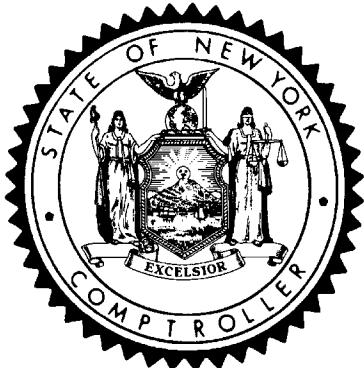


***State of New York***  
***Office of the State Comptroller***  
***Division of Management Audit***  
***and State Financial Services***

**NEW YORK STATE  
OFFICE FOR THE AGING**

**STAFF STUDY:  
AGING OF NEW YORK STATE'S  
POPULATION**

**REPORT 97-D-14**



***H. Carl McCall***  
*Comptroller*



# State of New York Office of the State Comptroller

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## Division of Management Audit and State Financial Services

### Report 97-D-14

Mr. Walter G. Hoefer  
Director  
New York State Office for the Aging  
2 Empire State Plaza  
Albany, NY 12223-1251

Dear Mr. Hoefer:

The following is our study of New York State's long-term planning and inter-agency coordination in preparing for the expected significant increases in the State's elderly population.

This study was performed pursuant to the State Comptroller's authority as set forth in Section 1, Article V of the State Constitution and Section 8, Article 2 of the State Finance Law. We list major contributors to this report in Appendix A.

*Office of the State Comptroller  
Division of Management Audit  
and State Financial Services*

October 9, 1998

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# **Executive Summary**

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## **New York State Office For The Aging Staff Study: Aging Of New York State's Population**

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### **Scope of Study**

Projections by the U.S. Census Bureau show that, by the year 2010, over 3.3 million New Yorkers will be aged 60 or older; of this group, 1.1 million people will be 75 years and older, and more than 340,000 will be 85 and older. These numbers reflect increases of 5.5, 11 and 38 percent, respectively, in these age groups since 1990. The growth in the elderly population in New York State will challenge the system of support services currently available through a number of State agencies, including the State Office for the Aging (SOFA), the Departments of Health and Transportation, the Office of Temporary and Disability Assistance and the Division of Housing and Community Renewal (DHCR).

SOFA's mission is to help older persons be as independent as possible for as long as possible through advocacy, the development of policies and the delivery of services. SOFA carries out its mission in partnership with a diverse network of 59 local Area Agencies on Aging. SOFA allocates funds provided under the Federal Older Americans Act of 1965 and administers State-funded programs such as the Expanded In-Home Services for the Elderly Program, the Supplemental Nutrition Assistance Program and Community Services for the Elderly.

For the period January 1, 1995 through February 28, 1998, we addressed the following question about the State's plans to meet the needs of the State's growing elderly population:

- What is the State doing to develop and coordinate long-term plans to meet the challenge the growing elderly population represents for the State agencies that serve older New Yorkers?

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### **Study Observations and Conclusions**

We found that, while SOFA and other State agencies have developed and carried out programs to meet the needs of the growing elderly population, the State's planning and service delivery are somewhat fragmented. We believe SOFA should consider assuming a leadership role in initiating and facilitating the comprehensive long-term planning necessary to ensure that the State can meet older citizens' needs, including those related to long-term care, nutrition, housing, transportation and economic security. Long-term planning can help State policy makers in deciding budget issues, and also inform the public about government services that will be available to the elderly in 2010 and beyond.

Our study results indicate that the demand for a range of State-provided services to the elderly will continue to increase. For example, the need

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for affordable long-term care is a key issue facing many elderly New Yorkers. The State's Task Force on Long-term Care Financing found that the reliance on Medicaid to finance long-term care has resulted in a system that does not necessarily offer what consumers want, but instead what Medicaid will pay for. The Long-Term Care Integration and Financing Act (Act) carries out many Task Force recommendations by allowing the establishment of 24 new managed long-term care plans, and providing a framework to develop capitated models (proposals with designated dollar limits) to integrate long-term care services and financing. One service option, in which the elderly person receives home care and community-based services, is a care method that is both preferred by many elderly and more cost effective to deliver. However, SOFA officials believe many elderly and their care givers do not know about these and other available support and respite programs, or how to access and acquire them. (See pp. 4-8, 9)

SOFA dedicates about \$130 million annually to nutrition programs for the elderly. Each year, group meal programs and home-delivered meals together provide about 25 million meals to elderly New Yorkers. Nonetheless, SOFA projected that about 70 percent of those eligible for home-delivered meals are not receiving them and that about 11 percent of the elderly do not have enough money to buy food. Since good nutrition may prevent or forestall the need for other more costly medical services, it seems prudent to consider opportunities to meet more of the nutritional needs of the elderly. (See pp. 8, 9-10)

There are a number of additional areas of current and future concern for New York State's aging population. For example, while SOFA and DHCR have initiated programs to provide affordable housing to the elderly, both agencies continue to advocate for more housing to be made available. In 1996, DHCR estimated that 660,000 frail elderly needed supportive housing. Problems like inadequate plumbing and heat occur in over 50 percent of existing elderly renter households. Transportation is yet another major problem for the elderly who cannot drive or easily access public transportation. While SOFA spent over \$14 million in 1996-97 to provide such services, officials said they could not meet current transportation needs. Economic security issues, such as the cost of health care and the solvency of Social Security, are also concerns for older citizens, especially those without pensions or savings. We encourage SOFA, as the lead State agency for older New Yorker programs, to increase coordination of the numerous services that are now provided by many agencies to ensure the State can meet the needs of the elderly, both now and in the years to come. (See pp. 10-18)

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## **Comments of SOFA Officials**

SOFA officials generally agreed with our conclusions and issues for consideration. Their comments were considered in preparing this report and are included as Appendix B.

