

# ILC Policy Report

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

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ILC Policy Report prepared by James P. Nyberg, MPA

## New Book from ILC Researcher Offers Lessons for Health Care Reform

ILC researcher, and co-director (with Michael K. Gusmano) of the World Cities Project, Victor G. Rodwin has edited a new book, *Universal Health Insurance in France: How Sustainable?*, published by the French Embassy in Washington D.C, which presents a series of essays on the financing and organization of the French national health insurance (NHI) system. An underlying goal of the book is to illuminate the French system as the United States struggles to address its problems of rising numbers of uninsured and increasing health expenditures. Indeed, Rodwin notes that the French health care system, which was ranked as the best in the world in 2000 by the WHO, is more similar to the U.S. system than that of Canada, the UK, and Germany. It involves a public-private mix, with a significant proprietary hospital sector, private fee-for-

service medical practice, and a large degree of patient choice.

The book is intended to help improve understanding of the strengths and weaknesses of the French health system, as well as efforts to address its financial challenges. It notes that the French system does face budgetary pressures, which include increased co-payments for citizens, but its structure appears to provide the flexibility for all participants, government, citizens, and providers, to make modest adjustments to ensure its sustainability. The book is a valuable tool for policymakers and advocates in the U.S. as health care reform is emerging as a critical domestic issue leading up to the 2008 elections. The book can be downloaded from ILC's website at [www.ilcusa.org/pub/books.htm](http://www.ilcusa.org/pub/books.htm).

## News from the U.S. Government

**Government Accountability Office (GAO):** The GAO has recently issued a wide range of aging-related reports and testimonies: "Nursing Homes: Efforts to Strengthen Federal Enforcement Have Not Deterred Some Homes from Repeatedly Harming Residents";

"Medicaid Long-Term Care: Few Transferred Assets before Applying for Nursing Home Coverage; Impact of Deficit Reduction Act on Eligibility Is Uncertain"; "Medicare Part D: Challenges in Enrolling New Dual-Eligible Beneficiaries"; "Drug Safety: Further

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

Actions Needed to Improve FDA's Postmarket Decision-making Process"; "Nursing Home Reform: Continued Attention Is Needed to Improve Quality of Care in Small but Significant Share of Homes"; "Medicare: Focus on Physician Practice Patterns Can Lead to Greater Program Efficiency"; "Nursing Workforce: HHS Needs Methodology to Identify Facilities with a Critical Shortage of Nurses"; "Medicare: Providing Systematic Feedback to Physicians on their Practice Patterns Is a Promising Step Toward Encouraging Program Efficiency"; "Medicare Part D Low-Income Subsidy: Progress Made in Approving Applications, but Ability to Identify Remaining Individuals Is Limited"; and "Older Driver Safety: Knowledge Sharing Should Help States Prepare for Increase in Older Driver Population." These can all be found by searching at [www.gao.gov](http://www.gao.gov).

**Hearings:** The Senate Special Committee on Aging held a hearing "Bioidentical Hormones: Sound Science or Bad Medicine?" on April 18th. It also held a hearing on "The Nursing Home Reform Act Turns Twenty: What Has Been Accomplished, and What Challenges Remain," on May 2<sup>nd</sup>. Another hearing was held on "The Future of Medicare: Recognizing the Need for Chronic Care Coordination" on May 9<sup>th</sup>, and a hearing on "Medicare Advantage Marketing and Sales: Who Has the Advantage?" took place on May 15<sup>th</sup>. Hearing information is at <http://aging.senate.gov/hearings.cfm>. The Senate Finance Committee held a hearing, "An Examination of the Medicare Advantage Program," on April 11<sup>th</sup>. Another hearing was held on May 2<sup>nd</sup> entitled "Medicare Prescription Drug Benefit: Monitoring Early Experiences." Information about these hearings is at [www.senate.gov/~finance/sitepages/hearings.htm](http://www.senate.gov/~finance/sitepages/hearings.htm). The House Committee on Energy and Commerce Subcommittee on Health held a hearing on "Medicare Program Efficiency and Integrity," on April 18<sup>th</sup>. Another hearing on "Medicare Savings Plans and Low Income Subsidy: Keeping Medicare's Promise for Seniors and People with Disabilities" was held on May 15<sup>th</sup>. Hearing information is at <http://energycommerce.house.gov/Subcommittees/health.shtml>. The House Ways and Means Committee

