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AGING: ISSUES AND OPTIONS FOR THE '80's

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Dave Rust - Senate Spec Com on Aging  
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## EXECUTIVE SUMMARY

Since 1900 the average life expectancy in America has increased by more than 25 years. While no one would want to change this triumph of survivorship, it is resulting in a rapid increase in the aged segment of our population. By the year 2000 31.8 million Americans or 12% of the population will be over the age of 65. This so called "graying of America" may not be the demographic dilemma of the proportions predicted by some alarmists. However, it has significant political, economic and social implications. (see page 1 )

The most fundamental problem confronting older Americans today is the issue of economic security. Even though the numbers and percentages of poor elderly have declined over the past two decades, 14% of those over 65 still have incomes below the official poverty level. Include the "near poor" and this figure rises to over 23% of the elderly population. The trend toward early retirement at age 62, 60 and even younger means that many people will live for 20 - 30 years in retirement. Even in times of average inflation, this puts a strain on any pension system. (see page 7 )

Since approximately 50% of all income received by persons over 65 comes from Social Security the fiscal soundness of that program is an economic imperative. In addition, we must encourage more responsibility on the part of the individual to prepare for retirement and enable older Americans to diversify and inflation-proof their incomes through increased employment, personal savings, improved investment opportunities and pension portability. (see page 7 )

Second to income, appropriate affordable health care is a major issue for the elderly. As the proportion of the older population which is over 75 increases there will be increased demand for the full range of health and social services including home health care, meals, transportation and assistance with daily living, as well as, residential and institutional care. Much attention already is being given to controlling the cost of this care and channeling people to the most appropriate type of service. While we can hardly expect to reduce funds needed by such national programs as Medicare, Medicaid and the Older Americans Act, we do need to strengthen volunteer participation and family involvement in helping the elderly to help themselves. (see pages 20 & 23 )

One of the major problems confronting the elderly is their inordinate fear of crime, especially violent crime. Even though crime statistics do not reveal a disproportionate victimization rate, their fears are understandable. An elderly person is likely to suffer greater repercussions from the physical and economic injury of such prevalent

crimes as purse snatching, larceny, assault and robbery. They are also more vulnerable to fraud and swindles. Experts say that the best defense against this problem is community volunteer crime prevention activity. Such crime prevention programs call for creative and cooperative efforts among law enforcement officials, service provider agencies, community volunteers and the elderly themselves. (see page 27 )

During the past two decades Republican Presidents and Members of Congress have been responsible for some of the most significant legislative and policy initiatives impacting on older persons. These include indexing of Social Security and Railroad Retirement benefits to keep pace with the cost of living, improving nursing home facilities, the creation of a network of state, area and local aging agencies and substantial increases in funding for services to older persons.

Republicans were also instrumental in the passage of amendments to the Age Discrimination in Employment Act raising the mandatory retirement age and giving many older workers an opportunity to remain in the work force longer as productive contributing members of society. (see page 3 )

The Carter Administration on the other hand has not followed through on the potential of these earlier efforts. It has not even come close to devising a national strategy on aging issues or a meaningful long term care policy. Even worse, the Secretaries of the Department of Health and Human Services (formerly HEW) which devotes approximately 70% of its budget to programs for older persons have done nothing of substance to recognize this issue as a priority. (see page 30 )

A Reagan Administration offers Republicans a chance to renew their commitment to the elderly. During the first six months of 1981 you will have the opportunity to appoint a new Secretary of HHS and a Commissioner on Aging, consider reorganization of the Department, and appoint the Chairman and several members of the Federal Council on Aging. In addition, the Older Americans Act will be reauthorized in 1981 and substantial changes in the social security system and the financing of long term care are likely to be issues during the Reagan Administration. (see page 32 )

During the campaign, rather than focus on specific program changes or quick-fix solutions, we recommend that Governor Reagan lay out the conceptual framework of ideas which would become the foundation for new approaches.

Ideas for this framework follow:

1. Promote policies and programs designed to retain older persons in the mainstream of community life.

2. Reinforce the intergenerational compact between the young and the old.
3. Give older Americans an expanded opportunity to diversify and inflation-proof their income.
4. Strengthen the financial soundness of the Social Security system.
5. Reward self-help efforts, including volunteerism and the invaluable contribution of families in caring for their dependent elderly.

## WHAT THE DEMOGRAPHICS TELL US

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The statistical data contained in this section is largely drawn from the Annual Report of the U. S. Senate Special Committee on Aging (Developments in Aging: 1979) and it clearly shows that we are an "aging" society. This trend is not unique to the United States but it will force both the public and private sectors of our economy to make many far reaching policy changes during the coming years.

In 1776 one out of every fifty Americans was 65 years of age or older (2% of the total population or 50,000 out of 2½ million). By 1900 one out of every twenty-five Americans was 65 years of age or older (4% of the population or 3.1 million out of 76 million). In 1980 one out of every nine Americans is 65 or over (11% of the population or 25 million out of a total population of 223 million). Projections indicate that by the year 2000, our total population will reach 260.4 million of which 31.8 million or 12% will be age 65 or older.

The political implications of this process are substantial. Older persons register and vote in higher numbers than their younger counterparts. Older voters are not, however, homogeneous, and subgroups range across the political spectrum from liberal to conservative. Most older persons are in reasonably good health, mobile, own their own home and -- in absence of runaway inflation -- are able to manage their own affairs. To this segment of the population (which constitutes approximately 75 - 80% of all older Americans) a sensitive, conservative message could prove appealing.

While weighing the raw political statistics, we should note that two states, California and New York, each have over 2 million elderly persons. Half of the older population in the United States lives in 8 states with large electoral votes: California, New York, Texas, Pennsylvania, Illinois, Ohio, Michigan, and Florida. Older Americans constitute a very sizeable and growing subgroup in our population which Governor Reagan, as a Presidential candidate, and the Republican party in general should be courting.

