



A Quiet Crisis in America

A Report to Congress by the

Commission on Affordable Housing and
Health Facility Needs for Seniors in the
21st Century

MINORITY REPORT RECOMMENDATIONS

I. Housing Production and Preservation

Background

The present and growing gap between the supply of affordable housing for poor seniors and the documented need constitutes a crisis for hundreds of thousands of them. The numbers of very elderly and frail people are rising dramatically, yet the numbers of units of appropriate housing are not. Affordable and decent housing linked with supportive services is crucial to preserving the health and dignity of these elders.

It is on the issue of increasing the production of affordable housing with services that we Commissioners who comprise the minority diverge most strongly from the majority. The Commission sponsored a groundbreaking report authored by Prof. Stephen Golant of the University of Florida (see Appendix G-1) whose data indicate that there are nearly six times as many seniors with unmet housing needs as are currently served by rent-assisted housing. An AARP-sponsored study reports that nine eligible seniors are on waiting lists for every one Section 202 housing unit that becomes available each year. In many places, no new applicants for public housing are accepted, and existing waiting lists for units for eligible seniors are long.

Further, as the Commission learned from research it commissioned from Michael Bodaken of the National Housing Trust (see Appendix G-3), the supply of rent-assisted senior units in HUD's portfolio is declining due to the conversion of many projects from low-income to market-rate units. This number significantly expands when units lost as uninhabitable through deterioration and related factors are added. The combination of production falling far below annual need with the continuing loss of federally assisted units leaves many of the Nation's low-income seniors without the affordable housing they need and desperate for an appropriate place to live. The Nation's promise of safe, decent, affordable housing remains for them unfulfilled.

The evidence is strong: without a major Federal commitment of new resources to close the gap between supply and need, the present inadequate and alarming state of affairs will worsen.

Another component of this crisis is the increasing frailty of thousands of elderly residents of Section 202 developments, public housing, and other federally subsidized facilities. These seniors need and deserve housing with the supportive services designed to enable them to age in place, in their homes and in their communities. Therefore, the Minority Report calls for not only a major increase in affordable housing production, but also strongly recommends that the units developed must be designed to accommodate the increasing need of elderly residents for service coordination, supportive services, and services such as transportation, meals, housekeeping, and personal assistance, all vitally important to their health and well-being.

This Nation has the capacity and the tools to stem the loss of affordable units and to expand the supply of affordable, supportive housing in both the short and long term. The Commission heard testimony about numbers of successful projects throughout the Nation and visited many of them. These projects show that there are sponsors who know what needs to be done and how to do it. A number of these models are described in the Majority Report and, together with demonstration programs and other pilot programs that have been conducted at all levels of government and in public/private partnerships, have shown their worth. They are ready to be formalized and replicated.

It is time to build on the foundation of these successful programs described repeatedly in the testimony and research submitted to the Commission during the past year and to extend the value of these programs to seniors throughout the Nation. There is much experience and data available to address the housing and services needs of this Nation's seniors. What is needed is a national commitment and sufficient resources to get the job done.

"The primary obstacle to achieving this goal is the lack of appropriate housing in the communities in which seniors live. This is being heard from every corner of the Nation."

Dorothy Ginsberg, New Jersey Department of Health, at the Syracuse hearing

RECOMMENDATION 1-A

Congress should increase the supply of subsidized elderly housing units with supportive services by at least 60,000 units per year; these units may include housing developed under the HUD Section 202 program, the Rural Housing Services (RHS) Section 515 program, and public housing programs as well as the low-income units developed utilizing tax credits. Contingent on a major increase in Section 202 funding, public housing authorities (PHAs) should be permitted to use Section 202 to develop supportive housing for low-income elderly.

"We need capital, especially in housing, to renovate low-income housing..."

"All this can be done. We have the know-how. We have to have the political will, and somebody's got to drive this..."

