

**ISSUES FACING SENIORS:
RETIREMENT SECURITY, HEALTHCARE,
AND FISCAL HEALTH**

HEARING
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MONDAY, NOVEMBER 21, 2022

U.S. SENATE,
SPECIAL COMMITTEE ON AGING,
Washington, DC.

The Committee met, pursuant to notice, at 9:30 a.m., at Rohan Recreation Center, 3560 Buena Vista Blvd., Wildwood, Florida, Hon. Rick Scott, Member of the Committee, presiding.

Present: Senator Rick Scott

**OPENING STATEMENT OF SENATOR
RICK SCOTT, COMMITTEE MEMBER**

Senator SCOTT. Okay. We are supposed to start on time, and that is why we are not starting yet. Before we get started, by the way, this is Alex Ojeda. We have nine offices in Florida.

The way the Senate works is they give you a budget—and hopefully you can hear me, but they give you a budget—you guys can hear me? Yes, this probably—you can hear me fine, so they give you a budget. It is up to—okay—okay, so they give you a budget. I can allocate the dollars a certain way.

We have nine offices in the State. Alex runs our State offices. We just won an award for the best State offices in the country, which Alex did I mean, so the way they contact us—you can email us, but the best way is if you get to know—if you get Alex's card.

Alex, can you just quickly introduce the people around here? We have got offices all over the State. The closest office we have here, I guess, is Barry, but if you just wanted, before we get started, just introduce your team.

Ms. OJEDA. [Technical problems]—hearing, our staff will be outside. If anyone has an issue with a Federal agency, we will have staff here to help. Barry Cotton, he is our Central Florida District Director. He is here in Orlando. He covers this region and does a great job representing our office.

We will have Benita and Javier outside helping folks after the hearing for anything you need, VA, IRS, Social Security, anything where we will be able to help. We have Barry who handles our Hispanic outreach here in Central Florida as well.

Then we have all the way from Miami, our District Director, Christine Del Portillo here today, and—that I know a lot of you guys have met, and we have Claire from our D.C. team. If anyone

needs help, please reach out to any of us. We will be here after the hearing helping folks with any issues.

Senator SCOTT. The big thing is, with any Federal issue we deal with—we deal a lot with immigration, we deal a lot with Medicare, we deal a lot with Social Security, we deal a lot with passports, visas. I mean, there is—everything, and so, but we can't solve any problems we don't know about.

It is pretty simple, and probably if we solved the problem for you, we probably might have solved it for somebody else, and then I am on five committees. We have allocated our staff in D.C. based on our Committees. Jared does a variety of things. Any issue that has anything to do with Aging, Jared is involved in.

If you have time, get to know Jared, but the big thing is, I have a wonderful group of people I get to work with, and our job is to solve your problems. It is really as simple as that. This is representative government. My job is to solve your problem. All right, so it is 9.30 a.m., so we can start.

Okay. It is the first time I have ever done that. I have been up there four years, and it is not easy to get a field hearing approved. It is the first one I have gotten done, so thanks, everybody, for being here. I hope, everybody—we are here to solve problems and we are here to talk about solutions.

That is why we are here. I want to thank everybody for being here today, and I want to welcome you to this field hearing of the United States Aging Committee in Wildwood, Florida, home of The Villages. It is always a beautiful day in The Villages. It is not every day we get to hold these Senate Committee hearings outside the Capitol in Washington, DC.

As Floridian—you know, as Governor, I got to travel all the time around the State, so I was here quite a bit. I hit a couple of cities a day, but in this job you have to be there 39, 40 weeks a year, and you have to be there to vote and hold hearings, so you don't get to travel as much, but as a Floridian, I have long thought that we need to have a hearing down in the State. We can see and hear about the issues facing Florida seniors.

We have got a significant senior population and we have got a lot of issues that we ought to be trying everything we can do to address them, so it is a real privilege not only to be in the Sunshine State, but to be here in The Villages, which is just a wonderful community.

I would like to thank the Committee for allowing us to do this, host us here and here, and everybody who made this happen. 4.5 million people live in our State over the age of 65—4.5 million. They come from all over the country. I went through—I was asking you all where you are from.

I am originally from Illinois and Missouri, but I have lived in eight States, and so some of the States you all talked about, I had the opportunity to live there, but this is a great country and we have got people from all over the country wanting to move to our State. They come from all over the country searching for warmer weather, lower taxes, and a lot of wonderful people.

The Villages is a prime example of a neighborhood that has opened its doors to America's seniors. You have to really admire what the Morse family has done with The Villages. Sadly, over the

past few years, we have seen unbelievable amount of inflation that is hurting our seniors.

It is a tax on those with fixed incomes, especially many of the seniors who call home. I know I have friends that have gone back to work. I have people going to food banks that have never gone to a food bank. You hear—the stories you are hearing, they are really devastating for our seniors.

Those who rely on Medicare and Social Security already have to be careful about how they spend their money, because if they are relying on those programs, it is not unlimited dollars. If you add 8.5 or nine percent inflation for a sustained period time, that has a pretty big impact on, you know, the difficulty of seniors to survive.

Many seniors, as I have said, they have come out of retirement, going to food banks, and their families are having problems too. Unfortunately, right now, the President hasn't—there is no solutions coming out of the White House. There is no action taken out of the White House to curb inflation. They continue to propose—I mean, I have been up there, and it is unbelievable.

It is like every week there is another new massive spending program, and you know, there is—is not money we saved. It is borrowed money. It just doesn't make any sense. All this is doing is causing more and more inflation. I am glad that the Social Security benefits, the payments are going to increase.

Unfortunately, they are increasing because of this unbelievable inflation. I mean, it would be nice if they increased but without having all the inflation. There is the highest inflation in 40 years. Our seniors are facing a long term issue about—and the other issue we have is the sustainability of Medicare and Social Security.

Social Security is projected to run out of funds in 13 years, and that is without updating it based on the last COLA increase. Medicare Part A will run out of money in about six years, and as—if anybody that is in the health care business have seen their unbelievable cost increases.

Medicare costs continue to skyrocket. It is becoming a bigger and bigger part of our Federal budget, and by the way, we are not living within our means. We are not even close to living within our means. \$31 trillion worth of debt, and the deficits are \$1 to \$2 trillion a year. I mean, so we got to figure out—we have got to figure this out.

We have got to preserve Medicare. We have got to preserve Social Security. We have got to live within our means. All of us, the rest of us have to do it. In June, the trustees of Social Security, Medicare released the 22 reports on the status of the programs.

Their estimates show that Social Security Trust Fund will deplete its resources reserves by 2034, and Social Security programs will become insolvent in 2035. I hope to be alive at that time. I think we all hope to be alive then, and that is going to be a tough time for a lot of people.

Once it is insolvent, the Social Security beneficiaries, the payments will be automatically cut by 20 percent. Medicare is even a shorter timeline. Part A will be insolvent in 2028. Just six years from now. We have got to figure this out. We have got to preserve these programs. We have got to preserve their benefits.

We have got to come up with ideas to do that. I am never going to allow cuts to Social Security and Medicare benefits. I know too many people that want to do that. Congress regularly reviews these programs, but, you know, we don't even vote on Social Security, Medicare.

We don't even vote on it anymore. How are you going to fix it if you don't even review it? We have got to preserve these programs and there is no plan to do it. I think this seems like the President has created a war on seniors because that is what this is going to do, so that is why we are here today.

Let's start with our witnesses first. Rebecca are you—we got Rebecca Webber. Serves as the CEO of the Association of Mature American Citizens. She is a strong advocate for America's seniors and highlights issues that affect older Americans regularly through AMAC Advantage, the Association's magazine.

Thank you for being here. Our second witness is no stranger to provide an expert testimony before Congress. Robert Moffit is a Senior Research Fellow in the Center for Health and Welfare Policy at the Heritage Foundation. We do a lot of work with the Heritage Foundation.

