

Illinois State Agencies and the Elderly: An Examination of Senior Services

Produced for the Illinois Coalition on Aging

by Rob Paral

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Illinois Senior Services

Dear Reader,

Illinois has a state budget to support older persons. That budget is not prepared by a single budget analyst, or a single department of the state - it is an outcome of a large and complicated budget process that overarches all of state government. There is no single place that regularly itemizes state support for seniors. The Illinois Coalition on Aging asked the Chicago Community Trust for a grant to allow us to develop a single presentation of the state budget for older persons. This report is a snap shot of the State budget for Older Persons in Illinois. The information in this report is based on the 2001 state budget. The Governor's proposed 2003 State Budget and expenditure projections for 2002 are now available. There have been severe reductions and restorations for some of the Departments that serve older persons in 2002, and proposals for reductions in some Public Aid programs in the 2003 proposal, but most of the trends related to home and community based care and pharmaceutical assistance identified in this document continue. The General Assembly and Governor should be proud of a very strong and effective Senior Budget.

Rob Paral and Robert Mandeville were our primary researchers. Cooperation for the study came from the Governor's Chief of Policy and was evident in all contacts with state Departments, offices and programs.

We envision this study as a beginning of a process for older persons to consider the priorities and directions of the Illinois Senior Budget. Are we spending enough for community based long-term care and perhaps too much for institutional care? Will Illinois be able to promote life style changes to avoid the tremendous costs associated with long-term disabilities for many more older persons? Are we setting up "voter popular" benefits or benefits that will save vulnerable older persons from isolation, and poor health? Are we working hard enough to retain and attract to Illinois older persons in good health and with comfortable incomes?

Dr. Margaret Hastings, Donna Ginther and myself were charged with the responsibility of raising such important questions. Dr. Hastings seized this opportunity to discuss the policy implications of the Illinois senior budget at a recent conference, with an analysis of policy implications of a rapidly increasing prescription medication cost to the Illinois Medicaid program. She skillfully analyzed the complexity and importance of the budget to the health of older persons and the state. Donna Ginther crafted and advanced a public policy agenda for AARP Illinois that captured the importance of pharmaceutical assistance to older persons (with Illinois the first in the nation with Senior Care), structured the development of Assisted Living and promoted (and more recently defended) the importance of service programs to older persons in our state. I see Illinois as an important national leader capable of designing a future that is affordable, effective and visionary. The State Budget is a proud platform to take on and solve the large issues that are so important to our future.

With deep respect for the importance of every organization, agency and older person in Illinois, we look forward to meaningful discussion of the senior budget into the future.

Jonathan Lavin
President, Illinois Coalition on Aging 1999 -2001

Illinois Senior Services

Executive Summary

Demographic Findings

- ◆ Over the next 20 years the senior population in Illinois will grow 1.6 times faster than the population of persons under 65.
- ◆ Over the next two decades the senior population will become “younger.” Seniors aged 65 to 74 years will grow in number by 32 percent as the baby boomers enter retirement age. Seniors aged 75 years or older will actually decline in number.

Findings on Senior Services

- ◆ A review of spending dedicated to senior citizens in six State of Illinois human service agencies and in the area of tax-relief programs found \$3.2 billion in spending on seniors.
- ◆ The senior spending analyzed in this report (excluding tax relief and reduced fees, which are not budgetary items) represents less than five percent of the state’s overall budget and about 15 percent of the collective budgets of the agencies providing the identified services. Seniors, meanwhile, are 13 percent of Illinois residents.
- ◆ The State of Illinois pays for about 65 percent of the \$3.2 billion senior services identified. The remainder comes from federal payments or represents tax-relief involving county governments.
- ◆ Medical payments are the single biggest outlay for services to seniors, representing 49 percent of all identified spending on seniors. Long-term care in nursing homes equals 33 percent of all spending. These programs are managed by the Illinois Department of Public Aid and make that agency the leading funder of senior services among state agencies.
- ◆ Tax-relief programs administered by the Department of Revenue along with the Pharmaceutical Assistance Program (also administered by Revenue), are 35 percent of all spending identified.¹ Some 81 percent of these dollars represent real estate property taxes that would otherwise be paid to county governments.
- ◆ About 67 percent of the identified senior spending is means-tested, that is, available only to low- and moderate-income persons.

¹ Following the precedent of the Illinois Economic and Fiscal Commission (*Senior Citizens Tax Relief Programs*, published October 2000), Pharmaceutical Assistance, while not a tax-relief program, is included with tax-relief programs in this report because it is managed by the Department of Revenue.

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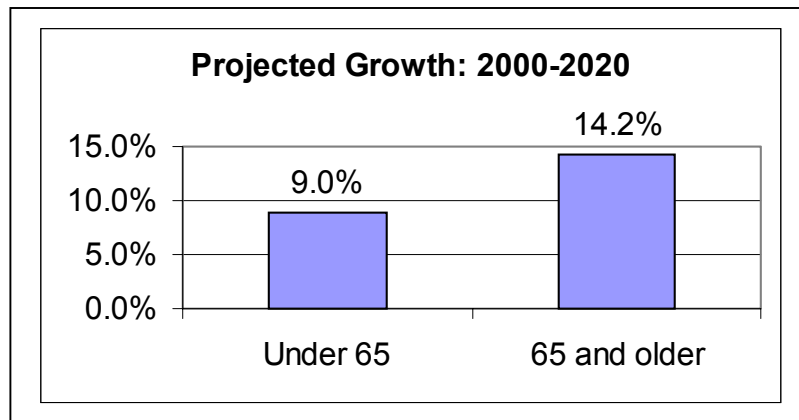
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INTRODUCTION

One of eight Illinois residents is at least 65 years old. These 1.5 million persons have spent lifetimes building the economic and social health of our state, but as they enter their older years can require certain assistance to maintain their health and independence. It's easy to recognize the needs of many seniors in the area of health care and, indeed, our state's largest investment in seniors is in the area of medical assistance. But the State of Illinois provides a broader array of services for seniors including tax relief, nutrition, housing expenses, transportation, and other areas. These services amount to a rich variety of programs cutting across many state agencies.

In all likelihood the extent of our state's commitment to seniors will grow in the coming decades, as the number of Illinois seniors is increasing faster than other age groups. Over the next 20 years the senior population will grow by more than 14 percent, or 1.6 times



faster than the number of persons under 65.² This suggests a greater demand for senior services from state agencies. The population aged 65 years and older will grow from approximately 1.4 million in 2000 to 1.6 million in 2020.

