

ILC Policy Report

Longevity News and Trends in the U.S. and abroad

July 2007



The International Longevity Center-USA
60 East 86th Street
New York, NY 10028
Phone: 212-288-1468
Fax: 212-288-3132
www.ilcusa.org
info@ilcusa.org

An Affiliate of Mount Sinai
School of Medicine

Inside this issue:

<i>News from the U.S. Government</i>	1
<i>International News</i>	3
<i>Special Interest to the ILC</i>	4
<i>News from the Not-for-Profit Sector and Beyond</i>	4

ILC Policy Report prepared by
James P. Nyberg, MPA

Congress Moving Forward on Geriatrics Funding

Congress continues to make progress in providing funding for another year of geriatrics education and training. The full House has approved the 2008 Labor-HHS-Education appropriations bill, which includes funding of \$31.5 million for geriatric education centers, geriatric academic career awards, and geriatric fellowships. As the bill notes, 'this funding supports about fifty geriatric education centers and training of 50,000 health care providers.' The Senate Appropriations committee has passed its version of the Labor-HHS-Education bill, which also includes the \$31.5 million. While there are several more legislative steps before this

funding level for 2008 is finalized, the prospects appear strong for continued federal commitment to this important need. It is well-established that very few physicians and other health care providers receive training in the field of geriatrics, and this shortcoming will become increasingly problematic as the population ages. A sustained investment by the federal government (already the primary funder of medical education in the U.S.), coupled with the efforts of private philanthropy, are critical to achieve the goal of ensuring that all health care providers are better prepared for the unique health issues and needs of older people.

News from the U.S. Government

Census Bureau: The Census Bureau has launched a series of reports on older workers in 31 states. The reports present a detailed picture of people 55 and older in the work force, including job gains and losses for older workers by industry, industries in which older workers are concentrated and their job stability and earnings. The first report on Iowa has been released, and additional reports will be published in the coming

months. More information is at <http://lehd.did.census.gov/led/whatsnew.html#061807>.

Congressional Budget Office (CBO): The CBO has published an issue brief entitled "Medicare Advantage: Private Health Plans in Medicare," which highlights that enrollment in Medicare Advantage plans is growing rapidly, from 11 percent of beneficiaries in 2004 to 18 percent in 2006. Much of

News from the U.S. Government (cont'd)

this growth has been in private fee for service (PFFS) plans. The report discusses how Medicare's payments for beneficiaries enrolled in Medicare Advantage plans are higher, on average, than what the program would spend if those beneficiaries were in traditional Medicare fee-for-service, so shifts in enrollment out of the traditional program and into private plans increase net Medicare spending. The report further notes that efforts to reduce the payment differential between Medicare Advantage and the traditional program could result in substantial savings to Medicare, but would also diminish the supplemental benefits and cash rebates that Medicare Advantage plans offer to enrollees and lessen enrollment in those plans. The brief is at www.cbo.gov/ftpdocs/8268/type=0&sequence=0. The CBO also issued a Background Paper "Factors Underlying the Growth in Medicare's Spending for Physicians' Services," which notes that one rapidly growing component of Medicare involves payments for physicians' services. It finds that between 1997 and 2005, Medicare's per-beneficiary spending for physicians services increased by 34.5 percent, and is due primarily to increases in the volume and intensity of physicians' services rather than by changes in Medicare's payment rates. The paper is at www.cbo.gov/ftpdocs/81xx/doc8193/06-06-MedicareSpending.pdf.

Government Accountability Office (GAO): The GAO has released the following reports and testimonies: "Medicare Part D: CMS's Process and Policy for Enrolling New Dual-Eligible Beneficiaries"; "Defined Benefit Pensions: Conflicts of Interest Involving High Risk or Terminated Plans Pose Enforcement Challenges"; "Medicare Ultrasound Procedures: Consideration of Payment Reforms and Technician Qualifications Requirements"; "Pension Benefit Guaranty Corporation: Governance Structure Needs Improvements to Ensure Policy Direction and Oversight"; and "End-Stage Renal Disease: Medicare Should Pay a Bundled Rate for All ESRD Items and Services." These are at www.gao.gov.

