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THE PROPOSED FISCAL 1975 BUDGET:  
WHAT IT MEANS FOR OLDER AMERICANS

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PREPARED BY THE STAFF OF THE  
SPECIAL COMMITTEE ON AGING  
UNITED STATES SENATE



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## THE PROPOSED FISCAL 1975 BUDGET: WHAT IT MEANS FOR OLDER AMERICANS

President Nixon submitted the Administration's proposed fiscal 1975 budget—one that would increase Federal spending by \$29.8 billion, to \$304.4 billion—to the Congress on February 4.

Of special significance, the new budget projects \$100 billion in spending for "income security" programs.

But most of these so-called outlays are derived from trust fund items, such as Social Security and Medicare. Unlike defense expenditures—which come from general revenues—Social Security, Medicare, and other trust funds for the aged have been built up primarily through payroll contributions. Payments under such social insurance programs, however, represent something that the elderly have earned during their working years.

To help provide a summary of the impact of the unified budget on the aged—both in terms of trust fund items and discretionary spending—the Committee staff has prepared the following analysis. Among the major programs for aged and aging Americans:

### PROPOSED AOA FUNDING REDUCED

A \$15 million cutback in funding (compared with the fiscal 1974 Labor-HEW Appropriations Act, Public Law 93-192)<sup>1</sup> is proposed for the Older Americans Act under the Administration's fiscal 1975 budget request.

For the most part, the new budget is identical with the fiscal 1974 request for the Older Americans Act—with no changes in overall funding proposed for the Title III State and Community Programs on Aging (\$96 million), Title IV Research (\$7 million), and the Title VII Nutrition Program (\$99.6 million). Again, no funding is requested for the Title IV Training Program, although the Congress reversed an earlier Administration decision in fiscal 1974 and approved \$10 million. Moreover, the new budget includes virtually no funding for every program which had been given an open-ended authorization under the Older Americans Comprehensive Services Amendments (see table, page 2) with the exception of Model Projects and Research.

Approximately 400 area agencies on aging are expected to be funded with the \$76 million allotment for Area Planning and Social Services, compared with a minimum of 300 projected for 1974. Of the \$5 million earmarked for Model Projects, \$960,000 is budgeted for evaluation activities under the Older Americans Act. Research money includes \$4 million to continue 48 projects in fiscal 1975 and \$3 million for 32 new

<sup>1</sup> The fiscal 1974 Labor-HEW Appropriations Act (Public Law 93-192), however, permitted the Administration to impound up to "5 percent for any activity, program, or project" (see December 26, 1973, Memorandum for more details). Under this arrangement, \$212.1 million would be available for fiscal 1974, or \$9.5 million above the new budget estimate for the Older Americans Act.

programs. This compares with \$2.9 million in fiscal 1974 for continuation of 42 projects and \$4.1 million for 46 new research and development programs. Despite burdensome increases in food prices in recent months, the Title VII program is projected to provide about 200,000 meals per day for 5 days a week—the same amount as expected when the Nutrition Program is fully operational in 1974. Two reasons have been cited: (1) The 10 percent allowance for administrative expenses, which was applicable for the first year of operation of the program, will disappear in fiscal 1975; and (2) certain necessary startup costs will not be repeated during fiscal 1975, thus reducing the overall administrative costs of the program. As things now stand, the fiscal 1974 nutrition funds (\$99.6 million) will probably be released during the latter quarter of the present fiscal year, and will be used to pay for fiscal 1975 program costs. The Comptroller of HEW has ruled that State agencies on aging may use the nutrition funds for a year beyond the present fiscal year appropriation.

