



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

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Testimony by

New York State Association of Area Agencies on Aging

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

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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 to discuss the impact of the Governor's Executive Budget proposal on services provided by Area Agencies on Aging for state fiscal year 2003-2004.

Area Agencies on Aging

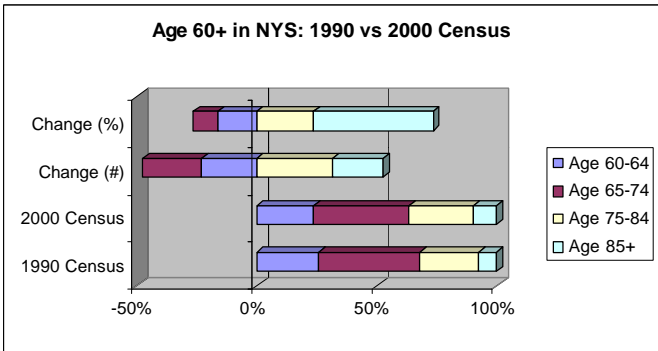
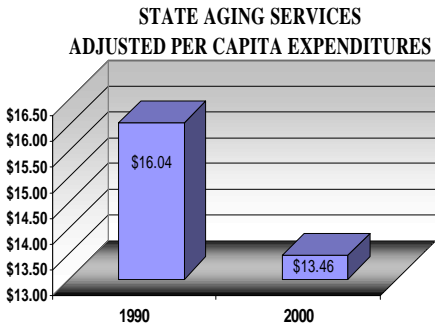
Our Association represents the 59 Area Agencies on Aging (AAAs), also known as Offices for the Aging, throughout New York State. Area Agencies on Aging design, fund, and coordinate programs that enhance the community support system designed to maintain the elderly in their homes, postponing the need 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 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.

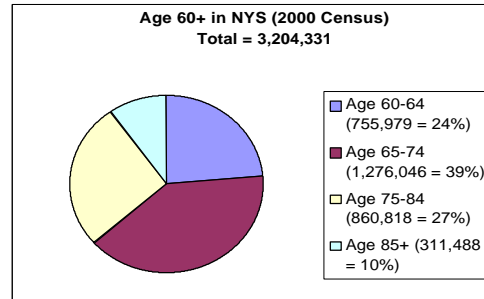
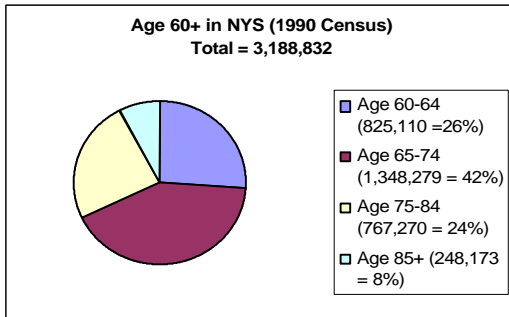
State Aid for Community Aging Programs cut by 10.9%

The Governor's 2003-04 Budget reduces State Aid to Localities by 10.9%, (\$7.16 million). Two programs, CSE and EISEP, are combined and reduced by 8.3% (\$3.5 million). A larger share of the burden is transferred to the counties, by changing the state/local share from 75% (state)-25% (local) to 70% (state)-30% (local). Further compounding this cost-shift is the elimination of 100% state-funded P&I (Planning & Implementation), which totaled \$3.2 million in SFY 2002-03, resulting in an additional \$3.5 million shift to the counties for SFY 03-04. State funding totaling \$2.98 million for four programs are eliminated completely (NORCs, CSI, RSVP, Foster Grandparents). Two other programs, Respite and Social Adult Day Services, also experienced cutbacks. These reductions will increase waiting lists for services, close down some programs, and accelerate the pace toward Medicaid eligibility for individuals who spend resources on more expensive levels of care than needed or desired. We recommend maintaining the current 75-25 state/local share.

Illustration of Increased County Burden

CSE + EISEP	State Aid	Adjustments	State Funds Requiring Local Match	Local Share (%)	Minimum County Match
SFY 2002-03	42,073,245	- \$3.2 million (P&I, 100% state funded)	\$38,873,245	25% Match (actual multiplier=.33%)	= \$13 million
SFY 2003-04	38,573,000	Eliminated in Gov. Budget	\$38,573,000	30% Match (actual multiplier=.43%)	= 16.5 million
03-04 Cost Shift to Counties					\$3.5 million





Proposal to Combine CSE & EISEP into a Single CSE Program

The Governor's Budget recommends the combination of the existing CSE and EISEP programs into a single CSE program, while cutting 8.3% in state aid. While the combination of these programs provides greater flexibility for service delivery decisions at the local level, it nevertheless will result in a reduction of services for a variety of programs statewide. The existing programs are described below:

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. 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.

