New York 2020: Seniors First Initiative

Addressing the Critical Needs of New York's Seniors

Independent Democratic Conference

February 2016

In January, the Independent Democratic Conference released its 2016 budget policy agenda, "New York 2020: A Blueprint for a Better New York," a comprehensive plan to set New York's priorities for the next four years. This agenda contained a number of innovative measures to ensure adequate funding and support for a number of policy changes that would help New Yorkers better afford living and working in their communities. One important component of the New York 2020 agenda was the Seniors First Initiative, which included a comprehensive set of legislation and policy proposals to protect New York's seniors from economic risk. The intent of this agenda is to develop and implement policies that will help keep seniors financially stable in retirement, provide key property tax breaks, institute financial protections, increase utility subsidies, and support other innovative measures to keep seniors' hard-earned money in their pockets.

In support of its Seniors First Initiative, the IDC launched a senior affordability survey, the "Seniors First Survey," which aimed to assess seniors' financial well-being and ascertain their interest in a number of policies which will help seniors pay their bills, stay in their homes, and continue to live fulfilling lives in their communities.

Through an unprecedented collaboration, IDC member offices joined forces with the New York State AARP, the New York State Alliance for Retired Americans (NYSARA), the New York Statewide Senior Action Council, LiveOn New York, the Jewish Association Serving the Aging (JASA), Lifespan, Protectseniors.org, and the Association of Belltel Retirees, to survey **4,500 New Yorkers over the age of 50**, capturing invaluable data about New York's seniors and those

Key Findings of the "Seniors First Survey"

- ***Over 83% of seniors surveyed feel that New York State does not pay enough attention to senior issues. Less than 17% are happy with the job their government is doing.***
- ***69% of seniors and those approaching retirement age in New York are living on a fixed income.***
- ***64% of respondents have faced difficulty paying their homeowner expenses at some point.***
- ***75% of respondents find their utility expenses to be too expensive.***
- ***90% of respondents surveyed want New York State to establish a Utility Consumer Advocate to help rein in out of control utility rates.***
- ***63% of respondents are not confident that their retirement savings are adequate to keep them financially stable in retirement.***
- ***While 50% of respondents have required, or expect to require long-term care at some point, only 18% have long-term care insurance.***

approaching retirement age. These organizations and offices distributed surveys digitally and also put boots on the ground to deliver physical copies of surveys to seniors in all corners of New York State. A diverse and resounding response from thousands of seniors both upstate and downstate has painted a picture of seniors' financial needs and challenges in New York, while simultaneously issuing a mandate and call to action to New York's lawmakers.

The State of Our Seniors

The current population of New Yorkers age 65 and older is estimated at over 2.9 million and is expected to approach 4.4 million by the year 2040.[1] Financial burdens are particularly challenging for seniors, most of whom rely upon fixed incomes sourced primarily from Social Security income, the average monthly benefit of which is a mere $1,341.[2] New York's high cost of living and continuing recovery from the 2008 recession create housing, property tax, utility cost, and other financial challenges that are unique to New York's seniors.

New York's seniors are faced with difficult choices every day. Roughly 11 percent of New York's seniors live under the official poverty line ($11,770 per person) and more than 37 percent live under 200 percent of the federal poverty line ($23,540/one person).[3] These numbers are deeply concerning in the 21st century, over 80 years after the creation of the Social Security system, whose intent is to protect seniors from poverty in their retirement years. Even more alarming, the official poverty line is an inadequate and incomplete measurement, as it's a nationally-sourced, static number based upon income, and does not account for real-world circumstances and geographic variations. Living expenses in Iowa and New York are drastically different, and that reality is not reflected in the official poverty measure.

The supplemental poverty measure (SPM)[4], a more accurate, multifactorial benchmark to determine poverty, paints an even bleaker picture. The SPM utilizes a more complex statistical analysis which incorporates spending on basic necessities, cost of housing, tax liabilities, etc. According to the SPM, a full 16 percent of seniors are living below the poverty line in New York, and 51 percent of seniors are living below 200 percent of the poverty line.[5]

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[1] New York State Office for the Aging data, County Data Book—New York State, available at http://www.aging.ny.gov/ReportsAndData/2015CountyDataBooks/01NYS.pdf

[2] Social Security - Frequently Asked Questions. Retrieved January 22, 2016, from https://faq.ssa.gov/link/portal/34011/34019/Article/3736/What-is-the-average-monthly-benefit-for-a-retired-worker

[3] Poverty Among Seniors: An Updated Analysis of National and State Level Poverty Rates Under the Official and Supplemental Poverty Measures. (2015, June). Retrieved from http://files.kff.org/attachment/issue-brief-poverty-among-seniors-an-updated-analysis-of-national-and-state-level-poverty-rates-under-the-official-and-supplemental-poverty-measures
Kaiser Family Foundation

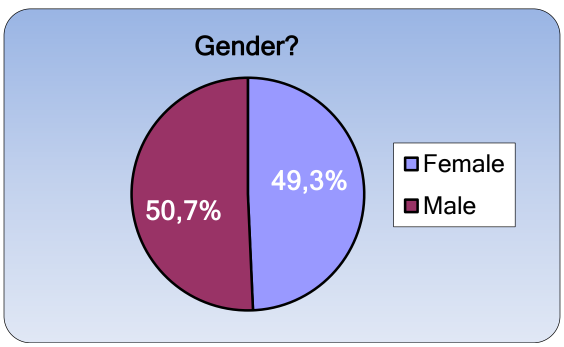
[4] Poverty - Experimental Measures. Retrieved January 22, 2016, from http://www.census.gov/hhes/povmeas/methodology/supplemental/overview.html
From the United States Census Bureau

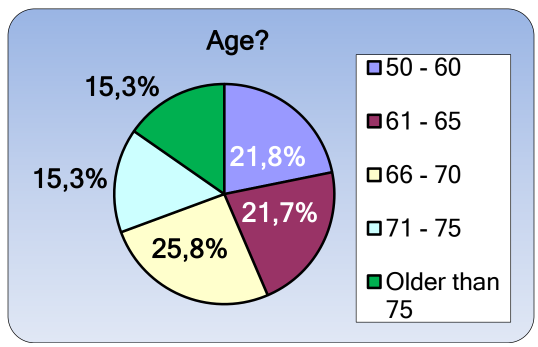
[5] Poverty Among Seniors: An Updated Analysis of National and State Level Poverty Rates Under the Official and Supplemental Poverty Measures. (2015, June). Retrieved from http://files.kff.org/attachment/issue-brief-poverty-among-seniors-an-updated-analysis-of-national-and-state-level-poverty-rates-under-the-official-and-supplemental-poverty-measures
Kaiser Family Foundation

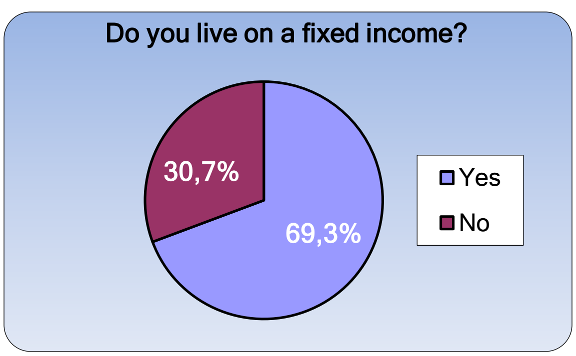
Although these senior poverty statistics are alarming, proactive, well-designed programs can help seniors stay financially stable and improve these numbers. For example, Social Security benefits have helped to relieve the financial burden on New York's seniors to an impressive extent. In the absence of federal Social Security benefits, over 45 percent of New York State's seniors would live below the official poverty line.[6] In New York City, where living expenses tend to be higher than other regions of the state, the numbers are even worse, with 22 percent of seniors living at or below the federal poverty line, even with social security.[7] Seniors living close to or below the poverty line face financial instability and insecurity that can exacerbate already existing health, shelter, transportation and long-term care needs.