Subcommittee on Health held a "Hearing on the 2007 Medicare Trustees Report," on April 25<sup>th</sup>. The Subcommittee also held a hearing on "Medicare Programs for Low-Income Beneficiaries," on May 3<sup>rd</sup>. Another hearing on "Options to Include Quality and Efficiency Among Medicare Physicians" was held on May 10<sup>th</sup> and a hearing on "Payments to Certain Medicare Fee-for-Service Providers" on May 15<sup>th</sup>. Information is at <http://waysandmeans.house.gov/hearings.asp?formmode=all&comm=1>. The House Committee on Education and Labor held a hearing on "Retirement Security: Strengthening Pension Protections," on May 3<sup>rd</sup>. Hearing information is at <http://edworkforce.house.gov/hearings/help050307.shtml>.

**Medicare:** The Medicare Trustees have issued the annual report on the financial health of the Medicare program. The report finds that the Medicare 'trust fund' is projected to be exhausted in 2019, one year later than estimated in last year's report. Total Medicare expenditures were \$408 billion in 2006. The report cautions that Medicare costs are projected to increase rapidly in all areas, and that efforts must be undertaken to control costs immediately. More information is at [www.cms.hhs.gov/ReportsTrustFunds/](http://www.cms.hhs.gov/ReportsTrustFunds/).

**Social Security Administration (SSA):** The Social Security Board of Trustees has issued its annual report on the financial health of the Social Security program. The 2007 issue finds that point at which payroll tax revenues will fall below program costs comes in 2017 — the same as the estimate in last year's report. This is when the government will begin accessing the 'trust fund' which is essentially an IOU for the payroll tax revenues that have already been collected, earmarked for Social Security, but spent elsewhere in the federal budget. The projected point at which the 'trust fund' will be exhausted comes in 2041 — one year later than the projection in last year's report. The report also notes that Social Security paid benefits of \$546 billion in calendar year 2006 to 49 million beneficiaries. More information is at [www.ssa.gov/pressoffice/pr/trustee07-pr.htm](http://www.ssa.gov/pressoffice/pr/trustee07-pr.htm).

## International News

**HelpAge International:** HelpAge has released research about the state of older people five years after the Madrid International Plan of Action on Ageing, and finds that the state of the world’s older population is getting worse. According to HelpAge, older people remain among the poorest and most vulnerable in many societies, because governments have not prepared for the world’s rapidly ageing population. Recent country reports by HelpAge International and its partners on the situation of older people in Bangladesh, Moldova, Serbia, Uganda and Vietnam find that older people need to work into their 70s, 80s or until they die for a regular income, as adequate safety nets such as a pension are not in place, their rights are not respected, and they face widespread discrimination. More information about this issue as well as HelpAge’s efforts to promote age-friendly policies and practices is at [www.helpage.org/News/Latestnews/ydPg](http://www.helpage.org/News/Latestnews/ydPg).

**Manpower:** Manpower has published a white paper entitled, “The New Agenda for an Older Workforce,” as well as the results of a survey of over 28,000 employers in 25 countries to assess how employers are taking action to recruit and retain older workers. The analysis finds that most employers are not forecasting the percentage of their workforce that will retire within the next 10 years nor are effectively developing strate-

gies to recruit and retain older workers. Manpower notes that businesses unprepared for the new realities of an aging workforce will face talent shortages, as well as losses in productivity and intellectual capital. It recommends a new approach to talent management throughout an employee’s career to ensure the worker remains relevant and engaged, and to plan for work-life balance options for older employees. It also notes that governments will need to inspire change from both employers and individuals toward getting the older population to work longer. Indeed, some governments are already making progress in this area, with employers in Japan and Singapore much more proactive in initiating strategies to retain older workers than employers in Italy and Spain, due in part to legislative efforts and incentive programs. More information is at [www.manpower.com/research/research.cfm](http://www.manpower.com/research/research.cfm).

