

TESTIMONY TO THE SENATE AGING & YOUTH COMMITTEE

BY

RONALD L. BARTH, PRESIDENT & CEO

PANPHA

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'RE-BALANCING' PENNSYLVANIA'S LTC SYSTEM

Good morning Chairman Vance, Chairman O’Pake, and distinguished Committee Members. I am Ron Barth, President and CEO of PANPHA—an Association of over 360 not-for-profit senior service providers statewide. Our members serve more than 65,000 older Pennsylvanians daily, employ over 45,000 dedicated caregivers, and tap the talents of more than 150,000 volunteers, trustees, and auxiliary members. PANPHA members serve older Pennsylvanians in 50 of 67 counties, providing affordable senior housing, adult day care, Assisted Living/Personal Care, nursing home care, and other community-based services. The vast majority of Pennsylvania’s Continuing Care Retirement Communities (CCRCs)—where the concept of ‘aging in place’ started and is offered each and every day—are members as well. I am thankful for the opportunity to address the committee on the realities that senior service providers see relating to the perceived need to ‘re-balance’ Pennsylvania’s Long-Term Living System.

PANPHA believes the challenging future that experts in the field have been talking about - when the sheer care and service need of our population is larger than the provider network or existing funding framework can handle - has arrived here in Pennsylvania. Most projections on the growth and needs of the “baby boomers” point to a post-2020 crisis in providing the necessary care and services—so it’s not the ‘Baby Boomers’ who are driving the challenges our system faces here in Pennsylvania. Here in Pennsylvania we’re getting a preview of the challenges we will face - and the reality isn’t all that encouraging.

Just as the ‘baby boom’ population remaining active members of the workforce provides us with opportunities, so too does PA’s preview of the strains our systems will face with an 85+ population that will continue to grow through 2015. Pennsylvania is one of the “grayest” states in the country in terms of proportion and in sheer numbers clocking in at 2.4 million people over sixty - third only to Florida and West Virginia in the percentage of our population over the age of 65. Our over 85 age cohort is growing even faster - 13 percent between 2000 and 2004 versus a mere 1 percent growth in our general population. By 2010, this vintage age cohort will increase by 18 percent yielding 365,000 eighty-five-plus year olds, placing further strain on our senior care and service delivery systems.

As the Administration moves to aggressively ‘re-balance’ the system, the data tells a different story than you are hearing. In 2005, I provided testimony to the Administration as part of a ‘Medicaid Listening Tour’ event in Harrisburg. During the Harrisburg session—at which Budget Secretary Michael Masch, PA Department of Aging Secretary Nora Dowd-Eisenhower, and other senior Administration officials were present, a researcher from Thomson MedStat which they retained painted a different picture of the challenges we face in Pennsylvania. He offered two insightful pieces of information. The first was a ‘pie chart’ demonstrating Pennsylvania’s investment in HCBS vs. the national average, which showed that our problems here in Pennsylvania stem not from what we supposedly buy too much of (nursing facility care) but what we don’t pay for (Assisted Living). The chart shown at that event claimed that Pennsylvania spends 61% of our LTC dollars on nursing facility care versus 50% nationally. However, unlike 35 other states, we have no Medicaid funding for personal care. If we spent the 8% that the national “average” state does on personal care, our spending split would be virtually identical to other states.

The second was perhaps more telling for you as policy makers. While discussing the challenges we face, he noted that Pennsylvania is disproportionately ‘older’ than other states—and there IS a cost of caring for that population. In fact, at the time he noted that Pennsylvania’s 85+ population accounted for almost 17% of our senior population versus the national average of roughly 13%. **That factor alone was estimated to cost Pennsylvania almost \$215 million each year in additional Medicaid spending**

We believe that these facts show that our challenges lie not in the fact that we provide too much nursing facility care—the data on the cost of caring for an 85+ population that is among the largest in the nation drives that reality in many ways—but that we don’t fund the most suitable alternative to nursing facility care, Assisted Living.

