



Budget Decimates Senior Services

After weeks of debate and for the third time in a year, the Legislature passed and the Governor signed a revised state budget for 2009-2010. The final budget represents a massive reduction in revenues available for vital state services. The declining revenues resulted from the sharp economic decline, job layoffs, and dropping residential property values. It also follows several years of borrowing, fund shifts and other actions which masked an on-going revenue shortfall. The deficits in the past two budgets total a record \$62 billion.

Senior services are hit very hard with some of the largest program cuts in over 30 years being made to get to a balanced budget that meets minority party demands for no tax increases. The newly revised budget has been cut by \$23 billion dollars with over \$15 billion of that coming in cuts to programs. Most of the large cuts were passed by the legislative Budget Conference Committee in June after the Governor proposed the wholesale elimination of nearly all programs protecting seniors. In signing the budget, the Governor made additional cuts of \$489 million in health and human services programs.

The Governor's budget also cut IHSS services claiming a 25% rate of fraud and abuse. No study of this issue has found fraud nearly that high and the Governor has said he can't substantiate his claim of 25% fraud. To solve the problem, caregivers and recipients will be fingerprinted (the Legislature inserted an exception for recipients without

hands!) and the state will hire dozens of investigators.

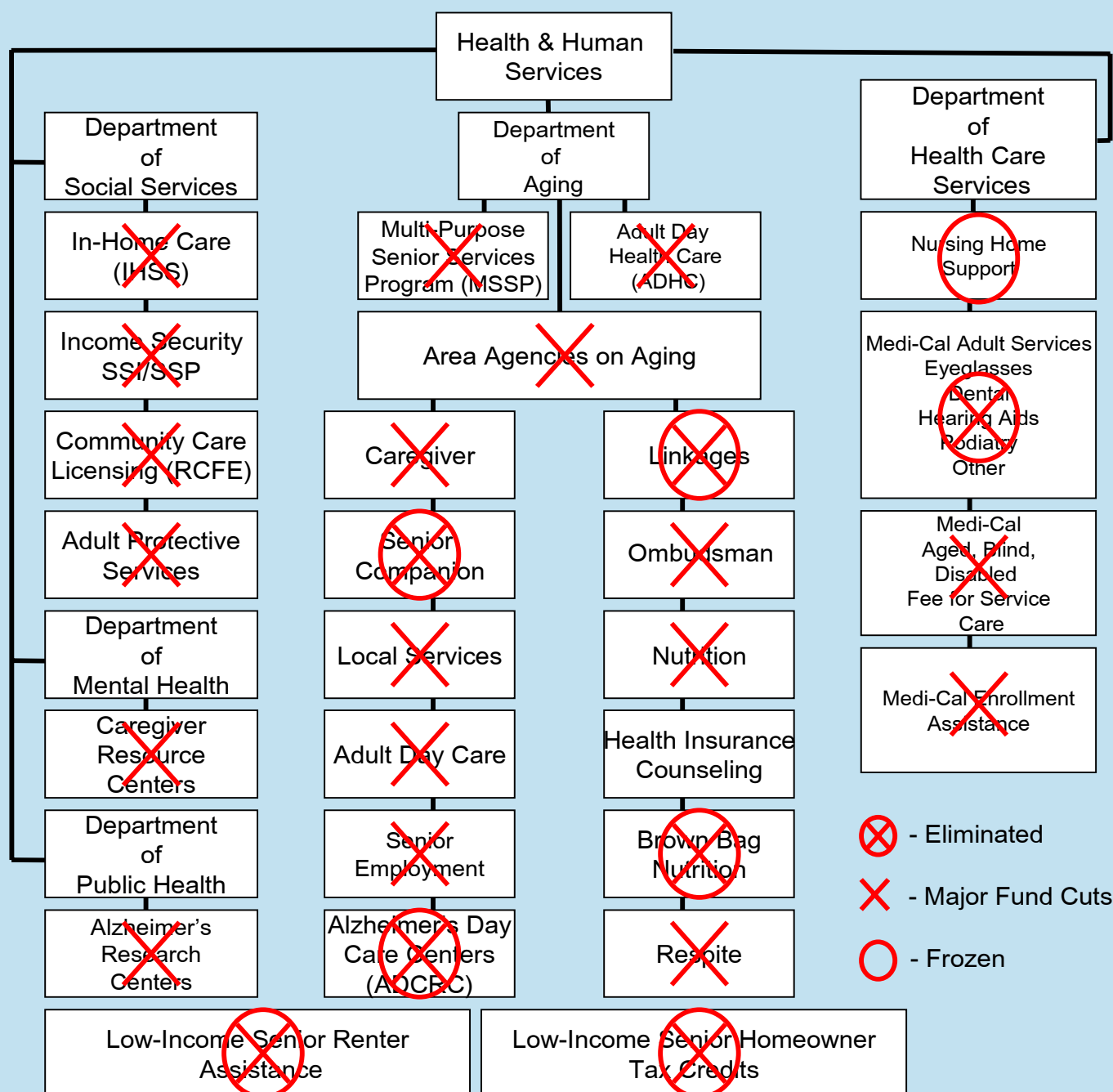
Major cuts affecting seniors include:

