

The logo features a stylized sunburst or starburst design within a circular frame, set against a green background. The text "Leadership Council of Aging Organizations" is positioned to the right of the logo in a serif font.

Leadership Council of Aging Organizations

Richard J. Fiesta, Chair

April 21, 2014

President Barack Obama
The White House
Washington, DC 20500

Dear Mr. President:

The Leadership Council of Aging Organizations (LCAO) is a 69-member coalition of national nonprofit organizations concerned with the well-being of America's older population and committed to representing their interests in the policy-making arena. We write today about your proposed Fiscal Year 2015 budget.

We agree with you that budgets reflect our national priorities, and we appreciate that your budget reflects a commitment to advancing economic growth and prosperity. Your budget lays out policy and funding recommendations that are critical to the health and well-being of older Americans. Yet, we are concerned that some of your budget proposals would be harmful for older Americans by forcing them to pay higher health care costs, or by cutting key benefits they rely on to meet basic needs.

Discretionary Spending

We appreciate your efforts to craft program-by-program funding requests that are within the overall levels set by the Bipartisan Budget Act of 2013 (BBA, PL 113-67). Negotiated by Budget Chairs Senator Patty Murray (D-Wash.) and Representative Paul Ryan (R-Wisc.), the two-year budget deal temporarily mitigates sequestration's impact, but does not provide adequate funding to return all non-defense discretionary (NDD) programs to pre-sequester levels or to address the growing need for services. Even with the Ryan-Murray agreement in place, 2015 NDD funding is set nearly 15 percent below the 2010 level, adjusted for inflation. Recognizing the critical role of NDD programs in meeting the needs of our nation, your budget's \$56 billion Opportunity, Growth, and Security Initiative builds upon the BBA's framework while offering an alternative to its constrained spending levels.

Within this context, we applaud your acknowledgement that current-law NDD funding levels are unsustainable. In addition, we support several of the appropriations requests in your budget for programs critical to the health and economic security of older Americans, including: the Elder Justice Initiative, Aging and Disability Resource Centers, Holocaust Survivor Assistance, the White House Conference on Aging, as well as Senior Transportation, Housing Counseling, and Senior Housing services.

At the same time, funding for other initiatives that help older adults maintain their dignity and independence remains inadequate. Currently, 41 million Americans are over the age of 65, an 18 percent increase since 2000. With 10,000 Baby Boomers turning 65 each day, by 2040, an estimated 80 million Americans will be 65 or older. While the population is aging, many older adults face economic and health challenges, making them more likely to need long-term services and supports. Without sufficient funding for programs that address the critical needs of seniors and

their families, many older adults will face hunger, isolation, poor health, neglect, abuse, unemployment, and other challenges to their health, independence, and well-being.

We are concerned that some proposals in your budget would fall short of meeting this need. In particular, while we appreciate your efforts to eliminate the Budget Control Act of 2011's (BCA) sequestration cuts to NDD programs for two years, we are disappointed to see that some of these cuts would again take effect in 2017. That same year, as a result of the BCA's ten-year discretionary spending caps, NDD spending is already set to fall to its lowest level on record as a share of the economy. We believe that allowing sequestration to continue in any form is unacceptable, and that additional cuts to NDD programs should be rejected. Under your proposed budget, estimates indicate that NDD funding would be more than \$130 billion below pre-sequestration levels over the 2017-2024 period. These low funding levels, while higher than post-sequestration amounts, are nonetheless inadequate to meet the increasing needs of an aging population.

Further, we are troubled by your funding requests for the following programs: the Older Americans Act, including the Senior Community Service Employer Program; Senior Corps programs; Community Services Block Grant; the Low-Income Home Energy Assistance Program; Senior Housing; as well as Geriatric Health Care Provider and Education Training initiatives. Extending or cutting already insufficient funding levels for programs that help older adults stay healthy and in their homes and communities fails to recognize our nation's changing demographics, or the needs of seniors and their families.

Though not exhaustive of the interests of LCAO members, collectively or individually, the attached addendum, *Discretionary Spending for Older Americans*, offers a more detailed response to several of your budget's discretionary funding proposals that we support, as well as those that we oppose.