Within the senior population, important demographic shifts are taking place that will change the nature of the elderly population and have still more implications for the types of services offered by the state. The senior population in Illinois, ironically, is getting younger. In the next 20 years, the number of seniors in the 65-74 age category will grow an extraordinary 32 percent as the baby boomers enter retirement age. Meanwhile, the numbers of seniors aged 75 or more years will actually decline.

² Source: *Illinois Population Trends 1990 to 2020: Population Projections by Age, Sex and Race/Hispanic Origin for Illinois and its Counties* 1997 Illinois Bureau of the Budget.

This trend toward “younger seniors” may have profound effects on a state that currently invests about a third of its spending on seniors in the area of long-term care.³ Conceivably, younger seniors could have less demand for long-term nursing home care, and greater need for services that help them to live as independently as possible at home or in non-traditional group settings.

As the characteristics of Illinois seniors evolve, our state will need to consider what kind of changes in “senior policies” are necessary to keep public policy in step with

Population Change of Elderly Groups: 2000-2020	
65-74 Years of Age	+31.8
75-84 Years of Age	-4.9%
85+ Years of Age	-5.5%

demographic reality. As a first step toward consideration of how our senior policies should look, the Illinois Coalition on Aging commissioned this report to develop an inventory of state “senior services.” While this report does not include every program serving seniors, it does identify the major services for the elderly.

This report attempts to identify significant service programs for the elderly across state agencies, including the dollars spent on older persons and the number of elderly clients served. We expect this report to have the following uses:

- ◆ Highlight the nature of the state’s current investment in its elderly residents by providing an understanding of where services to the elderly are found among state agencies
- ◆ Quantify spending on seniors in agencies with major programs serving seniors
- ◆ Offer data and perspective with which to assess proposals for new funding, for programmatic initiatives or for changes in priority among programs

³ Of the \$3.6 billion in senior services included in this report, 33 percent goes to long-term care.

Methodology and Data Issues

State agencies collectively operate a wide variety of programs for Illinois residents. Two types of senior-serving programs are in this report: a) programs that are targeted toward the elderly, and b) programs that have large numbers of elderly clients and which are targeted to low-income elderly. This latter criterion explains why seniors in Medicaid are included in this report, but seniors benefiting from the general homestead tax deduction or from highway construction are not. In either case, the programs that are in this report also have an overall appropriation in FY2001 of at least \$1 million.

The services included in this report furthermore meet another set of criteria related to the source of their funding. They are services that are

- a) funded exclusively by state funds
- b) funded by a combination of state and federal funds, such as Medicaid
- c) funded principally by the federal government but are managed by the state, such as the food stamp program, or
- d) not funded directly by the state yet are the result of state policy, such as programs reducing property tax collections at the county level.

are supported at least in part by state funds. Services such as Medicare and Social Security are not included because there is no state contribution or subsidy to these programs. While the payments made by the food stamp program are entirely from the federal government, we included that program in our analysis because the state of Illinois administers the program and shares in the costs of that administration.

After identifying programs, we solicited information on expenditures for seniors through meetings and correspondence with agency staff members. Our data collection activities took place in the months of January to March, 2001. All data in this report are for the state fiscal year 2001 unless otherwise noted.

Acknowledgments

Numerous staff members of state agencies were helpful in responding to our data requests and providing us with explanations of programs. We would like to thank in particular the following individuals:

Bureau of the Budget -- George Hovanek, Deputy Director; Tom Jerkovitz, Health and Social Services

Department on Aging -- Nancy Nelson, Deputy Director, Programs; Jean Blazer, Director's Office; Cheryl Sugent, Division of Older American Services; Joseph Lugo, Division of Long Term Care

Illinois Senior Services

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Department of Public Health -- Jeff W. Johnson, Director's Office

Department of Revenue -- Mike Klemens and Dale Smith

Department of Veterans' Affairs -- John Johnston, Director

Housing Development Authority -- Lisa Somers, Asst. Director, Marketing and Research

This project greatly benefited from an Advisory Committee that provided oversight and advice. We thank the Committee members for their assistance:

Donna Ginther, American Association of Retired Persons;
Margaret Hastings; and
Jon Lavin, Suburban Area Agency on Aging.

Bob Mandeville contributed invaluable consultation to this project in identifying and facilitating key contacts within agencies, describing the budget process and budgetary reporting, and reviewing and editing drafts of this report.

“SENIOR SPENDING” IN ILLINOIS

This report identifies approximately \$3.2 billion in “senior-specific” services benefiting elderly residents in Illinois and provided by state agencies. These are programs that are either dedicated exclusively to seniors or which have significant spending on seniors. Furthermore, as described in the Methodology section of this report, these programs are either wholly or partially state funded, or are funded by the federal government yet managed by the state (i.e., food stamps), or are programs do not directly affect the state budget yet are the result of state policy and have a significant economic effect on seniors (county property tax relief).

Nearly half, 49 percent, of the spending we identify consists of medical spending managed by the Illinois Department of Public Aid (IDPA). The IDPA spends nearly \$1.6 billion annually on health care for seniors through the Medicaid program.

Estimated Spending on Seniors		
	Amount of "Senior Spending"	Pct. of Total
Total	\$ 3,222,572,162	
IDPA	\$ 1,581,853,960	49.1%
Tax-Relief and Reduced Fees	\$ 1,139,631,357	35.4%
DOA	\$ 318,395,881	9.9%
DVA	\$ 57,696,900	1.8%
DHS	\$ 53,140,694	1.6%
DCCA	\$ 50,703,070	1.6%
DPH	\$ 21,150,300	0.7%

Tax-Relief, Pharmaceutical Assistance and Reduced Driver’s License Fees for seniors is the next major fiscal commitment by the state to seniors, representing \$1.1 billion annually.⁴ IDPA’s medical programs and the tax-relief programs together account for over 84 percent of the state’s programs that we analyzed. Perhaps surprisingly, the state agency whose name -- Department on Aging -- might suggest that it is the primary provider of elderly services actually manages only 10 percent of state spending in the programs included in this report.

To provide a context in which to evaluate the \$3.2 billion identified in this report, it must be considered that the overall state budget in FY2001 was about \$46.5 billion. Excluding

⁴ The Pharmaceutical Program is included with tax relief as it is administered by the Department of Revenue. Reduced driver’s license fees are associated with the Secretary of State’s office, yet are associated with state taxation policy.

