



Elder Economic Security and Home and Community-Based Services

JULY 2009

The Empowered at Home Act (S. 434)

Action must happen now to reform financing systems to assure elders have access to the home and community-based long-term services they need to age in place with dignity. *To this end, WOW urges the members of the U.S. Senate to support passage of the Empowered at Home Act.*

Issue Overview

The current long-term care financing system, funded primarily by state Medicaid dollars, forces many seniors to rely on institutional care for services that could more easily be provided in the home. In addition to being preferred by seniors, the delivery of home and community-based services is more affordable for states.

- Due to high costs, many low- and middle-income seniors rely on public assistance to afford long-term care. According to the Elder Economic Security Standard™ Index (Elder Index) the cost of home and community-based long-term care can double, if not triple, a senior's expenses.
- According to the national averages of the Elder Index, the cost of home and community-based services range from **\$7,322 per year to \$41,871** per year depending on the level of care required. In contrast, the average cost of nursing home care is more than **\$67,000** a year and tops **\$100,000** in some urban areas, according to the 2006 MetLife Market Survey of Nursing Home and Home Care Costs.
- Seniors who cannot afford long-term care must spend down their retirement savings to become eligible for public assistance to pay for the services they need. In most cases, this requires a senior to move from their home to a nursing facility.
- On average, only 25 percent of Medicaid spending for long-term care is allocated to home and community-based services; the remaining 75 percent is spent on institutional care.
- Despite many states' efforts to rebalance resources, many seniors languish on waiting lists to receive Medicaid financed home and community-based services through waiver programs. In 2006, these programs had waiting lists of over 280,000 people in 31 states.

In sum, the current long-term care financing system disproportionately favors institutional care, in spite of the cost savings of home and community-based services to the state and seniors' desire to remain in their homes.

WHAT IS THE ELDER ECONOMIC SECURITY INITIATIVE™?

The Elder Economic Security Initiative™ is a multi-year effort combining coalition building, research, advocacy and media outreach at the national, state and community levels to promote the economic well-being of elders and their families.

Solution for Change: The Empowered at Home Act (S. 434)

Without appropriate action, millions of seniors will be unable to access the home and community-based services they need to age in place with dignity. The *Empowered at Home Act* offers a **forward thinking, innovative, bipartisan, and state-oriented** solution to address the bias towards institutional care of the current long-term care financing system.

- **Forward thinking...** The number of adults age 65 and older is expected to increase from 35 million in 2000 to 71 million in 2030, thereby significantly increasing the need for long-term care and the demand for home and community-based services. The Empowered At Home Act offers a solution for today that will increase access in the future.
- **Innovative...** The Empowered at Home Act would create opportunities to improve the delivery of home and community-based care by awarding demonstration grants for evidence-based health promotion and prevention as well as improved data collection on the Medicaid waiver programs. In addition, the bill recognizes the informal caregiving work of families by providing a caregiver tax credit to those caring for an ailing senior at home.
- **Bi-partisan...** Introduced in both the Senate, by Senator John Kerry (D-MA), and the House of Representatives, by Representative Frank Pallone (R- NJ), the Empowered at Home Act is a joint effort from policy makers on both sides of the aisle to address the health care needs of low- and middle-income seniors and the fiscal challenges facing states. To date, the bill has three co-sponsors in the Senate.
- **State-Oriented...** State governments are struggling in the current economic downturn. The Empowered at Home Act creates avenues for Medicaid cost savings while simultaneously expanding access to vital health care services in the state.

WHAT IS THE ELDER ECONOMIC SECURITY STANDARD™ INDEX?

Developed by the Gerontology Institute at the University of Massachusetts Boston and Wider Opportunities for Women, the Elder Economic Security Standard™ Index is a new geographically-based measure of income adequacy for elders that incorporates the cost of housing, food, health care, transportation and home and community-based long-term care services.