Cynthia Smith 5-7761
Pam VanWie 5-7754

THE WHITE HOUSE

WASHINGTON

April 24, 1996

REMARKS TO THE 46TH ANNUAL CONFERENCE OF THE NATIONAL COUNCIL ON THE AGING

DATE: April 26, 1996
LOCATION: Washington Hilton Hotel and Towers
TIME: 9:00 AM
FROM: Alexis Herman
Bill White

I. PURPOSE

To articulate the Administration's commitment to protecting Social Security, Medicare, Medicaid, and the Older Americans Act to 2,000 national leaders in the field of aging.

II. BACKGROUND

The National Council on the Aging (NCOA), a non-profit agency established in 1950, pioneered the concept of senior citizen centers around the country. Their mission is to promote the dignity, self-determination, and well-being of older persons and to enhance the field of aging through leadership, service, and education. NCOA has 7,500 affiliated organizations and serves as a resource to the aging community for public policy, technical assistance, research, training, and advocacy.

As a recipient of federal funds, NCOA is non-partisan. They have been key supporters of the Administration's priorities, and have been extremely effective in "educating" Members of Congress on aging issues. In December, 1993, NCOA was the first national aging organization to endorse the President's Health Security Act, and you invited their Board of Directors to the White House to personally thank them for their endorsement. In April, 1994, the President addressed their 44th Annual Conference, and was interrupted by several standing ovations. During 1995, NCOA was deeply involved and instrumental in the success of the White House Conference on Aging. And in the fall of 1995, during the budget debate, NCOA aggressively worked to support the President's position on Medicare and Medicaid.

In 1994, NCOA invited you to their conference in order to present you with the Ollie A. Randall award for "singular and outstanding contributions toward advancing the cause of aging." The President accepted the Ollie Randall Award on your behalf for your efforts to advance the cause of universal health care.

NCOA pioneered many innovative initiatives for seniors that have developed into national programs that are commonplace to senior centers across the country including; congregate meals, meals-on-wheels, the Foster Grandparents program, and the Family Friends Program, which matches seniors with the families who have children with disabilities or chronic illness.

The conference will be primarily dominated by four major issues: Medicare, Medicaid, the Older Americans Act, and Social Security. Attached are detailed administration position on these issues, along with NCOA draft policy positions. The following are summaries of NCOA policy positions.

MEDICARE: NCOA believes Congressional proposals to "reform" Medicare threaten the fundamental principles and strengths of this landmark social insurance program. They want any savings realized beyond those needed to protect the viability of the Medicare Trust Fund be used to expand coverage of prescription drugs, preventative treatment services, long term care benefits, and health care for low income populations.

MEDICAID: They strongly oppose block granting, and support maintaining provisions for Qualified Medicare Beneficiaries, nursing home spousal impoverishment, and nursing home quality standards. NCOA would also support reasonable cost reductions and the establishment of annual spending caps for Medicaid at levels that would not force states to reduce coverage..

OLDER AMERICANS ACT: Through OAA funding, many NCOA members provide meal services in their senior centers across the country. NCOA is also one of ten national sponsors that manages the Senior Community Service Employment Program under Title V of the OAA. In a time of sharply rising need and demand for OAA services, NCOA has been extremely engaged in the Administrations efforts to protect and preserve the OAA from Congressional efforts to weaken the program.

SOCIAL SECURITY: NCOA endorsed the policy positions of the 1995 White House Conference on Aging that opposed means testing, and supported universal coverage and continued protection of benefits against inflation. In a recent policy draft, NCOA is urging the Administration and Congress to take early action to address the long term solvency of the Social Security system. NCOA opposes privatization, but does understand the need to explore additional options to assure the future solvency of the Social Security system for generations to come.

<u>Program</u>
Before your remarks, you will present the "Claude Pepper Award" to Senator Ron Wyden (D-OR). Reba Schafer, Chair, NCOA Board of Directors, will introduce the award. The Pepper Foundation presents the award annually to an individual who, "promotes policies and programs that improve health, provide economic opportunity, and contribute to social justice for all persons, with a special emphasis on the betterment of life for the elderly."

III. PARTICIPANTS

Jim Firman, President of NCOA
Reba Schafer, Chair of NCOA's Board of Directors (Lincoln, NE)
Dr. Arthur Flemming, Honorary Member of NCOA Board and
Former Secretary of Health, Education, and Welfare for Eisenhower
2,000 national leaders from the aging community.

IV. PRESS PLAN

Open to the press.

V. SEQUENCE OF EVENTS

- o Upon arrival, you will be greeted by NCOA President Jim Firman and NCOA Chair Reba Schafer, and proceed to the dais in the Grand Ballroom.
- o Reba Schafer will introduce the "Claude Pepper Award," and invites you to present the award to Senator Ron Wyden (D-OR).
- o You will proceed to stage and present the Claude Pepper Award to Senator Wyden and return to your seat.
- o Senator Wyden accepts award and makes remarks. (NOTE: Sen. Wyden has to depart immediately after his remarks.)
- o Reba Schafer introduces you.
- o You proceed to the podium and deliver remarks.
- o You will do Q & A moderated by Reba Schafer, who will read a few pre-selected questions from the audience for you to answer.
- o You exits stage and work a ropeline.
- o You depart.

VI. REMARKS

Provided by Lissa Muscatine

Attachments

Tab A:	Medicare and Medicaid Background Papers
Tab B:	Medicare Trust Fund Update & NYT Article 4/23/96
Tab C:	Social Security Advisory Council Background
Tab D:	Older Americans Act Background

NEWS The National Council on the Aging

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information current as of July 1995

The National Council on the Aging (NCOA)

NCOA is an association of organizations and individuals committed to promoting the dignity, self-determination, well-being, and contributions of older persons and to enhancing the field of aging through leadership and service, education, and advocacy. Founded in 1950 and headquartered in Washington, D.C., this private, nonprofit organization has a broad national membership that includes professionals and volunteers, service providers, consumer and labor groups, businesses, government agencies, religious groups, and voluntary organizations. Among NCOA's publications are the quarterly magazine *Perspective on Aging* and monthly newspaper *NCOA Networks*. A catalog of publications and other resources is available free upon request.

NCOA President and CEO James P. Firman, Ed.D.