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. Over 29,000 persons are served annually by this program. Case management services help older persons and their families assess their needs and plan appropriately for their home care.

The reductions in the Governor's Budget not only shifts more costs to the counties, it will translate into real cuts in services. The impact will be felt throughout the state and will cut across all types of services. The chart below provides a snapshot of the range of reductions that will take place throughout the state.

The Human Impact of Funding Cuts

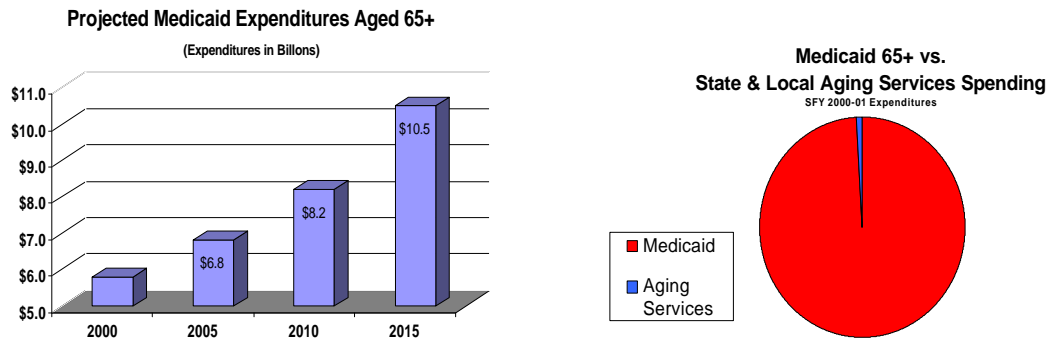
Service	Approx. unit cost	Impact of \$7,166,486 cut (state funds)	Impact of \$8,041,486 loss in funds (State+local share)
Home Delivered Meals	\$5 per meal	1.4 million fewer meals	1.6 million fewer meals
Adult Day Care	\$30 per day	Loss of 238,882 days	Loss of 268,049 days
Package of Personal & in-home services: (cost varies by county)	\$1,500 per year \$2,000 per year \$2,500 per year	4,777 seniors denied svcs 3,583 seniors denied svcs 2,866 seniors denied svcs	5,361 seniors denied svcs 4,021 seniors denied svcs 3,216 seniors denied svcs

Independence and the Comforts of Home

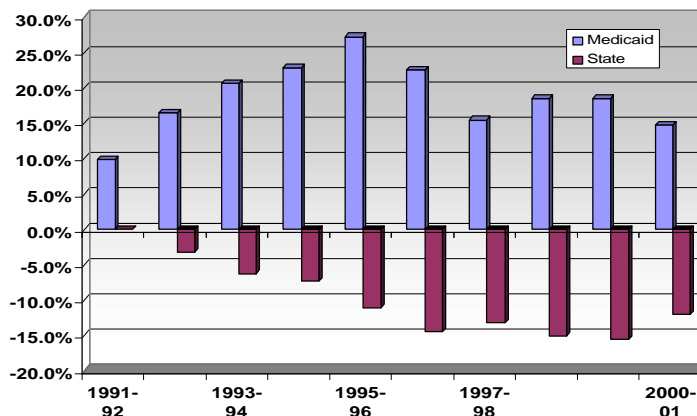
Community-based services that promote independence, support caregivers and families and delay Medicaid eligibility have been significantly underfunded for decades. Rebalancing the current long term care system by using existing resources more effectively and efficiently must be a priority to ensure that 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.

- According to U.S. Census figures, **New York's senior population will double** from 3.2 million in 2000 to 6.4 million by 2015.
 - 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 drastically lower incomes and higher rates of disability.
 - 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.
 - Although the 60+ population increased less than 1% from 1990 to 2000, the age 75-84 population increased by 12.2% and the 85+ population by 25.5%, the age group that AAAs primarily serve.
- There are an estimated 1.7 million caregivers in New York State. **Caregivers provide 80% of all long-term care** and according to a SUNY Stony Brook study, save the state over \$11 billion in health care costs.
 - The ratio of caregivers to the elderly will dramatically decrease over the next 15 years, placing more pressure on state funded programs.
 - The ratio of homecare workers to aging will increase from 1:7 to 1:24 between 2000 and 2050.
 - Support services provided by AAAs sustain the ability of caregivers to keep loved ones at home instead of more costly institutional care.

