



# SENIOR HEALTH NEWS



A publication of the Pennsylvania Health Law Project

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## Spotlight on: Governor Corbett's Proposed 2011-12 Budget

This newsletter highlights funding and program changes included in Governor Corbett's proposed FY 2011-2012 state budget as it relates to health programs for older adults. We've covered the budget in broader detail in our March Health Law Newsletter (available on [www.phlp.org](http://www.phlp.org)). On March 30th, the Senate and House Appropriations Committees held hearings on the Governor's spending proposal for the Department of Public Welfare (DPW) and its programs. In the coming months, the General Assembly must pass a General Appropriations Bill for program spending, which will then go to the Governor for signature to become a state budget.

Much can change between the Governor's proposing of the budget and the General Assembly agreeing on an Appropriations Bill. Either legislative chamber is likely to propose additional cuts or substantial revisions to the DPW budget advanced by the Governor. Advocates worry that the General Assembly will further cut funding to DPW to restore some of the unpopular cuts to education funding proposed by the Governor. Readers can decide whether to contest various provisions of the Governor's budget as reported in this newsletter, or to urge support for the proposed DPW budget while arguing that no additional cuts to benefits or services be made that would weaken Pennsylvania's safety net of health care programs for older adults with limited income. We will continue to keep our readers informed about state budget issues in upcoming newsletters and on our website.

## Proposed Budget Increases State Funding for Medical Assistance But Limits Coverage of Optional Services for Adults

Governor Corbett's proposed FY 2011-12 budget substantially increases state funding for Medical Assistance. Over the past two fiscal years, Department of Public Welfare (DPW) programs have depended on increased federal matching funds provided by the American Recovery and Reinvestment Act (ARRA). That increased federal funding is ending. However, the Affordable Care Act prohibits DPW from reducing eligibility for most categories of Medical Assistance (MA). As a result, state funding for MA in the proposed budget is increased to replace the loss of federal funds.

MA spending in Pennsylvania is expected to increase to \$5.2 billion (up from \$3.5 billion currently) over the next fiscal year. The proposed budget builds in funding to cover an expected four to five percent increase in MA enrollment and increased costs resulting from a MA population with more complex medical problems, higher service utilization, and increased drug and technology costs. Currently, 2.2 million Pennsylvanians receive benefits through Medicaid.

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Because cuts to MA eligibility are prohibited, the state proposes other measures to control costs and achieve savings. The proposed changes to the delivery of physical health services under MA include:

### Benefit Limits

**Prescription Drugs:** The proposed budget reduces pharmacy and dental benefits for adults, which are “optional services” for adults under federal Medicaid law. In other words, states have discretion whether or not to cover those services. Under the proposed budget, all adult recipients who have prescription coverage through MA would be limited to six prescriptions per month. There will be an exception process available for persons with serious health conditions.

**Dental Services:** Adults who receive coverage for dental services from MA would have their dental coverage limited in the following ways:

- Coverage for oral exams and cleanings would be reduced from every six months to once a year.
- Coverage for periodontal services, crowns, and dentures would be eliminated; however, fillings, root canals, and diagnostics would continue to be covered.

This would affect all Medicaid recipients regardless of whether they are dual eligibles or not. Medicare does not cover dental services. Certain Medicare Advantage Plans may offer limited dental benefits. Most adults on Medicaid rely on their Medicaid coverage to get dental services, especially dentures. By eliminating coverage of certain dental services, low-income older adults will not be able to get necessary dental services which will have a negative impact on their oral health and likely their overall general health.

**Pharmacy Utilization Management:** The budget includes pharmacy utilization management tools that will require prior authorization for adults who are taking more than one drug in the same class. The proposed budget also expands utilization management for certain controlled substances. This could impact older adult MA recipients, especially those not on Medicare as well as those on Medicare who rely on Medicaid for coverage of certain medications excluded from Part D. Medicaid recipients, including dual eligibles, have already started receiving notices about this change from the Department of Public Welfare.

**PLEASE NOTE:** Many older adults who receive Medicaid also get help from Medicare. Individuals who have both Medicare and Medicaid are called **dual eligibles**. Medicare Part D covers most of the medications dual eligibles need. However, certain classes of drugs are excluded from coverage under Part D (i.e., benzodiazepines, barbiturates and over-the-counter medications). For dual eligibles, Medicaid covers drugs in these classes. The six prescription limit would apply to medications that are solely covered by Medicaid for dual eligibles and to older adults on Medicaid who do not qualify for Medicare (i.e., someone who is 62 years old and who just started collecting SSDI benefits and who has to wait 2 years to get Medicare).

## Highlights of the Office of Long Term Living Proposed Budget

The Office of Long Term Living (OLTL) operates jointly within the Department of Public Welfare and Department of Aging. OLTL administers programs for older adults and adults with certain disabilities. Highlights of the proposed OLTL budget relating to older adults include:

- A \$367 million increase in state funding for nursing homes, the LIFE program (see p. 5) and the Aging Waiver. However, due to decreases in federal matching funds, total appropriations would decrease by \$119 million. There is no funding for projected growth in the Aging Waiver (which currently serves approximately 15,000 people).
- Two nursing home cost saving initiatives—One, expected to save \$23 million, would change the way nursing homes are paid. The other, expected to save \$5.4 million, would expand the nursing facility recovery audit program and automatic records review.
- Projected savings of \$40.5 million (\$18 million in state funds) from “rebalancing reforms” across the long-term living system which include improved service coordination, revised reimbursement rates and reporting requirements, and expanded consumer-directed care.
- A \$50 million increase for PACE/PACENET (PA’s pharmaceutical assistance program for individuals age 65 and older with limited incomes).

