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# Lifelines for Elders Living on the Edge: How Elder Support Programs Compare to Living Costs. The Elder Economic Standard Index™ for Massachusetts

Laura Henze Russell  
*University of Massachusetts Boston*

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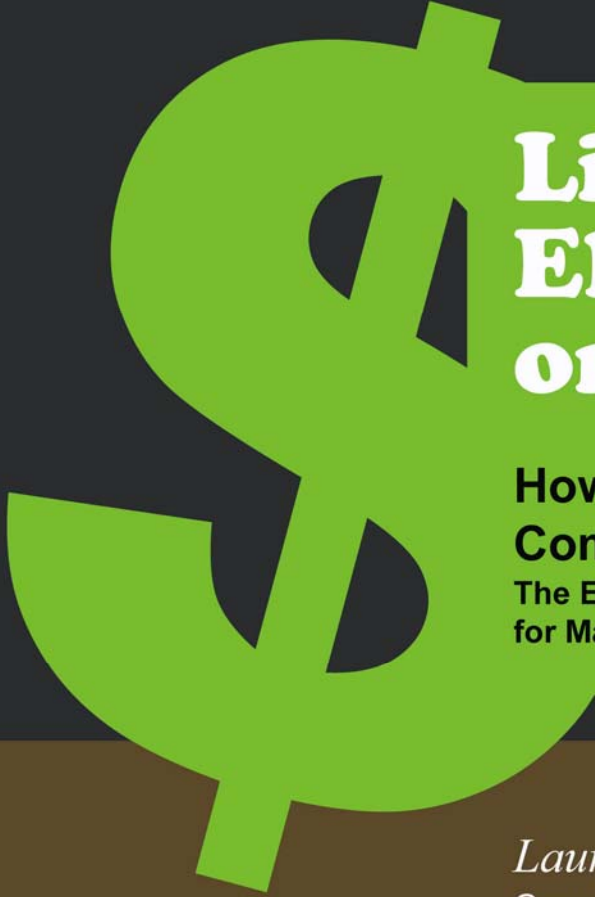
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# Lifelines for Elders Living on the Edge:

## How Elder Support Programs Compare to Living Costs

The Elder Economic Security Standard™ Index  
for Massachusetts

*Laura Henze Russell*

Gerontology Institute,  
University of Massachusetts Boston

Prepared for

**Massachusetts Elder Economic Security Initiative  
Advisory Committee**

*Massachusetts Association of Older Americans*

Funded by The Boston Foundation  
2009



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**Lifelines for Elders Living on the Edge: How Elder Support Programs Compare to Living Costs**

**The Elder Economic Security Standard™ Index for Massachusetts**

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# Lifelines for Elders Living on the Edge: How Elder Support Programs Compare to Living Costs

## Executive Summary

This report examines the array of federal and state support programs for elders in Massachusetts. It asks how well the lifelines - the support programs that have been set up to help low- and modest-income elders meet basic needs when costs exceed incomes – work in today’s economy. Which programs are serving elders well? Have they kept pace with inflation? Which lifelines are frayed, or about to rupture? Do seniors know about the programs, and use them when needed?

For context, costs have risen markedly since the Elder Economic Security Standard™ Index (Elder Index) for Massachusetts, a reality-based measure of living costs based on older adults basic budget needs, was first calculated in 2006. Through 2008, housing costs have increased 7 percent, food 9 percent, transportation 12 percent, health care 8 percent, and miscellaneous 6 percent. Adjusted for cost of living changes through calendar year 2008, the statewide average Elder Standard for Massachusetts are:

### Statewide Average, Elder Economic Security Standard for Massachusetts, 2008 Estimates

	Owner w/o mortgage	Renter, one bedroom	Owner w/ mortgage
Elder Person	\$18,044	\$24,496	\$32,423
Elder Couple	\$28,474	\$34,926	\$42,853

Elders cannot make ends meet in Massachusetts at the federal poverty level -- or the average Social Security payment -- without public supports. The 2008 federal poverty guidelines are \$10,400 for a single person and \$14,000 for a couple. The average Social Security payment for a retired elder in Massachusetts in 2008 was \$13,340 and for an elder couple, \$21,744.

Elders are especially challenged by rising costs since median income declines with age. Median income for Massachusetts households age 65 and older is \$33,332 - only 43 percent that of peak earners ages 45-64 at \$76,815 - and it falls further with increasing age. This is due to a number of factors, such as loss of a spouse, reduced ability to work, and spending down savings. Loss of savings hits elders hard, as they do not have as long a time horizon to recover, and many rely on savings for income and money to live on, as well as a cushion for emergencies. This data was gathered prior to the severe decline of the stock market and the onset of the recession so now the picture is even more severe.

The federal poverty guidelines are an outdated measure of income adequacy. They are based on three times food costs of a minimally nutritionally adequate diet from cost and spending patterns over forty years ago, and do not reflect regional variations in living costs, or the greater rise of housing, health care and energy costs. The Elder Standard demonstrates that depending on their type of housing, elders in Massachusetts need an income of about three times the federal poverty guidelines just to meet their basic needs, and in higher cost communities the need is even greater.

Many Massachusetts elders are impacted by outdated public support program guidelines. There are 75,184 Massachusetts elders with incomes under the federal poverty guidelines, 164,875



Massachusetts elders with incomes 100% - 200% of poverty, and 141,725 with incomes 200% - 300% of poverty; together nearly 50 percent. Many elders are in rough seas trying to keep afloat between income eligibility for help (which may be 100%, 150%, or 200% of the federal poverty guidelines) and the income required to cover today's living costs. In addition, elders face a bleak future when emergencies arise such as home or car repair, increased medical costs, or need for long-term care, as decades-old asset limits for lifelines programs do not reflect this reality.

### **Progress on Which to Build and Challenges Ahead**

Massachusetts has made significant progress improving a number of lifelines programs, which provide models on which to build.

The Food Stamp Improvement Coalition, a strong public-private collaboration working in partnership with the Department of Transitional Assistance (DTA), has been meeting for several years in response to Massachusetts' former low level of enrollment in Food Stamps. The Coalition developed and DTA implemented numerous ways to reform and enhance access to Supplemental Nutrition Action Program (SNAP), formerly known as Food Stamps, including ways to improve eligibility, the application process, and the amount of help for elders. It provides a "poster child" of what to do in other program areas. Congress' passage of the 2008 Farm Bill has further improved access to the SNAP program.

Governor Deval Patrick partnered with the House and Senate leadership to form a Winter Energy Task Force in summer 2008 that held public hearings and made recommendations that were implemented by the Executive Office of Energy and Environmental Affairs, the Department of Housing and Community Development, and others to improve access to the Low Income Home Energy Assistance Program (LIHEAP) and related utility discount, emergency assistance, weatherization and energy conservation programs.

Massachusetts convened an Asset Development Commission in 2008 to "study and make recommendations concerning the development of financial assets as a way to ensure that all people in the state of Massachusetts achieve long-term, sustainable economic security and self-sufficiency and enjoy economic opportunity."<sup>1</sup> The Commission established three working groups, held public hearings, developed recommendations, and continues its work in 2009.

The Executive Office of Elder Affairs held a series of eight Senior Benefits Expos across the Commonwealth, and will hold more in 2009, working with the Department of Transitional Assistance, the Department of Housing and Community Development, the Department of Public Health, the Department of Veterans' Services, the Massachusetts Commission for the Blind, the Massachusetts Commission for the Deaf and Hard of Hearing, and the Department of Revenue.

There is a good deal more work to be done, and a challenging fiscal climate for the state. This Lifelines report makes recommendations that span the spectrum from improving outreach and

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<sup>1</sup> The Asset Development Commission was established under Section 117 of Chapter 123 of the Acts of 2006, *An Act relative to Economic Investments in the Commonwealth to Promote Job Creation, Economic Stability, and Competitiveness in the Massachusetts Economy* (the "Economic Stimulus Bill"). For information, see [www.mass.gov/hed](http://www.mass.gov/hed) and search on "Asset Development Commission".

information to help access existing programs and fixing “quirks” that hinder them, to reforming and updating the guidelines that keep many elders in need of help from receiving assistance. Help programs are now being recognized for their role in economic stimulus. These programs were designed to help elders keep their heads above water, and should be updated to reflect the global economic reality of rising tides and changing times.

### **The Lifelines report has several key findings.**

- 1. There is a widely disparate, conflicting and confusing array of income limits, asset limits, and benefit levels for many elder help programs.**
- 2. Many income limits were set decades ago based on the federal poverty guidelines or a small percentage above them; they have not kept pace with today’s living costs.**
- 3. The rules of many elder lifeline programs fly in the face of today’s thinking about asset development; instead they set low asset limits that require “asset stripping.”**
- 4. Many programs’ benefit levels – the amount of help provided – have not been updated regularly and fall well below what is needed to meet real costs in today’s marketplace.**
- 5. Some programs are hard to access because of confusing regulations, limited community outreach, low levels of funding, low awareness and/or a difficult application process.**
- 6. There are numerous legislative, regulatory and funding “quirks” and gaps in programs. While Massachusetts has made good progress in several of these areas, more work still needs to be done. The federal government needs to catch up for years of neglect.**

### **The Lifelines report makes the following recommendations.**

- 1. Create a Lifelines for Elders Task Force to review elder help programs and transform the recommendations of this report into action.**
- 2. Encourage the Asset Development Commission to use the Lifelines for Elders report as it completes its work, and incorporate selected recommendations.**
- 3. For programs with gaps in outreach and enrollment, set up a Program Improvement Coalition modeled on the work of the Food Stamp Improvement Coalition.**
- 4. Create and fund stronger, integrated outreach and enrollment efforts to ensure older adults access to and help from the “lifelines” programs that were created for them.**
- 5. Work with the new Administration to ensure the lens of “elder economic security” is used when implementing economic stimulus programs. Continue Massachusetts’ leadership in spearheading reforms, bring federal dollars to the state, and supplement where needed. Fix the legislative and regulatory “quirks” in programs that impede their effectiveness.**

- 6. Improve data collection and monitoring as a foundation for program improvement through evidence-based practice. Set up a system for ongoing monitoring, review and improvement of programs and regulations so they remain effective over time.**

## **A Guide to the Lifelines for Elders Report**

The Elder Economic Security Standard™ Index for Massachusetts demonstrates that in every community in Massachusetts our existing lifelines provide inadequate support for seniors. This report will use the Elder Index as a reference point to benchmark income limits, asset limits and benefit levels to today's marketplace, look at the additional dimensions of program access, application process, outreach and enrollment, and make recommendations for both policy and program improvements.

Section I, the introduction of the Lifelines report, describes the Elder Economic Security Standard Index for Massachusetts, illustrates the impact of inflation since it was calculated in 2006, looks at income patterns over the lifecycle, compares the Elder Index to two benchmarks: the federal poverty guidelines and the average Social Security payment for retired elders and elder couples in Massachusetts, and gives the number of elders facing gaps in support programs.

It is important to note that many of the data, eligibility limits, benefit levels and benchmarks included in this report are updated annually, with the exception of asset limits. In most cases, the report uses 2008 benchmarks, income, asset and benefit levels. Where new eligibility limits and benefit levels data was released for 2009 prior to publication, it uses those updated figures.

The main sections of the Lifelines report describe the range of elder support programs, give their program criteria, income limits, asset limits, and benefit amounts, and include examples of how they help elders, as well as when they fall short. They are presented in three clusters:

### II. Lifelines Programs to Help with Housing Costs:

- A. Senior Property Tax Relief Programs
- B. Housing Assistance Programs

### III. Lifelines Programs to Help with Food, Fuel, and Basic Costs:

- C. Supplemental Nutrition Assistance Program (SNAP)
- D. Low Income Home Energy Assistance Program (LIHEAP)
- E. Supplemental Security Income

### IV. Lifelines Programs to Help with Health and Care Costs:

- F. Health Care Support Programs
- G. Home and Community-Based Long-Term Care Programs

The report concludes in Section V with a summary of recommendations.

# I. Introduction to the Elder Economic Security Standard Index

The Elder Economic Security Standard™ Index (Elder Index) was developed to measure basic living costs for elders living alone and elder couples in every county in Massachusetts.<sup>2</sup> It is based on today's market costs of housing, food, health care, transportation, and miscellaneous costs. The Elder Standard varies by housing tenure: renter, homeowner without a mortgage, and homeowner with a mortgage, and by health status: excellent, good or poor. In areas with an extensive public transit system, it also varies by type of transportation. The Elder Standard was calculated for all Massachusetts counties in 2006.

To update the Elder Standard for Massachusetts as a benchmark for elder help programs in 2008, the report computes a statewide Elder Standard weighted average based on the number of elders residing in each county, and also adjusts the costs in each category for the impact of inflation in the northeast during the past two years 2006-2008. The statewide averages for the Massachusetts Elder Standards for 2008 are given in Table 1.

**Table 1**  
**Statewide Averages for Massachusetts**  
**Elder Economic Security Standard Index, Estimated 2008**

Monthly Expenses	Elder Person			Elder Couple		
	Owner w/o mortgage	Renter, one bedroom	Owner w/ mortgage	Owner w/o mortgage	Renter, one bedroom	Owner w/ mortgage
Housing	\$543	\$992	\$1,543	\$543	\$992	\$1,543
Food	225	225	225	412	412	412
Transportation	174	174	174	400	400	400
Health Care	314	314	314	629	629	629
Miscellaneous	247	336	446	389	478	588
<b>Elder Standard Per Month</b>	<b>\$1,504</b>	<b>\$2,041</b>	<b>\$2,702</b>	<b>\$2,373</b>	<b>\$2,910</b>	<b>\$3,571</b>
<b>Elder Standard Per Year</b>	<b>\$18,044</b>	<b>\$24,496</b>	<b>\$32,423</b>	<b>\$28,474</b>	<b>\$34,926</b>	<b>\$42,853</b>

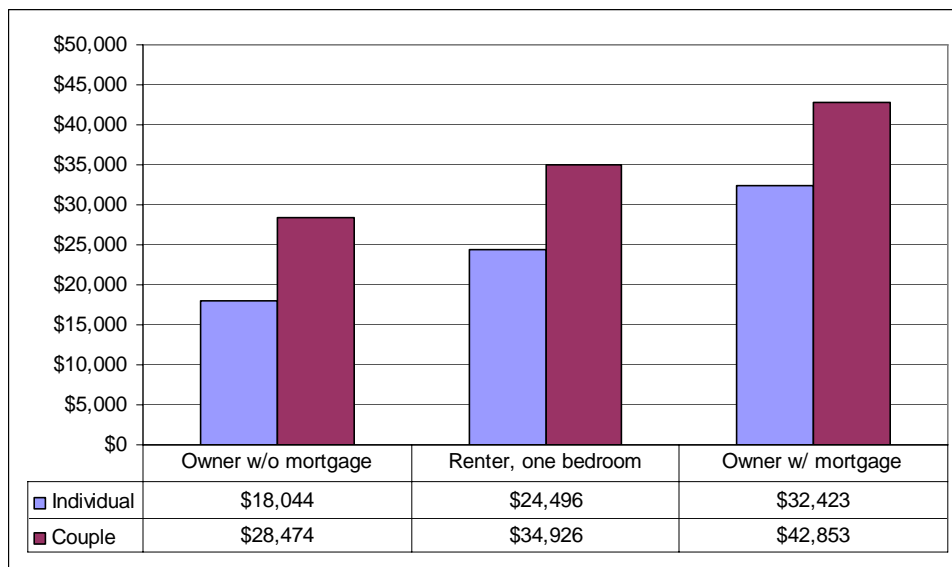
Source: Russell et al, The Elder Economic Security Standard for Massachusetts. The weighted average for the state is computed based on the number of older adults 65+ residing in each county. The figures for 2006 are then adjusted by the CPI-U for each cost category by the rate of inflation for that category during June 2006 - June 2008.

2. Laura Henze Russell, Ellen A. Bruce and Judith Conahan. (2006) *The Elder Economic Security Standard for Massachusetts*. University of Massachusetts Boston Gerontology Institute and Wider Opportunities for Women. This project led to the development of Elder Economic Security Initiative™, led by Wider Opportunities for Women with the Gerontology Institute as national research partner, which seeks to build economic security for older adults through a multi-pronged approach that includes organizing, advocacy and research. A key component of the initiative is the Elder Economic Security Standard Index™, a measure of well-being that determines the income and supports needed for older adults to live modestly depending on their health and life circumstances. See [www.geront.umb.edu](http://www.geront.umb.edu) and [www.wowonline.org](http://www.wowonline.org).

## How the Elder Standard Varies by Type of Housing

Figure 1 shows how Elder Standard 2008 estimates for Massachusetts vary by type of housing. The Elder Standard is lowest for owners without a mortgage, in the middle for elder renters, and highest for owners still paying a mortgage. These are weighted averages for elders across Massachusetts 14 counties. The Elder Standard will be even higher in higher cost counties, and lower in lower cost counties. The Elder Standards are estimated for elders in good health; costs are somewhat higher for elders in poor health.

**Figure 1**  
**Statewide Averages for Massachusetts**  
**Elder Economic Security Standard, Estimated 2008**



Source: Russell et al, The Elder Economic Security Standard for Massachusetts. The weighted average for the state is computed based on the number of older adults 65+ residing in each county. The figures for 2006 are then adjusted by the CPI-U for each cost category by the rate of inflation for that category during June 2006 - June 2008.

For simplicity, the report uses the Elder Standard for renters as a benchmark to assess adequacy of elder support programs. It is important to note that this benchmark will not be high enough for elders in higher rent communities, for owners still paying a mortgage, or for owners without a mortgage who are paying higher property tax bills, which vary considerably by community.

***The 2008 statewide averages of the Elder Standards for Massachusetts range from \$18,044 to \$32,423 for individuals and from \$28,474 to \$42,853 for couples, depending on type of housing. For simplicity, the report uses the average Elder Standard for renters in Massachusetts as a benchmark to assess adequacy of elder support programs, which is in the middle of these ranges.***

## The Impact of Inflation

Living costs have risen rapidly since the Elder Standard Index was calculated for Massachusetts in 2006. Price increases in the Northeast were modest between 2006 and 2007, increasing between 0% - 4% for the different expense categories. They accelerated rapidly between 2007 and 2008, with the combined impact over the two years illustrated in Table 2.<sup>3</sup>

**Table 2**  
**Impact of Inflation in Consumer Price Index (CPI) Northeast Urban 2006-2008**

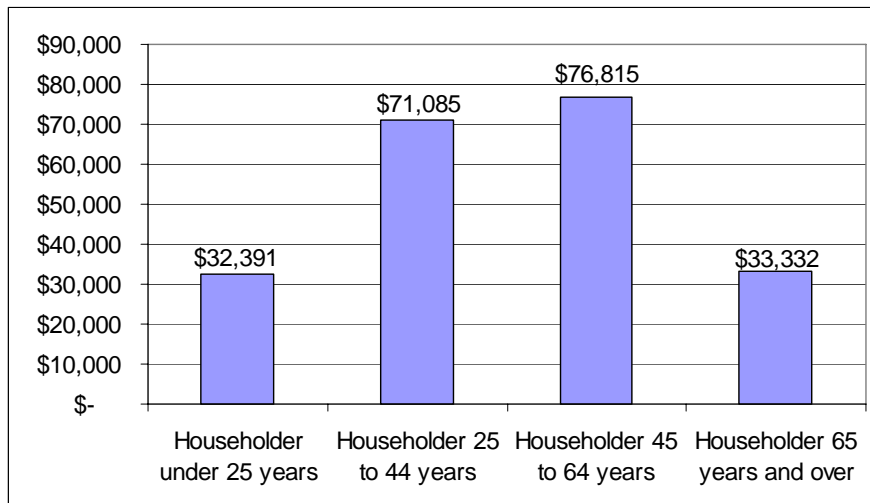
Monthly Expense Category	Percent Change in CPI 2006-2007	Percent Change in CPI 2007-2008	Total Percent Change in CPI 2006-2008
Housing	3%	4%	7%
Food	4%	5%	9%
Transportation	0%	12%	12%
Health Care	4%	4%	8%
Miscellaneous	3%	4%	6%
All	2%	5%	7%

Source: US Department of Labor, Bureau of Labor Statistics Consumer Price Index Urban Series (CPI-U) for Northeast U.S. from June 2006 – June 2008. <http://data.bls.gov/PDQ/outside.jsp?survey=cu>.

## Income Patterns over the Lifecycle

Household income levels typically vary over the life span: it grows from early adulthood, peaks at mid-life, and declines with advancing age. Figure 2 below give median income by age for Massachusetts.<sup>4</sup> In Massachusetts, median income for households 65 and older, \$33,332, is only 43 percent of peak earners ages 45-64, and it falls further with increasing age. This is due to a number of factors, such as loss of a spouse, reduced ability to work, and spending down savings.

**Figure 2**  
**Median Income by Age, Massachusetts, 2007**



Source: U.S. Census Bureau, 2007 American Community Survey, Table B19049.

<sup>3</sup> June CPI figures for the Northeast U.S. are used as the midpoint to determine inflation each year.

<sup>4</sup> Median income is the midpoint among income levels; half have lower incomes, and half have higher.

## The Elder Economic Security Standard and Income Adequacy

Federal poverty guidelines and Social Security payments are two measures of income adequacy. There are two widely used measures of poverty in the United States, the federal poverty thresholds,<sup>5</sup> and the federal poverty guidelines. The first is used to measure the number of people in poverty in the United States; the second is used more administrative purposes to set eligibility for a range of federal and state programs.

### Federal Poverty Guidelines

The federal poverty guidelines are a simplified version of the federal poverty measure, used for administrative purposes to determine eligibility for a range of federal and state support programs. They were first developed in the early 1960s, and used for this purpose since 1969. They vary only by household size, not by age. They are based on the costs of a minimally nutritionally adequate food budget times three, and are the same for the lower 48 states, with an adjustment to account for higher costs only in Hawaii and Alaska.

The federal poverty guidelines in 2008 are about 40 percent of the average Elder Economic Security Standard Index for Massachusetts. See Figure 3. They are therefore an inadequate as well as outdated measure of when elders need help to meet their basic living costs.

### Social Security

Social Security is a social insurance program that provides a monthly income to retired elders, spouses, widows and dependents. Social Security covers the vast majority of elders in Massachusetts, with the size of the monthly payment based on the salary on which they or a spouse paid into the program through the Social Security (FICA) payroll tax.

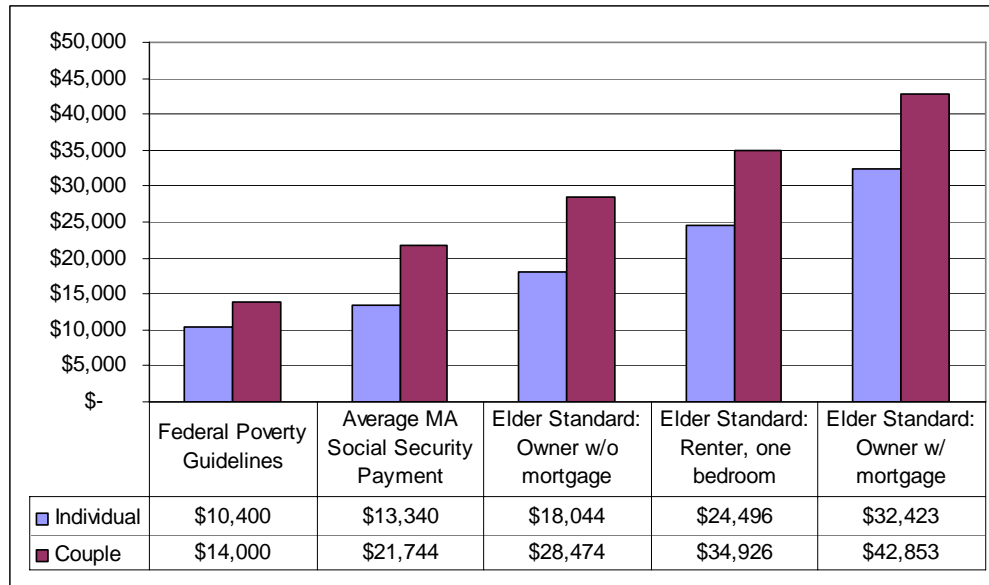
The average Social Security payment in Massachusetts for 2008 for a retired elder, at \$13,340, is 54 percent of the statewide average Elder Standard Index for Massachusetts elder renters. For an elder renter couple in Massachusetts, the average Social Security payment of \$21,744 is 62 percent of the Elder Standard in Massachusetts.<sup>6</sup> In addition, Social Security payments are typically smaller for women than for men because of lower earnings and fewer years in the paid workforce.

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<sup>5</sup> The federal poverty thresholds are calculated by taking the cost of a minimally adequate food budget, the U.S. Department of Agriculture (USDA) Thrifty Food Plan, and multiplying it by three. When the federal poverty threshold was first proposed by Molly Orshansky, a researcher at the Social Security Administration in the late 1950s/early 1960s, households typically spent a third of their budgets on food. The thresholds have been adjusted by the change in the consumer price index each year, but not for the change in consumption and spending patterns, such as the much larger share of housing budgets going to housing and medical care, or for the higher rate of price increases of housing and medical services, or for regional cost differences. The thresholds vary by age, since nutritional requirements are lower for older than for younger adults. The thresholds are used to calculate the number of children, adults, and older adults who are poor. See <http://aspe.hhs.gov/poverty/08Poverty.shtml>.