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# **Introduction**

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## **Background**

The age of New York State's population continues to rise, increasing the demand for services to persons over age 60. Projections by the United States Census Bureau show that, with the first impact of the baby-boom generation in the year 2010, there will be:

- over 3.3 million New Yorkers aged 60 or older, an increase of 5.5 percent in this population since the 1990 Census;
- 1.1 million New Yorkers aged 75 or older, an increase of 11 percent over 1990 statistics for this group; and
- more than 340,000 people in the State aged 85 or older, an increase of 38 percent in their numbers since 1990.

According to the 1990 Census data, the average life expectancy for an individual born in New York State had increased by five years over the previous decade. By 1990, life expectancy at birth had reached 75 years. Sixty-five-year old New Yorkers could expect to live to be 82, and New Yorkers aged 85 years old could expect to live another 6 years to an age of 91. Women have a longer life expectancy than men, on average, and white men and women have longer life expectancies than their minority counterparts: in 1990, life expectancy at birth was 79 for white women, 73 for white men, 75 for minority women and 67 for minority men.

This growth in the elderly population will challenge the system of support and services currently available, leading to the need for new policies and programs. Support and services include, but are not limited to, economic security, health care, including long-term care, nutrition, transportation, and housing. In New York State, these supports and services are provided by a number of State agencies, including the State Office for the Aging (SOFA), the State Department of Health, the State Department of Transportation, the Office of Temporary and Disability Assistance and the State Division of Housing and Community Renewal. SOFA is the designated agency within New York to promote, coordinate and administer Federal, State and local programs and services for the aging. The mission of SOFA is to help older New Yorkers to be as independent as possible for as long as possible through advocacy, and through the development and delivery of cost-effective policies, programs and services that support and empower the elderly and their families. SOFA carries out its mission in partnership with many diverse organizations, and has established a network of 59 local Area Agencies on Aging to plan, coordinate and

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provide services. The area agencies include 53 that are sponsored by county or municipal governments (including New York City), four sponsored by not-for-profit organizations, and two sponsored by tribal governments.

The major State funded programs administered by SOFA are the Expanded In-Home Services for the Elderly Program (EISEP), Supplemental Nutrition Assistance Program (SNAP) and Community Services for the Elderly (CSE). State appropriations for these programs for 1997-98 totaled \$23.8 million for EISEP, \$15.5 million for SNAP, \$14.3 for CSE, and \$86.7 million on other nutrition-related programs. These programs place a high priority on reaching low-income, frail and at-risk New York residents aged 60 or older. EISEP provides non-medical in-home services, case management, non-institutional respite, and ancillary services to the functionally impaired elderly who need assistance in daily living. SNAP provides funds for home-delivered meals. CSE fills gaps in services and provides funding to support the needs of elderly New Yorkers, their families and informal care givers through a wide range of services, including home care, case management, social adult day care, transportation, information and assistance.

SOFA annually allocates about \$70 million in Federal funds provided under the Federal Older Americans Act of 1965 (FOAA) to help support these programs. FOAA is administered by the Federal Administration on Aging. FOAA declares that the government should assist older Americans in securing equal opportunity to the full and free enjoyment of:

- an adequate income in retirement;
- the best physical and mental health;
- suitable housing;
- a comprehensive array of community-based long-term care services;
- the opportunity for employment;
- participation and contribution to meaningful activity;
- efficient community services, including access to low-cost transportation;
- freedom, independence and the free exercise of individual initiative in planning and managing their own lives; and
- protection against abuse, neglect and exploitation.

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## **Study Scope, Objective and Methodology**

We conducted a study of the State's long-term planning to address the needs of the State's growing elderly population for the period January 1, 1995 to February 28, 1998. The objective of our study was to evaluate the State's long-term planning and coordination in anticipation of the challenge the aging of the baby boom generation will provide the State agencies that deal with older New Yorkers' needs.

To accomplish our objective, we reviewed SOFA procedures and regulations, interviewed responsible SOFA managers and analyzed program statistics. In addition, we spoke with officials from the State Department of Health, the State Division of Housing and Community Renewal, the State Department of Transportation, the Office of Mental Health and the State Office of Mental Retardation and Developmental Disabilities. We also contacted the Federal Administration on Aging. Finally, we researched and reviewed literature specific to issues facing New York's elderly.

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## **Response of SOFA Officials to Study**

SOFA officials generally agreed with our conclusions and issues for consideration. Their comments were considered in preparing this report and are included as Appendix B.

