, based on cost, with heavily-subsidized private plans in certain areas. This would severely undermine traditional Medicare by leading to dramatically varying Part B premium amounts based on where a senior resides. Seniors would receive the equivalent of a voucher in an amount reflecting an average of the private plan and government costs for their region. If they found a less expensive plan, they could keep a portion of the savings from their voucher-like payment; if their medical needs are higher than what would be supported by the voucher, they would pay out-of-pocket. Since Medicare Advantage plans are overpaid, compared to traditional Medicare, those plans would have an unfair advantage, and it is likely that beneficiaries who reside in the comparative cost adjustment areas would pay more for Part B than would other beneficiaries.

LCAO supports repeal of the 2010 Medicare Comparative Cost Adjustment Demonstration Project, the so-called "premium support demonstration," slated to begin in 2010.

### **Include measures to address health disparities affecting Medicare beneficiaries**

Currently, more than 22 percent of all seniors in Medicare are racial/ethnic minorities; this number is expected to rise to at least 25 percent by 2030. Studies have shown that racial ethnic/minority seniors are more likely to be low income, are unable to equally access certain Medicare services, and are less likely to receive common preventative measures. Requiring the Centers for Medicare and Medicaid Services (CMS) to collect and make available health disparities data, including race, ethnicity and primary language is an extremely important step in identifying and eliminating these disparities. In addition, efforts to improve quality of care or expand access to care should include consideration of and funding for specific efforts aimed at

underserved ethnic and racial minorities. Funds are needed for Medicare language assistance for the more than two million seniors in the United States who are limited English proficient (LEP). Studies have shown that patients 65 years and older who were unable to understand basic medical instructions (including those who are LEP) were much more likely to die within six years than those who grasped the information. The budget should address funding Medicare language services so that the language one speaks does not affect one's health or mortality.

**Provide funding for the Long-Term Care Ombudsman Program to ensure quality for Medicare beneficiaries**

LCAO supports providing FY 2010 funding of \$20 million through the Medicare program to support the work of the Long-Term Care Ombudsman Program. The long-term care ombudsman program acts solely on behalf of long-term care facility residents to monitor quality: identifying and investigating complaints, providing information, monitoring regulations and participating in resident advocacy organizations. Care for Medicare pays for a significant number of nursing home residents.

**Provide adequate funding to State Health Insurance Assistance Programs (SHIPs) and the Aging Services Network for Medicare Part D counseling and assistance**

We support adequate resources for outreach, enrollment assistance, and counseling by providing in FY 2010 funding of \$55 million to State Health Insurance Assistance Programs (SHIPs) and \$10 million to Area Agencies on Aging (AAAs) and Title VI Native Americans aging programs for these efforts.

The need to provide Medicare beneficiaries with assistance and one-on-one counseling on Medicare Part D plans, the Low-Income Subsidy (LIS) benefit, and Medicare Advantage plans is significant. With nationwide coverage, AAAs, Title VI Native American aging programs, and SHIPs have proven that they are a trusted source of assistance and counseling for millions of beneficiaries at the state and community levels. Community outreach and counseling efforts by these agencies have proven to be essential as thousands of seniors become newly eligible for Medicare each year and millions of existing beneficiaries reevaluate their drug plan and health insurance options as coverage and benefits change. These agencies also play a key role in working year-round with beneficiaries who need help dealing with their health care insurance and prescription drug plans to address problems, appeals and coverage.

In recognition of their extensive work in support of beneficiaries on the Part D program, AAAs, Title VI Native American programs, and SHIPs received dedicated funding for outreach and enrollment assistance efforts in the Medicare Improvements for Patients and Providers Act of 2008 (P.L. No: 110-275). This legislation included \$7.5 million to AAAs and Title VI Native American aging programs and \$5 million to Aging & Disability Resource Centers (ADRCs) through the U.S. Administration on Aging, and \$7.5 million to the SHIPs through the Centers for Medicare and Medicaid Services, for outreach, counseling and assistance.

