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ABSTRACT

This document is the annual report of the Federal Council on Aging whose purpose is to review and evaluate federal policies and programs affecting older Americans, serve as a spokesperson for older Americans, and inform the public about needs of this group. The first section discusses affiliations and committees of the Council. The second section discusses the activities of the Council in these areas: (1) budget issues; (2) the Older Americans Act; (3) distributing information about the elderly; (4) support for caregivers of the elderly; (5) health issues; (6) coordination with the private sector; (7) intergenerational issues; (8) home equity conversion; and (9) early retirement. The third section includes future developments expected from the caregiver support, housing, health, minorities, and foundations committees with a discussion of the reauthorization of the Older Americans Act. The fourth and final section lists five broadly based recommendations of the Council on procuring demographic data, family caregivers, increasing longevity, intergenerational conflict, and stereotypical labels. (ABL)

ANNUAL REPORT

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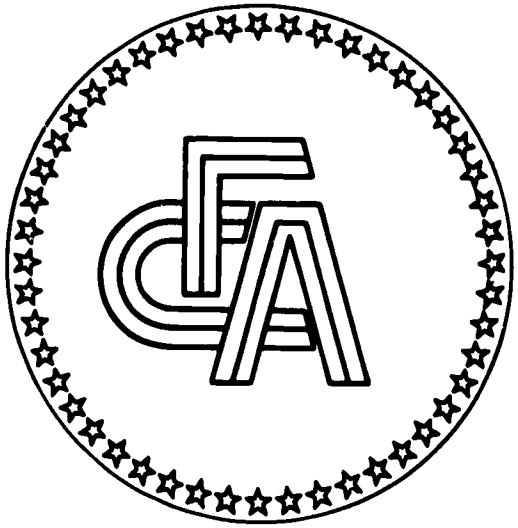
to the President 1985



Federal Council on the Aging

Federal Council On The Aging

330 Independence Avenue, S.W., Room 4243, Washington, D.C. 20201 (202) 245-2451

March 31, 1986

The President
The White House
Washington, D.C.

Dear Mr. President:

The Federal Council on the Aging is pleased to submit its 1985 Annual Report--the twelfth such document produced by our advisory group.

This year's report examines the 20 year record of the Older Americans Act by summarizing the three lectures sponsored by the Council at its May Quarterly Meeting. These incisive statements presented by the first Commissioner on Aging, Dr. William Bechill, current Acting Commissioner on Aging, Carol Fraser Fisk and Dr. Robert Binstock, Professor of Gerontology at Case-Western Reserve illumine a unique collection of facts and anecdotes about the past, present, and future of this still evolving and significant program for older Americans.

The Council continues to support all efforts, private and public, that provide aid and concern for family caregivers whether they be at home or in the workplace. We see Long Term Care Insurance as a new source of support and care delivery for America's caregivers who account for 80 percent of all care and help needed by the age cohort of 85+ years.

Finally by sponsoring a staff report Health Care Study for Older Americans and making it the basis of a forum at its August quarterly meeting, the Council attempted to reflect the mood of the nation, which voices support for decreased government involvement, while expressing the need for increased government supported services.

In following our mandate of "advising and assisting the President on matters relating to the special needs of older Americans," we hope we have assisted you in serving Americans of all ages. The Council salutes you as an "exemplar" for all older Americans and pledges its support as you enter the middle year of your second term.

Sincerely,

Adelaide Attard

Adelaide Attard
Chairperson, 1985

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Federal Council on the Aging Members, from left to right: Edna Bonn Russell; Nelda Lambert Barton; Margaret L. Arnold; Frances S. "Peg" Lamont; HHS Secretary Margaret Heckler; President Ronald Reagan; Ingrid Azvedo; Chairperson, Adelaide Attard; Vice Chairperson, Charlotte Conable; Edna Bogosian; James N. Broder; Albert Les Smith, Jr.; Kathryn Dusenberry; D. Antonio Guglielmo. Member not shown s: Edmund T. Dombrowski, M.D. [redacted] Josephine K. Olmsted

I. Introduction

A. Background

The Federal Council on the Aging (FCA) is the functional successor to the earlier and smaller Advisory Council on Older Americans, which was created by the 1965 Older Americans Act (OAA). In 1973, when the FCA was created, Congress was concerned about Federal responsibility for the interests of older Americans and the breadth of vision that such responsibility would reflect. Having decided to upgrade the existing advisory committee, Congress patterned the legislative language authorizing the FCA after the charter of the U.S. Commission on Civil Rights.

The FCA is authorized by Section 204 of the Older Americans Act, as amended. The Council is composed of 15 members selected by the President and the Congress. Council members, who are appointed for three-year terms, represent a cross-section of rural and urban older Americans, national organizations with an interest in aging, and the general public. According to the statute, at least five members must themselves be older individuals.

The President selects the Chairperson of the Council from the appointed members. The FCA is mandated to meet quarterly and at the call of the Chairperson.

Functions of the Council include:

- Continuously reviewing and evaluating federal policies and programs affecting the aging for the purpose of appraising their value and their impact on the lives of older Americans.
- Serving as spokesperson on behalf of older Americans by making recommendations to the President, to the Secretary, the Commissioner on Aging, and to the Congress with respect to Federal policies regarding the aging and federally conducted or assisted programs and other activities relating to or affecting them.
- Informing the public about the problems and needs of the aging by collecting and disseminating information, conducting or commissioning studies and publishing their results, and issuing reports.
- Providing public forums for discussing and publicizing the problems and needs of the aging and obtaining information relating to those needs by holding public hearings and by conducting or sponsoring conferences, workshops and other such meetings.

The Council is required by law to prepare an annual report for the President by March 31 of the ensuing year. Copies are distributed to members of Congress, governmental and private agencies, institutions of higher education, and individual citizens interested in FCA activities.

Funds appropriated for the Council are a line item in the overall appropriation of

the Department of Health and Human Services (DHHS). These funds are used to underwrite meetings of the Council and to support staff.

The results of its public meetings and activities concerning issues and policies affecting older Americans are shared with the President, the Congress, the Secretary of DHHS, the Assistant Secretary for Human Development Services (HDS), the Commissioner of the Administration on Aging (AoA), and others interested in the well-being of older Americans.

