

Testimony provided by

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to

Senate Finance &
Assembly Ways and Means Committees

on

*Governor's Proposed FY 2003-04 Executive Budget
Medicaid, Health and Aging*

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Albany NY

Good Afternoon. I want to thank members of the Senate Finance Committee and the Assembly Ways and Means Committee for allowing me a chance to testify today on the Governor's Proposed Executive Budget and its impact on the aging service network in New York State.

My name is Greg Olsen and I am the Executive Director of the New York State Coalition for the Aging, a state wide membership organization representing almost 200 community-based senior service providers throughout New York State. Our members represent the front-line programs and services throughout the state that help maximize a seniors independence and support their caregivers. Our members provide cost-effective non-medical support services to New York's older adults and their caregivers. Our members include senior centers, town and municipality senior programs, home and congregate meal providers, adult day service providers, transportation providers and so on. I am also the Legislative Liaison for the New York State Association of Nutrition and Aging Services Programs (NYSANASP) who represent home delivered and congregate meal providers.

The charge was given to us in January that we must all share in the pain that reducing the deficit will require – we may have been in a better position to do this if in the good times, these good times were shared with our network. Unfortunately, they were not and we cannot absorb the proposed cuts without impacting service delivery.

Executive Budget Proposal

The Proposed Fiscal year 2003-04 Executive Budget Proposal seeks deep cuts to many programs and services to eliminate the states huge budget gap. Aging programs and services were not spared. It is critical to look at the proposed cuts as a package and not just one industry at a time. The cuts will impact the entire continuum of care, both in the non-medical and medical arenas.

NYSCA and our members judge the budget on two questions:

1. Does it support the spirit of the 1999 Olmstead Supreme Court Decision which ruled that persons of all ages with disabilities have the right to live in the most integrated setting – their homes and communities.
2. Does it favor community-based care - investing in programs and services that will maximize one's independence and support family caregivers.

The quick answer to these two questions is no. The Proposed Executive Budget cuts the New York State Office for the Aging by over 10%, proposes over \$1 billion in Medicaid spending reductions and proposes

over \$1 billion in new fees, taxes and cost sharing for the state's lowest income individuals, and shifts many costs to county governments.

The message that I want to deliver today and hope that the legislature responds to are:

1. **New York's NYSOFA funded service network cannot absorb a 10%, or \$6.4 million cut, and actually, needs to be invested in.**
2. **New York needs a strong continuum of care, including community services, home care and personal care as well as nursing home services.**
3. **This budget diminishes the opportunity to maximize independence and live in the community and will increase Medicaid applications and institutionalization because other options will be significantly reduced, and**
4. **Investing in community services will save the state and counties Medicaid dollars while providing better outcomes for individuals and families.**

Proposed Budget Specifics.

NYSOFA Funded Programs – Total cut - \$6.4 million, or 10%. Eliminates funding for the Congregate Services Initiative (supports health and wellness programs), NORC's, RSVP and the Foster Grandparent Program. Reduces funding for Social Model Adult Day Care and respite programs.

The budget proposal consolidates the CSE and EISEP programs, eliminates EISEP language from statute, cuts it by over \$3 million and requires the counties to pick up 5% more of the cost, raising the county share from 25% to 30%.

IMPACT – There will be a reduction in services in the majority of counties throughout New York State. The services that will be reduced will be EISEP services, case managed services, meal services, health promotion and wellness services and so forth. These are the services primarily funded through CSE and EISEP. The goal of making the counties come up with additional money will not be realized because many counties are already overmatched, meaning the reduction in state dollars will translate into reduced services. Due to the counties own fiscal woes, they will not increase their spending above the required amount.

The services administered by NYSOFA and delivered by our members support seniors living in their homes. Many are frail and absent these services, would be eligible for a higher level of care at a higher cost. The two options that will be available will be going without (this eventually leads to deterioration and an increase potential for hospitalization and nursing home placement) or applying for Medicaid. Cutting community based services will increase the states and the counties Medicaid costs.

NYSOFA's budget has been relatively flat funded since 1989. For over a decade, the aging network has seen an increase in their costs, an increase in the demand for services, a more complex clientele and the expansion into newer markets – such as caregivers. In addition, there is a substantial need for an investment in infrastructure, equipment, capacity and the workforce. The demographics and all the other trends show a huge increase in the population coupled with a decrease in the informal support network. Without the infrastructure to serve them in their communities at a lower cost and without changing the way the state does business when it comes to long-term care, changing nothing will have a devastating financial impact on the state.

New York should be investing in these programs over time to allow older adults to remain at home, to avoid Medicaid applications, to support workers and families who are caregivers, to have a safe place for seniors to be discharged out of hospitals and nursing homes to. We currently do not have this and in the spirit of Olmstead and with the desire of individuals to remain at home, this budget falls short.

NYSOFA funding must be at least maintained at last years level of \$64.6 million and preferably, increased. The EISEP/CSE consolidation must be opposed at this time and the EISEP language must be maintained. This is not the year, nor the context to propose these changes. These programs are your first line of defense in the long-term care system and they are the most cost-effective.

