

# Fiscal Focus

*A Publication of the Illinois State Comptroller*



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## POPULATION AGING: ARE GOVERNMENTS READY?

As one generation approaches retirement, a new generation takes its place, both socially and economically. However, transitioning the “baby boom” generation will present some unique challenges to society and to government programs particularly. Soon this generation will begin to leave the workforce; a change which will have a significant impact on Illinois’ financial climate, especially in regard to the increasing costs of long term care and Medicaid, and the funding of programs provided through the Illinois Department on Aging.

During the baby boom era (1946-1964), the United States experienced its highest birth rate increase in two decades with 4.3 million births recorded in 1957. The live birth rate for the United States in 2000 was approximately 4 million, which gives this baby boom figure some historical context. Illinois hit its baby boom peak in 1959, record-

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### The Baby Boomers

When analyzing generational impacts, demographers look to generational cohorts, which break down groups based on birth year. For instance, people born between the years 1928 and 1945 are known as the “Silent Generation” or “War Babies,” while those born after World War II are commonly referred to as the “Baby Boomers,” due to the significant increase in birth rates that followed the war. Those born between the end of the baby boom era and the late seventies/early eighties are known as “Generation X,” followed by the most recent grouping, defined as “Generation Y.” The accompanying chart further defines these cohorts.

### Classification of Generations in the United States

YEARS BORN	NAME OF GENERATION
1928 - 1945	Swing Cohorts, Post-War Cohorts, War Babies, Baby Bust (I), Silent Generation, Seekers
1946 - 1964	Baby Boomers, Older/Leading Boomers (1946-1954), Younger/Trailing Boomers (1955-1964)
1965 - late 70's/early 80's	Generation X, 13 <sup>th</sup> Generation, MTV Generation (1974-1985), Baby Bust II (1965-1976)
Early 80's-late 90's/early 00's	Generation Y, N Generation, Echo Boomers, Internet Generation, Reagan Babies

Source: Encyclopedia Britannica, Wikipedia

ing 239,871 live births; in 2000 this number was just 185,003.

The graph on page 3 shows birth rates in the United States and Illinois from 1925 to 2000. These data indicate that Illinois’ birth rate trends mirrored those of the rest of the country before, during, and after the baby boom era.

*Cover Story continued, page 3*





Dear Readers:

This issue of *Fiscal Focus* takes note of the fact that the number of senior citizens age 65 and over is growing rapidly and that the U.S. Census Bureau estimates that this group will account for almost 20% of the total population by 2030. Experts are beginning to make predictions about what this means for society and for government, but the future is not all that clear.

Medical advances have increased life expectancy and some are confident there will be significant medical and genetic advances in the prevention and treatment of chronic health conditions in the near future. With baby boomers reaching age 65, the senior population is expected to be better educated with better health, higher incomes and higher standards of living. However, the cost of providing health care to persons age 65 and over is much higher than the cost for persons younger than 65, so there is concern that the growing number of seniors will continue to strain government health programs such as Medicare and Medicaid.

Illinois, through the Department on Aging, has a program in place that is designed to help seniors avoid being placed in a nursing home. The Community Care Program provides an array of services that assist needy seniors and avoid the additional costs of nursing home care. Based on an average monthly caseload cost of \$541 compared to an average monthly cost of about \$2,400 for Medicaid nursing home care, the department estimated a potential monthly savings of \$79.8 million during fiscal year 2006. In addition, the department administers programs such as food and nutrition, elder abuse, senior companions and long term care ombudsman services.

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Sincerely,

Daniel W. Hynes,  
Comptroller

## Fiscal Focus

**Fiscal Focus** is one of the ways the Comptroller's Office strives to assist taxpayers and the people of Illinois. This report is designed to provide fiscal information of general interest.

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## Two Federal Laws Provide Major Support for the Elderly

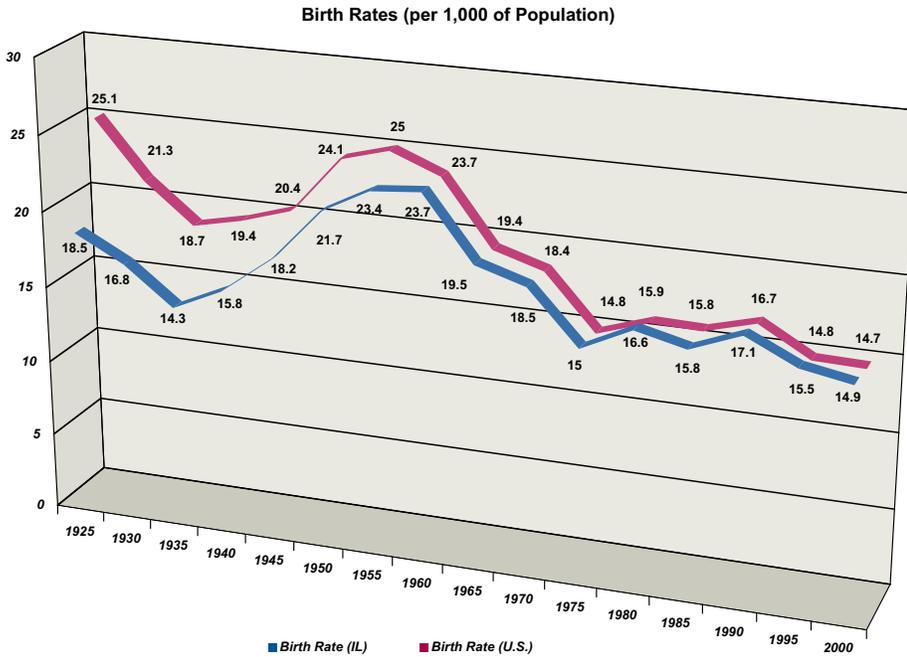
A major part of the federal government's role in assisting the nation's elderly is defined by two laws enacted thirty years apart. The first is the Social Security Act of 1935 and the second is the Older Americans Act of 1965. Both laws demonstrate the federal government's commitment to the elderly including the establishment of several assistance programs and the provision of financial benefits to enhance the lives of senior citizens.

### Social Security Act

When it was enacted in 1935, the Social Security Act contained a wide array of pro-

grams ranging from grants for unemployment compensation and maternal and child health to old age assistance and old age survivors insurance. The **Old-Age, Survivors, and Disability Insurance (OASDI)** program provides a basic level of monthly income to insured workers if they have reached the eligible retirement age, died, or become disabled. The program consists of two separate parts which pay benefits to workers and their families - Old-Age and Survivors Insurance (OASI) and Disability Insurance (DI). Under OASI, monthly benefits are paid to retired workers and their families and to survivors of deceased work-

*Two Federal Laws continued, page 10*



Today, baby boomers account for nearly 30% of the total population, both in Illinois and nationwide. However, as the “leading boomers” begin to retire and move out of state, Illinois may see a decrease in boomers, although the age 65

account for nearly 22% of Florida’s population, compared to only 14% of the population in Illinois.

The U.S. Department of Health and Human Services predicts that by the year 2030, the number of seniors nationwide

nois in 2000 and is the largest cohort of senior citizens in long term care facilities, will increase three-fold by 2050.

### National Implications

Experts have warned that the growth in the over 65 age group relative to younger age groups will threaten the solvency of the nation’s Social Security retirement system. Others have suggested that Medicare in particular will be financially strained. (see article on page 2 for background on these programs.) These concerns are based on a number of factors including the concept of support ratios.

For example, the older support ratio is the number of people age 65 and over per 100 people of working age (20-64 years old). In 2000, the older support ratio was 21 which indicates that there is about 1 older person for every 5 working-age persons. By 2030, the older support ratio is expected to be 36 which indicates 1 older person for less than 3 working-age persons.

Given current stereotypes of old age, it would be easy to conclude that by 2030

Year	Illinois			Nationwide		
	# 65 and Over	Total Population	% 65 and Over	# 65 and Over	Total Population	% 65 and Over
1970	1,088,911	11,113,976	9.8%	20,065,502	207,976,452	9.6%
1980	1,261,885	11,427,409	11.0%	25,498,386	226,545,805	11.3%
1990	1,429,420	11,430,602	12.5%	31,235,472	248,709,873	12.6%
2000	1,500,025	12,419,293	12.1%	34,991,753	282,124,631	12.4%
2010	1,600,863	12,916,894	12.4%	40,243,713	308,935,581	13.0%
2020	1,988,764	13,236,720	15.0%	54,631,891	335,804,546	16.3%
2030	2,412,177	13,432,892	18.0%	71,453,471	363,584,435	19.7%

Source: U.S. Census Bureau

and over group is expected to grow to over 2.4 million by 2030. In a report on demographic trends in the 20th Century, the U.S. Census Bureau declared that many retirees are relocating to Florida. Trailing Florida as states most appealing to persons 65 and older were Pennsylvania, West Virginia, Iowa, North Dakota, Rhode Island, and Maine. Thus, the Census Bureau projects that by 2030, baby boomers will

(those 65 and over) will nearly have doubled. In Illinois alone, the Census Bureau predicts the population of seniors over 65, which stood at over 1.5 million in 2005, will increase by 60% in the same time period. Moreover, the Congressional Budget Office estimates that the nationwide number of seniors 85 and older, which represented roughly 225,000 individuals in Illi-

nursing homes will be overflowing and that costs for medical care and prescription drugs for the elderly will bankrupt governments. However, recent data indicate that the future is far from certain.

Life expectancy has increased and the health of older persons is improving. The financial condition of older people is also

Cover Story continued, page 4

improving. The proportion of older people age 65 and older in poverty has decreased from 35% in 1959 to 10% in 2003. With the baby boomers reaching age 65 the future older population is expected to be better educated with better health, higher incomes and higher standards of living. In addition, some experts believe genetic and medical research will produce significant improvements in the prevention and treatment of chronic conditions such as diabetes and Alzheimer's disease.

### Implications for Illinois

State government will not be immune from the rapid increase in the over 65 age group. Undoubtedly there will be spending increases for programs that currently serve the elderly, and there may be new costs associated with new services offered in future years. In addition, as the older support ratio (discussed above) increases, there will be fewer wage earners to support programs and services offered to more seniors.

### Medicaid

The projected growth of the over 65 demographic will directly affect Medicaid, the health care program funded equally with state and federal dollars. This is due, in part, to the long term care for low-income seniors which is covered by Medicaid, rather than through the federally funded Medicare program. Long term care includes nursing homes and mental health facilities, as well as home health and personal care.

As of fiscal year 2004, there were 372,400 elderly Medicaid enrollees in Illinois, making up 16.4% of the state's Medicaid population. With the national average standing at 10.1%, this places Illinois second-highest in the nation for elderly Medicaid enrollees. With the 2005 Census reporting an Illinois senior population of around 1.5 million, this means almost 25% of the state's seniors are enrolled in Medicaid. Thus, Illinois can expect, and should

plan for, increases in Medicaid spending, particularly as the baby boom generation becomes dependent on long term care.

