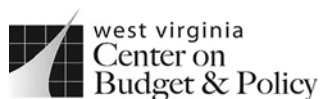


Elders Living on the Edge

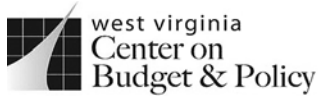
When Basic Needs Exceed
Income in West Virginia

2010



Wider
Opportunities
for Women

West Virginia Center on Budget and Policy



The West Virginia Center on Budget and Policy is a nonprofit, nonpartisan research organization. Our aim is to support public policies that contribute to a shared prosperity

for all West Virginians. We study critical issues, share what we learn with the public and policymakers, and work with diverse groups on sound solutions to economic and social problems. Our issue areas include jobs and the economy; children and families; tax and budget; health care; and elders.

West Virginia Long Term Care Partnership



The West Virginia Long Term Care Partnership is a statewide partnership of public and private professionals from the geriatric, disability and long-term care fields. The partnership

is committed to fostering West Virginians' ability to age in place, with improved economic security and in the setting they choose—whether in their home, a residential care facility or another location.



Wider Opportunities for Women (WOW)

Wider Opportunities for Women (WOW) works nationally and in its home community of Washington, DC to achieve economic independence and equality of opportunity for women and their families at all stages of life. For over 40 years, WOW has been a leader in the areas of nontraditional employment, job training and education, welfare to work and workforce

development policy. Since 1995, WOW has been devoted to the self-sufficiency of women and their families through the national Family Economic Self-Sufficiency (FESS) Project. Through FESS, WOW has reframed the national debate on social policies and programs from one that focuses on poverty to one that focuses on what it takes families to make ends meet. Building on FESS, WOW has expanded to meet its intergenerational mission of economic independence for women at all stages of life with the Elder Economic Security Initiative. For more information about WOW's programs please visit www.wowonline.org or call WOW at 202-464-1596.

The Elder Economic Security Standard™ Index for West Virginia was tabulated by the Gerontology Institute at the University of Massachusetts Boston and Wider Opportunities for Women (WOW) as part of the National Elder Economic Security Initiative™ at WOW.

Elders Living on the Edge: When Basic Needs Exceed Income in West Virginia

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Elders Living on the Edge

When Basic Needs Exceed Income in West Virginia

The West Virginia Elder Economic Security Initiative™

West Virginia elders' past and current contributions to West Virginia's culture and economy are great. However, rising financial challenges threaten the economic security of West Virginia elders with modest incomes and limited assets who wish to remain in their communities as they age. It is critical to acknowledge that today's elders are pressured by increasing housing, health care, food and utility expenses while the value of their assets and their incomes are eroded by weaknesses within the economy.

The national Elder Economic Security Initiative™ (Initiative) is a multi-year, research-driven campaign to raise awareness of the financial and health challenges facing low-income elders. The Initiative combines coalition building, research, advocacy, education and outreach at the national, state and community levels to promote the economic well-being of elders, their caregivers and their families. The West Virginia Center for Budget and Policy and the West Virginia Long Term Care Partnership lead the West Virginia Initiative in partnership with Wider Opportunities for Women.

Measuring Economic Well-Being

How much income do West Virginia's elders need to meet the real costs of living? How much do public support programs—food, prescription, medical, utility and housing assistance—help elders meet their rising expenses? To answer these questions, service providers, advocates and

Policy Recommendations

- Invest in home and community-based long-term care options to ensure that West Virginia's most vulnerable older and disabled residents can access necessary services to age in place with dignity and economic security.
- Promote health prevention, good nutrition, and care coordination for older adults to support overall healthy aging and economic security.
- Encourage informed retirement planning to assist West Virginians in achieving economic security in retirement.
- Ensure that homes are accessible and weatherized and that sufficient housing options exist so that older adults may remain in their homes or communities.
- Support unpaid caregivers, such as family, friends, churches and community volunteers, whose efforts represent the majority of long-term care service delivery in West Virginia and help elders maintain economic security.
- Advocate for use of the Elder Index as a strategic planning tool in state policymaking, as well as to improve older adults' enrollment in programs that help build economic security.

policy makers need an accurate measure of elders' economic security. In response, the Initiative has created a new benchmark—the Elder Economic Security Standard™ Index (Elder Index).

The Elder Index measures the minimum income older adults require to make ends meet, live with dignity, and remain in their own homes. The Elder Index helps workers and retirees plan for the future. It also quantifies the effectiveness of state and national public policy and programs in preserving economic security for older adults. The Elder Index helps pre-retirees, elders, advocates, policy makers, foundations and direct service providers:

- quantify elder economic security;
- examine the components of economically secure elders' basic expenses;
- measure the gaps between typical incomes and economic security;
- measure how well public policies can help fill those gaps; and
- evaluate current income support programs' ability to move individuals toward economic security.

What does it take to age in place with dignity?

To arrive at a measure of income adequacy, the Elder Index adds up the five major monthly expenses which constitute the basic elder household budget. As a measure of basic needs, the Elder Index includes only those goods and services essential to health and welfare:

- **Housing:** Rent or mortgage payments and all housing-related costs (heat, utilities, insurance, property taxes), as applicable
- **Food:** Costs of food prepared at home, based on the USDA Low-Cost Food Plan for older adults
- **Health Care:** Premiums for Medicare, supplemental insurance and average out-of-pocket costs, including co-payments and deductibles
- **Transportation:** Costs of private auto ownership and use, or public transportation where widely available

Table 1: West Virginia Statewide Elder Economic Security Standard Index, 2009

Monthly Expenses	Single Elder			Elder Couple		
	Owner w/o mortgage	Renter, one bedroom	Owner w/mortgage	Owner w/o mortgage	Renter, one bedroom	Owner w/mortgage
Housing	\$268	\$487	\$750	\$268	\$487	\$750
Food	\$232	\$232	\$232	\$428	\$428	\$428
Transportation	\$230	\$230	\$230	\$406	\$406	\$406
Health Care (Good Health)	\$300	\$300	\$300	\$600	\$600	\$600
Miscellaneous	\$206	\$206	\$206	\$340	\$340	\$340
Total Monthly (Elder Index) Expenses	\$1,236	\$1,455	\$1,718	\$2,042	\$2,261	\$2,524
Total Annual (Elder Index) Expenses	\$14,832	\$17,460	\$20,616	\$24,504	\$27,132	\$30,288

Note: Annual values equal monthly values multiplied by 12.

Source: Gerontology Institute and Wider Opportunities for Women, *The Elder Economic Security Initiative™: The Elder Economic Security Standard Index for West Virginia* (Washington, DC: Wider Opportunities for Women, 2009).

- **Miscellaneous:** Essential household and personal items such as clothing, paper products, cleaning products, etc. These miscellaneous expenses are estimated at 20% of all other expenses, based on Department of Labor Consumer Expenditure Survey data.

