

Opportunity for All: Supporting Seniors

A Roadmap for Growth, Opportunity, and Fiscal Responsibility: The President's Budget provides a roadmap for accelerating economic growth, expanding opportunity for all Americans, and ensuring fiscal responsibility. It invests in infrastructure, job training, preschool, and pro-work tax cuts, while reducing deficits through health, tax, and immigration reform.

Builds on Bipartisan Progress: The Budget adheres to the 2015 spending levels agreed to in the Bipartisan Budget Act and shows the choices the President would make at those levels. But it also shows how to build on this progress to realize the nation's full potential with a fully paid for \$56 billion Opportunity, Growth, and Security Initiative, split evenly between defense and non-defense priorities.

WHAT THE PRESIDENT'S BUDGET DELIVERS:

- **Stronger Growth and Job Creation:**
 - Advanced manufacturing – Invests in American innovation and strengthens our manufacturing base, including a national network of 45 manufacturing institutes.
 - Research and innovation – Supports ground-breaking research to fight disease, protect the environment, and develop new technologies, and makes permanent the R&D Tax Credit.
 - Pro-growth infrastructure – Lays out an ambitious, four-year \$302 billion surface transportation reauthorization proposal paid for with transition revenue from pro-growth business tax reform.
 - Government reform – Promotes government management that delivers improved services that are more effective, efficient, and supportive of economic growth.
- **Opportunity for All:**
 - Tax cuts for working Americans – Doubles the maximum value of the childless worker EITC to build on the EITC's success in encouraging people to enter the workforce and reducing poverty; improves tax benefits that help middle-class and working families pay for child care and college and save for retirement.
 - Preschool for all – Invests in the President's vision of making access to high-quality preschool available to every four-year-old child.
 - Job-driven training – Invests in new efforts to drive greater performance and innovation in workforce training to equip workers with skills that match the needs of employers.
- **Fiscal Responsibility:**
 - Continues historic progress in slowing health care cost growth – Builds on the savings and reforms in the Affordable Care Act with additional measures to strengthen Medicare and Medicaid, slow health care cost growth, and improve the quality of care.
 - Pro-growth tax reform – Curbs inefficient and unfair tax breaks that benefit the wealthiest, and ensures that everyone is paying their fair share.
 - Immigration reform – Supports comprehensive reform of our broken immigration system, which independent economists say will grow our economy and shrink our deficits.
 - Further reduces the deficit and debt – By paying for new investments and tackling our true fiscal challenges, reduces deficits to 1.6 percent of GDP by 2024, and stabilizes debt as a share of the economy by 2015 and puts it on a declining path after that.

The Budget takes a number of steps to support and create opportunity for seniors, including:

Improving Medicare's Sustainability by Encouraging High-Quality, Efficient Care. The Medicare proposals in the Budget would extend the solvency of the Hospital Insurance trust fund by approximately five years. The Budget proposes a robust set of initiatives to strengthen Medicare by implementing payment innovations that encourage high-quality and efficient care, and program integrity. Last year's proposal for income-related premiums has been simplified while still improving the fiscal stability of the program by reducing the Federal subsidy of Medicare costs for those who can most afford them. The Budget also includes new proposals that would build a stronger foundation for Medicare's future by expanding value-based purchasing, strengthening quality incentives and reducing the risk of prescription drug abuse in Part D.

Lower Drug Costs for Medicare Beneficiaries. The Budget proposes to close the donut hole in the Part D benefit by 2016, rather than 2020, by increasing the discounts offered by the pharmaceutical industry. This proposal builds on the Affordable Care Act's phased closure of the donut hole that has saved 7.3 million seniors \$8.9 billion since enactment of the law.

Supporting Permanent, Fiscally Responsible Reform to Medicare's Payments to Physicians. The Administration applauds the bipartisan efforts in the Congress to reform the Medicare physician payment system and is committed to working with the Congress to continue progress towards providing predictable payments that incentivize quality and efficiency in a fiscally responsible way. As part of these efforts, the Administration supports maintaining payment stability while scalable alternative payment models continue to develop, with incentives for providers to join these models and streamlined, value-based payments for those who do not join. The engagement of care providers will be an important component in designing new payment models that encourage integrated, coordinated networks of care that reward quality and efficiency. To complement these changes, the Administration also supports reforms to improve the accuracy of Medicare's current physician payment system.

