



Wider Opportunities for Women

## ***Elder Economic Security Initiative™ Program – October 31, 2008***

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### **Inside this EESI Weekly Update...**

**On The Hill** – Congress is currently in recess but hearings are still taking place in anticipation for the organization of the 111<sup>th</sup> Congress.

**In The Administration** – The White House Council of Economic Advisers Chair says that an economic stimulus plan is a bad idea and will not solve the economic crisis. The Centers for Medicare and Medicaid Services (CMS) announced plans last week to take regulatory action to address concerns over the commissions of Medicare Advantage sales agents.

**Resources** – The Federal Reserve System and its 12 member banks partnered with the Brookings Metropolitan Policy Program to produce a new, in-depth look at concentrated poverty in America. The Kaiser Family Foundation reports on the economy's affect on Americans affording prescription drugs. The Department of Health and Human Services shows the rising cost Medicaid will have in the next decade. The Commonwealth Fund evaluates Massachusetts health reform, one year after being put in effect and also reports on the positive aspect of improving interdisciplinary collaboration in the geriatric field. The Center for American Progress releases their anticipated paper on women in poverty.

**In the News** – The Washington Post looks at the ups-and-downs of caring for elder parents. Minnesota Public Radio takes a look at elders negatively affected by the economic crisis, and Reuters reports on the pressure elders feel to stay in the workforce.

### **ON THE HILL...**

Although Congress technically is in a pre-election recess, there continues to be a fair amount of activity in the nation's capitol. Hearings are taking place and plans for a lame-duck session are being shaped. Both the House and Senate plan to be back in Washington the week of November 17<sup>th</sup>, during which time they will organize for the 111<sup>th</sup> Congress and may take up a second economic stimulus package. Whether Congress takes up a second economic stimulus package will be determined by where Senate Republicans, particularly those who are retiring or defeated, stand on it, and exactly what the Administration tries to extract from Congress in exchange for signing stimulus legislation. Those two issues remain as potential stumbling blocks at this writing.

Despite that uncertainty, House Democratic leaders appear to be moving toward bringing a \$100 billion economic stimulus package to the floor during a lame-duck session the week of November 17<sup>th</sup>. Among

the spending priorities being discussed are federal matching funds for state Medicaid programs; an extension of unemployment benefits; expanded food stamp spending; and money for infrastructure projects. (All were included in the in the Democrats' previous effort to pass a second stimulus measure). It has been reported that the infrastructure spending discussions are focused on alternative energy projects, the national electricity grid, expanding broadband Internet access and creating "green" jobs. Last week, House Education and Labor Chairman George Miller (D - CA), who is reported to be playing a significant role in shaping the House stimulus package, called for, among other things, increased funding for job training and education. The U.S. Conference of Mayors has asked for \$90 billion in new spending for highways, water and sewer projects, mass transit, repairing crumbling schools, green jobs, and additional funding for community development block grants, airport improvements and public housing. Business interests continue to push for inclusion of programs to help small businesses, the auto industry and mortgage-related matters.

House Republican Leader John Boehner (R-OH) this week called for an economic stimulus package focused on further tax cuts. He proposed doubling the child tax credit to \$2,000 per child, reducing the corporate tax rate to 25 percent (from 35 percent), suspending taxes on capital gains for two years; and allowing all businesses to expense newly acquired business property. The GOP plan also calls on Congress to enact its energy plan.

Both the House Ways and Means Committee and Transportation and Infrastructure Committee held hearings on a stimulus package this week. To read the testimony submitted at the hearings, go to <http://waysandmeans.house.gov/hearings.asp?formmode=detail&hearing=650> and <http://transportation.house.gov/hearings/hearingDetail.aspx?NewsID=776>.

In terms of longer-term economic legislation, it is reported that Democratic leaders are open to exploring provisions related to retirement security, including transparency in 401(k) fees and waiting penalties for seniors who do not make mandatory withdrawals from their accounts this year. There has been some talk of including funding for the development of a financial literacy curriculum as part of an eventual reauthorization of No Child Left Behind.