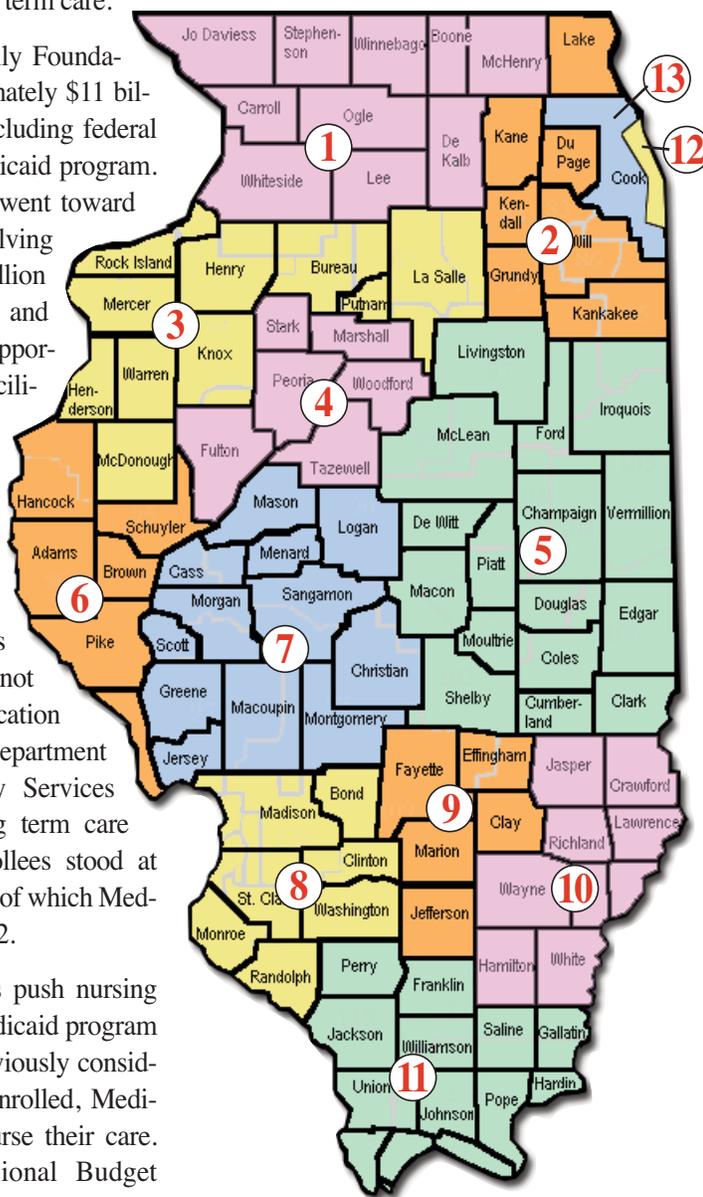
According to the Kaiser Family Foundation, Illinois spent approximately \$11 billion in fiscal year 2005, including federal matching funds, on its Medicaid program. Of this, about \$2.4 billion went toward long term care services involving the elderly, with \$937 million dedicated to home health and personal care, \$56 million apportioned to mental health facilities, and the bulk, \$1.4 billion, allocated to nursing facilities. Citing a survey by Genworth Financial, the AARP indicates that in 2006, the cost of private nursing home care in Illinois averaged \$156 per diem, not including the cost of medication or rehabilitation. Illinois' Department of Healthcare and Family Services reports that per diem long term care charges for Medicaid enrollees stood at \$105.10 in fiscal year 2006, of which Medicaid paid on average \$80.72.

Steep long term care costs push nursing home residents into the Medicaid program even though they were previously considered ineligible, and once enrolled, Medicaid does not fully reimburse their care. Data from the Congressional Budget Office suggests that two-thirds of nursing home residents end up relying on Medicaid by the time they are discharged. And according to the Illinois Department of Public Health, more than 50% of Illinois' senior nursing care residents currently are reliant on Medicaid.

### Nursing Home Beds

According to the Department of Public Health, Illinois had 106,028 certified nursing care beds in 756 licensed nursing care facilities in 2005. The average number of beds in use at licensed nursing facilities stood at 83,870, meaning the occupancy

Aging Planning and Service Areas



rate of these facilities was around 79 percent. As some baby boomers move into nursing facilities, the 64,355 elderly residents currently in nursing care facilities is likely to increase. To accommodate this population, additional nursing care beds would be needed, and as the average nursing home currently has 120 beds, then the state is likely to need a significant number of additional facilities.

The majority of long term care facilities operate under non-profit or for-profit own-

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## Illinois Area Agencies on Aging

1. Northwestern Illinois Area Agency on Aging, Rockford
2. Northeastern Illinois Area Agency on Aging, Kankakee
3. Western Illinois Area Agency on Aging, Rock Island
4. Central Illinois Agency on Aging, Inc., Peoria
5. East Central Illinois Area Agency on Aging, Inc., Bloomington
6. West Central Illinois Area Agency on Aging, Quincy
7. Area Agency on Aging for Lincolnland, Inc., Springfield
8. Area Agency on Aging of Southwestern Illinois, Belleville
9. Midland Area Agency on Aging, Centralia
10. Southeastern Illinois Area Agency on Aging, Inc., Mt. Carmel
11. Egyptian Area Agency on Aging, Inc., Carterville
12. Chicago Department on Aging, Chicago
13. AgeOptions, Inc., Oak Park

ership, and the facilities are therefore responsible for their own capital expenditures. In 2004, the Illinois Health Facilities Planning Board reported that over \$158 million went toward capital projects in long term care facilities. The addition of new nursing care facilities would necessitate new private investment on top of current upkeep costs.

### Illinois Department on Aging

Created in 1973 under the auspices of the Older Americans Act of 1965 (see article on page 2), the Illinois Department on Aging is the primary state agency focused on issues related to seniors. The agency has numerous programs designed to 1) help seniors live independently in their homes, 2) allow them to function actively in the community, and 3) educate all Illinois citizens on the realities of aging.

The Older Americans Act established several federal grant programs to assist states in providing services to the elderly. As a

were created in which the area agencies manage programs and services for the elderly. As a general rule, the area agencies are not direct service providers but instead contract with local agencies (see map). Federal and state funds are provided to the

condition for receiving federal monies, states were required to designate a single state agency and develop a state plan for services to the aged. In addition, states were allowed to divide their territories into distinct planning and service areas in which programs and services would be administered by Area Agencies on Aging. In Illinois, 13 areas

\$420 million in fiscal year 2006, a 115% increase in funding. The agency's appropriations for fiscal year 2007 were \$509.4 million, an increase of \$83 million from fiscal year 2006 expenditures. The increased funding can be attributed to the rise in contributions from the state's General Revenue Fund for operation expenditures, as well as awards and grant expenditures. The table gives further details on the agency's historical spending over the last ten years.

The largest portion of the department's budget and the most comprehensive of the agency's programs is the **Community Care Program (CCP)**, a collection of options for those Illinois seniors who might otherwise be in nursing homes (see sidebar on page 15). Established in 1979, Community Care has grown steadily over the past three decades, with an expected caseload of 46,681 seniors in 2008 (up 3% from 2007). To qualify, seniors must be sixty years of age or older, have an assessed need for long term care, and have assets not exceeding \$17,500 a year, excluding home, car, and furnishings. For participants whose assets are greater than \$17,500, a

Department on Aging Appropriated Spending

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005*	2006
<b>Operations</b>										
General Revenue Fund	\$8,138,438	\$8,647,736	\$9,687,767	\$10,893,748	\$12,133,771	\$12,087,342	\$12,141,119	\$11,644,285	\$61,912,909	\$56,573,410
All Other Funds	2,256,839	2,277,557	2,361,941	2,383,284	2,445,269	2,638,268	2,929,243	2,791,961	16,552,047	11,879,928
<b>Total Operations</b>	<b>10,395,277</b>	<b>10,925,293</b>	<b>12,049,708</b>	<b>13,277,032</b>	<b>14,579,040</b>	<b>14,725,610</b>	<b>15,070,362</b>	<b>14,436,246</b>	<b>78,464,956</b>	<b>68,453,338</b>
<b>Awards and Grants</b>										
General Revenue Fund	141,527,426	159,499,570	181,621,621	202,100,055	219,624,303	227,114,633	229,796,179	244,028,318	268,941,938	295,546,482
All Other funds	43,506,070	44,495,449	42,405,664	45,523,522	49,904,689	55,715,260	59,472,005	54,982,443	55,480,444	56,563,416
<b>Total Awards &amp; Grants</b>	<b>185,033,496</b>	<b>203,995,019</b>	<b>224,027,285</b>	<b>247,623,577</b>	<b>269,528,992</b>	<b>282,829,893</b>	<b>289,268,184</b>	<b>299,010,761</b>	<b>324,422,382</b>	<b>352,109,898</b>
<b>All Other Spending</b>										
<b>Total</b>	<b>21,850</b>	<b>108,006</b>	<b>204,469</b>	<b>144,995</b>	<b>209,466</b>	<b>314,379</b>	<b>96,036</b>	<b>0</b>	<b>89,126</b>	<b>179,082</b>
<b>Total Expenditures</b>	<b>\$195,450,623</b>	<b>\$215,028,318</b>	<b>\$236,281,462</b>	<b>\$261,045,604</b>	<b>\$284,317,498</b>	<b>\$297,869,882</b>	<b>\$304,434,582</b>	<b>\$313,447,007</b>	<b>\$402,976,464</b>	<b>\$420,742,318</b>

\* In fiscal year 2005, the senior citizen circuit breaker and pharmaceutical assistance programs were transferred from the Department of Revenue to the Department on Aging.

Source: Comptroller's records.

area agencies through the budget of the Department on Aging.

The overall expenditures for the Department on Aging have dramatically increased over the last ten years. Spending has gone from \$195 million in fiscal year 1997 to

cost-share initiative is in place. The major services provided through the Community Care Program include the following:

*Case Manager*— an employee contracted for by the Department on Aging to assist

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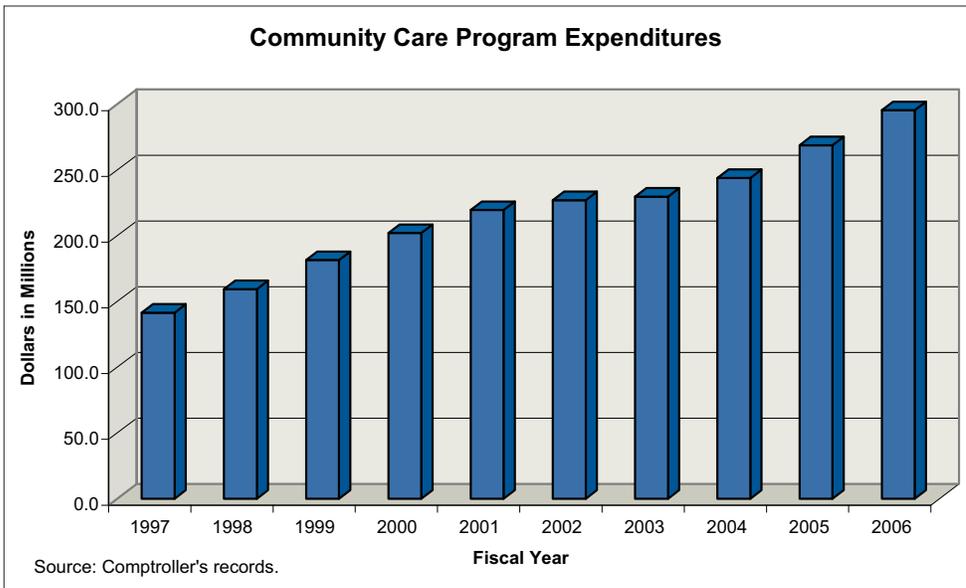
seniors and their caregivers in determining which of the agency's services will best suit their needs.