Dr. Firman is widely recognized as an innovator and advocate for older persons. He is a noted expert, consumer advocate, and author on many issues, including health insurance, long-term care, and financial options. Prior to becoming NCOA's president in January 1995, Dr. Firman was for ten years the president and CEO of the United Seniors Health Cooperative, a nonprofit consumer organization which he co-founded. He served as senior program officer (1981-1984) at the Robert Wood Johnson Foundation and was a co-founder of Grantmakers in Aging. As a member of the NCOA staff from 1977 to 1981, he developed innovative intergenerational programs. More recently, he was a commissioner of the American Bar Association's Commission on Legal Problems of the Elderly and served on NCOA's Board of Directors, as well as chairing an NCOA constituent unit, The National Institute on Financial Issues and Services for Elders.

NCOA Chair Reba Schafer

Ms. Schafer began her two-year term as Chair of the NCOA Board of Directors in January 1995. She has served on the NCOA Board since 1988. In her 19-year association with the Lincoln, NE, Area Agency on Aging, she first directed its Community Services Division (1976-1993) and, since April 1993, has served as Administrator. She has an extensive background in senior center operations, nutition programs for elders, and senior transportation programs. A past chair of NCOA's National Institute of Senior Centers, she helped develop its *Senior Center Standards and Self-Assessment Workbook*. She is vice-chair of the Nebraska Area Agency on Aging Association.

Hillary Rodham Clinton

Left Side of Podium
(Left to Right)

Dan Thursz
President Emeritus
NCOA

Carolyn Stearnes
Vice President, Employment Division
Senior Citizens Service, Inc.
Memphis, TN

Ron Cavill
Treasurer, NCOA
President
Cavill and Company
Deal, MD

Tim Foley
National CAP Director and
Administrative Assistant to the President
International Union UAW
Detroit, MI

Linda Fitzpatrick
Director
Elder Service Plan at Fallon
Worcester, MA

Frances Campbell
President
The Claude Pepper Foundation, Inc.
Tallahassee, FL

Ron Wyden
US Senator
D-Oregon

Frankie M. Freeman
Counsel
Whitefield, Montgomery and Staples
St. Louis, MO

Right Side of Podium
(Left to Right)

Reba Schafer
NCOA Board Chair
Director
Lincoln Area Agency on Aging
Lincoln, NE

Hillary Rodham Clinton
First Lady

Arthur Flemming
Chairman
Save our Security Coalition

Michael Cooley
Executive Director
Cohoes Multi-Service Senior Citizens
Center, Inc.
Cohoes, NY

Jim Sykes
Associate Director
Wisconsin Institute on Aging
Madison, WI

Elva Walker
Chairman of the Board
Natural Purity
Minneapolis, MN

Tom Brown
Assistant to the President
Richland Memorial Hospital
Columbia, SC

Bill Walsch
Co-Founder
Independent Resource Center
Middletown, CT

Beatrice Arneson
Bristol, CT

Question: What role should the government play in the financing and administering of community-based long-term care?

Answer: Access to affordable home and community-based long-term care is critical in ensuring that older Americans live with dignity and security. The Clinton Administration is committed to expanding home and community-based options. The President has proposed a new grant program to expand these services and, as part of his Medicaid reform plan, has proposed that states be able to use home and community-based care without seeking waivers from the federal government. In addition, the President supports federal standards for private long-term care insurance and tax incentives to make private insurance affordable.

[NOTE: The Senate version of the Kassebaum-Kennedy bill includes favorable tax treatment for long-term care insurance policies but does not include appropriate federal standards.]

Janet Sainer
New York, NY

Question: The White House Conference on Aging passed a resolution addressing the evolving role of grandparents. What role do you think the government should have to help grandparents who are taking care of grandchildren?

Answer: The American family has undergone dramatic changes in the past few decades. Families have felt the effects of a rising divorce rate, declining birth rate, and an increasingly fast-paced economy. Despite the many changes, grandparents remain an important source of knowledge and stability in American families. Grandparents have always helped us understand the past and encourage us to hope for the future.

Today, grandparents are being called on for even more. Households made up of several generations have increased by more than 50 percent in the past 25 years, and today, it is estimated that 3.4 million children ~~currently~~ live in households headed by their grandparent. For approximately one-third of these children, neither parent is present and the grandparent assumes the role of primary caregiver to her or his grandchildren.

These changes are just another reason why it is essential that our nation support our older citizens and vulnerable populations, and why this Administration has been fighting to maintain that support.

* EIC: Earned Income Tax Credit

other support

- empl'ment zones
- safer + healthier envts

We have been fighting for programs that support grandparents and their grandchildren -- secure Medicare and Medicaid programs, a sound and universal Social Security system; the nutrition, health promotion, and ~~camaraderie~~ provided at your senior centers; financial assistance through AFDC and SSI; help with child care; expanded education through community schools; food stamps. As grandparents increasingly step in to care for our nation's children, we will continue to fight to protect these programs and to help ensure that grandparents can access the support they need.

after school programs

I would also like to recognize and acknowledge the tremendous number of grandparent support groups that are cropping up across the country to provide additional support. It takes a village -- grandparents are demonstrating their centrality to this village -- we must all support and thank them.

Barbara Rayner
Coventry, RI

Question: To what extent do older worker programs lift people out of poverty? What difference has this made to their lives?

Answer: Although we may complain about it at times, we all know that work and contributing to society is critical to our well-being, whether financially or psychologically. And you know that the need to contribute to our communities does not disappear as we grow older.

- Only workforce devlpt pros targeted to rapidly T's sr pop.
- Serves most in need

Older worker programs such as the Senior Community Service Employment Program (Title V of the Older Americans Act) have played an important part in filling both the financial and psychological needs of older Americans. The program subsidizes on the job training and part-time employment for low income seniors in community organizations such as schools, child care centers, hospitals, or public parks. The program allows these seniors to contribute to their community and earn critical financial assistance. More than 100,000 older Americans participated in the program last year. Over 28% of participants were transitioned into unsubsidized jobs. → exceeding program goal of 20%

Sponsors:
AARP
NCOA
NCSC
Nat'l Urban League
Forest Service

This Administration has fought to support this important program, including the expert role of national contractors such as NCOA in its administration.

We have also fought to maintain the Corporation for National Service which, as all of you know, does not just provide service opportunities for young people, but also for the hundreds of thousands of older Americans in the Corporation's National Senior Volunteer Corps. Through the Foster Grandparent, Senior Companion, and Retired and Senior Volunteer Programs, more than 500,000 volunteers nationwide are providing critical help to families and communities, and older Americans are given the opportunity to continue to contribute to their communities.

