Alliance for Retired Americans
Legislative Agenda 2005-2006

Overview 2

Health Care 3
- Prescription Drugs
- Medicare
- Medicaid
- Long Term Care
- Patients' Bill of Rights
- Universal Coverage

Retirement Security 12
- Social Security
- Pensions and Savings Protections
- Supplemental Security Income
- Minimum Wage

Housing 18

Community Services 20
- Older Americans Act
- Social Services Block Grant
- Transit Acts
- Low-Income Home Energy Assistance Program

State Issues 22
- Prescription Drug Programs
- Patients' Bills of Rights
- Medical Malpractice/Tort Reform
- Long-Term Care Policies
- State Pension Funds
- "Lifeline" Programs
- Voting Rights
- Tax Laws

The **Alliance for Retired Americans** is a nationwide organization of three million union retirees and other older and retired Americans working together to make their voices heard in the laws, policies, politics and institutions that shape our lives. The Alliance's mission is to advance public policy that protects the health and economic security of older Americans.

OVERVIEW

Older Americans in 2005 face threats both from abroad and at home. International conflict is diverting many economic resources to protect the nation's security. Simultaneously, older Americans face increased health care costs that are far outpacing general inflation. And Social Security has come under attack.

America's seniors, who use the health care system far more than other age groups, are caught in the bind of those rapidly increasing costs while income levels remain fixed or decrease. The old adage that America cannot be strong abroad without first being strong at home especially applies to older Americans. Issues such as the costs of essential health care services, long-term care, economic security, and housing needs will grow increasingly more complex as the American population ages.

More Americans will retire in the coming decade as the Baby Boomers born between 1946 and 1964 become the retirees of the 21st century. Current and future retirees, and their families, will need strong Social Security and Medicare systems, access to affordable long-term care, and strong retirement systems in order to attain a decent quality of life. However, structural changes to the Medicare program and attempts to privatize Social Security as well as current tax policy skewed toward the wealthiest Americans represent a major threat to the security of current and future retirees. If the tax cuts of 2001 and 2003 are made permanent, it will cost $11.1 trillion over the next 75 years. The tax cuts for the wealthiest 1 percent alone will cost $2.9 trillion if they are made permanent. This reduces the capacity of the government to finance Social Security and Medicare benefits as well as make investments in schools and health care. The Alliance for Retired Americans believes that effective legislative policies can protect the quality of life for America's retirees even at a time when America faces challenges at home and abroad.

HEALTH CARE

Prescription Drugs

Background

Between 1980 and 2002, prescription drug spending in the U.S. increased from $12 billion to $162.4 billion. Prescription drug spending is one of the fastest growing components of national health care spending, increasing at double-digit rates in each of the past 9 years. National prescription spending increased 11% from 2002 to 2003, compared to an 8% increase for doctor and clinical services.

Rapidly rising prescription drug prices have the most adverse effect on the older population. Older Americans spend more out-of-pocket than the rest of the population because they have more acute and chronic illnesses, use more prescription drugs for treatment, and are less likely to have insurance coverage.

Employer-provided health coverage for retirees continues to decline with increased cost-sharing for retirees and elimination of coverage for future retirees.

The Medicare Modernization Act (MMA) of 2003 will do little to alleviate the difficulties that seniors with high drug costs experience with paying for needed medications. The MMA benefit, beginning in 2006, will have a coverage gap of $2,850 which requires that beneficiaries pay all their drug costs. Altogether, beneficiaries will pay $3,600 out-of-pocket plus approximately $420 annual premiums in order to reach a catastrophic threshold of $5,100 at which point their co-insurance is 5%. Additionally, the Congressional Budget Office projects that beneficiaries will see their deductible and coverage gap increase by 10 percent in the first year and 78% by the 8th year.

The "dual eligibles," those with both Medicare and Medicaid, will face risk of losing vital prescription drug access if they do not have a smooth transition from Medicaid drug coverage to the Medicare drug benefit. Comprehensive and uninterrupted access to drugs is particularly vital to dual eligibles as they are more likely to be sicker and cognitively impaired than the Medicare population as a whole.

The projected costs of the drug benefit has risen considerably since the law was passed—the Congressional Budget Office estimates it will cost $849 billion over 10 years, more than twice the $400 billion estimate provided by CMS in 2003. The estimated cost of the MMA benefit over 75 years is $8.1 trillion.

Even with the MMA benefit, drug costs for seniors will continue to increase because the new law explicitly prohibits the federal government from using its purchasing power on behalf of 41 million beneficiaries to negotiate lower drug prices with drug companies.