Medicaid Cuts

Home Care

We are equally concerned with the proposed cuts to the Medicaid program, specifically, the proposed home care cuts, proposed nursing home cuts, and increases in fees for the program participants.

If our goal is to have a strong continuum of care that meets peoples needs at various levels, this budget moves in the opposite direction by decimating the continuum of care from the front end (NYSOFA programs) to the back end – home care and nursing home.

If Medicaid costs are of concern to the state and counties, as I know they are, then reducing the opportunity for lower cost care and leaving institutionalization as one of the few options is not a good strategy, but that is what the budget does.

Due to federal cuts to home care over the years as well as recent cuts initiated by New York State, there is the real possibility that there will be large geographic areas upstate that will have no home care or personal care. Agencies who provide these services may not be able to keep their doors open. Absent skilled home

care and personal care services, the choice for individuals are to remain in the hospital, go to a nursing home, or be discharged home with limited or no supports. All are inappropriate when one's health is on the line. The individual should be served in their community at a lower cost (and supported by Olmstead) when appropriate and absent these options leads to higher Medicaid and other health care costs.

Home care and personal care are critical components of New York's long-term care system and need to at least be maintained. Reducing our investment here is a critical mistake that will have immediate ramifications on the health, independence and safety of our residents. It will also lead to increased Medicaid costs as institutionalization will remain as one of the few remaining options. As with non-medical aging services – workforce issues must also be addressed within the home care and personal care programs so that these services are available and accessible when appropriate.

Nursing Homes

We are concerned that the cuts proposed to nursing home care will result in poorer quality of care as nursing homes will respond to the cuts by reducing direct care staff and making other reductions that will impact the health and safety of our most vulnerable citizens.

Because the nursing home industry is already suffering from financial difficulties, reducing their income even more will have a direct impact on the quality of care of the residents – this is because over 80% of all the dollars go toward personnel and staff costs. It is critical not to further diminish the capacity of nursing homes to provide the care they are responsible for providing to our most vulnerable.

Other Proposed Cuts

1. We strongly oppose reducing the state's share of SSI by \$7 to offset the federal COLA – SSI recipients are already living on a very low fixed income (\$639/month), taking their \$7 a month COLA is unfathomable.
2. We oppose reductions in payments to pharmacies under the EPIC and Medicaid programs – these will lead to pharmacies pulling out of the programs and reducing an individuals access to the prescriptions they rely on. Access to prescription are an integral component to remaining independent and managing one's chronic conditions.
3. We oppose increases in the copayments and deductibles of EPIC participants and Medicaid. The outcome will be less discretionary spending for already low-income individuals. This is the same as a new tax or a fee on those with the least ability to pay for them.

CLOSING SUMMARY

In the spirit of the Olmstead Supreme Court Decision – New York should be investing, over time, in cost-effective community based services that maximize one's independence. This includes focusing on health promotion and prevention services such as:

- Chronic disease management
- Fall and injury prevention
- Medication management
- Mental health service access
- Caregiver support and training, etc.

The continuum also includes transportation, housing, meals, respite, social adult day, case management in addition to home and personal care and nursing home care. An appropriate system is strong in all the components and encourages care to be delivered in the most cost-effective manor first, before relying on more intensive and more costly settings.

Data proves these programs and services to delay and prevent more costly care in hospitals and nursing homes while allowing individuals to remain in their homes and communities. When living in the community, the lower one's income, the higher the proportion of that income being spent in the community and being an important part of that communities economy.

This budget proposal goes in the opposite direction by reducing and eliminating cost effective community services and the networks ability to deliver them, scales back the home care and personal care piece and reduces the nursing home piece. The end result will be an incentive for individuals to apply for Medicaid coverage because it will be the only remaining option. It will mean a reduction in one's health and independence and therefore an increase in other costs – specifically Medicaid. It will also negatively impact the quality of care provided by Medicaid providers in New York, placing seniors and others at risk.

Whether in the community, in a hospital or in a nursing home, in order to live in one's community, there must be a strong support service component that will aid in the transition out of a hospital, out of a nursing home, or to be maintained at home. This budget reduces the lower cost options leaving the most expensive and many times inappropriate option, nursing home, as the only one available. This must be rejected.

Recommendations

1. New York needs to begin the process of rebalancing its long-term care system to incentivize and reward community-based care.
2. New York needs to reduce fragmentation and duplication in its delivery system while increasing communication and coordination.
3. New York needs to use existing resources more effectively and efficiently.
4. The role of caregivers must be supported and rewarded.
5. Dollars need to follow the individual, to meet their holistic needs individually, not from a large bureaucratic system.
6. Need to invest in infrastructure, capacity and the workforce of community programs and services.

New York's community based service network is poised and ready to help the state meet these challenges. We are professional, we are experienced but we need the investment in our capacity to deliver services.

Thank you.