They put out a lot of reports, and they are a very active participant in policy decisions in Congress. His research specializes in health care and entitlement programs, especially Medicare. In a time when Medicare is headed toward insolvency, Mr. Moffit takes an analytical approach on the effect that it has on our seniors, and we thank Robert for being here. Our final witness on the panel is Hayden DuBlois. Hayden serves as the Data and Analytics Director at the Foundation for Government Accountability, and that is here in Florida.

Not that too far from where I live in Naples. In his work, he highlights best ways to prevent Government overreach and the effect it has on all Americans, so we want to thank each of you for being here, so, Rebecca, do you want to start?

**STATEMENT OF REBECCA WEBER, CEO, ASSOCIATION
OF MATURE AMERICAN CITIZENS, NEW YORK, NEW YORK**

Ms. WEBER. Certainly. Thank you so much, and thank you, Senator Scott, for inviting the Association of Mature American Citizens, better known as AMAC, to speak on these critical issues that are facing seniors today, but first, I would like to share a larger message from AMAC's 2.3 million members who thank you and applaud you for your commitment to making real change in Washington.

Now, AMAC is an organization dedicated to helping all Americans, especially those over age 50, with two million members nationwide, 180,000 AMAC members in the Sunshine State, because of AMAC's steadfast commitment to American values, AMAC has been at the forefront of delivering solutions to fix the Social Security crisis.

Over the last two years, seniors have been hit the hardest with increased inflation, decreased buying power, increased Medicare premiums, and the looming threat of benefit cuts to their Social Security if nothing is done. It is shameful to hear the President of the United States claim that the economy is strong as hell when sen-

iors know that it is nothing but that. The truth is Social Security is not sustainable in its current form.

Seniors live on fixed incomes, and they rely on their Social Security check and other Federal health care programs such as Medicare and Medicaid. Now, last year, the number of seniors living in poverty increased by nearly one million, and more than ten percent of seniors are now living below the poverty line.

The increased costs due to inflation affect the food security for our seniors, and I was surprised to learn that nearly half of seniors have reported visiting a food bank or applying for food stamps to afford to eat. For seniors, these increasing costs are only one half of the equation.

The other side is savings, and it is important to note that the number of recipients who pay income tax on their Social Security benefit is also rising as wages rise with inflation. For seniors without decent retirement income, Social Security benefits become even more critical. Inaction by elected officials are putting these benefits at risk because they are doing nothing to fix the impending insolvency of the Social Security Trust Fund, which is why we sincerely thank you, sir.

The Social Security Board of Trustees projects that the program's trust fund will be fully depleted by 2035. The Congressional Budget Office puts that date as soon as 2032. These projections were made before the 2023 cost of living increase, which was announced at 8.7 percent. I am sorry, the cost of living adjustment.

This abnormally high cost of living adjustment came on the heels of the Biden caused 40 year high inflation and will make it likely that these insolvency projections would be moved forward at least a year.

Now reaching the point of total depletion would mean an across the board cut of 20 to 25 percent for all seniors who draw Social Security benefits. Let me be clear, this massive cut in benefits is imminent if we kick the can down the road.

There is no policy in law today that keeps the benefits at their expected levels, and any belief that the program can continue without systematic changes to protect those who need it is a myth.

Democrat politicians have decried reform provisions to avoid this catastrophic outcome as slashing popular programs, which is a lie clearly intended to deceive the public from the truth of the situation. We need to do the right thing. AMAC has a Social Security guarantee proposal. It ensures the program's long term solvency, while also returning the program to its original intent, to keep seniors out of poverty.

AMAC's Social Security guarantee is based on three core objectives, to increase benefits for those with lower incomes by changing how the cost of living adjustment works, to achieve Social Security Trust Fund solvency with relatively minor formula adjustments that would extend the life of the Social Security Trust Fund, along with the inclusion of a Social Security supplemental early retirement account.

Now, that is designed to help workers accumulate funds for their retirement years, which will provide a means for all earners to have more income available at retirement. We look forward to working with Congress to continue to push these reforms, but So-

cial Security is only one of the Federal safety nets that require reform.

Rising health care costs and the refusal of Democrats to support free market reforms are impacting the long term sustainability of Medicare. Just last year, the Biden Administration announced the largest increase in Medicare Part B premiums in program history. Premiums went up 14.5 percent compared to last year.

Now, Democrats are also double down on refusing to use the free market to solve rising health care costs by implementing prescription drug price fixing through the Inflation Reduction Act. This price fixing results from provisions of that Act that enable the Secretary of Health and Human Services to dictate the price for a limited number of drugs for Medicare Part B and Part D.

This Government price setting will reduce capital available to fuel the U.S. engine that drives research and development. That means fewer innovative drugs coming to the market, and that threatens Americans' life expectancy.

The price setting policies passed by Democrats will erode Medicare Part D, a successful market based public, private partnership that is delivered quantifiable successes year over year. No other Administration in the last 50 years has done as much damage to seniors and their longevity, their prosperity, and their legacy as the Biden Administration.

Senator Scott, thank you very much for hosting this hearing. On behalf of AMAC members, we thank you for your leadership.

Senator SCOTT. By the way, they just had—there was just an article in The Wall Street Journal about some of the drug companies that have cut back already on some of their new drugs.

Mr. Moffitt.

**STATEMENT OF ROBERT MOFFIT, SENIOR RESEARCH
FELLOW, CENTER FOR HEALTH AND WELFARE POLICY,
HERITAGE FOUNDATION, WASHINGTON, D.C.**

Mr. MOFFIT. Thank you very much. Senator, I want to thank you for the opportunity to testify before your Committee. I hasten to add that the views that I expressed here today are entirely my own and do not necessarily represent the views of the Heritage Foundation. I want to focus my testimony on Medicare.

Medicare, as we know it, is a fleeting thing. The program has grown and changed over many years, but the biggest change has been the rapid growth of enrollment and private health plans under the Medicare Advantage program. Just to give you an idea. In 1990, only two million seniors were enrolled in Medicare Advantage.

Today, it is 30 million. Frankly, we are looking at 32 million next year, which is about 48 percent of all enrollments. I hasten to add that in this context, that in Medicare Advantage, about 54 percent of all Florida Medicare enrollees are enrolled in Medicare Advantage.

As Rebecca has just pointed out, Medicare is facing a very serious problem. We are faced with insolvency in the Medicare Trust Fund as early as 2028, perhaps earlier, depending upon the impact of this recession.

At that point, Medicare benefits will be cut at least 10 percent. The Medicare trustees——

Senator SCOTT. Like that, right? They admit, that is the way it works.

Mr. MOFFIT. Right away. In other words, there is, you know, 10 percent the first year. The effect of it is that this will deepen over time if Congress does nothing.

The Medicare trustees have warned Congress repeatedly that if, in fact, this is allowed to happen, it has never happened before, but if it is allowed to happen, that Medicare beneficiaries will rapidly see a reduction in their access to medical care. Medicare Part A is not the only problem.

Medicare Part B, as Rebecca has just mentioned, the cost, the premiums are going up dramatically, not only for seniors, but also for taxpayers. Just let me give you just one metric. In 2017, Medicare premiums consumed 17 percent of all Federal business and income taxes. By 2030, it will be 22 percent.

By 2040, it will be 27 percent just for Medicare premiums, so we are dealing with a very serious financial problem. Over the next 75 years, Medicare is going to generate huge unfunded obligations, amounting to \$52.6 trillion. That is \$160,000 for every person in the United States. That dwarfs the national debt of the United States.

There is no way we are going to spend less on Medicare, no question about it, but we can improve Medicare. We can slow the growth of spending if we employ market forces, which will secure a better value for Medicare dollars, so the future of Medicare—for the future of Medicare, job one for Members of Congress is to make sure that they don't make the current situation worse.

As Rebecca has just mentioned, the Inflation Reduction Act does just that. The CBO estimates that after we put this price control system into place, they expect that that will save for the taxpayer \$287 billion over 10 years. The right policy would be to earmark every dime of those savings through the Medicare Trust Fund.

