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**Vision for an Aging Society**

**White House Conference on Aging Solutions Forum  
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Good afternoon. As chair of the Leadership Council of Aging Organizations, let me thank you on behalf of all my LCAO colleagues for giving us this opportunity to weigh in on the important issues facing our aging society.

This White House Conference on Aging could not come at a more appropriate time. By July of this year, half of the 76 million baby boomer generation will be 50 and over. At the same time, the future of Social Security is the hot topic of the day, we're about to introduce a new prescription drug benefit in Medicare and Congress and the governors are struggling with the high cost of Medicaid.

The question on everyone's mind is: Can America afford to grow older? And can we do so with intergenerational fairness—that is, without sticking our children and grandchildren with the bills? This is one of the most important issues of our time. And, people will be looking to all of us here and to the White House Conference on Aging for answers.

David Walker, Comptroller General of the United States, has said that, “The U.S. faces a long-term deficit that will only increase as the baby boomers retire. The resulting financial imbalance will test the nation's spending and tax policies.”

Columnist Robert Samuelson wrote that, “the central distributional issue of our time is not between rich and poor. It is between retirees and non-retirees.”

And a recent front page story by Jonathan Weisman in the Washington Post declared that an “Aging Population Poses Global Challenges.”

Fed Chairman Alan Greenspan, the Congressional Budget Office and others have reached similar conclusions.

Clearly, there are challenges with an aging society. But America can afford to grow older without economic train wrecks, without pitting the needs of the old against the young, and without leaving future generations to clean up the mess.

We are the richest nation in the world and the best equipped in virtually every way to reinvent our systems and programs. And besides, what is the alternative?

When all the babies showed up after World War II, did we say, “Well, sorry, we can’t afford this demographic change...can’t afford to build schools and train pediatricians and cope with the costs of all this?” No, we made the necessary investments, and as a result, have become a better society and the most powerful and influential nation in the world.

Today’s America can afford to grow older, we will benefit from it as a society. And, it’s up to all of us as the Leadership Council of Aging Organizations and as participants in the White House Conference to play a constructive and important role in making it happen.

As a nation, it's time to cut the doom and gloom and attack the issues, following John Gardner's approach. He said that, "We are all faced with a series of great opportunities, brilliantly disguised as insoluble problems."

As we look at an aging America, we face three great opportunities:

1. An opportunity to transform the nation's health-care system;
2. An opportunity to strengthen our retirement system;
3. An opportunity to create more livable communities.

First, our health-care system is out of whack. Dr. Henry Simmons, President of the National Coalition on Health, calls it "A Perfect Storm," with three dangerous trends combined: rising costs, increasing millions of Americans without insurance coverage and poor quality of health care delivery.

Transforming the health-care system is perhaps the greatest challenge facing our nation today. But it may well be the most important thing we can do to improve the quality of life for everyone, as well as to deliver care more rationally and cost-effectively.

Many people look at the growing cost of Medicare and Medicaid, along with the aging of the population, and conclude that these programs are unsustainable budget breakers.

But most factors that contribute to the rising costs of Medicare and Medicaid—growth in population and utilization, costs of new technology and drugs, and soaring prices—also drive up the total cost of health care.

This affects everyone—individuals, businesses, and government at every level.

Medicaid is a good example. It is the nation's largest health insurance program, providing necessary care for one in every six people. It is the safety net for children in poverty, for our aging parents and grandparents needing long-term care, for those with disabilities, for other vulnerable people. It helps pay the bills for two-thirds of the 1.4 million people in nursing homes.

Medicaid spending, which grew by about a third between 2000 and 2003, was driven primarily by growth in enrollment, and like the rest of health care, fell victim to rising prescription drug and hospital costs.

As many employers drop health insurance—or it becomes too expensive for employees to pay—people turn to Medicaid as a last resort. Much of Medicaid's spending growth reflects a shift from private to public spending, not additional dollars being spent on health care overall.

Now Congress and the states are wrestling with the high cost of Medicaid and searching for ways to bring their costs under control.

There are ways to make Medicaid more efficient and reduce costs, and you heard about some of those today. But, the ultimate solution lies in taking a long-range view and attacking the problem at its source: our dysfunctional health care system, which is grossly inefficient, and often does harm when it is supposed to be doing good. It doesn't make sense

to fine tune individual programs when the whole system is broken. We can make health care much better—and constrain costs in the long run.

The same is true for economic security. We can enhance our retirement system by strengthening Social Security, creating more pensions and savings and providing employment opportunities for people as long as they want or need to work.

Social Security is the most successful domestic program in our history, a risk-free, guaranteed pension that on average replaces 40 percent of a retiree's wages.

President Bush has put Social Security high on the nation's agenda, which gives us the opportunity to strengthen the program for future generations. By now you are aware of the arguments and the numbers and the ideas that are circulating. Now is the time to act, and spread any costs over all generations, rather than leaving it to our kids and grandkids to shoulder the load.

