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Subject: Status of Federal Legislation, Regulations and Commissions

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To: Area Agencies on Aging
SOFA Advisory Committees
Ad Hoc Coalition Members
LTC Ombudsman Program Directors
Legal Services Providers

FFY 1995 Budget Resolution

On March 11, the House rejected further cuts in the budget deficit and adopted a budget resolution (H.Con.Res.218) on a 223-175 vote. The $1.5 trillion measure is a blueprint for congressional spending and generally follows President Clinton's budget request. Actual spending decisions will be made by the appropriations committees.

In passing the measure, the House rejected several alternatives, including a plan by Rep. Gerald Solomon (R-NY) that would cut $143 billion from Medicare over five years (twice as much as the administration proposed); eliminate funding for section 8 rental housing vouchers; partially replace new Section 202 elderly housing with vouchers; and consolidate job training programs and cut their funding in half.

The budget resolution is now pending in the Senate. The Senate Budget Committee considered partially increasing the president's proposal to cut the Low Income Home Energy Assistance Program. The plan under consideration would restore $250 million in budget authority, as contained in the final House resolution.

FFY 1994 supplemental Appropriation for LIHEAP

Low-income elderly and other households in 23 states impacted by the harsh winter received some relief from $300 million in federal emergency home-heating aid. The money was part of a larger supplemental appropriations bill signed by President Clinton on February 12.
The money was distributed by the Department of Health and Human Services under a new formula intended to channel assistance to those states that have experienced the worst weather conditions and also have large numbers of low-income households. States will then make the grants available to help low-income and elderly families pay their heating bills.

States receiving the extra Low Income Home Energy Assistance funds are: Connecticut, $5.4 million; Delaware, $286,500; Illinois, $12.0 million; Indiana, $2.3 million; Iowa, $8.0 million; Kentucky, $5.3 million; Maine, $8.1 million; Maryland, $6.6 million; Massachusetts, $13.9 million; Michigan, $48.8 million; Minnesota, $37.4 million; New Hampshire, $3.1 million; New Jersey, $6.9 million; New York, $61.5 million; North Dakota, $8.1 million; Ohio, $23.9 million; Pennsylvania, $20.5 million; Rhode Island, $1.7 million; South Dakota, $1.9 million; Vermont, $4.8 million; Virginia, $678,000; West Virginia, $3.7 million; and Wisconsin, $14.7 million.

Senate Defeats Balanced Budget Amendment

After a week of debate, the Senate fell four votes short of the necessary two-thirds majority to pass S.J. Res. 41, a constitutional amendment that would have required an annually balanced federal budget by the year 2001.

Rep. Stark's Health Care Reform Bill

On March 23, the Health Subcommittee of the House Ways and Means Committee voted 6-5 narrowly approving a health care reform bill sponsored by its chairman, Rep. Pete Stark (D-CA). The bill has a simpler framework than President Clinton's. But like the president's bill (H.R. 3600), it would ensure health care coverage for all Americans. Stark's proposal would sweep the poor, the uninsured and many of those working in small firms into a new government-run health insurance program modeled on Medicare, the government's health insurance program for the elderly and disabled.

Stark's goal was to control costs while satisfying the President's requirement that any overhaul result in universal coverage. Stark also responded to complaints from lawmakers that Clinton's plan would be too complicated.

Under Stark's proposal, costs would be controlled by limiting coverage to a benefits package similar to what Medicare currently offers, and by using a rate-setting system also similar to Medicare's existing system. Under rate-setting, doctors, hospitals and other providers receive set amounts for particular services. Stark's proposed cost controls could potentially be more stringent than Clinton's because, if providers failed to meet national spending targets, they would be reimbursed by a set payment. Clinton would let the market determine where to cut costs.

As in Clinton's proposal, Stark's program would be paid for largely by employers, who would be required to pay 80 percent of the cost of a nationally mandated benefits package. The key differences between Stark's proposal and Clinton's are that Stark's has no mandatory "health alliances," which many members of Congress dislike, nor does it set up a National Health Board.
Key provisions of Rep. Stark's proposal include:

- **Universal coverage**: Entitle individuals to a guaranteed benefits package. They could buy insurance privately or through a new government plan, known as Medicare Part C. Individuals would pay the premium for Medicare Part C unless they filed proof of alternative coverage with their income tax returns. They would be required to pay the full cost of Medicare Part C minus the amount required from their employer. The employee share of the premium would be collected by withholding it from paychecks. It could not exceed 20 percent of the premium cost.