## MAJOR REPUBLICAN INITIATIVES BENEFITING THE AGED

Republicans in both the House of Representatives and the Senate, as well as Republican Administrations, have played a very active role in efforts to shape legislation, appropriations and public policies benefiting older Americans.

In January of 1961, President Eisenhower convened the first national White House Conference on Aging. For the first time, our nation focused its attention, in a broad and comprehensive way, on the problems of older Americans. One of the most significant results of the deliberations and recommendations of this conference was the passage by Congress of the Older Americans Act of 1965. The act has since been amended seven times and is the primary national statute authorizing basic social and nutritional services for the elderly population.

Despite the dramatic increases in funding for the programs under the Older Americans Act (from \$31.9 million to \$327.3 million) during the Nixon-Ford years, serious problems remain.

During the Nixon-Ford Administrations, a number of other laws and programs benefiting older persons were put into effect. Republicans had repeatedly recommended that the benefits payable under the Social Security and Railroad Retirement Acts be tied automatically to increases in the cost of living. Legislation to this effect was sponsored by over 100 Republican members of the House of Representatives.

President Nixon won Congressional approval of this proposal requiring annual adjustments of social security payments based on changes in the cost of living. The reduction during the past decade in the number and the percentage of older persons living below the poverty level can be attributed largely to these increases in Social Security.

For a number of years, Republicans have stated that the social security retirement test (which limits the amount of earnings a social security recipient can receive without a reduction in benefits) is unfair to the older person who wishes to continue productive employment and they have recommended abolishing it, or at the very least, liberalizing the test to allow for higher earnings. (See page 14 for further information.)

All segments of our society are adversely affected by rapid inflation but the elderly living on modest fixed incomes are particularly hard hit. President Ford accurately identified inflation as the number one enemy of older Americans. His courageous battle to control government spending and thus restrain inflation, enabled him to successfully reduce the inflation rate to under five percent. Unfortunately, the Carter Administration has been unable to match President Ford's record, and inflation ballooned to near 20 percent in the first quarter of 1980.

The aging "network," consisting of strengthened state offices on Aging and local Area Agencies on Aging, largely developed from initiatives put forth by the Nixon Administration in the 1973 amendments to the Older Americans Act. This "network" is designed to coordinate the delivery of social

services to older persons in order to eliminate efficient duplication of services. assure that elderly were included in existing programs and plan for new services when needed.

The Nixon Administration also led the movement for improving physical conditions such as fire safety and the quality of care in nursing homes and similar institutions. In 1971, President Nixon introduced an eight part plan for improving health and safety in such facilities which included training of nursing home personnel, improving the inspection process and strengthening the standards for Medicaid reimbursement. One result of this effort was the creation of a nursing home ombudsman program on a demonstration basis in almost every state. This program has evolved into a nationwide network of nursing home ombudsmen who receive and resolve complaints, educate the public, and generate community interest and volunteer involvement designed to improve the quality of life for those in long term care institutions.

Republicans have long endorsed the active involvement of older people in community life and their continued productivity through volunteerism, second careers and part-time jobs. Republican members in both House and the Senate took the lead in efforts to liberalize or abolish the mandatory retirement age through the Age Discrimination in Employment Act (ADEA). By raising the ADEA's upper age limit from 65 to 70, we were able to give many older workers a greater opportunity to remain active, participating, contributing members of our society.

President Nixon also doubled the size of the Special Jobs and Projects budget providing part-time jobs for older

persons. This program has grown and now supports over 52,000 part-time jobs in community service for eligible persons. He also created the very popular Foster Grandparents Program and Retired Senior Volunteer Program as vehicles for meaningful community service on the part of retired older persons.

The first White House Conference on Aging called by President Eisenhower in 1961 was a hallmark in generating a national response to the needs of older Americans.

President Nixon called the second White House Conference on Aging, chaired by Dr. Arthur S. Fleming, in 1971 to continue this trend. The third conference, the 1981 White House Conference on Aging, scheduled for December 1981, provides a continuing opportunity for visible Republican leadership and initiative on behalf of older persons.

## ADDRESSING THE ISSUES

Although the concerns confronting older Americans are numerous and complex, we recommend that Governor Reagan focus on four or five key issues between now and election day.

### 1. ECONOMIC WELL-BEING OF THE ELDERLY

The most fundamental problem confronting older Americans today is the issue of economic security. It is tightly intertwined with their desire to remain independent, participating members of their community. The goal of government should be to assist the elderly to maintain their economic independence. This will give them the freedom they need to choose their own lifestyle, the freedom to have the same opportunities that other citizens enjoy, and the freedom to enjoy the comfort and security for which they have worked all of their lives.

Pride and dignity are the hallmarks of most older Americans and our approach to them should always be designed to enhance, not diminish, these characteristics.

In 1978, 3.2 million older persons (14% of the elderly population) had incomes below the official poverty level. If you expand this figure to include what are sometimes referred to as the "near poor" (125% of the poverty threshold), that figure is raised to 5.4 million elderly persons or 23.4% of the total elderly population. It should be noted that these figures are based solely on income and do not take into consideration services and noncash benefits which may have a direct impact on their standard of living.

Nothing is more critical to economic security than the battle against inflation. The real effect of inflation on elderly households has recently been the subject of much conjecture. It is true that the number and percentage of elderly with incomes below the poverty level has been greatly reduced in the past decade. This was due primarily to increases in social security benefits, including annual indexing, and the rise in expenditures for a variety of social welfare programs. Nevertheless, on the average, elderly households in 1979 had to make do on about half the income of their non-elderly counterparts.