[NOTE: Seniors must have income below 125% of poverty to qualify for the Senior Community Service Employment Program. In the current budget agreement, we succeeded in eliminating language that would have lowered the amount of money going to the program's national contractors, sending a greater percentage directly to states instead.]

MEMBERSHIP BREAKFAST -- REBA SCHAFER

INTRODUCTION OF HILLARY RODHAM CLINTON

Hillary Rodham Clinton comes to us as a person of many achievements and talents. And this morning she demonstrates mastery of a special art. It's taken two years to do it, but she's been able to coordinate the schedules of the President and the First Lady as they relate to NCOA.

You who were at the NCOA conference in 1994 will remember that Hillary Clinton was named to receive NCOA's Ollie Randall Award. It turned out, late in the day, that she couldn't make it to the conference. But, since President Bill Clinton is a good husband and a friend of

aging and NCOA, he obligingly came to claim the award for his spouse. And, not incidentally, he also gave a memorable speech that brought down the house.

We asked President Clinton to make a return appearance at this conference, but as you may have noticed in the headlines of the day, he has an imposing array of responsibilities in the United States and around the world. It appears, however, that there was a family discussion at the White House. The upshot is that Hillary Rodham Clinton will finally be welcomed by NCOA.

And our welcome will, I am sure, be heartfelt and full of affection. As

working woman, mother, and a leader for worthy causes, Hillary Rodham Clinton has won a special place in the history of first ladyship and good citizenship.

It is no small matter, for example, that she took a broad view of health care reform when she led the Task Force on National Health Care Reform. That view included her staunch support for a continuum of long-term care services for all generations. She grasped what real reform should embrace, and she really **understood** what that continuum would mean: real people having real choices about appropriate care that enables them to live with dignity, as independently as they can, for as long as they are able.

To name just one more of her driving interests, we can take national satisfaction, I think, in her strong determination to protect the interests of children and their families. Her steady advocacy in this arena dates back to her service as staff attorney of the Children's Defense Fund in 1973. And now, this year, she has given voice to her vision of a nation and a world in which children can lead better, more secure lives in ways that strengthen all generations.

She is the author of a book with a title that draws from an axiom, that it takes a village to raise a child. It is not going too far, I think, to say that it takes a nation to look after the well-being of all

its people. We in this nation have many blessings; we have many responsibilities, too. Hillary Rodham Clinton helps us see our blessings as she reminds us of our responsibilities.

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CLINTON ADMINISTRATION ACCOMPLISHMENTS ON BEHALF OF OLDER AMERICANS

"I think we're obligated to balance this budget to take the debt off our children and our grandchildren, but we're obligated to do it in a way that represents -- that reflects our responsibility to our parents and our grandparents..." -- President Clinton

FIGHTING TO PROTECT MEDICARE AND MEDICAID

- **Fighting Drastic Republican Cuts** in Medicare and Medicaid that will shift a staggering financial burden to elderly and disabled Medicare beneficiaries; and reduce Medicaid nursing home coverage for hundreds of thousands of the elderly and disabled.

- **Long-Term Care** -- Opposing Republican proposals to reduce Medicaid long-term care coverage and to repeal enforcement of quality standards for nursing homes. Consistently supported expanding state administered home and community-based care services, tax clarifications and consumer standards for private long-term care insurance, and penalty-free withdrawals from IRAs to pay for long-term care.

- **Making Medicare and Medicaid Responsive to Beneficiary Needs** -- Worked to strengthen and improve Medicare and Medicaid by combating fraud and abuse, enhancing quality, and supporting an expansion of managed-care options to increase choices for beneficiaries -- not as a smokescreen for deep and arbitrary cuts. Proposed providing more preventive services and a respite care benefit for families of victims of Alzheimer's disease under Medicare.

PROMOTING ECONOMIC SECURITY

- **A Stable Social Security System** -- Committed to preserving Social Security benefits and ensuring the long-term integrity of the Trust Fund. The President stated benefits should not be used to balance the budget or pay for tax cuts for the wealthy.

- **A Reliable Pension System** -- Signed the Retirement Protection Act in December 1994. Now workers and retirees will be able to count on receiving the pension they have earned. April - proposed Retirement Savings + Security Act: expans pension covge, portability + protections.

STRENGTHENING SUPPORTIVE SERVICES AND OPPORTUNITIES

- **Older Americans Act** -- Proposed reauthorization of Older Americans Act to renew and strengthen critical Meals on Wheels, transportation, senior community employment, and ombudsman services. Fighting to keep the program intact.

- **Senior Service Corps** -- Fighting to support and protect the Corporation for National Service's Senior Service Programs -- Foster Grandparents, Senior Companions, and the Retired Senior Volunteer Program.

BRINGING SENIORS TO THE TABLE

- **Elevation of Commissioner of Aging** to Assistant Secretary status.

- **1995 White House Conference on Aging** -- Called for the fourth White House Conference on Aging, after the 1991 Conference failed to take place.

January/1996

MEDICARE

"...(W)e must have a common commitment to preserve the basic protections of Medicare and Medicaid.... In the past three years, we've saved $15 billion just by fighting health care fraud and abuse. We have all agreed to save much more. We have all agreed to stabilize the Medicare Trust Fund. But we must not abandon our fundamental obligations to the people who need Medicare and Medicaid. America cannot become stronger if they become weaker."

President Clinton
State of the Union Address
January 23, 1996

Overview. For over three decades, Medicare has provided basic health care benefits for millions of elderly and people with disabilities. A recent study has cited Medicare as one of the reasons why Americans who turn age 80 are more likely to live longer than any other 80-year-old in the world. President Clinton is committed to strengthening and modernizing Medicare by incorporating the positive aspects of innovations in the private sector health care delivery system, while preserving the nation's commitment to this important program. He has already presided over an unprecedented increase in the number of beneficiaries choosing managed care options. He has cracked down on fraud and abuse, and has asked Congress to give him the authority to do more. And finally, he has offered proposals to constrain growth in program expenditures and extend the life of the Medicare Trust Fund by at least ten years from now. The President has illustrated how these goals can be achieved while still providing new preventive care services and an even greater array of plan choices to the over 37 million beneficiaries the program now serves. But, unlike other proposals, his new plan options would compete on cost and quality -- not by "cherry-picking" the healthiest and wealthiest.