We recommend continuing mandatory funding for SHIPs, AAAs and Title VI Native American programs, and ADRCs by providing resources through Medicare legislation in 2009 for Medicare Part D enrollment assistance and counseling activities by allocating at least \$10 million to AAAs and Title VI Native Americans aging programs, \$7.5 million to ADRCs, and \$10 million to SHIPs. These funds would be in addition to annual FY 2010 appropriations.

## *Medicaid*

### **Increase the Federal Medical Assistance Percentage (FMAP)**

The Medicaid program is a critical source of health insurance for seniors and persons with disabilities. In addition to being the single largest purchaser of long-term care services in the nation, Medicaid also helps millions of low-income Medicare beneficiaries with their premiums and provides coverage for services not covered by Medicare. Medicaid is particularly sensitive to economic downturns. Unfortunately, the downward economic climate increases demand for Medicaid at a time when states see plummeting revenues. The current situation put pressure on states to consider Medicaid cuts. One recent report indicates that almost half of all states have proposed or implemented cuts in Medicaid services for seniors and persons with disabilities. LCAO therefore believes it is essential to increase, at least temporarily, the federal medical assistance percentage (FMAP) to states so that they can maintain current services. Consistent with the President's plan for an economic recovery, an FMAP increase was included in the American Recovery and Reinvestment Act of 2009, which should help reduce the likelihood of cuts in state Medicaid programs. We urge a more permanent strengthening of the Medicaid system through a process that provides appropriate increases in FMAP based on criteria that reflect states' increases in Medicaid enrollment.

### **Provide funding for the Long-Term Care Ombudsman Program to ensure quality for Medicaid beneficiaries**

LCAO supports providing FY 2010 funding of \$20 million through the Medicaid program to support the work of the Long-Term Care Ombudsman Program. The long-term care ombudsman program acts solely on behalf of long-term care facility residents to monitor quality: identifying and investigating complaints, providing information, monitoring regulations and participating in resident advocacy organizations. Medicaid pays for the care for a majority of nursing home residents.

### **Upgrade the Real Choices Systems Change Grants and the Money Follows the Person Program**

LCAO also supports increased funding for Real Choices Systems Change Grants and the Money Follows the Person program. Real Choice Grants are used to enable state 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 remain in their homes and communities, thus providing greater independence and choice. The Money Follows the Person program helps achieve the same goals by assisting Medicaid-enrolled nursing facility residents to return to the community and maintain services. Failure to support the growth of these programs will only increase more costly nursing facility placements and further entrench the institutional bias in the delivery system of long-term care services.

## *Health and Aging Research*

### **Invest in health research conducted by the National Institute on Aging (NIA) at the National Institutes of Health (NIH)**

In view of the terrible toll that Alzheimer's and other chronic diseases take on older Americans and their families, we strongly encourage the President to request full funding for health research conducted by the National Institute on Aging (NIA) at the National Institutes of Health (NIH). 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 more effective treatments and, ultimately, a cure are found, these costs will escalate sharply as the baby boom generation ages.

The progress already made toward finding more effective treatments and potential cures for a host of age-related diseases and conditions such as Alzheimer's and Parkinson's must be supported with substantial funding for this research. In recent years this research has been underfunded. 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. Investment in NIA research represents a common-sense approach to stem the projected staggering cost of caring for the rapidly aging Boomer generation. Funding for NIH research is included in the most current version of the *American Recovery and Reinvestment Act of 2009*, but ongoing, increased funding for this important work is needed in addition to this one-time infusion.

LCAO urges funding the NIA at a level of at least \$1.4 billion in FY 2010.

