

Speech by Senator John Heinz

1981 White House Conference on Aging

Opening Plenary Session

November 30, 1981

Rev Abernathy, Chairman Armitage, Delegates and distinguished guests. Ladies and gentlemen, it is a privilege to share this podium with my former House Colleague, with whom I worked so long and hard to create the House Select Committee Claude Pepper. And it is a high honor, indeed, to address this great conference. The 1981 White House Conference on Aging could not convene at a more critical time, and the issues you must address are far more difficult than those that confronted your predecessor conferences

The 1961 and 1971 White House Conferences on Aging produced dramatic change on behalf of our elderly. The 1961 conference addressed urgent basic needs and resulted in the creation of two major programs to improve health care for older men and women. Today, 95 out of every 100 older Americans benefit from Medicare and some 4 million older people with low incomes benefit from Medicaid.

The 1971 conference looked beyond basic survival needs and urged services to strengthen the independence of older people in the home and community. The result, in part, was the Older Americans Act Amendments of 1973 vastly strengthening services and the addition of Title XX services to the Social Security Act. In vesting virtually all service delivery responsibilities with States and local government, the initiatives of the 1971 Conference were years ahead of their time.

These Conferences literally pioneered public policy for older Americans. You are expected to chart no less ambitious a course, but you are here in much more difficult circumstances.

1961 and 1971 were times of relative economic plenty. Inflation was minimal. The labor force was growing and better paid each year. Productivity was increasing at 3 percent annually. The American standard of living was increasing each and every year. And it was politically popular, as well as morally right, to ensure that every American received a reasonable share of that real economic growth.

Today, we face a more hostile world. We have experienced no real growth for the last five years. We have just experienced for the third time in the last two years interest rates of over 20 percent, with all the unemployment and hardship that this implies. And we are in the midst of a deep recession.

And yet today, as this White House Conference on Aging begins, I want to suggest to you that this Conference perhaps

holds the key to both the material and spiritual revitalization of America.

I believe you will agree that the central challenge to this Conference is not just to ensure economic security or adequate health care or housing services -- important as these are -- but to recommend and embrace policies designed to endow older men and women with more genuine opportunities for self-fulfillment.

Let me explain why I believe that meeting this challenge is the key to realizing a better America. Everyone here is aware that the age distribution of the population will be shifting dramatically over the coming decades. The financial difficulties social security faces in the future are a direct result of the expected larger percentage of older persons in our population. But the aging of our population alone does not fully define the challenge. First, we must understand the implications of these changes for our continued economic well being.

Our standard of living is the product of the number of people in the workforce times what the economists call "productivity" or "out-put per man hour," and then divided by our population.

The population of the U.S. is expected to increase 15 million in this decade and 10 million in the 1990s.

So the only way we can maintain or increase our standard of living, without unprecedented increases in productivity, is to continue to increase the size of our workforce. The largest single group of people in our workforce, comprising about 70 percent of those with jobs, are those who are 44 years of age or younger.

The striking fact is, that by the end of this decade, that group will stop growing and actually start declining in actual numbers.

What that means is that we, as a nation, will continue to grow and prosper in the next decade only if able bodied, healthy Americans, who today are in their late forties or fifties or even early sixties, have the opportunity and incentive to work and to fully and freely participate in our society.

I suggest, therefore, that the ability of this Conference to promote the greatest use of the talents, skills and experience of this future group of older persons will be vital to our Nation's continued standard of living -- and our efforts to maintain and improve upon all we have tried to do for people.

The Special Committee on Aging has made a particular effort to examine the full implications of this significant change in many critical areas of public policy affecting the elderly.

As Chairman of the Special Committee, I have directed our efforts into three areas that I believe will be of special interest to this Conference.

First, and foremost, is economic security. When we speak of self fulfillment or increasing areas of choice for the elderly in the future, we cannot forget the role economic security plays in making choice possible. Through Social Security, we have established a solid foundation for young and old alike to achieve economic security in their later years. To assure these choices remain for the future, the basic benefit structure of Social Security must be maintained.

In the short run, Social Security has run into financing difficulty because the economy has failed to continue to grow. In the long run, a mounting deficit is expected because Social Security will have to support a higher proportion of retired persons on a smaller base of contributing workers.

I suggest that this Conference must be willing to face squarely all serious proposals for a solution. According to the conventional wisdom, there are three basic options -- none necessarily exclusive of the other -- but nonetheless only three: increase payroll taxes, reduce benefits, or finance the deficit through general revenues. None of these options are popular.

For example, some suggest financing the OASI deficit out of general revenues. But the problem is that we have no surplus of general revenues, only deficits. Sadly, we have had budget deficits in each of the last 12 years and in 23 out of the past 25 years. And the future outlook is no better. Any proposal along these lines must take these realities into account.

We need to look beyond the conventional wisdom for new and better ideas.

For example, a different approach to controlling Social Security costs is the Social Security Option Account, where all workers would continue to pay Social Security taxes, but those who chose to reduce their future Social Security benefits could contribute a portion of their wages to an IRA-type of Social Security Option Account. The results would be less future payments, the same revenues and a fiscally sounder trust fund.

