



AARP New York State Office

Testimony before the

New York State Legislature

Joint Hearing

Senate Finance and Assembly Ways and Means

Executive Budget Proposal

Human Services

February 13, 2012

Hearing Room B

Legislative Office Building

Albany, New York

Introduction

Good afternoon Senator DeFrancisco, Assemblyman Farrell, and members of the Committee. My name is Muriel True, and I am a volunteer leader with AARP. With me today is David McNally, our Manager of Government Affairs and Advocacy. AARP is a membership organization with over 2.5 million members in New York State. I would like to thank you for allowing us to speak today about AARP's views on the human services portion of the Executive Budget.

I would like to focus my remarks today on three basic areas that are very important to our membership: the Elderly Pharmaceutical Insurance Coverage program (EPIC), State Office for Aging (SOFA)-funded programs, and Kinship Care Programs run by the Office for Children and Family Services (OCFS).

MAJOR CUT TO EPIC Took Effect on January 1, 2012

Creating and maintaining access to affordable prescription drugs is a fundamental goal of AARP. We are very concerned to see the EPIC program essentially eliminated as of January 1, 2012, with the exception of coverage in the Medicare Part D doughnut hole and Medicare Part D premium assistance for enrollees with income levels of \$23,000 for single individuals and \$29,000 for married couples.

AARP appreciates the Legislature's restoration of \$22 million to the EPIC program last year to support premium payments. Unfortunately, the remaining cuts and program

changes that took effect on January 1, 2012 are having a tremendous impact on EPIC enrollees who cannot afford the copayments for their prescription drugs.

As of January 1, the majority of EPIC enrollees have to pay 25% of the cost of their prescription drugs as required by Medicare Part D (until they reach the Part D coverage gap) – but with no copayment assistance from EPIC. Prior to this cut, EPIC enrollees paid a copayment of no more than \$20 per prescription and often less.

In addition, the cuts that took effect on January 1 eliminated all copayment assistance for people who become eligible for catastrophic coverage under their Part D plans. Now EPIC enrollees with total drug costs exceeding \$6,658 will have to pay 5% of the cost of their medications at the counter. This is very problematic because people who are eligible for catastrophic coverage are often taking prescriptions for cancer-related conditions or multiple sclerosis. Many of these drugs can cost thousands of dollars for each prescription.

We are beginning to hear about this issue all across the state from our members and organizations that help older people with health insurance-related matters. The average EPIC enrollee is 78 years old and takes four prescription drugs. We understand the magnitude of the state budget crisis and the need to get New York's finances in order. However, reducing or eliminating this essential copayment support is having a devastating impact on our most vulnerable citizens.

We commend the Senate and the Assembly for its longstanding support of the EPIC program in the past and for providing this safety net prescription drug coverage for our senior population. However, last year's budget cut to EPIC, which took effect this year, is taking a hard toll on a population that is least able to afford it.

AARP strongly recommends that the Legislature restore copayment assistance to EPIC enrollees in the final state budget. AARP stands ready to work with you to find the best possible solution so that the EPIC program will continue to assist elderly New Yorkers with affording the medications they need to remain healthy.

New York State Office for the Aging (SOFA)

AARP was pleased to see that many of SOFA's large community-based programs remained essentially intact. Program such as the Expanded In-Home Services to the Elderly Program (EISEP), Supplemental Nutrition Assistance Program (SNAP), Community Services for the Elderly (CSE), and Social Model Adult Day Care, all programs that help seniors to age in place, were not reduced.

We believe these programs should remain intact as budget deliberations continue towards the April 1 deadline.

Unfortunately, Naturally Occurring Retiring Communities (NORCs) did get cut. The Governor is proposing to reduce funding for the Naturally Occurring Retirement Communities and the Neighborhood NORC programs by \$457,000.

AARP believes these cuts should be rejected. The service delivery model used by these programs demonstrably helps seniors to age in place with minimal supports to remain independent. The proposed cuts, if implemented, put seniors at risk for needing more costly service delivery options including placement in skilled nursing facilities.

Informal Family Caregivers

AARP does not believe New York State is making a meaningful investment in informal family caregivers. Our review of the SOFA budget found less than \$2.3 million in state funds that are specifically appropriated for direct assistance to informal family caregivers.

