



# Leadership Council of Aging Organizations

September 28, 2010

President Barack Obama  
The White House  
Washington, D.C. 20500

Dear Mr. President:

On behalf of the members of the Leadership Council of Aging Organizations (LCAO), we are writing to express our hopes and aspirations for funding levels in your fiscal year 2012 Budget for crucial programs that enable mature and older Americans to live independent and dignified lives. In these trying economic times, the needs of our nation's seniors, who are a valuable resource, have never been more profound.

Views reflected in the attached document should not be considered exhaustive of the interests of LCAO members, collectively or individually. Rather, while the individual interests of LCAO members go well beyond those set forth in these pages, the effort herein represents the common ground among 64 member national organizations concerned with the well-being of 87 million people over age 50.

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. The President's FY 2012 Budget can set the benchmark to meet these objectives.

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

With a growing senior population, we offer these suggestions which will answer the human needs of our population and tap the talents of our senior population as a resource for the nation. We count among our membership organizations 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,

Barbara Kennelly  
Chair, Leadership Council of Aging Organizations

# **LEADERSHIP COUNCIL OF AGING ORGANIZATIONS (LCAO) FY 2012 BUDGET PRIORITIES**

## **COMMUNITY SERVICES**

### **Older Americans Act (Health and Human Services/Administration on Aging)**

The Leadership Council of Aging Organizations (LCAO) thanks the Administration for the \$108.4 million in increases to Older Americans Act programs proposed in the President's Fiscal Year 2011 budget. This included the President's \$102.5 million Caregiver Initiative announced by the White House Task Force on Middle Class Families, and amounted to significant increases of \$48 million in additional funding for Older Americans Act Title IIIB supportive services; \$48 million for the National Family Caregiver Support Program; \$4 million for Title VI Tribal caregiver and supportive services and \$2.5 million for the Administration on Aging (AoA)-administered Lifespan Respite program. While it appears that Congress intends on following the President's lead on the Caregiver Initiative in FY 2011, it is unlikely that those appropriations will be finalized before the start of the fiscal year, and possibly not before the end of this year. Therefore, LCAO believes it is important that the Administration continue its targeted investment in these vital programs in FY 2012.

All of the OAA programs and services, however, are of great importance and need continued investment in order to meet ever-escalating need. LCAO supports an increase of at least 12 percent in FY 2012 for all Older Americans Act (OAA) programs to account for years of stagnant funding and the economic crisis and to address the growing senior population and demand for services. The OAA funds critical programs and services to protect and keep older adults independent, including Meals on Wheels and congregate meals, senior centers, home and community-based care, family caregiver support, prevention of elder abuse, older worker training and employment, transportation, the State Long-Term Care Ombudsman Program, legal services, services for Native Americans and Native Hawaiians, and research and training.

The economic downturn has impacted the ability of states to provide many of these services, with nearly 30 percent of states cutting OAA programs in response to decreased funding according to a National Association of States United for Aging and Disabilities (NASUAD) economic survey. These program specific cuts, along with other, often cumulative, funding reductions, leaves consumers underserved. States are seeing a steady increase in service requests for OAA programs: nearly 80 percent of states are seeing increased requests for home-delivered meals, and 50 percent report an uptick in congregate meal requests; over 70 percent of states are experiencing increased demand for transportation and personal care services. Yet, where demand is high, supply is low; nearly 75 percent of states report state unit budget reductions in both FY 2010 and FY 2011, and 61 percent plan to reduce funding for direct services to mitigate these budget cuts.

Finally, in light of the 2011 reauthorization of the Older Americans Act, LCAO requests that the Administration consider how the role of authorization levels in the Act affects the ability to fully fund the programs. LCAO's more detailed reauthorization

recommendations will be forthcoming, but we feel that increasing the Act's capacity is of utmost importance and critical for Administration consideration in its FY 2012 request.

### **Older Americans Act (Department of Labor)**

As with the OAA titles administered by HHS, LCAO supports at least a 12 percent increase in Title V, the Senior Community Service Employment Program (SCSEP), which is run by the Department of Labor. SCSEP invests in a network of respected national, state and local job training and community service employment programs to support low-income older workers on the path to economic self-sufficiency.

Recent investments in SCSEP should continue, and LCAO supports a 12 percent increase over the final FY 2010 level of \$825.4 million. We do not believe Congress intended the 2010 boost to be simply a one-time response to the economic climate, but rather a strategic increase to a worthy and much-needed human *and* economic investment program that serves the most vulnerable. We request the Administration's support for this request in FY 2012.