Accomplishments.

- **Cracking Down on Fraud and Abuse.** Building on the billions of dollars that the Clinton Administration has saved by tracking down purveyors of Medicare fraud and abuse in the last three years, the President announced a new two-year partnership of Federal and state agencies to further prevent and detect fraud in the parts of the program that are expanding the most rapidly. "Operation Restore Trust" targets five states that account for 40 percent of the nation's Medicare and Medicaid beneficiaries. This new initiative is already paying dividends and it is expected that the investment will yield a multi-fold return in recoveries, fines, penalties, and savings to the Medicare Trust Fund.

- **Expanding Plan Choices for Beneficiaries.** Through its ongoing efforts to collaborate with the managed care industry and provide objective information to beneficiaries about plan choices under Medicare, the Clinton Administration has presided over unprecedented growth in voluntary enrollment in Medicare managed care plans. The recently launched demonstration "Medicare Choices" is just one example of this commitment to provide more managed care options to beneficiaries, particularly for beneficiaries in previously underserved rural areas.

- **Improving Quality.** As plan choices are increased, the President has been vigilant to ensure that quality is preserved and enhanced. The establishment of the Medicare HEDIS (the Health Plan Employer Data Information Set), the Foundation for Accountability, and the Medicare Managed Care Quality Improvement Project are just a few examples of the Clinton Administration's commitment to quality. These initiatives will help ensure that managed care plans use standardized reporting criteria to help beneficiaries judge these plans' quality and medical outcome performance.

- **Simplifying and Streamlining Medicare.** Historically, the Medicare program has been over-regulated and micromanaged. In the last year alone, the President has directed the Department to (1) alter the focus of regulations to measures of outcomes of care rather than measures of process, (2) eliminate the so-called "physician attestation" form, which was required to certify the accuracy of all diagnosis and procedures before any claim could be submitted, and (3) reduce excessive reporting requirements and streamline inspections for excessively regulated clinical labs.

Statistical Backup.

- In the last three years, anti-fraud and abuse efforts have saved almost $15 billion in Medicare and Medicaid costs. Under Operation Restore Trust, there have already been 30 convictions, 12 indictments, 10 civil judgements and 36 program exclusions. These actions resulted in $2.2 million in program savings and $34.9 million in fines, recoveries, settlements and civil money penalties.

- As of February 1996, almost 4 million Medicare beneficiaries were enrolled in managed care plans. Since 1993, there has been a 67 percent increase in enrollment in these plans. In fact, in 1995, an average of 68,000 beneficiaries a month voluntarily enrolled in these plans.

- Regulatory reform efforts across the Department of Health and Human Services will result in an almost 25 percent reduction in total pages of Department regulations. Ending the "physician attestation" requirement alone will eliminate 11 million forms a year, saving almost 200,000 hours of physician time and decreasing hospital administrative costs by about $22,500 per hospital a year.

Agenda.

- The President has and will continue to reject Republican budget proposals that provide for excessive cuts in Medicare, unnecessarily increase out-of-pocket costs (directly through increased premiums and indirectly through the elimination of balanced billing protections), and that propose untested plans (such as Medicare Medical Savings Accounts) that would compete by attracting healthy and wealthy beneficiaries, rather than by providing high quality, cost-effective services.

- Instead, the President has submitted a balanced budget proposal that would reduce program growth and, in so doing, strengthen the Medicare Trust Fund. His plan provides more plan choices and more preventive care. Key elements include:

  -- Achieves $124 billion in savings over seven years through specific and scored initiatives without any new beneficiary cuts. This would extend the life of the Medicare Trust Fund by over a decade from now.

  -- Provides for more choices, including new Medicare Preferred Provider Organizations (PPOs) and new Provider Sponsored Organizations (PSOs).

  -- Provides for an unprecedented preventive care package that would include no copayments for mammograms, a new colorectal screening benefit, and a new diabetes maintenance program.

  -- Provides for a downpayment on long-term care through the establishment of a new respite benefit for families of Medicare beneficiaries who have Alzheimer's disease.

  -- Strengthens the hands of Federal fraud and abuse prosecutors with more penalties and other legal remedies, and increases financial incentives for Medicare to go after abusers of the system because they can reinvest these savings to help finance additional investigations.

Contact: Chris Jennings or Jennifer Klein
Last Update: March 11, 1996

MEDICARE

(Draft for NCOA Annual Conference)

Health care reform serving all generations is vital. Comprehensive health care reform is needed in order to receive any savings. We need to address the growing cost associated with the Medicare system that is leading an increase in the deficit. The Medicare program has provided and continues to provide near universal, high quality health coverage of older persons and their families in America at remarkably low administrative expense. A number of legislative proposals under consideration in Congress to "reform" Medicare threaten fundamental principles and strengths of this landmark social insurance program, the National Council on the Aging hereby declares that the Medicare program should:

(i) assure that changes include coverage of prescription drugs, preventive treatment services, metal health, dental, and eye care,

(ii) protect the affordability of Medicare participation against imposition of higher co-payments, deductibles, and Part B premiums or dilution of the "risk pool" through "medical savings account" or "means testing" schemes,

(iii) preserve the standard package of benefits for all beneficiaries which has been a hallmark of Medicare and its character as a social insurance program,

(iv) expand home and community-based services within Medicare

(v) protect choice among health providers and personal selection by Medicare beneficiaries of their physicians as the nation pursues new levels of effort to control Medicare costs and harness market mechanisms for economical health care delivery and pricing (including nondiscriminatory managed care options and encouragement of consumer purchasing cooperatives).

Draft - not approved be board yet

MEDICAID

"I vetoed the Republican budget plan that was sent to me by Congress . . . because [it included] the most massive cuts in Medicare and Medicaid in history, a tax increase on working people, and deep, deep cuts in education and the environment. . . . My seven year balanced budget plan reflects our values and protects our investments in the future. . . . At stake is far more than just numbers and abstract programs and proposals, and far more than the normal political debates in Washington. This debate is about people, the lives they lead, the hopes they have, the desires they have for a better life."