*Homemaker Services*— an aide to help seniors with household tasks such as cooking, cleaning, laundry, and errands, as well as personal care needs such as dressing and grooming.

gers of isolation, the Department on Aging also provides a **Senior Companion Program** in which low-income seniors are trained by the agency to act as companions and advocates to their peers, particularly those who require assistance in asking for services or simply need a social outlet. All of these programs are designed to help

Along with the services provided by Community Care are the various money-saving opportunities offered by the Department on Aging. First, for those seniors who are burdened by the cost of property taxes, the agency provides a **Circuit Breaker Program**. Eligible seniors, or those who are 65 or older, residents of Illinois, and within the agency's designated income limits, can receive a grant of up to \$700 to be put toward their property or mobile home taxes. Grants are also available to those seniors who rent living space in nursing homes or retirement communities that are subject to property tax. This program also provides a \$54 discount on license plate fees for seniors (see article on page 8).

Similarly, the **Illinois Cares Rx Program** assists seniors (those with and without Medicare) with the cost of their prescription drugs. For seniors with Medicare, Illinois Cares Rx simply helps pick up what federal funding does not cover. For those seniors not on Medicare, there are two choices: Rx Basic or Rx Plus (see article on page 11).



*Adult Day Services*— facilities for those seniors who cannot be at home alone during the day. These sites provide health monitoring, medication assistance, personal care, and recreation opportunities. Some are geared toward seniors with Alzheimer's or similar afflictions, while others target specific ethnic populations.

Other initiatives under the Community Care umbrella include meal service, which supplied 42,800 Illinois seniors with meals in 2007. Meals are served on weekdays at over 600 Illinois sites, or are delivered to those individuals who are homebound. In order to compensate for portions of the program that lack state and federal funding (weekend, holiday, and emergency meals), the Department on Aging partners with the Meals on Wheels organization to ensure that meals are delivered. Aware of the dan-

keep seniors in their own homes and out of long term care facilities, which would be an even bigger financial drain on the state.

Over the past ten years, the CCP has seen a dramatic increase in expenditures, more than doubling from fiscal year 1997 (\$141 million) to fiscal year 2006 (\$295 million). In fiscal year 2007, the CCP had appropriations that totaled more than \$357 million. This was a \$62 million increase from the expenditures of fiscal year 2006. (See the chart for more details). As the baby boom generation begins moving toward retirement, these increases will likely continue at a much higher rate. This will undoubtedly increase the budget pressures for both the Department on Aging and the State of Illinois as a whole, but will hopefully help to minimize the flow of seniors moving into long term care facilities.

## Conclusion

The Department on Aging and the State of Illinois will be forced to deal with some of the financial implications that result from the baby boom generation reaching retirement age. The programs offered to the elderly by the state will certainly be strained as the sheer number of individuals in that age group increase over the next 20 years. It would be wise for elected officials and policy makers to plan in advance of this age migration in order to ensure that our future seniors receive the services that they deserve. ■

## Medicaid vs. Medicare

Although they were both created in 1965, Medicaid and Medicare are two distinct programs. Medicaid is a health care program that provides health services primarily to low-income persons, and the costs are paid for by the federal and state governments. Medicare is a national health insurance program for senior citizens (people age 65 or older) and disabled younger workers, and it is administered by the federal Social Security Administration. Medicare has two major components: Part A provides insurance for hospital costs and Part B, which is optional, provides insurance for doctor's fees and some other medical expenses. Eligible persons incur no charge for Part A coverage, but if they choose Part B coverage, they must pay a monthly premium of \$93.50 (in 2007).

On January 1, 2006, Part D was added to the Medicare program to provide prescription drug coverage. Medicare beneficiaries can enroll in prescription drug insurance plans offered by private companies. In general, Medicare Part D plans pay for 75%

of the costs of prescription drugs up to a certain dollar amount. Once that amount is reached, the plans pay nothing and the beneficiary is responsible for 100% of the drug costs up to a higher "catastrophic" level. Once the catastrophic level is reached, the plans start up again and pay 95% of the drug costs.

Despite their separate missions, there is some overlap between the programs. For example, some persons age 65 or older are so impoverished that they cannot pay the Medicare premiums and cost-sharing for services. In these cases, states can and do use Medicaid to pay the monthly Part B premiums, the cost-sharing charged for Medicare services, and for long term care, dental and vision care. Prior to Medicare Part D, states also used Medicaid to pay for prescription drug costs for the low-income elderly. Persons who are enrolled in, and benefit from, both programs are called "dual eligibles." Nationally, about 7.5 million beneficiaries are dual eligibles. ■

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# Giving Illinois Seniors a Break

Illinois has several initiatives to reduce the tax and fee burden on Illinois seniors. Seniors also pay reduced charges to make it easier for them to take advantage of public recreational sites. These savings are a welcome relief to the many seniors living on reduced and fixed incomes.

## Income Tax Exemptions

The Illinois state income tax does not apply to most pension, social security, and retirement income. Exempt items include the federally taxed portion of Social Security benefits, railroad retirement income, retirement payments to retired partners, and distributions from qualified employee retirement plans including 401(K) plans, Roth IRA's, redeemed U.S. retirement bonds, and government deferred compensation. The reduction in Illinois income tax collections from these subtractions was \$899 million for the 2005 tax year.

## Property Tax Relief

Retirees who have paid off homes or fixed mortgage payments are still at risk from rising property tax bills. Besides qualifying for the general homestead and homestead improvement exemptions, three property tax relief programs are specifically designed for seniors:

1. The Senior Citizens Assessment Freeze Homestead Exemption allows senior citizens who have a total household income of less than \$45,000 (increasing to \$50,000 for property taxes payable in 2007) and meet certain other qualifications to choose 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. Tax bills can still increase if tax rates are raised. For 2004 assess-

ments for taxes payable in 2005, there were 336,888 senior citizens assessment freeze homestead exemptions which reduced equalized assessed valuations by \$4.2 billion. The average valuation reduction was \$12,401.

2. The Senior Citizens Homestead Exemption allows a \$3,000 reduction (increasing to \$3,500 for property taxes payable in 2007) in the EAV of a property that any person at least 65 years of age is obligated to pay taxes on, and either owns or leases and occupies as a residence. For 2004 assessments for taxes payable in 2005, there were 699,547 senior citizens homestead exemptions which reduced equalized assessed valuations by \$2.0 billion.

3. The Senior Citizens Real Estate Tax Deferral Program allows persons at least 65 years of age with a total household income of less than \$40,000 (increasing to \$50,000 for the 2006 tax year) and who meet certain other qualifications, to defer all or part of real estate taxes and special assessments on their principal residences. The deferral is a loan against the property's market value. The maximum amount that can be deferred, including interest and lien fees, is 80% of the taxpayer's equity in the property. A lien is filed on the property in order to ensure repayment of the deferral. The state pays the property taxes and then recovers the money plus 6% annual interest when the property is sold or transferred. The deferral must be repaid within one year of the taxpayer's death or 90 days after the property ceases to qualify for the program. State payments to counties under the tax deferral program totaled \$4.7 million during fiscal year 2006.

## Driver's and Vehicle License Reductions

Just as the ability to keep possession of one's home is important to seniors, most want to be able to continue to drive as long as they are physically capable. The \$10 driver's license renewal fee drops to \$5 for drivers aged 69-80. The license renewal period drops from 4 years to 2 years for drivers 80-86 and the renewal fee drops to \$2. Drivers 87 and over must renew their license every year and there is no renewal fee. In fiscal year 2006, 121,000 applicants age 69 to 80, 59,000 age 81 to 86 and 39,000 age 87 and older took advantage of these reduced driver's license rates. The Secretary of State also issues State ID cards which provide identification for individuals without driver's licenses. The \$20 charge for a 5-year card is waived for individuals age 65 and over.

Finally, senior citizens and persons with disabilities who qualify for the circuit breaker program (see the cover story for a description of this program) can get their annual vehicle license renewal for \$24 (a \$54 discount). Approximately 159,000 seniors were able to take advantage of this reduced vehicle license rate in fiscal year 2006 bringing a savings of \$8.6 million.

## Recreational License and Fee Breaks

Costs of recreation are reduced both through lower hunting and fishing license rates and reduced charges for using state recreational facilities. Illinois residents 65 years or older are charged one-half the regular fee for resident hunting and sport fishing licenses. Department of Natural Resources camping fees, as well as admission charges to the Illinois State Fair and Abraham Lincoln Presidential Museum, are also discounted for senior citizens. ■

# Illinois Cares Rx

On January 1, 2006, two Illinois state prescription assistance programs, Senior-Care and the Circuit Breaker Pharmaceutical Assistance Program, were merged to form Illinois Cares Rx. This new program is a state-sponsored prescription plan that helps fill in the gaps for eligible beneficiaries of Medicare drug coverage, although persons may still qualify for Illinois Cares Rx drug coverage even if they don't have Medicare. Medicare beneficiaries must apply for Extra Help, the federal program that helps pay most of the Medicare drug costs in order to get full Illinois Cares benefits.

Medicare Part D is a federal program to subsidize the costs of prescription drugs for Medicare beneficiaries in the United States. It was enacted as part of the Medicare Prescription Drug Improvement, and Modernization Act of 2003 (MMA) and went into effect on January 1, 2006.

## How Medicare Part D Works

Medicare beneficiaries can enroll in prescription drug insurance plans offered by private companies. The drug plans offered by the companies are subsidized by the federal government which allows the plans to offer benefits at lower costs to enrollees than could be offered without subsidies. In general, Medicare Part D plans pay for 75% of the costs of prescription drugs up to a certain dollar amount. Once that amount is reached, the plans pay nothing and the beneficiary is responsible for 100% of the drug costs up to a higher "catastrophic" level. Once the catastrophic level is reached, the plans start up again and pay 95% of the drug costs (see table).

During 2007, the level where initial coverage stops is \$2,400 in prescription drug spending. The

gap during which Medicare enrollees do not receive assistance for prescription drug coverage, known as the "donut hole," is the \$3,051 dollar amount between \$2,400 and \$5,451 where catastrophic coverage kicks in. During this gap enrollees are 100% responsible for the cost of their prescription drugs.

