



# Elders Living on the Edge

## When Basic Needs Exceed Income in Washington

2011



*Advocacy. Action. Answers on Aging.*



Wider Opportunities for Women

## Washington Association of Area Agencies on Aging (W4A)



*Advocacy. Action. Answers on Aging.*

The Washington Association of Area Agencies on Aging (W4A) serves as the collective voice for the thirteen Area Agencies on Aging (AAAs) in Washington and works with the local AAAs to create communities that support people as they age. The organization seeks to enhance the effectiveness of each AAA through a strong agenda of information, debate, advocacy and education. Since the 1970's, Washington's publicly sponsored Area Agencies on Aging have planned, coordinated, funded, provided and advocated for services for adults 60 years of age and older and, for over twenty years, have provided services and supports for adults with disabilities. The AAA emphasis has always been on helping people remain in their own homes and communities.



## Wider Opportunities for Women (WOW)

Wider Opportunities for Women (WOW) works nationally and in its home community of Washington, DC, to achieve economic independence and equality of opportunity for women and their families at all stages of life. For over 45 years, WOW has been a leader in the areas of nontraditional employment, job training and education, welfare to work and workforce development policy. Since 1995, WOW has been devoted to the self-sufficiency of women and their families through the national Family Economic Security (FES) Project. Through FES, WOW has reframed the national debate on social policies and programs from one that focuses on poverty to one that focuses on what it takes families to make ends meet. Building on FES, WOW has expanded to meet its intergenerational mission of economic independence for women at all stages of life with the Elder Economic Security Initiative. For more information about WOW's programs, please visit [www.wowonline.org](http://www.wowonline.org) or call WOW at 202-464-1596.

**Elders Living on the Edge: When Basic Needs Exceed Income in Washington**

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## When Basic Needs Exceed Income in Washington

### The Washington Elder Economic Security Initiative™

Washington's low-income elders face financial challenges that threaten their economic security and the health of their communities. They face increasing expenses while their fixed incomes are eroded by weaknesses within the economy. And when income falls short of needs, the potential impact of public support programs is often undermined by underfunding, understaffing and low income and asset eligibility limits which prevent saving. As a result, financial stability eludes many Washington seniors.

The national Elder Economic Security Initiative™ (Initiative) is a multi-year, research-driven campaign to raise awareness of the financial and health challenges facing low-income elders. The Initiative combines coalition building, research, advocacy, education and outreach at the national, state and community levels to promote the economic well-being of elders, their caregivers and their families. The Washington Association of Area Agencies on Aging (W4A) leads the Washington Initiative in partnership with Wider Opportunities for Women.

### Measuring Economic Well-Being

How much income do Washington's elders need to meet the real costs of living? How much do

public support programs—income, food, medical, transportation, utility and housing assistance—help elders meet their rising expenses? To answer these questions, service providers, advocates and policymakers need an accurate measure of elders' economic security. In response, the Initiative has created a new benchmark—the Elder Economic Security Standard™ Index (Elder Index).

The Elder Index measures the minimum income older adults require to make ends meet, live with dignity and remain in their own homes. The Elder Index helps workers and retirees plan for the future. It also quantifies the effectiveness of state and national public policy and programs in preserving economic security for older adults. The Elder Index helps pre-retirees, elders, advocates, policy makers, foundations and direct service providers:

- quantify elder economic security;
- examine the components of economically secure elders' basic expenses;
- measure the gaps between typical incomes and economic security;
- measure how well public policies can help fill those gaps; and
- evaluate current income support programs' ability to move individuals toward economic security.

## Policy Recommendations\*

- Adequately fund federal and state programs to ensure access to services and supports that build elder economic security.
- Reform and redefine health services and supports to include wellness and prevention.
- Support affordable housing options that allow elders to age in their communities.
- Improve access to home and community-based services that support elders to age in place with dignity.
- Support transportation programs that increase elders' mobility in their communities.
- Broaden and deepen outreach and public information on services and income supports, including information and support for caregivers.
- Encourage financial literacy and informed retirement planning.
- Support and strengthen retirement income programs.
- Increase opportunities and incentives for older workers to enter and remain in the workforce.
- Enhance opportunities for social interactions that promote positive mental health.
- Promote equitable and rational policy by using the Elder Index as a more realistic cost-of-living measure when evaluating and developing policies for older adults needing income supports.

\*Full recommendations can be found on page 10

## What does it take to age in place with dignity?

To arrive at a measure of income adequacy, the Elder Index sums the five major monthly expenses that constitute the basic elder household budget. As a measure of basic needs, the Elder Index includes only those goods and services essential to health and welfare:

- **Housing:** Rent or mortgage payments and all housing-related costs (utilities, insurance, property taxes), as applicable
- **Food:** Cost of food prepared at home, based on the USDA Low-Cost Food Plan for older adults
- **Health Care:** Premiums for Medicare, supplemental insurance and average out-of-pocket costs, including co-payments and deductibles
- **Transportation:** Costs of private auto ownership and use, or public transportation where widely available
- **Miscellaneous:** Essential household and personal items such as clothing, paper products, cleaning products, etc. Miscellaneous expense is estimated at 20% of all other expenses, based on Department of Labor Consumer Expenditure Survey data.

The five basic Elder Index expenses represent only the most basic budget. An elder with income sufficient to cover only these expenses attains the Elder Index, but is unlikely to thrive in retirement. Attaining the Elder Index is therefore one critical step along the path to a high quality of life.

Varying housing and health statuses and local differences among the Elder Index's five expense components create a broad range of minimum retirement income requirements. Table 2 displays annual Elder Index values for Washington elders in selected counties, including the Elder Index's greatest value, \$41,676, for homeowner couples paying a typical mortgage in San Juan County, and the Elder Index's smallest value, \$16,032, for single homeowners without mortgages in Spokane County.

For more information on county Elder Indexes and further explication of the Elder Index

methodology, see *The Elder Economic Security Initiative™: The Elder Economic Security Standard™ Index for Washington* available online at [www.wowonline.org](http://www.wowonline.org).