<sup>6</sup> Figures calculated from [http://www.ssa.gov/policy/docs/statcomps/oasdi\\_sc/2007/](http://www.ssa.gov/policy/docs/statcomps/oasdi_sc/2007/), Tables 4 and 5 for MA, adjusted by COLA and for aged couples by <http://www.ssa.gov/pressoffice/factsheets/colafacts2008.htm>.

**Figure 3  
Federal Poverty Guidelines 2008, MA Average Social Security Payment 2008,  
MA Elder Standard Averages 2008**



Sources: U.S. Department of Health and Human Services, The 2008 HHS Poverty Guidelines, <http://aspe.hhs.gov/poverty/08Poverty.shtml>. Average Social Security payment for Massachusetts calculated from [http://www.ssa.gov/policy/docs/statcomps/oasdi\\_sc/2006/#state](http://www.ssa.gov/policy/docs/statcomps/oasdi_sc/2006/#state) and updated using COLA from Social Security Administration, 2008 *Social Security Changes*.

Social Security plays a critical role in boosting elders' incomes above poverty, but it alone does not provide enough to live on in today's communities in Massachusetts without public supports. This is not surprising, as seniors have long been told that it is part of a three- or four-legged stool along with pension income, retirement savings, and part-time work if needed to meet one's needs. With the decline in the number of traditional defined benefit pension plans, the decline in value of defined contribution pension plans, the significant loss in value of other retirement savings, and the challenging economy with growing layoffs, Social Security is an even more important pillar for retirement security. Even with the 5.8 percent increase in Social Security benefits effective January 2009, Social Security still falls short to meet elders' living costs.

Figure 3 shows that elders cannot make ends meet in Massachusetts at the federal poverty level or the average Social Security payment without public supports. Depending on their housing type, elders in Massachusetts need an income of about three times the federal poverty guidelines just to meet their basic needs, and in higher cost communities the need is even greater.

***It is clear that elders cannot make ends meet in Massachusetts at the federal poverty level -- or the average Social Security payment -- without public supports. Depending on their type of housing, elders in Massachusetts need an income of about three times the federal poverty guidelines just to meet their basic needs, and in higher cost communities the need is even greater.***

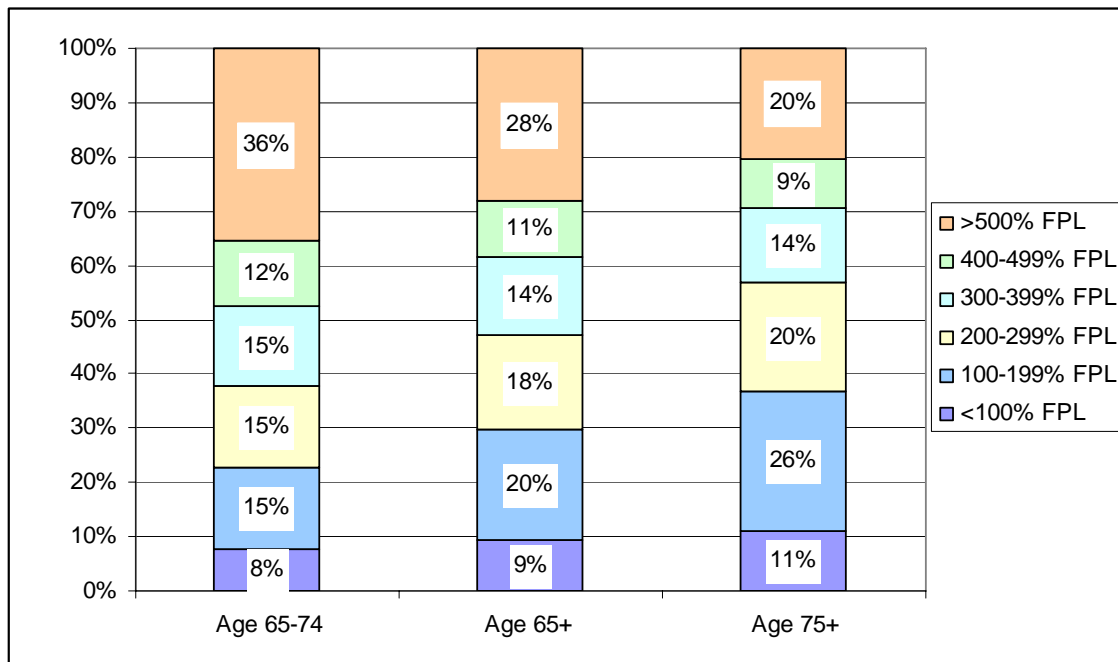


## The Number of Elders in Massachusetts Facing Gaps in Support Programs

Incomes of Massachusetts elder households relative to the federal poverty guidelines show that many come up short when they face outdated eligibility limits for lifelines programs. Of all adults 65 years and older in 9 percent are officially poor, 29 percent are under 200% of poverty, 47% are under 300% of poverty, 61 percent are under 400% of poverty, and 72 percent are under 500% of poverty. See the middle bar of Figure 4 for income relative to the poverty guidelines for all adults 65 years and older.

The challenges faced by elders 75 years and older are even greater. Figure 4 illustrates that 11 percent are officially poor, 37 percent are under 200% of poverty, 57 percent are under 300% of poverty, 71 percent are under 400% of poverty, and 80 percent are under 500% of poverty.

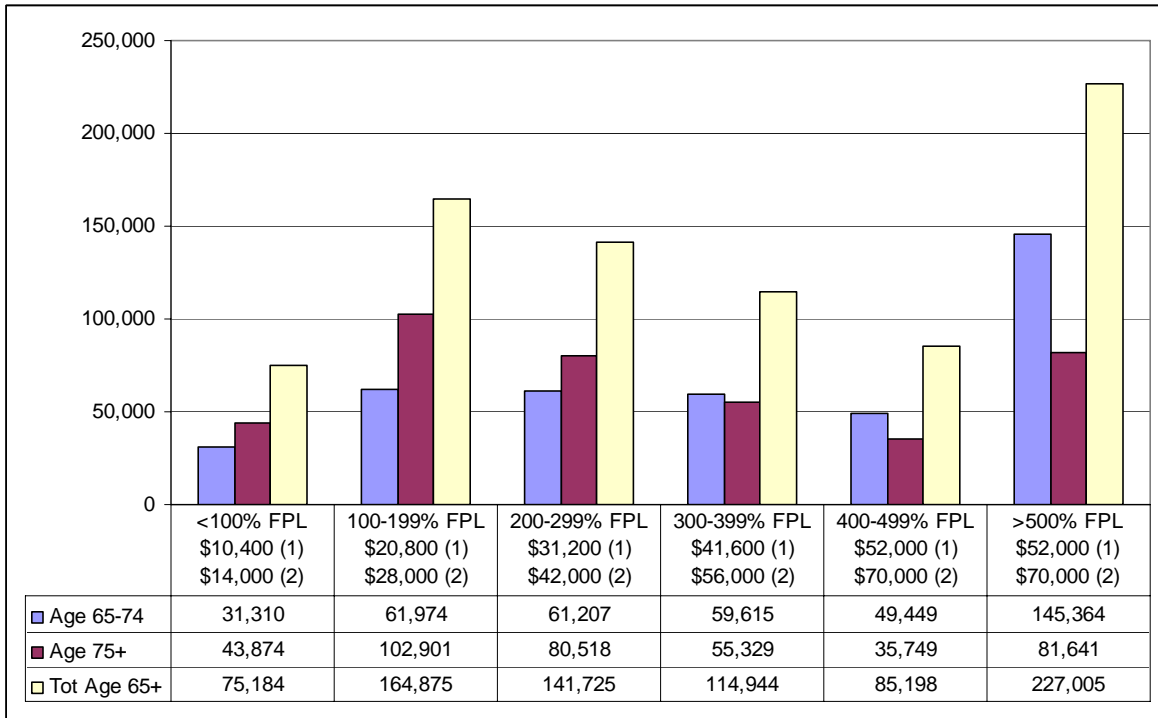
**Figure 4**  
**Percentage of MA Older Adults Ages 65-74, 75 & up, and 65 & older**  
**with Incomes as a Percentage of the Poverty Guidelines**



Source: US Census Bureau, American Community Survey 2007, Table B17024.

Of the 808,931 older adults in Massachusetts for whom incomes are reported, there are 75,184 with incomes below the federal poverty level, 164,875 with incomes between 100-200% of poverty, 141,725 with incomes between 200-300% of poverty, 114,944 with incomes between 300-400% of poverty, 85,198 with incomes between 400-500% of poverty, and 227,005 with incomes above 500% of poverty. See Figure 5.

**Figure 5**  
**Number of MA Older Adults Ages 65-74, 75 & up, and 65 & older**  
**with Incomes as a Percentage of the Poverty Guidelines**



Source: US Census Bureau, American Community Survey 2007, Table B17024.

***There are 75,184 Massachusetts elders with incomes under the federal poverty guidelines, 164,875 Massachusetts elders with incomes of 100%-200% of poverty, and 141,725 with incomes of 200%-300% of poverty; together nearly 50 percent.***

This sets the context for the benchmarking of lifelines programs by income limits, asset limits, and benefit levels relative to living costs for elders to make ends meet in Massachusetts.

## II. Lifelines Programs to Help with Housing Costs

### Housing Costs for Massachusetts Older Adults

The Elder Economic Security Standard™ Index for Massachusetts shows that housing is the largest expense for most senior households. Across the state, 70 percent of older adults 65 and older are homeowners, and 30 percent are renters. See Table I-1.

**Table I-1**  
**Housing Tenure by Age for Occupied Housing Units in Massachusetts, 2007**

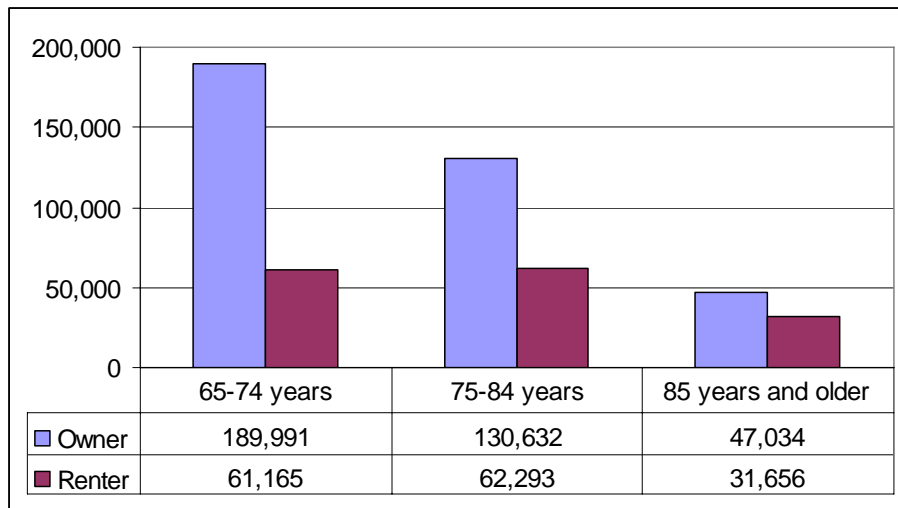
	Owner	Renter	Total	% Owner	% Renter	Total
65-74 years	189,991	61,165	251,156	76%	24%	100%
75-84 years	130,632	62,293	192,925	68%	32%	100%
85 years and older	47,034	31,656	78,690	60%	40%	100%
<b>Total 65 and older</b>	<b>367,657</b>	<b>155,114</b>	<b>522,771</b>	<b>70%</b>	<b>30%</b>	<b>100%</b>

Note: Does not include institutionalized elders such as those living in nursing homes.

Source: US Census Bureau, American Community Survey 2007, Table B25007.

The percentage of homeownership falls gradually as seniors advance in age, see Figure I-1. There are a higher percentage of elder renters than owners in cities, consistent with the pattern that cities have a higher percentage of rental units and of renters across all age levels.

**Figure I-1**  
**Number of Older Owner and Renter Households by Age in Massachusetts, 2007**



Note: Does not include institutionalized elders such as those living in nursing homes.

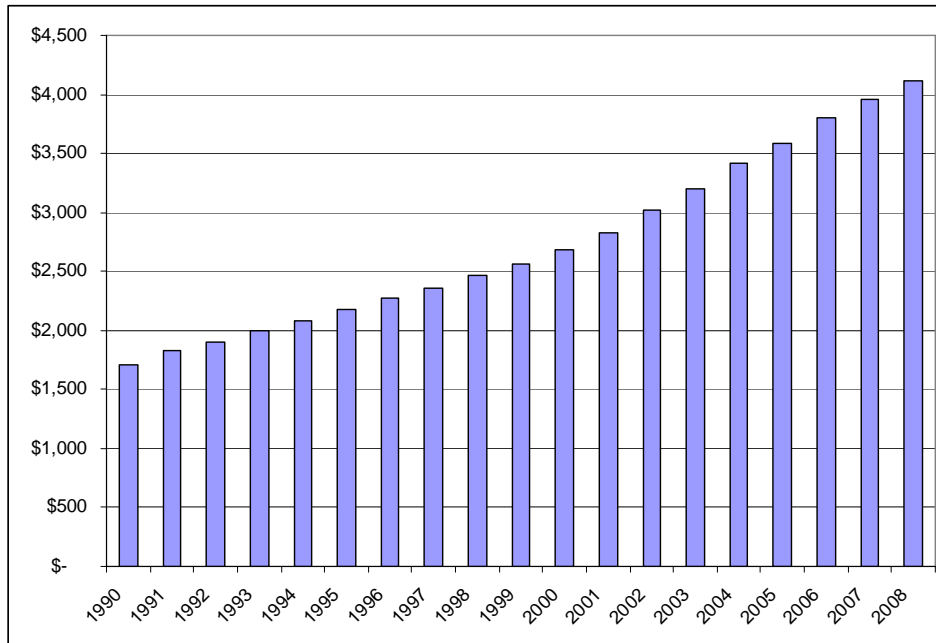
Source: US Census Bureau, American Community Survey 2007, Table B25007.

Because the majority of senior households are homeowners, and property taxes are a major expense that has increased significantly in the recent years, we begin the review of elder lifelines programs with senior property tax relief, and then cover rental and other housing programs.

## Increases in Massachusetts Property Tax Bills

Since 1990, the average single family property tax bill in Massachusetts has more than doubled from \$1,711 to \$4,110 in 2008. See Figure I-2.

**Figure I-2**  
**Massachusetts Average Single Family Tax Bill, 1990-2008**



Source: Massachusetts Department of Revenue, average of 336 cities and towns (excludes residential exemptions).  
<http://www.mass.gov/Ador/docs/dls/mdmstuf/PropertyTax/billstatetotals.xls>.

The 140 percent increase in the average MA single family property tax bill over the past 18 years is more than double the increase in the cost of living index (COLA) by which Social Security payments went up during the past 18 years, 68 percent.<sup>7</sup>

<sup>7</sup> Social Security payments are annually adjusted based on the CPI for Urban Wage Earners and Clerical Workers, CPI-W, see <http://www.ssa.gov/OACT/STATS/cpiw.html>.

## A. Senior Circuit Breaker and Property Tax Relief Programs

Senior property tax relief programs are among the most helpful, most confusing, and most underutilized “lifelines” that can provide substantial help to Massachusetts seniors. There are four basic types of programs:

- MA Income Tax Senior Circuit Breaker tax credit which gives “cash back” to help defray the cost when local property taxes are high in relation to seniors’ incomes.
- Property tax exemptions that reduce the amount of property tax owed, based on criteria that are adopted as “local options” by cities and towns.
- Property tax work-off program which enables seniors to volunteer and receive a property tax reduction of up to \$750, which is also a “local option” program.
- Property tax deferral program in which seniors can postpone payment of their property taxes and thereby free up cash for other needs and/or reduce higher cost debt.

Massachusetts has a range of local option *senior property tax exemption programs* with different income, asset, and exemption amounts that vary according to the local option adopted by each city and town. In addition, there is a *statewide senior property tax income tax circuit breaker credit*, a *property tax deferral program* with eligibility criteria set by local option, and a local *property tax work-off program*. There are other exemptions that seniors may also qualify for, such as the residential exemption for owner-occupants that is another local option adopted by 14 cities and towns.<sup>8</sup> All but the MA Income Tax Senior Circuit Breaker credit are subject to local options, so they typically vary by age of eligibility (age 65 or 70 for exemptions, 60 for the work-off program), by income and asset limit, and by the amount of help that they provide.

Table A-1 illustrates the range of help provided by different senior property tax relief programs, and their levels of participation. The benefit amounts vary by type of program, and by which local option is adopted in the city or town. The Senior Income Tax Circuit Breaker is a statewide program with a statewide formula that is based on the percentage of property taxes (or share of rent that covers property taxes) compared to income.

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<sup>8</sup> Barnstable, Boston, Brookline, Cambridge, Chelsea, Everett, Malden, Marlborough, Nantucket, Somerset, Somerville, Tisbury, Waltham and Watertown.

**Table A-1**  
**Amount of Help Provided by Selected Senior Property Tax Help Programs**

MA Senior Income Tax Circuit Breaker	Senior Property Tax Deferral Program Clause 41A	Elder Exemption Clause 41, 41B, 41C, 41C½, 41D*	Senior Property Tax Work-Off Program
Up to \$930 for 2008 Up to \$2,700 for 3 years retroactively	Up to entire tax bill, cumulative to half of assessed value	\$500-\$1,000 option Can be doubled More under 41C½	\$500-\$750 Nontaxable by state Taxable by US
<b>Number of Seniors</b>			
38,697 filers in 2004 60,336 filers in 2006	1,139 filers in 2004 1,227 filers in 2006	20,813 filers in 2004 330 cities and towns	2,243 in 2004 129 cities and towns

Notes: Cities and towns that elect 41C ½ can exempt between 5 and 20 percent of average residential valuation. Clause 41D allows cities and towns to annually adjust the income and asset limits by the annual cost of living adjustment (COLA). Cities and towns may also by local option vote to double all of their exemptions.

In 2004, there were also 15,300 filers in Clause 17 programs in 271 cities and towns.

Sources: State Auditor's Report on the Local Financial Impact of Property Tax Exemptions for Senior Citizens 2005 and MA Department of Revenue, Division of Local Services, Municipal Data Bank/Local Aid Section, Elderly Persons Clause 41, 41B, 41C, 41 C½ & 41D Acceptance; and other Department of Revenue reports.

## MA Senior Property Tax Circuit Breaker (MA Income Refundable Tax Credit)

The Massachusetts Income Tax Circuit Breaker Credit entitles qualifying seniors age 65+ to an income tax credit equal to the amount by which their real estate taxes plus half of their water and sewer payment exceed 10 percent of their income. Renters (unless in subsidized housing) may qualify if 25 percent of their rent exceeds 10 percent of income.

This is a refundable income tax credit designed to offset payment of other taxes (like the Earned Income Tax Credit), *so seniors can qualify for and receive the tax credit even if they do not earn enough to owe or pay taxes*. To receive the credit, they must file a state income tax form, Form 1, and Schedule CB, the Circuit Breaker Schedule.

For the 2008 tax year, the income limit is \$49,000 single, \$62,000 head of household and \$74,000 filing jointly, the house value limit \$793,000, and amount of the tax credit up to \$930, with the amounts indexed to inflation so that they keep pace with rising living costs.<sup>9</sup>

Seniors can also file retroactively for the past three years if they would have qualified for the credit. For example, at any time during 2009, a senior can file for tax years 2006, 2007 and 2008, and if they qualify for the maximum for each of the past three years, can receive a check for up to \$2,700.

**Table A-2**  
**Number and Percentage of Seniors Filing for MA Income Tax Circuit Breaker 2006**  
**Massachusetts Cities with over 65,000 Population and State Total**

	Number of Circuit Breaker Filers	Percent of 65+ Population.	Average Circuit Breaker Credit
Boston	2,000	3.2%	\$654
Brockton	697	7.8%	\$639
Cambridge	234	2.4%	\$664
Fall River	257	1.9%	\$511
Framingham	949	12.0%	\$713
Lawrence	166	2.6%	\$580
Lowell	619	5.4%	\$621
Lynn	664	6.7%	\$642
New Bedford	935	7.4%	\$616
Newton	913	7.0%	\$762
Quincy	1,346	10.6%	\$708
Somerville	539	6.9%	\$712
Springfield	826	5.1%	\$598
Worcester	974	4.4%	\$603
Massachusetts	60,336	7.0%	\$679

Source: Massachusetts Department of Revenue, and US Census 2007 American Community Survey.

<sup>9</sup>[http://www.mass.gov/?pageID=dorterminal&L=6&L0=Home&L1=Individuals+and+Families&L2=Personal+Income+Tax&L3=Current+Year+Tax+Information&L4=Guide+to+Personal+Income+Tax&L5=Credits&sid=Ador&b=tterminalcontent&f=dor\\_help\\_guides\\_abate\\_amend\\_personal\\_issues\\_realestate&csid=Ador](http://www.mass.gov/?pageID=dorterminal&L=6&L0=Home&L1=Individuals+and+Families&L2=Personal+Income+Tax&L3=Current+Year+Tax+Information&L4=Guide+to+Personal+Income+Tax&L5=Credits&sid=Ador&b=tterminalcontent&f=dor_help_guides_abate_amend_personal_issues_realestate&csid=Ador)

In 2006, 60,336 seniors filed for the Circuit Breaker across the state, or 7 percent of all seniors – a 21,639 increase from 2004, but still far less than the number who are eligible. US Census data show that about 70 percent of MA seniors have incomes eligible for the Circuit Breaker. Among cities, *filing rates range from 1-3 percent in the cities of Boston, Cambridge, Fall River and Lawrence to over 10 percent in Framingham and Quincy.* See Table A-2.

Greater outreach is needed in all communities across the state, and is especially needed in cities where there are higher numbers of seniors with incomes below the no tax level in Massachusetts. One qualifies for no tax status in Massachusetts if one's adjusted gross income is \$8,000 or less for a single taxpayer, or \$16,400 or less for a couple filing jointly.<sup>10</sup> Social Security payments, Veterans Administration disability compensation, and most public pension income do not count as taxable income for MA income tax purposes. While Social Security and pensions are not taxable, income limits for the Circuit Breaker do include Social Security and public pensions.

### **Elder Property Tax Exemption Programs (Clause 41, 41B, 41C, 41C½, 41D)**

There are a complex and confusing array of local senior property tax exemptions and relief options that vary according to local option as adopted by cities and towns.<sup>11</sup> This enables tailoring to local budget conditions, but results in wide disparities in the amount of help received by seniors in differing cities and towns. There are also exemptions under Clause 17 for those who do not qualify under the Clause 41 exemptions, but they are not as generous.

There is wide variation in the income and asset limits for the senior property tax exemption, and in the amount of the exemption, depending on the local option adopted by each city or town, the original Clause 41, or later variations enacted by the legislature 41B, 41C, 41C½ and 41D. When first enacted, the Commonwealth reimbursed cities and towns for the exemptions they granted; now only a percentage are reimbursed under an uneven and outdated formula.<sup>12</sup>

The Department of Revenue maintains a comprehensive database of the local options that are adopted by cities and towns. Because many of the exemptions are not reimbursed, many cities and towns do not update their data on a regular basis, so the database is not accurate. A 2005 State Auditors Office report provided an in-depth review of local exemptions.<sup>13</sup> Information on exemptions from these two data sources are summarized in Table A-3.

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<sup>10</sup> From total gross income, there is a \$4,400 personal exemption per person, and people 65 or older get an additional \$700 per person exemption. Depending on circumstances, there may be additional exemptions for medical expenses and/or a renters deduction.

<sup>11</sup> Enacted in the early 1960s, the original Clause 41 requires that all cities and towns provide qualifying seniors age 70 and over a minimum exemption of \$500 if income does not exceed \$6,000 for singles and \$7,000 for married couples; the asset limits are \$17,000/single and \$20,000/married. By voting to accept Clause 41B or 41C, communities may increase the qualifying income limits to \$20,000 single/\$30,000 married and asset eligibility ceilings to \$40,000 single/\$55,000 married, reduce the age to 65, and raise the exemption to up to \$1,000. In 2000, the Legislature added Clause 41D to allow for cost of living adjustments to both eligibility limits, subject to local acceptance. Another local option that passed in 2006, Clause 41C ½, allows income limits at the Senior Property Tax Circuit Breaker limits, which are adjusted annually, removes the asset limit, and lets the exemption amount be set by local option at between 5 and 20 percent of the average residential assessed valuation in the city or town.

<sup>12</sup> The State Auditor's Report on the Local Financial Impact of Property Tax Exemptions for Senior Citizens (2005).

<sup>13</sup> Ibid.