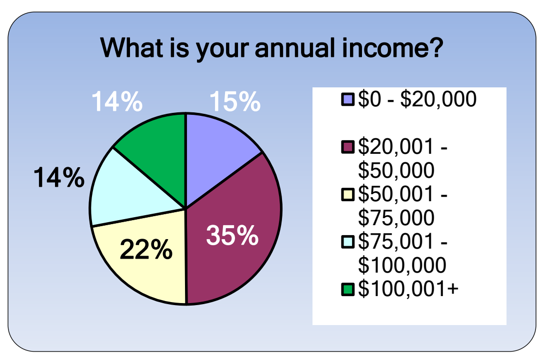
The IDC believes that our seniors should not be forced to make difficult choices about where they are going to live, how they will heat their home, or what to sacrifice when they need to make costly repairs. The IDC's New York 2020 Seniors First Initiative seeks to make New York more affordable for all of our seniors.

Seniors First Affordability Survey Demographics









6 "Social Security Keeps 22 Million Americans Out Of Poverty: A State-By-State Analysis." Social Security Keeps 22 Million Americans Out Of Poverty: A State-By-State Analysis. Center on Budget and Policy Priorities, 25 Oct. 2013. Web. 25 Jan. 2016. <http://www.cbpp.org/research/social-security-keeps-22-million-americans-out-of-poverty-a-state-by-state-analysis>.

7 "CEO - Poverty Data & Research - Poverty Data Tool." NYC Center for Economic Opportunity. Web. 25 Jan. 2016. <http://www.nyc.gov/html/ceo/html/poverty/lookup.shtml>.

The IDC Seniors First Initiative

- **Make permanent the increases to SCRIE and DRIE and increase the income cap on SCHE and DHE;**
- **Create the "New York State Secure Choice Savings Program", a new retirement savings program;**
- **Establish a State Senior Heating Assistance Program (SHEAP) to assist New York's seniors with rising utility costs;**
- **Create a Utility Consumer Advocate Office to give seniors a voice in the utility rate-setting process and guard against unscrupulous rate hikes;**
- **Protect and strengthen New York's long-term care insurance market by incentivizing long-term care insurance purchases;**
- **Legislation to protect seniors from all too common financial exploitation; and**
- **Paid Family Leave to ensure seniors receive the in-home care they need.**

Assisting Seniors with Home Ownership and Rent Expenses

While many New Yorkers face problems securing affordable housing, certain populations, including seniors, are disproportionately and sometimes severely affected.

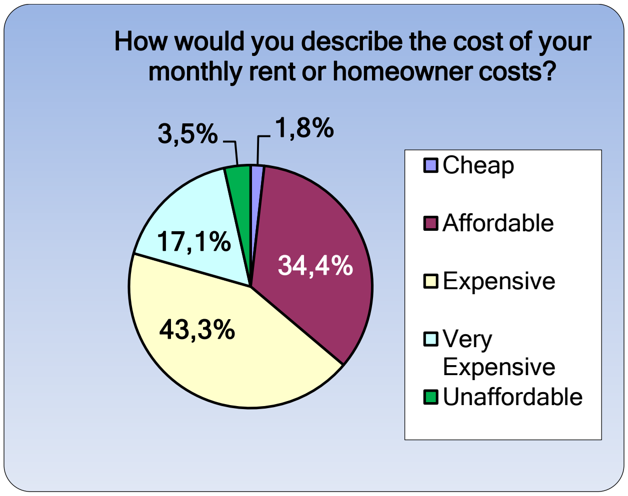
Our survey data indicates that seniors' homeowner costs in New York are burdensome, with a full 60 percent of seniors paying over $1,000 per month toward homeowner costs. Expenses at this level for seniors on a fixed income can be devastating, given that a homeowner should spend a maximum of 30 percent of their income on housing costs.[8] What's worse, senior homeowner costs are increasing rapidly beyond inflation. While inflation over the last 3 years totaled around 3.2 percent[9], **62 percent of survey respondents indicated that their homeowner costs increased beyond 5 percent in the same three-year period.**

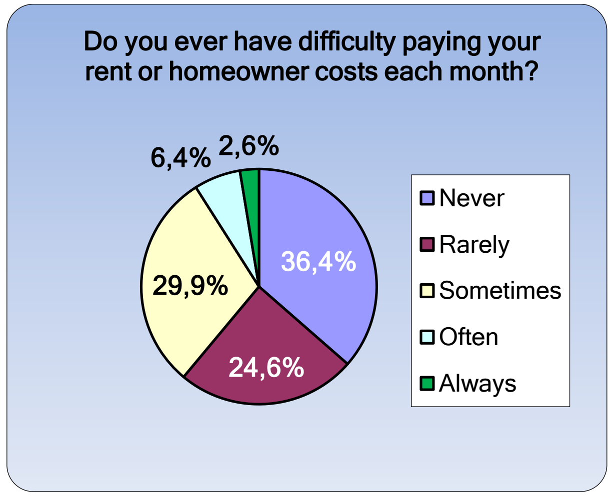
Seniors Speak Out on Homeowner Costs

- *Rents are soaring in NYC and I live in a three-family house. Rents in general have gone up by 25-37% in the past ten years. Ridiculous! Something has to be done especially for older Americans.*
- *[My rent] is presently more than half my monthly income.*
- *Keep rents, utilities within reason so seniors can continue to live in New York and not flee to Florida.*
- *I have a fairly decent retirement income and my housing costs are nearly 50% of my income. I have an apartment and could own a large home in another state for substantially less money each month.*

[8] Schwartz, Mary, and Ellen Wilson. "Who Can Afford To Live in a Home? A Look at Data from the 2006 American Community Survey." United States Census Bureau. Web. <http://www.census.gov/housing/census/publications/who-can-afford.pdf>. Pg. 1.
[9] "Cumulative Inflation Calculator." InflationData.com. Web. <http://inflationdata.com/Inflation/Inflation_Calculators/Cumulative_Inflation_Calculator.aspx>.