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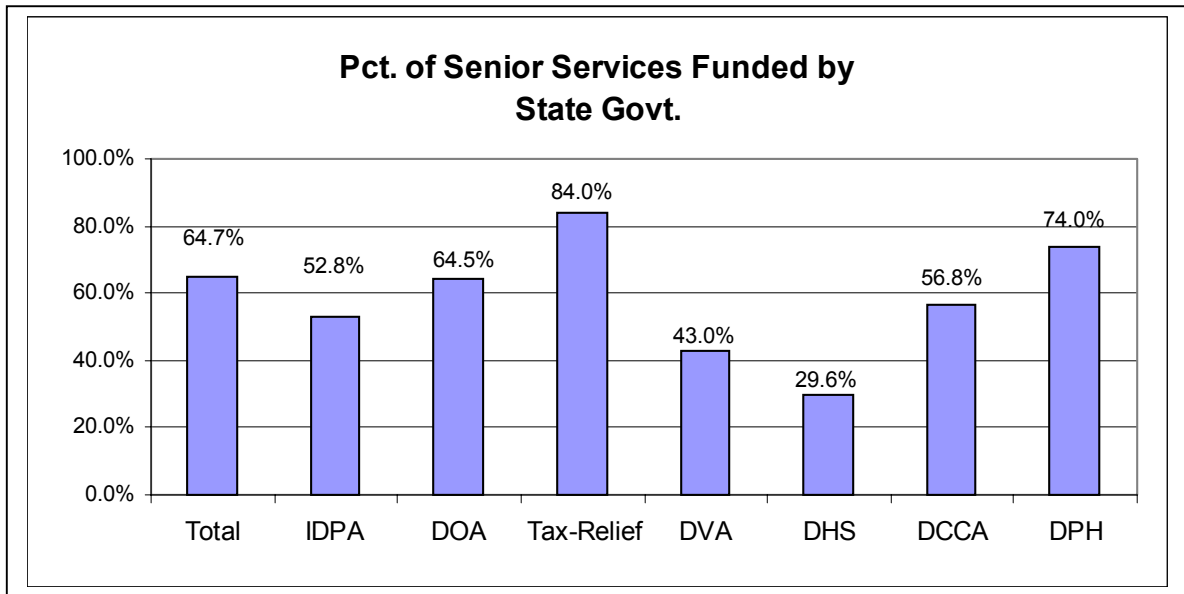
tax relief and reduced fees, which are not budgetary items, the senior spending described here represents less than five percent of the FY2001 budget.

Looked at another way, the senior spending (again excluding tax-relief) represents about 15 percent of the budgets of the six agencies identified in the table above. Seniors, meanwhile, are about 13 percent of the state population.⁵

State vs. Federal Liability

Illinois state government pays for about 65 percent of the senior services included in this report. The remainder is paid for by the federal government or comes from reduced property taxes collected by county governments due to tax-relief provisions mandated by state law. Illinois shares the cost of the Medicaid program on a 50/50 basis with the federal government, and Washington contributes an important amount toward the Older Americans Act services administered by the Department on Aging. Nearly all of the food stamp program is paid for by the federal government, which contributes funds to various other programs as well.

The state's portion of spending varies considerably by agency, as seen in the graphic below. State liability for services ranges from 30 percent of services in the Department of Human Services to 84 percent of the costs associated with the tax adjustments offered seniors through the Department of Revenue. In none of the agencies analyzed is the state entirely responsible for program costs.



⁵ Source: U.S. Commerce Department, cited in Table 1-7, *1998 Illinois Statistical Abstract*, published by the University of Illinois at Urbana-Champaign

Means-Tested vs. Across-the-Board Programs

Many social programs dedicated to particular segments of society such as children or the elderly are means-tested. That is, they are available to persons based on their personal income level. The data in this report permit an approximation of the percent of “senior spending” in Illinois that is dedicated to lower-income individuals.⁶

Of the \$3.2 billion in services to seniors tallied in this report, it may be estimated that roughly 69 percent, or \$2.2 billion is for relatively low-income persons.⁷ These means-tested programs principally include the medical services of IDPA; the Circuit Breaker Program and the Assessment Freeze Homestead Exemption tax-relief programs; the Community Care program of the Department on Aging;⁸ the food stamp program and the Aid to the Aged, Blind and Disabled programs of the Department of Human Services; the weatherization and heating-assistance programs of the Department of Commerce and Community Affairs; the reduced rate driver’s license fee for senior citizens; and the expenses of operating the Veterans’ Homes by the Department of Veterans Affairs.⁹

Roughly \$927 million of the tax-related benefits provided by the state are not income based. These across-the-board benefits include the Senior Homestead Exemption, the reduction in taxable income allowed for retirement income, the additional personal income tax exemption for senior citizens and the programs of the Department on Aging with the important exception of Community Care. These represent about 29 percent of senior spending. The program for which it is more complicated to disentangle income-based vs. across-the-board benefits are those of the Department of Public Health. These latter programs are about 1 percent of senior spending.

The following sections address individually the major programs for seniors identified by our research.

⁶ This is an approximation only, a precise estimate would require an investigation beyond the scope of this report.

⁷ The administrative costs of operating programs are not included in this estimate. Apportioning a part of administrative costs into the definition of “means-tested” expenses would increase the estimate of state spending dedicated to lower-income persons.

⁸ The Community Social Services and other major areas of DOA operations include many services available without regards to income.

⁹ Note that these are “purely” income-based programs: the across-the-board programs serving persons regardless of income also include many clients with low incomes.

DEPARTMENT OF PUBLIC AID

Department of Public Aid -- Spending on Seniors: FY2000	
Program	Spending
Total	\$ 1,718,566,491
Medicaid	\$ 1,626,823,210
Medicare Premiums, Coinsurance and Deductibles	\$ 91,743,281

The Department of Public Aid (IDPA) spent \$1.7 billion on medical-related services to seniors in FY2000. Nearly all of IDPA spending on seniors consisted of medical services in the Medicaid program. A small percentage of expenses (though still totaling \$98 million) were in Medicare premiums, coinsurance and deductibles paid by the Department on behalf of individuals.

Medical Assistance Program

The Medical Assistance Program of IDPA provides health care coverage to more than 1.7 million persons of all ages in Illinois. The total cost of these services for persons of all ages was \$6.7 billion in FY2000, and medical spending thus represents one of the largest outlays of spending for state government.

