



**Testimony of Brenda Kelley,  
AARP Connecticut State Director on S.B. 32 & S.B. 66  
Human Services Committee  
February 23, 2010**

Good morning, Chairman Doyle, Chairwoman Walker, ranking members Kane and Gibbons, and members of the Human Services Committee. My name is Brenda Kelley and I am the State Director for AARP Connecticut. AARP is a nonprofit, non-partisan membership organization that serves people 50 and older. We have approximately 40 million members nationwide and over 600,000 in Connecticut. Thank you for the opportunity to testify today. My comments will focus primarily on S.B. 32, which outlines the Governor's proposed changes to the Human Services' budget.

However, before I discuss the Human Services' budget changes, I want to express AARP's support for S.B. 66, AAC Expansion of the Livery License Exemption to Include Community-Based Regional Transportation Services for the Visually Impaired. AARP believes that S.B. 66 would remove a significant obstacle that makes it difficult to operate a community-based regional transportation system for the visually impaired. AARP supported the General Assembly's earlier effort to exempt Independent Transportation Network (ITN) participants from the livery license requirement and we would like to see that exemption extended to community transportation systems for the visually impaired.

With respect to S.B. 32, AARP has several concerns. We are especially concerned with the Governor's proposals that cut health, long-term care and supportive services. We believe these changes will limit the independence, dignity and quality of life of older adults in the state and cost Connecticut more in the long run. Cuts and program changes have created anxiety, especially among older residents, who are concerned that the programs they depend on will suddenly disappear. These changes are confusing and scary. AARP has received a record number of calls from our members and their families asking about program changes and public assistance eligibility. In some cases, even the good news of a program expansion—like the new "ConnPACE Plus" program or federal food assistance expansion (SNAP)—can create anxiety among seniors, who at first, think that the change is yet another benefits cut.

On February 18, Health and Human Services Secretary Kathleen Sebelius announced \$4.3 billion in financial relief to states by reducing the amount state's will have to pay the federal government to offset the cost of Medicare coverage for prescription drugs for state residents eligible for both Medicare and Medicaid (i.e. the Medicare Part D "clawback" payments). The federal government will apply the ARRA increased FMAP to the clawback payments. This change will save Connecticut approximately \$66 million dollars. AARP believes this relief must trickle down to those who face the greatest health care needs – in this instance, older adults on the state-funded Connecticut Home Care Program for Elders faced with a burdensome 15% co-pay, family caregivers waiting to access

services under the Alzheimer's Respite Care program, Medicaid patients facing a new co-pay on medical services, ConnPACE recipients and dual eligibles who are required to enroll in a Medicare Part D Benchmark plan that may not cover all of their drugs, but who no longer have the protection of knowing that drugs not on their Part D formulary will be covered; and people on Medicaid facing a change in the definition of what will be considered "medically necessary".

**AARP Urges Members to Reduce or Eliminate the 15% Cost-Share on the State-Funded Connecticut Home Care Program for Elders**

AARP believes that individuals, who are financially and functionally eligible for long-term care services, should have the option of choosing where to receive those services. The state-funded Connecticut Home Care Program for Elders successfully provides thousands of older adults with the option to receive services in the community. Other than the Connecticut Home Care Program for Elders, Connecticut provides few options for older people and persons with disability to receive care in the community. A study conducted by AARP Public Policy Institute in 2008 found that Connecticut spends 92% of our Medicaid dollars for older people and adults with physical disabilities on nursing homes, compared with just 8% on home and community based services.<sup>1</sup>

The fact that the state-funded Connecticut Home Care Program for Elders has operated without a waiting list since 1997 and has been incredibly successful at providing a comprehensive array of services for older people is the major reasons why Connecticut does not rank last in long-term care rebalancing. Last year, AARP was pleased that the General Assembly rejected the Governor's recommendations to cap the state-funded program and create a waiting list for services. However, the trade-off for keeping the program open eventually became the imposition of a 15% co-pay on approximately 4,940 state-funded elders.