Congress has refused to do that, and Senator, on a personal note, I want to thank you for what you did with the Postal Reform Act. Many of you may not be familiar with this, but we just had a major debate on the Postal Service Reform Act to bail out the Postal Service, which is in deep financial trouble.

One of the key issues was the unfunded liabilities of the retiree program in the Postal Service, \$75 billion worth of unfunded retiree obligations. Well, what Congress did was simply to shift that \$75 billion over to the Medicare program.

Senator Scott offered a very simple amendment, which was in any transition of postal retirees to full Medicare coverage, the Postal Service should be required to reimburse the Medicare program for any additional costs.

The Senate Democrats opposed the amendment. The amendment wasn't even given a vote, and the Senate then passed the House bill by a lopsided 79 to 19 vote. It was not the finest hour of the U.S. Senate.

I will say this, what we have to look forward to is to build on the success of the Medicare Advantage program. There is a lot of reasons to do so, but the most important is that of all the features,

one of the main reasons why seniors are enrolling in private health plans is because not just simply because of the convenience or the cost, but also because of the quality.

There was a team of researchers who recently wrote in Health Affairs a comprehensive review of all the literature on quality performance in Medicare. I will just summarize what they said. "Evidence from 48 studies showed that in most or all comparisons, Medicare Advantage outperformed traditional Medicare in most studies comparing quality of care metrics."

Congress needs to make improvements in traditional Medicare. The Congress can also make improvements in the Medicare Advantage program. I have outlined about six different proposals, but I will just mention a couple of them before I quit here. One is, under current law, Medicare beneficiaries cannot continue to make tax free contributions to their health savings accounts. That is a stupid provision.

Another stupid provision is that if you are enrolled in a medical savings account in the Medicare Advantage program, that medical savings account cannot offer a prescription drug benefit. That is a stupid provision. Congress should also improve the reform—should improve the payment of the Medicare Advantage program plans.

Right now, we tie the payment to this traditional Medicare system, which is basically a very complex system of price controls. Congress overpays and underpays in every region of the country. The literature on this is thick.

All I will say to you is that one basic idea that would make a lot of sense is to replace this current system of planned payments with a simpler system of market based bidding among competing plans to offer the traditional Medicare Part A and Part B benefits.

That would give us an actual market price of coverage, and it would drive down cost in the Medicare program through more intense competition among plans and providers.

Senator SCOTT. If that happened, would the plan have an incentive for you to be healthy?

Mr. MOFFIT. That is correct.

Senator SCOTT. Shocking.

Mr. MOFFIT. What is even more shocking—

Senator SCOTT. Because you have the right incentives.

Mr. MOFFIT. What is even more shocking is that every Federal employee and retiree is in a system where the plan payment system is precisely that, and that has been in existence since 1960, when John F. Kennedy was the first President of the United States to enroll in the Federal employee health benefits program. Thank you, Senator.

Senator SCOTT. Thanks, Mr. Moffit. Next, we have Mr. DuBlois.

**STATEMENT OF HAYDEN DUBLOIS, DATA AND
ANALYTICS DIRECTOR, FOUNDATION FOR GOVERNMENT
ACCOUNTABILITY, MARCO ISLAND, FLORIDA**

Mr. DUBLOIS. Thank you, Senator. Good morning. Thank you, Senator Scott, for being here, for having us here, and for all you do for Floridians, especially on this very important issue. I appreciate the opportunity to testify here today on behalf of the Founda-

tion for Government Accountability on this very, very important issue.

Seniors are grappling with the same crisis millions of Americans are facing, sky high inflation brought on by this Administration's policies. The average American over the age of 65 is spending more than 13 percent more for the very same goods and services compared to what they were spending in January 2021. For certain expenses, like transportation, it is roughly 28 percent more, or an extra \$280 per month.

As Senator Scott alluded to, that is a hidden tax on seniors across this country, and despite the Biden Administration's bragging, the automatic cost of living adjustments for Social Security are by no means a fix to this inflation.

The Senior Citizens League has forecasted that these proposed COLA increases in 2023 may not offset ongoing inflationary costs for seniors, resulting in a further erosion of their purchasing power. I want to touch on three key causes of this inflation, America's labor shortage, runaway Government spending, and our energy crisis.

First, America's labor shortage is driving up the cost of everyday goods and services for seniors. The labor force participation rate was already declining for roughly two decades prior to the pandemic but has persistently failed to recover to even pre-pandemic levels.

Today, there are still more than three million missing workers from the American economy, with nearly twice as many open jobs as there are people looking for them. This begs the question, where are these missing workers? Well, the answer is millions of them are on welfare.

Pandemic era welfare benefits have simply made it more lucrative to stay home and return to work for many Americans. Consider the following. First, the work requirement for able bodied adults without dependents aged 18 to 49 on food stamps is suspended nationwide, all while food stamp benefit amounts have been repeatedly hiked over the last two and a half years.

Second, both States and the Biden Administration have taken dramatic steps to expand welfare for able bodied adults via Medicaid, and finally, the Biden Administration is seeking to further erode eligibility checks and program integrity in welfare programs that are already riddled with improper payments and fraud, so long as the public health emergency continues and these elevated welfare benefits persist, so will America's labor shortage. This has the further undesired effect of crowding out resources for seniors.

For example, consider that most of the growth in Medicaid since the beginning of the pandemic has been among able bodied adults, while Medicaid waiting lists for truly needy Americans, such as those who are elderly, has remained in the hundreds of thousands nationwide.

In addition to the labor shortage, runaway Government spending like the more than \$5 trillion in pandemic related stimulus, has undoubtedly fueled the inflation crisis. Consider that if we just rolled back Federal spending to just pre-pandemic levels, we could eliminate the Federal budget deficit, and so-called remedies to inflation—

Senator SCOTT. Could you just say that again? Do you guys realize the numbers. We have had an unbelievable increase in revenues, but expenses have just skyrocketed.

Mr. DUBLOIS. Yes. If we just rolled it back, spending, to pre-pandemic levels, the Federal budget deficit would be effectively eliminated, if you can imagine that.

Senator SCOTT. Think about that.

Mr. DUBLOIS. Yes.

Senator SCOTT. Just in three years.

Mr. DUBLOIS. Yes, it is truly unbelievable and a sign of how much we are spending, and so-called remedies to this, like the poorly named Inflation Reduction Act, have only made the crisis worse, as my colleagues have already alluded to.

According to the Wharton School of Business, the Inflation Reduction Act will actually increase the rate of inflation as hundreds of billions of dollars are dedicated to green energy subsidies and expansions of Obamacare.

Finally, the current Administration's undermining of American energy has caused utility and gas prices for seniors to skyrocket. Rather than energy independence, the policy of the current Administration has been an energy capitulation to the left.

We have seen bans and restrictions on domestic drilling, new ESG guidance that threatens access to capital for energy companies, the canceling of the Keystone XL pipeline, and much more. As monthly drilling permits have plummeted, gas and utility prices have unsurprisingly gone through the roof.

Now there are three key steps Federal policymakers can take to reverse the severe effects inflation is having on the financial security of seniors. First, end the Federal public health emergency, or untie it for major expansions of welfare programs so that these pandemic era welfare expansions will finally recede.

While we are at it, we should implement universal work requirements for able bodied working age adults in these programs, like an S. 4448, Senator Scott's, Let's Get to Work Act, so that we can encourage Americans to reenter the workforce and break free from the clutches of Government dependency.

Second, reaffirm support for the American energy sector by reversing the Biden Administration's undermining of fossil fuels. Last but not least, hold the executive branch accountable for Federal spending generated by rulemaking and guidance.

Congress can again take a page out of Florida's book, where, thanks to a law implemented by then-Governor Scott, Florida legislators have to approve costly regulations proposed by the executive branch.

We can and should replicate Florida's success on the national stage by passing the REINS Act to rein in the Executive rule-making. Together, these three steps will preserve the financial security of seniors by ending the erosion of their savings and purchasing power that has so severely affected them as a result of this Administration's failed policies.

