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The Leadership Council of Aging Organizations (LCAO) is a coalition of 66 national nonprofit organizations concerned with the well-being of America's older population and committed to representing their interests in the policy-making arena. LCAO supports a balanced approach to deficit reduction that includes budget savings from increases in revenue and thoughtful, targeted reductions in spending when necessary.

To this end, LCAO urges members of the Joint Select Committee on Deficit Reduction to protect low- and middle-income elders who rely on core social insurance, health and community-based services and supports in a plan for deficit reduction. As the Joint Committee moves forward in its work, it is imperative that its members strive to protect the programs on which so many older Americans rely.

LCAO asks the Joint Committee to consider the following key points:

INCOME SECURITY IN LATE LIFE:

- **Defend Social Security benefits for older Americans and future generations. Recognize that cuts to already modest benefits are not the solution.**
 - Today, Social Security benefits average only \$12,924 per year. With the diminished availability of employer-sponsored pensions and with the decreasing value of personal retirement plans due to the recession, older Americans (primarily women and communities of color), increasingly depend on Social Security benefits. Social Security provides more than 90% of income for 3 in 10 older Americans.
- **Protect and strengthen Supplemental Security Income (SSI).**
 - SSI provides limited income assistance to over 8 million Americans who are unable to work because of a disability and/or who are age 65 or over. In most states and the District of Columbia, the SSI program raises an individual's total income up to the Federal Benefit Rate of \$674 per month, a rate which is now 26% below the federal poverty level – just \$10,890 for a single person per year.
- **Reject adoption of the chained CPI-U for annual cost-of-living adjustments to critical income benefits.**
 - Use of the chained CPI-U to calculate benefits adjustments to Social Security and SSI would be detrimental to low- and middle-income older Americans, as well as millions more retired military personnel, disabled veterans, first responders and other federal civilian retirees and survivors benefits. For the average earner retiring at age 65 adoption of the chained CPI-U would result in a \$560 cut each year at age 75 and an almost \$1,000 cut by age 85. Over 2.3 million federal civilian retirees and survivors, many who receive no other source of retirement income or inflation protection (because they are not eligible to receive Social Security), would have their COLAs lowered by the chained CPI as well. For SSI, use of the chained CPI results in even greater percent cuts to these already meager benefits because each annual reduction would accumulate indefinitely, affecting the benefit level for both current and future recipients.
- **Preserve the Social Security Administration's already limited budget.**
 - SSA's current administrative budget severely hinders its ability to provide services and address claims in a fair and timely manner – further cuts would make this very serious problem even worse. In April 2011,

the congressional budget cut Social Security's administrative budget by almost \$1 billion from the Obama Administration's requested amount. The cuts not only forced reductions in services to claimants and beneficiaries, it has also made it impossible for the agency to handle the growing backlog of disability claims, an estimated 735,660 cases, in a timely manner. The cuts have also resulted in a new policy, highly prejudicial to SSI applicants, forbidding the filing of a new application for benefits while an appeal of an earlier claim is pending. Finally, due to the shortage of funding, the agency discontinued printed benefit statements that many Americans relied on to determine their retirement needs.

HEALTH CARE AND LONG-TERM CARE:

- **Reject proposals that cut government spending by shifting costs to those with Medicare and Medicaid or retiree health care plans that could put health care out of reach for older Americans.**
 - People with Medicare are in a poor position to pay more for health care. Medicare households spent an average of 15% of their incomes on health care, three times of what non-Medicare households spent. Half of people with Medicare have incomes below \$22,000 per year, and the poorest 25% earned less than \$12,760 annually.
- **Recognize that Medicare is already a means tested program.**
 - People with Medicare who earn over \$85,000 per year pay higher Part B and Part D premiums.
- **Prevent proposals that reduce coverage and limit access to care.**
 - Increasing cost sharing to deter people from seeking medical care will cause people to forgo medically necessary care endangering their health and potentially creating the need for more acute and expensive interventions in the long term. People with Medicare use care because they need it. Nearly half of all Medicare beneficiaries have three or more chronic conditions, nearly one-third have a cognitive or mental impairment, and more than one-fourth report being in fair or poor health or having a limitation in activities of daily living (ADLs), such as eating, dressing or bathing. In addition, increases in cost-sharing have a far higher impact on those with lower incomes who tend to be in poorer health and have greater need for medical care.
- **Maintain the current Medicare eligibility age.**
 - Raising the age of Medicare's eligibility age from 65 to 67 in 2014 would result in a net increase of \$3.7 billion in out-of-pocket costs for 65 and 66 year-olds and increase employer retiree health care costs by \$4.5 billion.
- **Recognize that over the past decade, Medicare and Medicaid spending per enrollee has grown slower than private health insurance spending.**
 - From 2002 to 2009, Medicare spending grew by 4.6% compared to private health insurance, which grew by 6.7%. Medicaid spending per enrollee grew by 6.1% compared to private health insurance, which grew by 10.6% for a comparable set of benefits.
- **Allow the Affordable Care Act (ACA) to do its job.**
 - The ACA implements new initiatives that would bring Medicare, Medicaid, and the entire health sector, even greater savings. We need to let the ACA rein in health care costs, while simultaneously improving the quality of care. In fact, the ACA extended the Medicare trust fund by eight years. It also provides many opportunities to expand home and community-based services and strengthen and promote greater efficiency in Medicaid.