### **Elder Justice Act (Health and Human Services)**

LCAO is a strong supporter of the Elder Justice Act (EJA), which was included in the final health care reform bill signed by President Obama. The Elder Justice Act has authorized funding of approximately \$777 million over four years, and we strongly recommend first time funding of \$195 million in FY 2012. By appropriating these funds, Congress will have substantially improved the nation's ability to combat elder abuse, neglect and exploitation as well as to protect the health of older adults. Elder abuse is a very serious health issue. According to research funded by the National Institute of Justice, almost 11 percent of people age 60 and older, or 5.7 million individuals, suffered from some form of abuse in 2009 alone. Other studies have shown that elder victims of abuse, neglect and exploitation have three times the risk of dying prematurely.

The funding would have a direct and immediate impact by providing urgently needed support for state and local governments for adult protective services (APS), the front line of fighting elder abuse. The EJA would also provide much needed funding under the Department of Health and Human Services for long-term care ombudsman services and training at the state and local levels for those who respond to complaints of abuse and neglect in the nation's long-term care facilities. The number of very complex cases being referred to long-term care ombudsmen has been steadily increasing, and there continues to be a very disturbing increase in the frequency and severity of regulatory agency citations for egregious violations by long-term care providers. Ombudsmen are needed now more than ever in nursing homes, board and care facilities, and in assisted living communities.

### **Falls Prevention (Health and Human Services/Centers for Disease Control and Prevention)**

The Safety of Seniors Act (PL 110-202), enacted in 2008, authorizes the Centers for Disease Control and Prevention (CDC) to conduct increased research, education, and local demonstration projects for adult falls prevention. Despite being largely preventable, falls are the leading cause of both fatal and nonfatal injuries for these older adults. CDC reports

that each year, one in three older Americans 65 and older falls, resulting in more than 1.8 million older adults being treated in emergency departments for nonfatal injuries, including over 480,000 who were ultimately hospitalized. The mortality rate from falls among older adults increased 42 percent from 2000 to 2006, when deaths reached 16,700. CDC confirms that \$19 billion annually is spent on treating the elderly for the adverse effects of falls, and it is projected that the direct treatment costs will reach \$54.9 billion annually in 2020, of which \$32.4 billion will be a direct cost to Medicare.

Currently, \$2 million is appropriated to address this preventable problem. LCAO supports a funding level of \$20.7 million for “Elderly Falls” within the CDC’s Unintentional Injury account to allow the National Center for Injury Prevention and Control (NCIPC) to comprehensively address the large-scale growth of older adult falls.

### **Senior Volunteer Programs (Corporation for National Service)**

#### **National Senior Corps**

LCAO supports increases of the Senior Corps programs consistent with need and the recent enactment of the Edward M. Kennedy Serve America Act. For the Retired Senior Volunteer Program (RSVP), we request an increase of 18 percent above the final appropriated FY 2011 level, with two-thirds of increased funding to go to existing programs for expansion and support, and one-third to new programs.

For the Senior Companion Program (SCP) and the Foster Grandparent Program (FGP), we request an increase of 18 percent above the final appropriated FY 2011 level to provide for a stipend increase to \$3.00 and allow for administrative and program expansion, consistent with the Administration’s historic and proposed support for service expansion for people of all ages.

#### **Silver Scholarships and Encore Fellowships**

New initiatives authorized by the Serve America Act of particular importance to the aging network include **Silver Scholarships** and **Encore Fellowships**. LCAO urges an initial investment of \$3 million and \$5 million, respectively.

### **Social Services Block Grant (Health and Human Services)**

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 and level funding of \$1.7 million is insufficient. Even with efficient utilization of SSBG funds, communities still have older adults on waiting lists for many essential supportive services. LCAO supports restoring appropriations for SSBG to the \$2.38 billion authorization level and fully funding SSBG.

### **Community Services Block Grant (Health and Human Services)**

The Community Services Block Grant (CSBG) funding supports myriad local programs benefiting older adults, including adult protective services, transportation, nutrition, home care, volunteer opportunities, and accessible housing. 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 incomes. In FY 2008, almost 18 percent of program participants, or more than 1.9 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, finances partnerships and innovative combinations of services that keep older citizens engaged in their communities, and serves as the development capital for housing and community facilities. LCAO supports funding CSBG at the President's FY 2011 recommendation of \$700 million, but would welcome increases beyond this level to meet the continued high demand for assistance from low-income older adults and individuals with disabilities.

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

Residential heating expenditures remain at high levels, and the years of consistently expensive energy bills are particularly affecting low-income households struggling in this recession. Low-income seniors are cutting back on energy usage because it is not affordable. Although elderly households use less total household energy than younger households because they tend to have smaller dwelling units, low-income elderly households on average consume 12 percent more energy per square foot of living space than more affluent elderly households due to poorly weatherized living spaces and the use of old, inefficient heating equipment and appliances. LIHEAP is critical for helping low-income seniors remain in their own homes, with safe, healthy temperatures and access to reliable home energy.

