



STATEMENT OF

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Chairman Kohl, Senator Smith, Members of the Committee, thank you for the invitation to discuss the Administration on Aging's priorities, including our budget request for Fiscal Year 2008. I am honored to share this panel with my colleague Leslie Norwalk from the Centers for Medicare and Medicaid Services (CMS), Michael Astrue of the Social Security Administration (SSA), and Brian Montgomery of the Department of Housing and Urban Development (HUD).

Before I discuss the specifics of our budget request, I would like to talk about the broader policy and programmatic context and thinking that shaped the development of our priorities and our budget.

As Leslie Norwalk stated so well, we are witnessing sweeping and fundamental transformations in the way we think about and deliver health and long-term care in this country.

All of these changes are happening at a time when we are experiencing unprecedented growth and diversity in our aging population. Last year, the first wave of America's 78 million Baby Boomers began turning age 60. Every seven seconds today, and for the next 20 years – someone in America will reach this milestone.

To help prepare our nation for these changes, the Administration on Aging (AoA) has been working hand-in-hand with CMS for five years now to modernize the services we provide to the population we jointly serve. Medicare, Medicaid and the Older Americans Act (the Act) represent a cornerstone of our nation's commitment to the health and well-being of our older

citizens and people with disabilities of all ages. These programs are designed to complement one another, so it is critical that AoA and CMS coordinate our efforts to modernize these programs for the benefit of the people we serve – and, that is exactly what we have done.

I had the privilege of administering Older Americans Act programs at the community level for many years before the President honored me by appointing me to serve as the Assistant Secretary for Aging. I believe the Older Americans Act is one of our nation's great success stories.

The framers of the Act anticipated the growth in our older population, and charted out a bold vision for a nationwide network of public and private agencies and organizations focused on a common mission -- to ensure the dignity and independence of older people. The Act charged this aging services network with the responsibility to promote the development of a comprehensive and coordinated system of home and community-based services that will enable our seniors to remain independent in their own homes and communities for as long as possible. This system of services includes information and personalized assistance; access to a broad array of benefits and services, case management, specialized transportation services, congregate and home-delivered meals, adult day care, senior centers, personal care, homemaker and chore services, health promotion, disease prevention, and supports for caregivers.

We have made tremendous progress in advancing the goals and objectives of the Act through the combined efforts of the aging services network consisting of 56 State units on aging, 655 area

agencies on aging, 234 Tribal organizations, 29,000 community-based aging services provider organizations, and one-half million dedicated volunteers.

The aging services network has literally built the foundation of this nation's formal system of home and community-based care. And we have done it in partnership with older Americans and their families.

As a result of our investments in the Older Americans Act, we now have a nationwide infrastructure in place that reaches into every community in this country and serves over eight million seniors and close to one million family caregivers each year. We are strengthening America's families and our services aim to keep people who are chronically impaired out of nursing homes. We also aim to keep older people healthy and engaged in community life.

Consistent with the original intent of the Act, the aging services network has successfully used our Federal investments to leverage other funds and integrate services. The Older Americans Act was not designed to support a free-standing system of services. OAA funds are to be used strategically to advance changes in our overall system of care, and to fill gaps in services. The network has done an outstanding job in meeting this intent. For every dollar we invest in the Act, the network leverages about three additional dollars in public and private support. Today, using \$1.3 billion in Federal support, the network is managing a total of \$4 billion in funding, making it the largest provider of home and community-based services in the nation.

As Leslie Norwalk noted, the aging network has been playing a major role in the transformation of Medicare. This has been most visible in our partnership with CMS to provide education, outreach, and individualized assistance to millions of seniors during the Medicare Part D Outreach and Enrollment Campaign. In many of these events, we were also joined by our partners at SSA. The aging services network took the lead in convening and/or supporting over 84 percent of the 49,000 events that were held at the community level as part of the CMS led campaign between January 1, 2006 and May 15, 2006. AoA and CMS also jointly funded 340 community-based outreach project targeted specifically at hard-to-serve, limited English speaking, minority and disabled beneficiaries. Many of our local aging network organizations have had excellent working relationships with the Social Security field offices. As a result, our efforts to inform beneficiaries about Part D and the Part D low-income subsidy were also enhanced by our strong working relationship with SSA.

Our success in Medicare Part D proved what consumers and their caregivers already know: the aging services network is a visible, on-the-ground presence at the community level all across our nation. The network is relied on and trusted by America's seniors and is highly effective in reaching older people where they live, work, play and pray.