Again, thank you for the opportunity to testify today.

Senator SCOTT. Thanks. Yes, what we propose is if you want to be on the Federal programs and you are of working age, able bodied adults, so you shouldn't be on a program if you can work, so

that is pretty basic, right, so but unfortunately the Democrats blocked that. Ms. Weber, do you want to talk about some of the—some of your members, I mean I don't know if you have any stories from Florida, but the impact of this inflation has had on their livelihood, and if you—I don't know if you have any stories.

Ms. WEBER. They sure do. Well, they certainly do see it as a covenant of promise, and they feel very disheartened. You know, our seniors are saying that the inflation is not keeping up with this increase.

We saw what happened with Medicare Part D premiums increasing as well. It is estimated, Senator, that 50 million folks have no retirement plan. The average person collects about \$16,000 per year on Social Security. This is why we think it is so urgent that we provide a means for people to save more for retirement. That is so urgent.

AMAC members do engage with us regularly. One of the important key, I think, key points of retirement is understanding your budget and understanding your income, and so we provide a Social Security advisory service to all Americans. That is so important because it is a complicated issue.

Senator SCOTT. Right. By the way, as you—when you guys are answering the question, if you tell people because all of you put out some information for the public, how—do you just tell people to—why don't you each tell people where you can get some of the things you put out because you all put out different reports.

Ms. WEBER. Thank you so much. Yes, the AMAC Foundation, a 501(c)(3) works to provide people with information on Social Security. We have got Social Security advisers that are standing by and ready to field questions, of course, at no charge, and this is just a service that we think is necessary.

There is nobody who does it better, but when people do call Social Security directly, they are not getting all of the answers that they are getting. Sometimes people don't have the answers there. That is an important area that we are very proud to help folks across the entire nation.

Mr. MOFFIT. Yes, as far as getting information from the Heritage Foundation, it is actually quite easy. Just go to heritage.org, and you know, you will be able to access the Heritage Foundation website, and on the website you have a wide range of issues. We cover everything from foreign and defense policy, to health, education, welfare, housing, urban policy, Social Security, and Medicare. Most of the—if you go to the website, you click on health care policy, you can see all of the work that Heritage has done on the Medicare program.

Actually, Medicare has been a Heritage priority actually since the mid-1990's when we helped to create the foundation for the National Bipartisan Commission on the Future of Medicare for the reform of the system.

Unfortunately, the Clinton administration killed the proposal. It was a bipartisan proposal. We are going to revisit the Medicare issue again simply because there is no choice. It is not a question of whether we want to or not.

Mr. DuBLOIS. Yes. The Foundation for Government Accountability, FGA, we are out of Naples, Florida, not terribly far from

here, and you can learn more and visit our research at thefga.org. We also work on welfare, workforce, health care, inflation, energy, election integrity issues and have a whole array of research papers on our website where you can learn about some of our solutions, some of our work.

We are on the ground in 32 States, including Florida, and have a shop in Washington D.C. as well, so, plenty to learn at thefga.org.

Senator SCOTT. Hey, and do you want to talk about a little bit more about how this restriction of the workforce is actually causing inflation, and it is—how it is hurting seniors.

Mr. DUBLOIS. Yes, absolutely, Senator. You know, we have today 10.7 million open jobs in this country, up from 7.2 million before the pandemic, so that is an extra 3.5 million jobs that are posted at businesses that they are unable to fill. Near record high, and there are nearly twice as many open jobs as there are unemployed persons searching for work.

In fact, as I mentioned in my testimony, three million Americans are just missing from the labor force altogether. They have dropped out and they haven't come back yet, and it has failed to recover to even pre-pandemic levels.

If you were to plot on a chart the labor force participation rate and the number of Americans receiving welfare benefits who are able bodied of working age, it would look like an x, as the number of individuals on welfare goes up, the labor force participation goes down, and obviously that has dramatic consequences for seniors because when individuals aren't working, they are not paying into Social Security and Medicare. They are also causing businesses to have to pay higher for labor prices, which gets passed along to consumers in the form of higher prices.

The labor shortage is having dramatic effects on the inflation that seniors here in Florida and across the Nation are facing every day, and not to mention, seniors, many of whom are here today, who already put in their time, they paid into the system, and now you have got able bodied working age adults, many of whom do not have dependents at all, who are out of the workforce and able to remain on these elevated pandemic era benefits, and just from the element of fairness, it is just not a matter of—it is just not a fair situation that these individuals are not paying into the very systems that seniors are so reliant on when seniors have already paid their time and worked their whole life.

Senator SCOTT. Have you guys put out any studies—haven't you put out studies that show that what these extra benefits have done, you have more, you know, more and more people, one, not working, and actually, if you are at the bottom level and you get on these programs, you are making as much money as people that are working full time.

Mr. DUBLOIS. You are actually making more, believe it or not, in a number of these programs. When you stack them all up—

Senator SCOTT. How is that fair?

Mr. DUBLOIS. It is certainly not. It is certainly not. Then when you consider not only are the benefit levels going up, but the work requirements are either gone or suspended, it takes any incentive that was there to return to work for these folks and completely ob-

literates it, so you have got individuals who could be on many of these programs simultaneously, food stamps, Medicaid, public housing, and if they are able bodied adults without dependents, right now, thanks to the public health emergency and the Biden Administration going after work requirements, they don't have to lift a finger and it is just not fair.

Senator SCOTT. No. Bob, can you talk about two things. One, why, like did Medicare Advantage, why creating the right incentives reduces costs and improves outcomes.

Mr. MOFFIT. Well, if you have—the value of Medicare Advantage as a model and why we should build on Medicare Advantage going forward is that the key decisions are made by consumers picking and choosing the kind of plan that they want. They may pick a PPO, they may take an HMO—

Senator SCOTT. We all have different interests, right.

Mr. MOFFIT. Different interests, different standards, and so on. The key element is that the Federal Government operates Medicare Advantage, unlike traditional Medicare, on a defined contribution basis, so you pick and choose the plan you want.

The Government makes a contribution to the plan that you have chosen, but that plan can only survive in the marketplace if it can compete, which means that it promises to deliver the services that you want.

Now, Medicare Advantage is not a perfect system. As I said, it is not a perfect system, but what we have seen is that from the standpoint of delivering quality, and convenience, and richer benefits packages at a competitive price, Medicare Advantage actually surpassed all of the estimates that have been made previously about the future of Medicare, so it seems to me, I mean, you know, if you are talking about at the end of the day, what do you want? You don't want to just spend money. You want to get good quality for the dollars that you spend.

The idea here is to get better value for our Medicare dollars. That would not only apply to seniors, but it also applies to the Federal taxpayers who are subsidizing the Medicare program. We have seen this in other areas.

I mentioned earlier why I think we ought to take the Medicare payment system for private plans and improve it on the basis of the Federal employee system. I am actually a veteran of that system. I was in the Federal employee system for 11 years when I worked for President Reagan.

I was the Chief congressional Relations Director at the United States Office of Personnel Management. I had a direct responsibility for this. I will tell you, one of the great things about that program—I have never seen anything like it before.

One of the great things about that program is I know, and I can testify under oath, if you want to administer the oath, but I can testify under oath that the insurers would literally sweat blood making sure that they were able to offer a benefits package that was competitive at the right premium level, because if they did not, they would lose their shirt, and so that is the value of a competitive system. There is no question about it. Adam Smith has proven this since 1776, when Adam Smith wrote *The Wealth of Nations*, we know that competition drives innovation, it drives higher pro-

ductivity, and it lowers costs, and that is about as true as the law of gravity, and it is important—it would be important for Members of Congress to understand that fundamental truth and apply it to public policy.

Senator SCOTT. Can you also explain, so let's say we don't do anything, all right. If we don't do anything, we hit 2028 and Medicare Part A goes insolvent. What actually happens? What would be the impact on a senior?