Average income of those over 65 increased from 48 percent of the average income of younger persons in 1966 to 57 percent in 1979. However, despite relative and absolute gains in their income position, elderly households still were not as well off as they were in 1950, when they averaged 61 percent of the income of younger persons.

Some experts contend that, when expenses are examined, the elderly experienced slightly higher than average inflation because they spend a larger percentage of their income on high inflation items: food, fuel and utilities, and medical care. They have less money for luxuries and cannot absorb the shock of inflation. Furthermore, a high proportion of their assets are in fixed value or low return investments. During a time of high inflation, those who have saved, been frugal and prudent, are hurt most. Inflation transfers wealth from those who have saved to those who are in debt. As net creditors, the elderly, especially the middle class, lose.

The gains in elderly income will not be reversed in the

1980's but the forecast is for a decline in the relative share of income going to the elderly. They will lose ground and receive a smaller share of society's resources than in the past two decades.

Inflation is the most serious threat to the economic security of older persons. The only real solution for them is to bring inflation down and keep it under control.

No program is more central to secure the economic well-being of the elderly than social security. During the current Fiscal Year (FY80) the social security system will make available approximately \$104 billion dollars in Old Age and Survivor Insurance benefits. The Congressional Budget Office (CBO) predicts that this figure will increase to \$165.3 billion by 1984.

CBO has also raised concern once again about the financial stability of the social security trust fund when it noted that, "recent inflation and anticipated economic slow-down have brought the short run financial soundness of the social Security system into question again." If the CBO projections are correct, the trust fund's reserve balance will decline from \$27.2 billion in 1979 (34.3% of annual outlays) to \$7.4 billion in 1984 (only 5.4% of annual outlays). If the reserve balance drops that low, the system may not have the cash flow needed to insure the payment of all benefits without interruption. It should be noted that this shortfall is occurring even though Congress, under heavy pressure from the Carter Administration, enacted one of the largest peace time tax increases when it approved the Social

## Security Financing Amendments of 1977

The problems confronting the system notwithstanding, great care must be used in addressing social security related issues because of the paramount importance social security plays in the income maintenance strategy for older persons and because the system pumps almost \$10 billion per month into the consumer purchasing power of our nation's economy. In 1978, data indicated that of all income received by persons 65 or older, approximately 50% of it came from social security, 10% from private pensions, and 10% from interest and retirement savings. Approximately 30% of all elderly social security recipient households receive 90% or more of their family income solely from social security.

A number of factors affect the ability of the elderly to supplement social security with other sources of income. In spite of efforts to strengthen private pension programs (ERISA), fewer than half of today's workforce are covered by a private pension program. The best hedge against inflation is employment, but for older persons a significant roadblock has been the continued existence of mandatory retirement. Throughout most of our history, a person would continue working as long as he or she was willing and able to do so. The concept of retirement was almost non-existent. As this century progressed, concepts of retirement, mandatory retirement and early retirement have grown and become an established part of our economy.

Put simply, people are retiring earlier and living longer. Despite increased life expectancy, better health, and an extension of the mandatory retirement age from 65 to 70, the trend toward early retirement has not been reversed.

The combination of high inflation, Federal regulation and the taxing of interest act as strong disincentives to personal savings. For example, interest rate controls such as Regulation Q have kept interest rates low for the small saver who could not take advantage of higher yield savings options. Since older persons hold almost half of all accounts with savings and loan institutions, these restrictions on small savers are particularly significant to them.

Certainly a combination of approaches is needed to assure economic security for older Americans. These must include expanded opportunities to diversify and inflation-proof incomes through employment, increased personal savings, improved investment opportunity, and a more personal -- portable pension plan. One option would be to liberalize the laws allowing more people to establish individual retirement accounts (such as IRS's and KEOGH's). Another would be to combine a successful campaign against inflation with exempting the first \$1000 of interest income from taxation.

Encouraging older Americans and all Americans to save more money would have a beneficial effect on our economy. It helps to produce the capital needed to expand and revitalize our industrial base and it enables people to better plan for their retirement.

Another possible source of income for the elderly who own a mortgage free home is the Reverse Annuity Mortgage or RAM. The RAM is a contract with a lender to pay an annuity to the homeowner in return for rising indebtedness over time. This is an alternative way to utilize the equity in a home without having to sell it and move to other quarters. Since homeowners aged 65 and over have a net equity in the homes of over \$90 billion the income supplementation potential for the elderly from reverse annuity mortgages is quite large. There are, however, constraints under current tax, accounting, institutional and legal frameworks which we must address if this potential is to be realized.

We must also improve employment opportunities for older workers and provide incentives to employees to remain the workforce past the traditional retirement age. This includes full time and part time employment, increased entrepreneurship, self employment and the development of small business opportunity for older persons. Conversely, there are many options for incentives to business and industry to recognize the value of and retain the older worker. A great deal of research and information on the ability of older workers exists, but it has not been well disseminated or made useful to the private sector.

There are several important but controversial issues related to social security that Governor Reagan may have to address during the campaign. We have identified the following areas for consideration:

A. VALIDITY OF THE CONSUMER PRICE INDEX (CPI)

Considerable controversy is currently focused on how accurately the CPI reflects the true cost of living for older persons. Some aging advocates argue that a special, higher CPI should be developed to reflect the purchasing patterns of older Americans. They point out that a higher percentage of the income of older persons goes to basic necessities such as food, medical care and utilities. Many of these items have been rising faster than the total CPI. Others argue that the CPI has too large a component for housing which means that during periods of high interest rates, the CPI may be driven higher than the actual rise in the cost of living for most people. If you follow the latter approach, aging advocates will make it appear as though you are looking for a "back door" way to cut social security benefits, a very critical political issue with most older persons.