## *Geriatric Education and Training*

### **Restore and increase funding for geriatric health professions programs**

Geriatric health profession programs are designed to address the severe shortage of adequately trained geriatric health care providers. In 2008, Congress funded geriatric health professions programs of the Health Resources and Services Administration (HRSA) at \$31 million. This funding supported three critical initiatives designed to meet the health care needs of a growing senior population. The Geriatric Academic Career Award (GACA) supports the development of newly trained geriatric physicians into academic medicine; the geriatric faculty fellowships are designed to train physicians, dentists, and behavioral and mental health professionals who teach geriatric medicine, dentistry, and psychiatry; and the Geriatric Education Center (GEC) program provides grants to support collaborative arrangements involving several health professions schools and health care facilities to provide multidisciplinary training in geriatrics. In 2009, the Bush Administration's budget proposal completely eliminated funding for these programs. We strongly urge full funding for these geriatric health professions programs. Further, we urge expansion of education and training opportunities in geriatrics and long-term care for licensed health professionals and direct care workers.

## **INCOME SECURITY**

Previously, many of America's seniors counted upon a combination of Social Security, pensions and savings to get them through their retirement years. Today, barely 15 percent of workers in the private sector are covered by a pension and almost 30 percent of retirees have no retirement savings of any kind. Moreover, in every aspect of income security, women are at a disproportionate disadvantage and thus more likely to live in poverty in old age.

Lack of adequate income is a serious problem now, for today's seniors, but will be even worse in the future, when current workers retire. The nation needs to take action now to ensure meaningful retirement security for all. With this in mind, LCAO recommends the following items be considered for the FY10 budget with critical actions in the defined areas:

### **Social Security**

LCAO strongly believes in the Social Security system as the source of basic retirement income for almost every American and the best poverty fighter the nation has ever enacted. We oppose 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.

We recognize, however, that Social Security continues to evolve and has the flexibility to change over time. In the FY2010 budget, LCAO recommends that the President take into consideration the racial and gender disparities that still exist in Social Security, and enact solutions that help this successful social insurance program do an even better job of fulfilling its vital mission.

### **Social Security Administrative Budget**

The Social Security Administration provides essential services for all Americans. It maintains a record of every worker's earnings, which is 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.

LCAO supports administrative funding for SSA at least at the level requested by the SSA Commissioner.

### **Pensions**

LCAO supports efforts to extend pension coverage and workplace retirement savings opportunities to the millions of Americans currently without them, most notably lower-paid and part time workers. Additionally, we recommend that the budget include funding to deter companies from abusing bankruptcy laws to escape their pension obligations. Furthermore, employers should not be able to use the current financial crisis as a pretext for freezing or terminating their defined benefit plans. That is why we urge your support for amendments to the Pension Protection Act of 2006 that require employers who freeze their defined benefit plans to also freeze all non-qualified deferred compensation arrangements for their management and

other highly-paid employees. LCAO also urges your support for legislation that requires giant mutual-fund companies and other 401(k) providers to more clearly disclose the fees shareholders are paying each year and also supports efforts that end the unfair tax penalty for seniors who do not take a minimum withdrawal from their depleted retirement accounts.

### **Supplemental Security Income**

The Supplemental Security Income (SSI) program provides a basic safety net for millions of low-income elderly, blind and disabled individuals. Under SSI, enrollees who demonstrate severe economic need are eligible for financial assistance to help them meet the basic cost of food and shelter. The general and earned income exclusions in the SSI program and the \$2000 resource limit have not changed in decades and should be increased, as should the asset/resources limits. An effective outreach program must be developed and funded.

In addition, the application and appeals process for SSI should be simplified to be more appropriate for the population SSI serves. Many SSI recipients do not speak English, and large numbers have low literacy rates or limited cognitive abilities or emotional disabilities. A complicated applications process can serve as a barrier for those who most need this assistance. Further complicating the process is the current processing time. After a person files an SSI application, the average amount of time to get a decision is three months. While waiting for the decision, an SSI applicant is often times forced to decide between paying for food and paying for other necessities.