The President's FY 2011 budget proposed a baseline funding amount for LIHEAP of \$3.3 billion, as well as a new trigger, which would limit releases of additional funding of up to \$2 billion to respond to energy price spikes and changes in the number of households in poverty. Given the ongoing demand for energy assistance among older adults and the disabled, LCAO continues to support full funding of LIHEAP at the authorized amount of \$5.1 billion. In addition, we urge that funding be made available to states no later than by the beginning of each heating season in order for there to be well-planned Administration and early definition of the eligibility requirements that allows for effective outreach to the older and disabled householders who have priority consideration in the LIHEAP program.

### **Section 202 Supportive Housing for the Elderly Program, Service Coordinator Program (Housing and Urban Development)**

Seniors rely disproportionately on federally subsidized housing programs. The Administration should continue fostering collaboration between HUD, HHS and other federal agencies to increase successful program linkages for seniors to help them successfully age in place. LCAO supports full funding of the Section 202 program. As need grows and resources shrink, non-profit developers are forced to rely on multiple funding sources, in addition to Section 202, to meet development costs. LCAO urges HUD

to make timely and reasonable changes to the program to streamline processing and reduce delays for new projects.

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

LCAO applauds the proposal in the FY 2011 budget request to eliminate two restrictions that currently attach to recipients of LSC funding, as they interfere with the effective and efficient delivery of legal assistance to vulnerable populations, including low-income seniors. Specifically, you proposed to allow LSC-funded programs to engage in class action litigation and be freed from having other federal LSC restrictions imposed against all of the programs' activities, even those activities funded by other sources.

However, LCAO is concerned about the sufficiency of the proposed level of funding by the Administration and Congress. The ongoing economic downturn and resulting rise in unemployment continue to keep the demand for services from LSC programs at very high levels, a demand these programs are struggling to meet. Last year, LSC programs served only half of those seeking legal assistance and in many cases were not able to provide full representation to those who did receive services. Indeed, for individuals seeking legal assistance relating to foreclosures, LSC's 2009 Justice Gap Report noted that LSC programs are turning away two people for every client served. LCAO therefore urges that the LSC be funded in FY 2012, at a minimum, at the level of \$516.5 million recommended by the LSC Board of Directors for FY 2011.

### **Senior Transportation Programs**

LCAO requests that the Administration propose increased funding for senior transportation programs for FY 2012. 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 Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (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. LCAO also supports funding for the National Technical Assistance Center on Senior Transportation at \$5 million for FY 2012 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.

## **Real Choice Systems Change Grants**

LCAO supports funding of \$47.2 million for Real Choice System Change Grants, an increase of \$11.6 million over the FY 2010 appropriation. The additional funds will support demonstration and research activities identified by the Centers for Medicare and Medicaid Services (CMS) leadership that will provide innovative solutions to transform and modernize the American health care system and which are used to enable seniors and persons with disabilities to remain in their homes and communities, thus providing greater independence and choice.

## **Prevention and Public Health Fund**

LCAO applauds the creation of the Prevention and Public Health Fund by the Affordable Care Act, which will make important investments in evidence-based community health promotion and prevention activities to address chronic disease rates that will measurably improve the health of the nation and control costs. It also will strengthen state and local public health infrastructure, support data collection and analysis for community-based and clinical-based prevention activities and to expand and improve training for the public health workforce.

The Aging Services Network, with modest investments from the discretionary Health and Long-Term Care initiative administered by AoA, has been providing community-based evidence-based health promotion and disease prevention programs to help older adults remain healthy and independent as well as manage multiple chronic conditions. These interventions have been shown to reduce overall health care costs, particularly with respect to Medicare and Medicaid. Therefore, LCAO requests that a portion of the \$1 billion in mandatory funding slated for the Fund in FY 2012 be specifically dedicated to prevention initiatives targeting older Americans and implemented through the Aging Network.

## **INCOME SECURITY**

In the past, many Americans counted on 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 traditional workplace pension plan and half have no retirement savings plan of any kind. Moreover, when it comes to saving for retirement and having adequate income to last through old age, women are at a distinct disadvantage and are far more likely than men to spend the end of their lives in poverty.

Lack of adequate income is a serious problem for today's seniors, but will be even worse in the future, when current workers retire. Key reasons include the decline in pension protection, an erratic stock market that has gutted retirement savings, and the collapse of housing values – the major asset for most older households. To avert disaster down the road, our nation must act soon to make sure future retirees have secure incomes. With this in mind, and in order to protect the income security of current seniors, LCAO recommends that the following be taken into consideration as the Administration prepares its FY 2012 Budget.

## **Social Security**

Social Security is the bedrock of retirement security and a lifeline for over 40 million older Americans. On average, households with members age 65 and older receive about 64 percent of their income from Social Security (Social Security Administration 2009b: Table 9.A1). Of course, Social Security also provides basic income to 4.2 million children, 7.8 million disabled workers, 2.4 million spouses or divorced spouses of retired workers and 4.5 million surviving spouses, making it the nation's most effective poverty fighter. Social Security's dependable monthly checks not only keep millions of retirees and families afloat, but also make a major contribution to the economic health of our local communities. This is especially true in times of recession and high unemployment, as is the case today.