We recommend that Governor Reagan point out that the First Concurrent Budget Resolution for FY 81 directed the President to examine the consumer price index and alternative approaches for computing changes in the cost of living and to report his findings to the Congress no later than November 30, 1980. Section 12 of the Budget Resolution also directs the President to reflect his conclusions and recommendations in his proposed FY 82

Senator Goldwater has led the battle for a number of years to totally abolish the earnings limitation. If his legislation were to be enacted, an individual reaching age 65 would be permitted to earn as much as he or she wished while still drawing full social security benefits. This reform is actively supported by the largest aging organization, National Retired Teachers Association/American Association of Retired Persons. Opponents point out that abolishing the retirement test would increase the drain on the trust fund and give benefits to wealthy persons who continue to draw large salaries. Proponents point out that it would help to give many older persons additional income to meet their own needs rather than relying on government services, cut down on cheating, and remove a major disincentive for older persons to remain active in the work force. Probably the best way to respond to questions regarding the earnings limitation would be to favor either the abolition, the phased abolition, or the substantial liberalization of the test so that lower and middle income older persons could supplement their retirement income. Such a change would alter the basic direction of the program from an insurance mechanism designed to replace lost income to an annuity.

#### C. RAISING THE RETIREMENT AGE FOR SOCIAL SECURITY

Several recent studies of the social security system have recommended that the retirement age be

raised from 65 to 68. This would reflect both the increased longevity and better health of Americans today as opposed to the mid 1930's when the system was first established. It would also ease somewhat the financial burden on the system and make it more affordable. This is an extraordinarily controversial issue with older people who feel that the government is attempting to renege on a long standing social contract. We would not recommend that Governor Reagan support an increase in the retirement age during the campaign but he might want to consider advocating some incentives that would encourage older workers to remain in the work force. For many years, a worker who delayed his or her retirement beyond the age of 65 received only a very modest increase in benefits as a result (1%). That figure is now being raised to 3 percent but that is considered inadequate by most experts. For a number of years, Republican members in the Senate have advocated raising benefits by  $6 \frac{2}{3}\%$  each year that a person delays his or her retirement beyond age 65. This would be equivalent to the annual percentage by which benefits are now reduced for a person retiring before the age of 65. If a person retires at the age of 64, benefits are reduced by  $6 \frac{2}{3}\%$ . If one retires at age 63, the benefits are reduced by  $13 \frac{1}{3}\%$ ; at age 62 (the earliest age at which a person can receive retirement benefits under social security), benefits are reduced by 20%. The concept put forth by former Senators Fong and

Hansen was to use the same percentage in increasing benefits for late retirement as a way of encouraging older workers to voluntarily delay their retirement. We have been advised that such an increase would be actuarially sound.

D. OFFSETTING ONE PROGRAM AGAINST ANOTHER

One issue that will come up at some point in the campaign is the complex interrelationship of one federal program to another. Many of the programs have different eligibility requirements, and usually these are quite rigid. The result is that an increase in the benefit from one program may render a person ineligible to receive benefits in another program that he or she had previously received. For example, the cost of living adjustment from social security, supplemental security income, and so forth can lead to a reduction in veterans benefits or make a person ineligible for Medicaid health benefits. It would be fiscally impossible to abolish all of these offsets because of the cost to the federal treasury, but we should look at more humane ways to make these programs interrelate. There may be a need to look at the broad spectrum of programs to try to see if we can evolve more uniform eligibility requirements for each program that would make the entire range of social and medical support systems more rational. Secondly, instead of having rigid lines of eligibility,

we may want to consider a more flexible system of phased reductions in benefits so that a small increase in one program does not totally eliminate benefits under another. In some ways this problem, which is often referred to as "notching" because of the rigid eligibility standards, is a little like inflation pushing people into higher and higher tax brackets because the end result is that the person is less well off than he or she had been before.

#### E. TAXING SOCIAL SECURITY

Several recent studies, including the Advisory Council on Social Security's report issued in December of 1979, recommended that one half of the social security benefit be subject to federal income tax for people whose incomes exceeded a certain level. At the present time, benefits are tax-free and are not counted as part of an individual's adjusted gross income. Under the Advisory Council's proposal, most social security recipients would not actually pay any taxes on their benefits; only those people who have outside earnings or income from other sources would have their tax liability increased by this proposal. However, most social security beneficiaries did not understand this fact and they were extremely concerned by the possibility of paying taxes on their meager benefits. Some people have suggested that if we were to eliminate the retirement test (see page 14), we may want to make all or part of

social security benefits subject to taxation as a way of blunting criticism that we have created a windfall to wealthy older persons. The issue of taxing of social security is extraordinarily sensitive and controversial. We recommend that the Governor respond by indicating that it is a complex issue and that his initial reaction is to oppose the taxing of social security benefits. This will give him flexibility if, after the election, the need arises for a comprehensive restructuring of the social security system.

## 2. HEALTH CARE FOR OLDER AMERICANS: ADEQUACY AND COST CONSIDERATIONS

While economic wellbeing is essential, adequate income alone is not the total solution. A growing number of older people will inevitably need certain critical health and social services.

The vast majority of older Americans are in good health with only about 5% at any one time in institutions and only 7% needing help in getting around. Although some 80% of the noninstitutionalized persons over 65 have some chronic condition, this is generally not debilitating and about 2/3 of older people, surveyed by the National Center for Health Statistics, said their health was good or excellent.