Hearings: The Senate Special Committee on Aging held a hearing "Paid to Prescribe?: Exploring the Relationship Between Doctors and the Drug Industry," on June 27th. Another hearing entitled "Harvest Over the Horizon: The Challenge of Aging in Agriculture" was held on June 21st. Hearing information is at <http://aging.senate.gov/hearings.cfm>. The House Committee on Energy and Commerce Subcommittee on Oversight and Investigations held a hearing on "Predatory Sales Practices in Medicare Advantage," on June 26th. Hearing information is at http://energycommerce.house.gov/cmte_mtgs/110-oi-hrg.062607.MedicareAdvantage.shtml. The House Budget Committee held a hearing on "Medicare Advantage and the Federal Budget" on June 28th. Hearing information is at <http://budget.house.gov/hearings.htm>. The House Judiciary Committee Subcommittee on Commercial and Administrative Law held a hearing on "The National Football League's System for Compensating Retired Players: An Uneven Playing Field?" on June 26th. Hearing information is at <http://judiciary.house.gov/Oversight.aspx?ID=342>.

Social Security Administration (SSA): The SSA has published its latest "Expenditures of the Aged Chartbook," which examines the spending patterns of the population aged 65 or older. It uses a measurement called a consumer unit (CU), which includes members of a household as well as single people living alone. The average number of persons in a consumer unit, by age of the unit, was 2.2 for CUs aged 55–64, 1.9 for those aged 65–74, and 1.5 for those 75 or older. The report finds a large range of expenditures in the older population, with 6 percent spending less than \$10,000, and 10 percent spending \$50,000 or more. Median expenditures were \$19,476. Housing was the largest component of expenditures (33 percent) for consumer units aged 65 or older. Other large components included transportation (16 percent), food (14 percent), and out-of-pocket health care (13 percent). More details and the chartbook are at www.socialsecurity.gov/policy/docs/chartbooks/expenditures_aged/index.html.

International News

Australia: The Australian government has begun to release the findings from its latest census in 2006, which highlights the aging of the nation's population. The census data indicates median age of Australians was 37 years in 2006, compared to 34 years in 1996. Since 1996, the proportion of the population aged 65 years and over has increased from 12.1% to 13.3%. It also found that the largest increase by age-group was for those aged between 50 and 59 years – increasing from 10% to 13% of the total population (from around 1.8 million to 2.6 million people). The government notes that as this group enters retirement age over the next 20 years, there will be important implications for the Australian workforce. More information is at www.abs.gov.au/websitedbs/d3310114.nsf/Home/census.

U.S. Social Security Administration (SSA): The SSA has issued its latest International Update, which is a monthly publication covering recent developments in foreign private and public pensions, social security, and retirement. This issue includes news from the Slovak Republic, Mexico, Singapore, and Kenya, as well as OECD guidelines to help governments improve oversight and financial prospects of pension plans. The issue is at www.socialsecurity.gov/policy/docs/progdesc/intl_update/2007-06/2007-06.html.

United Kingdom (UK): The UK National Audit Office has published a report “Improving services and support for people with dementia,” which examines what health and social care services are available for people with dementia and their unpaid carers in England and whether they are providing effective and good quality support; and how such services can be improved. It discusses how early diagnosis and intervention in dementia is cost-effective, but there is a significant diagnosis gap and only a third to a half of people ever receive a formal diagnosis. The report finds that the UK is in the bottom third in Europe in terms of suitable patients receiving anti-dementia drugs. The need for earlier and more cost-effective interventions are highlighted given the aging of the UK population. The report also reviews the need to better coordinate

and integrate mental health services into health and social services, improve access to specialists in dementia, and support caregivers. More information is at www.nao.org.uk/publications/nao_reports/06-07/0607604es.htm.

