

## **Senator Biden's Responses to NCPSSM Questionnaire**

### **(1) How will your administration address the challenges facing Social Security?**

Social Security does not face an immediate crisis. With no changes, Social Security can pay full benefits through 2041. After that it can pay 74 percent of benefits. So let's end this talk of privatization and get real about changes that will put Social Security on sounder footing. You shouldn't work your whole life paying into Social Security only to get less than what you are due out of it. We need to bring Democrats and Republicans together – the way we did in 1983 when a bipartisan group of senior leaders from both parties put politics aside to fix Social Security. We should look at options to put Social Security on firm footing - including raising the cap on income subject to the Social Security tax – so that the most wealthy pay their fair share.

### **(2) What reforms of the Medicare Prescription Drug Benefit, if any, will your Administration support?**

We have to make sure every American has access to affordable prescription drugs. We need to fix the Medicare Prescription Drug Plan (Medicare Part D) by letting the federal government negotiate cheaper drug prices and closing the so-called donut hole – the gap in benefits that occurs once you've hit \$2,250 in coverage. When you're in the donut hole, you have to pay \$3,600 out of your own pocket before you're covered again. That's a burden – not a prescription drug plan, which is why I opposed final passage of the Part D drug plan to begin with. As President, I would close the donut hole and allow the federal government to negotiate cheaper drug prices.

### **(3) What other changes to strengthen the social insurance nature of traditional fee for service Medicare will your administration support?**

We need to keep providers in the system in order to ensure access for all and we must put in place a better reimbursement formula that is fair to both providers and the federal government as payer. We also have to recognize that the incidence of obesity and a number of other chronic conditions rises in America, we must introduce measures to encourage and promote wellness care along with prevention and screening to delay onset of disease and to promote early detection allowing close monitoring and effective treatment. If we improve our reimbursement system, strengthen the quality of care and coordination among providers, and truly emphasize wellness and prevention, we can rein in the cost of Medicare and make the system more efficient and sustainable.

Right now, we are paying providers in Medicare advantage plans 12% more on average than traditional fee for service providers. We need to make the

reimbursement the same for both in order to maintain the fiscal stability of the program as well as provide fair reimbursement for all providers.

**(4) How will your Administration address Medicare's financial situation and the nation's health care costs generally?**

Medicare and Medicaid are challenged with rising health care costs, not expanded benefits – the same benefits just cost more. We are overpaying private Medicare insurers by \$10 billion a year and private insurers charge more to begin with. To contain costs we need to allow the federal government to negotiate prescription drug prices and we need a national strategy to improve care, reduce errors and contain costs.

One of the biggest things we can do is ramp up our investment in information technology. We need to eliminate unnecessary paperwork and duplicative claims forms. In Utah, by getting all insurers and providers in the state to use a standardized, electronic claim form, they have been able to keep premium rates flat while they have soared in the rest of the country. As President, I would provide funding and incentives for other states to follow Utah's lead.

We also have to establish a Comparative Effectiveness Panel that compares the effectiveness of medical treatments, protocols and technologies. The United States spends close to \$1.9 trillion dollars on health care per year – approximately 16 percent of our GDP – well above what other nations spend. Unfortunately, we still lag behind other industrialized nations in most health care measures. We need to get a handle on what technology actually works, what treatment protocols work better than other, what actually helps get the best outcomes for patients. It may not always be the newest machine that provides the best diagnostic method.

**(5) What steps will your Administration take to bring the Federal budget into balance?**

We're spending \$150 billion a year on the war in Iraq and almost \$100 billion a year on tax cuts for the most wealthy. We should protect tax relief for the middle class. But I would roll back President Bush's tax cuts for those in the top 1 percent income bracket in America - those making over \$435,000 a year.

Wealthy investors in hedge funds should pay taxes on their income at the regular levels instead of the lower capital gains rate.

As President, I won't spend \$1 trillion dollars to repeal the estate tax for millionaire heirs like Paris Hilton. Instead, I would exempt estates up to \$7 million dollars and leave the tax in place for the remaining 7,000 or so estates that would have to pay it.