Varying housing statuses, health statuses, and local differences among the Elder Index's five expense components create a broad range of minimum retirement income requirements. Table 2 displays annual Elder Index values for West Virginia elders (in good health) in selected counties, including the Elder Index's greatest value, \$33,360, for homeowner couples paying a typical mortgage in Hardy County, and the Elder Index's smallest value, \$13,608, for single homeowners without mortgages in Wayne County.

For more information on county Elder Indexes and further explication of the Elder Index methodology, see *The Elder Economic Security Initiative™: The Elder Economic Security Standard Index for West Virginia*, available online at www.wowonline.org.

In recent years, price instability has highlighted the importance and budget impact of each of the Elder Index expense components. In West Virginia,

average housing and health care costs comprise more than half of the Elder Index budget. In every county in West Virginia, housing and health care costs are the greatest determinants of elder economic security.

- Those 18% of seniors with mortgages in West Virginia will spend, on average, over two and one-half times more on housing than elders who have paid off their mortgages—whether they live in lower-cost areas (Cabell County, Clay County, Lincoln County, Pleasants County, Wayne County) or higher-cost areas (Jefferson County, Berkeley County, Grant County, Morgan County).
- Approximately 16% of West Virginia seniors are renters. Typical monthly rents for one-bedroom apartments in West Virginia vary widely, from \$323 per month in Clay County to \$642 per month in Jefferson County. In counties with the least expensive rents, a typical economically secure senior will allocate approximately 28% of his or her income to rent. In West Virginia counties with the most expensive rents, a typical economically secure renter will devote nearly 38% of his or her spending to housing.

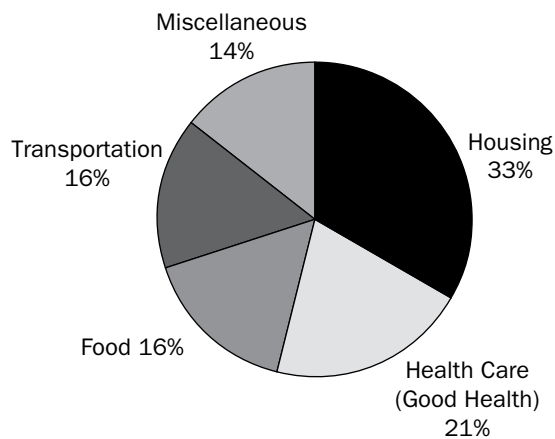
Table 2: Elder Economic Security Standard Index for Selected West Virginia Counties, by Housing Status, 2009

County	Single Elder			Elder Couple
	Owner w/o mortgage	Renter, one bedroom	Owner w/mortgage	Owner w/mortgage
Wayne County (Low, Owners w/o Mortgage)	\$13,608	\$16,260	\$18,636	\$27,684
Kanawha County	\$14,160	\$17,124	\$20,352	\$29,364
Lewis County	\$14,448	\$16,884	\$20,652	\$30,048
McDowell County	\$14,460	\$17,472	\$18,768	\$28,800
Logan County (Median, Single Renters)	\$14,664	\$17,400	\$19,692	\$29,724
Hardy County (High, Owners w/Mortgage)	\$15,672	\$18,612	\$23,328	\$33,360

Note: Elder Indexes are those for elders in good health.

Source: Gerontology Institute and Wider Opportunities for Women, *The Elder Economic Security Initiative™: The Elder Economic Security Standard Index for West Virginia* (Washington, DC: Wider Opportunities for Women, 2009).

Figure 1: West Virginia Statewide Elder Economic Security Standard Index Expenses for a Single Elder Renter, 2009



Neither Social Security Nor Median Incomes Allow Elders Economic Security

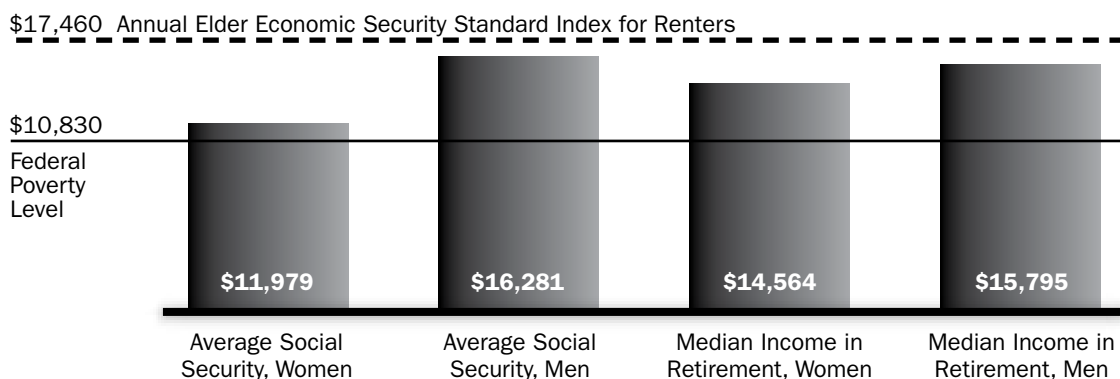
Social Security is the sole source of income for approximately 30% of West Virginia elders.¹ However, average Social Security payments do not meet average Elder Index expenses for single women in any of the state's counties, whether the elder is a renter or a homeowner. Average Social Security payments meet Elder Index expenses for single homeowner men without mortgages in

most counties and for single renter men in only the least expensive counties.

As shown in Figure 2, in 2009, a single elder in West Virginia who rented and relied entirely on the statewide average Social Security payment for men fell nearly \$1,200 short of economic security. In 2009, a single elder in West Virginia who rented and relied entirely on average Social Security for a single woman elder fell nearly \$5,500 short of economic security. Average Social Security payments are high enough, however, to disqualify West Virginia elders from participating in critical public assistance programs.

Many of those who live on West Virginia retirees' *median incomes* also live below county Elder Indexes. Even those with retirement incomes that include personal retirement accounts, private savings and pensions may fall short of economic security. This problem is most severe for single elder women. **In 2009, single women's median annual retirement income fell short of the statewide West Virginia Elder Index for renters by nearly \$3,000.** This suggests that more than half of West Virginia's single elder women renters lack basic economic security. Even

Figure 2: The Elder Economic Security Standard Index vs. Benchmark Annual Incomes for Single Elders in West Virginia, 2009



Note: Income in retirement includes all personal income, other than public supports, of those without earnings.

Sources: US Census Bureau, 2008 American Community Survey PUMS data. Median income values inflated using BLS CPI inflator. Social Security Administration, OASDI Beneficiaries by State and County, 2008. Average Social Security values inflated using SSA COLAs.

at incomes above \$20,000, approximately twice the federal poverty level, single seniors paying mortgages in high-cost counties lived below the local Elder Index and lacked the public supports required to make ends meet.

Bridging Gaps: A Snapshot of Public Support Programs

Once gaps between income and economic security have been measured, the questions arise: Can the gaps be bridged? Are there public support programs that can provide economic security?