The MMA also continues the ban on re-importation of safe, affordable drugs from countries such as Canada and other advanced countries thus protecting drug companies from price competition.

The Alliance Position

The Alliance for Retired Americans believes that the MMA should be overhauled. Older Americans should have a genuine drug benefit under the Medicare program, which includes these guiding principles:

- Universal coverage, comprehensive benefits without a gap in coverage, voluntary enrollment, affordable premiums, and low-co-payments.
- No means testing of benefits.
- Strong, enforceable provisions to bring down the costs of prescription drugs.
- Features that would allow older Americans to purchase necessary prescription drugs at affordable prices.

The Alliance supports legislation that includes coverage of these principles. In the 109th Congress, S. 334, H.R. 700, S. 109, H.R. 328 would lower prescription drug costs for all Americans by allowing the importation of drugs with appropriate safeguards. However, this is not a total solution to the problem of high drug costs. The Alliance also supports legislation that reduces drug prices such as allowing the federal government to negotiate lower drug prices on behalf of Medicare beneficiaries expanded availability of generic drugs, and the ability of the states to use the power of bulk purchasing in order to reduce costs.

Medicare

Background

Medicare is the nation's largest and most successful health insurance system, serving the health needs of 41.7 million senior and disabled beneficiaries. It is the best operating model of an effective universal health system in the United States.

Costs of health care for Medicare beneficiaries, however, have risen since the program's inception. Medicare beneficiaries on average are spending about 20 percent of their incomes for health needs, far higher than younger age groups, partially because of services that Medicare does not cover. Medicare originally covered approximately 85 percent of beneficiaries health care costs; currently it covers only about 50 percent.

The Medicare Modernization Act (MMA) of 2003 added a prescription drug benefit as well as coverage for an initial physical exam and cholesterol and diabetes screenings. However, the MMA's drug benefit has many deficiencies: It has a gap in benefit coverage, the benefit will be unaffordable for beneficiaries in future years, it does not provide the choices beneficiaries want, and it does nothing to control prescription drug inflation. In addition, the structure of the benefit is complex. Many beneficiaries were unable to understand the transitional drug discount cards resulting in lower than expected enrollment. The benefit, which will be offered by drug only plans or managed care plans, will likely be just as confusing for Medicare beneficiaries. Many retirees may lose their employer-provided drug coverage.

At the same time, the MMA provides for higher reimbursement for managed care plans and greater profits for pharmaceutical companies. In 2010, the Medicare program will be forced to compete with heavily subsidized private managed care plans in an experiment that would advance the effort to privatize Medicare.

Although unrelated to Medicare beneficiaries, the MMA included provisions of health savings accounts, which gives unprecedented tax shelters to the wealthy non-Medicare population. This will cost approximately $6.7 billion over 10 years but the ramifications are even greater as they have the potential to both undercut or replace employer coverage for workers as well as create a two-tier health care system.

The Alliance Position

The Alliance for Retired Americans supports:

- A strengthened Medicare program with expanded benefits including a universal prescription drug benefit, and affordable home and community-based long-term care.

- The inclusion of annual physical exams, dental health, eyeglasses, hearing aids, foot care, and PET scans.

- Coverage for extended nursing home care as well as extended preventive services, such as annual pap smears, without co-payments.

- In addition, there should be a specific, affordable limit on out-of-pocket spending by beneficiaries.

- Re-importation of prescription drugs from advanced countries and federal government negotiation for lower drug costs for Medicare beneficiaries.

- A universal health care system as a true solution to the shortcomings in the Medicare program and national health care.

Medicare reimbursement levels should be sufficient to strengthen the provider base and to ensure quality care and access. Providers should be held accountable for how funds are spent and should adhere to all quality standards and regulations. The Alliance supports sufficient funding to reduce waste, fraud, and abuse in the Medicare program.

The Alliance for Retired Americans opposes the provisions in the MMA that restructure the Medicare program and undermine federal administration of Medicare by turning it, or parts of it, over to private insurance companies and managed care plans. The Alliance also opposes shielding saving and investment income from taxation through HSAs which would benefit most those with great wealth while at the same time deplete revenues to the federal budget.