Given the fact that many seniors are paying over $1,000 per month toward homeowner costs in New York, combined with alarmingly high inflation of these costs for seniors over the last three years, it should be unsurprising to any observer that seniors are concerned that their costs of living in New York have become too expensive, **with 39 percent of New York seniors stating that they sometimes, often, or always have difficulty paying their rent or homeowner costs on a regular basis, and 64 %stating their costs are too expensive.**





That is why the IDC has proposed two common sense solutions to help defray the high costs of rent and homeownership for seniors in our state. Through Senator Savino's bill, S.4748-A, the IDC is seeking to:

Renew the Income Thresholds for SCRIE and DRIE

In the 2014-15 Budget, the IDC was able to increase the income thresholds in the Senior Citizen Rent Increase Exemption (SCRIE) and the Disabled Rent Increase Exemption (DRIE). These programs freeze eligible seniors' rent at the same level as when those seniors entered the program. Their rent stays frozen as long as they continue to meet the eligibility requirements, including caps on their income.

The previous income limit for SCRIE was $29,000. The IDC included a measure in the 2014-2015 budget that extended the income cap to $50,000, bringing more lower and middle income seniors under the protections of SCRIE. The DRIE income cap was also increased to $50,000.

This income cap increase made 24,000 more households eligible for SCRIE, and the DRIE income cap increase made 3,000 more households eligible for DRIE. However, these increased income limits for SCRIE and DRIE will expire in 2016, and the IDC will seek their permanent extension to provide more comprehensive relief to New York's seniors who face challenges with rent costs.

Increase the Income Thresholds for SCHE and DHE

The Senior Citizen Homeowners' Exemption (SCHE), and the Disabled Homeowners' Exemption (DHE) help senior and disabled homeowners to remain in their homes and communities by providing tax exemptions.

SCHE provides a property tax exemption of up to 50 percent of the assessed property value for senior residents who own one-, two-, or three-family homes, condos, or co-op apartments, and who will be at least 65 years of age in the year they apply. DHE provides this exemption to households where at least one owner has a documented physical or mental disability, not due to alcohol or drug use.

SCHE/DHE have a combined income limit of $29,000 for owners of households. Beyond these income limits, there is a "sliding scale" option that permits localities to extend smaller assessed value reductions to owners with a combined income above $29,000, but less than $37,400.

SCHE and DHE should have parity with SCRIE and DRIE. The IDC will advocate to increase the income caps in SCHE and DHE to $50,000, to match the current caps under SCRIE and DRIE. The sliding scale lesser property tax reduction would also be increased to a $58,400 ceiling.

Providing All New Yorkers an Opportunity to Easily Save for Retirement

Many hard working New Yorkers, after working over 30 years, are finding that they cannot afford to retire. Over 38 million working age households, 45 percent nationally, do not own any retirement account assets, whether in a pension plan, an employer-sponsored plan, or an IRA.[10] **However, according to our survey results, New York's seniors are doing a bit better, with 83% of New York's seniors indicating that they had some form of retirement savings.**

Seniors Speak Out on Retirement Savings

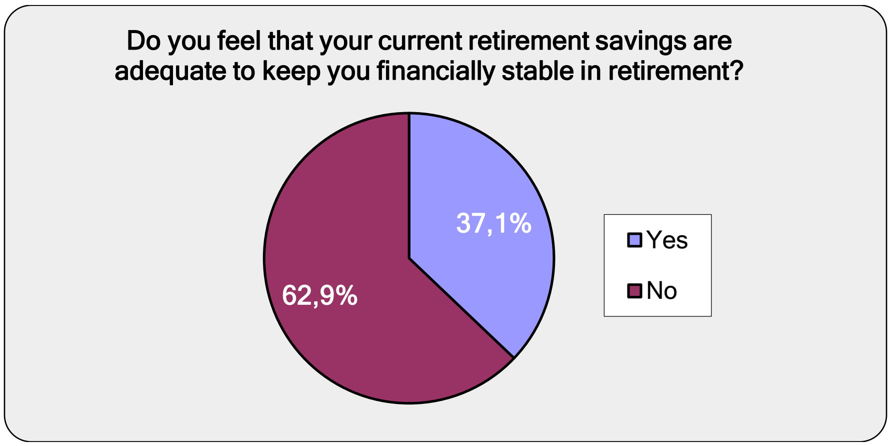
- *Protect pensions ....do not allow Wall Street to gamble with pension investments. Keep pension investments fiduciary!*
- *My pension fund will be bankrupt by March 2017 (multi employer). When PSA takes over, I will be cut 2/3 of my pension (over $1000) a month.*
- *When you turn 65, you are blindsided by all the hidden fees, costs and penalties that come with saving money for retirement.*
- *I have worked 2 jobs all these years and have saved a lot, but when I retire there is only social security and my savings will go quickly. We need help!*
- *Support… ways to save for retirement [for seniors who don't have a] 401(k).*

While these numbers seem encouraging on their face, there are several caveats. First, one recent AARP report found that the average American has only $3,000 in savings; for many, this means that they do not have nearly enough assets to be able to afford to retire. Second, as the traditional defined benefit pension and employer-sponsored retirement options have begun to go the way of the dark ages, those moving toward retirement are less likely to be saving or have assets tucked

[10] "The Retirement Savings Crisis: Is It Worse Than We Think?" National Institute on Reti rement Security. Web. <http://www.nirsonline.org/index.php?option=content&task=view&id=768>.

away like New York's current population of elderly individuals. In fact, a 2011 Scottrade survey of Generation Yers found that "*More than half — 55 percent — of Gen Yers surveyed said they have not yet started saving for retirement. A whopping 64 percent said they don't even think about retirement.*"[11]

That is why it was no surprise that when asked by the IDC Seniors First Survey, "***Do you feel that your current retirement savings are adequate to keep you financially stable in retirement?*" Nearly 63 percent - 62.9 - of New York's seniors and those moving toward retirement age did not feel that their current retirement savings were adequate to keep them financially stable in retirement; a mere 37% are confident about their savings.**



As a result, many states have begun looking for solutions to encourage workers to save for retirement. In fact, AARP has found that allowing employees access to savings through payroll deductions encourages more to start saving. As a result, there has been a movement on the national level for states to begin creating access to retirement savings plans for individuals that do not have access to these kinds of plans. These include state-run programs that allow employers to voluntarily offer employees to participate through payroll deductions into these IRAs.

The New York Save Secure Choice Savings Program ("Work and Save")

The IDC proposes creating the New York State Secure Choice Savings Program (S.6045). This program will establish a state-run retirement savings program, which would automatically enroll employees in a payroll deduction IRA if they are working at a business with over 25 employees, and if the business has been operating for at least two years and does not currently offer an approved retirement plan. Employees will have the ability to select a contribution level into the fund and an investment option from the permitted set of options. Employees would have the ability to opt out of the program. If not, they would automatically be enrolled. The legislation also creates a board that will design and establish the program.

