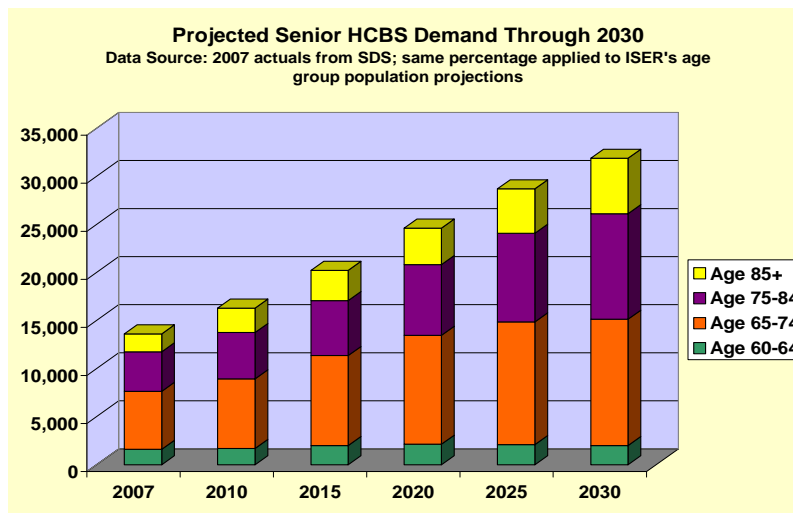


**Alaska Commission on Aging
KEY POINTS TO KNOW ABOUT:**

**Adjust Rates for Family Caregivers, Nutrition,
Transportation, & Support Services
\$2 Million
FY 2010 Budget Increment for
Senior Community-Based Grants
February 2009**

Issue.

Alaska now has the fastest-growing senior population of all 50 states. As Alaska's senior population grows (by approximately six percent per year), more funding is needed for senior home- and community-based services (HCBS) grant programs. Senior HCBS grants provide many essential services (from home-delivered meals and rides to care coordination and respite care) for thousands of older Alaskans who may not be eligible for Medicaid waiver services, either because they don't meet Medicaid's income requirements or because their medical condition is not considered severe enough. (Most older Alaskans are not eligible for any Medicaid services.) These programs target vulnerable seniors – those living on modest incomes, people who live alone, seniors with disabilities, and those with special health care needs including Alzheimer's disease and related dementias (ADRD). However, grant services are available to all older Alaskans, often on a sliding-scale fee basis.



Studies show that investing in an “ounce of prevention” by providing home- and community-based services can prevent or delay the need to spend a great deal more money on a nursing home or other facility where elders may be isolated from their family, friends, and community.

Background.

The purpose of the senior HCBS grants is to prevent or delay the progression of serious, costly conditions by enhancing individuals' health. Grants to local senior centers and other non-profit service providers fund a wide range of core home- and community-based services which maximize independence and offer activities that support the physical and mental health of older adults. Services such as meals, rides to medical appointments, and help with chores allow older Alaskans to maintain their quality of life at home longer. The program has served Alaskans for over two decades. During the past decade, while the senior population has grown by over 50 percent, there has been little increase in program funding, with the much-appreciated exception of \$1 million added to the budget base for FY 2009. Currently, nearly 12,000 seniors receive grant services (about 15.5% of our senior population).

In FY 2010, implementation of a new state plan funding formula for senior grants will begin. (Those grants which include funding from the federal Older Americans Act must follow a formula created by each state to maximize funding to areas with the most need.) The state plan mandated a phased-in approach to the funding formula changes, with no change during FY 2008 and FY 2009, 50% of the change to be implemented during FY 2010, and 100% during FY 2011. While the formula allots additional weight to the number of minority seniors, those living in poverty, rural seniors, and the oldest seniors (age 80+), this change in the distribution of available funds will channel more of the existing funding to regions which have seen the most explosive growth in their total senior populations, shifting it away from regions with lower growth rates. ***Every region of the state, however, has witnessed a double-digit growth rate in its senior population over just the past six years.*** The regions slated to lose money under the new funding formula are in danger of being unable to sustain sufficient services to continue supporting the seniors in their area. Should this occur, more populated areas of the state can expect to see an influx of seniors from remote areas seeking services or institutional care.

