

**Remarks of U.S. Assistant Secretary for Aging, Josefina Carbonell
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CHOICES FOR INDEPENDENCE

It is a pleasure to be here today to talk about the Choices for Independence Initiative. I first want to congratulate Mark and all the staff at CMS who have made this conference possible. I also want to join Mark in recognizing and thanking every one in this room for all that you are doing to improve the quality of life for people with disabilities of all ages. This is an exciting time to be involved in long-term care.

It is clear that we are witnessing a fundamental change in federal Medicaid policy -- a change that is guided by the President's New Freedom Initiative, and directed at giving people more control over their care, as well as providing more support for community living. And, like the New Freedom Initiative, this policy change is not limited to Medicaid. It is playing out in numerous programs administered by agencies through out the government, including the Administration on Aging.

As we advance the goals and principles of the New Freedom Initiative, Mark and I understand the importance of coordinating our efforts. That is why I'm so proud of the partnerships we have forged with CMS. To date, these partnerships have focused on four areas:

- The establishment of “single entry points” under our Aging and Disability Resource Center Program.
- Encouraging people to plan ahead under The Own Your Future Campaign.
- Replicating the successful Cash & Counseling model under our “Next Steps” Program.
- And, of course, our partnership to help seniors enroll in the new Medicare Prescription Drug Benefit.

Choices for Independences builds on all these partnerships.

Choices will strengthen the role of the Older Americans Act in advancing systems change in long-term care. And, it is strategically designed to complement and fully support the change that is taking place in Medicaid – as well as the new policy direction in Medicare which is giving greater emphasis to Prevention.

Secretary Leavitt sent the Choices proposal to the Congress two weeks ago, as the centerpiece of our reauthorization proposal for modernizing the Older Americans Act. If the Congress enacts and funds the Choices program as proposed, we will be able to begin providing states with an enhanced set of systems change tools – along with new funding -- starting in Federal Fiscal Year 2007. Choices focuses on the non-Medicaid side of the long-term care equation.

- As you know, the elderly account for most of the long-term care expenditures under Medicaid. However, only a small number of older people – about 12 percent – are actually eligible for Medicaid at any point in time.
- Older people don't become Medicaid eligible by turning 65. For the most part, they end up on Medicaid after they've spent most of their lifetime savings on their long-term care – often as a result of a nursing home placement. We also know that some elderly people become Medicaid eligible by transferring their assets.
- The important point here is that – if we are going to fully succeed in our effort to reduce the growing fiscal pressures facing our Medicaid budgets – especially in light of the aging baby boom generation - we have to go beyond the parameters of Medicaid and help people who are not Medicaid eligible to optimize the use of their own private resources so they can delay – or avoid altogether – their spend down to Medicaid.

- As Mark has noted, we are beginning to do this through various initiatives, such as the expansion of the Long-Term Care Partnership Program.

Choices for Independence also targets the elderly who are not Medicaid eligible. Choices will help the non-Medicaid elderly population to:

- Take more control of their long-term care;
- Make better use of their own resources; and,
- Avoid unnecessary nursing home placement.

Choices will also empower middle-aged individuals to plan ahead for their long-term care.

In addition to building on our existing partnerships with CMS, Choices also builds on the unique mission of the Older Americans Act. The Older Americans Act was established to help older people to remain healthy and independent in their own homes and communities for as long as possible. The Act currently provides \$1.4 billion in federal funds which are channeled down through state and area agencies on aging to over 29,000 local community-based services providers. The Program reaches into every community across this nation and currently provides home and community-based services to over 8 million seniors – and 600,000 family caregivers – each year.

One of the distinguishing features of the Act – which is particularly relevant to the future of long-term care – is its ability to reach older people while they are still healthy – and long before they spend down to Medicaid. We believe the Older Americans Act and its national network is a major asset that can add significant value to our nation's long-term care agenda. We also believe the strategic use of Older Americans Act dollars can help states to reduce fiscal pressures on their state Medicaid budgets.

Under the Choices Program, we will make competitive matching grants available to the states to advance a three-pronged systems change strategy.

- The first component of Choices will empower consumers to make informed decisions about their care options. Under this consumer empowerment

component, we will provide funding for activities that integrate Aging and Disability Resource Centers with statewide public education campaigns, like the ones we are supporting under the Own Your Future initiative.

- We will give particular attention to helping private pay individuals to use low-cost community-based alternatives, and private financing options, such as private long-term care insurance and home equity instruments.

The second component of Choices will provide participating states with flexible service dollars to help moderate and low-income seniors who are at risk of nursing home placement -- but not eligible for Medicaid -- to remain at home.

- We are calling this component our Community Living Incentive, and it is the AoA version of “Money Follows the Person.”
- Currently, Older Americans Act dollars are tied to specific service categories. Funds under the Community Living Incentive will be tied to people’s needs. This way, states and communities will be able to provide what ever it takes to help a senior stay at home.
- The Community Living Incentive will also make it easier for states to offer consumer-directed models, including the Cash and Counseling model, under the Older Americans Act.
- Because it will be targeted at people who are at high-risk, the Community Living Incentive will be a centerpiece of the Older Americans Act’s nursing home diversion program.

The third component of Choices will support states efforts to implement evidence-based prevention programs that have proven to be effective in reducing the risk of disease, disability and injury among older people.

- This component builds on our Evidence-Based Prevention Grant program that we rolled out in 2003 to support the work of our community-service providers, such as senior centers and meal programs, in implementing science-based interventions.
- There is a growing body of research that shows evidence-based interventions such as chronic-disease self management, fall prevention and exercise programs can improve the health status of older people and reduce health care costs.
- One example is the Chronic Disease Self-Management Program developed by Stanford University. It is a six-week program that uses certified trainers to help groups of functionally impaired seniors to better understand and manage their chronic conditions. This program has been shown in numerous studies to improve the health of participants while also reducing their hospital admissions and emergency room visits.
- These community-based consumer-focused interventions are a perfect complement to the chronic disease management programs that CMS is encouraging health providers to implement under the Medicare program.

As I mentioned, we will implement Choices through a competitive grants program. We will start in a limited number of states and closely evaluate it to document its impact on the health and well-being of older people, their family caregivers, and on health care cost, including Medicaid expenditures. The results from the demonstration states will be used to formulate a strategy for expanding the program to other states.

The President's 2007 Budget Request includes resources to begin implementation, and we understand that the Congress may be taking up a bill in the near future that will include our Choices Initiative.

In closing, let me go back to the point I made at the beginning of my talk about the importance of having a coordinated and unified policy direction at the federal level.

Clearly, there is a direct connection between our proposal to modernize the Older Americans Act and the new policy direction in Medicaid that Mark discussed. This has not happened by chance!

The President's New Freedom Initiative provided all of us with a vision for the future of long-term care. This vision has guided our work over the past 5 years. And, it has gotten us to this point today where we can talk about a unified approach to implementing a historic change in federal policy – a change that empowers consumers and honors their desire for community living.

It has taken a long time -- and a lot of hard work on the part of many people at the federal, state and local level -- to get to this point. And, we still have a long ways to go. But we are on our way!

Thank you.