President Clinton
Radio Address
December 9, 1995

Overview. For 30 years, Medicaid has provided a guarantee to meaningful health benefits for millions of people with disabilities, pregnant women, poor children, and older Americans -- particularly those in need of nursing home care. President Clinton is committed to giving states flexibility to manage the program more efficiently, while retaining the Medicaid guarantee and refusing to go backwards on health care coverage for Americans.

Accomplishments.

- **Flexibility and Coverage Expansions.** Section 1115 of the Social Security Act gives the Secretary of Health and Human Services broad discretion to waive certain Medicaid requirements in order to set up experimental or demonstration projects. Through this authority, the Clinton Administration has worked with states to test new and innovative approaches to benefits and services, eligibility requirements and processes, payment and service delivery. These waivers are often aimed at saving money to allow states to extend Medicaid coverage to additional low-income and uninsured people. Since January 1, 1993, comprehensive health care reform demonstration waivers have been approved for 12 states and ten have already been implemented.
- **Improving Quality in Managed Care.** The Clinton Administration has also granted 1915(b) "freedom of choice" waivers that permit states to require beneficiaries to enroll in managed care plans. States often use these waivers to establish primary care case management programs and other forms of managed care. As the number of Medicaid beneficiaries enrolled in managed care has increased, the Clinton Administration has been working closely with states, insurers, health care professionals and consumers to assure the quality of care provided in managed care plans. For example, Medicaid HEDIS (Health Plan Employer Data Information Set), which was released in February 1996, will help monitor and improve quality in managed care plans and educate Medicaid beneficiaries about plan performance.

- **Simplifying and Streamlining Medicaid.** As part of its regulatory reform efforts, the Department of Health and Human Services has simplified the process of obtaining Medicaid home and community-based waivers and changed duplicative nursing home regulation while maintaining strong Federal quality standards.
- **Cracking Down on Fraud and Abuse.** Last year, the President announced a two-year partnership of Federal and state agencies to prevent and detect health care fraud in specific industries. Operation Restore Trust targets five states which together account for about 40 percent of the nation's Medicare and Medicaid beneficiaries.

Statistical Backup.

- Over 650,000 people have received health care coverage under Medicaid because of implemented state demonstrations. When all 12 are implemented, 2.2 million previously uninsured individuals are expected to receive health coverage.
- Regulatory reform efforts across the Department of Health and Human Services will result in an almost 25 percent reduction in total pages of Department regulations.

Agenda.

- The President will not accept the Republican budget proposal to end the Medicaid guarantee to meaningful health benefits for millions of people with disabilities, pregnant women, poor children and older Americans -- particularly those in need of nursing home care.
- Instead, he has put forward a balanced budget proposal that maintains the guarantee while giving states unprecedented flexibility to manage the program. Key elements of the President's Medicaid proposal are:
  - Maintains guarantee of coverage.
  - Constrains Federal spending through a per capita cap that protects states in times of economic downturns, inflation, or other situations that cause enrollment to grow.
  - Gives states flexibility by repealing the Boren Amendment (so that states can determine payment rates without interference) and allowing states to implement managed care without waivers.
  - Maintains federal nursing home quality standards and enforcement.
  - Retains financial protections for families, including protections against impoverishment for spouses of nursing home residents.

Contact: Jennifer Klein or Chris Jennings
Last Update: March 10, 1996

MEDICAID

(Draft for NCOA Annual Conference)

The Medicaid program serves as the nation's source of medical care for millions of older Americans, persons with disabilities, poor families with children and other needy individuals. Medicaid also serves as the nation's major payer for the costs of long-term care services. The National Council on the Aging expresses great concern with legislative proposals before Congress that would seriously alter Medicaid's scope, character, eligibility and urges that:

(i) Medicaid remain an entitlement program that continues to guarantee present health and long term care coverage without conversion to any block grant structure,

(ii) present provisions in the law regarding the Boren amendment, Qualified Medicare Beneficiaries program, protection against nursing home spousal impoverishment, and nursing home quality standards should be retained and renewed,

(iii) changes should be effected to facilitate state waivers and other mechanisms permitting more flexibility, experimentation and innovation in the design and implementation of Medicaid services,

(iv) efforts towards reasonable cost reductions that will not force states to reduce coverage or scope of benefits to achieve savings are worthy of exploration and support,

(i) legal immigrants served by Medicaid, a major portion of whom are elderly individuals, should retain their Medicaid eligibility in accordance with present provisions of the law,

Draft — not approved by Board yet

MEDICARE TRUST FUND UPDATE

Background. In 1995, the Medicare Hospital Insurance Trust Fund Trustees' Report projected that the Medicare Trust Fund would become exhausted in 2002. It also projected that shortly after 1996, fewer dollars would be going into the trust fund than would be paid out. (The projections are based on information prepared by professional, career actuaries at the Department of Health and Human Services.)

In late 1995 and early 1996, actual data indicated that expenditures out of the Part A Trust Fund were exceeding projections by about 3 percent and incoming revenue was slightly less than originally projected (by about 1 percent). (The variation reported falls within a typical margin of error and has now been incorporated into their current budgetary estimates.)

April 19th Monthly Treasury Statement and Distribution of Information. The latest available information does confirm that outgoing expenditures are exceeding incoming revenue by about $4.2 billion for the first six months of fiscal year 1996. This tracks the projections the actuaries used for the preparation of the President's Fiscal Year 97 budget. The expenditure and revenue changes have been reported and widely distributed to the Hill. They are included in the monthly Treasury report, which is given to every Member of Congress and is made available to the public. The latest report, which includes the $4.2 billion figure, was included in the April 19th "Monthly Treasury Statement." In addition, updated projections of the decreasing Trust Fund balance were included in the published, March Congressional Budget Office Medicare baseline.

Factors that Explain Changes in Numbers. Factors contributing to the experience of the Trust Fund to date include: seasonal variations in incoming revenue, increases in hospital admissions, sicker and more expensive patients being treated in hospitals, hospitals billing Medicare at faster rates, and increases in utilization in home health and nursing home services (which are also reimbursed under Part A.)

Information Should Not Be Used to Scare Medicare Beneficiaries. It is important to note that there remains over $120 billion in the Trust Fund and that there is no imminent danger that claims will not be paid. The updated information should not be used to scare the 37 million elderly and people with disabilities and should not be used for partisan, political purposes. The Trust Fund will pay out claims at least through the turn of the century and much longer if the Congress enacts the President's balanced budget proposal.