## Housing and Medical Expenses Dominate Budgets in Washington

In recent years, price instability has highlighted the importance and budget impact of each of the Elder Index expense components. In Washington, housing and health care costs comprise well over half of the statewide average Elder Index budget. In every county in Washington, housing and

**Table 1: Washington Elder Economic Security Standard Index, 2010**

Monthly Expenses	Single Elder			Elder Couple		
	Owner w/o mortgage	Renter, one bedroom	Owner w/mortgage	Owners w/o mortgage	Renters, one bedroom	Owners w/mortgage
Housing	\$460	\$723	\$1,317	\$460	\$723	\$1,317
Food	\$232	\$232	\$232	\$425	\$425	\$425
Transportation	\$217	\$217	\$217	\$339	\$339	\$339
Health Care (Good Health)	\$364	\$364	\$364	\$728	\$728	\$728
Miscellaneous	\$255	\$255	\$255	\$390	\$390	\$390
<b>Total Monthly (Elder Index) Expenses</b>	<b>\$1,528</b>	<b>\$1,791</b>	<b>\$2,385</b>	<b>\$2,342</b>	<b>\$2,605</b>	<b>\$3,199</b>
<b>Total Annual (Elder Index) Expenses</b>	<b>\$18,336</b>	<b>\$21,492</b>	<b>\$28,620</b>	<b>\$28,104</b>	<b>\$31,260</b>	<b>\$38,388</b>

Source: Gerontology Institute and Wider Opportunities for Women, *The Elder Economic Security Initiative™: The Elder Economic Security Standard Index for Washington* (Washington, DC: Wider Opportunities for Women, 2011).

**Table 2: Elder Economic Security Standard Index for Select Washington Counties, by Housing Status, 2010**

County	Single Elder			Elder Couple		
	Owner w/o mortgage	Renter, one bedroom	Owner w/mortgage	Owners w/o mortgage	Renters, one bedroom	Owners w/mortgage
Spokane County (Lowest Elder Index, Owners w/o Mortgage)	\$16,032	\$17,820	\$24,444	\$24,504	\$26,292	\$32,916
Pacific County (Median Elder Index, Single Renters)	\$17,832	\$19,644	\$25,536	\$28,704	\$30,516	\$36,408
Yakima County	\$18,072	\$20,676	\$27,036	\$28,920	\$31,524	\$37,884
King County	\$19,944	\$23,256	\$32,148	\$29,460	\$32,772	\$41,664
San Juan County (Highest Elder Index, Owners w/Mortgage)	\$19,668	\$22,548	\$30,804	\$30,540	\$33,420	\$41,676

Source: Gerontology Institute and Wider Opportunities for Women, *The Elder Economic Security Initiative™: The Elder Economic Security Standard Index for Washington* (Washington, DC: Wider Opportunities for Women, 2011).

Note: Elder Indexes are those for elders in good health.

health care costs are the greatest determinants of elder economic security.

- Those 28% of seniors with mortgages in Washington will spend, on average, three times as much on housing than elders who have paid off their mortgages—whether they live in lower-cost areas (Spokane County, Lewis County, Ferry County) or higher-cost areas (King County, San Juan County, Island County).
- Approximately 22% of Washington seniors are renters.<sup>1</sup> Typical monthly rents for 1-bedroom apartments in Washington vary widely, from \$484 per month in Franklin County to \$885 per month in Snohomish County. In counties with the least expensive rents, a typical economically secure senior will allocate approximately 30% of his or her income to rent. In counties with the most expensive rents, a typical economically secure single renter will devote more than 40% of his or her spending to housing.

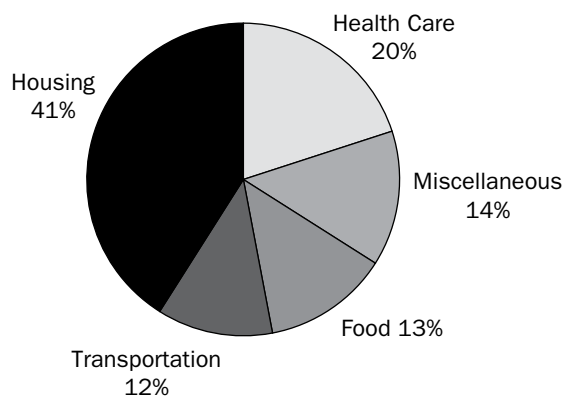
## Neither Social Security Nor Median Incomes Allow Elders Economic Security

Social Security is the sole source of income for nearly 25% of Washington elders.<sup>2</sup> However, average Social Security payments do not meet average Elder Index expenses for single women in any of the state's counties, whether the elder is a renter or a homeowner. Average Social Security payments meet Elder Index expenses for single homeowner men without mortgages in just two counties, and fall short of Elder Indexes for renters throughout the state.

Even for elder homeowners who have paid off mortgages, Social Security payments fall far short of economic security as defined by the Elder Index. In 2010, a single elder in Washington who rented and relied entirely on the statewide average Social Security payment for men fell nearly \$5,000 short of economic security. In 2010, a single elder in Washington who rented and relied entirely on average Social Security for a single woman elder fell approximately \$9,000 short of economic security. **Average Social Security payments are high enough, however, to disqualify Washington elders from participating in critical public assistance programs.**

