Testimony of Brian M. Duke, Secretary of Aging
Senate Finance Committee: Lottery Private Management Agreement
Monday, January 14, 2013

_____

Good morning Chairman Brubaker, Chairman Blake, and distinguished Members of the Senate Finance Committee. Thank you for inviting me to join you today and for the opportunity to discuss how the Lottery Private Management Agreement (PMA) could benefit older Pennsylvanians.

In my role as Secretary of Aging for the Commonwealth, Governor Corbett has tasked me with upholding his commitment to our growing population of older Pennsylvanians. The average person served by the Department of Aging is a woman, over the age of 78, who is widowed. The older Pennsylvanians we serve are usually of limited economic means but are not receiving public assistance from Medicaid or other forms of assistance through the Department of Public Welfare.

The Department of Aging's mission is dedicated to enhancing the quality of life for older Pennsylvanians by empowering diverse communities, the family, and the individual. At its foundation are prevention and protection. The Department seeks to prevent older adults from instability in health and well-being that may result in institutional care and dependence on government assistance; and protect them from abuse, neglect, abandonment, and exploitation. It is our collective obligation to meet their needs. The Department of Aging will continue to advocate for Home and Community Based Services so that we can help avoid unnecessary costs down the road.

The Department of Aging has recently completed the Commonwealth's four-year State Plan on Aging. The State Plan presents a comprehensive approach and captures the vision of Governor Corbett to meet the needs of older Pennsylvanians. First, it leaves the Commonwealth in a sound financial position, a top priority of Governor Corbett's administration by offering services which have evidence-

based, proven outcomes to ensure that resources are utilized in the most cost-effective manner. Second, it plans for improved access to care for older individuals at the right time, in the right setting, and at the right intensity. Third, it plans for us to empower older individuals to remain in the setting of their choice by serving as a catalyst in developing communities as places in which to age and live well. Fourth, it will direct older individuals to the supports necessary to maximize their health and well-being. Lastly, it calls for the revitalization and redesign of the aging services network to enhance the lives of older Pennsylvanians.

The Department of Aging serves over 960,000 older Pennsylvanians a year, and plays an essential role in assisting caregivers who spend countless hours supporting their loved one as they age. The Commonwealth has the fifth largest population of caregivers in the nation with over 1.2 million uncompensated caregivers. These caregivers contribute over 1,300 hours of service at an estimated cost of $13,000 of unreimbursed services yearly. As our older population increases, more adults will assume the role of caregiver. In the last fiscal year, over 7,000 caregivers were assisted by the Pennsylvania Caregiver Support Program.

It is important to know, though, that our aging population extends well beyond those directly served by the Department, and it is a segment of our population that is growing rapidly. Consider the following:

- There are nearly 2.7 million individuals age 60 and older in Pennsylvania. By 2030, our population of individuals age 60 and older is estimated to exceed 3.6 million.
- There are approximately 600,000 persons age 80 and older living in Pennsylvania. By 2030, our population of individuals age 80 and older is estimated to exceed 800,000.
- Currently, older Pennsylvanians age 60 and older make up 21 percent of our population. By 2030, 25 percent of our population will be comprised of older Pennsylvanians.

When I appeared before the Legislative Budget and Finance Committee hearing on February 15, 2012, my testimony stated that as the older population increases, so will the demand for services. These projections are what prompted Governor Corbett to look for options in obtaining predictable and enhanced funding for services for our older Pennsylvanians.

As you know, Pennsylvania is the only state in the nation to use Lottery funding solely for services that support its older residents. Because of this unique source of dedicated funding, the Department of Aging does not receive any monies from the state's General Fund. Seventy-five percent of the Department's budget is derived from the Lottery Fund, with the remaining portions from federal monies and the Tobacco Settlement Fund.

Last year, Lottery revenues provided more than $1 billion to fund critical programs in the Department of Aging and other departments. In fiscal year 2011-12, Lottery revenues provided for programs including, but not limited to, property tax and rent rebates (26 percent), senior centers, in-home personal care services and home delivered meals (25 percent), free and reduced fare transportation (15 percent), long-term living services (16 percent), and low-cost prescription drugs for older Pennsylvanians – PACE, PACENET, and PACE-Plus Medicare (18 percent).

It is vital that Pennsylvania seek a reliable, predictable, and enhanced source of funding in order to meet the growing needs of our older population. Camelot's bid on the Lottery PMA will generate $50 million in newly available funds in the coming fiscal year; will provide approximately $460 - $530 million in incremental value over state budget projections over the next five years and $3.0 - $4.5 billion in incremental value over the next 20 years. That is nearly half a billion dollars of additional funding for programs and services benefiting older Pennsylvanians.

While I have explained the future population projections, it is important that we acknowledge we are already seeing an increased need for services. Any and all additional increases in Lottery revenues would be used to address the existing need, and specifically, Governor Corbett has committed to using additional revenues for Home and Community Based Services (HCBS). Currently, more than 5,300 older adults are waiting for home support and personal care services to help keep them in their homes.

Additional Lottery revenues would also allow the Department of Aging and the Area Agencies on Aging to respond and act upon the increasing numbers of elder abuse cases in the state. Last year, reports of elder abuse grew by 20 percent in Pennsylvania, from 18,000 to 21,000. Another major issue facing our older Pennsylvanians is financial exploitation. According to the Department of Aging's Institute on Protective Services at Temple University, almost $2 million had been taken from older Pennsylvanians in Fiscal Year 2012-2013 due to this type of abuse. New financial resources are necessary to better protect older Pennsylvanians.

Together we must examine all opportunities to make certain these crucial services remain available for one of our most vulnerable populations. As I stated at the House Aging and Older Adult Services Committee hearing on April 3, 2012, "This agreement would ensure the continued strength and viability of programs that are so vital to our older Pennsylvanians." The same holds true today.

The Department of Aging commends Governor Corbett for his foresight in exploring this option which would allow for a stable future for the programs funded by the Lottery. The Governor is committed to doing the right thing for older Pennsylvanians by addressing the need and demand for our programs and supporting Home and Community Based Services so that older adults may continue to live in their homes.

The Department of Aging supports the PMA and the accompanying bid on it. This will provide reliable, predictable, and enhanced revenues for vital programs and services supporting older Pennsylvanians. I encourage you to also support this new funding stream for older Pennsylvanians. Thank you for your time today and I am happy to answer any questions you may have today or in the future.