Medicaid

Background

The Medicaid program, a joint Federal-State program, provides health care to 53 million Americans including 7 million Medicare beneficiaries. Medicaid participants include low-income children, parents, pregnant women, people with disabilities and seniors. Low-income Medicare beneficiaries can receive assistance with their Medicare premiums and cost-sharing through the Qualified Medicare Beneficiary (QMB) and Specified Low-Income Benefit (SLMB) programs. The Qualified Individual-1 (QI-1) program pays Medicare premiums for persons with incomes between 120 to 135 percent of poverty. Unlike the QMB and SLMB programs, however, QI-1 is not permanent.

Medicaid accounts for 45 percent of all long-term care expenditures, 46 percent of nursing home revenues and 42 percent of home care revenues after individuals have spent down their assets. In addition, Medicaid has paid a fundamental role in the provision of prescription drugs for low-income seniors.

The economic downturn and other factors over the past few years created a fiscal crisis in most states leading many to establish cost containment measurements in Medicaid and the State Children's Health Insurance Program (SCHIP) and other health coverage programs including new eligibility restrictions and reduced benefits. Most states continue to limit increases in Medicaid spending. Additionally, the expiration of temporary federal fiscal relief will put pressure on state budgets in FY 2005. The "clawback" payments that states will be required to make to the federal government when the Medicare drug benefit takes effect in 2006 will also strain state budgets.

In his FY 2006 budget, President Bush has proposed cuts to the Medicaid program of $45 billion over 10 years. Medicaid cuts or funding caps would shift billions of dollars in health care costs to state and local governments and have profound consequences not just for those who rely on Medicaid but also for the overall health care system. Cuts in Medicaid will increase the number of uninsured Americans.

The Alliance Position

The Alliance opposes any attempt to end the guarantee of Medicaid for eligible individuals by converting the Medicaid program into a block grant or otherwise impose caps on federal funding.

The Alliance for Retired Americans supports adequate Medicaid funding for the following:

- An increase in the federal Medicaid matching rate (FMAP);
- Seamless transition for "dual eligibles" to the Medicare prescription drug benefit;
- Liberalization of Medicaid eligibility for families of children under SCHIP;
- Continuation of the QI-1 program;
- Restoration of health benefits to legal immigrants that were lost under the 1996 welfare reform act (See SSI section); and
- Only those waivers that include new, innovative means of providing services and not merely the shifting of funds to other existing services.

Long-Term Care

Background

Long-term care covers a range of services in a variety of settings. About 10.6 million Americans of all ages living in communities and 1.6 million living in nursing homes have significant limitations in activities of daily living because of illness or disability and need personal assistance or long-term care services.

Medicaid is the primary government source of payment for long-term care. Medicare covers only 12 percent of nursing home care costs -- paying only for stays of fewer than 100 days -- and 25 percent of home health care. Families finance 27 percent of long-term care services and provide the vast majority of informal long-term care in the community where most people prefer to live. Women represent 7 of 10 unpaid caregivers, three-fourths of nursing home residents, and two-thirds of recipients of home health care.

Private long-term-care insurance is not a viable option as it is beyond the financial reach for most Americans who need it —only twelve percent of long-term care services is paid by private insurance. Additionally, one in five long term care insurance applicants are declined coverage. Alone, tax credit and tax deduction proposals for long-term care are insufficient to address the need and at the same time would deplete public resources.

Long –Term Care Workers

Certified nursing aides provide 90 percent of direct care in nursing homes, and home health and personal care workers provide the vast majority of paid direct care in the home and community. Low levels of pay, limited opportunity for advancement and lack of benefits result in high annual turnover rates among long-term care workers.

Nursing homes and other providers cannot deliver quality care until there are vast improvements in staffing and training, and adequate compensation and benefits as well as safety protections for long-term-care workers.

Family Caregivers

Nearly one in every four households—22.4 million households in all—is involved in unpaid caregiving to persons age 50 or older. Caregivers now provide an estimated $200 billion in unpaid care annually. Long-term care is especially a women's issue: the majority of care recipients and caregivers, informal and paid, are women.

The Alliance Position

The Alliance for Retired Americans supports a social insurance model for a long-term care system that incorporates the following principles:

- A range of quality care services including, but not limited to, the following services and settings that enhance the physical and mental well-being of recipients and their caregivers: skilled nursing care; rehabilitative services; respite care; personal assistance with activities of daily living such as bathing, toileting, dressing; congregate living arrangements; adult-day-care services; home care; and hospice care;

- Affordable care based on health and physical needs, not income levels;

- An individual's right to choice of provider and care environment, including one's own home;

- Enforcement of quality assurance measures, improved data collection, and public disclosure of staffing levels;

- Educational efforts to promote informed decision-making by individuals and families including an examination of available options for types of care and settings, as well as financing resources and eligibility criteria;

- Recognition of the essential role of front line long-term-care workers in ensuring quality care through improvements in nursing home staffing ratios; staff and management training; and fair pay, benefits, incentives, and safety protections for all health-care workers; and

- The right for all long-term-care workers to organize and bargain collectively with provisions for effective enforcement.

