

Elder Economic Security Initiative™ Program

Weekly Update – March 20, 2008

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Take a look, post a comment, or respond to our weekly poll today!

ON THE HILL ...

It was a pretty quiet week as Congress was out for the first of a two-week recess/district work period. The House and Senate will return to Washington on March 31st, when both chambers will turn again to the issue of measures proposed to help people avoid foreclosure and stay in their homes. We will write more about that next week when the next steps will be more clear.

2009 Budget Update

The relative quiet in Washington has allowed for an opportunity to take a closer look at the House and Senate versions of the \$3 trillion fiscal 2009 budget passed late last week. Negotiators will begin ironing out differences between the two in early April. The major differences by category are:

Discretionary spending – There is a \$3.5 billion difference between the amount set aside in the House and Senate resolutions for the Appropriations panels to allocate among their 12 annual spending bills. The House budget sets the spending cap at \$1.014 trillion while the Senate measure puts it at \$1.009 trillion. When cap adjustments and advance appropriations are included, the House proposal would allow for \$25.4 billion more in non-emergency discretionary spending than called for by President Bush; the Senate would allow \$21.5 billion more to be spent.

Taxes – Neither chamber has been able to determine how best to permanently “patch” the alternative minimum tax so it doesn’t impact middle class taxpayers. The budget resolutions in both houses assume a one-year fix for the AMT. The House resolution follows the “pay-as-you-go” rule and assumes that any changes to the AMT will be fully offset; the Senate resolution assumes that it will not be paid for. The AMT “fix” is expected to cost the Treasury approximately \$70 billion over five years. If not paid for, the cost will likely mean that much less for needed programs.

Reconciliation instructions – It is not certain if Congress will use reconciliation this year to advance legislation to make changes in entitlement program spending. The House resolution instructs the Ways and Means Committee to produce legislation to find \$750 million in savings over six years from mandatory spending programs. This would allow the Committee to produce legislation that would prevent a 10 percent cut in Medicare payments to physicians, among other things. The Senate resolution does not contain a similar provision for reconciliation instructions.

Action Needed

Members of Congress need to hear that constituents support the higher domestic priority spending in the House Budget Resolution and increased appropriations for the programs that can help people reach a level of income adequacy – LIHEAP, child care, housing assistance, the Workforce Investment Act training programs, Senior Community Service Employment Program, Perkins Career and Technical Assistance grants and WANTO (Women’s Apprenticeship and Training for Nontraditional Occupations Act). Appropriations Committee Chairs and ranking minority members are Sen. Robert Byrd (D-WV), Sen. Thad Cochran (R-MS), Rep. David Obey (D-WI),

Rep. Jerry Lewis (R-CA); Labor-HHS Subcommittee Chairs are Sen. Tom Harkin (D-IA), Sen. Arlen Specter (R-PA), Rep. David Obey and Rep. James Walsh (R-NY).

RESOURCES...

Today'sSeniorResource.com (Pittsburgh)

Created by Cheryl Nemanic (a former general manager of a home-care service for seniors), Today'sSeniorResource.com is an independent one-stop shop for seniors. It took Ms. Nemanic about a year to gather all of the information and pull it together and the site covers senior and caregiver resources in Allegheny, Beaver, Butler, Westmoreland and Washington counties (in Pennsylvania).

Among the categories on the site are a local calendar of events (with dates of elder expos, health seminars, safe driving courses, etc.); discounts and rebates; how to hire home care and available agencies; choosing a personal care home; how to identify elder abuse; dental treatments and alternatives; how to find a local doctor or pharmacist; etc. For more information, visit: <http://todaysseniorresource.com/>

Seminar Focusing on Senior Fraud (Chicago)

A Senior Fraud Protection Seminar to inform senior citizens how to better protect themselves from crimes targeting consumers will be hosted by state Rep. Careen Gordon, D-Morris, and Mike Hughes, a representative of Illinois Attorney General Lisa Madigan's Office, at 11 a.m. March 27 at Saratoga Towers, 1700 Newton Place.

Area senior citizens will have an opportunity to learn about the various techniques scam artists use, how to protect themselves, and get answers to any questions they may have regarding consumer protection. According to the Federal Trade Commission, there were 21,602 cases of consumer fraud reported in Illinois in 2007, with consumers losing more than \$35,000,000.

