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Older Adult Services Providers: Principled and Values Driven Solution for Budget Possible

The state's budget should reflect the value of senior care and protect the 142,000 jobs and \$6.7 billion in economic contributions made by older adult services

ST. PAUL – May 26, 2011 – The leaders of organizations that represent Minnesota's older adult service providers said today that for seniors, the budget solution is within reach if lawmakers and the governor stay focused on reform and reduce some of the proposed cuts to older adult services in their respective budgets.

In an effort to minimize the potential harm to the frail elderly, The Long-Term Care Imperative proposes that the governor and lawmakers agree to move toward the middle with respect to the budget for older adult services by focusing on the established positions that are reform-driven. Specifically, the group is calling on both sides to accept the legislature's budget position on nursing homes, which only reduces forecasted spending increases; and the governor's budget position on assisted living services. This compromise would leave a gap from the current health and human services budget target of approximately \$20 million that must be overcome with new revenue.

"Minnesota values include shared sacrifice and personal responsibility, and seniors and providers are definitely feeling that shared sacrifice in this budget," said Gayle Kvenvold, president and CEO of Aging Services of Minnesota. "But in the context of a \$5.1 billion budget deficit, the legislature and Governor Dayton are not that far apart on funding for seniors. The key underlying principle for seniors is that if new revenue is going to be a part of the budget solution, a portion of those funds must be directed for seniors and the caregivers who serve them."

Caregivers view this proposal as a way to reduce the dramatic impacts of proposed cuts to Elderly Waiver while still protecting the state's nursing homes, which are on unsteady financial ground.

"While we truly appreciate the efforts to spare nursing homes from rate cuts that would surely lead to closures and job loss, we want to remind lawmakers that the future of senior care lies in cost-effective home and community based services, which are funded by the Elderly Waiver

programs,” said Patti Cullen, president and CEO of Care Providers of Minnesota. “Every client that is served by Elderly Waiver would cost more money – as much as \$2,500 more per month – if they were served in a nursing home.”

The Long-Term Care Imperative has been a strong advocate for reforming the way Minnesota finances older adult services, including efforts to encourage personal responsibility, streamline administration of older adult services, and invest in cost-effective methods of care that promote independence and keep seniors in their homes longer.

For the past decade nursing homes have implemented several cost containment measures, including the reduction of nursing home beds and some nursing home closures. Since 2000 the state has lost 60 nursing homes to closure. There are currently 63 nursing homes facing financial crisis and at risk of closure, putting 8,850 jobs at risk. With additional cuts, more nursing homes will face closure.

When it comes minimizing the impact on seniors, lawmakers and the governor haven’t considered all of their options.

“The options lawmakers have been weighing are to further cut nursing homes, which will devastate the safety net by closing homes and killing a significant number of jobs, or further cut funding for assisted living services, which is the one area helping to hold down the cost of caring for seniors,” said Kvenvold. “But there is a third option, which is to pass one of several proposed revenue raisers and dedicate \$20 million to protecting seniors from even larger cuts.”

Revenue raising proposals ranging from Racinos to sin taxes on cigarettes and alcohol have been discussed in committees and in the halls of the Capitol. The revenue needed to avoid these cuts to seniors would only be a fraction of that generated by any of these proposals.

For example, to cover the difference between the governor and legislature and address the most significant issues for senior services that remain in the budget would only require the following portions of new revenue proposals:

- 10 percent of the more than \$200 million per biennium from Racinos
- 20 percent of the nearly \$100 million per biennium from the 2 cent liquor tax for stadiums
- It’s only 1/90th of the entire \$1.8 billion gap between the Governor and the Legislature
- Less than 10 percent of the proposed increase tax on tobacco products
- Less than 10 percent of the projected revenue from Minnesota Live
- The new Vikings stadium costs 50 times more than what Minnesota seniors need.

“For years we’ve actively participated in reform efforts, we’ve slowed the growth of costs related to care, we’ve sought ways to do things better,” said Cullen. “We’ve shared in the sacrifice, and we’ve made the system as lean as we can. Now it’s time for the state to acknowledge that the demographic drivers are what will require the state to invest in new revenue for senior services”

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About The Long-Term Care Imperative:

The Long-Term Care Imperative is a legislative collaboration between Aging Services of Minnesota and Care Providers of Minnesota, the state’s two long-term care trade associations.