William L.(Larry) Minnix, D. Min., President and CEO, American Association of Homes and Services for the Aging at the San Diego Hearing

Rationale

The Commission found—through testimony and reports—that the lack of affordable supportive housing is creating a crisis for hundreds of thousands of seniors. Today's production of subsidized units fails seriously to meet today's need and, if this shortfall is not reversed now, there is no prospect that future needy seniors will be able to find affordable housing with essential services. The Commission found that those residents

fortunate to live in subsidized housing are deeply grateful for their quality of life which has been enhanced by their access to services.

Prof. Golant's work tells us that we need over 40,000 additional housing units a year just to maintain the current ratio of six seniors with unmet housing needs to each subsidized unit now occupied by a senior. But the Minority believes that maintaining today's unacceptable shortfall does not meet the Commission's mandate to determine the need for affordable supportive housing for the nation's seniors.

Exhibit I in Part III of the Commission's Report shows that there are currently 1.2 million government-subsidized rental units housing 1.3 million seniors. Exhibit 8 shows that there are currently 6.1 million very low- and extremely low-income seniors with priority housing problems who are NOT living in those 1.2 million units. In other words, today's gap is 6.1 million units. Assuming that only one-half or one-third or even one-quarter of those 6.1 million urgently needy very poor seniors want to live in decent rent-assisted housing, the current deficit is 1.5 million to 3 million units.

Projecting to 2020, Prof. Golant estimates there will be 9.5 million very low- and extremely low-income seniors with priority housing problems. Again, assuming that only one-quarter of those seniors want to live in rent-assisted housing, this means we ought to produce 2.4 million units over the next 17 years, or 140,000 units a year, if we want to be able to provide decent affordable supportive housing to the country's seniors in 2020.

If the same set of calculations is performed looking only at very low- and extremely low-income renters with priority housing problems, a similar picture emerges. Today, there are 2.4 million senior renters in that category, NOT living in rent-assisted housing. Since they are renters, one can predict that a higher proportion of them would live in rent-assisted housing if it was available. If half of them would do so, this means today's deficit for very poor renters is 1.2 million units.

Dr Golant estimates that in 2020 there will be 3.2 million very low- and extremely low-income renters with priority housing problems. To provide decent affordable supportive housing to half of them, we should produce 94,000 units a year between now and 2020.

It is in the context of these numbers that the Commission Minority recommends to Congress that it authorize and fund an immediate production goal for subsidized elderly housing with supportive services of at least 60,000 units a year for the foreseeable future.

This recommendation of a production goal of 60,000 units will ensure that at least part of the gap between the need and supply of affordable housing will be closed as we move into the 21st century. Production capacity will also support developments in areas of the Nation currently facing the most severe shortages and will respond to changing areas of need so that future seniors will have a better chance of having a decent place to live in dignity and independence.

When the Section 202 program was created, Congress limited sponsorship to private, nonprofit organizations, primarily because public housing authorities had their own production program for senior housing. However, no funds have been appropriated for new public housing construction since 1993. The Minority believes we are not using this valuable senior housing production resource and recommends that, when Congress authorizes a major increase in the number of Section 202 units, it also amend the Section 202 statute to allow sponsorship by public housing authorities.

Far more low-income seniors are currently housed by over 3,100 PHAs across the country than by all other programs, and allowing them access to Section 202 funding will increase production capacity, particularly in rural areas where PHAs are often the sole provider of senior housing.

While the market provides attractive housing for people who can afford the cost, seniors with low and moderate income simply do not have the money to pay the cost of housing. In fact, 1.5 million senior households with a median net worth of \$7,000 are paying over half their income for housing. Therefore, without substantial subsidies poor and low-income seniors are shut out of the private market.

RECOMMENDATION 1-B

Congress should strengthen and expand strategies to stem the loss of federally assisted units from HUD's portfolio and institute a replacement plan to develop a new unit for every senior unit lost from the limited supply. Congress should allocate not less than \$200 million to the Affordable Housing Preservation Act to preserve and improve elderly subsidized housing.

Rationale

The Commission heard with deep concern that through the year 2001, 20,000 subsidized units have been lost as affordable housing. Dr. Michael Bodaken's study (Appendix G-3) indicates that as many as 324,000 primarily elderly units are at risk of being lost from the affordable housing stock. It is quicker and much less expensive to preserve these units in the subsidized stock than to replace them. Eviction and relocation can be a devastating and destabilizing event for seniors, making the preservation of subsidized rental units critical.

