



## **New York State Association of Area Agencies on Aging**

272 Broadway  
Albany, NY 12204-2717  
Ph. 518-449-7080  
Fax 518-449-7055  
office@nysaaaa.org  
www.nysaaaa.org

### **Senate Finance Committee and Assembly Ways & Means Committee Budget Hearing on Health, Medicaid & Aging**

*Testimony by*

**New York State Association of Area Agencies on Aging**

January 31, 2005

*Thomas Yandeau, President, NYSAAAA and Director, Greene County Department for the Aging  
John Beale, Legislative Committee Chair and Director, Dutchess County Office for the Aging  
Laura A. Cameron, Executive Director, NYS Association of Area Agencies on Aging*

Senator Johnson, Assemblyman Farrell, Honorable Members of the Senate Finance Committee and Assembly Ways and Means Committee, we thank you for the opportunity to submit testimony discussing the impact of the Governor's Executive Budget proposal on services provided by Area Agencies on Aging for state fiscal year 2005-2006.

Our Association represents the 59 Area Agencies on Aging (AAAs), also known as Offices for the Aging, throughout New York State. Area Agencies on Aging design, fund, and coordinate programs that enhance the community support system designed to maintain the elderly in their homes, postponing the need for more medically intensive and costly health care services. Each day, case-managed services provided by local Area Agencies on Aging prevent, delay, or reduce the usage of higher-cost long term and acute care, including hospital and nursing home care. Case managers conduct comprehensive care assessments and "package" an array of available low-cost services to support existing informal caregiving and enable impaired elderly to live at home in the community. AAA service plans are customized to reflect the local needs and resources that vary greatly in each community. The local planning process ensures that limited government dollars are utilized effectively and efficiently to deliver the appropriate level of services to seniors, "no more, no less" than is necessary. The safety net that AAAs have been able to provide throughout the years is being challenged by the needs of a growing aging population that increasingly requires more intensive services.

#### **Executive Budget 2005-06**

NYSAAAA extends its appreciation to Governor Pataki for increasing funding for two cornerstone programs of home and community-based services for seniors, EISEP and CSE.

The **Expanded In-Home Services for the Elderly Program (EISEP)** was created in 1986 to provide cost-effective, non-medical in-home services, case management, respite and ancillary services to functionally impaired elderly who are largely low income but are not eligible for Medicaid. Recipients are required to cost-share, based on their annual income, for EISEP services received. EISEP is also funded by a 25% local match. Over 30,000 persons are served annually by this program<sup>1</sup>. Case management services help older persons and their families assess their needs and plan appropriately for their home care. Governor Pataki shows strong commitment to the wellbeing of older New Yorkers by proposing an increase of \$25,000,000 for EISEP over two years. This increase will enable the Area Agencies on Aging to provide EISEP services to numerous clients that are currently on waiting lists for in-home services.

It is projected that the \$10,000,000 proposed increase for SFY 2005-06 will enable the Area Agencies to provide in-home services to 6,100 additional clients and case management to 5,000 additional clients. A second year of program expansion would enable approximately 51,000 customers to be served by EISEP -- 20,000 more senior citizens than are currently being served by the program.<sup>2</sup>

The **Community Services for the Elderly Program (CSE)** was established in 1979 with the goal of providing supportive services to frail, low-income elderly who need assistance to maintain their independence at home, enabling them to participate in family and community life. A wide variety of services are funded through CSE, including transportation, home care (personal care, housekeeping/chore), adult day services, case management, and home delivered meals. Area Agencies on Aging receive these funds on a formula basis and provide matching funds at the local level. We thank the Governor for his proposed \$250,000 increase in funding for this program. The flexibility of CSE allows AAAs to fund programs in proportion to the needs of their area, making the wisest and best use of taxpayer dollars. As situations change, AAAs are challenged to utilize every resource available, making it their number one goal to keep families together and as independent as possible, for as long as possible.

## **New Initiatives**

We likewise applaud the Governor for introducing two new initiatives which complement the mission of the AAAs, and for proposing appropriation language for a program introduced last year:

**“Access to Home” Program:** \$10 million in new funding will make the homes and apartments of low/moderate income New Yorkers with disabilities more accessible.

**Home Care Demonstration Programs:** The Budget authorizes up to four demonstration projects to provide services in community-based rather than institutional settings. Under this proposal, home care rates would be enhanced while the State seeks a Federal waiver to provide other services — including respite — through these programs.

---

<sup>1</sup> NYSOFA CAARS Report

<sup>2</sup> NYSOFA estimates

**LTC Resource Centers** – The Executive Budget proposes appropriation authority that is needed to implement the Long Term Care Insurance Education and Outreach Program, which was included in last year’s 2004-05 Budget. This Program would provide funds to AAAs to provide assistance to the general public in choosing and obtaining long term care insurance.

## **Independence and the Comforts of Home**

The expansion in NYSOFA program funding as proposed by the Executive Budget is critical. It is crucial at this juncture in time to keep an eye toward the future. Community based services that promote independence, support caregivers and families and delay Medicaid eligibility have been significantly underfunded for decades. Rebalancing the current long term care system by using existing resources more effectively and efficiently must be a priority to ensure that consumers have their needs met in the least restrictive environment in the spirit of the 1999 federal *Olmstead v. L.C. decision*. In essence, the U.S. Supreme Court decision held that unnecessary institutionalization of persons with disabilities is discrimination under the ADA. States now face pressure to furnish more community services.

