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Luncheon Keynote address

Introduced by Monsieur Jerome Vignon
DG Employment, Social Affairs and Equal Opportunities
European Commission

Thank you, Mr. Vignon, for your kind introduction and for the opportunity to be part of this important Conference on long-term care.

I want to congratulate the European Commission, especially the Directorate General for Employment, Social Affairs and Equal Opportunities, as well as AARP for sponsoring this impressive gathering.

I am so honored to be here in Brussels, a city of so much history and international leadership. I bring you regards from another world capital – Washington D.C. It is an honor to be here representing the United States Government and President George W. Bush.

I am particularly delighted to be here with AARP'S President-elect Jennie Chin Hansen. Jennie is a colleague and a friend, and she is one of the real pioneers in long-term care in the United States. The On Lok program that Jennie developed in San Francisco is a model of integrated care that is now being replicated across our country. Congratulations Jennie on your new position - I look forward to working with you in this new role.

Much of what I will be talking about in terms of new initiatives and models of care come right out of the innovations that have been advanced by our states of which we have three states represented here today: Massachusetts, Connecticut, Vermont and Nebraska.

These are certainly historic times in long-term care.

Although we come from different countries with different health and long-term care systems, we share the common challenge of preparing for global aging and determining how we as governments, communities, and individuals will care for our loved ones – and ensure their dignity and independence --- as they age.

In my remarks today, I will highlight some of the key initiatives we are advancing in the United States to modernize our systems of care, and I'd like to begin with a quote:

”We've got an interesting debate in health care in America. And I guess if I had to summarize how I view it, I would say there's a choice between having the government make decisions or consumers make decisions. I stand on the side of encouraging consumers. I think the most important relationship in health care is between the patient and their provider, the patient and the doctor. ... And health care policy ought to be aimed at bolstering the consumer, empowering individuals to be responsible for health care decisions."

President Bush made this statement in August of this year, and his words reflect the central policy strategy we are using to make our system of care more cost-effective and more responsive to the needs and preferences of our citizens.

We are empowering our citizens by giving them more choices and greater control over their own health -- and their health care -- including more control over the types of benefits and services they receive and the manner in which those benefits and services are delivered.

We are also providing incentives to the states to expand the provision of home and community-based services to help older adults “age in place,” and to “age actively” as was so well noted in the background paper for this conference. Additionally, we are leveraging technology as an enabler of change and innovation.

When the President came into office, Medicare – our federal health insurance program for seniors - was outdated. Under his leadership, and with the strong support of organizations like AARP, we enacted legislation last year that is turning Medicare from a program that mainly pays the bills when people get sick, into a program that partners with seniors to help them stay healthy.

Medicare now covers a variety of preventive benefits, including a complete physical exam when people first join Medicare, screening for a variety of diseases such as cancer so they can be detected and treated early, and, of greatest note, prescription drug coverage.

As the President said many times in the months leading up to this change, “Under Medicare, we have been paying for heart operations that can cost over $100,000 but we wouldn’t pay for the $1, 000 worth of prescription drugs necessary to prevent the operation in the first place.”

This in no longer true in the United States.

Medicare recipients can now choose from a number of private plans to find the one that best serves them - and these private plans are competing for seniors' business. The result? Seniors are saving money and getting the coverage they want. We just completed the first enrollment period for this new benefit, and the results are impressive:

- Over 90% of people with Medicare now have drug coverage, 38M people,
- And they are getting this coverage at a cost that is at least 25% less than what was estimated,
- And, just as important, we are seeing beneficiary satisfaction rates exceeding 80%!

Building on the success of the prescription drug rollout, the federal Department of Health and Human Services is now turning its energies to a national educational campaign – using a variety of outreach techniques - to inform seniors about the other preventive benefits available through Medicare.

As part of our strategy to provide better and timelier information for consumers, the President has directed all federal agencies administering health insurance programs to

- increase transparency in pricing and quality,
- encourage the adoption of health information technology standards, and
- provide options that promote quality and efficiency in health care.

Through this directive, the President wants to empower Americans to find better value and better care by knowing their options in advance, knowing the quality of their doctors and hospitals, and knowing what procedures will cost. By giving people good information about their options, we are putting consumers in the driver's seat so they can play a more central role in shaping the future of health care in the United States.

Our system of long-term care is supported by a variety of public and private sources, with the largest contribution coming from the personal contributions and efforts of family caregivers. Families account for nearly 80 percent of all the long-term care provided in the United States. Today more than 22 million families – one quarter of all American households have taken on some form of caregiving responsibility. Many Americans, mostly women, are caring for both children and or aging parents which takes an emotional and financial toll.

The economic value of this informal care is significant. The Department of Health and Human Services has estimated that replacing informal long term care services for seniors with professional care would cost as mush as 100 billion dollars a year.

One of the principle goals of the U.S. Administration on Aging – the agency I administer – is to support and extend the ability of families to care for their loved ones. Through the **National Family Caregiver Support Program,** we provide grants and technical support to all 50 states and their local partners, who each year provide a wide range of services and supports to approximately 1,000,000 family caregivers.

When it comes to public financing for long-term care, our largest source of funding comes from Medicaid - a joint federal / state program that provides health care to people who have **limited** incomes and assets.

When Medicaid was enacted in 1965, it was designed as a program for poor families. But, because it was the only public source of financing for nursing home coverage, it quickly became our nation's long-term care program and it helped to create a system of care for our seniors that is dominated by expensive nursing home care. Nationally, institutionally based care accounts for as much as 70 percent of long term care spending in Medicaid, and some states are spending over 90% of their long-term care budgets on nursing home care.