Medicare beneficiaries with the lowest incomes receive the most assistance. Seniors that have incomes below 135% of the federal poverty level are eligible for Full Extra Help. Medicare will pay 100% of the premium (if the premium cost is below the regional benchmark amount), the co-payments, and the annual deductible. Seniors that have incomes between 135% and 150% of the federal poverty level are eligible for Partial Extra Help. Partial Extra Help pays for part of the annual premium and for 15% of the prescription drug costs purchased during the donut hole spending period. Expenses that count towards the first \$2,400 of prescription drug costs include the annual deductible, co-payments and what the Medicare drug plan paid. Expenses for monthly premiums do not count.

## How Illinois Cares Rx Works

In Illinois, beneficiaries can elect a Medicare private plan that works with Illinois Cares Rx and the state program will help pay for the Medicare drug plan's premium, as long as the plan is a basic plan with a premium at or below the regional average (\$29.66 per month in 2007), the deductible, and a portion of the co-payment for each drug that is purchased. However, if a beneficiary chooses a plan that does not work with Illinois Cares Rx, the program will only pay the Medicare drug plan's monthly premium for the basic benefit.

To qualify for Illinois Cares Rx, one must be an Illinois state resident and fall into one of two groups. First, to qualify for Illinois Cares Rx Plus (formerly Senior-Care) one must be an adult 65 years of age or older and a U.S. citizen or qualified immigrant with an annual income that does not exceed \$21,936 (\$29,412 for couples).

Illinois Cares Rx Plus covers most prescription medications. For Medicare ben-

*Illinois Cares RX continued, page 14*

### Medicare Part D Prescription Drug Plan Overview

	2006	2007	Estimate	
			2010	2013
<b>Average Annual Premium</b>	\$288	\$356	\$564	\$696
<b>Annual Deductible</b>	\$250	\$265	\$350	\$445
<b>Initial Coverage Stops</b>	\$2,250	\$2,400	\$3,170	\$4,000
<b>Catastrophic Coverage Starts *</b>	\$5,100	\$5,451	\$7,165	\$9,066
<b>"Donut Hole" Gap</b>	\$2,850	\$3,051	\$3,995	\$5,066

\* The amount for 2007 is \$5,451.25.

Medicare Part D pays 75% and beneficiaries pay 25% of drug costs up to initial coverage limit. Beneficiaries pay 100% of drug costs in the "donut hole" gap. Medicare Part D pays 95% and beneficiaries pay 5% of drug costs after catastrophic level is reached.

Estimates are from the U.S. Congressional Budget Office.

# Long Term Care Trends

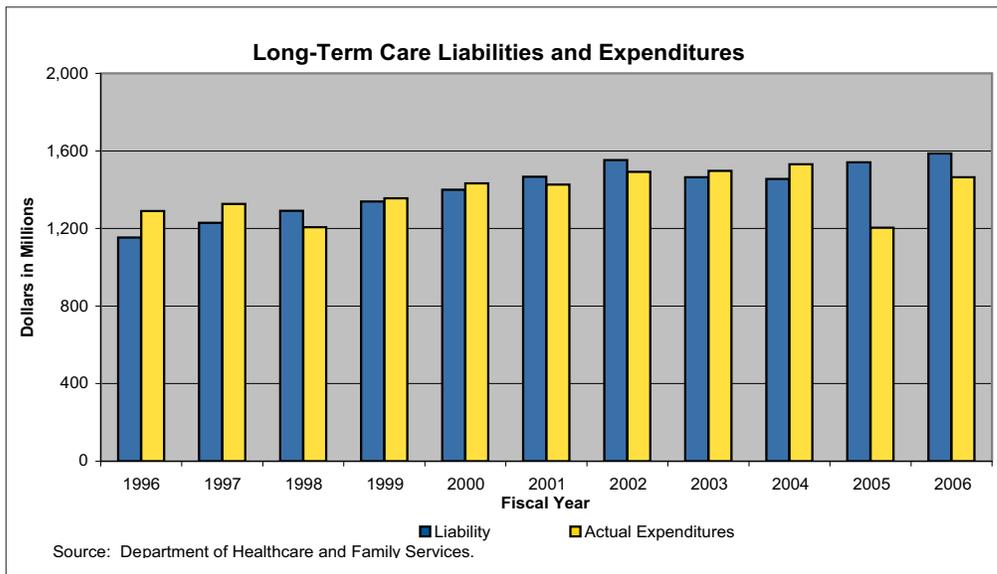
With the baby boom generation reaching retirement age and the continued advancements in medicine, the cost of providing services to the elderly will probably experience significant growth in the near future. One of the state's major expenditures for the elderly is providing long term care for lower income seniors under the umbrella of the state's Medicaid program. Spending for long term care has fluctuated over the years. Since fiscal year 1996, expenditures have varied from a high of \$1.531 billion in fiscal year 2004 to a low the following year (fiscal year 2005) of \$1.204 billion. The fluctuations in spending are due primarily to

represents an increase over the eleven-year time frame of \$433 million or 37.5%. During this period, the Department on Aging has more than doubled its spending on services, from \$123 million to \$296 million, to help keep the elderly out of long term care facilities.

As seen in the chart, the average monthly caseload of Medicaid nursing home patients has declined slightly from 57,005 patients in fiscal year 1996 to 54,468 patients in fiscal year 2006. As expected, the average monthly caseload of the Community Care Program has increased over this time frame

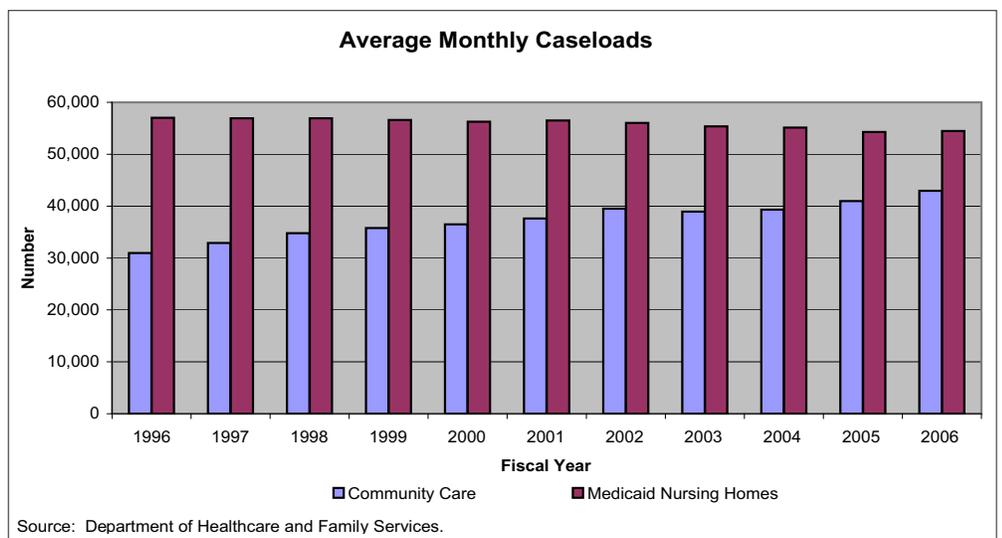
from 30,982 to 42,954. While the Medicaid caseload has been decreasing, increases in the costs for nursing home care have offset this decline.

Fiscal year 1992 was the first year long term costs started to exceed \$1 billion. A nursing home assessment program was implemented that year to get additional federal monies but was limited to two years. In an effort to reduce the strain of long term care costs on the General Funds, cigarette taxes were increased from 30 cents to 44 cents per pack in fiscal year 1994. Some of the additional revenues from this increase were deposited into the Long Term Care Provider Fund. Cigarette taxes were increased again to 58 cents in fiscal year 1998 and to 98 cents per pack in fiscal year 2003. Distribution of cigarette taxes to the Long Term Care Provider Fund has varied over the years depending on the fiscal condition of the General Funds. Since cigarette taxes are based on consumption, revenues tend not to grow over time and would be limited in funding long term care costs. Therefore, expenditures for long term care from the General Funds will likely increase in the near future. Fiscal year 2007 spending for long term care from the General Funds is already over \$100 million higher than the prior year.



changes in Section 25 which allows the deferment of liabilities from one fiscal year to the next. Deferred Section 25 long term care liabilities have ranged from \$92 million in fiscal year 1998 to \$450 million in fiscal year 2006.

However, long term care liabilities, which are the costs incurred in a year and not what was spent, have generally increased over time with an exception for fiscal years 2003 and 2004. According to data from the Department of Healthcare and Family Services, fiscal year 1996 long term care liabilities totaled \$1.154 billion. By fiscal year 2006, liabilities were \$1.587 billion. This



*Long Term Care Trends continued, page 16*

# The Facts on Elder Abuse

Elder abuse is a serious problem that affects hundreds of thousands of elderly people each year around the country. This is a problem that often is hidden within the secrecy of a family, and is under-reported because many people do not know what the danger signs are. The true prevalence of elder abuse in this country is not exactly known, but many studies that have been conducted estimate that there are anywhere from 820,000 to 1,800,000 elders abused annually.

According to the National Center on Elder Abuse, there are seven different types of elder abuse:

- Physical abuse is described as the use of physical force that may result in bodily injury, physical pain, or impairment.
- Sexual abuse is defined as non-consensual sexual contact of any kind with an elderly person.
- Emotional abuse is the infliction of anguish, pain or distress through verbal or non-verbal acts.
- Financial exploitation is the illegal or improper use of an elder's funds, property, or assets.
- Neglect is the refusal, or failure, to fulfill any part of a person's obligations or duties to an elderly person.

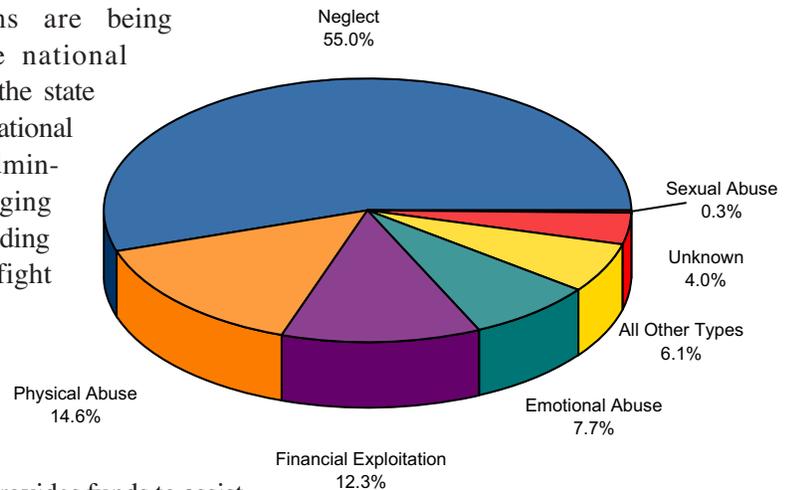
- Abandonment is the desertion of an elderly person by an individual who has physical custody of the elder, or who has assumed the responsibility of providing them care.
- Self-neglect is behavior by an elderly person that threatens the elder's health or safety.