In fact, SOFA reports that over 80% of all long-term care is provided by family members, friends and neighbors. According to a recent extensive report released by SOFA, there are over 2.2 million informal caregivers – that is friends, family, and neighbors who provide direct care to people of all ages with disabilities. In our own studies, ***AARP estimates this care was worth about \$32 billion in 2009 alone.***

A recent AARP-commissioned poll revealed that the majority of New York State residents age 50 and over would prefer to receive long-term care services at home rather than going into a long-term care facility. We believe that the poll shows strong support for New York to reform its long-term care system and to invest more in strong home- and community-based services that keep older people in their homes and out of expensive nursing homes.

AARP strongly believes that family support is a key factor in determining an older person's ability to remain in his or her home and community and out of institutional care settings such as nursing homes. However, the care provided by family members comes at a cost, both to the caregiver and to their families.

SOFA estimates that without the support of these unpaid caregivers, over 50% of older residents would likely be placed in institutional settings like nursing homes, sometimes miles away from their home, community and family members. Consider that in New York, families provide an estimated \$32 billion a year in services and the investment the state provides is less than \$2.7 million. This math does not add up well in our opinion. New York's failure to adequately support these caregivers needs to be addressed when you consider that these programs provide people with the care they want while saving taxpayer money by keeping individuals out of significantly more expensive institutional care settings.

Earlier this year, AARP's Public Policy Institute, the Commonwealth Fund and the SCAN Foundation together released *State Long-Term Services and Supports Scorecard*, a first-of-its-kind multidimensional measurement of state-level performance of long-term services and supports (LTSS) systems that provide assistance to older people and adults with disabilities. The report examined four key dimensions of state LTSS systems performance: affordability and access, choice of setting and provider, quality of life and quality of care, *and support for family caregivers*. It assessed each state's performance as a whole and on 25 individual indicators.

Analysis of the indicators included in this report found that performance varied tremendously across states. However, overall, New York ranked 41st out of 50 states and the District of Columbia. With respect to support for its family caregivers, however, New York ranked an even more dismal 48th.

AARP believes we can and must do better to support these families.

We believe that New York must make a more significant financial commitment to programs such as respite care, social model adult day care, and other programs that provide direct care and relief to informal family caregivers.

Office Children and Family Services

Kincare

Kinship care refers to non-parental care of children. It is the full-time care of children by grandparents, relatives, and family friends, without the assistance of the parents.

Grandparents provide over 55% of kinship care. Children often come to live with relative caregivers due to unfortunate circumstances. Some were abused, neglected, or abandoned by their parents. Others may have parents who are alcohol and/or substance abusers, or who are deceased, mentally ill or unable or unwilling to parent.

According to the 2009 American Community Survey, in New York State 141,157 grandparents are responsible for their grandchildren; 54,305 of these grandparents are age 60 or older. Additionally, the Pew Research Center recently documented a new surge in grandparent care caused by the economic downturn.

These grandparents and other relative caregivers often lack information about their rights as caregivers and about obtaining a range of support services. Unlike parents, kinship caregivers face challenges enrolling children in school, getting medical care for the children, accessing family rights, and obtaining necessary benefits. In response to their needs, OCFS had funded 21 regional kinship programs and the Kinship Navigator program, a commitment totaling approximately \$3 million three years ago.

OCFS-funded Kinship programs have supported grandparents or family members who are raising another relative's child. These kinship programs have kept countless children out of foster care and by doing so, have provided better outcomes for the children and undoubtedly saved the state millions of dollars. Kinship programs have cost the state about \$500 per child as opposed to the foster care program which can cost the state well over \$22,000 per child per year.

In last year's budget, total funding decreased to \$389,750, resulting in the defunding of thirteen of the twenty-one programs. The Governor's budget currently proposes that the New York State Kinship Navigator be flat-funded at \$220,500. The eight remaining regional kinship programs are funded at \$338,750.

AARP strongly recommends that the Legislature reject the Governor's proposed cut and bring kinship care funding back to its \$3 million appropriation in order to maintain 21 regional kinship programs and maintain a strong Kinship Navigator program.

Conclusion

Thank you again for allowing AARP to testify today regarding these important issues.

The programs that I highlighted today not only will help thousands of New Yorkers and their families, but will undoubtedly save taxpayer money now and into the future. We are happy to answer any questions.