

AHCA/NCAL: Greenspan Testimony Before Senate Aging Panel Focuses Necessary Attention on Bolstering U.S. Retirement System

While Medicare, Medicaid Require Continued Federal Investment to Meet Seniors' Needs, Transformation to Public-Private Retirement System Only Realistic Long Term Solution;

Cost of Long Term Care Called "Greatest Unfunded Liability Facing Most Americans"

**Contact: : Susan Feeney, (202) 898-9354
For Immediate Release**

Washington, DC (February 27, 2003)—Following testimony before the Senate Special Committee on Aging by Federal Reserve Board Chairman Alan Greenspan on the challenges associated with global aging, the American Health Care Association (AHCA) and the National Center for Assisted Living (NCAL) said the hearing provided much-needed focus on the glaring deficiencies of Medicare and Medicaid – and the need to transform the nation's long term care financing structure to meet the increased demand for care through the middle of the 21st Century.

"We commend Senator Larry Craig (R-ID) for calling this important hearing. Chairman Greenspan's perspective on aging trends in the United States places a bright spotlight on the need to transform our long term care system into one capable of meeting the exponentially growing demand for care," stated Charles H. Roadman II, MD, CNA, President and CEO of AHCA/NCAL. "Of course, Medicare and Medicaid must receive the government investment necessary to work properly – which is not now the case – yet the nation's longer term retirement needs can only be met by substantially overhauling the entire system."

Dr. Roadman said that as baby boomers approach retirement age, millions of Americans will be confronted by the need for long-term care, and confounded by how to properly pay for it. "For many individuals, they will face the cruel reality of poverty and dependence at a time in their lives when people should be in control of their golden years," said the AHCA/NCAL President and CEO. "It is entirely accurate to say the cost of long-term care is the greatest un-funded liability facing most Americans," he said.

Dr. Roadman said the number of Americans in need of long-term care is growing rapidly. According to the U.S. Bureau of the Census, people age 85 and older are more likely to need nursing home care than any other age group. The number of individuals 85 and older – approximately 3.5 million in 2010 – will double to seven million by 2020, and double again to 14 million by 2040. During this same period, the number of workers – whose tax dollars support many government programs for retirees – will decline from about 4.75 workers per retiree in 2010 to about 2.75 workers per retiree in 2040.

"Without major reform and transformation of America's long term care system, demographic reality portends an increasingly heavy financial burden on workers compared to 1950 –when the worker to retiree ratio was 16 to 1," observed Dr. Roadman. "These numbers and worker to retiree ratios underscore the gravity of the public policy challenge ahead."

AHCA and NCAL advocate undertaking immediate efforts to assess various approaches toward long-term care financing reform – and believes that an insurance-based approach, if it includes refundable tax credits for insurance for the most needy coupled with tax deductions for others, is

an approach that merits further consideration and investigation. Such a public-private insurance model could provide affordable coverage for every American, regardless of income, and allow individuals a choice in long-term care settings.

“A public-private insurance model is one we believe Americans are ready to embrace,” concluded Dr. Roadman. “The private sector would promote market competition and efficiency, while public involvement would provide a safety net and a watchful eye to protect consumer interests. We look forward to working with Senator Craig and Ranking Member Sen. John Breaux (D-La.) to keep long term care financing reform front and center during the 108th Congress.”