United Nations (UN): The UN Department of Economic and Social Affairs has published a report “World Economic and Social Survey 2007: Development in an Ageing World,” which analyzes the effects of population aging on social and economic development around the world. The report recognizes that greater longevity is an indicator of human progress in general, and that population aging presents both challenges and opportunities. A key challenge according to the report is the prospect of a smaller labor force supporting an increasingly larger older population. It notes that while international migration and outsourcing of employment can help address this situation, measures to stimulate productivity growth are most critical, coupled with efforts to stem the decline in labor supply such as raising the participation rates of women and older workers. The report also notes that while the challenge of adapting national health and long-term care systems to the demographic and epidemiological changes is large, population aging is not the most important factor in driving up the future cost of health care. Other factors, such as changes in health-seeking behavior by individuals, inefficiencies in the delivery of health services, introduction of new medical technologies, and price increases of pharmaceuticals and health insurance policies, are more significant. The report also calls on societies to fully recognize and better harness the productive and social contributions that older persons can make. It concludes by emphasizing that the challenges posed by population aging can be overcome through well-focused policies and without excessive strain on available resources. More information is at www.un.org/esa/policy/wess.

World Bank: The World Bank has published a report “From Red To Gray: The “Third Transition” of Aging Populations in Eastern Europe and the former Soviet Union,” which highlights that by 2025 many countries in

International News (cont'd)

Eastern Europe and the former Soviet Union will have populations that are among the oldest in the world, but their economic growth will be threatened if pension and health care reforms are not adequately addressed and policies to promote better productivity are not implemented. It discusses how the region is projected to see its total population shrink by almost 24 million over the next two decades with Russia alone projected to lose 17 million people. Moreover, these smaller populations will also be much older, with between one fifth and one quarter of the population in nine Eastern

European and former Soviet countries, ranging from Azerbaijan to the Slovak Republic, aged 65 and older. It suggests that pension costs begin to be addressed by increasing the retirement age and revising formulas for benefits. It also recommends dealing with long term care costs by designing systems that are not institutional-based and focusing on the support of informal caregivers. The report also calls for productivity increases to offset the shrinking pool of workers, such as making labor markets more flexible and improving education, including lifelong learning. More information is at www.worldbank.org/eca/redtogray.

Special Interest to the ILC

CORPORATE NEWS

HR Policy Association: The HR Policy Association, an association of human resources executives of over 250 large corporations, has announced a new initiative to assist companies in offering health insurance to its retirees, particularly those under age 65. The initiative is called Retiree Health Access, and will provide access to a comprehensive, fully-insured health plan that will be available to retirees regardless of their health status or their employer's level of premium contribution. Given the decline in employer-sponsored retiree health benefits, the Retiree Health Access program is intended to help retired individuals find an affordable and accessible way to manage health care

costs. More information is at www.hrpolicy.org/press/2007/RHA_release_062107.htm.

LONGEVITY NEWS

World's Oldest Man: A 111-year-old Japanese man has recently been designated by the Guinness Book of World Records as the world's oldest man. Tomoji Tanabe was born on September 18th 1895 and attributes his longevity to avoiding alcohol. Japan also has the world's oldest woman, Yone Minagawa, who is 114 years old. It is estimated that Japan has over 28,000 centenarians, so the nation appears well-positioned to continue its domination in this category.

News from the Not-for-Profit Sector and Beyond

Brookings Institute: The Brookings Institute has published a new report "Mapping the Growth of Older America: Seniors and Boomers in the Early 21st Century," which discusses how the size of the 'pre-senior' population is growing rapidly everywhere, especially in economically dynamic Sun Belt areas previously known for their youth, such as Las Vegas, Austin, Atlanta, and Dallas. It also notes that pro-

jected boomer aging will cause the suburbs of New York, Philadelphia, Chicago, and Los Angeles to become considerably "older" than the cities themselves. The rise of boomer populations in these suburban and Sun Belt locations will create new demand for senior-oriented housing and amenities, and exert new stresses on health, transportation, and social-support systems. The report is at www.brookings.edu/views/articles/200705frey.htm.