Senator Smith, as you know, it was the aging services network in Oregon that led the way for the rest of the nation over 15 years ago when it successfully redirected Medicaid funding for long-term care, and created a more balanced system where half of all public funding for long-term care is spent on home and community-based care. The aging network in the State of Washington followed suit and did the same thing with that State's long-term care system. In the States of

Wisconsin and Vermont, the network has played a key role in integrating services, and both of these States are now using models that combine nursing home and community-based resources into flexible services models. These innovations are enhancing consumer choice and community care.

Two-thirds of States have given their State units on aging responsibility for managing one or more of their Medicaid waivers. And in more than half the States, the aging network has been charged with the responsibility to serve other populations, including younger people with physical disabilities and people with developmental disabilities.

Our Older Americans Act network is making a real difference in the lives of people every day all across this nation. However, if we are to continue to be successful, we must keep pace with the changes occurring in the larger policy environment.

#### Modernizing Our Core Older Americans Act Programs

When I was appointed Assistant Secretary for Aging, I made the modernization of the Older Americans Act programs my number one priority, and I was guided by the President's priorities in long-term care outlined in his New Freedom Initiative. I also looked to the Act, and to our core Older Americans Act programs. And most important, I got input from our customers and key stakeholders, our seniors and their caregivers, and members of the aging network, from all across the nation.

We heard from consumers-both older and younger alike-that they want to remain at home. We also heard loud and clear that our system is still biased in favor of expensive nursing home care,

and people are generally not aware that lower cost options are available or find it extremely difficult to access these alternatives. Many Americans still think Medicare pays for long-term care.

We have also implemented several demonstration projects on long-term care. For example, we rolled out the Aging and Disability Resource Centers (ADRCs) in 2003 in partnership with CMS. Through ADRCs, we aim to help States re-engineer their systems of consumer information and access through the establishment of “one-stop-shop” entry points to long-term care. Our goal is to make it easier for consumers to learn about and access services that are available to them in their communities. Just as the network helped to bring transparency to health care in Part D, we are now bringing transparency to long-term care through our ADRCs. The ADRCs require strong partnerships at the State level between the aging, Medicaid and disability agencies with the governor appointing the lead agency. Effective partnerships, with the involvement of all public and private stakeholders, help to ensure that the ADRCs can breakdown multiple barriers for consumers, including fragmented and complex funding streams with duplicative intake and eligibility processes. We are currently supporting ADRCs projects in over 100 communities in 43 States serving both those in need of public resources like Medicaid as well as individuals using private resources.

In 2004, with Assistant Secretary for Planning and Evaluation (ASPE), CMS, the National Governors Association and selected States, we launched a complementary initiative, the “Own Your Future Campaign” to educate individuals on the importance of planning ahead for one’s

long-term care. To date, we have reached nearly 4 million consumers over the age of 45 in nine States, and we are expanding this Campaign to five additional States later this year. As part of this campaign and the new reforms under the Deficit Reduction Act, we also launched a new website this past December at [www.longtermcare.gov](http://www.longtermcare.gov). This is the first Federal website specifically designed to help people plan ahead for their long-term care.

To modernize our core Older Americans Act programs in the area of health promotion, we rolled out a joint initiative program in 2003 to put the best available science into the hands of older people who are at-risk of chronic disease and disability so they can take more control of their own health. Working with the Centers for Disease Control and Prevention, the Agency for Health Care Research and Quality, the National Institute on Aging, CMS and several major national foundations, we are helping our aging services provider organizations, such as senior centers and faith-based organizations, to deploy evidence-based prevention programs that have proven effective in reducing the risk of disease, disability and injury among the elderly. These interventions involve simple tools and techniques seniors can use to better manage their chronic conditions, reduce their risk of falling, and improve their nutrition and their physical and mental health. This initiative was started in 12 communities, and we expanded with support from the Atlantic Philanthropies. We are now gearing up projects in 20 States. Like ADRCs, our long-range vision is to eventually see evidence-based models being offered through our core Older Americans Act programs in every community.

To promote the use of flexible, consumer-directed models for high-risk individuals, in 2004 we joined ASPE, CMS and the Robert Wood Johnson Foundation to support the replication of the

Cash and Counseling model that was successfully tested in the States of Florida, Arkansas and New Jersey. This model puts consumers in the driver's seat, when it comes to making decisions about the types of care they receive and the manner in which they receive it. This approach has been extremely popular among consumers, young and old alike, and has been shown to be effective at helping high-risk individuals to stay at home. Together with our partners, we are helping 11 States to replicate this program into their home and community-based waivers. Our aging services network led the implementation of the Cash and Counseling model in 2 of the 3 original States, and is now leading 8 of the 11 replication projects. Using flexible service models and giving people more control over their care is going to require us all to think very differently about how we deliver services and measure quality. We have to begin to let our Older American Act dollars follow people's needs, not service categories. We must do this to remain effective at promoting consumer-driven systems of care. This approach will also help our network respond to the growing number of seniors who will be able to pay for the cost of the services they receive.