Using the Elder Index and Wider Opportunities for Women's Economic Security Simulator™ (Simulator), which calculates public support levels based on program eligibility rules and support level formulas, one can measure change in economic security as elders obtain or lose public supports. The Elder Index and Simulator provide a valuable snapshot of economic security and rapidly changing public support program availability, eligibility rules and support levels.

The Simulator models the impact of the following major federally- and state-administered support programs available in the first quarter of 2010. See the Appendix for additional program details.

- **Income Assistance:** Supplemental Security Income (SSI)
- **Food Assistance:** Supplemental Nutrition Assistance Program (SNAP, formerly known as Food Stamps)
- **Prescription (Rx) Assistance:** Medicare Part D Low Income Subsidy (LIS)
- **Medical Assistance:** Medicare Savings Programs (MSPs) and Medicaid
- **Long-Term Care Assistance (LTC):** Medicaid Aged and Disabled Waiver Program (ADW) and Lighthouse

- **Energy Assistance:** Low Income Energy Assistance Program (LIEAP) and the Special Reduced Residential Service Rate (SRRSR)
- **Housing Assistance:** Housing Choice Voucher Program (HCVP, formerly known as Section 8) and the Section 202 Supportive Housing for the Elderly Program²

As demonstrated in the first case study, public supports can play a major role in helping elders reach or maintain economic security. Conversely, many of those elders who do qualify for public supports, particularly housing and long-term care services (in some jurisdictions), are currently not receiving these non-entitlement benefits, as demand for services exceeds funding. In such cases, elders are often placed on waiting lists and go without needed services for extended periods of time.

Case Study One: The Impact of Public Supports on an Elder Renter

Low-income elders who live on Social Security payments alone have trouble making ends meet in West Virginia. Older adults with even lower incomes face even more difficult circumstances. To qualify for Supplemental Security Income (SSI) income assistance, single older adults must have countable annual income of less than \$8,088; a couple must have less than \$12,132 annually. For older adults with very low incomes, income assistance can prevent destitution, homelessness, poor health, or institutionalization. In 2009, 3,302 West Virginia elders received SSI.³

Table 3 illustrates the importance of public supports to the economic security of an elder woman renter who lives alone in West Virginia's McDowell County. Her annual income of \$6,168 (\$514/month before income assistance) is the average Social Security benefit for West Virginia elders who also receive federal income assistance.⁴ Her countable assets of \$1,500 approach, but do

Table 3: The Impact of Public Supports (w/o Housing Assistance) on Economic Security for a Single Elder Renter Living on a Very Low Income in McDowell County, 2009

		Income Plus...				
Monthly Income	\$514	Income Assistance (SSI)	Income + Food Assistance	Income + Food + Rx Assistance	Income + Food + Rx + Medical Assistance	Income + Food + Rx + Medical + Energy Assistance
Monthly Elder Economic Security Standard Index	\$1,456					
Monthly Shortfall	-\$942	-\$762	-\$589	-\$515	-\$272	-\$228
% Economic Security	35%	48%	54%	57%	72%	75%
Amount of Support		\$180	\$173	\$74	\$243	\$44

Note: Single, retired woman renter in good health living in McDowell County on average Social Security payment for West Virginia elders who also receive federal income assistance (\$514/mn, \$6,168/yr), 2009. SSI = \$180/mn, \$2,160/yr.

Source: Social Security Administration, Supplemental Security Record, 100 percent data, December 2008. Average Social Security value inflated using SSA COLAs.

not exceed, the asset limits for SSI eligibility. In addition to Social Security, she receives \$180 per month in SSI, which brings her annual income from all sources to \$8,328 (\$694/month). Her expenses are the 2009 Elder Index expenses for a typical single elder renter in McDowell County.⁵

Table 3 exhibits the elder's budget surplus/shortfall and the elder's economic security—the ratio of monthly income to monthly expenses. Each column illustrates the change in monthly budget surplus or shortfall and economic security that accompanies the elder's receipt of supports. The table assumes receipt of all supports for which she is eligible, other than housing assistance.

Receipt of SSI moves the elder from 35% economic security to 48% economic security. She is also income- and asset-eligible for food, prescription, medical, energy and housing assistance. Receiving all available supports moves the elder to 75% economic security as defined by the Elder Index, with the largest increases coming from SSI and Medicaid. She is aided to a lesser extent by the Medicare Part D Low Income Subsidy and the Supplemental Nutrition Assistance Program (SNAP).

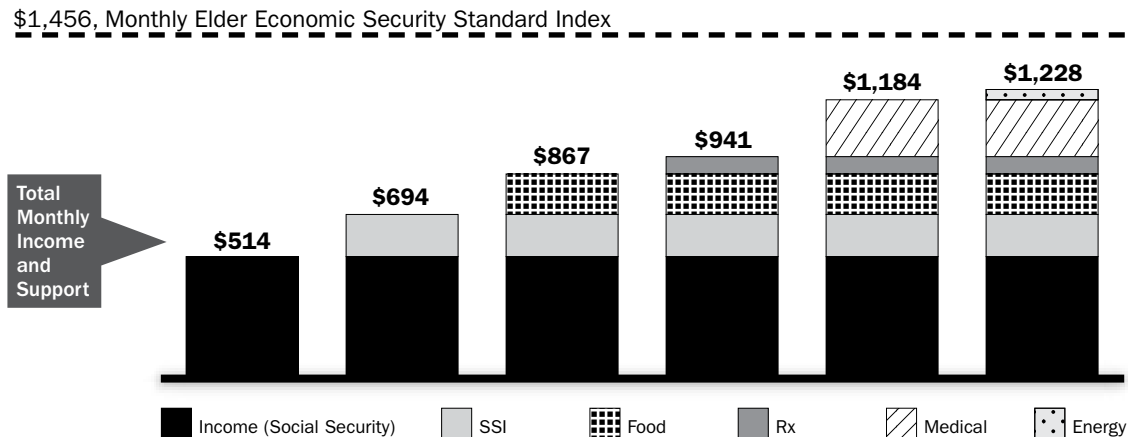
Because she pays her own utilities, her very low income makes her eligible for a potentially crucial annual Low Income Energy Assistance Program (LIEAP) credit of \$400, as well as the Special Reduced Residential Service Rate (SRRSR), which reduces her heating bills by 20% from November to March. The energy credit is paid in one lump sum to the vendor and reduces the elder's heating bills to \$0 for three months, increasing the elder's economic security by 11% in each of those three months. The Special Reduced Residential Service Rate decreases the elder's heating bill for two more months, increasing her economic security by 2%. When the annual Low Income Energy Assistance Program and Special Reduced Residential Service Rate payments are divided by twelve and expressed as a monthly average, the assistance comprises 3.5% of the local Elder Index for renters.