(An undetermined though relatively small portion of IDPA spending included in this report may also be included in Dept. on Aging spending reported below. IDPA data that was provided to us included spending on services delivered through a Medicaid waiver at other agencies, equaling approximately \$61 million. Some portion of this amount is included in the Dept. on Aging spending in the Alternative Care program.)

Some elderly persons qualify for Medicaid coverage on the basis of their receipt of cash assistance through the Aged, Blind and Disabled program. A larger number qualifies solely on the basis of medical need and limited income.¹⁰

¹⁰ In 1999 the state began to increase the eligibility of elderly (and disabled) persons to receive Medicaid-covered services by beginning to raise the income limits that determine eligibility. By July 1, 2002, elderly persons will be able to receive full Medicaid coverage if their income is at or below the federal poverty level.

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Senior Clients and Senior Spending

The DPA data reviewed for this report were based on the number of medical services and not on the net number of individuals served. About 29 million medical services were provided to seniors in FY2000.

Approximately one quarter -- 24.4 percent -- of DPA medical spending was incurred by seniors in FY2000. The cost of those services was \$1.6 billion on average per year.

Most IDPA medical spending on seniors is in the area of Long-Term Care (or nursing home care), which totaled more than \$1 billion in FY2000 and amounted to 67 percent of all IDPA medical assistance spending on seniors. Pharmacy Services totaled \$223 million and were 13 percent of IDPA senior medical assistance.

Department of Public Aid -- Medical Spending on Seniors: FY2000		
Program	Senior Spending	Pct. of Total
Total Medical Assistance	\$ 1,626,823,210	
Long-Term Care	\$ 1,095,369,634	67.3%
Pharmacy Services	\$ 227,744,420	14.0%
Inpatient Hospital	\$ 138,702,902	8.5%
Homemaker	\$ 42,688,140	2.6%
Physician Services	\$ 22,419,304	1.4%
Home Care	\$ 13,092,302	0.8%
Other	\$ 86,806,508	5.3%

Source of Funds

The cost of virtually all medical services to elderly persons are shared on a 50/50 basis with the federal government through the Medicaid program.

Other Observations

The types of medical services used by seniors and persons under age 65 vary significantly in some instances. As noted, long-term care, for example, accounts for 67 percent of medical spending on the elderly, while long-term care represents only 19.1 percent of spending for persons below age 65.

In the case of pharmaceutical costs, however, seniors and persons under age 65 use this service at roughly comparable rates. About 14.0 percent of medical spending on seniors is for prescription drugs, while 11.9 percent of spending on persons less than 65 years old is for prescriptions. Seniors account for far less in drug costs, however, because persons under 65 in the Medicaid program are far more numerous. Pharmaceutical expenses for seniors were \$228 million in FY2000 compared to \$602 million for persons below 65.

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Seniors use a relatively small percent of most types of medical service. As seen in the following table, for 57 of the 82 medical services categories, elderly persons account for less than 10 % of usage. Seniors account for over 50% of the usage in nine categories:

- ◆ Long-Term Care (LTC): Mentally Ill Recipients Over 65: 100%
- ◆ LTC - Supported Living Facility (Waivers): 100
- ◆ LTC Medicare Covered Stay: 88.9
- ◆ Adult Day Health: 86.2
- ◆ LTC - Skilled: 80.8
- ◆ LTC - Intermediate: 73.9
- ◆ Homemaker: 72.5
- ◆ Home Care: 63.4
- ◆ Portable X-Ray Services: 61.0

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Elderly Pct. of Medical Spending by Category: FY00

Code	Service	Total Spending	Elderly Percent
001	Physician Services	383,281,365	5.8%
002	Dental Services	6,812	31.3%
003	Optometric Services	3,619,897	8.7%
004	Podiatric Services	1,191,829	31.9%
005	Chiropractic Services	604,624	1.2%
006	Physicians Psychiatric Services	1,176,495	4.3%
007	Development Therapy, Orientation and Mobility Services (Waivers).	-	0.0%
009	DCFS Rehab Option Services	90,678,675	0.0%
010	Nursing Services	64,247,397	1.3%
011	Physical Therapy Services	6,562,300	5.5%
012	Occupational Therapy Services	7,169,330	1.6%
013	Speech Therapy/Pathology Services	29,270,650	0.0%
014	Audiology Services	586,794	17.0%
016	Home Health Aides	977,353	19.7%
017	Anesthesia Services	19,681,400	5.8%
018	Midwife Services	309,448	0.0%
020	Inpatient Hospital-General	1,611,045,249	0.0%
021	Inpatient Hospital-Psychiatric	162,248,042	1.5%
022	Inpatient Hospital- Physical Rehabilitation	59,462,615	11.1%
023	Inpatient Hospital Services (ESRD)	-	#DIV/0!
024	Outpatient Services (General)	247,994,977	5.1%
025	Outpatient Services (ESRD)	37,830,940	15.1%
026	General Clinic Services	64,765,545	4.4%
027	Psychiatric Clinic Services (Type 'A')	5,157,675	0.2%
028	Psychiatric Clinic Services (Type 'B')	6,283,041	2.4%
029	Clinic Services (Physical Rehabilitation)	3,046,199	3.1%
030	Healthy Kids Services	70,501,052	0.0%
031	Early Intervention Services	118,632	0.0%
033	DMHDD Clinic Option Services	2,324,844	1.2%
034	DMHDD Rehab Option Services	55,218,898	5.3%
035	Alcohol and Substance Abuse Rehab. Services	32,655,046	0.1%
036	County Juvenile Rehabilitation	1,580,030	0.0%
037	Skilled Care	1,343	0.0%
038	Exceptional Care	32,269,106	26.5%
040	Pharmacy Services (Drug and OTC)	829,872,045	27.4%
041	Medical Equipment/Prosthetic Devices	38,424,780	13.1%
043	Clinical Laboratory Services	15,116,008	5.0%
044	Portable X-Ray Services	110,714	61.0%
045	Optical Supplies	3,482,174	11.6%
047	DMHDD Targeted Case Management Services	13,565,833	5.4%
048	Medical Supplies	38,610,083	24.7%
049	DCFS Targeted Case Management Services	2,077,793	0.0%

