

FOR IMMEDIATE RELEASE

FEBRUARY 9, 1976

OFFICE OF THE WHITE HOUSE PRESS SECRETARY

THE WHITE HOUSE

REMARKS OF THE PRESIDENT
AT THE SIGNING CEREMONY
OF THE
OLDER AMERICANS MESSAGE

THE OVAL OFFICE

10:05 A.M. EST

Today I am sending a Message to the Congress that expressed my confidence and support of older Americans, my very deep concern about the problems of the aging and my proposals for dealing with the problems involving them. Society owes a very deep debt of gratitude to all older persons who have worked hard and contributed significantly to our Nation's progress.

Older Americans continue to enrich our lives with their vision, strength and experience. They have earned the right to live securely, comfortably and independently. The proposals that I am sending to the Congress offer significant improvements in the quality of life for all older Americans.

We all have a great stake in fighting inflation, but older Americans living on fixed incomes are especially hard hit. I pledge to continue the fight against inflation, to provide special relief to the elderly.

I am requesting in my budget for fiscal year 1977 that the full cost of living increase in Social Security benefits are paid during the coming year. The value of the Social Security system is beyond challenge. I am concerned, however, about the integrity of the Social Security Trust Fund that enables people to count on this source of retirement income. I am concerned because the system now pays out more in benefits than it receives in tax payments.

To prevent a rapid decline in the Trust Fund over the next few years I had to make a very difficult decision. I am proposing a small payroll tax increase of three-tenths of one percent each for employees as well as employers of covered wages. The alternative would have been to limit expected increases in retirement and disability payments. This proposed tax increase will help to stabilize the Trust Fund so that current and future recipients will be fully assured of receiving the benefits they are entitled to.

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I am also very concerned about the effect of catastrophic illnesses. I want to lighten the financial burden which now strikes after prolonged hospitalization -- when the elderly and their families can least afford it. Therefore, I am proposing catastrophic health insurance for the more than 24 million Americans and disabled Americans protected by Medicare.

No one who is covered by Medicare would have to pay more than \$500 a year for covered hospitalization or nursing home care. No one who is covered by Medicare would have to pay more than \$250 for one year's doctor bills. Beneficiaries and their physicians now have little incentive to limit the duration of hospitalization for less serious conditions.

To encourage economic use of covered health services I am also proposing changes in cost sharing arrangements. As under the current system, a beneficiary who is in the hospital will pay \$104 a day for the first day of hospital services. In addition, he or she will pay ten percent of additional charges up to an annual maximum of \$500. For covered services my proposal would increase the annual deductible from \$60 to \$77 and would continue the current 20 percent cost sharing.

To help finance the added protection, I am proposing to limit Medicare reimbursement rates to 7 percent for hospital services and 4 percent for physician services. These proposals are of particular importance in achieving my goal of helping all Americans live in dignity, security and good health.

I hope you will join me in efforts to secure Congressional passage of these important proposals.

We must show our commitment to a cause that is often too long neglected--the dignity and well-being of America's older generations.

I will now sign the Messages to the Congress -- one to the House and one to the Senate urging that they undertake the enactment of this necessary legislation.

Thank you very much.

END (AT 10:20 A.M. EST)