Figure 3 demonstrates that low-income elder renters in West Virginia who receive multiple income supports fall short of the Elder Index. As Figure 4 illustrates, those who live on very low fixed incomes may approach or attain economic security *if they receive **all** major supports, including scarce housing assistance.*

Those with 80% area median income (AMI) (\$24,150 for a single person in McDowell County) are eligible for federal housing assistance. However, those with "extremely low" incomes,

below 30% area median income (\$9,050 for a single person in McDowell County), are granted priority by law and receive 75% of available federal assistance. Because the supply of public

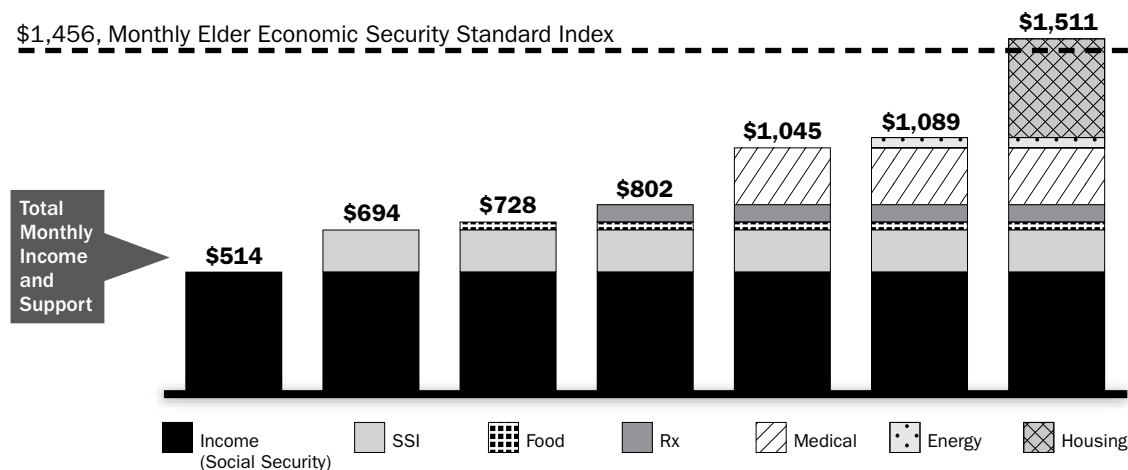
Figure 3: The Impact of Public Supports (w/o Housing Assistance) on Economic Security for a Single Elder Renter Living on a Very Low Income in McDowell County, 2009



Note: Single, retired woman renter in good health living in McDowell County on average Social Security payment for West Virginia elders who also receive federal income assistance (\$514/mn, \$6,168/yr), 2009. SSI = \$180/mn, \$2,160/yr.

Source: Social Security Administration, Supplemental Security Record, 100 percent data, December 2008. Average Social Security value inflated using SSA COLAs.

Figure 4: The Impact of Public Supports on Economic Security for a Single Elder Renter Living on a Very Low Income in McDowell County, 2009



Note: Single, retired woman renter in good health living in McDowell County on average Social Security payment for West Virginia elders who also receive federal income assistance (\$514/mn, \$6,168/yr), 2009. SSI = \$180/mn, \$2,160/yr.

Source: Social Security Administration, Supplemental Security Record, 100 percent data, December 2008. Average Social Security value inflated using SSA COLAs.

housing and housing vouchers is limited, housing assistance recipients rarely have incomes above 50% AMI. The West Virginia Regional Housing Authorities administer approximately 14,700 Housing Choice Vouchers⁶ (in addition to overseeing county-level administration of public housing properties), in a state home to nearly 200,000 rental units.⁷ As a result, eligible low-income elders are often unable to access West Virginia's greatest potential contribution to economic security.

Case Study Two: The Need for Long-Term Care Threatens Economic Security

The need for long-term care (LTC) dramatically affects an elder's ability to achieve economic security in old age—no matter what their incomes are. A catastrophic health event or worsening of a chronic ailment can create significant financial difficulties for an elder who might otherwise be economically secure.

Long-term care is required by those with chronic health conditions, disabilities or rehabilitative care needs. LTC helps with either "instrumental" activities of daily living, such as grocery shopping or household chores, or more complex activities of daily living, such as dressing and bathing. LTC has traditionally been received in institutional settings, such as assisted living facilities or nursing

homes, or provided in an elder's home by family members. With the increasing availability and cost-effectiveness of home and community-based long-term care, some elders can avoid the disruption and cost of moving to institutions by receiving LTC from professionals and volunteers who assist with activities ranging from homemaker services to skilled nursing care.

The number of Americans currently requiring LTC approaches 10 million, and by 2020, 12 million older Americans may need long-term care. In West Virginia, Medicare pays for medical care provided in nursing homes and short-term rehabilitative care. Some Medicare (Part C) Advantage Plans pay claims for limited skilled nursing facility and skilled home care, but rarely pay for LTC. Despite the fact that most LTC is non-skilled "custodial care," such as personal care and homemaker services, traditional assistance options are rarely available to seniors who require this level of LTC. As a result, most LTC expenses are paid out-of-pocket.

Lighthouse

Table 4 illustrates the impact of worsening health on the economic security of a single elder homeowner with an income above her county's average Social Security payments, or even West Virginia women's median income in retirement.

Table 4: The Impact of Public Supports on Economic Security for a Single Elder Homeowner in Poor Health with LTC Needs in Kanawha County, 2009			
Long-Term Care Needs Can Destroy Economic Security, but the Lighthouse LTC Program Can Prevent Impoverishment			
		Income Plus...	
Income (Elder Index)	\$1,180	Food + Rx + Medical + Energy Assistance	Food + Rx + Medical + Energy Assistance + Lighthouse
Elder Economic Security Index (\$1,180) with Poor Health and LTC (+\$648)	\$1,828		
Monthly Shortfall	-\$648	-\$278	Economic Security Attained
% Economic Security	65%	81%	

Note: Single retired homeowner without a mortgage living on income equal to the Elder Index for homeowners without mortgages (\$1,180/mn, \$14,160/yr) in Kanawha County, WV, 2009.

The elder lives alone in Kanawha County, and has an annual unearned income of \$14,160 per year (\$1,180 per month)—an income equal to the 2009 Elder Index for homeowners in good health. She maintains very limited countable assets, but participates in no public support programs.

In her 70th year, the elder suffers a fall and breaks her arm. After a short stay in the hospital and a stay in a nursing and rehabilitation facility, she returns to her home, where she lives alone. Although her arm has healed, the elder still has difficult lifting objects and has not recovered full range of motion. The bulk of her medical costs are covered by Medicare. The elder is mobile and able to perform some activities of daily living, but requires a low level of assistance with her self-care and housekeeping tasks. She must also be transported to occasional medical appointments. Medicare will help pay for rehabilitation and skilled care after she arrives home, but will not support personal care.

As a result, she must seek out home and community-based long-term care options. Her poor health and new care will create an additional expense of \$648 per month, the average LTC cost for a "low" level of care (6 hours per week) in West Virginia, plus higher out-of-pocket expenses.⁸ Her total health care and LTC costs nearly triple and become her greatest expense. Her economic security falls from 100% to 65%.

