



April 5, 2016

Senate Committee on Appropriations

My name is Angela Smith-Dieng, and I am the Executive Director of the Vermont Association of Area Agencies on Aging. For over forty years, Vermont's five Area Agencies on Aging (AAAs) have been working to coordinate services and supports to vulnerable older adults with the vision that every Vermonter deserves to age with good health, independence and dignity in the setting of their choice. Our core mission is to serve elders in greatest social and economic need, and together, we reach over 60,000 Vermonters a year, a number that continues to grow. By 2030, one in four Vermonters will be age 65 or older, and at least half of them will likely receive some kind of support from their local AAA. The Vermont Association of Area Agencies on Aging (v4a) works to support the agencies by strengthening their collaboration, broadening awareness of their impact, and advocating for their essential programs and services. With regard to the state budget, we ask the committee to consider the following important points:

- **Major Demographic Shifts.** Vermont is the second oldest state in the nation, with the fastest growing population age 85 and older. Vermont's population over 65 has grown 37% in the last 15 years. It is expected that by 2030, 1 in 4 Vermonters will be over 65.
- **Growing Demand for Service.** The AAAs served approximately 60,000 seniors in 2014, 35% more than in 2005. Yet for many reasons, including inadequate financial support for home and community based service providers, the stability of our network is threatened.
- **Time to Balance Rates.** Approximately 53% of those Vermonters now nursing home eligible via the Choices for Care program have chosen to age at home with the support and services provided by AAAs and the network of community based providers. Nonetheless, nursing homes receive an annual statutory inflationary adjustment to their Medicaid rates as part of the budget, while home and community based service providers, whose costs also increase with inflation, do not. *While nursing home per day payment Medicaid rates increased by 32% from 2006 to 2015 and the Consumer Price Index increased by 27%, case management Medicaid rates paid to AAAs increased by only 6.8% during that same timeframe.* It is imperative, in order to secure the rebalancing of nursing home utilization and costs with home and community based living opportunities, that matching inflationary adjustments occur.
- **Federal Funds Not Solution.** Traditionally, AAAs have received the majority of their funding from the Older Americans Act. Yet, with the exception of the temporary ARRA funding, Despite the explosion in the older population, OAA funding has remained stagnant or decreased over the last ten years, with a slightly modest increase in this year's reauthorization. Vermont receives the small state minimum in OAA dollars, yet costs of service to our growing older population continue to mount, making it extremely difficult to meet growing community needs.
- **Need for Meals is Growing.** Because our mission is to meet the needs of vulnerable elders, the AAAs work very hard to do more with less, to serve more seniors, many with more complex medical and social needs as they live longer, despite no increases in funding for the services they provide, and in some cases, decreases in funding, as happened in last year's budget. Currently, we are seeing a significant increase in demand for home delivered meals – *approximately 30,000 more meals were served in FY15 than in FY14.*



These nutrition services are critical to enabling vulnerable homebound elders to remain in the community, stabilize their health, reduce falls, and avoid preventable hospitalizations. As demand increases, we have had to negotiate with meal preparers and suppliers on per meal payments since our funds are limited. We have resisted waiting lists, but without increased funding waiting lists are inevitable. We cannot underestimate the impact that malnutrition has on the physical and mental health of frail elders. Every calorie and every micronutrient counts. While vulnerable elders wait for the meals they need, they are more likely to become seriously malnourished, dehydrated, and cognitively impaired, resulting in increased falls, calls to 9-1-1, and expensive trips to the emergency room and hospital. We ask that the legislature adequately fund the growing need for meals in the general fund budget. As a modest start, an additional \$120,000 can provide 30,000 meals (\$4/meal).

- **Funding Meals via Choices for Care.** H.730, an act relating to Medicaid rates for home- and community-based services and home-delivered meals as a reimbursable covered service, attempted to address both the issue of parity in Medicaid rates and the issue of the growing need for home-delivered meals. The House Committee on Human Services passed H.730 with the focus on home-delivered meals, and the bill was referred to the Committee on Appropriations. With a JFO fiscal note of \$216,000 state-share in FY17, the bill was not included in the budget bill, despite both DAIL and DVHA's endorsement of the bill as good public policy investment. The JFO note assumes a 25% take-up rate in FY17 and 50% by FY18. Given our experience with both home-delivered meals and how Choices for Care care plans work, we do not believe it at all likely that utilization would be more than 20% in FY17 (\$175,000 state-share) and would not increase beyond 30% in FY18.

We realize that it is a very difficult budget year, and we appreciate the challenge faced by this committee and others in making difficult choices around funding. However, we believe investing in the AAAs and the services we provide at the state level, such as home delivered meals and case management, will actually save state dollars over time as more seniors are well cared for in their homes and spend less time in expensive hospitals and nursing homes. We have already seen this to be true as more Vermonters choose home based care over nursing homes, saving the state dollars. More can indeed be saved given critical investments in the home and community based infrastructure. Now is the time for lawmakers to meet the challenge of our demographic shift and invest in the organizations that are working diligently to keep elders safe and healthy at home.

Thank you for considering the needs of the Area Agencies on Aging in your deliberations over the budget. We appreciate your diligence and hard work in making difficult decisions and investing state dollars wisely.

Respectfully,

Angela Smith-Dieng

Executive Director

Vermont Association of Area Agencies on Aging