- **Medicaid expenditures will double in the next 13 years.** In New York, Medicaid expenditures for the 65+ population is projected to grow from \$5.5 billion today to over \$10.5 billion by 2015. Current investment in community-based care at \$58 million pales in comparison.



- **While Medicaid costs have skyrocketed, investment in community-based services has plummeted** (see chart below). At the very time when New York needs to assist seniors in the community in order to avoid costly institutional care, funding for community services has eroded.



Medicaid Cuts Threaten Home Care

Medicaid “costs savings” proposed in the Governor’s Budget threaten the availability of home care because it requires counties to take on a greater financial burden for people needing health services. According to the NYS Home Care Association, in those counties where there is still a county-run home care agency (45 still have an agency, 12 have closed or transferred their operating certificate), there would be new pressures to close the agency. In half of the remaining 45 county-operated home care agencies, they are the sole community provider. Access to home and community-based care is threatened. This is in direct opposition to the 1999 federal Olmstead Decision, which requires states to develop and enhance community programs and services so that each individual resident can move to the most integrated setting appropriate to meet his or her needs in the community in a manner that promotes choice, independence and dignity. If home care agencies close, it could leave large geographic areas of the State, especially in rural areas, without access to home care.

Local Impact: Washington County Office for the Aging

My name is Claire Murphy and I am the Director of the Washington County Office for the Aging, an office of county government, and one of the 59 Area Agencies on Aging that serves the senior citizens of the State of New York. Washington County is a small rural county in northeastern New York with a total population of 61,042. The county is marked by an agrarian economy with a widely dispersed population. County residents, age 60 and over, account for 18.4% (11,207) of the county population; of those, 35.5% are 75 years of age or older. The mean household income for Washington County seniors is \$11,428 per year. In all areas of need our county exceeds state and federal averages at significantly higher levels.

It is the mission of our agency to assist our county seniors, through service, information and advocacy, to remain independent and at home with dignity. Each year our agency provides services and support to 3,500 senior residents. Services included are information, assistance, transportation, legal services, counseling, home delivered and congregate meals, case management and in-home care. We work closely with other agencies of county government and other service providers to provide as comprehensive a package of services as possible with very limited resources. In the year 2002 our agency delivered 157,000 meals to the county's senior residents. We provided 1,700 units of transportation to doctors and hospitals in an area that has little to no public transportation. We provided over 6,000 hours of home care, including home health aides, housekeeping and chore service, friendly visiting and personal emergency response systems. In addition we provided 14,000 instances of information and assistance on issues such as health and well-being, health insurance availability, housing issues, home repair and weatherization and caregiver resources.

We have continued to do that at a cost substantially lower than the more expensive levels of care in more restrictive living environments. All of this is accomplished on an annual budget of \$1.2 million dollars, 15% of which came from our client's donations for the services they received. Our total budget for services has increased less than 8% in the last 10 years, while the service and supports that we have provided has more than doubled.

The state budget, as proposed, will make it impossible for us to continue to provide this level of care in the coming year. The motto for human services in recent years has been "learn to do more with less". In a time of growing need we will be forced to change that to "learn to do less... for fewer people".

The cost of in-home care provided by our agency (through EISEP/CSE) is \$22.57 per hour (including case management) at an average per client cost of \$2000 per year. These clients require assistance with at least 2 activities of daily living (bathing, dressing, meals preparation, personal care and/or mobility). All of the clients served in this program are frail and chronically disabled. There is a required client cost share based on income for all recipients of these services. 75% of our current caseload fall below the cost share threshold, and would qualify for other programs with minimal spend downs, but limiting their resources for daily living expenses. Of the 66 clients

provided with care in 2002, 87% lived alone and 57% lived in homes they owned. The average age of clients in our EISEP program is 82 (our oldest is 105 years old). For the purposes of comparison, cost of care in other programs is provided in Figure 1.

FIGURE 1
Cost per Year for Care in Washington County

Based on 2002 figures

Program	Unit Cost	Cost per year/client	Funding Source
EISEP	\$22.57/hour	\$2,000	Client, state and local
Adult Home	\$1,500 per month	\$18,000	Client, SSI
Nursing Home	\$214 per day	\$78,110	Client, Medicaid or Long Term Care Ins.

