

REMARKS BY SENATOR JOHN HEINZ
BEFORE THE PHILADELPHIA ACTION ALLIANCE
MAY 14, 1980, 11:00 a.m.

Ladies and Gentlemen:

It is indeed a pleasure for me to be here with you this morning to explore a number of issues of mutual concern. It has been my distinct pleasure over the years to work closely with the Action Alliance and I look forward to doing so in the future. I believe very strongly that, through the efforts of this organization, the quality of life of many, many older Philadelphians has been significantly improved.

As a nation, we have made progress--tremendous strides--in responding to the needs and problems of older Americans. We have actually reduced the Number and percentage of older persons living below the poverty level, due primarily to Social Security benefits; we have witnessed the inception and growth of medicare and medicaid; and we have lifted the mandatory retirement age from 65 to 70 for the private sector and State and Local employees, and completely for Federal workers. We cannot lose sight of these accomplishments. But the magnitude and complexity of the remaining problems are ominous, and they defy easy solution.

Inflation is, I believe, the single most serious problem confronting older Americans--and younger Americans--and Middle-age Americans. It has a far-reaching impact upon every aspect of all of our lives. I strongly believe that if we truly desire to improve the quality of life for older Pennsylvanians--for all Americans--it is imperative that we take strong, affirmative steps to arrest the skyrocketing inflation. In addition, our

senior citizens must be well equipped to join the war against inflation. This means a national policy designed to allow older Americans to continue to live as they did when they were younger Americans--in their own homes, with opportunities for meaningful employment, with adequate health care and services, as independently as possible.

This morning I would like to explore with you these issues regarding the economic security that is of paramount concern to all of us--as senior citizens, as junior citizens, as a nation.

I don't have to tell you that inflation is destroying savings, undermining pensions, and drastically reducing the buying power of already meager Social Security benefits. Nor do I have to tell you that it is wrecking the hopes, the dreams, and the plans of so many American people.

President Carter announced his first anti-inflation program 19 months ago. At that time inflation was 9%. Since then what have we been given? Have we seen the actions necessary to bring inflation under control? No. What we are experiencing with 20/20 vision is the spectre of 20% inflation and 20% interest rates. What we have is a great deal of rhetoric. And the rhetoric has created the false impression, the total illusion of comprehensive policies to halt this spiralling inflation when in fact these policies simply do not exist.

And who pays the price?? You do. . .in heating bills, in food bills, in medical and drug bills, in just struggling to maintain a decent standard of living. And that brings me to our so-called National Energy Policy.

I know that this past winter was very difficult for many of you, as the escalating cost of heating your homes was not curtailed, and as the inflation that gobbled your incomes failed to be abated. And again, we must

ask, what has the Administration's Energy Policy done for our heating bills?? DOUBLE THEM. On top of the failure to develop a truly effective anti-inflation policy, is the failure to create a responsible national energy policy. The Arabs have perceived the weakness in leadership that has, for some time, been so painfully felt by so many Americans. Last year, we saw no checking the Arab greed, as oil prices escalated, and we was no checking of inflation, as our incomes dwindled. With the Administration's decision to decontrol all oil prices, and allow all oil prices to triple their oil prices. The results are that we are paying through our nose--\$90 billion this year--and the rich shieks are buying our farms, our factories, our banks, OUR FUTURE. Because there has been a failure to lead, America is being sold, piece by piece.

So what is the most recent answer to the inflation and energy crises?? The Administration has proposed the amazing "10% Solution"--a 10¢/gallon oil import fee. It will serve only to increase our fuel costs, our food costs--to fuel inflation--to make our economic burdens harder and harder to bear.

It is time that we truly address these problems--that we convert from oil to coal; that we tell Detroit to make cars that are yet more fuel efficient; that we take our money, our country, back from those abroad.

At this time of economic crises, it is absolutely crucial that we work together to meet the challenge of inflation. This means a vigorous response, and importantly, some difficult, shared sacrifices on the part of all Americans.

This past week, the Congress took some very, very painful actions in effort to achieve a balanced federal budget. We are cognizant of the fact that this is by itself a short step towards arresting inflation--but it is

an essential first step, a modest start. For without a successful effort to stop the federal government from over-spending and over-borrowing, all other efforts will ultimately fail. In our attempt to put some reins on federal spending, we have tried to be fair--to call for equal sacrifices, and to provide equal benefits. And yet, many are unhappy. Nobody is getting everything they want. Those who feel they are wounded the deepest by this budget are the taxpayers, as 1981 will witness an excruciating \$94 billion tax increase. In struggling to balance the budget, we have had the courage to say NO to some balanced-budget-breakers; and we have had the courage to say NO to those who would not only balance the budget, but do so at such a low level that it would force the elderly and the poor to their knees. It has been exceedingly difficult, but I firmly believe that this balanced budget is necessary if we are to restore the vitality of our nation. But if we all must swallow some very hard lumps, if we must all make some painful choices, it is with only one goal in mind: to build a better future for you and for all Americans. What we must do is build on our strengths, and that means our people.