Mr. MOFFIT. What happens automatically is that in—that you will see a 10—according to the Medicare trustees, not any projections made by the Heritage Foundation, but in 2028, the Medicare trustees say that there will be a 10 percent reduction in benefit payments under Medicare Part A, and that is hospitalization, and the Medicare trustees argue, assuming Congress doesn't do anything, that therefore, year by year, the benefit payment cuts get deeper and deeper and deeper, so it is a situation which is catastrophic from the standpoint of access to medical care at American hospitals. Again, this is not the Heritage Foundation thing. The Medicare trustees themselves have said that beneficiary access to care will be rapidly curtailed if Congress refuses to act by 2028.

Senator SCOTT. How many—the providers, let's take, you know, the hospital providers, how many of them are going to be able to stay in business if they don't get paid?

Mr. MOFFIT. Well, the problem is that already you are facing trouble in hospitals because Medicare payments for hospital services are significantly below private commercial rates.

Already under Medicare rates, I mean, it is something you unfortunately, Senator, I hate to break it, but you know this already, but the fact of the matter is, you know, it is not a question of what you want to do.

Hospitals and physicians under the current Medicare payment system are already facing significant reductions over time. Physicians are going to start to see some serious reductions after 2025.

According to the Medicare trustees, all part A providers, hospitals, home health agencies, nursing homes, even hospital hospice, and even hospice organizations will start to see very significant payment reductions under the existing payment system of Medicare, so you are going to have to—

Senator SCOTT. It is going to get both.

Mr. MOFFIT. You are going to have to do something.

Senator SCOTT. If you are in the provider side, your payment comes down—

Mr. MOFFIT. Right.

Senator SCOTT. If we don't get inflation under control, your costs go up.

Mr. MOFFIT. Correct.

Senator SCOTT. I mean, it is a double whammy.

Mr. MOFFIT. Now, it is the perfect storm, and it is made worse by a lot of other problems, and this is not a bad thing, but the fact of the matter is, is that we are starting—we have a very, very large and growing, rapidly growing senior population.

Today, roughly, you know, 63, 64 million people are enrolled in the Medicare program. That is going to jump up close to 80 million and, you know, in just a few years, 2030, 2032, so we are going to

look at—you are seeing a larger demand for medical services where you are having a constricted supply.

That is not a pretty picture. There is no way to make that look nice, and so Congress has got to get deadly serious about this. I know that people—I know, I know for a fact that members of the House and Senate, I know because I talk to members in the House and Senate all the time, they don't like to discuss it.

Senator SCOTT. No, no, we don't vote on it.

Mr. MOFFIT. Oh, yes, that is true.

Senator SCOTT. That is right. It is not—do you realize when we do the budget, we don't vote on 70 percent of the Federal spending.

Mr. MOFFIT. Yes, well, that is another major issue.

Senator SCOTT. You can't make this stuff up.

Mr. MOFFIT. Pardon?

Ms. WEBER. You can't.

Senator SCOTT. Who would do that? I am a business guy. Would you say, oh, I am not going to worry about the budget, we are just going to do what we did last year?

Mr. MOFFIT. Technical problems]—automatic spending increases without any kind of review, and the problem is, is that when you have automatic spending, you are—

Senator SCOTT. There is no accountability.

Mr. MOFFIT. The accountability goes away, and the problem is not the Medicare bureaucracy. The problem, unfortunately, Senator, the problem is your colleagues. Members of Congress, both Republicans and Democrats, have got to get very serious about. Now they have in the past. You know, and it not—this potentially is a bipartisan issue.

Senator SCOTT. It should be.

Mr. MOFFIT. Back in 2012, Senator Ron Wyden, who, you know, your colleague, Senator Ron Wyden, the Democrat—I know Senator Wyden personally. I have been on panels with him, and he is a brilliant Senator, actually.

I thought he was on our side. He is not, but the truth of the matter is that he addressed this issue back in 2012. I have a quote from him. This is from HuffPost. I will quote it because I think there is potential here. He said, “unless Congress enact meaningful Medicare reform in the near future, seniors will be faced with inevitable cost shifting and eventual benefit cuts until Medicare doesn't look anything like the program does today.”

Again, it is not a question—ultimately, it is not a question of what Congress wants to do. It is a question of what they must do and the consequences if they do not do it are terrible for seniors and equally terrible for taxpayers.

As I said, the unfunded obligation for the Medicare program, that is the promised benefits that are not financed either by premiums or dedicated revenues, continues to increase and will reach \$52.6 trillion over the next 75 years. Our national debt is now \$31 trillion and growing.

This is another obligation. I don't think most Americans are even vaguely aware of the size of this obligation. Generation Z is just clueless about what this means for them, but it is going to be pretty serious.

Senator SCOTT. Rebecca, do you want to talk about what you are hearing from your members with regard to the insolvency of Social Security and how they are—you know, how that impacts them?

Ms. WEBER. Certainly. Yes. You asked me earlier about any personal stories from AMAC membership. I do want to share a quick story. AMAC members are fed up that the Government is spending money that we don't have on things that we don't need, and seniors are being left, you know, holding the bill. I also want to point out my grandparents, wonderful, wonderful people.

My grandmother lived a life of volunteerism. She served her community. My grandfather fought in World War II and in the Korean War. When my grandfather passed away, the only thing my grandmother was left was her Social Security, and this lady, had it not been for my parents to help supplement her income and take care of her, would have been on the streets.

These are the great people of this country that we are forgetting about, and we have got to look to the future. We have got to look to the future and say, if this is what we have seen happen and we are seeing it occur, what about the young people today that hopefully will reach those golden years?

That is why we are so focused on coming up with solutions, but what our members are saying is that something has got to be done.

They are very happy that we are here today and especially thankful to you, Senator Scott, for allowing our over two million members to have a voice to express the fact that something has got to be done to stop—you know, we always get accused of pushing grammy off the cliff every time we want to look to do something to fix the problem, and that is completely untrue. By fixing the problem, we are saving our future generations.

Senator SCOTT. If you care about your grandmother.

Ms. WEBER. If you care about your grandma.

Senator SCOTT. You would—I mean, think about it, who would do this to their family, right?

Ms. WEBER. That is right.

Senator SCOTT. That is what you are doing. If we don't solve this, we are not taking care of the people we care about.

Ms. WEBER. That is right, and that is exactly what our members are saying.

Senator SCOTT. Now, Hayden, you want to talk about how much energy costs impact inflation?

Mr. DUBLOIS. Oh, tremendously. I mean, that has been the number one cost driver we have seen over the last nearly two years for inflation, and a lot of that, unfortunately, is been misrepresented.

I mean, the Biden Administration has gone to Twitter saying that gas prices and energy prices are down. Under the new ownership of Twitter, they got a fact checked on that, showing that gas prices are still up 62 percent since January 2021, and energy and utility prices are up by 31 percent over the same period. I think 30—that is nearly a third over the last less than two years. That is tremendously harmful for seniors and for all Americans, and unfortunately, this is a direct cause of the undermining of American energy we have seen over the last nearly two years. We have seen a significant uptick in onshore leasing restrictions for drilling in

particularly in Alaska, in the ANWAR area, as well as offshore. An increase in offshore drilling fees.

We have seen the Department of Labor put out a ESG rule, ESG stands for environmental, social, and Governmental factors, and basically trying to get plan fiduciary for retirement plans to take into account environmental factors and the latest feel good social causes instead of rate of return, which matters a lot to retirees and all Americans, and so when you do that, it threatens access to capital for these energy companies, so they are forced to increase their costs and pass that along to consumers. At the same time, the rate of return of those retirement plans is also suffering. Not to mention rejoining the Paris Climate Accord, social risk scores from the comptroller.

All of this is having a detrimental impact on American energy. We were not too long ago a net exporter of energy under the previous Administration. We can't say that anymore. We certainly can't say that anymore, and in fact, again, to borrow what I mentioned earlier, if you were to plot the number of drilling permits approved and plot energy prices, one would be plummeting, the other would be increasing, and it is a big x on a chart, and it certainly has pointed over in the form of higher energy prices and gas prices that seniors are facing.