II. Providing Supportive Services within HUD-Assisted Housing

Background

There is compelling evidence that providing shelter without including supportive services fails to respond intelligently and effectively to the needs of those older persons who are both frail and poor. The Commission heard abundant and persuasive testimony that when a housing program adds supportive services, residents are able to continue to live there and access the services they require to continue to do so. It is also clear that, without

even limited services, all too many seniors are forced to vacate their affordable housing and move into more expensive settings to receive essential services. In addition, thanks to Older American Act programs, Medicaid waiver programs, community initiatives, and local government efforts, most communities have developed services designed to enable seniors to age in place. However, these services may not be available to most seniors despite their eligibility for them.

During the past decade, researchers and managers of elderly housing have documented the aging of residents in rent-assisted housing—in 1993, a majority of residents were over 75 years of age and the proportion is higher now. Many have increasing need for assistance with tasks of daily living to maintain their independence and to retain their apartments in subsidized housing projects. With few exceptions, subsidized housing was designed for seniors who were independent; their tenure was dependent on their capacity to live independently. Now, these residents, already among the poorest people in America, need assistance: meals, housekeeping, and some personal assistance, transportation as well as counseling and help in finding community resources designed for them. Fortunately, HUD has demonstrated the value of such programs as service coordinators, congregate housing service programs, and the conversion of independent living units to facilitate supportive services.

While these initiatives have proven successful, funds dedicated to these programs are totally inadequate. A substantial commitment of new Federal budget outlays is necessary to support programs designed to enable seniors to remain in their rent-assisted apartments.

In addition to residents of elderly housing developments who should be targeted for supportive services, equally needy and eligible seniors reside in the neighborhoods nearby who should also be entitled and able to access these services. Funding is the key to this proven strategy to enable seniors to age in place—the place of their choice with access to the services they require.

In a later section, this Report recommends changes in the Medicaid program to incorporate home and community based services fully into the program and to end its current institutional bias.

The Commissioners submitting this report acknowledge the importance of rigorous evaluation efforts to provide solid evidence of the value, relevance, and cost-effectiveness of integrating services with shelter programs and to measure savings generated by diverting or delaying institutionalization of frail residents.

“There are many issues, however, that cross over between HUD and HHS and those two entities need to share and invest in a shared vision of what needs to be accomplished as we move through the conceptual and practical stages.”

Arthur Y. Webb, President and CEO, Village Care of New York, at the Syracuse hearing.

RECOMMENDATION 2-A

Congress should appropriate sufficient funds to Public Housing Authorities (PHAs) to act as the qualified contractor for the provision of supportive services onsite to vulnerable senior residents, and to modernize buildings and reconfigure apartments to provide sufficient space, safety systems, and the features needed by older, physically disabled residents.

Rationale

The one million seniors who live in public housing have the lowest incomes of any residents in federally assisted housing and are among those who most need supportive services. Not surprisingly, poor seniors have higher rates of health problems and are more likely to be older, disabled or frail. While these residents require higher levels of care, they have limited personal resources with which to purchase the services they need.

PHAs have a long history of competence in bringing supportive services on-site when resources are available to do so. Congress should allocate adequate funds to PHAs to enable the residents to continue to live, with support, in their public housing apartments.

“Ultimately, a number of the people we are talking about will become prisoners in their own apartments, homebound, and finally they will end up in a nursing home because it is quite simply the only place that will have them when they can no longer make it on their own.”

Arthur Y. Webb, President and CEO, Village Care of New York, at the Syracuse hearing

RECOMMENDATION 2-B

Congress should fund the development of new programs linking HHS Home and Community-Based Services with housing for frail residents.

Rationale

New ways to assemble government resources will be necessary if seniors, in the near term and into the future, are to remain in the community in affordable housing with needed supportive services. New models for coordinating various Federal program applications, timetables, coverage and eligibility criteria, definitions, and funding sources must be developed.