IN THE NEWS...

Women, Blacks Face Poverty in Retirement

By V. David Sartin, Plain Dealer Reporter

March 20, 2008

Nearly twice as many women as men will face poverty in retirement, according to the incoming president of the American Association of Retired Persons.

Prospects for financial security in old age are starkly more bleak for minorities, said Jennie Chin Hansen, formerly the executive director of an elder care agency in San Francisco.

Women must learn details of their family finances and begin planning for retirement early in life, said Hansen, a former nurse.

Speaking to an audience of elder care providers at the City Club of Cleveland, Hansen cited several AARP-sponsored studies and reports that suggest an emerging risk of poverty for women.

The poverty rate in retirement for black women is nearly three times the rate for white women. Nearly two-thirds of white women who are poor in old age were not poor in earlier years.

Women face challenges in preparing for retirement because they often earn less than male counterparts, often must periodically leave the work force to provide family care and often have not adequately planned for retirement, she said.

Hansen, who becomes AARP president in May, offered several tips for retirement planning. Women should become financially literate. "People who understand compound interest are much more likely to plan for retirement," she said.

Existing Social Security benefits frequently provide only about 40 percent of financial needs, estimates show. Today, many retired women qualify for only about \$1,100 per month in Social Security, she said. Retirees will need about 70 percent of the pre-retirement income to maintain their lifestyles, she said. Workers should participate in company-subsidized retirement savings plan, like 401(k) programs. Employees should contribute enough to gain the maximum contribution from their employer, she said. AARP was organized 50 years ago as a method to provide health insurance to retirees. The nonprofit organization has nearly 40 million members and annual revenues and expenses of about \$1 billion.

Filling the Gaps in Medicare Advantage

Michelle Andrews, U.S. News and World Report
March 20, 2008

Medicare Advantage plans came under fire last month when it was reported that these private managed care plans, conceived as a way to offer more comprehensive coverage than traditional Medicare while at the same time saving seniors and the government money, end up costing some beneficiaries more. The government report, which I wrote about, concluded that beneficiaries could face higher cost-sharing for certain services, including home health, skilled nursing, and inpatient hospital stays.

Now it turns out that savvy insurers are capitalizing on these coverage shortcomings, offering supplemental insurance policies to fill gaps in Medicare Advantage plans that weren't supposed to be there. California Health Advocates, a consumer advocacy group, described the practice in a report published last November. "The existence of these [supplemental] plans is a symptom of a larger disease," says David Lipschutz, interim CEO of California Health Advocates. "Enough of the Medicare Advantage plans don't provide sufficient benefits that people are being convinced to buy additional policies to fill in those gaps."

Growth in Medicare Advantage plans has been on the rise: Twenty percent of seniors now belong to MA plans. There's no telling how many have bought supplemental policies, but one of the first companies to sell them, Guarantee Trust Life Insurance Co. in Glenview, Ill., has sold about 9,000 "Advantage Plus" supplemental policies in the two years since they introduced it, says Carl Leader, vice president of sales. The company offers the plans in roughly 39 states, he says.

The policies typically offer flat reimbursements to seniors for various services, such as inpatient hospital care, ambulance coverage, skilled nursing facility care, durable medical equipment and/or [cancer chemotherapy](#), says Lipschutz. A typical "Advantage Plus" policy, for example, might cover \$180 per day for inpatient hospital care and \$200 per ambulance trip for a \$25 monthly premium, says Leader. Whether or not the Medicare Advantage supplemental plans could be a smart buy for seniors would depend on the specifics of their MA plan as well as the supplemental plan they're considering. In traditional Medicare, both the benefits and the supplemental Medigap plans are standardized, so it's easy for seniors to compare their coverage options. With Medicare Advantage, however, plan deductibles, copayments, and benefits are all over the map, as are the supplemental coverage options. This makes comparison difficult, and there's a risk that seniors will buy coverage that duplicates what they already have, says Tricia Neuman, director of the Medicare Policy Project at the Kaiser Family Foundation. And the confusion factor can't be underestimated either. "There's already substantial confusion and lack of basic information about the different forms of health insurance available to seniors as an alternative to [traditional] Medicare," she says. "[These policies] may contribute to that."