Information Validates the President's Position on Medicare. The latest information simply provides additional validation for the President's position that we should move forward and balance the budget and strengthen the Trust Fund. The President has offered a proposal that achieves $124 billion in Medicare savings, which would extend the life of the Trust Fund by at least 10 years from now. This proposal builds on the President's successes in strengthening the Medicare Trust Fund. In 1993, without one Republican vote, he signed into law Medicare savings and other financing changes that extended the life of the Trust Fund by 2 to 3 years.

THE NEW YORK TIMES, TUESDAY, APRIL 23, 1996

New Medicare Trust Fund Data Show Unusually Large Shortfall

Program Is Solvent, but Gap Shows a Weakness

A1

By ROBERT PEAR

WASHINGTON, April 22 — Medicare's Hospital Insurance Trust Fund lost $4.2 billion in the first half of the current fiscal year, according to new Government data, which suggest that the financial condition of the program is worse than projected by Administration officials last year.

The trust fund, which pays hospital bills for the elderly and disabled, lost money last year for the first time since 1972. But the loss for all of last year was only $35.7 million.

The new data show that the losses are growing. In the first half of the current fiscal year, from October 1995 through March of this year, the trust fund spent $60.5 billion and took in $56.3 billion, a shortfall of $4.2 billion, the Treasury said.

There is little chance that the trust fund will actually run out of money. It still contains more than $120 billion, and Congress would almost surely act to rescue the program before it ran out of money. But the new data provide fresh evidence that, after months of acrimonious debate between the White House and Congress, Medicare remains a budget problem of immense and growing proportions.

Chris Jennings, a special assistant to President Clinton for health policy, said today that the new numbers were not surprising. "They indicate the need to move forward, balance the budget and enact some changes in Medicare that will strengthen the trust fund," he said. "Republicans and Democrats should work together to address the problem."

In a letter to Congress last week, Treasury Secretary Robert E. Rubin suggested that Congress and the Administration resume discussions to reach an agreement on Medicare and the budget.

Republicans proposed many changes in Medicare last year to help control costs, but President Clinton said the changes would hurt beneficiaries. Republicans may hesitate to put forward new proposals after they were bloodied in that battle. Representative Bill Archer, the Texas Republican who is chairman of the Ways and Means Committee, said, "The President preferred to scare seniors and play politics instead of saving Medicare."

It is not entirely clear why the

Continued on Page A17, Column 1

Continued From Page A1

hospital trust fund is running out of money faster than expected. One factor, Administration officials said, is an unanticipated increase in the number of admissions of Medicare patients to hospitals, but that does not explain all of the discrepancy.

The new losses accelerate a trend that started several years ago, when spending by the hospital trust fund began to increase faster than the money coming into the fund. The Administration had predicted that the amount of money in the trust fund would increase by $4.7 billion in the 1995 fiscal year, which ended Sept. 30, but instead the trust fund spent $35.7 million more than it took in.

Likewise, the Administration predicted last April that the trust fund would take in $45 million more than it would spend in the current fiscal year. But that now appears highly unlikely. Treasury Department data show that the trust fund has lost money in five of the last six months.

In the first half of the last fiscal year, from October 1994 to March 1995, the trust fund lost $135 million.

Any trust fund money not immediately needed to pay hospital bills is invested in Government securities. The amount of such holdings has declined, to $128.1 billion on March 31 from $129.9 billion on Oct. 1, 1995.

If nothing is done to change the financing and design of Medicare, losses from the trust fund are expected to grow from year to year. Payroll taxes account for most of the trust fund's income, and no tax increases are scheduled under current law. Unless President Clinton and Congress arrive at a long-term budget deal, Federal officials said, there is no reason to expect a significant reduction in the rate of growth of Medicare spending.

But no such deal is in sight. In this election year, lawmakers and Administration officials are wary of any action that might offend elderly voters by restricting Medicare spending.

Last year, Republicans proposed vast changes in Medicare to slow the program's growth. But the proposals were included in a bill to balance the Federal budget, and Mr. Clinton vetoed that bill in December, saying it contained "the biggest Medicare and Medicaid cuts in history."

Republicans said their proposals were needed to prevent Medicare from going bankrupt, but Democrats said the changes would devastate the program and push beneficiaries into health maintenance organizations.

The new Treasury data do not indicate when Medicare's Hospital Insurance Trust Fund will run out of money. In April 1995, the Administration predicted that the trust fund would be depleted at some point from October to December 2002, but it now appears that the money could run earlier be the t l is spending e than expected is taking in than expected.

Senator Pete V. Domenici, the New Mexico Republican who is chairman of the Budget Committee, said he believed that the trust fund would run out of money by May 2001.

Roland E. King, former chief actuary of the Health Care Financing Administration, which runs Medicare, said today that he believed the Hospital Insurance Trust Fund "will run out in late 2000 or early 2001."

Richard S. Foster, who succeeded Mr. King as chief actuary, said he could not discuss the financial condition of Medicare without permission from top officials at the Department of Health and Human Services, and such permission was not given today.

Under Federal law, the trustees of the Medicare trust fund, including four Administration officials, were supposed to submit a report to Congress on the financial condition of the program by April 1. But Administration officials say that report has been delayed because of Government shutdowns and snowstorms last winter and will probably not be issued until late May or early June.

Some Democrats have played down the significance of the losses from Medicare's Hospital Insurance Trust Fund. Representative Pete Stark, Democrat of California, said, "The past is littered with inaccurate forecasts of Medicare's demise." Moreover, he said, "The Democrats will not let Medicare go insolvent."

Hospital executives and Medicare officials said they were puzzled by the recent increase in admissions. James D. Bentley, senior vice president of the American Hospital Association, said tonight, "Hospital admissions of Medicare patients are rising more than could be explained by growth in the number of beneficiaries — but not enough to account for all of the unexpected increase in Medicare spending."

SOCIAL SECURITY ADVISORY COUNCIL

I. Summary

The Social Security Advisory Council is expected to release a report on long-term financing of the Social Security system this summer (mid-June at the earliest). They have not reached agreement on a single recommendation, but are expected to release three different options, each of which contains many controversial proposals. (The Social Security resolution adopted by the NCOA membership recommends proposals similar to those in all of the Council's options, and opposes the moves toward privatization of two of the options.)

