

# Joint Legislative Committee On Aging

## 2008 Public Hearing Report



Thursday, February 7, 2008  
Columbia, South Carolina

## Table of Contents

<b>Agenda</b>	<b>2</b>
<b>Legislative Update</b>	<b>3</b>
<b>Executive Summary</b>	<b>6</b>
<b>Written Testimonies</b>	
<b>Curtis M. Loftis, Director of Lt. Governor’s Office on Aging</b>	<b>10</b>
<b>Sam Griswold</b>	<b>14</b>
<b>Teresa Arnold</b>	<b>16</b>
<b>Rev. Robert Cox</b>	<b>18</b>
<b>Thomas Sweeny</b>	<b>20</b>
<b>Jennifer Porth</b>	<b>21</b>
<b>Ellen Cooper, SC Silver Haired Legislature</b>	<b>22</b>
<b>Lynnda Bassham, Lower Savannah COG</b>	<b>23</b>
<b>Joe Ritchey</b>	<b>26</b>
<b>Vickie Clark, Appalachia COG</b>	<b>27</b>
<b>Brandolyn Thomas Pinkston, Consumer Affairs</b>	<b>29</b>
<b>Victor Hirth,</b>	<b>34</b>
<b>J. David Scott</b>	<b>36</b>
<b>J. Mark Scott</b>	<b>39</b>
<b>Mary Katherine Bagnol</b>	<b>41</b>
<b>Lisa Gregoire, Lutheran Hospice Services</b>	<b>42</b>
<b>Miscellaneous Statements and Data</b>	

### **Freedom of Information and American with Disabilities Act Pledge**

“This body’s official minutes will indicate that this meeting is in compliance with the Freedom of Information Act’s mandate that the public be notified when the public’s business is being done, and that this facility is accessible to individuals with disabilities, and special accommodations could have been provided if requested in advance.”

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**-Agenda-**  
**Joint Legislative Committee on Aging**  
**Public Hearing**  
**February 7, 2008**  
**1:00 PM**

**I. Call to Order**

**II. Introduction of Committee Members (Six Members Present)**

Representative Denny Neilson, Chair	Present
Representative Walton J. McLeod	Present
Representative Robert W. Leach, Sr.	Present
Senator Ronnie W. Cromer	Absent
Senator J. Yancey McGill	Present
Senator Glenn G. Reese	Absent
The Honorable Bill Riser	Present
Ms. Linda Mitchell Johnson	Absent
Mr. Ollie Johnson	Present

**III. Presentation by Agencies & Speakers**

**IV. Legislative Updates**

**Speakers**

1. The Honorable Andre Bauer, Lt. Governor of South Carolina
2. The Honorable Gary Smith (R-Greenville)
3. Miss Rachel Ferrell, National Student Legislature Member
4. Curtis M. Loftis, Jr. – Director of the Lt. Governor’s Office on Aging
5. Sam Griswald – President, State Retirees Association
6. Teresa Arnold – AARP
7. Carroll A. Campbell III – SC Alzheimer’s Association
8. Brandolyn Pinckston – Dept. of Consumer Affairs
9. Thomas Sweeny – Charleston Senior Network Board Member
10. Vickie Williams – SC Association of Area Agencies on Aging
11. The Rev. Robert Cox – Chairman of the Board, The Methodist Oaks, Inc.
12. Dr. Victor Hirth – Medical Director of Geriatric Services, Palmetto Health Richland
13. Jennie Porth – Social Worker, Senior Primary Care Practice, Palmetto Health Richland
14. Lynnda Bassham – Director of Human Resources, Lower Savannah COG
15. Janet Bryant – Healthcare Power of Attorney for individual served by Senior Matters, LLC.
16. Mary Katherine Bagnal – Senior Matters Extended Services, LLC.
17. David Splittgerber – Senior Matters Extended Services, LLC
18. David Scott – President, LTC Benefits
19. Lynn Stockman – Newberry Council on Aging & SCACAD
20. Joe Ritchey – South Carolina Gerontological Society
21. Ellen H. Cooper – Silver Haired Legislator
22. Lisa Gregoire – Lutheran Hospice

## Executive Summary

Oral and written testimony was received from twenty-two speakers. A brief synopsis of their presentations is as follows:

### **Lt. Governor Andre Bauer**

- Lt. Governor Bauer gave a very brief update on the need to make the \$2.9 million state supplement permanent. The Lt. Governor noted the money helped more than 5,400 seniors throughout the state in 2007 through home and community based services.

### **Rep. Gary Smith (R-Greenville)**

- Rep. Smith introduced Rachel Ferrell, a high school student, who had been a National Student Legislator in 2007.

### **Miss Rachel Ferrell**

- Miss Ferrell is a high school student who served in the National Student Legislature in 2007.
- While in the NSL, Miss Ferrell proposed legislation to create a Senior Bill of Rights to protect senior citizens.

### **Mr. Curtis M. Loftis, Director, Lt. Governor's Office on Aging**

- Mr. Loftis spoke on the need to begin a Conversation on Aging so that we can begin to change the paradigm and adapt to the challenges that seniors will face not only in 2008 but in the 21 Century.
- He spoke about the One Million South Carolina Baby Boomers and the 78 million nationally set to retire in the next few years. He warned that the system would breakdown unless our government and institutions began discussing senior issues now. He noted that healthcare, housing, family care giving, long term care, transportation and retirement income are all issues that must be addressed now.
- He spoke about the need for Long Term Care Insurance and establishing a Partnership Program. Currently, HHS is the lead agency on Long Term Care Insurance Partnering.

### **Carroll A. Campbell, III, South Carolina Alzheimer's Association**

- Continue to fund the much needed Respite Voucher Program in South Carolina. This provides more than 1500 vouchers annually and are redeemable for care by Adult Day Care, In-home Providers and short-term stays at assisted living facilities. 1146 of the 1500 were issued to new applicants. 70,000 people in South Carolina suffer with Alzheimer's disease.

### **J. Samuel Griswold, President, State Retirees Association**

- Stated that the two main concerns for the retired and elderly are economic and health concerns.
- Urged panel to support the recommendations of Treasurer Converse Chellis' cost of living adjustment task force. The recommendations coming out of this task force are reasonable, conservative, maintain the fiscal integrity of the Retirement Fund and maintain a cost of living adjustment for retirees for the foreseeable future.

- Thinks the state should concentrate on elder abuse and consider a review of those laws that would come into play if elderly people are victimized by various types of confidence games and unscrupulous people.

**Teresa Arnold, AARP**

- Ms. Arnold spoke on the need to permanently fund the \$2.9 million State Supplemental for seniors.
- She also spoke about “Money Follows the Person (MFP) Rebalancing Demonstration Grant. In 2007, South Carolina received \$5.8 million for the 5-year grant period to transition 192 elderly and physically disabled persons from nursing homes to community settings.

**The Rev. Robert Cox, Board of the Methodist Oaks, Inc.**

- Rev. Cox spoke about the outstanding programs associated with the Methodist Oaks Continuing Care Retirement Community in Orangeburg County.
- He also noted with the boomers retiring, steps must be taken now to prepare, and government is not the solution. The solution is the private sector and the faith based communities coming together to address the many issues associated with a growing senior population.

**Thomas E. Sweeny, Charleston Financial Planner and Silver Haired Legislator**

- Mr. Sweeny spoke about the need for Long Term Care Insurance. He noted that most Americans believe the state and federal governments will take care of them when they mature, but that is not the case. Consequently, there are millions of people who will not have the resources to retire. “That means 90 percent of your citizens are hoping you will pick up the tab for their care. The bare minimum cost per person for a year of care in a nursing home in SC is \$55,845, and that is per year.”

**Jennifer Porth, Project Director, Lifestyle University – Palmetto Health Geriatric Services**

- Lifestyle University is a six-session program over ten weeks designed to help participants improve lifestyle behaviors related to the risk factors such as hypertension, diabetes, and obesity. It has had over 400 graduates since 2003.

**Ellen Cooper, SC Silver Haired Legislature**

Ms. Cooper spoke about the Silver Haired Legislature’s top five legislative issues.

- Criminal Background Checks for in-home care providers
- Increase funding for abused elderly
- High Interest Loans
- Debt forgiveness for nurse practitioners specializing in geriatric care
- Senior Transportation for affordable fee

**Lynnda Bassham, Lower Savannah Council of Governments**

- Ms. Bassham spoke about the need for the \$2.9 million State Supplemental Funds being permanent.
- She also spoke about the Aging and Disability Resource Center and how the ADRC’s have helped thousands of people with important issues.
- She also spoke about the need to provide transportation access for seniors living in rural areas.

**Joe Ritchy, Central Midlands COG – Family Caregivers (SCGS Board)**

- Spoke about the SC Gerontological Society: The SCGS seeks to positively influence the outcome of issues pertaining to seniors. Since supporting seniors in their homes is much less expensive than facility based care, it would behoove the state to provide a lower outlay of funds now, namely the \$2.9 million, instead of paying for facility based care at a greater amount in the future. These funds have allowed 5,000 additional seniors to receive nutritional services, and other home care services. With about ¾ of a million seniors in this state, currently, and the anticipated number increasing to 1.3 million by 2030 (Resources: LGOA), any action to decrease funds is a step in the wrong direction. Please make the \$2.9 million for senior services re-occurring, or at least re-instate it for this coming fiscal year.

**Vickie Clark Williams, Aging Services Director, Appalachian Council of Governments**

- Ms. Williams spoke about the need to fund the \$2.9 million State Supplemental Funds.
- She also spoke about the work of the COGs and Area Agencies on Aging-- Area Agencies on Aging provide regional leadership, funding, technical support and comprehensive planning, programmatic and fiscal oversight for the aging services network. We are charged under the Older Americans Act with the responsibility of promoting the development of a comprehensive and coordinated system of home and community based services for older people and their family caregivers. We are a vital part of the aging network that reaches into every community in South Carolina and plays an important role in delivering services and supporting consumer-centered systems of care that enable individuals to remain living in their own homes and communities for as long as possible.
- Through a cooperative effort of the Administration on Aging and the Centers for Medicare/Medicaid Services, a grant program was developed to assist states in their efforts to create a single, coordinated system of information and access for all persons seeking long term supports.
- South Carolina led this charge by receiving a grant in 2003; currently through Aging and Disability Resource Centers, streamlined access to health and long term care resources, and programs are currently being offered in five regions: Appalachia, Santee-Lynches, Trident, Pee-Dee and Lower Savannah. Funding for this initiative will run out next fiscal year at a time when the program design for ADRC's in this state have earned national attention as "best practices." The S.C. Association of Area Agencies on Aging encourages this Committee to advocate for funding to support the current centers and the future development of ADRC's in the remaining five regions.