Seniors wish to remain at home and in their communities of choice for as long as possible, to be near family and friends and to participate in familiar community and cultural activities. Supporting them with the services they need to stay safe and healthy makes sound financial sense as well.

Documentation of Need.

Home- and community-based services can be provided at much less cost than institutional care. Nursing home care (with a semi-private room) averages \$187,813 per year in Alaska, the highest cost of the fifty states and over four times the average cost in the least expensive state – Louisiana – according to the Genworth Financial 2008 Cost of Care Survey. Assisted living home care (with a private bedroom) averages \$54,809 in Alaska, also the highest of all the states. Among the major trends recognized by Genworth Financial in their latest report is the fact that “the cost of care within facility-based providers has steadily increased while non-skilled related home care costs have remained relatively flat.” The Public Consulting Group (PCG) in 2006 identified the limited availability of community services programs to support seniors in their homes as a cause for many individuals' premature placement in costly long-term care facilities even though they do not need or desire nursing home settings.

Home- and community-based services are a wise investment in both senior well-being and budgetary moderation. For 2007, the average annual cost of care for a senior in the HCBS grants program was \$3,000 (including costs such as care coordination, respite care, chore assistance, and

adult day programs, but excluding meals, rides, information and referral, and family caregiver programs.)

The number of older Alaskans (age 60 and above) has more than doubled since 1990, and is projected to double again by 2030. While the baby boomers are beginning to enter their senior years, the fastest-growing age group today is the 85-and-older group – those most likely to be in frail condition, to have Alzheimer’s disease and related dementias (ARD), and to need home- and community-based services in order to maintain their quality of life.