- Reduction of Adult Day Health Care programs which help frail elderly people stay in their homes.
- Elimination of Alzheimer's Day Care Centers and reductions in Alzheimer's Research programs serving patients and their family caregivers.
- Elimination of the Linkages program which manages care for low-income seniors needing community-based services.
- Elimination of the Senior Companion program operated by Area Agencies on Aging.
- Elimination of the Brown Bag program which generates significant local and charitable support for senior food assistance programs.
- Significant cuts to Caregiver Resource Centers which draw down federal support to care for people with brain injuries and dementia.
- \$1.3 billion in undesignated cuts to the Medi-Cal program which serves 1.2 million low-income seniors as well as families and children. The state cut means we will lose nearly \$3 billion in federal funding for health care.
- Cuts in the IHSS program throwing tens of thousands of people off the program, eliminating share of cost support for thousands, and limiting domestic services to those most in need. This comes on the heels of a state wage cut for homecare workers scheduled to take affect July 1st.
- Further reduction in the SSI/SSP grants that support the poorest elderly and disabled people in California.

(budget story continues on page 3)

Shredding the Aging Services Network

September 2008 — August 2009



Budget Outrage

"A budget like this is not a cause of celebration, but of embarrassment and shame for California."

Anthony Wright,
Health Access California

"When California families needed a courageous solution to the state budget mess, the Governor and Legislature shrunk from the challenge."

Courtney Pugh,
SEIU State Council

"There is a dark cloud over California today. We may be able to pay our bills in the short term but the bill will come due from the budget which will cause human suffering, hunger and sickness."

Elizabeth Landsberg,
Western Center on Law and Poverty

"The [budget] veto for aging programs essentially destroys the infrastructure of the aging network and cripples the local service delivery system."

Clay Kempf,
California Association of Area Agencies on Aging

"This [budget] is a devastating blow to the swelling ranks of California's needy who are struggling to get through the worst economic crisis in a generation."

Dr. Dev Gnanadev,
California Medical Assn.

"This state budget package passed today is the shame of California."

Art Pulaski,
CA Labor Federation

Ventura County Senior Centers in Focus

The Congress of California Seniors continued its initiative on senior center engagement by co-sponsoring a forum on senior centers in Ventura County on July 22. The day-long forum was organized by the Ventura County Area Agency on Aging under the leadership of Director Victoria Jump. California Commission on Aging Executive Director Sandi Fitzpatrick also helped plan the event and spoke at the event.