These problems are being addressed on the national level as well as the state level. At the national level the U.S. Administration on Aging (AoA) plays a leading role in the fight against elder abuse. In addition to funding the National Center on Elder Abuse, the AoA provides funds to assist state and area agencies with carrying out elder abuse prevention activities. The AoA was created with the landmark passage of the Older Americans Act (OAA) in July of 1965 (see article on page 2). Also at the federal level, the Centers for Medicare and Medicaid Services have a mission to protect residents of nursing homes and other long term care facilities

from abuse through the distribution of information and services on the quality of care. On the legal front, the U.S. Department of Justice provides federal funding in support of state and local victim assistance and services for elder abuse victims.

On the state level, there are state depart-

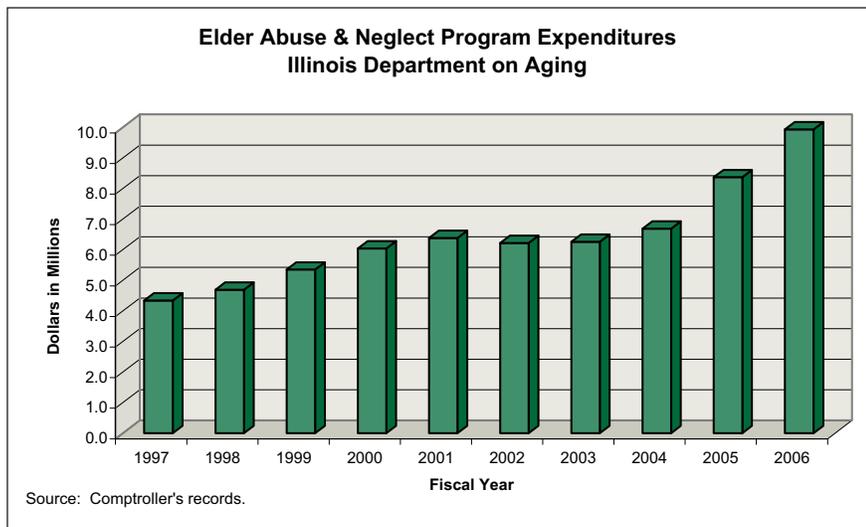
## Types of Elder Abuse



Source: National Center on Elder Abuse

ments and area agencies on aging which were also created as part of the OAA of 1965 that administer several different programs that form the core of an elder rights system. These programs include the Long Term Ombudsman Program which looks out for the well-being of residents of long term facilities; Elder Abuse Prevention which enables the state agencies to coordinate with area agencies on aging to provide public education and training; and the Legal Assistance Development Program which helps to ensure access to high quality legal information and advocacy throughout the state.

The Illinois Department on Aging administers several programs to help curb the instances of neglect and abuse of seniors. Over the last ten years, funding for the Elder Abuse and Neglect Program has increased from \$4.3 million in fiscal year



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## Two Federal Laws concluded from page 2

ers. Under DI, monthly benefits are paid to disabled workers and their families. Given the success of the latter programs, a common perception is that “Social Security” is limited to the retirement or disability checks mailed to recipients each month. However, over the years the act has been amended to include other programs that benefit the elderly.

In 1965 Title XVIII, Health Insurance for the Aged and Disabled, was added to the Social Security Act. Commonly called **Medicare**, this law created a federally administered health insurance program for retired senior citizens over the age of 65, disabled younger workers, and people of all ages with end-stage renal disease. Part A helps to pay for hospital, home health, skilled nursing facility, and hospice care for the aged and disabled. Part B, which is optional and requires the payment of a premium, covers doctors’ fees, outpatient care and some other medical fees.

In 2003 (effective January 1, 2006), Medicare was amended to include Part D that adds prescription drug coverage. Part D provides subsidized access to drug insurance coverage on a voluntary basis for all Medicare beneficiaries and premium and cost-sharing subsidies for low-income enrollees. The benefit is administered by private insurance plans that are reimbursed by the federal government.

Also added in July of 1965 was Title XIX, Grants to States for Medical Assistance Programs. Commonly called **Medicaid**, this law created a joint federal-state health program for persons who cannot afford health care. Medicaid primarily serves low-income families and children, but it can also serve the elderly if they have limited financial resources.

For example, some persons age 65 or older are so impoverished that they cannot pay the Medicare premiums and cost-sharing for services. In these cases, states can and do use Medicaid to pay the monthly Part B premiums, the cost-sharing charged for Medicare services, and for long term care,

dental and vision care. Persons who are enrolled in, and benefit from, both programs are called “dual eligibles.” Nationally, almost 7.5 million Medicaid beneficiaries are dual eligibles.

In 1972 the **Supplemental Security Income** (SSI) program was enacted. SSI provides monthly cash payments to people who do not have much income or other resources. Beneficiaries are persons 65 years or older, and blind or disabled persons of any age including children.

In 1975, **Title XX** was added to the Social Security Act and in 1981 it was amended to create block grants to states for social services. Some of the allowable services that are provided at the state and local levels can benefit the elderly, especially transportation and adult day care.

## Older Americans Act

The Great Society era not only ushered in Medicare and Medicaid, but also brought about the Older Americans Act (OAA) of 1965. The OAA established the federal/state system of funding and services that still exists today. The act created the federal Administration on Aging and authorized grants to states for community services and planning, as well as for research and training in the field of aging.

To be eligible for funding, Title III required states to designate a single agency to administer the programs and to submit a state plan to the federal government for approval. Within each state, the departments on aging were responsible for identifying distinct planning and service areas, and for designating area agencies on aging to serve those locations.

Federal grants were established to develop multipurpose **senior centers** and to provide comprehensive **support services** to the elderly. The wide-ranging list includes support services such as health, homemaker and referral services; transportation services; services to assist in obtaining

adequate housing; services to avoid institutionalization, or for those already in long term care, to return to their communities; tax counseling and legal assistance; and services to **prevent elder abuse**.

Grants were also made available for **nutrition services** through home delivered meals (e.g., local meals on wheels) and congregate meals served at senior centers or adult day care facilities. Federal funds support **long term care ombudsman services** to investigate and act on complaints of older residents in long term care facilities, and the **Senior Community Service Employment Program** that was designed to create part-time community service training positions for persons age 55 and above. ■

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## The Facts on Elder Abuse concluded from page 9

1997 to \$9.9 million in fiscal year 2006 (see the accompanying chart). The \$9.9 million in expenditures for these programs in fiscal year 2006 represents roughly 3% out of the \$363 million total expenditures by the agency in that fiscal year. In fiscal year 2006, the IDoA also received over \$62.5 million from the federal government for programs and services of which \$799,000 was specifically designated for elder abuse prevention and ombudsman services. The department also uses these and other federal funds to develop local multidisciplinary teams which, among other responsibilities, educate the public about elder abuse programs. ■

# Illinois' Foster Grandparent Program

The Foster Grandparent Program has been in existence since 1965. In Illinois, it is operated through joint funding from the Illinois Department on Aging (IDoA) and the Corporation for National and Community Service (CNCS), a federal agency, and serves a two-fold mission. It provides opportunities for low-income senior citizens to work and give back to the community, and it provides positive adult intervention for children, under age

ices (DHHS). For states with standard costs-of-living, income is calculated at 125 percent of poverty. For states having areas with a higher cost-of-living, it is calculated at 135 percent of poverty. In Illinois, Cook, DuPage, Lake and McHenry counties represent the higher cost areas, and participants from these counties qualify at the higher rate. The following table shows the current income eligibility levels for volunteers.

son who wants to participate in the Foster Grandparent Program whose income is not more than 100 percent of the DHHS Poverty Guideline. However, individuals who are not income eligible may serve as non-stipend volunteers under certain conditions.

There are 11 project sites operating in Illinois (see table below). These sites, operated by state and local government agencies or nonprofit organizations, receive federal funding directly from the CNCS. General Revenue Funds are awarded by the IDoA to meet the program's requirement for non-federal matching funds. Currently, this match is \$342,100, a slight decrease from the \$350,000 provided from 1998 - 2004. For fiscal year 2007, the CNCS estimates it will spend \$3,896,822 in these Illinois communities for the Foster Grandparent Program, with these funds supporting 1,231 volunteer workers. ■

## Foster Grandparent Eligibility

Family Size	125% of Poverty Standard Rate	135% of Poverty Higher Rate
1	\$12,765	\$13,785
2	\$17,115	\$18,485
3	\$21,465	\$23,180
4	\$25,815	\$27,780
More than 4, add per person	\$4,350	\$4,698

21, who have exceptional or special needs. These needs include developmental disabilities (autism, epilepsy, hearing impaired, etc) as well as abuse, neglect, and homelessness.

Foster grandparent volunteers work with these children, one-on-one, and provide emotional support for victims of abuse and neglect, tutoring to improve low literacy skills, mentoring for troubled teens and young mothers, and care for premature infants and children with physical disabilities and severe illnesses. Volunteers work in a variety of locations, including schools, hospitals, drug treatment centers, and child development centers.

To participate, foster grandparents must be at least 60 years old, willing to volunteer an average of 20 hours per week and meet certain income requirements. The income eligibility level is based on poverty guidelines issued by the U.S. Department of Health and Human Serv-

Eligible volunteers receive a stipend of \$2.65 an hour to help offset the costs of volunteering. Accident, liability, and automobile insurance coverage are also available, if needed, during assignments. Special consideration is given to any per-

## Foster Grandparent Project Sites, 2007

Primary City	Number of Participants	Federal Federal Funding *	State State Funding **
Alton	140	\$ 430,463	\$ 39,096
Centralia	141	516,709	26,480
Chicago	207	565,519	38,873
Chicago (Suburban)	153	481,521	45,690
East St. Louis	76	223,209	25,454
Joliet	80	266,698	26,933
Kankakee	86	296,836	29,270
Lincoln	98	318,721	31,200
Peoria	77	269,479	28,402
Rock Falls	104	330,454	33,684
Waukegan	69	197,213	17,018
Totals	1,231	\$ 3,896,822	\$ 342,100

\* Based on the federal fiscal year of October 1 - September 30.  
 \*\* Based on the state fiscal year of July 1 - June 30.

eficiaries, Illinois Cares Rx Plus will help pay for drugs on the Medicare Part D prescription drug plan's list of covered drugs (formulary). Illinois Cares Rx Plus will also cover some prescription drugs that are excluded from Medicare coverage by law, such as some anti-anxiety and anti-seizure medications (benzodiazepines). For seniors not receiving Medicare, Illinois Cares Rx Plus will cover most prescription medicines.

Second, to qualify for Illinois Cares Rx Basic (formerly Circuit Breaker), one must be an adult 65 years of age or older or a person with a disability age 16 and over and have a total annual income of less than \$22,793 if filing an application as an individual. The income level must be less than \$30,594 for an individual and

a spouse or one other qualified resident, and less than \$38,393 for an individual and a spouse and one qualified additional resident or an individual and two qualified additional residents. A qualified additional resident is a person, other than a spouse, for whom an applicant provided more than half of that person's total financial support in 2006, and who is not filing a separate 2006 form IL-1363. Illinois Cares Rx Basic covers prescription medications for a limited number of common conditions (see table below).