Senator SCOTT. Does it impact food prices?

Mr. DUBLOIS. Oh, certainly.

Senator SCOTT. Does impact construction?

Mr. DUBLOIS. Absolutely.

Senator SCOTT. It impacts housing prices, food prices, you know, cost of transportation. What does it—I mean—

Mr. DUBLOIS. Energy drives everything. The food you go to the store, it has to be driven there, or it has to be flown there. It has to be transported there in some fashion, and so, you know, from your home and your utilities, to the construction materials for home, to the food and your store, to the gas in your car, all of that is formed by energy, increasingly less American energy, because of this Administration trying to drive that back and rely more on foreign energy, so it all ties back to that, and a lot of this has been the result of Executive decisions that even Congress, which unfortunately has been under the control of the majority party for the last two years, even Congress hasn't weighed in on that. I mean, we have seen Executive rulemaking that has been so detrimentally disastrous for energy.

The rescinding of the Keystone XL pipeline was an Executive decision. The Department of Labor ESG rule I mentioned, Executive decision. If we looked at something like the REINS Act, which again, just to clarify what that means is right now the executive branch can propose a rule of any cost. If it gets public comment, they can accept that or ignore it, and it goes into effect, period. With the Reins—

Senator SCOTT. I mean we don't—I thought we were supposed to—I thought we were supposed to be do the laws. The way that, you know, three branches of Government, that Congress is supposed to be responsible for that. It is not the way it works.

Mr. DUBLOIS. Yes, when it comes to Executive rulemaking, it certainly isn't, and so the REINS Act, which stands for Regulations

from the Executive In Need of Scrutiny, simply says, if you are spending \$100 million or more, you have to get congressional approval. That is it, and we piloted this here in Florida under a bill you implemented, and we have seen it pan out. I mean, the current outgoing Democrat Agriculture Commissioner tried to effectively ban Styrofoam products here, and that was dead on arrival in the Legislature because of that very law.

Florida can do it. The nation can and should do it, too, and that would have a great impact in reducing Federal spending, reducing inflation, and opening up the energy sector again. Thanks.

Senator SCOTT. All right. We are going to take a break in a second, but I wanted to ask Bob one more question. Can you explain, let's say, you know what they did with this \$280 billion cut Medicare into the last bill they did in September, how that is going to—so the way it works is you reduce the amount of money you can give to drug companies, right. Do you think they are going to produce more lifesaving drugs or less?

Mr. MOFFIT. Well, let me put it this way, Senator. The answer is so simple, it doesn't require much of an explanation, which is if you are going to pay less for something, you are going to be guaranteed less.

Under the explicit language of the Inflation Reduction Act, you are not going to have any immediate, long term—short term reduction in drug prices, but under the Act, the Secretary is going to publish a list that would be subject to—where drugs would be subject to negotiation. Now, to use the term negotiation, and you know—

Senator SCOTT. It sounds nice.

Mr. MOFFIT. It sounds nice. It sounds like a kind of private sector business that goes on all the time where a couple of guys sit across the table from each other and negotiate a price. That is not what happens with the Medicare program. The Medicare program doesn't negotiate anything.

Medicare fixes prices, it does not negotiate prices, but in any event, a group of drugs would be subject to price fixing in 2026 and it goes all the way up. It continues 2015. There will be—in 2027, it will be 15 drugs. In 2029, there will be 20.

The Secretary fixes the price of the drugs. There is one thing that is absolutely true that is not subject to dispute, and that is there will be a reduction in breakthrough drugs or new medications. The Congressional Budget Office has estimated that there will be 15 fewer new medications over the next 20 to 30 years.

Now, that is the Congressional Budget Office. However, you know, they may be right. They may be wrong, but in fact, the Congressional Budget Office, in their own words, said, the CBO does not predict “what kind of drugs will be affected or analyze the effects of the foregone innovation on public health.”

Which means, we don't know what the actual impact will be on the public health of Americans, but also the fact that the United States produces 90 percent of all the breakthrough drugs in the world. This is going to have a global impact. Independent analysts project a much larger negative impact on the availability of new therapies, new medications, or new breakthrough drugs.

There was a study done by Thomas Philipson of the University of Chicago, and he estimated that on a similar bill, that this approach would result in a reduction of \$952 billion in foregone spending and a reduction in the development of new drugs, anywhere between 167 to 320 fewer—324 fewer new drugs over a 20 year period.

The point is, once again, a price control policy—people have got to understand, politicians cannot control the demand for anything, but they can control supply, and the way they control supply is to reduce the supply or the good or service. Never mis-underestimate this.

There is nothing humane about this. Policy is to reduce supply. It is to make sure that the drug or the commodity, the therapy that is controlled, there will be less of it in order to secure savings. You have to understand that. When people talk about, you know, boy, we are going to do—the folks in favor by imposing price controls on drugs—

Senator SCOTT. It sounds good.

Mr. MOFFIT. It sounds great, but it also means there are going to be less availability of drugs—

Senator SCOTT. Just less of it.

Mr. MOFFIT [continuing]. and therapies.

Senator SCOTT. Yes. Well, I want to thank—we are going to transition to our next panel, but I want thank each of you for being here, and by the way, they are all accessible. Every one of these individuals, I have had the opportunity to work with, and their job is to try to have—create a conversation so we improve our Federal Government, improve Social Security, improve Medicare, preserve these programs. I want thank each of you for being here.

Mr. MOFFIT. Thank you.

Ms. WEBER. Thank you.

Senator SCOTT. [Technical problems]—being here, again. I want to thank the first panelists and I want to thank these panelists. The—everybody—all of our panelists are here because they care about these issues, and so, one of the biggest things to make sure you do is find out how to reach out to them, because one thing I found out about Government, there is a lot of wonderful—I didn't know anything about it when I ran for Governor in 1910, but there is a lot of wonderful people that actually want to get good things done, and that is always—you read them on the paper a lot.

I can tell you, these individuals that are first panel, they are all individuals that are trying to do good things, so this panel will talk a little bit more about what is happening to our seniors on the fraud side.

I know Attorney General Moody, it is one of the big focuses she has had. One of the big focuses she has had based on her background, and she might want to talk about that a little bit, but, we have got thousands of victims.

Let's see, in 2021 thousands of victims over the age of 60 lost billions to scams. A 74 percent—think about this, just a 74 percent increase in two years—one year. Sadly, we live in a world where—and you can't imagine this. I was just talking to the Attorney General about this, who would want to take advantage of somebody?

There is plenty of opportunity to, you know, if you are in business, there is plenty of opportunity to do well without having to take advantage of people, but people pick on vulnerable populations for their own benefit, and they often get away with it, and in—sometimes it is not enough dollars for law enforcement's efforts, and, you know, you have got to figure this out, because if it is impacting you or your family, it is not just impacting you, it is impacting—they are going to impact somebody else's family, so we got to stop them.

Some of these bad people use social media to get seniors to click on scam websites. They steal the identities of seniors. We have so many people have lost their identities, or their credit card has been hacked. They pretend to be relatives in need of cash. Some seniors are taken advantage of by some of their family members, which is despicable.

One day they will realize they owe tens of thousands of dollars on a credit card debt. They thought they were just helping out a relative. I think it is sick and we have got to figure out how to make it stop.

You know, as we know, our seniors are already struggling with inflation. They, you know, and just as a population, none of us probably, you know, save enough money as we should. In 2019, I co-sponsored the Traced Act, which was signed into law and aimed at deterring criminal robocalls, but look, that is one thing.

There is so many more things that we need to be doing, and I know there is things we can do at the local level, there is things we can do at the State level, and there is things that we can do at the Federal level, and we all have to do our part.

