PRESS RELEASE
HEALTH CARE

Senator Walter F. Mondale (D-Minn) called for prompt Congressional action on legislation to create a national health insurance program and to make quality health care available to all Americans.

"The sad fact is that millions of Americans have no access to health care," said Mondale who noted that the country is facing a critical shortage in health personnel. "We have made unparalleled progress in techniques to improve the health of Americans. But as too often happens in America, we have made greater progress in technology than in expanding our capacity to meet the most basic human needs of our people."

Mondale, Senator Kennedy and five other members of a Senate Health subcommittee have introduced legislation to provide incentives for the establishment of comprehensive health service organizations.

These organizations, known as health maintenance organizations, would offer such services as prescription drugs and mental health care in addition to normal medical and hospital care facilities. To qualify for Federal funding, the organizations would be required to meet standards established by an independent Health care agency.

The bill would also provide incentives to insure operation of HMOs in rural and urban areas where medical care is not easily available.

"Availability of health care is not our only problem," Mondale declared. "We must also have a national health insurance program to protect Americans against the financial devastation that major illness can bring. We can no longer tolerate the spectacle of a family forced to sacrifice its lifetime savings or go into debt to pay a hospital bill."

Mondale pointed out that over a four-year period the costs of medical care rose at an average annual rate of 6.6%, faster than all other goods and services. At the same time, however, 31 million Americans have no hospital or surgical insurance and 36 million have no out-of-hospital coverage.

"Our government will faile in its most basic commitment to the American people so long as health care in this country is a luxury," Mondale declared. "As a people we will fail to make the most of our potential if we are handicapped by the ill-health which a decent and comprehensive system of medical attention could prevent and cure."

HEALTH CARE

Two young journalists recently summed up the dilemma of health care in America. They said:

> "Health care is a necessity. It should be a right. In America today it is a luxury."

Health care is a necessity. And yet the sad fact is that millions of Americans have no access to health care.

--40 million Americans never see a doctor;

--Medical facilities are appallingly scarce in rural areas. Urban counties enjoy the services of 5 times as many practitioners per capits...and 15 times as many specialists...as rural areas do;

--Even in urban areas, medical facilities are often antiquated and inadequate; $10 billion in modernization is urgently needed -- now;

--This country faces a shortage of half a million health personnel, according to the Public Health Service. We need another 50,000 doctors, 20,000 dentists and

t 150,000 nurses -- now.

In recent years we have made unparalleled progress in techniques to improve the health of Americans.

We have all but eradicated some of the most dreaded diseases of our parents' generation -- like polio...and tuberculosis.

We have made such advances in organ transplants that 500 persons...whose lives have been saved by transplants...were able to hold a convention and talk about their common experiences.

Yet...as too often happens in America...we have made greater progress in technology than expanding our capacity to meet the most basic human needs of our people.

It shouldn't be the case that the U.S....which twenty years ago had the lowest maternal mortality rate in the world...ranks 11th today.

It shouldn't be the case that unknown numbers of old people are undernourished...because they cannot afford to pay for a proper diet...or are physically unable to shopeand cook for themselves.

It shouldn't be the case that an estimated 9 million Americans suffer the crippling effects of alcoholism...and another 600,000 suffer from the tragic curse of drug addiction.

It shouldn't be the case -- but it is.

We must strengthen our programs to meet the special medical problems of America's senior citizens.

We must continue our efforts to eliminate the tragedy of alcoholism -- and to eliminate the plague of drug addiction through medical services, education, rehabilitation and law enforcement.

These are afflictions that weaken and destroy millions of Americans...and their families...and their communities.

But we must also continue our efforts to find cures for cancer...for the heart, lung, blood and kidney diseases... which can threaten all Americans.

We have made some progress.

Recent social security legislation passed by the Congress extends Medicare coverage to 1.7 million persons eligible for disability payments. This is the first time that persons under 64 will be abâê to receive benefits under Medicare.

Two years ago, for the first time, I introduced legislation to create the National Heart and Lung Institute. Thisyyear, similar legislation was passed by the Congress.

The Congress also passed legislation, which I co-sponsored, to strengthen and expand our programs to combat cancer..and to create and fund programs to identify and combat sickle cell anemia and lead poisoning.

And I have now introduced a bill to fight the fatal threat of kidney disease...by making transplantation available to all who could benefit from it.

Each of these measures reflects our determination to wipe out the diseases which are the most debilitating...and fatal... to our citizens.