**Table A-3  
Number of Cities and Towns Adopting Clause 41, 41B, 41C Local Options**

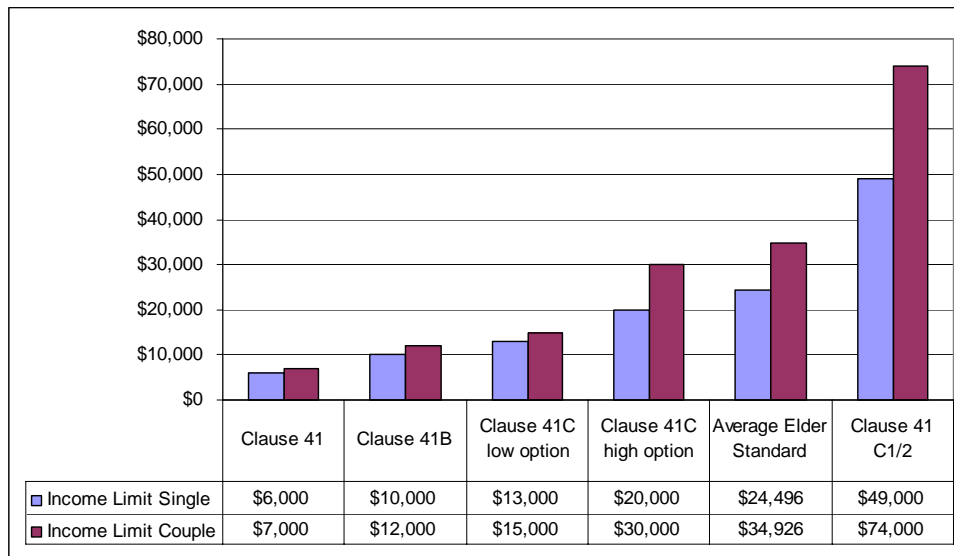
	2004	2008
Age 65	74	93
Exemption \$501-\$999	30	37
Exemption \$1,000*	46	59
Income Limit \$20,000/\$30,000	91	118
Asset Limit \$40,000/\$55,000	84	105

\*Does not report the number doubling the exemption, adopting 41D COLA, or 41C ½.

Sources: State Auditor’s Report on the Local Financial Impact of Property Tax Exemptions for Senior Citizens 2005 and MA Department of Revenue, Division of Local Services, Municipal Data Bank/Local Aid Section, Elderly Persons Clause 41, 41B, 41C, 41 C½ & 41D Acceptance.

As shown in Figures A-1 and A-2, there is significant variation in the income and asset limits for the senior property tax exemption, depending on the local option adopted by each city or town. Deductions from the asset limit include the value of one’s home, automobile, cemetery plots, household furniture and clothing.

**Figure A-1  
Income Limits for Range of Clause 41 Local Property Tax Exemption Programs**

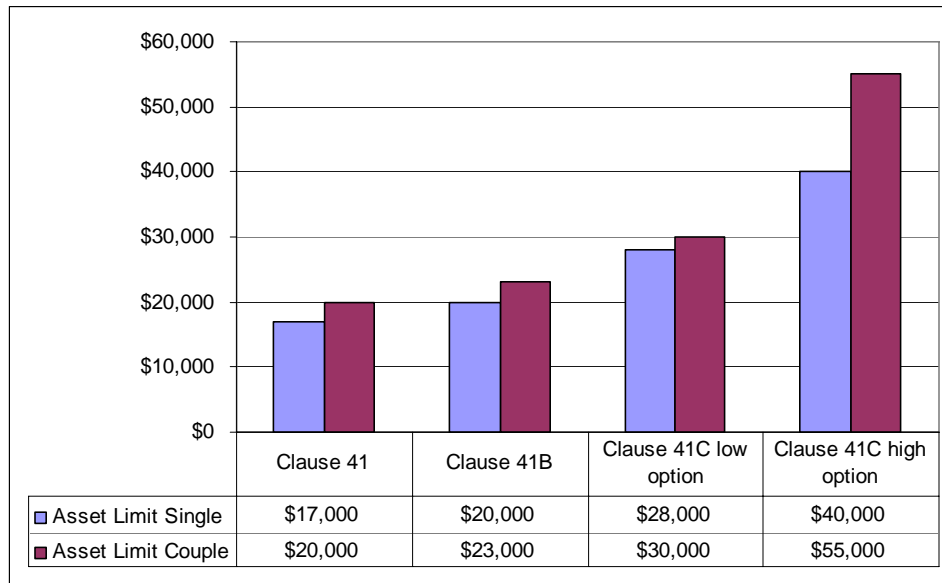


Notes: Income limits can also be indexed to inflation under Clause 41D.

The income limits for Clause 41C½ are the same as for the MA Income Tax Circuit Breaker program.

Source: State Auditor’s Report on the Local Financial Impact of Property Tax Exemptions for Senior Citizens 2005, Massachusetts Department of Revenue, and Massachusetts Councils on Aging Property Tax Relief Committee.

**Figure A-2  
Asset Limits for Range of Clause 41 Local Property Tax Exemption Programs**



Note: Asset limits can also be indexed to inflation under Clause 41D. There is no asset limit under Clause 41C½. The asset limit excludes a home, car, cemetery plots, furnishings and clothing.

There is also Clause 17 exemption for older citizens who are 70 years and older and have income and/or asset limits above the Clause 41 exemptions. It gives a lower \$175 deduction from the tax bill for those who have lived in Massachusetts for at least ten years. There are no income limits, but the asset limits are \$20,000 for the original Clause 17, \$40,000 for Clause 17C excluding up to \$60,000 of assessed value and any unpaid mortgage, \$40,000 for Clause 17C ½ excluding up to \$150,000 of the assessed value and any unpaid mortgage, and \$40,000 under Clause 17D excluding the assessed value and any unpaid mortgage. In addition, communities can adopt a cost of living adjustment (COLA) for these asset limits under Clause 41D.<sup>14</sup>

### **Senior Property Tax Work-Off Program**

This program, enacted in 1999, enables seniors 60 and older to volunteer for the local city or town and qualify for a reduction of up to \$500 to \$750 of their local tax bill, with the hourly credit figured at the state’s minimum wage. There is no income limit required for the program, and it is offered by local option (cities and towns may also choose to add an income limit). *The abatement is not taxable at the state level, but is taxable at the federal level.* Legislation has been filed to make it nontaxable at the federal level as well.

As of 2004, there were 129 cities and towns with the work-off program. The City of Boston has recently added such a program, so it is offered in at least 37 percent of cities and towns. It typically starts as a pilot, and is expanded as its value is demonstrated in utilizing volunteers.

<sup>14</sup> There are also Clause 18 exemptions for hardship, Clause 22 for certain categories of veterans, Clause 37 or 37A for the blind, Clause 42 for surviving spouse of a police officer or firefighter killed in the line of duty, and Clause 43 for minor children of the former. See <http://www.sec.state.ma.us/cis/cisptx/ptxidx.htm>.

## Senior Property Tax Deferral Program (Clause 41A)

Clause 41A allows qualified individuals age 65 and over to enter into tax deferral and recovery agreements to postpone payment of property taxes until the property is sold. The 41A income eligibility ceiling is \$20,000, which by local option may be increased up to \$40,000, and under new legislation passed in 2008, can be further increased to the MA Income Tax Senior Circuit Breaker income limit for an individual, which is \$49,000 in 2008.<sup>15</sup> See Figure A-3.

Interest is charged on deferred amounts at the rate of 8 percent per year, which can be reduced by local option. A number of cities and towns have voted to set lower interest rates. When the owner is deceased, the interest rate increases to 16 percent. Legislation has been filed to lower the rate to 8 percent for the 6-12 months it takes to settle the estate.

**Table A-2**  
**Amount and Type of Help Provided by Senior Property Tax Deferral Program**

Annual Amount	Cumulative Amount	Interest Rate	Repayment Due
Can defer part or all of property tax bill, thousands of dollars	Until amount owed = ½ assessed value = six figure sum	Not to exceed 8%, can be set locally by city/town	Can pay at any time, due in full upon sale of home or death

The property tax deferral program is a lifeline that can be used to help elders meet living costs that exceed their incomes, as well as emergency expenses. It is a sensible, lower cost option than paying interest on a balance on credit card or installment debt, and has none of the fees associated with reverse mortgages. For context, the average single family tax bill in Massachusetts in FY08 is \$4,110.<sup>16</sup>

Qualifying elders can defer all or part of their residential property tax bills, and the deferrals can continue until accrued interest and principal reach one half of the assessed value of the property. The deferral can be repaid at any time without penalty. The full amount is due, with interest, when the property is sold and/or the owner is deceased. The average assessed value of single family homes in Massachusetts cities and towns in FY08 is \$403,687.<sup>17</sup>

In FY2006, there were only 1,227 property tax deferrals filed throughout the state, a small increase from 1,139 filed in FY2005.<sup>18</sup> Seniors give as the reasons for their hesitance about the program the concern of putting a lien on their house, and the desire to leave their home to children free and clear. However, technically there is a municipal lien on one's property every day except the day you pay your property taxes. The home can still be left to one's heirs; they just need to pay off the deferred tax and interest. The Massachusetts Councils on Aging Property Tax Task Force advises seniors who do not want to leave their children a lien on their home to ask for their help in paying property tax bills.

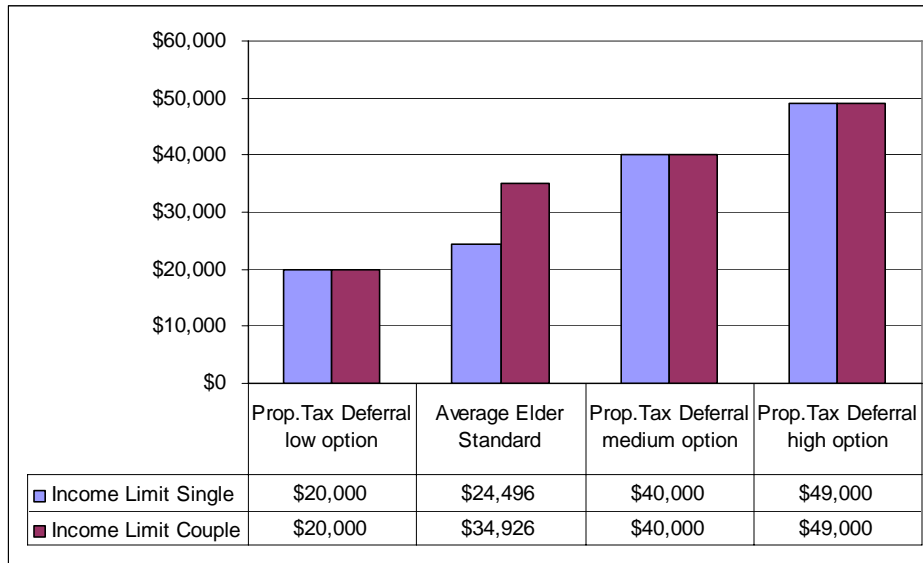
<sup>15</sup> The Town of Sharon adopted the \$49,000 income limit for deferral program at November 2008 Town Meeting.

<sup>16</sup> Based on 336 localities reporting, excludes cities and towns adopting the residential exemption, from Massachusetts Department of Revenue, Division of Local Services.

<sup>17</sup> Ibid.

<sup>18</sup> Massachusetts Department of Revenue, Division of Local Services.

**Figure A-3  
Income Limits for the Range of Clause 41A Local Property Tax Deferral Programs**



Note: Income limit and interest rate set by local city/town. There is no asset limit for the deferral program.

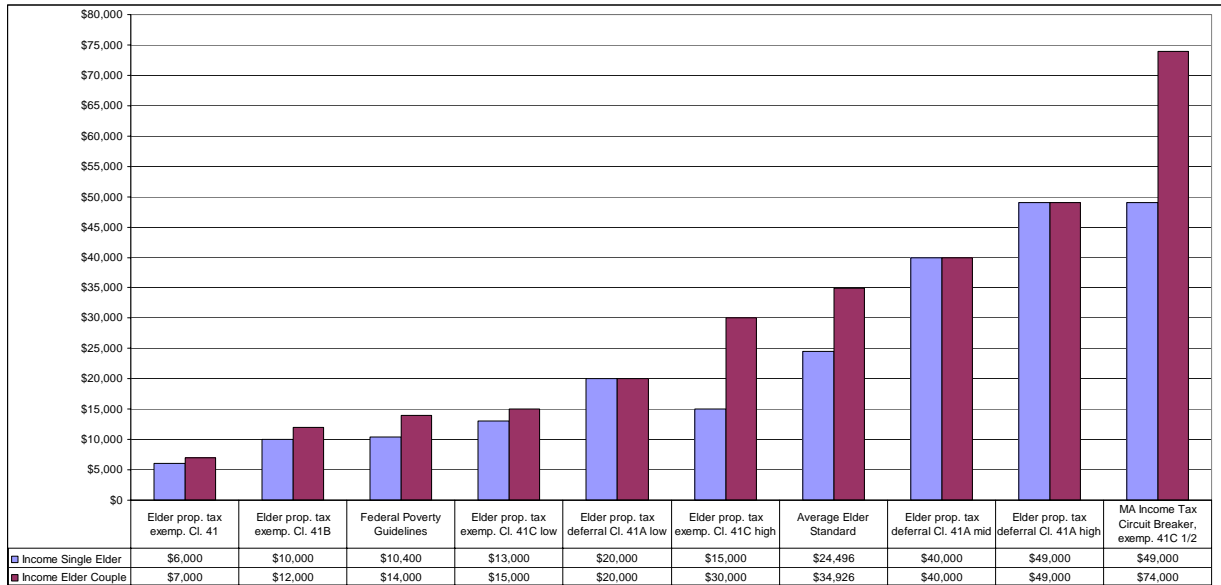
With the downturn in the economy, rising costs, and the reduction or loss of seniors’ retirement accounts and savings, property tax deferral is likely to become a more needed option. It can help seniors avoid high interest rates and/or predatory loans and foreclosure. As it grows in usage, the state may want to use bond financing to provide cities and towns with a source of funding for the deferral program.

**Summary**

The many layered system of local options for senior property tax relief generates a wide range of help, or relative scarcity thereof, depending on the community in which seniors live. Figure A-4 presents the range of income limits for the different programs and local options, and Figure A-5 the range of asset limits for the programs. A patchwork system does not reflect best practices or equity for seniors. Massachusetts lags behind other states such as New York in the extent of help it provides for low- and modest income seniors in the face of high property tax bills.<sup>19</sup>

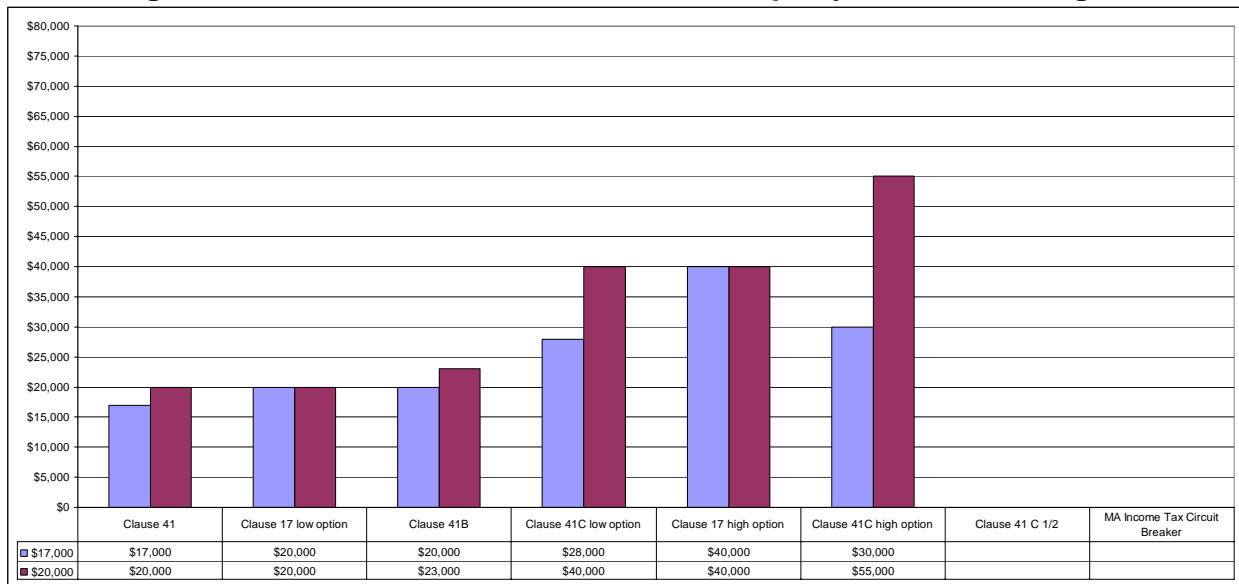
<sup>19</sup> The School Tax Assistance Relief (STAR) program and elder exemptions are higher, and additive, in New York.

**Figure A-4  
Range of Income Limits for Massachusetts Property Tax Relief Programs**



Note: There is no income limit for the deferral program or the work-off program.

**Figure A-5  
Range of Asset Limits for Massachusetts Property Tax Relief Programs**



Note: There is no asset limit for the MA Income Tax Senior Circuit Breaker, exemption Clause 41 C 1/2, or the work-off program.

In addition, best practices in other states include data file sharing among state and local government agencies so that the help can be automatically calculated and provided either through an automatic deduction, a rebate check, or an upfront exemption and reduction in seniors' local property tax bills.<sup>20</sup>

<sup>20</sup> The Lincoln Land Institute is preparing a paper on this topic that will be released in 2009.

## **Senior Property Tax Relief Programs Summary of Findings and Recommendations**

### **Findings**

*Senior property tax relief programs are among the most helpful, most confusing, and most underutilized “lifelines” that can provide substantial help to Massachusetts seniors.*

#### **1. MA Senior Property Tax Circuit Breaker**

*Many seniors are eligible for the MA income tax circuit breaker credit – a refundable credit to help defray the cost of property taxes or rent that are high in relation to seniors’ incomes, even if they do not earn enough to owe or pay state income tax.*

*The MA income tax senior property circuit breaker credit is a vital resource that is underutilized by seniors across the state. Less than 7 percent of Massachusetts seniors filed for the circuit breaker credit in 2006. Among cities, circuit breaker filing rates range from 3 percent or less in Boston, Cambridge, Fall River and Lawrence to over 10 percent in Framingham and Quincy.*

*The Circuit Breaker credit for tax year 2008 is \$930. The Credit can be applied for up to three years retroactively, for a maximum of up to \$2,700 for tax years 2006, 2007 and 2008.*

*There is no funded community outreach on this important program for seniors.*

#### **2. Elder Property Tax Exemption Programs**

*There are a complex and confusing array of local property tax exemptions and relief options that vary according to local option as adopted by cities and towns. This enables tailoring to local budget conditions, but results in wide disparities in the amount of help received by seniors in similar circumstances who live in different cities and towns.*

*The amount of help can range from \$500 to \$2,000 or more; income limits from \$6,000 to \$49,000 for individuals and \$7,000 to \$74,000 for couples, and asset limits from \$17,000 for individuals and \$20,000 for couples to none.*

*When first enacted, the Commonwealth reimbursed cities and towns for the exemptions they granted; but now only a small percentage are reimbursed under an uneven and outdated formula.*

*There is no consistent, accurate, up to date database of all of the local options that have been adopted to enable cities and towns to benchmark according to their peers. The Department of Revenue maintains such a database, but cities and towns do not accurately report on local options, as they are not reimbursed for them.*

## **Senior Property Tax Relief Programs Summary of Findings - continued**

### **3. Senior Property Tax Work-Off Program**

*The work-off program can be open to seniors of all income levels, but as a local option program its availability and criteria vary by city and town.*

*At least 130 or 37 percent of MA cities and towns have a work-off program. They typically start as a pilot, and are expanded as the value of the senior volunteer labor they provide is demonstrated.*

*The amount of the property tax work-off ranges from \$500 to \$750 per year, and is credited at the rate of the minimum wage, now \$8 per hour.*

*The property tax reduction gained through the work-off program is not considered income for state tax purposes, but it is counted as income for federal tax purposes.*

### **4. Senior Property Tax Deferral Program**

*The senior property tax deferral program can defer up to the full amount of the annual property tax until the cumulative total reaches half of the assessed value of the property.*

*It can help keep several thousand dollars in qualifying seniors' budgets each year, and over time, can defer costly property tax payments into the six figures, providing an important source of cash at a modest interest rate.*

*Income limits range by local option from \$20,000 to \$40,000, and as of June 2008, up to \$49,000, they are the same for both individuals and couples. There is no asset limit.*

*The interest rate can be set by local option not to exceed 8 percent, upon death of the owner the interest rate increases to 16 percent.*

*It is an important resource that is underutilized by seniors across the state. In 2006, there were only 1,227 property tax deferrals filed throughout the state.*

*Seniors give as the reasons for their hesitance about the program the concern of putting a lien on their house, and the desire to leave their home to children free and clear.*

*With the downturn in the economy, rising costs, and the reduction or loss of seniors' retirement accounts and savings, it is likely to become a more needed option. It can help seniors avoid high interest rates and/or predatory loans and foreclosure.*

## **Senior Property Tax Relief Programs Summary of Recommendations**

### **1. MA Senior Property Tax Circuit Breaker**

*Create and fund a comprehensive community outreach program for the MA Income Tax Senior Circuit Breaker. Set annual targets for increasing enrollment, both statewide and by city and town. Set up a public Task Force to plan and guide this effort.*

*Expand the series of Senior Benefit Expos that were piloted in fall 2008 and foster cross-training and cross-enrollment among benefit and tax relief programs. Ask Councils on Aging, AARP Tax Aides, and Volunteer Income Tax Assistance Sites to operate part-time on a year-round to help seniors file for the Circuit Breaker.*

*Data file sharing among the Department of Revenue and local assessors could result in automatic calculation of the income credit, as is done in some other states, which could become an automatic refund for renters or an upfront deduction off the property tax bill.*

*When resources allow, increase the amount of help the Circuit Breaker provides from \$930 in 2008 to 50% of the state's average property tax bill, which would be \$2,055 in FY2008, and continue to index the amount to inflation. Expand eligibility to the disabled.*

### **2. Elder Property Tax Exemption Programs**

*Raise income and asset limits and exempt retirement savings accounts from assets.*

*Convene a joint Executive/Legislative Commission to review the recommendations of the State Auditors Office 2005 report to update and reform senior property tax relief. Build in the principle of equity for seniors facing similar property tax burdens.<sup>21</sup>*

*In the meantime, foster local option initiatives to increase help for seniors in cities and towns. Senior property tax relief in Massachusetts needs a concerted effort to expand awareness, utilization and enrollment, bring equity to the wide variation in programs available, and restore equity to reimbursement levels to cities and towns.*

*Require cities and towns to provide full, accurate and complete information about the local options they adopt so the Department of Revenue's database can work effectively to enable communities to benchmark the help they are providing with other localities.*

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<sup>21</sup> The State Auditor's Office recommended, "The existing menu of local option benefits for seniors should be replaced with a single, standardized, state-funded program, with variables indexed to inflation. In keeping with the original legislative intent, the value of the average benefit should approximate 50% of the state average property tax bill." <http://www.mass.gov/sao/DLM/seniortaxexemptions05.pdf>, p. iii.



## **Senior Property Tax Relief Programs Summary Recommendations - continued**

### **3. Senior Property Tax Work-Off Program**

*Encourage more cities and towns to adopt the work-off program. Set targets each year.*

*Increase the maximum that can be credited against the property tax bill under the work-off program to \$1,000.*

*Support the bill (filed by Rep. Barney Frank) to end taxation of work-off program income at the federal level.*

### **4. Senior Property Tax Deferral Program**

*Fund outreach by Councils on Aging, expand Senior Benefit Expos, and mount a public education campaign to reach more seniors to apply for the property tax deferral.*

*Provide cross-training and cross-enrollment for the range of property tax help programs: exemptions, deferral, circuit breaker and tax work-off programs.*

*Amend the deferral program legislation so when the property owner dies, the interest rate stays at a maximum of 8 percent for a year in order to settle the estate.*

*Amend the deferral program local option to enable cities and towns to tie all income limits for the deferral program to the circuit breaker income limits, not just to the circuit breaker income limit for individuals. Even better, build in equity of access by having all communities use the circuit breaker income limits.*

*As the deferral program grows in usage, consider a state bond financing program to provide cities and towns with a source of funding for the deferral program.*

## **B. Rental, Homeowner and Supportive Housing Assistance**

### **Increases in Massachusetts Rents**

During the past eight years FY2001 and FY2009, the fair market rent for a 1 bedroom apartment in the Boston area has increased 47 percent from \$782 to \$1,146. This is nearly double the increase in the COLA by which Social Security payments went up during the period, 27 percent. As noted in an earlier section, housing is typically the largest expense for Massachusetts elders.

### **Public Rental Housing**

Massachusetts has approximately 90,000 units of state and federally assisted public housing, which are managed by 253 local housing authorities. There are different types of public housing available for families, elders 60+, and people with disabilities. Supportive housing with assisted living services for elders and disabled persons are also available in some cities and towns. Eligibility for public housing is set by HUD, which defines lower income at up to 80% of median family income for the area and very low income at up to 50%; the majority of tenants are under 30% of area median income. Tenants in elderly public housing pay 30 percent of their income on rent when it includes utility costs, and 25 percent of their net income on rent when they pay for utilities.<sup>22</sup> As of January 2008, there were over 56,250 households on the state housing agency's waiting list for federal rental assistance. Waiting lists for elderly housing varies by community.

