

Finally, after a special session and prolonged budget negotiation, lawmakers passed budget (3ESHB 2127). At the end of the day lawmakers were able to spare deep cuts to both health care and education. Notably, none of the long term care cuts proposed by the Governor and included in subsequent proposals were adopted. Over time, the deficit was whittled away by higher than expected tax receipts, lower than expected case loads for state services and accounting maneuvers.

The final budget included:

- No cuts to home and community based long term care and preservation of the Basic Health Plan and the Disability Life-line Program.
- No education cuts or reductions in funding public schools, colleges or universities
- A Budget Maneuver: Instead of skipping a pension payment or delaying the K-12 apportionment payment by one day, lawmakers opted for a less controversial accounting change related to how sales tax moves from the state to cities and counties.
- A Little Revenue: There is some new revenue, including \$12 million from cigarette manufacturing, \$14.5 million in closure of the first mortgage tax deduction for big out-of-state banks, and \$6 million from a voluntary property tax amnesty program.
- An Ending Fund Balance: A lower than expected \$319 million ending fund balance helped to bridge the gap.

Chief Budget Writers In the Senate



Senator Ed Murray D-43rd



Senator Joseph Zarelli R-18th

Reform Demands Held Up Budget Negotiations

The dramatic moment of the 2012 session came when three conservative Democrats sided with Republicans and used an obscure procedural maneuver called “the 9th order” to take control of the majority Democrat Senate. Their demand for government reform held up passage of the budget through a month long special session.

At the end of the day lawmakers agreed to and passed the following bills in order to break the budget impasse:

- Eliminating early retirement option for state employees (SB 6378)
- Restructuring health benefits for school employees (SB 5940)
- Balanced budget requirements (SB 6636)

Long Term Care: Don't "Unreform"

In many ways "reform" was the buzz word of the 2012 session. What started as a demand for "reform before revenue" turned into an ultimatum of "I won't vote for a budget until you approve my reform bills."

Aging advocates turned this buzz word on its head and used it as an opportunity to educate lawmakers that when it comes to long term care, we have already experienced a dramatic "quiet reform" that is saving the state billions. We told them that the last thing we should consider are cuts that will turn the clock backwards on these reforms and drive people to more expensive nursing home care. We shared these simple facts:

- ✓ Washington's successful long term care system **ranks 2nd in the nation**, we lead the country in choice of settings and providers and in supporting family caregivers.

- ✓ Our system is both popular and cost effective, **Washington ranks 30th in per capita spending on long term care.**

- ✓ Washington states' **nursing home caseload has dramatically declined** from more than 17,000 in 1992 to approximately 10,000

today, despite a huge increase in the 85+ population.

- ✓ Washington serves **2.3x more consumers per dollar in home and community based settings**, as compared to nursing home settings.

- ✓ Our successful move away from expensive nursing home care has saved an estimated **\$3.34 billion** from 1996 to present day.

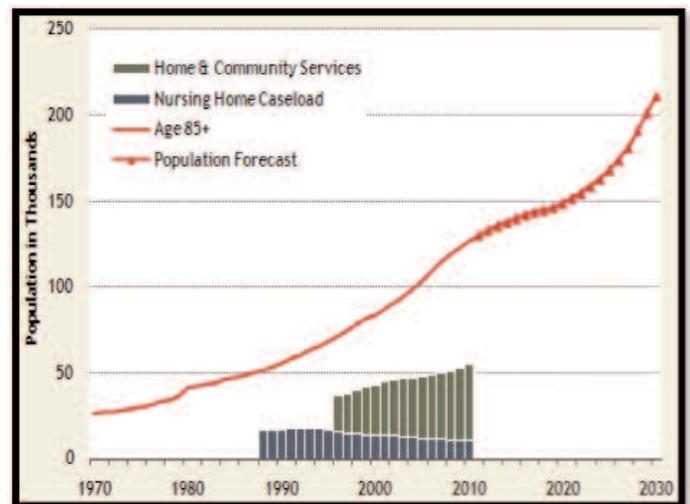


chart source: Office of Financial Management

AARP Weighs in on Policy Change in Long Term Care

Throughout the legislative session, AARP engaged in important discussions about continued policy innovation in long term care. Here are some examples:

- ✓ We provided input to the Aging and Disability Services Administration and the Health Care Authority on a demonstration program to move towards a more integrated model of care for people eligible for both Medicare and Medicaid and we supported a budget proviso that will provide authority for counties to test these models.

- ✓ We supported budget language calling for a study of how to expand self-directed models of care in which a consumer would receive an individualized account that they can use to purchase long term care supports of their choosing.

- ✓ We opposed another proposal to control costs by establishing wait lists for home care (the waiver program known as COPES), arguing that this would only increase costs in the long run as people forced to wait turn to more expensive nursing home care instead.