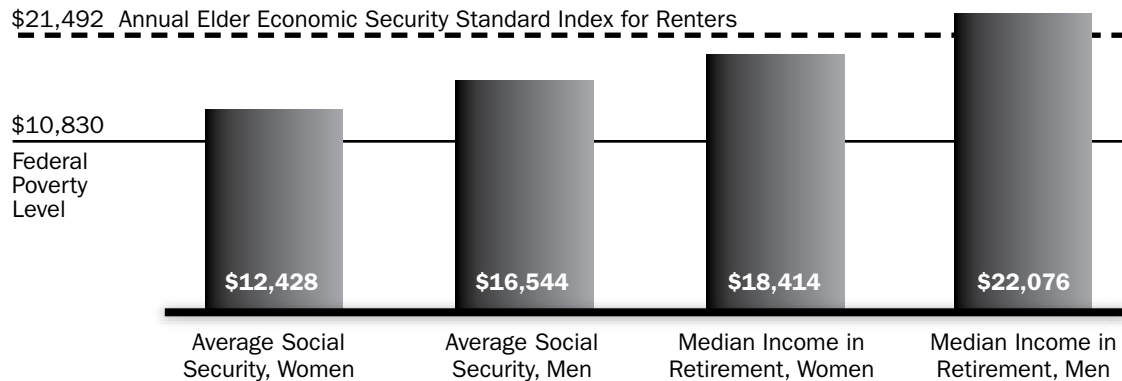
As shown in Figure 2, many of those who live on Washington retirees' median incomes also live below region and county Elder Indexes. Even those with retirement incomes that include personal retirement accounts, private savings and pensions may fall short of economic security. This problem is most severe for single elder women. **In 2010, single women's median annual retirement income fell short of the Washington Elder Index for renters by approximately \$3,000.** In addition, even at incomes above \$20,000, approximately twice the federal poverty guideline, seniors paying mortgages lived below the local Elder Index and lacked public supports.

**Figure 1: Washington Statewide Elder Economic Security Standard Index Expenses for a Single Elder Renter, 2010**



Source: Gerontology Institute and Wider Opportunities for Women. *The Elder Economic Security Initiative™: The Elder Economic Security Standard™ Index for Washington*. Washington, DC: Wider Opportunities for Women, 2011.

**Figure 2: The Elder Economic Security Standard Index vs. Benchmark  
Annual Incomes for Single Elders in Washington, 2010**



Note: Income in retirement includes all personal income, other than public supports, of those without earnings.  
Sources: US Census Bureau, 2009 American Community Survey PUMS data. Median income values inflated using BLS CPI inflator. Social Security Administration, "OASDI Beneficiaries by State and County, 2009." Average Social Security values inflated using SSA COLAs.

## Bridging Gaps: A Snapshot of Public Support Programs

Once gaps between income and economic security have been measured, questions arise: Can the gaps be bridged? Are there public support programs that can provide economic security?

Using the Elder Index and Wider Opportunities for Women's Economic Security Simulator™ (Simulator), which calculates public support levels based on program eligibility rules and support level formulas, one can measure change in economic security as elders obtain or lose public supports. The Elder Index and Simulator provide a valuable snapshot of economic security and rapidly changing public support program availability, eligibility rules and support levels.

The Simulator models the impact of the following major federally- and state-administered support programs available in 2010. See the Appendix for additional program details.

- **Income Assistance:** Supplemental Security Income (SSI)
- **Food Assistance:** Basic Food Program (BFP, also known as food stamps)
- **Prescription (Rx) Assistance:** Medicare Part D Low-Income Subsidy (LIS)
- **Medical Assistance:** Medicare Savings Programs (MSPs) and Medicaid
- **Senior Citizens Services Act (SCSA) Services:** Congregate Meals, Transportation Services, Foot Care<sup>3</sup>
- **Energy Assistance:** Low Income Home Energy Assistance Program (LIHEAP)
- **Tax Credit:** Property Tax Exemption for Senior Citizens and Disabled Persons
- **Housing Assistance:** Housing Choice Voucher Program (HCVP, formerly known as Section 8) and the Section 202 Supportive Housing for the Elderly Program.<sup>4</sup>

## The Impact of Public Supports on an Elder Homeowner

Low-income elders who live on Social Security payments have trouble making ends meet in Washington, but average Social Security payments in Washington are high enough to disqualify many elders from public supports.

Table 3 illustrates the importance of public supports and property tax assistance to the economic security of an elder woman homeowner who lives alone in Washington's King County. Her annual income of \$13,393 (\$1,116/month) is the average Social Security benefit for King County elder women.<sup>5</sup> Her countable assets of \$1,500 approach, but do not exceed, the asset limits for basic public support programs. Her expenses are the 2010 Elder Index expenses for a typical single elder homeowner without a mortgage living in King County.<sup>6</sup>

Table 3 exhibits the elder's budget surplus/shortfall and the elder's economic security—the ratio of monthly income to monthly expenses. Each column illustrates the change in monthly budget surplus or shortfall and economic security that accompanies the elder's receipt of supports. The table assumes receipt of all supports for which she is eligible.

Receipt of food assistance increases the elder's economic security by 1%. She is also income- and asset- eligible for prescription, medical and energy assistance, and a property tax exemption. Receiving all available supports increases the elder's economic security by 27%, with the largest increases coming from the Medicaid Spenddown program (17%) and the property tax exemption program (10%). She is aided to a lesser extent by the Medicare Part D Low-Income Subsidy and the Basic Food Program. Because she pays her own utilities, her low income makes her eligible for a potentially crucial annual Low Income Home Energy Assistance credit of \$647. The Low Income Home Energy Assistance credit is paid in one lump sum to the vendor and would effectually increase the elder's economic security by 7.6% for six months. When the annual Low Income Home Energy Assistance credit is divided by twelve and expressed as a monthly average, the assistance comprises 3% of the local Elder Index for homeowners without a mortgage.

## The Impact of the Senior Citizens Services Act on an Elder Renter

The need for additional assistance and medical care when dealing with a chronic condition or after an accident or health event can create

**Table 3: The Impact of Public Supports on Economic Security for a Single Elder Homeowner without a Mortgage Living on Social Security, 2010**

		Income Plus...				
Monthly Income	<b>\$1,116</b>					
Monthly Elder Economic Security Standard Index	<b>\$1,662</b>					
		<b>Food Assistance</b>	<b>Food + Rx Assistance</b>	<b>Food + Rx + Medical Assistance</b>	<b>Food + Rx + Medical + Energy Assistance</b>	<b>Food + Rx + Medical + Energy + Property Tax Assistance</b>
Monthly Shortfall	<b>-\$546</b>	<b>-\$530</b>	<b>-\$468</b>	<b>-\$174</b>	<b>-\$120</b>	<b>\$0</b>
% Economic Security	<b>67%</b>	<b>68%</b>	<b>70%</b>	<b>87%</b>	<b>90%</b>	<b>100%</b>
Amount of Support		<b>\$16</b>	<b>\$61</b>	<b>\$295</b>	<b>\$54</b>	<b>\$121</b>

Note: Single, retired woman homeowner without a mortgage in good health living in King County on average Social Security payment for King County elder women (\$1,116/mn, \$13,393/yr), 2010.