In this time of soaring inflation and sluggish national productivity, we are ignoring one of our greatest natural untapped resources you, our elderly population. You have experience, you have the wisdom of what used to be considered a lifetime. And we need to capitalize on your formidable abilities.

The Senate Special Committee on Aging, on which I serve, has been holding a series of hearings entitled "Work After 65, Options for the 80's." We have been exploring avenues to encourage more opportunities for persons over 65 to work if they so desire.

Despite the arrival of the 1978 amendments to the Age Discrimination In Employment Act, which raised the mandatory retirement age levels, there is virtually no hard evidence to indicate that substantial numbers of workers are deciding to delay retirement and work longer. I am not proposing, in any way, that we force anyone to stay in the work force longer than he or she wishes. For many, early retirement is both necessary and viable. What concerns me, however, is that there are very few alternatives for those who desire to remain in the workforce, and who have the ability and skill to do so.

We know that the incentives to continue working are largely personal. However, the opportunity for a variety of options in the private sector job market, for flexible working arrangements and creative combinations of work and leisure time, are often beyond the control of the single individual. We need to recognize the increasingly indispensable role that employers, especially those in the private sector, can and should play in the provision of continued training and employment opportunities for our nations' older workers. And we need to turn our efforts, as the Senate Aging Committee is now doing, towards the creative potential for increased productivity and retention of middle-aged and older citizens in the work force.

I want to share with you some other concerns I have about the income security of senior citizens.

Over the last few months, I have corresponded with many of the members of the Action Alliance on the controversial proposal put forth by the Social Security Advisory Council to make one-half of each person's Social Security benefits subject to the Federal Income tax. This would be a substantial change in the tax status of Social Security benefits, and I want to reassure

you here this morning, in the strongest possible terms, that this change is not going to occur.

Legislation to implement this proposal has not, to date, been introduced in either House of Congress, to the best of my knowledge. If by some odd stroke of luck it were to be introduced, it would not pass. And to ensure that this idea is effectively scrapped, I have joined in cosponsoring a resolution which reiterates the sense of the Congress that Social Security benefits should not be taxed. It is my hope and expectation that we will legislatively condemn the idea of taxing your benefits and burying this unjust proposal for once and all.

There is another matter tragically affected by increasing inflation-- and yet so very essential for the independence of older Americans: Long-term-care policy. It seems to me that what our older citizens desire above all is to remain in the home in which they've lived for years, living independently, supported when necessary by adequate health care services available, in order that they can continue to contribute to be vital, productive members of their community.

The Senate Finance Committee, which I also serve, has jurisdiction over legislation affecting Medicare, Medicaid, as well as all national health insurance proposals. I have had the opportunity, as a member of this committee, to closely study each of the National Health Insurance bills that have been introduced. They are all considered by the committee before going to the full Senate. And I must tell you that I have been deeply disappointed-- and, quite frankly, alarmed, --that none of the comprehensive National Health Insurance proposals--NOT ONE--address the issues of Long-term-care. They all avoid it, including the plans proposed by Senators Long,

Kennedy, and President Carter.

Judging from the Budget assumption, and Finance Committee information it appears that the Congress has postponed consideration of any Comprehensive National Health Insurance plans this year. But we have not--we simply CANNOT-- postpone consideration of the critical issue of long-term-care. The Finance Committee reported out a bill this year--the Medicare/Medicaid Administrative and Reimbursement Reform bill--which includes provisions to remove the requirement in existing law that limits medicare home health benefits to 100 visits and to remove the three day hospitalization requirement for eligibility of home health care. This is there bare minimum we should do. It will ultimately save money and we will fight to keep it in the Budget and pass it and to show that it is still possible to be compassionate, farsighted and fiscally responsible at one and the same time.