**Brandolyn Thomas Pinckston, Administrator, SC Department of Consumer Affairs**

- Ms. Pinckston spoke about her agency and what the Department of Consumer Affairs does to assist seniors and consumers. She also spoke about consumer credit counseling, mortgage fraud, deceptive mortgage ads, reverse mortgages and senior scams.

**Dr. Victor Hirth, Medical Director, Geriatric Services, Palmetto Health**

- The SeniorSMART Center is an integrated center focused on improving and maintaining the independence of our older adults. We have three areas of focus: The SharpBrain Center which is focused on strategies to preserve brain health and function through a combination of risk factor reduction and evidence based cognitive training activities. The Center will be housed at USC in the School of Public Health and shared with the School of Medicine. The SmartWheels center will be located at Clemson University and shared with Greenville

hospitals systems. This program will focus on older driver evaluation, older driver rehabilitation as well as physical function in the older adult. The last Center is SmartHome. This center focuses on using state-of-the-art technology to keep older adults independent for as long as possible in their current living situations. The components of this include passive, that is, the person wears no sensors or monitors, activity monitoring which will be able to detect falls and other accidents and activate emergency systems with no delay. Early disease detection which will enable health care providers to detect early decompensation of chronic or acute conditions such as pneumonia, stroke, congestive heart failure and other conditions. The final phase of this program would be health and wellness training integrated into this system. This center will be located in the USC School of Social Work.

- The other activity that we are very excited about is the new Palmetto State Geriatric Education Center. This \$1.2 million grant from HRSA is to develop a state-wide network of older adult health care provider training activities to enhance the care of older adults living in South Carolina. Our partners in this project include the AHECs for all regions in the state, Clemson University, MUSC and Greenville Hospital system. Our programs will include geriatric education for physicians, pharmacists, nurses and other health care providers. Our first activity will be the geriatric symposium at the Columbia Convention Center this coming weekend. To date over 300 health care providers have registered for this event.

**David Scott, LTC Benefits, Inc.**

- Mr. Scott spoke about the need for increased LTC Insurance and Partnering Options. He also spoke about the need for the “Own Your Future” campaign and lapsed notices for LTC Insurance.

**Mark Scott, LTC Benefits, Inc.**

- Mr. Scott spoke about the danger of inadequate LTC Insurance lapse notice procedures.

**Mary Katherine Bagnol, Senior Matters Extended Services**

**David Splittergerber, Senior Matters Extended Services**

Discussed how vulnerable adults across South Carolina are being victimized by financial exploitation. The definition of financial exploitation through the Omnibus Adult Protection Act, Section 43-35-10, number 3 states, “exploitation is an improper, illegal, or unauthorized use of the funds, assets, property, power of attorney, guardianship, or conservatorship of a vulnerable adult by a person for the profit or advantage of that person or another person.” Over the years my company has worked with seniors and their family members or responsible parties in dealing with the complexity of addressing financial fraud and the exploitation of funds.

**Janet Bryant, Has Healthcare Power of Attorney for Individual Served by Senior Matters**

Ms. Bryant has spent countless hours trying to undue the financial damage done to a neighbor she had befriended. Her neighbor is very fortunate to have Mrs. Bryant, but there are thousands of citizens in this state being exploited out of million of dollars. These forms of exploitation rob the individual of their financial security and imprison them to constant and unrelenting verbal or written harassment.

**Lisa Gregoire, Lutheran Hospice**

- Spoke about the hospice movement, hospice services and Lutheran Hospices.

**Legislative Update**

Representative Denny Neilson, Chair and the Joint Committee on Aging discussed the \$2.9 Million State Supplemental Funds that were provided to the Lt. Governor's Office on Aging to provide meals and services to seniors. The committee stated it was important that the funds be made permanent.

Also, the committee decided that it was a priority to protect senior citizens from scams and to provide greater guardian protections for seniors.

**Curtis M. Loftis, Jr., Director**

## **Lt. Governor's Office on Aging**

Good afternoon. Last June, I had the honor of addressing this committee for the first time as the Director of the Lt. Governor's Office on Aging. As you know, Lt. Governor Andre Bauer appointed me director in March 2007 and I am rapidly approaching my first anniversary.

Each and every day has been a unique and interesting challenge, and I have truly enjoyed my role as the state's chief Senior Advocate. During my first year as director, the Office on Aging has made many significant changes – both within the organizational structure of the agency and in the field with regards to our service providers and partners. Our successes have been many.

Every decision the agency has made in the past year has been geared towards fulfilling our stated mission, which is to enhance the quality of life for seniors.

Over the years, the Office on Aging has been moved around from one executive department to another before the General Assembly finally placed the agency under the leadership of Lt. Governor Bauer in 2005. Since then, the agency has become more stable and the quality of service has improved. Throughout its 35 year history, the Office on Aging has directly benefited thousands of South Carolina seniors, but the agency was not seen as relevant to the aging debate. Since 2005, we believe that this perception is rapidly changing.

However, to become more relevant to the aging debate, the Office on Aging and the entire senior network in South Carolina and around the nation must adapt to changing times and changing demographics. I pledge to you today that the Office on Aging is doing everything possible to change this old fashion paradigm and to adapt to the challenges that seniors will face not only in 2008, but in the 21<sup>st</sup> Century.

In order to serve our aging population, which includes over a million South Carolina baby boomers set to retire in the near future and roughly 78 million baby boomers nationwide, we must begin a CONVERSATION ON AGING TODAY. While the old model has served the aging population well in the past, its time to move beyond that outdated model and prepare for the future. There is no better way to prepare for the future than to begin a frank and honest conversation now.

The first place this important conversation must be held is in every home and by every South Carolina family at their dining room table. With the population aging and living longer, steps must be taken to address senior issues such as housing, family care giving, long-term care, long term care insurance, health and nutrition, transportation, retirement income and other critical quality of life issues. I believe if we address these issues now then we can properly prepare for the future. On the other hand, if these issues are ignored the financial burdens placed upon our government, institutions, health care systems, and families will overwhelm our state.

The importance of this conversation is that if held now, and supported by the Aging Network, the State, the faith based community, civic organizations and very importantly, the business community...the maturing population can make the wise choices needed to enhance their OWN lives, and in that process the government will save tremendous sums that would otherwise be needed to cure the poor decisions made by a population not prepared for the graying of America.

We must change the deep-rooted mindset that it's a negative connotation for senior citizens and middle-aged individuals to adjust their lives to prepare for their retirement years. It should be a badge

of intelligence for seniors to downsize their homes and to put this money into retirement accounts so that they have the means to enjoy an enhanced quality of life when they mature. Our society frowns upon individuals who downsize when the last child leaves the house or even when a spouse passes away. Even if the individual or family can afford to maintain a larger residence, in the end they hold on to the home too long and it becomes a liability which depletes financial resources and savings that could be better used preparing for their mature years.

Transportation is another critical issue that every family with a senior will face eventually. While there are no easy answers, we must be prepared to discuss this important issue. There is nothing more heart wrenching than a senior citizen who is faced with the realization that they no longer have the ability to drive or provide their own transportation. For many of us the loss of a driver's license or a car means the loss of independence. It means becoming stranded in a neighborhood that was chosen years ago, with goals and ambitions long since changed. This is usually a neighborhood without any medical facilities, public transportation, or other support systems.

And with the population graying, it is becoming more and more common for adult children to miss time from their jobs or to even give up their careers in order to become caregivers for elderly parents. As a compassionate society, we must add this critical issue to the ever growing list of items that we should discuss as we prepare for the increased numbers of retiring and aging baby boomers, which is going to occur whether we are ready or not.

Another important topic that must be addressed in this conversation is Long-Term Care Insurance. In 2007, the Office on Aging began working with Long Term Care Insurance experts and created the Lt. Governor's Roundtable on Senior Estate Planning. This task force is a partnership of some of the brightest senior estate planners in South Carolina, legal experts, and government entities, such as the Department of Insurance and the Office on Aging. Our intent was to ensure that those who purchase Long Term Care Insurance in South Carolina are protected and provided the best insurance coverage and services available. On February 13 we will convene a day long meeting and expand this group to include insurance underwriters and other parties interested in Long Term Care Insurance. At that meeting, the Office on Aging plans to unveil its "Long Term Care Insurance Check Off List" which is intended as a tool that protects both consumers and Long Term Care Insurance agents.

One aspect of Long Term Care that concerns me now is the lack of partnership participation in the Long Term Care Insurance Program. A Long Term Care Partnership Program would allow individuals who purchase Long Term Care insurance to apply for Medicaid without sheltering their assets. South Carolina does not have a Partnership Program, but officials at the Department of Health and Human Services and the Department of Insurance are currently working to implement one. It is important that Health and Human Services implements a partnering program, and that this long overdue program is included in the State Plan. I have pledged the Office on Aging's support, for this endeavor to officials from the Departments of Insurance and Health and Human Services, and I urge everyone in the senior network to do likewise. It is very important that the regulation is passed this session, and that Health and Human Services amend the State Plan this summer, so that South Carolinians can utilize this option. The Department of Health and Human Services and Department of Insurance are the lead agencies and the Office on Aging is proud to support them in the work.

While we are on the subject of conversations and long over-due change – one area that must be addressed is how our communities operate senior centers. Far too long, the state and its local partners have built senior centers that merely are congregant meal sites opened for two or three hours daily. The rest of the day many of these facilities remain empty and under-utilized while the needs of our seniors are not being met. It is our goal to change that by creating focal points that provide seniors

with a pleasant environment, where they can socialize, participate in activities and enjoy a nutritious daily meal. Ideally, our senior centers should be the “Village Square” for the aging community.

I have visited some outstanding senior centers over the past year, but the majority of the centers could expand their programs and operating hours to better serve the aging community. The state cannot continue to fund expensive senior centers that are closed the majority of the day and not providing programs that benefit South Carolina seniors. As members of the Joint Legislative Committee on Aging, I urge you to visit to your local senior center and to see first hand how your seniors are being served.

The aging conversation has been ongoing at the Office on Aging and every day I am amazed by how much we have accomplished in the past year. Since last March, we have hired a Volunteer Ombudsman Coordinator who has implemented a “Friendly Visitor’s Program.” The Friendly Visitors Program has recruited hundreds of volunteers who are going out into the field to assist senior South Carolinians. We have also heavily promoted our SCACCESS web site, which if you have not yet utilized, I invite you to visit this valuable resource tool at <http://www.scaccesshelp.org/>. In November, we hired a Senior Outreach Director – which is a newly created position designed to be hands-on with our partners in the field, and we are in the process of hiring an outreach person to work with the Faith Based and Medical Communities.

In our efforts to streamline our staff to make it more productive and cost efficient to the taxpayers of South Carolina, we now have redirected our resources so that more senior advocates are going directly into the field to work with our senior network partners. Office on Aging staff is visiting senior centers and meal sites nearly every day, and are working more closely with the Councils on Aging and Area Agencies on Aging to enhance the quality of service to our state’s senior citizens.