Congress should authorize a new Aging in Place demonstration program based on the Section 202 and Section 515 programs that links funds provided by HHS Home and Community-Based Service waivers and other Federal senior supportive service programs with rent subsidies to support aging in place strategies for frail residents.

Rationale

Under this program, Congress will appropriate funds to HHS, AoA, and DOT earmarked to be provided to HUD or RHS for award to applicants submitting a comprehensive application. The HHS funds will flow through the Medicaid program, but need not require a State match.

A housing sponsor will submit a single application to HUD or RHS for a construction capital grant and rental subsidy (Section 202/PRAC), for HHS Medicaid funds for health care and supportive services, for DOT funds for transportation support, and for AoA funds for meals, as needed.

The health and supportive services funding will be determined by assessing eligible seniors for Medicaid HCBS, determining an average service utilization rate, similar to a case mix rate, from which an annual HCBS allowance for the sponsor will be calculated, similar to the PRAC contract calculation. Seniors receiving services funded through HCBS must meet Medicaid eligibility criteria.

To achieve the objectives of this recommendation does not require HHS, HUD, or any agency to change its focus. Under this program, sponsors of senior housing would be able to provide supportive housing for eligible residents by eliminating the fragmentation that exists, creating a coordinated housing and service delivery system for efficiency and cost effectiveness. This program will produce vital services for residents and achieve cost-savings for taxpayers. For residents in rural areas where the cost of service delivery is high, utilization of this program expressly for residents of Section 515 projects will provide the funds to residents who need special services.

RECOMMENDATION 2-C

Congress should build upon the successes of the Congregate Housing Services Program (CHSP).

Rationale

Congress should appropriate sufficient funds for new sponsors under the Congregate Housing Services Program (CHSP). To make the CHSP program more effective, HUD's share of the program cost should be increased beyond the current 40 percent and program requirements should be modified to permit optimal flexibility for the grantee.

The CHSP was among the Federal Government's first initiatives to provide a comprehensive housing and supportive services package to seniors within a subsidized housing environment. The objective of CHSP is to prevent premature and unnecessary institutionalization through the provision of subsidized congregate meals and other non-medical supportive services deemed necessary for independent living. CHSP grants serve frail seniors and persons with disabilities living in HUD and Rural Housing Service (RHS) subsidized housing developments.

In 1990, Congress revised the CHSP, changing it from a demonstration to a permanent, discretionary grant program. HUD pays 40 percent of the supportive services costs, the grantees pay 50 percent, and participants (except those with very low incomes) pay 10 percent. Currently, Congress provides annual extension funding for CHSP grants, but has not appropriated funding for new grants since 1994.

The program has proven to be successful in a variety of ways, but most importantly in providing a high quality of life to frail seniors whose incomes, and therefore housing and service options, are limited. Over the years, a number of CHSP grantees have chosen to terminate their grants, because restrictive program and cost-sharing requirements have made the programs too difficult or costly to operate. Making the above-mentioned program adjustments will help to mitigate the difficulties faced by CHSP grantees.

RECOMMENDATION 2-D

Congress should revive and fund the HOPE IV program.

Rationale

The HOPE for Elderly Independence (HOPE IV) program was established in 1990 and funded in 1993 for 5-year demonstration and evaluation projects, and, although successful, has not been continued beyond that period. Administered by HUD, HOPE IV combines HUD Section 8 rental assistance with case management and supportive services for low-income seniors (62 and older).

The purpose of HOPE IV is to expand access to Section 8 rental assistance to a frail senior population and to help participants avoid nursing facility placement or other restrictive settings when home and community-based options are appropriate. Using housing choice vouchers, residents live in units throughout the community. The program was designed to determine how well service coordination and supportive services could be provided to those living outside of a congregate setting.

Despite good results and participant acceptance, the HOPE IV program was permitted to lapse at the end of its demonstration period. In view of the vast increase in the number of seniors to come, and the obvious advantages of being able to maintain some seniors in their own homes where they are now living, this program should be reauthorized.

RECOMMENDATION 2-E

Congress should enact legislation to link housing and services programs to enable seniors to age in place, and to promote physical modifications of housing to support these services.