B. 1985 Meeting Dates

The Council met four times during the year, as required by the Older Americans Act. The meeting dates were February 20 and 21, May 15 and 16, August 14 and 15, and November 19 and 20. Three of the meetings were held in Washington, D.C. The November meeting was held in San Francisco, California, in conjunction with the American Health Care Association (AHCA) Long Term Care Insurance Seminar.

C. Members

Adelaide Attard, Chairperson of the Federal Council on the Aging; Commissioner, Department of Senior Citizen Affairs, Nassau County, Mineola, NY.

Margaret L. Arnold, coordinator of women's activities, American Association of Retired Persons, Washington, D.C.

Ingrid Azvedo, member of State Senator Doolittle's advisory committee on aging, Sacramento, CA.

Nelda L. Barton, president and chairperson of the board, Health Systems, Inc., Corbin, KY.

O. P. (Bob) Bobbitt, State Director, Texas Department on Aging, Austin, TX.

Edna Bogosian, principal insurance examiner, Department of Banking and Insurance, Commonwealth of Massachusetts, Boston, MA.

James N. Broder, Esquire, senior resident partner, Curtis, Thaxter, Stevens, Broder and Micoleau, Portland, ME.

Charlotte W. Conable, Vice-Chairperson of the Federal Council on the Aging, Alexander, NY.

Edmund T. Dombrowski, M.D., chairman of the board, Western Orthopaedic Institute, Redlands, CA.

Kathryn Dusenberry, member, board of supervisors, Pima County, Tucson, AZ.

D. Antonio Guglielmo, owner and manager, Penny-Hanley & Howley Insurance Co., Stafford Springs, CT.

Frances S. "Peg" Lamont, State Senator, Aberdeen, SD.

Josephine K. Oblinger, J.D., State representative, Auburn, IL.

Edna "Bonny" Russell, Ed.D. (retired), director, education and training, San Jose State University, San Jose, CA.

Albert Lee Smith, Jr., board member, Positive Maturity—Retired Senior Volunteer Program, Birmingham, AL.

D. Committees

Caregiver Support:		Charlotte Conable, Chairperson Margaret L. Arnold Josephine K. Oblinger, J.D. Edna Bonn Russell, Ed.D.
Housing	:	James N. Broder, Esq., Chairperson Edna Bogosian Edmund Dombrowski, M.D. D. Antonio Guglielmo Albert Lee Smith
Health	:	Edmund Dombrowski, M.D., Chairperson Nelda L. Barton Edna Bogosian Kathryn Dusenberry Frances S. Lamont Albert Lee Smith
Minorities	:	Ingrid Azvedo, Chairperson Kathryn Dusenberry Frances S. Lamont Edna Bonn Russell, Ed.D.
Foundations	:	Oscar P. Bobbitt, Chairperson Josephine K. Oblinger, J.D. Frances S. Lamont

E. Activities

To gather background information on issues and concerns pursued by the Council in developing recommendations and to represent the FCA, members and staff participated in conferences and meetings, and contacted a number of individuals and organizations with expertise in the field of aging. We acknowledge and appreciate the cooperation of the following agencies and organizations:

Government Organizations

ACTION/RSVP/Foster Grandparents Program
Administration on Aging, (OHDS), (DHHS)
Office of Management & Budget
Department of Agriculture

Department of Housing and Urban Development
Health Care Financing Administration, DHHS
National Commission on Employment Policy
National Institute of Mental Health, PHS
National Institute on Aging, DHHS
Office of Health Promotion and Disease Prevention, PHS
Office of Human Development Services, DHHS
Office of the Assistant Secretary for Planning & Evaluation
Office of the Secretary, DHHS
Office of Technology Assessment
U.S. Office of Consumer Affairs
Veterans Administration

Other Organizations

Aging Leadership Council
American Health Care Association
American Association of Homes for the Aging
American Association for International Aging
American Association of Retired Persons
American Bar Association, Commission on Legal Problems of the Elderly
American Gas Association
Andrus Gerontology Center
Bureau of Maine's Elderly
Center for Environmental Physiology
Case Western Reserve University
Gerontological Society of America
National Council of Senior Citizens
Maine Committee on Aging
Nassau County, NY Department of Senior Citizens Affairs
Nassau County, NY Visiting Nurses Association
National Association of Area Agencies on Aging
National Association of Regional Councils
National Association of Retired Federal Employees
National Association of State Units on Aging
Florida Commission on Aging
Michigan Commission on Aging
Kentucky Association of Health Care
Kiwanis Clubs
Arizona Governors Advisory Council
Arizona Legislative Fact Finding Committee
Montana State Agency on Aging

II. Activities of the Federal Council on the Aging

A. Briefing with Presidential Aides on Budget Issues

As part of its mandate to "review and evaluate Federal policies and programs affecting the aging for the purpose of appraising their value and their impact on the lives of Older Americans," representatives from the Council met with John A. Svahn, Assistant to the President for Policy Development, and William L. Roper, Special Assistant for Health Policy, on February 1, 1985, to discuss sensitive budget issues. Most specifically, Council Chairperson Adelaide Attard, Council member Margaret Arnold, and Executive Director J.B. "Pete" Conroy discussed those Federal programs most sensitive to budget changes: Medicare, housing programs, Community Service Block Grants, and the Older Americans Act. The Federal Council concerns were expressed to provide the President and his staff a sounding board for proposed budget recommendations most directly affecting this country's aging population.

B. Twentieth Anniversary of the Older Americans Act

1985 marked the 20th anniversary of the Older Americans Act. Accordingly, the May 1985 quarterly meeting of the Council featured a salute to the development of elderly services and advocacy made possible by the Older Americans Act.

The salute included lectures on the past, present, and future of the always evolving Older Americans Act. Presentations were given by Dr. William Bechill (first Commissioner on Aging), Acting Commissioner on Aging, Carl Fraser Fisk, and Dr. Robert Binstock, Professor of Gerontology at Case-Western Reserve University. Following the salute, the FCA members met with President Reagan at the White House to award him the 1985 FCA Bertha S. Adkins award as the "exemplar for senior Americans."

Details from the salute and related information on the Older Americans Act follow:

1. Growth of the Aging Network

Today, the network created by the Older Americans Act (OAA) is one of the most wide-ranging human services program in the country. While older Americans may receive services under a number of other federal programs, the Act is the major vehicle for targeting delivery of services to them. It has grown from a program of small grants in 1966 to a program whose total requested appropriations for fiscal year 1985 were nearly $1 billion.