### **IN THE ADMINISTRATION ...**

White House Council of Economic Advisers Chairman Edward Lazear on Thursday said the Bush Administration opposes moves to provide a new stimulus to the economy, saying that the \$700 billion financial market bailout bill signed into law this month should turn the sagging economy around. Lazear went on to say that the bailout bill, designed to spur banks to lend to businesses and individuals, deals with the "cause" of the economic crisis, while a stimulus measure would address only "symptoms" of the problem. Despite these comments, the White House has said that it is open to suggestions on a stimulus package. The Administration's priority for the lame duck session is approval of the Columbia Free Trade agreement.

The Centers for Medicare and Medicaid Services (CMS) announced plans last week to take regulatory action to address concerns over the commissions of Medicare Advantage sales agents. As of September 15, CMS declared that first year commissions could not exceed 200% of an agent's commission for the next five years. This removes incentive for agents to move beneficiaries between different plans each year. According to the *Kaiser Daily Health Policy Report*, some plans are increasing commissions in order to lock seniors in for five years. House Ways and Means Subcommittee on Health Chair Pete Stark (D-CA) expressed his concern, stating that the increased commissions will lead to "an unprecedented

amount of churning of beneficiary enrollment, in a way that is disruptive to their care and detrimental to their coverage.”

## **RESOURCES...**

### **The Enduring Challenge of Concentrated Poverty in America**

A new study released by the Community Affairs Office of the Federal Reserve System and the Brookings Institution's Metropolitan Policy Program takes an in-depth look at concentrated poverty in America. This report is the first to analyze poverty in 16 high-profile communities that range from immigrant gateways such as El Paso, Tex., to small cities such as Albany, Ga. In examining these challenges, the report explores strategies to reduce poverty implemented by local nonprofit organizations, public officials and the private sector to reduce poverty. Read the reports' findings [here](#).

### **The Kaiser Family Foundation: Growing Number of Americans Report Problems Paying Medical Bills and Delaying and Skipping Care Due to Costs**

A recent KFF report finds that 27 percent of U.S. residents decided not to fill a prescription due to cost and 22 percent have split pills or skipped dosages in order to extend the length of time before they need a prescription refill, over the past three months. Read the reports' key findings [here](#).

### **Department of Health and Human Services: Medicaid Spending Projected to Rise Much Faster Than the Economy**

This new report, done by the Centers for Medicare & Medicaid Services (an HHS division) outlines the increased cost of Medicaid in the coming decade due to increased enrollment and rise in average cost per person. Read the full report [here](#).

### **The Commonwealth Fund: How Have Employers Responded to Health Reform in Massachusetts? Employees' Views at the End of One Year**

Massachusetts enacted health reform legislation in 2006 to move the state to near-universal coverage. Critics voiced concerns that employers would be forced to drop coverage, but so far the state's decision seems to be a success. Read the full analysis [here](#).

### **The Commonwealth Fund: Improving Interdisciplinary Collaboration in Geriatric Training**

This study looks at the geriatric field and its continual need for more workers and how geriatric specialists can better serve older adults through education and training that incorporates common themes among health care disciplines and emphasizes collaboration among providers. Find out more [here](#).

### **The Center on American Progress: The Straight Facts on Women in Poverty**

The Center for American Progress report examines the lives of women in poverty and finds that 54% of women in poverty are single without children. Also, outlined are CAP solutions to the poverty problem. Read the policy brief [here](#).

## **IN THE NEWS...**

### **Caring for Aging Loved Ones Can Be A Catch-22**

The Washington Post (Health Day News), E.J. Mundell, October 27, 2008

In her long struggle to care for her gravely ill husband, journalist and Passages author Gail Sheehy recalls one defining moment.

More than a year ago, her husband, publisher Clay Felker, was being discharged from a New York City rehabilitation facility after spending several months there in his long battle with throat cancer. As always, Sheehy was at his side.

"So, he has to come home now, and we've run out of benefits," Sheehy recalled at a recent media briefing in New York City. "We're coming out, and there's also nobody telling me what I have to do. He has a feeding tube, he has a tracheotomy, he has medications. I don't know where to start."