Two changes of which I am particularly proud are the 10 percent reduction in the Office on Aging staff. More important than the reduction of numbers is the change in character of the jobs. Where we were once inward looking, bound to our desks, we now look not just outward, but forward. Secondly, our efforts to become totally accountable and transparent are second to none. In fact, since September we have posted on our web page our monthly expenses. We were the first and only agency to do so.

I thank the members of the committee for indulging me as we begin this long over-due conversation on aging issues. It is my goal that by starting this dialog with you today, we can begin planning for the future. My colleagues at the Office on Aging have embraced this new paradigm and are taking the message out into the field every day. In my public and private conversations with legislators, policy makers and members of the senior network, the response has been very positive. As we continue our efforts and see the many successes, it is apparent that the Office on Aging is becoming a relevant player in the aging debate.

Thank you for your attention and for supporting South Carolina’s senior citizens, and for being active participants in the ongoing conversation on aging that we have started today.

**Carroll A. Campbell, III**  
**SC Alzheimer’s Association**

I'd like to start by thanking you for the opportunity to testify. I was honored to speak before you last year and am please to do so again on behalf of the South Carolina Alzheimer's Association. I also want to thank each of you for your dedication and what you do for the people of South Carolina. It does not go unnoticed.

As many of you know, my father, Governor Carroll Campbell, was diagnosed in 2001 with early on-set Alzheimer's. He died two years ago at the young age of 65. My father, like the 70,000 other South Carolinians suffering with Alzheimer's, required critical care giving in the later stages of this ravishing disease. Fortunately my family, unlike so many in South Carolina, was able to provide the care that was required. Many families in South Carolina can't provide this care and have to seek help outside of the home. According to a recent study, more than 1.3 billion dollars is spent annually for care giving in South Carolina, This number will only increase as Alzheimer's disease grows.

The South Carolina General Assembly graciously awards the Alzheimer's Association with an annual million dollar grant for the **Respite Voucher Program**. While this is a sizable contribution to our caregivers, it comes nowhere close to serving the needs of this state. Nevertheless I am pleased to report that these funds provide more than 1500 vouchers annually and are redeemable for care by Adult Day Care, In-home Providers and short-term stays at assisted living facilities. Of the more than 1500 vouchers issued, 1146 were issued to *new* applicants, which is actually good news in that people are learning about the assistance that is available *and* bad news because of the increasing demand this disease is creating.

So, as you can well imagine, end-of-life care for people with dementia is extremely demanding of the caregivers, particularly during the stressful period preceding death. I can tell you from my personal experience how difficult life becomes for a caregiver. And remember, my family was fortunate because we did not have to take my mother out of the work force to care for our father. Unfortunately, there are so many people in our state who must work outside the home while trying to provide adequate care for their loved ones. Nearly one in four caregivers of people with Alzheimer's disease and other dementias provide 40 hours a week or more of care.

In closing, I urge you to continue funding the much needed Respite Voucher Program in South Carolina. I understand that the state is currently facing a potential recession and every dollar is held hostage in our budget. The funds that have been graciously awarded for the Respite Voucher Program are not a luxury in our state...demand far outpaces the funding we currently provide.

Thank you again for the opportunity to speak on behalf of the caregivers and the 70,000 people in South Carolina suffering with Alzheimer's disease.

**J. Samuel Griswold, Ph.D.**  
**President, State Retirees Association**

I have now spent several years as a state retiree and as the President of the State Retirees Association which has brought me in contact with a multitude of retirees all across the State of South Carolina. I have helped frame the big issues that affect retirees and assisted at the personal level in trying to meet the real needs of individual retirees. Because of this and other experience (I supervised the Office on Aging when I was Director of the Department of Health and Human Services); I feel I have a very good perspective on the needs of the elderly in our State.

I believe the main concerns that the retired and elderly have can be summarized in two categories: economic concerns and health concerns. These concerns are not necessarily mutually exclusive and certainly can blend together to amplify each other considerably. Generally, the elderly are worried that they have enough money to maintain a reasonable and dignified existence and not become an economic burden on their children or the rest of society. They also are concerned that their health can be maintained, that they can be able to do things for themselves and that some catastrophic illness does not wipe out in short order what they have labored a lifetime to accumulate. I would add a third concern which most elderly do not often address. This is a concern about the elderly being victimized, economically or physically by others who would do this for personal gain.

Most elderly retired people over 65 years of age are receiving social security benefits. In our State, with its historically low wages, very few people can actually survive on social security benefits which are tied to the amount of previous earnings. In many cases, it is hardly or not enough to cover health insurance costs for Medicare and supplemental insurance. Social security benefits have one big advantage, however; they increase every year based on increases in the consumer price index.

Many private pension plans do not have cost of living adjustments built in. While the State has little ability to have much impact on private plans, we do need to be aware that, as inflation takes its toll; many retirees are looking at depletion in purchasing power which grows over the years. This will eventually show up on the State's door step in the form of increased costs for health care and other services from the State which will create demands on the budget and service delivery system. Really, this has already started.

One area where the State can have a direct impact is on its own retirement system which covers tens of thousands of people in every school district, local government, law enforcement agency, and state government office. Our State Treasurer, Converse Chellis, has led a Task Force to recommend how to continue the cost of living adjustment for retirees in the State Retirement System and the Police Officers Retirement System. The recommendations coming out of this Task Force are reasonable, conservative, maintain the fiscal integrity of the Retirement Fund and maintain a cost of living adjustment for retirees for the foreseeable future. I urge you to support this initiative and take a leadership role in the General Assembly to see that the associated legislation is passed this session. We commend State Treasurer Chellis for providing the long needed leadership in addressing this problem which has worried so many retirees across our State.

Health maintenance is a critical worry of the elderly. They are more vulnerable and feel so. It is just a fact of life that as one grows older, health issues become more and more of a concern. For most, the cost of private health insurance is prohibitive. In our nation and our State today, there are record numbers of people who are not covered by insurance. Clearly, this is a national issue and to be addressed effectively must be addressed on the national level. Although Medicare covers those over 65, it does not cover everything. The most abiding fear of many elderly is that they will end up in a nursing home. If they do, the costs are not covered by Medicare. To be covered by Medicaid,

eligibility requirements must be met which means the dissipation of all accumulated wealth until eligibility is met.

Once again, these issues will require federal intervention. But there is something our State can do for those elderly that retired from the state system. It can maintain our health insurance program for retirees up until age 65 and maintain the Medicare Supplemental Insurance program for those over 65. This program serves tens of thousands of South Carolinians who have given the best years of their lives to our State and should be maintained as it is.

Several of our state agencies concern themselves with elder abuse issues and I am sure they will be speaking to this committee. I urge you to assist them in this important task. I also urge you to consider a review of those laws that would come into play if elderly people are victimized by various types of confidence games and unscrupulous people. Many elderly are unable to assess when somebody is taking advantage of them until it is too late. We might want to review what some other states have done and perhaps put such crimes in a special category that will clearly focus on our elderly.

After all, our older folks don't want to be a burden on anybody. They just want to spend the rest of their years with some modicum of dignity and respect. You can help them do that.

Thank you for considering my comments.

## Statement by Teresa Arnold, AARP

### Money Follows the Person (MFP) Rebalancing Demonstration Grant:

#### South Carolina

*The Money Follows the Person grants were authorized in the federal Deficit Reduction Act of 2005. In 2007, the category of nursing home costs showed the greatest percentage of growth in South Carolina's Medicaid budget – ahead of hospitals, physicians, and pharmaceuticals. In SC, we pay almost \$500 million on nursing home beds and yet the number of beds has not increased in years.*

*The purpose of the MFP grant is to help states rebalance expenditures between institutional and community based services. South Carolina received \$5.8 million for the 5-year grant period to transition 192 elderly and physically disabled persons from nursing homes to community settings. Additionally, the federal government provides an enhanced match for one year for long term care services for persons transitioned from nursing homes to community settings.*

- South Carolina applied and was one of 15 states approved for a grant that was awarded in January 2007. South Carolina was also the only southeastern state to receive the grant in the initial round.
- South Carolina was one of approximately 15 states that was awarded a nursing home transition grant entitled “Home Again” in April, 2002. Over the three and a half year grant period “SCDHHS” transitioned a total of 90 consumers from nursing homes to community settings.

**Two Main Component's of the MFP Grant:**

<b>Rebalancing/Policy Component</b>	<b>Transitioning Component</b>
<ul style="list-style-type: none"> <li>• CMS will require South Carolina Department of Health and Human Services (“SCDHHS”) to show increases in spending on community-based LTC (without relationship to institutional LTC); and</li> <li>• CMS will require “SCDHHS” to meet an additional benchmark that it not increase the proportion of people receiving institutional LTC out of the number eligible to receive institutional LTC</li> <li>• Additionally, South Carolina will have to remain part of the national evaluation of MFP and the evaluation will continue to look at rebalancing measures including the split in the budget between institutional and community-based LTC</li> </ul>	<ul style="list-style-type: none"> <li>• The grant target population is the elderly and physically disabled population living in nursing homes and receiving Medicaid for at least one month before transition</li> <li>• The CLTC Community Choices Waiver will be the means for transition</li> <li>• For persons transitioned under the grant the States’ services dollars match from the federal government will increase from 70% to 85%</li> <li>• A person must reside in the nursing home for 6 months to be eligible for transitioning with the enhanced match</li> <li>• A qualified person will be on the enhanced match service package for one year</li> </ul>

**The Reverend Robert Cox, Chairman  
Board of Trustees, The Methodist Oaks, Inc.**

I am Robert Cox from Summerville, SC. I am the Senior Associate Pastor for Bethany United Methodist Church. I am here today in my capacity as Chairman of the Board for The Methodist Oaks in Orangeburg, South Carolina. To the members of the Joint Committee on Aging, I say thank you from our Board for giving me time speak before you.

The Oaks is a Continuing Care Retirement Community that has been serving the citizens of South Carolina for over 57 years. On our campus of 700 acres, we have Independent Living, Assisted Living and Skilled Nursing Care. We are home to 360 people. Our Skilled Nursing Living provides 132 beds which include Medicare, Rehabilitation, Beds as well as Long Term Nursing accommodations. All of our 132 nursing care accommodations are dually certified for Medicare and Medicaid. We are one of the few Faith Based, Not-for-Profit, providers that accepts Medicaid and Medicare. Typically our skilled nursing Medicaid Census will represent 45 to 50% of our Long Term Care population. Everyone in our community receives the same compassionate care regardless of funding source. We are somewhat unique in that 116 of our 132 beds are private rooms and we are proud to participate in the Eden Program as well as provide devotions and worship in our Chapel.

The Oaks has enjoyed an excellent working relationship with the Department of Health and Human Services and the Department of Health and Environment Control. While not perfect, we are proud of our surveys and appreciate the manner in which all surveys performed out by State staff. The State Ombudsperson Agency has been most cooperative and helpful when we have called. We look forward to continuing for many years to provide quality and compassionate care in cooperation with the responsible State Agencies.