As described by Dr. William Bechill, the first Commissioner on Aging, the Older Americans Act program is a "social support system for older people, an important system that serves many roles including the role of advocacy, of attempting to provide comprehensive and coordinated services for older people, and attempting to

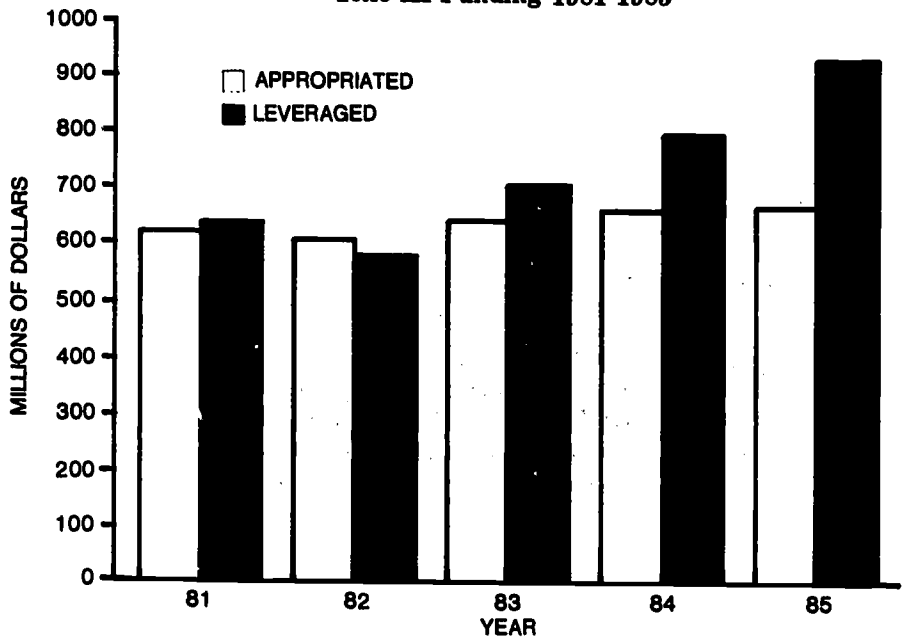
fill gaps in the needs of older people as they arise and are identified by the policymakers in our society."

One of the hallmarks of Older Americans Act programs is that services provided through the program are *not means-tested.* In other words, the Older Americans Act network has the capacity to touch the lives of *all older Americans* in virtually every community in the country. In fiscal year 1985, for instance, over 225 million meals were served to 3.6 million older persons.

The intent of "the network" is to help older persons in need of supportive care remain independently in their homes. In addition to funding specific services, the network acts as an advocate on behalf of older persons and plans for the effective development of a service system to meet their needs. The aging network created by the Act now includes 57 State and Territorial Units on Aging; 664 Area Agencies on Aging; the Administration on Aging, and the Federal Council on the Aging. The Older Americans Act also funds 125 Indian tribes, programs at 70 colleges and universities, numerous service providers, and about 40 research and demonstration projects sponsored by a range of agencies from national to local community-based organizations.

The Congress has extended the Older Americans Act three times in the past ten years, in 1978, 1981, and 1984. Although the original Act set forth specific objectives that remain essentially the same today, emphasis on community-based, long-term care services, on the vulnerable elderly, on services for victims of Alzheimer's disease, and special training for those who will care for such individuals were legislated more recently in 1984.

Chart I
Title III Funding 1981-1985



2. Federal, State and Local Partnership

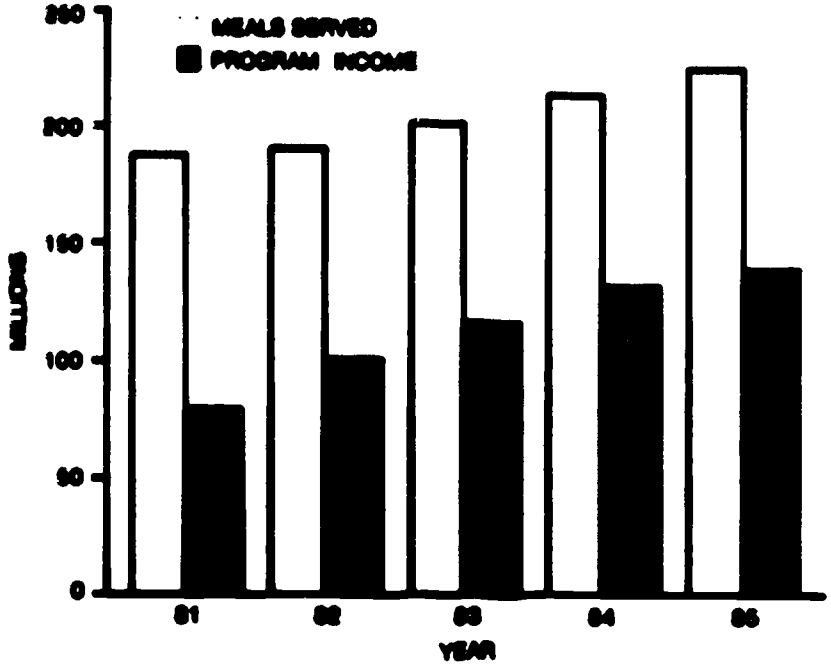
The Federal, state and local partnership established by the Older Americans Act in 1965 was a precursor of the new federalism. The significant financial contributions to OAA programs made by state and local governments and elderly program recipients themselves exemplify the strength of this partnership. As Chart One demonstrates, nonfederal contributions to OAA programs have increased substantially in recent years. In fact, while appropriations for Title III of the Older Americans Act increased by $45 million from 1981 to 1985, state and local contributions (in unpaid amounts) increased by $289 million. And, in 1985, state and local contributions to Title III outpaced federal contributions by $261 million. Moreover, income donated by elderly program recipients at nutrition sites amounted to $140 million in 1985, representing an increase of 75 percent from 1981 contribution levels (Chart Two). Over this five-year period the number of meals served per year also increased by 36 million. The OAA network is the only Federal program that can claim such success in leveraging nonfederal contributions to the delivery of services.

