Testimony of Brenda Kelley,
AARP Connecticut State Director on S.B. 1013,
AA Implementing the Governor's Budget Recommendations Concerning Human Services
Human Services Committee
March 15, 2011

Good morning 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 organization with nearly 600,000 Connecticut members. AARP helps people 50+ have independence, choice and control in ways that are beneficial and affordable to them and society as a whole. On behalf of Connecticut members and adults 50+, thank you for the opportunity to highlight AARP's concerns with Governor Malloy's Human Services budget proposals.

AARP Supports Restoring the State-Funded Connecticut Home Care Program

While we appreciate the Governor's call for shared sacrifice and the difficult decisions the state faces, we believe that his recommended cuts in home and community based services will ultimately undermine his goal to provide expanded options for community care. We also believe drastic cuts in the state-funded Connecticut Home Care Program for Elders will increase Medicaid costs with additional institutional spending over time.

Connecticut has been working for years to provide residents with more home and community-based long-term care options, not only because it's what people want, but because it makes good fiscal sense. Unfortunately, the current proposal to increase the cost-share for seniors on the state-funded Connecticut Home Care Program for Elders by an average of $90/month is moving our state in the wrong direction. The cost-share is in addition to the average $60/month increase these same individuals were asked to pay just last year. For seniors with the highest level of need, the 15% cost-share could reach over $400 per month. AARP opposes the drastic increase, especially considering that over 80% of seniors on the state-funded home care program have incomes less than $22,000 per year. It is also worth noting that the state-funded Connecticut Home Care Program for Elders has an estate recovery requirement meaning that any money or support an individual receives can be recouped by the state when the individual passes away.

Additionally, the Governor's proposal would close Level 1 of the state-funded Connecticut Home Care Program for seniors at risk of short term nursing home or hospital placement, who can otherwise live independently in the community with minimal support. Although Governor Malloy attempts to cover these seniors under a 1915(i) state plan amendment, our understanding is that less than 20% of individuals currently eligible for services under Level 1 of the Connecticut Home Care Program would be eligible for the proposed 1915(i) expansion in Governor Malloy's budget. AARP supports covering as many individuals as possible under a 1915(i) state plan amendment to maximize federal funding, but we oppose closing Level 1 of the Connecticut Home Care Program to anyone who cannot qualify for services under the 1915(i) proposal.

Governor Malloy's bold expansion of the Money Follows the Person Program, which we support, is an important tool for rebalancing the system. But, alone, it is not sufficient to ensure consumers have access to affordable home care alternatives to nursing homes. That's because to qualify for Money Follows the Person an individual must first live in a nursing home for at least three months and qualify for Medicaid. In other words, someone has to leave their community and informal support network and become impoverished before they have the option to participate in Money Follows the Person. An individual must spend down to just $1600 in countable assets to qualify for Medicaid. Such a low asset limit makes it difficult for seniors in the community to have the resources they need to pay for the unexpected expenses that arise when you are living independently in the community, including necessary house maintenance, increased taxes and utility costs, etc.

Moreover, Money Follows the Person is not a diversion program. It does not delay or prevent anyone from entering a nursing facility in the first place; it simply provides additional resources and supports to help an individual move out of an institution once they get there.

During the 2010 elections, AARP asked candidates for the General Assembly, Governor, and other statewide officials about their support for funding for home and community based care, and specifically, funding for the state-funded Connecticut Home Care Program for Elders because the program is AARP's top legislative priority for 2011. Candidates from both parties expressed strong support for the state-funded Connecticut Home Care Program and the broader goal of long-term care rebalancing that allows older adults to receive care in the setting of their choice.

I know that the current fiscal crisis may tempt Connecticut and other states to propose cuts to home and community based services (HCBS), but such cuts in HCBS would be misguided and potentially more costly in the long run. Recent evidence indicates that expanding HCBS can be cost-effective; states that shift away from institutional care can serve more individuals with available dollars. On average, the state can serve three people in the community for every one person in an institution. Promoting HCBS has the dual benefit of not only slowing the growth in Medicaid LTC spending but also improving consumer choices. A new AARP survey released this month found that over 80 percent of Connecticut adults 50+ say being able to stay in their own home is extremely or very important.