Sixty participants representing all the centers in Ventura County, along with service providers and local officials, reviewed the recent funding cuts in senior services, which are delivered at the area centers. Steve Lehman from SCAN Health Plan presented a report on national trends in senior centers, describing different models which centers are adopting to serve the changing number and demographics of seniors. The forum also included several breakout sessions on expanding resources, engaging volunteers and changing the image of senior centers to attract new visitors.



CCoA Executive Director Sandi Fitzpatrick, CCS State President Hank Lacayo and Ventura AAA CEO Victoria Jump met with over 60 senior center representatives from 9 cities in Ventura County.



Sandi Fitzpatrick addresses the Ventura conference.



Bonnie Wiegler of Food Share and CCS State President Hank Lacayo accept a \$7500 gift from Michele Pettes of Southern California Gas Co. and Kimberly Freeman of Semptra Energy to help feed the underserved, including several thousand seniors, in Ventura County.

Published by the Congress of California Seniors, Inc.

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What Lies Ahead? by State President Hank Lacayo

Much of this edition of Cal Seniors describes the aftermath of a year of slashing budgets and closing programs essential to the survival and well-being of millions of seniors. These actions threaten people's lives and they unravel decades of work by dedicated advocates. We have never seen so much damage to programs and the service infrastructure which put California in the vanguard of states for decades.

The question we must now ask is... "What lies ahead?"

First, most economists and Capitol insiders say that our economy will take years to recover. Just when people need help the most, supportive services are disappearing. Second, state budget planners know that this year's budget, bad as it is, includes a major tax increase that will expire next year. It also includes billions in temporary federal stimulus funding designed to help states weather the worst of the recession. So even if state revenues stabilize, we still face another budget hole next year sure to be in the tens of billions.

What is not so clear is whether our leaders will recognize that we are digging the hole deeper. What happens to our state when families cannot eat, when children cannot get healthcare, when college students cannot graduate, or when seniors with dementia are put on the streets? What do these things say about who we are?

Those who say we cannot afford to invest in our citizens and in our future are foolish. Proposals to shrink government and shift the tax burden even further onto the working class envision a future shaped largely by greed. This is not the Golden State we seniors grew up in and worked to build. It is not the world we dreamed of leaving as our legacy.

Aside from this dismal state of affairs, the Congress of California Seniors remains committed to speak out and fight for seniors, their families, and the underserved in our communities. We must continue to rally, engage, and collaborate with individuals and organizations that are dedicated to this same endeavor. This is a call to action and is a battle that is worth the effort. We are finding out that we are all in the same boat...Let's grab an oar.

Ombudsman Funding Bill Signed

The Congress of California Seniors is relieved that AB 392 by Assembly Member Mike Feuer to provide critically needed funds for long-term care ombudsman programs has passed both chambers of the Legislature and been signed by the Governor. For CCS, passage of AB 392 is a rare piece of great news in an otherwise disappointing legislative session that is seeing vital programs slashed and many bills languishing because of the state's fiscal crisis. Success of the bill is all the more satisfying because it was an urgency measure requiring a two-thirds vote in the Legislature.

"This legislation could make the difference between life and death for nursing home patients facing abuse or neglect," said Assembly Member Feuer in announcing the Governor's action. CCS joined with a broad coalition of two dozen organizations that sponsored and supported AB 392. We wrote letters of support, visited the offices of members whose votes were vital to passage, provided in-person testimony at four committee hearings, and distributed floor alerts to all members of the Assembly and Senate urging their support.

The legislation allocates \$1.6 million dollars for the current year to maintain minimal support for local ombudsman programs, using some of the balance in a federal funds account for civil monetary penalties paid by facilities which failed to comply with some aspect of federal laws protecting residents. The Governor eliminated \$3.8 million in state funding from the program in September 2008, causing local programs to lay off staff, stop training and paying costs for their volunteers, and leaving thousands of frail elderly residents without outside support to prevent abuse and neglect.