To help expedite the application process, LCAO recommends an increase in SSI's allocation for administrative expenses, which should be used to support an overworked and under trained staff.

### **Women**

Because of the vulnerability of older women's incomes, LCAO believes we need to highlight issues affecting their retirement security. Women still earn only \$0.77 compared to every dollar earned by men. Women represent 58 percent of all Social Security recipients at age 65, and by age 85 comprise 71 percent. In 2005, only 28.5 percent of all women aged 65 and older received a pension. Sixty-one percent of working women today do not have pension plans, while seventy-six percent of women who are now retired receive no pension benefits.

With this in mind, the LCAO recommends strong support for improvements to the programs that help women achieve economic security in old age. This includes, supporting improvements to Social Security that take into consideration the time women spend out of the workforce, or in lower paid or part-time jobs, while caring for children and older family members; supporting the expansion of such programs as the AoA-funded National Resource Center for Women and Retirement, which help low-income boomer and older women plan for retirement and protect their limited resources; and supporting pay equity in the workplace.



## **LONG-TERM SERVICES AND SUPPORTS**

Notwithstanding the unprecedented state fiscal relief included in the administration's proposal for a second economic stimulus bill, our nation must still handle the growing demand from older adults, baby boomers, and younger persons with disabilities for long-term services and supports care. Our current system often forces people into institutions inappropriately requires many to spend-down into poverty before receiving the help they need, and fails to provide realistic opportunities for personal planning. Executive branch leadership is critical to implementing successful short- and long-range responses to this crisis. Following are LCAO's recommendations for FY2010 budgetary action.

### **Financing Long-Term Services and Supports**

We must recognize that although states, communities, families, and individuals have important roles to play, financing for long-term services and supports is a national problem that requires a national solution. An essential element of health care reform is ensuring that vulnerable populations have access to coverage that meets their care needs. For frail seniors – one of the most vulnerable populations in the nation – long-term services and supports are their primary unmet care need. Another essential element of health care reform is ensuring real health security, so that individuals and families do not go bankrupt paying for needed care. Health care reform should focus on areas in which Americans are now forced to pay the highest, catastrophic out-of-pocket costs. Under our current system of long-term services and supports, families must impoverish themselves by spending down their hard-earned life savings before receiving the care they need. A third essential element of health care reform is strengthening and sustaining the Medicaid safety net for Americans with limited means. Medicaid is the primary payer for long-term services and supports, but states are having an increasingly difficult time affording it. Improvements to long-term services and supports financing can achieve significant Medicaid savings. Finally, health care reform should promote economic growth and productivity. Improving access to home and community services will enable many people with disabilities to continue to work, and support for family caregivers will reduce absenteeism and improve business productivity.

LCAO supports the creation of a new public program that allows all people the opportunity to contribute to and prepare for the potential costs of long-term services and supports. Funding should be actuarially sound - based on voluntary premiums for example - allowing the program to build reserves over time. Participation should be automatic for everyone, with a limited ability to opt out.

Such a program would take pressure off future Medicaid expenditures while creating a strong foundation of protection for Americans of all ages. Broad pooling of risk and appropriate low-income subsidies should make premiums affordable and not force people to impoverish themselves to qualify for benefits. Beneficiaries should have control over what services they receive in a system that emphasizes choice as much as possible. Such a program will promote independence and dignity and help all participants plan for the future.

There is broad consensus among advocates representing older Americans and persons with disabilities about how to reform our long-term services and supports financing system. We urge that the President's budget set aside funding sufficient to implement a program modeled after

legislation introduced in the 110<sup>th</sup> Congress, the Community Living Assistance Services and Supports (CLASS) Act, which Senator Obama cosponsored last year.

