



**New York State Association of
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Health & Medicaid**

Testimony prepared by:
New York State Association of Area Agencies on Aging

Thank you for the opportunity to provide written testimony. Our Association represents the 59 Area Agencies on Aging (AAAs), also known as Offices for the Aging, throughout New York State. AAAs design, fund, and coordinate programs that maintain seniors in their homes, postponing the need for more medically intensive and costly health care services. The local planning process ensures that limited government dollars are utilized effectively and efficiently to deliver the appropriate level of services to seniors.

Underfunding the AAA programs is driving people with long term care needs into Medicaid because long waiting lists throughout the state force the “Medicaid vulnerable” population into higher cost care and onto Medicaid in a short period of time. We suggest an alternative: provide low-cost home and community based services for seniors that are at imminent risk of Medicaid eligibility. The AAA services outlined below augment the assistance provided by family supports and help keep people from spending down their resources and going on Medicaid or being admitted to skilled nursing facilities.

The aging services network administers home and community based non-medical services to frail older persons who are just above Medicaid eligibility guidelines, have multiple health

problems, and have lost the ability to perform essential activities of daily living without assistance. A typical profile is a woman over 80 years of age with multiple chronic health problems and living alone who has income above Medicaid eligibility but is typically below 150% of the federal poverty guideline, relies on Social Security for the main source of income, and has less than \$50,000 in assets. These seniors are one crisis away from spending down to Medicaid. In addition to key supportive services provided by AAAs through the New York State Office for the Aging (NYSOFA) budget, two programs in the Department of Health budget, NY Connects and EPIC, are instrumental in keeping seniors at home and in the community by avoiding or delaying Medicaid eligibility. We have the following concerns relating to NY Connects and EPIC.

Restore NY Connects: Choices for Long Term Care Services

The proposed Executive Budget completely eliminates funding for the NY Connects Program as of September 30, 2011. Dismantling NY Connects jeopardizes millions of dollars in current and future federal funding, and removes a critical service for families and caregivers. Currently these funds are in the Department of Health budget then transferred to NYSOFA. The Association recommends that the funding be fully restored in the amount of \$5.1 million and be placed directly in the NYSOFA budget.

The NY Connects program is recognized by the federal Administration on Aging (AoA) and the Centers for Medicare and Medicaid Services (CMS) as a formal state partner in the national movement to redesign long term care to make it more effective, cost efficient and sensible. The program is also recognized by the federal government as the ADRC (Aging & Disability Resource Center) in New York State. The AAAs have been the lead agencies at the local level to establish NY Connects and have been operating and supporting this system for over four years.

NY Connects is a statewide, locally based point of entry system that provides one stop access to free, objective and comprehensive Information and Assistance on long term care. NY Connects helps consumers identify appropriate levels and types of services to prevent or delay the need for institutional care. In addition it helps to avoid preventable hospitalizations and

subsequent costly and unnecessary institutional placements. The Lewin Group's ADRC Cost Offsets Calculator shows that if only 2% of nursing home eligible Medicaid recipients remain in the community (635 persons), the Medicaid cost savings in 2011 dollars is \$29 million.

The ADRC designation is the catalyst to leverage additional federal funding through the Affordable Care Act and other competitive funding that will become available through grant programs administered by the federal AoA and CMS for those state that have ADRCs. By maintaining a program that has been in existence for almost five years, the State would be eligible for additional financial supports from the Federal government.

Under the Affordable Care Act's Balancing Incentive Payments Program (BIPP), states operating successful home and community based programs could receive an additional 2% of federal funding for non-institutional based services and supports. There are three structural changes that states must make within six months of application: 1) a statewide no wrong door-single entry point system; 2) conflict-free case management services; and 3) core standardized assessment instruments. New York State would need to make further investments in the NY Connects program to broaden available information and ensure that individuals can obtain easy access to eligibility determinations for public programs.

