Background

On February 2, 2015, President Obama released his recommended budget for FY2016, which runs from October 2015 through September 2016. His budget recommends slightly less than $4 trillion of total spending over the course of the year. Under the proposal, the federal government would end the caps on discretionary funding (commonly known as sequestration), and would restore much of the prior cuts to funding for programs that serve seniors.

Some of the most significant new policies and spending in this budget are not applicable to programs that serve seniors and people with disabilities. For example, the President proposes expanding access to certain types of child care subsidies; establishing free community college options; and creating a new program to improve infrastructure spending. These items would be financed through changes in tax code, as well as savings from health care programs.

Many of the federal government's largest expenses are mandatory expenditures, such as Social Security, Medicaid, and Medicare, and, as such, are not subject to the annual appropriations process. Therefore, the budget does not include recommendations on annual appropriations for these mandatory programs. However, the President does include some substantial policy recommendations for Medicaid and Medicare in the budget.

The President's proposal contains some ambitious initiatives, including changes to the tax code and new spending, but many of these programs are unlikely to be enacted. This budget is intended to initiate negotiations with Congress over the FY2016 appropriations bills, which will ultimately determine the funding for the federal government. Congress will examine this proposal, but will ultimately determine its own priorities for revenue and expenditures. Leadership in both chambers has already expressed skepticism about and opposition to a number of the President's proposals, making it difficult to envision a scenario where this budget is ultimately passed into law.

Key Takeaways

Due to the limits on discretionary spending, many of the programs that serve seniors have been reduced over the past several years. The President proposes to remove those

limits and to restore funding for discretionary programs back to pre-sequestration levels. Some Older Americans Act (OAA) programs would receive funding restorations and increases if the proposal is enacted. For example, nutrition services would receive approximately $875 million of total funding. This represents an increase of $60 million from FY2015, with $40 million allocated to Title III nutrition programs and $20 million for a new proposed initiative to support evidence-based nutrition services.

Please see the attached chart for summaries of proposed funding levels of many programs important to seniors and people with disabilities. In addition to the tables, we highlight several areas where the President's FY2016 budget makes recommendations for substantial changes or funding increases below.

Administration for Community Living

The Administration for Community Living (ACL) receives several significant increases in the President's budget proposal. Some of these increases are the result of programs transferring from other agencies, such as the Independent Living programs, while other increases stem from proposals to expand funding for core ACL programs.

The FY16 President's budget proposes an increase of $42.8 million for the core nutrition formula grants, to a total of approximately $644.6 million, as well as flat-funding the Nutrition Services Incentive Program. Overall, ACL proposes approximately $875 million for nutrition services. Of this funding request:

- Congregate meals would receive $458.4 million; and
- Home-delivered meals would receive 236.2 million;
- Nutrition Services Incentives would receive $160 million; and
- ACL proposes $20 million for a new nutrition demonstration grant program that will invest in evidence-based models to modernize the home-delivered and congregate nutrition programs.

The budget also proposes a substantial increase to funding for Aging and Disability Resource Centers. Under the proposal, ADRC funding would increase to $20 million in FY16. Currently, ACL projects that ADRCs will receive $6.1 million nationwide in FY15, partially due to the expiration of $10 million of mandatory ADRC funding at the end of FY14. The budget proposal would restore, and increase, aggregate ADRC funding. All ADRC funds would be within ACL discretionary funding.

ACL proposes to increase investments in family caregiving support. This would be achieved through two mechanisms: an increase to the existing Family Caregiver Support Services program, and the creation of a new competitive grant program for Family Support. ACL's budget for Family Caregiver Support Services requests a $5

million increase, to a total of $150.58 million. In addition to this increased funding, ACL includes a new proposed program that would provide $15 million for competitive grants to fund initiatives that improve the support given to family caregivers. Under this proposal, five to seven states would receive funding for projects to establish promising and evidence-based practices in local communities.

Lastly, the budget continues the Administration's emphasis on Elder Justice Initiatives. ACL proposes a $21 million increase to support the Elder Justice Act. This money would be used for a variety of purposes; however, the largest proposed investment is $15 million that would be used to provide demonstration grants that assist states upgrade their Adult Protective System data and reporting systems. The funds would also provide research, evaluation, and technical assistance to improve APS efforts related to elder abuse.