- **New premiums**: Set the cost of the Medicare Part C premium at about $2,400 per person. The individual share (20 percent) for a full-time worker would be about $480 annually. Individuals also would pay a $500 deductible before insurance coverage would begin if they wanted full choice of doctors, and there would be no limit on out-of-pocket spending. For prescription drugs, individuals would pay a $500 deductible in 1996 and indexed to the target rate of increase in health expenditures. The out-of-pocket limit would be $1,000 and indexed.

- **Employer responsibilities**: Require employers generally to pay 80 percent of premium costs for the benefits package. By 1997, employers with fewer than 100 employees would have to either buy private insurance for their workers or insure them through Medicare Part C. By 1995, employers with more than 100 workers would be required to provide a private insurance plan and pay at least 80 percent of the nationally guaranteed benefits package. If they provided more generous benefits, they would have to continue to offer those benefits for five years. No subsidies would be provided for small businesses, which would pay about 15 percent of payroll for health insurance.

- **Benefits**: Include benefits currently offered through Medicare Parts A and B, which covers hospitalization, physician visits and limited mental health services. Medicare benefits would be enhanced to include outpatient, prescription drugs, biological products, insulin and home infusion drugs.

- **Cost containment**: Set national targets for private and federal health care spending. Annual growth limits for private insurance plans would be set beginning in 1996, with spending targets to be enforced in 1998. The goal would be to bring down the growth rate to the annual increase in the gross domestic product—which has averaged about 6.5 percent over the last decade. Until last year, health care spending was rising about 10 percent to 11 percent annually. If private plans failed to meet targets, they would have to pay providers based on Medicare payment methods.

While the Health Subcommittee is the first Congressional committee to mark up legislation, many changes are expected before the bill emerges from the committees with primary jurisdiction. Already, the bill has been criticized due to certain provisions that were not included. For example, it does not contain a long term care program or federal government's pickup of up to 80 percent of the employers' health costs of their early retirees. These provisions were included in the President's bill.
Stark's bill now goes to the full Ways and Means Committee, which has jurisdiction over Medicare and federal taxes. Way and Means will take up the bill after the two-week spring recess that ends April 10. Chairman Dan Rostenkowski (D–IL) is not bound to follow Stark's proposal, and is likely to make major changes. Other House committees will begin drafting their versions after the spring break.

The Senate Finance Committee held a bipartisan retreat on March 20-21 to discuss member's views on health care reform legislation. Senate committees are not expected to start reviewing draft legislation until late in May. Senate floor votes are not expected until sometime this summer.

Social Security Tax for Domestic Workers

On March 22, the Senate Finance Committee voted to update and simplify a widely ignored law that requires employers to pay Social Security taxes for their domestic help. It has been estimated that three-quarters of the nation's household employers neglect to pay Social Security and Medicare taxes on domestic workers who earn more than $50 in a three-month period, or more than $200 a year. Passed in 1950, the law has never been updated.

Under the Finance Committee's plan, approved unanimously on a voice vote, employers would be required to pay Social Security taxes on household employees who earn $630 in 1995. In future years, the amount would be indexed to increases in average wages. Employers could make their payments annually instead of quarterly, and baby sitters and yard workers under 18 would be exempted.

The legislation is expected to improve compliance among household employers. But the elimination of the quarterly filing requirement would initially cost the Treasury millions of dollars, as people wait until 1996 to file their returns. To help offset an expected net loss of $100 million over five years, the bill would bar the payment of Social Security benefits to the criminally insane as long as they are confined to a mental hospital.

Over the strong objections of the Clinton Administration, the Senate by voice vote approves S. 1560, sponsored by Senator Moynihan (D–NY), to make the Social Security Administration a separate agency from the Department of Health and Human Services. The House passed similar legislation in 1986 and 1992, and both the chairman and ranking minority member of the House Social Security Subcommittee have bills this year to make SSA independent.

Anti-Crime Legislation (H.R. 3355)

The House Judiciary Committee has as yet to determined the fate of protections for the elderly in pending anti-crime legislation. Committee Chairman Jack Brooks (D–TX) had introduced a comprehensive crime bill (H.R. 3131), which contains a Title 19 on protections for the elderly. They include a missing Alzheimer's disease patient alert program and stringent sentencing for those convicted of violent crimes against the elderly. Title 20 on consumer protection covers insurance business crimes, credit card fraud and mail fraud. However, H.R. 3131 was broken up in 14 separate bills and the Judiciary Committee is still debating how to put together the final package that will go to conference with the Senate version (S. 1607). The senate bill includes protections against elder abuse by care providers.
Housing Reauthorization Bill (H.R. 3838)

No major changes in housing policy are contained in pending House legislation (H.R. 3838) to extend authority for Section 202 elderly housing, supportive housing, the elder cottage housing demonstration, the revised congregate housing services program and services coordinators in mixed-population buildings. However, the bill would remove the elderly independence demonstration from the HOPE program.

