

REMARKS OF SEN. JOHN HEINZ (R-PA)  
ROTARY INTERNATIONAL  
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Ladies and gentlemen, good morning. It is an honor and privilege to address this conference of Rotary District 745.

It's a privilege to be with you because with more than 1 million members, Rotary International stands today as one of the world's most effective champions of social welfare, economic development, goodwill and peace. "Service above self" is your motto, and how you fulfill it! You have over eight decades of sustained success behind you -- success in harnessing the energy and foresight of concerned and successful business and professional men everywhere.

Americans of all ages need that energy and foresight now more than ever. We need it to help resolve a growing national crisis -- the crisis of an aging population with chronic health problems.

It doesn't look like a single person in this room is eligible for social security, but how many people in this room are 65 or older? Let's see your hands. I must say, you all look terrific. I hope I look as good as you do when I reach that milestone.

But looking good is the easy part. Looking good won't protect us from the chronic health problems like arthritis, alzheimers, heart disease or high blood pressure that so often march hand-in-hand with advancing years, and that's what I want to discuss with you today.

First, a few facts and statistics. There are 30 million Americans aged 65 or older. And 22 million of them have at least one chronic problem that may restrict their activities. Furthermore, one in five -- over 5 million -- are disabled by one or more of these chronic diseases. These Americans need help performing normal but absolutely necessary day-to-day activities such as eating, bathing and dressing. Another 1.3 million seniors are in nursing homes.

A chronic health condition can be a physical inconvenience for some, or it can be incapacitating for others. But for all older Americans and their families, there is no greater threat to their economic security and emotional well being. The threat of a long-term illness is a financial catastrophe in the making that we must address --and soon.

Take the catastrophe of a nursing home stay. One in every five of us in this room will end up in a nursing home at some point in our lives. And half of those who do will be there for an extended stay. Finding a good nursing home is not easy. Paying for it is even harder. Annual costs top \$22,000 on the average and can be as high as \$50,000 a year.

These costs are a drain on even a secure and comfortable middle-income family -- one with a social security check, a pension and dividend payments to draw on each month. And that drain can lead to disaster, even if it is delayed, after not very many months. For the eight million seniors living at or just above the poverty line, for many of whom a modest social security check is their only source of income, but who still preserve their independence and dignity, the cost of a nursing home stay is an immediate disaster.

But a nursing home tab is only a fraction of the total long-term care costs tallied annually by the elderly. Families, not institutions, are the real caretakers. They provide a lion's share of the dollars and the hours.

Often the eldest daughter performs the role. Professor Elaine Brody of our own Philadelphia Geriatric Center has studied these women for decades. Her findings are startling: 28 percent of women at home caring for an elderly parent had quit work for that purpose; another 28 percent had reduced their working hours.

Travelers Insurance Company surveyed its employees and found that one in five of those over 30 were providing some form of care for an older family member. Eight percent were devoting 35 or more hours a week to that necessary function -- and still holding down a full-time job.

Unselfish sacrifice and fierce independence are traits as all-American as Independence Hall. We should salute those who give so much -- and pray there is someone there for us if the time comes. But we also must acknowledge the price of their sacrifice, and along with our praises, and pledge to make the job a little easier.

My main point to make with you is this:

Our magnificent advances in health care have done much to save and prolong life. The average American is living longer -- far longer -- and this progress will continue. But modern medicine has made little progress in conquering the progressive diseases that increasingly strike as we get older. And our nation is woefully unprepared for these demographic "facts of life."

And so America urgently needs a future-oriented policy for long term care. One that will be comprehensive. One that is affordable. One that builds on what is best in our current system.

But that future oriented policy begins with observing and understanding why -- at least up to now -- we lack the wherewithal to really protect our loved ones or ourselves.

By far the biggest stumbling block to change is public misunderstanding of just how little protection current options provide.

A case in point is a recent survey by the American Association of Retired Persons. Seventy-nine percent of those surveyed believed medicare would cover an extended stay in a nursing home. Fifty percent believed their private insurance policies would cover such costs.

The fact is, medicare does not cover nursing home costs or most other costs of care for a chronic illness. Medigap policies -- despite what Lorne Greene would have us believe -- don't either. The private insurance industry, frankly, has approached long term coverage with the same enthusiasm as a claustrophobic entering a crowded elevator. Only 1 percent of the 39 billion dollars Americans spent last year on long term care was paid by private insurers. And we're still light years away from any surge in that option for coverage.

The unfortunate truth is that too many Americans go to bed at night with a false security blanket. Neither public nor private options currently available can ward off the financial nightmare of a long term illness. For half of the elderly over 75 who live alone, this nightmare means impoverishment within just 3 months -- 13 short weeks -- of entering a nursing home.

The new plan proposed to Congress by President Reagan does cut some of the catastrophic health care costs faced by older citizens today. The President's proposal, however, covers only catastrophic expenses that occur in a hospital. Eight out of ten dollars spent each year on catastrophic health costs are spent outside the hospital, usually in a nursing home. For five out of six older Americans, long-term not acute care, is the crippling expense.

