Testimony of Brenda Kelley,
AARP Connecticut State Director on Human Services Budget
Appropriations Committee
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Good evening, Chairman Geragosian, Chairwoman Harp, and members of the Appropriations Committee, thank you for the opportunity to testify today about the Governor's budget proposal. My name is Brenda Kelley and I am the State Director for AARP Connecticut. AARP is a nonprofit, non-partisan membership organization for people age 50 and over. We have more than 40 million members nationwide and over 629,000 in Connecticut.

Older residents in Connecticut have been among the hardest hit by the economic crisis. Often living on fixed incomes, they have seen their retirement savings drastically reduced making it even harder for them to afford the high costs of health and long term care.

AARP believes that we should not balance the budget on the backs of our most vulnerable residents with disproportionate cuts to the health and human services parts of the budget. We also should beware of potentially attractive short-term savings that exposes the state to greater liability and costs in the long run.

The Governor's proposed budget makes significant cuts to the health and long term care safety net and will very negatively impact vulnerable older adults and other vulnerable CT residents. AARP staff and volunteers will be following up with you to further explain our concerns.

AARP Opposes Devastating Cuts to ConnPACE

First, AARP is deeply concerned with proposals contained in the Governor's Budget that would decimate the Connecticut Pharmaceutical Assistance Contract to the Elderly and Disabled (ConnPACE) program by slashing funding for the program and implementing changes that will make it more difficult, if not impossible, for the vast majority of those currently eligible for the program to qualify.

An AARP CT analysis of the Governor's proposal has determined that applying the federal low-income subsidy asset test to the ConnPACE program (i.e. 12,510 for individuals and 25,010 for married couples in 2009), would essentially destroy the program and irreparably harm a significant number of the more than 30,000 disabled and elderly Connecticut residents that rely on this program to pay for costly prescription drugs.

In the Governor's budget address, she spoke about returning government to its core mission and remembering "who it was serving". We wholeheartedly agree. Since it was created in 1986, the ConnPACE program has provided a lifeline to many people with disabilities and low-income elderly who otherwise could not afford costly prescription drugs.

Like major state prescription drug programs in other states, ConnPACE has been based on income alone and has never been the subject of an asset test. And for good reason: no one should have to choose between paying their rent, buying groceries, or paying for prescription drugs. Applying an asset limit to ConnPACE unfairly punishes those who have saved over the years and harms those who need the modest income generated by their savings to pay for food, housing and medical care. We have attached a chart to the back of this testimony which highlights why an asset test should not be part of ConnPACE.

Suspending COLA increases in income, as the Governor's budget proposes, would also reduce the number of people eligible for ConnPACE. For example, if Social Security benefits increase during this period people's incomes may increase just enough to make them ineligible for ConnPACE. This is exactly what happened when the state tried this several years ago. Connecticut realized back then that there would have to be a mechanism to automatically adjust ConnPACE income limits to match any increases in Social Security payments, or risk disqualifying many seniors every time a minor Social Security increase took effect.

Similarly, an open enrollment period combined with the increase in the ConnPACE enrollment fee (from $30 to $45) would add a significant obstacle to seniors trying to get access to the prescription drug program. For instance, if a senior is unable to come up with the increased $45 enrollment fee in December, he or she would be locked out of ConnPACE for the year rather than simply delaying his/her enrollment until they had enough money to cover the enrollment fee.

AARP is willing to help solve Connecticut's budget woes, but a ConnPACE asset test and other changes that would significantly reduce eligibility, are not the answer. It may be penny-wise, but it is definitely pound-foolish. Instead, AARP supports using the proposal outlined in H. B. 5056, An Act Concerning Eligibility for the Medicare Savings Programs, as a way to maximize federal funds, save money on ConnPACE, and assist more low-income Medicare beneficiaries in paying their Medicare Part B premium and, in many cases, also reducing other Medicare and prescription drug costs.

When similar legislation was considered during last year's legislative session, it was estimated that Connecticut's low-income Medicare beneficiaries (seniors and people with disabilities) could have saved some $47 million per year in co-pays and premiums at little to no additional cost to the state. In light of the economic pressures that low-income seniors and people with disabilities are facing with regard to significant loss of retirement savings, rising health care, energy and other costs, we believe we have a moral obligation to seriously consider a proposal that will save them money on their health care costs if there are no additional costs to Connecticut, and, perhaps, even cost savings. H.B. 5056 outlines a blueprint to achieve this and AARP's analysis shows a <u>possible savings of $8 million per year</u> to the state.

<u>AARP Opposes Reductions to Long-Term Care that Help Seniors Remain Independent</u>

AARP also opposes the proposed cuts for home and community based long-term care services under the Home Care Program for Elders. According to the Governor's Budget, approximately 15,000 clients receive services based on their financial eligibility and functional impairments under state funded and Medicaid waiver portions of the CT Home

Care Program. As of December 2008, approximately 36% of the participants, or an estimated 5,400 seniors, are receiving services under the state funded component. The state funded portion of the Connecticut Home Care Program helps very vulnerable Connecticut seniors receive basic care at home (including visiting nurse services, home health aides, chore assistance, homemakers, adult day care, home delivered meals, companion services, respite care, transportation, and emergency response systems) – and delays the need for expensive nursing homes, resulting in cost savings to both the state and the taxpayer in the long-run.