The elder maintains limited assets other than her home; despite supports, her budget deficit will eventually prove unsustainable as the elder's lack of strength and mobility and LTC needs continue into the future. If she is to age in place and avoid the great costs, complications, disruptions and emotional impact of moving into a nursing home, the elder must find a way to pay for home and community-based long-term care services.

Unless aided by Lighthouse or ADW, only West Virginia elders with ample assets and disability or LTC insurance are able to avoid institutionalization when they suffer catastrophic or chronic bad health.

As Table 4 demonstrates, West Virginia's Lighthouse program, which provides home and community-based services as an alternative to nursing homes, holds promise for the elder. Because Lighthouse provides non-medical home services on a sliding fee scale based on income, and does not limit eligibility based on assets, the program will subsidize the needed long-term care services.

If the elder were officially deemed in need of assistance to perform two activities of daily living, such as bathing, dressing or eating, and allowed access to Lighthouse, it would help the elder to fully regain her economic security.⁹

If she doesn't receive LTC assistance, her moderate income, less unreimbursed medical and LTC expenses, make her eligible for food assistance, medical assistance, pharmaceutical assistance, and energy assistance. She qualifies for and receives a SNAP benefit of \$200 per month. Her income exceeds 130% FPL, so she is not eligible for LIEAP, but she receives a 20% discount on her heating bills during the winter through the Special Reduced Residential Service Rate (SRRSR). She is also eligible for QI-1 MSP and a partial Part D (drug) Low Income Subsidy. Together, all available supports move her from 65% economic security to only 81% economic security.

Unfortunately, the need for LTC outstrips Lighthouse funding and some West Virginia counties maintain waiting lists. If placed on a waiting list and forced to pay for LTC largely or entirely out-of-pocket for any length of time, the elder could be overwhelmed by her recurring monthly deficit of over \$275.

Medicaid Aged and Disabled Waiver (ADW)

Table 5 again demonstrates the impact of significantly worsening health on the economic security of a single elder homeowner with an income above her county's average Social Security payments. As before, the elder lives alone in Kanawha County, and has an annual unearned income of \$14,160 per year (\$1,180 per month). Again, she maintains very limited countable assets, but initially participates in no public support programs.

In her 70th year, the elder suffers a minor stroke—an injury with long-lasting effects. After a stay in the hospital and a nursing and rehabilitation facility, she faces returning to her home, where she lives alone. She recovers well enough to return home, but the stroke leaves her unable to perform many of her activities of daily living. The bulk of her medical costs are still covered by Medicare, but she requires a medium to high level

of assistance with her self-care and housekeeping tasks. She must also be transported to occasional medical appointments and continuing physical rehabilitation appointments. Medicare will help pay for rehabilitation and skilled care after she arrives home, but will not support personal care.

As a result, if the elder lacks family or volunteers nearby who can attend to her many needs throughout the day, she must either move to a nursing home or seek out home and community-based long-term care options. Her poor health and new care will create a large additional expense—well beyond her normal monthly Medicare premiums and out-of-pocket expenses—of \$1,474 per month, the average LTC cost for a “medium” level of care (16 hours per week) in West Virginia, plus higher out-of-pocket expenses for care covered by Medicare.¹⁰ Her total health care and LTC costs more than triple and become her greatest expense. As such, her income only covers 44% of her new expenses.

Her need for nursing home-level care means she will be eligible for the Medicaid Aged and Disabled Waiver (ADW), which provides a wide range of non-medical home services and care, such as housekeeping and personal care. While the elder was not income eligible for Medicaid before her stroke, her moderate income and

Table 5: The Impact of Public Supports on Economic Security for a Single Elder Homeowner in Poor Health with LTC Needs, in Kanawha County 2009			
Long-Term Care Needs Can Destroy Economic Security, but the ADW LTC Program Can Prevent Impoverishment			
		Income Plus...	
Income (Elder Index)	\$1,180	Food + Rx + Medical + Energy Assistance	Food + Rx + Medical + Energy Assistance + ADW
Elder Economic Security Index (\$1,180) with Poor Health and LTC (+\$1,474)	\$2,654		
Monthly Shortfall	-\$1,474	-\$1,104	Economic Security Attained
% Economic Security	44%	52%	

Note: Single retired homeowner without a mortgage living on income equal to the Elder Index for homeowners without mortgages (\$1,180/mn, \$14,160/yr) in Kanawha County, WV, 2009

moderate-to-high level of needed care make her eligible for ADW, which would allow the elder to fully regain her economic security.

If she doesn't receive LTC assistance, all available supports move her from 44% economic security to only 52% economic security. The elder maintains limited assets other than her home, and if she is to age in place without selling her home and avoid moving into a nursing home, the elder must find a way to pay for home and community-based long-term care services. If placed on a waiting list and forced to pay for LTC largely or entirely out of pocket for any length of time, the elder could be overwhelmed by a recurring monthly deficit of more than \$1,100.

Due to the high cost of care—on average \$306 per week for even the most basic care—many of those without family caregivers find themselves unable to finance even short-term LTC needs. Without intervention, low-income, moderate-income, and even middle-class elders who require long-term care may be forced to give up or borrow against their homes (when possible). Unless aided by Lighthouse or ADW, only West Virginia elders with

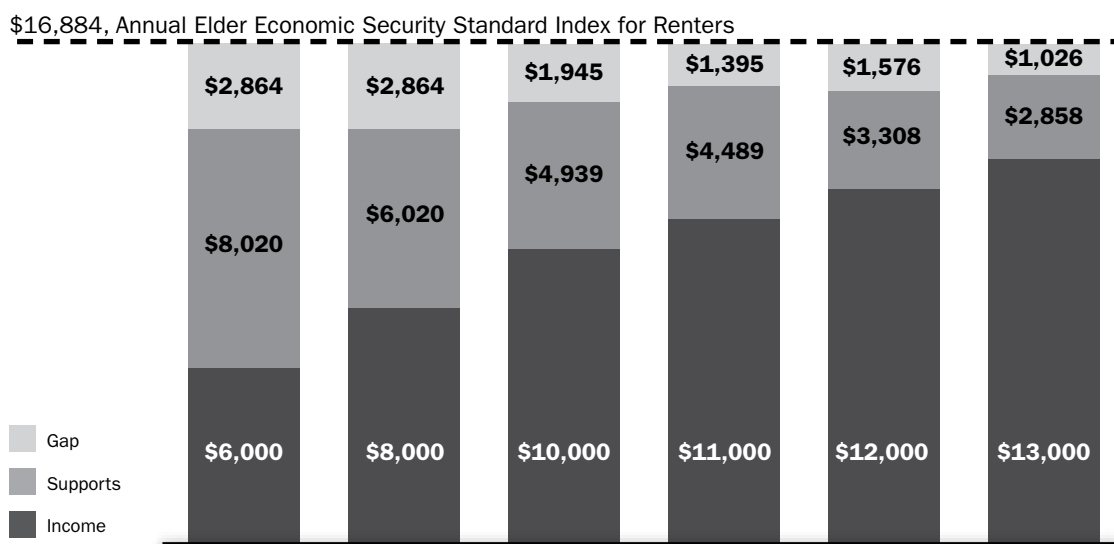
ample assets and disability or LTC insurance are able to avoid institutionalization when they suffer catastrophic or chronic bad health.