Centers for Medicare and Medicaid Services

Medicare and Medicaid are entitlement programs, and the core programs are not subject to the annual appropriations process. However, the President often proposes policy and legislative changes in his annual budget. In the FY2016 budget, the Centers for Medicare and Medicaid Services (CMS) propose a number of substantial changes to both the Medicare and the Medicaid programs that could impact seniors and individuals with disabilities as well as state long-term services and supports systems. Some of the most notable CMS proposals that affect state agencies are outlined below

Medicaid:

- Provide home and community-based service to children eligible for psychiatric residential treatment facilities. This proposal builds upon the PRTF demonstration that was authorized in the Deficit Reduction Act of 2005, and would expand the ability of states to provide HCBS services to children with significant behavioral health needs.

- Improve and extend Money Follows the Person Rebalancing Demonstration through 2020. The proposal would extend MFP through 2020; would allow states to use funds not only for transition activities but also to prevent institutionalization; would reduce the amount of time a Medicaid beneficiary needs to reside in an institution from 90 to 60 days in order to qualify; and would expand the program to allow individuals in some types of behavioral health facilities to qualify.

- Pilot a comprehensive long-term care state plan option. This proposal would create an eight-year pilot program in up to five states. Under the pilot program, states would be able to create equal access to HCBS and institutional care, and improve rebalancing in their LTSS systems. The Secretary would then have the authority to make the changes permanent.

- Allow states to develop age-specific health home programs. Currently Medicaid health homes cannot target services to individuals based upon age. This proposal would allow states to establish age-specific health homes, in order to establish teams that provide coordinated care in a manner sensitive to the needs of different age groups.

- Expand eligibility for 1915(i) and 1915(k) – commonly known as Community First Choice (CFC) - HCBS options. The 1915(i) and the CFC are two state plan options that provide HCBS to qualifying individuals. CMS proposes to change the eligibility for each of these options, in slightly different ways, in order to allow states to determine eligibility for the options without first establishing that a person is eligible for a HCBS waiver. The intent is to reduce the administrative burden of determining eligibility, and to provide states with more flexibility around these options.

- Allow states to provide full Medicaid benefits for individuals in a 1915(i). This proposal would enact a small change to eligibility and benefits for some medically needy individuals who access 1915(i) services by allowing them to receive all Medicaid benefits, instead of just limiting them to 1915(i) services. This change would provide states with a new option to provide more robust services individuals with significant health care needs.

- Establish a policy that limits Medicaid reimbursement of durable medical equipment based on Medicare rates. This proposal has been included in prior budgets, but has not yet been enacted. The policy would essentially lead to Medicare competitive bidding payment rates in the Medicaid program, which would result in decreased federal and state Medicaid expenditures.

- Extend the Medicaid primary care payment increase through calendar year 2016 and include additional providers. This payment increase was in effect during calendar years 2014-2015 in order to increase the availability of primary care providers and services to Medicaid beneficiaries. The payment increase expired on December 31, 2014.

- Expand the ability of State Medicaid Fraud Control Units to investigate or prosecute abuse and neglect in non-institutional settings, such as HCBS.

Services to Dual Eligible Individuals:

- Establish integrated appeals process for Medicare-Medicaid enrollees. Dual eligible individuals often have to navigate two separate, and complex, appeals systems. Under the CMS Financial Alignment demonstrations, a number of states have attempted to streamline the appeals process to reduce burden on providers, beneficiaries, and government entities. This proposal would allow the HHS Secretary to implement a streamlined appeals process without establishing a full demonstration.

- Create a pilot to expand eligibility to individuals between ages 21 and 55 for the Program for All Inclusive Care for the Elderly (PACE). PACE has been used to coordinate care between Medicare and Medicaid for many years. Current law establishes a minimum age of 55 for participants. The proposal would establish a pilot program to expand the availability of PACE and evaluate the model's applicability to other populations.

Department of Labor

Unlike prior years, the budget does not recommend transferring the Senior Community Service Employment Program to ACL. Instead, the President's budget requests level-funding for the program and includes several proposals to reform SCSEP. According to the Administration, these reforms include "awarding more competitive grants, adjusting income eligibility to serve those most in need, and promoting employment in for-profit organizations which can offer seniors better long-term unsubsidized employment prospects."