The cost-share has, unfortunately, created a significant barrier to an individual's choice to receive home health services in the community. Sixty percent of state-funded elders live alone and have average incomes of \$1,390 per month; the average amount of total assets for individuals on the state-funded program is \$10,147.<sup>2</sup> For these individuals, a 15% cost share can make the difference between living independently at home, and entering a nursing facility. Over 200 individuals on the state-funded program have already dropped off the program because they cannot afford the cost-share. On average, for each of these elders that get admitted to a nursing facility the state will pay \$66,000 annually as compared to the average of \$12,156 spent for their care plan under the state-funded Homecare Program for Elders.

**AARP strongly supports reducing or, ideally, eliminating the co-pay permanently for individuals on the state-funded Connecticut Home Care Program.** Not only will this protect access to state-funded services and alleviate the financial burden for seniors receiving care under the program, but the policy will also slow Medicaid costs in the long-

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<sup>1</sup> AARP Public Policy Institute, *A Balancing Act: State Long-Term Care Reform (July 2008)*.

<sup>2</sup> DSS Data Specification for Access Agency Files Fiscal Year 2009.

term and save the state money. We look forward to working with members of this Committee to ensure that the state-funded Homecare Program for Elders remains open and affordable to people who depend on it to receive the care they need in the community.

Given the cost savings and consumer preference for home and community based long-term care AARP urges the legislature to reject the Governor's proposed \$10.7 million cut to the state-funded Connecticut Home Care Program for Elders and eliminate the co-pay. Instead of capping the state-funded program or continuing a burdensome cost-share for frail seniors enrolled in the program, Connecticut should look at the Connecticut Home Care Program as a model for other long-term care programs and Medicaid waivers.

### **AARP Urges the Human Services Committee to Reopen the Alzheimer's Respite Care Program**

In May of 2009, despite an increase in appropriations from the General Assembly, the Alzheimer's Respite Care Program was closed to new recipients. Approximately 400 people are currently waiting for respite services. The Governor's budget proposal would reduce funding to the program by \$1 million for 2011.

**AARP asks this Committee to reopen the Alzheimer's respite care program**, which provides a necessary lifeline to family caregivers. Last year, Governor Rell interpreted the "within available appropriations language" of the Alzheimer's Respite Care program, to mean the available appropriations within the Department of Social Services budget, not the Alzheimer's Respite Care account (which had sufficient funds to continue and even expand the program). This interpretation effectively closed the Alzheimer's Respite Care program to new applicants. AARP urges this committee to remove the "within available appropriations" language from the Alzheimer's Respite Care program and reopen the program to new applicants.

While private long-term care insurance and some public programs pay for some long-term care services, these services are most commonly provided by family caregivers or paid for out-of-pocket until individuals impoverish themselves and become eligible for Medicaid. In fact, nationally the estimated economic value of family caregiving was about \$375 billion in 2007. About 34 million family caregivers provided care at any given point in time, and about 52 million provided care at some time during 2007. The economic value of caregiving exceeds total Medicaid long-term care spending in all states, and is more than three times as high in 36 states.<sup>3</sup>

In Connecticut, there are more than 370,000 residents providing family care-giving to a loved one at home, with an economic value of about \$4.9 billion. Connecticut's Alzheimer's Respite Care Program offers up to a maximum of \$3,500 in services to each eligible applicant, and a maximum of 30 days of out of home respite care service. The program is for people not eligible for the CT Homecare Program for Elders because they

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<sup>3</sup> Mary Jo Gibson, *Valuing the Invaluable: A New Look at the Economic Value of Family Caregiving*, AARP Public Policy Institute (June 25, 2007).

have slightly higher income and assets. By relieving caregiver stress and providing a much-needed break, the Alzheimer's Respite Care Program delays nursing home placement for individuals with Alzheimer's disease and saves the state Medicaid dollars.

This unpaid care is the backbone of long-term care in this country. And, research shows that individuals, who receive basic personal care from family caregivers, are less likely to enter a nursing home. Yet family caregivers are not receiving adequate support—such as information, education, training, and respite care—to help them with their caregiving roles and enable their loved ones to remain at home, potentially delaying or preventing more costly institutional care.

While millions of family caregivers provide care to loved ones, doing so can also mean health, emotional, and financial challenges for the caregivers themselves. Family caregivers commonly say that they have trouble finding time for themselves, managing emotional and physical stress, and balancing work and family responsibilities. According to a comprehensive new caregiver study released (*Caregiving in the U.S. 2009*) by the MetLife Foundation and the National Alliance for Caregiving, in conjunction with AARP, one in six caregivers in the U.S. (17%) report that caregiving has had a negative impact on their health. The study also found that the number of caregivers utilizing respite care has more than doubled since 2004 (from 5% to 12%). Reducing key stresses on caregivers, such as physical strain and financial hardship, can reduce nursing home entry, as well as reduce medical costs for the caregivers themselves.