3. Future Directions

The FCA's salute to the Older Americans Act included discussion about the future direction of the Act. Dr. Bechill, the first Commissioner of the Administration on Aging, expressed concern about "whether or not the Older Americans Act and

Chart II

Title III: Meals Served/Program Income 1981-1985



other important programs on the books serving older people, are keeping pace with both the increases and the changes taking place in our older population particularly with respect to the needs of persons reaching age 75, age 85, and beyond." Dr. Bechill stated that "the Older Americans Act plays a role in whatever social policy responses are made at all levels of government and in the voluntary sector to meet the types of challenges posed by this profound and overriding demographic fact." In this spirit, Dr. Bechill endorses giving greater authority to the Administration on Aging, State Units on Aging, and Area Agencies on Aging in the areas of advocacy and policy development.

Carol Fraser Fisk, Acting Commissioner on Aging, identified a number of key issues that must be considered when looking into the future. Commissioner Fisk stated: "Uppermost in all of our minds is targeting. How do we do a better job of getting the dollars to the people that really need them?" A second important question is "what is it we are actually doing?" The Act directs the network to a whole range of subject areas and a whole range of opportunities for action and intervention. Some AAAs are doing a great deal in direct service, some are actively involved in case management, while others focus on advocacy. This diversity is a reflection of what local communities need and want. The resulting network, however, is not consistent. A third important consideration is duration of services. Commissioner Fisk asked: "Are we going to be able to continue to provide support to older people indefinitely when they come into our programs? Many people absolutely have to stay with us. Should we be doing more? Are we doing enough to get people into other services or to build and revitalize them individually, if they can be, so that they become independent? Other key issues identified by Mrs. Fisk are: How do we do a better job of letting people know we're out there? How does the network make better connections with those who make major decisions or have funds to spend for older people? How does the network get more people involved? How can the network manage today's programs more effectively?

This new role would provide a dependable structure for older persons and their families to turn to for day-to-day help in coping with the confusing world of health delivery systems, public and private insurance mechanisms, care setting and structures, and terms of benefits and eligibility.

Dr. Binstock asserted that "In this role the general function of each Area Agency on Aging would be 'transitory case management'." Specific functions would include: provision of information; the conduct of assessments as to what is needed and who can provide it appropriately; referral to the appropriate providers; and tracking of the referred cases to ensure that appropriate help is provided. According to Dr. Binstock, this approach would be far more cost-effective than the current system of direct services.

Dr. Binstock pointed out that "the network has provided creative and outstanding examples of what can be accomplished. And yet it is not funded enough for direct services to make a substantial dent in any of the issues or problems of aging with which we are concerned." Dr. Binstock would deemphasize the network's role as direct service provider and emphasize its role as a service broker in a way that would fit the realities of today's aging society.

C. Distributing Information About The Elderly

In light of the dramatic impact that its aging population has had and will have on the country, the Council has strongly supported the distribution of information concerning the elderly population to policymakers, service providers, academics, researchers, and the general public. In 1985, the Council developed, published and distributed the second edition of **Aging America** jointly with the Administration on Aging, the U.S. Senate Special Committee on Aging, and the American Association of Retired Persons. 15,000 copies of this publication are being distributed to the Congress, the public, over 700 State and Area Agencies on Aging, institutions of higher learning and the news media.

The publication of **Aging America** was particularly timely in light of the 50th anniversary of Social Security. It includes data to provide a broad overview of the health, income, employment, housing, and social conditions of today's older population. Highlights of this report are:

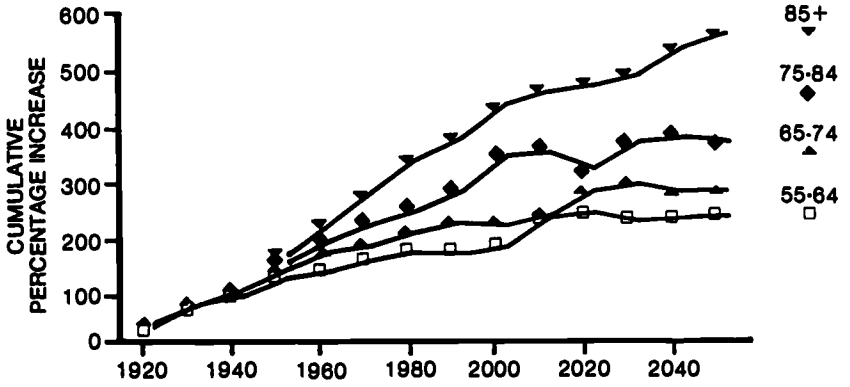
Demographics

Growth: One of the most significant demographic facts affecting America's present and future course is the aging of its population. **Today, 1 in 5 Americans is 55 years or older compared to 1 in 10 in 1900.**

The "Very Old": The 85-plus population is growing especially rapidly. **The "very old" population is expected to increase 7 times by the middle of the next century** (Chart Three).

Chart III

Percentage Increase of the Older Population by Decade 1900-2050



SOURCE: Bureau of the Census, Current Population Reports, Series P-25, No. 952 and AGING AMERICA 1984, Senate Special Committee on Aging and the American Association of Retired Persons.

Sex Ratio: **Elderly women outnumber elderly men 3 to 2.** This disparity is even higher in the group aged 85 and older, where there are only 2 men for every 5 women.

Age Ratio: **The ratio of elderly persons to persons of working age has grown from 7 elderly per 100 persons age 18 to 64 in 1900 to 19 per 100 today.** By 2010 there are expected to be 22 elderly persons per 100 of working age and by 2050, 38 per 100.

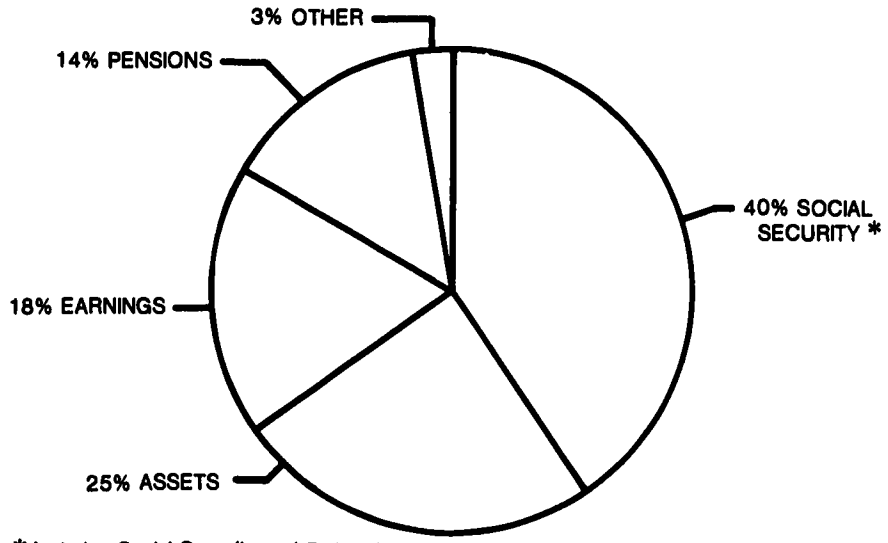
Life Expectancy: Life expectancy at birth improved dramatically over the last century. **People born today have an average life expectancy 26 years longer than those born in 1900.**