Rationale

A driving force behind the Minority Report is the pursuit of public policies that ensure the availability of service choice and delivery to seniors in their communities, where they live and prefer to remain living. Assisted living describes a residential setting that combines housing and services for seniors with deficits in their ability to carry out activities of daily living (ADLs).

Residency in an assisted living facility allows seniors to age in place as their need for services increases. However, the costs of financing, building, and operating these facilities are too high for many seniors for whom this service-enriched housing option would be an appropriate alternative to independent living. The current system often fails to provide the affordable living arrangements for seniors who are unable to live independently but clearly do not need a nursing facility. Modifications to existing programs linking housing with supportive services will result in a significant increase in the availability of assisted living for seniors.

Congress should:

- Direct HUD and HHS to create a uniform definition of assisted living and ensure the availability of affordable, assisted living units for low-income seniors;
- Develop alternatives to funding free-standing assisted living facilities, including proposals to deliver assisted living services in various residential settings;
- Guarantee Medicaid HCBS waiver funds for supportive services in federally assisted senior housing; and
- Direct HUD to establish a higher fair market rent for projects that provide assisted living services.

Since FY 2001, HUD's Assisted Living Conversion Program has provided grants to nonprofit housing providers to convert certain units in an eligible housing facility into assisted living units for frail seniors. Despite the proven need for such housing, the program is not fully utilized. Sponsors and HUD officials agree that the lack of funding for assisted living services is the primary barrier to implementation.

Medicaid 1915(c) waivers are presently the most appropriate service-funding source. It is difficult for housing providers to obtain a guarantee from State Medicaid programs that they will receive the home and community-based waiver funding they need in order to serve eligible residents. Additionally, reimbursement rates are often inadequate to pay for services. By removing these barriers, the ALCP can provide affordable, cost-effective supportive housing for frail seniors.

"As tenants age in place, often the most elementary needs for personal care services cannot be met. Frequently a senior must move to alternative, more expensive housing and lose the shelter subsidy from which they benefited. Too often, the only alternative move is to a nursing home."

James L. Logue, III, Executive Director, Michigan State Housing Development Authority, at the Ohio hearing.

Service coordinators working in senior buildings have successfully linked services with housing. Service coordination is an efficient and low-cost response to the aging in place of seniors. Congressional action is needed to expand this vital service to all residents of federally assisted housing in need of supportive services.

Congress should:

- Direct that Medicaid service funding be committed for seniors in assisted living conversion program facilities;
- Increase funding for the HUD Service Coordinator Grant Program and expand eligibility to include Sections 202, 236, 221(d)(3), Below Market Interest Rate, Section 8 New Construction and Moderate/Substantial Rehabilitation, Section 515, conventional public housing, housing choice vouchers, and Low Income Housing Tax Credits projects;
- Provide resources to allow eligible developments to include a service coordinator position in their operating budgets and revise regulations to remove barriers that hinder implementation; and
- Allow grant-funded programs to cover the cost of these positions within their budgets and provide resources.

Older buildings for seniors were not designed for service programs and activities; modifications to provide both program and administrative space are often necessary. The most economical way to accomplish this may be to remove one or two apartments from residential use. While it is understandable that, in a time of acute subsidized housing shortages, removing units from the inventory may be questioned, utilizing one or two units to enable the residents of 40, 60, or 100 units to receive needed services is an acceptable trade-off and an inexpensive way to enable frail seniors to age in place.

Congress should:

- Direct HUD to include provision for funding sufficient common spaces in supportive housing for the implementation of service programs; and
- Allow owners to use residential space for essential services without reducing the subsidy that is based on the number of occupied apartments.

“New ways must be developed to adapt buildings, common space, and units to facilitate the delivery of services. . . In many cases, pre-existing affordable housing may be modified to provide design and management amenities whereby residents who develop a need for services can remain in place with an affordable rent structure and receive necessary services. Programs and funding should be made available to adapt older, existing housing to facilitate service provision as the residents age.”

James L. Logue, III, Executive Director, Michigan State Housing Development Authority, at the Ohio hearing.

Congress should direct HHS to review existing Single-Point-of-Entry systems and implement the most successful ones.