If you believe there might be a victim of a fraud or, you know, anybody that was you can go to—call the national elder fraud hotline, and I am sure the Attorney General has one also, but the Federal one is 1-833-fraud11, 1-833-fraud11, and you know, or you can go visit justice.gov/elderjustice. It was—when I was Governor of Florida, we had the opportunity to focus on this, but it is not, as you can tell with these numbers, it is not stopping, so we have, let me just introduce our panelists. First, we have got Attorney General Ashley Moody.

Attorney General Moody came in when I finished as Governor, and she has done a great job. Just got reelected to her position and rightfully so because she has done a great job. She is a tireless advocate for Floridians and has zero tolerance for fraud of any kind, especially against seniors. Our second witnesses, Nicholas Weilhammer.

Nicholas is the Associate Deputy Attorney General who heads the enforcement component within the Attorney General of Florida's Consumer Protection Division. The division protects consumers by pursuing individuals and entities that engage in unfair methods of competition or unconscionable, deceptive, and unfair practices in trade or commerce.

The division also partners with others State Attorney Generals, as well as State and Federal agencies in joint enforcement efforts, and by the way, just like I talked about before some of them got here, we have offices around our State. They do also, and they—we can't solve problems we don't know about, so if you don't tell

us, we can't solve them, so I hope you will, at the Federal level and at the State level, let us know. Finally, we have Thomas Blomberg, Dean of Criminology and Executive Director at the Center for Criminology and Public Policy Research at Florida State University.

His current research is concerned with elderly financial fraud that is centered upon a national survey of citizens aged 65 or over concerning their fraud related victimization experiences, so thank you, Dean, for being here.

Let's start. Each of you, if you could take a few minutes and talk about what you are doing. Pam, you want to start—I mean, Ashley, do you want to start?

**STATEMENT OF ASHLEY MOODY, ATTORNEY GENERAL
OF FLORIDA, TALLAHASSEE, FLORIDA**

Ms. MOODY. Sure. Thank you, Senator Scott, for arranging this special hearing on the Committee on Aging. This has always been something near and dear to my heart. I was raised by a mother who has dedicated her entire career to helping seniors, many of which were exploited by those seeking to take advantage of them financially, and so obviously, when I came in as Attorney General and was given such a breadth of responsibilities, focusing on seniors and fraud against them was a priority of mine, and I am so proud of our team. You will hear it in a moment from Nicholas Weilhammer who leads our enforcement and protection team, and we are just doing amazing things across the State of Florida, so proud of them.

What I wanted to do today is, for you, Senator Scott, and for your Committee that may be participating via livestream, is go through some specific examples of cases that we have worked within the Attorney General's Office, because I think that gives a broad view of the types of scams and emerging trends that we are seeing around the State, and because Florida leads the Nation in our senior population, that should be a microcosm of a greater problem nationally, and it might spark ideas of how we might be able to better complement each other's efforts in aggressively going after bad actors and better protecting seniors.

It is my privilege to address the steps that we have implemented and to make sure that nationally they are aware of what we are dealing with in our individual State, the great free State of Florida. Today, more than five million seniors call Florida home. Seniors remain one of the fastest growing population segments in our State, and many of these Americans served our country.

They contributed to our economy in so many ways, and we owe them nothing less than to ensure they can enjoy their golden years free from victimization and the threat of scams. Unfortunately, scammers recognize that our booming senior population exists here in Florida, and they often seek to turn what was going to be a dream of retirement into a financial nightmare for them, and we are working tirelessly to prevent that.

Our Government enforcers need effective intake systems, especially within law enforcement, to receive and analyze what these—what the senior complaints are, and then have necessary enforcement expertise to act on those complaints immediately.

I see this repeatedly within law enforcement organizations, many times they are focused on what we would call, and I can tell you, as a former prosecutor and judge, we often would refer to the sexy topics of law enforcement.

Oftentimes, some of the more nuanced, economical, or financial crimes, didn't get the same drive and determination and attention, and we needed to change that, and we need to make sure that we have the requisite expertise in criminal law enforcement in addition to our civil efforts.

When I took office in 2019, I immediately assembled a senior protection team, which was designed to bring together our criminal divisions with our civil divisions, to see if there were overlaps in what we could be doing.

If we are if we are seeing something specifically in a civil lens, is this, in fact, a criminal act? Should this be criminally prosecuted? We have had a lot of interplay between those divisions, which consists of our statewide prosecution team, Consumer Protection Division, Medicaid Fraud Control Unit, and our Office of Citizen Services, and that is the intake.

We have specific intake folks within Citizen Services that have been trained on senior scams and senior issues, so they know exactly where to direct these complaints. That was not the case prior, and now they interact effectively and immediately with our investigators and our lawyers.

The senior protection team also works with Seniors vs. Crime, and that is a group of Florida senior volunteers across our State and the Florida Department of Law Enforcement to assist with investigations and outreach efforts.

They consult with outside senior protection experts from local law enforcement, other State agencies, and private advocates and stakeholders to focus on senior abuse, neglect, fraud, senior related issues, and long term care, guardianship, law enforcement training, and educational outreach.

The team identifies emerging scams, spots trends, and tries to stay ahead of changes in technology that are routinely being used to prey on seniors. One of the other things we immediately saw when I came into office was, there will always be a blueprint for a traditional scam, but scammers will take advantage of new ways to use the blueprint to trick people, so there will be a twist on an old age scam, and they will use new technologies to take an old blueprint scam and try and get to people through a new technology, whether that is a new app or whether that is a new type of service through robocalls designed to target specific people, and so we immediately said we need to do something different. In addition to beefing up and more streamlining and developing expertise in this area, we have also got to realize and remember that preventing crime is just as important and making sure people can protect themselves.

Pushing out as soon as we start seeing a trend and a particular scam, pushing that out as soon as possible through either our Consumer Alert Program or our Scams At A Glance program both developed when I got into office, and that way, if we start seeing the trend, we don't want to wait for it to take root across Florida.

We want to make sure that seniors have that information as soon as we are seeing it, and, you know, and I could throw the examples out there to you, whether that is a grandparent scam or whether it is a romance scam, I could go through.

A lot of times we will see a twist on those, and they are targeting specific people and they are in their recruiting people into this scam in new ways, and we want to get that information as soon as possible.

I can go through now, or I can come back to specific cases after my colleagues have had a chance to speak—

Senator SCOTT. Why don't we go on, let everybody talk, and then we will go back to the cases, because I think that will be interesting people also.

Ms. MOODY. Absolutely. All right. Thank you.

Senator SCOTT. Mr. Weilhammer.

**STATEMENT OF NICHOLAS WEILHAMMER,
ASSOCIATE DEPUTY ATTORNEY GENERAL FOR
ENFORCEMENT, TALLAHASSEE, FLORIDA**

Mr. WEILHAMMER. Thank you, Senator Scott. My name is Nick Weilhammer. It is my pleasure to serve as Associate Deputy Attorney General for enforcement for Attorney General Ashley Moody.

To reiterate the remarks of Attorney General Ashley Moody, the AG's Office sees a number of threats to seniors and their retirement savings, health care, and overall fiscal health. Government imposters, charity scams, identity theft, coronavirus scams, romance scams, and tech support scams are just a few of the scams perpetrated on our seniors.

Having a skilled team of professionals to receive complaints by seniors such as Attorney General Moody's Senior Protection Team has proved essential to enforcement. While State Attorneys General have powerful enforcement tools, it is crucial to have a dedicated team that is qualified to spot senior issues and address a complainant's physical or mental disabilities, if present.

This improved consumer intake process has resulted in millions of dollars in recoveries through her enforcement actions. As one example, Attorney General Moody took action to shut down a water filter company, falsely promising to treat serious medical conditions.

This company falsely claimed that use of its molecular hydrogen water machines could assist in ailments ranging from cancer, depression, diabetes, lupus, skin disorders, and other chronic diseases.

Senator SCOTT. And find a date too?

Mr. WEILHAMMER. These high priced products, ranging from \$6,700 to almost \$10,000, came with false promises of wide ranging health benefits and attractive financing. As part of the company's marketing strategy, it offered a case study program that purportedly provided customers with monthly compensation payments in exchange for providing positive feedback about the machines.