News from the Not-for-Profit Sector and Beyond (cont'd)

Center on Aging and Work/Workplace Flexibility at Boston College: The Center has published an issue brief “The 21st Century Multi-Generational Workplace,” which discusses why age matters in the workplace, reviews the perspectives that individuals at different ages may have, and highlights the implications for managers of this new ‘diverse’ workforce. It concludes that ‘effective management of a multi-generational talent pool requires that employers are able to adjust their thinking so that they can make appropriate use of the four paradigms of age: age, generation, life stage, and career stage. Each of these helps employers to ask different questions and to think about different strategies for harnessing the experiences of all their employees.’ The brief is at http://agingandwork.bc.edu/documents/IB09_MultiGenWorkplace_001.pdf. Another brief “Does Health Insurance Affect the Employment of Older Workers?” answers that question in finding that health insurance costs are one of the reasons that employers are less likely to employ older workers. It notes that this problem could grow as more older individuals seek to remain in the workforce while health care costs continue to increase. The brief suggests that policymakers pay greater attention to the effects of health care costs in employment when making decisions about insurance mandates as well as Medicare and Social Security. It also provides suggestions for employers to trim higher health care costs without reducing employment, such as more part-time positions or providing on-site clinics. The brief is at http://agingandwork.bc.edu/documents/IB08_HealthInsurance.pdf.

Center for Retirement Research at Boston College: The Center has released an Issue in Brief “Financing Long-Term Care: Lessons from Abroad” which presents how many industrial countries have reformed their long-term care systems over the last decade to broaden coverage and encourage home care over institutional care. It focuses on systems in France, Japan, Germany, and the UK, reviewing their

structure and financing systems, and discusses how the lessons can be used by the U.S. as it works to improve its long term care funding system. The brief is at www.bc.edu/centers/crr/ib_7-8.shtml. Another brief, “Why are Widows So Poor?” explores the reasons why poverty rates for older non-married women remain very high even while the overall economic status of older people has improved during the last 50 years. One reason widowhood creates economic hardship, according to the brief, is that Social Security benefits are reduced when a husband dies and pensions are either reduced or disappear completely. In addition, those most likely to be widowed have lower incomes than intact couples even before they lose their husbands, which reflects less education on the part of both the husband and wife and poorer health on the part of the husband. The brief is at http://crr.bc.edu/images/stories/Briefs/ib_7-9.pdf.

Century Foundation: The Century Foundation has published an issue brief “Facing the Problems of Providing Long-Term Care for the Oldest Old,” which focuses on the special needs of those aged 85 and over, the costs of the long term care needed to meet those needs, and the challenge of finding the workers to provide such care. It notes that the population aged 85 and over is the fastest growing segment of the U.S. population, and these individuals are more likely to have physical and cognitive impairments requiring care. It provides numerous recommendations to address the growing need for such care in a cost-effective manner, including more alternatives to nursing home care for the poor; more training in geriatrics for physicians, nurses, and other health care professionals; financial incentives for family members to provide such care; covering long term care through a social insurance mechanism such as Medicare; and the creation of a civilian health service corps to provide basic home care in return for funds for education or vocational training. The report is at www.tcf.org/list.asp?type=PB&pubid=615.

News from the Not-for-Profit Sector and Beyond (cont'd)

Urban Institute: The Urban Institute has published “A Proposal to Finance Long-Term Care Services through Medicare with an Income Tax Surcharge,” which presents a plan to expand Medicare through the creation of a Medicare Part E that covers comprehensive long-term care services, including home care and custodial nursing home care. The program would include deductibles and co-pays for beneficiaries, but would be financed primarily by an income tax surcharge that will

be dedicated to a Medicare fund. The proposal reviews the strengths and weaknesses of the plan, noting that it could help address some imbalances in Medicare and would eliminate the disincentive to save that is inherent in the Medicaid system, while recognizing the concerns that many have about expanding a public program and increasing taxes. The report is at www.urban.org/publications/411484.html.

More newsletters and briefs available on the ILC website!

Check out the **ILC Update** for news about the ILC, as well as past issues of the **ILC Policy Report** at www.ilcusa.org/pub/news.htm.

Check out the ILC’s collection of **Issue Briefs** on a wide range of topics at www.ilcusa.org/pub/briefs.htm.

See the wide range of ILC reports and other documents at www.ilcusa.org/pub/books.htm.

Check Out the ILC’s Step Counter!!! Only \$19.95



Features:

1. Counts the number of steps while walking or jogging up to 100,000 steps
2. Large easy to read display
3. Strong, reliable alligator clip
4. Bulk purchases at a reduced rate available

**Featured in Good Housekeeping magazine!!

See the website at www.ilcusa.org/shop/estore.htm