Rationale

Seniors who need housing and other services should be able to get all the information they need from one place. There should be a simple process for accessing a full range of services, including assisted housing, supportive services, transportation options, Older Americans Act programs, and Medicaid. A number of states have been developing information and assistance programs that try to address this problem. They develop single-point-of-entry systems at the local level that serve as the gateway to services for persons eligible for state or Medicaid funded programs.

- Oregon has maintained a single point of entry system for information and case management since the early 1980s.
- In Indiana, the sixteen Area Agencies on Aging (AAAs) serve as single points of entry for all home and community-based services and provide significant training to the staff providing information, referrals and care management. They also provide a standardized computer system and uniform forms.
- In New Jersey, the Easy Access Single Entry (EASE) system assists consumers in New Jersey to access community programs, in home services, housing, and long term care options.
- Wisconsin has just established Aging and Disability Resource Centers (ADRCs) to offer one stop shopping for information and assistance about public and private services, resources and benefits.

Better coordination will result in less frustration for senior consumers in locating and accessing the full range of services for which they are eligible and will reduce redundancy and duplication of effort.

III. Creating Systems that Support Aging in Place

Background

Systemic problems require systemic solutions. During the past 20 years or so, we have seen successful demonstrations of the effectiveness of such programs as Home and Community-Based Services waivers, Congregate Housing Service Programs, and the key role Service Coordinators have played in the lives of vulnerable elders. Given the mounting crisis in senior housing and in community based long-term care, systems now need to be developed that ensure the well-being of all seniors, particularly those least able to fend for themselves due to poverty, isolation, minority status, or geographic realities, whether in crowded cities or rural areas.

Recommendations in this section will bring programs vitally important to the Nation's seniors into the 21st century. Enacting them will replace successful demonstrations with successful permanent programs, waivers with secured entitlements, and good words of commitment to elders with the funding needed to turn these words into reality. These are

significant changes, not looking just to this year or next, but looking, as Congress' mandate to the Commission charges, to the year 2020.

The two major systems that pay for health care for seniors, Medicare and Medicaid, require major changes to meet the demands of the 21st century. All seniors eligible for Medicaid should have the same access to essential supportive services in their communities, whether they need institution-based or community-based services, and whether they live in subsidized housing or not. Medicare must also be broadened to respond to the changes in seniors' health needs. And, finally, none of these systems and the services delivered through them can function properly without provisions to provide for proper training and employment conditions for personnel serving seniors.

The Commission received testimony about the serious lack of adequately trained and compensated personnel to serve seniors in the community, in elderly housing, and in care facilities. With the development of affordable housing and the expansion of service programs to serve frail seniors, serious efforts are needed to ensure quality, well-trained professional and para-professional personnel to serve the increasing population of seniors.

There remains a need for continuing and focused research on systems change, targeting, administrative efficiencies, comprehensiveness, and the issue of universal vs. market-oriented approaches to best achieve intended results. We note the critical importance of providing an ethical and equitable context for all programs developed.

However, while research and pilot and demonstration programs are important, Congress must move to nationwide dissemination of effective programs and provide them with adequate funds. Too many demonstrations, having proven their value, remain demonstrations, denying other seniors the benefits of effective programs. Research and demonstrations should not be an excuse for avoiding needed outlays.

"We are looking for a 'normal' in which persons do not need to make desperate choices of whether to pay the rent or purchase medications or eat."

Laverne R. Joseph, DD, President and CEO, Retirement Housing Foundation, at the San Diego hearing.

RECOMMENDATION 3-A

Congress should expand Medicare coverage to include chronic and long-term care and prescription drugs.

Rationale

As a Nation, we have underwritten health and long-term care payment programs, but we have not developed a coherent long-term care system that includes all seniors comprehensively and equitably. When first enacted in 1965, Medicare was a tremendous leap forward. It provided insurance for seniors to cover the cost of the major acute medical crises of their lives. Over the years, Medicare has been modified as seniors'

need for care changed; coverage was added for physicians, for outpatient tests and services, and for special medical conditions. But medicine and health care have changed dramatically over the past 25 years, and Medicare has not kept pace. Much acute care can now be provided outside of a hospital environment thanks to technology and drug therapies. Unfortunately, the cost of drugs can be as catastrophic to the senior as the hospital care that they may prevent and replace. Yet Medicare still does not cover prescription drugs.