We often tend to look at life expectancy too simplistically. Life expectancy at birth is 77.1 years for women and 69.3 years for men. But even more important for the planning of social programs, are the survivor figures. At the age of 50, the average male is expected to live 24.2 more years; the average female is expected to live 31.1 more years. Many people live to these life expectancies, and beyond, without substantial changes in their lifestyle, place of residence or functional ability. However, while age is certainly not synonymous with sickness, there is a high correlation between advanced age and the incidence of functional disabilities. For example, the average age of a nursing home resident today is 83. Functional disabilities for those over 75 years of age are at least twice as great for those aged 60 to 75. It is important to recognize that between now and the year 2000, the older part of the elderly population will grow most rapidly. In the next 40 years, the number of people over 65 will almost double and one

third of those older people will be over the age of 75.

The rapid escalation of health care costs constitutes a heavy financial burden for the elderly themselves and presents a tremendous cost control challenge to our nation's leaders. Total per capita personal health care expenses for older persons in 1978 were \$2,028. The average elderly person spends twice as much of household income on medical care as a younger individual. For example, in 1978, elderly persons paid an average of over \$600 in direct out-of-pocket payments for medical care -- a very high percentage for that 40% of all elderly with annual incomes below \$5,000.

The public share of this health care bill, paid for primarily by Medicare and Medicaid programs, is high and rising -- 44% or \$21.8 billion for Medicare, in 1978, with an additional 13.4% from state and federally funded Medicaid Programs.

Long term care, previously synonymous with nursing home care, is being redefined to include the full range of formal and informal supports needed to care for a person who can no longer function on his or her own. These services include in-home and community based services such as transportation to doctors and grocery stores, help with shopping and household chores, in-home health care, home delivered meals and day care for the elderly, as well as medical and residential care in institutions.

Sooner or later, many infirm older persons enter this long term care system. If this is the result of a crisis, it catapults them into the most intensive and expensive form of care, usually a nursing home or hospital. They enter

this level of the services system whether or not is is the most appropriate and least restrictive form of care for them.

Albeit with the best intentions, we have fostered a nursing home system which is highly regulated with expensive and complex requirements. Small homes which can provide a high quality of personal care are unable to meet such requirements as a full time recreation director or professional nutritionist. Patients who have been satisfactorily living in such homes as private patients may even be forced out if they need Medicaid. Medicaid rules also limit the time a patient can spend outside of the nursing home with family and are not conducive to offering respite care and other flexible options.

The key here is to introduce flexibility through less rigid rules and broader waiver authority. Different communities throughout our diverse nation should be able to tailor their long term care program to fit the needs of the person not the bureaucratic requirements of administrative agencies.

While there often seems to be an over-emphasis on institutional care, many communities, especially in rural areas, have a critical shortage of nursing home beds or no nursing homes at all. Where this is the case and acute care hospitals have excess capacity, they should be able to convert these extra beds into use for chronic or long term care patients.

Most people want to remain in their own homes and communities as long as possible. Older people themselves vehemently express this sentiment. The fact that more than

80% of all care provided to functionally dependent elders is given by friends and family members further bears this out.

However, the lack of home health care and other community-based in home services often forces persons into nursing homes who would otherwise have remained at home. Requirements under Medicare and Medicaid, such as prior hospitalization, a limit on the number of visits, and different income eligibility requirements for home care are barriers to the use of this mode of care.

Despite enormous sums of money being spent by federal and state governments to cover the cost of health care, the system is costly, inadequate, confusing to the consumer and a nightmare to administer. Numerous modifications of this mammoth system are being considered, but a complete structural reordering may be the only answer.

We need to develop a good system of preventive and rehabilitative care with a focus on the needs of the individual, a community based approach, while working to keep costs under control. The key here is in linking people to the most appropriate service and delaying and preventing more costly institutionalization as long as possible. In the long run, it will be less expensive, more appropriate and certainly more desirable for the individual and his family.

### 3. SOCIAL SERVICES FOR THE ELDERLY

It is impossible to completely separate health care from social services. Indeed the needs of the individual person generally demand a combination of both. For example, even admission to a hospital or nursing home involves referral,

counseling, and assessment of social, as well as medical, factors. Likewise, the congregate nutrition program for the elderly, thought of as a social program and a socializing experience, has obvious implications for health status.

The most significant source of funds for social services for persons over 60 is the Older Americans Act of 1965. Its programs are immensely popular with the general public, the aged and the Congress. Overall, the funding has grown from \$7.5 million in 1966 to more than \$965 million in FY80.

The OAA is the most flexible and direct source of social services funding for the elderly. In addition to the creation of some 600 local planning, advocacy and services units (area agencies on aging) it also provides funds for the nutrition program for the elderly -- serving meals in group settings, meals delivered to the home bound -- transportation, outreach, information and referral, in-home services (homemaker, health aid and chore service), legal services, day care, and senior centers.

There can be no question that the quantity and quality of social services available to the elderly have increased tremendously over the past fifteen years. Witness the increase in funding in the Older Americans Act between 1965 and 1980. The elderly also receive about 20% of the services funded by Title XX of the Social Security Act.

However, despite this impressive growth in the funding for such services for older Americans, the system has grown

erratically, producing a confusing, fragmented maze of programs. It is often called the patchwork quilt of services (with a few patches missing) or the senior services jigsaw puzzle.

Furthermore, even with this raft of services, critical needs, such as the lack of access to existing services, undoubtedly remain. For all elderly, but especially those in rural areas, transportation, which was identified at the 1971 White House Conference on Aging as the number one need of senior citizens, continues to be a serious problem. The dearth of public transportation systems, except in major cities, presents a particular problem for elderly persons, a large percentage of whom either do not own or do not drive an automobile. Furthermore, most elderly need specialized transportation in terms of handicapped access, a demand-response system, and delivery to a specific destination. this type of transportation is expensive and its costs (especially capitol replacement) are often underestimated or ignored in formulating social service programs.