[11] Perman, Cindy. "Gen Y and Retirement: Are Young People Saving?" CNBC. 30 Mar. 2011. Web. <http://www.cnbc.com/id/42321520>.

Employers will automatically enroll each of their employees who have not opted out using the forms that are provided by the program. The employer will also provide payroll deductions for each enrolled employee and will deposit, on behalf of the employees, these funds into the Secure Choice Savings Program fund.

This measure is a giant leap in the right direction for the approximately 3.4 million workers in New York who do not have access to any kind of retirement plan at their workplace.[12]

Helping Seniors with High Utility Costs

According to the Bureau of Labor Statistics (BLS), the average person over 65 years of age spends $3,480 per year on utilities, fuels, and public charges. This category includes expenses such as electricity, phone service, water and sewer charges, and fuels such as natural gas or heavy fuel oil, which are used for heating or cooking. This averages out to close to $290.00 per month. As people age, the percentage of their income that is taken up by utility charges increases. According to the BLS numbers, the average consumer over 75 years of age spends $3,022 in utilities, fuels, and public charges annually, or close to $250.00 dollars per month.

Seniors Speak Out on Utility Costs

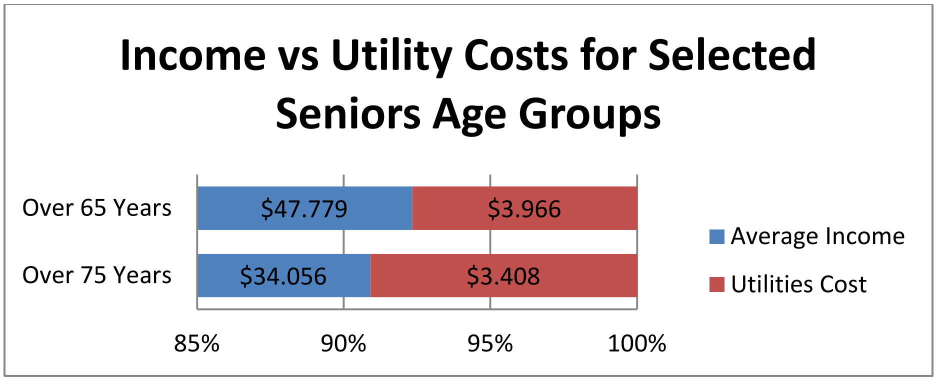
- *I have air conditioners in my apartment, but I can't afford to turn them on in the summer. In the winter, I go without heat, except on the very coldest days because I don't want to incur an electric bill that I can't afford to pay.*
- *I feel there is almost no oversight on the so called de-regulated electric industry… Deregulation was granted by the PSC, an appointed agency that seems accountable to no one… Delivery charges are simply too high and the price per KWH is all over the place.*
- *It seems to me that there need to be greater subsidies developed to help those who really cannot afford the costs related to basic living standards… Can we get a discount in water, electric, gas?*
- *Water is very expensive. I pay over $2000 a year for brown water that I can't drink. Electric rates are too high; oil is down right now, but usually breaks me, and I have to freeze to pay the bills.*
- *Electric costs should be lower for families who require medical equipment that runs 24/7.*
- *My gas and electric both went up $0.40/unit last month. Total utility consumed was ~$85.00—the DELIVERY charge was around $127.00.... REALLY*

Surprisingly, after polling 4,500 seniors in New York State, **the IDC learned that over 45% of seniors polled pay over $300.00 dollars per month for their utilities, far outpacing the BLS survey indications**.

If we compound these findings with the fact that most seniors rely on fixed incomes, receiving only an average of $1,341 in Social Security benefits[13] and $733 in Supplemental Security

[12] Kratz, Stacey. "AARP NY 'High Anxiety' Survey: Gen Xers Out-Worry Boomers in Retirement Savings Crisis." AARP, 20 May 2015. Web. 17 Feb. 2016.

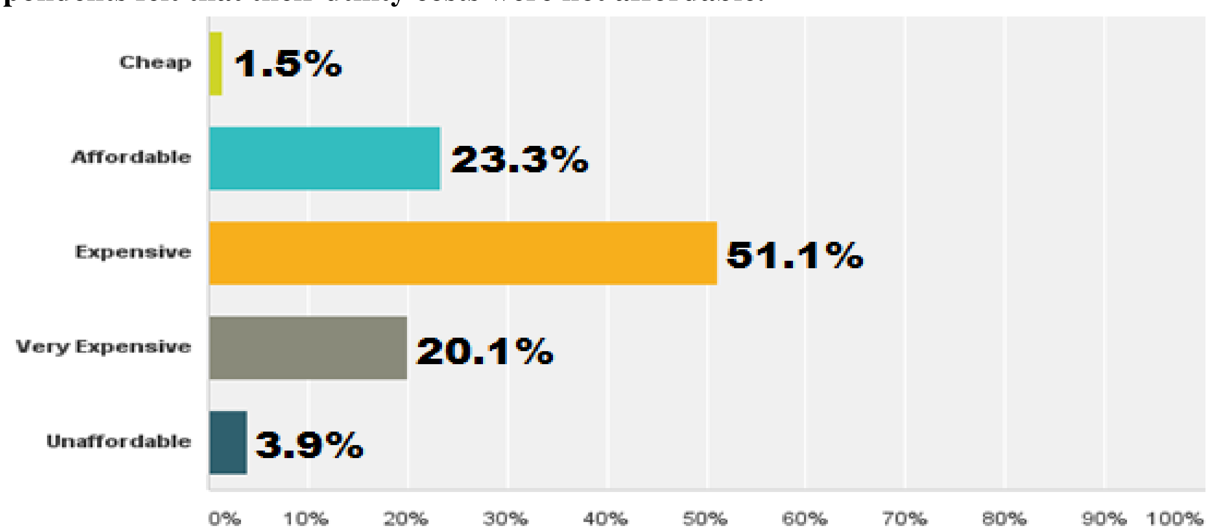
Income, and that 30% of older households have a total income of less than $20,000, we conclude that seniors experience the greatest energy burden of any age group.



Source: BLS statistics on average income by age group vs average utility charges.

The chart above demonstrates the utility burden on seniors over 75 years of age, as opposed to seniors over 65 years of age. The burden is greater for those over 75. According to the 2014 BLS Survey, the average after-tax income for seniors above the age of 65 is $47,779, while their utility burden is $3,966. This is about 8.3 percent of their after tax income, which was consistent with the numbers in our previous report. However, for seniors over 75, the utility burden has increased to $3,408, while the average income for this group of seniors is $34,056. This means that utility burdens now exceed 10 percent of seniors' income in the over 75 age group.

With these statistics in mind, it comes as no surprise that over 75 percent of our survey respondents felt that their utility costs were not affordable.