The increase in longevity and with it an increase in chronic disease and disability demands programmatic response. To deal with the health care needs of seniors--today and tomorrow--requires coverage for chronic and long-term care and prescription drugs. This will require an increase in both the premiums wage earners pay to Medicare and appropriated funds. However, without these changes, the services that older Americans with moderate incomes need to enable them to continue to live at home or in senior housing may be unaffordable. While these costs seem enormous today, the cost of doing too little or nothing today will mean even higher costs in acute care institutions and a drastic loss in dignity and quality of life for millions of elders tomorrow.

RECOMMENDATION 3-B

Congress should modernize Medicaid to cover the cost of home and community-based services as an entitlement and end the current bias toward institutionalization.

Rationale

Providing low-income seniors with the health and supportive services they need is currently paid for largely through the Medicaid program. Thus, to make these services more accessible to all eligible seniors, and particularly to make it possible to link senior housing and services, requires changes in the Medicaid program. The program's current structure is based on Federal matching funds and guidelines for State programs within which States have wide latitude in designing their program and determining how much they will spend. Most States have taken advantage of Medicaid's waiver programs and established provisions for the delivery of services outside nursing facilities. However, no State places home and community based services on an equal footing with Medicaid's entitlement to be served in an institution.

Thus many seniors who need services today do not have any assurance that, if their needs can be successfully met in their own home or a supportive senior housing environment, that will be possible, whereas they are entitled to receive the services they need in a nursing facility. While eligible seniors may be able to receive some services, they should be entitled to receive the services they need in the least restrictive setting possible, preferably their home. Making HCBS part of the core Medicaid program will assure that seniors are not forced to accept the nursing facility alternative simply because services are not available for them in their homes.

In addition to making possible a system that provides more flexible services, more individually tailored service plans, more respect for individual preferences, and more cost-effective non-institutional services, Medicaid will be called upon to fund the

response to the Supreme Court's *Olmstead* decision. Under *Olmstead*, States are now obligated to ensure residency for at-risk persons in the least restrictive environment, if that is their preference.

"It is critical that we make a significant down payment on changing our long term care financing from a state-based welfare system to a national insurance system. We must address the large and growing cost of care shouldered by our nation's chronically ill and disabled, their caregivers, and private and public payers, especially the states."

Patrick Brady, Executive Director, Citizens for Long Term Care, at the Baltimore hearing.

RECOMMENDATION 3-C

Congress should target Work Investment Act funds to provide training for frontline workers in the long-term care field, require that the children of workers in the long-term care field are covered under the State Supplemental Health Insurance Program, and direct that long-term care personnel receive adequate compensation.

Rationale

The development of a responsive, quality long-term care system requires a prepared, dedicated, and stable workforce. Consequently, Federal and State policies and provider practices must support financial incentives, appropriate training and support, and working conditions conducive to recruiting and retaining a quality workforce. The three components of this Recommendation, when implemented, will address a major problem in ensuring quality care for vulnerable seniors.

The health workforce is growing; the rate of growth and the number of health workers needed is . . .nearly twice the rate of growth of the workforce in the U.S. And clearly, burnt out and stressed workers cannot deliver the quality of care that we want and expect."

Edward Salsberg, Director, Center of Workforce Studies, State University of New York, at the Miami hearing.

RECOMMENDATION 3-D

Congress should direct HHS to establish eligibility for Medicaid- funded programs based on percent of area median income rather than a percent of supplemental security income to account for regional income and cost differences and to facilitate linking HHS program resources with HUD funded programs.