My purpose here today is to say to you that the methods of providing care for long term residents is rapidly changing. New ways of creating a sense of being home are available to us, but require changing the models on which a number of regulations are based. DHEC is working with Long Term Care Providers in assimilating the new models into our repertoire of quality care in a less institutional environment. Our dream is of “home-like” provision of care where residents are able to enjoy to the fullest possible, each day. The smell of fresh bread or soup cooking, dining around a family like table, watching favorite TV programs in a Living Room setting are all part of the trend for the future. We are busy finding ways to convert existing buildings to a more residential feel. It is a challenge which takes creativity and will require a team effort of local provider and State agency personnel. Together, we can make a difference in the life of one who must be resident with us.

Equally quickly arriving on the scene are new technologies which offer enhanced care for the resident while providing economies for the provider. New alert and monitoring systems provide opportunities for quicker personal responses and well as more definitive records of response and care. Some systems also allow family members to email pictures, notes reminders, etc. Voice messages are also possible. For a daughter living in Egypt, serving at a military hospital, to be able to monitor her mother’s care and send pictures and voice and written notes is a gift that creates a sense of connection for both parent and child. The Oaks is moving rapidly to capitalize on what the future has to offer for an improved experience of Long Term Care. Our request to you as legislators is to continue to encourage and support the creativity of the providers as we seek to be better at what we provide, and to encourage the requisite State Agencies to continue in the partnership of progress.

We of The Oaks appreciate the efforts made on the transportation of Medicaid residents. While most of our incidental transportation is provided by our own transportation system, we do have occasions

to use the regional providers. Our staff reports that by working together with the provider in scheduling trips, our experience has been a good one.

In closing, as the Boomers begin to emerge at our doors, we are committed to continuing our long history of quality and affordability. We look forward to being part of the solutions where they are needed and to being at the cutting edge of progress and innovation in care and environment. I, again, appreciate the opportunity to speak to you today and will be glad to answer any questions you may have. Thank you

**Statement by Thomas E. Sweeny**

**tsweenywc@bellsouth.net**

**843-696-3992**

“Please Encourage Personal Responsibility”

My name is Thomas E. Sweeny, and I am from Charleston, SC. I am a Silver Haired Legislator, I sit on the Board of the Lowcountry Senior Network, I am a member of the SC Aging in Place Coalition, and I am a financial planner working with seniors. I also helped create the Lt. Governor’s Office on Aging, Senior Estate Planning Roundtable which meets to address the needs of seniors and soon to be seniors.

I am here today to tell you that at this moment in time the vast majority of SC citizens approaching their golden years fully believe that the State of South Carolina and the Federal Government will cover all their cost for “chronic” or Long Term Care when they need it. I can tell you from personal experience that many well informed, and well to do people, have rejected Long Term Care insurance because they honestly believe their government (you) will pay for it, and that they can stay at any retirement community they want. At this time 70% of all Long Term Care in SC is paid for by the government, and we have just begun the boomer transition. Another figure that is very telling says that, of all the people eligible to purchase Long Term Care insurance, roughly 10% have taken personal responsibility to buy any. That means 90% of your citizens are hoping you will pick up the tab for their care. The bare minimum cost per person for a year of care in a nursing home in SC is: \$55,845, and that is per year. (MetLife 2007)

I am asking for the Leadership of the State of SC to issue a proclamation telling our citizens they are responsible for their own financial planning and the costs of their care. There are websites, courses and professionals available to citizens to help them plan, but there must be caution expressed by our leadership to explain that there will probably be little support for them when they most expect it. The leadership’s encouragement to plan may take the form of tax breaks or products like Long Term Care Partnerships that have been successful in other states, and that ultimately protect our state’s economy. Medicaid is on the verge of breaking, and we are just beginning to get the population numbers that could break it. The first boomers have just retired and begun receiving Social Security. There are 77 million ready to retire, and SC is a preferred destination for retirees.

We have a major problem of financial illiteracy across all SC demographics from grade school all the way through adulthood. Nationally the average “boomer” has approximately \$100,000 to \$150,000 in total estate assets. That’s everything they own including their IRAs, everything. They cannot retire, ever, and they can never get sick. This has the makings of a perfect storm of huge proportions for our state and our country.

The first step is to help SC citizens become aware of their own responsibility for their own financial planning, and we need to have this support come from the leaders of SC.

Thank you, Thomas E. Sweeny, CLTC

## **Written Statement for Jennifer Porth**

In a state that find itself ranked third in the nation for rates of diabetes, fifth for obesity, and sixth for hypertension, South Carolina has a lot of work to do. The Palmetto Health Lifestyle University is working to change these statistics.

Lifestyle University is a six-session program over 10 weeks designed to help participants improve lifestyle behaviors related to the risk factors for and/or the conditions of hypertension, diabetes, and obesity. Lifestyle University participants learn how to make positive lifestyle changes related to nutrition, physical activity, stress management, social support, and medication management to improve their health and quality of life. In addition to instruction from local experts from Palmetto Health and the University of South Carolina, participants receive support to maintain these lifestyle changes through community health advisors in which graduates of the program lead most of the classes and provide long-term follow-up to participants.

In 2003, a local geriatrician identified a need among his patients with hypertension for more education related to making better lifestyle decisions regarding this disease. The Lifestyle University started as a pilot project in 2003 with seven participants from this physician's clinic. Funding from the Duke Endowment allowed this program to be developed further and expanded from 2004 to 2006. At the end of the first grant, the program's scope was broadened to include diabetes and obesity, as well as younger adults. In 2007, Department of Health and Human Services Prevention Partnership program, allowed the program to expand to Orangeburg County and in 2008, to Calhoun and Bamberg Counties.

Held in community settings, Lifestyle University now targets persons 18 years and older interested in losing weight, eating better, working on their stress, exercising more, and lowering their blood pressure. The key goal of this program is to improve access and impact to community lifestyle interventions that will affect the state's high rates of diabetes, obesity, and hypertension. Classes are often held at churches, college campuses, senior centers, and community activity centers.

With over 400 graduates since its inception, Lifestyle University has proven itself to be a program that provides results. Data collected before and after the Lifestyle University classes show that participants are improving their lifestyle behaviors and overall health. Statistically significant results include: 1) increases in fruit and vegetable consumption; 2) increases in consumption of low fat dairy products; 3) increases in number of times participants exercise; 4) reduced stress; 5) improved rating of general health; and 6) decrease in both systolic and diastolic blood pressure.

Lifestyle University has demonstrated that modest programs targeted at the highest risk populations can yield positive results that improve well being and over time should result in lower rates of adverse outcomes. Hopefully, this program can some day extend its positive results state-wide with sustained funding.

Jennifer B. Porth, LMSW, Gerontologist  
Project Director, Lifestyle University -- Palmetto Health Geriatric Services

**Ellen Cooper**  
**SC Silver Haired Legislature**

Madam Chair, members of the Committee, citizens of SC:

Thank you for the opportunity to speak with you today concerning the issues facing our senior population. I am Ellen Cooper and am representing Lamar Bailes, the Speaker of the South Carolina Silver Haired Legislature.

The Silver Haired Legislature was created in 1999 by the South Carolina General Assembly and signed into law by Governor James H. Hodges. The South Carolina Silver Haired Legislature held its first organizational session at the Capital Senior Center in Columbia on July 14, 1999. The first legislative session was held in the House Chamber of the South Carolina State House on September 14 – 15, 1999.

The unicameral body has 74 Representatives and 74 Alternates, all registered voters over age sixty. Representatives and Alternates are elected by counties on a ratio of one each per 10,000 South Carolinians over age sixty.

By statute , the Silver Haired Legislature is to identify issues, concerns, and possible solutions for problems faced by the citizens of South Carolina with special emphasis on issues related to seniors and to make recommendations to the Governor and to members of the SC General Assembly.

The ninth session of the South Carolina Silver Haired Legislature was held this past September. The following are our top five concerns:

- Criminal background checks for in-home care providers
- Increased funding for abused elderly
- High interest loans
- Debt forgiveness for nurse practitioners specializing in geriatric care
- Senior transportation for an affordable fee

These are our top five concerns but we have also identified ten additional concerns that we have sent to you.

Thank you for your concern for our senior citizens....and thank you for all you do for South Carolina. We look forward to working with you.

**Lynnda C. Bassham, Director**  
**Human Services, Lower Savannah Council of Governments**  
**Aiken, SC**

Good Afternoon!

I am Director of Human Services at the Lower Savannah Council of Governments, serving local governments and the citizens of Aiken, Allendale, Bamberg, Barnwell, Calhoun and Orangeburg Counties. Thank you for allowing me the opportunity to talk with you today about two issues of importance in our region.

Our state and our region are experiencing growth in the numbers of older adults in our population. Several of our counties are among the poorest and most rural in South Carolina. One of our counties is a leading retirement destination – providing a real contrast in demographics. As more of our population ages, and as we look ahead to generations of baby boomers who will change the face of our region and our state over the next thirty years, we see common needs.

Aging in place at home is the hope of most of us, as we picture our retirement years. Granted, there is a need for nursing homes and a point at which residential care is better for those whose care needs are great. The fact is that BOTH our hearts and our pocketbooks direct us to find more ways for earlier intervention to support well-being and independent living in our homes and communities for our aging population!

What a gift it was last year when funds appropriated by the General Assembly became available on January 1<sup>st</sup>! These were the first new funds in years to enable vulnerable older adults in every county in the state to receive greatly-needed services that helped to prevent health decline and loss of their ability to live at home. One example of the benefits of this gift is that, in our region, 103 seniors in the town of Branchville were able to receive the benefits of daily hot, healthy meals, socialization and wellness activities in a partnership that involved the town of Branchville (which provides space, maintenance, daily iced tea and other support) , a local fast food restaurant (which provides paper goods) and the local Council on Aging, which operates the program there. These funds became available on January 1, 2007. Our Branchville congregate dining center opened with a bang on January 2 – the first project in the state funded with state supplemental funds – with 60 seniors present and nearly standing room only! The impact of taking away this program and the programs sustaining life and health in our other five counties would be devastating. Not only would vulnerable older adults be cut off from receiving services, but the cost for services funded under other funds would rise, as a result of the reduction in volume, worsening the impact.

In Aiken County, seniors are receiving home delivered meals and services to remove obstacles to continuing to live at home in a partnership with volunteers, churches, the City of Aiken (which lends equipment for debris and yard clean-ups) and the local Council on Aging. These funds are a life line to vulnerable seniors in **each** of our Lower Savannah regional counties, where similar services are being provided to the most vulnerable older adults. For a modest investment, we are helping not only to preserve and enhance quality of life and health, but also, from an economic standpoint, to delay or prevent costly hospitalization and institutionalization for numbers of seniors.