Because transportation is such a costly and complicated service, people focus on coordination as a solution. Everyone is incensed to see three half empty vehicles of different agencies following the same route. Inefficient management or misuse is particularly visable in transportation programs. Expertise in operating special transportation systems or the "state of the art" has also been a problem. Coordination is

hampered by the many different agencies offering transportation services, and by numerous laws and regulations which contain different client eligibility standards, vehicle use restrictions, accounting and record keeping requirements. Despite these barriers, coordination is undeniably a desirable goal and one to be promoted, but not a panacea to completely solve this problem. Certainly it seems that where transportation is provided under a program such as Title XX, it should also be open to clients of other programs such as the Older American Act.

Obtaining insurance coverage for "social service vehicles" with elderly riders and drivers has been a serious problem in the past. The reason was given over and over again, "old people are too much of a risk to insure". The insurance coverage which was available was exorbitantly expensive. In 1979, the Senate Special Committee on Aging, in cooperation with other organizations, influenced the insurance industry to develop a new classification or rating schedule which should result in an increased supply of insurance for such vehicles. In examining social services programs, we must ask which social services are needed the most, which are effective in meeting their goals and what kinds of social services are most appropriately funded from public resources. There will always be infinite desires and needs but only limited resources. Public funds cannot pay for everything. Indeed, government may be trying to solve too many problems.

In this regard, we need to focus on increasing volunteer participation and enabling people to do more to help themselves.

More older people should be hired to operate recreational, educational and senior center programs. Volunteers who drive their own cars are indispensable, especially in small cities and rural areas. An improved system of reimbursement for their mileage could help restimulate this kind of volunteer incentive.

We should look for more creative, useful ways to mobilize the volunteer potential in millions of older Americans as a way of meeting important social needs while at the same time giving senior citizens a chance to make a significant contribution to the welfare of their communities.

#### 4. CRIME AND THE ELDERLY

Crime against the elderly is a perplexing problem that should be addressed during this campaign. The elderly have an inordinate fear of crime, especially violent crimes that would cause them personal harm. Many law enforcement officials have ignored this fear because the statistical evidence would indicate that this is not a serious law enforcement problem. But there are some key points that make it a very serious problem among older Americans. It should be noted that the problem is most severe among the elderly in lower middle income and poor neighborhoods where they are much more vulnerable to the kind of street crime they fear. Some of the key points worth keeping in mind are:

1. There has been an increase in the type of crimes that frequently victimize older persons such as purse snatching, burglary, larceny, theft of checks, strong arm robbery, fraud and vandalism.

2. Older people are more likely to be victimized more than once, often by the same offender. Older people recover more slowly from physical injuries and their budgets cannot absorb even a small financial loss.
3. Because older people often live alone and feel very vulnerable to crime, they withdraw into their homes or apartments where they live in virtual "house arrest."
4. Older people are more susceptible to certain kinds of crime such as fraud, swindles and confidence games, which plan on their desire to achieve economic security.
5. Since 85% of the common "street crimes" are committed by teenagers, the elderly have developed a great fear of young people and often try to return to their homes or apartments before school closes.

Only a very small percentage of the crimes committed in the United States lead to convictions and punishment for the offender. For the most part, the crimes committed against the elderly can be greatly reduced through crime prevention methods.

Some local law enforcement agencies have developed excellent programs in crime prevention that involve large scale community volunteer efforts and have a very beneficial effect on the crime rate in those areas. Since these programs often involve the elderly in a volunteer capacity, they cost very little to implement and they pay vast dividends in terms of the safety and security of the neighborhood. Some of the special crime prevention programs for the elderly include: providing escort services; instituting neighborhood watches and volunteer patrols; providing home security improvements; designing new public housing to help reduce

the incidence of crime; providing special training for the police to sensitize them to the needs of older persons; and, developing special assistance programs to help elderly crime victims through counseling and emergency financial assistance.

Many experts on crime and crime prevention now admit that enlarging the number of police will probably not have a significant impact on our crime rate in major urban areas. Washington, D. C. has more law enforcement officials than any city of comparable size anywhere and yet it continues to have an unacceptably high crime rate. Community based crime prevention programs relying primarily on the services of volunteers, hold out the best prospect for making a significant dent in our nation's crime rate. There are problems in setting up a program involving a large number of volunteers, but, when done well, it pays vast dividends in terms of reducing crime and raising community esprit de corps. Phoenix, Arizona; Duval County, Florida (Jacksonville); and Huntington, West Virginia are three diverse areas where crime prevention programs have had a very beneficial effect on the safety of the community.

Crime is a pressing problem of interest and concern to older Americans, and there is something that can be done about it that need not involve a vast new federal bureaucracy or the spending of vast amounts of federal dollars.

## THE FAILURES OF THE CARTER ADMINISTRATION

There are a number of areas where the Carter Administration has failed to provide effective leadership in the field of aging.

1. Inflation -- the Carter Administration has done a dismal job in controlling inflation which has had a devastating effect upon the economic security of older Americans living on fixed incomes.
2. Lack of a National aging policy -- the Carter Administration has never come close to devising a National strategy for meeting the needs of a "graying" society. Why should we expect an Administration that has no coherent foreign policy, no credible defense policy, and no discernible economic policy to develop a comprehensive National policy for older Americans? Our private sector, our public sector, our retirement policies, our income maintenance strategy, our public service employment and job training programs, our health policies, and so forth must all be realigned to adjust to the changes of an aging society. If the Department of Health and Human Services were properly organized and administered, that Department could help shape a coherent -- coordinated National policy on aging.
3. Absence of a long term care strategy -- the fastest growing segment of our population is that group over 75 years of age. The average age for a new entry into a nursing home is 83. As life expectancy

increases, more and more of us will survive into frail old age. The Carter Administration has been unwilling or unable to address this issue and has responded by proposing to spend \$15 to \$20 million per year, for three years, on long term care demonstration projects. These "channeling grants" are a "cop out," a delaying device to avoid facing some hard policy issues. Like Governor Reagan's farsighted welfare reform proposals in California, a properly structured long term care strategy, implemented in the not-too-distant future, could go a long way towards rationalizing a service delivery system that will, if left unreformed, grow at an astronomical rate.