LCAO applauds the description of Social Security in the Administration's Fiscal Year 2011 Budget as "the most important and most successful program that our country has ever established." We also appreciate the expressed commitment to ensuring Social Security is solvent and viable for the American people, now and in the future. We are concerned; however, that Social Security is increasingly cited by policy makers and the media as a cause of our economic troubles and, therefore, fair game in discussions on how to reduce the nation's budget deficits.

That Social Security has become a key target for the National Commission on Fiscal Responsibility and Reform is particularly disturbing. Social Security does not contribute a penny to the deficit or long-term debt and is not part of an "entitlements crisis." Its cost is projected to rise from 4.8 percent of Gross Domestic Product (GDP) to just 6.2 percent by 2030, and to remain slightly below that level for another 50 years.

In fact, the 2010 Annual Report of the Trustees pointed out that Social Security ran a surplus of \$180 billion last year and has accumulated a reserve of over \$2.5 trillion. The Trustees concluded that Social Security would be able to pay all scheduled benefits until 2037 and 78 percent thereafter. That leaves the system with a manageable long-range shortfall equal to a little over 1.8 percent of taxable payroll. This is actually a far rosier picture than the Trustees were predicting in the late 1990s.

LCAO hopes that the Administration's FY 2012 Budget continues to reflect strong support for Social Security. Recent polls show that Social Security remains extremely popular with the vast majority of Americans – young and old, regardless of political party or ideology. Most reject privatization of the system and say they do not want to see benefits cut or the retirement age raised. Moreover, to sustain the system over the long term, the majority say they would be willing to make higher payroll contributions if necessary.

LCAO believes that Congress should take up the issue of Social Security's long-term solvency using normal procedures and the committees of jurisdiction. As there is absolutely no imminent crisis, Congress has time to deliberate and arrive at the best possible solutions – solutions that will not subject current or future beneficiaries to cuts in their critical benefits and will ensure that those most able to contribute more will be required to do so. Raising the cap on earnings subject to payroll contributions is just one example of the types of revenue-raising solutions that LCAO would recommend.



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

LCAO appreciates the Administration's recognition that retirement insecurity is becoming a national problem. It showed its concern in the FY 2011 Budget, which included a proposal for Automatic IRAs – workplace plans that are designed to enroll millions of private-sector workers who are currently without pensions or employer-sponsored retirement savings vehicles. Employers would be required to withhold a small percentage of an employee's pay, unless the employee opts out of participation. Studies show that this type of automatic enrollment can be very successful in raising participation rates in savings plans.

While Automatic IRAs would make it easier for more people to save in the workplace, all of the risks and responsibilities of retirement saving would still be shouldered by individuals, and there would be no assurance that the amounts accumulated would be either sufficient or safe. One of several concerns is that the high fees charged by financial institutions for setting up and maintaining such investment accounts would effectively reduce a worker's rate of return.

Because of these and other factors, LCAO believes Automatic IRAs could help many people save for retirement but, ultimately, may not be the comprehensive retirement-income solution that American workers need and deserve.

Certainly, legislation to establish Auto IRAs should include safeguards against unintentional harm to lower-income workers and retirees. This is a particular concern with regard to asset limits in means-tested programs such as Supplemental Security Income (SSI) and Medicaid, on which many low-income people depend.

Means-tested programs generally do not consider the value of employer-sponsored defined benefit pension plans when establishing an applicant's assets, but they do count the money held in defined contribution plans [such as 401(k)s and IRAs]. This unequal policy can encourage low-income people to quickly spend their meager savings in order to qualify for the income and health care benefits they desperately need. At least some of the money held in these accounts should be excluded in order to encourage more low-income people to save and to make sure they are not penalized for doing so.

Along with Automatic IRAs, LCAO hopes the Administration will support measures to preserve traditional pension plans, improve consumer protections in 401(k)s and similar retirement savings plans, and promote new approaches that will ensure that current and future workers can retire with adequate income and financial security.

## **\$250 Economic Recovery Payment**

LCAO respectfully requests that the President's FY 2012 Budget include a proposal to provide eligible Social Security, SSI, Veterans Affairs, Railroad Retirement Board, and public service pension beneficiaries with a one-time payment of \$250 in economic recovery in 2011. The one-time \$250 payment, which represents less than two percent of the average annual Social Security benefit, will put money in the pockets of millions of

older Americans trying to make ends meet— money likely to be injected directly into the struggling economy.