### **Housing Choice Voucher Program (Section 8)**

The federal government provides funds for Section 8 housing vouchers through housing authorities. Massachusetts has approximately 72,000 people receiving Section 8 rental assistance. 75 percent of all households selected to receive Section 8 must have incomes within 30 percent of the area median income, and 25 percent can have incomes up to 50 percent. Tenants generally pay between 30 percent and 40 percent of their incomes for rent, with the Section 8 voucher making up the difference with the rent charged by the landlord.<sup>23</sup>

### **Section 202 Supportive Housing for the Elderly Program**

The U.S. Department of Housing and Urban Development's (HUD) Section 202 program provides capital advances and project-based rent subsidies for elder housing projects that offer supportive services such as cleaning, cooking and transportation. Rent subsidies are initially approved for three years and are renewable based on fund availability. Occupants must be at least 62 years old and meet HUD's definition of very low income at up to 50% of area median family income. Capital advances do not have to be repaid as long as the project serves very low-income elders for 40 years.<sup>24</sup>

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22. [http://www.mass.gov/?pageID=eheadmodulechunk&L=4&L0=Home&L1=Economic+Analysis&L2=Executive+Office+of+Housing+and+Economic+Development&L3=Department+of+Housing+and+Community+Development&sid=Ehed&b=terminalcontent&f=dhcd\\_factsheets\\_howtoobtain&csid=Ehed](http://www.mass.gov/?pageID=eheadmodulechunk&L=4&L0=Home&L1=Economic+Analysis&L2=Executive+Office+of+Housing+and+Economic+Development&L3=Department+of+Housing+and+Community+Development&sid=Ehed&b=terminalcontent&f=dhcd_factsheets_howtoobtain&csid=Ehed)

23. Ibid. Section 8 vouchers are administered by local housing authorities and 8 regional nonprofit housing agencies.

24. <http://www.hud.gov/offices/hsg/mfh/progdsc/eld202.cfm>.

## Massachusetts Rental Voucher Program

The Massachusetts Rental Voucher Program (MRVP) is a state-funded program that includes approximately 3,600 mobile vouchers and additional project-based vouchers. Eligibility is based on net income<sup>25</sup> up to 200 percent of the federal poverty guidelines, which do not reflect regional cost variations. Recipients pay between 30 and 40 percent of their household income toward rent and utilities. MRVP serves individuals, families, elders and people with disabilities. Currently the state is not reissuing mobile vouchers upon turnover, which leads to a reduction in supply.

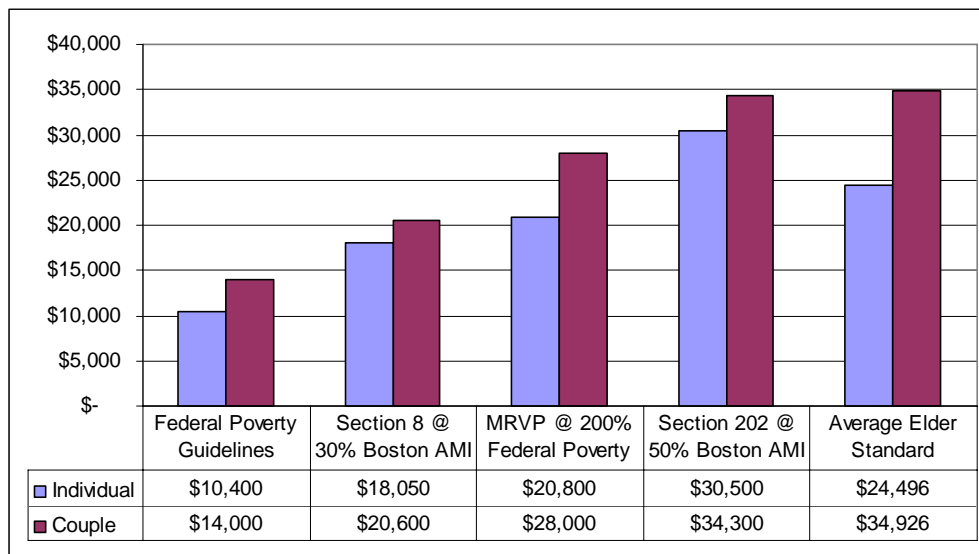
### Income Limit

The following charts compare the 2008 income limits for the Massachusetts Rental Voucher Program, the federal Housing Choice Voucher Program (Section 8)<sup>26</sup>, and the Section 202 Program to the Average MA Elder Index for Renter Singles and Couples in 2006. The HUD income limits are based on 30 percent and 50 percent of Area Median Family Income; the charts use the median family income figures for the Boston-Cambridge-Quincy MA-NH HUD Metro Fair Market Rent Area (HMFA). See Figure B-1.

### Asset Limit

There are no asset limits for Section 8. For MRVP, assets at the time one applies cannot be more than 150% of gross annual income, or \$15,000, whichever is greater.

**Figure B-1  
Massachusetts 2008 Income Limits for Elder Housing Programs**



25. Gross income less deductions of 5% for 60 years or older, medical expenses greater than 3% of gross income, and expenses to care for a disabled household member.

26. Note that 75% of HUD Section 8 program recipients must be at or below 30% of area median income, and the remaining 25% at or below 50% of area median income.

Additional information on housing programs and options is available from the Massachusetts Department of Housing and Community Development<sup>27</sup> and from the Massachusetts Housing Consumer Education Centers at [www.masshousinginfo.org](http://www.masshousinginfo.org).

## **Benefit Amounts**

The assistance provided by the rental subsidy is the difference between market rent subject to HUD market rent limits, and 30-40 percent of renter household income, depending on the program. While the gap in income limits for rental voucher programs are not as large as for other programs, there are long waiting lists for these supports. As of January 2008, there were over 56,250 households on the state housing agency's waiting list for federal rental assistance.<sup>28</sup> In metro Boston, there has been a six year waiting time for those now reaching the top of the list.<sup>29</sup>

## **Homeowner Housing Assistance**

Helping elders stay in their own homes is desirable, as the Elder Standard demonstrates that elder owners without a mortgage face the lowest housing costs. Elder owners of multi-family buildings are an important source of affordable rental units. When elders move, incentives to promote reuse of affordable housing rather than tear downs can preserve the affordable housing stock.

Elders who qualify for fuel assistance may also qualify for weatherization programs to help reduce energy costs. Some cities and towns offer home repair programs that help seniors and families with low incomes with needed home repairs. There are also some programs to help with home modifications and adaptive equipment required by disabled elders.

Reverse mortgages are a tool that can help elder homeowners utilize their home equity to get regular monthly payments during their lifetime as long as they continue to reside in their home. Because of relatively high fees and closing costs associated with reverse mortgages, they should be used only after all other sources of help, including property tax deferral, have been used.<sup>30</sup>

In addition, Massachusetts has launched foreclosure prevention initiatives under the Office of Consumer Affairs and Business Regulation.<sup>31</sup> With enhanced awareness of and access to lifelines programs, education and prevention efforts, early warning systems and intervention, and stronger regulations, more seniors can be helped before they reach the point of losing their homes. Homeowner Options for Massachusetts Elders (H.O.M.E.) focuses on helping elder homeowners facing financial challenges retain their homes, for information call 1-800-583-5337.

There are newer affordable homeowner units for seniors that have been created by programs such as low-income housing tax credits, state and federal financing programs, and Chapter 40B (comprehensive permitting). Income guidelines are typically up to 80% of area median income.

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27 Go to [www.mass.gov/dhcd](http://www.mass.gov/dhcd), scroll down and click on How to Obtain Housing Assistance.

28. Housing Solutions Campaign, Massachusetts Rental Voucher Program Fact Sheet, February 6, 2008.

29. Metropolitan Boston Housing Partnership, Housing Consumer Education Center, June 2, 2008.

30. For information and counseling on reverse mortgages, contact Homeowner Options for Massachusetts Elders at 1-800-583-5337.

31 For information, go to [www.mass.gov/oca](http://www.mass.gov/oca), scroll down and click on foreclosure resources.

An in-depth review of housing programs is beyond the scope of this Lifelines report. Other agencies, such as the Citizens' Housing and Planning Association (CHAPA), Metropolitan Area Planning Commission and its MetroFuture Project, Massachusetts Affordable Housing Alliance, Metropolitan Boston Housing Partnership, and Massachusetts Association of Community Development Corporations are focused on housing issues. Mass Housing, the state's affordable housing bank, lends money at rates below the conventional market to support affordable rental and home ownership opportunities for low- and moderate-income residents of Massachusetts.

There is a wealth of information on federal and state housing policy resources on CHAPA's website, [www.chapa.org](http://www.chapa.org), including *The Greater Boston Housing Report Card 2008*, which documents the dramatic changes in the housing market, and a clearinghouse of information sources on Massachusetts foreclosures. For a comprehensive overview of state and local government housing policies and recommendations, see the Metropolitan Area Planning Commission's *MetroFuture Implementation Strategies*, at [www.metrofuture.org](http://www.metrofuture.org).<sup>32</sup>

## Supportive Housing Alternatives

Massachusetts has a range of housing alternatives for seniors who require supports and need, or prefer, to move to a supportive living environment. These include assisted living, supportive housing, congregate housing, and continuing care retirement communities that provide a range of residential settings and care services in one location to help residents age in place. They range from high-end retirement communities to those that work with public programs. For information, go to [www.mass.gov/elders](http://www.mass.gov/elders), scroll down and click on housing.

There are a number of organizations that focus specifically on elder housing alternatives, such as HEARTH, Jewish Community Housing for the Elderly, New England Elderly Housing Association, and Massachusetts Assisted Living Facilities Association. Together with other aging organizations such as AARP, Massachusetts Association of Older Americans, Massachusetts Senior Action Council, Massachusetts Aging Services Association, and Massachusetts Councils on Aging, they formed the Coalition for Senior Housing of Massachusetts to research the importance of elders being able to age in place with dignity, regardless of economic status.

A 2007 report by the Coalition for Senior Housing of Massachusetts, *Aging in Place Successfully with Affordable Housing and Services*, found that, "Increasing the depth and breadth of services available in the community will not, alone, promote successful aging in place for all of our elders, regardless of their income." In addition, "the development of affordable housing for elders has not kept pace with the need, [and] there must be a re-examination of a strategy to effectively address the needs of the elder population in the years to come."<sup>33</sup>

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<sup>32</sup> See especially Strategy #8, Expand Access to Housing, and Strategy #9, Support Healthy Families, which in its concluding section calls for policies to create an elder-friendly region.

<sup>33</sup> Coalition for Senior Housing of Massachusetts, *Aging in Place Successfully with Affordable Housing and Services*, (Boston: Coalition for Senior Housing, March 2007.)

## **Rental, Homeowner and Supportive Housing Assistance Summary of Findings and Recommendations**

### **Findings**

*As of January 2008, there were more than 56,250 households on the state housing agency's waiting list for federal rental assistance. In metropolitan Boston, there has been a six year waiting time for households now reaching the top of the list.*

*Because of reduced federal resources, the direction of housing policy focused primarily on private development, and on homeownership to build the "ownership society," there has been prolonged neglect of preservation of the existing affordable housing stock, of rental housing and rental assistance programs, and of public housing.*

*A 2007 report by the Coalition for Senior Housing of Massachusetts, Aging in Place Successfully with Affordable Housing and Services, found the development of affordable housing for elders has not kept pace with the need, there must be a re-examination of strategy to effectively address the needs of the elder population.*

### **Recommendations**

*Elders who own their own homes without a mortgage face by far the lowest market costs of housing today. Programs which enable them to continue to reside in their homes are a cost effective means to keep a roof over their heads. Proactive measures to expand lifelines programs, strengthen regulations against predatory lending, and set up early warning systems can help reduce the growing tide of foreclosures.*

*Federal and state rental subsidy programs must be greatly expanded to meet the need. It is time to focus on preservation of existing affordable housing, preservation of expiring use housing, and on the rebuilding of affordable and appropriate rental housing, that meets universal design standards and is accessible to those with mobility challenges.*

*Expand the supply of affordable housing with services alternatives to meet the projected growth of Massachusetts older adults, especially the "oldest old" among them who are growing the most rapidly and have the greatest need for supports to live with dignity. Create an Elder Housing Report Card to quantify demand and measure progress.*

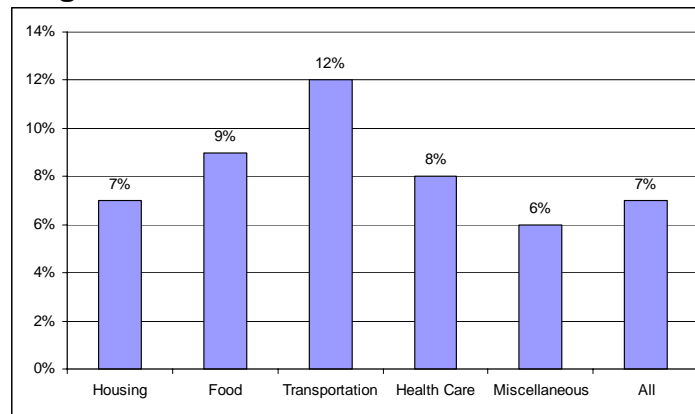
*For the Massachusetts Rental Voucher Program, replace income eligibility based a percentage of the federal poverty guidelines with a percentage of area median income, so it varies according to regional cost differences. Massachusetts should reissue mobile rental vouchers rather than retiring them.*

### III. Lifelines Programs to Help with Food, Fuel & Basic Costs

#### Food and Fuel Costs for Older Adults

The Elder Economic Security Standard™ Index, presented in the introduction to the Lifelines report, demonstrates that food and transportation costs are the third and fourth biggest components of elder household budgets in Massachusetts, and energy costs are also a significant part of the housing component for elders. Costs for energy, transportation and food rose even faster than health care and housing costs during 2006-2008.<sup>34</sup>

**Figure C-1**  
**Percent Change in Consumer Price Index Northeast U.S. 2006-2008**



Source: U.S. Department of Labor, Bureau of Labor Statistics, Consumer Price Index Urban Series (CPI-U) for Northeast U.S. from June 2006 – June 2008. <http://data.bls.gov/PDO/outside.jsp:survey=cu>.

The federal government has long recognized that the very lowest-income households need help to pay for basic costs of living. Food assistance, fuel assistance and Supplemental Security Income (SSI) help provide these basic needs for older adults as well as all households. The rules for these programs were set decades ago – food assistance in the 1960s, SSI in the early 1970s, and fuel assistance in the early 1980s. Until recently, there have been only sporadic, incremental changes and expansion in the number of households served.

Recent concerted federal and state efforts and dedicated program improvement efforts, spurred by Massachusetts Food Stamp Improvement Coalition and the Governor’s Winter Energy Task Force, have opened up greater access to and help available through food and fuel assistance. Supplemental Security Income, which provides a basic monthly income to the lowest-income households, remains badly outdated, with an income limit below the poverty guidelines and an asset limit of \$2,000 for individuals and \$3,000 for couples. SSI needs similar attention, updating and reform by the U.S. and Massachusetts to serve as a reality-based lifeline today.

<sup>34</sup> There was a major spike in oil and energy prices during the first half of 2008, which led to a rapid rise in inflation. During the second half, the global recession led to reduced demand and a fall in energy, food and basic consumer prices. Looking ahead, the crystal ball is clouded, as costs are impacted to political factors such as OPEC supply decisions, as well as demand which reflects the strength of the economy and purchasing power in the U.S. and global markets.

## C. Supplemental Nutrition Assistance Program (SNAP)

### Background

The Supplemental Nutrition Assistance Program (SNAP) is a federal program first created by the Food Stamp Act of 1964.<sup>35</sup> The Massachusetts program was updated through the work of the Food Stamp Improvement Coalition and the passage of the 2008 U.S. Farm Bill, which renamed the program SNAP. Until recently, it was a difficult program to access and was underutilized by seniors. From 2005-2008, Massachusetts instituted several changes to help SNAP provide a greater boost to food budgets and ease access for seniors.

### Program Requirements

To receive SNAP, one must be a U.S. citizen or an eligible noncitizen.<sup>36</sup> If living with others, one must also purchase the majority of food and prepare meals separately to qualify as a separate household. People living in certain group living situations, such as shelters and federal elder housing are also eligible even if meals are provided. The Bay State Access Card, an electronic debit card, is issued that can be used to purchase food at grocery stores. The benefit amount is added to the card each month.

### Income Limit

Adults ages 60 and older, disabled adults, and families with children who have a gross monthly income of under 200 percent of the federal poverty guidelines and net monthly income of up to the federal poverty guidelines qualify for food stamps. See Figure C-2. Net monthly income is gross income less a standard deduction of \$144 for households up to four members, a 20 percent earned income deduction, child and adult dependent care costs including transportation, excess shelter costs above 50 percent of income (which includes a standard utility allowance added to rent or mortgage plus home insurance and property taxes), and for elder households age 60 and over, a medical expense deduction when such expenses exceed \$35 per month.<sup>37</sup>

### Asset Limit

In June 2008, Massachusetts eliminated the \$3,000 asset limit for all households with gross incomes under 200 percent of the federal poverty level, and simplified the application for elders and persons with disabilities. This opens the program to more elders who have difficulty paying for rapidly rising food costs. Retirement assets were excluded by the 2008 Farm Bill.

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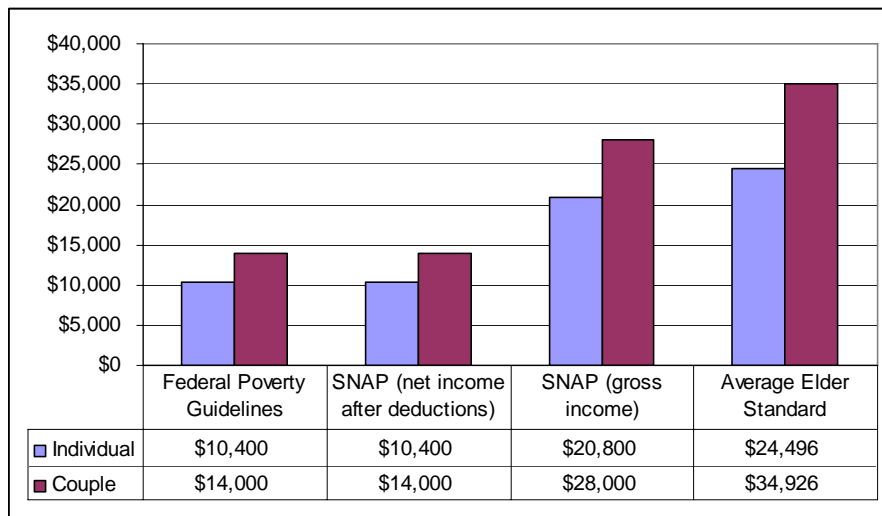
<sup>35</sup> Food Stamps were first initiated in 1939-1943, returned with a pilot program in 1961-1964, and the Food Stamp Act of 1964 created a nationwide program, which was incrementally amended and expanded over the years. For a short history of SNAP, see <http://www.fns.usda.gov/snap/rules/Legislation/about.htm>.

<sup>36</sup> Eligible noncitizens include lawful permanent residents (green card holders), parolees and certain refugee groups (Amerasian immigrants, asylees, refugees, certain Cuban/Haitian immigrants, certain battered immigrants (spouses, children and parents. Unless disabled or under 18, there is a five year bar on receipt of public assistance. If an immigrant with disabilities is on Emergency Assistance to Elderly, Disabled and Children (EAEDC), MassHealth or other disability benefit, they can avoid the five year bar on receipt of benefits for food stamps.

<sup>37</sup>. See [www.massresources.org](http://www.massresources.org), click on Food Programs, SNAP Food Stamps, Am I Eligible, Financial Eligibility.



**Figure C-2  
Massachusetts 2008 Income Limits for SNAP vs. Benchmarks**



Note: Net income is gross income after several deductions, including a standard deduction, one for shelter costs, and one for medical costs. Seniors with gross incomes above 200% of the federal poverty guidelines may still be eligible if they meet the net income test, but the \$3,000 asset limit will apply. The 2008 Farm Bill excludes tax-preferred education and retirement accounts from assets.

**Benefit Amount**

With passage of the American Recovery and Reinvestment Act of 2009, the maximum monthly allotment for SNAP is \$200 for a one person household and \$367 for a two person household. Benefits are computed by multiplying net monthly income by 30%, and subtracting this from the maximum allotment, with a minimum \$16 benefit for all who qualify.

**Table C-1  
SNAP Minimum and Maximum Monthly Benefit Amounts in MA**

	Minimum SNAP Allotment	Maximum Monthly Benefit
1 Person Households	\$16	\$200
2 Person Households	\$16	\$367

As noted above, in 2007 Massachusetts applied for and received a USDA waiver of the medical deduction rules and began operating a “standard medical deduction” in 2008. An elder/disabled household with over \$36 in monthly medical expenses gets a standard \$90 deduction off income. The standard income deduction, and deduction for medical expenses, excess shelter costs and standard utility allowances that typically apply to seniors are given in Table C-2. In addition, DTA has developed a partnership with the Department of Housing and Community Development (DHCD) that identifies and provides eligible SNAP recipients with a special \$1.00 fuel assistance (H-EAT) program benefit. This increases the standard utility allowance that qualifying households receive to the maximum amount, and helps with outreach for regular fuel assistance.

Two sample benefit calculations, for an elder person and elder couple, are given in Table C-3.

**Table C-2**  
**SNAP Deductions for Seniors 60+ to Calculate Net Income**

	Deduction Amount	Notes
Standard Income Deduction	\$144 for 1-3 person household	Indexed to COLA for future
Medical Expenses:		For Elders and Disabled Only
Under \$35	None	
\$35-\$125	\$90 standard medical	
Over \$125	Actual expenses minus \$35	
Shelter Costs:		
Rent, mortgage or condo fees	Actual expenses	
Property insurance and taxes	Actual expenses	
Standard Utility Allowances:		
Heating/Cooling SUA	\$612	If pay separate or get LIHEAP
Nonheating SUA	\$375	If only pay electric, water, etc.
Telephone SUA	\$44	If pay phone or cell bill

**Table C-3**  
**Example to Calculate SNAP Monthly Benefit for MA Senior and Couple 60+**

	Elder Person	Elder Couple
Gross Income	\$1,046	\$1,812
Less Std. Income Deduction	-\$144	-\$144
Less Medical Deduction:		
Over \$125 (actual less \$35)	-\$191	-\$418
Prelim. Adjust Net Inc (PANI)	\$711	\$1,250
Shelter Costs:		
Rent, mortgage or condo fees	\$1,000	\$1,000
Property insurance and taxes	\$100	\$100
Heating/Cooling SUA	\$612	\$612
Total Shelter Costs	\$1,712	\$1,712
Less 50% of PANI	-\$356	-\$625
Excess Shelter Costs	\$1,356	\$1,087
Prelim. Adjust Net Inc (PANI)	\$711	\$1,250
Less Excess Shelter Costs	-\$1,356	-\$1,087
Monthly Net Income	(\$645)	\$163
Compute 30% Mo. Net Inc.	\$0	\$49
Maximum SNAP for 1 & 2 PP	\$200	\$367
Less 30% Mo. Net Income.	-\$0	-\$49
Monthly SNAP Amount	\$200	\$318

While Massachusetts has done much to expand eligibility for SNAP, the monthly benefit amounts are still below the actual cost of food in Massachusetts today. The maximum monthly SNAP benefit, at \$200 for one person and \$367 for two, is \$25 less per month than the cost of food for one and \$45 less than then cost of food for an elder couple according to the average Elder Standard for Massachusetts in 2008.

### Application Process

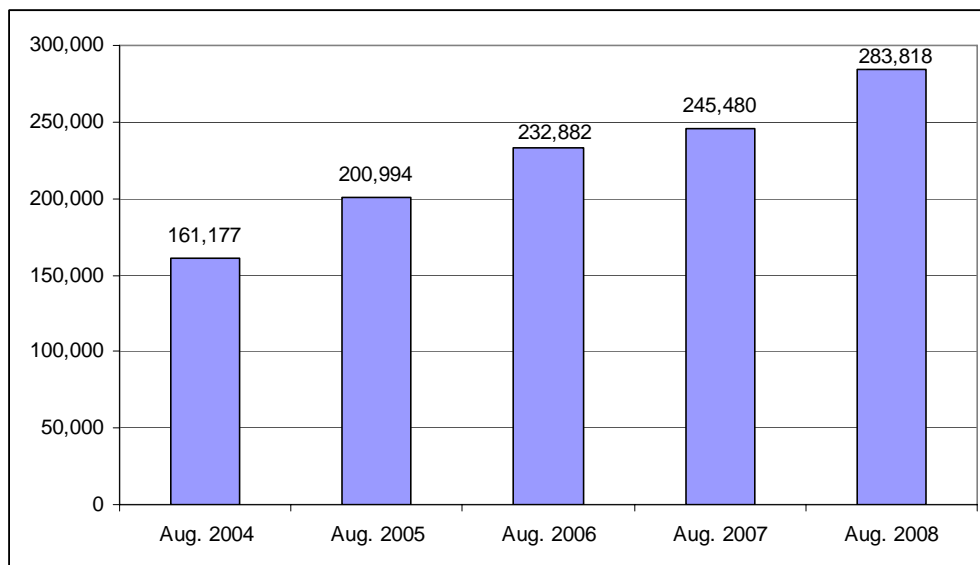
There is now a simplified two-page application form seniors can get from the DTA website or at DTA offices listed at [www.mass.gov/dta](http://www.mass.gov/dta), by calling 1-866-950-FOOD, from Project Bread at [www.projectbread.org](http://www.projectbread.org) or its FoodSource Hotline at 1-800-645-8333, or other community sites, including MCOA’s website at <http://www.mcoaonline.com/content/consumer/foodstamps.php>. People can also apply online directly, or through a community agency, via the state’s “Virtual Gateway” at [www.mass.gov/dta](http://www.mass.gov/dta), with login at <https://gateway.hhs.state.ma.us/authn/index.jsp>.

DTA can now do the required interview over the telephone and the needed verifications can be mailed in; there is no need to visit the DTA office. Massachusetts has also extended the certification period for elder and disabled households from 12 to 24 months, making it easier for these households to stay on food assistance.

### Outreach and Enrollment

Over the past four years, Massachusetts enrollment in SNAP grew from 161,177 households in August 2004 to 238,818 in August 2008, see Figure C-3. During the five years September 2003 to September 2008, the number of people getting SNAP increased 72 percent from 319,682 to 548,920. The asset limit for families with children under 19 was waived a number of years ago.