Geographic Distribution: **Over half of the elderly live in just 8 states: California, New York, Florida, Pennsylvania, Texas, Illinois, Ohio, Michigan.**

In 1980, for the first time, **more elderly lived in the suburbs than in the central cities.**

A new trend, called *"countermigration,"* has emerged in which some 60-plus persons who migrated to the sunbelt in their early retirement years return to their home states or the homes of family and friends.

Chart IV
Income Sources Aged Units 65 and Older
1982



* Includes Social Security and Railroad Retirement. Railroad retirement accounts for about 1 percent of income for aged units.
SOURCE: Grad, Susan, Income of the Population 55 and Over, Social Security Administration, 1982.

Economic Status: **Compared to most other age groups, the elderly are fairly well off.** This, of course, implies measuring wealth by overall economic standards. In terms of median family income, the elderly household has less than two-thirds the income of a family in the age group 24 to 65. But even though the elderly may not have as much cash income as other groups, they have far lower indebtedness (many own their own homes free and clear—few are starting new businesses), and they have few fixed expenditures (such as the education of children).

It is said that elderly persons are slightly more likely than other adults to be poor. When children are also considered, elderly poverty rates are somewhat better than those of the rest of the population. In 1984, 12.4 percent of persons 65 and older had incomes below the poverty level, compared to 11.7 percent of those age 18 to 64, and 14.7 percent of all persons under age 65.

Specific groups of elderly such as the old-old, women, and nonwhites have particularly low money incomes. For instance, in 1983, couples aged 85 and older had median cash incomes less than three-quarters of those of couples age 65 to 74. In 1984, the median income of elderly women was slightly more than half the median income of elderly men, and the median incomes of black males age 65 to 69 was less than two-thirds of that of white males in this age group.

The elderly rely heavily on Social Security benefits and asset income. In 1982, 40 percent of all income received by aged heads of households came from Social Security and 25 percent from asset income (Chart Four).

Retirement Trends: **About two-thirds of older workers retire before age 65.**

When asked, however, three-quarters of the labor force would prefer to continue some kind of part-time work after retirement.

But for those elderly who desire to work, unemployment creates serious problems. **Older workers who lose their jobs stay unemployed longer than younger workers, suffer a greater earnings loss, and are more likely to give up looking for another job.**

Health Status: **Two out of three elderly describe their health as good or excellent compared with others their own age.**

One out of five elderly have at least a mild degree of disability.

Four out of five persons 65 and over have at least one chronic condition and multiple conditions are commonplace in the older elderly.

Three out of four deaths of the elderly are the result of heart disease, cancer, or stroke.

"Informal support" - the help of friends, spouses, and other relatives, provides valuable assistance to the elderly in the community. For instance, in 1982, **relatives provided 80 percent of all care for disabled elderly men.**

Only about 5 percent of the elderly live in nursing homes (1.5 million in 1985).

The elderly are the heaviest users of health services. They account for over a quarter of all hospital discharges and one-third of the country's personal health care expenditures. Health care expenditures are also greatest in the last year of life and among the oldest-old.

Out-of-pocket health expenses for the elderly are now the same as they were prior to the enactment of Medicare and Medicaid. In 1984, the average out-of-pocket expense to the elderly was $1,059 annually, not including Medicare Part B and private insurance premiums.

Table I
Percent Distributions of Caregivers By Relationship To 65 Plus Individual With Activity Limitations

Age of recipient and relationship of caregiver	Care recipient	
	Male	Female
65 to 74:		
Spouse	45	18
Offspring	21	29
Other relative	21	33
Formal	13	20
75 to 84:		
Spouse	35	8
Offspring	23	35
Other relative	25	36
Formal	19	23
85 +:		
Spouse	20	2
Offspring	34	39
Other relative	27	36
Formal	19	23
All 65 +:		
Spouse	37	10
Offspring	24	34
Other relative	23	35
Formal	16	21

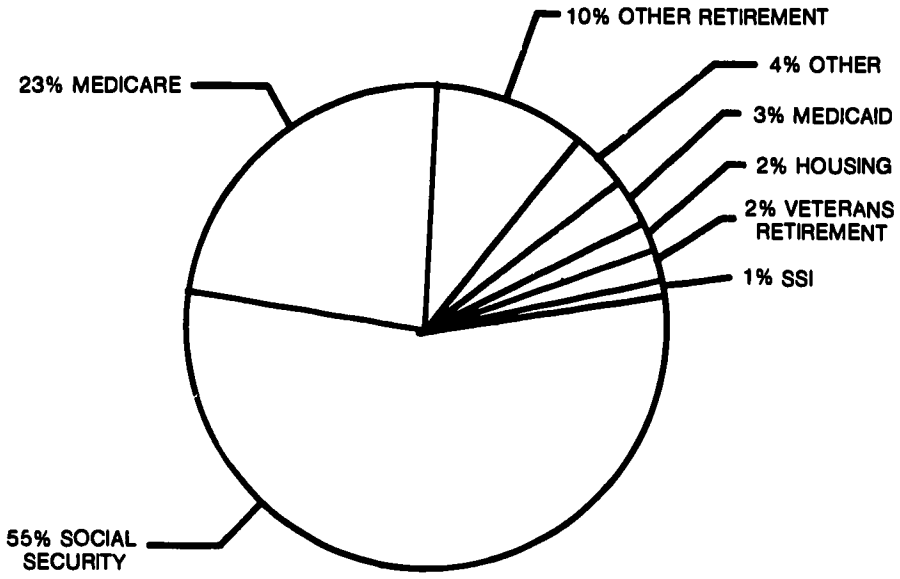
SOURCE: Preliminary data from the 1982 National Long-Term Care Survey.