As it stands, seniors across the country face the likely possibility that on October 15<sup>th</sup>, the Social Security Administration will announce for the first time ever that there will not be a cost-of-living adjustment (COLA) in Social Security benefits in back-to-back years. Although economy-wide measures of inflation have shown no net increase since the last COLA, out-of-pocket health care costs have continued to rise. This has had a significant impact on seniors, despite the “hold harmless” provision that protects most Social Security beneficiaries against increases in Medicare Part B premiums in years when there is no COLA. Under current law, retired public service employees who are not eligible to receive Social Security are not protected from Part B rate hikes.

At the same time, seniors have been especially hard hit by the 20 to 30 percent decline in the value of employer pensions, IRAs and 401(k)s as well as the steep drop in housing values. Low-income seniors with few additional resources and the oldest seniors with the highest medical expenses are likely to suffer the most from flat or even diminishing income.

LCAO applauds the President’s efforts to provide retirees and other beneficiaries with a \$250 payment, and we request that the Administration again include this proposal in the FY 2012 Budget. This modest payment would greatly assist elderly Americans, many on fixed incomes, who spend a significantly larger share of their income on health costs and are much less likely to recover from their savings losses due to their shorter economic horizon.

### **Social Security Administration 2012 Budget**

For over 70 years, Social Security has guaranteed income for working families should the family wage earner die, retire, or become disabled. Today, these programs provide benefits for more than 50 million Americans. Beneficiaries depend on the Social Security Administration (SSA) and its staff to answer their questions and provide access to the benefits to which they are entitled. It is critically important that SSA be provided with sufficient funding to continue delivering vital services to the retired and disabled. Therefore, LCAO requests that the President include adequate funding for the Social Security Administration in the FY 2012 Budget.

As a result of recent increases in annual appropriations and additional funding provided in the American Recovery and Reinvestment Act (ARRA), SSA has begun to reduce the backlog of disability claims at the hearing level, as well as the average processing time, as a part of its strategic plan to eliminate the backlogs by 2013. The agency still faces significant challenges in the coming years, however, as the current economic downturn has caused new disability claims to skyrocket. The increased number of claims expected in the coming years will also further strain SSA field offices charged with processing the additional claims. Without adequate funding, SSA will be unable to cope with the increase in demand for services and maintain the progress it has already made in providing satisfactory service delivery to senior citizens, people with disabilities and others who rely on Social Security.

Again, LCAO respectfully requests that the President include adequate funding for SSA's administrative expenses in the FY 2012 Budget. This would allow the agency to increase staffing in 2012; improve key service delivery areas, such as processing initial retirement and disability claims and disability appeals; and maintain the essential Social Security services upon which millions of Americans have come to rely.

### **Supplemental Security Income**

The Supplemental Security Income (SSI) program provides a 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 meet the basic costs of food and shelter. The program's general and earned income exclusions and its \$2,000 resource limit have not changed in decades – a serious situation that needs to be addressed. LCAO believes these should be increased to reflect, at a minimum, the rise in the cost of living since they were first enacted. We also believe that the SSI transfer of assets penalty is far harsher than in Medicaid long-term care and serves no purpose. Furthermore, it greatly increases the administrative burden on SSA staff.

In order to ensure that the neediest seniors receive critical SSI benefits, we recommend that an effective outreach program be developed and funded. In addition, the application for SSI should be simplified to be more appropriate for the population SSI serves. Many SSI recipients do not speak English (one-third of applicants over age 65 have limited English proficiency). Large numbers have low literacy rates, limited cognitive abilities or emotional disabilities. A complicated applications process can be a barrier for those who most need SSI assistance.

Further complicating the process is the current processing time. After a person files an SSI application, the average amount of time to receive a decision is several months. While waiting for the decision, an SSI applicant is often forced to decide between paying for food and paying for other necessities. An even more serious problem for those who face suspensions or reductions in their SSI benefits is the length of time required to resolve non-disability issues. Because backlogs in local Social Security offices are so large, appeals are not processed in a timely manner. Many SSI beneficiaries wait for months for decisions on their appeals.

SSA must undertake a major effort to augment its services for the increasingly diverse and language-challenged SSI applicants and recipients. All too often, they receive no assistance in filling out the complex forms. So that SSA can more adequately provide the necessary services, LCAO recommends a significant increase in SSI's allocation for administrative expenses, which should be used to support an overworked and under-trained staff.

## **HEALTH CARE**

Older Americans depend on a myriad of federal programs for their health care, and the recently-enacted Affordable Care Act (ACA) has expanded many of these programs. Medicare and Medicaid are the traditional cornerstones of the health care system for older people. Medicare helps cover a range of medical services for people over age 65 and

people with disabilities, and Medicaid is the nation's primary source of coverage for long-term services and supports. The new health reform law improves these programs. Also, the federal role in providing access to affordable health care for older adults 50 - 65 years of age has been expanded in important ways by the legislation. Reinsurance for employer retiree coverage will help to secure coverage for many in this age group, and the establishment of new high-risk pools has extended coverage to many who have had difficulty getting coverage because of "pre-existing" conditions. Other federal programs, established before the ACA, provide counseling on health benefits and support important research and training on geriatric care. LCAO urges the Administration to further the advances of the new health reform law by investing new funding in a number of areas.