**Social Security Administration (SSA):** The US SSA has issued its latest “International Update,” which highlights recent developments in public and private pensions. This issue includes news from Romania, Argentina, Taiwan, and South Africa, as well as a SSA report “Social Security Programs Throughout the World: Asia and the Pacific.” It is at [www.ssa.gov/policy/docs/progdesc/intl\\_update/2007-04/2007-04.html](http://www.ssa.gov/policy/docs/progdesc/intl_update/2007-04/2007-04.html).

## Special Interest to the ILC

### **BUSINESS BRIEFS**

**Unilever:** Unilever U.S., a consumer products company, has published a report “Boomer Shoppers Today and Tomorrow: Following the Money,” which notes that boomers have a disposable income of about \$2 trillion a year and are a large but heterogeneous population. The report discusses their shopping tendencies now and projects their interests in the future. It finds six different sets of shopping desires that will emerge in 2017: High Expectations, in which boomers invest time and money for a premium

shopping experience; Neighborhood Connections, in which personal connections drive a locally-focused shopping trip; Good to Go, a scenario in which convenience and quality are priorities; Do It for Me, in which boomers rely on others to handle their shopping needs; Fun of the Fair, in which shopping turns into sport; and Shop and Save, in which the focus is simply on getting the price and value. The goal of the report is to help retailers better understand and prepare for the needs and interests of the growing population of older shoppers. The report is at [www.unileverusa.com](http://www.unileverusa.com).

## Special Interest to the ILC (cont'd)

### **HEALTHY AGING**

**Ageing Research:** A new study in the April 23<sup>rd</sup> issue of the *Archives of Internal Medicine* finds that older adults who have had symptoms of depression may be more likely to develop diabetes than those without such symptoms. The study evaluated over 4,000 individuals over 10 years, and found that the risk of

diabetes increased whether the person had a single depressive episode, had ongoing symptoms, or had increased symptoms. It notes that estimated 2 million older adults experience depression each year, which has important implications for the growing prevalence of diabetes in the U.S. More information is at <http://pubs.ama-assn.org/media/2007a/0423.dtl#3>.

## News from the Not-for-Profit Sector and Beyond

**AARP:** The AARP has published a new report “Women and Long Term Care,” which discusses how women are more likely to need long term care services but do not have the resources to pay for them. It notes that older women live longer than men, with those who reach age 65 expected to live an average of 20 more years, and those who reach age 75 an additional 13 years. As a result, over 70 percent of nursing home residents are women with an average age at admission of 80. The report discusses how many women need long-term care services without having the resources to pay for them. For example, women age 75 or older and living alone had a median household income of approximately \$14,600 in 2004-2005 while married couples had a median annual income of more than \$35,000, and men in that age group who lived alone had a median income of about \$18,900. The report also discusses how women are also the primary providers of long-term care, as the vast majority of both paid formal long-term care workers and unpaid informal caregivers are women. More information is at [www.aarp.org/research/longtermcare/trends/fs77r\\_ltc.html](http://www.aarp.org/research/longtermcare/trends/fs77r_ltc.html).

**Alliance for Aging Research:** The Alliance has published the 2007 Task Force Report on Aging Research Funding, which is endorsed by over 85 advocacy groups and foundations, and calls on Congress to better support funding for research on behalf of America’s aging population. The report argues that accelerated medical and scientific re-

search, translated quickly into applications for more effective health care, will keep our aging population healthier, more vital, and more independent, and reduce the fiscal pressures created by an unhealthy aging population. This year’s report calls for a 6.7% increase in funding for the National Institutes of Health in FY 2008. It also presents data on the burden of 27 diseases and conditions that predominately affect older Americans and highlights some of the work the NIH is doing to decrease these burdens. More information is at [www.agingresearch.org/content/article/detail/1095](http://www.agingresearch.org/content/article/detail/1095).