Study Shows Need for Housing

By Bonnie Adler, Westport Minuteman

March 20, 2008

New results of a housing study mailed in December to senior citizens and individuals who make up the Westport workforce were released by the First Selectman's office last week.

"The results demonstrate an undeniable need to expand housing options in Westport," said Joseloff. "The need for affordable housing is particularly evident among our **seniors and workforce**. Being able to provide such housing here and elsewhere is vital to the economy of Connecticut."

In a public statement released by the Selectman's office, it was stated that 3,600 surveys were mailed to all Westport households with someone aged 60 or older as part of the Perspectives newsletter. Town of Westport and Board of Education (BOE) employees received surveys with their paychecks. The town has approximately 350 employees, and the Board of Education has approximately 900 employees, about 600 of them teachers.

Seven percent of the senior population returned the questionnaires, a response rate called "good" by the Selectman's office. Questionnaires were also returned by 18 percent of town employees, and six percent of the Board of Education employees, including eight percent of all teachers.

Dozens of respondents, both among seniors and the workforce, expressed their support and appreciation for the concept of new affordable units in Westport. Within the workforce, teachers were the most interested in the possibility of affordable housing on Baron's South.

"One of the things heard from many housing experts was the need to understand who was to be served," said Selectwoman Shelly A. Kassen, who oversaw the survey. "The survey results have helped us reach that understanding. We now know who needs to be served and the type of affordable housing that is needed."

Senior citizens in their 60s and 70s are most likely to consider moving. The reasons given include the burden of property taxes, the desire to downsize both physically and financially, and health related issues. Those at the top and bottom of the income scale are not as likely to want to move as those in its middle ranges. Single males are most inclined to consider moving, followed by couples and single females.

Most senior citizens indicated they would prefer to own rather than rent their dwellings. Most would prefer to own free-standing condos, but flexibility was demonstrated in second and third choices regarding apartments. The desire to live in a mixed-age community was also stronger than for a seniors-only community.

Teachers expressed the most interest in living in workforce housing in Westport. Sixty percent of emergency personnel expressed some interest, and 24 percent of these respondents were very interested.

According to the statement, the interest in workforce housing appears to vary with length of employment - those who have been employed less than five years, among both first responders and teachers, are most interested. Within the group of teachers who are interested, all have been employed for less than five years. Teachers most interested in moving have longer commutes - although all teachers now living in Bridgeport are interested, and almost half already living in Westport expressed interest. Most workforce responses prefer to rent rather than buy.

"This proposal will be welcome news to many Westporters, either living here in housing that is substandard or beyond their means or ability to maintain, or working here and commuting long distances daily," said Human Services Director Barbara Butler. "Housing related issues have been consistently the most frequently identified reasons people contact our department, and that has been the case for as long as I can remember. There is no question in my mind that this housing will meet a need expressed by seniors and members of the town's workforce, and that it will benefit the community to use this beautiful property for this purpose. This is an exciting step forward."

Joseloff intends to request an 8-24 Report from the Planning & Zoning Commission to use Baron's South to expand housing options for seniors and workforce.

In a recent report commissioned by the town, Weston & Sampson Engineers, laid out various options for housing on Baron's South. According to the Selectman's statement, the town will now propose a three-story, seniors-only, rental building within walking distance of the Center for Senior Activities. This building could contain 28 one-bedroom units and 15 two-bedroom units, 43 units in total.

These units would be affordable to those earning no more than 80 percent of the state median income level (now about \$65,680 for a family of four). Also, 56 town house units will be proposed to serve the workforce and seniors, defined as those earning no more than 110 percent of the area median income (now about \$129,580 for a family of four).

Joseloff said, "I am very grateful to Barbara Butler and Shelly Kassen for their efforts on this project. Their commitment to affordable housing and to our community at large is commendable."

He added, "We have done our homework, determined the need, and have found that the best and most practicable use of the unused portion of Baron's South is to meet Westport's housing needs. I urge all Westporters who want to see the town remain a vibrant, diverse community to join in supporting this important effort."

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Wider Opportunities for Women

Celebrating Over 40 Years of Building Pathways to Economic Independence