Within 90 days after final release of this report, we request the Director of the Office for the Aging to report to the Governor, the State Comptroller and the leaders of the Legislature and fiscal committees, advising what steps were taken to respond to the observations and conclusions made and issues raised in the study.

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## **Preparing For New York's Future**

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The increases expected in New York State's elderly population provide a tremendous challenge for the State and warrant long-term planning. This planning is necessary to ensure that a full range of services is available in sufficient quantity. Long-term planning should include estimating the number of elderly, the number needing specific services, the availability of providers, the cost of the services and the most appropriate source of the funds to pay for the services. According to SOFA officials and our own research, several State programs for the elderly, operating in an environment of limited resources, currently serve only a portion of the needy population. With the anticipated increases in the number of needy elderly citizens, the State's policy makers should be prepared for a demand for increased investments, and should continue to develop innovative approaches in providing support and services to older New Yorkers in the years to come. The implications of a growing elderly population also include a need to focus efforts on preventive services and programs.

SOFA has developed a four-year planning cycle to implement FOAA. The current plan covers the period October 1, 1995 to September 30, 1999, and has been approved by the Federal Administration on Aging. SOFA officials told us that this plan is primarily intended to comply with Federal funding requirements, and focuses solely on the limited funds managed through SOFA and the local Area Agencies on Aging; it is not intended to be the State's long-term plan for meeting the needs of the elderly. SOFA officials agree that the creation of a comprehensive long-term plan would be beneficial to the State. For example, a long-term plan could be used to assist State policy makers in the budget decision making process. This information is also needed so our citizens will recognize the limitations of government services, and thus, the extent to which they will be expected (depending on their physical, social or economic circumstances) to provide for their own needs. We believe that SOFA should initiate a process for long-term planning (i.e., planning through the year 2010) to account for the significant expected increases in the elderly population.

Although SOFA and other State agencies have developed and implemented programs to address the needs of this growing population, we concluded that the State's current planning and service delivery is somewhat

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fragmented and could benefit from a more cohesive approach. We believe that SOFA should consider assuming a leadership role within the State, and initiating and facilitating comprehensive long-term planning as soon as possible. This will help to ensure that elderly citizens' future needs will be addressed in the areas of long-term care, nutrition, housing, transportation, economic security, and various other issues involving State service responsibilities to the elderly.

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## **Long-Term Care**

Many older New Yorkers experience difficulties with everyday activities of daily living, such as shopping and preparing meals, or even eating and bathing. These difficulties threaten their independence and require them to rely on others for help. The rapid growth of the age 85 and above population is increasing the demand for long-term care services. There are currently about 1,700 nursing homes with 116,000 beds within the State.

Decades ago, people with chronic care needs were, more often than not, placed in nursing homes. However, according to aging experts, most elderly prefer to spend their final years at home or in some other non-institutional setting. Therefore, over the past 20 years, the long-term care delivery system has evolved to emphasize home- and community-based services. Elderly persons who experience various levels of functional impairment can access a range of services, such as case management, personal care services, home delivered meals, therapy (such as nursing and physical) services, personal emergency response systems, and adult day services. According to SOFA officials, home care is often more cost effective than nursing facility care.

SOFA indicates that New York State supports tens of thousands of functionally impaired elderly at home. The costs associated with their care are paid primarily through Medicaid, with limited other resources available from Medicare and from other programs SOFA administers. However, according to SOFA, statistics show that the majority (about 70 percent) of personal care provided to the elderly in the State comes from family members and other informal care givers. SOFA estimates that in 1990 there were approximately 1.1 million informal care givers providing assistance to about 660,000 chronically impaired elderly. However, family care givers often find themselves overwhelmed by these responsibilities. For example, care givers endure a variety of financial, physical and emotional burdens as a result of their care giving. Many New Yorkers care for an elderly relative or friend while balancing job, family or other responsibilities.

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SOFA has developed and implemented a number of small scale programs designed to bolster and maintain the informal care system, including respite, care giver assistance centers, training, support groups, counseling programs and social adult day care programs. However, SOFA officials believe many people do not know about the range of services available to the elderly and their care givers, or know how to obtain them. For this reason, the elderly require advocacy and assistance in defining their service needs and in arranging for the service to be provided.

There are a number of health conditions which can affect older persons' functional capacity, and thus, their independence. For example, Alzheimer's disease, a slow and progressive disease of the brain, results in the impairment and eventual loss of cognitive and adaptive skills necessary for successful personal, community, and occupational functioning. Individuals with Alzheimer's disease need increasing levels of help in daily activities such as bathing, dressing and eating. Health experts project that the number of persons affected by this disease, either directly as victims or indirectly as care givers, is growing rapidly and will increase significantly by the early part of the next century. By that time, it is estimated that 10 percent of persons over age 65 will have Alzheimer's disease; this percentage increases considerably for the population age 85 and older. These and related conditions require more intense long-term care arrangements.