The proposed changes in CSE and EISEP funding will cut our agency's available resources by 8.3% thereby reducing available funding by \$14,000. This will mean that 7 individuals will not receive these services in 2003. If only 3 of them are forced into another level of care due to their frailty, it will cost the system – in client, state federal and local funds, as much as \$234,330. Factor that across 59 Area Agencies on Aging in the State facing proportional losses and the cost is staggering.

For many agencies the current budgetary crisis has already begun at the county level. Washington County funding was cut by \$75,000 in FY2003 through staff reductions, wage freezes and program reorganization. Washington County leaders have made it clear that there are no local resources to make up the \$14,000 shortfall that we will see in EISEP/CSE funds alone. I am faced with making the difficult choices of cutting services to the most frail and vulnerable of our county's residents. Shall we cut 7,000 home delivered meals per year and move the money to home care? Do we cut services to 7 in-home care clients and send them to another program to receive the necessary supports at a higher cost to them and to all other levels of funding? Do I cut my transportation program, limiting the access to necessary medical service and health care, forcing more into higher level of care and dependence? Each of these choices may become a very real necessity. None of these options are in the best interest of the seniors in Washington County.

Under the proposed budget, senior citizens will feel the ill effects not only due to a reduction in Area Agency on Agency funds, but the other cuts that will ripple throughout the entire aging network. Not only are they going to loose services targeted to keep them in their homes and community, they will bear the higher costs of health insurance and health services through hospitals and doctors, higher property taxes at the local level will force them to sell their homes and relocate. Our most frail and vulnerable elderly, those in institutions, may receive reduces services and supports as funding for nursing homes is cut. In all levels of care and in all areas the quality of life, security and the safety of our seniors is being reduced.

Summary

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, compared to Adult Homes at \$18,000+ and Nursing Home care at \$75,000+. 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 SOFA budget should be increased, not decreased, in order to maintain AAA services at the local level that are essential to achieve long-term cost containment of health care expenditures as the senior population continues to grow.

NYSOFA Aging Services Chart: 2003-04 Executive Budget

PROGRAM	ACTUAL 2001-2002	ACTUAL 2002-03	Proposed Executive Budget 2003-04	Difference vs. 2002-03 Actual
EISEP	\$24,972,000	\$25,500,030	\$38,573,000	-\$3,500,245 (-8.3%)
CSE	\$16,371,000	\$16,573,215		
EISEP+CSE:		\$42,073,245		
SNAP	\$17,209,000	\$17,209,000	\$17,209,000	no change
NORCs	\$1,200,000	\$1,200,000	\$0	-\$1,200,000 (eliminated)
CSI	\$680,000	\$680,000	\$0	-\$980,000 (eliminated)
(add'l--Community Funds Project)		\$300,000		
LTCOP	\$746,000	\$804,365	\$804,400	+\$35
Respite	\$562,000	\$562,000	\$479,000	-\$545,000 (-53.2%)
(add'lCommunity Funds Project)		\$462,000		
RSVP	\$500,000	\$500,000	\$0	-\$500,000 (eliminated)
Caregiver Resource Centers	\$360,000	\$360,000	\$360,000	no change
Foster Grandparents	\$300,000	\$300,000	\$0	-\$300,000 (eliminated)
Social Adult Day Svcs	\$0	\$946,276	\$805,000	-\$141,276 (-14.9%)
TOTAL	\$62,900,000	\$65,396,886	\$58,230,400	-\$7,166,486 (-10.9%)

Summary of Proposed Changes

- Overall cut in State Aid to Localities of 10.9%
- Combining CSE and EISEP into one program, and mandating a 30% local share (vs. existing 25%)
- Elimination of funding for the following programs:
 - NORCs (Naturally Occurring Retirement Communities)
 - RSVP (Retired and Senior Volunteer Program)
 - CSI (Congregate Services Initiative)
 - Foster Grandparents

Proposed new Community Services for the Elderly program (replacing the current CSE & EISEP):

- 1) AAAs will receive a single allocation (rather than separate allocations for P&I and services)
- 2) Funds will be allocated based on factors (to be determined) which must include age 75 and older populations
- 3) EISEP changes: AAAs will no longer be required to expend 50% of EISEP State Aid and required match on in-home services; no longer be subject to the 10% limitation for EISEP ancillary services; funds will no longer be limited to use for Case Management, Housekeeping/Chore, Homemaking/Personal Care, Non-Institutional Respite and Ancillary Services

Testimony on Behalf of the NYS Association of Area Agencies on Aging

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