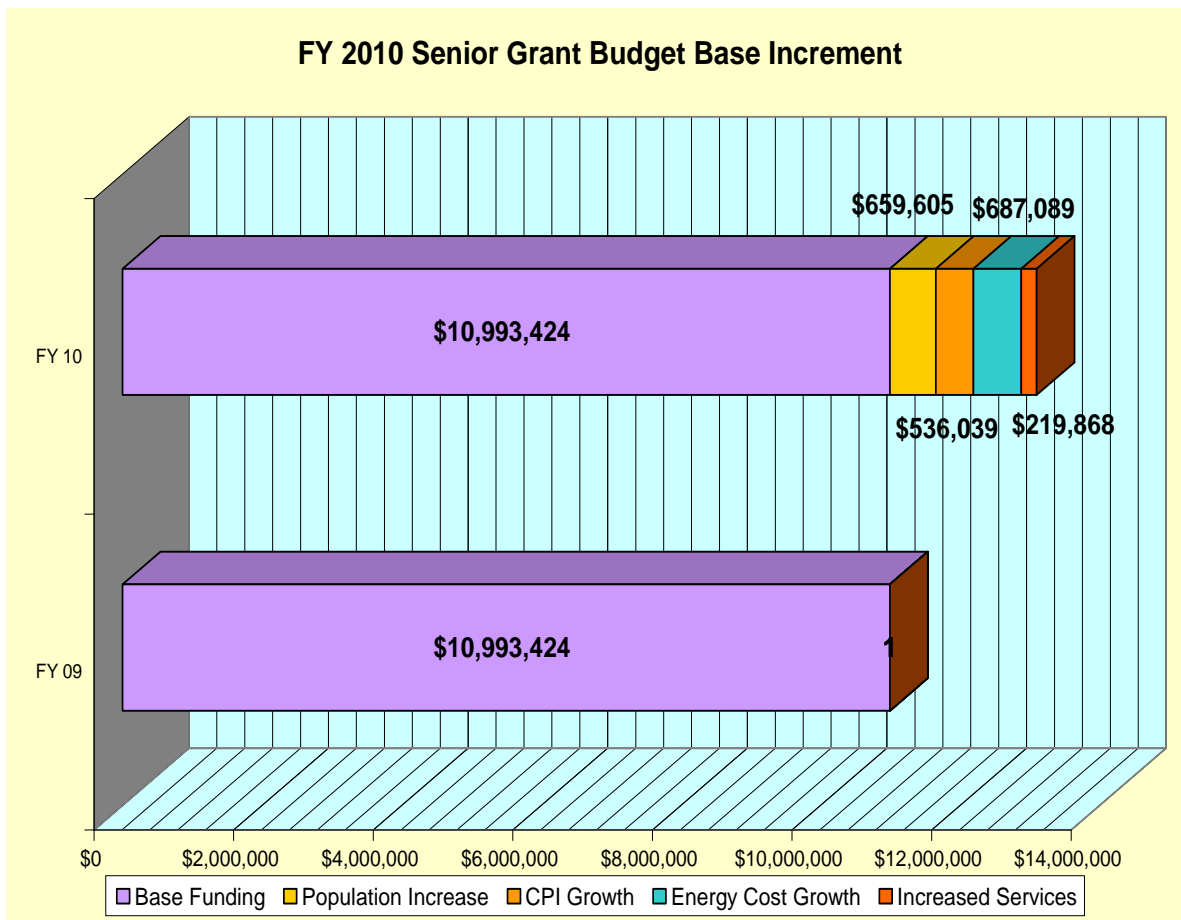
As the population of seniors needing services increases, the cost of providing services is escalating even more rapidly, reflecting a steady rise in the cost of food, fuel (for transportation, cooking, and heating senior center facilities), and other commodities. Cost increases are particularly steep in the rural, remote areas of the state. An ACoA provider survey conducted in the spring of 2008 found that most providers were experiencing increased demand for services like meals and rides at the same time as their costs were accelerating. The following were typical of the comments received:

- ◆ *Seniors are depending more and more on the senior centers and the services they provide because their income is basically fixed and their dollars are not going as far as they were a few months ago. Seniors additionally are making fewer donations for the services they receive because they need the money for rent, utilities, food and other costs.*
- ◆ *If the cost of food, food supplies, utilities, vehicle gas, oil and maintenance, liability, auto, workman’s comp insurance continue to skyrocket we will have no choice but to put any new seniors needing and requesting nutrition, transportation, support services or any other senior programs we provide on a wait list as we will not be able to serve them.*
- ◆ *The prices of food and fuel have doubled in the past year. At the same time our number of meals is increasing. With the gas prices, as it increases, seniors who can’t afford to buy it are calling the van. Less likely they will have the \$1 one way when food costs so much. In total the price of fuel is really hurting us in the food and transportation areas both.*

Most senior services providers do not keep “wait lists,” but rather provide partial services as a strategy to maximize their resources and serve the most people with the fewest dollars. To save money, some senior agencies are operating on a reduced schedule in order to serve more seniors with the same limited funds. The need for home- and community-based services exceeds the availability of funding in all regions of the state.

This initiative to add \$2 million to the existing Senior Home- and Community-Based Services (HCBS) Grants budget (within Senior & Disabilities Services) would ensure that no region loses funding during the FY 2010 cycle, and those regions with the largest increases in senior population would receive commensurate increases.

FY 2010 Senior Grant Budget Base Increment



Recommendation.

The Alaska Commission on Aging recommends support for its top 2009 legislative budget priority, a \$2 million increment to the operating funds of the Senior Home- and Community-Based Services Grants program. This increment was supported by the Alaska Mental Health Trust Authority’s FY 2010 project funding recommendations.

This increase in base funding will help ensure that all regions of the state receive adequate funding for HCBS in FY 2010 so that seniors may remain in their own homes and communities.