### **Improving Access to Medicaid Home and Community Services**

Approximately 75 percent of annual Medicaid spending goes to pay for institutional care for older adults and others with physical disabilities. Meanwhile, home and community-based services (HCBS) are less expensive per person and can serve a larger number of people in need of care. These HCBS services, however, are often in short supply, with significant waiting lists and too often are the first services that states eliminate in an economic downturn. To improve access to Medicaid HCBS services, LCAO recommends strengthening the HCBS State Plan Amendment Option that is included under the Deficit Reduction Act of 2005. Improvements should be adopted that allow sufficient flexibility and innovation that states will be attracted to participate, should include protections against impoverishment for spouses of Medicaid HCBS participants, protect beneficiaries of such programs from being discharged if the provider withdraws from the program, and provide sufficient additional federal funding so that states would be in a financial position to consider allowing those in need of HCBS to retain more of their assets and still be eligible under Medicaid. We urge Congress to set aside sufficient funds in FY10 and over the next 5 years to implement such changes.

### **Supporting Family Caregivers**

Family caregivers are the backbone of the long-term services and supports system but little has been done to support them. The nation's estimated 44.4 million family members and friends provide 80 percent of the long-term care in this country; the cost of that uncompensated care is \$375 billion annually. Aging caregivers, however, are increasingly vulnerable to disability and disease resulting from the physical and emotional burdens of care giving. Lack of organized support for these family caregivers can lead to a breakdown in the system, causing premature institutionalization for the care recipient, reduced wages and other job-related problems for the caregiver, and a loss of productivity for employers due to caregivers' absenteeism. Caregiving costs American employers between \$17.1 billion and \$33.6 billion in lost productivity annually. To reduce this drain on the economy and assist family caregivers as much as possible, LCAO supports full funding for Lifespan Respite Care, increased funding for the National Family Caregiver Support Program, caregiver assessments under Medicare and Medicaid, and tax credits for family caregivers.

### **Strengthening the Long-Term Services and Supports Workforce**

A quality long-term services and supports system requires a well-trained, respected, and adequately compensated direct care workforce. But quality care is threatened by high turnover and vacancy rates, resulting in a chronic shortage of qualified LTSS direct care workers. The situation is dire now, and will only get worse as the population ages. A recent report estimates that between 2000 and 2040, the number of older people needing home care will increase from 2.2 million to 5.3 million and the number residing in nursing homes will increase from 1.2 million to between 2.0 and 3.1 million people in 2040.<sup>1</sup>

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<sup>1</sup> Johnson RW, Toomey D, Wiener JM. (2007). "Meeting the long-term care needs of the baby boomers: How changing families will affect paid helpers and institutions." The Urban Institute.

To begin to reverse current shortages and head off future disaster, LCAO recommends improvements in federal payment systems for LTSS workers. These should include wage pass-throughs for providers to attain and maintain staff at appropriate levels as well as increase wages, improve benefits and establish consistent assignments. We would also urge stronger initial training standards, including care standards for special needs clients such as those with developmental disabilities, behavioral health conditions and dementia.

One area of concern, for reasons of public health as well as social justice, is that the vast majority of these workers either cannot afford or are not offered employee sponsored health insurance and have no coverage. Health care reform initiatives should take into account the needs of low-income workers like direct care workers and make sure they can obtain affordable coverage.

Other health care providers such as social workers, pharmacists, and nurses are also essential to a quality long-term services and supports system. As the 2008 Institute of Medicine (IOM) report, *Retooling for an Aging America: Building the Health Care Workforce*<sup>2</sup>, documented, relatively few professionals specialize in caring for older adults, who constitute 60 percent of long-term services and supports users.<sup>3</sup> For example, a 2004 study by the National Association of Social Workers (NASW)<sup>4</sup> found that only 9 percent of licensed social workers specialize in aging. Social workers and other professionals who do specialize in aging encounter high training costs and low salaries as compared with their colleagues in other specialty practice areas. A lack of education and training in aging—due, in part, to faculty shortages in this area—also contributes to difficulties recruiting and retaining geriatric and gerontological specialists, as does the aging of the workforce itself. LCAO recommends strengthening the professional long-term services and supports workforce through advanced training programs and loan forgiveness.