**Figure C-3**  
**Total MA Household Enrollment in SNAP (Food Stamps), Aug. 2004 – Aug. 2008**



Source: Massachusetts Department of Transitional Assistance.

Due to efforts by the Department of Transitional Assistance and other agencies serving elders, the number of elderly clients enrolled in SNAP has increased in recent years. In September 2008 there were 69,765 seniors enrolled in SNAP – an increase of nearly 10,000 seniors in nine months since December 2007 - when there were 59,941 seniors enrolled.<sup>38</sup> The Department of Transitional Assistance (DTA) reports that it receives about 1,000 applications from elder households each month, 75 percent are approved, and 25 percent are denied, the majority of which fail to complete the application process and submit the required verifications.<sup>39</sup>

There is also a Bay State CAP demonstration pilot, started in 2005, that helps automatically enroll Supplemental Security Income (SSI) applicants in food assistance, assisting enrollment through a one stop process. As noted above, DTA has developed a partnership with the Department of Housing and Community Development (DHCD) that identifies and provides eligible SNAP recipients with a \$1 HEAT and EAT program benefit. Through this, over 70,000 households have already used the higher standard utility allowance, which increases the monthly SNAP benefit an average of \$66 per month - providing more money to spend on groceries.<sup>40</sup>

Once a food assistance application is received, DTA seeks to call applicants within 48 hours and conduct a phone interview, receive the required verifications, and approve or deny applications within 30 days. It has opened access sites and outstations throughout the state, including at selected hospitals, health centers, community centers and senior centers. Frail or home bound elders who qualify can get food assistance benefits by appointing a home health care agency as an authorized representative, who then shops for the elder using the card.

With the recent changes to attract more seniors to SNAP, the increased medical deduction, the simplified two-page application, and the end of the asset limit for older households with incomes under 200 percent of the poverty guidelines, outreach efforts now more effectively target older households needing help to keep enough food on the table each month. DTA stresses that SNAP is a nutritional assistance program, not a welfare program, there is no stigma attached to using an EBT card at a store, and it has updated the rules and expedited the application process so that all seniors who need help to pay their food costs should apply.

### **Meals on Wheels and Community Lunch Sites**

Homebound elders who are unable to buy and cook food may receive home-delivered meals that are delivered by volunteers through the Meals on Wheels program. There are no income limits for the program, and a voluntary donation to help cover food costs is requested. Any senior may attend a community lunch site by signing up 24 hours in advance, and a voluntary donation is requested. Aging Services Access Points (ASAPs, the state's network of home care agencies) and Councils on Aging sponsor these programs throughout Massachusetts. Food programs are funded through a combination of federal and state funds, and are being stretched by rising costs.

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<sup>38</sup> The Executive Office of Health and Human Services, email dated December 22, 2008.

<sup>39</sup> Lauren Arms Ledwith, Department of Transitional Assistance, "Reaching Out of Bay State Elders," September 2008, powerpoint presentation.

<sup>40</sup> SNAP can also be used to make donations for Meals on Wheels home-delivered meals or for meals at senior centers, and at farmers markets that handle electronic benefit card payments.

## **Supplemental Nutrition Assistance Program (SNAP) Summary of Findings and Recommendations**

### **Findings**

*Massachusetts should be commended for its work on expanding eligibility for and enhancing access to the Supplemental Nutrition Assistance Program. Enrollment has increased over 120,000 during the past four years, and over 50,000 during the past two years, reaching many more families in need.*

*The Administration and Food Stamp Improvement Coalition's special attention to the needs of seniors, who typically have higher medical expenses, and more difficulty traveling to government offices and filling out lengthy and complicated forms, provides a model of what can also be done in other programs.*

*With recent changes in the Supplemental Nutrition Assistance Program (SNAP) for adults 60 years and older, many more seniors are eligible for assistance. While there is a strong network for outreach in place, for seniors SNAP is an underutilized program which can benefit from concerted outreach.*

*The maximum monthly SNAP benefit, at \$176 for a household of one and \$323 for a household of two, is \$49 less per month than the cost of food in Massachusetts for one elder and \$89 less than the cost of food per month for an elder couple. A network of organizations has made a strong case for raising the SNAP benefit as an important part of the next economic stimulus package.*

### **Recommendations**

*Massachusetts should build upon its strong network of outreach on food assistance to reach seniors, and set targets to increase enrollments each year. Outreach should be added through Meals on Wheels and Community Lunch sites.*

*Support outreach by Councils on Aging and ASAPs, expand Senior Benefit Expos, and mount a public education campaign to reach more seniors to apply for SNAP.*

*Provide cross-training and cross-enrollment on the range of senior benefit programs.*

*Full funding is vital and must continue for the important Meals on Wheels and Community Lunch sites for seniors across the Commonwealth.*

## **D. Low Income Home Energy Assistance Program (LIHEAP)**

### **Background**

The federal Low Income Home Energy Assistance Program (LIHEAP), commonly known as fuel assistance, was created in 1981 to help low-income families to pay their heating bills. Fuel assistance helps families to pay a portion of their home heating bills during November – April. A related system of Massachusetts utility discounts on gas, electric and telephone service apply year-round, and people may qualify for free weatherization and electricity conservation programs. Low-income homeowners may also qualify for heating system repair or replacement. The Patrick Administration’s Winter Energy Task Force made a number of improvements to LIHEAP in Massachusetts in fall 2008.<sup>41</sup>

### **Program Requirements**

Fuel assistance is available to homeowners and renters who are challenged by high heating costs.

### **Income and Asset Limits**

To qualify for fuel assistance in Massachusetts, one’s income must be under 60 percent of the state median income. This was increased from 200% of the Federal Poverty Guidelines in the fall of 2008 as a result of the recommendations of the Governor’s Winter Energy Task Force.<sup>42</sup> This is slightly higher than the average Elder Standards in Massachusetts. See Figure D-1.

There are no asset limits for the program.

### **Benefit Amount**

Massachusetts supplements the federal LIHEAP benefit through a state budget appropriation. Benefits are on a sliding scale and gradually decrease with increasing income. See Table D-1. Amounts are reduced for those living in subsidized housing, and are moderately increased for those with very high heating costs the previous year. Fuel assistance benefits for homeowners and market rate renters range from \$450 to \$1,305 per season, for subsidized tenants from \$225 to \$650 per season, and the additional high energy benefit ranges from \$45-\$75 per season. Unfortunately, home heating costs continue to climb higher than fuel assistance benefits, even with the state supplemental appropriation. The LIHEAP benefit covered about one tank of oil last winter, about one-third of what most households used through the 2007-2008 season.<sup>43</sup> Fuel costs will determine the extent of the 2008-2009 benefit; if oil prices stay low it is estimated to cover about three tanks of oil.

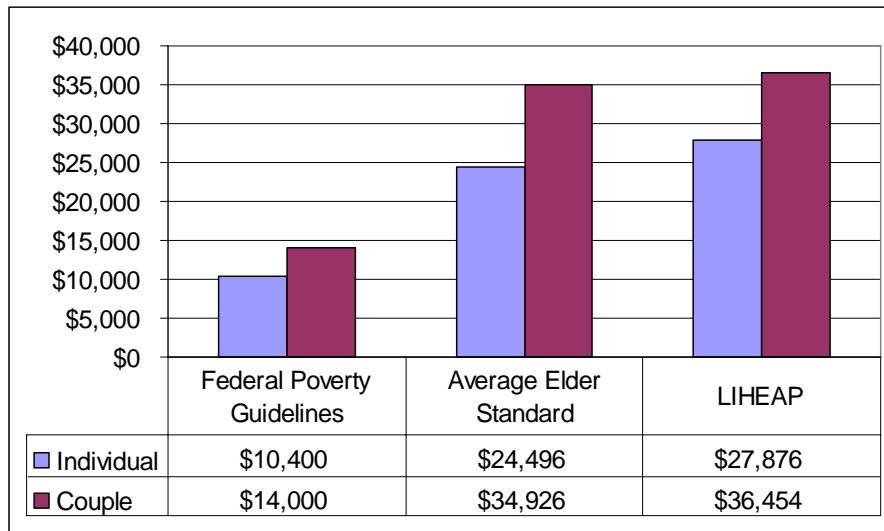
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<sup>41</sup> [http://www.mass.gov/?pageID=eoeautilities&L=1&sid=Eoea&U=081028\\_winter\\_energy\\_tf](http://www.mass.gov/?pageID=eoeautilities&L=1&sid=Eoea&U=081028_winter_energy_tf).

<sup>42</sup> Public Law 110-329, enacted on September 30, 2008 enables states to raise the income maximum to 75% of state median income for FY2009 only.

<sup>43</sup> National Consumer Law Center and Massachusetts Association for Community Action, Fact Sheet: Low-Income Home Energy Assistance Program, May 13, 2008.

**Figure D-1  
Massachusetts 2008-2009 Income Limits for LIHEAP vs. Benchmarks**



**Table D-1  
MA LIHEAP Benefit Levels by Income Level, 2008-2009**

HH Size/Income:	100% FPL	125% FPL	150% FPL	175% FPL	200% FPL	60% SMI
1 Person	\$10,400	\$13,000	\$15,600	\$18,200	\$20,800	\$27,876
2 Persons	\$14,000	\$17,500	\$21,000	\$24,500	\$28,000	\$36,454
Annual Benefit Level:						
Homeowners & Market Rate Renters	\$1,305	\$1,150	\$1,010	\$890	\$890	\$450
Subsidized Tenants	\$650	\$575	\$505	\$445	\$445	\$225
High Energy Benefits	\$75	\$65	\$55	\$50	\$50	\$45

Note: High Energy Benefit Thresholds are Oil Heat \$1,835, Natural Gas \$1,200, Electric \$1,470, All Other \$1,270.  
Source: Massachusetts Dept. of Housing & Community Development, Division of Community Services, Oct. 2008.

## Enrollment

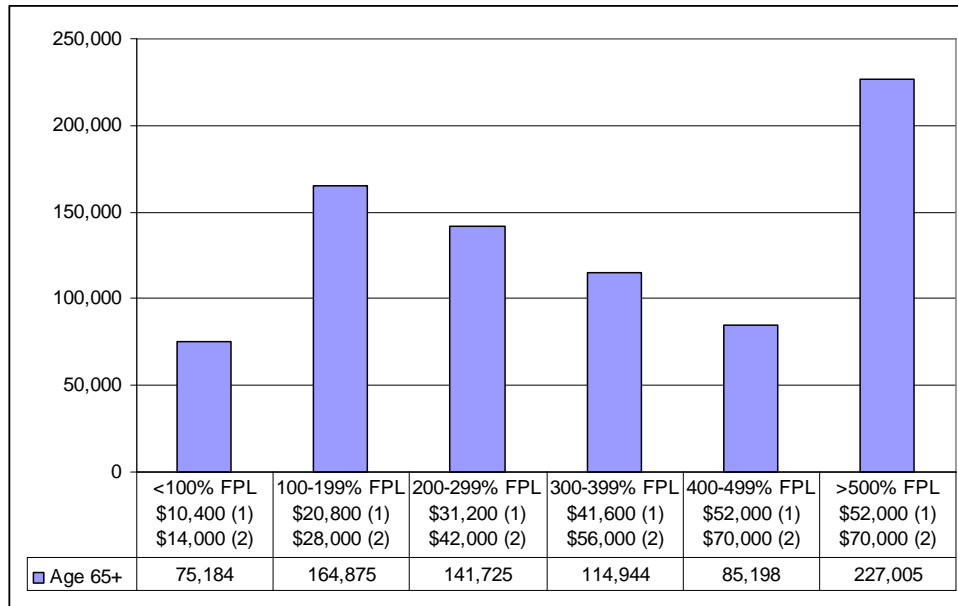
139,000 Massachusetts households were served during FY2007, and 145,000 in FY2008. According to the Winter Energy Task Force, with the expanded income eligibility limits, the program can reach an additional 55,000 households.<sup>44</sup> Through December 2008, the Department of Housing and Community Development reported 23,119 elder households age 60 and older were enrolled, slightly less than the 24,000 at the end of 2007. The number is expected to increase over the winter season, in FY2008 LIHEAP served 49,880 elderly households.<sup>45</sup>

Figure D-2 shows there were 240,059 elders in Massachusetts with incomes below 200 percent of poverty, and 141,725 in the 200-300 range, roughly half of whom are under 60 percent of state median income, for an estimated 300,000 elders below 60 percent of state median income. While population is greater than number of households, it is likely many more seniors could enroll.

<sup>44</sup> [http://www.mass.gov/?pageID=eoeeautilities&L=1&sid=Eoeea&U=081028\\_winter\\_energy\\_tf](http://www.mass.gov/?pageID=eoeeautilities&L=1&sid=Eoeea&U=081028_winter_energy_tf).

<sup>45</sup> Figures from Department of Housing and Community Development, Senior Information and Program Coordinator staff, Community Services Unit, Division of Community Services, January 12, 2009.

**Figure D-2  
Number of MA Older Adults Ages 65 and older  
with Incomes as a Percentage of the Poverty Guidelines**



Source: US Census Bureau, American Community Survey 2007, Table B17024.

### **Application Process**

Fuel Assistance applications are received during the November 1 – March 31 heating season at Massachusetts Community Action Agencies (CAAs) across the state, and in some communities such as Cambridge, Fitchburg and Springfield, other agencies administer the program. For a comprehensive listing, see [www.masscap.org/agencies.html](http://www.masscap.org/agencies.html). Unlike food assistance, fuel assistance applications need to be filed in person. Agencies are supposed to set up or arrange for another agency to make home visits for those who cannot come into the office. Once approved, re-applications for future years can be mailed in along with proof of income.

### **Utility Discounts, Weatherization and Energy Conservation, Protection against Shutoffs**

Massachusetts also has a comprehensive system of low-income gas and electric utility bill discounts, weatherization and conservation programs, utility arrearage management programs, and protection against utility shutoffs during the winter heating season. A number of these are accessed by applying to the LIHEAP program. For the latest information, see the Governor’s Winter Energy Task Force report.<sup>46</sup> For protection against electric and gas utility shutoffs, seniors must notify their utility companies that they are 65 years or older. Information is also posted at [www.mcoonline.com](http://www.mcoonline.com), under consumer corner, fuel and utility assistance.<sup>47</sup> Information is available at the statewide emergency response hotline, Mass 211, coordinated by the United Way, Elder Affairs 1-800-AGE-INFO telephone referral hotline, and the Cold Relief Heatline managed by the Department of Housing and Community Affairs, 1-800-632-8175.

<sup>46</sup> [http://www.mass.gov/?pageID=eoeautilities&L=1&sid=Eoeea&U=081028\\_winter\\_energy\\_tf](http://www.mass.gov/?pageID=eoeautilities&L=1&sid=Eoeea&U=081028_winter_energy_tf).

<sup>47</sup> <http://www.mcoonline.com/content/consumer/fuel-utility-assist.php>.



An example showing how SNAP and fuel assistance help bring a low-income elder living on the average Social Security closer to the Elder Economic Security Standard is given in the box.

**Case Example: The Combined Impact of Food and Fuel Assistance in Helping a Widow on the Average Social Security Payment Move toward the Elder Economic Security Standard**

Mrs. Smith, a widow in Worcester, receives the average Social Security payment for women in Worcester County of \$901 per month, and has no other income. Her monthly expenses under the Elder Standard are \$699 rent, heat and utilities, \$206 food, \$291 health care, \$156 transportation and \$270 miscellaneous, for a total of \$1,622. Her income before any benefits are received is only 56% of the Elder Standard, so she faces a large gap. Because of her low income, she can also receive fuel assistance.

Her SNAP benefit is calculated:

Gross Income (unearned)	\$901
Subtract: Standard Deduction Amount	<u>- \$144</u>
	\$757
Subtract: Excess Medical Deduction (\$291 - \$35)	<u>- \$256</u>
Preliminary Adjusted Net Income (PANI)	\$501
 Excess Shelter Costs	
Rent	\$699
+ Standard Utility Allowance (SUA) for LIHEAP	<u>+\$612</u>
= Total Shelter Expense	\$1,311
Subtract: 50% of PANI (\$501 x .5)	<u>- \$251</u>
Excess Shelter Cost	\$1,060
 Preliminary Adjusted Net Income (PANI)	\$501
Subtract: Excess Shelter Cost	<u>-\$1,060</u>
Monthly Net Income	\$ 0
 Compute 30% of Monthly Net Income	\$ 0
 Maximum SNAP Allotment of Household of One	\$176
Subtract: 30% of Monthly Net Income	<u>-\$ 0</u>
Monthly SNAP Allotment	\$176
 LIHEAP (between 100% and 125% of federal poverty level) = \$1,150/12	\$96

With \$176 per month in food stamps, Mrs. Smith now pays \$30 of the \$206 total budgeted for food, so SNAP brings her to 66% of the Elder Standard for a single renter in Worcester. In addition, based on her income she will receive \$1,150 annually in fuel assistance or \$96/month, bringing her to 72% of the Elder Standard. She still needs more help to pay health care and rent.

## **Low-Income Home Energy Assistance Program (LIHEAP) Summary of Findings and Recommendations**

### **Findings**

*Massachusetts should be commended for its work on expanding eligibility for fuel assistance, supplementing the federal funding that is available, and requiring utilities to provide additional discounts, help with arrearages, and protection against shut-offs.*

*Massachusetts expanded eligibility for LIHEAP from 200 percent of the federal poverty guidelines to 60 percent of the state median income. Enrollment last year was about 141,000 households, and the Winter Energy Task Force estimates this change will make an estimated 55,000 additional households eligible for a sliding scale of help.*

*While the amount of funding and eligibility has been expanded, the amount of fuel assistance still falls short given the cost. The LIHEAP benefit covered about one tank of oil last winter, about one-third of what most households used through the 2007-2008 season, and the increase in the maximum benefit this year is modest.*

*The US Census Bureau reports that there are 240,059 seniors with incomes under 200 percent of poverty, and about an additional 70,000 seniors with incomes between 200 percent of poverty and 60 percent of state median income. While population numbers are not the same as households, it is likely that many more seniors could enroll.*

### **Recommendations**

*Fund concerted outreach efforts to seniors on fuel assistance, utility discounts, protection against utility shutoffs, weatherization and energy conservation programs.*

*Support outreach by Councils on Aging, ASAPs, and community action agencies, expand Senior Benefit Expos, and mount a public education campaign to reach more seniors to apply for fuel assistance.*

*Provide cross-training and cross-enrollment for the range of senior help programs, including fuel assistance, food assistance, property tax and rent relief, and health care.*

*Accept fuel assistance applications via the mail and internet, and conduct interviews over the telephone as an option to an office interview or home visit, as done for SNAP.*

## E. Income Support: Supplemental Security Income (SSI)

### Background

The Supplemental Security Income (SSI) program was established by Congress in 1972 for elders, blind and disabled poor. SSI provides monthly cash payments to people with little or no income and few resources. It is an important safety net and the only source of income for many of the least fortunate who were unable to work, and/or whose Social Security payment is meager, below the federal poverty guidelines. Unfortunately, this lifeline program is severely frayed.

### Program Requirements

To receive SSI, one must be either 65 or older, blind or disabled, and living in the United States.<sup>48</sup> To receive SSI, one must also apply for any other cash benefits for which one may be eligible. SSI recipients are automatically eligible for Medicaid (MassHealth) and food stamps.

SSI is an essential resource for low-income elders who do not receive Social Security or get very little Social Security, as well as for blind and disabled younger adults who do not qualify for Social Security Disability Insurance. In Massachusetts, 44,807 elders received SSI in 2006.<sup>49</sup>

### Income Limit

To qualify for SSI in Massachusetts, one's income if living independently must be under the SSI payment amount of \$766 for an individual or \$1,158 for a couple (\$20 of unearned income such as Social Security is excluded from the calculation). The amounts vary based on living situation, such as living in another household, a rest home, assisted living or a nursing home.

These income limits are less than half the Elder Index in Massachusetts; they are even lower than the federal poverty guidelines. They are not enough to live on. See Figure E-1.

### Asset Limit

The SSI asset limit, originally set at \$1,500 per individual and \$2,250 per couple in 1972,<sup>50</sup> was gradually raised over 1984-1989 to \$2,000 per individual and \$3,000 per couple.<sup>51</sup> The SSI asset limit has not been raised since 1989, two decades ago. See Figure E-2.

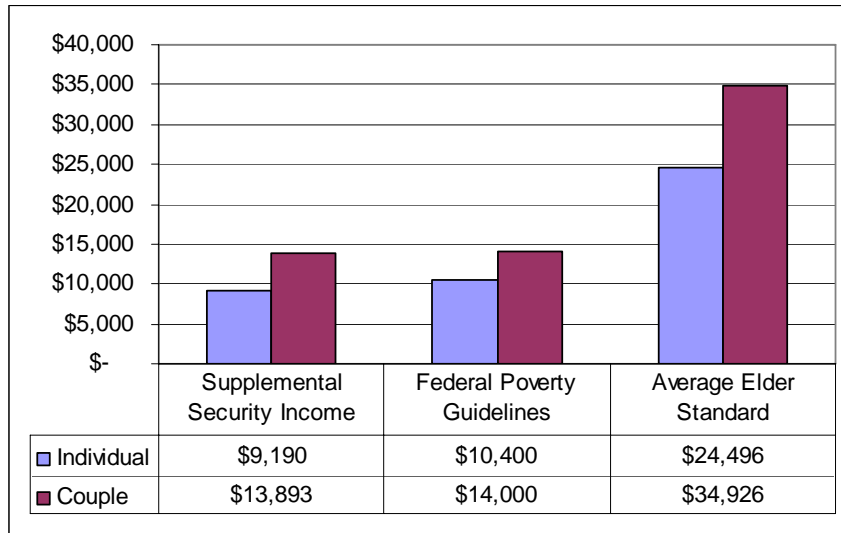
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<sup>48</sup> One must be a U.S. citizen or meet one of the qualifications listed in *Supplemental Security Income (SSI) for Noncitizens* (Publication No. 05-11051). Except in special cases, there is a five year bar on receipt of public assistance for lawful permanent residents. Qualifications include lawfully living in the U.S. and receiving SSI in 1996, lawfully admitted permanent residents who have at least 40 credits (10 years) of work under Social Security in the U.S., active duty members of the armed forces, noncitizen members of federally recognized Indian tribes, certain Amerasian immigrants, and certain Cuban/Haitian immigrants. <http://www.ssa.gov/pubs/11051.html>

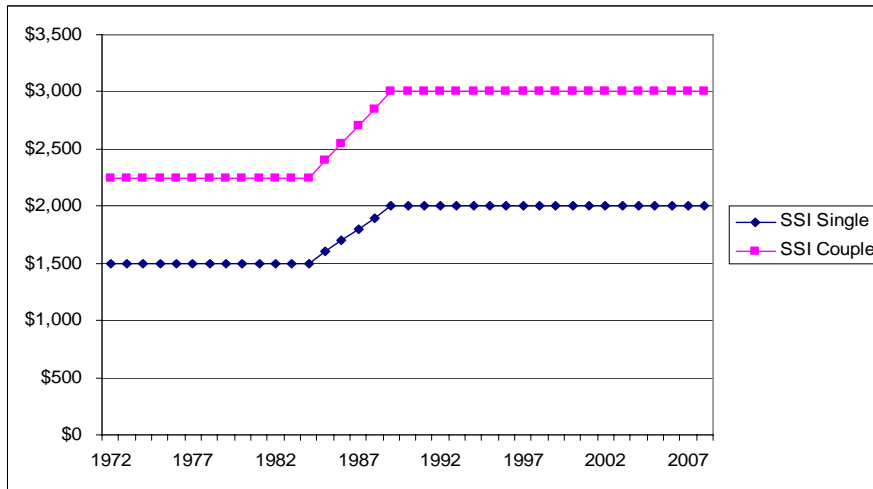
<sup>49</sup> Source: U.S. Social Security Administration, Office of Policy, SSI Recipients by State and County, 2006, Massachusetts, Table 3, [http://www.ssa.gov/policy/docs/statcomps/ssi\\_sc/2006/ma.html](http://www.ssa.gov/policy/docs/statcomps/ssi_sc/2006/ma.html). See also Annual Statistical Supplement, 2007, State Data, Table 7.B1. Supplemental Security Record (Characteristic Extract Record format), 100% percent data.

<sup>50</sup> P.L. 92-603. See <http://www.ssa.gov/history/pdf/ssi.pdf>.

**Figure E-1  
Massachusetts Income Limit for SSI Payment 2008 vs. Benchmarks**



**Figure E-2  
SSI Asset Limit for Individual and Couple, 1972-2008**



Countable assets for an individual must be under \$2,000 and under \$3,000 per couple. Countable assets exclude one’s home, a car, life insurance if it has a face value of less than \$1,500, a burial plot, up to \$1,500 in burial funds for oneself and up to \$1,500 in burial funds for a spouse, and a prepaid funeral plan. If a life insurance policy has a face value of over \$1,500, SSI will count the cash value of the policy as an asset. This is an extremely low limit, not even enough to cover final expenses. MassHealth allows an individual with such a policy to assign it or cash it out and transfer it to a funeral home to purchase a prepaid funeral plan, called a pre-needs trust, without penalty. The Social Security Administration does not counsel applicants about this, and if a higher insurance policy is discovered later, they will need to pay back the benefits received.

<sup>51</sup> P.L. 98-369. Ibid.