The Alliance supports expanded funding for the federal Family Caregiver Support Program as well as national enactment of financial and other supports for family caregivers. These should include, but not be limited to, affordable health insurance, adequate provisions for respite, and guaranteed Social Security credit protections for the women and men who leave the workforce to care for a loved one.

Patients' Bill of Rights

Background

Ninety-five percent of all Americans with private health insurance are enrolled in managed care plans today, up from 27 percent in 1988. Managed care plans often result in too little care in order to control costs. Hospital stays have been shortened for mothers and newborn infants. Plans limit the ability of doctors to refer patients to specialists or report quality problems to authorities.

State patient protection laws are not sufficient. Nearly half of states do not have laws addressing patients' rights and those that do, apply only to self-insured plans. Only 41 states have external review procedures.

Federal legislation can ensure universal protections. It can require all health plans to have a comprehensive network of providers and ensure access to specialists, prescription drugs, clinical trials, and emergency rooms; protect health care providers who report quality problems from retaliation; provide for external independent review of plans; allow patients to appeal denials to an independent external entity; and sue for damages.

Both houses of Congress passed legislation during the 106th and 107th Congresses; however, no bill emerged for final passage. Support for a patients' bill of rights lost momentum in the 108th Congress.

The Alliance Position

Participants in managed care plans and their families must have protections to ensure they have the quality health care they deserve. Participants and doctors must make health decisions, not health insurance accountants and executives. The Alliance supports a patients' bill of rights that will protect consumers, enhance quality of care and provide protection for healthcare worker whistle blowers.

Universal Health Coverage

Background

Over 45 million Americans did not have basic health insurance for all of 2003. In 2003-2004, about 85 million were uninsured for some period of time. Recent studies indicate that 18,000 Americans die annually because they lack health insurance. Many working Americans have lost health care coverage because their employers have ceased coverage and those workers are unable to afford coverage of their own. As a result, public facilities providing health care face an increasing burden of uncompensated care. Universal coverage could eliminate discrimination in health care access and delivery, which particularly affects the working poor. The cost of family health insurance is rapidly approaching one-third of the gross earnings of a full-time average-wage worker.

The Alliance Position

The Alliance supports universal health care coverage under a national health insurance program. One such proposed program is H.R. 676, introduced by Rep. John Conyers. The Medicare system, with low administrative costs, is a prime model for universal coverage.

The current patchwork system of health care delivery in the United States is not adequate to meet the health care needs of Americans and options for coverage are unaffordable for most of the uninsured. A proposal from President Bush would provide a tax credit of up to $1,000 for a low-income individual or up to $2,000 for a low-income family. However, studies have shown that $1,000 doesn't buy adequate coverage even for very healthy individuals. In addition, $1,000 plans often exclude important primary and preventive services and require high out-of-pocket costs. These costs are unaffordable for low-income people.

Although many states continue to expand coverage for children under Medicaid they are also introducing or increasing cost-sharing and they are facing federal budget cuts to the program. Many early retirees, who are not eligible for Medicare, face the prospect of being uninsurable. They cannot buy insurance at any cost and must wait until they reach the age of Medicare eligibility. They are at great risk for health and economic catastrophes. The Alliance supports expansion of Medicare coverage to early retirees at affordable rates.

RETIREMENT SECURITY

Social Security

Background

Social Security is the foundation of America's retirement security and provides critical financial protection for survivors of deceased workers and disabled workers and their families. Two-thirds of older Americans rely on Social Security for half or more of their income.

Despite the current rhetoric that Social Security is "in crisis," the Social Security Trustees estimated in 2005 that the Social Security Trust Fund has adequate resources to pay full benefits through 2041 and, even if no changes are made, the system will be able to pay nearly 74% of benefits thereafter. The nonpartisan Congressional Budget Office estimates that Social Security is solvent until 2052 and can continue to pay 81% of benefits after that.

The President's Commission to Strengthen Social Security in 2001 consisted of members who supported privatization before their appointment to the Commission. None of the three proposed alternatives of the Commission achieves Social Security Trust Fund solvency. While President Bush has announced that his domestic priority is to divert money from Social Security to private accounts, details of his proposal are still unknown. There are indications, however, that he would change the current method of calculating initial benefits from one of wage indexing to price indexing.