AB 392 provides partial funding for the current year. A companion bill by Assembly Member Feuer, AB 935, would create a permanent funding stream for the ombudsman program. CCS will now work for this bill to secure permanent funding. We will also push for a new waiver under the Medi-Cal program to provide matching federal funds for a portion of the ombudsman program... as occurs in several other states.



Assembly Member
Mike Feuer (D-L.A.)

("Budget Decimates.." cont'd from front page)

These represent a third round of massive cuts to programs and services for seniors in less than a year.

Another aspect of the budget put in at the last minute by the Governor would change enrollment for human services such as Medi-Cal to a computer-based system operated by a private company. This means the layoff of most social workers at the local level who assist people, and it creates a huge hardship for seniors (only 40% of whom have access to computers) and minority people who have even less access to computers to enroll. The budget also directs the state to put all seniors and disabled people under Medi-Cal into HMOs and denies them access to fee-for-service health providers (in what is being billed as a "cost savings" move). These recipients will have to change doctors and move to managed care. It will cripple the finances of community clinics and public hospitals.

In areas not directly affecting seniors, all of education took very large cuts, but (unlike senior services) public schools received a

guarantee that funding cuts would be repaid in the future. Prison programs were cut, but plans to release 27,000 inmates were delayed until later in August. In one of the most controversial provisions, the state held back billions in funds for local governments in property tax revenues and redevelopment funds. Cities and counties were granted the ability to borrow the lost funds and the state will repay the funds with interest. Several accounting gimmicks also allowed several billion dollars to be moved into future years.

Most Capitol observers recognize that the Legislature and Governor will face more billions in shortfalls, perhaps as early as this fall. In addition to the accounting gimmicks and borrowing to be repaid, this budget includes \$12 billion in temporary taxes and billions in short-term federal stimulus money.



Assembly Member Noreen Evans (D-Santa Rosa) chaired the budget conference committee.

Health Reform and Medicare

Contrary to the TV ads put on the air from people opposed to health care reform, Congress is not trying to hurt people on Medicare. In fact, there are a number of improvements for people on Medicare. Among the many improvements, here are some that will increase access and help pay the high costs of health care.

The House bill expands access to low-income programs for people with Medicare. With this legislation, many additional people with low incomes will be able to receive financial assistance to pay for their medical and prescription drug costs and still keep a modest nest egg for their retirement.

It will eliminate the coverage gap or "doughnut hole" in prescription drug coverage by phasing it out over 14 years. This will reduce the number of older adults who skip doses or split pills when they must pay the full price of drugs during the doughnut hole.

The bill increases Medicare payments to primary care doctors, improving access to doctors who can help seniors manage chronic conditions such as diabetes or high blood pressure. This new structure will also encourage doctors to form networks designed to improve quality care to patients, and to coordinate the medical care patients receive.

Remember, Medicare costs for everyone can be held down as more people have access to a lifetime of quality healthcare.

ALERT!

Opponents of health reform are contacting seniors with false information claiming that proposed reforms would require seniors to agree to euthanasia and specific end-of-life care. These are scare tactics using false information. Tell your friends to disregard these false claims.

Fight Back Against Fraud!

Financial safeguards are important to seniors for two reasons. First, if a senior becomes the victim of unscrupulous financial advice they may not have time to recover the loss. Second, some criminals and con artists target seniors.

Fortunately, there are good preventive measures to protect you from being victimized. Don't let your instinct for good manners lead you into continuing a conversation or transaction that is not in your best interest. Not all con artists wear dark clothing and sneak around in the middle of the night. Some are very well mannered and well dressed. They try to create a personal connection with you over the phone and have very plausible reasons for requesting personal information. There are also charity scams that take advantage of your generosity. Verify that a charity is legitimate by contacting the California Department of Justice or the Internal Revenue Service.