*Funding for programs under the Older Americans Act*

[In millions of dollars]

	Authorization, fiscal 1975	Budget request, fiscal 1975	Fiscal 1974 appropriation
Title II: National information and resource clearinghouse.....	(1)	0	0
Title III:			
Area planning and social services....	\$130	\$76.0	\$68.0
Administration.....	(2)	15.0	12.0
Model projects.....	(1)	5.0	16.0
Title IV:			
Training.....	(1)	0	10.0
Research.....	(1)	7.0	7.0
Special transportation study.....	(1)	0	0
Multidisciplinary centers of gerontology.....	(1)	0	0
Title V:			
Multipurpose senior centers.....	(1)	0	0
Annual interest grants.....	(1)	0	0
Personnel staffing grants.....	(1)	0	0
Title VII: Nutrition program.....	(3)	99.6	104.8
Total.....	(4)	202.6	217.8

<sup>1</sup> Open-ended authorization (such sums as may be necessary for carrying out the purposes of the program).

<sup>2</sup> Included in authorized funding for area Planning and Social Services.

<sup>3</sup> The title VII program expires on June 30, 1974. However, S. 2488 (introduced by Senator Kennedy) would authorize \$150,000,000 for fiscal 1975—the same amount as authorized for fiscal 1974.

<sup>4</sup> No total because of open-ended authorizations for several programs under the Older Americans Comprehensive Services Amendments of 1973 (Public Law 93-29).

**\$4 MILLION FUNDING INCREASE PROPOSED FOR AGING AT ACTION**

A recommendation of \$44.38 million is proposed in the new budget for ACTION's aging programs—Foster Grandparents, the Retired Senior Volunteer Program (RSVP), Service Corps of Retired Executives (SCORE), and Active Corps of Executives (ACE). This represents slightly more than \$4 million above the fiscal 1974 appropriation. The Administration's budget calls for a \$3 million increase for the

Foster Grandparent Program, from \$25 million to \$28 million. This amount would enable approximately 12,000 persons 60 and over to provide helpful services for 65,800 children. In addition, \$2.4 million in carryover authority from the fiscal 1973 Foster Grandparent appropriation is earmarked for Senior Companions in fiscal 1975, the identical amount as provided in 1974. This funding would support 18 projects in 1975 (the same as in 1974) and 865 participants, compared with 250 in 1974. A \$980,000 increase is also proposed for RSVP, from \$15 million in 1974 to \$15.98 million. With this funding, about 105,000 volunteers 60 and over would participate in RSVP in 1975, compared with 93,000 in 1974. The new budget estimate also raises funding for SCORE and ACE from \$208,000 to \$400,000. For fiscal 1975, it is projected that there will be 250 SCORE chapters with 5,550 volunteers, in contrast to 230 chapters and 5,000 volunteers in 1974. The proposed new funding for ACE would allow the program to increase from 3,000 volunteers in 1974 to 3,500 in 1975.

### *ACTION's aging programs*

[In thousands of dollars]

	Authorization, fiscal 1975	Budget request, fiscal 1975	Appropriation, fiscal 1974
RSVP.....	\$20, 000	\$15, 980	\$15, 000
Foster Grandparents.....	40, 000	28, 000	25, 000
SCORE/ACE.....		400	208

### CUTBACKS REQUESTED FOR AGING ACTIVITIES AT NICHD

The new budget calls for \$124.897 million for the National Institute of Child Health and Human Development, with 11 percent (\$13.855 million) allocated for aging research and training. This request represents a \$2.1 million cutback, compared with the fiscal 1974 appropriation (\$15.985 million). Major reductions include \$2.6 million for research grants and nearly \$300,000 for training grants. Fellowships and labs and clinics would, however, be boosted by \$431,000 and \$122,000, respectively.

### *Aging research and training activities at NICHD*

[In thousands of dollars]

	Budget request, fiscal 1975	Appropriation, fiscal 1974 <sup>1</sup>
Research grants.....	\$6, 461	\$9, 068
Fellowships.....	661	230
Training grants.....	1, 156	1, 485
Labs and clinics (intramural program in Baltimore).....	3, 824	3, 702
Contracts.....	800	700
Biometry and epidemiology.....	99	95
Research, management, and program services.....	854	705
Total.....	13, 855	15, 985

<sup>1</sup> Appropriations for individual items for fiscal 1974 differ slightly from figures reported in Dec. 26, 1973 Memorandum because of revised allocation amounts. However, the total appropriation remains unchanged.