There may, undoubtedly, be other and better options. We look to the wisdom of this Conference to make the kind of recommendations that will help us restore fiscal stability and confidence in the social security system.

The second issue of major concern is health care. Despite the vast improvements that have resulted from Medicare and Medicaid, many elderly people cannot afford the care they require -- or they are unable to obtain the level of care they need. The health care system must be reformed to make it more responsive and less costly.

We must deal more creatively with the problem of cost. The cost of Medicare is doubling every four years, not because older people are getting more care or better care, but because the price of the same care has risen dramatically. Some people

suggest that the way to hold down health care costs is to simply ask the elderly to pay a larger and larger share of the cost. Such simplistic suggestions will do virtually nothing to halt the runaway inflation in health care, but will penalize the poorest and should be rejected. Instead, we need to find effective means to thoroughly reform the health care system in a way that improves consumer choice and provides the incentive for the efficient delivery of quality health care.

One way to do this is by permitting Medicare to pay the cost of enrollment in Health Maintenance Organizations and other prepaid health plans that offer the same or better benefits as Medicare, but at no more or lower costs.

The other major health care issue of the future we must address is long term care. Public and private spending on Long Term Care was \$10 billion in 1975 and rose to nearly \$21 billion in 1980. It is expected to double again by 1985.

In part, our present reimbursement policies under Medicaid have produced a system that too often results in institutional placement that is unnecessary, expensive and which isolates people from their families and communities.

As this Conference examines more suitable delivery systems for continued care of the elderly in their homes, I hope you will look carefully at what we call "Title XXI," the proposed legislation to amend the Social Security Act to open up new options in Long Term Care.

I also hope you will give consideration to something I personally favor, namely, providing tax credits to families who care for chronically ill members at home.

Our health care system needs restructuring to provide alternatives and choices. It must become more responsive to the unique needs of our expanding older population. Restraining spiraling costs will help end the threat to the future of these important programs, and begin a new chapter of hope for older Americans.

The third major issue is the need to expand employment opportunities for older people. As I mentioned earlier, our failure to do so will not only jeopardize the financial underpinnings of the Social Security system, but strikes at our standard of living and our way of life.

Part of the employment problem is that we are plagued by barriers which discourage and deny older men and women the opportunity to continue working, such as age discrimination, mandatory retirement and inflexible employment practices.

We must strengthen our resolve to shatter these barriers. We must alter negative attitudes. And we must provide increased incentives for continued employment of those who today would normally retire.

We have witnessed the success of the Senior Community Services Employment Project under the Older Americans Act. We must move that successful concept into the private sector as well. Business, large and small, must be educated to see older workers for the valuable resource they are. They must be encouraged to expand options for older workers, including second career and retraining programs, job sharing, and part-time and flexi-time work schedules.

Finally, we must provide incentives to employees to continue to work. For example, the Social Security earnings limitation, as it stands today, represents an unfair and needless deterrent to older workers. Another incentive would be to substantially increase the "delayed retirement credit" by, say, doubling it to around 6 percent.

In sum, what I urge you to emphasize are strategies of choice, opportunity and self-fulfillment that will empower older Americans to act on their own behalf. Our society needs the talents, skills and experience that older Americans want to contribute; to ignore this is to impoverish ourselves, young and old alike.

At the same time, we must make a commitment to an equally difficult task. That is to destroy the stereotype that older people are somehow a burdensome, dependent, unproductive segment of our society.

How did we, as a Nation, allow this stereotype to develop? In the world of work, we have propagated the myth based on early retirement plans designed to make way for younger workers, and thereby fostered a view of all Americans, as they approach 60 or 65, as non-productive and not useful.

In the home, our increased mobility has divided families geographically, too often leaving older persons isolated and viewed as a burden rather than an integral and valuable part of an extended family.

And, in the political arena, I believe there are too many politicians who want the elderly to feel dependent on their largesse.

To be honest about it, my fear is that too many of our older people have accepted and internalized these attitudes.

More than 150 years ago, Daniel Webster said:

"Let us develop the resources of our land, call forth its powers, build up its institutions, promote all its greatest interests, and see whether we may also, in our day and generation perform something worthy to be remembered."

I believe this Conference has the opportunity to perform something worthy to be remembered.

I believe that now is the time, once and for all, to shatter the hideous and debilitating stereotype of ageism that creeps into every facet of our lives.

In your collective efforts at this great Conference, I urge you to give particular emphasis to altering this attitude. For it is the perpetuation of this myth that has denied older Americans a meaningful role in contributing to the greatness of this Nation. And has denied to this Nation a rich and irreplaceable human resource.

The dreams and aspirations of older Americans have been and continue to be those of our country. It is the great challenge to this Conference to translate those hopes into a national agenda.

It is my hope that when the next White House Conference on Aging convenes in 1991, the participants will see the 1980's as a decade of decisive action which enabled older Americans to realize and claim their full measure of America's dream.