4. Attitude of HEW/HHS Secretaries -- Secretary Califano spoke derisively of the "graying of the federal budget" and his remarks and attitude frequently created the impression of hostility towards an important segment of his department's service population. Secretary Harris has, by her appointments and by her reorganization plans, demonstrated a lack of sensitivity to aging issues.

## CAMPAIGN, TRANSITION, FIRST HUNDRED DAYS

CAMPAIGN PHASE

Between now and November 4th we would suggest that Governor Reagan stress the general theme that older Americans are not a burden on our society but an untapped resource. We should urge older people to get involved on all levels of activity in their own home communities. For some, that would mean remaining in the work force or returning to work after retirement. For others, that would mean an involvement in volunteer community activities, which would improve the quality of life for all Americans. Stress that the choice of what to do and how to participate should remain with each older American. They are very conscious of their independence, and emphasis on giving them the widest freedom of choice should be well received.

When addressing the professionals who make up the "aging network" (Administration on Aging (AoA), State offices on Aging, local area agencies on aging, senior centers, nutrition projects, and other service providers), Governor Reagan should commit himself to replacing the present Commissioner on Aging with a strong dynamic new Commissioner who would be an effective spokesman within the Federal Government for the concerns of older persons. The present Commissioner, Robert Benedict, is a young, thoughtful, academic type who has proven himself to be unable to master the bureaucratic tangle that is the new Department of Health and Human Services. Throughout the "aging network" there is a strong feeling that the status of the AoA has declined under Benedict's stewardship. He has

little, if any, constituency within the "aging network" and Governor Reagan announced intentions to replace him would be well received.

During the campaign, we might want to go beyond the commitment to appoint a new and stronger Commissioner on Aging by raising some general organizational questions regarding the structure of the Department of Health and Human Services (HHS). Since the removal of the Education programs, approximately 70% of the Health and Human Services budget is devoted to the aged (including Social Security). You would never be able to tell this by looking at an organizational chart of the Department. The Administration on Aging, which is charged in its legislation with being the focal point of federal activities to assist the elderly, is buried very deep within the HHS bureaucracy. Soon after it was created in 1965, AoA was placed within Social and Rehabilitation Services (SRS), the welfare component of HEW. This organizational arrangement triggered a great deal of opposition within the aging organizations in Washington (American Association of Retired Persons/National Retired Teachers Association, National Council on Aging, etc.) and aging advocates in the Congress. In 1973, there was a major reorganization which abolished SRS and created a new Office of Human Development (OHD). The Administration on Aging (AoA) was transferred to OHD. In 1977, there was a Departmental reorganization during which the Office of Human Development became the Office of Human Development Services. In May of 1980, Secretary Harris proceeded with another

reorganization which, her protestations notwithstanding, will further erode the institutional strength and status of AoA. This particular reorganization was implemented in spite of request for a delay from approximately 21 aging organizations, 14 United States Senators, the leadership of the House Aging Committee and the White House (in the persons of Domestic Advisor, Stuart Eizenstat, and the new Special Counselor on Aging, Harold Sheppard). This reorganization, which has stirred up the aging community and is a legitimate political issue in 1980, demonstrates the arrogance of Secretary Harris and the inability of President Carter to control even his own Cabinet officials in a reasonable manner. That, too, would appear to be an issue in 1980. We recommend that Governor Reagan respond with a thoughtful approach to restructuring HHS to reflect more nearly its total mandate (remembering that 70% of their budget is targeted to older Americans). Serious consideration should be given to creating an Assistant Secretary for Aging to bring together the policy coordination functions which are now scattered through the Social Security Administration, the Health Care Financing Administration (Medicare and Medicaid), OHDS/Social Services (Title XX) and the Administration on Aging (the Older Americans Act/social services/ nutrition services/senior centers).

During the campaign Governor Reagan should focus some attention on these organizational issues and commit himself to convening, during the transition period, a miniconference on the future organizational structure of the Department of Health and

Human Services.

TRANSITION

During the two and a half months between the election and the inauguration, we would recommend the following steps:

1. A nation-wide search for a new Health and Human Services Secretary who would have as one of his or her primary functions the restructuring of the Department to adequately reflect the Reagan Administration's commitment to improving the quality of life for older Americans. Aging should be a primary interest of the new Secretary, not a secondary one as it has been in the past.
2. Begin a nation-wide search for a strong, dynamic Commissioner on Aging who can assist the Secretary in policy development beyond the narrow confines of AoA.
3. Convene and preside over a mini-conference on the reorganization of HHS. You could involve former HEW Secretaries and Assistant Secretaries, key Congressmen and Senators of both parties, representatives of various interest groups, experts on public administration, key Hill staff, the General Accounting Office, etc. A mini-conference, such as this, involving some commitment of the President-elect's time, would help to build a broader consensus for the reorganization he would be implementing after assuming office. In the past, these reorganizations have been hastily done, forced into place by a Secretary and

then undone soon after he or she leaves office.

The use of the mini-conference might serve to build a broader consensus for the ultimate reorganization plan we implement, thus making it more likely to endure.