AARP along with other organizations captured the human impact of long term care cuts through a series of ads in the newspaper that drove people to a web site of compelling videos of people telling their stories.

This media campaign generated thousands of hits to the web site and gave lawmakers early warning that cutting services to vulnerable seniors and people with disabilities would be very unpopular.

Full page ads in the Seattle Times and the Olympian drove people to a web site where heard personal stories about people like:

Putting A Human Face on the Issue



- Lynne Hendrix and her husband, Stan Shockey, who suffered a major brain hemorrhage at age 52, Stan relies on Adult Day Health and Home Care services that allow Lynne to keep working her job while Stan gets the care he needs.
- Pamela Bran who was diagnosed with Multiple Sclerosis in 1972 and today lives in an Adult Family Home where she receives the long term care she needs.
- David Hoffman who survived a fire than burned 70% of his body. He relies on Home Care support to care for his burns, ongoing pain and daily life functions.

This effort was endorsed by AARP Washington, SEIU Healthcare 775NW, Alzheimer's Association, Eldercare Alliance, Full Life Care, National MS Society, Inland Northwest Chapter, Puget Sound Alliance of Retired Americans, Resident Councils of Washington, Washington State Senior Citizens Lobby, Washington Home Care Coalition and the Washington State Long-Term Care Ombudsman Program.

Health Insurance Exchange Established

Improving Health Care Access for People Age 50+

People who are older but not yet eligible for Medicare often struggle to find health insurance they can afford. This is especially true for people who retire early or who are unemployed. Individual insurance plans are hard to shop for and can cost up to three times more for older people. The Affordable Care Act (ACA) passed by Congress in March 2010 included key provisions to address this problem. The federal health reform bill called for limits on age rating and for the establishment of state based health insurance exchanges to make it easier for people to shop for and afford health coverage.

In 2011 the legislature passed enabling legislation that allowed the state to proceed with establishing an Exchange for Washington but provided few details. This year, the legislature passed ESHB 2319 to implement the federal patient protection and affordable care act.

This bill, sponsored by Representative Eileen Cody (D-34th) and championed in the Senate by Senator Karen Keiser (D-33rd) expands upon the framework created in 2011 and gives further guidance to the Exchange board as it moves forward with implementation of the Exchange.

Sponsors of the Exchange Legislation



Senator Karen Keiser D-33rd



Representative Eileen Codd D-34th

Key Provisions

Market Rules - The legislation establishes new market rules for plans sold inside and outside of the Exchange. These rules will help prevent health carriers from “cherry picking” the youngest and healthiest folks into plans offered outside of the Exchange leaving the Exchange to become a de-facto high risk pool.

Rating System - The legislation establishes a rating system for qualified health plans to assist consumers in evaluating and comparing plan choices in the Exchange.

Basic Health Option - Under the ACA a state may provide coverage for low-income individuals between 133 and 200 percent of the poverty level through a federal Basic Health option. The federal Basic Health plan would most likely be more affordable for this population. ESHB 2319 requires the Health Care Authority to report to the Legislature by December 2012 on whether to proceed with a federal BHP option.

The Exchange is scheduled to begin open enrollment by October 2013. Pending the outcome of the case before the U.S. Supreme Court, this will be an important and meaningful opportunity to expand health care access to Washingtonians of all ages.

Policy Bills: Key Wins and Disappointments



Curbing Medical Fraud (ESSB 5978) - Passed

Sponsored by Senator Cheryl Pflug R - 5th

It is a tragedy that we waste billions of dollars each year to Medicaid fraud. The Medicaid Fraud Control Unit (MFCU) in the Office of the Attorney General (AG) investigates cases of suspected fraud. In 2010 the MFCU collected more than \$20 million for Washington taxpayers.



Senator Cheryl Pflug

This bill creates a State False Claims Act, based on the Federal False Claims Act – giving whistle blowers significantly more incentive to report Medicaid Fraud. It also allows Washington to qualify for an additional 10 percent of national settlements. The experience in other states that have enacted state false claims acts is that they have recovered tens of millions of dollars that would otherwise have been lost to fraud.



Holding Hospitals Accountable (HB 2229 and HB 2341) - Passed

Sponsored by Representative Laurie Jenkins D-27th

In Washington, until 1973, all hospitals had been exempt from property taxes. Beginning in 1973, the property tax exemption only applied to nonprofit hospitals. Two pieces of legislation passed this year requiring transparency and accountability in return for the special tax treatment.

HB 2229 requires nonprofit and public hospital district hospitals to report the compensation paid to the five highest compensated employees of the hospital who do not have any direct patient responsibilities.