- **Please lead the fight to get State Supplemental funds into the budget of the Lieutenant Governor's office on Aging and to make these state supplemental funds for services to seniors re-occurring, so that there will not be a cessation or disruption of services!**

The other issue I'd like to bring to your attention today is that of "access" to independent community living for older adults and their families. This includes

- access to information on planning for retirement and long term care
- access to resources and services to address needs
- access to necessary destinations of daily living as older adults "age out" of the ability to drive

Lower Savannah Council of Governments was South Carolina's first **Aging and Disability Resource Center**, created in partnership with the state unit on aging and funded in 2003 by the Centers for Medicare and Medicaid Services and the Administration on Aging. Our purpose in this center is to work with local partner agencies to make it less confusing and frustrating for older adults, adults with disabilities and their families to access resources to assure independent community living now and in the future. We provide a one-call point for information, referral and assistance in our region on almost any topic. Callers include the older adults, adults with disabilities and family caregivers, service agency representatives, and health and human service professionals.

Our Aging and Disability Resource Center (or ADRC, for short) has helped several thousand people with crucially important issues, some of which have ranged from :

- enrolling in the right Medicare Part D plan – or, often, undoing the damage after an unscrupulous salesperson or consumer confusion has resulted in getting into the wrong plan
- obtaining life-saving medications from pharmaceutical companies for over 1,000 medically indigent individuals
- helping to find resources to keep the heat on in cold weather or to obtain emergency rental assistance to
- helping desperate family caregivers find help at home to keep on going
- finding a church group to build a ramp
- finding Mom an affordable ride home from her nursing home in a specialized vehicle to be able to share Thanksgiving dinner with her family this year
- educational programs on benefits and planning ahead for long term care

Partnering service agencies in our region have told evaluators from the Administration on Aging in Washington that our ADRC is filling a great void that existed in our region. Independent evaluators associated with the program consistently hear very high customer satisfaction from the people we have helped.

Transportation is a great unmet need, related to "access" in our largely rural region. Getting to work, getting to medical appointments, getting around to necessary places in the community are real problems for people who can't drive. Studies show that, on average, older women outlive their ability to drive by ten years and men by four years. Lower Savannah COG, in partnership with the Lieutenant Governor's Office on Aging and South Carolina DOT, is working under several highly competitive national grants to develop a national model **Travel Management Coordination Center** to help people find rides and to provide coordination of public, health and human service and private transportation resources serving our six counties. We are building this onto our ADRC infrastructure, which includes a web-based information system and knowledgeable, certified staff who can help callers with almost any issue or problem.

By focusing on transportation and on the needs of individual citizens, our center will both link people to existing transportation resources, and by new technology and greater coordination, generate MORE transportation options to meet local needs.

ADRC's are in five of our ten regions of the state so far, and are doing tremendous good for large numbers of older adults and their families.

- **Please lend your support to sustaining and expanding Aging and Disability Resource Centers in South Carolina.**

**Thank You!**

**Statement by Joe Ritchey**  
**Central Midlands COG – Family Caregivers**

The SCGS seeks to positively influence the outcome of issues pertaining to seniors. Since supporting seniors in their homes is much less expensive than facility based care, it would behoove the state to provide a lower outlay of funds now, namely the \$2.9 million, instead of paying for facility based care at a greater amount in the future. These funds have allowed 5,000 additional seniors to receive nutritional services, and other home care services. With about ¾ of a million seniors in this state, currently, and the anticipated number increasing to 1.3 million by 2030 (Resources: LGOA), any action to decrease funds is a step in the wrong direction. Please make the \$2.9 million for senior services re-occurring, or at least re-instate it for this coming fiscal year.

A Medicaid nursing home bed costs about \$40,000 per year. The state supplies one third of these dollars (\$12,000-13,000). It costs roughly \$1100-1200 per year to serve one person older than 60 five meals per day throughout the year. It has been shown that when a person that is elderly but living in their home receives proper nutrition, on a daily basis, it keeps these individuals out of hospitals and nursing homes longer than if they had not received these services. (Resources: LGOA) Please make the \$2.9 million for senior services re-occurring, or at least re-instate it for this coming fiscal year.

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The South Carolina Gerontological Society (SCGS) has two chapters in South Carolina (Columbia & Greenville) and a board that oversees these chapters.

**SCGS Mission Statement:** To promote awareness of issues impacting the quality of life of older adults through education and advocacy.

**SCGS Vision Statement:** All older adults will have access to the resources necessary to experience the best quality of life with compassion and understanding in a changing society.

**Vickie Clark Williams, Aging Services Director  
Appalachian Council of Governments**

Good afternoon! I am Vickie Williams, Director of Aging Services for the Appalachian Council of Governments/Area Agency on Aging. On behalf of the South Carolina Association of Area Agencies on Aging, I would like to spend the next few minutes giving you a legislative picture of recent budget projections being made in Washington and here in South Carolina and the potential impact to the older South Carolinians we serve.

Area Agencies on Aging provide regional leadership, funding, technical support and comprehensive planning, programmatic and fiscal oversight for the aging services network. We are charged under the Older Americans Act with the responsibility of promoting the development of a comprehensive and coordinated system of home and community based services for older people and their family caregivers. We are a vital part of the aging network that reaches into every community in South Carolina and plays an important role in delivering services and supporting consumer-centered systems of care that enable individuals to remain living in their own homes and communities for as long as possible.

My comments today are grounded in the framework and initiatives that the Aging Network has taken in the past year to implement the new provisions contained in the Older Americans Act Amendments of 2006. I want to give particular attention to the budget reforms and reductions that are sure to impact the seniors of this great state and nation.

The Administration on Aging, as our federal funding agency, and the Older Americans Act, as Amended in 2006, have described priorities and the overall strategic framework to guide the fiscal and human capital investments at the state, regional and local levels of the aging network. As such, the Lt. Governor's Office on Aging, the AAA's and local service providers adhere to a set of goals and objectives that:

1. Empower older people, their families and other consumers to make informed decisions about, and to be able to easily access, existing health and long term care options.

Through a cooperative effort of the Administration on Aging and the Centers for Medicare/Medicaid Services, a grant program was developed to assist states in their efforts to create a single, coordinated system of information and access for all persons seeking long term supports.

South Carolina led this charge by receiving a grant in 2003; currently through Aging and Disability Resource Centers, streamlined access to health and long term care resources, and programs are currently being offered in five regions: Appalachia, Santee-Lynches, Trident, Pee-Dee and Lower Savannah. Funding for this initiative will run out next fiscal year at a time when the program design for ADRC's in this state have earned national attention as "best practices." The S.C. Association of Area Agencies on Aging encourages this Committee to advocate for funding to support the current centers and the future development of ADRC's in the remaining five regions.

2. Enable seniors to remain in their homes with high quality of life for as long as possible through the provision of home and community based services, including supports for family caregivers.

The SC4A wants to thank the General Assembly for the State Supplemental Funding appropriations last year that afforded over 5000 seniors to receive home-delivered meals, level one homecare and an array of other in-home supportive services.

This funding helped strengthen the aging services network in meeting the challenges presented by an aging population and high risk individuals who were either waiting for Medicaid services or who were not Medicaid eligible but wished to remain in their homes through the use of low cost alternatives.

This funding will end June 30, 2008, and impact the same 5000 individuals with loss of meals, level one homecare and other in-home supports.

This loss comes at a time when Washington is proposing to cut Medicare and Medicaid by \$195.7 million over the next five years and Older Americans Act Programs by \$203 million.

The SC4A believes that the State Supplemental funding needs to be a recurring appropriation in order for the State to continue to provide a cost-effective in home and community based support system to high-risk individuals. This will be especially significant with the loss of additional Medicare and Medicaid funding.

3. Empower older people to stay active and healthy through the use of Evidence Based Disease and Disability Prevention Programs.

In a recent presentation to the Greenville Hospital System, Dr. John Ruffin, the Director of the National Center on Minority and Health Disparities, noted that S.C. is 3<sup>rd</sup> in the nation for the number of persons with Diabetes; and that hypertension, stroke and heart conditions are causing havoc in general in S.C., particularly in minority populations.

The President's budget zero's out Older Americans Act funding for Title III-D Preventative Health Services and the Alzheimer's Disease Demonstration Grants. This comes at a time when the incidence of chronic disease is at an all time high and when studies have proven that the prevention and maintenance of chronic disease has a major impact on individuals remaining independent in their homes.

With this in mind, the SC4A congratulates the Lt. Governor's Office on Aging for being in the forefront of the national Evidence Based Disease Prevention initiatives by providing opportunities for train-the-trainer classes in Evidence Based Disease Prevention Programs statewide. Through these programs, seniors statewide will have access to the Living Well Program, A Matter of Balance and the Arthritis Self Help initiatives. These proven programs have been effective in reducing the risk of disease and disability and in helping those with chronic disease manage and improve their capacity to live independently. The loss of any or all of Title III-D funding is particularly disturbing, given the increase in the number of individuals with chronic diseases and the proposed reductions in Medicare and Medicaid health care supports.

In closing, the SC4A requests that the Committee advocate for the continued support both at the State and National level for funding that addresses and promotes disease prevention and health maintenance; helps give people choices, control and independence as they grow older and the use of low cost home and community based alternatives to premature or unnecessary institutionalization.

Thank you for your attention and dedication to helping the State of South Carolina rebalance our systems of care for our mature adult population.

**Brandolyn Thomas Pinkston**  
**Administrator of the South Carolina Department of Consumer Affairs**

Madam. Chair and members of the Committee: I am Brandolyn Thomas Pinkston, Administrator of the South Carolina Department of Consumer Affairs. Our mission is to protect consumers from inequities in the marketplace through advocacy, mediation, enforcement, and education. I appreciate the opportunity to appear before you today on behalf of the Department to discuss our efforts to combat unfair, deceptive, and other illegal practices in the subprime mortgage lending industry, among all consumers, including the elderly. The damage to consumers that dishonest and unscrupulous lenders can cause – loss of their life savings or even their homes – is potentially catastrophic.

A recent study found that the population of subprime borrowers tends to be older than the population of prime borrowers; more than a quarter of subprime borrowers are 55 years of age or older, compared to only 14% of prime borrowers. Therefore, while older Americans may have benefited more from the expansion of the subprime market, they also may have suffered more injury from deceptive practices in the market. The Department has taken an active role in educating older consumers about abusive lending practices (as well as other consumer issues). We recognize that South Carolina's population is aging, and issues facing older consumers are therefore a priority for the Department.

Consistent observational and anecdotal evidence, along with some limited data, indicates that, for a variety of reasons, elderly homeowners are disproportionately the targets of predatory lending. Abusive lenders tend to target homeowners who have substantial equity in their homes, as many older homeowners do. In addition, some brokers and lenders aggressively market home equity loans as a source of cash, particularly for older homeowners who may have limited incomes but require funds for major home repairs or medical expenses. Moreover, physical impairments associated with aging—such as declining vision, hearing, or mobility—can restrict elderly consumers' ability to access financial information and compare credit terms. Some older persons may also have diminished cognitive capacity, which can impair their ability to comprehend and make informed judgments on financial issues. Finally, it has been noted that some elderly citizens lack social and family support systems, potentially increasing their susceptibility to unscrupulous lenders who may market loans by making home visits or offering other personal contact.