## Benefit Amount

Massachusetts adds a supplement of \$129 per individual or \$202 per couple to the federal SSI benefit of \$637 per individual or \$956 per couple. With the state supplement, the 2008 maximum monthly SSI payment in Massachusetts for those 65+ is \$766 per individual, or \$1,158 per couple. See Table E-1. An eligible individual will receive a SSI check in the amount the SSI monthly payment, minus their Social Security check, plus \$20.

The monthly benefits are reduced for an elder in a shared living situation or living in another's household, and are increased for those in a licensed rest home or assisted living. Elders living in a nursing home can receive the monthly personal needs allowance of \$72.80.<sup>52</sup>

**Table E-1**  
**Maximum SSI Monthly Payment for Elders in Massachusetts, 2008**

	Individual	Couple
Federal	\$637	\$956
MA State Supplement	\$129	\$202
Total Per Month	\$766	\$1,158
Total Per Year	\$9,190	\$13,893

The federal benefit level has not kept pace with inflation, and the state supplement level has not been raised in years. The maximum monthly SSI payment is not enough to rent a one bedroom apartment in many Massachusetts communities, let alone cover other living expenses.

## The Impact of Inflation

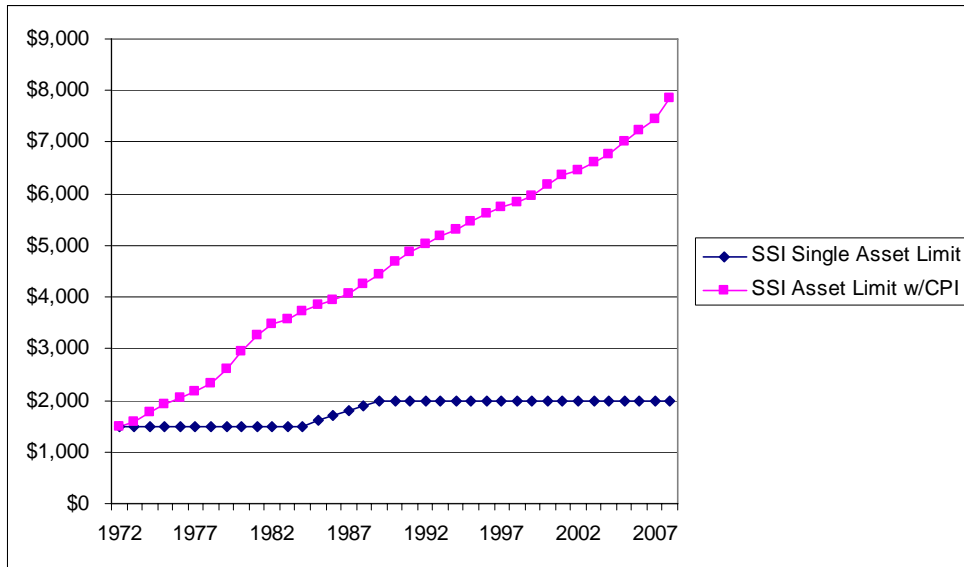
In today's dollars, the SSI asset limit would be \$7,852 per individual in 2008, and \$11,778 per couple in 2008.<sup>53</sup> See Figures E-4 and E-5.

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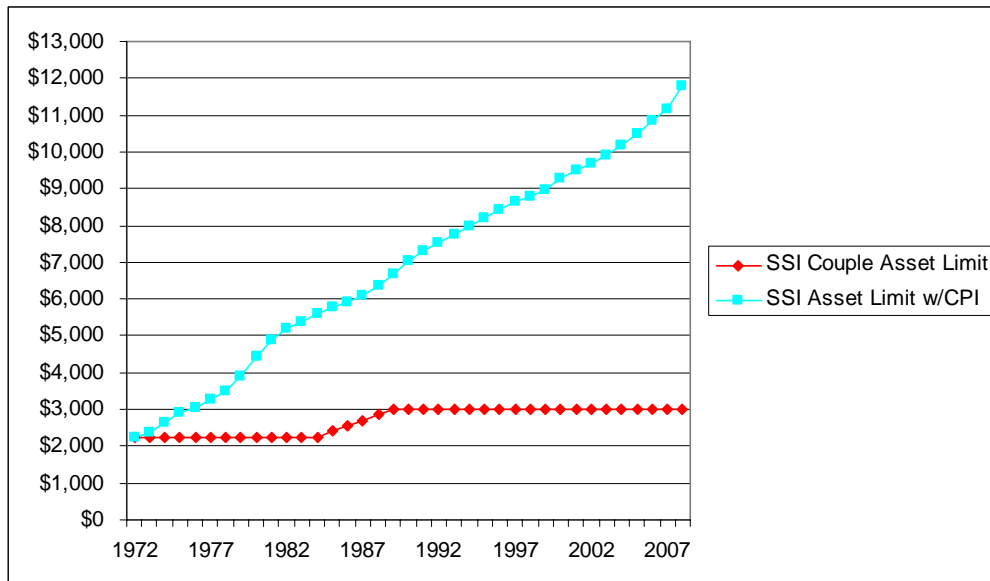
<sup>52</sup> If an elder is in a shared living situation or living in someone else's household, the amount received is less. See <http://www.ssa.gov/pubs/11130.html>.

<sup>53</sup> U.S. Department of Labor, Bureau of Labor Statistics, Inflation Calculator. Available at <http://data.bls.gov/cgi-bin/cpicalc.pl>. Uses mid-year June 2008 figures for 2008.

**Figure E-4**  
**SSI Asset Limit for Single Elder in Today's Dollars vs. Actual, 2008**



**Figure E-5**  
**SSI Asset Limit for Elder Couple in Today's Dollars vs. Actual, 2008**



### Example: Supplemental Security Income

Mrs. Jones lives alone in Bristol County. She worked part-time, was out of the workforce when her children were growing up, and retired early due to health reasons. Her Social Security payment is \$450 per month, and she has less than \$2,000 in the bank. With SSI, she receives:

Maximum SSI Payment Standard in MA:	\$766
Subtract: Social Security check	-\$450
Add: \$20 per month of unearned income	+\$ <u>20</u>
Supplemental Security Income	\$336

Her total monthly income is now  $\$450 + \$336 = \$786$ . If she had no Social Security, she would receive \$766 per month from SSI.

It is fortunate that Massachusetts supplements the federal SSI payment, but both the federal and state amounts have not increased in many years. Meanwhile, living costs have risen markedly. Because Mrs. Jones receives SSI, which is below the federal poverty guidelines, she will also qualify for MassHealth, food stamps, utility discounts, and LIHEAP (if she pays for heat). However, even with all of these programs, she still will not have enough to live on, unless she lives in public housing or receives Section 8 or a rental housing voucher to help cover her monthly rent. She applied and is on a long waiting list.

**Variation #1:** If Mrs. Jones' children help fill the gap by sending her \$300 per month, that amount will be deducted from her SSI payment. Any income contributed by private sources is offset, dollar for dollar.<sup>54</sup> She moves into an upstairs bedroom in her children's home, and the stairs are difficult. She falls, breaks her hip, and goes into a nursing home.

**Variation #2:** Mrs. Pearl has the same Social Security income as Mrs. Jones, but her husband left her \$15,000 in life insurance when he died. She used \$8,000 to cover his funeral and burial expenses, and the \$7,000 balance in her bank account is more than the \$2,000 asset limit plus \$1,500 in a burial account for her allowed by SSI, so she receives nothing until her account falls below the limit. Even worse, she loses MassHealth coverage because she is over the asset limit.

### Application Process

Applying for Supplemental Security Income is done through one's local Social Security Office. A doctor and/or psychologist must certify permanent disability and inability to work. It can be challenging for people with mental illness to see a doctor to receive this determination. There is also a lengthy review process of several months. In the interim, one may qualify for food stamps, MassHealth, and Emergency Aid to Elders, Disabled and Children (EAEDC). EAEDC is only \$303.70 per month and has not been increased in more than 20 years. When SSI is received, the federal government reimburses Massachusetts for all EAEDC payments.

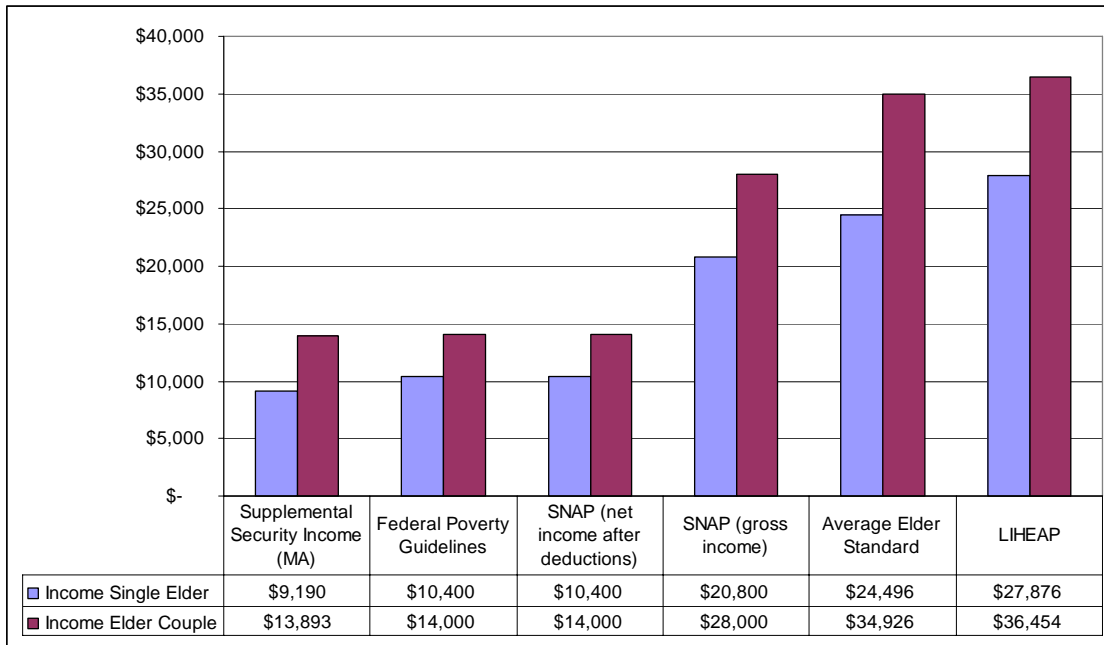
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<sup>54</sup> If her children help pay her rent directly to the landlord, the amount deducted may be less than dollar for dollar, but any money given directly to her will be offset.

## Summary

The income limits for food, fuel and the income support program of Supplemental Security Income are summarized in Figure E-6. Compared to the average Elder Standard, income limits for SSI are about 40 percent, and SNAP (gross income) 80 percent. With LIHEAP eligibility at 60 percent of state median income it is above the Elder Standard, but may leave out some elder homeowners paying a mortgage, or renting in higher cost communities.

**Figure E-6**  
**Income Limits for Food, Fuel and SSI Programs vs. Benchmarks, 2008**



Without an increase in two decades, and only a small adjustment since first set at \$1,500 and \$2,250 36 years ago, the SSI asset limits of \$2,000 for an individual and \$3,000 per couple are badly outdated. Countable assets exclude one's home, a car, life insurance with a face value of less than \$1,500, a burial plot, up to \$1,500 in burial funds for one and up to \$1,500 in burial funds for a spouse, and a prepaid funeral plan.

In June 2008, Massachusetts eliminated the \$3,000 asset limit for SNAP for all households with gross incomes under 200 percent of the federal poverty level. Those with higher incomes are still subject to the \$3,000 asset limit for an individual or a couple. LIHEAP has no asset limit.



## **Supplemental Security Income Summary of Findings and Recommendations**

### **Findings**

*The income limits for SSI are woefully outdated; under the federal poverty guidelines.*

*The asset limits for SSI, at \$2,000 per individual and \$3,000 per couple, are badly outdated and are counterproductive. Translated into 2008 dollars, asset limits as established in 1972 would be \$7,852 per individual, and \$11,778 per couple.*

*Even with the MA state supplement, the benefit levels for SSI are less than the federal poverty guidelines, and are not enough for most people to make ends meet without a housing subsidy anywhere in Massachusetts.*

*The limitation on the cash value of life insurance to \$1,500 is abysmally low, and applicants are not counseled to look for any policies and transfer them to funeral plans.*

*Any additional funds received by people to cover basic living costs (to supplement their inadequate SSI payment) result in dollar-for-dollar reductions in their SSI payment. So, they can't get ahead.*

*The application and review process is lengthy and can be extremely difficult, especially for people with mental illness.*

*The state provides Emergency Aid to Elders, Disabled and Children on an interim basis, but it is only \$303.70 per month, and has not been raised in decades.*

### **Recommendations**

*Update the SSI income and asset limits, and adjust with the consumer price index.*

*Raise the MA state supplemental SSI benefit and the federal SSI benefit to cover basic living costs as measured by the Elder Standard Index.*

*Raise the limit on the cash value of life insurance to at least \$10,000 or more. Like Medicaid, allow an individual with life insurance to assign it or cash it out and transfer it to a funeral home to buy a prepaid funeral plan, without penalty.*

*When funds are needed to supplement an inadequate SSI payment level to cover basic living costs, there should be no offset in the SSI payment.*

*Allow home visits in dire cases to certify disability.*

## IV. Lifelines Programs to Help with Health & Long-Term Care

Health care costs are one of the biggest challenges for seniors. The Elder Economic Security Standard™ Index shows that health care is the second largest expense category in seniors' budgets. The Elder Standard budget for health care includes payments for Medicare Part B premiums, for supplemental health insurance to protect seniors from high out-of-pocket costs for Medicare covered services; and for service not covered by Medicare (e.g. dental, vision, hearing). Enacted in 1965, Medicare Part A covers institutional and Medicare Part B covers outpatient care, subject to out of pocket premium, co-payment, coinsurance and deductible amounts.

Unless seniors are fortunate enough to have a retiree health and prescription drug plan to help cover gaps in Medicare, to be economically secure, they must buy either a “Medigap” policy and a Medicare Part D prescription drug plan or a “Medicare Advantage” managed care plan which includes Part D prescription coverage. These plans are expensive, and must be purchased by each senior in a household.

Consumer expenditure data show that even with Medicare, elders face higher health care expenditures than younger adults. Reality is in stark contrast to public opinion that seniors are “all set” with Medicare. In addition to the Part B premium of \$96.40 per month, the monthly premium for a Medicare Advantage plan supplemental coverage to Medicare and Part D prescription drug coverage is in the \$79-\$173 range for the Boston area, and together with prescription drugs, estimated annual costs for area elders are in the \$3,000-\$4,500 range.<sup>55</sup> This is per person, not per household.

The landscape of health care costs, health care delivery, and public and private health insurance has changed dramatically since the 1960s, with inflation of health care costs rising many times faster than the general consumer price index, and much faster than annual cost of living adjustment in Social Security. For Medicaid, the basic rules governing income and asset limits have changed little over four decades for low-income elders, making them outdated and onerous. Some modest extra help programs have been added to expand coverage at the margins.

A range of health support programs have been developed to supplement Medicare, including Medicaid (called MassHealth in Massachusetts), which provides health care for those with very low incomes and minimal assets. There is a growing gap between seniors who can afford to buy supplemental coverage to Medicare, and those who are eligible for Medicaid. Massachusetts comprehensive health care connector reform program ends at age 64, and the costs of its plans for 50-64 year olds are so far beyond the means of many older adults, that they seek waivers to exempt themselves from having to purchase this coverage. More work is needed to ensure access to health care for seniors across the spectrum of age, income and assets, along with effective cost controls and financing mechanisms.

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<sup>55</sup> U.S. Department of Health and Human Services, Medicare, Medicare Options Compare, for Boston zip code at <http://www.medicare.gov/MPPF/Include/DataSection/Questions/SearchOptions.asp>

## F. Health Care Support Programs

### Medicare

#### Background/Program Eligibility

Medicare is a federal insurance program for elderly and disabled individuals launched with passage of the Social Security Amendments of 1965.<sup>56</sup> Part A is financed through a payroll tax and Part B through general revenue plus a monthly premium. Part A covers hospital, skilled nursing facility and hospice care; Part B covers outpatient care such as doctors' visits, diagnostic and lab work, physical and occupational therapy, ambulance transportation and durable medical equipment; both Parts A and B cover limited home care services; and Part D covers outpatient prescription drug costs. The Elder Standard assumes that all elders have Medicare, and buy supplemental, including prescription drug coverage to be protected against high medical costs.

People 65 or older are eligible for Medicare and will get free Part A hospitalization coverage if they or their spouse paid the Medicare payroll tax (1.45%) for at least 10 years. If not, if they are 65 or older and a U.S. citizen or a lawfully admitted non-citizen who has lived in the U.S. for five consecutive years, they can still get Medicare, but must pay for Part A coverage. There is no income limit or asset limit for Medicare; it is a universal social insurance program.

#### Premium Cost

Part B premiums have increased 3113 percent since they were first set at \$3.00 per month in 1966, reaching \$96.40 per month in 2008. Elders with incomes above \$82,000 and couples above \$164,000 pay higher premium amounts.<sup>57</sup> Figure F-1 shows that if the Part B premium rose by the general consumer price index, which has increased 575 percent in 42 years, today it would be \$20.84 per month. Fortunately, the Part B premium did not increase in 2009.

#### Benefit Amount

Medicare out-of-pocket cost change (i.e. increase) annually. In 2009, the Medicare Part A deductible is \$1,068 for a hospital stay of 1-60 days; hospital co-insurance is \$267 per day for days 61-90, \$534 per day for days 91-150; and skilled nursing facility coinsurance is \$113.50 for days 21-100. There is no Medicare coverage for hospitalizations of more than 150 days or skilled nursing facility stays of more than 100 days. Part B requires payment of an annual deductible amount of \$135 and a co-payment of 20 percent of the Medicare-approved amount after one meets the deductible.<sup>58</sup> The amount of help seniors receive from Medicare, including their supplemental and prescription drug coverage, varies considerably according to their health status, and the types, frequency, duration, and costs of hospitalization, care and prescriptions.

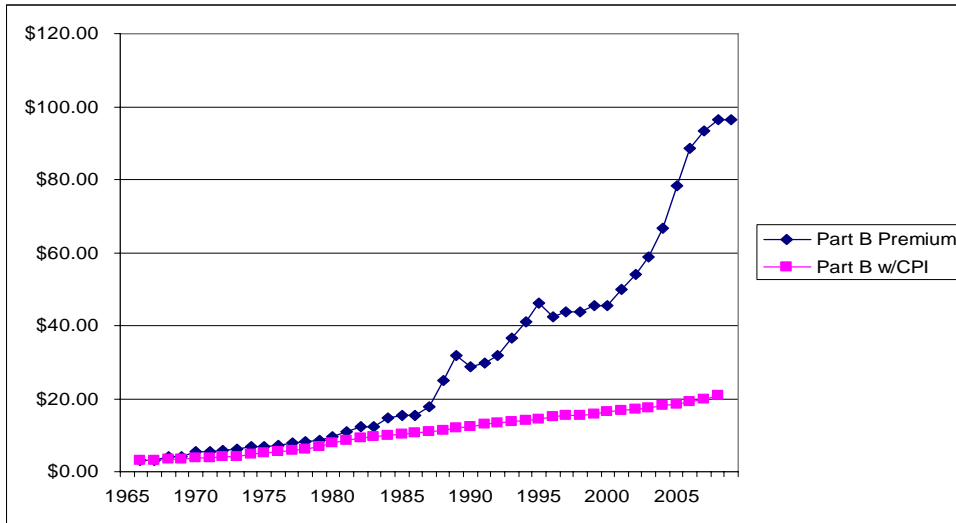
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<sup>56</sup> PL 89-97 (79 Stat. 286), [http://www.ssa.gov/OP\\_Home/comp2/F089-097.html](http://www.ssa.gov/OP_Home/comp2/F089-097.html).

<sup>57</sup> Variation in the Part B premium with income level was enacted in 2003, and became effective in 2007. See <http://www.cms.hhs.gov/History/Downloads/CMSProgramKeyMilestones.pdf>.

<sup>58</sup> <http://www.hhs.gov/faq/medicaremedicaid/650.html>.

**Figure F-1**  
**Actual Medicare Part B Premium vs. Original Part B Premium**  
**Increased by General Consumer Price Index (CPI-U) for 1966 – 2009**



Source: Congressional Research Service Report for Congress, Medicare: Part B Premiums, Sept. 14, 2004, and Centers for Medicare & Medicaid Services, *Medicare Premiums and Deductibles*, releases for 2006-2009.

## MassHealth (Medicaid) for Elders

Medicaid, which was first enacted in the Social Security Amendments of 1965, provides comprehensive health insurance to low-income seniors and families and covers a wide range of medical and health care services. MassHealth is the name of Massachusetts' Medicaid program. MassHealth is available to low-income Massachusetts residents who are U.S. citizens, with eligibility based on age, family situation, work history, and immigration status. There are special rules for noncitizens, who can qualify under certain circumstances.<sup>59</sup> MassHealth Standard serves people below the poverty guidelines and MassHealth Buy-In, between 100 and 135 percent. There are income and asset limits for MassHealth benefits for elders.

### **Income Limit**

To get MassHealth Standard, elders' incomes (after a \$20 per month unearned income disregard) cannot exceed the federal poverty guidelines of \$10,400 per individual and \$14,000 per couple. Parents with children under age 19 can have incomes up to 133% of federal poverty guidelines.

### **Asset Limit**

To qualify for MassHealth, elders must also have countable assets of no more than \$2,000 per individual and \$3,000 per couple. Parents with children under age 19 face no asset limit.<sup>60</sup> Countable assets exclude one's home, a car, a burial plot, up to \$1,500 in burial funds, a prepaid funeral plan, and life insurance, if it has a face value of up to \$1,500.

### **Benefit Amount**

MassHealth Standard pays for a broad range of health care services, with nominal co-pays for prescription drugs and other services. If a senior is eligible for MassHealth Standard and Medicare ("dual eligible"), MassHealth will pay Medicare premiums, co-pays and deductibles. MassHealth will also pay premiums for a Part D Drug Plan, and for costs in the coverage gap or "donut hole". There are small co-pays for prescription drugs under MassHealth. See Table F-1.

**Table F-1  
Benefits of MassHealth Programs for Elders in Massachusetts, 2009**

	<b>Coverage</b>	<b>Co-Pays</b>
MassHealth Standard/Medicare (dual eligible)	Broad range of health care services (hospital, doctor visits, tests, mental health, dental, prescription drugs, home health care, community-based long-term care)	\$1.10 for generic and preferred drugs \$3.20 other covered drugs (maximum \$200/yr) \$3 hospital stay (maximum \$36)

<sup>59</sup><http://www.massresources.org/pages.cfm?contentID=35&pageID=13&subpages=yes&SecondLeveldynamicID=564&DynamicID=559>.

<sup>60</sup> States were allowed to eliminate the asset limit for Medicaid for families under the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, and 22 states have done so to date, including Massachusetts. See Corporation for Enterprise Development (CFED), 2007-2008 Assets & Opportunity Scorecard, Asset Limits in Public Benefit Programs. [http://www.cfed.org/imageManager/scorecard/2007/policybriefs/asset\\_limits.pdf](http://www.cfed.org/imageManager/scorecard/2007/policybriefs/asset_limits.pdf).

## Medicare Savings and MassHealth Buy-In Programs

Three Medicare Savings Programs (MSPs) (also called MassHealth Buy-In programs) help with Medicare premiums and cost sharing for Medicare beneficiaries with incomes between 100 and 135 percent of the federal poverty guidelines: qualified low-income Medicare beneficiary (QMB), specified low-income Medicare beneficiary (SLMB), and qualifying individual (QI).<sup>61</sup>

### Income Limit

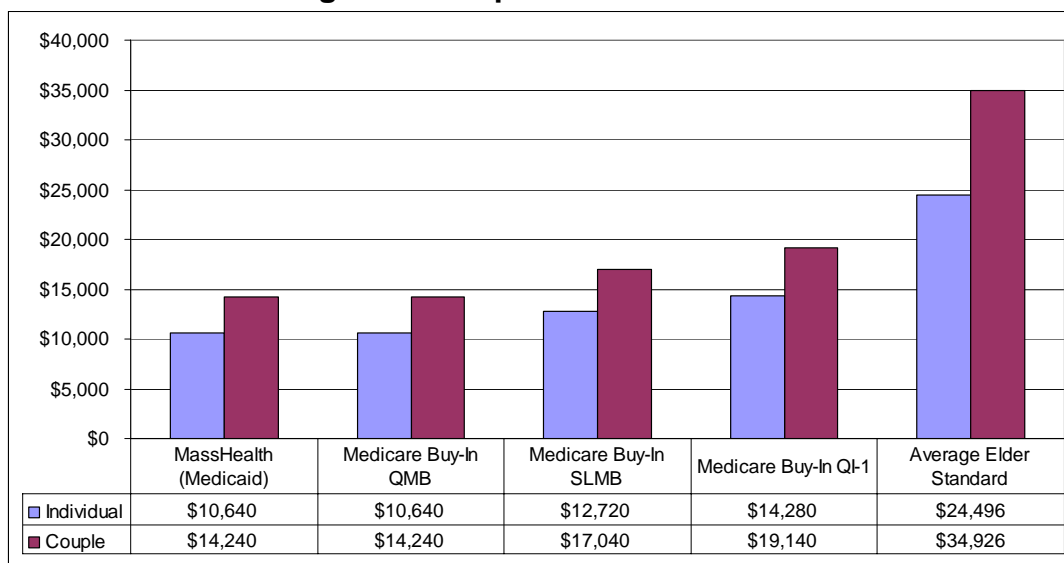
There are three levels or tiers of income eligibility for the Medicare Savings programs: 100 percent of the federal poverty guidelines for QMB; 120 percent, for SLMB; and 135 percent for QI.<sup>62</sup> See Figure F-2.