**Future Cost Implications**

Because Illinois Cares Rx is designed to help beneficiaries with some of the costs associated with Medicare Part D plans, absent any program changes, increases in

Medicare Part D costs will lead to increases in Illinois Cares Rx spending. For example, Illinois Cares Rx Plus pays for a beneficiary's annual deductible. In 2007 that amount is \$265 but it is estimated to be \$445 by 2013. Similarly, the average annual premium is estimated to increase from \$356 in 2007 to \$696 in 2013.

In addition, the donut hole gap in Medicare Part D is expected to increase from \$3,051 in 2007 to \$5,066 in 2013. Since Illinois Cares Rx Plus provides coverage to beneficiaries for drug costs in the donut hole, additional spending will be needed each year to provide beneficiaries with the same level of assistance that they are currently receiving. ■

**Illinois Cares Rx Overview, 2007**

	<b>BASIC Coverage</b>	<b>PLUS Coverage</b>
<b>With Coordinating Medicare Part D Plan</b>	Covers drugs for 11 disease states *	Covers almost all medically necessary drugs
	Pays monthly premiums for basic Medicare Part D plan Pays annual deductible Pays difference in Medicare vs. Illinois Cares Rx co-pays  For covered drugs: Person pays \$2.15 generic co-pay Person pays \$5.35 preferred name brand co-pay Person pays \$15 specialty/non-preferred name brand co-pay Person pays 20% of each prescription during coverage gap (between \$2,400 and \$5,451) + applicable co-pays	Person pays \$2.15 generic co-pay Person pays \$5.35 preferred name brand co-pay Person pays \$15 specialty/non-preferred name brand co-pay Person pays 20% of each prescription during coverage gap (between \$2,400 and \$5,451) + applicable co-pays
	After \$5,451, person reaches Medicare catastrophic level and Medicare pays 95% of each prescription and person pays 5%  For drugs not covered by Illinois Cares Rx Basic, regular Medicare Part D co-pays apply	After \$5,451, person reaches Medicare catastrophic level and Medicare pays 95% of each prescription and person pays 5%
<b>Without Coordinating Medicare Part D Plan</b>	Same as above	Person is responsible for Medicare co-pays as charged by plan
<b>No Medicare Part D Plan (Not eligible for Medicare)</b>	Person pays \$2.15 generic co-pay Person pays \$5.35 preferred name brand co-pay Person pays co-pays + 20% of drug costs over \$1,750	Person pays \$2.15 generic co-pay Person pays \$5.35 preferred name brand co-pay Person pays co-pays + 20% of drug costs over \$1,750

\* The 11 disease states are: Alzheimer's disease, arthritis, cancer, diabetes, glaucoma, heart and blood pressure problems, lung disease and smoking-related illnesses, multiple sclerosis, osteoporosis and Parkinson's disease, and HIV/AIDS (if eligible for Medicare).

Source: Illinois Department of Healthcare and Family Services.

## A Closer Look at the Community Care Program

The Community Care Program (CCP) is a state program that was established in 1979 by Public Act 81-202 for the prevention of the institutionalization of seniors by providing in-home and community-based services. The program is managed by the Illinois Department on Aging (IDoA) and has seen steady growth in utilization over the years.

To receive CCP services, an individual must meet all the eligible requirements: be at least 60 years old, a U.S. citizen or legal alien, a resident of Illinois, have non-exempt assets of \$17,500 or less (non-exempt assets do not include home, car or personal effects or household furnishings) and have an assessed need based on a physical and mental determination for long term care.

To determine eligibility, a form called the Determination of Need (DON) is used. The DON has two parts. The first part tests mental functioning (such as memory loss). The second part is divided into Part A and Part B. Part A rates the need for daily assistance for household tasks such as cooking, cleaning, bathing, dressing, and managing money. Part B looks at other support systems a person might have access to from sources such as family and/or friends.

The General Assembly passed and funded asset level increases twice, once in fiscal year 2005 from

\$10,000 to \$12,500 and again in fiscal year 2006 to \$17,500. These increases have contributed to the CCP average monthly caseload increasing from 40,578 in fiscal year 2005 to 42,964 in fiscal year 2006. The projected caseload for fiscal year 2007 is 44,503 and 46,681 for fiscal year 2008.

Also, the Department on Aging has increased adult day service rates three times to encourage more facilities to care for additional older adults in need of care so they can stay out of nursing homes. The number of adult day service hours has increased from 2,131,016 in fiscal year 1999 to 2,552,292 in fiscal year 2006, an increase of 16.5%.

Funding for CCP comes primarily through the General Revenue Fund as well as through a federal Medicaid waiver and some client co-pays. The program saves state tax dollars each year through the avoidance of unnecessary and premature placement of clients into nursing homes or other more costly alternatives. According to data from the IDoA, the CCP saves the federal and state government approximately \$80 million a month by helping seniors remain in their homes. As the cost of long term care has gone up, these savings have remained as an important aspect of the state's services to the elderly. ■

### Community Care Program, Illinois Department on Aging

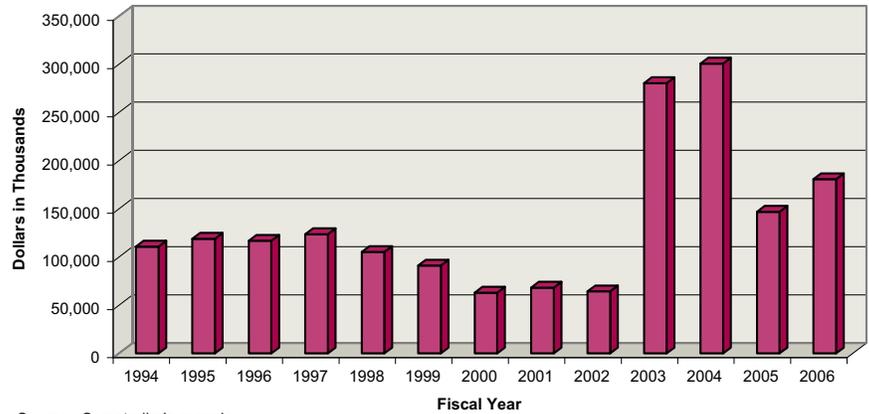
	Fiscal Year							
	1999	2000	2001	2002	2003	2004	2005	2006
Average monthly caseload	35,803	36,470	37,638	38,650	38,949	39,321	40,578	42,964
Average monthly cost of care	\$382.00	\$419.50	\$453.00	\$454.00	\$462.00	\$481.66	\$516.95	\$540.52
Average monthly cost of Medicaid nursing home	\$1,814.00	\$2,000.00	\$2,010.00	\$2,010.00	\$2,010.00	\$2,300.00	\$2,369.00	\$2,399.00
Potential monthly savings Federal/State (thousands)	\$51,284	\$57,641	\$58,602	\$60,139	\$62,539	\$71,499	\$75,152	\$79,847

Source: Department on Aging, Public Accountability Report submissions.

**Long Term Care Trends** concluded from page 12

In about ten years, the baby boomers will be approaching the age where they may begin to need of the services provided by the state. Assuming no funding changes, the increase costs for long term care will just add to the spending pressures on the General Funds. ■

**Cigarette Tax Receipts Long Term Care Fund**



Source: Comptroller's records.

## Senior Citizen Web Sites and Toll-Free Numbers

**Illinois Web Sites**

- Illinois Department on Aging
- Illinois Department of Aging - Help Line
- Senior Health Insurance Program (SHIP)
- Illinois Cares Rx and Circuit Breaker Enrollment Form
- Illinois Cares Rx Plus List of Covered Drugs
- Illinois Cares Rx Basic List of Covered Drugs
- I-SaveRx
- Illinois Rx Buying Club
- Illinois Area Agencies on Aging
- Illinois Department of Human Services
- Illinois Benefits

- [www.state.il.us/aging/](http://www.state.il.us/aging/)
- [www.state.il.us/aging/1helpline/helpline-main.htm](http://www.state.il.us/aging/1helpline/helpline-main.htm)
- [www.idfpr.com/DOI/Ship/ship\\_help.asp](http://www.idfpr.com/DOI/Ship/ship_help.asp)
- [www.illinoiscaresrx.com](http://www.illinoiscaresrx.com)
- [www.illinoiscaresrx.com/plus.html](http://www.illinoiscaresrx.com/plus.html)
- [www.illinoiscaresrx.com/basic.html](http://www.illinoiscaresrx.com/basic.html)
- [www.i-saverx.net](http://www.i-saverx.net)
- [www.illinoisrxbuyingclub.com](http://www.illinoisrxbuyingclub.com)
- [www.state.il.us/aging/2aaa/aaa-main.htm](http://www.state.il.us/aging/2aaa/aaa-main.htm)
- [www.dhs.state.il.us](http://www.dhs.state.il.us)
- [www.illinoisbenefits.org](http://www.illinoisbenefits.org)

**National Web Sites**

- U.S. Administration of Aging
- U.S. Department of Health and Human Services
- Senior Citizens' Housing
- U.S. Centers for Medicaid and Medicare Services
- Official Medicare Web Site
- National Center on Elder Abuse
- Medicare Rights Center
- AARP
- Senior Citizens' Resources
- National Senior Citizens Law Center
- Senior Citizens Guide

- [www.aoa.gov](http://www.aoa.gov)
- [www.hhs.gov/aging/](http://www.hhs.gov/aging/)
- [www.hud.gov/groups/seniors.cfm](http://www.hud.gov/groups/seniors.cfm)
- [www.cms.hhs.gov](http://www.cms.hhs.gov)
- [www.medicare.gov](http://www.medicare.gov)
- [www.elderabusecenter.org](http://www.elderabusecenter.org)
- [www.medicarerights.org/](http://www.medicarerights.org/)
- [www.aarp.org](http://www.aarp.org)
- [www.usa.gov/Topics/Seniors.shtml](http://www.usa.gov/Topics/Seniors.shtml)
- [www.nslcl.org/](http://www.nslcl.org/)
- [www.seniorcitizensguide.com/](http://www.seniorcitizensguide.com/)

**Toll-free Numbers**

- Illinois Senior Help Line (Department on Aging) 1-800-252-8966 1-888-206-1327 (TTY)
- Senior Health Insurance Program (SHIP) 1-800-548-9034 1-217-524-4872 (TTY)
- Healthcare and Family Services Health Benefits Hotline 1-800-226-0768 1-877-204-1012 (TTY)
- Elder Abuse Hotline 1-866-800-1409 1-888-206-1327 (TTY)
- Department of Human Services Helpline 1-800-843-6154 1-800-447-6404 (TTY)
- Senior Citizens Consumer Fraud Helpline - Chicago 1-800-243-5377
- Senior Citizens Consumer Fraud Helpline - Springfield 1-800-252-2518
- Centers for Medicare and Medicaid Services 1-800-633-4227

# Comparing Medicare Populations

Medicare is a health insurance program provided through the Social Security Administration (SSA). Medicare is available to individuals who are 65 years of age and over, under 65 with certain disabilities, or people with permanent kidney failure requiring dialysis or a transplant. Persons are eligible for Medicare if they or their spouse worked for at least 10 years in Medicare-covered employment, meet the age requirement, and are a citizen or permanent resident of the United States. Medicare does not cover all medical expenses, but does provide insurance for hospital costs and optionally for doctor's fees and some other medical expenses.