A study has shown that the Bush Commission's recommendations, including price indexing of benefits, would result in a slash in Social Security benefits which for some future retirees would be as much as 41 percent in 2066. In addition, transitional costs to create private Social Security accounts would be very high and drain nearly $5 trillion from the Social Security Trust Fund over 20 years. Attempts to create private accounts subject retirement security to investment and market risks, and workers with private accounts will have to pay back funds diverted from Social Security plus interest in the form of a reduced Social Security benefit. In addition, administrative costs could take up to 20% of revenue that otherwise would go to Social Security beneficiaries; a high percentage compared to the current administration rate of less than 1%.

The increased use and substitution of defined contribution plans for defined benefit retirement plans and the greater risks inherent in these plans magnify the importance of Social Security's role in providing the bedrock of retirement security for all Americans. Of workers who have access to any retirement plan, only 21% have access to a traditional defined benefit plan. Only half of families have any kind of retirement savings and the average amount is just $29,000.

The Alliance Position

The Alliance opposes any plans to privatize Social Security by diverting Social Security revenues into individual accounts subject to investment and market risks; any increase in the early retirement age or any further increase in the normal retirement age**;** and changing the Social Security benefit formula to either increase the number of years of earnings counted or

to index benefits entitlement to prices instead of wages. Any of these measures would lead to a steady erosion of the real value of future Social Security benefits.

The Alliance for Retired Americans supports:

- Strengthening and improving the financing and benefits of the current Social Security system, including the Social Security Administration.

- Addressing long-term solvency by making Social Security's financing more equitable and stable by raising or eliminating the cap on wages covered by Social Security.

- Increased benefits for single older women and others who do not spend full careers in the paid workforce because of their care of children and other family members.

- A general benefit increase at age 85 for all Social Security beneficiaries to improve the adequacy of benefits.

- The establishment of a minimum Social Security benefit so that those most dependent on Social Security get benefits at least at 100% of the poverty level.

- Basing cost-of-living adjustments on the true cost-of-living of Social Security beneficiaries derived from a determination of the actual living costs for seniors and persons with disabilities.

- Taking the Social Security Administration's administrative expenses off-budget and out from under congressional discretionary spending caps because the agency's operating costs are funded through the payroll tax.

- Education efforts by the Social Security Administration on the importance and benefits of the Social Security program including the old age, survivors, and disability programs.

- Reform by Congress of the Social Security Government Pension Offset and Windfall Elimination Provision, which unfairly penalize public sector employees by reducing Social Security benefits in direct proportion to their public sector pensions.

Pensions and Savings Protections

Background

Just half of private sector workers participate in an employer-sponsored retirement plan. Many employers do not offer a retirement plan, and even when a plan is offered, too many workers do not participate. Of workers who have access to any retirement plan, only 20 percent have access to a traditional pension plan. Traditional defined benefit pensions are in decline, falling from 112,000 plans in 1985 to 29,500 in 2003. These trends have created the potential for economic hardship for millions of Americans during their retirement years.

The retirement security of millions of retired and working Americans has been threatened by the steep decline in the stock market and the collapse and bankruptcies of giant corporations. In addition tens of millions of retirees and workers, including many Alliance members, have lost their 401(k) retirement savings because of corporate corruption and improper auditing and accounting practices. Many retirees and workers who had investments in 401(k) plans were unable to reallocate their assets because of lockdowns and other barriers while the value of their savings declined.

A major factor in declining retirement security over the last 20 years has been the replacement of defined benefit pension plans with uninsured retirement savings plans such as 401(k) plans, which are often minimally or poorly regulated. The growth in retirement savings plans at the expense of defined benefit pension plans has forced retirees and workers to take on more risk in their retirement incomes. Defined benefit pension benefits in the private sector are guaranteed by the federal government while retirement savings plans have no such protection.

However, even the Pension Benefit Guaranty Corporation, the government agency that insures defined benefit plans, is underfunded. PBGC had a deficit of $23.5 billion in 2004. The pension plans it insures are underfunded by $280 billion, many due to bankruptcies particularly in the airline and steel industries. In addition, poor communication between the Internal Revenue Service (IRS) and the PBGC regarding the granting of IRS funding waivers has resulted in more plans being at risk. Congress enacted Public Law 108-218 in 2004 that addressed some pension issues such as a temporary replacement of the 30-year Treasury Rate with a rate based on long-term corporate bonds, but it did not go far enough. However, stricter governance and oversight of retirement plans and those who administer them is still necessary.