Source: Social Security Administration. "Supplemental Security Record, 100 percent data, December 2009." Social Security value inflated using SSA COLAs.

additional financial difficulties for elders. Because elders require extra support managing poor health, the Senior Citizens Services Act (SCSA) local Area Agencies on Aging provide congregate or home-delivered meals, transportation services, adult day care, assisted bathing, foot care and information and counseling for elders seeking specific services. Such care available in the community allows elders to avoid the disruption and cost of moving to institutions to manage injuries or illness, and can substantially improve mobility, autonomy and quality of life.

Table 4 illustrates the impact of poor health on the economic security of a single elder renter. Due to diabetes-related edema and neuropathy, the elder encounters challenges with her self-care and mobility, but is able to perform nearly all of her activities of daily living. She has reduced vision and therefore cannot drive well, and needs transportation to medical appointments and to stores. She lives alone and is socially isolated because she is unable to drive.

The elder lives alone in Yakima County, and has an annual income of \$15,704 per year (\$1,309 per month)—an income just under 150% of the federal poverty level. She maintains less than \$2,000 in savings and assets other than her home.

The bulk of her medical costs are covered by Medicare. Medicare helps pay for her medical supplies, but will not support long-term ongoing personal care or transportation. Her modest income exceeds the federal poverty level, and prevents her from being eligible for Medicaid or Medicaid spenddown. Her health care costs and lack of mobility threaten to force her into a care facility, where she would quickly spend down any savings and eventually become a Medicaid-supported resident of a nursing home.

Largely due to her substantial medical expenses, the elder is eligible for the maximum Basic Food Program benefit, which increases her economic security by 9%. She is also eligible for a modest Part D Low-Income Subsidy that reduces her prescription costs. These supports together increase her economic security from 72% to 83%. Because her income is more than 125% of the federal poverty line, she is ineligible for energy assistance through LIHEAP.

As Table 4 illustrates, many low- and moderate-income elders who receive income supports still fall short of the Elder Index. However, homeowners who live on low fixed incomes may approach economic security if they receive public assistance for which they are eligible and have access to SCSA services.

<b>Table 4: The Impact of Public Supports on Economic Security for a Single Elder Renter Living on Social Security, 2010</b>				
		<b>Income Plus...</b>		
Monthly Income	<b>\$1,309</b>			Food + Rx + SCSA Assistance
Monthly Elder Index	<b>\$1,808</b>	<b>Food Assistance</b>	<b>Food + Rx Assistance</b>	
Monthly Shortfall	<b>-\$501</b>	<b>-\$301</b>	<b>-\$259</b>	<b>\$39</b>
<b>% Economic Security</b>	<b>72%</b>	<b>80%</b>	<b>83%</b>	<b>103%</b>
Amount of Support		<b>\$200</b>	<b>\$42</b>	<b>\$316</b>

Note: Single, retired woman renter in poor health living in Yakima County on an income approximating 150% of the federal poverty level (\$1,309/mn, \$15,704/yr), 2010.

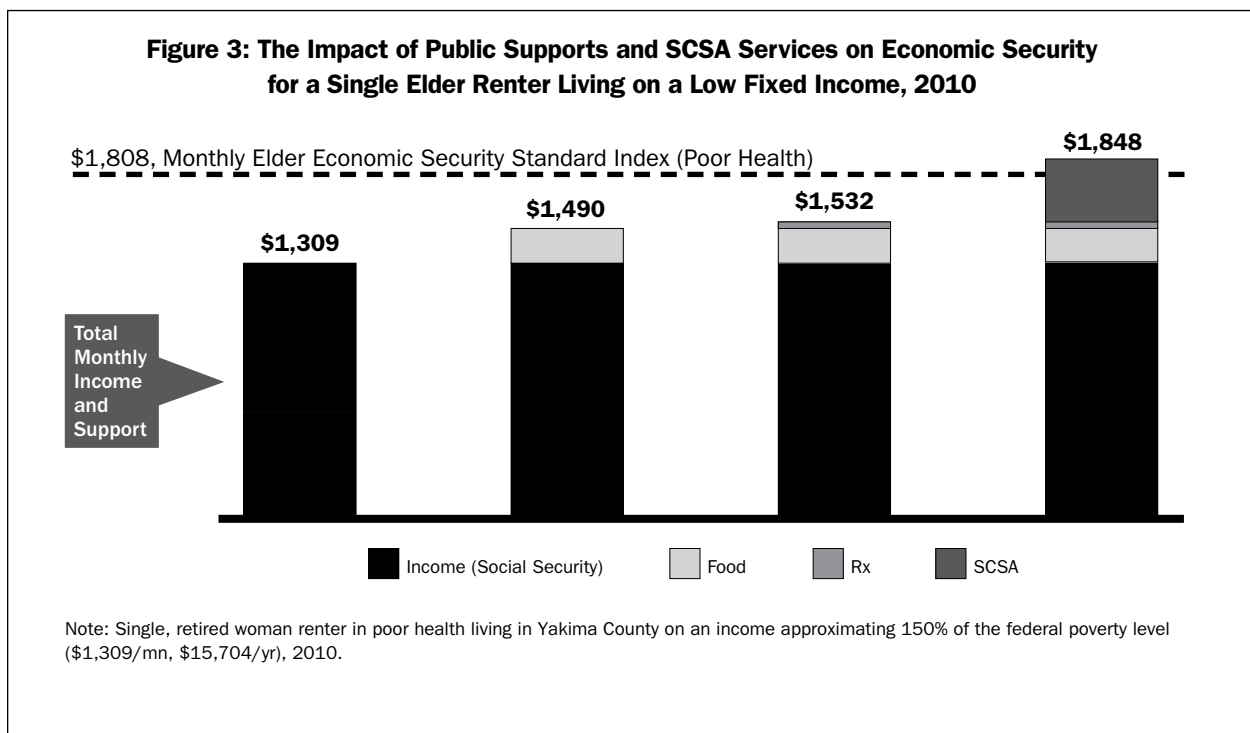
The addition of SCSA services increases the elder's economic security by 21%, raising her above 100% of the Elder Index economic security line. SCSA services do not have medical eligibility requirements and most have no income requirements. Due to the elder's decreased mobility and diabetes, the senior receives monthly foot care treatments, during which a registered nurse also checks her health. The transportation service allows her to keep scheduled medical appointments, attend congregate meals, attend social events and go grocery shopping without paying for rare, costly taxicabs or overly relying on friends or family to drive her around town. She is able to forgo the expense of owning and operating a car, which frees income for other basic needs. The congregate meals reduce her food budget and allow her to socialize with peers.