- **Preserve and protect Medicaid, which is a life line for older Americans and their families.**
 - Medicaid is the main source of funding for long-term services and supports, paying for about 62% of all long-term services. On average, per year, nursing homes cost \$72,000 and assisted living facilities cost \$38,000. While roughly 7 out of 10 people turning age 65 will need long-term services and supports during their lifetimes, many would be unable to afford the care they need without Medicaid. Medicaid also provides protections against unaffordable out-of-pocket costs for Medicare beneficiaries with incomes below 120% of poverty and very limited assets.
- **Ensure that older Americans remain protected and safe in all care settings.**
 - Medicare and Medicaid set standards for the quality of care received by more than 1.5 million nursing home residents; and Medicare funds annual inspections and other oversight in 16,000 nursing homes that receive public funds to ensure that residents' health, safety, and quality of life are protected. Cuts to Medicare and Medicaid could limit these valuable protections.
- **Continue the implementation efforts of the CLASS program.**
 - CLASS, a voluntary long-term care insurance program, would provide a much-needed daily cash benefit, to those who qualify, that would help older adults age in place longer and more safely. The Personal Care Attendant Advisory Panel, included in CLASS, is essential to stabilize and strengthen our direct-care workforce. The Congressional Budget Office estimates that the CLASS program will reduce the federal deficit by approximately \$80 billion over the next 10 years. CLASS has the potential to save significant health care dollars in the future.

COMMUNITY-BASED SERVICES AND SUPPORTS:

- **Respect the millions of older Americans who rely on community-based programs to maintain or improve their health, age with dignity, and remain in their homes and communities.**
 - Community-based programs, such as those provided under the Older Americans Act, allow the burgeoning number of older Americans to remain healthy, independent and productive by: 1) reducing premature or avoidable nursing home placement by providing a wide range of in-home services; 2) preventing and alleviating nutrition-related diseases, malnutrition and hunger through home-delivered and congregate meals; 3) teaching older adults with chronic health conditions how to better manage their health; 4) protecting against elder abuse, exploitation and neglect through long-term care ombudsmen, legal services, and financial literacy programs; and 5) engaging older adults to help meet the needs of their communities.
- **Protect the federal financial commitment to community-based services for older Americans.**
 - Any projected "savings" recouped from reductions in spending on discretionary community-based services will pale in comparison to spikes in Medicaid spending for older Americans requiring institutionalization as well as the inevitable growth in Medicare expenditures for the treatment of nutrition-related chronic diseases, unnecessary hospitalizations for these conditions as well as for falls, lack of care coordination, and other preventable crises. In addition, the long-term care ombudsmen respond to complaints and resolve issues that, if left unaddressed would result in the need for medical treatment or hospitalization.
- **Reject further cuts to discretionary spending for community-based services for older Americans.**
 - Reducing federal resources will add to already long waiting lists for critical services or lead to the elimination of essential supports entirely. Cuts would stifle innovation and harm cost-effective local programs, leaving millions of individuals without transportation to the doctor, senior centers and adult

day care and depriving them of home-delivered meals or in-home supports required for independent living.

- In the event of a sequestration, the Older Americans Act discretionary programs are not protected by the low-income exception, despite the facts that they serve our nation's most vulnerable older adults, most of whom are low-income.

