

Remarks of Senator John Heinz (R-Pa.)

Chairman, Special Committee on Aging

Senior Power Day

Lansing, Michigan

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Honored Guests and Ladies and Gentlemen, I am honored to be here today with you and to be a part of the eighth annual Michigan Senior Power Day. I commend you on a thoughtful eight-point platform, and, as Chairman of the Senate Special Committee on Aging, I look forward to working with you to improve our ability to meet the needs and expand the opportunities of all older Americans.

I'd like to especially thank Republican Senate Leader John Engler for his kind and generous introduction.

I'd particularly like to acknowledge the tremendous job your two co-chairs have done in putting this day together. Keith McCall and Dorothy Walker and their colleagues on the Steering Committee have worked hard to make today's Senior Power Day such a success. Today's gathering is unique -- it is the only one of its kind in the nation, and you have done it with only a small budget and volunteer help. Let me congratulate you. And Ladies and Gentlemen, I think they deserve a big round of applause from us all.

Today we are here to celebrate the harvest and bounty of Senior Power. It seems to me that Senior Power has gained tremendous recognition over the past few years as a force to be reckoned with in Washington and across the country. There is no denying that the immediate and massive responses of seniors and their families were critically important in helping to reject the ill-advised efforts of some to make crippling budget cuts in the Older Americans Act, in the Senior Employment Program and in Energy Assistance -- all so important to older persons -- and to halt arbitrary and counter-productive cuts in the Social Security and Medicare programs so essential to all older Americans.

Yes, Senior Power has been successful and important. But it seems to me that in 1983 we've come to a turning point, a time when the basic political realities are changing, a time when we should ask -- what does the idea of senior power mean for the future?

Does it mean expanding the clout of just another well-organized and well-funded special-interest group, like those which protect tax breaks for oil producers or subsidized water

projects for western agribusiness? Does it mean pursuing the politics of immediate self-interest, often at the expense of other worthwhile goals or programs serving important purposes in our society?

Well, I reject this characterization, and I know you reject it too. Instead, we can affirm a more positive and inclusive understanding of Senior Power -- one that is based upon a willingness to invest for the future, one that has a sensitivity to the needs of all Americans, young or old, retired or working, healthy or sick, poor or financially secure.

Let me explain why I believe 1983 marks a turning point for Senior Power. Only one year ago, this country was mired in the quicksand of partisan politics over the issue of what to do about saving the social security system. The issue had become the hottest political football of the decade and the subject of some of the worst political demagoguery I've seen in my eleven years of public service. Some political figures weren't honest with the facts, and tried to pretend we could save social security without pain or any hard decisions. As a result, most people with any common sense thought that the system -- upon which 35 million Americans depend -- was doomed because the Congress couldn't even agree how big the problem was, let alone face up to solving it.

Well, as a member of the National Commission of Social Security Reform, I can tell you that the issue pushed the Congress to the brink of total irresponsibility -- we almost didn't do the job we had to do. For a solution to emerge, everyone had to give a little, and every special interest had to yield to a larger public interest.

But, with the bill signed by the President only three weeks ago, we have just taken the most successful step in two decades to ensure that the retirement security promise made to retired and working people today is a promise kept to the workers and retirees of tomorrow.

Now, had the Congress been operating under a selfish, special-interest understanding of Senior Power, the result would have been quite different and, I believe, disastrous. If we had acted on the traditional notion of interest group politics, a notion based on meeting immediate needs without too much thought to future economic implications, what would have happened?

Well, instead of a package that distributed the costs of restoring solvency fairly among workers, employers, taxpayers and the retired, Congress might once again have simply raised payroll taxes to cover social security's deficit -- as we've already done every 30 months for the last 30 years and more recently done 6 times in the last 12 years.

But that didn't happen, and it didn't because senior citizens all across America realized that continually raising payroll taxes on jobs raises the cost of jobs, reduces the number of jobs, and hurts their children and grandchildren. And their unemployment in turn threatens our ability to finance the health and retirement programs you depend on.

Of course, the social security bill doesn't make any group happy. But it does represent an extremely important departure from narrow interest-group politics. In short, the Congress finally recognized, as you have, that we can't ensure adequate retirement security without also ensuring economic growth for our nation. The interest of one group is now inseparable from the interest of all. And thanks to you, and to enlightened Senior Power, the old notion of special-interest group politics is becoming the politics of the past.

In this spirit, I want to suggest to you today another challenge for enlightened Senior Power -- the question of how we save our jobs and our communities in this, our industrial heartland.