Professionals in most industries are licensed. Ask the individual to provide licensing information and then verify it with an appropriate licensing authority. If they do not want to provide this information, or will not wait for a second appointment while you investigate their credentials, be suspicious and look for a new agent. Home repair fraud can be avoided by contacting the California Contractors State License Board. California law allows you to initiate work by paying no more than 10% down or \$1,000 whichever is less. You should never pay everything up front or before the

Becerra is Making Medicare Affordable

Los Angeles-area Congressman Xavier Becerra (D-CA) has introduced legislation to expand eligibility for Medicare Savings Programs (MSPs) and the Part D Extra Help program. Currently, coverage through MSP is only available to people on Medicare who live below the federal poverty line. The proposed legislation makes this coverage and lower drug co-payments provided by the Extra Help program available to people earning up to 150% of the official poverty level.

This would allow an individual to earn about \$450 more per month and still qualify for the assistance. Asset tests also disallow many with modest retirement accounts. Changes would increase allowable assets to \$27,500 for an individual.

Changes would be made to align the eligibility rules for both programs, allowing individuals to enter both programs at the same time. Other common sense changes are made in this legislation, such as allowing people receiving Medicare and Medicaid who receive long-term care services in the community to have prescription drug co-payments waived.

This move towards more affordable health care for all Americans is a primary theme driving Congress's health reform agenda. The provisions provided by Becerra's legislation will help ensure that nearly 20 million people with Medicare can better afford their prescription drugs and medical care.

work is completed to your satisfaction.

If you did not initiate the contact concerning a product or service, always be wary of the product that is being sold. If for any reason you become uncomfortable, end the interaction and don't be afraid to simply hang up on a persistent telephone solicitor. Don't meet alone in your home with sales representatives, and know your rights concerning products that you may be considering purchasing.

Keep control of your financial assets. Giving access to account numbers leads to financial devastation and it may be weeks before you discover the damage and realize the criminal has moved on to a new area.

For additional information about preventing fraud, visit the California Department of Corporations' web site at: www.corp.ca.gov. There you can download the Seniors Against Investment Fraud (\$AIF) booklet with useful tips and resources on many common financial transactions.

Get To Know... St. Barnabas Senior Services

The Congress of California Seniors is pleased to welcome Saint Barnabas Senior Services (SBSS) as a new member. Saint Barnabas, Los Angeles' oldest senior services agency, celebrates its 101st anniversary in October. Founded in 1908, Saint Barnabas Senior Services is an independent, non-sectarian, nonprofit, public benefit corporation whose mission is to provide a continuum of innovative services that empower a diverse community of elders to live well, feel well and age well – to do what all of us wish to do as we age: remain in our homes and live as we choose. Among SBSS's highly innovative programs are its Adult Day Health Care Center, specializing in the care of adults with chronic illnesses, including Alzheimer's disease; the award-winning Cyber Café, and social services contracts with property management companies to assist their elderly tenants to live independently.

SBSS offers services in Spanish, Korean, Mandarin, Cantonese, Tagalog and Vietnamese. SBSS's goal is to break through the isolation that often accompanies old age, an isolation that frequently triggers serious problems.

A team of multilingual social workers serve as the gateway to the direct services available through SBSS as well as others in the community. The Borchardt Cyber Café Adult/Technology Initiative opened in 2004 with the goal of teaching low-income seniors with limited English to use computers. The computers serve some 400 people and are programmed in over 200 languages to accommodate SBSS's multi-ethnic users. SBSS is one of six organizations in the United States featured by the National Association of Social Workers in its public education campaign as an exemplar of the profession. CCS enthusiastically encourages you to get to know and support SBSS. Visit their website: www.sbssla.org, or call (213) 388-4444.