The need for affordable long-term care is a key issue facing many elderly New Yorkers. To guide the State in meeting the challenge of reforming the financing and delivery of long-term care, Chapter 81 of the Laws of 1995 established a Task Force on Long-term Care Financing. The Task Force included representatives from several State agencies, including the Department of Health and SOFA, and from the private sector. The Task Force issued its findings in May 1996 and identified several problems with the State's current long-term care system. One problem noted was the reliance on Medicaid to finance long-term care. The result is a system that Medicaid will pay for - one that is heavily focused on medical options - but not necessarily a system that offers what consumers want. Another problem the Task Force noted was that regulatory and market barriers, and the proliferation of Medicaid-funded programs, have discouraged the development of private market options, such as Continuing Care Retirement Communities (CCRCs) and Assisted Living. A CCRC offers full availability of services, but is less restrictive than a nursing home, where around-the-clock supervision and medical care are needed. The Task Force noted that, at the time of the analysis, CCRCs had been

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flourishing in the rest of the country. However, New York State had approved only three such facilities.

The Task Force also found that only about four percent of the elderly have purchased long-term care insurance. The Task Force believes that the availability of Medicaid has discouraged the purchase of private long-term care insurance. Estate planning strategies allow people to transfer their assets to a spouse or to children and still qualify for Medicaid. This provides little incentive for people who can afford to do so to obtain long-term care insurance. The State, however, has tightened laws on transferring assets to qualify for Medicaid, and has intensified efforts to crack down on people who try to qualify for Medicaid by hiding their assets. The ultimate goal, however, should be for all elderly persons to sustain a healthy quality of life with appropriate supportive services.

The Task Force made the following recommendations:

- The State should pursue financing strategies to increase personal responsibility in paying for long-term care services, while preserving Medicaid as a safety net for the poor and those who have fulfilled their obligations by providing the appropriate amount of private funding.
- The State should ensure the development of service delivery approaches that appeal to the private sector and allow for Medicaid to participate in an inherently cost-effective manner.
- The State should facilitate a public education campaign in partnership with consumers, providers, and insurers to encourage the purchase of long-term care insurance and the selection of appropriate services.

Chapter 659 of the Laws of 1997, known as the Long-Term Care Integration and Financing Act (Act), implements many of the Task Force's recommendations. It allows for the establishment of 24 new managed long-term care plans, in addition to the 14 managed long-term care demonstration projects currently operating or under development. The Act provides New York State with a framework to develop capitated models (proposals with designated dollar limits) to integrate long-term care services and financing. SOFA officials told us that existing information, referral, education and counseling services available at the local Area Agencies on Aging can enhance the implementation of the Act. In

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addition, the State continues to encourage its citizens who can afford to do so to buy private long-term health insurance.

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## Nutrition

According to contemporary literature, a nutritious diet is essential to maintaining the health of the elderly. The provision of nutritious meals to those elderly at risk of malnutrition and other diet-related health conditions is an integral part of a comprehensive community-based health and social support system. Also, a nutritious diet helps older persons maintain a high quality of life because it helps them remain independent in their homes and avoid long-term institutional care. For instance, according to the Journal of the American Medical Association<sup>1</sup>, "... diet ... plays a strong positive role in enabling older individuals to maintain their health and independence." Similarly, New York State's waiver application guidelines, entitled *The Partnership Plan - New York's Proposal for Medicaid Managed Care*, identified nutrition counseling as a health benefit "... that the state considers essential to promoting wellness and preventing illness ..."

SOFA officials indicated that SOFA dedicates about \$130 million annually to nutrition, its largest single program in monetary terms. Of this \$130 million, SOFA spends more than \$75 million to support its congregate meal program, which provides group meals in settings like Senior Citizens Centers. Each year, this program provides almost 14 million meals to about 165,000 elderly New Yorkers. SOFA also spends over \$52 million annually to provide more than 11 million Home Delivered Meals (HDMs) to almost 50,000 needy elderly in the State.

In a joint study with the Department of Health (DOH) published in December 1996, SOFA projected that about 70 percent of all New York's elderly who are eligible for HDMs are not receiving them; about 43 percent of these people constitute an especially vulnerable segment of the elderly. Officials from SOFA told us it is difficult to accurately determine unmet congregate meal needs among the elderly. However, this study found that over 11 percent of elderly New Yorkers did not have enough money to buy food, were forced to skip meals because they did not have enough food, or had to choose between buying food or paying for other living expenses.

As cited in the 1994 Federal Administration on Aging report, entitled *Food and Nutrition for Life: Malnutrition and Older Americans*, older people at nutritional risk make more visits to physicians, hospitals and emergency rooms. Statistically, there are considerable differences in the

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<sup>1</sup> Clark Florence, PhD, et al. *Occupational Therapy for Independent Living Older Adults*. *The Journal of the American Medical Association*. 1997; October 22/29:2.

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health care needs of those elderly who are well-nourished and those who are not. Malnourished patients have 2 to 20 times more complications, their hospital stays last as much as 100 percent longer, and their hospitalization costs are \$2,000 to \$10,000 higher. Malnourished older patients are also readmitted more frequently than their well-nourished counterparts.

According to SOFA staff, by providing proper nutrition to those elderly who are in need of such assistance, the State is likely to save money - in the long-run - by reducing Medicaid-eligible admissions to nursing homes. In addition, Medicare can save on acute care costs for hospital admissions and for various health-related complications if elderly persons living in the community are ensured of proper nutrition. Thus, nutrition may prevent or forestall the need for more costly acute and long-term health care services.