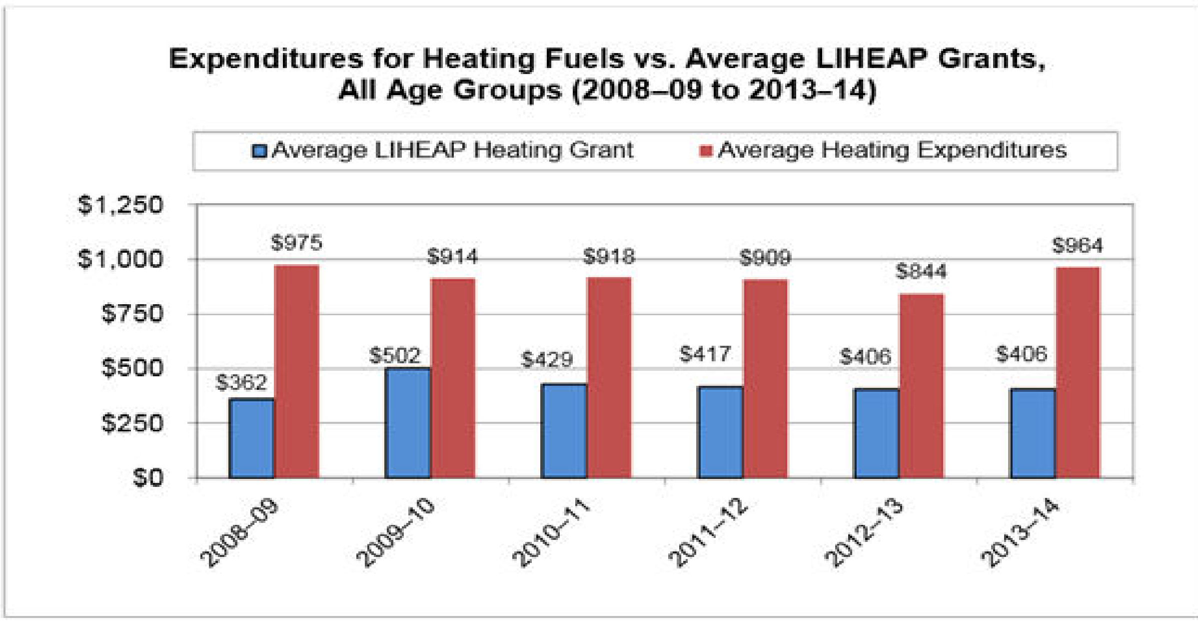


[13] "Social Security Administration." What Is the Average Monthly Benefit for a Retired Worker? Web. <https://faq.ssa.gov/link/portal/34011/34019/Article/3736/What-is-the-average-monthly-benefit-for-a-retired-worker>.

In order to deal with the undeniable reality that utility rates are skyrocketing and our seniors can't keep up with these rising costs, the IDC is proposing two common sense solutions to resolve this untenable situation:

The State Senior Heating Assistance Program

While many older, low-income households manage to heat their homes with the help of the Federal Low Income Home Energy Assistance Program (LIHEAP), grants provided by the program have remained consistently well below average heating costs faced by older consumers, and Forbes has reported that only about 20% of eligible LIHEAP applicants receive help.[14]



The result is that the high costs of living in New York, paired with LIHEAP's low income caps, have left many New York seniors without any option for assistance with their demonstrably sky high energy bills. **As a result, 85 percent of seniors polled by the IDC believe that New York State must do more to assist them with their utility costs.**

In order to help New York's seniors afford to heat their homes, the IDC proposes creating a state Senior Heating Assistance Program (SHEAP), modeled on the federal Low Income Home Energy Assistance Program (LIHEAP) that is provided to low income households.

Federal LIHEAP allows states to create income guidelines based on 150 percent of the federal poverty level or 60 percent of the state median income, whichever is greater. New York bases the income eligibility on 60 percent of the state median income. For a household of one, this is an annual income of $26,931. SHEAP will provide a more comprehensive benefit and will target

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[14] Clemente, Jude Five Electricity Graphics All Americans Should See, Forbes, 10/6/14
http://www.forbes.com/sites/judeclemente/2014/10/16/five-electricity-graphics-all-americans-should-see/

low- and middle-income seniors who need assistance to heat their homes. The IDC proposes to fund the program at $50 million the first year, which will serve between 100,000 to 125,000 seniors on a first come, first served basis. The program will serve eligible seniors with an annual income less than $75,000 for a family of two, and $55,000 for single seniors, which is 470 percent of the federal poverty line.

LIHEAP vs SHEAP Income Caps

Program	Single Income Limit	Family of Two Income Limit
LIHEAP	$26,928	$35,220
SHEAP	$55,000	$75,000

Seniors will be able to receive a flat benefit if they meet the income thresholds and their heating expenses exceed $650 for natural gas/electricity, $800 for wood pellets/wood, and $875 for oil/kerosene/propane. A senior will not be able to receive SHEAP if he or she already receives LIHEAP. In addition, if the senior would qualify for LIHEAP, he or she is required to apply for LIHEAP first, and will only become eligible for SHEAP if LIHEAP funds are unavailable, they do not receive a benefit under LIHEAP, or for some reason they do not qualify for LIHEAP.

The table below illustrates the cost thresholds (by heating fuel source) required to trigger benefits, and the benefit amount:

Heating Mode	Annual Heating Expenses	Benefit
Oil/Kerosene/Propane	$875+	$575
Wood/Wood Pellets/Coal/Corn/Other Deliverable Fuel	$800+	$500
Electricity or Natural Gas	$650+	$350

SHEAP will also provide a state version of the benefit available under LIHEAP to seniors to allow them to purchase cooling equipment for their homes; because the income thresholds for SHEAP are higher than LIHEAP, this will extend the cooling benefit to households with higher incomes than those eligible for LIHEAP.

The Creation of an Office of a Utility Consumer Advocate

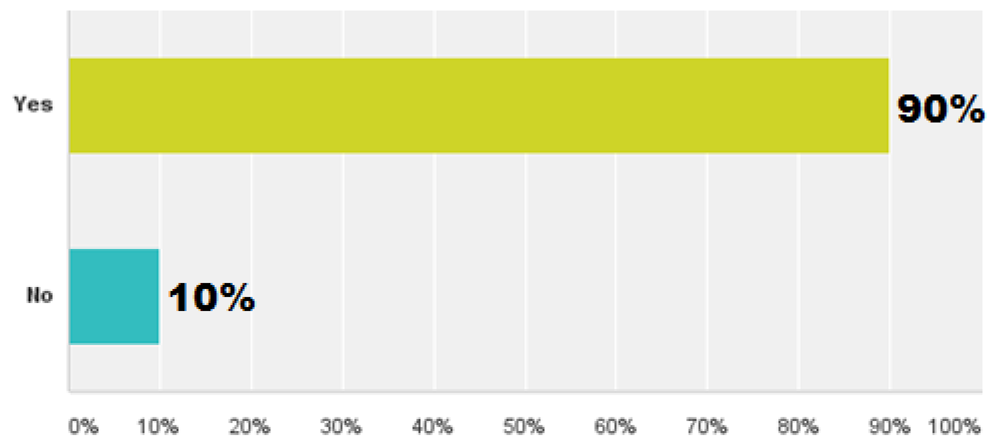
A second tool supported by the IDC in its quest to lower utility costs for seniors is the creation of an independent statewide Utility Consumer Advocate, charged with ensuring that the public, including our struggling seniors, receives the consideration it deserves from New York's utility-rate-setting bodies.