Rationale

This change will establish a single, regionally adjusted poverty standard for housing and supportive services, based on cost realities reflected in area median incomes

(AMI) within each state. There are some areas of the country where 100 percent of poverty and 30 percent of AMI are fairly close and programs targeted to the very poor reach the intended population. However, in most regions of the country, these indices cut people off in different places. For example, in high-cost areas such as Boston, 50 percent of AMI is substantially higher than eligibility for Medicaid waiver HCBS services, so not all residents of low-income elderly housing are eligible for the services they need. In other parts of the country, people eligible for services are not eligible for subsidized housing. With all the other complexities that make it difficult to provide housing and services to the needy elders in a coordinated manner, this discrepancy in determining program eligibility remains an anachronism that should be corrected immediately.

Conclusion: Time to Move Beyond Rhetoric to Solutions.

Two facts have become absolutely clear to the Commissioners who comprise the Minority. First, over the years, this Nation has developed excellent housing programs, designed effective support programs for frail seniors, and produced outstanding research about what is required to create comprehensive and effective programs that enable seniors to age in place with dignity and safety.

Second, unfortunately, these well-designed, effective programs reach all too few of those for whom they were intended. While there is room for innovation and improvements, the central message of this Minority Report is that without a major increase in Federal support for affordable housing and supportive services programs, seniors who could, with support, remain in affordable apartments and homes will be at serious risk of institutionalization or neglect. Were Congress to enact and fund, and Federal departments and States to implement, the recommendations presented in this report, hundreds of thousands of seniors would be able—as so many living in federally subsidized housing testified to us—to enjoy a quality life thanks to modest supports and an affordable living environment.

We know what needs to be done for today’s seniors because we have seen exemplary programs throughout the country that provide both affordable housing with effective services. For every one senior receiving that support, there are almost six who do not. While not all eligible persons apply for the assistance they need or are entitled to, all too many wait in line, or have given up thinking they will get the help they need. Ironically, without effective and relatively low-cost interventions, their alternative is a costly nursing facility. The Nation can do better than that. And we must.

We know that to ensure every older American, especially those who are poor, frail, members of minority populations, and who live alone, a decent place to live with the services they need requires resources. It comes down to whether we have the will to do for housing with services what the nation did in 1965 when Congress enacted Medicare to remove the threat of poverty due to medical costs from all older Americans; and what the Nation did in 1935 when Congress enacted Social Security; and what the Nation tried to do in 1949 when Congress enacted the National Housing Act with its ringing cry for “a decent home and suitable living environment for every American family.” It will take nothing less than a national long-term care policy that guarantees for all eligible older

Americans a decent home and quality services in the community and a commitment to provide the necessary resources.

But goals and policies are only as good and effective as the resources provided for their implementation. Congress established a national goal of homeownership and implemented that goal by giving up tens of billions of dollars from tax revenues through mortgage and property tax deductions. It is long past the time when the Congress should review the relative status of two highly desirable national goals—homeownership for those who choose and can afford to own their own homes and a decent and affordable living environment for the Nation’s economically disadvantaged seniors. The Nation now allocates many times more to assist already economically advantaged homeowners, \$60 billion to \$70 billion for mortgage interest tax deduction, than it provides for affordable housing for the Nation’s poorest citizens--\$623 million for Section 202 in FY 2002.

It is time to create parity between subsidizing homeownership and subsidizing affordable housing for poor seniors. The Commissioners in the minority believe that this Nation can afford to provide affordable housing for the poor as well as subsidize the homes of middle-and high-income earners. We call on Congress to assure that seniors who cannot afford decent housing receive the housing assistance they need.

We urge Congress to develop a comprehensive national policy regarding housing and long term care that gives equitable attention both to homeowners and renters, to the middle and upper income and the severely disadvantaged seniors. We urge Congress to act with equity and fairness to keep the Nation’s promise to its seniors who will need the protection of their nation when they become frail, poor and live alone. We urge Congress to acknowledge that an America worth defending must protect its homes as well as its homeland. In the struggle for resources, we must begin now to fill the gap between need and supply so that the desperation felt by so many seniors today will not face seniors in the year 2020. We urge Congress to Honor the Nation’s Fathers and Mothers with the support they will need if they are to live in dignity and without the threat of neglect or institutionalization that so many seniors feel today.

“When all is said and done, more is said than done.”

Laverne Joseph, DD, President and CEO, Retirement Housing Foundation at San Diego hearing.