Conversions to the so-called hybrid or cash balance defined benefit plans by employers have frequently resulted in reduced benefits for older workers. All of these events underscore the importance of maintaining Social Security's guarantee of risk-free, inflation-adjusted lifetime protection. Social Security is the only retirement security program that is not subject to the risks of stock market volatility, poor investment decisions, and corporate fraud and abuse.

The Alliance Position

The Alliance for Retired Americans supports:

- Federal legislation holding corporate officers accountable for their actions regarding retirement savings plans.

- Proposals to expand pension coverage to workers who do not have coverage in the workplace.

- Federal protections for public sector pension plans similar to those under ERISA for private sector plans.

- Representation of workers and retirees on the boards of trustees of defined benefit pension plans, and 401(k) and similar retirement savings plans. The trustees should be insured in case they are found to have acted unlawfully and plan participants need to be made whole.

- A national ombudsman to protect the rights of plan participants established within the United States Department of Labor.

- Advance notification to plan participants of periods when they will not be able to sell their company stock. All participants must have the same opportunities and restrictions regarding the sale of stock.

- Notification when a participant's holdings in one stock reach a high percentage in the participant's account.

- Investment advisers must be truly independent and not have any conflict of interest in stocks or other investment instruments they recommend to plan participants. Accounting firms must not receive consulting fees and contracts from the firms that they audit.

- Enactment of protections to secure the health benefits of retirees from unilateral actions by employers.

- Laws that provide enforcement agencies with appropriate funding in order to protect retirees against wrongful practices.

- A refundable tax credit under the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA) in order to provide a better incentive for low and middle-income workers to contribute to retirement savings plans.

The Alliance opposes regulatory changes that would permit the substitution or conversion of defined benefits plans to any other plan including cash balance and defined contribution plans without adequate protections for older workers. The Alliance also opposes the diversion of payroll contributions from Social Security to private accounts.

Supplemental Security Income

Background

The Supplemental Security Income (SSI) program provides basic safety net protection for 6.9 million low-income aged, blind, and disabled adults and children with few resources. However, the eligibility requirements have not been updated for several years, making it less effective in alleviating poverty. The federal benefit in 2005 is $579, which is about 27 percent below the official poverty level.

The general income exclusion of $20 per month has not increased since 1972. SSI resource limits have not been updated since 1989. Currently, a person can qualify for SSI only when assets are below $2,000 for an individual or $3,000 for a couple**.** Fifty-four percent of SSI beneficiaries have no other source of income besides their SSI benefits. Approximately 850,000 persons age 65 and older receive SSI only and no Social Security benefits.

Administration of the program is complex and needs simplification and increased outreach. Only 6 in 10 of all seniors eligible for SSI are currently receiving benefits.

In 1992, a panel of experts recommended important improvements to the program but little action has been taken to implement those suggested improvements. Many elderly immigrants have been harmed by the 1996 welfare reform law. Although subsequent legislation restored eligibility for benefits for most of those in the U.S. prior to the 1996 law, most have lost their eligibility for food stamps. In addition, SSI coverage for many elderly and disabled refugees is time limited and extension of coverage must be approved by Congress.

If Social Security benefits are reduced through privatization or other methods, more people will be pushed into the SSI program.

The Alliance Position

The Alliance for Retired Americans supports restoration of federal food stamps for all legal immigrants.

The Alliance supports modernizing the Supplemental Security Income (SSI) program by implementing the recommendations of the panel of experts specifically:

- Increase the federal benefit standard to 120 percent of the poverty level
- Discontinue counting in-kind support and maintenance as income
- Increase the general income and earned income exclusions
- Increase the assets/resources limits
- Develop and fund an effective outreach program
- Provide the Social Security Administration with sufficient staffing to administer the current program more efficiently and to make the proposed improvements.

Minimum Wage

Background

Enacted in 1938, the minimum wage was intended to create a floor under workers and their families. The last minimum wage increase was in 1996-97 from $4.25 to $5.15 per hour. Without further increases, the minimum wage continues to lose real value. The real value of the minimum wage in 2005 is $3.00 below what it was in 1968. Many seniors are low-wage workers who depend on hourly income. Seven and a half million workers will directly benefit from a minimum wage increase.

In October 2004, 562 economists, including four Nobel Prize winners in economics, issued a statement supporting a modest increase in minimum wage, saying it can significantly improve the lives of low-income workers and their families and the benefits to the labor market, workers, and overall economy would be positive.