Last spring the Department issued two reports "Consumer Credit Counseling - One Year Later" and "The State of Mortgage Fraud In South Carolina." They were produced to highlight SCDCA's accountability commitment to the citizens of South Carolina in these areas. The Department firmly believes that one of the best ways to prevent fraudulent and deceptive practices is to have informed and educated consumers.

**CONSUMER CREDIT COUNSELING-ONE YEAR LATER** While most credit counseling organizations can provide financially distressed consumers with valuable assistance, regulation of the industry in South Carolina was designed to thwart businesses that were misleading consumers about who they are, what they do and how much they charge. The report discusses the major provisions of the Act and funds returned to consumers. As of December 31, 2007, the Department has required that nearly \$1million be returned to consumers from businesses that did not follow the Consumer Credit Counseling Act.

**THE STATE OF MORTGAGE FRAUD IN SOUTH CAROLINA** "The State of Mortgage Fraud in South Carolina" looks at mortgage fraud conditions and trends across the state and recommends

improvements to protect consumers. The report is a collaborative effort from the Department sponsored South Carolina Mortgage Fraud Task Force. Partners contributing to the report include, the US Attorney's Office, SC Attorney General's Office, Federal Bureau of Investigation (FBI), US Secret Service, Department of Housing and Urban Development (HUD), Internal Revenue Service (IRS), SC State Housing Finance and Development Authority. In a 2006 report issued by the Mortgage Asset Research Institute, it was indicated that South Carolina showed significant improvement in efforts to reduce mortgage fraud – dropping from number 1 in the nation in 2001 to number 19 in 2005. While much work is being done to combat mortgage fraud, the FBI continues to identify South Carolina as one of the top 10 "hot spots" for mortgage fraud in the United States. To download a copy of the report, visit our Website at [www.sconsumer.gov](http://www.sconsumer.gov) or contact the Public Information Division at 803.734.4296 or 800.922.1594 (toll free in SC).

### **Deceptive Mortgage Ads: What They Say; What They Leave Out**

If seniors are looking for a mortgage to buy a home or refinance an existing loan, they may see or hear ads with offers of low rates or payments. Whether they see them on the Internet, on television or in the paper, or whether they come by fax or mail, some of these ads look like they're from your mortgage company or a government agency. Regardless of where they see the ads, remember that while the offers are tempting, some are terribly flawed: they don't disclose the true terms of the deal as the law requires.

**What The Ads Say** To help seniors recognize an offer that may be less than complete, the SCDCA wants them to know the buzz words that should trigger follow-up questions, as well as information to insist on after you've read an ad.

**A Low "Fixed" Rate: Ads** that tout a "fixed" rate may not tell you how long it will be "fixed." The rate may be fixed for an introductory period only, and that can be as short as 30 days. When you shop for a mortgage, you need to know when and how your rate, and payments, can change.

**Very Low Rates:** Are the ads talking about a "payment" rate or the interest rate? This important detail may be buried in the fine print, if it's there at all. The interest rate is the rate used to calculate the amount of interest you will owe the lender each month. The payment rate is the rate used to calculate the amount of the payment you are obligated to make each month. Some offers advertise a low payment rate without telling you that it applies only during an introductory period. What's more, if the payment rate is less than the interest rate, you won't be covering the interest due. This is called "negative amortization." It means that your loan balance is actually increasing because you're not paying all the interest that comes due, and the lender is adding the unpaid interest to the balance you owe.

**Very Low Payment Amounts:** Ads quoting a very low payment amount probably aren't telling the whole story. For example, the offer might be for an Interest Only (I/O) loan, where you pay only the amount of interest accrued each month. While the low payment amount may be tempting, eventually, you will have to pay off the principal. Your payment may go up after an introductory period, so that you would be paying down some of the principal – or you may end up owing a "balloon" payment, a lump sum usually due at the end of a loan. You must come up with the money when a balloon payment is due. If you can't, you may need another loan, which, in turn, means new closing costs, and potentially points and fees. And if housing prices are falling, you might not be able to refinance to lower your payments.

**Mortgage rates near 30-year lows! Rates as low as 1%! You are paying too much!** Who doesn't want to reduce their mortgage payments? Loan amount \$300,000 - pay only \$900 per month! Ads

with “teaser” short term rates or payments like these don’t often disclose that a rate or payment is for a very short introductory period. If you don’t nail down the details in advance about your rates and payments for every month of the life of your loan, expect payment shock when the rate and payment increase dramatically.

Important Notice From Your Mortgage Company. Open Immediately - Important Financial Information Enclosed. Please do not discard - account information enclosed: Appearances can be deceiving. Mailers that have information about your mortgage and your lender may not be from your lender at all, but rather from another company that wants your business. Companies can legally get your information from public records. Before you respond to any offer, review it carefully to make sure you know who you’re dealing with.

**You are eligible to take part in an exclusive interest rate reduction program. This financial institution has been licensed to negotiate your existing adjustable mortgage to a new fixed rate mortgage. You must contact us immediately regarding this notice.** Some businesses use official-looking stamps, envelopes, forms, and references to make you think their offer is from a government agency or program. If you’re concerned about a mailing you’ve received, contact the government agency mentioned in the letter. If it’s a legitimate agency – and not one that just sounds like a government agency – you’ll find the phone number in the Blue Pages of your telephone directory.

**What the Ads Don’t Say the APR:** The Annual Percentage Rate is a critical factor in comparing mortgage offers from different lenders. It is the total cost of the credit expressed as a yearly interest rate. This rate is different than the simple interest rate on your loan note, because the APR includes all costs of the credit such as points and processing fees. Knowing the APR makes it easier to compare “apples to apples” when considering mortgage offers. Look for the APR for your loan. The amount may not be in the ad at all; it may be hidden in the fine print, or it may be available deep within a website after multiple clicks.

Important Payment Information: It’s hard to know what you don’t know, and often, some of the most important information you need isn’t in the ad, is hidden in the fine print, or is available only at a website after many clicks. To make an informed judgment about any mortgage offer, you need to know – or ask:

--**What will the monthly payment be for every month of the loan, and could it increase?** When could it increase? What would your new payment be? Could your monthly payment increase more than once?

--**Does the monthly payment include an escrow amount to pay for your property taxes and homeowners insurance?** Or must you pay these costs on your own? If you have to pay on your own, ask your lender for an estimate so you can budget accordingly.

--**What is the term of the loan (for example, 15 years? 30 years?)? How many payments will you have to make?** Would the loan be paid off at the end or would you still owe a “balloon” payment?

--**Will you have to pay prepayment penalties to refinance and pay off the loan early?** If so, how much, and when would they apply? If the loan has an introductory or teaser rate, can you refinance, without penalties, before the rate resets and your payment increases?

### **Reverse Mortgages — Cashing In On Home Ownership**

Many consumers age 62 or older are "house-rich and cash-poor" — their mortgages are paid off, but they are living on fixed or limited incomes. A "reverse mortgage" may allow some consumers to take advantage of their home as a valuable asset and convert it to a source of income without losing home ownership.

#### **How Reverse Mortgages Work**

A reverse mortgage is a loan: where the lender pays you — in a lump sum, a monthly advance, a line of credit, or a combination of all three — while you continue to live in your home. To qualify for a

reverse mortgage, you must own your home. The amount you are eligible to borrow generally is based on your age, the equity in your home and the interest rate the lender is charging. Funds you receive from a reverse mortgage may be used for any purpose.

With a reverse mortgage, you retain title to your home. You are responsible for maintaining your home and paying all real estate taxes. Depending on the plan you select, your reverse mortgage becomes due with interest when you move, sell your home, reach the end of a pre-selected loan period, or die. When you die, the lender does not take title to your home, but your heirs must pay off the loan. Usually, the debt is repaid by selling the home or refinancing the property.

### **Facts to Consider about Reverse Mortgages**

**Reverse mortgages are rising-debt loans.** The interest is added to the principal loan balance each month, because it is not paid on a current basis. The amount you owe increases over time as the interest compounds. Some reverse mortgages have fixed-rate interest; others have adjustable rates that can change over the lifetime of the loan. Reverse mortgages use up some or all the equity in your home, leaving fewer assets for you and your heirs.

**The three types of reverse mortgages** — FHA-insured, lender-insured, and uninsured — vary according to their costs and terms. Check the features of each to select the type that is best-suited for your needs. Before considering any reverse mortgage, consult with family members, your attorney, or financial advisor.

**Reverse mortgages typically charge loan-origination fees and closing costs.** Insured plans charge insurance premiums; some plans have mortgage servicing fees. You may be able to finance these costs if you want to avoid paying them in cash. But, if you finance the costs, they will be added to your loan amount and you will pay interest on them.

Your legal obligation to repay the loan is limited by the value of your home at the time the loan is repaid. This could include any appreciation in the value of your home after your loan begins.

### **Reverse Mortgage Safeguards**

**The federal Truth in Lending Act (TILA) is one of the best protections you have with a reverse mortgage.** TILA requires lenders to disclose the costs and terms of reverse mortgages. This includes the Annual Percentage Rate (APR) and payment terms. If you choose a credit line as your loan advance, lenders also must tell you of charges related to opening and using your credit account.

Know Your Mortgage

**Do you know what kind of mortgage you have?** Do you know whether your payments are going to increase? If you can't tell by reading the mortgage documents you received at settlement, contact your loan servicer and ask. A loan servicer is responsible for collecting your monthly loan payments and crediting your account.

**Here are some examples of types of mortgages:**

**Hybrid Adjustable Rate Mortgages (ARMs):** Mortgages that have fixed payments for a few years, and then turn into adjustable loans. Some are called 2/28 or 3/27 hybrid ARMs: the first number refers to the years the loan has a fixed rate and the second number refers to the years the loan has an adjustable rate. Others are 5/1 or 3/1 hybrid ARMs: the first number refers to the years the loan has a fixed rate, and the second number refers to how often the rate changes. In a 3/1 hybrid ARM, for example, the interest rate is fixed for three years, then adjusts every year thereafter.

**ARMs:** Mortgages that have adjustable rates from the start, which means your payments change over time.

**Fixed Rate Mortgages:** Mortgages where the rate is fixed for the life of the loan; the only change in your payment would result from changes in your taxes and insurance if you have an escrow account with your loan servicer.

If you have a hybrid ARM or an ARM and the payments will increase — and you have trouble making the increased payments, find out if you can refinance to a fixed-rate loan. Review your contract first, checking for prepayment penalties.