Some people say we shouldn't worry about our basic industries, that computers and an information-based economy are going to solve our problems. Others say "just be patient" -- that, in time, maybe a few years, things will get better and then our autoworkers in Detroit and our steelworkers in Pittsburgh will get back in the plants and mills. Still others say we shouldn't care, that we should be indifferent about whether Americans drive Toyotas or Chevrolets.

Well, this is one senator that does care, and thinks you do, too! We know that the day the sun sets on our smokestack industries is the day the sun sets on America's future -- and we must not allow that to happen!

Your generation built this country through industrial growth, and now we need your help in preserving it. We need your experience and concern, your common sense and commitment, to help fashion a solution and see it through to its realization.

It's well and good for people to anticipate the "high tech" jobs promised for tomorrow. But you and I both, Americans working and retired together, must be concerned about the jobs and industries of today -- industries which employ 100 million Americans in the jobs of today.

Now, part of the problem of steel or autos or farm equipment is foreign import competition, some fair, some unfair.

I'm no protectionist, but there is nothing in our trade agreements that says you or I have to stand idly by while

American workers in vulnerable industries are sacrificed to inaction and indifference. And, frankly, there doesn't have to be a choice between a trade war, and acquiescing in the demise of our smokestack industries. We can have strong, competitive industries without making that Hobson's choice. There's no reason why we can't provide reasonable import relief married, through legislation, to a comprehensive recovery plan -- agreed to by management, labor, and government -- that will make an industry truly strong and competitive again. What I propose is to actually link badly needed import relief by law to a labor-management self-help plan to modernize our basic industries.

In many ways, this is exactly what the legislation did that helped Chrysler Corporation, but there, we provided government loan guarantees instead of import relief. As a condition for help, we required Chrysler stockholders to make investments, its bankers to put up more money, its workers to make contract concessions, and its management to take pay cuts. Chrysler has been a very big success -- but, it's only one company in only one industry.

We need to enact legislation -- such as my own Industrial Revitalization Act -- that will allow any or all of our hard pressed industries to get import relief, modernize, and regain the strength we used to have so we can re-open production lines and shorten unemployment lines.

You probably didn't expect me to ask you to help save jobs and industry in this country today, but I can't think of a more logical group of people to ask. You understand what our basic industries have meant to our national defense, to our cities, to our region, and what they must always mean to our industrialized, civilized country.

You can let your elected representatives know, and your friends and neighbors in business and labor know, that you want action to get our basic industries moving again, and that you won't accept a business as usual attitude so long as our factories remain shut and so long as jobs are being moved to the sunbelt. Today I urge you: put Senior Power to work so America can get back to work.

Now I'd like to propose an equally vital challenge for Senior Power -- one that directly affects your pocketbook as well as that of every American. This is the challenge of controlling health care costs.

As older persons, you know what rising health costs have meant to your own budgets. Senior citizens average out-of-pocket costs are rising at \$150 year -- and between \$200 to \$250 year here in Michigan -- so that persons over 65 are paying an average of over \$1200 this year alone in out-of-pocket medical costs, and

that cost is inexorably and dramatically rising. You're feeling the effects of dramatic increases in hospital and doctor bills, costs which have increased by two to three times the general rate of inflation over the past several years.

What will happen if these increases are not brought under control? Well, we've already seen proposals to try to keep Medicare solvent by simply shifting these costs to others. Higher costs can be shifted to your children through higher taxes and higher health insurance premiums, and they can simply be transferred to you through ever-higher deductibles and co-payments.

But cost shifting is not cost saving, and it's just not acceptable as a solution.

As a nation, we cannot stand back and let health costs become the greatest threat to the future health and economic security of retired persons. It's time to fight back, and I've got three suggestions for using Senior Power to get health costs under control:

First, we in the Congress need your help as partners to protect our system of health insurance from fraud and abuse. Last year, I chaired hearings which exposed fraud and waste in the marketing of heart pacemakers to the tune of \$1 billion a year. We might not have looked at that problem if Mrs. Madeline Garman from Sarasota, Florida, hadn't noticed that Medicare had been billed \$3900 for her replacement pacemaker -- a replacement that was supposed to have been free under the original warranty. At age 89, she wrote to the Aging Committee to complain. Subsequently, other seniors reported suspicious billings with regard to pacemakers, and we initiated a full-scale Congressional investigation was put into motion.