## SOCIAL SECURITY BENEFITS

Old Age and Survivors Insurance benefits are projected at \$55.8 billion in fiscal 1975, nearly \$7.7 billion above the 1974 level. Disability insurance payments are estimated to increase from \$6.2 billion in fiscal 1974 to \$7.5 billion in fiscal 1975. The forecast for the total number of Social Security beneficiaries for fiscal 1974 is 29.9 million, including 7.5 million under age 62.

### 4.8 MILLION SSI RECIPIENTS EXPECTED IN 1974

Approximately 4.8 million aged, blind, and disabled persons are expected to receive Supplemental Security Income benefits at the end of 1974. This figure is projected to reach 5.6 million in 1975. Federal payments for basic SSI benefits are estimated at \$1.6 billion in 1974 and \$3.9 billion in 1975. In addition, Federal payments for administration of the State supplemental payments program are projected at \$800 million for 1974 and \$1.6 billion in 1975.

### MEDICARE PAYMENTS ESTIMATED AT \$13.4 BILLION

Medicare payments for hospital and medical services for the aged and disabled are projected at \$13.4 billion for fiscal 1975, nearly \$2 billion above the estimated 1974 level. The 1975 budget gave this assessment for the expected increase:

The volume of claims will rise in 1974 and 1975 as a result of the normal growth in the age 65 and over population, the projected increase in utilization of medical services, and the addition of disability beneficiaries in 1974.

In fiscal 1975, Medicare payments are estimated at \$9.8 billion for hospital services and \$3.6 billion for medical services. Approximately 5.6 million beneficiaries will receive reimbursed services under the Part A Hospital Insurance Program and 12.2 million under the Part B Supplementary Medical Insurance Program.

The new budget also projects that 5,141,000 persons 65 and over will receive medical assistance under the Medicaid program—down slightly from the expected total of 5,152,000 in fiscal 1974. The elderly will account for about 18 percent of all persons (total number 28,566,000) in the Medicaid program in fiscal 1975.<sup>2</sup>

### RAILROAD RETIREMENT ANNUITIES

Obligations for retirement, disability, and survivor benefits under the Railroad Retirement program are estimated at \$2.745 billion in fiscal 1975, about \$50 million above the fiscal 1974 projection (\$2.678 billion). Approximately 1 million persons are expected to receive benefit payments in fiscal 1975. About 118,000 will receive supplemental annuities.

<sup>2</sup> Further word on the Administration's health efforts was provided in the form of a message sent to Congress on February 6. That message called for enactment of "The Comprehensive Health Insurance Act of 1974" which would modify Medicare benefits to conform to a national plan for all ages. Medicaid would essentially be abolished, although States could still supplement the national plan.

## VETERANS' ADMINISTRATION PENSION AND COMPENSATION PAYMENTS

The fiscal 1975 budget expects 2.6 million veterans (1.431 million) and survivors (1.170 million) to be eligible for nonservice-connected disability pensions in fiscal 1975. More than 1 million of this total served in World War I, the Mexican border period, and the Spanish-American War. Nearly 3.9 million veterans (3.183 million) and survivors (760,000) are expected to receive compensation payments for service-connected disabilities or deaths. Almost 2 million recipients served in World War I, the Mexican border period, and the Spanish-American War. Compensation payments per case are expected to average \$1,449 a year for veterans in fiscal 1975 and \$2,030 for survivors. Nonservice-connected disability pensions are estimated to average \$1,469 a year for veterans in fiscal 1975 and \$2,030 for survivors.