Some version of the President's proposal will go through the Congress this session. But neither the President, this Senator nor others in the Congress are in a position to enact legislation that will get at the larger and more threatening problem of long term care.

Part of the roadblock to change is the sheer magnitude of the task. We're not talking about fine tuning an engine. We're talking about a massive overhaul of our health care delivery system to meet the special problems of an aging America. And without the strong and sustained advocacy of the American people, Congress is unlikely to tackle the job. And so far, most Americans, comforted by medicare's false security blanket, simply aren't speaking up.

Take the mail I receive. You know, I've received more letters in the last six months from Pennsylvanians concerned with the tax code's obscure calendar year provision than I received nationwide on the need for long-term care protection during my six years as Chairman of the Senate Aging Committee?

In this time of low public understanding and high budget deficits, what is achievable? How do we define an affordable national Policy? One that encourages private sector expansion? One that accurately and carefully targets federal dollars to help cover the most vulnerable?

I would like to see the evolution and establishment of a national policy based on three key elements.

First, we should bolster the American family's ability to do what it has been doing so well, that is, providing care in the home. We can start by strengthening the home health benefits now available under medicare. We also can relieve some of the financial burden of care for the lowest income families through a tax credit, similar to

the credit available for child care.

Second, we must strongly encourage the expansion of private insurance coverage through incentives to reduce the cost. One route is for all employers to provide a group long term care benefit available, at cost, to the employee. Making such an option available at a group rate would make protection relatively affordable for a large number of employees and place no additional cost burden on employers.

Likewise, treating the build-up in reserves for tax purposes like we do for life insurance, would make a long term care policy still more attractive to consumers.

The third element in our national policy recognizes the necessary role of government in insuring those whose income or health make it impossible for them to purchase private coverage. Here it is important to realize that medicaid -- not to be confused with medicare -- medicaid will cover costs associated with nursing home care. But before medicaid provides even a dollar of coverage, the individual involved -- and his or her spouse and dependents, if any, are forced to liquidate virtually all assets, spend their savings of a lifetime down to near zero and assign most of their remaining income. In short, our nation's policy right now is one of mandated impoverishment today to get any help into a nursing home tomorrow.

Let me give you a specific example. In Pennsylvania, medicaid coverage is limited to those with incomes of \$368 per month or less and assets of no more than \$1700. How many of us in this room could live on \$368 a month? Buy the food, pay the utility bills, pay for medication that might cost \$5 a day ... \$150 a month all by itself. As a result, I can tell you, I have received letters -- too many of them -- from couples, married for 30 or 40 years, who have decided they must get divorced to protect the financial security of the well spouse and still get assistance for nursing home care under medicaid.

Medicaid should be modified to allow the spouse remaining in the community to live a decent, independent life, and not reduce people to a choice between total poverty, or taking the tragic step of breaking the bonds of a lifetime.

The second part of the government's role is medicare. Here we could add a Part C benefit to medicare to help those who are too sick to find affordable coverage elsewhere. With appropriate safeguards, this Part C could cover all beneficiaries who have a long term illness that extends beyond a certain period probably somewhere between one and two years. This kind of 'stop loss' provision would not only protect many people from the Hobson's choice I have described, it would also allow private insurance plans to be much less expensive and far less risky to the insurance underwriter.

The agenda I have suggested is not a comprehensive solution for today's problems. Yet it is ambitious because it creates a meaningful framework within which we can begin to help, gain important experience, provide the maximum incentive for private sector solutions, and start a process of building for the future. And because it is ambitious, it will take more than the efforts of a few politicians to make it work. It will take the broad support of

business and community groups -- like Rotary International -- and an informed public that you can help inform, to bring about the change we need.

And this is the last and most important point I want to make. I urge you to join with me and other members of Congress to keep an aging America from being an anxious America. A nation 'graying' with dignity is a nation prepared to defend the independence and freedom from fear of those who have done their job to keep our country strong and free.

And there is no question that the biggest threat to independence and senior self-sufficiency is the growing threat of chronic disease and the staggering costs that it imposes.

So I leave you with a priority and a challenge. The priority is to make long-term health care part of Rotary International's plan of action for America's elderly. You have the clout of one million members. You have a reputation built on decades of service. And you have the entree to still more key community leaders like yourselves who can join us and who we also need to bring about change.

The challenge ahead to us all is to increase public awareness of the problem. Until we dispel the false security that most Americans have about the risks of a long-term illness, Congressional efforts are not all but in vain.

Here again, you and Rotary International can make a difference. I would urge each of your clubs to start a committee or subcommittee --starting next week -- to study the crisis of long term care and develop educational programs for your members and your communities. You know as well as I that only an informed and educated public can make good choices. Your symbol is the cogged wheel. Let's get the wheel turning to increase public understanding and to move public policy toward the goal of a secure old age for us all.

Thank you.