OLDER WORKERS AND THE ELDERCARE WORKFORCE:

- **Ensure that low-income older workers have the services and supports necessary to help them get jobs.**
 - Maintain the integrity of and funding for the Senior Community Service Employment Program (SCSEP), the only older worker program operated by the Labor Department. The SCSEP provides older workers with assessments; employment plans; intensive targeted skills training; work experience; and job readiness training and job placement specifically targeted to meet the needs of older workers. Last year, the General Accounting Office reported that the SCSEP is one of the few non-duplicative workforce programs administered by the Department of Labor, and more importantly, one of the few that dedicates the majority of its funding to the unemployed poor. Through its current structure, the program can rapidly respond to the needs of the unemployed as evidenced when the SCSEP received both ARRA and "extra funding" to serve additional older workers in crisis. The start-up time was short, but thousands of additional older workers were enrolled while others were still ramping up.
 - Support continuation of federal extended unemployment benefits while long-term unemployment remains high. Including measures that combine unemployment insurance with lay-off prevention (work-sharing) and job training opportunities, especially for those unemployed for more than 99 weeks is essential. Once unemployed, older workers are out of work far longer than their younger counterparts: in July 2011, workers 55 and older were unemployed for an average of about 53 weeks compared to about 37 weeks for younger workers. Continuing federal extensions of unemployment insurance past 2011 will be critical to job-seekers of all ages, but especially those 55 and older. Economists agree it is among the best strategies for stimulating the economy and saving jobs.
- **Reject recommendations which eliminate direct-care workforce jobs.**
 - Totalling 3.2 million in 2008, employment projections predict the need for an additional 1.1 million direct-care jobs by 2018. Medicaid is the primary source of funding for these jobs. If Medicaid reduces payments for long-term services and supports, the workforce will shrink, thereby increasing unemployment, hurting local communities, and limiting access to the long-term services and supports needed by many older adults and people with disabilities to live in dignity in their homes and communities, rather than in institutions.
 - The delivery of home- and community-based services is much less costly than institutional care. Forcing older adults and people with disabilities to receive care in institutions, due to cuts in Medicaid home and community-based services, will negate cost savings.

AFFORDABLE AND ACCESSIBLE HOUSING OPTIONS:

- **Support programs that help low-income senior homeowners with home modifications that increase accessibility that allow them to remain in their homes and encourage state and local programs to assist seniors with property tax relief in order to increase affordability.**
 - The senior population will double by 2030. The HUD 2009 Worst Case Housing Needs study includes 1.33 million seniors with worst case housing needs and the National Alliance to End Homelessness projects a 33% increase in homelessness among adults 62 and older over the next 10 years. Helping

seniors living on fixed incomes maintain their homes and remain in their communities will reduce demands on the already overburdened waiting lists for affordable housing.

- **Maintain funding for the Section 202 new construction program and protect the program from harmful statutory changes.**
 - The Section 202 program currently serves nearly 400,000 elderly households throughout the United States. Years of level funding have resulted in fewer and fewer Section 202 units being built each year and recent cuts will decimate the affordable housing stock available to very low-income seniors. There are 10 seniors waiting for every Section 202 unit that becomes available. A 2008 HUD study recommends funding 10,000 units of Section 202 housing each year over the next 10-15 years to meet the growing demand. The median annual income of Section 202 residents is \$11,220 per year and 96% of them identify Social Security, SSI or a pension as their primary source of income. New construction of affordable housing is essential to shoring up the long-term care infrastructure for low income seniors.
- **Continue funding ALL rental assistance contracts to protect housing for the vulnerable elderly population and protect existing HUD preservation programs to maintain older senior rental housing communities.**
 - There are 3.6 million seniors living below the poverty level and 48.5% of renters age 62 and over paid more than half their income for housing in 2009. Older adults and persons with disabilities comprise a growing percentage of ALL subsidized housing programs. Section 202, public housing and the Section 8 voucher program are increasingly relied on by our seniors with no other housing options. Cuts to rental assistance will lead to the displacement of vulnerable seniors and drive them into higher cost settings.
- **Protect and preserve the Low Income Housing Tax Credit.**
 - The Low Income Housing Tax Credit brings well-designed rental housing to a wide variety of communities, preserves valuable at-risk existing affordable housing and provides housing for low and moderate income families including vulnerable populations such as the elderly. This program, signed into law by President Reagan signed 1986, has leveraged private capital, private development expertise, and private asset management to create communities under state allocation agencies. Approximately 90 percent of all affordable rental housing produced annually is financed through the Low Income Housing Credit. In 2010 half of all multifamily starts were financed by the Housing Credit according to the National Association of Home Builders (NAHB) and the program supports about 150,000 jobs and adds approximately \$1.5 billion in taxes and other revenues to local economies.

In conclusion, LCAO urges the Joint Committee to protect Social Security, SSI, Medicare, Medicaid, the CLASS program, the Older Americans Act, Section 202 and other low-income housing programs, and the remaining income and community-based supports critical to assisting older Americans to build economic security and to age in place. To help older Americans achieve economic and health security in retirement, Congress must include revenue increases as a critical component of deficit reduction and make every effort to protect and strengthen the programs upon which older adults rely.