Desperate, she sought out and hired a "geriatric care manager" -- at \$125 an hour -- to advise them. Their insurance might still pay for an at-home nurse, she found out, but only if it's a Medicare-approved nurse -- and there aren't any available in the city. There are home health-care aides, of course, "but they cannot do medical services like giving a shot, taking care of a trach, changing a feeding tube," Sheehy said.

And then there's the quandary of how to pay for a nurse, should one be available. Once private insurance benefits end, the only option for most Americans is Medicaid, which requires that recipients have less than \$5,000 in assets.

Her geriatric care manager spelled it out to Sheehy: If the couple first exhausts all their remaining assets, then Medicaid will cover Felker's nursing care.

And if Sheehy, in her late 60s, wasn't willing to give up all her assets and income?

"Then, you need to divorce him," the geriatric care manager told her.

In Sheehy's case, it never came to that. She and Felker scraped together enough money to hire qualified, in-home caregivers via the network of health care helpers known as the "gray market," and Felker's last months were spent at home, relatively serene. He died in July at age 82.

Sheehy called her 15-year journey with Felker through the U.S. health care system a "nightmare," and she wonders how less affluent and well-connected Americans are faring.

"I'm a journalist, I have a lot of contacts, I've worked all my life and done reasonably well. My husband was successful," she said. "But we had a hell of a time trying to maintain some quality of life." The phenomenon of middle-class, middle-aged Americans stretched to their emotional and financial limits caring for sick spouses or parents is one that's already widespread and likely to get worse, experts say.

*Some statistics:*

U.S. Census figures project that the number of Americans 65 or over will double by 2030, and that two-thirds of today's 65-year-olds will require some period of long-term care later in their lives. At the same time, according to one recent study, the number of geriatricians has actually declined in recent years, to about 7,750: that translates to one for every 4,254 older Americans. In addition, it's projected that the country will face a shortage of more than 800,000 nurses by 2020. According to U.S. government surveys, in 2004, there were 2.5 million Americans living in either nursing homes or assisted living facilities. The average cost of a private room in a nursing home, according to a recent MetLife study: \$75,000 per year. The AARP notes that two-thirds of older Americans who needed long-term care now rely completely on unpaid help -- in most cases, family.

The trouble is, "caregivers just feel utterly unprepared for their role," said Carol Raphael, president of the Visiting Nurse Service of New York, who joined Sheehy and other experts at the briefing on eldercare. Many of the family caregivers VNS staffers encounter feel left out of crucial decisions concerning their loved one's care, Raphael said. "They are often on the border -- they aren't even included in thinking about how care will be provided."

Another big challenge -- caregivers are often confronted with an array of doctors, procedures, paperwork and facilities, with no one to help pull it all together. "In the current system, there's no one accountable," Raphael said. "That's why it can cost you \$125 an hour [for a geriatric care manager], because you're trying to fill that hole."

Too often, chronically ill patients and their families simply lurch from one crisis to the next, with no continuity of care to make sure that once patients leave the hospital, they aren't getting readmitted a few weeks later.

"Care has to be coordinated and supported," said AARP president Jennie Chin Hansen, who has 40 years of experience as a nurse. "We have to be preventing things from happening, because there are things that we know cause you to go to the hospital again: taking the wrong medications while you're back home, for example." Chin and other experts focused especially on the crucial 30 days after a hospital discharge. Close monitoring and follow-up during that month can greatly reduce unnecessary suffering and cost, they said.

Across America, much of the in-home care that is provided is carried out by home health care aides, who are often woefully under-trained, the experts said.

"They are the glue that is holding the home health care system together," said Raphael. But, she added, she is "shocked" that, in most states, "we have very minimum training requirements for these para-professional workers who are handling very complex cases."

In New York State, for example, home health care workers are required to undergo 120 hours of training before getting certification. That might sound OK, until you realize that nail technicians in California need to have 350 hours of training to be certified to work in a salon, Raphael said.

"The pay scale [for home health aides] is also relatively low, and they don't have health care benefits, on top of that," Chin added.