Unlike health care, Social Security does not need a radical overhaul. We don't have to dismantle this successful program in order to save it. There are reasonable, moderate changes we can make to achieve solvency and fiscal soundness, just as has been done before.

The President has said that all ideas are welcome. And, we offered some today.

Strengthening Social Security is the cornerstone of providing economic security for future generations, but creating and protecting pensions and savings are also essential.

Defined-benefit pensions are being replaced by defined-contribution plans like 401(k)s and IRAs. This shifts the investment risk to the individual. We must look for ways to improve these private accounts. But for a secure retirement, we need these savings in addition to Social Security, and definitely not at the program's expense.

As Henry Aaron at Brookings has shown, increasing national saving is a proven way to grow the economy while lessening the burden on future generations. But the savings rate in America is abysmally low.

People need to save more, and we need ideas on how to help people do that. About half our working population does not have a pension plan. For these people, there are few options currently available to save for retirement. We need to develop more.

As people age, there is more they can do for themselves. Among the most important is to continue to work, if they are able. There are huge benefits to this.

Older workers continue to earn money in addition to their income from Social Security and pensions. They stay engaged and productive. And while getting their retirement benefits, their wages and salaries are still subject to FICA withholding, so they continue to pay into a system that is

paying them. Finally, mature workers will help avert the labor shortages from the retirement of the boomers.

To speed up this trend, we need to reduce age discrimination, which still persists. We need to educate employers about the ability and affordability of older workers. We must inform older people about the opportunities and advantages of work. And we need government policies for employers to hire older workers and for individuals to keep working.

So, with moderate adjustments to Social Security, with increased individual savings and investment, and by advancing the idea of continued work, America can afford to grow older without shifting the burden to younger generations.

Now, let's turn to our third opportunity—creating more livable communities. Most older people want to stay where they are—at home, in familiar surroundings. Most, in fact, do so. But many others confront housing and transportation barriers that take that choice away from them and that make it difficult or impossible to remain independent and involved in society.

The challenge, then, is to create livable communities, with appropriate and affordable housing, adequate options for mobility, and the community features and services that can facilitate personal independence and continued engagement in civic and social life. The community-based services funded by the Older Americans Act are critical to making this happen.



Housing plays a unique role in the lives of older Americans. It is where older Americans spend most of their time, and so its design is critical to aging with independence.

Housing for adults 50+ also should create choice to the maximum possible extent. At its best, it would give older Americans options—to remain in a life-long home, to buy an apartment, to move into an assisted living facility or retirement community. Yet many Americans do not have those options. Unfortunately, the nation's affordable housing stock is diminishing as the need increases, and communities are losing the diverse and affordable housing that is essential to meet the need.

The availability of supportive services influences whether a person can remain in the community, and also the types of activities in which to engage. A livable community promotes the inclusion of residents in its social and economic life. Such communities have the physical features, programs, and readily accessible services that enable older residents and those with disabilities to remain independent and a part of community life.

Transportation is the crucial link between individuals and their communities and is essential for independence. For most older people, mobility is a crucial component of quality of life; therefore, having affordable, easy-to-use, and flexible transportation options is essential. Without mobility, older Americans pay the price of isolation—in poorer physical and mental health. In an automobile culture, creating a range of mobility options is a daunting task. But it is one we must address.

Livable communities also must have alternatives for those who cannot or choose not to drive. Despite the need for transportation alternatives, the availability of public transportation is limited, particularly in rural areas. For non-drivers of any age, public transportation, walking and bicycling paths, and specialized transportation for individuals with varying functional capabilities, can make the crucial difference in living independently and involved in community life or becoming increasingly isolated.

Congresswoman Barbara Jordan said, “What people want is... an America as good as its promise.” And, in a way, that’s really the goal of the White House Conference on Aging, and it’s the goal of all the solutions you’ve heard discussed here today.

America can afford to age, and we’ll all benefit from a society in which the wisdom and time and efforts of older people are a vital part of our lives.

But the longer we study and debate and wallow in gloom and doom, the worse our problems will become...and the less time we will have to solve them equitably. The sooner we take on these challenges, the less likely it is that we will leave them for the next generation.

George Bernard Shaw said that, “We are made wise not by the recollection of our past, but by the responsibility of our future.” The responsibility of our future is to join together to create a country:

- Where government stands sentry over vital programs like Social Security, Medicare and Medicaid and takes reasonable and responsible steps to strengthen them for generations to come;

- Where corporate giants and small businesses alike prize the experience of older workers and reject age discrimination as bad business;
- Where people of all ages receive quality health care they can afford;
- Where parents and grandparents can remain in their homes and active in their communities for as long as possible ; and
- Where all Americans can afford to grow old with dignity and purpose and continue chasing their dreams;

We can do this. And when we do, we will not only fulfill our responsibility to future generations, we will create an America as good as its promise.

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