We have the following specific recommendations for NY Connects:

A. Leverage Federal Funds

The NY Connects program is integral to maintaining low cost community based care to NY residents and also keeps the door open to federal funds and competitive grants that require ADRCs to be in place.

B. Long Range Vision

Through the initial planning phases and roll-out of the NY Connects program, the long range project plan was to increase state funding in order to implement evidence based successful projects throughout the State. These are projects that have proven to maintain the health of the aging population and delay costly institutional care. Investing state funds in NY Connects yields real results by saving Medicaid costs and also positions the State to receive additional federal funding.

C. Restore Funding to \$5.1 Million

The Association strongly supports full restoration of funding for the NY Connects program, led by the New York State Office for the Aging (NYSOFA), in the amount of \$5.1 million.

D. Provide Funds Directly to NYSOFA

The NY Connects funds have historically been provided to the Department of Health, then transferred to NYSOFA for payment to the counties through a voucher system. We strongly recommend that the funding be moved to the NYSOFA budget, with funds payable directly to the local NY Connects program to streamline the process.

Restore EPIC

The Executive Budget's proposed cut of \$58 million to the EPIC program, combined with the elimination of client representation and assistance, will have a profound negative impact on seniors. The potential out of pocket expenses that will be incurred will cause the poor and frail to make choices between heat, food, or medication. In addition, the recurrence of hospital admissions for those with chronic diseases could increase due to an inability to purchase the medication needed.

Under the Executive Budget, EPIC's only remaining function would be to help with cost sharing during the Medicare Part D coverage gap, referred to as the "donut hole." Other benefits that EPIC currently provides would be eliminated, such as:

- Assisting seniors in enrolling in a Part D plan
- Payment for Part D premiums (up to "benchmark")
- Covering the annual Part D deductible
- Assistance with Part D copayments during the initial coverage limit
- Providing emergency temporary coverage for Part D drugs when the plan denies payment
- Provision of drug coverage for individuals waiting to get into Medicare Part D

- Acting as a secondary payor for people with other “creditable” drug coverage, such as retiree or union drug coverage, as well as Part D

The bottom line is that less than one-third of the EPIC seniors reached the Part D coverage gap in the 2008-09 program year, so the remaining two-thirds, or approximately 200,000 seniors, would be completely cut out of the EPIC program if the Executive Budget’s proposal was enacted. These seniors would experience increased prescription costs in the hundreds or even thousands of dollars. Chronically ill seniors on fixed incomes would be forced to cut back on their prescriptions or stop taking them altogether, resulting in increased hospitalizations and other interventions that would be more costly in the long term.

The cost savings outlined in the Executive Budget will not be shifted to the federal government, instead, many EPIC seniors will have to pay higher out of pocket costs for their prescriptions drugs. The federal Low Income Subsidy (LIS; also known as “Extra Help”) for Medicare Part D helps pay a portion of the monthly premium and other out-of-pocket expenses, such as the annual deductible and copayments/coinsurance for covered drugs. We suggest that instead of cutting EPIC services, the state should focus efforts on maximizing Part D and LIS enrollment. As of May of 2010, CMS shows 102,521 Medicare enrollees that are potentially eligible for LIS and Medicare Savings Programs (MSP), so there are a significant number of seniors that have yet to be enrolled in these programs. HIICAP (Health Insurance Information, Counseling, and Assistance Program), coordinated by Area Agencies on Aging at the local level, provide assistance with health insurance issues including LIS and MSP, and these programs would need additional resources to address the increased demand from seniors seeking information on federal programs and potential changes in EPIC.

In closing, investing state funds to maintain and expand AAA services is a cost-effective alternative to more medically intensive and costly health care services. A few dollars spent now can significantly delay, and in some cases prevent, admissions to nursing homes and subsequent Medicaid eligibility. Seniors and their families want to use their resources wisely and keep their loved ones at home for as long as possible. AAA services are part of the solution to delay Medicaid eligibility.