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## Remarks of Senator Charles Grassley to the AARP's Board of Directors

Charles Grassley

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LEGISLATIVE WATCH

## *Remarks of Senator Charles Grassley to the AARP's Board of Directors*

*On February 14, 2001,*

*Senator Grassley addressed the board of directors of the AARP.*

*His remarks concern matters of interest to all elder Americans.*

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*Senator Charles Grassley* is senior senator from Iowa. He was recently appointed Chairman of the Senate Finance Committee. His past positions include a four-year appointment as Chairman of the Senate Special Committee on Aging. He is a firm believer in helping the elderly in American society. For more information on the Finance Committee, please visit the website located at [www.finance.senate.gov](http://www.finance.senate.gov).

In honor of the holiday, here is my Valentine for older Americans:

Roses are Red  
Violets are Blue  
Let's fix Medicare  
Before 2002.

Really, the sweetest thing I can offer is a pledge to modernize Medicare and to make sure Medicaid and Social Security stay financially sound.

It is satisfying to be in a position to do that. I call the Finance Committee the "quality of life committee." We oversee what Medicare covers, whether Americans pay death taxes, and how Social Security treats retirees. My responsibility is awesome.

I know that my success, and the committee's success, hinges upon hearing from Americans about what we are doing. Please know that our door is open to you and to your members. The democratic process demands that.

You have already had a voice in developing our committee agenda. For years, advocates for older Americans warned us to prepare for the baby boomers' retirement. We heard you at the Special Committee on Aging, when I was chairman there. The presidential candidates heard you. Now, the President himself is heeding the call. My plans for the committee are in concert with the President's plans for the nation.

Many of you are aware of my efforts to reduce long-term care costs for millions of Americans. As chairman of the Special Committee on Aging, I held several hearings to address this important issue, and as chairman of the Finance Committee I will continue my commitment.

Early this year, I intend to re-introduce a bill to help millions of Americans finance their long-term care costs. I'll maintain my bipartisan and bicameral approach to this bill. My legislation

has a deduction for long-term care insurance premiums for a taxpayer, his or her spouse, and their dependents. It also provides a \$3,000 tax credit for individuals with long-term care needs or their family caregivers.

Of course, a single bill cannot solve our nation's long-term care needs. But making long-term care more affordable and empowering individuals to protect themselves are important steps.

I thank everybody at AARP for your support. Your efforts are essential in maintaining the necessary momentum to reach success on this legislation this year. I look forward to continuing to work with all of you to achieve this goal.

Another priority for the Finance Committee will be developing Medicare legislation. We need to modernize the program. We also need to include a universal, affordable prescription drug benefit for older Americans. My predecessor, along with several members of the House and Senate, myself included, have spent a lot of time trying to find a common-sense solution.

This is no easy task, as you are well aware. But I'm committed, the committee is committed, and our President is committed to finding a solution this year.

I plan to work with my Finance members on both sides of the aisle and with our President to get something done before August. It will be a lot of blood, sweat, and tears, and we will need your input every step of the way. But I really think we have an opportunity to get something done. Senator Baucus and I have agreed to move forward together in a bipartisan way and begin to craft

legislation that we can move out of the committee.

What will this legislation contain? Foremost, our goal is to design a prescription drug benefit that is part of Medicare, that ensures access to every older person, rural or urban, and that is at a price that older Americans can afford. We also have to be sure that our existing Medicare framework is capable of supporting a new drug benefit.

In addition, we plan to address Medicare's many inefficiencies. It's clear that Medicare is running on an outdated system. The program must recognize medical advances. At the same time, it cannot break the bank. So how do we plan to make Medicare more efficient and more responsive to beneficiaries?

First, to explore ways to cut bureaucratic bloat at HCFA [Health Care Financing Administration]. Second, to address the administrative and regulatory problems in the Medicare+Choice Program beyond reimbursement. Third, to take a closer look at ways to improve our fee-for-service system. This includes trying to better coordinate care. It includes addressing reimbursement inequities that result from outdated payment formulas. Fourth, to find a more accurate and reliable measure of Medicare's financial health that we can depend on for decades to come.