The costs to Medicaid for a day in a nursing home averages \$160, ranging from \$92 to \$201. However, the average cost per HDM is \$5.59, and the average cost per meal for congregate meals is only \$4.72. A relatively low investment in meals to ensure proper nutrition may help to prevent people from entering nursing homes and avoid the substantially higher cost of that service.

Because geriatric nutritional and social scientists have proven that good nutrition yields significant dividends in terms of health care savings, it appears prudent that agencies seek opportunities to meet more of the nutritional needs of the elderly, including consideration of expanding existing nutrition programs and/or initiating new cost effective programs. Such programs can provide more of the State's elderly with relatively simple and inexpensive nourishment to prevent malnutrition and to reduce overall health care costs, on a long-term basis.

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## Housing

The need for affordable housing, and for living arrangements that support independent living, are key issues facing elderly New Yorkers. One reason housing is so significant for older New Yorkers is the sheer numbers of households involved: persons over 60 make up 18 percent of the State's total population, but they constitute 31 percent of the State's households. Although new programs have been initiated in response to the housing needs of older people, officials from SOFA and the Division for Housing and Community Renewal (DHCR) contend that the need for these types of programs continues to outstrip supply.

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The number of existing elderly households with housing problems is substantial. Housing problems include the high percentage of the elderly's income that is spent on housing, overcrowded housing, and dwelling problems, such as inadequate plumbing, heating, electricity, and upkeep. Among elderly renter households, the 1990 Census reported a 51 percent incidence of housing problems, substantially higher than the 34 percent rate for the population as a whole. For elderly households with extremely low income, the incidence of housing problems exceeds 70 percent.

The low turnover rate in senior housing, coupled with an inadequate supply statewide, has produced long waiting lists for these buildings. Elderly are on waiting lists for two to ten years for subsidized housing. Due to the absence of alternatives, many elderly end up staying in their homes and/or apartments even if they are not up to local building code. In 1996, DHCR officials estimated that 660,000 frail elderly are in need of supportive housing. SOFA and DHCR officials confirmed that Federal and State governments, as well as the private housing industry are not meeting the current housing needs of the elderly.

SOFA and DHCR are aware of the shortages of supportive services and affordable housing options, and continue to advocate for additional housing programs in an effort to reach out to more elderly. For example, one of SOFA's housing efforts is the Resident Advisor Program (RAP) to address the increasing needs of older New Yorkers as they "age in place" in multi-unit housing. This is a small program serving only 18,000 elderly each year. Coordinated by SOFA, in cooperation with DHCR and the U.S. Department of Housing and Urban Development, RAP promotes independence, tenant empowerment and quality of life for older New Yorkers in healthy, safe environments in the community. Each project has a "resident advisor" available regularly at one or more housing sites to help seniors identify their service needs and preferences, and to link them with appropriate community resources.

The School Tax Relief (STAR) program is a new State program designed to help homeowners of all ages pay less in school property taxes, beginning in September 1998. An enhanced STAR benefit, currently being implemented, focuses on homeowners over age 65 who meet certain income eligibility requirements. It is designed to help elderly homeowners with limited incomes continue to meet their living expenses by reducing their school property tax liability. Similarly, there are other tax relief programs available to elderly homeowners and renters.

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Currently, of the State's elderly that either own a home or rent an apartment, about 59 percent are homeowners and 41 percent are renters. In New York City, about 65 percent of the elderly are renters. Rent control and rent stabilization programs are in place within the State to help elderly renters. DHCR has primary State responsibility over these programs. Both programs are designed to protect tenants by defining the amount of rent that can be charged, the grounds for eviction, the terms of lease renewal and the kinds of services the landlords should provide. In addition, the Senior Citizen Rent Increase Exemption (SCRIE) program provides tenants who are over age 62 and meet certain eligibility criteria with a full or partial exemption from rent increases. This exemption program is administered by the NYC Department of Aging in New York City. To qualify for SCRIE, the applicant's rent must be at least one-third of his or her net monthly income. Rent control and rent stabilization laws play a major role in the number of elderly in need of housing since they help keep this form of housing affordable.

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## Transportation

The elderly with physical disabilities find that their impairments limit their driving ability to varying degrees. Still others do not have cars, or access to public transportation. SOFA provides a range of transportation choices - from reduced fares on public transportation to vans and Medicabs - to help such elderly citizens get to medical appointments, go on shopping trips, or obtain needed services. In 1995-96, SOFA expended \$13.6 million to provide transportation services to 55,000 people; in 1996-97, it spent \$14.3 million on services for 58,000 people. SOFA officials informed us that they are unable to meet the current transportation needs of the elderly, and that the lack of transportation can seriously impact the elderly's ability to live independently. They indicated that SOFA, the Department of Transportation (DOT), and other pertinent agencies will continue to coordinate and plan for the current and expected transportation needs of the increasing elderly population. It is SOFA's position that, while it will maintain the current level of service, any new transportation services should be the responsibility of DOT.

Coordination of effort at all levels of government is viewed as a cost effective and logical method of providing transportation services. SOFA's Four Year Plan states that it will coordinate public services within the State to assist older individuals to obtain low-cost transportation services associated with FOAA. SOFA officials have been coordinating with transportation agencies since the early 1980's and support the idea of a better coordinated transportation system to meet the needs of the elderly.