Medicare and Medicaid

We are grateful for your continued commitment to preserving and strengthening Medicaid. States should be encouraged to expand their Medicaid program as allowed by the Affordable Care Act, and we are grateful that your budget does not include proposals that would impose block grants or per capita caps, restrict beneficiary eligibility, or make it more difficult for states to fund their Medicaid programs.

Given the historic reductions in Medicare per capita spending growth over the past four years, combined with the ongoing implementation of payment and delivery system initiatives designed to enhance program efficiency, we believe cutting Medicare by another \$402 billion, as you propose, is excessive and unnecessary.

We appreciate that your budget request references support for permanently repealing and replacing the Sustainable Growth Rate (SGR) formula. We agree that a quality-driven replacement for the SGR formula is long overdue. At the same time, we urge you to seek permanent solutions for health care extenders policies critical to the health and well-being of people with Medicare. In particular, we believe that an SGR replacement package should repeal the Medicare therapy caps and make permanent the Qualified Individual (QI) program.

We do support a number of the proposed Medicare provisions, such as restoring prescription drug rebates, which would help to ensure that Medicare is securing the best price on prescription drugs. We also strongly support accelerating the closure of the Medicare Part D prescription coverage gap, or doughnut hole.

However, we oppose proposals to cut benefits or shift additional costs to beneficiaries. These proposals ignore the widespread economic insecurity experienced by older adults and people with disabilities. Half of the Medicare population—nearly 25 million older adults and people with disabilities—live on annual incomes of \$23,500 or less

and already face significant health care costs. These beneficiaries would be most harmed by proposals in your budget that increase health care costs for people with Medicare, specifically:

- Instituting a home health copayment would pose a significant financial barrier, particularly for vulnerable, older women with long-term and chronic conditions, and could force many into costly institutional care.
- Imposing a surcharge on Medigap insurance plans that cover costs not paid by Medicare would further shift costs to beneficiaries and may result in individuals foregoing necessary care.
- Requiring beneficiaries to pay higher Part B deductibles would be especially harmful and unaffordable for millions with incomes just above the federal poverty line.
- Increasing brand name prescription drug copayments in the Extra Help program could limit access for those who must use a brand name drug due to medical necessity. By definition, beneficiaries with Extra Help are among the most vulnerable people with Medicare and cannot afford to pay more for medications.

While your budget proposal suggests that these so-called structural reforms are designed to encourage Medicare beneficiaries to seek high-value care, decades of empirical literature on patient behavior and cost sharing finds otherwise. The purposeful strategy of raising cost sharing, including deductibles and copayments as your budget proposes, amounts to a regressive tax which would force many beneficiaries to forgo necessary care. These ill effects would be borne disproportionately by those with the lowest incomes, and may result in increased use of costly ambulance rides, emergency room visits and hospital stays.

We are also opposed to further means-testing Medicare premiums, which would move away from Medicare's original community intent and further complicate an already complex system. Most importantly, over time your proposal would shift costs onto beneficiaries with middle-class incomes equivalent to just \$45,600 today.

Finally, we have concern over the proposal to equalize payments for certain conditions in inpatient rehabilitation facilities (IRFs) and skilled nursing facilities (SNFs), as such a policy would shift more beneficiaries into SNFs even if care in an IRF is more appropriate for an individual. In addition, while we support reducing preventable hospitalizations, adjusting SNF payments to decrease readmissions must not result in beneficiaries losing access to needed care.

For a series of issues briefs and position statements on a variety of Medicaid and Medicaid policies, please visit: <http://www.lcao.org/category/health/>.

Social Security

We were pleased to see that your budget proposal did not recommend switching to the chained-CPI for purposes of determining cost-of-living adjustments (COLAs) to Social Security benefits, Supplemental Security Income (SSI) benefits, military and civilian retirement annuities, and veterans' benefits. LCAO continues to strongly oppose this proposal, which would result in significant, cumulative cuts over time. For example, for the Social Security beneficiary receiving the average benefit, about \$15,000 per year, application of the chained-CPI would amount to an almost \$20,000 loss in benefits over 30 years. We oppose this proposal, and we are grateful that it is absent from the FY 2015 budget.