My final note on Medicare is that the words "modernize" or "reform" can be alarming, but they should not be. My motto is "first, do no harm."

We also plan hearings to uncover why 43.5 million Americans go without health coverage. We will look at many possible solu-

tions including refundable tax credits and improving enrollment in Medicaid and the State Children's Health Insurance Program.

We will continue oversight of our federal health programs. We will also continue our work to improve nursing home quality and staffing. We will forge ahead on welfare reform legislation in preparation for reauthorization by the middle of next year. It is a good, full agenda.

Social Security is another issue that is ripe for consideration. Many people in Washington continue to question the political viability of saving Social Security. Members on both sides of the aisle are concerned the other party would rather have an issue than a solution. So, the question we face is how do we build a bipartisan consensus for reform?

We do not need another group of wise men and women to tell us how to save Social Security. Social Security has already been "commissioned" to death. But, we do need a process to build bipartisan trust.

Saving Social Security will require an honest discussion about some politically difficult choices. This discussion can go forward only if both parties agree.

To begin this dialogue, President Bush should meet with the congressional leadership and ask each of them to choose two members of Congress—one Republican and one Democrat—to serve on a bipartisan commission.

The President would also choose two members, past or present—one from each party, to serve as the co-chairs of the commission. So President Bush would choose one Republican and

one Democrat as co-chairman. Senators Lott and Daschle, as well as Representatives Hastert and Gephardt, each would do the same. The commission would identify the problem facing Social Security, consider options for saving it, and propose a bipartisan solution.

These three steps are required to provide public accountability and reassure both parties that “we are all in this together.”

In March and April, the commission would identify the problems facing Social Security and issue a “statement of findings.” The entire commission would endorse that statement.

In May and June, the commission would identify every legitimate option to solve the Social Security problem. The entire commission would release those options.

In July and August, the commission would propose a bipartisan solution. It would not have to reach a unanimous decision, but any dissenting members would have to propose an alternative solution. I will urge President Bush to adopt this approach and to create this commission by executive order. I think it is our best option for a bipartisan consensus on a strict time line.

Beyond Social Security, a good private retirement plan is critical

for income security. The concept of “retirement” is relatively new. It used to be, people retired when they could not lift a hammer or till a field any more.

But planned retirement became possible when many employers started offering pension and retirement plans. Now, millions of Americans are covered by pension and retirement savings plans. Retirees are less likely than ever before to live in poverty. As life expectancy increases, however, Americans will need to have more money saved to maintain their standard of living.

I liken a secure retirement to a three-legged stool. That secure retirement ought to include a defined benefit pension, retirement savings, and Social Security. Social Security was never intended to be someone’s only source of retirement income. It is just not enough to live on.

So we are always looking for ways to increase pension coverage and to encourage greater use of existing retirement savings programs.

For the past four years, I have been working with Senators Baucus, Graham, and Jeffords on a bill that attempts to accomplish those two goals. Sometime in the next several weeks, we will reintroduce our bill. We are also

working with the House of Representatives and the Treasury Department to enact it.

Since we know we can’t take it with us, the next question is what to do with retirement assets left behind when we die. Everybody has heard of the death tax, the tax that might be the most disliked of all. The good news is Democrats and Republicans agree that we have to do something about the death tax.

But for a veto by President Clinton, the law today would be that the death tax would be on its way out the door. I will work in the Finance Committee to craft a bipartisan package of tax relief, including a proposal to phase out the death tax.

I saw on your website that David Gergen called our political parties “poisonously divided.” He said our political environment is rancid. I do not agree. We have more common ground than grounds for disagreement. Our goals are mostly the same. Congress is not concerned about *taking* action on Medicare, prescription drugs, and Social Security. We are concerned about taking *too little* action. Of course, there will always be some rancor in Washington, but as on Valentine’s Day, a few bad chocolates do not spoil the whole candy box.