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Currently, there are three coordinated transportation program initiatives underway in New York State: the Rural Public Transportation Coordination Assistance Program (RPTCAP), the Statewide Coordinated Transportation Study (SCOTS) and the Section 5310 program. In each instance, the lead agency is DOT, and SOFA is a member of the respective program's interagency policy committee.

RPTCAP was established in 1986 to increase the transportation opportunities available in rural areas in counties with populations 200,000 or less. Grants are awarded to rural counties interested in coordinating county-wide human services organizations to operate transportation systems that are available to the general public. Sixteen counties have been approved for grants of \$55,000 per year for three years. Coordinated transportation services have resulted in access to services for rural elderly in areas that were previously unserved or underserved. The RPTCAP funds available for new county initiatives are limited.

SCOTS began in 1990 as an initiative to improve the coordination of human services agencies' transportation needs in urban areas of the State. SCOTS explores the potential for meeting these needs by sharing transportation resources, such as buses or vans, in these urban areas. SCOTS also attempts to match the needs of human services agencies with existing public transportation systems to minimize the need to purchase, operate and maintain additional vehicles. Currently New York has two SCOTS demonstration projects underway: one in Monroe County and one in the Capital District.

DOT receives between \$3 million and \$4 million annually from the Federal Department of Transportation for the Section 5310 program. The purpose of the Section 5310 program is to provide transportation services to meet the special needs of elderly persons and persons with disabilities for whom other mass transportation services are unavailable, insufficient or inappropriate. Grant recipients are usually not-for-profit organizations that use the funds to buy vehicles, such as vans or buses. Applicants are required to document that their proposed program (vehicle to be funded) provides for maximum feasible coordination of publicly-funded transportation services. Applications for Section 5310 funds are reviewed by the State's Inter Agency Review Committee. Committee members include representatives from DOT, SOFA, the Department of State, DOH, the Office Vocational & Educational Services, the Office of Mental Health, and the Office of Mental Retardation and Developmental Disabilities. In the last grant period, DOT officials told us they received 134 applications; 129 of these applications were deemed acceptable and 59 grants were

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actually awarded. An audit recently completed by us on paratransit services in New York State (Report 97-S-48) has found that DOT needs to take a more active role in coordinating these services.

SOFA also collaborates with the New York State Department of Motor Vehicles to address issues of elderly drivers. SOFA believes that the ability of older persons to continue driving is integral to maintaining their health, vitality and quality of life, and assures them of a measure of independence and dignity. SOFA supports the ability of elderly persons to remain mobile as long as possible. SOFA is also a member of the Governor's Traffic Safety Committee.

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## Economic Security

As our citizens age, their financial situations present a picture of declining resources and accelerating needs. While most elderly in New York State are above the poverty level, for many, it is not by much. According to 1990 census figures, 13.3 percent of the State's age 60-plus households had incomes below the poverty level and 27 percent had incomes below the marginal poverty level (i.e., 150 percent of the poverty level). While 87 percent of such households received Social Security, only 52 percent had savings or investment income and only 43 percent received income from a pension or retirement. About 36 percent were currently receiving income from employment. SOFA studies have shown that:

- Rates of poverty vary among elderly subgroups and are highest among the very old, older women, minorities and older people living alone.
- Having multiple sources of income, especially income from pensions, private savings, and work is a key indicator of an older person's economic independence.
- Net worth, much more than income level, varies dramatically among subgroups of the elderly; minorities have the lowest net worth among the elderly.
- The largest source of the elderly's net worth is the equity they have in their homes.

While the improved health and vitality of people in the age 60-75 age group allows them to work longer, SOFA contends that few inroads have been made against age discrimination in the workplace. Therefore,

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members of this group may be prematurely retired and unable to obtain other jobs with benefits. SOFA officials recognize that, in the years to come, there may be more people between the ages of 62 and 66 without health benefits, and without income, than ever before. If the age at which one can collect full Social Security is increased, this problem may be compounded. This is further complicated by reports and current debate regarding whether Social Security will continue to exist in its current form, whether benefits will be reduced, etc.

The rising cost of health care services has a direct impact on the economic security of New York's elderly. SOFA officials claim that the elderly spend a greater portion of their income on health care than they did before Medicare was enacted. In addition, many elderly face the prospect of having their life savings wiped out if they enter a nursing home. Older people are major consumers of health care in New York State, using more hospital days and physician visits than the rest of the population. SOFA statistics indicate that persons over age 65 in New York State make up 13 percent of the State's population, but account for 23 percent of all physician visits and 44 percent of all the inpatient hospital days in the State. Most older people are covered by a combination of Medicare and private health insurance, but significant gaps in coverage exist (i.e., coverage for foot care, eye care, prescription drugs, and nursing home care). Even those physician and laboratory services that are covered by Medicare require an annual deductible and a co-payment for each visit. Being underinsured is a major problem for the elderly. Women aged 70 and older, and particularly minority elderly of both sexes, were more likely to have only Medicaid or Medicare coverage. Only 44 percent of minority elderly had private insurance.