### Asset Limit

The MSP asset limits are set at twice those for Supplemental Security Income (SSI): \$4,000 per individual and \$6,000 per couple. Countable assets are the same as for MassHealth (Medicaid).

In today's dollars, the Medicare Savings program asset limits set in 1988 would be \$7,399 per individual, and \$11,098 per couple.<sup>63</sup> If the SSI limit was updated to 2008 and then doubled, the Medicare Savings program limits would be \$15,704 per individual and \$23,556 per couple.

**Figure F-2**  
**Massachusetts 2008 Income Limits for MassHealth Standard and Buy-In Programs Compared to Benchmarks**



Note: Limits are 100%, 120% and 135% of the federal poverty guidelines, with a \$20/month disregard.

<sup>61</sup> This program was first created in 1986, and expanded and amended in 1988 and 1990.

<sup>62</sup> <http://www.massresources.org/pages.cfm?ContentID=35&pageID=13&Subpages='yes'&SecondLevelDynamicID=575&DynamicID=563>.

<sup>63</sup> U.S. Department of Labor, Bureau of Labor Statistics, Inflation Calculator. Available at <http://data.bls.gov/cgi-bin/cpicalc.pl>. Uses mid-year June 2008 figures for 2008.

## Benefit Amount

QMB pays Medicare premium, Part A deductible and coinsurance, and Part B deductible, and co-payment amounts. SLMB and QI pay only the Medicare Part B premium. Persons eligible for a Medicare Savings Program are also eligible for premium-free Medicare Part D. Part B premiums are normally deducted from beneficiaries' Social Security checks. If a senior is approved for one of these programs, their Social Security check will be raised by the Part B premium amount. See Table F-2.

**Table F-2**  
**Benefits of MassHealth Senior Buy-In Programs in Massachusetts, 2009**

	Covers
QMB	Pays Medicare premium (Part B, \$96.40/month) and deductible, co-insurance and co-payment amounts. Also qualifies for extra help to pay for Part D drug coverage
SLMB	Pays Medicare Part B premium (\$96.40/month). Also qualifies for extra help to pay for Part D drug coverage
QI	Pays Medicare Part B premium (\$96.40/month). Also qualifies for extra help to pay for Part D drug coverage

Source: [www.massresources.org](http://www.massresources.org), sections MassHealth Medicare Buy-In Programs, and Health Assistance Partnership, Medicare Drug Coverage, February 2008.

## Medicare Part D Prescription Drug Plan and Low-Income Subsidy Plan

Medicare prescription drug coverage, Medicare Part D, was enacted in 2003 and implemented in 2006. All persons on Medicare can buy a Part D prescription drug insurance plan, which helps cover outpatient prescription drug costs. Elders can either join a Medicare Advantage Plan that includes prescription drug coverage, or can join a stand-alone Part D plan. There is no requirement to join a Part D plan, but for persons who do not join during their initial eligibility period there is a penalty unless they have “creditable” drug coverage under another plan, such as an employer or retiree plan. There is a Part D Low-Income Subsidy (LIS) Program for beneficiaries with incomes between 100 and 150 percent of the federal poverty guidelines.

### Medicare Part D Prescription Drug Plan

#### Income and Asset Limits

There are no income limits or asset limit for Medicare Part D.

#### Benefit Amount

The benefit provided by Part D plans varies from plan to plan under the framework set by law.<sup>64</sup> There is a “donut hole” in which there is a gap in coverage for annual drug costs between \$2,700 and \$6,154. Within the donut hole, elders pay 100% of the costs of prescription drugs. Above it, they pay 5% of further costs. For 2009, the schedule is given in Table F-3.<sup>65</sup> Nationally, more than 75 percent of seniors in Part D plans have a donut hole, and 26 percent of enrollees fell into this coverage gap in 2007.<sup>66</sup>

**Table F-3**  
**Medicare Part D Prescription Drug Plan Cost Sharing Formula, 2009**

Prescription Costs/Year	Range (\$)	Medicare Part D Pays	Elder Co-Pays	Cumulative Part D Cost	Cumulative Elder Cost
\$295	\$295	0%	100%		\$295
\$2,700	\$295-\$2,700	75%	25%	\$1,804	\$896
\$6,154	\$2,700-\$6,154	0%:donut hole	100%	\$1,804	\$4,350
\$7,700	Over \$6,154	95%	5%	\$3,273	\$4,427

Source: <http://www.medicare-partd.com/PartD-The-2009-Medicare-Part-D-Outlook.php>.

### Medicare Part D Low-Income Subsidy Program

#### Program Eligibility

The LIS (also known as Extra Help) helps seniors with incomes between 100 and 150 percent of the federal poverty guidelines and minimal assets with prescription drug costs. Those who qualify for Extra Help get a tier of benefits based on their income and assets.

64. <http://www.cms.hhs.gov/MedicareAdvgtgSpecRateStats/downloads/PartDAnnouncement2008.pdf>.

65. Ibid.

66. From Kaiser Family Foundation, August 2008, in [http://www.ncpssm.org/news/archive/update\\_partd\\_2009/](http://www.ncpssm.org/news/archive/update_partd_2009/).



## Income and Asset Limits

Figures F-3 and F-4 are based on 2009 income and asset limits for the Medicare Part D Low-Income Subsidy:

- 1) Income under 135% of poverty, assets under \$8,100 single, \$12,910 couple
- 2) Income under 135% of poverty, assets \$8,100-\$12,510 single, \$12,910-\$25,010 couple
- 3) Income 135-150% of poverty, assets \$8,100-\$12,910 single, \$12,910-\$25,010 couple

## Benefit Amount

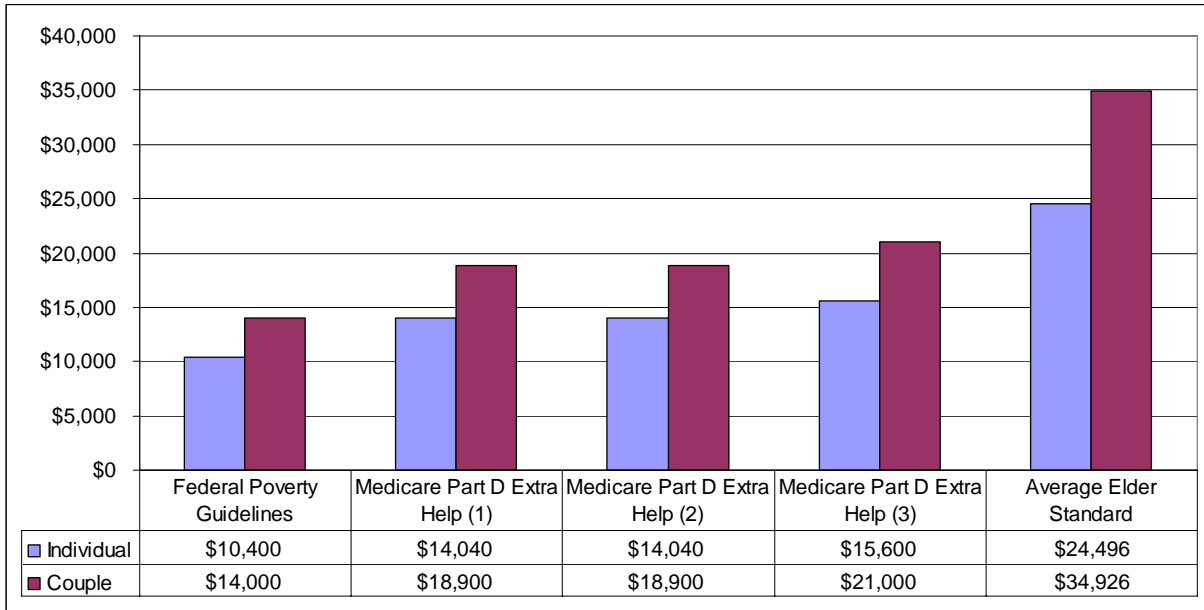
The benefit amount depends on the tier of Extra Help for which the senior is eligible and on the number and cost of their prescription drugs. See Table F-4.

**Table F-4**  
**Benefits of Medicare Low-Income Subsidy for Part D for Elders in Massachusetts, 2009**

Tier	Annual Deductible	Monthly Premium	Co-Pays Until OOP Costs of \$4,350*	Co-Pays After OOP Costs of \$4,350*
Low-Income Subsidy (1)  Income below 135% FPG  Assets: below \$8,100 single, \$12,910 married	\$0	\$0	\$2.40 for generic and preferred drugs \$6.00 other covered drugs	\$0
Low-Income Subsidy (2)  Income below 135% FPG  Assets: \$8,100 - \$12,510 single, \$12,910-\$25,010 married	\$60	\$0	15% co-insurance	\$2.40 for generic and preferred drugs \$6.00 other covered drugs
Low-Income Subsidy (3)  Income 135% - 150% FPG  Assets: \$8,100 - \$12,510 single, \$12,910-\$25,010 married	\$60	Premium: 135-140% FPG = 25% mo. premium 140-145% FPG = 50% mo. premium 145-150% FPG = 75% mo. premium	15% co-insurance	\$2.40 for generic and preferred drugs \$6.00 other covered drugs

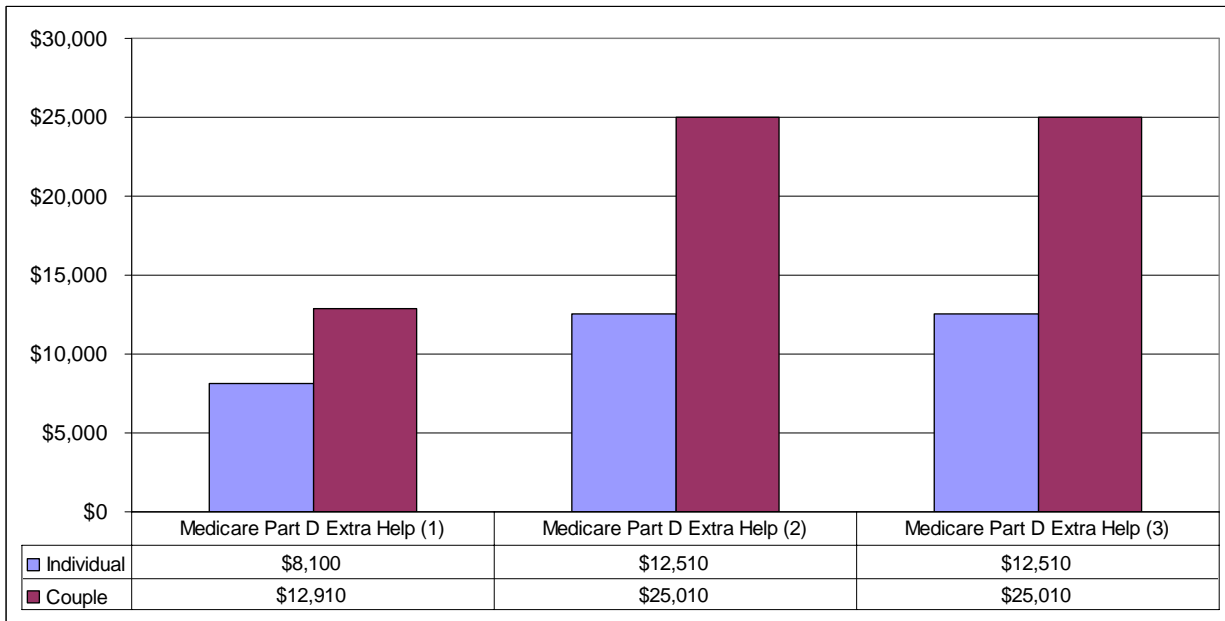
\*Out-of-pocket (OOP) costs includes amounts paid by the beneficiary, friends or relatives, qualified state pharmacy assistance programs, and the low-income subsidy toward the annual plan deductible, co-pays or co-insurance.

**Figure F-3  
Massachusetts 2009 Income Limits for Medicare Part D Low-Income Subsidy Programs**



Note: Part D Low Income Subsidy Program income limits are 135% and 150% of the federal poverty guidelines.

**Figure F-4  
Massachusetts 2009 Asset Limits for Medicare Part D Low-Income Subsidy Programs**



Note: Part D Low Income Subsidy Program asset limits are updated to 2009.

## Massachusetts Prescription Advantage Program

### Background

Prior to Medicare D, Massachusetts had established the Prescription Advantage program, a prescription drug insurance program which was open to all seniors regardless of income, and had a tiered scale of premiums and benefits to help seniors pay for medications. With the startup of Medicare Part D, Prescription Advantage was converted to a wrap-around program for Medicare beneficiaries to help fill the “donut hole” and further limit Part D out-of-pocket costs. It continued as a prescription drug insurance program for seniors without Medicare.

### Program Eligibility

Massachusetts Medicare beneficiaries who are 65 years or older are eligible for Prescription Advantage if they enroll in a Medicare Part D plan or have “creditable” coverage, such as through a retiree plan. Seniors with lower incomes must also apply for “Extra Help” in paying for Part D prescription drug costs. Prescription Advantage adds additional benefits to these plans by filling the “donut hole”. Prescription Advantage is not available to Medicare beneficiaries who also have MassHealth.

### Income Limit

Prescription Advantage has a tiered scale of premiums and benefits, S0 through S5, with a sliding scale of help for Medicare beneficiaries with incomes up to 500% of the federal poverty guidelines.<sup>67</sup> See Figure F-5. At the highest income limit, there is a \$200 annual fee to join Prescription Advantage. There are otherwise no out-of-pocket costs for enrolling in Prescription Advantage.

### Asset Limit

There are no asset limits for Prescription Advantage.

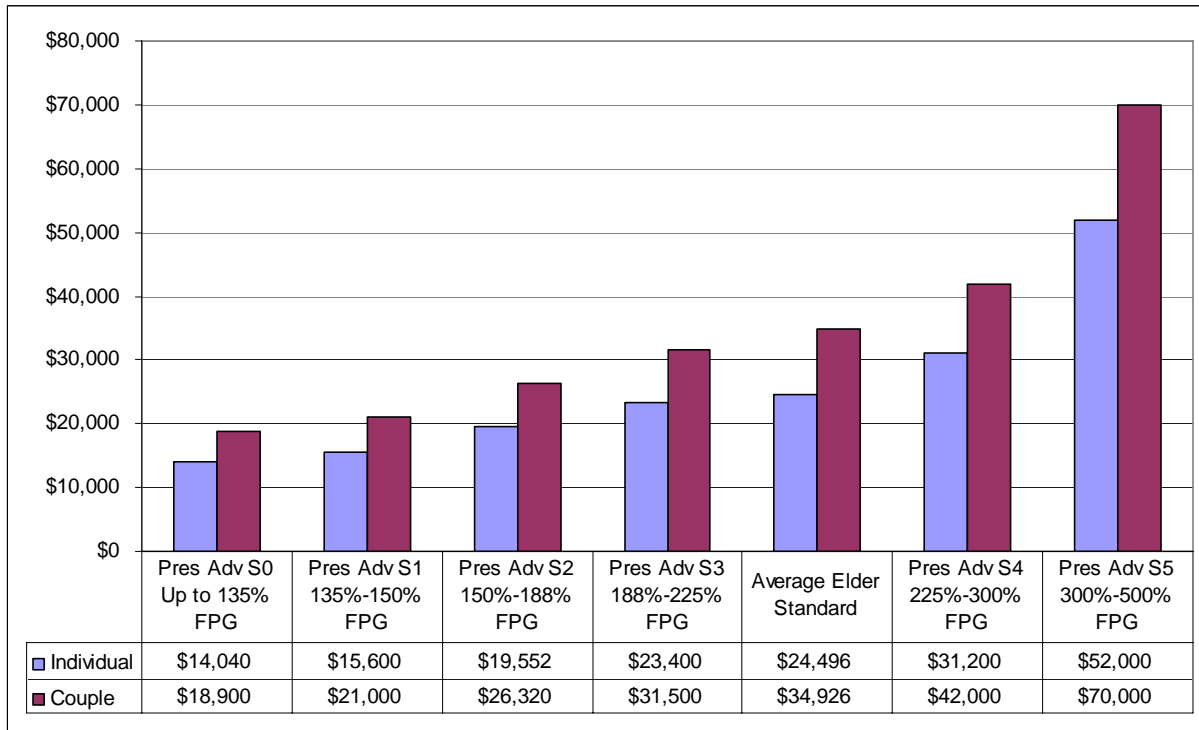
### Benefit Amount

Until 2009, Prescription Advantage provided help with premium, co-payment and coinsurance amounts plus expenses in the donut hole. However, the Massachusetts budget cuts in the fall of 2008 ended help with pre-donut hole coverage to persons above category S1—i.e. to beneficiaries with incomes above 150% of the federal poverty level. Instead, for Medicare beneficiaries in categories S2 through S5, Prescription Advantage only covers prescription drug costs in the coverage gap or “donut hole”, which for 2009 is reached when the total retail cost of a member’s covered prescription drugs is \$2,700.

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<sup>67</sup><http://www.massresources.org/pages.cfm?contentID=49&pageID=13&subpages=yes&dynamicID=688#incomelimits>. For information on how Prescription Advantage works with Medicare Extra Help programs, see [http://www.mass.gov/Eelders/docs/prescription\\_advantage/fact\\_sheet.pdf](http://www.mass.gov/Eelders/docs/prescription_advantage/fact_sheet.pdf).

**Figure F-5  
Massachusetts 2008 Income Limits for Prescription Advantage**



### Outreach and Enrollment

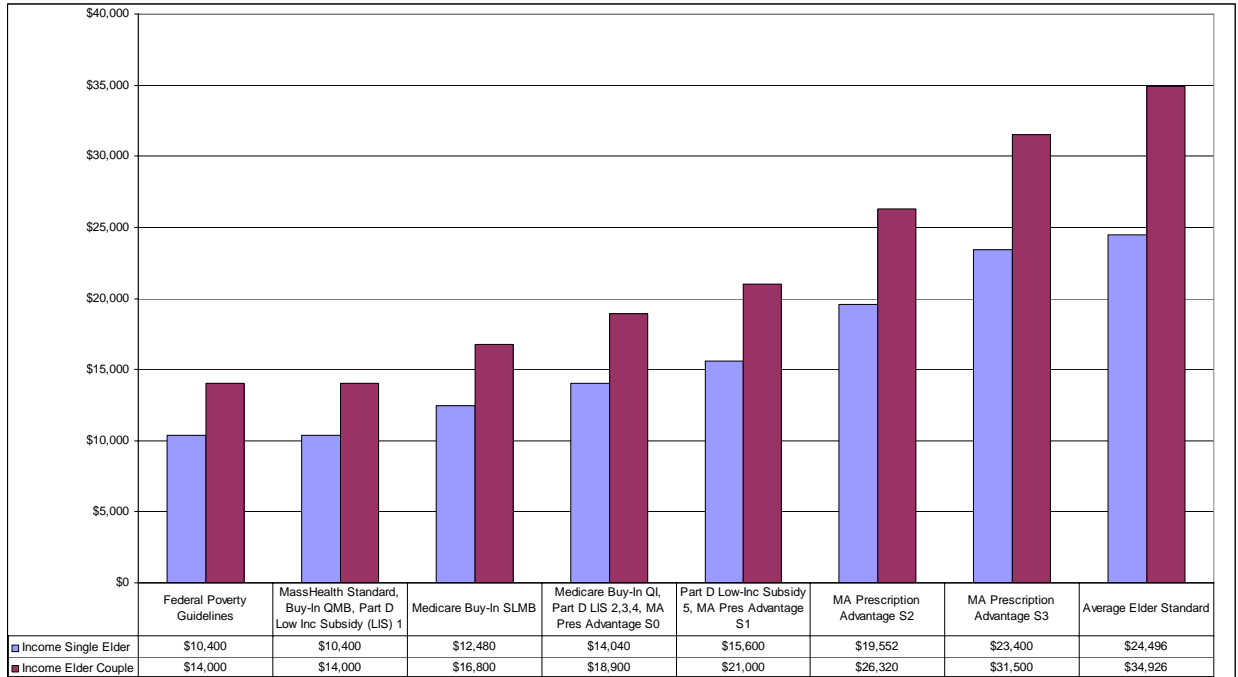
The Serving the Health and Information Needs of Elders (SHINE) program helps seniors navigate this complex and confusing array of public programs and private insurance coverage. SHINE staff train and oversee volunteer counselors to work one on one with seniors.

With the start-up of Medicare Part D, the process of finding and securing affordable coverage became even more complex because of the vast array of private providers who do not provide similar coverage or benefits, and because a change in health condition and prescription drug needs may mean that a plan that was affordable at the outset may no longer fit changing needs.

### Summary

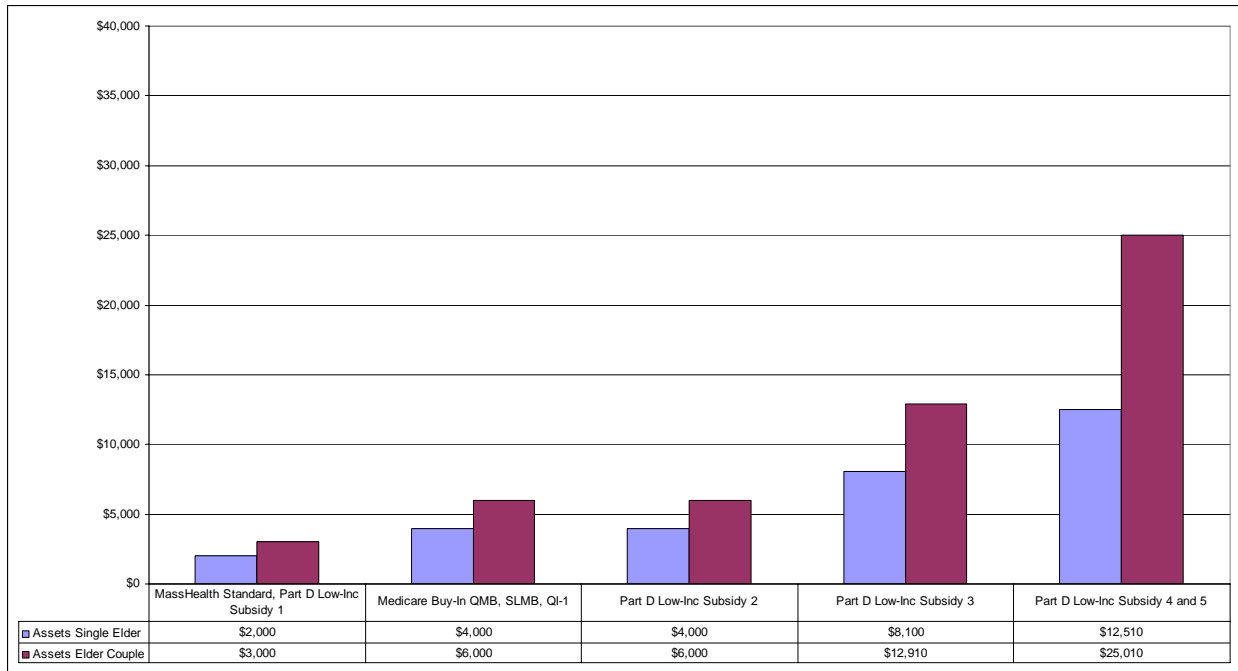
There is a wide and complex array of programs to help low and moderate-income seniors with medical costs, and with the Commonwealth of Massachusetts' Prescription Advantage program providing protection in the donut hole created by Medicare Part D. The range of income limits for the various programs is given in Figure F-6, and the range of asset limits in Figure F-7.

**Figure F-6  
Income Limits for Range of Elder Health Programs**



Note: MA Prescription Advantage limits for S4 and S5 are higher and not included due to space, see Table F-5.

**Figure F-7  
Asset Limits for Range of Elder Health Programs**



Note: There is no asset limit for MA Prescription Advantage. Asset limits for Part D Low Income Subsidy for 2009.