## **Statistics**

**Population:** New York’s senior population will increase from 3.2 million in 2000 to 5.2 million by 2030 – a 60% increase.<sup>3</sup>

- The fastest growing segment of the population are those considered “old-old” – the 85+ population. These individuals are the primary users of community-based services and represent a large percentage of Medicaid spending. They also have much lower incomes and significantly higher rates of disability.<sup>4</sup>
- The number of minority elderly in New York State will grow by 50.8% between 2000 and 2015. Minority elders have higher poverty rates, earlier onset of disability and a very high risk of converting to Medicaid.<sup>5</sup>
- Although the 60+ population increased less than 1% from 1990 to 2000,<sup>6</sup> the age 75-84 population increased by 12.2% and the 85+ population by 25.5%, the age group that AAAs primarily serve.<sup>7</sup>

**Caregivers:** It is estimated that caregiver arrangements exist in 734,000 households in New York State.<sup>8</sup> **Caregivers provide 80% of all long-term care** and caregiver arrangements exist in one-in-ten of all NYS households<sup>9</sup>, touching all age cohorts. Informal caregivers save the New York State health system an estimated \$11.18 billion annually.<sup>10</sup>

---

<sup>3</sup> Woods & Poole Economics, Inc. 2004

<sup>4</sup> US Bureau of Census

<sup>5</sup> NYSOFA Report, “The Graying of America” 2003

<sup>6</sup> US Bureau of Census

<sup>7</sup> 2004 NYSOFA Budget Testimony

<sup>8</sup> 2004 NYSOFA Budget Testimony

<sup>9</sup> 2004 NYSOFA Budget Testimony

<sup>10</sup> 2004 NYSOFA Budget Testimony

- The ratio of caregivers to the elderly will dramatically decrease over the next 15 years, placing more pressure on state funded programs.<sup>11</sup>
- Meanwhile, the pool of homecare workers is shrinking rapidly. For example, the ratio of homecare workers to seniors will increase from 1 homecare worker for every 7 seniors needing such services to 1:24 between 2000 and 2050 – more than a threefold increase!<sup>12</sup>
- Caregiver support services provided by AAAs sustain the ability of caregivers to keep loved ones at home instead of in more costly institutional care. OFAs have a long history of integrating family and informal supports into care plans, to both maximize health care dollars as well as to increase consumer satisfaction.

**Medicaid: Medicaid expenditures will double in the next 13 years, if we do nothing to change our current long term care system.**

- Earlier this month, state Comptroller Alan Hevesi released a report stating that county Medicaid costs have more than doubled in the ten years from 1993 to 2003, from \$1.1 billion to \$2.3 billion. The Comptroller projected that Medicaid costs, if they continue to go unchecked, could grow to over \$3.6 billion by 2010.<sup>13</sup>
- Nearly 80% of all nursing home residents in New York are Medicaid beneficiaries as compared to a national average of 64%.<sup>14</sup>
- New York spends more than any other state on nursing home care – more than the states of California, Texas and Florida *combined*.<sup>15</sup>
- More than 75% of all Medicaid costs go to finance care for the elderly and disabled<sup>16</sup> in a long term care system where elders have too few choices and providers are hampered by too many regulations. The Aging Network is part of the solution.

**Supporting the Right of Older Adults to Choose Their Home**

The Aging Network has an unparalleled history of providing seniors with comprehensive assistance designed to achieve and maintain independence in the most integrated setting possible, appropriate to their needs, and they have done so in the most cost effective manner possible.

The State’s Aging Network resources are committed toward maintaining the independence of the impaired elderly who are the most immediate at-risk of Medicaid dependency. Through assisting families and neighbors to sustain their efforts in providing the majority of care to the impaired elders, AAAs succeed in maintaining the independence of elders in their communities at a fraction of the cost of medically focused long term care services and systems.

Investing additional state funds to maintain and expand AAA services is a cost-effective alternative to more medically intensive and costly health care services. A typical package of in-home services provided by AAAs range from \$1,500 to \$3,000 per year<sup>17</sup>,

---

<sup>11</sup> 2001 Stony Brook Survey “Informal Caregivers”

<sup>12</sup> NYSOFA Report, “The Graying of America” 2003

<sup>13</sup> NYS Office of the State Comptroller, County Medicaid Costs Research Brief, January 2005

<sup>14</sup> NYS Executive Budget Overview 2005

<sup>15</sup> NYS Executive Budget Overview 2005

<sup>16</sup> NYS Executive Budget Overview 2005

<sup>17</sup> NYSOFA CAARS Report

compared to Adult Homes at \$18,000+ and Nursing Home care at \$75,000+<sup>18</sup>. 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. They turn to AAAs at the local level to help them assess their needs and plan appropriately for a package of services enabling them to live at home.

State Aid to Localities under the NYSOFA budget should be increased, by at least as much as proposed in the Executive Budget. These services are essential in order to address long-term cost containment of health care expenditures as the senior population continues to grow. Most importantly, these services enable our seniors to live independently and with dignity in the community.

---

<sup>18</sup> *Washington County Office for Aging, Claire Murphy, Director*