## INCREASED FEDERAL OUTLAYS FOR LONG-TERM CARE PROJECTED

Federal outlays for long-term care are projected at about \$2.4 billion, nearly \$700 million above the fiscal 1974 estimate. The new revised estimate for long-term care expenditures for fiscal 1974 is, however, about \$400 million below the initial projection in the Administration's fiscal 1974 budget. Expenditures for skilled nursing care are expected to reach \$286 million in fiscal 1975. This amount is about \$35 million above the estimated 1974 level, but it is still below the 1968 payments of \$340 million. Long-term care services (nursing facilities and intermediate care facilities) account for the largest portion of the Medicaid dollar: 34 percent (20 percent for skilled nursing and 14 percent for intermediate care). Hospital services are projected to constitute 28 percent of Medicaid outlays.

Home health services are budgeted at \$80 million under Part A (Hospital Insurance) under Medicare and at \$47 million under Part B (Supplementary Medical Insurance)—almost the same amounts as projected for fiscal 1974.

## SOCIAL SERVICES FOR ADULTS

Federal costs for social services under the Social Security Act are estimated at \$2 billion in fiscal 1975, the same amount as fiscal 1974. This, however, is still \$500 million below the \$2.5 billion ceiling. Outlays for adults—the aged, blind, and disabled—will account for 25 percent of the total: \$499 million (compared with \$480 million in fiscal 1974). Approximately 2.4 million aged, blind, and disabled persons are expected to receive social services under the Social Security Act.

## MANPOWER TRAINING AND EMPLOYMENT ASSISTANCE

The special revenue sharing approach to manpower programs, recommended last year in the budget message, was adopted in modified form by the Congress in the Comprehensive Employment and Training Act of 1973 (see December 26, 1973, Memorandum for more details). Categorical programs, such as the Mainstream projects for older

workers, will generally no longer be operated on a national basis, although the Secretary of Labor has discretionary authority for certain services for older workers and others. State and local authorities which are prime sponsors may use their funds to provide any manpower services, including services to older workers.

In addition to Manpower Revenue Sharing, Title IX of the Older Americans Comprehensive Services Amendments of 1973 provides for community service employment similar to Mainstream projects. The 1974 Supplemental Appropriations Act provided \$10 million to fund this program for the remainder of fiscal 1974. No funds have been requested for fiscal year 1975.

The amount of funds devoted to older worker community service projects during fiscal 1975 will depend upon: (1) The number of projects approved by State and local prime sponsors; (2) the number of national projects funded by the U.S. Department of Labor; and (3) the number of slots allocated under the public employment program discussed below. Total funding for manpower programs for fiscal 1975 is about \$2 billion.

#### EMERGENCY EMPLOYMENT ASSISTANCE

This public employment program is being phased out in 1974, but a new authorization for a similar program is contained in Title II (Public Employment Programs) of the Comprehensive Employment and Training Act of 1973. Under the new authority, the Administration has requested an amendment to the 1974 budget to provide \$250 million for 35,700 public service employment jobs or training in areas with an unemployment rate of 6.5 percent or more. The request for fiscal 1975 is for \$350 million. These estimates for the new program are at a much lower level than the Emergency Employment Assistance Program, which was financed at over a billion dollars in 1973. About \$650 million is expected to be spent in fiscal 1974 as the program is phased out. Approximately 325,000 individuals were employed in transitional public service jobs in fiscal 1972, 1973, and 1974.

#### AGE DISCRIMINATION IN EMPLOYMENT REQUEST REMAINS BELOW AUTHORIZATION

The fiscal 1975 budget request to enforce the Age Discrimination in Employment Act is for \$1,755,000, compared to the 1974 request of \$1,451,000. This slight increase will not provide any additional staff to enforce the law. The proposed funding would support 69 positions, the same number assigned to ADEA enforcement activities since 1972. Although \$3 million is authorized under the Act, this amount has never been requested by any administration.

#### HUD EMPHASIS ON SECTION 23

Consistent with his housing message of September 19, 1973, the President in his new Budget Message continues to phase out existing housing programs and emphasize a "new" Section 23 Leasing Program.

The Section 23 program is available for both new construction and existing housing. Under this program, the Federal Government will

provide subsidies equal to the difference between the fair market rent of comparable standard units in each housing market area and the amount of rent paid by eligible families. Each family will pay no more than 25 percent of its adjusted income.