## **Health Care Support Programs Summary of Findings and Recommendations**

### **Findings**

*There is a complex array of programs to help elders pay for their health care costs, with varying income and asset criteria. All of the federal programs except Part D have income limits tied to the federal poverty guidelines or a modest percentage above it. They also have outdated, extremely low asset limits that ignore economic realities as seniors face changing life circumstances, compounded by an unstable economy.*

*Medicare was initially designed to provide support for seniors facing high health care costs. Over time, the rising tide of health care costs has essentially required that elders buy supplemental health and prescription drug coverage or face catastrophic health care costs.*

*Medicaid provides coverage for low-income seniors with incomes below the federal poverty guidelines and assets of less than \$2,000 for an individual or \$3,000 for a couple. Their health care costs are nearly completely covered. Rising health care costs are threatening the funding of this comprehensive coverage.*

*Over time, incremental programs were added at the margin, such as the Medicare Savings (Buy-In) and Part D Low-Income Subsidy programs, but income and asset limits have not kept pace with rising living costs.*

*Unless elders are among the fortunate and decreasing number who have retiree health coverage, they face significant premiums for supplemental coverage. If they can not afford it they may neglect medical needs, or wind up drowning in debt. By the time they qualify for MassHealth, they have no reserves for other contingencies.*

*Medicare Part D prescription drug coverage compounded the complexity by offering coverage through private insurers with no set benefit package. The program was not designed to negotiate lower drug prices. Part D's coverage gap or "donut hole" is a major hardship for the 26 percent of seniors who fall into it.*

*Massachusetts Prescription Advantage program used to provide adequate coverage for seniors' drug costs with realistic income limits and no asset limits. However, with recent changes including no coverage until the donut hole for Medicare beneficiaries with incomes above 150% of the federal poverty level, this program has been weakened.*

*The SHINE program does an admirable job counseling seniors on health care options. It needs adequate resources to help seniors negotiate complex and confusing choices.*

## **Health Care Support Programs Summary of Findings and Recommendations**

### **Recommendations**

*Update and raise the income limits for health care support programs for elders so they reflect today's living costs as measured by the Elder Standard, index them to inflation, and make them more consistent across different help programs. With fuel assistance at 60 percent of state median income and food assistance (SNAP) at 200 percent of the federal poverty guidelines, health care program eligibility limits should be increased.*

*Reform and raise the asset limits to provide a buffer against unexpected contingencies, and index them to inflation. Recognize consumer debt as an offset against assets. Exclude retirement savings from countable assets, as was done for food assistance in the 2008 Farm Bill. Consider eliminating asset requirements for seniors as for SNAP and fuel assistance.*

*Prescription Advantage assistance to Medicare beneficiaries should be restored to at least the level of assistance provided prior to 2009.*

*To be affordable, effective and sustainable now and in the future, health care reform needs to rein in costs. Among other actions, use the government's bulk purchasing power to negotiate lower prescription drug prices, as is done by the Veterans Administration, and the state's Group Insurance Commission.*

## **G. Home and Community-Based Long Term Care Services**

### **Massachusetts Home and Community-Based Waiver Program**

#### **Background**

The Massachusetts Home and Community-Based Waiver Program (Waiver Program) is a program for low-income Massachusetts residents who qualify for nursing facility or other institutional care but want to live at home. The Waiver allows MassHealth members to get needed health care and support services at home rather than in an institution. MassHealth does not cover certain home-based services without a waiver. The goal of the program is to help frail seniors, people with mental retardation, and young children with autism live safely in their communities, and to prevent or delay institutionalization.

#### **Program Eligibility**

The Waiver Program has the same program eligibility requirements as MassHealth. MassHealth is available to low-income Massachusetts residents who are U.S. citizens, with eligibility based on age, family situation, work history, and immigration status. In addition to being age 65 or older (or permanently and totally disabled), seniors must be certified by the state as medically eligible for nursing home care. This means they need at least one skilled nursing or therapist service daily, or they need nursing care at least three times per week, plus two other services. Other services can be assistance with Activities of Daily Living (ADL), such as help with bathing, dressing, toileting, mobility, or eating. They must also be able to live safely at home with supporting services.

#### **Income Limit**

The Waiver program expands eligibility for MassHealth from the poverty level up to three times the federal Supplemental Security Income (SSI) benefit, so that in 2008 eligibility is \$22,932 per year, and \$34,416 per couple. See Figure G-1. In addition, some elders who have high medical expenses may be eligible by meeting a deductible for medical expenses every six months.<sup>68</sup>

#### **Asset Limit**

The asset limit is \$2,000. Massachusetts began the process of raising the asset limit under its waiver program from \$2,000 to \$10,000 under its Community First Initiative.<sup>69</sup> See Figure G-2. It was waiting for federal approval. However, with the 9C cuts in the fall of 2008, implementation of the state's Community First Waiver has been put on hold.

#### **Benefit Amounts**

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<sup>68</sup>. For more information, see <http://www.massresources.org/pages.cfm?contentID=87&pageID=30&Subpages=yes> and [http://www.mass.gov/Eeohhs2/docs/masshealth/regs\\_member/regs\\_memb\\_520.pdf](http://www.mass.gov/Eeohhs2/docs/masshealth/regs_member/regs_memb_520.pdf).

<sup>69</sup> Massachusetts submitted a Section 1115 Community First Research and Demonstration Project waiver in December 2006 that is under review by the Secretary of Health and Human Services.



There are no co-pays for Waiver Program services. The benefits can include home health aide, homemaking, chore and personal care services, adult day programs, transportation, case management, and a personal emergency response system. Massachusetts also has a Community Choices program, a demonstration program that is a subset of the waiver, for seniors at imminent risk of entering a nursing home or currently in a nursing facility and wanting to return home; they are eligible for more services; but the cost must be less than a nursing home.<sup>70</sup>

## **Massachusetts Home Care Program**

### **Background**

The Massachusetts Home Care Program is a state-funded program available to seniors with limited income who need help with activities of daily living and instrumental activities of daily living (IADLs) such as driving, cooking, and housecleaning; to live safely at home. Program services can include personal care, housekeeping, adult day programs, and transportation. The program also offers respite care for caregivers, regardless of income.

### **Program Eligibility**

Home care services are available to residents of Massachusetts who are 60 years of age or older, who are assessed by an Aging Services Access Point (ASAP, also known as home care agencies) case worker to be in need of services with activities of daily living, and to have an unmet need.

### **Income and Asset Limits**

The Massachusetts Home Care Program provides long-term care services on a sliding scale to elders with incomes below \$24,837 for a family size of one, or \$35,144 for a family size of two.<sup>71</sup> See Figure G-1. These just above the average Massachusetts Elder Standard, but not sufficient for elders in higher cost parts of the state, or who are still paying a mortgage.

There are no asset limits for the Massachusetts Home Care Program.

### **Benefit Amounts**

The amount of care provided by the Home Care Program to its clients is very modest, averaging a couple of hours per week. There is voluntary co-payment of \$7 per month for those with incomes under \$10,924 per individual or \$14,646 per couple. Above that, there is a monthly co-pay of \$9-\$140 per month up to the eligibility limit. Table G-1 gives the cost sharing amounts (monthly premiums paid by recipients) for the Massachusetts Home Care Program.

In addition, Massachusetts offers a respite care program, under which services for home care on a temporary basis can be purchased by caregivers. Respite care includes in-home services on a

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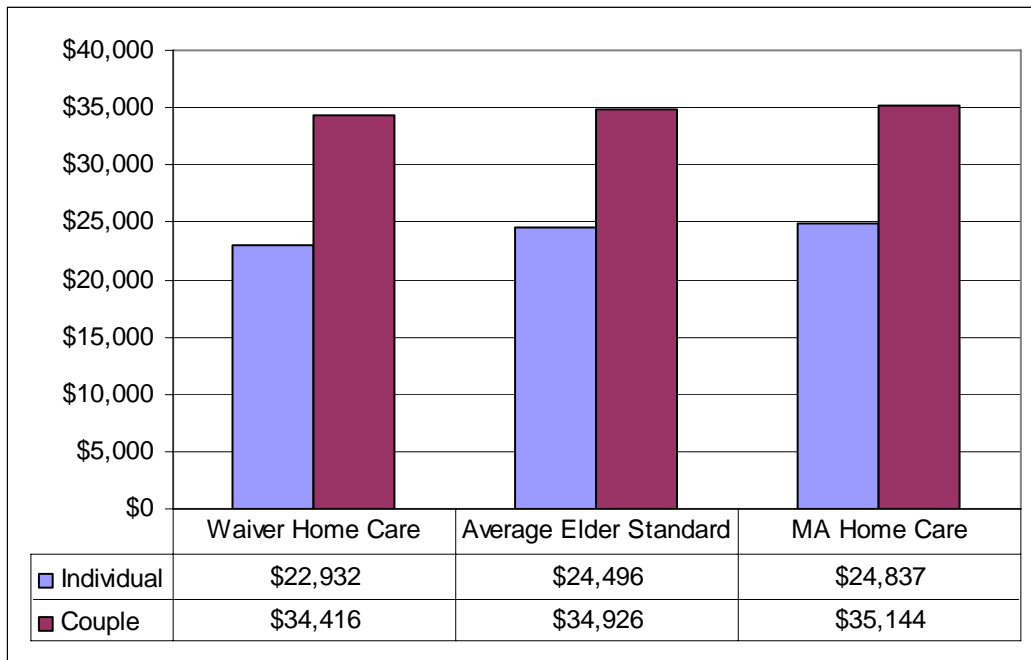
<sup>70</sup> In addition, MassHealth has a Personal Care Attendant Program that enables disabled adults and elders to hire personal caregivers, and a (non-spouse) Family Caregiver Program, both use MassHealth income and asset limits.

<sup>71</sup>. EOEPI-06-15 Financial Eligibility Guidelines - Home Care Program.

temporary basis, or temporary placements in adult family care, nursing facilities, rest homes, or hospitals. Elders can pay a sliding scale of 50-95% of the cost to receive respite care services up to a higher eligibility limit of \$45,079 per individual and \$54,501 per couple, and above that, can purchase respite care services at 100% of the cost. See Table G-2.

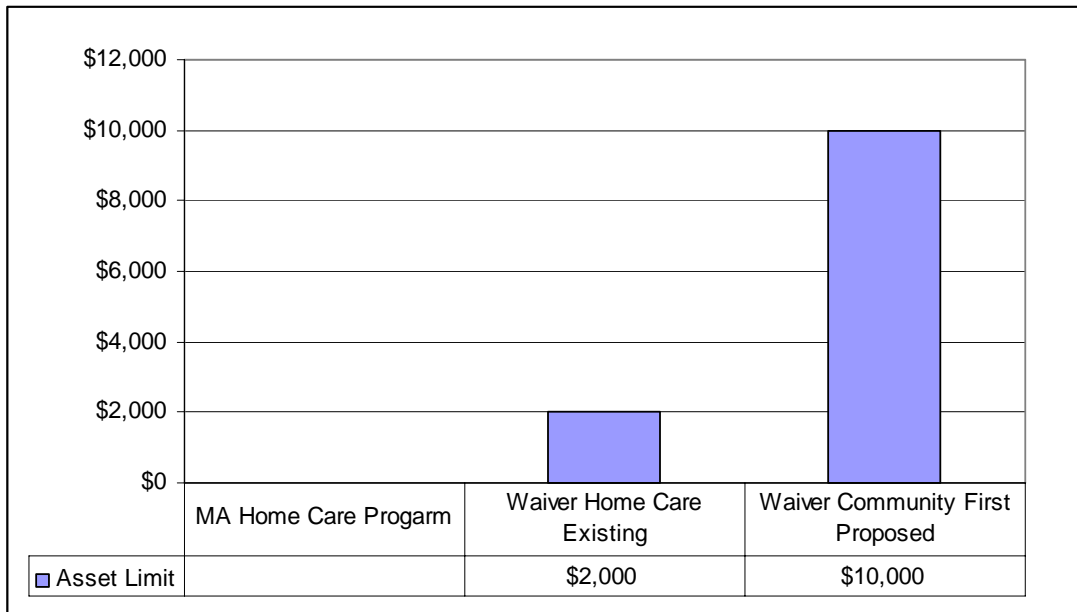
Massachusetts also provides state funds for Enhanced Community Options Program (ECOP), a program for elders who are medically eligible for nursing facility care but want to live at home. It provides two to three times the level of services of the standard Home Care Program.

**Figure G-1  
Massachusetts 2008 Income Limits for Home Care Programs vs. Benchmarks**



Note: The income limit for the MA Home Care Program is updated for 2009.

**Figure G-2  
Massachusetts 2008 Asset Limits for the MA Home Care Program, Massachusetts Waiver Program, and Waiver Community First Proposed Change**



Note: There is no asset limit for the Massachusetts Home Care Program.

**Table G-1  
Massachusetts Home Care Monthly Cost Sharing (Co-Pays)**

One Person Annual Gross Income	Monthly Co-Pay	Two Person Annual Gross Income	Monthly Co-Pay
Under \$10,924	No charge (\$7 per month voluntary)	Under \$14,646	No charge (\$10 per month voluntary)
\$10,924-\$24,837	\$9-\$130 per month, sliding scale	\$14,646-\$35,144	\$17-\$140 per month, sliding scale

Respite care services can also be purchased on a sliding scale basis, as shown in Table G-2. Income requirements are for the senior household, not the caregiver.

**Table G-2  
Massachusetts Respite Care Monthly Cost Sharing (Co-Pays)**

One Person Annual Gross Income	Monthly Co-Pay	Two Person Annual Gross Income	Monthly Co-Pay
\$24,838-\$45,079	50%-95% of cost	\$35,145-\$54,501	50%-95% of cost
\$45,080 and over	100% of cost	\$54,502 and over	100% of cost

**Example**

Mrs. Wright needs help with nursing services three times per week and with activities of daily living. Her income is \$18,000, under three times the federal SSI payment, so she would qualify for Home and Community-Based Waiver Services, but she has \$9,000 in countable assets. Until the state’s request to increase the asset limit to \$10,000 is approved and implemented, she cannot receive services, and the amount of help under the Massachusetts Home Care Program is not sufficient, so she faces entry to a nursing home and spending down her assets until she qualifies.

If the waiver change is approved and implemented, she would be eligible to receive waiver services at home. However, by that time, her resources will likely be so depleted that she will not be able to do so, so she would remain in a skilled nursing facility.

The Elder Economic Security Standard™ Index demonstrates the interplay of economic factors with the Commonwealth’s goal for a “Community First” approach to rebalance long-term care services, which was adopted in 2003, and the “Equal Choice” law enacted in 2006.<sup>72</sup> Community First calls for broader access to publicly funded community-based supports including expanded income and asset eligibility rules, in order to promote the use of home and community-based long-term care as an alternative to institutional care. Expansion of the asset limit is now on hold. For Community First to work, older adults must be able to cover all their basic costs of living in the community, underscoring the importance of broader access to other public support programs.

<sup>72</sup>. Chapter 211 of the Acts of 2006, An Act Relative to Choice of Long-Term Care, Massachusetts General Laws. <http://www.mass.gov/legis/laws/seslaw06/s1060211.htm>.

## **Home and Community-Based Long Term Care Services Summary of Findings and Recommendations**

### **Findings**

*The absence of Medicare coverage for ongoing long-term care services means that for elders who need such services, unless they are very low income with minimal assets, and/or will spend down their assets to qualify for nursing home care, there is no good option for help to remain in the community.*

*The Medicaid Waiver Program provides states with limited flexibility to expand income and asset limits for Medicaid long-term care coverage to provide home and community-based long-term care instead of institutional care; as long as the plan is cost-neutral. Massachusetts submitted a waiver to expand the asset limit for a new program called Community First from \$2,000 to \$10,000, however with the state's recent budget cuts, implementation of some portions of the Community First waiver that would directly benefit seniors has been suspended.*

*Recent budget cuts have reduced funding for the Massachusetts Home Care Program, a modest state-funded program that provides a couple of hours of help per month to qualifying seniors who pay sliding scale co-pays for services.*

*A sliding scale of access to, and co-payments for, home care services fits better with elders' actual needs for care. Available resources are not fully understood and utilized.*

### **Recommendations**

*The state's Long-Term Care Financing Commission should begin its important work to reform, enhance access, and develop adequate financing for long-term care services. Support the continuum of long-term care services, from home- and community-based to skilled nursing facilities for those who need the most extensive care.*

*Fund implementation of the Community First waiver program, and adequately fund the Massachusetts Home Care Program.*

*Expand Medicare to cover long-term care, or develop a social insurance program for long-term care services.*

## V. Conclusion and Recommendations

**In summary, there is a widely disparate, conflicting and confusing array of income limits, asset limits, and benefit levels for many elder help programs.**

As a result, programs are less able to achieve their intended goals of lifting seniors out of hardship and helping them become, or remain, economically secure. This is especially apparent given rising costs in the areas that hit elders the hardest: housing, energy, health care, property taxes and food. Eligibility requirements and application procedures are complex, so elders are discouraged from applying and/or forced to turn to attorneys or other professionals to negotiate these programs. This is costly, and counterproductive to a supportive help system. It is especially difficult during times of crisis, which often accompany the need for increased assistance.

**Many program income limits were set decades ago based the federal poverty guidelines or a small percentage above them; they have not kept pace with today's living costs.**

Since the federal poverty guidelines were developed over 40 years ago, they have been used to determine eligibility for a range of public support programs. The federal poverty measure is based on households spending one-third of their income food, and is the same in 48 states, while costs of housing and health care have risen faster and have wide regional differences. The federal poverty guidelines no longer measure income adequacy. Some newer programs use a multiple of the federal poverty guidelines, or even better, more realistic income limits scaled to state or area median income which reflect today's distribution of incomes and costs.

**The rules of many elder lifeline programs fly in the face of today's thinking about asset development; instead they set low asset limits that require "asset stripping."**

Several lifelines programs have asset limits that have been set at extremely low levels and have not increased in decades. Others have gone up modest amounts, and some programs have no asset limit. Asset limits are rarely indexed to increases in the cost of living. Supplemental Security Income (SSI) and MassHealth require an applicant to have less than \$2,000 in assets, or \$3,000 per couple. In today's dollars, the original SSI limits of \$1,500 and \$2,250 in 1972 would be nearly \$8,000 and \$12,000. The requirement for spend-down of nearly all assets to qualify for a program leaves elders without a buffer to cover emergencies, home repairs, or medical needs.

**Many programs' benefit levels – the amount of help provided – have not been updated regularly and fall well below what is needed to meet real costs in today's marketplace.**

Many programs benefit levels are raised only at long intervals, or are tied to increases in the general cost of living, rather than the cost of the item which rises much more rapidly in price. Supplemental Security Income provides less income than the federal poverty level, even with an additional supplement provided by Massachusetts. There have been recent improvements in some programs' benefit levels such as food stamps and fuel assistance, though there is still a gap for elder households in greatest need. While the number of programs targeting senior property tax has increased in the past decade, the total amount of help provided by these programs is less

than it was in the past relative to elders' property tax bills. The Massachusetts Home Care Program provides just a couple of hours of care per month for seniors who qualify, which is often well below the level of services required.

**Some programs are hard to access because of confusing regulations, limited community outreach, low levels of funding, low awareness and/or a difficult application process.**

Expanding enrollment of elders in lifelines programs requires more than updated eligibility limits; it requires thoughtful, strategic and updated outreach, application process, and benefits provision. Massachusetts has made great strides in reform of the Supplemental Nutrition Assistance Program under the guidance of the Food Stamp Improvement Coalition, and improving access to fuel assistance by implementing recommendations of the Winter Energy Task Force. This model of strategic, targeted convening of stakeholders to improve access and usage of programs should be applied to other areas, such as property tax relief, housing, health care, and long-term care programs.

**There are numerous legislative, regulatory and funding “quirks” and gaps in programs. While Massachusetts has made good progress in several of these areas, more work still needs to be done. The federal government needs to catch up after years of neglect.**

Much greater action needs to be taken at the federal level to update laws and regulations that govern other federal/state programs. With a federal housing policy focused only on increasing homeownership, there have been years of federal funding declines for rental housing subsidies like Section 8, for new construction and rehabilitation, and for conversion of “expiring use” projects to permanently affordable housing, instead of converting to market rate housing, when their subsidized mortgages are paid off.

The low asset limit of \$2,000 per person and \$3,000 per couple for Supplemental Security Income (SSI) and Medicaid (MassHealth), and the \$1,500 cash value limit of life insurance allowed as a non-countable asset for MassHealth and SSI, fly in the face of responsible budgeting and planning for repairs or emergency needs, and for planning for the needs of a spouse or dependent. The low SSI payment, even after Massachusetts supplement, does not provide enough to rent a market rate apartment. The Medicare Part D prescription drug benefit is among the most confusing for seniors to navigate, has a major gap in coverage which leaves states holding the bag to fill, and bans use of government's bargaining power to lower prescription drug prices. More detail on specific actions needed are given in the findings and recommendations section of each of the lifelines programs described in this report.

## **The Lifelines report makes the following recommendations.**

- 1. Create a Lifelines for Elders Task Force to review elder help programs and transform the recommendations of this report into action.**

The charge for the Task Force, which could be convened by administrative and legislative action, is to assess the findings of this report. It would hold public hearings, quantify the number of people affected, develop cost estimates and legislation, and build support for implementing recommendations to update income and asset limits and benefit levels. It would consider when to remove asset limits, or to exempt qualified (tax advantaged) retirement savings from asset limits. The Task Force might also brainstorm revenue and cost saving and cost recovery strategies, and consider whether a dedicated stream of revenue for elder programs might be developed.

- 2. Encourage the Asset Development Commission to use the Lifelines for Elders report as it completes its work, and incorporate selected recommendations.**

The Commission has done an exemplary job in reviewing volumes of information and potential recommendations prepared by its three work groups, holding public hearings, and prioritizing recommendations in time for consideration for the 2009 legislative session. Much of its initial work has focused on education as an asset building strategy, financial literacy, and considering family support programs through an asset development lens. In addition, representatives from AARP, Massachusetts Association of Older Americans, and the University of Massachusetts Boston Gerontology Institute have briefed selected work groups. This work should continue.

- 3. For programs with gaps in outreach and enrollment, set up a Program Improvement Coalition modeled on the work of the Food Stamp Improvement Coalition.**

The Food Stamp Improvement Coalition expanded from an advocacy coalition into a strong public-private collaboration among the Department of Transitional Assistance, human service, legal and advocacy organizations to reform, update and enhance access to the Supplemental Nutrition Assistance Program (SNAP). It provides a model for potential expansion of the Massachusetts Councils on Aging Senior Property Tax Relief Task Force, which includes directors of councils on aging, local assessors, and senior volunteers, by adding representatives of the Department of Revenue, Executive Office of Elder Affairs, and Massachusetts Municipal Association. It can also look at other states' efforts to improve outreach and enrollment, and consider ways to update and streamline the complex web of local options and highlight best practices for statewide and local adoption.

- 4. Create and fund stronger, integrated outreach and enrollment efforts to ensure older adults access to and help from the "lifelines" programs that were created for them.**

Massachusetts has long supported outreach and enrollment in its health care support programs for elders through the Serving the Health Information Needs of Elders (SHINE) program. In addition, it has made concerted efforts to improve outreach and enrollment in



programs food assistance programs such as Supplemental Nutrition Assistance Program (SNAP), and the Low Income Home Energy Assistance (LIHEAP). In contrast, outreach and enrollment in state and local senior property tax relief programs is weak and uneven, with no funded outreach efforts in the community to help seniors understand and access the programs created for them. Without funding for outreach, these programs will continue to be among the state's best-kept secrets that could have saved thousands of seniors from hardship.

There are additional opportunities for interagency data-file sharing, cross-enrollment, and automatic provision of benefits such as through the SNAP program's Electronic Benefits Card, or state calculation of property tax relief circuit breakers, and sending out refund checks to renters or deducting it from owners' property tax bills. Expanding use of the state's Virtual Gateway to apply for programs, streamlined application forms, and telephone vs. office interviews make it easier for seniors, who may have limited mobility, to receive help.

- 5. Work with the new Administration to ensure the lens of "elder economic security" is used when implementing economic stimulus programs. Continue Massachusetts' leadership in spearheading reforms, bring federal dollars to the state, and supplement where needed. Fix the legislative and regulatory "quirks" in programs that impede their effectiveness.**

Based on the findings of this report, it is time to increase federal funding for rental housing subsidies like Section 8, fund new construction and rehabilitation as part of the Economic Stimulus package, and convert "expiring use" projects to permanently affordable housing. The Medicare Part D prescription drug benefit should be revamped. The government should use its bargaining power to lower prescription drug prices, like the Veterans Administration, and set up a simpler, direct prescription drug benefit without a gap in coverage.

Other interventions could include: updating or removing asset limits for more programs; indexing them to the cost of living; exempting retirement assets, and revamping antiquated rules concerning the value of life insurance; increasing the cash value of life insurance allowed as a noncountable asset for MassHealth and Supplemental Security Income (SSI) to at least \$10,000; and raising the SSI monthly benefit so it provides enough to rent a market rate apartment, or set a higher benefit level for those with market rate rents.

- 6. Improve data collection and monitoring as a foundation for program improvement through evidence-based practice. Set up a system for ongoing monitoring, review and improvement of programs and regulations so they remain effective over time.**

Update the framework of data collection to get a more accurate picture of economic security and financial health and the threats that challenge elders' economic security and well-being. The Elder Economic Security Standard™ Index for Massachusetts should be updated in 2009, and every three years thereafter, to provide a current, up to date benchmark of living costs for Massachusetts elders in communities across the Commonwealth. The Federal Reserve Board's Survey of Consumer Finances should be expanded in size so that it can give meaningful data at the state level. The Executive Office of Elder Affairs should build upon the model of its first online survey of elders' conditions to gain further information about

economic security, and what measures would be most helpful to address the challenges elders face. In addition, early warning systems should be developed to learn about the incidence of threats to elders' economic and financial health so they can be addressed early, before they become a crisis.

Set up a system for ongoing monitoring and improvement of programs. This can include reconvening groups once a year after their basic work is done to assess progress and new issues, concerns and opportunities with changing demographic, economic and fiscal conditions, as well as the emergence of new technology and business practices. This is an area that can benefit from focused attention, as products and protections that work for others must at times be adapted to work with elders.

## **Conclusion**

While gradually spending down one's assets is part of a normal economic lifecycle in retirement, it is hard to predict one's lifespan. Many lifelines programs were developed in the days before the importance of assets in generating and sustaining economic security were widely recognized and understood. The concern for economic well-being has matured from a targeted focus on income levels to one that recognizes the key role of assets to support, extend and sustain economic opportunity, health and well-being. These lifelines programs were designed to help elders keep their heads above water, and must be updated to reflect the global economic reality of rising tides and changing times.