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050 Emergency Ambulance Transportation	11,709,138	9.2%
051 Non-Emergency Ambulance Transportation	9,413,568	21.2%
052 Medicar Transportation	29,566,200	28.5%
053 Taxicab	5,619,507	13.4%
054 Service Car	5,629,014	21.8%
055 Auto Transportation (Private)	370,644	11.0%
056 Other Transportation	12,392,808	0.0%
057 Nurse Practitioners Services	26,917	1.6%
058 Social Work	14,846,989	0.0%
059 Psychologist	7,831,992	0.0%
060 Home Care	20,664,057	63.4%
065 LTC Full Medicare Coverage	2,109,191	0.0%
067 Maternal & Child Health Application (Valid on Provider File only)	1,061,700	0.0%
068 DMHDD Targeted Case Management Services for E/I	230,631	0.0%
070 LTC - Skilled	319,063,614	80.8%
071 LTC - Intermediate	1,047,057,013	73.9%
072 LTC Medicare Covered Stay	15,110,687	88.9%
073 LTC - Intermediate MR	559,338,552	6.8%
074 LTC - MR Skilled Pediatric	33,534,779	0.2%
075 LTC - MR Recipient age 22-64	-	#DIV/0!
076 LTC - Specialized Living Center - Intermediate MR	13,924,379	4.5%
077 LTC - MI Recipient over 65	3,321,913	100.0%
078 LTC - MI Recipient under 22	63,345,698	0.0%
079 LTC - MI Recipient Non-Matchable	6,202	0.0%
081 Capitation Services	218,667,208	1.0%
082 LTC - DMH Brokered Day Training Level I	65,378,266	8.6%
083 LTC - DMH Brokered Day Training Level II	2,284,332	23.5%
085 LTC - Recipient 22-64 in IMD not MI or MR	-	0.0%
086 LTC - MI Recipient between ages 21 and 65.	-	#DIV/0!
087 LTC - Supported Living Facility (Waivers)	67,050	100.0%
089 LTC - MR Recipient - Inappropriately Placed	-	0.0%
090 Case Management	-	0.0%
091 Homemaker	58,854,343	72.5%
092 Maintenance Home Care (Agency/Indiv.) Waivers Only	3,847,910	1.8%
093 Personal Care	59,451,529	4.3%
094 Adult Day Health	2,956,521	86.2%
095 Habilitation Services	134,380,168	9.6%
096 Respite Care (Waivers only)	-	0.0%
097 Other HCFA Approved Services	1,718,771	2.2%
098 Electronic Home Response/EHR Installation(MARS), MPE Certification(Provider)	281,108	6.4%
Total	6,667,189,432	24.4%

Medicare Premiums, Coinsurance and Deductibles

Medicare Part B premiums were the largest Medicare payments made by IDPA in recent years, equaling \$47.9 million on average in the FY97-00 period. Other payments were as follows: Medicare Coinsurance and Deductibles: \$25,442,188; Medicare Part A premiums: \$13,213,569; and Medicare Part B (QI-1 and QI-2 for certain qualified individuals): \$2,278,171.

Senior Clients and Senior Spending

DPA paid Medicare Part B premiums for some 88,265 persons in October and November 2000.

Source of Funds

The cost of Medicare premiums, coinsurance and deductibles is born entirely by the state.

**TAX-RELIEF, PHARMACEUTICAL PROGRAM AND REDUCED DRIVER'S
LICENSE FEES**

Tax-Relief for Seniors	
Program	Spending
Total	\$ 1,139,631,357
Reduction on Income for Retirement Income	\$ 784,328,167
Senior Homestead Exemption	\$ 108,269,998
Circuit Breaker Pharmaceutical	\$ 105,439,027
Assessment Freeze Homestead Exemption	\$ 73,563,682
Circuit Breaker Property Tax	\$ 33,593,289
Personal Exemption	\$ 30,200,000
Reduced Driver's License Fees	\$ 4,237,194

In October 2000 the State of Illinois Economic and Fiscal Commission created a report that estimated the amount of tax relief and reduced fees provided to Illinois seniors in the seven categories seen in the table above.¹¹ We include the Commission's "moderate" estimates for calendar year 2002 for each program cited in the table with the exceptions of the two Circuit Breaker programs, for which we use data provided to us by the Department of Revenue.

Reduced State Taxes

There are three tax-relief programs that reduce income to the Illinois Department of Revenue: Circuit Breaker Property Tax reduction; a reduction on income (for retirement income) on state income tax; and an additional personal exemption for seniors on the state income tax (over and above the exemptions available to all taxpayers).¹² Reduced driver's license fees lower income that would otherwise be derived via the office of Secretary of State.

Pharmaceutical Program

As described earlier in this report, the Pharmaceutical Program is not a tax-relief program but we include it in this section because it is managed by the Department of Revenue.

Reduced County Property Taxes

Two of the tax relief programs included in this section -- Homestead Exemption and Assessment Freeze Homestead Exemption -- directly affect county governments by reducing the income they collect from property taxes and do not directly affect state

¹¹ Illinois Economic and Fiscal Commission 2000 *Senior Citizens Tax Relief Programs* Springfield, IL: State of Illinois Economic and Fiscal Commission

¹² The data on additional personal exemption reported in this section include a small number of non-elderly blind beneficiaries.

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governmental operations.¹³ We include these programs in this report, however, because they have been mandated by the state legislature and represent taxation policy of the state government.

Appendix A provides a brief description of the seven programs listed here.

Senior Clients and Senior Spending

Based on data from the Department of Revenue it may be estimated that 135,500 seniors will use the Circuit Breaker property tax-relief program in 2002, and that approximately 145,000 senior households will use the Circuit Breaker pharmaceutical program in that same year.

The number of senior exemptions claimed in the Homestead Exemption tax-relief program is expected to be 622,241 in 2002. Some 275,726 exemptions are predicted in the Assessment Freeze Homestead Exemption in that same year.

The tax-relief program involving the largest number of seniors is the reduction on taxable income for retirement income. With 1,323,021 tax returns expected to make this deduction in 2002, nearly every senior in the state uses this benefit. About 78,467 persons are estimated to use Reduced Rate Driver's License Fees in 2002. The Economic and Fiscal Commission made no estimate regarding persons using Additional Personal Exemption for Seniors on their income tax.

Source of Funds

The Senior Homestead Exemption and the Senior Assessment Freeze Homestead Exemption represent income that would otherwise be collected by county governments. The other tax-relief programs discussed here create reduced income for state government.

¹³ Circuit Breaker property tax relief is based on property taxes but the savings for the property owner come from reduced state income tax payments.