**Many ARMs carry prepayment penalties that** force borrowers to come up with thousands of dollars if they decide to refinance within the first few years of the loan. If you're planning to sell soon after your adjustment, refinancing may not be worth the cost. But if you're planning to stay in your home for a while, a fixed-rate mortgage might be the way to go. Online calculators can help you determine your costs and payments.

**Be Alert to Scams** Scam artists follow the headlines, and know there are homeowners falling behind in their mortgage payments or at risk for foreclosure. Their pitches may sound like a way for you to get out from under, but their intentions are as far away from honorable as they can be. They mean to take your money. Among the predatory scams that have been reported are:

**The foreclosure prevention specialist:** The “specialist” really is a phony counselor who charges outrageous fees in exchange for making a few phone calls or completing some paperwork that a homeowner could easily do for himself. None of the actions results in saving the home. This scam gives homeowners a false sense of hope, delays them from seeking qualified help, and exposes their personal financial information to a fraudster.

**The lease/buy back:** Homeowners are deceived into signing over the deed to their home to a scam artist who tells them they will be able to remain in the house as a renter and eventually buy it back. Usually, the terms of this scheme are so demanding that the buy-back becomes impossible, the homeowner gets evicted, and the “rescuer” walks off with most or all of the equity.

**The bait-and-switch:** Homeowners think they are signing documents to bring the mortgage current. Instead, they are signing over the deed to their home. Homeowners usually don't know they've been scammed until they get an eviction notice.

## CONCLUSION

It is critically important for all consumers, especially seniors and those who live in lower-income communities, to have access to capital. Access that is based on deceptive mortgage lending, however, is false access. Deceptive lending practices hide from consumers essential information they need to make decisions about their single largest asset -- their home -- and the equity they have spent years building. Deceptive lending practices are particularly devastating because these loans usually are sought at a time of great need, when borrowers are most susceptible to practices that can strip them of substantial sums of money and, ultimately, of their homes. One of the most dramatic changes has been the growth in subprime mortgage lending by large corporations that operate nationwide. I'd also like to note that there are lenders in the subprime mortgage market who play by the rules and serve communities that may have been underserved by other lenders in the past. However, the Department of Consumer Affairs strongly believes that while education is a vital and key component to assist consumers, state regulatory and other legislative efforts are needed now more than ever.

Thank you for the opportunity to speak and I will be happy to answer your questions.

**Victor Hirth, MD**  
**Medical Director, Geriatric Services**  
**Palmetto Health**

Distinguished Ladies and Gentlemen,

Thank you again for this opportunity to update you on the latest developments in Geriatric Services and the Division of Geriatrics at Palmetto Health and USC. As you know last summer we were awarded a Center of Economic Excellence by the South Carolina State Lottery and Commission on Higher Education for our Center called SeniorSMART. I would like to update you on our activities to date.

The SeniorSMART Center is an integrated center focused on improving and maintaining the independence of our older adults. We have three areas of focus: The SharpBrain Center which is focused on strategies to preserve brain health and function through a combination of risk factor reduction and evidence based cognitive training activities. The Center will be housed at USC in the School of Public Health and shared with the School of Medicine. The SmartWheels center will be located at Clemson University and shared with Greenville hospitals systems. This program will focus on older driver evaluation, older driver rehabilitation as well as physical function in the older adult. The last Center is SmartHome. This center focuses on using state-of-the-art technology to keep older adults independent for as long as possible in their current living situations. The components of this include passive, that is, the person wears no sensors or monitors, activity monitoring which will be able to detect falls and other accidents and activate emergency systems with no delay. Early disease detection which will enable health care providers to detect early decompensation of chronic or acute conditions such as pneumonia, stroke, congestive heart failure and other conditions. The final phase of this program would be health and wellness training integrated into this system. This center will be located in the USC School of Social Work.

As a result of this program we have already established linkages with the Lutheran Homes of South Carolina, the Episcopal Homes at Still Hopes and the Columbia Housing authority, each of whom are interested in serving as test sites for this new home technology. We will also bring a new international partner into this consortium, the Fraunhofer Institute for Software engineering in Kaiserslautern Germany, our sister city. This Institute will help with network software development and sensor specifications. Our site will provide the technical expertise to evaluate physical activity patterns and combine this data with disease and condition specific data on each of the participating individuals to more provide more accurate prediction of declines in physical function and condition. These are most interesting times for this program.

The other activity that we are very excited about is the new Palmetto State Geriatric Education Center. This \$1.2 million grant from HRSA is to develop a state-wide network of older adult health care provider training activities to enhance the care of older adults living in South Carolina. Our partners in this project include the AHECs for all regions in the state, Clemson University, MUSC and Greenville Hospital system. Our programs will include geriatric education for physicians, pharmacists, nurses and other health care providers. Our first activity will be the geriatric symposium at the Columbia Convention Center this coming weekend. To date over 300 health care providers have registered for this event. Other activities include developing and enhancing palliative and hospice care training, developing a senior mentor program for the USC College of Pharmacy and developing on-line training with continuing education credits for health professionals. This program will provide assistance and training to health care professionals state wide and will be a resource for health care providers in all settings.

Overall, these are very interesting and exciting times for older adults and those of us in the aging field. There are tremendous opportunities for the future and our plan is to capitalize on them to further enhance the care of older adults living in South Carolina.

**J David Scott  
LTC Benefits Inc.  
800 Dutch Square Blvd. A140  
Columbia, SC 29210  
803-798-7311**

Testimony presented to the Joint Legislative Committee on Aging by J. David Scott, founder LTC Benefits, Inc.

Topic: LTC Insurance, Own Your Future Campaign, LTC Partnership Plan

Mr. Chairman Neilson and Committee members, thank you for the opportunity to testify before you about the Deficient Reduction Act of 2005 as it relates to Long Term Care Insurance, the LTC Partnership Plan, and the Own Your Future Campaign. Also, lapse notices for LTC Insurance.

I personally have witnessed many positive changes that have made LTC insurance a mainstream product beginning with the following:

**1993: Omnibus Budget Reconciliation Act (OBRA 93)** Medicaid Estate Recovery in which federal law required states to recover Medicaid spending on behalf of beneficiaries from their estates after death. The latest figures indicate SC is collecting around 6 million per year from this program.

**1996: Health Insurance Portability and Accountability Act of 1996 (H.R.3103)** created standards for LTC Insurance policies, incentives for purchase by making premiums tax deductible, TQ Benefits tax free, and lengthened transfer periods for Living Trust regarding Medicaid qualification to 60 months.

**2005: Deficient Reduction Act of 2005 (DRA)** changed Medicaid planning forever. All look back periods are now 60 months, and even more significant, the look back period begins from the date benefits are applied for, not when the transfer was made as under the old law. Applicants with home equity exceeding \$500,000 will not qualify for benefits, although states have the right to raise this amount to \$750,000. Other changes included “income first” rule on the allocation of monthly income for the community spouse, the state would have to be named beneficiary on annuities, as well as other items that make Medicaid planning more difficult for individuals and attorneys whose practice of Medicaid Planning often artificially impoverished individuals in order for them to qualify for Medicaid Benefits.

The DRA also provided for the expansion of State LTCI Partnership Program previously available in only 4 states but now approved for all 50 states. As of today, there are 7 active states, 8 have expansion approved, 9 have NAIC only training approved including SC, and 2 have NAIC like training approved for agents offering Partnership plans.

**The Own You Future Campaign** is a project, started in January 2005, to increase consumer awareness about, and planning ahead for long-term care. The project’s core activities are state based direct mail campaigns supported by each participating state’s Governor, and targeted to households with members between the ages of 45 to 70. Campaign materials include a Long-Term Care Planning Kit and State Specific information and resources.

When someone from a campaign state orders the Long-term care Planning Kit, they also receive an insert to the kit with information about planning resources and long-term care information services in

their state. Another key component of the “Own Your Future” Campaign is a Governor’s press conference to launch the Campaign. The Press conference is held concurrent with the mailing of the Governor’s letter. The purpose of the press conference is to generate local media interest in the campaign and reinforce the message being sent to targeted households in the letter from the Governor.

The Own Your Future Campaign is a collaboration of the Centers for Medicare & Medicaid Services (CMS), the Office of the Assistant Secretary for Planning & Evaluation (ASPE), and the Administration on Aging (AoA), and has support from the National Governors Association (NGA). As of March 2007, 15 states have participated in this program. The results of these campaigns can be found in studies found on the website [www.longtermcare.gov/LTC/Main\\_Site/Planning\\_LTC/Campaign/Reports/](http://www.longtermcare.gov/LTC/Main_Site/Planning_LTC/Campaign/Reports/), and indicate an average response rate of 7.7%.

**The Long-term Care Partnership** is a public-private venture that will be designed to encourage and reward South Carolina citizens for planning ahead for future long-term care needs. Partnerships are an alliance between the private insurance industry and state government to help those states that participate plan for future long-term care needs without depleting all of their assets to pay for care. States are required to develop Partnerships using the “dollar-for-dollar” model. For every dollar that a LTC Partnership insurance policy pays out in benefits, a dollar of personal assets can be protected (disregarded during the eligibility review) if the individual chooses to apply for Medicaid.

Long-Term Care Insurance is simply part of the solution to this nation’s Long-Term Care financing dilemma. Some facts about LTC Insurance as sourced from the American Association for Long-Term Care Insurance, 2007 research and 2007 LTCi Sourcebook are as follows:

- 1-8 Million Americans now have LTC Insurance.
- 2-10 Million Americans currently need long-term care services (62% are 65 or older).
- 3-7.2 Million receive formal (paid for) home care services.
- 4-900,000 people live in assisted living settings. The average length of stay is 28.2 months (woman) and 24 months (men).
- 5-1.3 Million are in certified nursing facilities. The average length of stay is 892.4 days. 27.1% will remain 3+years.
- 6-58 is the average age for LTC insurance applicants (2007) down from 61 (2005) and 67 (2000).
- 7-41% of long-term care insurance claims begin between ages 70 and 80. 9.1% begin before 70, 49.5% begin after 80.
- 8-68.7% of benefit payments are paid to women, who make up 66.3% of claimants.
- 9-\$3.3 Billion of long-term care insurance claims are paid annually (2006 data)

**Based on facts that indicate Long-term Care insurance can play a vital role in LTC funding, I would like for you to consider the following:**

- 1-Help the citizens of South Carolina be better informed about long-term care planning by participating in the Own Your Future Campaign.**
- 2-Encourage our citizens to take control and become personally responsible by Participating in the LTC Partnership program.**
- 3-Allow for at least 6 months to train all insurance agents on the partnership program and adapt the NAIC standard training model that is already in effect in some states.**
- 4-Review what other states have done to further support the purchase of Long-term Care insurance with additional state tax deductions and incentives.**

Let me close by saying that from a public policy perspective, increased planning for long-term care is likely to increase private financing, and may reduce the burden on public financing sources. We all know that South Carolina has a growing problem that must be addressed from all avenues available. Long-term Care Insurance offers one such solution, but it is up to us to take this proven path. I have personal examples in which our Long-Term Care policies have kept clients off Medicaid, saving those dollars for more needy persons. We have one of the answers before us; we just need to move forward.