But important as they are, they are not enough. The real question remains: how can we make our extraordinary knowledge available to the millions of Americans whose lives depend on it?

Despite our commitment...and despite our progress...we are facing a crisis in medical care.

Th~~ee~~e years ago, President Nixon acknowledged this crisis:

> "Unless action is taken," said the President, "we will have a breakdown in our medical care system, which would have consequences affecting millions of people throughout this country."

And again, earlier this year, the President stated:

> "Nineteen months ago I said that America's medical system faced a 'massive crisis.' Since that statement was made that crisis has deepened."

Regrettably, the President's willingness to take effective action to meet the crisis has not matched his willingness to talk about it.

--In January, 1970, the President vetoed the HEW appropriations bill for the fiscal year 1970. The bill included $104 million in hospital construction grants... and $107 million for cancer and heart disease research. The veto cost Minnesota an estimated $4 million in health funds.

--In June, 1970, the President vetoed the bill to extend the Hill-Burton hospital program. This critically important program has contributed about $80 million to Minnesota hospitals...and has been of special value to our rural areas. The bill had been passed unanimously in both houses of Congress. Large numbers of House and Senate Republicans joined Democratic colleagues in overriding the President's veto.

But the President's veto was consistent with his lack of interest in hospital construction programs. In the first two years of his administration, he reduced funding to about 50% of the level in the Johnson Administration. In the past two years, despite the fact that Congress has overridden his veto, he has proposed no funds at all for constructionggrants.

--In December, 1970, while the Congress was in a brief Christmas recess, the President "pocket vetoed" the Family Medical Practice Act. This bill...designed to meet the crisis in family medical care...would have authorized grants to medical schools and hospitals for the training of family doctors.

Like the Hill-Burton program before it, the Family Medical Practice Act had overwhelming support in both Houses. It was passed by a vote of 64 to 1 in the Senate... and 347 to 2 in the House.

--And in August of this year, the President vetoed the HEW appropriations bill...a bill of vital importance to improving our medical care. This bill would have provided:

.$60 million for construction and staffing of community mental health centers;

.$41.4 million for hospital construction;

.$140 million for health manpower facilities... so badly needed by the University of Minnesota... by Hennepin County General...and by the new medical schools at Rochester and Duluth;

.$6 million for a National Health Service Corps, to help provide physicians in rural and other communities without doctors;

.over $200 million in medical research;

.and $173 million in health manpower training and assistance programs.

The President vetoed this bill because...he claimed...it was nothing more than"reckless spending."

But a New York Times editorial put the real issue to the American people. The Times asked:

"Should Congress be condemned for squandering the taxpayers' money...or praised for a prudent investment in the nation's health?"

I think the answer is clear. We must be prepared to make that investment -- and make it now.

We must start with better health service organizations... for all Americans...set up to deliver quality health care effectively and efficiently to those who need it. Dr. Paul Ellwood, of the Institute for Interdisciplinary Studies in Minneapolis, has played a prominent part in developing the principles and guidelines for such organizations.

To establish these organizations, Senator Kennedy and I... and five other members of the Health Subcommittee...introduced legislation to provide financial assistance for the creation and initial operations of health maintenance organizations. The HMOs -- as they are called -- would offer truly comprehensive medical services from the usual medical and hospital care facilities to mental health care...dental care...and prescription drugs.

Under the terms of our bill, an independent Quality Health Care Agency would develop medical care standards and provide information about them to consumers. Federal aid would be withheld from HMOs failing to meet the Agency standards.

Our legislation makes sense. It would provide incentives to assure that HMOs would operate in rural America...and in the disadvantaged areas of our big cities...where medical care is often poor in quality and hard to find. It would establish the high standards that all Americans have the right to expect... and it would provide the funds necessary to guarantee that high standards will be achieved.

But it's not just availability that stands between Americans and the medical attention they need. For the majority of our citizens, the costs of adequate medical care have simply risen beyond what they can afford to pay.

We must also have a national health insurance program to protect Americans against the financial devastation that major illness can bring.

--From 1967 to 1971, the costs of medical care rose at an average annual rate of 6.6% --faster than all other consumer goods and services;

--Since 1961, the cost of medical care for the average American rose from $145 to $324 a year -- more than 150%;

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--31 million Americans -- including 20% of those under 65 -- have neither hospital nor surgical insurance;

--36 million Americans have no out-of-hospital medical coverage;

--Even private insurance is not a guarantee of protection against rising costs. Private insurance pays less than half of expenses not covered under public programs.