Due to the high cost of institutional, private assistive and long-term care, elders find

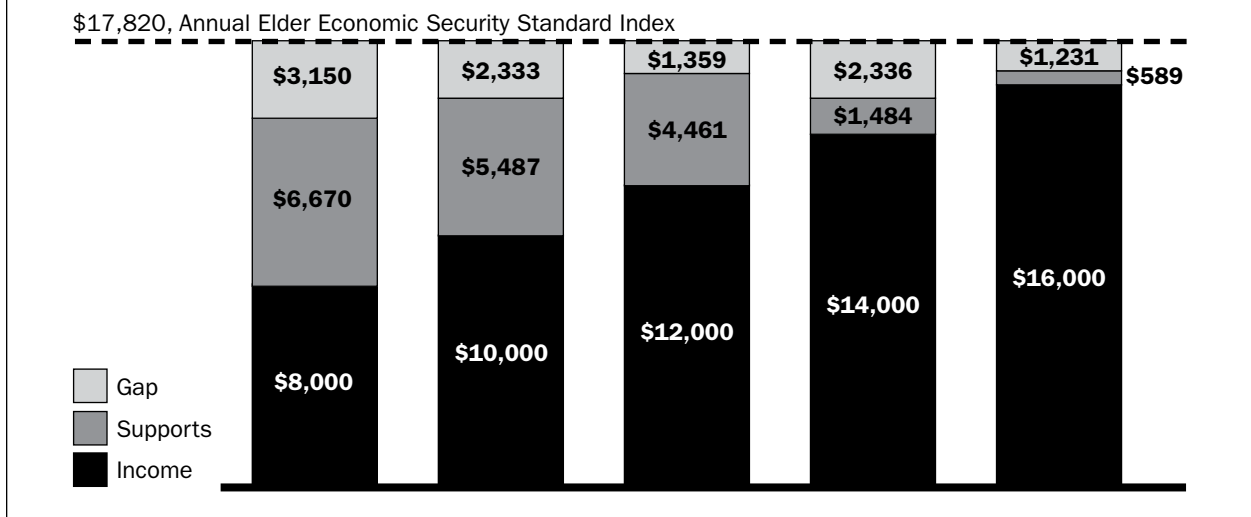
themselves unable to finance even temporary ongoing care needs. Without services provided by SCSA, low-income, moderate-income and even middle-class elders would be forced to give up their homes.

### Without Housing Assistance, Gaps Between Income and Economic Security Persist, Even as Income Rises

Because public supports begin to fall off after incomes exceed the federal poverty level, many Washington elders living above the 2010 federal poverty level of \$10,830 find themselves almost as far from economic security as those living below the federal poverty level. Figure 4 exhibits gaps between income and economic security, across a range of incomes, for elders who rent in Washington's Spokane County and do not receive housing assistance.



**Figure 4: Annual Income, Public Supports and Economic Security Gaps for Single Elder Renters in Spokane County, WA, 2010**



At the lowest income modeled, \$8,000 per year, income supports reduce expenses by over \$6,600. The elder is left with a gap between annual income and annual Elder Index expenses of more than \$3,000. Due to benefit cliffs—incomes at which eligibility ends or the receipt of one support lowers the value of another—increases in income are not always accompanied by increases in economic security. In fact, more income can decrease an elder’s overall well-being. Given receipt of all available major public supports other than housing assistance, an elder with a \$14,000 annual income faces an economic security gap comparable to that faced by an elder with just \$10,000 in annual income.

When additional income does increase economic well-being, increases in income do not create *proportional* increases in economic security. A \$2,000 increase in income from \$8,000 to \$10,000 decreases an elder’s economic security gap by \$817. A \$2,000 increase in income from \$12,000 to \$14,000 increases the gap by \$977.

A \$6,000 increase from \$8,000 to \$14,000 decreases the gap by approximately \$1,920. *At no income level below the Elder Index does a \$1 increase in income come close to creating a \$1 decrease in an elder’s economic security gap.* Even assuming receipt of major public assistance, the gap between income and expenses is only fully eliminated when an elder is able to achieve economic security entirely through his or her own income.

It should be noted that it is rare for elders to access all of the supports for which they are eligible. This is particularly true for: those who “slip between the cracks” (those unaware of available help or swayed by misinformation); those to whom supports become unavailable due to budget cuts or a lack of administrative staff to process claims and manage programs; and those who are simply ineligible for help due to modest assets or excess income. For many needy elders, the gaps illustrated in Figure 4 are made much larger by non-receipt of benefits.

## Policy Recommendations

Through the Elder Economic Security Initiative™ (Initiative), the Washington Association of Area Agencies on Aging (W4A) continues an important statewide dialogue with key stakeholders who share a commitment to the economic security of individuals 65 years of age and older. The set of broad policy recommendations provided in this report is intended to advance the conversation on economic security for our state's aging population.

Through a collaborative process, various stakeholders among Washington's aging service providers and advocates identified a broad range of issues affecting older Washingtonians, many of equal importance in terms of promoting economic security.