**Blue Moon Fund:** The Blue Moon Fund, a grantmaking organization focused on improving the human condition by changing the relationship between human consumption and the natural world, has launched a new initiative, the Viable Futures Toolkit, which is a comprehensive, user-friendly resource intended to turn the challenges of an aging population into opportunities for all ages to thrive. It offers guidance to planners, policymakers, service providers, and funders about how to meet the needs of older people while simultaneously addressing the needs of younger generations and their communities. The toolkit covers a breadth of topics including education, civic engagement, economic development, health, housing, transportation, and the environment, and provides concrete approaches and sequenced actions so that organizations and communities can maximize financial, human, and natural resources. The goal of the toolkit’s blueprint is that everyone will benefit from an aging population. The toolkit is at [www.viablefuturestoolkit.org/index.htm](http://www.viablefuturestoolkit.org/index.htm).

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

**The Center for Retirement Research at Boston College:** The Center has released several new publications, including “The Social Security Fix-It Book, which is a guide to the Social Security program, its long-term financing challenges and how they came to be, and the leading proposals to reform the program. Another brief “Social Security’s Financial Outlook: The 2007 Report in Perspective,” summarizes the recent Social Security Trustees report, noting that the 2007 report shows little change in the program’s financial situation, with the expected exhaustion of the trust fund in the early 2040’s and a 75 year deficit of about 2 percent of taxable payroll. It further notes that changes in the economic and demographic assumptions will not eliminate the shortfall and that solving the problem will require increasing revenues and/or cutting benefits. Another brief “Sharing Risk: The Netherlands’ New Approach to Pensions” notes how the Dutch have resisted the trend towards eliminating traditional defined benefit plans in recent years, unlike firms in the U.S. and U.K. Rather, Dutch plans have kept their defined benefit structure but now distribute risk more evenly among employers, active workers, and retired workers through a switch to an ‘average wage’ scheme. This scheme retains the features of a defined benefit plan in that pension benefits are based on salary and years of service while incorporating the feature of defined contribution plans in that the fund’s benefits are tied to investment returns. To avoid being underfunded, these plans automatically increase contribution rates; reduce indexation rates for workers’ pension credits; and/or limit indexation of retirees’ benefits. Another brief, “Medicaid and Long-Term Care: How Will Rising Costs Affect Services for an Aging Population,” explores trends in Medicaid spending on long-term care and the implications of its rapid growth for taxpayers and for the needs of an aging population. It discusses how Medicaid spending could exceed national defense spending by mid-century, due in part to growing long-term care costs. The brief emphasizes that the goal of long-term care services should be to promote quality of life in a cost-effective way, explores some options

underway to constrain costs, and concludes that major changes are necessary to ensure quality and cost-containment. Lastly, the brief “Employers Lukewarm about Retaining Older Workers,” presents additional results from a recent employer survey to gauge their attitudes to older workers. It notes that the policy community generally thinks they will welcome older workers, due to labor shortages and a loss of “institutional intelligence” when the Boomers exit the labor force, and these developments will push them to seek out older workers. However, the latest survey results in this brief raise a cautionary flag. It finds that many employers are lukewarm about retaining older workers, but that firms that expect employment growth and/or value older workers’ knowledge are more likely to retain them. But those firms that view older workers as costly are less likely to accommodate them. These briefs are all available at [www.bc.edu/centers/crr/](http://www.bc.edu/centers/crr/).

**Urban Institute:** The Urban Institute has published a new report “Meeting the Long Term Care Needs of the Baby Boomers,” which projects to 2040 the number of people ages 65 and older with disabilities and their use of long-term care services. The simulations show that even under the most optimistic scenario long-term care burdens on families and institutions will increase substantially. The report notes that because the overall size of the older population will increase rapidly, the number of disabled older Americans will soar between 2000 and 2040 from about 10 million to about 21 million, according to the intermediate disability scenario. In terms of providing care, between 2000 and 2040 the average number of paid hours of help hours per frail elder will increase by about 36 percent, from 163 hours per month to 221 hours. It notes that how long term care arrangements will evolve depends heavily on policy choices, and that this issue deserves more attention from policymakers to ensure that frail elders receive high quality care that is affordable to them and society. More information is at [www.urban.org/publications/311451.html](http://www.urban.org/publications/311451.html).

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- A Proactive Approach to Women's Concerns: Women's Longevity Groups and Funds
- The Ageing European Workforce
- Investing in Medical Research: Why We Must Embrace the Audacity of Hope
- Building a Database for Health Policy
- Cost of Illness Studies: Implications for Aging-Related Disorders
- The Future of Ageism

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