



JACK RIGGS, MD
LIEUTENANT GOVERNOR

To: **United States Senate**
Special Committee on Aging

March 14, 2002

Thank you for the opportunity to address issues that currently touch, or will touch, every American life. My comments are made in a dual context, both as a medical physician, having seen first-hand the problems associated with aging, and as the Lieutenant Governor of Idaho, recognizing the importance of policy decisions that directly affect individuals.

I currently serve as the Co-chair of the CSG Health Capacity Task Force, and formerly as the Vice-chair of the CSG-West Committee on Aging. My oral and written comments will be supplemented by those of Karl Kurtz, Director of the Idaho Department of Health and Welfare.

My preferred problem-solving approach, both as a physician and as a policy maker, is to first analyze. This is then followed by setting priorities, creation of a plan, and finally implementing the plan. I believe this sequence must be followed in order to develop the most appropriate solutions.

My initial analysis contains both bad news and good news, which I believe may be already evident to all. First, the bad news is that the nation is in a recession, existing models of healthcare and long-term care for the elderly are failing, and there is an "Age Wave" coming. This "Age Wave", as described in 1990 by author and now aging expert Ken Dychtwald, PhD, is created by the convergence of the baby boom and increasing longevity. The number of Americans over age 50 will nearly double in the coming decades.

Of course, from an individual perspective, increase in life expectancy is probably good news. From the policy maker's perspective, it becomes problematic. Without significant adjustment, our current systems will simply be overwhelmed. Good news, however, can be found in that through early recognition of both the changing demographics and the new dynamics at play, there is still time for innovative solutions. The key term here is innovative. Old models will not work.

are:

- 1) *As a leader, what is your vision for our aging population? Where are you headed?*
- 2) Will you rely on the past, or actively lead into the future?

Analysis of our current systems reveals an unhealthy reliance on the past, where current models were created many decades ago. The older systems may have been appropriate for their time, but demographics have changed dramatically. Imagine if Congress was asked to spend billions on 30 to 50 year-old technologies in communications, transportation, or defense. In 1965 when Medicare was created, average life expectancy was barely 70 years. Now it is 77 and continues to rise. Both the Medicare and Medicaid models have been painfully slow to evolve.



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In light of this analysis, I would like to briefly comment on two priority areas: 1) the effects of a lagging economy on the delivery of services to the elderly, and 2) the attempt to maintain effective services in the face of declining revenues. Utilizing the existing delivery system models, there is a direct correlation between decreasing funds and decreasing services. Without adaptation and without creativity, there clearly are adverse impacts on vulnerable seniors. There is no question about this.

When a senior becomes dependent upon Medicaid for long-term care and prescription coverage, and then these traditional programs are squeezed, the individual gets squeezed. This negative impact undoubtedly results in greater MediCARE expense, because as the individual's health now deteriorates due to lack of attention, long-term care under MediCAID is replaced by inpatient hospital care under MediCARE. Within these existing models, keeping the economy strong is absolutely critical to providing services.

In this new era of flat-line budgets, however, there are approaches being implemented by the State of Idaho to maintain services at an appropriate level without harming individuals. The Idaho approach includes a systematic analysis of each existing program followed by developing efficiencies within the various programs. This focused approach is a direct result of the tight budget and is not without some pain, but the ultimate outcome will lead to better systems.

The simple answer for states is to ask Congress for more money, but that is not my goal today. In Idaho, we have made the conscious decision to view the current situation as an opportunity to review our systems and insure efficiency. The testimony by Director Kurtz outlines some of the programmatic changes that will actually improve care in many instances, specifically in the areas of prescription review and encouraging patients to have a primary care physician.

My more important goal today is to pose some thought provoking questions for you as policy makers, for you as leaders of our nation. My observation of the legislative process is that most often the focus is on budget development, and the results, therefore, are budget driven. Most of the time and attention is spent on accounting matters. Too often, creative thought is not encouraged, not allowed to thrive, and sometimes not even allowed to exist. Innovation and creation of better models are stifled.