In preparing the following policy recommendations, W4A and its partners in the Initiative acknowledge the need to confront current and forecasted fiscal realities. Critical next steps should involve the protection of cost-effective programs that established Washington as a leader in home and community-based services and serve as the foundation for the priority areas identified below.

### Aging Services and Supports

Adequately fund the federal Older Americans Act (OAA), Washington Senior Citizens Services Act (SCSA) and the Family Caregiver Support Program (FCSP) to ensure access to community-based services and supports that build elder economic security. While the intent of the OAA, SCSA and FCSP has always been clear, funding has never been adequate to fulfill the goals originally established. SCSA funding has been stagnant for 15 years and significantly reduced in recent budget cycles.

## Health and Well-Being

Reform and redefine health and community-based services and supports to include wellness and prevention, chronic care management, mental health, adequate food and proper nutrition, and oral health and dental services. Increase the emphasis on wellness, mobility and the prevention of falls and chronic health conditions in policies, programs and funding to build elder economic security.

### Housing

Support the Housing Trust Fund, affordable housing development, home repair and accessibility programs, homeowner tax exemptions, reverse mortgages and mortgage foreclosure mediation programs, homeowner cooperatives and shared housing options, tenant protections for renters and mobile homeowners and tenant based rental assistance programs. Without affordable housing options, attaining the county Elder Index is nearly impossible for the majority of low-income elders.

### Home and Community-based Services

Support home and community-based services that support elders to age in place with dignity. Increase access to services and supports in the elder's own home and community. Empower and support families and communities that provide informal uncompensated long-term care services. Protect and preserve the state-funded Senior Citizens Services Act and the Family Caregiver Support Program that help older adults stay in their own homes and avoid using more costly options that eventually require state and federal assistance.

## **Transportation**

Support transportation programs that increase elders' mobility in their communities and explore dedicated funds and tax credits to promote greater availability of transportation options, particularly in rural areas.

## **Outreach and Public Information**

Broaden and deepen outreach and public information on low- and middle-income supports, including information and support for caregivers.

## **Financial Literacy and Education for Retirement Planning**

Encourage financial literacy and informed retirement planning among younger and older generations, including a clear understanding of the importance of long-term services and supports as part of retirement planning, such as enrollment in the Community Living Assistance Services and Supports (CLASS) insurance program developed through health care reform.

## **Retirement Income and Public Supports**

Support and strengthen retirement income programs such as Social Security, Supplemental Security Income (SSI) and defined contribution plans. Remove barriers to receipt of public supports, such as low income and asset limits and confusing application processes. Adjust the spenddown and asset requirements for reimbursement of home and community-based options under Medicaid and provide more support to access community options through Aging and Disability Resource Centers.

## **Workforce**

Increase opportunities and incentives for older workers to enter and remain in the workforce to improve their economic status. Encourage employers to provide flexible, non-traditional

work configurations and other features helpful to all employees.

## **Community Engagement**

Increase opportunities for networking related to work, housing, access to services and supports, volunteering and social interactions that promote positive mental health by decreasing loneliness and isolation.

## **Planning and Policy Development with the Elder Index**

Promote equitable and rational policy by using the Elder Economic Security Standard™ Index (Elder Index) as a more realistic cost-of-living measure when evaluating existing policies and developing new policies for older adults needing income supports.

The relationship of these overlapping concerns may best be understood against the backdrop of national and state legislation and programs that define the aging network. At the federal level, the Older Americans Act (OAA) of 1965 created a formal aging network, which is simply defined as the federal, state and local agencies and organizations that provide services or represent the interests of older persons. OAA funds are appropriated to the State Units on Aging (SUA) through the Administration on Aging. The SUAs then distribute them to local Area Agencies on Aging (AAA) who, in turn, contract with local providers. Thirteen Area Agencies on Aging in Washington receive OAA funds from the Aging and Disability Services Administration (ADSA) of the Department of Social and Health Services, an active partner in the Washington Elder Economic Security Initiative. The AAAs have also been partners with ADSA since 1995 in managing the state's Medicaid long-term care budget by providing supports to seniors and adults with physical disabilities who receive services in their own homes. Also included in Washington's aging

network are agencies or facilities that serve the needs of older persons but may not be direct recipients of OAA funds. These might include hospitals, churches, senior centers and other service providers funded by different streams of public and private money, including Title XIX (Medicaid) of the Social Security Act.

In addition to the federal initiatives under the Older Americans Act, Washington demonstrated its leadership in addressing the needs of older adults with the passage of the state-funded Senior Citizens Services Act (SCSA) in 1976. The purpose of SCSA is to help build a system of innovative community-based services so that seniors can stay at home and avoid costly institutional care. The network of services created through the combination of federal Older Americans Act dollars and state-only SCSA funds meets these goals in an extraordinarily cost-effective and efficient manner for a broad spectrum of seniors across many economic levels. Though funding levels have always been extremely limited, SCSA provides an incredible return on the state's investment through the services it funds directly and in the leveraging of matching funds from local and federal resources.

SCSA funding is the glue that holds together many locally tailored services (such as home-delivered meals, transportation services and adult day care programs) that help elders stay in their own homes. SCSA has played an important role in Washington's rebalancing of its long-term care system through less reliance on nursing facility care and has helped the state save millions of dollars each year that would otherwise have been spent for a range of Medicaid long-term care services and supports. A December 2010 W4A survey determined that SCSA provides substantial cost-savings to the state and federal government because of the number of older Washingtonians

who delay Medicaid enrollment because they receive less costly SCSA-funded services.

Another state funded program that provides critical support to families over the last ten years is the Family Caregiver Support Program (FCSP). Unpaid family caregivers are the backbone of the long-term care system in Washington, providing a substantial proportion of chronic care services to family and neighbors. Without unpaid caregiver support and involvement, long-term care costs through Medicaid and other public spending would be much greater. While families are our first responders and our best hope for sustained quality and loving care, full-time caregiving is emotionally stressful, physically demanding and economically damaging for the caregiver's own long-term economic security. Timely and limited help and information through FCSP have proven to be successful at sustaining family involvement and assisting caregivers to manage chronic conditions without more costly public support.