The Alliance Position

The Alliance for Retired Americans believes that no one who works for a living should have to live in poverty. Full-time workers at the minimum wage should not live below the poverty line. The Alliance supports increasing the minimum wage to $7.25 an hour and requiring equal pay for equal work, and a regular indexing of the minimum wage adjusted to the Consumer Price Index.

HOUSING

Background

Housing is critical to the health and well being of older adults. Older Americans spend more of their income on housing—one-third—than any other consumption category. Seniors pay nearly twice as much for housing, which includes mortgages, insurance, property tax, rent, utilities and maintenance, than they do for their health care.

One-fourth of retirees have either a mortgage or they have re-financed their homes in order to pay their expenses. Six percent of the elderly (1.45 million households) live in housing needing repair and rehabilitation. One-third of these live in severely substandard dwellings that threaten their safety and welfare.

The bi-partisan Commission on Affordable Housing and Health Facility Needs for Seniors in the 21st Century has determined that there is "A Quiet Crisis in America," and recommends substantially increasing the supply of subsidized elderly housing units.

According to a 2001 study, there are nine seniors waiting for every Section 202 unit that becomes available. Funding for the federal Section 202 elderly housing program has sharply declined during the past decade and in recent years has permitted construction of just 5,200 dwellings, only .03 percent of the minimum 1.5 million units ill-housed seniors desperately need.

The Section 8 voucher program serves 1.6 million low-income households; seniors account for approximately 16 percent of Section 8 voucher holders. Funding cuts as well as disincentives for private owners to accept voucher-holding tenants have drastically restricted the supply of such housing and displaced many occupants from affordable housing.

Many low-income seniors have no alternatives between receiving no assistance at all and receiving nursing home care. HUD-assisted elderly housing projects have tried to provide their frail residents access to health care and other community services through the use of service coordinators. But many of these residents require more supportive environments such as assisted living. Without such options, they will be forced into restrictive and costly nursing homes.

There is a serious lack of coordination at the federal, state and local levels of programs for providing housing, health care and other services required by seniors, especially the ever increasing number who are "aging in place" and therefore require health care and other services they did not need when they were younger;

The Alliance Position

The Alliance for Retired Americans supports:

- The recommendation of the minority report of the Elderly Housing Commission for annual construction of at least 60,000 units with appropriate supportive services.

- Increased funding for all necessary services to meet the varied needs of elderly households at different stages of their lives as well as substantially increased funding for service coordinators and congregate services.

- Establishment of an Interagency Council on Housing and Service Needs of Seniors in order to coordinate and maximize program efficiency, availability and impact. The independent council would be composed of representatives from key federal agencies including the Departments of Housing and Urban Development, Health and Human Services, Transportation, Agriculture, Labor and Veterans Affairs, and the Administration on Aging, Social Security Administration and Centers for Medicare and Medicaid Services.

- The recommendation of the bi-partisan Housing Commission to strengthen and enforce the requirement that owners of housing produced with federal assistance must accept Section 8 voucher-holding households and should not be allowed to raise rents to the market level; and substantial additional funding for the Section 8 program in order to help meet the urgent need of low-income families for affordable housing.

- Full consideration by Congress and the Administration to potential new sources of funding for non-profit housing and services for the elderly such as the national housing trust fund which would use surplus funds in the Federal Housing Administration and the Government National Mortgage Association, possibly supplemented by funds from state housing finance agencies.

- Development of long-term strategies to ensure adequate federal, state and local resources directed to building and renovating housing for older Americans.

COMMUNITY SERVICES

Background

Older Americans Act (OAA)
Since its enactment in 1965 the Older Americans Act has served as a major national resource for the planning, organization and provision of community-based services to millions of older Americans. These services include: senior centers, congregate and home-delivered meals, transportation, information, advocacy assistance, adult day care, home repair, health promotion, homemaker services, legal assistance, training and education; long-term care ombudsman and employment services. Reauthorization is due in FY 2005. For the past several years federal funding for OAA services has failed to keep pace with inflation and has not expanded adequately to support the growing aging population. President Bush's FY2006 budget would fund some OAA programs below FY 2002 levels. OAA programs need at least a 10 percent annual increase in appropriations in order to continue to provide the multiple services under the Act. Otherwise, OAA programs will continue to serve fewer older Americans each year.