I would encourage you to take a deeper look at the facts and question the Administration on whether we are in need of rebalancing at all.

According to a study commissioned by the PA Department of Public Welfare in 2006, Pennsylvania is currently experiencing the kinds of demographic changes that other states will

not experience for another 10 to 15 years. We found this study particularly interesting because it validated what we have long assumed—Pennsylvania’s senior care and services system isn’t really slanted towards the nursing facility level of care at all. According to the study “. . . *if one takes into account the age distribution of Pennsylvania’s aged population, institutional utilization rates in Pennsylvania are slightly below the national average . . .*”<sup>1</sup>.

These facts when taken together demonstrate the challenges we face. Pennsylvania has a high number of seniors age 85+ and this is the age group with the highest incidence of Alzheimer’s and multiple chronic degenerative diseases. They are among our most vulnerable and costly to care for. Many in the 85+ population who don’t need the full range of services offered in nursing facilities still need the type of 24/7 oversight and service coordination that Assisted Living can provide—and we don’t fund it, so low-income seniors need not apply.

This is why PANPHA believes that the time for talk has ended and the time for action is upon us.

In 2006, PANPHA took action by producing our “NorthStar Vision” document, which I have brought for you today attached to my testimony. This document outlines our ‘preferred future’ for Pennsylvania’s senior care and service system, and has eight (8) major issue areas that will guide the Association’s public policy direction in the foreseeable future, including:

- Leadership
- Facilitating Consumer Choices and Transitions
- Personal Responsibility
- New Senior Living Communities
- Transformed Care Organizations
- Technology Applications
- Quality Improvement
- Government

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<sup>1</sup> **Home and Community Based Services Reform and Rebalancing Feasibility Analysis: FINAL REPORT TO PA DPW.** Thomson MedStat, March 24, 2006.

While PANPHA is committed to making progress in each and every area or “point” of the North Star, our activities for the remainder of the current legislative session will be focused around the three North Star points which our Association has determined to need the most immediate attention: Facilitating Choices and Transitions, Transformed Care Organizations, and Government.

Each of the three deals with issues that the legislature, and this committee in particular, will need to address with as the age wave grows in the years ahead. Thus, I thought it helpful to share our thoughts in these key areas.

The first is ‘Facilitating Choices and Transitions’. PANPHA members find that most consumers are unaware of the growing array of services available to them that can foster an independent lifestyle at *wherever they call home* - their private residence, senior housing, an assisted living/personal care residence, or a nursing home. When they do need care, they find the health care system confusing and overwhelming as are the government programs that purport to pay for that care. Our goals in this area are to position our members, who provide the entire range of care and services, to meet the needs of consumers and families. We plan to do that by:

- Advocating for policy changes which allow the expansion of innovative models of care - including removal of existing barriers to the use of home and community-based “waivers” in assisted living/personal care and continued expansion of the LIFE program being successfully used across Pennsylvania;
- Work to ensure that when the place a consumer calls ‘home’ must be a nursing home, that full funding is available for Pennsylvania’s nursing facility providers under the Ch. 1187 regulations in recognition of the increasingly frail - and costly - group of consumers for which they care;

- Educate consumers on their needs and the appropriate, feasible options to meet their care and service needs, offering social health models of care in place of institutional medical models; and,
- Seek additional funding for transition of existing facilities to more ‘home-like’ settings.

The second is ‘Transformed Care Organizations’. ‘Transformed’ organizations demonstrate a commitment to consumer-directed care that goes beyond the model du jour to create senior care and service organizations where consumers and staff members work together to create an environment where consumer preferences drive the care.

To make a transformed care environment a reality in Pennsylvania, PANPHA members will:

- Engrain “culture change” in everything we do, and work with policy makers to align regulatory requirements and funding incentives to allow and foster the adoption of person-centered care models.
- Seek additional development and funding of programs aimed at training and retaining a world class workforce in the senior care and services profession;
- Invest in our direct care staff in areas such as education, training, and the development of career ladders - with the same passion that our staff bring to their roles as caregivers on a daily basis;
- Fully utilize technology to provide consumers needing care and services with the greatest level of independence possible given their condition and needs.