During fiscal year 1974, *no new commitments* for housing projects will be made under Rent Supplement, Homeownership (Section 235), Rental Housing (Section 236), and other forms of Public Housing, except as necessary to meet bona fide commitments which cannot be met under the new Section 23 Leasing Program. HUD will process 206,700 units in fiscal year 1974 under the various subsidized housing programs in addition to 118,000 units under the new Section 23 program.

During fiscal year 1975, HUD is authorized to process applications for 300,000 units of the new Section 23 program. No other programs will be used.

The Section 202 Housing for the Elderly and Handicapped Program will remain unused. The 202 Revolving Fund has \$36,388,206 as of November 30, 1973. HUD transferred \$63 million from this fund to the Disaster Relief Fund. The \$63 million is totally refundable should the 202 program be reinstated.

#### FOOD STAMP FUNDING RECOMMENDED AT \$4 BILLION

A funding request of \$4 billion is recommended for the Food Stamp Program in the fiscal 1975 budget, nearly \$1 billion above the 1974 appropriation. This rise in funding is attributed primarily to: (1) A greater number of participants in the program; and (2) increased bonus values for food stamp allotments. Approximately 15 million individuals are expected to participate in the Food Stamp Program during any 1 month in fiscal 1975. At the beginning of fiscal 1974 about 12 million persons received food stamps. Participation is projected to reach 15 million at the end of the present fiscal year. The Department of Agriculture makes no categorical breakdown by age of participants in the Food Stamp Program. But, it is estimated that about 20 percent of all Food Stamp recipients are age 65 or older.

#### \$71.5 MILLION PROPOSED FOR LEGAL SERVICES CORPORATION

President Nixon's fiscal 1975 budget includes \$71.5 million for a new Legal Services Corporation. Legislation has already been approved by the House (H.R. 7824 on June 21, 1973) and the Senate (S. 2686 on January 31) to establish a presidentially appointed Legal Services Corporation. S. 2686 would authorize \$90 million for fiscal 1975, and H.R. 7824 would establish an open-ended funding level. The budget request is expected to continue the present legal services program—with 263 projects, 734 offices, and 2,180 attorneys—at the same level as in fiscal 1974. It is estimated that these staff attorneys serve 500,000 clients per year and handle upwards of 1,500,000 separate legal problems. The legal services program now provides about \$790,000 for earmarked activities for the elderly, including:

1. \$542,000 (through June 30, 1974) for the National Senior Citizens Law Center (Los Angeles, Calif., and Washington, D.C.), which provides legal research and other helpful services for legal services attorneys representing the elderly.

2. \$87,000 (through November 30, 1974) for the Council of Elders' (Roxbury, Mass.) lay advocates demonstration program.

3. \$160,000 (through June 30, 1974) for the Presbyterian Senior Citizens Center in New York City, which engages in litigation in legal problems affecting the aged.

#### NO FUNDING PROPOSED FOR SENIOR OPPORTUNITIES AND SERVICES

For the second consecutive year, the Administration has requested no funds for the Senior Opportunities and Services Program. Congress, however, appropriated \$4 million for fiscal 1974 (See December 26, 1973, Memorandum for more details). Of this total, \$3 million will be used to continue 198 SOS projects through June 1974. The Office of Economic Opportunity plans to consider several alternatives for extending the SOS program.

#### NO FUNDING FOR SPECIAL EDUCATIONAL AND TRANSPORTATION PROGRAMS

On other fronts, no funding is requested for three new educational programs for the elderly under the Older Americans Comprehensive Services Amendments: (1) An Older Reader Services Program (including training of librarians to work with the aged and providing in-home visits by librarians), (2) assistance for utilizing the resources of higher education for developing programs with regard to transportation and housing problems of the elderly in rural and isolated areas, and (3) special programs for persons with limited English-speaking ability. Additionally, no funding is requested for the Biaggi amendment to the Urban Mass Transportation Assistance Act. The Biaggi amendment authorizes the Secretary of Transportation to make grants and loans for the purpose of providing mass transit services which meet the special needs of elderly and handicapped persons.

