

Return Service Requested



Aging Alert

Vol. 36, No. 2

March-April, 2011

GOVERNOR'S BUDGET CUTS MEALS, OTHER SERVICES

Governor Rick Snyder is recommending an additional \$2.2 million reduction in aging programs for next year in his 2012 budget. The cuts would reduce meals-on-wheels, home care, care management and volunteer programs like Senior Companions that help elders stay in their own homes. These programs are funded through the Michigan Office of Services to the Aging (OSA). The proposed 8% slash in state funding would come on top of 28% - \$10 million – already cut since 2009.

The aging network is frustrated and letting legislators know it. At a March budget hearing chaired by Senator John Moolenaar, more than a dozen representatives from Area Agencies on Aging and service providers across the state testified against more cuts in home-based care. Tammy Roehrs, President of the Michigan Association of Senior Nutrition Providers, asked for no more cuts in meals, noting that prior cuts have eliminated daily deliveries for many areas and 55% of recipients live alone.

Missaukee Commission on Aging Director Pam Niebrzydowski reminded lawmakers about the important role of OSA services in saving Medicaid dollars. Retiree Bob Fox, a member of the Michigan Senior Advocates Council, presented his analysis showing that

**“The Governor’s budget
....will make it harder for
elders to stay in their own
homes, and make state
spending on nursing
homes higher than it
needs to be.”**

**Judy Sivak, President
Area Agencies on Aging
Association**

Michigan ranks second to last among the Great Lakes states in state expenditures per senior 60+.

Jim McGuire, Research Director of the Area Agency on Aging I-B in Southfield, presented preliminary data on the plight of those on I-B waiting lists – 43% died, 21% moved to a nursing home and 36% continued to wait. In contrast, of those who received services – 80% were maintained in their homes, 20% died and none moved to a nursing home.

“The Governor’s budget is a step in the wrong direction,” says Judy Sivak, President of the AAA Association. “It will make it harder for elders to stay in their own homes, and make state spending on nursing homes higher than it needs to be.”

“IT’S NOT FAIR!” RALLY OPPOSES PENSION TAXES

One person can make a difference.

When Mary Lee Woodward, an AARP member and retiree from Oxford, read about Governor Rick Snyder’s proposal to impose new taxes on her pension, she took action. Reaching out to other unhappy retirees using her Facebook page, Woodward’s outrage ultimately led to a 1,100 person rally at the State Capitol on March 15, sponsored by AARP Michigan.

Governor Snyder’s 2012 spending plan would raise \$900 million in additional revenues for the state by subjecting most pension income to the state income tax. “This is the biggest tax increase in the history of our state,” said Eric Schneidewind, president of AARP Michigan. “Is this budget going to make Michigan a place where you want to retire?” Explaining further, Schneidewind objects to the 32% increase in taxes on individuals, at the same time that business taxes are cut 86%, and quality-of-life programs see deep cuts.

“This is the biggest tax increase in the history of our state,” said Eric Schneidewind, president of AARP Michigan. “Is this budget going to make Michigan a place where you want to retire?”

Under the current system, retirees of the federal government, state government, local governments and public school system do not pay state income taxes on their pension income. Income from private pensions or IRAs is exempt from state income taxes up to certain amounts. For a single person, that amount is \$45,120 and for a couple, it is \$90,240. Income from interest, dividends and capital gains is also exempt up to certain amounts for those 65+. For a single person, that amount is \$10,058 for an individual, and \$20,115 for a couple. Social Security income is totally exempt from state income tax. Seniors also get a double exemption and a larger Homestead Property Tax Credit.

As stated in the Executive Budget report (www.michigan.gov/gov), Governor Snyder believes all taxpayers should pay the same rate regardless of their source of income, and retirees should not be exempt from supporting their share of public services. Under his proposal – which must be approved by the Legislature – all pension income would be subject to the state income tax whether from public pensions or private pensions. However, military pensions would not be taxed, and Social Security income would not be taxed. Snyder would also tax all income from interest, dividends and capital gains, eliminate the senior double exemption and the higher Homestead Credit for seniors.

PENSION TAX COMPARISON

SOURCE OF INCOME	CURRENT SYSTEM	GOVERNOR’S PROPOSAL
PUBLIC PENSIONS	NOT TAXED	TAXED
MILITARY PENSIONS	NOT TAXED	NOT TAXED
PRIVATE PENSIONS/IRAs	NOT TAXED UP TO \$45,120 SINGLE/\$90,240 COUPLE	TAXED
INTEREST/DIVIDENDS/CAPITAL GAINS	NOT TAXED UP TO \$10,058 SINGLE/\$20,115 COUPLE	TAXED

BILLS OF INTEREST TO OLDER MICHIGANIANS

For more information about these and other bills, go to www.michiganlegislature.org.