We can take the approach outlined in Senator Kennedy's Health Security Program...and provide universal coverage with no deductibles of ceilings for almost all medical care.

Or we can take the approach supported by Senator Pell. This would preserve a major role for private insurance programs and require employers to provide health insurance coverage fo all their employees. These programs would have to meet established federal standards.

It is not enough to dismiss these programs to provide quality health care...and effective health insurance...as "too expensive." In the past three and a half years we have spent more than \$60 million on a tragic misadventure in Southeast Asia.

Even today that war will cost us more than \$7 billion this year.

\$7 billion means about \$20 million <u>every</u> <u>day</u>.

Think about that for a minute.

For the cost of a single day in Indochina

--we could fund a National Health Service for our rural areas...three times over;

--we could provide kidney transplants for more than 1,330 persons suffering from fatal kidney disease;

--we could provide an adequate diet for children now suffering from malnutrition;

--we could support a cancer detection program to help raise the number of victims whose lives can be saved by early detection and treatment...from 1/2 to 2/3.

For the cost of two days in Indochina, we could fund virtually all the hospital construction included in the HEW appropriations bill that the President vetoed.

For the cost of three days, we could fund the construction and staffing of community mental health centers.

For the cost of a week of war, we could provide the health manpower facilities desperately needed for our new medical schools in Minnesota.

Our government will fail in its most basic commitment to the American people so long as health care in this country is a luxury.

And as a people we will fail to make the most of our potential if we are handicapped by the illness...and ill-health... which a decent and comprehensive system of medical attention could prevent...and cure.

The time has come for us to act upon the fundamental truth that the famous British statesman once expressed. Disraeli said:

> "The health of the people is really the foundation upon which all their happines...and their powers as a State depend."

MONDALE SAYS WHITE HOUSE
HAS BLOCKED BADLY NEEDED PENSION REFORM

Senator Walter F. Mondale (D-Minn) charged today that as a result of Administration opposition to meaningful pension reform, "millions of workers will continue to face an insecure and difficult retirement."

In a speech at _____________, the Minnesota Senator called for enactment of a comprehensive, bipartisan, pension reform bill approved unanimously by the Senate Labor Committee "to insure justice for American workers." He noted, however that "because of Administration opposition, the Senate Finance Committee stripped this bill of its reform provisions and has blocked further consideration this year."

The Senator said that the Labor Committee, of which he is a member, has completed a two and one-half year study of pension plans. "In one group of pension plans which the Committee has reviewed, 95 per cent of those who left employment over the past 20 years got nothing at all," he said. "This situation is scandalous."

The Senator also referred to testimony at a Senate hearingswhich he chaired in Minneapolis last June. Heecited the cases of two of the 914 retirees and 918 employees of the Minneapolis Moline farm equipment company who had their current or promised pensions severely cut when the new ownership terminated their pension plans.

Mondale said that pension reform legislation would have to include vesting provisions, insuring that pension benefits "will not be denied merely because a worker loses his job; "funding requirements," so that sufficient assets would be available to pay pension benefits even if the business fails;" a government reinsurance program to "protect benefits when plans are terminated" and provision for portability of pension benefits when a worker takes a new job.

"We must tighten up on conflict of interest standards for fund managers," he continued. "And we must insist on new and tough fiduciary standards.

"Finally, we must require full and clear disclosure of the investments and income of pension funds, and must assure that workers are fully informed of their pension benefits."

The Senator pledged to "fight for the Labor Committee's comprehensive bill next year," and predicted that a comprehensive pension reform bill would be enacted by the next Congress.

<u>PENSION REFORM</u>

Dominick Shand is a 65 year old Minnesotan. Like most Americans, he was looking forward to a secure and dignified retirement after years of hard work.

On May 27, 1970...at the age of 63...he retired from Minneapolis Moline after 36 years of service. He <u>assumed</u> he would receive a pension of $182 per month for the rest of his life...and his hopes for the future were based on that assumption.

Emmanuel Walstrom was another Moline employee who filled out a retirement application on June 1, 1972 after 27½ years service with the company. He was informed that beginning July 1st, he would receive a monthly benefit of $355 for the rest of his life.

On June 3, 1972, I chaired a Senate Labor Subcommittee hearing looking into the closing of the Moline operations in Hopkins and Minneapolis. It was at these hearings...5 months after the announcement of the plant closing...that Mr. Shand, Mr. Walstrom, 913 other retirees, and 918 active employees first learned the truth about their pension coverage.