This approach to long-term care is out of sync with the overwhelming preference of older people to receive their care at home, and it is also a policy that is financially unsustainable.

One of the first official acts President Bush took when he came into office was to issue a directive – known as the New Freedom Initiative – outlining his vision for modernizing long-term care in the United States. His vision calls for a fundamental rebalancing of our care system so that the emphasis is placed on providing care in the community, and on giving people more choices and control over their care options.

Since 2001, the Department of Health and Human Services, with the support of Congress, has provided our states and communities with a variety of new tools to help them advance the goals and values embedded in the New Freedom Initiative.

We launched the Long-Term Care Systems Change grants program which, to-date, has provided over 300 million dollars in funding in grants to help states implement changes to their systems of care to make them more consumer-directed and more supportive of community-living.

We have also given states more flexibility under the Medicaid program, and have encouraged them to implement a new model of care – known as Cash and Counseling. This model gives clients control over individualized budgets to manage the types of services and supports they receive, and the manner in which they are provided, including the option of paying some of their family members, as well as their friends and neighbors, to help them stay at home.

Another initiate that was just signed into law – known as "Money Follows the Person" -- will provide nearly 2 billion dollars in new funding over five years to support state efforts to transition people out of nursing homes.

We are also encouraging the use of private financing programs, such as long-term care insurance and reverse mortgages. Currently, only about 4 percent of Americans age 45 and older with incomes of $20,000 or more have long-term care insurance coverage. We started by offering federal employees a new long-term care insurance option, as part of their health benefit package. Over 300,000 federal employees have taken advantage of this new option.

And, we have just given states the authority to use their Medicaid programs to partner with private insurance companies to offer private policies that will help people to protect their assets once their private coverage is exhausted. For example, under this new program, if a person purchases a private policy that provides 3 years of coverage worth $100,000, once that person exhausts the private coverage, they will be able to qualify for Medicaid and still keep $100,000 in assets. We are also working with the states on public education campaigns to increase people's awareness about the importance of planning ahead for their long-term care.

The final initiative I want to talk about briefly is the Administration's plans for modernizing the Older Americans Act, which is the program I oversee. The goal of the Older Americans Act is to promote the dignity and independence of seniors by helping them to remain active and engaged in their communities and to remain living in their own homes for as long as possible. The Act provides about 1.5 billion in funding each year to the states to support a wide range of social services, such as home-delivered meals, adult day care, specialized transportation services, and the like.

These services are delivered through a nation-wide network – known as the Aging Services Network – which includes over 29,000 community-based service provider organizations. Each year, we provide direct services to over 8,000,000 seniors, and – as I noted before – to over 1,000,000 family caregivers.

One of the major objectives of our efforts to modernize the Older Americans Act is to make the Act a more "value added player" in health and long-term care. We are doing this by focusing on the Act's unique capacities that support the President's agenda, and complement the reforms taking place in Medicare and Medicaid.

One of our major initiatives in this area builds on the fact that the Aging Services Network is viewed by older people and their families as a "trusted source of information". In 2003, we partnered with the Centers for Medicaid and Medicare Services to launch the **Aging and Disability Resource Center program.** Under this program we have provide over 40 million dollars in funding to the states to set up "single points of entry" to long-term care at the community level to make it easier for consumers and their families to learn about the options that are available in their communities.

These Centers are also providing consumers with streamlined access to publicly supported long-term care programs by consolidating multiple client-intake, assessment and care planning procedures into single, integrated systems of access.

We have also partnered with the federal science agencies, including the National Institute of Health and the Centers for Disease Control and Prevention, to enlist the Aging Services Network in the nation-wide deployment of low-cost evidence-based prevention programs that have proven effective in reducing the risk of disease, disability and injury among the elderly.

Included here are strategies involving better nutrition and exercise, fall prevention and the self-management of chronic conditions that can empower seniors to take more control of over their own health. In addition to improving the quality of life, these strategies will also reduce health care costs. Earlier this summer, we launched a new $15 million collaboration with Atlantic Philanthropies to expand this initiative, with the long-range goal of making evidence-based prevention programs widely available in communities all across the nation.

The Aging and Disability Resource Center initiative and our Evidence-Based Prevention program are two of the three core elements of the President's proposal for the reauthorization of the Older Americans Act, which is called "Choices for Independence". The third element of the President's reauthorization proposal will provide new flexible funding that states will be able to use to help seniors who are at high-risk of nursing home placement – but NOT eligible for Medicaid – to remain at home. This new funding will give consumers the option of directed their own care and it will become the Older Americans Act's nursing home diversion program. It is a key component of the Administration's strategy to promote the use of low-cost alternatives and to help consumers conserve and extend the use of their own resources, and avoid unnecessary spend-down to Medicaid.

We are very excited about the President's Choices for Independence initiative. In Congress, both the House and Senate have embraced the President's proposal and we expect to see a bill passed in the coming weeks.

In closing, let me just that that I believe our society is finally awakening to the reality of aging, and to the fact that we must rebalance and modernize our health and long term care systems. Today, I hope I gave you a glimpse of the future and the significant changes underway in the United States.

I'd like to leave you with these thoughts: each generation – of every nation – has an opportunity to leave its mark on the world. This is our turn. The future of global aging depends upon each of us. The choices we make today will help to define that future. The future cannot be defined as a matter of chance – it is a matter of choice.

I know that everyone in this room is committed to ensuring that we serve our seniors in a way that promotes their individual dignity and independence. We may be oceans (and mountains) apart, but we share many of the same opportunities and ideals. We all love our families, our communities and we respect our elders. These values bring us closer together as people. There is so much we can learn from each other, and I look forward to our continued dialogue at this Conference and in the years to come.