The direct questions that I ask myself, and I now pose to you as leaders of our nation, are:

- 1) As a leader, what is your vision for our aging population? Where are you headed?
- 2) Will you rely on the past, or actively lead into the future?

Analysis of our current systems reveals an unhealthy reliance on the past, where current models were created many decades ago. The older systems may have been appropriate for their time, but demographics have changed dramatically. Imagine if Congress was asked to spend billions on 30 to 50 year-old technologies in communications, transportation, or defense. In 1965 when Medicare was created, average life expectancy was barely 70 years. Now it is 77 and continues to rise. Both the Medicare and Medicaid models have been painfully slow to evolve.

Leading into the future must be a priority. The "Age Wave" is coming ... a wave of aging Americans who will redefine what it means to be a senior citizen, just as this wave has altered society in every decade that it has traversed. Remarkable alteration to the very meaning of growing older will be no challenge for the baby boomers. They will simply redefine it, and pity the policy maker that gets in their way. The wise policy maker will have already taken the lead and will be riding the wave.

Recognition and analysis of the new wave demographics, followed by thoughtful preparation and plan implementation are required for success. Some say Y2K was overblown, or exaggerated. I believe that recognition of the pending problem followed by extensive preparation for Y2K is the very reason serious problems were averted. Hopefully, this will be the same case with the coming age wave. The very fact that this Senate Special Committee on Aging exists is a promising sign, but discussion must result in priority setting, plan development, and plan implementation.

There are examples of forward thinking and creativity already occurring in some areas in our country. In long-term care, the Eden Alternative, created by Dr. William Thomas, is spreading rapidly. Why? Because it offers a far more elder-friendly, a far more humane, setting than the traditional hospital style model that many old fashioned nursing homes still use. The hallmark of the Eden Alternative is to allow pets in the long-term establishment, but it also includes plants, gardens, children, and employee involvement. This is innovation and more needs to be done.

Another noteworthy example of innovation capable of leading toward potential long-term solutions is the often-neglected Medical Savings Account. The restraints placed on MSA's in the past have doomed them to failure. MSA's should be strongly encouraged, because they typify the forward thinking attitude that is vital to an individual's decision making through their life and as life advances. Individuals need to be thinking about, and more responsible for, their own health and their own future.

A third area worth commenting on, an area historically devoid of true innovation, is Medicare itself. I would propose that it is now time for the complete renovation and redesigning of Medicare. I certainly support some type of cost shared prescription drug coverage. But with improved health, improved medical technology, and increasing longevity, Medicare should become more responsive and flexible to suit the needs of older Americans. Now is the time to create new models so that recipients can become accustomed to them, and help determine the best system for the future.

For example, Medicare should become multi-phased depending on age. In the future, Pre-Senior (Phase I) coverage for those aged 65 to 75 would be followed by Senior (Phase II) coverage thereafter. The Pre-Senior package of benefits could be customized for the healthcare needs of the typical pre-senior, with flexibility and options for various levels of coverage. The Senior package would more closely resemble the current coverage, but would also include a comprehensive prescription drug benefit. No current Medicare recipient would be adversely affected, and the baby boomers would have the next ten years to adapt. This type of system would allow Congress to customize coverage to more closely meet the actual needs of those very Americans it is trying to serve.

As a closing message, I want to reiterate the critical importance of restoring and maintaining a strong economy to provide the revenue stream for any system, new or old. Secondly, we need innovation, vision, and leadership from our leaders. And finally, as I stated in the beginning, there is good news and bad news. The bad news is that the "Age Wave" is more than a wave, it is really a tidal wave, a tsunami that will crush the current models of Medicaid, Medicare, and long-term care. The good news is that there is still time for leaders to lead, but only if you are innovative, and only if you act now.

I thank you for allowing input, and I offer my personal and professional assistance in any capacity that may be beneficial to you.

Respectfully,

Jack Riggs, MD
Lieutenant Governor
State of Idaho