## APPENDIX

### STATEMENT BY SENATOR FRANK CHURCH ON THE IMPACT OF THE FISCAL 1975 BUDGET ON PROGRAMS AFFECTING OLDER AMERICANS

[From the Congressional Record, Feb. 7, 1974, p. S. 1502]

Mr. CHURCH. Mr. President, on February 4 the administration offered its proposed budget for fiscal 1975—a budget which would raise Federal spending to \$304.4 billion.

All in all, the administration's budget projects a \$29.8 billion increase in spending, including a \$6.3 billion boost for the Pentagon.

Ironically, the largest military spending request in our history—\$85.8 billion—comes shortly after the President declared in his state of the Union message:

For the first time in 12 years, a President of the United States can report to the Congress on the state of a Union at peace with every nation of the world. During the next few months, it will be incumbent upon every Member of this Chamber to scrutinize this budget closely and to make important judgments on spending priorities.

In this regard—as chairman of the Senate Committee on Aging—I have called upon the committee staff to make a detailed analysis of the impact of the fiscal 1975 budget upon programs affecting older Americans. This analysis should be printed as a committee document within the next 2 weeks.

However, a preliminary analysis clearly indicates that the new budget offers little assistance for new initiatives in the field of aging. In many respects the fiscal 1975 budget is characterized by retrenchment or "standpatism," at a time when inflationary pressures are driving up the operating costs of service programs for the elderly.

The classic example is the Older Americans Act. For fiscal 1975, the administration proposes to reduce funding by \$15 million below the present appropriation, the sharpest reduction in the history of the act. And, it also proposes to cut the heart out of essential programs such as the title IV training program. For the second consecutive year, no funding is requested.

A little less than a year ago, the Congress called for a substantially stepped-up commitment in the field of aging with the enactment of the Older American Comprehensive Services Amendments, after a struggle spanning 3 years. Two major purposes were spelled out in that legislation.

First. To improve the quality of services to the elderly; and

Second. To help meet the critical shortages of adequately trained personnel for programs in the field of aging.

But without a funding commitment for training, these two objectives could easily be hamstrung.

On other fronts the budget also deals serious blows to the field of aging:

No funding is recommended for the title IX Older American Community Service Employment Act, although the energy crisis has already substantially increased unemployment among older workers.

A \$2.1 million cutback in appropriations is urged for aging research and training at the National Institute of Child Health and Human Development.

No funding is proposed for senior opportunities and services, even though the Congress made a last minute effort last year to rescue this effective program for the elderly poor.

Age bias activities will continue at the same level, although "ageism" is still a very real and serious employment problem today.

The administration continues to reject the most effective housing program ever enacted for the aged, the section 202 housing for the elderly and handicapped program.

There are, however, a few bright spots in the administration's budget for older Americans. ACTION's aging programs—foster grandparents, the retired senior volunteer program, service corps of retired executives, and the active corps of executives—will be boosted by \$4 million.

But as things now stand, the disappointments in the new budget greatly outweigh the benefits for older Americans.

#### PRESIDENT'S HEALTH PROPOSAL

And, this is intensified by the announcement of the administration's new national health insurance program, which is essentially an earlier discredited proposal couched in new language.

Last year it was the budget that brought us the bad news for the elderly in the form of proposed increased costs under the medicare program. This year it is the proposal for national health insurance which would increase coinsurance and deductible charges. We have more "cost sharing" again which is nothing but an attempt to cut budgetary expenditures by making old and sick people pay more.

Today, medicare beneficiaries pay an \$84 deductible before hospital charges are paid by the program. There is no coinsurance charge until after 60 days of hospitalization.