The state's support of advocacy for utility customers has substantially dwindled over the last decade, so that New York's consumers, who pay some of the highest utility rates in the nation, lack full and independent representation in major matters affecting the reliability and affordability of essential utility services.

New York once had stronger consumer advocates who participated in the rate-setting process, but the office was abolished in the mid-1990s and its replacement agency, the Utility Intervention Unit, is currently understaffed and lacking the independence and legal resources necessary to make an impactful difference. The Governor's Moreland Commission on Utility Storm Preparation and Response reported in June, 2013 that ratepayers are not fairly represented before the Public Service Commission (PSC) and, therefore, that the State should create a Citizen's Utility Board that is independent, controlled by ratepayers, adequately funded, and not subject to political interference.[15] Finally, it is worth noting that the residents of 40 states, as well as the District of Columbia, enjoy the protection of a freestanding Utility Consumer Advocate.[16]

We asked seniors whether they would support the creation of a Utility Consumer Advocate office to represent their interests in the rate setting process. Their response to the question was unequivocally in support:

IDC Senior Survey: Would you support the creation of a statewide Consumer Advocate Office to help protect utility ratepayers like yourself?



The IDC proposal, embodied in Senator Diane Savino's Senate bill S.3356, is meant to give New Yorkers a seat at the table when regulated utilities ask to raise rates. This legislation would establish the State Office of the Utility Consumer Advocate, an independent office that would advocate and appear on behalf of residential utility customers in New York State.

A Utility Consumer Advocate would be appointed by the Governor for a six-year term. The Advocate will be charged with directing the office, and will hire necessary staff. To ensure political independence, the Advocate may only be removed for cause, ensuring that the office will act independently on behalf of consumers without political interference.

The Office would be given certain powers to represent and intervene on behalf of utility consumers before certain legal bodies such as the Public Service Commission (PSC), FERC, the

[15] See Moreland Commission on Utility Storm Preparedness and Response, Final Report, June 22 2013, available at http://utilitystormmanagement.moreland.ny.gov/sites/default/files/MACfinalreportjune22.pdf
[16] National Association of Utility Consumer Advocates, available at http://nasuca.org/about-us/

FCC, and other administrative and regulatory agencies. The Utility Consumer Advocate would represent the interests of New York consumers before administrative and regulatory agencies at all levels of government that deal with issues concerning energy, telecommunications, water and other utility services.

Based on evidence from other states, such an office will save ratepayers money with regard to their utility bills. Neighboring Connecticut's Utility Consumer Advocate saved ratepayers $730 million in Fiscal Year 2012. At a cost of only $3 million, that is more than $243 in savings for every dollar spent. California's Advocate delivered a 153 to 1 return on investment on behalf of residential consumers in that same year.[17]

The enactment of SHEAP, combined with the establishment of a Utility Consumer Advocate Office, will begin to ameliorate the high cost of utilities in New York for all of its citizens, and especially for those on fixed incomes, such as New York's seniors.

Incentivizing Long-term Care Insurance Purchases to Ensure Seniors Receive the Care They Deserve

Those over 65 years of age have a 70 percent chance of requiring long-term care at some point in their lives. Additionally, this age group has more than a 40 percent chance of requiring skilled nursing care in a nursing home[18], with about 18 percent needing to stay confined to nursing home care for at least one year, and five percent needing to spend over five years in a nursing home.[19]

However, when asked in our survey, only 50% of seniors responded that they have required, or expect to require, long-term care insurance. These results indicate that seniors have an overly optimistic perspective on whether they will someday require long-term care. This disconnect between perceived need for long-term care and actual need may be partially to blame for the "death spiral" the long-term care insurance market is now experiencing.

Based on our survey, a mere 18% of seniors maintain long-term care insurance. Eighty-two percent lack this insurance, and eventually, due to lack of long-term care insurance and state asset spend down requirements, many of those seniors will have to make difficult decisions about their assets and how to afford long-term care. The solution will likely result in their spending down (eliminating) their hard-earned assets, and New York's taxpayers assuming the

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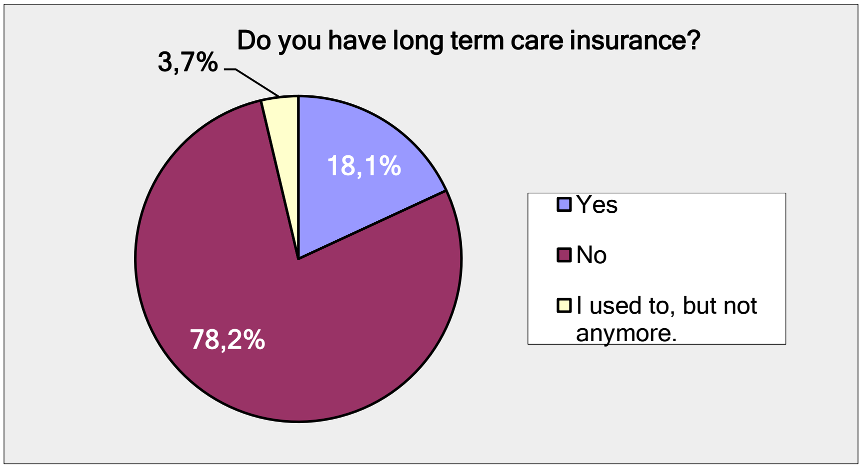
[17] Katz, Stacey Con Ed Consumers Get Rate Shock – Pay More Than Double US City Average, AARP New York, 6/21/13, available at http://states.aarp.org/coned-electric-customers-get-rate-shock-pay-more-than-double-u-scity-average/

[18] "Understanding Long-term Care Insurance." Insurance Schools, Inc. Web. <http://www.insurancecourses.com/CE_courses/CE_LTC.pdf>. Pg. 1.

[19] "Nursing Homes Fact Sheet." AARP Public Policy Institute. Web. <https://assets.aarp.org/rgcenter/il/fs10r_homes.pdf>.

bulk of the cost of these seniors' long-term care. This is not ideal for seniors, and will inevitably create a larger burden on the social welfare systems in place to protect New Yorkers.



"The Death Spiral"

Due to fewer and fewer individuals buying into long-term care insurance, rates are skyrocketing as fewer people invest in this form of insurance. This is a catch-22, because it results in a vicious cycle: premium costs are obscenely high because fewer people are investing, but fewer people are investing because the premiums are too high. This also risks driving the few remaining insurance providers out of the New York market. Increasing premium rates, fewer entrants into the market, and fewer carriers could indicate that, due to these long-term care necessities and as fewer New Yorkers invest in long-term care insurance, Medicaid costs will inevitably increase even further to pay for the cost of their care. This will result in even more significant costs to the state. Medicaid is currently the primary payer of long-term care services, with private insurance making only 8 percent of payments.

