

# PROJECT 2020

Building on the Promise of Home  
and Community-Based Services

**December 3, 2008**

**To: Obama Transition Team**  
**From: National Association of State Units on Aging and the  
National Association of Area Agencies on Aging**  
**Re: Key Opportunity for Early Win in 2009**

While the National Association of State Units on Aging (NASUA) and the National Association of Area Agencies on Aging (n4a) share many public policy priorities for the new Administration and Congress, we are exclusively bringing to your attention today our *Project 2020* joint initiative, which we think has tremendous potential to:

- Generate savings in Medicare and Medicaid;
- Encourage older adults to plan for their long-term services and supports needs to avoid spending down to Medicaid and prevent or forestall unnecessary institutionalization
- Earn bipartisan support from lawmakers, aging professionals, older consumers and caregivers; and
- Offer a bold yet practical plan for your Administration to include in the FY 2010 budget request.

A brief overview is included in this memo. Further details can be found on our websites: [www.n4a.org](http://www.n4a.org) and [www.nasua.org](http://www.nasua.org). We would welcome the opportunity to explain why *Project 2020* offers your incoming Administration an excellent early policy prescription in the areas of re-balancing long-term care, generating savings in Medicaid and Medicare, and offering consumers and caregivers better long-term services and support options in their communities.



### **Demographics Demand Action**

Even before the first baby boomer turned 60 years old in 2006, national spending for long-term care, especially under Medicaid, was placing significant strain on federal and state resources. In 2008, there are already more than 52 million Americans over age 60. By 2020, almost one in six individuals will be age 65 and older. The fastest growing segment of the aging population is individuals over 85, the most vulnerable older adults who tend to need long-term services and supports and whose numbers are expected to double by 2020. These demographic trends make our current strategy for financing long-term care costs through the Medicaid and Medicare programs unsustainable.

### **Philosophy: Staying in the Community Saves Money**

NASUA and n4a, conscious of the financial pressures facing states and the federal government, have developed a coordinated national long-term care strategy that will generate savings in Medicaid and Medicare at the federal and state levels while enabling older adults and individuals with disabilities to get the support they need to successfully age where they prefer — in their own home and community.

The strategy builds on the historic role of State Units on Aging (SUAs), Area Agencies on Aging (AAAs) and Title VI Native American aging programs (Title VIs). It is a comprehensive and integrated approach to enabling older adults and individuals with disabilities to make their own decisions, to take steps to manage their own health risks, and to receive the care they choose in order to remain in their own homes and communities for as long as possible, avoiding unnecessary and unwanted institutionalization.

### **Key Components of the Plan**

AoA, in cooperation with SUAs and AAAs, has been testing best practices in community-based long-term care for people of all ages with disabilities. These best practices reduce the need for more expensive institutional care and avoid or delay “spend down” to Medicaid. n4a and NASUA have embraced these proven strategies as

requirements for infrastructure development and participation in this program. This three-pronged approach will allow communities to provide services to this growing population at a lower cost to consumers and to Medicaid and Medicare. The key elements of this approach include:

- **Person-Centered Access to Information**
- **Evidence-Based Disease Prevention and Health Promotion**
- **Enhanced Nursing Home Diversion Services**

For the long-term care strategies and solutions proposed, n4a and NASUA are seeking funding to support federal outlays of \$2.4 billion over the next five years to be administered through the Aging Services Network of State and Area Agencies on Aging.

Funding will be administered by AoA through disciplined, performance-based grants that will have conditions of participation designed to ensure that the components are implemented in ways that have been proven to work best at the community level. The program seeks to build on and enhance — not supplant — the current system and network of SUAs and AAAs/Title VIs.

For consumers, this program will empower individuals to make informed decisions and to better conserve and extend their own resources using lower cost evidence-based programs, including consumer-directed options for care in the community.

### **Savings Flow Back to States and Federal Government**

According to our initial estimates, the program has the potential to *reach over 40 million Americans* and will reduce federal Medicaid and Medicare costs by approximately \$2.7 billion over the first five years of the initial investment requested, resulting in a net savings to the federal government of over \$300 million.

The program would also generate significant savings for state governments. Financial performance is expected to improve in years five through ten of the program, as all systems reach full scale operations nationally, with the net federal savings over ten years reaching over \$1.4 billion.

**For additional information:**

Martha A. Roherty  
Executive Director  
**NASUA**  
1201 15th Street, NW  
Suite 350  
Washington, DC 20005  
202-898-2578  
mroherty@nasua.org

Sandy Markwood  
CEO  
**n4a**  
1730 Rhode Island Avenue, NW  
Suite 1200  
Washington, DC 20036  
202-872-0888  
smarkwood@n4a.org