

TESTIMONY

**TOM HARKIN
UNITED STATES SENATOR**

**Hearing of the
Committee on Finance
United States Senate**

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I want to begin by thanking the Chairman and the Ranking Member for holding this hearing. Senator Smith and Senator Specter joined me in requesting this hearing, and I am very grateful to the committee for taking up this important issue. We are very fortunate to have the leadership of my friends from Iowa and Montana on this important committee and I thank them for their work on behalf of older Americans, people with disabilities, and those with low incomes. I'd also like to recognize Senators Specter and Smith for their ongoing leadership on the issue before the committee today: how do we give older Americans and people with disabilities greater choices by expanding access to community based services.

When we passed the Americans with Disabilities Act almost 14 years ago, we said that our nation's great goals regarding individuals with disabilities were to ensure equality of opportunity, full participation, independent living, and economic self-sufficiency for such individuals. And when we passed ADA, I was under no illusions. I knew then that Medicaid was going to be the next challenge, because some of the Medicaid rules prevent us from reaching all of these goals. It is hard to be full participants and economically self-sufficient if your only choice is to live in a nursing home or institution.

Since 1990, I have been working to correct the institutional bias in our Medicaid program. And I am hopeful that this hearing is the beginning of a quick legislative process to finally address this serious problem. According to the Congressional Research Service, national data indicates that we are spending 70 percent of our Medicaid long-term care dollars on institutional and nursing home care, and only 30 percent on community-based services. The Chairman will be interested to know that in Iowa, the latest figures are even worse: 81 percent of our state's Medicaid funds are going to institutional and nursing home care, and only 19 percent is paying for services in the community.

This is wrong – and it's time to rebalance the system. That's why I have introduced two bills that would make a tremendous difference. I hope the committee will look carefully at these bills and move quickly to mark up legislation and move it to the floor.

The first bill is called MICASSA for short. That stands for the Medicaid Community Based Attendant Services and Supports Act. MICASSA has a simple aim. It would level the playing field by requiring states to cover community services under their Medicaid programs. Right now, states are required to provide nursing home care, but there is no similar

requirement for community attendant services and supports. Why should this be? MICASSA would change that, and it's high time.

The second bill, the Money Follows the Person Act, also has a simple aim. It says: Provide resources so people with disabilities and older Americans can make their own choice among service options. The Money Follows the Person Act would provide 100 percent federal funding for the first year of community-based services for people who move out of a nursing home or institution. After that first year, the individual would remain in the community, and states would receive their regular Medicaid match for their services. States would be allowed to expand their waiver programs, offer new waivers, or add community based services to their Medicaid plans. The Money Follows the Person Act would provide \$350 million a year for a total of \$1.75 billion over 5 years. And that would be a major contribution to expanding community services.

It is important to note that these two bills are bipartisan initiatives, as was the ADA and other major civil rights legislation for individuals with disabilities. Senator Specter has joined me in co-sponsoring both of these bills. Senator Smith is the lead Republican co-sponsor of the Money Follows the Person bill.

In addition, the Money Follows the Person program is a critical piece of the President's New Freedom Initiative. We have support from President Bush and from both sides of the aisle for moving forward to expand access to community based services. That's why I am so hopeful that we can move forward quickly to put an end to needless institutionalization.

Let me give you just one example of how these two bills can transform the lives and living conditions of people with disabilities. I was in Iowa just a few weeks ago to talk about these initiatives. And I had the privilege to be on a panel with a young man named Joel Justin. Joel is a 36-year-old man who experienced a brain injury. He is currently forced to live in a nursing facility in Waterloo -- more than two hours away from his family and friends -- because there is no funding to support him in his own community. He spends most of his time watching TV, but he would prefer to be working at a job. He also wants to live in his own apartment because he is tired of the restrictions in the facility. He says that he wants -- and I quote -- "freedom to do whatever I want and to come and go as I please."

The Independent Living Centers, and Protection and Advocacy in Iowa, tell me that there are many other people in similar situations. And I know that Iowa is not unique in this respect. We need to change federal law

so that Joel and thousands like him can realize their hopes and dreams, and become fully participating, economically self-sufficient citizens.

This is the right thing to do, but it is also the smart thing to do. States can save money by giving individuals greater choices. For example, when Secretary Tommy Thompson was governor of Wisconsin, the state implemented a Community Options Program to expand access to community based services. In a 2001 report to the legislature, the Department of Health and Family Services noted that, using the most conservative estimate, the total public spending of individuals served in the community was \$64 million *less* than if they had resided in nursing homes for the same length of time.

While we can put a dollar figure on cost savings, there is a much greater cost at stake here – the cost in lost opportunities and lost dreams. When we passed the ADA, Congress created a vision of opportunity, equality, and independence. Current Medicaid policy is preventing that vision from being a reality for millions of older Americans and people with disabilities. They have waited 14 years since the passage of ADA for this injustice to end, and they should not have to wait any longer.

I thank the committee for the opportunity to be here today. I know that you will be hearing from many wonderful witnesses, including two

remarkable Iowans – Ray Gerke and Di Findley. I’ve had the opportunity to read their testimony in advance, and if all 100 Senators could hear what they have to say, I think we’d have legislation passed within weeks.

Again, I want to thank the Chair and Ranking member for inviting me to testify. I stand ready to help in any way I can to move this process forward and get legislation passed and signed into law.