### **Improving Nursing Home Quality**

A strong federal and state survey and certification process is necessary to ensure the quality of care, quality of life, and rights of the elderly and persons with disabilities who live in nursing homes. However, GAO and OIG studies show that additional federal resources are needed to enable state survey agencies to maintain well-trained interdisciplinary survey teams required by the Nursing Home Reform Law. At the federal regulatory level, CMS has been constrained by budget limitations in its ability to carry out all of its enforcement functions and to institute needed improvements—including effective action to deal systematically with chronically bad providers whose residents suffer serious harm.

CMS's data collection and public reporting function is also critical to improving care. In December, CMS launched a Five-Star Rating System to guide families in selecting the best nursing home care for loved ones. To achieve the top rating, nursing homes must meet or exceed the nurse staffing benchmark recommended in a 2001 HHS report to Congress—4.08 hours per resident day that includes .55 hours of RN care. The rating system holds promise not only to

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<sup>2</sup> Institute of Medicine (IOM). (2008). *Retooling for an aging America: Building the Health Care Workforce*. Washington, DC: The National Academies Press.

<sup>3</sup> Friedland, R. B. (2007). *Faces of long-term care: A look in the mirror*. Retrieved January 15, 2009, from <http://ltc.georgetown.edu/forum/faces061107.pdf>

<sup>4</sup> Whitaker, T., Weismiller, T., & Clark, E. (2006). *Assuring the sufficiency of a frontline workforce: A national study of licensed social workers*. Executive summary. Washington, DC: National Association of Social Workers.

help consumers compare nursing homes but also to help regulators, policymakers, providers, and advocates address understaffing and the costly problems it causes.

However, more accurate staffing data is needed to fulfill the rating system's goals and to improve care. In addition, technical flaws in the system, which are providing misleading results for some facilities, must be corrected. Funding also is needed to assure that CMS has the capacity to fully implement the Provider Enrollment Chain and Ownership System (PECOS), its system to report ownership data and increase transparency in delivery of care.

LCAO therefore recommends that the Administration ask for full funding at the amount identified by CMS.

### **Addressing the Needs of Chronically Ill Older Americans**

According to the Congressional Budget Office, approximately 75 percent of Medicare beneficiaries have one or more chronic conditions, which are expensive to treat. Five percent of Medicare beneficiaries account for 43 percent of total Medicare spending. As care coordination services can reduce costs and improve quality, they should be included in Medicare, Medicaid and other health and long-term services and supports programs serving older adults.

LCAO recommends that the Administration establish care coordination systems that begin with a qualified care manager for every chronic-care beneficiary. The care manager can help navigate medical and social supports, enabling older adults to live in their communities longer and avoid unnecessary hospitalization and institutionalization. The system should also ensure greater access to evidence-based health promotion and disease prevention services, as well as geriatric-specific medication therapy management for high-risk seniors. Care coordination programs, in addition to the medical home demonstration, are needed to ensure that the frailest and most expensive older adults are being served. The President's budget should include funding for care coordination services in the Medicare fee-for-service and Medicaid programs for older adults who have multiple chronic conditions and difficulty self-managing their care.

### **Providing National Leadership to Address Elder Abuse**

The tragedy of elder abuse, neglect, and exploitation within institutions and in the community is an ongoing national disgrace. Frail elders who need LTSS are particularly at risk. LCAO recommends the following measures to help protect this at-risk population: (1) ensure adequately funded and trained state-based ombudsman programs and Adult Protective Services infrastructures; (2) establish an entity to enable coordination of planning among all levels of government; (3) establish programs to address the special needs of older persons who are at-risk for victimization; and (4) provide resources for detecting and investigating cases of elder abuse, and for assisting elder abuse victims.