In December, 2015, the death spiral in

Seniors Speak Out on Long-term Care Insurance

- *I have had a chronic illness since age 30. Long-term care insurance costs would take up most of my expendable income. Long-term care will eat up my pension when my time comes.*
- *Long-term care insurance rates just go up and up. Ours increased 30 percent this year, though we've been paying for it for twenty years. Why are there no controls on this?*
- *Long-term care insurance was too expensive. By the time I realized I might need it, I was denied coverage based on my health (this was in home care, not nursing home).*
- *Long-term care and in-home care are frighteningly expensive.*
- *My Long-term Care Insurance increased one year by 22 percent. The following year, it increased again by another 15 percent. How is this legal? What cost me $1200 per year now costs $1800.*
- *My long-term insurance premium increased 10 percent two years ago. I thought that was a lot until it increased by 60 percent this year!!! As you get closer to a time you might need the insurance, the companies jack up to the price so high that you are forced to either reduce the benefits or give up the insurance.*

this market became a hard reality for many long-term care insurance holders as the Department of Financial Services (DFS) approved a premium increase ranging between 48 percent to 60 percent[20] on long-term care insurance policies; these rates are locked in for three years. These rate increases will have devastating effects on the health and viability of the long-term care insurance market; new entrants will be deterred from investing in this insurance because of the skyrocketing costs, and perhaps even worse, seniors who have paid premiums on long-term care insurance now face the possibility of being unable to make their premium payments on policies they have paid into for decades.

The Tiered Approach to Long-term Care Insurance

Statistics indicate that individuals who invest in long-term care insurance for four or more years tend to stay invested and continue to pay premiums. There is currently a 20 percent tax credit in New York State for premiums paid by individuals who purchase long-term care insurance.[21]

According to the Kaiser Family Foundation, in fiscal year 2014, New York spent over $15 billion of Medicaid funds on long-term care services.[22] This is a conservative estimate, as New York utilizes managed long-term services and supports (MLTSS) programs, whose spending may not be captured in this statistic. One study found that "long-term care insurance policy ownership halves the expected Medicaid liability per nursing home entrant, as insurance dollars replace Medicaid dollars."[23]

The IDC's enhanced premium tax credit system would expand New York's current 20% tax credit, with larger credits going to younger entrants into the market. This plan is outlined in Senator Klein's bill, S.5229.

The bill creates a tiered premium tax credit system based upon age bracket:

Age Bracket	Premium Credit Amount
Less Than 40 Years	40%
40-50 Years	30%
50-55 Years	25%
Older than 55 Years	20%

The enhanced tax credit will apply to individuals' first four years of premiums, and then will default back to 20% regardless of age group.

[20] Carrns, Ann. "Managing the Costs of Long-Term Care Insurance." The New York Times. The New York Times, 02 Sept. 2015. Web.
[21] "Long-Term Care Insurance Credit." New York State Department of Taxation and Finance, 8 Mar. 2011. Web. <https://www.tax.ny.gov/pit/credits/longterm_care_insurance_credit.htm>.
[22] "Distribution of Medicaid Spending on Long-term Care." Distribution of Medicaid Spending on Long-term Care. The Henry J. Kaiser Family Foundation. Web. Feb. 2016. <http://kff.org/medicaid/state-indicator/spending-on-long-term-care/>.
[23] Cohen, Marc A., Nanda Kumar, and Stanley S. Wallach. "Long-Term Care Insurance and Medicaid." Health Affairs, 1994. Web. <http://content.healthaffairs.org/content/13/4/127.full.pdf>. Pg. 134.

In addition to its tiered premium tax credit bill, the IDC is introducing another measure (S.6768—Avella) that will increase the premium tax credit for all long-term care insurance purchasers to 40% for a total of 4 years, retroactive to January, 2015. This provision will help stabilize the market by encouraging new entrants into the market and helping to ameliorate the increased costs to those who are currently invested in long-term care insurance.

Providing Banks With the Tools Necessary to Protect Seniors' Bank Accounts

The elderly population is growing, and Social Security has helped to bring more elderly citizens out of poverty. As the Baby Boomer generation ages, their wealth is a target for financial exploitation. Banks and law enforcement must have the proper tools to ensure that they can properly prevent and report elder financial exploitation.

One in five Americans over 65 has been victimized by financial fraud.[24] This financial exploitation costs seniors at least $2.9 billion each year nationally.[25] A recent study of elder abuse prevalence in New York State found that 76 out of every 1,000 older New Yorkers were victims of elder abuse during a one-year period.[26]

Only one in 44 cases are reported,[27] and the incident rate in New York is almost 24 times greater than the number of referred cases.[28] New York elders are not seeking, or getting, the assistance they need. Financial abuse accounts for up to one-half of all types of elder abuse in New York State[29], and its victims number over 500,000 nationally.[30] In New York City, 63 percent of elder abuse cases involved financial abuse.[31] Relative population estimates would put the number of New York victims at almost 31,000.

The IDC plan to curb elder financial exploitation would provide banks and law enforcement officers a new set of tools to stop and combat elder financial exploitation as it's happening. This proposal would be enacted with passage of Senator Valesky's Senate Bill S.639.

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[24] "Preventing Elder Investment Fraud." Investor Protection Trust. Web. Feb. 2016. <http://www.investorprotection.org/protect-yourself/?fa=protect-seniors>.
[25] "The MetLife Study of Elder Financial Abuse." MetLife, June 2011. Web. <https://www.metlife.com/assets/cao/mmi/publications/studies/2011/mmi-elder-financial-abuse.pdf>. Pg. 2.
[26] Under the Radar: New York State Elder Abuse Prevalence Study." Lifespan of Greater Rochester, Inc., May 2011. Web. <http://ocfs.ny.gov/main/reports/Under the Radar 05 12 11 final report.pdf>. Pg. 3.
[27] *Ibid*. Pg. 50.
[28] *Ibid*. Pg. 2.
[29] *Ibid.*
[30] "The National Elder Abuse Incidence Study." U.S. Department of Health and Human Services Administration for Community Living, Sept. 1998. Web. <http://aoa.gov/AoA_Programs/Elder_Rights/Elder_Abuse/docs/ABuseReport_Full.pdf>.
[31] "Under the Radar: New York State Elder Abuse Prevalence Study." Lifespan of Greater Rochester, Inc., May 2011. Web. <http://ocfs.ny.gov/main/reports/Under the Radar 05 12 11 final report.pdf>.

The bill provides for the following:

- If banking organizations, social services officials, or law enforcement agencies reasonably believe that the financial exploitation of a vulnerable adult has occurred or may occur, they can notify the banking organization, which may refuse to disburse funds in the individual's account.
- The banking organization may also provide law enforcement agencies and social services officials responsible for administering the provisions of this article with access to or copies of historical records or recent transactions relevant to suspected financial exploitation of a vulnerable adult.
- A banking organization is not required to refuse to disburse funds, but if it does refuse, it must report the incident to the responsible social services official.
- This measure would provide all seniors an increased level of protection from financial exploitation.