## Assisted Living Waiver a No-Go For Now

Pennsylvania’s plans to seek federal approval for a new Home and Community Based Services Waiver (Waiver) that would allow the state Medicaid program to pay for services in an Assisted Living Residence (ALR) for qualified individuals appear to be indefinitely suspended. During the Senate and House Appropriations Budget Hearings held in March, Acting Department of Public Welfare Secretary Gary Alexander stated that Medicaid payment for ALR services was desirable but he would not support creating additional Waiver programs in the state. Additionally, Governor Corbett’s proposed budget does not include any funding for an Assisted Living Waiver.

Under the previous administration, DPW took steps to prepare for an Assisted Living Waiver in Pennsylvania, including: engaging an outside consultant to help develop the Waiver; creating and seeking input from an Assisted Living Waiver Stakeholder Workgroup; exploring reimbursement mechanisms; and anticipating Medicaid funding sufficient to support waiver services for 279 ALR residents in 2011.

The decision not to pursue an Assisted Living Waiver has implications for DPW’s enforcement of the ban on facilities not licensed as an ALR from using “Assisted Living” in their name or marketing materials. DPW had previously agreed to hold off on enforcement of the ban so that personal care homes could wait for more information on the proposed waiver before ultimately deciding whether to pursue ALR licensure. Now that the Waiver is no longer being actively pursued, advocates will urge DPW to enforce the rules against homes who have not indicated any intent to apply for ALR licensure but who continue to use “Assisted Living” in their name or marketing materials. Please see the February 2011 edition of this newsletter for additional information about licensure of ALRs and the ban on using the term “Assisted Living” in a facility’s name and marketing materials.

For more information, call the Department of Public Welfare’s Assisted Living Licensing Office at 717-772-2570.

Please feel free to copy or distribute this announcement.



# Resources for the Uninsured

*Need health care? Lack health insurance?*

This training for the general public and health advocates will identify resources for the uninsured. Both insurance programs and non-insurance resources will be covered.

Insurance programs covered will include Medicaid, PA Fair Care, PACE, and Special Care. Other resources covered will include health centers & dental clinics, prescription assistance programs, and hospital charity care.

Call Pennsylvania Health Law Project's HelpLine

To Sign Up — 1-800-274-3258

**RSVP to our Helpline  
or through E-mail:  
[staff@phlp.org](mailto:staff@phlp.org)**

Visit us online at  
[www.PHLP.org](http://www.PHLP.org)!

**May 10, 2011 / 10:30am-12:00pm**

YWCA Northcentral PA  
815 West Fourth Street  
Williamsport, PA 17701

**May 13, 2011 / 1:30pm-3:00pm**

Lackawanna College, Towanda Center  
1 Elizabeth Street, Suite 2  
Towanda, PA 18848

**May 27, 2011 / 10:30am-12:00pm**

King's College  
Sheehy-Farmer Campus Center, Lane's Lane  
Wilkes Barre, PA 18711

## House Aging and Older Adult Services Committee Learns about LIFE Program

On April 12, 2011, representatives from the PA Department of Aging and Living Independently for the Elders (LIFE) program providers presented testimony to the Pennsylvania House Aging and Older Adult Services Committee aimed at increasing the Committee's knowledge and understanding of the LIFE program. In previous meetings, the Committee had learned about the Area Agencies on Aging, Home Health Care and Hospice programs. They planned to hear from the Nursing Home Industry following the legislature's Easter Recess.

The LIFE program serves individuals age 55 and older who require a nursing home level of care but wish to remain living in their homes and communities. Individuals must live in a LIFE program service area and meet financial criteria. 95% of LIFE participants are dual eligibles (individuals who have both Medicare and Medicaid). In PA, the LIFE program grew 58% between 2008 and 2010. Currently, 17 programs operate in 38 counties to serve 2,965 individuals across the state. Six more LIFE programs are in various stages of development.

The LIFE programs use a multi-disciplinary team approach to assess and meet individual participants' needs. The LIFE team includes doctors, nurses, therapists, and social workers. LIFE recipients generally receive medical care, prescriptions, adult day care service and transportation. Although individuals generally receive most of their services on-site at the LIFE program center in their area, services can be provided at an individual's home as well. The LIFE providers generally receive a monthly payment from Medicare and Medicaid and provide most of the services needed by program participants. Some individuals who do not qualify for Medicaid privately pay for LIFE program services.

The LIFE providers who testified before the Committee stated that the program prevents emergency room visits and improves quality of life while reducing costs. They cited findings that the care provided through the LIFE program is 20% less expensive than nursing home care. Pennsylvania's LIFE program is based on a national model known as PACE (Program of All-Inclusive Care for the Elderly) that has been in existence for 25 years.

The House Committee expressed bipartisan support for this program. Individuals can view existing and planned LIFE programs here: <http://www.portal.state.pa.us/portal/server.pt?open=514&objID=733123&mode=2>. For more information about the LIFE program, call the Long Term Living Helpline at 1-866-286-3636 or visit [www.ltlinpa.com](http://www.ltlinpa.com).

**Please support PHLP by making a donation through the United Way of Southeastern PA. Go to [www.uwsepa.org](http://www.uwsepa.org) and select Donor Choice number 10277.**

## Coming soon: PHLP's Re-designed Website



We've redesigned our website so that it is easier to navigate and includes regularly updated news and stories about our work and health law issues in Pennsylvania.

All your favorite things about the old site—like our newsletter archives and helpful publications—are still at [www.phlp.org](http://www.phlp.org) along with new features like client stories and an easy online donation page to support our work.



The new [www.phlp.org](http://www.phlp.org) launches on May 16th



Pennsylvania Health Law Project

The Corn Exchange

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