The Governor has recommended capping this program, so there will be no additional funding. This decision comes at the same time that there is swelling need for long-term care services because of Connecticut's aging population. Flat funding for the program during a time of increased need means that the program will operate under a waiting list for the first time since 1997. Seniors unable to get services under the state funded program will be denied relatively low-cost care in the home and community, and instead be at greater risk of needing costly institutional nursing home care. That's because a senior, who cannot get services under the state funded portion, would need to lower their asset and income levels and meet a higher level of physical impairment before they qualify for services under the Medicaid portion of the Connecticut Home Care Program. This in turn, makes it much more difficult for them to remain independent in the community, ultimately forcing them into a nursing home prematurely.

AARP opposes the Governor's recommended cuts to ConnPACE and the Home Care Program for Elders because these cuts endanger the health and quality of life for seniors and result in higher utilization of costly nursing home care. Connecticut already ranks near the bottom of states when looking at the percentage of Medicaid dollars spent on home and community based services. AARP's recent PPI report, "A Balancing Act, State Long-Term Care Reform" ranks Connecticut #42 out of 50 states with regard to the percentage of 2006 Medicaid expenditures going to Home and Community Based Services for older people and adults with physical disabilities. UConn's Long Term Care Needs Assessment found similar results ranking Connecticut #34 in 2007 (down ten spots from Connecticut's ranking in 2005 by UConn).

At the same time when the state is touting our commitment to Money Follows the Person, the Governor's budget recommendations threaten to erode Connecticut's efforts to rebalance our long-term care system.

Besides capping the state funded portion of the Connecticut Home Care Program for the Elders, the Governor's budget also delays the establishment of the legislatively-mandated Long Term Care Trust fund, which was to be funded through the enhanced federal match on Money Follows the Person. The Long Term Care Trust Fund is necessary to build Connecticut's long term care infrastructure and give people more options to age in place in their own homes and communities. In addition, the Governor recommends delaying Money Follows the Person II, a demonstration project passed by the General Assembly in 2008 to allow people who have not been institutionalized for 6 months to access home and community based services without first entering a nursing home.

AARP Opposes Increased Barriers to Health Care Assess

Finally, AARP is concerned with portions of the Governor's plan that restrict access to health care services including changes to Medicaid and HUSKY cost sharing, changes in the medical necessity definition, reduction in dental care, eliminating state-funded non-emergency medical care for non-citizens and eliminating medical interpreting services. These recommendations will add significant barriers to health care access to our most vulnerable populations. Now is not the time to add barriers or restrict access to necessary health care services to Connecticut residents. AARP opposes any efforts to rollback progress we have made in the last few years to expand health care quality and access.

Conclusion

Connecticut has seen how artificial cost savings in the short term often jeopardize the health and quality of life for our most vulnerable citizens, and also result in greater cost to the state over time. Many of the proposed cuts in the Governor's budget have been tried before and were later reversed because they hurt vulnerable people and did not result in real cost savings.

While AARP understands the need to make budget adjustments during these difficult times, we believe the Governor has taken the wrong approach with respect to her recommended cuts to ConnPACE, home and community based long term care, and health care access. AARP is committed to working in a bipartisan fashion to find ways to minimize the budget's impact on health care coverage and long-term care services.

Thank you for the opportunity to share these thoughts today. We look forward to working with you to minimize the impact of this budget crisis on vulnerable Connecticut residents.

ConnPACE

Who is going to tell Mrs. Smith that this is fair?

Mr. Brown, Age 70 **Widowed** **Annual Prescription Drug Costs** **$3,600**		**Mrs. Smith, Age 70** **Widowed** **Annual Prescription Drug Costs** **$3,600**	
Social Security Income	$14,500	Social Security Income	$12,000
Income from Private Pension	$9,500	Income From Private Pension	0
Assets: $12,000		Assets: $14,000	
Income from assets @ 2 % interest	$240	Income from assets @ 2% interest	$280
Total Income	**$24,240** [1]	**Total Income**	**$12,280** [2]
Mr. Brown *Keeps* ConnPACE Coverage		**Mrs. Smith *Loses* ConnPACE Coverage!**	

[1] Under the Governor's proposed budget, Mr. Brown would meet both the proposed asset test ($12,510 for individuals) and income limit ($25,100 for individuals), and qualify for ConnPACE.

[2] Mrs. Smith would loose ConnPACE coverage even though her income is drastically below the income limit for ConnPACE ($25,100 for individuals) and she has much less money than Mr. Brown. In fact, Mrs. Smith would have to have $244,800 in assets at 5% interest to generate the same income as Mr. Brown.