As many of you know, I held hearings here in Philadelphia last year, on legislation that would afford Medicare beneficiaries a wider freedom of choice of Health benefit plans. As a matter of fact, Lillian Holliday was one of our most distinguished witnesses. The legislation that the testimony regarded would extend to older persons the option of having Medicare coverage of services provided by Health Maintenance Organizations and other prospectively reimbursable health benefit plans. This bill would require Medicare to reimburse participant Health Maintenance Organizations and Health Benefit Plans at a level comparable to the costs of provideing similar services to other Medicare recipients outside of the plan. With the savings, the plan would be required to offer additional benefits to the beneficiaries, as the beneficiaries so chose. These additional benegits could include reduced cost-sharing for drugs and other benefits, increased home health services, or more preventive care services. Passage of this

legislation, which would cost the taxpayers nothing, is another action we can and should take to meet your concern about the expense of primary health care services, and prescription drugs. It is my firm conviction that my legislation, which would allow Medicare coverage for HMO and Health Benefit Plan services and benefits, is a critical step towards ensuring that older Americans lead as healthy and independent lives as possible. Long term care embraces mental, as well as physical health needs. With many of you, here in Philadelphia last year, I introduced my Comprehensive Mental Health Plan legislation. This bill would, among other things, extend the number of outpatient visits to Community Mental Health Centers covered by Medicare.

All these proposals have as their common denominator the delivery of more necessary and less expensive, less technically sophisticated, non-institutional, health care. They are the responses the senior citizens need if they are to maintain maximum independence in later years. And it is with legislative efforts such as these that I, and my colleagues in Washington, must respond. What we must be, in other words, is smarter.

The response to long-term-care needs must extend beyond health care. It must also embrace housing. Just this past week, I chaired a Senate Special Committee on Aging hearing here in Philadelphia, and we closely examined this issue. We heard excellent testimony about the pressing need to assist with repairs and maintenance of existing housing--dwellings in which individual have lived for much of their lives, and where they wish to continue to live for as long as possible. Home repair and weatherization will also serve to reduce home energy costs, a problem that is compounded by Pennsylvania's cold winter weather.

I am aware of the fact that in Philadelphia you are confronted with two additional situations that make it even more difficult to remain in your own homes: the rate of property tax increases, and condominium conversion.

As you may know, we are currently confronted with the prospect of losing all or part of the State's share of general revenue sharing, an attempt to control federal spending. Different states use their share of general revenue in different ways. The State of Pennsylvania allocates its entire allotment to our local governments. If Pennsylvania were to lose all or part of its revenue sharing funds, then local taxes, primarily property taxes, would have to be raised in order to maintain the current level of services. Such a development would have a devastating effect upon all Pennsylvanians, but that burden would fall most heavily upon older persons--most of whom live in their own - taxable - homes. At a time when we need to do everything we can to make our local governments less dependent on the property tax we find the federal government contemplating steps which could have exactly the opposite effect in this Commonwealth. Last week, I voted in favor of an amendment which was adopted by the Senate, which would restore a portion of the General Revenue Sharing monies to the budget.

I need not tell you of the current controversy surrounding the conversion of rental units into condominiums, and the tragic displacement of older persons that this causes. In order that elderly and other tenants are not victimized by developers seeking to convert their rental units into condominiums or cooperatives, the Senate Banking Committee, on which I serve, last Wednesday approved the "Condominium and Cooperative Protection

and Abuse Relief Act of 1980." This is not a national moratorium on condominium conversions. What it does provide, however, is much greater protection for tenants in buildings slated for conversion and for the purchasers of converted units. Specifically, the bill requires that tenants be given a minimum of 120 days notice of conversions, that developers not employ fraudulent marketing techniques, that tenants have the first right of refusal in purchasing converted units, that repairs and rehabilitation work be warranted, and that tenants be given engineering reports detailing the condition of the units in the project. This legislation, while not infringing upon either developers' private property rights or the rights of states and localities to enact their own laws, will--if passes by the full Senate and the House--help eliminate many of the abuses which have in the past accompanied condominium and cooperative conversion. Further reaching action will remain the province of state and local government.

I noted at the outset of my remarks that the problems that we face are complex, ominous, and defiant of easy solution. I don't have to tell a group of Senior Citizens what it is like to live through "hard times". But I can share with you my fervent belief that if we work together we can meet these challenges, that we will make only the necessary and fair sacrifices, and that we will ultimately improve the quality of life for senior citizens. In closing, let me stress that I am optimistic about the future of this nation and the role older Americans will play in its continuing growth and development.

In recent years, we have heard a great deal of talk about the "graying of America". Many people have made this process sound as though it will

have negative connotations for America. I frankly believe that we will adjust to this change and discover that it is a positive development that will truly enrich the life of our great Republic. Today's older Americans are the generation that made this nation great and prosperous and strong. You have the talent and the skills and the accumulated wisdom that is needed to make this country a better, more fulfilling place to live. I look upon older Americans as a great resource for our nation and I am prepared to vigorously refute anyone who contends that the graying of our society is a heavy burden to be borne, rather than an opportunity to be seized, and so should all Americans.

As I indicated in the beginning of my remarks this morning, I have enjoyed working with the Philadelphia Action Alliance in the past, and look forward to working with you in the future on ongoing efforts to provide richer, fuller and more prosperous lives for all older Pennsylvanians.