I was thrilled to see the Congress embrace the key elements of our modernization agenda that I just described as part of the reauthorization of the Older Americans Act in 2006. These elements were reflected in the Administration's Choices for Independence demonstration project. In December, we took our first major step to implement the new amendments by convening a national summit here in Washington. The summit brought together over 1,300 people from all parts of our network for a peer-to-peer exchange of best practices, strategies, and tools that State and local governments and community-based organizations can use to help older people remain healthy and independent. It focused on the three elements of our modernization strategy that I

have talked about this morning. By all accounts, the summit was extremely well received by our network.

### FY 2008 Budget Proposal

I now want to discuss the investments we want to make in 2008. Our priority for making the budget was to maintain our core programs, improve their flexibility, and to further strengthen and modernize them and the aging services network.

For FY 2008, AoA's request maintains core program funding at the FY 2007 President's Budget level of \$1.268 billion, which will allow us to continue providing high-quality, effective services to seniors and their caregivers. When used together in response to defined consumers needs, these core programs provide greatly needed services and cost-effective long-term care alternatives that enable seniors to stay at home.

These services include:

- over 20 million hours of in-home services such as homemaker, chore and personal care;
- over 240 million meals in home and community-based settings,
- over 10 million units of services for over 700,000 caregivers and,
- 36 million rides to doctor's offices and other critical daily activities.

Our outcome survey data show the array of services provided are effective at helping people to remain at home longer, and to participate more fully in community life:

- 45 percent of seniors using transportation services rely on them for “virtually all” of their needs – without these services, these individuals would be homebound.
- 43 percent of seniors receiving homemaker services report a level of frailty consistent with that of nursing home residents.
- 91 percent of home-delivered meal recipients report that the meals enabled them to continue living in their own homes.
- 84 percent of the caregivers say that OAA services enabled them to continue to care for their love ones longer; and
- Consumer satisfaction rates exceeded 85 percent for all core service programs in 2005.

To improve our accountability to our consumers, we have set ambitious performance targets for our key program measures of efficiency, outcomes, and targeting as part of our integrated performance budget. For example, we have increased the number of seniors served per million dollars of AoA funding over the last five years by 22 percent.

In FY 2008, our goal is to continue to increase this efficiency while maintaining high-quality services for those most in need. We aim to test whether our investments in Aging and Disability Resource Centers, consumer directed care, and evidence-based programs, all part of the proposed Choices for Independence demonstration, will lead to continual improvements that will help us to achieve our ambitious goals and better serve our nation’s seniors and their families now and in the future.

### Choices for Independence Demonstration:

Our FY 2008 budget includes \$28 million for our Choices for Independence demonstration. This request will allow us to move forward with and evaluate our modernization efforts so we can document their impact on the health and well-being of older people, and on Medicare and Medicaid costs. This will include testing the provision of flexible, consumer-directed services under the Older Americans Act that will be targeted to individuals who are at high-risk of nursing home placement and spend down to Medicaid.

The principles that comprise Choices for Independence include:

- Making it easier for people to learn about and access existing health and long-term care options that are available to them in their communities, including options that will enable people to plan ahead for their long term care;
- Empowering seniors, including seniors who are already impaired, to make behavioral and lifestyle changes that can improve their health and reduce their risk of disease, disability and injury; and,
- Enabling seniors who are at high-risk of nursing home placement to remain at home through the use of flexible service options.

### Opportunities for the Future

Under the leadership of President Bush, we have initiated the modernization of health and long-term care in the United States. In August of last year, the President stated:

“We've got an interesting debate in health care in America. And I guess if I had to summarize how I view it, I would say there's a choice between having the government make decisions or consumers make decisions. I stand on the side of encouraging consumers.... And health care policy ought to be aimed at bolstering the consumer, empowering individuals to be responsible for their...care decisions.”

The President's words reflect the central thrust of the strategy we are using to modernize our Older Americans Act programs. Our strategy focuses on empowering our consumers by giving them more choices and greater control over their own health and long-term care -- including more control over the types of benefits and services they receive, and the manner in which those benefits and services are delivered. We are helping people to conserve and extend the use of their own resources, including helping middle-aged individuals to plan ahead for their long-term care. We are also empowering seniors to make science-based behavioral changes that will improve their health and well-being. And we are looking at new ways of targeting our limited resources at seniors most in need.

I believe putting consumers front and center is the best way to ensure our success in modernizing our Older Americans Act programs and the aging services network for the 21<sup>st</sup> century.

Thank you for the opportunity to participate in today's hearing. I have appreciated the Committee's support of AoA in the past and I look forward to working with you in the future. I am happy to answer any questions that you may have.