

TO: Chairman Tim Hennessey
Chairman Steve Samuelson
Pennsylvania House of Representatives
Aging and Older Adult Committee

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Background

The Older Americans Act of 1965 was the foundation for supports and services offered to older adults, and created the requirement for federal, state, and local offices to provide these supports. One of the many objectives in the Act declares the responsibility of the U.S. government to assist older adults to secure equal opportunity to “full restorative services for those who require institutional care, and a comprehensive array of community based, long-term care services adequate to appropriately sustain older people in their communities and in their homes, including support to family members and other persons providing voluntary care to older individuals needing long-term care services.” Reauthorization of the Act is critical to validate the rationale to create new programs and preserve existing services that benefit older adults.

The 21st century presents challenges to states, counties, and local municipalities as they attempt to meet the long term support and service needs for an increasing older adult population. Between 2000 and 2010 the growth in the U.S. population age 65 and over (15.1 percent) increased at a faster rate than the growth in the total population (9.7 percent). The first of the nearly 78 million Baby Boomers (Americans born between 1946 and 1964) turned age 65 as of January 2011. The 2010 Census indicates Pennsylvania is home to more than 3.3 million Baby Boomers, accounting for 26.6

percent of the total Pennsylvania population. Pennsylvania ranks 5th nationally in the total number of residents age 62 and over, and 8th among states in the proportion of Baby Boomers to the total population.¹ Increases in funding are necessary to meet current demands, and funding from the Pennsylvania Lottery dedicated to supporting programs that benefit older adults is essential. Pennsylvania remains unique, as the Lottery Fund is intended to provide the necessary revenue to support programs for older adults (including property tax and rental assistance, transportation subsidies, prescription drug coverage, and community care programs).

Bucks County

Pennsylvania is expected to experience a 4 percent population growth between 2000 and 2030 (from 12,281,051 to 12,768,184 residents), while Bucks County is expected to experience a 16.8 percent growth in the same period (from 597,635 to 697,961 residents). Bucks County is composed of 54 municipalities, and its population of 625,249 in 2010 (91,219 age 65 or older) makes it the 4th most populated county in Pennsylvania. Bucks County also ranks 4th in the commonwealth in the total number of residents age 62 and over. Baby Boomers made up almost one third of the County's population in 2010.

Ten percent of Bucks County residents lived with a disability in 2010, with 46 percent of that population age 65 or older. Growth in the number of active-adult/55+ communities paired with sales and financing problems suggests market saturation, and the number of large land tracts suitable for retirement or assisted living communities is becoming scarce. The median monthly rent in Bucks County, \$1,036 in 2010, was one of the highest of six adjoining Pennsylvania and New Jersey counties, and exceeded state

¹ Pennsylvania's Older Baby Boomer Turns 65 (2012). Data Brief. *Pennsylvania State Data Center*, 1

and national medians.² According to 2010 Census figures, Bucks County had a 4.5 percent vacancy rate in housing units for sale or rent.

Bucks County Area Agency on Aging (“BC AAA”), has its roots dating back to 1966, where the objective was to divert appropriate Bucks County residents from institutionalization to community services. The agency has been charged with the planning and implementation of a variety of programs to assist older adults in Bucks County since our official designation by the County Commissioners in 1973. Our focus is to provide assistance to those older adults: with the greatest economic or social need, at risk for institutionalization, low-income minority consumers, to those residing in rural areas, and to those with limited English proficiency.

Older adults often experience fragile health and/or dementia that often limit their ability to manage their own needs. BC AAA Care Managers meet with individuals and their families to complete comprehensive face to face visits to tailor care plans to meet consumers’ holistic and specific needs. Our recommendations addressing consumer needs cover a continuum of care, with choices ranging from institutional care for those unable to reside safely in the community, to Home and Community Based Services (“HCBS”) as a more economical, less restrictive and consumer preferred alternative. We provide older adults and their families a variety of long term supports and services that will promote independence, enhance the quality of life of older residents, and allow for freedom of choice. HCBS allow older adults to stay connected to the community, while remaining active and as independent as possible in their own homes. The agency currently offers more than twenty programs to help older adults and their families and serves as an advocate for older residents of Bucks County. Assistance provided to

² Bucks County Comprehensive Plan 2011 (2012). *Bucks County Planning Commission*, 10-283.

consumers and caregivers includes, but is not limited to: recruitment and placement of volunteers; employment assistance; enhancing community awareness of available resources and benefits; advocating for increased availability of accessible and affordable housing; legal counseling and representation; promoting independence and community involvement; recommending necessary home and community based services or institutional care; assisting with nutritional needs to reduce the risk of food insecurity; and advocacy and protection of older adults, including the right to live free from abuse, neglect, financial exploitation, and abandonment.

BC AAA typically receives over 30,000 calls annually from consumers, families, professionals, and other stakeholders seeking services and supports for older adults. In fiscal year 2011-2012, BC AAA programs provided: a total of 113,822 home delivered meals, and 75,938 congregate meals through our partnerships with the 13 county Senior Centers; 70,935 trips to 1,600 eligible consumers to approved destinations through our Shared Ride program; 56 community presentation, where 2000 consumers received health insurance counseling from APPRISE counselors; 117 consumers participated in our fall prevention program (Healthy Steps), with 50 percent that participated longer than six months reporting increased mobility and decreased pain; 646 Retired and Senior Volunteer Program volunteers provided over 116,600 hours of service to 138 partner agencies, accounting for \$2.5 million dollars of volunteer service; 51,726 hours of home care, and 4,266 days of Adult Day Service; a total of 500 “Reports of Need” for Older Adult Protective Service were received, with a total of 170 cases substantiated of consumers at risk for abuse, neglect, financial exploitation, and abandonment; and from

fiscal years 2007-08 through 2010-11, there were a total of 24,851 active consumers enrolled in BC AAA programs.

