

NCOA  
National Council on Aging

## President's Budget a Mixed Bag for Senior Programs

March 5, 2014

President Obama's FY15 budget proposal, released March 4, includes a variety of program cuts plus investments intended to promote opportunity and growth.

The request rejects earlier proposals to limit Social Security cost-of-living adjustments (COLAs) and advocates for additional funding for elder justice, Alzheimer's research, and senior housing.

Yet, the Administration continues to call for shifting costs onto Medicare beneficiaries, as well as cuts rejected by Congress in job training, energy assistance, community service, and other social services for disadvantaged seniors.

### Learn More

- [FY15 Aging Program Funding Table](#)
- [White House Fact Sheet on Seniors](#)

### Health & Human Services

- **Older Americans Act:** Most OAA programs would be level-funded, with a few notable exceptions. The request once again proposes to move the Senior Community Service Employment Program (SCSEP) from the U.S. Department of Labor to HHS and reduce funding to \$380 million—a \$54 million cut from the current appropriation. The U.S. Administration for Community Living requested \$8 million for Chronic Disease Self-Management Education, \$5 million for elder falls prevention, and \$3 million for a White House Conference on Aging.
- **Elder Justice:** The Administration is seeking \$25 million in new funding for elder justice. In response to work by the Elder Justice Coordinating Council, the resources would be used for very specific investments in the national Adult Protective Services network to develop a coordinated data system, support research, and strengthen programs.
- **Low-Income Home Energy Assistance Program:** Strong bipartisan Congressional support for LIHEAP resulted in a \$168.5 million increase for energy assistance this year. However, the President's budget request calls for \$2.8 billion in FY15—a \$625 million cut.
- **Aging and Disability Resource Centers:** The budget requests \$20 million each year for the next 5 years in new mandatory funding for ADRCs.
- **Community Services Block Grant:** The budget proposes a \$234 million cut in CSBG, which supports local economic security strategies and services, despite the nearly \$40 million increase Congress recently provided.

### Medicare

The President's FY15 budget includes \$407 billion in Medicare cuts over 10 years. Most of the savings would come from:

- Aligning Medicare prescription drug payments with Medicaid policies through additional rebates for low-income beneficiaries (saving \$117 billion)
- Adjusting payment updates for certain post-acute care providers (saving \$98 billion)
- Reducing Medicare coverage of bad debts (saving \$31 billion)
- Increasing the Medicare Advantage coding intensity adjustment (saving \$31 billion)

However, NCOA is concerned about proposals that would shift about \$68 billion in additional costs onto beneficiaries over 10 years by:

- Further increasing income-related Part B and D premiums, eventually affecting beneficiaries with incomes above about \$50,000 (saving \$53 billion)
- Increasing brand name prescription drug copayments for Part D Low-Income Subsidy enrollees, which will increase generic drug use (saving \$8.5 billion)
- Requiring new enrollees to pay higher Part B deductibles (saving \$3.4 billion)
- Increasing Part B premiums for beneficiaries who buy more generous Medigap policies (saving \$2.7 billion)
- Requiring new enrollees to pay home health copayments (saving \$820 million)

### Housing & Urban Development

The President's budget calls for \$440 million for Section 202 Housing for the Elderly (a \$56.5 million increase) and \$60 million for Housing Counseling (a \$15 million increase), which includes resources for Home Equity Conversion Mortgage (HECM) counseling on reverse mortgages.

### Corporation for National Service

The President's budget outlines a significant reorganization of Senior Corps. The Foster Grandparent Program and Senior Companion Program would be incorporated into the larger AmeriCorps. Retired and Senior Volunteer Program (RSVP) grants would be made under the Volunteer Generation Fund, but with two-thirds less funding. It appears that overall funding for Senior Corps programs would be cut by at least \$56 million.

## Social Security

The FY15 budget request drops the proposal to subject annual Social Security COLAs to the so-called "chained CPI."

The President stated that this change would only be considered in the context of a "grand bargain" on deficit reduction and, given the significant budget savings achieved in recent years plus the remote likelihood of a sweeping agreement, the Administration is no longer pursuing this reduction in benefits.

In addition, the FY15 budget calls for a \$100 million investment to modernize Social Security Administration operations and improve services, a reversal of budget cuts that have meant increased wait times and local office closures.

## Money Follows the Person Demonstration

NCOA is pleased that the Administration is proposing to extend and improve the Money Follows the Person (MFP) Demonstration, which helps those in need of long-term care transition from an institutional to home or community-based setting.

The program would be extended to 2020, and funds could be used to prevent individuals from entering an institution in the first place.

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