The administration's proposal would require a \$100 deductible and 20 percent coinsurance for all covered hospital services. In an analysis of the proposal the National Council of Senior Citizens has estimated that under the administration's plan the cost of the average hospital stay of 12 days for medicare beneficiaries would be quadrupled—rising from the present \$84 to \$342.

Nor is that all. The monthly premium now paid for supplementary medical insurance would increase by about 20 percent, from \$6.30 to \$7.50. Home health visits would be cut from the present authorized 200 visits to 100 visits per year with no liberalization of the present stringent requirements to qualify for home health benefits.

Drugs are supposed to be included, but we have no details as to whether the proposed coverage of drugs would equal the legislation which I have sponsored and which has already passed the Senate. We do know that there would be a steep \$50 deductible before any prescriptions are paid for.

Finally, it is certainly meritorious that the administration's plan would cover hospital stays without limit for those who require lengthy hospitalization. I have sponsored, and the Senate has passed, legislation which would improve the medicare program substantially in this regard by increasing the lifetime reserve and reducing coinsurance charges.

Action to help these patients is to be welcomed, but too much emphasis is placed in the proposal on this catastrophic type of coverage while leaving uncovered such needs as routine medical checkups for older people and the provision of eyeglasses and hearing aids.

Nelson Cruikshank, president of the National Council of Senior Citizens, summed up the failings of the health plan very well when he said:

The Nixon plan might indeed be of some advantage to the very few who have extremely long stays in hospital. But the measure of advantage of any insurance plan—including health insurance—is how it meets the costs of the greatest majority of the people, and how it covers the risks most likely to occur to most people.

Mr. President, I ask unanimous consent that the statement by Nelson Cruikshank be printed in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

SENIOR CITIZENS LEADER SAYS: "NIXON HEALTH PLAN FOR ELDERLY IS AN OLD DISCREDITED PROPOSAL IN A NEW SUIT"

WASHINGTON, D.C., February 7.—So far as elderly people on Medicare are concerned, the new Nixon national health insurance plan is merely "an old discredited proposal brought out in a new suit." This was the statement made today by Nelson H. Cruikshank, President of the National Council of Senior Citizens, the largest organization of older people's clubs in the U.S., after the President's proposals were sent to Capitol Hill.

Cruikshank said last February HEW Secretary Caspar Weinberger called on Congress to "revamp" the Medicare program to discourage what the Administration described as "overutilization of health services" by increasing patient "cost sharing"—which, in fact, would have meant putting an increased financial burden squarely on the shoulders of the sickest Americans.

"Under both last year's plans and this so-called new proposal, the out-of-pocket expenses for Medicare patients would soar—especially for hospital care," said Cruikshank. "Using Administration cost figures, the average Medicare hospital stay of 12 days would be four times as large under the Nixon scheme—from the present \$84 to \$342."

Cruikshank continued, "For a 30-day hospital stay—the maximum confinement for more than 90 percent of all hospital patients—the patient would pay under the Nixon plan \$750 as compared to a current charge of \$84 under Medicare. This is nine times more costly."

"The Nixon plan might indeed be of some advantage to the very few who have extremely long stays in hospitals. But the measure of advantage of any insurance plan—including health insurance—is how it meets the costs of the greatest majority of the people and how it covers the risks most likely to occur to most people."

"This isn't the only area where the Nixon plan would sock it to the elderly."

"Under the Medicare plan (part B) the annual deductible for physician services is \$72 a year. But, under the Nixon plan, these costs jump to \$100 a year—about a 40 percent increase. The monthly premium would also increase by about 20 percent, from \$6.30 to \$7.50."

"The Nixon plan would also take a dignified social insurance program, with benefits as a matter of right, and turn it into a government welfare program by introducing a 'means test.'"

"We were told we would be receiving a major breakthrough in health care insurance from the White House. Yet when the package is unwrapped, some of it is missing. We are told that the portions of the health plan dealing with insurance for out-of-hospital drugs will be 'detailed at a later time.'"

"This is utterly unacceptable. We are being asked to buy a major health insurance plan, without being able to see all of it."