Without Housing Assistance, Gaps Between Income and Economic Security Persist, Even as Income Rises

Because public supports begin to fall off after incomes exceed the federal poverty level, many West Virginia elders living above the 2009 federal poverty level of \$10,830 find themselves almost as far from economic security as those living below the federal poverty level. Figure 5 exhibits gaps between income and economic security across a range of incomes for elders who rent in West Virginia's Lewis County and do not receive housing assistance.

At the lowest income modeled, \$6,000 per year, income supports reduce expenses by over \$8,000, and exceed income. The elder is left with a gap between annual income and annual Elder Index expenses of more than \$2,800. Due to benefit cliffs—incomes at which eligibility ends or the receipt of one support lowers the

Figure 5: Annual Income, Total Public Supports and Economic Security Gaps, Single Elder Renters in Lewis County, WV, 2009



Even assuming receipt of all major public supports for which an elder is income and asset eligible, the gap between income and expenses is only fully eliminated when an elder is able to achieve economic security entirely through his or her own income.

value of another—increases in income are not always accompanied by increases in economic security. Given receipt of all available major public supports other than housing assistance, an elder with a \$12,000 annual income (which approximates average Social Security income for single elder women in some West Virginia counties) faces an economic security gap larger than that faced by an elder with \$11,000 in annual income, and a gap similar to that faced by an elder with just \$10,000 in annual income.

Increases in income are not accompanied by proportional decreases in the economic security gap. A \$2,000 increase in income from \$8,000 to \$10,000 decreases an elder's economic security gap by \$919. A \$1,000 increase in income from \$11,000 to \$12,000 increases an elder's economic security gap by \$181. A \$2,000 increase in income from \$11,000 to \$13,000 decreases the gap by only \$369. *At no income level does an increase in income create an equal or proportional increase in economic security.* Even assuming receipt of all major public supports for which an elder is income and asset eligible, the gap between income and expenses is only fully eliminated when an elder is able to achieve economic security entirely through his or her own income.

It should be noted that it is rare for elders to access all of the supports for which they are eligible. This is particularly true for: those who "slip between the cracks" (those unaware of available help or swayed by disinformation); those to whom supports become unavailable due to budget cuts; and those who are simply ineligible for help due to modest assets or excess income.

Policy Recommendations

Policy changes and improved outreach are needed to ensure that every older West Virginian has adequate housing, food, health care, transportation, and income to cover basic needs. With the country's second oldest population, West Virginia must make wise investments to avoid preventable health care costs and unnecessary nursing home placements, while also building sufficient support systems in every community to allow elders to age in place and in the setting they choose.

The Elder Economic Security Standard™ Index (Elder Index) is a dynamic, geography-based measure of need that West Virginia can use to inform state policy development, retirement planning, and community development.

To ensure economic security for both our current elders and future generations, West Virginia must:

Invest in home and community-based long-term care options to ensure that West Virginia's most vulnerable older and disabled residents can access necessary services to age in place with dignity and economic security.

- Stimulate innovation. Pilot new interventions to allow elders to remain in their own homes and communities, including growing social model programs to complement existing medical model programs.

- Eliminate the waiting list for the Medicaid Aged and Disabled Waiver program, which provides personal care, transportation, homemaker assistance, and case management, so that all elders who qualify can participate and receive services at home.
- Maintain the Lighthouse program, which provides invaluable assistance to seniors with functional needs, but whose income or asset levels disqualify them from receiving Medicaid services. The Lighthouse program allows seniors to maintain their economic security by providing a typically lower cost alternative to nursing home care.
- Build awareness and use of assistive technology to better support elders living in their own homes, such as low-cost sensors to monitor daily activities and alert caregivers at remote locations.
- Increase access to and awareness of advocates who provide in-person information and assistance to elders on services, programs, qualifications, and application processes. Recognize and support this service where it already exists, such as through the Area Agencies on Aging, Aging and Disability Resource Centers, the County Aging Providers, and the Long-Term Care Ombudsman Program.
- Promote new strategies for transportation for older adults as they work, volunteer, visit medical professionals, grocery shop, and live to increase their independence and community engagement. Where mass transit is not feasible, create incentives for local transportation providers or cooperatives to offer low cost and flexible transportation services.
- Plan for the need for services. Public and private aging organizations across the state

must increase collaboration to respond proactively to changing demographics to ensure West Virginians of all ages can access affordable and quality long-term care services and supports.

- Pursue policies to build and incentivize West Virginia's long-term care workforce. Focus resources on direct care worker recruitment, retention and competency training. Also assure that self-sufficient wages, competitive benefits, and affordable transportation and housing options are available to guarantee workers can meet their basic needs.

Promote health prevention, good nutrition, and care coordination for older adults to support overall healthy aging and economic security.

- Reform health care delivery to emphasize prevention and improve care coordination by implementing models such as medical homes and post-hospital care.
- Provide elders at home, work and in communities with access to wellness programs including weight training, balance, and fall prevention classes. Improve awareness and transportation to current offerings such as at County Aging sites and Primary Care Centers.
- Leverage new and innovative technology. Expand and support efforts already underway, such as West Virginia's grant from the Federal Communications Commission's Rural Health Care Pilot Program to build the state's broadband telehealth network. Secure similar resources to explore the use of electronic medical records and assistive technologies.
- Expand access to food and nutritional support programs such as the congregate program, home-delivered meals, and the Senior Farmers' Market Nutrition Program.

Encourage informed retirement planning to assist West Virginians in achieving economic security in retirement.

- Continue to support and strengthen Social Security and its annual cost of living adjustment to avoid further erosion of this critical retiree benefit.
- Design education and outreach campaigns targeted at younger generations emphasizing planning and saving for retirement and long-term care.
- Implement innovative retirement savings systems that particularly support lower and middle income earners, such as universal voluntary retirement accounts.
- Conduct outreach to employers and consumers on the importance of the newly enacted, Community Living Assistance Services and Supports (CLASS) provisions of health care reform, which creates a national, voluntary disability insurance program funded by opt-out payroll deductions.
- Eliminate obstacles in teachers', public employees', and other retirement systems that may penalize or prevent older adults who wish to return to the workforce for part-time employment.
- Implement prevention strategies for reducing consumer fraud directed at older adults.

Ensure that homes are accessible and weatherized and that sufficient housing options exist so that older adults may remain in their homes or communities.

- Advocate for increases in affordable housing and assisted living options for seniors that allow them to remain at home or in their local communities.

- Maintain the Homestead Exemption, the Senior Citizens Personal Income Tax Credit, and the Senior Citizen's Property Tax Deferral Program to help seniors contain the financial impact of property taxes.
- Increase funding for home modifications, weatherization, assistive technologies, and home maintenance to allow elders to remain in safe, accessible and energy efficient home environments.