*David Scott is founder of LTC Benefits Inc, an independent insurance agency that specializes in LTC Insurance. As an early pioneer in the LTC Insurance Industry, he began his career by placing his first LTC Policy in 1983 with Bankers Life and Casualty. He incorporated LTC Benefits, Inc in 1987 to offer multiple companies, as one company did not fit all customer needs, becoming a Managing General Agent with various companies including AMEX Life (Now Genworth), John Hancock, and Met Life.*

**J. Mark Scott  
LTC Benefits, Inc.  
800 Dutch Square Blvd., A140  
Columbia, SC 29210  
803-798-7311**

Testimony presented to the Joint Legislative Committee on Aging by J. Mark Scott, partner LTC Benefits, Inc.

Topic: The danger of inadequate LTC insurance Lapse notice procedures

Mr. Chairman Neilson and Committee members, thank you for the opportunity to testify before you about the danger of inadequate Long-Term Care Insurance Lapse notice procedures.

This is a true story and exemplifies the need for a change in Lapse notice procedures for Long-Term Care Insurance Companies.

A client did not pay her premium when due, causing her policy to lapse. Below are facts about her policy history:

- On 7/6/1990 this client purchased a policy to help pay for future long-term care. Her annual premium was \$1,124.50. She paid her premiums for 11 years, until her policy lapsed in 7/6/2001. Her total premiums paid were \$12,369.50
- On 8/29/2003 she entered a skilled nursing facility. We were notified to file a claim, but discovered that her policy had lapsed. We had received no prior notice that this had occurred.
- We contacted her doctor to determine what her diagnosis was, and it was determined to be dementia, possibly Alzheimer's disease.
- We obtained a letter from her doctor to try and determine when her Dementia was first diagnosed, and it was stated to be the Winter of 2000. Most Companies now will allow a policyholder to reinstate a policy if it is reinstated within 5 or 6 month of lapse, and the client had dementia or would otherwise have been eligible for benefits. Even this would not have been beneficial to her since her policy was lapsed for a longer period of time.

Currently, new policies have Third Party Notifications that will alert the third party named on the application of a potential policy lapse. This is in addition to the policyholder receiving a notice. The agent, if actively appointed with the company, is also to receive a notice that a client's policy is lapsing. However, I would like to see additional steps required.

Consider the following:

What if the third party has moved, or died, and no one notified the company? Suppose the agent does not receive a notice? What if the applicant signs that they do not want to use the third party notification as this is an option, and drops their policy later due to dementia?

One solution would be to require all lapse notices, including Third Party Notifications,

be sent via Certified Mail Receipt. But it still would be possible for someone with dementia to sign for this receipt and send this in simply due to the nature of their illness. Perhaps if medical records indicate dementia prior to the policy lapse date, the insurance companies should be required to reinstate the policy with past due premiums, and be responsible for paying the claim.

In any case, I do not believe it was her intent to drop her policy. I believe there is a possibility it occurred due to her state of dementia.

I believe it will behoove us to explore some of the options that may prevent any future situations like this from occurring. With the aging of our population and the potential cost of long-term care, I believe the insurance industry certainly provides one piece of the LTC funding puzzle. LTC Insurance does make a difference in our clients lives, but situations like this must be prevented.

The LTC industry has paid literally billions of dollars in LTCI claims. Below are some facts regarding this client's former insurer based on a 2004 study:

Study of 66,228 Claims filed from 12/1/1974 to 9/24/2004

1. Dementia (Alzheimer's and Senility) make up 23.6% of all claims filed
2. 36.6% of all payments are for Dementia, totaling \$921.8 Million out of \$2,520.7 Billion
3. The oldest claimant was 105, the youngest 37
4. The longest claim is 14 years /5 months
5. 77.9% of all Reimbursement policies claims are for home health care

As of 6/30/2006, Genworth has paid over 3 Billion in Long-Term Care claims.

Your help is appreciated regarding this matter. I believe this situation can be prevented from occurring in the future, but only if regulation is enacted to address this issue. We must protect the interest of our seniors.

**Mary Katherine Bagnol**  
**Senior Matters Extended Services**

I am here today to discuss an issue that is stealing millions of dollars from seniors and vulnerable adults across South Carolina. That issue is financial exploitation. The definition of financial exploitation through the **Omnibus Adult Protection Act, Section 43-35-10, number 3 states, “exploitation is an improper, illegal, or unauthorized use of the funds, assets, property, power of attorney, guardianship, or conservatorship of a vulnerable adult by a person for the profit or advantage of that person or another person.”** Over the years my company has worked with seniors and their family members or responsible parties in dealing with the complexity of addressing financial fraud and the exploitation of funds.

We are not talking about 10 or 20 dollars we are talking thousands of dollars taken from our most vulnerable population. You heard today from **Mrs. Janet Bryant’s testimony** that she spent countless hours trying to undue the financial damage done to a neighbor she had befriended. Her neighbor is very fortunate to have Mrs. Bryant, but there are thousands of citizens in this state being exploited out of million of dollars. These forms of exploitation rob the individual of their financial security and imprison them to constant and unrelenting verbal or written harassment.

I am here today to request the support and funding necessary to spearhead a task force that will include participation from the following groups but not limit to **The Lieutenant Governor’s Office on Aging, AARP, Consumer Affairs, SLED, religious groups and organization, The Silver Haired Legislature, and the Attorney General’s office.** This task force will collect testimonies from citizens across the state as to how they have been exploited, and examine the current system of reporting violations, how the information is processed, and the number of cases that have lead to an investigation and prosecution. This study will also address current safety procedures that protect the citizens of South Carolina. The task force under the leadership of Senior Matters Extended Services, LLC will have to you by January 2009 our findings along with a solid and concrete recommendation that could require changes or new legislation addressing the issue of financial exploitation in South Carolina.

Ten years ago, the State of South Carolina entrusted me and my company to create a task force that addressed the issue of senior citizens living in their communities and the barriers they faced Aging-In-Place. I am asking that you allow me again to address a very serious issue facing citizens of South Carolina. We will require one time funding to conduct the study. I can assure you that those funds will produce valuable information and recommendations that fight against a growing crime committed against our citizens.

**Respectfully Submitted,**  
**Mary Katherine Bagnol, MSW, CMC, RG**  
**CEO Senior Matters Extended Services**

## Lisa Gregoire, Lutheran Hospice

In an effort to help the people of our community consider and make known what types of medical treatment they would, or would not, prefer in the event their medical condition prohibits them from speaking for themselves, Lutheran Hospice is offering free information about selecting a Health Care Agent and completing a Living Will – using the Five Wishes<sup>®</sup> document.

We provide public, group presentations, at no charge, outlining the details of each component. A free copy of *Five Wishes* is provided, that contains a health care power of attorney and advance directives/living will.

*Five Wishes* is a legal document and is the most recent Advance Directive approved for use in the State of South Carolina.

Planning for emergency conditions as well as the end of life makes these situations less stressful, especially for our loved ones. The presentation provides helpful ideas on how to reach the necessary decisions with loved ones, how to complete the documents, and an opportunity for questions and answers.

For more information, please call Lisa Gregoire, Community Outreach Director, at 843-856-4735 or email [lgregoire@lutheranhospice.org](mailto:lgregoire@lutheranhospice.org).

### The Basics of Hospice Services

#### Who? What? When? Where? Why?

**Who:** Any patient with a terminal illness or condition who is no longer seeking a cure, and is requesting comfort care. The patient and the family/caregivers receive hospice services. Staff members of facilities where hospice patients live also benefit hospice services.

**What:** Hospice Services may include medical, physical, emotional and spiritual aspects – administered by the team of hospice professionals: Physician, registered nurse, certified nursing assistants, social worker, volunteer and chaplain (if desired). Pain and symptom management are of chief importance – while allowing the patient to maintain the best quality of life possible. Medicines and medical equipment (related to the terminal diagnosis) are covered under hospice services. Social Workers offer bereavement counseling to loved ones prior to the death and for thirteen months following the death of the patient. Social workers also assist families/caregivers in securing additional funding, supplies, and/or resources that are available through private and governmental agencies. Certified Nursing Assistants help with daily, personal care. Volunteers are available to help, as desired by the patient and caregiver. Spiritual counseling is available through the hospice chaplain if the patient requests this.

**When:** When the patient's doctor believes that the patient has six months or less to live. From a layperson's perspective, this is often when the family or loved one believes that the patient will not be alive in one year – the earlier hospice services begin – the more the patient and loved ones will benefit.

**Where:** Generally, wherever the patient calls home. In a personal home, an assisted living facility or skilled nursing facilities.

**Why:** To provide comfort care to the patient and to allow each day to be lived to the fullest extent possible. Managing the pain and symptoms of the terminal diagnosis usually allows the patient to focus on the best parts of life – family, friends, loved ones -- projects to complete, spirituality, etc. Caregivers have stress lifted from their daily routines as a result of the physical, emotional and financial support provided by the hospice services.

*Hospice services are strictly governed by federal Medicare guidelines.*

Lutheran Hospice is one more than twenty hospices serving the Tricounty area. We are the only non-profit, faith-based hospice organization at this time.

Patients have the right to select the hospice organization that best fits their needs. Lutheran Hospice team members believe that their work is a ministry – and that the patient’s/caregivers needs come before the bottom-line.

There is a difference in hospice care.

The choice is yours – the difference is Lutheran Hospice.

**Contact Information: Lisa Gregoire, Community Outreach Director, Lutheran Hospice. 1-800-615-9156.**

## Unsolicited Statements and Materials

### Emails and Correspondences Regarding Senior Meals

**From:** kterenizio[SMTP:KTERENZIO@COMPORIUM.NET]  
**Sent:** Thursday, February 07, 2008 9:49:14 AM  
**To:** Askus, Aging  
**Subject:** Meals On Wheels  
**Auto forwarded by a Rule**

Please, please do not eliminate the funding for Meals On Wheels and other programs designed to feed the elderly and infirm. Without this assistance, many elderly with very limited income may be forced to go hungry.

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January 14, 2008

Dear Sir:

As the Catawba Caucus of Silver Hair Legislature we endorse the Lt. Governor's proposal to continue the \$2.9 million funding for Seniors. This funding will assist older adults of SC to lead healthy, independent and active lives. This money supports essential programs for seniors because it provides food and other important services for our older adults in SC.

Furthermore, we endorse the \$15,000 funding for the silver Hair Legislature.

Sincerely,  
Catawba Caucus  
Ted Sowell  
Elizabeth Howell  
Loyce Sutton  
Joyce Sowell  
Myrna Hamilton  
Charlton Blanks