A recent study estimates that nearly 15 percent of Americans between the ages of 50 and 65 are not covered by health insurance, are currently not working, and are too young for Medicare. In addition, many employers are reducing and even canceling retiree health benefits. One recent study showed that about 92 percent of large employers provided retiree health benefits for those over 65 in 1991, compared to only 87 percent of such employers in 1996. In addition, many companies which continue to provide retiree health benefits are offering less. The problem of how the elderly pay for health care may grow worse if Congress increases the Medicare eligibility age. Finally, many believe that drastic steps are necessary to make sure the Hospital Insurance Trust Fund, which helps pay for Part A of the Medicare program and funds hospital, skilled nursing facility, home health and hospice care, can survive beyond 2008, when it is expected to be insolvent. If the economy stagnates between

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now and 2010, even greater proportions of our elderly will look to the State government for assistance. Accordingly, it seems prudent that public and private retirement systems place more emphasis on meeting long-term planning needs through programs such as deferred compensation and disability insurance.

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## **Mental Health Issues**

The increasing aged population will also impact other State agencies, such as those that provide mental health services. Since agencies such as the Office of Mental Health and the Office of Mental Retardation and Developmental Disabilities will be affected by the increase in the elderly population, they should plan, in conjunction with SOFA, for an increased demand for services.

### **Mental Retardation and Developmental Disabilities**

The Office of Mental Retardation and Developmental Disabilities (OMRDD) is the State agency with the responsibility to provide services to persons with developmental disabilities. OMRDD and its provider network seek to maximize the community inclusion and integration of persons with developmental disabilities. In the area of senior services, OMRDD either funds or operates residential support programs for group living, and support programs for clients living on their own or with their families. Officials stated that OMRDD provides custodial care and that their clients stay with them over long periods of time.

The term developmental disabilities encompasses a variety of conditions that originate prior to or at birth or in childhood. These can include autism, cerebral palsy, epilepsy, mental retardation, learning disabilities, other similar neurological impairments, and a number of other conditions. As a general rule, about 4 in every 1,000 persons is an individual with a developmental disability. Currently, OMRDD has 27,000 clients over age 40, 7,000 clients over age 60, and about 800 clients over age 80.

Researchers state that many more adults with a lifelong developmental disability are continuing to remain at home. This generation lives with parents in their 70's and older. Thus, the growth in the numbers of older adults with developmental disabilities and the numbers of care givers who themselves are aging contributes to an increasing concern over this particular population. Further, OMRDD officials believe there is a continued need to train professionals entering fields concerned with the problems of aging and developmental disabilities. Such disciplines include

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medicine, nursing, dentistry, psychiatry, psychology, social services, occupational and physical therapy, pharmacology, nutrition, recreation/leisure therapy and communication therapy.

### Mental Health

The central mission of the Office of Mental Health (OMH) is to foster the recognition that persons with psychiatric disabilities can and do recover and that services can be designed to enhance the recovery process. OMH operates 18 adult psychiatric centers across the State. These facilities provide inpatient, outpatient, emergency and community support services. However, OMH operates much differently than it did in prior years. Whereas most OMH clients were inpatients in the 1950s, when facility populations reached a high of 93,314, the number of inpatient clients in June 1998 was only 6,800. Of this number, 636 were geriatric clients.

The State-operated inpatient system primarily maintains services for individuals who need long-term inpatient care. The target population for the State system includes individuals with serious criminal and violent histories, and individuals who are experiencing serious mental illness and also abusing substances. OMH has experienced a steady growth in the number of persons diagnosed with mental illness who also abuse drugs and/or alcohol. While the total number of admissions to State psychiatric centers has decreased in recent years, the percentage of individuals treated with a diagnosis of mental illness and substance/alcohol abuse has significantly risen. OMH officials believe that as their inpatient census continues to decline, the proportion of these individuals within their care will increase.

The Community Mental Health Reinvestment Act of 1993 provided a statutory change that supports the shift of services and funding from State inpatient care to a comprehensive, community-based system of care. Accordingly, OMH supports the non-profit sector in the development of housing and residential services for the mentally ill and currently provides more than 180 non-profits with direct funding and construction grants. OMH expects the number of elderly clients in community-based care to continue to grow as the population increases.

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## Conclusion

While SOFA acts as the lead State agency for older New Yorker programs, many of the services are provided by other State agencies. This system requires a great degree of coordination to ensure that the elderly are receiving all the appropriate services. Greater coordination

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should result in more effective and efficient use of State resources. Deliberate and seamless integration of elderly services into mainstream services provided by many State agencies may ensure that a greater number of the State's elderly are served. SOFA is a member of 38 different Inter-agency Councils, Committees and Task Forces dealing with issues that effect the elderly. We encourage SOFA's participation and we suggest they identify opportunities where these networks could be consolidated, expanded or redirected to provide greater benefit. Other agencies that could provide or support services to the elderly, not currently included in collaborations, should be encouraged to join in to assist in meeting this growing demand. We believe that long-range planning and improved coordination will help ensure the State is providing the best services possible to its older residents.