For Dominick Shand, the truth was that he would receive \$85 per month...instead of the \$182 he had anticipated. And for Emmanuel Walstrom, the truth meant a monthly benefit of \$76.94...less than one-fourth of the payment he was relying upon.

These are not isolated incidents. And believe it or not, those who manage to receive such limited payments under our private pension system are actually fortunate.

For a recent study by the Senate Labor committee shows that of the more than 35 million American workers now enrolled in private pension plans...more than one-half will not receive one penny in pension benefits...and many others will receive only minimal benefits.

Between 1955 and 1965, more than 8,000 pension and profit sharing plans...covering almost ¼ million workers... were terminated. Only 20% of these workers had their benefits continued. The rest received little or nothing. And this doesn't count the many thousands laid off...without any benefits...before the businesses finally closed their doors.

When Studebaker Motors went out of the auto business in 1964, 8,500 people were suddenly thrown out of wokk. Only 1,600 of them got the pensions they had earned...4,000 workers received a mere 15% of their earned pensions...and almost 3,000 received nothing in pension benefits.

But even when a business does not faill..or a pension plan is not terminated...millions of workers, after a lifetime of sexvice, have been cheated out of their pensions. Often, they have no "vested" or permanent pension rights until they actually reach retirement age.

23% of those covered by pension plans...or more than 7 million workers...are in this situation. As a result, our Senate study showed that for one group of plans -- over a 20 year period -- 95% of those who left employment received no pension benefits at all!

Several weeks ago, NBC televised a documentary which was appropriately titled: "Pensions; the Broken Promise."

One of the persons interviewed best summed up the present status of private pension plans in America. "The pension system," he said,

> "is essentially a consumer fraud, a shell game and a hoax. As a matter of fact, when you say it's a consumer fraud, you pay it an undue compliment, because typically, you think of consumer frauds in terms of short transactions, like the purchase of an automobile; but with the pension system, you really have a long term contract that's designed to guarantee the security of our population. Essentially, you have an insurance contract that doesn't perform."

Behind all the facts, figures, and statistics about private pension plans, there is the real human anguish of people like Dominick Shand and Emmanuel Walstrom...who are now forced to get by with much less than they expected...and of millions of others who will have nothing at all.

As one man told NBC,

> "...It's a terrible thing in this country where men who work forty-five years have to eat yesterday's bread. And I don't want to compete on my old age against other old men running downaa supermarket aisle to get dented cans and stale bread. I don't want to look forward to it. So I really have nothing to look forward to at sixty-five."

How does this happen in a country which prides itself on its progressive labor policies?

To begin with, we must recognize that private pension plans are now very big business. Their assets exceed $150 billion ...and they are expanding at a rate of $10 billion per year.

These plans now pay out over $5 billion a year to about four million retired workers.

82% of union workers and 44% of those in non-union plants are covered by private pension plans.

Despite this fantastic growth, existing Federal regulation of the private pension system is extremely weak. In fact, private pension funds are the largest, virtually unregulated pool of private wealth in the nation.

The few Federal regulatory powers which exist are lodged in the Treasury Department. But the purpose of Treasury's regulations is to assure the propriety of tax deductions...not to protect workers' benefits.

As a result, pensionpplans are riddled with serious abuses of workers' rights:

Vesting: Often, a worker receives no pension at all unless he is continuously employed with the same company for many years -- sometimes until he actually reaches retirement age.

Even if his job ends several months before this vesting period is up, a worker will lose all his pension rights.

According to a recent Bureau of Labor Statistics study, 25% of those surveyed would not earn a guaranteed pension until they had completed 15 years of service with a single company. Yet another study shows that only about one-half of all men between the ages of 60 and 64 had served as long as 15 years with one employer.

Portability: With a few exceptions, a worker changing jobs cannot take his accrued pension benefits with him to his new employer.

Funding: Very few pension plans have sufficient assets on hand to pay the promised pensions. Therefore, when a company fails -- or is liquidated by a conglomerate -- workers and retirees typically receive amounts ranging from zero to only 50 or 60% of what they have been promised.

Insurance: No provision exists to share the risk of pension plan termination. The Federal Government insures bank deposits, securities losses, and Lockheed Aircraft loans -- but not pensions.