## **Medicare**

LCAO believes that recent efforts by the Administration and Congress to reform the nation's health care system, marked by the enactment and implementation of the ACA, make major strides in strengthening Medicare. Health reform will extend the lifespan of the Medicare trust fund by 12 years, and Medicare benefits are improved, with a phase-out of the Part D "doughnut hole" coverage gap and expanded coverage of preventive services. In addition, the ACA also provides for the development of innovative service delivery models with the potential to improve the quality of care and increase efficiency. We believe that the improvements to Medicare that will be implemented under the ACA can be enhanced in several ways.

**Ensure that cost-reduction policies are implemented carefully.** Slowing the growth of health care spending – across the health care system and in Medicare – is an important goal of health care reform. However, LCAO is concerned about the cumulative effect of overlapping efforts to reduce Medicare spending. The ACA contains a number of provisions that directly reduce spending in the program. Few of these policies will be in full effect before the Independent Payment Advisory Board (IPAB), also established by the ACA, faces the requirement to recommend further Medicare reductions if spending exceeds targets, which is likely. In addition, the National Commission on Fiscal Responsibility and Reform is expected to consider Medicare cost growth issues in the report it will send to the president in December. We believe that the cost reduction policies contained in the ACA should be allowed to mature before additional cost-cutting policies are put in place.

**Improve Medicare coverage for low-income beneficiaries.** In effectively extending Medicaid coverage to people up to 138 percent of the federal poverty level (FPL), the ACA inadvertently creates a "coverage cliff" for people in this income group when they reach the age of 65. People between 120 - 138 percent of FPL may find themselves unable to receive any assistance for their substantial premium and out-of-pocket costs, especially since states have limited availability for their Qualified Individual (QI) programs. In addition, these beneficiaries may face asset tests, which will not apply anywhere else in the reformed health care system, and separate eligibility criteria for the Medicare Savings Programs (MSPs) and the Part D Low-Income Subsidy (LIS). LCAO strongly recommends that this benefit cliff be addressed by extending eligibility for the Qualified Medicare Beneficiary program (which covers Medicare premiums and cost-sharing for Parts A and B) to 138 percent of the FPL, and removing asset tests for LIS. If this policy is

fully implemented, the QI program can be eliminated. However, if the policy is not adopted, the QI program should be made permanent, and eligibility criteria for MSP and LIS benefits should be aligned and streamlined, removing the option for states to require that life insurance and in-kind support be counted as assets.

**Delivery system reforms that integrate financing streams or bundle payments.** The Affordable Care Act promotes a number of innovative delivery system models, including accountable care organizations (ACOs) and medical homes, that have the potential to improve efficiency and accountability for the outcomes of care. As these models are developed, we stress the importance of addressing the needs of older adults with complex chronic conditions and, for this population, using approaches that make use of interdisciplinary care teams and provide linkage to a wide range of community-based resources in addition to coordinating medical services. The ACA also creates the Federal Coordinated Health Care Office which will consider methods to ensure coordination of Medicare and Medicaid benefits for dual eligibles. We believe that beneficiaries should have the right to choose whether or not they participate in new care models, and for dual eligibles, that the benefits provided under these models must be provided at the level which is most generous between the Medicare and Medicaid programs.

**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 2012 funding of \$65 million to State Health Insurance Assistance Programs (SHIPs), \$10 million to Area Agencies on Aging (AAAs) and Title VI Native Americans aging programs, \$7.5 million to Aging and Disability Resource Centers (ADRCs), and \$5 million to the National Center for Benefits Outreach and Enrollment 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, SHIPs AAAs, Title VI Native American aging programs, and ADRCs 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.

**Improving the provision of services to racial and ethnic minorities.** 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. 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. Elimination of these disparities starts with allocating funds to the Centers for Medicare and Medicaid Services (CMS) to collect and make available health disparities data, including race, ethnicity and primary language. 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 also needed for Medicare language assistance for the more than three million seniors in

the United States who are limited English proficient (LEP), and we strongly recommend that \$50 million be appropriated in FY 2012 for this purpose. The language one speaks should not affect access to health services.

**Provide funding for the Long-Term Care Ombudsman Program to ensure quality for Medicare beneficiaries.** LCAO supports providing FY 2012 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. Medicare pays for the care of a significant number of nursing home residents.