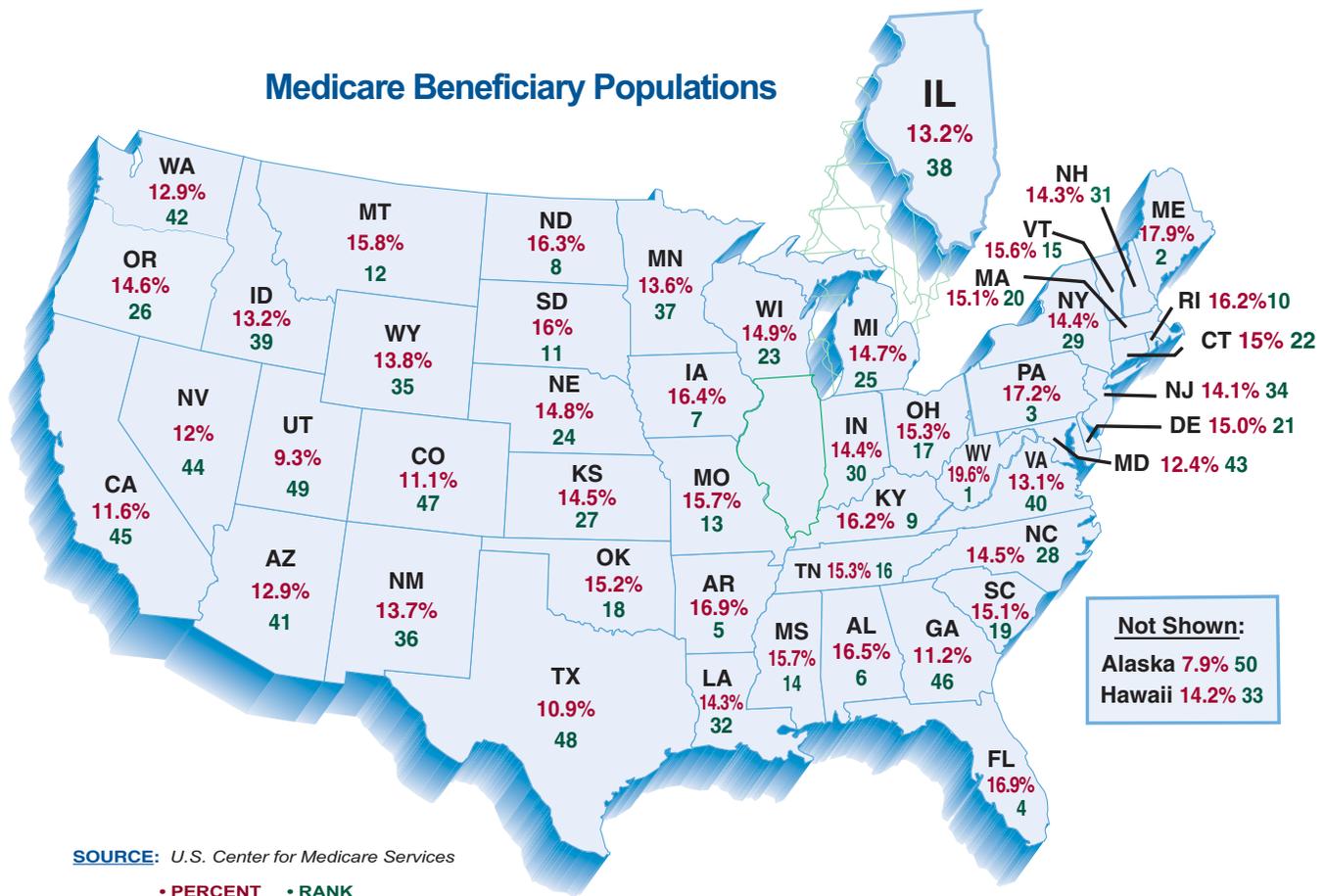
According to data from the Centers for Medicare and Medicaid Services, in January 2006 there were 41.6 million Medicare beneficiaries totaling 13.9% of the nation's population. First ranked among the states was West Virginia which had 19.6% of its population receiving Medicare, while Alaska, the lowest ranking state, had 7.9%. With 1,694,379 people or 13.2% of its population receiving benefits, Illinois ranked 38th for its number of Medicare beneficiaries.

Other states in the Midwest had rankings that ranged from 7th to 37th. For example, Iowa ranked 7th with 16.4%, Missouri ranked 13th with 15.7%, and Wisconsin

ranked 23rd with 14.9%. Closer to Illinois' ranking were Indiana (30th with 14.4%) and Minnesota (37th with 13.6%).

Among other large urban states the rankings ranged from 3rd to 29th. Pennsylvania was the highest of this group ranking 3rd with 17.2%. Ohio ranked 17th with 15.3%, while Michigan ranked 25th with 14.7% and New York ranked 29th with 14.4%.

The map below shows a complete listing of states and their Medicare beneficiary populations. ■



**GENERAL FUNDS REVENUES, EXPENDITURES AND BALANCES**  
(Dollars in Millions)

	Eleven Months			
	May 2007	FY 2007	Change From Prior Year	
			\$	%
<b>Total General Funds</b>				
Available Balance	\$ 241	\$ 590	\$ 93	18.7 %
Revenues	2,500	27,496	1,486	5.7
Expenditures	2,125	27,470	1,348	5.2
Ending Balance	\$ 616	\$ 616	\$ 231	60.0 %
<b>General Revenue Fund</b>				
Available Balance	\$ 9	\$ 66	\$ (132)	(66.7) %
Revenues	2,153	23,775	1,435	6.4
Expenditures	1,831	23,510	991	4.4
Ending Balance	\$ 331	\$ 331	\$ 312	N/A %
<b>Common School Special Account Fund</b>				
Available Balance	\$ 68	\$ 41	\$ 25	156.3 %
Revenues	147	1,630	14	0.9
Expenditures	141	1,597	47	3.0
Ending Balance	\$ 74	\$ 74	\$ (8)	(9.8) %
<b>Education Assistance Fund</b>				
Available Balance	\$ 154	\$ 463	\$ 208	81.6 %
Revenues	108	1,264	67	5.6
Expenditures	83	1,548	356	29.9
Ending Balance	\$ 179	\$ 179	\$ (81)	(31.2) %
<b>Common School Fund</b>				
Available Balance	\$ 10	\$ 20	\$ (8)	(28.6) %
Revenues	384	3,307	194	6.2
Expenditures	363	3,296	180	5.8
Ending Balance	\$ 31	\$ 31	\$ 6	24.0 %

Note: Total General Funds excludes interfund transfers while the individual funds include such transfers. Numbers may not add due to rounding.

**GENERAL FUNDS REVENUES**  
(Dollars in Millions)

	Eleven Months			
	May 2007	FY 2007	Change From Prior Year	
			\$	%
<b>Revenues:</b>				
State Sources:				
Cash Receipts:				
Income Taxes:				
Individual	\$ 995	\$ 8,579	\$ 701	8.9 %
Corporate	75	1,520	296	24.2
Total, Income Taxes	\$ 1,070	\$ 10,099	\$ 997	11.0 %
Sales Taxes	589	6,518	64	1.0
Other Sources:				
Public Utility Taxes	124	1,048	71	7.3
Cigarette Taxes	29	321	(45)	(12.3)
Inheritance Tax (gross)	18	239	(13)	(5.2)
Liquor Gallonage Taxes	11	141	5	3.7
Insurance Taxes and Fees	8	252	(4)	(1.6)
Corporation Franchise				
Tax and Fees	21	183	16	9.6
Investment Income	18	189	53	39.0
Cook County IGT	94	297	(53)	(15.1)
Riverboat Gambling Taxes	0	0	(4)	(100.0)
Other	42	412	20	5.1
Total, Other Sources	\$ 365	\$ 3,082	\$ 46	1.5 %
Total, Cash Receipts	\$ 2,024	\$ 19,699	\$ 1,107	6.0 %
Transfers In:				
Lottery Fund	\$ 65	\$ 561	\$ (58)	(9.4) %
State Gaming Fund	30	525	(5)	(0.9)
Other Funds	56	743	188	33.9
Total, Transfers In	\$ 151	\$ 1,829	\$ 125	7.3 %
Total, State Sources	\$ 2,175	\$ 21,528	\$ 1,232	6.1 %
Federal Sources	\$ 325	\$ 4,336	\$ (102)	(2.3) %
<b>Total, Base Revenues</b>	\$ 2,500	\$ 25,864	\$ 1,130	4.6 %
Short-Term Borrowing	0	900	(100)	(10.0)
Transfer from				
Budget Stabilization Fund	0	276	0	0.0
Cash Flow Transfer - Hospital Provider Fund	0	456	456	N/A
Total, Revenues	\$ 2,500	\$ 27,496	\$ 1,486	5.7 %

**GENERAL FUNDS ANALYSIS OF EXPENDITURES**  
(Dollars in Millions)

	Eleven Months			
	May 2007	FY 2007	Change From Prior Year	
			\$	%
<b>Expenditures:</b>				
Awards and Grants:				
Healthcare & Family Services	\$ 340	\$ 6,180	\$ 298	5.1 %
Elem. & Sec. Education:				
State Board of Education	423	5,395	335	6.6
Teachers Retirement	68	745	187	33.5
Total, Elem. & Sec. Education	\$ 491	\$ 6,140	\$ 522	9.3 %
Human Services	226	2,736	13	0.5
Higher Education	83	830	42	5.3
All Other Grants	77	1,170	74	6.8
Total, Awards and Grants	\$ 1,217	\$ 17,056	\$ 949	5.9 %
Operations:				
Other Agencies	\$ 448	\$ 4,833	\$ 263	5.8 %
Higher Education	76	1,370	(18)	(1.3)
Total, Operations	\$ 524	\$ 6,203	\$ 245	4.1 %
Regular Transfers Out	\$ 95	\$ 2,570	\$ (308)	(10.7) %
All Other	2	19	4	26.7 %
Vouchers Payable Adjustment	\$ (185)	\$ (10)	\$ (212)	(105.0)
<b>Total, Base Expenditures</b>	\$ 1,653	\$ 25,838	\$ 678	2.7 %
Transfers to Repay GRF Short- Term Borrowing	276	276	(686)	(71.3)
Cash Flow Transfer - Hospital Provider Fund	196	1,356	1,356	N/A
Total, Expenditures	\$ 2,125	\$ 27,470	\$ 1,348	5.2 %