Wage issues are keeping the number of geriatricians at an all-time low, as well. Geriatricians are crucial, the experts said, because they look not at a particular disease or body site, but at the older person as a

whole. However, a recent U.S. Institute of Medicine report found that geriatricians remain the lowest paid medical specialty of all.

Boosting the number of geriatricians, nurses and well-trained home health care aides will be a top priority in easing the eldercare "squeeze," the experts agreed. The same can be said for recent moves by government and medical institutions to cut down on red tape and better coordinate care, especially between the hospital and home.

In the meantime, aging Americans should plan wisely, especially since resources vary widely state by state.

"Friends will call and tell me, 'My mother's moving to South Carolina.' I often tell them 'Well, you better check out what's available,' "said Pat Ford-Roegner, CEO of the American Academy of Nursing. "Ask what services are available for long-term care. But, people just aren't thinking that way."

One good resource: The National Association of Area Agencies on Aging ([www.n4a.org](http://www.n4a.org)), found in every state, can give details on what's available to you locally.

It also pays to think about how you will pay for long-term care, since Medicaid only kicks in after personal finances are exhausted -- something Raphael labeled "a policy of pauperization."

In the end, it will be middle-income Americans who feel the squeeze most, according to Sheehy, who is currently writing a book about her care-giving experience.

"For people who are very wealthy, if the family cares about the loved one, they'll be able to provide this care. And the poor finally get a break, because they can get on Medicaid," she said. "But it's the vast lower-middle to upper-middle class that is really getting the shaft."

#### *More information*

There's more on the challenge of caring for the aging, and possible solutions, at the National Institute on Aging.

#### **Older Americans Hit Hard by Economic Turmoil**

Minnesota Public Radio (MPR), Tom Robertson, October 28, 2008

*Many people are worried over the slumping stock market and weak economy. Retirement accounts in the U.S. lost about 18 percent of their value in the past year. That means those hardest hit may be older Americans who are nearing retirement or who've already retired. Investment losses are forcing many people to rethink plans for their golden years. Some are figuring out they can't afford to retire, and there are signs that many retirees are heading back to work to bolster their incomes.*

Sandy Tracy, 61, of Darwin, Minn. retired from teaching three years ago. Tracy says she and her husband did all the right things to get ready.

They contributed to 401k plans and have several individual retirement accounts. As they got older, Tracy says they pulled back on riskier investments and moved their money into more conservative funds.

Still, their nest egg is shrinking. They've lost \$119,000 just since June.

"There's a little bit of irony in there, that hard work doesn't always pay off," said Tracy.

The bad economic news has thrown the couple's plans up in the air.

Tracy's husband Dick is 60 years old, and is still on the job as a social worker. Tracy says they may have to postpone his retirement plan.

"My husband would really like to retire in the spring, but I'm kind of trying to gently tell him he really needs to wait until he's 62, so that he's eligible for Social Security," Tracy said.

The couple's investment loss, along with the rising costs of food and fuel, is forcing them to make other choices. They'd planned on staying in the home they built 18 years ago, but they're now considering downsizing to something more affordable.

Tracy says she's even considering going back to work, something she's reluctant to do. She worries that the souring economy will rob her of the retirement freedom she worked so hard for.

"You put that money aside expecting it to continue to grow, and so the thought of starting to withdraw it when it's at a lower value is certainly frightening," said Tracy. "The economic times have made it more anxious for us in terms of trying to figure out what to do."

Analysts say the value of retirement accounts in the U.S. has declined by about \$1.6 trillion in just the past year.

According to a new report from the Washington D.C.-based Urban Institute, a nonprofit organization that analyzes social and economic issues, the impact of the Wall Street meltdown has been significant on seniors.

Co-author Richard Johnson says the crisis has turned back the clock on people's retirement plans.

"The decline in the stock market has basically wiped out all of the savings that people made since 2005," said Johnson. "It's really hitting people who are closest to retirement hardest, because they're the ones with the most retirement savings and they're the ones with the least amount of time to recoup these losses."