SENATE BILLS

- SB 49** **ABSENTEE BALLOT** (Bieda) Allows voters to obtain an absentee ballot by request without requiring a justification. In Senate Local Government & Elections Committee.
- SB 69** **DISABLED VETERANS** (Anderson) Allows local governments to exempt certain disabled veterans from paying property taxes. Eligible veterans must have a service-connected disability and have an annual income at or below 200% of the federal poverty level. In Senate Finance Committee.
- SBs 79-83** **ABUSE** (Whitmer) These bills address the abuse of vulnerable adults, including elders. SB 79 states that a person convicted of abuse cannot inherit the property of the victim. SBs 80-81 increase penalties for financial exploitation of vulnerable adults if the amount embezzled is \$50,000 or more. SBs 82-83 deal with fraud in obtaining a vulnerable person's signature. In Senate Judiciary Committee.
- SB 221** **HOME HEALTH AGENCIES** (Jansen) Regulates home health agencies operating in Michigan, requiring inspections by the state and obtaining an annual license. In Senate Health Policy Committee.
- SB 230** **VOLUNTEER DRIVERS** (Marleau) Provides legal immunity for volunteer drivers working for a nonprofit agency. In Senate Health Policy Committee.

HOUSE BILLS

- HB 4327** **ABUSE** (Brunner) In court proceedings regarding abuse, neglect or exploitation, allows the testimony of a vulnerable adult to be presented via videotape or closed-circuit television. In House Judiciary Committee.
- HB 4329** **ANNUITIES** (Bauer) Imposes new requirements on companies selling annuities to ensure that the product is suitable for the customer. In House Insurance Committee.
- HB 4330** **CONSERVATOR** (Oakes) Requires a conservator to get prior court approval before taking out a mortgage or lien on a client's home. In House Judiciary Committee.
- HB 4331** **ABUSE** (Womack) Prevents a person convicted of abuse from inheriting the property of the victim. In House Judiciary Committee.
- HB 4332** **MISSING SENIOR** (Meadows) Creates a special protocol for law enforcement agencies to follow in the event a senior or vulnerable adult goes missing. In House Families, Children & Seniors Committee.

ITEM PRICING REPEALED

In his first State of the State Address on January 19th, Governor Rick Snyder identified Michigan's requirement for individual price stickers as an antiquated law that places an undue burden on retailers and costs the economy over \$2 billion a year. The Legislature responded to the Governor's speech by repealing the Item Pricing Law and replacing it with the "Shopping Reform and Modernization Act."

One of the first public acts signed into law by the new Governor, the act eliminates the requirement for individual price stickers on most items for sale starting September 1st of this year. Instead, retailers have to display the price where the item is located in the store. Customers are still entitled to collect a penalty if they are overcharged at the checkout station. The penalty is 10 times the overcharge amount, up to a maximum of \$5. Text of Public Act 15 of 2011 can be found at www.michiganlegislature.org. The Attorney General will be educating customers about the new law, and create a website for that purpose.

GOVERNOR'S BUDGET PRESERVES MI CHOICE, CUTS HOME HELP

Continuation funding for next year is Governor Snyder's recommendation for the MI Choice Medicaid Waiver program that provides a package of in-home services to adults that need a nursing home level of care. The program is designed as a cost-effective alternative to nursing home care. The FY 2011 funding level of \$206 million would continue for FY 2012 and FY 2013. The Governor's recommendation is subject to legislative approval.

However, another Medicaid program providing home-based care – the Home Help program – would see a \$18 million cut (6%) if the Governor has his way. Home Help provides personal care services to adults to keep them in their own homes with most clients hiring someone they know to provide assistance. The cut would eliminate 5,500 people on the program who only need help with shopping, laundry, housework, meal preparation or money management. A nonprofit organization called the Michigan Quality Community Care Council (MQCCC) operates a registry of Home Help workers that are screened to eliminate those with criminal backgrounds. MQCCC also provides training for workers and clients to enhance the quality of the program. The Governor would eliminate \$1 million that supports the MQCCC, and assign its tasks to the county offices of the Department of Human Services.

The administration also wants to implement an innovative health care delivery system for so-called dual eligibles that are on both Medicare and Medicaid. Called "integrated care," all forms of health care (acute care, long term care, mental health services) would be coordinated and managed for every client to increase quality and reduce expenses. The administration is also planning to comply with a long-standing federal requirement to implement an estate recovery policy for Medicaid-funded long term care programs. Michigan is the only state in the country that has not yet complied. Estate recovery requires Medicaid clients receiving nursing home care or MI Choice Waiver services to pay back the state for the cost of their services. Details have yet to be worked out, stay tuned for more information.

Aging Alert is published ten months each year by the Area Agencies on Aging Association of Michigan. Reproduction of articles not permitted without permission. Call (517) 886-1029. Annual subscription rate: \$12 individuals, \$24 organizations. Editor: Mary Ablan