Instead of cutting cost-effective, consumer-oriented home care options, AARP recommends maximizing federal funding by taking advantage of new opportunities created in the Affordable Care Act. Specifically, AARP recommends that the state participate in the State Balanced Incentive Payment Program (BIPP), which would give Connecticut an opportunity to improve and expand access to non-institutionally-based long-term services and supports, receive a higher federal Medicaid match rate and save money over the long run. BIPP grants will be funded beginning Oct. 1, 2011**.**

Using a conservative estimate, Connecticut would save approximately $37 million for the period Oct. 1, 2011 to Sept. 30, 2015. Other federal grant programs, including Money Follows the Person funding, can be used to invest in critical infrastructure needs that are required to qualify for the BIPP grants.

AARP Opposes New Cost-Sharing Requirements for Medicaid

Much like the negative impact felt by older adults when a 15% cost share was added to the state-funded Connecticut Home Care Program for Elders, research shows that adding even small co-pays for vulnerable individuals on Medicaid will jeopardize health care outcomes and cost the state more in the long run.

Proponents of increased cost sharing, such as premiums and co-pays, assert that low-income households can and should pay more and that increased cost-sharing will deter unnecessary medical care. But experience has shown that increased cost sharing makes it harder for low-income patients to access care, subsequently leading to poorer health and greater use of high-cost services (i.e. emergency rooms). AARP opposes increases in cost-sharing that create barriers to coverage and health care for low-income households.

In 2005, the Kaiser Commission on Medicaid and the Uninsured examined several states' experiences with increased cost sharing and made the following key findings: (1) cost-sharing led to unmet medical need and financial stress, even when amounts were nominal or modest; (2) coverage losses and affordability problems stemming from increased out-of-pocket costs led to increased pressures on providers and the health care safety net; (3) increases in beneficiary cost may create savings for states, but these savings may accrue more from reduced coverage and utilization of health care services rather than from the increased revenue. These findings highlight the point that low-income Medicaid beneficiaries live on particularly slim margins and are often not able to afford even "nominal" costs.

In the past, several states have implemented new or increased cost sharing for Medicaid beneficiaries. A number of research studies that examined the impact of this cost sharing have yielded similar results, finding that the increased costs can have a significant impact on the low-income population's access to care. For example, when Utah imposed small copayments (between $2 and $3) on beneficiaries with incomes below the poverty line, the copayments led to a significant reduction in health care access and utilization. Even though the co-payments were considered to be nominal, the increase caused serious financial hardship for almost half of beneficiaries.

Additionally, cost sharing is particularly challenging for individuals with chronic health conditions. This group requires more medical care and prescription medication, and must pay much more in co-payments to cover the cost of their care. The consequences of going without needed care or medication can be especially severe for this group due to their fragile health.

As many of you know, Connecticut has experimented with adding co-pays to Medicaid in the past and later rejected this approach when we learned it was not working. We hope that we don't repeat this mistake again.

Conclusion

Low income seniors and people with disabilities living on a fixed income and struggling to stay in their homes will be the hardest hit by these proposed cuts to important state safety net programs.

They also will be disproportionately impacted by the Governor's proposed tax increases as well as anticipated increases in utilities and other costs. Cuts and program changes also have created great anxiety as people are concerned that the programs they depend on will suddenly disappear.

AARP will vigorously work to protect essential safety net programs that older people and people with disabilities depend on to maintain independence, choice and control in ways that are beneficial and affordable for them and for society as a whole. We believe 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 may live as independently as possible. If they are eligible for financial support from the state, they certainly should not be forced to have to accept the most restrictive and costly option. This is not fair to the person and it is not cost effective for the state. With this goal in mind, AARP asks this Committee to oppose the drastic proposed increases to the cost-share for the state-funded Connecticut Home Care Program for Elders and closing level one of this program to new applicants. We also oppose the imposition of new cost-sharing requirements for Medicaid.