I would also roll back tax cuts on dividends and capital gains. In the 1990s, there was no lack of incentive to invest under the tax rates that were then in place. The current rates on capital gains and dividends were enacted as a short-term stimulus and then were extended. Allowing them to expire would not harm our economy.

Finally, we should eliminate tax loopholes. If someone owes taxes on investments, they should pay them. I would promote legislation that clarifies the definition of offshore tax shelters and imposes tougher requirements on U.S. taxpayers using secrecy definitions.

### **(6) How will your administration our nation's long-term care problem?**

A recent study showed that ten million Americans, including six million over the age of 65, need long-term care, and that as the baby boom generation ages, the need for long-term care will double over the next three decades. We must not only address the need for the rising costs of institutional care, we must work to make living independently an option for more people. Our long term care system has a heavy institutional bias and 65 percent of Medicaid long term care dollars pay for institutional services, while the remaining 25 percent must cover all the community based waivers, optional programs, etc. That's why I am a cosponsor of the Community Choice Act of 2007. The Community Choices Act requires states to provide equal access to community attendant services and supports for eligible individuals in need of long term services and supports. To help states phase in the community attendant benefit, an enhanced match rate will be available for community attendant services and supports for the next five years. In addition, the legislation provides financial assistance to states as they develop and enhance comprehensive statewide systems of long term services and supports to provide access to consumer-directed community-based services and supports in the most integrated setting appropriate.

We must also recognize the support people receive from their family members to enable them to live at home or in a community-based setting. Many family members devote a significant portion of their time to help their loved ones with many aspects of their daily living. We must do all we can to reduce the burden on family caregivers and that is one of the reasons why I cosponsored the Lifespan Respite Care Act in the last Congress. In order to realize the goals of this act, I would insist that it receive full funding during the budget process.

### **(7) What pension reforms will your administration promote to enhance coverage, participation, and pension protection in both defined-benefit and defined-contribution pension plans?**

Three things are required for security, independence and stability in retirement: (1) social security; (2) reliable income from a pension or savings and (3) affordable health care.

These days a secure retirement seems like a thing of the past. In the 1980s, 83 percent of private sector workers were covered by pension plans. Today, just 20 percent of private sector employees have a pension. That means that 75 million working Americans have no employer based retirement plan at all.

We can't provide 100 percent guarantees, but we can provide – in Roosevelt's words, "some measure of protection." We can keep the American promise that no one who works hard their whole life will end up with nothing to show for it.

I would do that by doing three things: (1) Protecting Social Security not privatizing it; (2) Making it more difficult for unscrupulous executives to walk away from pensions by including their bonuses and severance packages in bankruptcy proceedings ; and (3) Making it easier for people to save.

When United Airlines filed for bankruptcy, management told the court they would need \$32 million in retention bonuses and \$75 million in severance packages, but the workers got pay cuts and lost billions in pensions.

That's wrong and I would stop it. We must tell courts that this isn't the cost of doing business, a company cannot treat its obligation to employees as a debt that can be written off unless executives pay the same price too. We need to make it clear to all Americans that they can trust that their lifetime of hard work will be rewarded and protected.

The fact is that you can't tell a company to set up a pension plan – so we need to do something to help the millions of Americans who will need personal savings to retire. As President, I would

- Require employers that don't provide retirement plans to allow employees to make direct deductions into Individual Retirement Accounts. I would require employers who don't provide retirement plans to - at a minimum – allow employees to make a direct deduction from their paycheck into a retirement account. I would match contributions to retirement savings accounts by giving any family making less than \$50,000 a 50 percent match for every dollar contributed into a retirement account up to \$2,000.
- Make it easier to take retirement plans with you. I would make rollover of 401(k)s automatic.
- Invest \$500 dollars in a Kid's Account for every American child born after December 31, 2008. These individual savings accounts can be used for education, to buy a house or to rollover into a retirement account when the child turns 18.