Social Characteristics: **Most elderly men are married and live in a family setting, while most older women are widows.** In 1984, 67 percent of women age 75+ were widowed, while 67 percent of the men in this age group were married.

The elderly tend to own their own homes. In 1980, 72 percent of the households maintained by an older person were owner-occupied and about 80 percent of these were owned free and clear. However, as older persons reach the upper age ranges, they tend to rent rather than own.

Federal Spending: Federal **spending on the elderly has nearly doubled since 1960.** In 1985, 28 percent of the Federal budget, $263.6 billion, was expected to be

Chart V
Federal Outlays Benefiting the Elderly
Fiscal Year 1985



SOURCE: Executive Office of the President, Office of Management and Budget

of direct benefit to the elderly. Over three-quarters of this spending is for Social Security and Medicare (Chart Five).

Today, **rising health care costs have overtaken Federal spending for retirement income** as the source of greatest increase in Federal expenditures on the elderly.

D. Support for Caregivers of the Elderly

"Care for the Caregivers" is the theme of the Council's Caregiver Committee chaired by Charlotte Conable and including Margaret Arnold, Josephine Oblinger, and Edna Russell. To provide attention to those who care for the nation's elderly, the Committee focuses on caregivers in all settings—from the workplace to home and family and the professional caregiver in health care facilities. Two important activities of the Committee in 1985 addressed the concerns of nursing home employees and the needs of families for long-term care insurance.

1. Nursing Home Employees

To learn more about the problems faced by the professional caregiver within the health care industry, the Committee held a hearing on "Recruitment and Retention

of Nursing Home Employees" during its November quarterly meeting. The witnesses enumerated the rigors and the rewards of the nursing home employee, as well as legislative and administrative steps presently underway in California to help relieve the rigors and reinforce the rewards. Those appearing before the Council in San Francisco were Ellie Peck, Office of California Lt. Governor Leo McCarthy; Mary Jaeger, Administrator in Training, Forest Grove, Oregon; Cheryl Beversdorf, American Health Care Association, Congressional Liaison; Peggy Dudder, California Association of Health Facilities; and Micki Callahan, Local 250 Hospital and Institutional Workers Union.

2. Long-Term Care Insurance

On November 21, the Council released the summary of a staff report calling for extensive sociological research to show that families of all types may present a strong market for private long-term care insurance. The report **The Relevance of Long-Term Care Insurance for Family Caregivers** is authored by Dr. Harold Feldman, an expert on families and Professor Emeritus of Cornell University. The study was presented at the Seminar on Private Long-Term Care Insurance at the American Health Care Association in San Francisco.

Upon release of the report, Chairperson Adelaide Attard pointed out that "family plays a major role in service delivery to America's senior population." This fact is best described by the statistics presented in Table One. Currently, 4 out of 5 disabled persons over age 65 receive care from a spouse, offspring or other relative.

Professor Feldman's report supports the position that the family plays the major role in service delivery to older Americans and, in accomplishing this, faces enormous stress and strains. Therefore, families of all types (including blended families and those who are divorced, childless, widowed, cohabitors, or never married) would benefit by the availability of long-term care insurance (LTCI). The report makes clear that both the public and private sectors must mold existing programs or develop new ones that are sensitive to the role of the family.

Professor Feldman's report also points out the implications of the development of LTCI for the insurance industry, the private sector, and the government. For instance, through implementation of LTCI the insurance industry would have the opportunity to:

- become advocates for the families they serve,
- become information and referral agents for families regarding the kinds of coverage provided and not provided by the government.
- provide case management, which would mobilize the resources of the family, community, volunteers, and the informal and formal systems in the services of the client, and
- encourage the private sector and the government to provide services at a reasonable cost or consider providing them themselves.

The author also suggests that insurance companies should give financial incentives

to family members and others who provide some of the services needed by the recipient. For instance, lower insurance premiums could be offered if family members are willing to provide some of the service themselves.

The availability of LTCI could provide cost savings for Federal, state, and local governments. For instance, the Health Care Financing Administration estimates that the use of LTCI would cut Medicaid outlays by one fourth. The author also suggests that governments could provide education, consumer awareness, and protection programs for those considering LTCI as well as legislating tax benefits for those younger family members who jointly or individually pay LTCI premiums for elderly family members.

The study points out that the insurance industry can learn from the experiences of SHMO (Social Health Maintenance Organization) pilot programs. These programs have been authorized by Congress on an experimental basis and are in the early stages of their development. The SHMOs provide complete care for the elderly: routine office calls, acute hospital care, long-term care in the community or in a nursing home, and case management services that integrate all the resources of the community and family.

The insurance industry appears to be moving rapidly in this field of LTCI. The Council feels that, because the separate states have jurisdiction through their insurance Commissioners and departments, its role should continue to be one of publicizing, discussing, and educating the public on how LTCI can help caregivers while reducing the cost of Federal health care programs.

E. Health

The FCA Health Care Committee, chaired by Edmund Dombrowski, M.D., and including Edna Bogosian, Kathryn Dusenberry, Nelda Barton, Josephine Oblinger, and Ingrid Azvedo released a staff report "Health Care Study for Older Americans," authored by Dixie Matthews (Dugan). The report was the basis of a forum held in August as part of the Council's quarterly meeting and the National Association of Area Agencies on Aging (NAAAA) National Leadership Conference. Forum participants included John Rother, Legislative Director, American Association of Retired Persons; Ron Wylie, Special Assistant to the Administrator, Health Care Financing Administration; Barry Eisenberg, Director of the American Medical Association, Department of Health Care Resources; Stuart Ferguson, private citizen and advisory committee member of NAAAA, North Whitefield, Maine; Robert L. Dolson, Director Region IV Area Agency on Aging, St. Joseph, Michigan; Margaret Lynn Duggar, Director, Florida Office on Aging; and James Varpness, Minnesota ombudsman. The forum attempted to clarify the mood of the nation, which voices more and more support for decreased government, while showing little willingness to give up government services. The Health Committee will be continuing its efforts to deal with this contradictory state of affairs.