Support unpaid caregivers, such as family, friends, churches and community volunteers, whose efforts represent the majority of long-term care service delivery in West Virginia and help elders maintain economic security.

- Encourage communities to maintain and create programs to support family caregivers through creative solutions such as caregiving banks, senior volunteer corps, and affordable respite services.
- Commission a study to determine the economic impact of unpaid caregiving in West Virginia, including its value to employers, its value to the state, and the opportunity costs to family caregivers who take time out of the workforce to care for frail or disabled family members or friends.
- Increase funding for existing respite services such as the Family Alzheimer's In-Home Respite (FAIR) program.
- Promote government and employer-based supports such as job-sharing, flexible work schedules, caregiver leave, caregiver tax credits, dependent care flexible spending accounts, and caregiver support groups.

Expand employment opportunities for older workers who choose to improve their economic status by remaining in the workforce after age 65.

- Motivate employers to adapt as their workforces age by offering non-traditional work configurations such as phased retirement options, mentorship and apprentice programs, part-time and part-year work, and benefits for part-time and part-year workers.
- Encourage employers and workforce development organizations to offer training and skill development to employees of all ages, supporting career change that also adapts to changing workforce needs and promotes income adequacy and self sufficiency.
- Increase opportunities for stipend volunteer assignments for older adults as a vehicle for improving economic security for older adults.
- Incentivize employers to use new technology and other methods of restructuring work to be less physically demanding, to accommodate disabilities, and to provide ergonomic, wellness, and safety-related increases in productivity.

Advocate for use of Elder Index as a strategic planning tool in state policymaking, as well as to improve enrollment by older adults in programs that help build economic security.

- Remove stigma from means-tested programs. Use the Elder Index to illustrate to potential beneficiaries the real costs of living in their communities.
- Increase utilization of public programs by promoting screening tools like AARP Benefits QuickLINK and National Council on Aging BenefitsCheckUp, which simplify information on available low-income, veteran and caregiver supports.
- Evaluate how program eligibility guidelines can be redesigned to consult the Elder Index to adequately reflect geographic differences in cost of living across the state.
- Undertake informational hearings and follow-up action on income adequacy for older West Virginians at the state legislature.
- Simplify the application process to receive Medicaid and other means-tested public programs. This application process is often complicated by low literacy or cultural and language barriers.
- Develop training programs for case managers and other service providers on how they can use the Elder Index as a benchmark for evaluating client needs in attaining economic security.

For more information, please visit West Virginia Center on Budget & Policy (<http://www.wvpolicy.org>) and Wider Opportunities for Women (www.wowonline.org) online.

Appendix: Major Public Supports (Q1 2010)

Supplemental Security Income (SSI)

Supplemental Security Income, administered by the federal Social Security Administration, provides monthly cash payments to elders with no or very low income. Other than those for Medicaid, SSI eligibility income and asset limits are the lowest of any work or income support available to West Virginia elders. In 2009, qualifying elders had incomes less than \$8,088, and qualifying elder couples had incomes less than \$12,132. SSI payments fill the gap between recipients' incomes and these SSI income limits. Single and married elders must also maintain no more than \$2,000 and \$3,000 in assets, respectively, not including a home, a car, and household items.

Supplemental Nutrition Assistance Program (SNAP)

The Supplemental Nutrition Assistance Program, West Virginia's "food stamp" program, provides low-income households with electronic benefits which participants use to purchase food. The US Department of Agriculture funds the program through the Food and Nutrition Service, and West Virginia administers the program, including determination of eligibility and distribution of benefits. Single and married elders must have no more than \$1,490 and \$2,004 in income, respectively, after a utility allowance, medical allowance and other deductions from income. Single and married elders also must maintain no more than \$3,000 in assets.

Medicaid

West Virginia offers complete Medicaid coverage to very low-income elders, including some LTC recipients, and pays participants' Medicare Part A and Part B premiums. The annual income and asset limits for a single elder are \$2,400 and \$2,000, respectively. For elder couples, the annual income limit is \$3,300 and the asset limit is \$3,000.

Medicaid "spenddown" offers Medicaid coverage to elders who exceed the Medicaid income limitations. To qualify, elders' incomes less allowed medical expenses (not including Medicare premiums) must be less than the income limits described above.

Medical Assistance—Medicare Savings Programs (QMB, SLMB, QI-1)

The Medicare Savings Programs (MSPs) include the Qualified Medicare Beneficiary (QMB), Specified Low-Income Medicare Beneficiary (SLMB) and Qualified Individual-1 (QI-1) programs. The QMB program helps low-income elders enrolled in Medicare Part A pay for Medicare Part B premiums, deductibles and co-payments. Premiums for Part C supplementary insurance are not covered. To qualify, an elder's gross annual income must be no more than 100% FPL (\$10,830 for a one-person household; \$14,570 for a two-person household). Single and married elders must also maintain no more than \$6,600 and \$9,910 in assets, respectively. The SLMB and QI-1 programs pay for all or part of Medicare Part B premiums for qualified recipients. Recipients must be enrolled in Medicare Part A. To qualify as an SLM Beneficiary, an elder's gross annual income must be no more than 120% FPL (\$12,996 for a one-person household; \$17,484 for a two-person household). QI-1 recipients must have annual incomes of no more than 135% FPL (\$14,621 for a one-person household; \$19,670 for a two-person

household). For both the SLMB and QI-1 programs, single and married elders must maintain no more than \$6,600 and \$9,910 in assets, respectively.

Federal Prescription Assistance—Medicare Part D Low Income Subsidy (LIS)

The Low Income Subsidy helps low-income elders with prescription drug costs. The federal government subsidizes participants' private Medicare Part D drug (insurance) plan premium, and helps pay drug deductibles and co-payments. Those with Medicaid, or those participating in Medicare Savings Programs, automatically qualify for LIS. For full eligibility, gross monthly income must be no more than 100% FPL (\$10,830 for a one-person household; \$14,570 for a two-person household); thereafter the program provides help on a sliding scale to those with incomes up to 150% FPL (\$16,245 for a one-person household; \$21,885 for a two-person household). Single and married elders must also maintain no more than \$8,100 and \$12,910 in assets, respectively, to receive full LIS benefits. In order to receive partial LIS benefits, single elders cannot have more than \$12,510 in assets and couples must have no more than \$25,010 in assets.

Lighthouse

Lighthouse helps elders pay for basic long-term care services not covered by Medicare or Medicare Part C supplementary insurance. The program allows elders who require assistance with at least two Activities of Daily Living (such as cooking, shopping, etc) to remain in their homes, and covers assistance such as: personal care, homemaking, home-delivered meals, and light chore services. Lighthouse is administered by West Virginia's Bureau of Senior Services using statewide program regulations and standards, and direct care is provided by the local County Aging Providers. There are no income or assets tests for Lighthouse; however, customers may not be

enrolled in Medicaid. There is a sliding scale fee rate for elders, depending on income, from \$1 an hour for services to \$16 an hour for services. Waiting lists vary by county.