We also support your request for an increase in the Social Security Administration (SSA) funding level—\$12.1 billion total, or \$327 million more than the enacted FY 2014 level. Your budget calls for investments in the modernization and improvement of customer service, which we strongly support. Towards this end, we encourage the Acting Commissioner to do the following:

- Reinststitute the practice of providing annual Social Security statements. We believe that receipt of the annual statement is critical to consumer education, particularly for future beneficiaries.
- Reevaluate how planned Social Security field office closures, the discontinuation of benefit verification letters and Social Security number printouts would adversely affect current beneficiaries who rely heavily on such services. We are concerned that these closures may adversely affect service to beneficiaries.

Finally, while we recognize that dedicating budgetary resources to program integrity efforts is important, and we have no opposition to the budget request in that regard, we want to ensure that this enhanced focus on program integrity does not overshadow or diminish efforts to improve customer service.

In closing, as you work with Congress to make important budget decisions for our future, we ask you to prioritize investments that enhance the health and well-being of older Americans. We support your continued commitment to pursuing increases in revenue, and we urge you to endorse only thoughtful, targeted reductions in spending when and where necessary, without increasing hunger, poverty, or income inequality for older Americans.

Sincerely,

A handwritten signature in cursive script that reads "Richard J. Fiesta". The signature is written in black ink and is positioned below the word "Sincerely,".

Richard J. Fiesta

Addendum: Discretionary Spending for Older Americans

Funding Levels We Support:

Elder Justice Initiative: We support the budget's \$25 million funding request for the Elder Justice Initiative. This proposed funding would be the first direct appropriation for the bipartisan Elder Justice Act, which was signed into law in 2010 and authorized at slightly less than \$200 million per year. 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. Given the growing problems of elder abuse, neglect, and exploitation, including billions of dollars taken from seniors each year, this is a modest beginning for the federal government to address this national tragedy.

Aging and Disability Resource Centers: We support the President's request of \$20 million in mandatory funding for the further development of Aging and Disability Resource Center (ADRC) networks, but absent that mandatory funding in the interim, we urge appropriators to continue this investment without interruption. In FY 2014, the total appropriated and mandatory funding directed to the U.S. Administration for Community Living (ACL) for these "no wrong door" networks of access to long-term services and supports information and assistance was approximately \$16 million.

Holocaust Survivor Assistance: We support the proposed \$5 million in FY 2015 for the Holocaust Survivor Assistance Fund through the Administration for Community Living. The new Holocaust Survivor Assistance Fund would leverage public-private partnership opportunities in a 3:1 ratio with nonprofits, foundations, and the private sector to address the unique needs of the Survivor population. The fund would be administered through Section 411 of the Older Americans Act, in accordance with input from the Special Envoy for U.S. Holocaust Survivor Services, to provide an array of supportive services necessary to age in place.

White House Conference on Aging: We appreciate the President's request of \$3 million in FY 2015 to fund the White House Conference on Aging. Over the past 40 years, White House Conferences on Aging have served as catalysts for developing aging policy, as well as many of the programs that continue to represent America's commitment to older adults and their caregivers. Last convened in 2005, the FY15 White House Conference on Aging will rely on newly-available technologies to facilitate regional participation from older adults, family caregivers, aging services providers, policy makers, and advocates at the federal, state, and local levels.

Senior Transportation: We appreciate the President's proposal to fund the U.S. Department of Transportation's Federal Transit Administration (FTA) Technical Assistance program at the fully-authorized amount of \$7 million, a \$4 million increase over current levels. This funding will allow the FTA to partner with national non-profits and other organizations to provide technical assistance to communities, including the National Center on Senior Transportation's work on coordination and mobility management. LCAO also supports the proposal to fund the program out of the Highway Trust Fund for more stability.

Housing Counseling: We support the proposed \$15 million FY 2015 funding increase for the U.S. Department of Housing and Urban Development (HUD) Housing Counseling Assistance Program. In addition to supporting homeownership counseling, the program also invests in Home Equity Conversion Mortgage counseling that is mandatory prior to application for a reverse mortgage. The need for increased funding is especially acute for the training, testing, and other implementation issues related to the new HUD counselor certification.

Senior Housing: We support the Administration's request of \$440 million for the HUD Section 202 Supportive Housing for the Elderly Program. In particular, we appreciate that this funding would allow for the continuation of

the Section 202 Rental Assistance Demonstration, and we will continue to advocate for expansion of the Senior Coordinator program and restoration of the funding cut in FY 2014. The Supportive Housing for the Elderly Program helps expand the supply of affordable housing with supportive services for low-income older adults, allowing them to live independently but in an environment that provides support activities such as cleaning, cooking, and transportation.