HB 2341 concerns community benefits provided by hospitals. Federal law requires that hospitals claiming nonprofit status must provide community benefits. HB 2341 requires nonprofit hospitals to make community health need assessments and community benefits implementation strategies - including a description of the community served by the hospital - widely available to the public.



Restricting Portability for Medigap Plans (HB 2442) - Failed

Sponsored by Representative Barbara Bailey R-10th

Current Medicare Supplement (Medigap) policyholders have the ability to move from one plan to another without medical underwriting or “evidence of insurability”. In 2008 a new federal law changed the types of Medigap plans that could be offered, and Washington law was changed to reflect the federal law in 2010.

HB 2442 would allow carriers to medically underwrite people who want to move from an older Medigap plan (pre-2010) to a newer Medigap plan (post-2010). The older and sicker people in the old Medigap plans would lose the ability to move to any other plan without Medical underwriting and would be stuck in their current plan. AARP testified in committee in opposition to HB 2442 which later died on the Senate Floor.



Providing Safe Collection and Disposal of Unwanted Drugs (SB 5234) - Failed

Sponsored by Senator Adam Kline D-37th

This bill would have created a secure and environmentally sound way to dispose of leftover and expired medications that endanger our communities through drug abuse and overdoses, accidental poisonings and damage to the environment. AARP joined a broad coalition in support of this bill. Strong opposition from the pharmaceutical industry kept it from getting the votes necessary for passing.



Establishing Maximum Speed Limits on Certain Highways (HB 1217) - Failed

Sponsored by Representative Cindy Ryu D-32nd

This bill would allow cities and towns to establish maximum speed limits of 20 miles per hour in business or residence districts without an engineering or traffic investigation. Removing these significant hurdles would give local jurisdictions the ability to make their communities safer, more convenient, and allow residents to replace trips in private vehicles with walking and bicycling. AARP worked with a broad coalition, including the Cascade Bicycle Club in support of this bill which at the end of the day got lost in the shuffle of the budget negotiations and failed to pass.



AARP Advocates with Governor Gregoire

Tax Reform: Much Discussion, Little Action

The 2/3 super majority vote requirement for any tax changes established by Initiative 1053 means that it is difficult to impossible for the legislature to make even modest changes or updates to the tax code. As a result, little to no action was taken this session to streamline our tax code or stabilize revenues. While lawmakers did agree to close two tax loopholes as part of the broader budget deal, hundreds more remain on the books. The members listed below deserve credit for raising important reform proposals. These bills generated discussion and some consensus, particularly around the need for tax expenditure reform, but failed to pass.

2012 Revenue Bills

Capital Gains Tax (HB 2563) - Failed

Sponsored by Representative Laurie Jinkins D-27th

This bill would have created a new 5% state excise tax on capital gains. The tax would not apply to the first \$10,000 in capital gains (\$5,000 for single taxpayers). Nor would it apply to savings or income from retirement accounts, per federal law. The tax would have generated an estimated \$700 million or more to fund health care, education and other priorities. Only about 2 percent of Washingtonians – mostly the very richest households – would pay any additional taxes under this proposal.

Structural Tax Reform (HB 2486 / SB 6550) - Failed

Sponsored by Representative Chris Reykdal D-22nd / Senator David Frockt D-46th

This bill would have eliminated the State Business and Occupation (B&O) tax, reduced sales and use tax from 6.5% to 5.0%, broadened the new 5.0% sales tax to all personal and professional services and created a Higher Opportunity Promise for Education (HOPE) Income Tax at 1.0% on adjusted grsos income and corporate gross profit which would be dedicated to the Education and Legacy Trust Account.

Tax Expenditure Reform (SB 6088 / HB 2529, 2530) - Failed

Sponsored by Senator Craig Pridemore D-49th / Representative Reuven Carlyle D-36th

These bills would have created greater transparency and accountability around the hundreds of special state tax breaks on the books in Washington state. They called for new process requirements to clarify and evaluate the purpose and intent of tax preferences. They also would have applied expiration dates for new or existing tax breaks.



Representative Laurie Jinkins
advocated for sensible budget and tax reforms.

AARP Advocates Make a Difference

Capitol Action Team

AARP's Capitol Action Team kept up a drumbeat through the long legislative session. This talented group of Olympia based volunteers tracked legislation, testified before committees and met with legislators and staff. Special thanks to Peggy Quan, Joyce LaValle, Lynn Nielsen, Virginia Towne, Jim Harvison, Lynne Treat, Kathryn Davis, Bob Lolcama and Juanita Wright.

Legislative Luncheon

On February 14th more than 100 AARP advocates from across the state gathered for our annual legislative luncheon. Dressed in red in honor of Valentine's day and the AARP theme color, participants engaged with policy experts during our issue briefing, heard from a panel of lawmakers and listened to an address from Governor Chris Gregoire. Dozens of lawmakers stopped by to talk with AARP members about our issues. Mark your calendars – we will do it again next year, February 13, 2013.