As retirees watch their nest eggs dwindle, Johnson says many will have no choice but to go back to work. He says that may not be easy.

"If we're entering a deep recession -- and all the indicators are that that's about to hit -- and the unemployment rate is already started to increase, older people who have been out of the labor market, whose skills maybe have deteriorated somewhat, could find it challenging going back," he said.

Johnson says the trend of retirees re-entering the workforce isn't new. That number has been rising over the past decade, with about one-quarter of retirees heading back to work.

Johnson says it's driven by rising health care costs and an erosion of retiree benefits. Many experts say the housing and stock market crisis will accelerate that trend.

Paul Anderson, Minnesota operations coordinator for Experience Works, a nonprofit organization that assists older, low-income people find work, says he's recently seen a significant increase in the number of retirees seeking employment. He says it's not just people who own stocks or IRAs who are suffering from the bad economy.

"We're working with people, sometimes in their 60s, 70s and even 80s, who are trying to get by on \$400, \$500, \$600 a month Social Security, and finding they just can't buy the gas and pay the fuel and pay the medical costs on that limited income, even though when they first retired they thought they could," Anderson said.

Analysts say as more seniors stay in the workforce, it means they're not creating job openings. That means younger people who were expecting to move into those jobs may have a harder time finding work.

### **Financial Crisis Adds Pressure to Keep Working**

Reuters, Ellen Wulforth, October 23, 2008

An 82-year-old real estate agent with severe arthritis and two artificial hips thought she would be retired by now, while a professor 25 years her junior wonders if he will ever stop working.

With stock portfolios shrinking in recent weeks, and house values sinking over the past year, many older Americans still on the job say they see no end in sight.

A majority of Americans have long said they expect to work past retirement age and now, with the financial crisis, their numbers are bound to grow, experts say.

Even before the crisis, 70 percent of older workers surveyed last year planned to work into their retirement years, research released this week by the AARP lobbying and advocacy group for older Americans showed. A need for money was the most common reason they cited.

"There's a lot of reasons for people to be less secure in retirement than they were 20 years ago or even 20 days ago," said Richard Johnson, researcher at the Urban Institute in Washington.

"This is a long-term change that we're seeing and of course it's really been magnified in the past month," he said.

While no up-to-the-minute data is available to show just how many more older workers will be staying on the job, there's little doubt more will make that decision, said Deborah Russell, director of work-force issues at AARP.

"With people's knee-jerk reaction in looking at both the economy and looking at their own finances, working longer may be the only way to get themselves to remain financially secure," she said.

The consequences for the workplace may be significant as more people stick around longer, experts say. One concern is older workers may be more costly in terms of salary and benefits, they say.

### *Gray Ceiling*

Another effect is the so-called gray ceiling, where older people are not leaving and ceding top jobs to younger workers, Johnson said.

"A lot of younger people are waiting for those good jobs," he said. "To the extent that older people are not giving up those jobs, that's going to cause problems."

For older workers such as the elderly real estate agent, being unable to retire is a poignant disappointment. And it's one she does not want her neighbors in New Canaan, Connecticut, to know about, so she did not want her name used.

"I believed I had a good amount of security. Now I have a nominal amount of security," said the widow. "The added problem that my generation has is that we can't wait for a recovery. I may not be here when the recovery comes."

In Boone, North Carolina, Mike Dotson, 57, said he can barely imagine retiring, thanks to his shrinking investments on top of years paying college tuition for his son. So, he said, it's a good thing he likes his job as a professor of marketing at Appalachian State University where he has been for 25 years.

"My rule has always been, as long as it feels good, you keep doing it," he said.

Staying on the job is the one thing people can do in the light of the financial chaos, said Alicia Munnell, director of the Center for Retirement Research at Boston College.

"Control what you can control. We can't do much about the craziness in the market, but you certainly can control, in many cases, how long you're going to work," she said. "That is actually the most potent way of improving your situation."

"We thought that was the right answer even before the financial crisis," she added. "Everything has just intensified since then."

Older workers should make clear to their employers that they want to keep working, she advised. "Don't look like a person who is just reading Florida brochures."

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