The third and final focus area we’ve chosen is ‘Government’. PANPHA members envision a future that moves past the current adversarial, wait-and-see relationship with government. We believe that the public and private sector in partnership with consumer advocates must engage

- together - the huge impact that the *Age Wave* demographic will have on the financing and provision of long term care and senior services in Pennsylvania.

Currently, regulations that are steeped in “look-back, gotcha” methodologies and philosophies are short-changing consumers and the dedicated staff who provide their care. As senior care and services providers strive to work with consumers and government to achieve and maintain excellence in care, they face many challenges. In virtually every instance, one of the most significant (and least “solvable”) challenges they face is funding. Attempts to curtail a rapidly increasing federal budget deficit and competing state priorities have prevented public funding from growing enough to meet the needs of an expanding population of frail, low-income seniors.

As the dominant payer for long-term care, Medicaid’s continued under-reimbursement relative to facilities documented costs—over \$13.00/day here in Pennsylvania--has put the financial viability of many facilities in jeopardy.

In many ways, the funding gimmicks that have allowed Pennsylvania to avoid catastrophic funding cuts for so long - Inter-Governmental Transfer (IGT) and Nursing Facility Assessment proceeds - have made the senior services financial situation more dire by creating a significant gap between what the system costs, and what our general tax revenues can (or in this case, will) afford.

Until now, Pennsylvania has chosen incremental policy tweaks to “re-balance” the senior care and services delivery system. This has been done under the blanket assumption that it will always be cheaper to serve our seniors in community settings, and that somehow they can all be safely served outside a 24/7 skilled setting in their own ‘home’. The terms “re-balance” and “right-size” continue to be used. Yet state government’s study of what the “right size” is now, or should be in the future, is long overdue.

PANPHA was the driving force behind the creation of the Senior Care and Services Study Commission called for in Act 16 of 2007, which is created to examine projections of

Pennsylvania's future senior population, and make recommendations on the most likely 'right size' for each part of the system. The formal charge of the Commission, whose members are to be appointed by the Governor and leadership in the House and Senate, is:

1. Population projections through 2025;
2. Estimates on the proportion of each population segment who will require care and services in the various long-term care settings (e.g., including but not limited to nursing facilities, assisted living/personal care, adult day care, and home health/home care);
3. An inventory of ***all current public funding*** (e.g., state general funds, federal funds, lottery funds, and tobacco settlement funds) currently dedicated to senior care and services;
4. Projections on future funding needs based on the expected population, and identification of potential sources of additional revenues to meet those needs.

In recent days we've heard from leadership here in the Senate and the House that the final two legislative appointments are imminent, and that the work of this important group will soon begin. This work cannot begin quickly enough.

I urge you to consider all of the facts on this issue and act accordingly. The need for hearings like this comes not because we have a system in need of 'right-sizing'. Frankly, no one has determined what the 'right-size' is which is why PANPHA continues to push for the work of the Act 16 Commission to begin. Today Pennsylvania's seniors need all of the care and service offerings on the table—the full 'continuum' if you will, which for a number of frail elderly includes periodic stays in a skilled nursing setting. That need will only be magnified as the 'baby boom' approaches. Pennsylvania's seniors deserve better than the parochial 'he said/she said' that heard this morning. PANPHA believes that we MUST discontinue the annual budget practice here in Pennsylvania of fully funding senior care and services only if there is money remaining after we've met our "obligations" to fund education, transportation, corrections, and economic development. Governor Rendell's proposed FY 08-09 budget promises more of the same. As the 'boom' approaches, we can and must do better for our seniors. PANPHA looks forward to working with you to create a brighter future for aging services in Pennsylvania.