The bill, titled the Housing and Community Development Act, would increase funding authorizations for most Department of Housing and Urban Development programs by 3 percent. Title III of the bill would authorize $1.6 billion in each of FFYs 1995–96 for supportive housing for the elderly and persons with disabilities. It does not delineate the amount of funding for each group. The funds provide capital grants and operating assistance. Authorizing levels represent spending ceilings and not actual dollars available to be spent - those come later in annual appropriation bills.

The bill would also provide funding for capital grants and operating assistance for no less than 100 units of Section 202 housing for the elderly in each of FFYs 1995 and 1996 for the elder cottage housing demonstration program. It extends the date to January 1, 1995, for submission of an interim report on the demonstration.

The revised congregate services program would be authorized at $25.7 million in FFY 1995 and $26.5 million in FFY 1996. H.R. 3838 would also authorize an unspecified increase in annual contributions for public housing agencies to provide service coordinators for elderly persons and persons with disabilities.

OTHER ACTIVITIES AT THE FEDERAL LEVEL

White House Conference on Aging (WHCOA)

On March 17, guidelines were published in the Federal Register for recognizing local, state and regional events as meeting the goals of the WHCOA. Local groups may hold their own conference, seminar, workshop or other special event from now to the end of the first quarter of 1995. But to include the recommendations in the WHCOA, groups must plan events to meet these criteria:

- The event must deal with one or more federal aging policies;
- Participation by older individuals must be guaranteed;
- A written summary of recommendations must be provided to WHCOA 30 to 45 days after the event;
- The event may not make a profit; (However, admission can be charged to recover costs.)
- The WHCOA executive director must approve the event.

State conferences on aging comprise the second phase of the conference strategy. WHCOA will provide funds for this phase in June 1994. Proposals from the state units will be sent to AoA for joint review with WHCOA.
Flexibility is the key, with states organizing small regional meetings or being called upon to update an earlier conference.

Regional conferences will be the third phase, but neither criteria nor funds have been established. Mini-conference - topic or constituent specific - that give visibility to an issue will be in the final phase. Some projects may receive funding, but no channel for applications has been decided yet.

Recognition of an event means its sponsors may publicize recognition by the WHCOA. The event also will be listed in the final report of the conference. However, recognition does not imply endorsement of recommendations. The Federal Register notice includes the form to be used in submitting events for recognition.

The conference structure is still uncertain. Until the 25-member policy committee is named, there is no specific date, no decision on the number of delegates, no theme and no agenda with which to work. The policy committee must include 13 people appointed by the president - three must be government officials or employees - and 12 from Congress.

SSI "Eligible Spouse" Rule Changed

In the March 8th issue of the Federal Register, the Social Security Administration (SSA) issued a proposed rule changing the definition of "eligible spouse" as it is currently defined in the regulations. The previous definition created a six month waiting period before a Supplemental Security Income (SSI) eligible couple, who begin living apart, could be treated as individuals for SSI purposes. SSA has eliminated the six month waiting period and proposes to make these conforming changes to the regulations and eliminate provisions in the regulations pertaining to eligible couples living apart. Comments are due May 9.

Bipartisan Commission on Entitlement Reform

Senators Bob Kerrey (D-NE) and John Danforth (R-MO), the chairs of the Bipartisan Commission on Entitlement Reform, have announced that the commission will issue its final report by December 1, 1994. This is seven months after the original May 1 date that was included in the Executive Order that established the commission. This is due to the delay in selecting the members of the commission. The commission is still planning to send a preliminary report to the President by April 29.

White House Names commission to Look into "Notch" Issue

The White House named its members to the commission mandated in 1992 by Congress to look into the Social Security shortfall incurred by the so-called "notch generation" -- the 12 million Americans born between 1917 and 1926. Alan Campbell, dean of the Maxwell School at Wharton, was named by the White House to chair the commission. Other members are former congressman Lindy Boggs, former SSA Commissioner Gwendolyn King and Robert Froehlke, president of IDA Mutual Funds.