AARP asks the Human Services Committee to consider statutory changes that will reopen the Alzheimer's Respite Care Program.

### **AARP Opposes New Cost-Sharing Requirements for Medicaid**

AARP believes that the new Medicaid co-pays will jeopardize health care outcomes for Medicaid beneficiaries and cost the state more in the long-term. In January, the *New England Journal of Medicine* published a study documenting the affect of higher co-pays on Medicare patients. The study shows that even a small increase of just a few dollars, is counterproductive in containing costs. Cost-sharing results in fewer doctor visits, skipped medications and increased hospital stays, often requiring more costly care; "For every 100 people enrolled in plans that raised co-pays, there were 20 fewer doctor visits, 2 additional hospital admissions and 13 more days spent in the hospital in the year after the increase compared to those in plans whose co-pays did not change."<sup>4</sup>

As people on Medicaid are lower income than those on Medicare, the impact of co-pays is even greater. The Medicaid co-pay may raise revenue in the short-term, but will likely increase total health care expenditures over time and lead to poorer health outcomes for patients. AARP asks the Human Services Committee to reject the Governor's proposal to add a co-pay for Medicaid.

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<sup>4</sup> Alicia Chang, *Increased patient cost-sharing may hurt elderly*, Boston Globe, January 27, 2010.

## **Non-Formulary Prescription Drug Coverage**

Given the fact that Connecticut will save approximately \$66 million in clawback savings specifically related to Medicare prescription drugs, AARP believes the state should use a portion of the funds to help vulnerable, older residents who have been struggling due to repeated budget cuts in the prescription drug wraparound plan that works in tandem with Medicare. Specifically, Connecticut should restore the coverage of non-formulary drugs for people on ConnPACE and dual eligibles (Medicaid/Medicare). AARP also asks you to reconsider the decision to enroll individuals in Benchmark plans, which likely increases the number of people who have issues with non-formulary drugs.

## **Definition of Medical Necessity**

AARP has consistently raised concern about changing the definition of medical necessity, especially if such changes will deny individuals important and effective medical treatment. As part of the 2010/11 budget process, the General Assembly decided to establish a Committee to suggest changes to the definition of medical necessity. Unfortunately, the Governor has now decided to propose a new definition of medical necessity without waiting for the recommendations from that Committee. AARP asks legislators to look at any recommendations from the Committee, established last year for this purpose, before adopting a new definition of medical necessity.

## **Conclusion**

AARP asks you to apply the \$66 million that Connecticut will save, as a result of new rules on the Medicare Part D “clawback” payments, to vigorously protect vulnerable populations. AARP believes that all residents with disabilities or functional limitations should have the services and supports they need, in the setting they choose, and control decisions about those services, so they can live as independently as possible. With this goal in mind, AARP opposes changes to the Connecticut Home Care Program for Elders and the Alzheimer’s Respite Care Program that would limit services or access.

Eighty-nine percent of Americans age 50+ want to stay in their homes as long as they can, and the cost of receiving care at home is about one third the cost of a nursing facility. Yet, despite strong consumer preference to live in the community, the Governor has recommended several programmatic changes and budget cuts to the state-funded Connecticut Home Care Program for Elders and the Alzheimer’s Respite Care Program that would limit consumer choices and may lead to inappropriate nursing facility placements.

AARP also opposes the imposition of new cost-sharing requirements for Medicaid, eliminating the coverage of Medicare Part D non-formulary drugs for ConnPACE recipients and for dual eligibles and asks the General Assembly to avoid changing the definition of medical necessity without first reviewing the recommendations by the Committee established last year to suggest changes to the definition.

Taken together, these and other changes outlined in S.B. 32, will severely restrict access to services that allow people to live independently in the community and avoid costly institutional care, and will force thousands of state residents to forgo the necessary preventive medical services they need to stay healthy. We understand that the state budget is in crisis, but that should not mean cutting vital services for people in need, especially when those services actually save the state money.