Advocacy groups are another critical component of Washington's aging network and key to the success of the Initiative. At the local level, each of the 13 AAAs has an Advisory Council that advises the AAA on all matters relating to its work. These local councils are comprised of dedicated volunteer citizens who represent older adults within their community and advocate on their behalf. At the state level, the State Council on Aging was statutorily established in 1981. Its mission is to serve in an advisory capacity to the Governor and the state agency responsible for aging services, to create public awareness about aging issues and to provide for self-advocacy by older citizens of the state.

In Washington, the overarching advocacy organization on senior issues is the Washington Senior Citizens' Lobby, formed in 1977 as a volunteer, non-profit advocacy organization

for seniors. The Senior Lobby studies issues of concern to seniors, develops a legislative agenda prior to each legislative session and advocates for programs and policies related to housing, health care, insurance, long-term care, retirement benefits and other senior issues. Member organizations represented on the Senior Lobby's Board of Directors include:

- Aging Services of Washington
- Alzheimer's Association—Western and Central Washington State Chapter
- AARP—Washington
- Association of Manufactured Home Owners
- Catholic Community Services of Western Washington
- Group Health Cooperative Senior Caucus
- Home Care Association of Washington
- State Long Term Care Ombudsman Program
- Manufactured Mobile Owners of America
- National Academy of Elder Law Attorneys—Washington Chapter
- National Active and Retired Employees Association
- Pierce County Human Services
- Puget Sound Alliance for Retired Americans
- Resident Councils of Washington

- Retired Public Employees of Washington
- SEIU Healthcare 775NW
- Senior Services of Seattle-King County
- Washington State Council on Aging
- Washington Adult Day Services Association
- Washington Association of Area Agencies on Aging
- Washington Education Association—Retired
- Washington State Dental Hygienists' Association
- Washington State Home Care Coalition
- Washington State School Retirees Association
- Washington State Senior Center Association
- Washington Dental Service Foundation.

The Senior Lobby serves as a collective voice on senior issues and is a partner in Washington's Elder Economic Security Initiative. Other organizations that address older adults as a part of their overall mission and support the Initiative include the Economic Opportunity Institute, the Older Women's League—Seattle/King County Chapter, the Washington State Alliance for Retired Americans and United Way of King County.

## **Appendix: Major Public Supports (2010)**

### ***Supplemental Security Income (SSI)***

Supplemental Security Income, administered by the federal Social Security Administration, provides monthly cash payments to elders with no or very low income. Other than those for Medicaid, SSI eligibility income and asset limits are the lowest of any work or income support available to Washington elders. In 2010, qualifying elders had incomes less than \$8,088, and qualifying elder couples had incomes less than \$12,132. SSI payments fill the gap between recipients' incomes and these SSI income limits. Single and married elders must also maintain no more than \$2,000 and \$3,000 in assets, respectively, not including a home, a car and household items.

### ***Basic Food Program (BFP)***

The Basic Food Program, Washington's "food stamp" program, provides low-income households with electronic benefits, which participants use to purchase food. The US Department of Agriculture funds the program through the Food and Nutrition Service, and Washington administers the program, including determination of eligibility and distribution of benefits. Single and married elders must have no more than \$10,830 and \$14,570 in income, respectively, after a utility allowance, medical allowance and other deductions from income. Single and married elders must also maintain no more than \$3,000 in assets.

### ***Medicaid***

Washington offers complete Medicaid coverage to very low-income elders, including some long-term care recipients, and pays participants' Medicare Part A and Part B premiums. The annual income

and asset limits for a single elder are \$8,088 and \$2,000, respectively. For elder couples, the annual income limit is \$12,132 and the asset limit is \$3,000.

Medicaid's spenddown program offers Medicaid coverage to elders who exceed the Medicaid income limitations. To qualify, elders' incomes less allowed medical expenses (not including Medicare premiums) must be less than the income limits described above.

### ***Medical Assistance—Medicare Savings Programs (QMB, SLMB, SLMB-QI-1)***

The Medicare Savings Programs (MSPs) include the Qualified Medicare Beneficiary (QMB), Specified Low-Income Medicare Beneficiary (SLMB) and Qualified Individual-1 (QI-1) programs. The QMB program helps low-income elders enrolled in Medicare Part A pay for Medicare Part B premiums, deductibles and co-payments. Premiums for Part C supplementary insurance are not covered. To qualify, an elder's gross annual income must be no more than 100% of the Federal Poverty Level (FPL) (\$10,830 for a 1-person household; \$14,570 for a 2-person household). Single and married elders must also maintain no more than \$4,000 and \$6,000 in assets, respectively. The SLMB and QI-1 programs pay for all or part of Medicare Part B premiums for qualified recipients. Recipients must be enrolled in Medicare Part A. To qualify as an SLM Beneficiary, an elder's gross annual income must be no more than 120% FPL (\$12,996 for a 1-person household; \$17,484 for a 2-person household). QI-1 recipients must have annual incomes of no more than 135% FPL (\$14,621 for a 1-person household; \$19,670 for a 2-person household). For both the SLMB and QI-1 programs, single and married elders must maintain no more than \$4,000 and \$6,000 in assets, respectively.

### ***Federal Prescription Assistance—Medicare Part D Low-Income Subsidy (LIS)***

The Low-Income Subsidy helps low-income elders with prescription drug costs. The federal government subsidizes a participant's private Medicare Part D drug (insurance) plan premium, and helps pay drug deductibles and co-payments. Those with Medicaid, or those participating in Medicare Savings Programs, automatically qualify for LIS. For full eligibility, gross monthly income must be no more than 100% FPL (\$10,830 for a 1-person household; \$14,570 for a 2-person household); thereafter the program provides help on a sliding scale to those with incomes up to 150% FPL (\$16,245 for a 1-person household; \$21,855 for a 2-person household). Single and married elders must also maintain no more than \$8,100 and \$12,910 in assets, respectively, to receive full LIS benefits. In order to receive partial LIS benefits, single elders cannot have more than \$12,510 in assets and couples must have no more than \$25,010 in assets.