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## **Issues to be Considered**

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In its efforts to serve the State's growing elderly population, SOFA should consider:

1. Initiating a process for long-term planning through the year 2010 to account for the expected increases in the elderly population?
2. Pursuing increased and improved coordination among the appropriate State agencies to provide a cohesive approach to the planning and delivery of efficient and economical services to the growing elderly population?
3. Identifying opportunities in nutrition, housing, and transportation to serve the unmet needs of the elderly today, and to prepare for the demands of larger elderly population in the years to come?
4. Identifying and reaching agreements with those agencies, such as, but not limited to, DOT and DHCR, that will be responsible for the expansion, development, administration and funding of specific programs for the elderly?

Including the agencies involved in planning which are not currently represented in collaborations to identify additional strategies and services?

6. Seeking best practices in our own localities and in other states and nations relating to the delivery of services to the elderly?
7. Continuing to advocate and monitor implementation of the Long Term Care Task Force recommendations?

(In response to the draft report, SOFA officials generally agreed with these "Issues to be Considered." However, SOFA officials believe that SOFA and its sister agencies are doing and will continue to do planning and coordination to address future needs.)

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## **Major Contributors to This Report**

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# NEW YORK STATE OFFICE FOR THE AGING



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An Equal Opportunity Employer

George E. Pataki  
Governor  
Walter G. Hoefer  
Director

August 14, 1998

William P. Challice  
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Re: Report 97-D-14

Dear Mr. Challice:

As requested in your July 17 letter, Executive Staff of the State Office for the Aging have reviewed the Office of the State Comptroller (OSC) draft report titled "Staff Study: Aging of New York State's Population." Our suggestions on the report are as follows:

**General Suggestions:**

A. *Reflect Existing Planning & Coordination Efforts*--We generally agree with the recommendations that are summarized on Page 17 of the report concerning the need for planning and coordination of services for older New Yorkers. However, we suggest a re-wording of the "Issues to be Considered" section to effectively reflect the fact that, under Governor George Pataki, the State Office for the Aging and its sister agencies are doing and will continue to do planning and coordination to address future needs.

B. *Focus on Program Evaluation as Part of the Ongoing Planning Activities*--Our Office is mindful of the difficulties in accurately forecasting the economic, political and societal conditions that may exist fifteen or twenty years hence. Thus we strongly support a long term planning process that places a high priority on periodic monitoring of progress toward meeting goals and making adjustments to service strategies as new trends and conditions emerge.

Contact us on the Internet at <http://aging.state.ny.us/nysofa/>  
1-800-342-9871 ♦ Senior Citizens' Hot Line Call toll-free for information about local programs and services

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William P. Challice  
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*C. Do Not Overlook the Potential Benefits Offered by an Aging Population*--The OSC report focuses on the demands that will be placed on society as the elderly population grows in the next ten years and beyond but does not include any mention of the elderly as an important resource for New York State. A recognition of the contributions that are made to New York State by its older citizens (as owners of businesses, retirees who volunteer in the community or provide care for grandchildren) would enhance the report and provide a more complete picture of the impact of an aging society.

**Specific Suggestions & References**

*Page 10*--We suggest the following re-wording of the first complete sentence on this page to more accurately reflect that State government shares the responsibility for addressing housing issues with other parties:

"SOFA and DHCR officials have confirmed that Federal and State government and the private housing industry are not meeting the current housing needs of the elderly."

The second paragraph on Page 10 concerning the STAR program may be misleading. While it is true that the enhanced STAR benefit currently being implemented focuses on homeowners over age 65, the basic version of the program will provide school tax relief to homeowners of all ages.

In the final paragraph in the housing section, SCRIE is described as a statewide program. SCRIE is a New York City program and does not have statewide applicability.

*Page 11*--In the second paragraph, there is discussion of SOFA's "Annual Plan." This should read "SOFA's Four Year Plan."

*Page 13*--In the first paragraph, third sentence, we would suggest the following re-wording:

"SOFA officials recognize that, in the years to come, there may be more people between the ages of 62 and 66 without health benefits and without income than ever before. If the age at which one can collect full Social Security is increased, this problem may be compounded. This is further complicated . . . ."

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Page 14--In the middle paragraph, we believe it is important to clarify the issues surrounding Social Security and Medicare.

Congress has taken several steps over the past few years to reduce the growth in spending of the Medicare program. The Hospital Insurance Trust Fund, which helps pay for Part A of the Medicare program and funds hospital, skilled nursing facility, home health and hospice care, is projected to be solvent until 2008. Medicare Part B, which pays for medical services and supplies, is funded from general tax revenues and premiums.

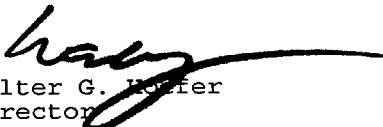
According to recent reports, the Social Security program will not experience initial solvency problems until 2032, when the Social Security Trust Fund surpluses are expected to be exhausted. At that time, revenues from payroll taxes are projected to be sufficient to fund 75 percent of benefits paid.

Based on these dates, we believe there is time to address these issues so that more of New York's elderly will not need to look to State government for assistance.

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We thank you for the opportunity to comment on the draft report. If you have any questions about the State Office for the Aging's comments, please call Cynthia Marshall at (518) 474-7706.

Sincerely yours,

  
Walter G. Jaffer  
Director

cc: Frank L. Maresca, DOB  
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