DEPARTMENT ON AGING

Department on Aging -- Major Areas of Services to the Elderly: FY2002	
Total Agency Budget	\$ 318,395,881
Community Care	\$ 204,451,100
Homemaker	\$ 167,099,275
Adult Day Care Services	\$ 13,013,601
Assessments	\$ 17,083,200
Case Coordination Units	\$ 6,916,800
Other	\$ 338,224
Community Social Services	\$ 92,092,355
AAA Activities	\$ 7,833,414
Access	\$ 18,079,949
Case Management	\$ 6,845,867
Info & Assistance	\$ 5,124,001
Transportation	\$ 4,997,791
Other	\$ 1,112,290
In-Home	\$ 31,856,136
Chore-Housekeeping	\$ 1,526,529
Home Delivered Meals	\$ 29,462,589
Other	\$ 867,018
Community Services	\$ 32,719,469
Congregate Meals	\$ 23,227,013
Legal Assistance	\$ 1,732,604
Multi-purpose Sr. Center	\$ 1,417,301
Caregiver Support	\$ 4,495,667
Other	\$ 1,846,884
Volunteer	\$ 1,150,000
Other	\$ 453,387
Employment	\$ 3,667,400
SCSEP	\$ 3,397,000
Elder Rights	\$ 9,492,226
Elder Abuse	\$ 7,480,964
Ombudsman	\$ 2,011,262
Other	\$ 8,692,800

Illinois Department on Aging (DOA) services can be broken down into five major categories:

1. Community Care
2. Community Social Services
3. Employment
4. Elder Rights
5. Intergenerational

Descriptions of these programs can be found in Appendix B of this report.

Senior Clients and Senior Spending

An unduplicated count of individuals served through the Department's many programs is not available, though the Department expects to provide 35 million units of service in FY2002.¹⁴ DOA spending in FY2002 is projected to be \$318 million.¹⁵

Agency Spending by Major Categories

By far the largest category of services at DOA is Community Care, which accounts for 64 percent of the agency's total budget.¹⁶ Within Community Care the Homemaker program alone accounted for more than half of the DOA budget, or 53 percent in FY2002.

Principal DOA Programmatic Areas and Their Pct. of Agency Budget: FY2002	
Community Care	64.2%
Community Social Services	28.9%
Employment	1.2%
Elder Rights	3.0%
Training	0.1%
Intergenerational	0.2%
Central Management	2.4%

After Community Care, Community Social Services account for the next largest portion of DOA spending, at 29 percent of the DOA budget. More than a third of Community Social Services spending is in the category of Community Services, and another third in the In-Home services. Within both of these categories, the provision of meals account for the largest spending areas. In fact, the combined costs of meals in Community Services and In-Home services equaled 16.6 percent of the entire agency budget.

¹⁴ For most DOA programs the minimum age for eligibility is 60 years.

¹⁵ This amount includes \$29.9 million in program income and the value of in-kind contributions to the Community Social Services program. The federal government mandates that these kinds of income be collected in program funded through the Older Americans Act.

¹⁶ As noted in the discussion of IDPA programs, a portion of DOA dollars reported here may be included in the tally of IDPA spending as well. The services in question involve Medicaid waivers.

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Employment Services, Elderly Rights and Intergenerational activities together represent only 4.4 percent of the DOA budget. More than half of activities funded under these categories are in the Elder Abuse program, which alone accounts for 2.3 percent of the DOA budget.

Budget Shifts Over Time

While most programs have continued to represent approximately the same portion of overall DOA spending in recent years, some programmatic areas have increased their share of the budget while others have lost budget share. The table below lists those budget areas that have seen a shift of at least one percentage point in the period FY1998-2002.

The Community Care Program overall and the Homemaker program within the Community Care Program have both accounted for a growing portion of the overall DOA budget since FY1998. Community Care is projected to be 64.2 percent of agency spending in FY2002 compared to 61.0 percent four years earlier. In contrast, Community Social Services have fallen in terms of their budget share from 32.4 to 28.9 percent of the budget.¹⁷

DOA Budget Areas Shifting by 1 Pct. in 1998-2002 Period		
	Pct. of Budget in 1998	Pct. of Budget in 2002
Community Care	61.0%	64.2%
Homemaker	50.1%	52.5%
Community Social Services	32.4%	28.9%
Access	7.1%	5.7%
In-Home	11.0%	10.0%
(Community Services) Congregate Meals	9.0%	7.3%

Source of Funds

The source of DOA funds is a combination of state and federal payments as well as in-kind contributions and payments made by clients at the local level. The Department is required by federal policy to tally these last two types of income for services rendered under the Older Americans Act. Of the projected overall agency spending of \$318 million in FY2002, 64.5 percent is expected to come from the state's General Revenue

¹⁷ This does not mean that funding has declined for Community Social Services. Spending on this latter program has actually increased over the years as the overall budget has grown.

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Fund, 24.2 percent will be federal, and 11.3 percent will come from in-kind contributions and client payments.¹⁸

¹⁸ All funding for the Community Care Program technically comes from the state's General Revenue Fund. However, about 14 percent of CCP costs are eventually reimbursed by the federal government through a Medicaid waiver and deposited into the GRF. This reimbursement amount is counted as a federal expenditure in these percentages.

DEPARTMENT OF COMMERCE AND COMMUNITY AFFAIRS

Department of Commerce and Community Affairs -- Major Areas of Service to Seniors	
Program	Spending
Total	\$ 50,703,070
Low-Income Home Energy Assistance Program	\$ 37,031,661
Weatherization Assistance	\$ 6,933,405
Illinois First Grants to Senior Centers	\$ 6,351,200
Community Service Block Grants	\$ 386,804
Note: Weatherization data are for FY 1999	

The Illinois Department of Commerce and Community Affairs (DCCA) manages three programs that provide at least one million dollars in services to elderly clients. Two of these are programs in the traditional sense: the Low-Income Home Energy Assistance Program (LIHEAP) and the Weatherization Assistance Program. The other major area of DCCA spending on the elderly consists of Illinois First grants to senior centers. A small amount of dollars are committed to seniors through Community Service Block Grants.

Low Income Home Energy Assistance Program (LIHEAP)

Program Description:

LIHEAP was created by federal legislation in 1981.¹⁹ Through the LIHEAP program, the U.S. Department of Health and Human Services makes grants to states to assist low-income households in meeting the costs of energy consumed for heating and, where medically necessary, cooling of residences. The State of Illinois further supplements these grants with its own revenues.²⁰

Senior Clients and Senior Spending:²¹

About 81,000 senior households were served with LIHEAP funds in FY2000. These represented almost 38 percent of all households served. Approximately one-third of LIHEAP spending is directed to seniors. In FY2000, for example, DCCA estimates that 32.8 percent of spending, or \$33.8 million, went to elderly persons.