The IDC believes that by empowering banks, law enforcement, and social services officials with the ability to stop financial abuse as it's happening, seniors will experience substantial benefits as their bank accounts and financial futures are better protected.

Guaranteeing That No Family Must Compromise Between Income and Providing Care for Their Loved Ones

Much of the care seniors receive is provided by family members. As we noted in our report on Paid Family Leave (PFL), progressively more seniors are aging in their homes and communities. Only 11 percent of elderly receiving care live in nursing homes or assisted living facilities. This is compared to the 58 percent who live in their own homes, and 20 percent living with a caregiver.[32] Family caregivers are now at the forefront in providing elderly care. The number of seniors receiving formal care decreased sharply between 1994 and 2004; in that time period, the average weekly formal care duration fell from 10 to 4.9 hours.[33] This decline is likely due to Medicare payment alterations and the attendant cost increases to formal care.

According to a recent AARP survey of New Yorkers over age 50, over one-third of individuals are providing or previously provided care to a senior. Twenty-five percent of individuals say they provided over 40 hours of care each week, the equivalent of a full time job. Most of these individuals - 59 percent - living under circumstances with no PFL, provided these 40 hours of care outside of their jobs.[34] Time is not the only sacrifice caregivers must make; a study of family caregivers found that providing care costs individuals an average of $5,531 annually.

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[32] Emblem Health and the National Alliance for Caregiving, "Care for the Family Caregiver: A Place to Start," March 2010, 14, http://www.caregiving.org/data/Emblem_CfC10_Final2.pdf.

[33] Ari Houser, Mary Jo Gibson, and Donald L. Redfoot, "Trends in Family Caregiving and Paid Home Care for Older People with Disabilities in the Community," *AARP Public Policy Institute*, September 2010, 36, http://assets.aarp.org/rgcenter/ppi/ltc/2010-09-caregiving.pdf.

[34] Cassandra Burton, "2013 AARP Survey of Registered Voters Age 50+ in New York on Caregiving and Home and Community-Based Services," *AARP*, August 2013,

Currently, the only provision in law protecting those who need to care for their senior relatives is the federal Family and Medical Leave Act (FMLA). This law provides basic protections against discrimination in the workplace and the ability to take leave to care for family members, usually those with serious health conditions, or to care for a newly born child.[35] While FMLA provides basic protections to workers, its provisions fall ruinously short in the modern workplace, where cash-strapped families are trying to make ends meet in a post-recession environment.

While in theory, FMLA allows workers time off to care for their senior relatives, in reality the situation on the ground is far bleaker. Statistics show that eligibility for the protections of FMLA extend to only 60 percent of employees.[36] Of the 60 percent of employees who are eligible for FMLA leave, only 16 percent actually took leave. Most leaves are for the employee's own illness, with only 18 percent taking leave for family members. Forty-two percent of all leaves taken under FMLA are under 10 days.[37]

FMLA is not satisfying its intended purpose. Ten days or less to care for a senior family member, some of whom have serious and debilitating conditions, is grossly inadequate. The numbers indicate that employees are taking short leaves to care for themselves, but not for family members. These short leave times demonstrate the key flaw in FMLA: employees cannot take leave because they cannot afford to sacrifice their income to provide their families with care.

While FMLA provides leave to families for up to 12 weeks, as we have noted, this leave is not being utilized because families can't afford to provide care to their loved ones. The Temporary Disability Insurance (TDI) Program in New York allows leave duration up to 26 weeks for those who are disabled, but it carries a maximum weekly benefit of a paltry $170, and only covers disability due to childbirth, not to care for other family members.

Recognizing this fundamental shortcoming, the IDC will continue its push to enact Paid Family Leave in New York State. The IDC's 2016 proposal (S.3301A) for Paid Family Leave would allow all employees to receive family care benefits for up to 12 weeks of employment. Employees must have completed four consecutive weeks of employment for their current employer in order to be eligible for PFL related to the birth of a child, the new adoption of a child, or caring for a sick family member. PFL benefits would be paid for by a minimal employee payroll deduction, as determined by the Department of Financial Services, without any financial burden imposed on employers. Benefits for the program would begin a phase-in on January 1, 2017.

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http://www.aarp.org/content/dam/aarp/research/surveys_statistics/general/2013/2012-ny-caregiving-and-hcbs-aarp-pol.pdf.

[35] United States Department of Labor, *Family and Medical Leave Act*, http://www.dol.gov/whd/fmla/.

[36] Jacob A. Klerman, Kelly Daley, and Alyssa Pozniak, "Family and Medical Leave in 2012: Technical Report," *Submited by Abt Associates Inc. and prepared for the U.S. Department of Labor*, September 13, 2013, http://www.dol.gov/asp/evaluation/fmla/FMLA-2012-Technical-Report.pdf.

[37] Jacob A. Klerman, Kelly Daley, and Alyssa Pozniak, "Family and Medical Leave in 2012: Technical Report," *Submited by Abt Associates Inc. and prepared for the U.S. Department of Labor*, September 13, 2013, http://www.dol.gov/asp/evaluation/fmla/FMLA-2012-Technical-Report.pdf. Pg. ii.

Paid Family Leave Benefit Phase-In Chart

Date	Benefit Amount (Percent of Employee's Average Weekly Wage)	Maximum Benefit Ceiling (Percent of the Statewide Average Weekly Wage)
January 1, 2017	66.6%	35%
April 1, 2018	70%	40%
April 1, 2019	75%	45%
April 1, 2020 and thereafter	80%	50%

Conclusion

As in years past, the IDC continues to fight tirelessly for the rights of New York's seniors and to create an environment where retiring in New York is not just possible, but a sound financial decision. Twenty-first century living has proven to be costly in all states, but in New York, where our economy remains robust, the relative costs for those who are unemployed or retired can be particularly burdensome.

We noted the overwhelming response to one of our senior's survey questions in New York at the beginning of this report: 83 percent of seniors feel that New York State does not pay enough attention to seniors' issues. In 2016, the IDC will strive to change that paradigm. Aggressive action is required to begin to positively alter the economic landscape for all of New York's seniors, from Buffalo to Brooklyn, Montauk to Plattsburgh. In all corners of New York, seniors stand to benefit from innovative policy changes in Albany, if New York's lawmakers will demonstrate the courage to listen to the voices of their oldest and wisest constituents, and to act in a timely manner.

New York's seniors worked for decades to build our infrastructure, schools, communities, and economy; their innovation, hard work, and commitment made the Empire State what it is today. The IDC and the rest of New York State owes it to our seniors to do the very best we can to ensure that they are comfortable, safe, healthy, and financially stable in their retirement years. To that end, we present the Seniors First Initiative and ask that our colleagues stand with us to pass these policies on behalf of New York's seniors in 2016.