Detecting and Preventing Elder Abuse. To support evidence-based interventions to reduce elder abuse, neglect and financial exploitation, the Budget includes \$25 million in new, discretionary resources for Elder Justice Act activities authorized under the ACA. These resources will support standards and infrastructure to improve detection and reporting of elder abuse; grants to States to pilot a new reporting system; and funding to support a coordinated Federal research portfolio to better understand and prevent the abuse and exploitation of older Americans.

Helping Seniors Maintain Their Health and Independence. To ensure elderly individuals and individuals with disabilities receive services in the most appropriate setting, the Budget extends and improves the Money Follows the Person Rebalancing demonstration. This demonstration helps States provide opportunities for the elderly and individuals with disabilities to transition back to the community from institutions and rebalance their long-term care systems.

Protecting Social Security for Future Generations. The President believes that Social Security is indispensable to workers, retirees, survivors, and people with disabilities and that it is one of the most important and successful programs ever established in the United States. Although current forecasts indicate that Social Security can pay full benefits until 2033, the President is committed to making sure that the program is solvent and viable for the American people, now and in the future. He is strongly opposed to privatizing Social Security and looks forward to working in a bipartisan way to preserve it for future generations.

Improving Customer Service at the Social Security Administration. As part of the Administration's management agenda focus on improving key citizen- and business-facing transactions, the Budget includes \$100 million for a new customer service modernization initiative to significantly improve Internet and in-person services at the Social Security Administration. The Opportunity, Growth, and Security Initiative includes \$150 million in additional funding to further reduce wait times and enhance services for the public.

Improving Retirement Security. Workers must have a place to invest their hard-earned savings that provides an appropriate balance of risk and return. Many private sector providers do not offer retirement savings options tailored to smaller balance savers. Our retirement system should help these potential savers and encourage them to begin building their retirement security. The Budget supports the President's proposal to create a new simple, safe and affordable "starter" retirement savings account (myRA) that will be available through employers and help millions of Americans save for retirement. The Budget also continues to propose automatic enrollment in IRAs (or "auto-IRAs") for employees without access to a workplace savings plan.

Protecting Worker Pensions. The Pension Benefit Guaranty Corporation (PBGC) acts as a backstop to protect pension payments for workers whose companies have failed. Currently, PBGC's pension insurance programs are underfunded, and its liabilities far exceed its assets. PBGC receives no taxpayer funds and its premiums are currently much lower than what a private financial institution would charge for insuring the same risk. The Budget proposes to give the PBGC Board the authority to adjust premiums and directs PBGC to take into account the risks that different sponsors pose to their retirees and to PBGC. This reform will both encourage companies to fully fund their pension benefits and ensure that the PBGC remains financially sound. This proposal is estimated to save \$20 billion over the next decade.

Expanding the EITC for Older Workers. Few things help families with children pull themselves up through hard work like the Earned Income Tax Credit (EITC). However, the maximum EITC available to childless workers, including non-custodial parents, is only \$500, and the credit is unavailable to workers age 65 and older, an artifact of the period when the Social Security full retirement age was 65. The Budget doubles the maximum credit to \$1,000, makes the credit available to workers at slightly higher income levels (e.g. a full-time minimum wage worker at the current minimum wage), and updates the upper age limit for increases in the Social Security Normal Retirement Age (raising it from 64 to 66). The proposed EITC expansion will benefit 300,000 working seniors. These changes will be paid for by closing high-income tax loopholes.

Engaging Older Americans in High-Impact Service. The Budget simplifies and maximizes the impact of national service programs by transitioning the Senior Companion and Foster Grandparent models to AmeriCorps and expanding the Volunteer Generation Fund to support the highest-performing RSVP grantees. These reforms will support a over 40 percent expansion in the number of AmeriCorps members and align and integrate the Corporation for National and Community Service's (CNCS) service and volunteering programs. The Administration continues to believe strongly in the value of engaging older Americans in addressing the needs of their communities, and will preserve this commitment in its implementation of this reform. The Budget provides funding for CNCS to assist grantees as they make this transition. Under this Budget, the AmeriCorps program will surpass the goal of reserving at least 10 percent of member positions for seniors, as laid out in the 2009 Edward M. Kennedy Serve America Act.

Providing Housing for the Elderly. Providing supportive housing for very low-income elderly households, including frail elderly, allows senior citizens to age in a stable environment and helps them access human services. The Budget uses new authorities enacted this year to propose new housing integrated with supportive services, including enhanced partnerships with State agencies, under the Housing and Urban Development (HUD) Housing for the Elderly program (Section 202). The Budget includes \$440 million for this program to continue current assistance as well as expand housing by more than 3,000 units.

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