Monthly Advocacy Updates Conference Calls

To stay connected and up to date throughout the legislative session and year round, AARP advocates participate in a monthly phone conference. Thanks to everyone for dialing in to get the updates, ask your questions and hear from special guests. This year we were pleased to host a wide range of guests including lawmakers, agency staff and issue experts from AARP's national office.

Meeting Lawmakers in Your Districts

The best way to get to know your state lawmakers is in your own home turf. Dozens of AARP volunteers met with lawmakers in the fall before the beginning of the legislative session. These meetings are far more relaxed and personal than the rushed, fifteen minute meetings that can be hard to schedule during the legislative session. Your state lawmakers are your neighbors and they work for you. Thanks to everyone who took time to reach out and attend local meetings with lawmakers to raise AARP issues.

AARP Legislative Luncheon In Olympia February 14 2012



Thank you AARP volunteers for all of your great work!

Telephone-Town Hall with Governor

On December 2nd, AARP Washington hosted a Telephone Town Hall with the Governor as our guest. This amazing technology enables our members across the state to engage directly without leaving their home. More than 15,000 AARP members joined our call to hear directly from the Governor. She talked about the challenge posed by the budget deficit and her proposal for a ½ cent sales tax increase. Pulse polls gave listeners the opportunity to provide instant feedback and showed strong support for raising revenue to avoid painful cuts.

E-Mail Advocacy

Lawmakers pay close attention to what they hear from constituents – phone calls and e-mails from voters in their district provide a constant feedback loop that impacts what they pay attention to and how they vote. During the 2012 sessions, AARP sent ten e-mail alerts to our members which generated more than 2,500 e-mails to lawmakers. Thank you to all of you e-activists out

there who urged lawmakers to preserve long term care services and to establish the health insurance exchange. Your messages made a difference.



AARP advocates and partners gather to debrief on the session

AARP Washington State Office At A Glance

AARP Washington Facts

- 919,000+ Washington members
- 9 Washington staff members
- 1,682 volunteers

AARP Washington Website

www.aarp.org/wa

AARP Washington Email

aarpwa@aarp.org

AARP Washington Toll Free

866-227-7457

AARP Membership Line

888-OUR-AARP (687-2277)

Washington E-Newsletter

Want to receive Washington's "E" newsletter? Send an email to

aarpwa@aarp.org

Driver Safety or Tax Aide

888-AARP-NOW (227-7669)

AARP.org

Visit www.aarp.org for information, membership services, discounts, tools and all things AARP.

AARP Discounts

Having a higher quality of life doesn't mean a higher cost of living. For a complete list of discounts visit www.aarp.org/discounts

AARP Washington: Making Life Better for You!

Advocacy

For more information about AARP advocacy in Olympia and on federal issues contact AARP Advocacy Director Ingrid McDonald imcdonald@aarp.org. Send an email to aarpwa@aarp.org and ask for advocacy updates.

Engaging Members in their Communities. Everyone can visit www.CreatetheGood.org to find hundreds of opportunities to get involved in activities that help their neighbors and communities—whether they have 5 minutes or 5 hours. Washington members can also contact the state office to work promoting AARP at events or to learn about other volunteer opportunities. To learn more call the AARP Washington Hotline at 1-866-227-7457 or email aarpwa@aarp.org.

Health Action Now AARP has great information about how the new health care law benefits you. Check out www.aarp.org/getthefacts

We help 50+ job-seekers. For information on work and careers at 50+, visit www.aarp.org/money/work. AARP Foundation Offices manage the Senior Community Service Employment Program (SCSEP), providing on-the-job training to those 55+ with limited incomes. They also offer 50+ job seekers WorkSearch, an online skills evaluation, training and job seeking tool. In Seattle 206-624-6698. In Spokane 509-325-7712.

AARP's Tax-Aide program www.aarp.org/taxaide provided free tax assistance to more than 30,652 Washingtonians in 2010. In 2009, nearly 14,976 people statewide graduated from AARP's Drivers Safety Program www.aarp.org/drive. Call 1-888-227-7669 for sites, classes and additional information for both AARP programs.

AARP Fraud Fighter Call Center dials in on scams targeting seniors. Trained volunteers called "Fraud Fighters" have volunteered 24,000 hours, making 337,000 calls to warn people of scams and provide tips, resources and information they need to protect themselves from fraud and abuse. The project is a partnership between the AARP Foundation and the Washington State Attorney General's Office. AARP is actively recruiting new Call Center volunteers in the Seattle area, call 1-800-646-2283 for more information.





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