Hold Harmless

The Pennsylvania Hold Harmless legislation specifies that no Area Agency on Aging (AAA) may receive less state funding than it received in the preceding year. The current Intrastate Funding Formula (“allocation formula”), approved by the Administration on Aging (“AoA”) in 2004, was implemented by Pennsylvania Department of Aging (“PDA” or “the department”) in state fiscal year 2005-2006. PDA used U.S. Census data which shows high levels of growth in older adult populations, and a change in the consumer demographic mix. The department confirmed that clear differences existed on how the various demographic subsets of a population impact an AAA’s resources. The model was developed to optimize the allocation of state and federal funds to the AAAs’ while minimizing adverse impact. The formula was first applied to the available funds, then parameters that affect the allocation (i.e. “Hold Harmless”) were to be applied. The department believed this formula would benefit the collective “whole” rather than an individual Planning and Service Area (“PSA”), and set a financial minimization cap on losses to reduce the chance of financial harm to any single AAA. The current formula uses the following factors to determine an agency’s allocation: 25% poor (at or below 100% poverty), 25% rural, 20% minority, 20% age 75+, and 10% age 60+.

Programs funded by the Pennsylvania Lottery promote delivery of long term supports and services for PA’s older citizens, are responsive to needs, allow for consumer choice, and provide a means for older adults to remain in the community by blending

social supports with independence. The Lottery Fund provides a means for consumers who do not qualify for Medical Assistance or other state entitlements programs to receive necessary services, which is most often an economically responsible alternative or delay to institutionalization.

Hold Harmless was initially intended to provide assurance that the Lottery Fund would be dedicated to assisting older adults, thereby preserving the Declaration of Objectives in the Older American Act. PA House Bill 149, which proposes to eliminate the Hold Harmless clause in the Funding Formula, indicates BC AAA could receive an increase of 42.8 percent in our Aging Block Grant revenue (a total of \$2,245,771), increasing our Aging Block Grant from \$5,247,058 to \$7,492,829. BC AAA is in dire need of this increased revenue, and supports this legislation with an assurance that the increased revenue is dedicated to supporting the ongoing needs of the growing older adult population in Bucks County and across the Commonwealth, versus a one-time allocation. The Funding Formula could then adjust the Lottery Fund revenue accordingly, coinciding with changes in the older adult population per the U.S. Census data.

Advocates for Hold Harmless indicate the lack of increase to our Aging Block Grant revenue since 2009 is the issue that should be addressed, and the removal of Hold Harmless could dilute or eliminate funding that is currently dedicated to supporting the needs of older adults. A consideration could include allocating additional revenue from the Lottery Surplus to PDA, and allow the department to rebalance the Funding Formula so the additional revenue can be distributed to AAAs based on current demographic trends according to the U.S. Census data.

The department originally believed the formula should benefit the collective “whole” rather than an individual PSA, and set a financial minimization cap on losses to reduce financial harm to any single AAA. Another consideration could include amending Hold Harmless from individual PSA/AAA to a statewide Funding Formula allocation, authorizing PDA to make the necessary revenue adjustments by PSA based on older adult U.S. Census data.

A final consideration could include reallocating Lottery revenue for greater support of HCBS verses institutional care or Medical Assistance (MA) Programs. In the last quarter of Fiscal Year 2011-12, 45.4% of MA consumers across the commonwealth appropriate for a nursing facility (totaling 40,818) opted to receive HCBS instead, while 54.6% consumers (totaling 49,017) were residents of nursing facilities. In fiscal year 2012-13, \$309 million of PA Lottery revenue is budgeted to support MA nursing facility residents, while greater than 5,300 elderly consumers across the commonwealth are on waiting lists for services that could prevent or delay institutionalization. As of March 2013, Bucks County had 263 consumers on waiting lists for services funded by Lottery dollars. That number would have been doubled had it not been for a generous increase in BC AAA’s 2012 calendar year budget by the Bucks County Commissioners to serve consumers on the waiting list. Additionally, AAAs’ have traditionally administered the Aging Waiver as a “one-stop shop” for persons age 60 or older who financially qualify for the program and require nursing home care, but can safely be served in the community. Currently, 28,000 consumers are being served state-wide by the Aging Waiver. In addition to providing the benefit of in-home (rather than institutional) care the Aging Waiver is more economical: average annual nursing facility cost per consumer

is \$59,340, while the average annual Aging Waiver cost per consumer \$21,336. Related to recent administrative changes by former Secretary Alexander at the Dept. of Public Welfare (DPW), many AAAs across the Commonwealth have been forced to supplement the inadequately funded Aging Waiver program with their Aging Block Grant (Lottery revenue). BC AAA is expecting a \$600,000 shortfall for fiscal year 2011-12 related to the Aging Waiver changes, and 51 of 52 AAAs' across the commonwealth have redirected Lottery and other local revenue to cover the DPW revenue gap (causing a 66% increase in waiting lists in just four months from July through November of 2011). BC AAA remains hopeful that additional adjustments will be made to the current rate structure, and Lottery revenue will be redirected to non-MA programs traditionally funded by the Aging Block Grant.

I appreciate this opportunity to present information regarding Hold Harmless, and how it affects long-term supports and services in Bucks County.