Working in Retirement

In the past year, fortunes have changed dramatically for many Californians. For seniors in or approaching retirement, the consequences of the falling stock market, failing businesses and crashing home values have created an economic tsunami. Private retirement funds and defined benefits have been affected as has an important asset for many seniors: their homes. Home values have declined 53.7% between May 2007 and January 2009. The decline in home values eliminates one method many people have used to finance their retirements, especially when long-term care is required. Approximately \$2.8 trillion (32.2%) of the value of pension plans and individual retirement accounts was lost between September 2007 and December 2008. The consequence of this financial strike-out has forced many retirees to return to work and many near retirement to re-evaluate their plans.

The concept of retirement has been changing since defined benefit retirement plans declined at the very time when the minimum age to collect full Social Security has been increased. Many older workers were considering working longer prior to the current economic troubles. The chaos in the economy has necessitated older workers returning to or staying in the workforce.

According to the California Budget Project, employed Californians age 55-64 increased nearly a full percentage point between 2007 and 2008, for older workers age 65-69 the increase in employment was 4.5%. While some of these workers stayed in the workforce for reasons other than economic, the financial impact is clear. While more seniors are staying in the workplace, the unemployment rate for seniors is still high. According to the Urban Institute in December 2007 unemployment of women over age 65 was 2.8% for men 3.7%. By March 2009 the unemployment rate for both men and women had doubled, rising to 5.8% for women and 7.6% for men.

The other side of the story is in a new report from UCLA: nearly half a million elderly living alone in California are living in poverty. These senior citizens lack sufficient income to pay for a minimum level of housing, food, health care, transportation and other basic expenses. More disturbing is that the report was based on data before the current fiscal crisis and state budget cuts that specifically target low-income seniors.

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Get Informed on Health Reform

With the national debate about health care reform going full steam, the opposition is gearing up to exploit common fears about changes to health care in the United States. Consumers Union, a CCS ally, looked into the top five fears about health care reform and debunked them with facts.

FEAR: Government bureaucrats will come between patient and doctor.
FACT: Private health insurance already comes between patient and doctor. Each company sets its own rules, so it is hard to imagine a more bureaucratic system. Health care reform would standardize claim procedures and would protect you from other abuses, like being rejected for coverage or paying exorbitant premiums if you get sick.

FEAR: Health reform will take away good coverage from your job.
FACT: If you're satisfied with your job-based coverage, you would be able to keep it. Employers who don't offer insurance would either start to provide it or contribute to a fund that helps employees buy it on their own. Some small businesses would be eligible for subsidies to offset the cost.

FEAR: Comparing the relative effectiveness of treatments and drugs will lead to rationing.
FACT: This issue flared up because Congress recently approved more funding for "comparative-effectiveness research." The term refers to studies to evaluate which drugs or treatments work best for different medical conditions and different patients. That's not rationing. It's just being smart. If you suffer from one of those conditions, you may find you could choose a better medicine with fewer side effects and save thousands of dollars a year.

FEAR: Health reform means a government takeover of medicine as in England and Canada.
FACT: The system would look nothing like those in England and Canada. Specifically, American reform would build on the current employer-based insurance system while ensuring affordable, comprehensive coverage for those who lack it.

FEAR: Health reform will be too costly; it will raise your taxes and could even bankrupt the country.
FACT: The real threat to your finances is the health system the U.S. has now. A recent study concluded that today's \$2.4 trillion annual health-care tab would jump to \$4.4 trillion by 2018 if nothing is done to rein in expenses.

Drug Companies Receive Something for Nothing...Once Again

According to the U.S. Government Accountability Office (GAO), pharmaceutical drug development fails to keep up with research and development funding. Between 1993 and 2004, pharmaceutical R&D expenses (adjusted for inflation) increased from \$16 billion to \$39 billion, a 147% increase. Over the same period of time, the number of new drug applications increased by only 38% and the number of applications for potential breakthrough

drugs increased by only 7%. In both cases, the number of applications has declined since 1999. According to GAO, "the number of drugs developed has not been commensurate with research and development investments by the pharmaceutical industry." This means that intensive lobbying by the drug companies has resulted in the funneling of money into the pockets of a few at the expense of many.