Our position is not to comment on specific proposals, arguing that Social Security is one of our most successful programs, and ensuring its long-term solvency shouldn't be a part election-year politics, but needs a bipartisan solution. While we will not comment now on specific elements of proposals, we believe that Social Security must remain a safety net for all Americans and its financing must be sound. Therefore, we:

- Oppose moving Social Security to a voluntary or private system that would put retirement at risk; and
- Oppose Proposals That Would Make It Less Dependable for All Recipients.

Background on the Council, details on the options, expanded talking points, and questions and answers follow.

II. Background

Recent estimates suggest that Social Security's total income, including interest on accumulated assets, will continue to exceed payments until 2020, and that the shortfall will be covered by drawing down assets until the trust fund is exhausted in 2030. Even after that, the revenues would meet about 75% of the program's costs. Under the current economic assumptions, the 75 year projection shows a deficit of 2.17% of taxable payrolls. (Currently, the employee and employer each pay 6.2% -- or 12.4% cumulatively. The 2.17% refers to how much the 12.4% payroll taxes would have to be raised to maintain 75 year solvency.)

The Quadrennial Advisory Council on Social Security is an independent, bipartisan council appointed by Secretary Shalala and approved by the President in 1994 to consider long-term issues related to the Social Security system -- specifically, which approaches are best to ensure solvency over a 75 year forecast period. We expect the Council to release a report this summer (mid-June at the earliest). At that point, the Administration will review their options or recommendations.

III. Recommendations

Our current understanding is that no consensus recommendation will be reported from the Advisory Council, but that they will instead report three separate plans. Listed below are the main items that are considered in each plan.

The recommendations in all three options are:

- Expand coverage to excluded state and local employees
- Increase the extent to which Social Security benefits are counted as taxable income.
- Reduce CPI used to compute COLAs by 0.21% (accepts the technical adjustment announced by BLS in March 1996)

In addition to these common elements, the following elements are recommended by some of the members:

Option 1: This plan includes no private accounts.

- Increase length of period used to compute benefits from 35 to 38 years of earnings (in effect, lowering benefit slightly)
- Invest a portion of Trust Fund in equities

Option 2:

- Raise the retirement age to 67 by 2011
- Reduce benefits for average and upper-income recipients
- Require 1.6% increase in payroll taxes above the current amount which would be put into private accounts

Option 3: This is the farthest move toward privatization[1].

- Raise the retirement age to 67 by 2011
- 5% of current payroll tax is put into a private IRA and managed by private investment companies that would fund annuities.
- The remaining 7.4% would cover a smaller, flat retirement benefit plus survivors' and disability benefits.

[1]Privatization refers to proposals to establish mandatory savings with the individual investing the savings and in retirement getting back whatever the investment yields. Privatization is not meant to refer to proposals to invest part of Social Security funds in equities.

IV. Talking Points

The Administration has not taken a position on the specific proposals expected to be recommended by the Advisory Council. All questions about specific reforms should be responded to with the following points/principles.

Social Security is One of Our Most Successful Programs.
It is the bedrock of retirement for tens of millions of Americans. It is all that keeps 13 million older Americans from poverty. It has helped cut elderly poverty by more than half since the 1960s. In 1966, the poverty rate among older Americans was 28.5%; today, it is 11.7%.

We Have Time. Social Security Reform Shouldn't Be Part Of Election-Year Politics. Social Security is on firm financial footing well into the next century. It will be able to pay benefits through the year 2030. We should take advantage of the time we have to address its long-term financing in a reasoned, rational, and bipartisan manner that will maintain the existing broad national support for the Social Security program. It should not be caught up in election-year politics.

Need Non-Political, Bipartisan Process To Ensure Social Security's Long-Term Viability. Securing Social Security's long-term financing while maintaining the existing broad national support for the program will require a bipartisan common ground plan developed in a non-political process.

Would Be Counterproductive to Comment Now -- in the Middle of an Election Year -- on Specific Elements of Proposals. Any discussion of specific proposals should take place in a non-political context where elements are *judged in the context of overall bipartisan plans* to secure Social Security.

While We Will Avoid Commenting Now on Specific Elements of Proposals, the Administration Has Some Guiding Principles. Social Security must remain a safety net for all Americans and its financing must be sound and prudent. Therefore, we:

- **Oppose Privatizing Social Security or Making It Voluntary.** We oppose moving Social Security to a voluntary or private system that would put retirement at risk.

- **Oppose Proposals That Would Make It Less Dependable for All Recipients.** We oppose proposals that would not provide the same true security that the program has provided for millions of older Americans for decades.

V. Questions and Answers

Q: ***Will the Administration even consider the proposals in the Advisory Council's report?***

A: We need non-political, bipartisan process to ensure Social Security's long-term viability. Securing Social Security's long-term financing while maintaining the existing broad national support for the program will require a bipartisan common ground plan developed in a non-political process.

It would be counterproductive to comment now -- in the middle of an election year -- on specific elements of proposals. Any discussion of specific proposals should take place in a non-political context where elements are *judged in the context of overall bipartisan plans* to secure Social Security.

Q: ***Does the Administration support the proposals by Forbes, Senate Kerrey and others to allow people to use a portion of their payroll tax to set up their own IRAs?***

A: Our general position is that we oppose proposals that seek to privatize Social Security or make it voluntary. We oppose proposals that would put benefits at risk.

Yet it is our policy not to comment on specific elements of proposals. We want discussion to take place in a non-political context where elements are judged in the context of overall bipartisan plans.

Q: ***Does the Administration support proposals to allow Social Security funds to be invested in the stock market in order to bring the Social Security system higher returns?***

A: We will oppose proposals that undermine the current publicly managed and collective nature of Social Security or proposals that would make it less dependable for all Social Security recipients. There are some very serious questions that would have to be answered before any of these proposals could be recommended. Again, we believe the best way for this discussion to take place is in a bipartisan, non-political context where we are looking at the viability of the whole plan and not have debate over hypothetical elements in the middle of an election year.

Q: ***Would the Administration consider including an adjustment in the CPI as part of an overall plan to secure Social Security's long-term solvency?***

A: Our position is simple. Any change in the CPI and cost-of-living adjustments should be *based on economics and not politics*. Any change affects the standard of living of millions of Americans. Therefore, changes should be made when experts in the field

reach consensus on the size of any bias in CPI, *not* when budget savings are needed. There is currently no consensus on the size of the CPI's bias.