### ***Senior Citizens Services Act (SCSA) Services***

The SCSA provides funding for assistive services for seniors, including phone information and referrals, home-delivered meals, congregate meals, transportation, foot care, assisted bathing and adult day care. The services are provided by regional Area Agencies on Aging. Only SCSA assisted bathing and adult day care are means-tested (Area Agencies on Aging consider income before providing the services), but donations are encouraged for other services. The home-delivered meals service requires recipients to be home-bound, and provides 7 meals a week. Congregate meals are served in a centralized location and provide 5-7 meals a week depending on the area.

Transportation services are available as program funding allows. When funding is low, transportation services for medical appointments, congregate meals and grocery shopping are prioritized. Limited service often does not eliminate the need for the elder to own a private vehicle, use public transit, pay for a taxi and/or rely on friends and family for transportation.

### ***Low Income Home Energy Assistance Program (LIHEAP)***

The Low Income Home Energy Assistance Program helps low-income families pay for home heating. The credit is funded by the federal Low-income Home Energy Assistance program, and administered by the Washington State Department of Commerce. Claims can be submitted between October and June every year. For the 2009-2010 heating/cooling seasons, the recipient income limit was 125% of the federal poverty line, \$13,267 for an individual and \$17,848 for a couple. There is no asset test for the program. LIHEAP benefits vary according to household size and heating costs.

### ***Housing Assistance***

Eligible elders can receive direct or indirect housing subsidies from three programs funded by the US Department of Housing and Urban Development (HUD) and administered locally by the regional Washington Housing Authorities: The Housing Choice Voucher Program (HCVP, formerly Section 8), Public Housing and the Section 202 Supportive Housing for the Elderly Program. Recipients of an HCVP voucher may select any market-rate rental housing with a property owner willing to accept the HCVP voucher, and voucher amounts are based on local Fair Market Rents established by HUD. The Section 202 program provides capital and operating funds to developers and operators

of senior housing. Those with 80% area median income are eligible for assistance. However, those with "very low" incomes below 30% area median income (AMI) are granted priority; because the supply of public housing and housing vouchers is limited, most housing assistance recipients have incomes below 30% AMI, and housing assistance recipients rarely have incomes above 50% AMI.

### Tax Credits

Elder homeowners with low incomes may qualify for the Property Tax Exemption Program for Senior Citizens and Disabled Persons. The property tax exemption allows seniors with a combined disposable income of less than \$35,000 to freeze the assessed value of the home. Taxes are paid on home values assessed when a senior homeowner turned 61, effectively limiting annual changes in his or her property taxes. Seniors must apply every four years to continue to participate in the program.

<b>Washington Supports Income and Asset Eligibility Limits, 2010</b>				
	<b>Single</b>	<b>Couple</b>		
<b>Federal Poverty Level (FPL)</b>	<b>\$10,830</b>	<b>\$14,570</b>		
	<b>% FPL</b>			
<b>Support Program</b>	<b>Income Limits, Single*</b>	<b>Income Limits, Couple*</b>	<b>Assets Limits, Single</b>	<b>Assets Limits, Couple</b>
Supplemental Security Income (SSI)	75%	83%	\$2,000	\$3,000
State Supplement (SSP)	75%	83%	\$2,000	\$3,000
Medicaid	75%	83%	\$2,000	\$3,000
QMB (Medicare Savings Program)	100%	100%	\$6,600	\$9,910
SLMB (Medicare Savings Program)	120%	120%	\$6,600	\$9,910
QI-1 (Medicare Savings Program)	135%	135%	\$6,600	\$9,910
SCSA Services**	N/A	N/A	N/A	N/A
Medicare Part D LIS, full	135%	135%	\$8,100	\$12,910
Medicare Part D LIS, partial	150%	150%	\$12,510	\$25,010
Basic Food Program	100%	100%	\$3,000	\$3,000
Low Income Home Energy Assistance Program (LIHEAP)	125%	125%	N/A	N/A
Housing Assistance***	80% AMI	80% AMI	N/A	N/A

\* Gross income limits. SSI and housing assistance programs allow applicants to deduct from gross income portions of earned income and/or limited allowances for expenses.

\*\* SCSA Services are open to all seniors 60 and older. Only SCSA assisted bathing and adult day care are means-tested.

\*\*\* The greater part of housing assistance is reserved by law for those with incomes below 30% area median income (AMI). Few families with incomes above 50% AMI receive assistance. Families with assets exceeding \$5,000 may have a portion of asset-based income added to household income during eligibility determinations.

## Endnotes

1 Gerontology Institute and Wider Opportunities for Women. *The Elder Economic Security Initiative™: The Elder Economic Security Standard™ Index for Washington*. Washington, DC: Wider Opportunities for Women, 2011.

2 AARP. "Social Security: 2008 Washington Quick Facts." AARP. 2008. [http://assets.aarp.org/rgcenter/econ/ss\\_facts\\_08\\_wa.pdf](http://assets.aarp.org/rgcenter/econ/ss_facts_08_wa.pdf) (accessed December 2010).

3 SCSA also offers information and assistance services, adult day care, an adult bathing program and home-delivered meals, which are not modeled herein.

4 Housing assistance modeled includes those programs with eligibility limits and relief calculation in common with the Section 8/Housing Choice Voucher Program. For a list of housing assistance programs which provide similar rental assistance, visit the Washington HUD website: <http://portal.hud.gov/portal/page/portal/ HUD/states/washington>.

5 U.S. Social Security Administration. "OSADI Beneficiaries by State and County, 2009: Washington." *Office of Retirement and Disability Policy*. 2010. [http://www.ssa.gov/policy/docs/statcomps/oasdi\\_sc/index.html](http://www.ssa.gov/policy/docs/statcomps/oasdi_sc/index.html) (accessed December 2010).

6 Gerontology Institute and Wider Opportunities for Women. *The Elder Economic Security Initiative™: The Elder Economic Security Standard™ Index for Washington*. Washington, DC: Wider Opportunities for Women, 2011.



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