Fraud and abuse cost our Federal health programs an estimated \$10 billion dollars each year, almost twenty-cents on the dollar. Neither Congress nor computers can catch up to all of it. The most effective watchdog to keep our health insurance system honest and efficient is an informed and alert consumer. We need your help to keep Medicare healthy instead of letting Medicare keep unscrupulous providers wealthy. And it's not just Medicare that needs policing -- it's every health insurance plan. And that brings me to my second suggestion:

Older persons can lead the way to being more price and quality conscious in the medical marketplace. When you go food shopping, you are interested in getting good quality for the best possible price. So it should be when you look for medical care and health insurance.

For example, supplemental policies which provide first dollar coverage -- Medigap policies many of us call them -- are not generally the best insurance buy. Other policies which protect only against dread diseases, or those which pay a flat amount per day if you are hospitalized, may offer only the illusion of protection.

I think there is a tremendous potential for older Americans, as informed health-insurance consumers, to exercise their combined economic clout to promote more innovative and cost-effective forms of health insurance. For example, pre-paid plans typically offer better benefits and more effective cost controls than traditional fee-for-service arrangements. Last year, with the help of many of the national aging organizations, Congress adopted my legislation to make it easier for Medicare beneficiaries to join health maintenance organizations or other pre-paid health plans. Rather than have to worry about extra bills and paperwork every time they get sick, many seniors can now join these plans -- which have the same financial interests they do in preventing illness and keeping them well.

Finally, I would suggest that you become advocates for health care reform. Some people say the key to reform is simply to make the patient pay more of the cost; others say the key is simply to cover all costs and have somebody else pay for it. I suggest neither alternative best serves senior citizens and our country.

We've gone through a period of many years in this country of debating various national health insurance plans. Well, in my judgment, the real result of this prolonged debate has been that we, as advocates, haven't been minding the store. We haven't been addressing the real and immediate problems such as unnecessary hospital and nursing home admissions, or the lack of any meaningful budgeting on the part of hospitals. We haven't sufficiently protected against hospital over-building or against duplication in expensive medical equipment. These costs are going to be charged to someone, whether we need the extra beds and equipment or not.

Instead, like a dog chasing its tail, all we've been doing is raising taxes and premiums trying to keep up with runaway costs. Instead of going around in circles, we need to get things straightened out. And we have very little time.

Since 1980, hospital costs have risen at over 18 percent a year -- over three times the inflation rate. The result is that Medicare is now projected to run out of funds as early as 1987 -- only four short years from now -- and will accumulate a deficit of over \$300 billion by 1995...a solvency crisis even bigger than the one that was facing social security. Clearly, we in Congress can't wait until 1987 to address a threat of this magnitude.

The reason everyone is paying more and more for health care, including Medicare patients, is because the present system is based on a cost-plus concept, emphasizes paying for units of health care rather than patient health maintenance, and encourages expensive hospitalization over out-patient care. The alternatives for dealing with the problem include shifting to a more complete prospective payment system, hospital cost-containment approaches, and changing utilization and physician incentives.

To begin to straighten things out, we've just enacted a significant change in the way Medicare pays hospitals -- it's called prospective payment by diagnostic category. While it's an important step toward getting hospitals on a budget, it's only a step - not a solution.

I urge you today to help us structure and enact a more comprehensive reform package to get health costs back under control. If you as seniors will once again assert your know-how and power, you will have helped lift a heavy burden off the shoulders of all Americans.

So I ask you, I urge you, I plead with you to join as partners in detecting fraud and waste, to lead the way as informed consumers, and to spearhead the advocacy for progressive health care reform. I make this urgent request because in my experience, you can make all the difference. It is a big job; it's a challenge, and it is fully worthy of your and our best efforts, and together with Senior Power we can and will succeed.

You are fighters. Your generation fought to build this country through two world wars and a great depression. It was you who made possible the greatest economic growth this country has ever seen. It was a big job -- and today, Senior Power has a new challenge -- another big job.

With your support, we succeeded in restoring solvency to Social Security. Now we need your support in getting industrial America back to work and in fighting inflation in medical bills. Together, we can meet the challenges.

I look upon my chairmanship of the Senate Aging Committee as a special trust to be an advocate for older Americans. What I have discussed with you today is part -- but only part -- of an urgent national agenda to meet the needs and promote expanded opportunity for older Americans.

In my view, the exciting promise of Senior Power lies not only in the specific agenda of policy and program ideas that affect our political life. The promise of Senior Power goes beyond that. Working together, we can lay the groundwork for a society that respects age and the elderly, and that truly

realizes the benefits of the experience, wisdom, and judgment of older Americans. With Senior Power, we can make a brighter future, not only for older Americans, but for our children and our children's children -- the older American's of the future.