Q: ***But there are serious problems with Social Security. Is the President going to have recommendations this year on how he would handle this? Isn't it irresponsible for him not to address these recommendations during the Presidential campaign?***

A: As the President has long said, there are long-term financing concerns, and they need to be dealt with in a bipartisan context in the most non-political atmosphere possible. But we have time. The Social Security system is sound well into the next century; it will be able to pay benefits *through the year 2030.*

Ensuring the long-term solvency of Social Security is a complicated and important issue. It shouldn't be part of election-year politics. We should take advantage of the time we have to address it in a reasoned, rational, and bipartisan manner.

This year's Congress would do well to focus on the urgent issues before it, such as balancing the budget, welfare reform, and health care insurance reform.

SOCIAL SECURITY

(Draft for NCOA Annual Conference)

The 1995 White House Conference on Aging reaffirmed its strong support of the present social security system. The program's current structure and purposes should be strengthened and maintained without means-testing, and with continued protection against inflation (i.e., cost of living adjustments). The social security system does not contribute to our national deficit, rather it masks the true magnitude of the deficit. The National Council on the Aging nevertheless considers it imperative that the Administration and Congress take early action to address the long-term future of the social security system. With major forthcoming proposals that will try to assure that the system will achieve the long-term solvency. The future benefit eligibility of the 75 million individuals comprising the so-called "Baby Boom" generation must be addressed. NCOA firmly believes that:

(i) Social security should not be replaced in whole or part with individually controlled accounts. The adverse effect of such privatization on lower income workers, unknown market impacts, and the increased risk that investment revenue may not be adequate to provide the system's guaranteed level of income security, and

(ii) other options need to be explored in order to assure the future solvency of the social security systems for generations to come.

Draft - not approved by Board yet

SUPPLEMENTAL SECURITY INCOME

(Draft for NCOA Annual Conference)

Deploring recent efforts to weaken the protections afforded to low income persons by the federal Supplemental Security Income program and reaffirming its longstanding support of SSI as the basic "safety net" for the needy aged and for blind and disabled adults and children, the National Council on the Aging recommends that

(i) the SSI program not be converted to block granting and continue as a federally guaranteed public assistance program administered by the Social Security Administration,

(ii) legal immigrants served by SSI, a major portion of whom are elderly individuals, retain their SSI eligibility in accordance with present provisions of the law,

(iii) poor children not be subject to definitional or other changes that impair their present or future eligibility for SSI cash disability benefits,

(iv) the Social Security Administration should again be requested and empowered to make all possible efforts to reduce the large backlog of pending applications and reapplications for the SSI program, a backlog that now approaches one million cases, and

(v) age eligibility for impoverished older persons not be raised beyond the present age 65 level.

DRAFT — Not approved by Board yet

Programs for Older Americans
Talking Points on Congressional and Administration Proposals

Older American's Act Reauthorization

- This year, the Older Americans Act -- which has historically enjoyed strong bipartisan support-- will be reauthorized by the Congress. Congress has incorporated many of the Administration's recommendations to improve on programs for elderly Americans through the reauthorization of the Older Americans Act -- including streamlining the operation of State programs, providing more State and local flexibility by eliminating Federal requirements, and enhancing service to its senior customers.

- The Administration strongly opposes the Congress' OAA reauthorization proposal to eliminate direct grants to national sponsors for Senior Employment Programs. The Administration believes that doing so will diminish the program's current success in targeting and providing eligible participants with employment and training opportunities. To consolidate and streamline services, the Administration proposes to transfer the administration of Senior Employment Programs from the Department of Labor to the Administration on Aging.

- The Administration opposes the Congressional proposal to eliminate Title VII of the Older American's Act. The title is critical to ensure the continuation of programs that protect elder Americans -- such as long term care ombudsman programs, prevention of elder abuse, neglect and exploitation, elder rights and legal assistance, and outreach and counseling programs.

- To improve service and simplify administration of senior citizens' meals programs, the Administration proposes to transfer USDA's Nutrition Program for the Elderly (NPE) to the Administration on Aging.

OLDER AMERICANS ACT

(Draft for NCOA Annual Conference)

The Older Americans Act (OAA) has served the nation at a time of unprecedented legislative challenge, services, programs and resources. The OAA has provided a wide range of home and community-based services, including congregate and home delivered meals, transportation, information and referral, advocacy assistance, adult day care, visitation and telephone reassurance, health promotion, homemaker services, and legal and employment services. The National Council on the Aging hereby declares its major concerns with the reauthorization bills currently offered by both the Senate and House of the U.S. Congress, and reaffirms its steadfast support for,

(i) increased funds to meet the needs and demands for OAA assistance,

(ii) continued strengthening and targeting of services to those with greatest economic and social need such as low income minorities and the rural elderly,

(iii) adequate funding of the act's essential training, research and discretionary programs,

(iv) preservation of the present role and participation of national sponsor organizations in the act's highly effective Senior Community Service Employment Program,

(v) expansion of grants to American Indian, Alaska Natives, and Hawaiians, and

(vi) renewal of the Act's modest assistance for activities such as the ombudsman and elder abuse programs that protect the rights and needs of the vulnerable elderly.

(vii) continued opposition to any attempt to block grant the OAA program or any of its titles.

(viii) preserve and retain the mandated or priority services, ie: legal services, ombudsman, preventive health and other important programs .

Draft Not aproovet by Board Yet

1

Beatrice Arneson
Bristol, CT

What role should the government play in the financing and administering of, community-based long-term care?

2

Fay Ebrite
Lafayette, IN

You did a great job last year spear heading the educational campaign on mammogram coverage under Medicare. What other educational campaign issues that concern older Americans do you plan to be involved in?

3

Nancy Hudson
Charlotte, NC

What is her perception of the changes in the health care field?

4

Lee Harris
Queens, NY

As the population ages, what role do you see senior centers playing in community-based long-term care?

5

Sharon Dreyer
Alexandria, VA

As the demand increases, how are we going to make sure there is affordable assisted living?

6

Janet Sainer
New York, NY

The WHCoA passed a resolution addressing the evolving role of grandparents. What role do you think the government should have to help grandparents who are taking care of grandchildren?

7

Barbara Rayner
Coventry, RI

To what extent do older workers programs lift people out of poverty? What difference has this made to their lives?

Moya,

First lady Questions.