¹⁹ Title XXVI of the Omnibus Budget Reconciliation Act of 1981, amended by the Human Services Re-authorization Act of 1990.

²⁰ Descriptions of DCCA programs are taken directly from materials provided by the Department.

²¹ LIHEAP data on the elderly pertain to persons aged 60 and over.

Source of Funds:

Federal funds for LIHEAP have been available since the 1980s. In 1998 the state of Illinois began contributing its own revenues to the program, and by FY2000 the state was the source of 63 percent of LIHEAP funding.

Illinois Home Weatherization Assistance Program

The Weatherization program provides funds to local entities to help low-income households save energy and money while increasing the comfort of their homes. Weatherization measures are designed to conserve energy and reduce heat loss by making the dwelling and heating system more energy efficient.

Senior Clients and Spending:

Some 3,752 senior clients were served in the weatherization program in FY1999, representing 2,015 senior households. About \$23 million was spent on weatherization overall in 1999, of which \$6.9 million or 30 percent went to senior households.

Source of Funds:

The federal government is the source of about two-thirds of weatherization funds. The state of Illinois contributed \$7.5 million to weatherization in the year 2000.

Illinois First Grants to Senior Centers

Illinois First is a program of infrastructure investment initiated by Governor George Ryan. Among the beneficiaries of Illinois First investments have been approximately 50 senior centers and institutions serving seniors throughout the state. Grants for these projects have ranged from as low as \$2,500 to purchase a stove and refrigerator to \$800,000 to construct a senior center. The total amount of Illinois First grants to senior-related projects as of March 2001 was \$6,351,200. Data are not available on the number of senior beneficiaries of these grants.

Source of Funds:

Illinois First grants are derived from the issuance of bonds backed by the state of Illinois.

Other

Illinois Senior Services

DCCA also manages Community Services Block Grants. These are federal grants that provide a range of services which assist low-income persons in attaining self-sufficiency, and which offer immediate life necessities such as food, shelter and medicine. These grants are large overall, \$26 million in FY2001, but only \$387,000 went to the elderly in that year, an amount that placed the program under the threshold of \$1 million for inclusion in this report.

DEPARTMENT OF PUBLIC HEALTH

Department of Public Health -- Major Areas of Services to the Elderly: FY2001	
<u>Program</u>	<u>Spending</u>
Nursing Home Regulation	\$ 17,932,500

The Department of Public Health (DPH) administers numerous programs that ensure public health and safety. One DPH service -- nursing home regulation -- has a particularly large percentage of elderly beneficiaries and a significant related cost.

Nursing Home Regulation

IDPH regulates, inspects and licenses nursing homes in the state of Illinois in accordance with the Illinois Nursing Home Care Act and the Abused and Neglected Long-Term Care Facility Residents Reporting Act. IDPH acts as an agent of the U.S. Health Care Financing Authority and inspects nursing homes to determine compliance with federal rules. There are currently 1,175 licensed long-term care facilities in Illinois.

Senior Clients and Senior Spending:

IDPH estimates that approximately 216,000 residents aged 65 or older will be served in nursing homes in FY2001. This number includes all admissions and discharges, and is not to be confused with the approximately 84,000 elderly persons in nursing homes at any one time. Seniors in the regulated nursing homes represent almost 82 percent of all persons in such institutions.

An estimated \$22.4 million will be spent on nursing home regulation for persons of all ages in FY2001. Approximately \$17.9 million will be spent in relation to elderly persons.

Source of Funds:

State revenues were the source of more than 68 percent of costs associated with nursing home regulation in FY2001. This is down from 82 percent of costs in FY1997, as the federal government's contribution to regulatory activities has increased faster than the state's contribution in recent years.

Other

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Several health-related programs at DPH may be expected to serve significant elderly clients, but investigation reveals that the dollars spent on elderly clients are either relatively low or there are no data on the percentage of costs going to senior services. A breakdown of these programs is as follows:

- ◆ Alzheimer's Disease: DPH makes grants to a medical center and two universities for evaluation, diagnosis, referral and treatment of Alzheimer's. About \$3.2 million was spent by the state in FY2001 and 1,700 clients were served. Data are not collected, however, on the age of clients assessed through the regional Alzheimer's Disease Assistance Centers.
- ◆ Assisted Living and Shared Housing: This program is intended to permit the development and operation of assisted living and shared housing establishments for senior citizens, but it first became available in FY2001. The program was appropriated \$200,000, but no facilities have been licensed yet.
- ◆ Illinois Breast and Cervical Cancer Program: Provides breast and cervical screenings and diagnostic services to women who are at or below 200% of the federal poverty level. Women aged 65 or more years may receive services if they are not eligible for Medicaid Part B. No data are available on the portion of program spending that goes to the elderly, though senior clients are estimated to be only about 5 percent of breast cancer clients and less than one percent of cervical cancer clients. Total appropriations for breast and cervical cancer services were \$4.8 million in FY2001, with 37 percent coming from the state's own funds.
- ◆ Osteoporosis Awareness and Prevention: Some \$630,000 was expected to be spent on this program in FY2001, with \$16,100 going to seniors, who were less than 5 percent of clients.
- ◆ Prostate and Testicular Cancer: In FY2001 the state appropriated \$300,000 for grants to agencies to promote the awareness and early detection of prostate and testicular cancer. No data were available on the portion of spending or clients represented by seniors.

DEPARTMENT OF VETERANS' AFFAIRS

Department of Veterans' Affairs -- Major Areas of Services to the Elderly: FY2001	
Program	Spending
Illinois Veterans' Homes	\$ 57,696,900

The Department of Veterans' Affairs (DVA) operates four Veterans' Homes in Illinois. These facilities provide nursing services ranging from domiciliary to skilled nursing care. The homes are located in Quincy, Manteno, LaSalle and Anna, Illinois.

Senior Clients and Senior Spending

Approximately 1,472 clients of all ages were served in the Veterans' Homes in FY2001, and 1,413 or almost 96 percent were seniors. About \$60.1 million was appropriated to DVA in FY2001 for costs associated with the Homes. Nearly all of these funds, \$57.7 million, were estimated to serve seniors.

Source of Funds

The state of Illinois General Revenue Fund pays for 43 percent of expenses associated with the Veterans' Homes. The federal government pays for 37 percent of costs, and the remaining 20 percent comes from charges to residents.