<u>Company Liability</u>: Most pension losses result from terminatøon plans...and most terminations result from takeovers by conglomerates. In these cases, the "corporate veil" operates in a mysterious manner. The parent company uses the subsidary to take advantage of tax losses. But when it comes to pension obligations, the conglomerate can successfully deny any responsibility for the employees and retirees of the subsidary.

<u>Fiduciary Standards and Disclosure</u>: There are a number of shocking examples of conflict of interest and mis-management of pension funds.

One major pension plan had millions of dollars deposited in a no-interest bank account for almost 20 years -- as much as $75 million at times.

In another case, 53% of a pension fund's assets were invested in the employer's own securities. Thus, failure of the company would deny workers both their jobs <u>and</u> their pensions.

The largest private pension fund in the Nation...with $8 billion in assets...is managed by a leading bank. Incredibly, this prominent bank was able to earn less than 3% on that $8 billion investment in 1970 -- at a time when government securities were paying a 5-7% return!

Employees who have bargained for and earned pension contributions are often unaware of how these funds are being managed. If they were better informed, they would not tolerate practices which threaten their pension benefits.

Employee Information: According to a Senate Labor Committee study, most of those who lose all or part of a pension when a plan is terminated are taken by complete surprise. This is not because they were careless -- but because their employers have generally misinformed them.

In a Philadelphia case, retirees had been given a booklet containing this glowing promise:

> "As a Horn and Hardart employee you can look forward to retirement with peace of mind, knowing that under the plan there will be a pension check in the mail to you from the company every month for life."

In September, 1970, more than 400 Horn and Hardart retirees learned that their company had terminated the pension plan...and that the fund's assets would be exhausted in nine months. The company was "most regretful."

To ensure justice for American workers, we need to pass a law which will achieve several basic reforms:

.We must see to it that pension benefits -- which are, after all, merely a form of deferred compensation -- are vested after a <u>reasonable</u> period of service. After years of hard work, no one should ever lose pension rights merely because he is layed-off or changes jobs.

.We must enable workers to carry their pension benefits with them when they change jobs;

.We must see to it that all pension funds are fully funded...thereby guaranteeing that pension benefits can be paid even if the business fails;

.We need a Federal reinsurance program to protect benefits when plans are terminated before they have been fully funded.

.Companies which terminate pension plans must be made to contribute a reasonable share of the funds needed to pay the promised pension benefits;

.We must tighten up on conflict of interest standards for fund managers. We must insist on new and tough fiduciary standards. And, full and clear disclosure of the investments and income of pension funds should be required...so that mismanagment and other abuses can be detected and remedied.

.Finally, we must ensure that workers are fully informed of their pension benefits...and of the ways in which their benefits can be terminated or denied.

In September, 1972, a unanimous Senate Labor Committee... after a two and one-half year study...reported a bipartisan bill providing these desperately needed reforms. I was proud to cosponsor that bill.

This legislation dealt with all basic elements of pension reform:

.vesting to begin after eight years and be complete after 15 years, including credit for previous service for those aged 42 years or more at time of enactment;

.adequate funding standards;

.insurance against plan termination;

.portability of benefits;

.tightened fiduciary and disclosure standards;

.and requirements that workers would have to be informed of the plan's benefits and limitations in clear language.

Despite the broad bipartisan support for this measure, the Administration...which had supported a much weaker pension reform bill...decided to block the progressive legislation reported by the Labor Committee. With Administration backing, the Senate Finance Committee suddenly claimed jurisdiction over this bill.

After 3 days...with no hearings or testimony...the Finance Committee gutted this crucial legislation. All important provisions...except those dealing with fiduciary standards and disclosing requirements...were stripped from the bill. And as a result, the 92nd Congress ended without dealing with pension reform.

Once again, we have been the tragic result of this Administration's indifference to the plight of America's working people.

Pension reform is not some abstract economic issue. It is a matter which vitally affects the future of millions of Americans who have struggled to make a better life for their families.

Edwin Newman, the narrator of the NBC documentary on pensions, best described the frustration of those victimized by the existing pension system:

> "The refrain that runs through what we've been hearing," he said,"is a kind of incomprehension. What emerges over and over again is that these people played the game. They did what Americans are expected to do: they worked and met their obligations. But at the end of their working lives, they found that they were in trouble. Put simply, they did not have enough money. The pension plans that they thought were going to take care of them didn't.
>
> ...At the end of their working lives, they feel cheated and cast aside."

The time has come to end this scandal.