**Effective implementation of health reform policies.** We recommend that the Administration provide adequate funding to ensure the successful implementation of health reform. In particular, it is important that CMS ensure effective oversight of pharmaceutical manufacturer and drug plan handling of the 50 percent discount for brand-name drugs in the Part D coverage gap. It is possible that manufacturers will “game” their prices or that drug plans may encounter difficulty ensuring that the discounts apply at the point of sale. In addition, the Federal Coordinated Health Care Office, which focuses on improving policies that affect dual eligibles, and the Center for Medicare and Medicaid Innovation should be funded adequately.

## **Medicaid**

**Preserving Medicaid coverage and access to home and community-based services during economic downturns.** LCAO applauds enactment of recent legislation to extend fiscal assistance to states through an increased federal Medical Assistance Percentage (FMAP) of 3.2 percent (January 2011 through March 2011) and 1.2 percent (April 2011 through June 2011). This assistance will provide much needed fiscal relief and help protect vulnerable beneficiaries from cuts in essential services, including Medicaid home and community-based services (HCBS). However, we remain very concerned about continued projected budget shortfalls within states, potential future cuts, and implications for effective implementation of health reform. Therefore, we recommend the development or authorization of countercyclical triggers which would automatically adjust FMAP percentages with downturns in the economy. This would put in place provisions to respond to state economic cycles on a permanent and ongoing basis.

**Money Follows the Person (MFP) Rebalancing Demonstration.** The Affordable Care Act extends the MFP Rebalancing Demonstration through September 30, 2016, and appropriates an additional \$450 million for each of Fiscal Years 2012-2016, totaling an additional \$2.25 billion. This program is a win-win for states and individuals who need long-term services and supports. It provides financial incentives and assistance to states to transition individuals from institutional settings to the community. We recommend increasing the investment in this program which will allow states to assist additional individuals with disabilities and seniors.

**State Balancing Incentive Payments Program.** The Affordable Care Act authorizes a new program to provide states with an enhanced FMAP to balance their Medicaid long-

term services and supports systems and to make structural reforms. The program is authorized for four years between October 1, 2011 and September 30, 2015. However, current funding for the program is capped at \$3 billion for the period. We recommend increasing this funding level. This will assist states with initial investments to balance their systems towards home and community-based services. Research has shown that states that invest in home and community-based services, slow their rate of Medicaid spending growth over time compared to states that remain reliant on nursing homes.

**Community First Choice (CFC) Option.** The Affordable Care Act authorizes a new Medicaid state plan option to provide home and community-based attendant services and supports for certain individuals. State adoption of the CFC Option would support the U.S. Supreme Court *Olmstead* decision and provide individuals with greater choice. However, we are concerned that, given the projected state budget forecast, the 6 percent enhanced FMAP may not be enough of an incentive for some states. We recommend that you increase this percentage to encourage more states to consider this option.

**Medicaid spousal impoverishment protections for home and community-based services (HCBS).** Under the new health care law, for five years starting on January 1, 2014, states will be required to extend the Medicaid spousal impoverishment protections provided to nursing home residents' spouses to the spouses of individuals receiving HCBS. LCAO supports this improvement and notes that the protections against impoverishment for the spouses of nursing home residents are permanent. We urge the Administration to make these spousal impoverishment protections permanent for HCBS, just as they are for nursing home care. This is another important step in balancing and leveling the playing field for HCBS.

**Enhanced FMAP for Medicaid HCBS State Plan Option.** The Affordable Care Act made a number of improvements in the Medicaid HCBS State Plan Option, including expanding the scope of services that can be covered, having no caps or waiting lists for services, and having an ability to serve additional populations. We suggest providing an enhanced FMAP for states that take up this option to give states an additional incentive to use this tool to expand HCBS and help individuals live in their homes and communities.

**Family caregivers of Medicare and Medicaid beneficiaries.** LCAO was pleased that the Administration, through its Caregiver Initiative in the FY 2010 budget, supported family caregivers and the critical role they play in providing services and supports to their loved ones. The estimated economic value of family caregivers' unpaid contributions is about \$375 billion annually, and family caregivers often face physical, emotional, and financial challenges due to their caregiving responsibilities. Family caregivers should be supported in their caregiving role as they help their loved ones and often coordinate their care. LCAO urges that the Administration give states the option of assessing family caregivers for targeted support services, such as respite care or counseling, as part of a routine assessment for Medicaid beneficiaries who may be eligible for home and community-based services. This could provide needed outreach to millions of Americans. We also urge the provision of information and referral services to family caregivers of Medicare beneficiaries at the point of admission or discharge from a hospital or post-acute care setting in an effort to assist them in locating available community support services. Care transitions are a time when family caregivers often need additional information and resources.

**Survey and Certification.** We strongly urge you to increase funding for state survey and certification of nursing homes. A November 2009 Government Accountability Office (GAO) report found that surveyor shortages and inadequate training are causing many states to understate serious care problems; and moreover, the Affordable Care Act gives state agencies additional responsibilities.