DEPARTMENT OF HUMAN SERVICES

Department of Human Services -- Major Areas of Services to the Elderly	
Program	Spending
Total	\$53,104,694
Food Stamps ¹	\$41,114,734
Aid to the Aged, Blind and Disabled ²	\$11,989,960

¹Includes administrative costs.
²FY2000 data

The Department of Human Services (DHS) provides health and social services including cash assistance grants, food stamp benefits, employment and training services, child care and development services and many others. Elderly clients of DHS are primarily served through the food stamp program and by Aged, Blind and Disabled cash assistance.

Food Stamp Program

The food stamp program provides clients with assistance to maintain a basic, nutritious diet. Most clients in Illinois have a monthly food stamp allotment credited to their Link card, from which deductions are made upon purchase of commodities at a food store.

Senior Clients and Senior Spending

On average, an estimated 46,727 seniors will receive food stamp benefits each month in FY2001. They represent only 5.7 percent of food stamp recipients.

Senior food stamp recipients are projected to receive \$33.6 million in food stamp benefits in FY2001. This amount is only 4.3 percent of all benefits to be distributed in that year.

Source of Funds

The value of food stamp benefits distributed to clients is paid for by the federal government. The state of Illinois, however, shares about 50 percent of the administrative costs of the food stamp program.

Aid to the Aged, Blind and Disabled

Aid to the Aged, Blind and Disabled (AABD) provides cash grants primarily as a supplement to grants that occur through the federal Supplemental Security Income

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program. Eligibility for the program is based on the client's income in the case of persons 65 or over or on their having been determined to have a certain level of disability or visual impairment.

Senior Clients and Senior Spending

In FY2000 there were 18,275 AABD clients aged 65 or more years. The value of grants to seniors was \$11,989,960. Their average monthly grant equaled \$54.67 (although when coupled with a federal Supplemental Security Income grant the total monthly grant is usually much larger).

Source of Funds

AABD funds are entirely state funds.

APPENDIX A -- DESCRIPTION OF TAX-RELIEF AND PHARMACEUTICAL PROGRAMS

Deduction for Retirement Income For seniors filing a state income tax form, this is a reduction in taxable income allowed for retirement income shown on the federal report.

Senior Citizens Homestead Exemption This exemption allows a \$2,000 reduction (\$2,500 in Cook County) in the EAV of the property that a person 65 years of age or older is obligated to pay taxes on, and owns and occupies, or leases and occupies as a residence.

Circuit Breaker Pharmaceutical This program provides low-income seniors access to essential medication. Each year, a participant “purchases” Pharmaceutical Assistance coverage at nominal cost and receives approved prescription medication through participating pharmacies. For a senior to be eligible, his or her your total income in 2000 must be less than \$21,218 if filing an application for one person, or \$28,480 if filing an application for the senior and a spouse or one qualified additional resident, or \$35, 740 if filing an application for the senior, a spouse and at least one qualified additional resident.

Senior Citizens Assessment Freeze Homestead Exemption This exemption allows senior citizens who have total household income of less than \$40,000 and meet certain other qualifications to elect to maintain the equalized assessed value (EAV) of their homes at the base year EAV and prevent any increase in that value due to inflation.²²

Circuit Breaker Property Tax This program helps seniors afford the burden of property taxes and offsets the costs of state sales tax on qualifying food, drugs, and medical appliances. Eligibility rules are the same as those that apply to the Circuit Breaker Pharmaceutical Program described above.

Additional Personal Exemption on State Income Tax All taxpayers in Illinois are entitled to a \$2,000 personal exemption as well as an additional \$2,000 exemption for each dependent. However, senior citizens and the blind are also eligible for another \$1,000 personal exemption._

²² The descriptions of tax-relief programs in this section are taken directly from the website of the Department of Revenue, at www.revenue.state.il.us/taxinformation/

APPENDIX B -- DESCRIPTION OF DOA PROGRAMS

Community Care Program services are intended to help frail elderly persons avoid unnecessary institutionalization by providing basic services that permit clients to remain in their own home or perhaps with family members rather than enter a nursing home. The principal Community Care Program services are as follows:

Homemaker Service uses trained individuals to provide non-medical support in the client's own home, utilizing a plan of care.²³ Some of the Homemaker services include teaching/performing meal planning and preparation, routine housekeeping and home maintenance and repairs; performing/assisting with essential shopping and errands; assisting with self-administered medication; and performing/assisting with personal care tasks such as shaving or hair shampooing; and other tasks

Adult Day Service provides direct care and supervision of adults aged 60 and over in a community-based setting, i.e., outside the client's own home. DOA contracts with vendors to provide and arrange for transportation of clients to community centers; develop a service plan for the client; provide certain nursing services; assist with daily living activities such as walking, eating, and personal care; provide a daily meal; provide activities; and offer certain other services to the client.

Through Case Management Service, the Case Coordination Units of DOA provide needs assessment and service coordination to help older persons gain access to services. Examples of case management services include determining whether clients desire services through the Community Care Program; distributing program applications; determining eligibility for Community Care Program services; authorizing Community Care Program services; screening new entrants into nursing homes to determine whether they are better served by Community Care; and providing other services.

Community Social Services include a wide range of activities funded by state grants to the thirteen Area Agencies on Aging (AAAs) that have been established in Illinois under the Older Americans Act. The AAAs, in turn, sub-contract with local providers to offer the specific social services. A summary of major types of services is as follows:

Area Agencies on Aging The AAAs administer services funded through the Older Americans Act.

Access Services These services link older persons with needed assistance by providing transportation, outreach, information, and case management.

In-Home Services These services allow many older persons to remain in their homes, and include assistance with chores, minor repairs to the home, supervision of functionally impaired persons, home-delivered meals and other services.

²³ Descriptions of these services are derived from Department of Aging 1999 *Human Services Plan 1999* Springfield, Ill.: Illinois Department of Aging

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Community Services These services include multipurpose senior centers, congregate meals, legal services, health promotion and disease prevention.

Services through Volunteerism Senior volunteers donate their time in areas such as coordination with Head Start projects, transportation, nutrition, health promotion and nursing home visits.

Employment Services These services help seniors seek gainful employment by identifying older persons seeking employment, providing counseling, advising on job-retention skills, and placing older person in jobs.

Elder Rights The rights of older persons are protected through two programs, the Long Term Care Ombudsman Program, which investigates and resolve complaints made by or on behalf of residents of long-term-care facilities, and the Elder Abuse and Neglect Program, which responds to reports of alleged elder abuse, neglect and exploitation.