#### THE FIRST HUNDRED DAYS

The installation of President Reagan's new HHS Secretary should have a conspicuous aging focus. In the past, HEW/HHS Secretaries have rarely mentioned aging even though the preponderance of their budget is directed towards that segment of our population. President Reagan's remarks, and the remarks of the new Secretary at the time of their installation, can help to set the tone for his or her tenure in office. Likewise, the prompt installation of a new and stronger Commissioner on Aging will help to rally the support of the aging network behind the initiatives of the Reagan Administration. Early in the new Administration, the President will be called upon to designate the Chairman of the Federal Council on Aging (FCoA) and, within a matter of months, nominate 1/3 of the Council's membership. The Federal Council on Aging is at a crossroads and the President should decide either to make it what the statute implies -- an independent advisory body not tied in any way to the DHHS/AoA or recommend its abolition. This could be achieved by giving FCoA independent status and independent staff. The Council has limped along during the past seven years with low visibility, rendered organizationally and structurally ineffective by its placement within the bureaucracy. One option would be to upgrade FCoA as mentioned above, the other option would be to recommend to Congress its abolition

during consideration of the 1981 amendments to the Older Americans Act which must occur during the Spring of next year.

We believe President Reagan should seriously consider appointing a strong and dynamic Inspector General (IG) at HHS. IG's often approach their responsibilities from an accounting/auditing point of view. What we need is an effective, aggressive IG who can root out serious fraud and abuse in the various programs administered by HHS without being vindictive towards "people oriented" services. Such a constructive approach to the IG's duties could go a long way towards reducing fraud and waste in this vast department without cutting vitally needed services. This approach could help us achieve our mutual goal of curbing federal spending.

We believe that President Reagan will have a golden opportunity early in his Administration to dramatically focus attention on the needs of the elderly and to show his personal commitment to improving the quality of life for older Americans. We recommend that he schedule a nationwide televised speech on his 70th birthday in February of 1981. He could address this speech to 25 million older Americans but he would also want to frame it in such a way that it would be targeted to community leaders, state and local organizations, young Americans, corporate personnel managers, etc. The speech should be a dramatic appeal designed to focus national attention on the needs and the desires of the elderly. The President could stress that age is a state of mind, and that older Americans are, in fact, a valuable national resource. He

can urge older Americans to get involved in a wide range of activities. They can continue or return to the work force on a full or part-time basis. They can volunteer their services in a whole host of ways to improve the quality of life for all of our citizens. They can work with young people, with frail and needy elderly persons, with law enforcement officers in crime prevention programs, with meal-on-wheels organizations to assure effective outreach and prompt delivery of these and other services, etc. Since aging cuts across ethnic, racial, regional and political lines, it can become a unifying cornerstone for a successful domestic policy. A dramatic television address along these lines could have a significant impact not only on older persons but on all Americans. During a recent hearing of the Senate Special Committee on Aging, a retired teacher commented that after he had retired, he and his friends found that they were "not called on often enough" to do things for other people in their community. President Reagan could remedy this situation with a ringing national appeal to involve the elderly in constructive activities that would benefit them by making them feel useful, active and involved again while at the same time having beneficial effect on the whole society.

We believe that a thrust along the lines we have recommended will help to rally substantial support behind President Reagan's leadership while mobilizing our nation in the direction we ought to be going.

General:

A call to end the present stereotyping of older Americans as a non-productive welfare oriented group. This Platform aims to tap the productive potential of seniors by giving every possible outlet for their collective wisdom! To do this we must slow inflation and cut taxes while re-affirming the strong family tradition so basic to our heritage.

Planks Key to Doing This:

1. Elimination of the Social Security Earnings Limitation which takes \$1 of social security benefits for every \$2 of earned income above \$5,000 for people 65 through 71 years.
2. Rigorous enforcement of Age Discrimination in Employment Act.
3. New tax incentives for those families and friends who help our frail elderly by caring for them within the family environment of the home.
4. New legislation calling for Home Base Care that will anchor the concept of community based long-term services under Medicare and Medicaid.

These specifics coupled with the slowing of inflation by legislatively granting the right to all Americans the right to keep more of their earned income.

The following national meetings and conferences scheduled before November 4 could offer Governor Reagan or Ambassador Bush an opportunity to make an appearance which would demonstrate a commitment to the elderly:

1. Date: August 25-28, 1980  
 Location: Houston, Texas  
 Theme: National Association of State Units on Aging and National Association of Area Agencies on Aging, Annual Training Conference  
 Contact: Teresa Lambert  
 National Association of State Units on Aging  
 1828 L Street, N.W., Suite 400  
 Washington, D.C. 20036
  
2. Date: September 8-10, 1980  
 Location: Albuquerque, New Mexico  
 Theme: Mini Conference on Indian Elderly  
 Contact: White House Conference on Aging  
 Mini Conference on Indian Elderly  
 National Indian Council on Aging  
 Albuquerque, New Mexico  
 (202) 245-1918

The 1981 White House Conference on Aging will be incorporating into this conference a Mini Conference on Indian Elderly. There will be a series of the mini conferences to identify issues of special population groups in preparation for the White House conference on Aging in December 1981.

3. Date: October 9-11, 1980  
 Location: Orlando, Florida  
 Theme: White House Conference on Aging  
 Mini Conference on Transportation  
 Contact: White House Conference on Aging  
 Institute of Public Administration/Florida State University  
 Orlando, Florida  
 (202) 245-1918
  
4. Date: October 24-25  
 Location: Des Moines, Iowa  
 Theme: White House Conference on Aging  
 Mini Conference on Women  
 Contact: White House Conference on Aging  
 Western Gerontological Society  
 San Francisco, California  
 Older Women's League Educational Fund  
 Oakland, California  
 Des Moines, Iowa  
 (202) 245-1918