Today, spiraling health care costs, the burgeoning elderly population, and financing problems are contributing to a forthcoming crisis in health care for older Americans. In the last five years, health care costs have exploded at three times the

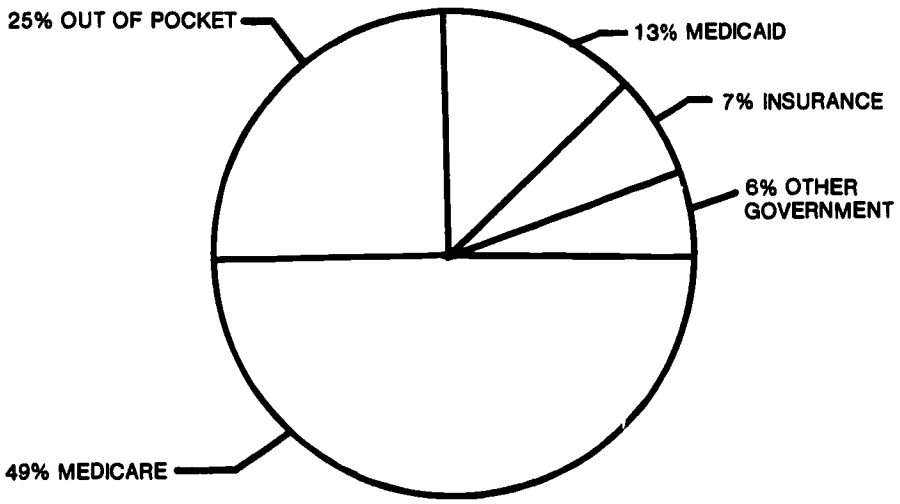
annual inflation rate. As a group, the elderly use a preponderance of health care resources and, obviously, have much at stake in the future of the nation's health care system.

"The Health Care Study for Older Americans" is a comprehensive appraisal of the value and impact of health policy on the lives of older Americans. For instance, Part II of the report discusses who pays for the health care of older Americans and where the money goes (Chart Six). In 1984, personal health care expenditures for the elderly totalled $119,872,000,000. Medicare paid 49 percent of this total, private payments accounted for 32 percent, Medicaid 13 percent, and other government programs 6 percent. Hospitals and nursing homes make up the largest share of health care expenditures. Hospital care constitutes nearly half of health care costs with nursing home care comprising nearly one fourth.

There are three major approaches to health care cost containment: increased competition, increased regulation, or both. Proposals to achieve fiscal viability in current government beneficiary programs include such measures as:

- increasing beneficiary cost sharing
- reducing benefits
- increasing taxation
- restricting provider reimbursement
- advancing the age of eligibility

Chart VI
Personal Health Care Expenditure for the Elderly by Source of Payment: 1984



SOURCE: Health Care Financing Administration, Office of Financial and Actuarial Analysis.

- utilizing the alcohol and/or tobacco tax
- implementing alternative delivery systems such as health maintenance associations (HMOs)
- implementing individual medical accounts (IMAs)
- implemen a voucher system
- implementing living wills to avoid costly medical procedures for those who are terminally ill.

The Council at its November meeting endorsed seven measures which would help provide cost containment in the health care field:

1. Endorse the H.M.O. approach to health care.
2. Utilize alcohol and tobacco taxes for health care.
3. Initiate the following changes in malpractice laws:
   a. arbitration
   b. no fault risk insurance
4. Endorse early solution to the financial problems of Medicare.
5. Change direction of research with accent on multiple chronic illnesses.
6. Expand and improve health educational programs.
7. Encourage the elimination of bureaucracy and bring expedient practicality to problems of health care as managed by the Health Care Financing Administration.

Over the next decade these and similar measures will undergo the close scrutiny of policymakers in their attempts to cut health care costs.

The final chapter of the report is one of the most comprehensive analyses on this issue, addressing the pros and cons of 18 major proposals for changing the way health care resources are allocated in this country. Copies of the report will be made available in 1986 through the Council.

F. Coordination With the Private Sector

The Council has a growing interest in cooperating with the private sector for distributing information and carrying out other activities in the interest of older Americans. For instance, the Council solicited help from the private sector in distributing information to family caregivers in nationally distributed mail order catalogues (such as the Sears home care catalogue) and plans specially targeted pamphlets distributed at key neighborhood shopping points in 10 states in conjunction with NAAAA.

G. Intergenerational Issues

The Council continues to be concerned about intergenerational issues affecting the elderly. It will continue to discuss such issues as ageism, the generation gap, and intergenerational perceptions of the Social Security System. The closing of the

generation gap, which will serve to expand the public's knowledge and understanding of growing old in America, is paramount to the quality of those who are now young but soon to be old as well as those who are now elderly. In 1985, the Council initiated a staff report on this issue prepared by Ilene Marcus. The report stresses the point that ageism, which is a prejudice against older persons, is intimately linked with the younger generation's poor perception and belief in the Social Security System. There is a clear need for better education about the Social Security System and retirement planning. It also stresses that, on the whole, very few young adults are concerned with planning for their retirement. Crucial decisions that need to be made at the beginning of the worklife, such as choosing a pension plan or payment into the Social Security System, are perceived as isolated from the rest of the younger worker's life. Although many gains have been made through the use of IRA and 401Ks, the majority of people do not have savings and are not planning ahead.

H. Home Equity Conversion

The Federal Council on the Aging has been a leading advocate for removal of federal barriers to home equity conversion (HEC), an important method for older homeowners to gain increased income and remain in their homes. HEC has been one of the areas of prime importance for the Council's Housing Committee, chaired by James N. Broder and including Council members D. Antonio Guglielmo, Edna Bogosian, Frances Lamont and Albert Lee Smith, Jr.

HECs appear to flourish where adequate counseling and guidance are provided to the interested elderly parties and their families. However, lack of counseling and a general prejudice against indebtedness create barriers to HECs for both banks and consumers. The Housing Committee feels these problems must be resolved before a totally clear picture can be presented to potential elderly mortgagors. Council efforts in this area are underway with the Social Security Administration, the Internal Revenue Service, the Administration on Aging and the Department of Housing and Urban Development.