Funding Levels We Oppose:

Older Americans Act: We are concerned that the request of level funding in FY 2015 for many Older Americans Act (OAA) programs is inadequate. The OAA is the backbone of the nation's long-term services and supports system. It funds critical programs and services that help older adults stay healthy and independent in their homes and communities for longer than might otherwise be possible. It also funds the Long-Term Care Ombudsman Program, which helps resolve complaints in nursing homes and assisted living facilities, and protects the rights of those vulnerable residents. For nearly fifty years, OAA programs have demonstrated a unique ability to provide these quality services while enhancing and protecting federal resources.

Despite these successes and efficiencies, funding for the OAA has fallen far short of inflation and population growth, and current levels are insufficient to meet burgeoning needs. We are concerned that the cumulative impact of decades of inadequate funding, a rapidly growing older population, unbalanced attempts at deficit reduction, and sequestration's current and looming cuts will threaten the very sustainability of OAA programs, as well as the health, dignity, and independence of older Americans.

Senior Community Service Employment Program: We oppose the \$54 million proposed cut to the Senior Community Service Employment Program (SCSEP). Title V of the Older Americans Act, SCSEP is the only federal workforce program for low-income older Americans. About one million seniors are among the long-term unemployed, and the unemployment rate among low-income seniors is three times higher than joblessness among all older workers.

Senior Corps: We oppose the proposed \$55 million FY 2015 funding cut and eventual dismantling of the Senior Corps programs, which include the Foster Grandparent Program (FGP), the Senior Companion Program (SCP), and the Retired and Senior Volunteer Program (RSVP). Senior Corps is one of the few organized opportunities at the federal, state, and local levels that allows older Americans to engage with their communities and share their experiences through volunteer service. Reducing RSVP funding by nearly 70%, as well as FGP and SCP by an average of 15% each, coupled with the proposed restructuring of the programs, would result in the loss of at least 46 million senior volunteer hours that would otherwise have benefitted disadvantaged children, frail older adults, and countless other local needs.

Community Services Block Grant: We oppose the \$324 million FY 2015 funding cut and restructuring proposed for the Community Services Block Grant (CSBG). Current funding invests in comprehensive, systemic approaches to fighting poverty and creating economic opportunity in 99% of U.S. counties. Nearly 20% of those served in FY 2012 were older adults, with \$52 million of CSBG resources specifically used to serve seniors. Due to those funds, nearly 2 million seniors were able to live independently in their own homes and communities.

Low Income Home Energy Assistance Program: We oppose the proposed \$675 million FY 2015 funding cut to the Low-Income Home Energy Assistance Program (LIHEAP). This energy assistance remains critical in this time of persistently cold temperatures, high energy costs, and lack of economic recovery for the most vulnerable Americans. Approximately 30% of households receiving LIHEAP benefits include an older adult for whom this assistance means avoiding difficult choices between paying for utilities, food, or medicine. Recent erosion in funding means

that fewer eligible families are served, and with a reduced benefit that covers only a fraction of their home energy costs.

Senior Housing: We oppose the lack of full funding for HUD's Section 8 Project-Based Rental Assistance (PBRA) programs, as partial funding for rental assistance contracts creates uncertainty for owners, investors, and low-income families. Through PBRA programs, HUD contracts with private owners to rent some or all of the units in their housing developments to low-income families. This assistance helps more than 1 million households – two-thirds of which are headed by seniors or people with disabilities - afford modest, otherwise unattainable, apartments. To preserve and maintain existing senior housing properties, and to encourage the development of additional housing opportunities for low-income older adults, federal rental assistance payments must be reliable, timely and adequate.

Geriatric Health Care Provider Training and Education: We are concerned that the FY 2015 budget generally requests level funding for the Public Health Service Act's geriatric workforce programs, and does not include the previously requested and House-approved \$42 million. These programs, including Geriatric Education Centers (GECs), Geriatric Training for Physicians, Dentists, and Behavioral and Mental Health Professionals (GTPD), and the Geriatric Academic Career Awards (GACAs) improve the quality, safety, and cost of care by providing appropriate training for health care professionals who serve older adults, and by coordinating care provided by interprofessional geriatric care teams.