**Provide funding for the Long-Term Care Ombudsman Program to ensure quality for Medicaid beneficiaries.** LCAO supports providing FY 2012 funding of \$20 million through the Medicaid program to support the work of the Long-Term Care Ombudsman Program. As we described earlier, 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 covers care for a majority of nursing home residents.

### **Affordability for People Over Age 50**

**Retiree reinsurance program.** We recommend that the Administration provide \$10 billion in funding for the retiree reinsurance fund. This program bolsters employer-covered health insurance for early retirees who have this coverage, an important role since approximately 700,000 or 14.5 percent of Americans between the ages of 55 - 64 are uninsured. To help ensure coverage for this age group, the reinsurance program reimburses employers 80 percent of the cost for claims submitted between \$15,000 and \$90,000 for services provided to retirees. However, according to the Employee Benefit Research Institute, the retiree reinsurance fund will run out of money by 2011, leaving no money for 2012 and 2013. With the number of large employers offering retiree coverage dropping to 31 percent from 66 percent 20 years ago, it is all the more important that the reinsurance fund be replenished to avoid a further deterioration of coverage. The original Senate health reform proposal requested \$10 billion for this fund. It is becoming increasingly clear that the \$5 billion appropriated in the ACA will be insufficient to meet the needs of this population and additional funds must be provided to this important program.

**High risk pools.** LCAO is pleased with the inclusion of the high-risk pool program in the Affordable Care Act, and we recommend that the Administration provide \$10 billion to ensure the program is solvent through 2014. According to the Congressional Budget Office, as many as 700,000 individuals are expected to sign up for the program requiring an additional \$10 billion. We are concerned that many people in need will be turned away because of inadequate funding. The high-risk pool is a last resort for those who cannot afford coverage in the individual market or have been denied coverage due to a pre-existing condition. These individuals often suffer from chronic health conditions and have nowhere else to turn. LCAO is also concerned that many people who could benefit from the high-risk pool may not apply because they are not aware of the program. Therefore, we also request \$10 million to help publicize the program. Today's economic condition only compounds the need to provide insurance for this vulnerable population.

**Eliminate age rating.** The newly-enacted health reform law restricted the age-rating of insurance premiums to 3:1 for the new insurance exchanges and the small group and individual markets. We strongly recommend, however, that all such age rating be banned. Relative to other age groups, older adults must devote a high proportion of their income to



health care costs, and age rating puts affordable health coverage outside the reach of many American seniors.

### **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, LCAO supports FY 2012 funding of \$1.4 billion to support health research conducted by the National Institute on Aging (NIA) at the National Institutes of Health (NIH). The progress already made toward finding better 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.

### **Geriatric Education and Training**

**Increased funding for the Geriatrics Health Professions Programs.** Our nation faces a severe shortage of health professionals with expertise in geriatrics at the same time America's aging population is growing at an unprecedented rate. Funding for Title VII Geriatrics Health Professions Programs supports three distinct programmatic initiatives: the Geriatric Academic Career Awards (GACAs), the Geriatric Education Center (GEC) program, and geriatric faculty fellowships. These important programs have been consistently underfunded in recent years. In order to build a health care workforce with the skills to care for our nation's aging population, we request \$50.1 million be provided for Geriatrics Health Professions Programs in FY 2012. (These programs were funded at \$33.7 million in FY 2010.) Allocation of funds is needed to address the cost-of-living allowances (COLAs) mandated in the GACAs and the Geriatric Faculty Fellowships in a manner that provides increases in and protects GEC budgets. Under the Affordable Care Act, the GACAs and GECs have been expanded, and a new Geriatric Career Incentive Award established. With sufficient federal support, these programs will: (1) increase the number of faculty with geriatrics expertise in a variety of disciplines; (2) provide important training to the health care workforce to improve quality of care offered to America's elders; (3) improve the diversity of the health care workforce; and (4) recruit and retain more geriatrics health care professionals in medically underserved areas.

**Geriatrics education grants for nurses.** We also need to invest in the comprehensive geriatrics education grants program for nurses under Title VIII. This program's mission is to ensure that nursing personnel also receive adequate education and training to care for older adults, the fastest growing population in today's society. In FY 2009, 28 programs were funded with \$4.3 million. Under the Affordable Care Act, these programs are expanded to include advanced practice nurses who are pursuing long-term care, geropsychiatric nursing or other nursing areas that specialize in the care of older adults. Our funding request for FY 2012 includes funds for up to 200 traineeships to nurses under this newly-expanded program and continued funding of the existing programs. We ask that this program be funded at \$15.7 million in FY 2012.

**Training opportunities for direct care workers.** The Affordable Care Act authorizes a new program to provide training opportunities for direct care workers in partnership with

institutions for higher education (Section 5302). Direct care workers enrolled in courses must agree to work in the field of geriatrics, disability services, and long-term services and supports for a minimum of two years. We recommend that this program be funded as authorized at \$10 million.