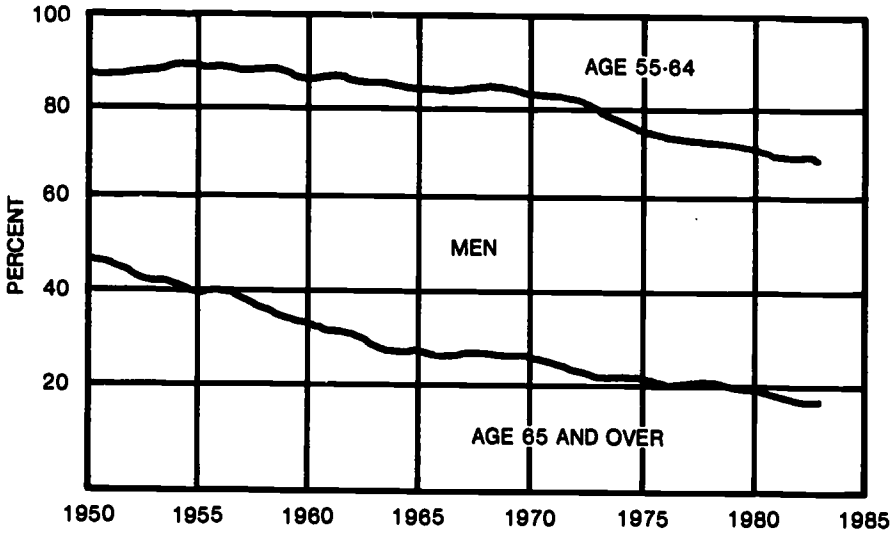
Another major concern of the Housing Committee is the architectural design of living accommodations that are adequately suited to the needs of older Americans. "Design for Aging - An Architectural Design Guide" will be printed early in 1986 in conjunction with the American Institute of Architects Foundation and four Federal agencies: the National Endowment for the Arts, the Administration on Aging/HHS, the Department of Housing and Urban Development, and the Farmers Home Administration/USDA. The publication of this guide should result in improved design facilities that will allow older people to live with dignity in an environment that takes their needs into account.

I. Early Retirement

As part of its ongoing interest in employment and retirement issues, in 1985 the Council authorized a study on early retirement by a FCA intern, Paul A. Jepson. The fact that almost two-thirds of retirees leave work before age 65 has long puzzled

Chart VII

Labor Force Participation of Older Men
1950-1983



SOURCE: U.S. Bureau of the Census and Bureau of Labor Statistics.

gerontologists and policymakers. This trend has been increasing in recent years. As Chart Seven demonstrates, in 1983 only slightly over a third of all men in the 55 to 64 age group were in the labor force. Whether persons retire before age 65 for health or other reasons has become a subject of debate. This report points out that, although clearly a portion of the population does retire early for health reasons, health is not necessarily the primary reason why such large numbers of workers retire before age 65.

The Council feels the "early retirement" phenomenon in America today has been one of the most significant factors affecting the composition of the labor force in the post World War II era. Corollary economic stresses are placed on Social Security and private pension plans and productivity is diminished through the loss of experienced workers.

The Council hopes to learn more about the variables other than health related ones that affect the decision to retire: mandatory retirement; economic forces and labor market diversity; age discrimination; and how individuals define retirement. In addition, the Council has learned from guest witnesses at its quarterly meetings that volunteer activities provide a viable work alternative for older Americans when they are structured to respond to both the needs of a cause or organization and the needs of a volunteer.

Finally and most importantly, it is important to identify occupations older workers are most likely to be attracted to and employed in and to encourage private

and public sector programs to target these job areas for retraining and counseling.

The Council will continue to be active in this area and to develop an agenda for activities.

III. Future Developments

In addition to those mentioned throughout this report, a number of other Council activities are expected to yield recommendations during 1986 including the following:

A. Caregivers Support Committee

To continue its efforts to highlight the role of the nation's caregivers, the Caregivers Committee recommended at its November meeting that the phrase "Care for the Caregivers" be incorporated in the theme for Older Americans Month in May of 1986. The Caregivers Support Committee would continue to encourage the development of LTCI as a factor in aiding the nation's caregivers.

B. Housing Committee

The Housing Committee plans a meeting with Department of Housing and Urban Development officials and their counterparts in the Department of Agriculture's Farmers Home Administration to discuss Federal funding allocation formulas, the future of low-income elderly housing, life care communities, and other long-term care concerns that provide alternatives to institutions.

C. Health Committee

The Health Committee will continue its active monitoring of the health care industry and the condition of health preserving programs now developing within the activities of the Older Americans Act, as well as the Health Care Financing Administration activities in the administration of Medicare. A meeting with Dr. T. Franklin Williams, M.D, director of the National Institute on Aging, is planned for 1986.

D. Committee on Minorities

The newly created FCA Minorities Committee chaired by Ingrid Azvedo with members Frances Lamont and Kathryn Duxenberry anticipates meeting with native American groups early in 1986 to evaluate the impact of broadening the base of the Older Americans Act Title VI programs.

E. Foundations Committee

The FCA created the Foundations Committee to study the evolving phenomenon of ever-increasing private bequests to Older Americans Act funded facilities and programs. Co-chaired by O. P. (Bob) Babbit and Josephine Oblinger with members Frances Lamont and Elma Russell, this Committee hopes to present

methods for state and local agencies to handle the funds, properties, and services being given by individuals who have benefited from Older Americans Act programs.

E. Reauthorization of the Older Americans Act - 1987

Throughout its four 1986 meetings, the FCA will be formulating recommendations for incorporation in its presentation to the Congress in 1987. In this endeavor the FCA will coordinate its activities with aging organizations through joint meetings and fact-finding sessions so that a consensus presentation will result.

IV. Federal Council on the Aging Recommendations

The Council is in agreement that, as a spokesperson for the elderly, its legislative mandate requires it to provide not only information to the President, the Congress, and the Public concerning the special needs of older Americans, but also to make broad-based recommendations concerning policies that have impact on their lives. To fulfill this facet of its mandate the FCA makes the following recommendations to the President, the Secretary, the Commissioner on Aging and the Congress:

1. Current, detailed, and targeted **demographic data** concerning America's older cohort - 65+ - must be a high priority.
2. **Family caregivers** are the primary source of care and concern for the nation's noninstitutionalized elderly. Constant awareness of and support for this resource by all policymakers cannot be overemphasized.
3. The **increasing longevity** of Americans and its effect on their work-life, retirement, and physical condition demands attention in the fields of employment, training, pension reform, and health care.
4. **Intergenerational conflict** is not at present a major problem, but it is an issue that requires education and clarity on such topics as: Social Security and public and private pension and employment policies.
5. It is important that **stereotypical labels** concerning the noninstitutionalized elderly be dispelled, giving way to better understanding of their normal behavior.

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