Social Services Block Grant Program (SSBG)
Title XX of the Social Security Act authorizes reimbursement to states for social services distributed through the SSBG. The SSBG is designed to prevent or reduce inappropriate institutional care by providing for community-based care and to secure referral or admission for institutional care when other forms of care are inappropriate. The SSBG provides social services to a diverse population, including children and younger adults as well as seniors. The President's FY 2006 budget would freeze funding for SSBG.

Transit Acts
Finding necessary transportation is difficult for most seniors, particularly for those who live in either suburban or rural communities where destinations are too far to walk, public transit is non-existent or is focused on traditional commuter routes, and private transportation, if available, is limited and often prohibitively expensive. Currently, there is an estimated $1 billion per year in unmet senior transportation needs. Amendments in 1970 to the Urban Mass Transit Act (UMTA) created Section 5310, which provides assistance in meeting the transportation needs of the elderly and those with disabilities where public transportation services are unavailable, insufficient, or inappropriate. Amendments in 1978 to UMTA created Section 5311, which supports public transportation program costs, both operating and capital, for non-urban areas. The Transportation Equity Act for the 21st Century (TEA-21) substantially increased mass transit funding for Sections 5310 and 5311 through fiscal year 2003. Reauthorization of TEA-21 with adequate funding levels and program improvements are greatly needed. Essential transportation needs—access to medical, social and support services—if not met, result in increasing isolation and deterioration in health and well-being.

Low-Income Home Energy Assistance Program (LIHEAP)
The high cost of energy is a special concern for low-income seniors. Inability to pay for heating or air conditioning makes seniors susceptible to hypothermia and results in severe reactions to excessive heat such as heat exhaustion, heat stroke, and heart failure. As a proportion of total income, low-income households pay three to four times what all

households combined pay for residential home energy costs. LIHEAP was authorized in 1981 as a block grant to states to assist eligible households in meeting home heating and cooling costs, provide energy-related crisis intervention aid, and low-cost weatherization of homes. Thirty percent of LIHEAP households contain a person age 60 or older. Funding for LIHEAP has been eroding over the decades meaning fewer households are receiving assistance than when the program originated.

The Alliance Position

The Alliance for Retired Americans opposes freezes, budgetary cuts or flat funding for essential community service programs. These programs not only contribute to the quality of life of those serve, they also are often a life-line for millions of Americans.

The Alliance supports re-authorization, expansion and increased funding of vital services for the following and similar social service and benefit programs:

The Older Americans Act
Social Services Block Grant (Title XX) Program
The Mass Transit Act and Transportation Equity Act
The Low-Income Home Emergency Assistance Program (LIHEAP).

STATE ISSUES

- The Alliance recognizes the importance of efforts to reduce the price of **prescription drugs** by legislative action in several states, and encourages Alliance state affiliates to give full support to such campaigns. The Alliance supports efforts at the state level to control the costs of prescription drugs through legal action against drug companies for anti-competitive practices and illegal inflation of prices, bulk purchasing alliances and importation from Canada.

- The Alliance supports state efforts to provide all citizens of the state with comprehensive, quality and affordable **health care.**

- The Alliance supports state **patients' bills of rights** that give older Americans the ability to have decisions of insurers reviewed impartially.

- Many states are considering **medical malpractice and tort reform**. Under many proposals, damages are limited to economic harm and income. These proposals are especially unfair to retired Americans who have no earned income. The Alliance opposes such proposals.

- The Alliance supports the efforts of state and local affiliate organizations to participate in the development of state **long-term-care policies** and programs that incorporate the Alliance's long-term care principles.

- The Alliance supports **"lifeline" provisions** for seniors and low-income consumers in public utility regulated power, communications and heating sectors.

- States must guarantee citizens who **vote legally** the right to have their votes counted. Voting machines must be accessible to voters with disabilities and special needs, including alternative language accessibility and non-visual accessibility for the blind and visually impaired.

- The Alliance supports state **tax laws** that are progressive and protect the interests of seniors as well as low and moderate-income citizens.

- State legislatures have used **state pension funds** as a means to balance state budgets putting the retirement security of public employees at risk. And some states are moving to change pension plans for public employees from defined benefit to defined contribution. State legislatures must not raid state pension funds in order to fund state government activities and put the retirement security of public employees at risk. Any change from defined benefit to defined contribution pension plans would leave public sector retirees at risk for greatly reduced retirement incomes. The Alliance opposes such measures and supports the strengthening of protections for public sector pension beneficiaries.

- The Alliance supports continuation of public employee **collective bargaining** in all states and deplores revocation of such rights by the governors of Indiana and Missouri. Collective bargaining is a crucial right to ensuring the economic and health security of public employees and retirees.