Medicaid Aged and Disabled Waiver (ADW)

The Medicaid Aged and Disabled Waiver, like Lighthouse, helps elders pay for basic long-term care services not covered by Medicare or Medicare Part C supplementary insurance. ADW is administered by the West Virginia Bureau for Medical Services. The program covers caregiver assistance with case management services, medical adult day care, transportation, assessment by a registered nurse, and assistance with activities of daily living, such as homemaking, eating and grooming. To qualify, elders must qualify for nursing home-level care, be able to safely stay in their homes, have a gross income of less than three times the income threshold for SSI (\$24,264 for one person who needs care), and have no more than the asset limits for SSI (\$2,000 for one person). The program does not count spousal income when determining eligibility, allowing a medically needy spouse to receive care without using up the couple's assets.

Low Income Energy Assistance Program (LIEAP)

The Low Income Energy Assistance Program helps low income families pay for home heating. The credit is funded by the federal Low Income Home Energy Assistance program, and administered by the West Virginia Division of Family Assistance out of the Department of Health and Human Resources offices. Claims can be submitted at the beginning of December of each year. For the 2009–2010 heating season, the recipient income limit was 130% of the Federal Poverty Line, \$14,079 for an individual and \$18,941 for a couple. There is no asset test for the program. LIEAP benefits vary according to gross monthly income.

Special Reduced Residential Service Rate (20% Utility Discount Plan)

The Special Reduced Residential Service Rate (SRRSR) helps elders pay for heating bills through the winter. SRRSR offers elders over 60 years old who are receiving SNAP, SSI, or WV Works (the West Virginia TANF program) a 20% discount on their heating bills November through March. An elder must be enrolled in one of the three programs each month to receive the benefit for that month. Established by state statute, the program is administered through local utility companies.

Housing Assistance

Eligible elders can receive direct or indirect housing subsidies from three programs funded by the US Department of Housing and Urban Development (HUD) and administered locally by the regional West Virginia Housing Authorities: The Housing Choice Voucher Program (HCVP, formerly Section 8), Public Housing, and the Section 202 Supportive Housing for the Elderly Program. Recipients of an HCVP voucher may select any market-rate rental housing with a property owner willing to accept the HCVP

West Virginia Supports Income and Asset Eligibility Limits, 2010

Federal Poverty Level (FPL)	Single	Couple		
	\$10,830	\$14,570		
Support Program	% FPL		Assets Limits, Single	Assets Limits, Couple
	Income Limits, Single*	Income Limits, Couple*		
Supplemental Security Income (SSI)	75%	83%	\$2,000	\$3,000
Medicaid	22%	23%	\$2,000	\$3,000
QMB (Medicare Savings Program)	100%	100%	\$6,600	\$9,910
SLMB (Medicare Savings Program)	120%	120%	\$6,600	\$9,910
QL-1 (Medicare Savings Program)	135%	135%	\$6,600	\$9,910
Medicaid Aged and Disabled Waiver (ADW)**	224%	250%	N/A	N/A
Lighthouse***	N/A	N/A	N/A	N/A
Medicare Part D LIS, full	100%	100%	\$8,100	\$12,910
Medicare Part D LIS, partial	150%	150%	\$12,510	\$25,010
SNAP	165%	165%	N/A	N/A
Low Income Energy Assistance Program (LIEAP)	225%	219%	N/A	N/A
Special Reduced Residential Service Rate	165%	165%	N/A	N/A
Housing Assistance****	80% AMI	80% AMI	N/A	N/A

* Gross income limits. SSI, SNAP and housing assistance allow applicants to deduct from gross income portions of earned income and/or limited allowances for expenses.

** ADW eligibility is 300% of the SSI standard. Medicaid-based LTC asset limits vary greatly depending on a spouse's housing, health and support program participation status. The Aged and Disabled Waiver in West Virginia does not count the income of a spouse in determining financial eligibility.

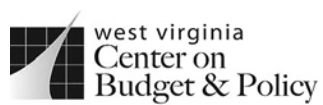
*** Lighthouse offers long term care, to those who need a low level of care and do not qualify for Medicaid, on a sliding fee scale.

**** Families with assets exceeding \$5,000 may have a portion of asset-based income added to household income during eligibility determinations.

voucher, and voucher amounts are based on a local "fair market rent" established by HUD. The Section 202 program provides capital and operating funds to developers and operators of senior housing. Those with 80% area median income are eligible for assistance. However, those with "very low" incomes below 30% AMI are granted priority; because the supply of public housing and housing vouchers is limited, most housing assistance recipients have incomes below 30% AMI, and housing assistance recipients rarely have incomes above 50% AMI.

Endnotes

- 1 AARP. "Social Security: 2008 West Virginia Quick Facts." AARP. 2008. http://assets.aarp.org/rgcenter/econ/ss_facts_08_wv.pdf (accessed April 2010).
- 2 Housing assistance modeled includes those programs with eligibility limits and relief calculation in common with the Section 8/Housing Choice Voucher Program. For a list of housing assistance programs which provide similar rental assistance, visit the West Virginia HUD website: http://portal.hud.gov/portal/page/portal/HUD/states/west_virginia.
- 3 U.S. Social Security Administration. "SSI Recipients by State and County, 2009: West Virginia." *Office of Retirement and Disability Policy*. 2010. http://www.ssa.gov/policy/docs/statcomps/ssi_sc/2009/wv.html (accessed May 2010).
- 4 U.S. Social Security Administration. "Annual Statistical Supplement, 2009: Social Security Income." *Office of Retirement and Disability Policy*. 2009. <http://www.ssa.gov/policy/docs/statcomps/supplement/2009/7d.html> (accessed April 2010).
- 5 Gerontology Institute and Wider Opportunities for Women. *The Elder Economic Security Initiative™: The Elder Economic Security Standard™ Index for West Virginia*. Washington, DC: Wider Opportunities for Women, 2009.
- 6 U.S. Department of Housing and Urban Development. "A Picture of Subsidized Households—2008." *Huduser*. 2009. <http://www.huduser.org/portal/picture2008/index.html> (accessed April 2010).
- 7 U.S. Census Bureau. "Table B25003 Tenure (West Virginia)." *American Community Survey 1 year data, 2008*. 2009. http://factfinder.census.gov/servlet/DatasetMainPageServlet?_program=ACS&_submenuId=&_lang=en&_ts= (accessed April 2010).
- 8 Gerontology Institute and Wider Opportunities for Women. *The Elder Economic Security Initiative™: The Elder Economic Security Standard™ Index for West Virginia*. Washington, DC: Wider Opportunities for Women, 2009.
- 9 If the elder does receive LTC assistance, other forms of public supports will only lift her to 73% of her local Elder Index.
- 10 Gerontology Institute and Wider Opportunities for Women. *The Elder Economic Security Initiative™: The Elder Economic Security Standard™ Index for West Virginia*. Washington, DC: Wider Opportunities for Women, 2009.



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