**COMPARISON OF SPENDING FOR OPERATIONS BY OBJECT**  
(Dollars in Millions)

	Eleven Months			
	May 2007	FY 2007	Change From Prior Year	
			\$	%
<b>Personal Services:</b>				
Regular Positions	\$ 210	\$ 3,186	\$ 79	2.5 %
Other Personal Services	15	165	(15)	(8.3)
Total, Personal Services	\$ 225	\$ 3,351	\$ 64	1.9 %
Contribution Retirement	25	333	57	20.7
Contribution Social Security	15	163	7	4.5
Contribution Group Insurance	106	1,041	43	4.3
Contractual Services	78	596	24	4.2
Travel	2	18	1	5.9
Commodities	11	104	(1)	(1.0)
Printing	1	7	0	0.0
Equipment	2	20	(3)	(13.0)
Electronic Data Processing	2	35	5	16.7
Telecommunications	7	47	(4)	(7.8)
Automotive Equipment	2	21	(1)	(4.5)
Other Operations	48	467	53	12.8
Total, Operations	\$ 524	\$ 6,203	\$ 245	4.1 %

**COMPARISON OF SPENDING FOR AWARDS AND GRANTS**  
(Dollars in Millions)

	Eleven Months			
	May 2007	FY 2007	Change From Prior Year	
			\$	%
<b>State Board of Education:</b>				
General State Aid	\$ 342	\$ 3,443	\$ 192	5.9 %
All Other	81	1,952	143	7.9
Healthcare & Family Services	340	6,180	298	5.1
Human Services	226	2,736	13	0.5
Higher Education:				
Student Assistance Commission	0	398	12	3.1
Community College Board	76	350	2	0.6
Other	7	82	28	51.9
Teacher's Retirement	68	745	187	33.5
Children and Family Services	20	497	(1)	(0.2)
Aging	29	325	54	19.9
Revenue	2	20	5	33.3
All Other	26	328	16	5.1
Total, Awards and Grants	\$ 1,217	\$ 17,056	\$ 949	5.9 %

**GENERAL FUNDS REVENUES, EXPENDITURES AND BALANCES**  
(Dollars in Millions)

	Twelve Months			
	June 2007	FY 2007	Change From Prior Year	
			\$	%
<b>Total General Funds</b>				
Available Balance	\$ 616	\$ 590	\$ 93	18.7 %
Revenues	2,776	30,272	1,637	5.7
Expenditures	2,750	30,220	1,678	5.9
Ending Balance	\$ 642	\$ 642	\$ 52	8.8 %
<b>General Revenue Fund</b>				
Available Balance	\$ 331	\$ 66	\$ (132)	(66.7) %
Revenues	2,301	26,077	1,574	6.4
Expenditures	2,408	25,919	1,284	5.2
Ending Balance	\$ 224	\$ 224	\$ 158	239.4 %
<b>Common School Special Account Fund</b>				
Available Balance	\$ 74	\$ 41	\$ 25	156.3 %
Revenues	154	1,784	10	0.6
Expenditures	192	1,789	40	2.3
Ending Balance	\$ 36	\$ 36	\$ (5)	(12.2) %
<b>Education Assistance Fund</b>				
Available Balance	\$ 179	\$ 463	\$ 208	81.6 %
Revenues	238	1,502	80	5.6
Expenditures	42	1,590	376	31.0
Ending Balance	\$ 375	\$ 375	\$ (88)	(19.0) %
<b>Common School Fund</b>				
Available Balance	\$ 31	\$ 20	\$ (8)	(28.6) %
Revenues	723	4,030	232	6.1
Expenditures	747	4,043	237	6.2
Ending Balance	\$ 7	\$ 7	\$ (13)	(65.0) %

Note: Total General Funds excludes interfund transfers while the individual funds include such transfers. Numbers may not add due to rounding.

**GENERAL FUNDS REVENUES**  
(Dollars in Millions)

	Twelve Months			
	June 2007	FY 2007	Change From Prior Year	
			\$	%
<b>Revenues:</b>				
State Sources:				
Cash Receipts:				
Income Taxes:				
Individual	\$ 830	\$ 9,408	\$ 773	9.0 %
Corporate	229	1,750	322	22.5
Total, Income Taxes	\$ 1,059	\$ 11,158	\$ 1,095	10.9 %
Sales Taxes	618	7,136	44	0.6
Other Sources:				
Public Utility Taxes	83	1,131	57	5.3
Cigarette Taxes	29	350	(50)	(12.5)
Inheritance Tax (gross)	26	264	(8)	(2.9)
Liquor Gallonage Taxes	15	156	4	2.6
Insurance Taxes and Fees	57	310	(7)	(2.2)
Corporation Franchise Tax and Fees	10	193	12	6.6
Investment Income	15	204	51	33.3
Cook County IGT	10	307	(43)	(12.3)
Riverboat Gambling Taxes	0	0	(4)	(100.0)
Other	70	482	7	1.5
Total, Other Sources	\$ 315	\$ 3,397	\$ 19	0.6 %
Total, Cash Receipts	\$ 1,992	\$ 21,691	\$ 1,158	5.6 %
Transfers In:				
Lottery Fund	\$ 61	\$ 622	\$ (48)	(7.2) %
State Gaming Fund	160	685	0	0.0
Other Funds	197	939	193	25.9
Total, Transfers In	\$ 418	\$ 2,246	\$ 145	6.9 %
Total, State Sources	\$ 2,410	\$ 23,937	\$ 1,303	5.8 %
Federal Sources	\$ 366	\$ 4,703	\$ (22)	(0.5) %
<b>Total, Base Revenues</b>	<b>\$ 2,776</b>	<b>\$ 28,640</b>	<b>\$ 1,281</b>	<b>4.7 %</b>
Short-Term Borrowing	0	900	(100)	(10.0)
Transfer from				
Budget Stabilization Fund	0	276	0	0.0
Cash Flow Transfer - Hospital Provider Fund	0	456	456	N/A
Total, Revenues	\$ 2,776	\$ 30,272	\$ 1,637	5.7 %

**GENERAL FUNDS ANALYSIS OF EXPENDITURES**  
(Dollars in Millions)

	Twelve Months			
	June 2007	FY 2007	Change From Prior Year	
			\$	%
<b>Expenditures:</b>				
Awards and Grants:				
Healthcare & Family Services	\$ 322	\$ 6,502	\$ 353	5.7 %
Elem. & Sec. Education:				
State Board of Education	1,014	6,409	399	6.6
Teachers Retirement	68	813	205	33.7
Total, Elem. & Sec. Education	\$ 1,082	\$ 7,222	\$ 604	9.1 %
Human Services	139	2,874	9	0.3
Higher Education	29	860	65	8.2
All Other Grants	67	1,237	48	4.0
Total, Awards and Grants	\$ 1,639	\$ 18,695	\$ 1,079	6.1 %
Operations:				
Other Agencies	\$ 419	\$ 5,252	\$ 266	5.3 %
Higher Education	34	1,404	0	0.0
Total, Operations	\$ 453	\$ 6,656	\$ 266	4.2 %
Regular Transfers Out	\$ 403	\$ 2,973	\$ (86)	(2.8) %
All Other	\$ 1	\$ 19	\$ 2	11.8 %
Vouchers Payable Adjustment	\$ 243	\$ 234	\$ 64	37.6 %
<b>Total, Base Expenditures</b>	<b>\$ 2,739</b>	<b>\$ 28,577</b>	<b>\$ 1,325</b>	<b>4.9 %</b>
Transfers to Repay GRF Short-Term Borrowing	11	287	(1,003)	(77.8)
Cash Flow Transfer - Hospital Provider Fund	0	1,356	1,356	N/A
Total, Expenditures	\$ 2,750	\$ 30,220	\$ 1,678	5.9 %

**COMPARISON OF SPENDING FOR OPERATIONS BY OBJECT**  
(Dollars in Millions)

	Twelve Months			
	June 2007	FY 2007	Change From Prior Year	
			\$	%
<b>Personal Services:</b>				
Regular Positions	\$ 232	\$ 3,418	\$ 108	3.3 %
Other Personal Services	17	182	(13)	(6.7)
Total, Personal Services	\$ 249	\$ 3,600	\$ 95	2.7 %
Contribution Retirement	26	359	65	22.1
Contribution Social Security	14	176	6	3.5
Contribution Group Insurance	79	1,120	39	3.6
Contractual Services	28	625	11	1.8
Travel	2	20	1	5.3
Commodities	6	110	(2)	(1.8)
Printing	1	8	1	14.3
Equipment	1	21	(4)	(16.0)
Electronic Data Processing	3	38	5	15.2
Telecommunications	3	50	(3)	(5.7)
Automotive Equipment	2	22	(2)	(8.3)
Other Operations	39	507	54	11.9
Total, Operations	\$ 453	\$ 6,656	\$ 266	4.2 %

**COMPARISON OF SPENDING FOR AWARDS AND GRANTS**  
(Dollars in Millions)

	Twelve Months			
	June 2007	FY 2007	Change From Prior Year	
			\$	%
<b>State Board of Education:</b>				
General State Aid	\$ 684	\$ 4,127	\$ 231	5.9 %
All Other	330	2,282	168	7.9
Healthcare & Family Services	322	6,502	353	5.7
Human Services	139	2,874	9	0.3
Higher Education:				
Student Assistance Commission	2	400	13	3.4
Community College Board	0	350	1	0.3
Other	27	110	51	86.4
Teacher's Retirement	68	813	205	33.7
Children and Family Services	5	503	(30)	(5.6)
Aging	34	358	61	20.5
Revenue	1	21	4	23.5
All Other	27	355	13	3.8
Total, Awards and Grants	\$ 1,639	\$ 18,695	\$ 1,079	6.1 %

## DID YOU KNOW...

- Baby boomers (born between 1946 and 1964) account for nearly 30% of the total population, both in Illinois and nationwide.
- By 2030, persons age 65 and over will account for about 19.7% of the U.S. population, up from 12.4% in 2000.
- In Illinois, the percentage of persons age 65 and over is expected to increase from 12.1% to 18.0% between 2000 and 2030.
- Overall expenditures for the Illinois Department on Aging increased from \$195 million in fiscal year 1997 to \$420 million in fiscal year 2006. A major part of that increase was the transfer of the senior citizen circuit breaker and pharmaceutical assistance programs from the Department of Revenue in fiscal year 2005.
- The Community Care Program administered by the Department on Aging is designed to help senior citizens avoid institutionalization. In fiscal year 2006 the average monthly caseload totaled almost 43,000 persons. Based on an average monthly cost of \$541 compared to an average monthly cost of about \$2,400 for Medicaid nursing home care, the department estimated a potential monthly savings of \$79.8 million.
- There are 13 Area Agencies on Aging which contract with local providers to provide an array of services to senior citizens throughout Illinois.
- Other state agencies are involved in helping senior citizens. In addition to property tax relief and income tax exemptions for most pension and retirement income, Illinois offers reduced rates for driver's and vehicle licenses as well as for hunting and fishing licenses and camping fees.

## **COMPTROLLER DANIEL W. HYNES**

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### *Fiscal Focus*

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