The company claimed the payments would offset some or all of the financing cost of the filter systems. According to consumer complaints, the company did not provide the promised compensation,

sent checks sporadically, mailed consumers worthless checks, or the checks stopped coming altogether.

We encourage Floridians to be vigilant and stay apprised of the latest scams, which can rapidly change in complexity and scope. Attorney General Moody's Consumer Alert Program is designed to inform the public of emerging scams, new methods used to commit fraud, trends in consumer complaints, and other deceptive practices utilized to take advantage of Floridians.

There are also opportunities for Floridians to volunteer as a senior sleuth. Seniors vs. Crime is a special project of the Florida Attorney General's Office, run by seniors who volunteer to help victims of senior targeted crimes, or deceptive or unfair trade practices.

Senior sleuths assist older Floridians by reviewing complaints, pursuing restitution for consumers, providing advice to vulnerable populations, and informing others of common scams.

I thank the Committee for its important work in studying and highlighting these issues, and for allowing me the opportunity to share enforcement actions taken by Attorney General Ashley Moody.

Senator SCOTT. Thanks. Dean.

**STATEMENT OF THOMAS BLOMBERG, PH.D., DEAN
OF CRIMINOLOGY EXECUTIVE DIRECTOR, CENTER
FOR CRIMINOLOGY AND PUBLIC POLICY RESEARCH,
FLORIDA STATE UNIVERSITY, TALLAHASSEE, FLORIDA**

Dr. BLOMBERG. Thank you, and thank you, Chairman Scott, for this incredible Committee. I have been working in this area for a number of years and it is just wonderful. Although, I have learned a lot here today.

This first panel, I don't want to kind of contribute to more doom and gloom, but the broader context that we live in, and particularly our seniors, it is just, it is very, very challenging. My time, I am going to talk about the problem of the financial exploitation of older adults.

I will then turn to some risk factors and consequences, and then I will turn to some evidence based policy responses, both for the prevention of financial fraud of older adults, as well as post victimization surveys after you have been victimized. Very importantly, my comments are based upon the perceptions of older adults living in Florida, okay.

We went in and we interviewed, we held town hall meetings, we did focus groups, so what I am sharing with you is what the older citizens educated us about what they face and so on, and very importantly, we talked to those that became victimized and those that did not, and that was a very important thing because not everyone, despite being 80, 85, falls victim and yet some 65 year old, as many of you know, do fall victim. With regard to the problem, I think most of you know, our older adult population is the fastest growing segment of the U.S. population.

We currently have 56 million people. Every single day, 10,000 more people in America turn 65, so today, 10,000 more, yesterday, 10,000 more, and by 2030, 71 million people will be age 65 or older. Now, also importantly, these aging American adults control 70 percent of the invested wealth in this country, 70 percent.

Their target for financial fraud and other forms of abuse is getting bigger and bigger. The problem is significant. When we look at it—again, as Senator Scott mentioned, so many people, I am sure out here in the audience, you know people that have been victimized or you yourself have been targeted.

In surveys of older adults, every single older adult expressed that they had been targeted, not necessarily successful, but they would be targeted, and what are the targets? Telemarketing. Many of you know about that. Charitable donations, real estate, automobile, home repair, lottery, sweepstakes, health caretaker, financial schemes, such a range, and as the Attorney General mentioned earlier, these things are just being tweaked and refined. We go out, and my colleague, Dr. Ran Kelly in the audience, we give a lot of talks. We are working with ARP, we are working with different groups.

We go out and we give talks, and the audience comes back to us, and some of these are distinguished professors, doctors, lawyers, anybody. Nobody is immune from these types of scams. They are sophisticated and so on, and it is just so widespread, but what we know, very importantly, what we know is the tip of the iceberg, because most cases, by far the overwhelming majority of cases go unreported. They are not reported. Why? Oh, there is a variety of reasons. Embarrassment.

Often over 50 percent of the cases are perpetrated by friends or relatives. You don't want to get your relative or your friend in trouble. Feeling foolish, and later, I hope to share with you a particular case of an American hero, who—and it was just one of the saddest things. Another thing that you might not be aware of, many people do not report because of fear of losing their independent living arrangements. That well-meaning relatives, sons, daughters will come in and say, mom, dad, it is time to move on, right, and so a variety of reasons, but the very important thing is, we only know the tip of the iceberg, so what are some of the risk factors and consequences of financial fraud? Physical and cognitive health, which includes changes or declines in physical and memory, just cognition.

Those things change as we get older, right. We have certain changes we go through. Major medical events or diagnoses. We talk to a lot of people that said, I have a spouse that is dying of cancer, and they want to replace my air conditioning, I just replaced it six months ago, but if I have the money, I will just go ahead and write the check, so more important priorities, changing circumstances, and psychological conditions, anxiety and depression. These are just some of the physical conditions. The social factors, retirement. We have people now that are living longer, but also they are more wealthy than they used to be, despite all the inflation and so on, and they are relocating.

Their social networks are not the same and so on, and again, as I mentioned earlier, incapacitation of a spouse. Suddenly now you are a caregiver and so on, so a different set of circumstances in which your decisionmaking can be altered because you have other priorities. What are the consequences? Reductions in the quality of life.

I can tell you when we are going through these interviews, it was one of the—it was just shocking, and it was so sad and hurtful that you couldn't help but get emotional on some of the things that these people, as the Attorney General mentioned earlier, in their prime point of life, in their golden years, were now going through hell. That is the only word I can use.

Difficulty recovering financial losses. They are on a fixed income. We heard about inflation and so on and so forth, and how do you recover? They are living on a pretty tight budget, and then severe feelings of anxiety and fear, not wanting to answer the telephone, not wanting to even pick up the mail because of fear, fear, pervasive fear.

Also suffering in isolation. Don't want to go next door and bother anybody because I don't want to be a burden and I certainly don't want to tell my children, so they suffer frequently in isolation. Skipping meals and prescribed medications because they can't afford them, and then, very importantly, premature death.

Studies have been done showing victimization, older adults versus no victimization. Those that have been victimized, given all the stress, anxiety, and the changes in the quality of life, die prematurely, so at FSU Criminology, we are about bringing research to life, so what do we do with this research? What are we recommending?

The first thing we want, prevention. We feel prevention is the key, and so we are working with a major health provider. Florida State has a partnership with Mayo Clinic, and we are working with developing a risk assessment instruments that health care providers and other interested parties can use to show that here are risk factors, and to alert that particular person, and very importantly, their support system.

Look, this is something you want to be aware of, so risk assessment instruments are critical to prevention, and then additionally, since so many people—there is currently a 30,000 places like The Villages that are going up around the United States. Saint Joe Paper Company is building—they are calling it The Villages on steroids, so these retirement communities are exploding, and we would like to see comprehensive—comprehensive community service agencies devoted to providing services. It came out, first of all, education is critical.

Education classes would be one thing, the development of financial safety plans. Shopping buddy programs, shopping buddy where a widow has someone that will go help with a car purchase or car repairs and so on.

Emergency relief funds for victims, and very importantly, a 24 hour hotline where people can call and get answers to next questions on best steps.

Senator SCOTT. Thank you, Dean. Attorney General, can you talk—two things, about a couple cases, but also just talk about you work with local law enforcement, you work with State Attorneys, and so how does that all work at the State level?

Ms. MOODY. That is a great question. One of the biggest questions we get all the time is, I don't even know who to call, and a lot of times, especially if you are looking at the scams, so, you know, the 21st century scams, identity theft, robo text, robocalls,

and fraudulent technical support, those are all dealing with cyber issues.

Cyberspace is the new frontier for scammers, and it is important to remember, a lot of these things will be crimes. There will be an actual, whether it is a Federal statute or a State statute, that is a criminal act, and law enforcement, whether that is a Federal agency, or a State, county, or city law enforcement agency can go after a particular crime. If it is a crime, that would be prosecuted by the relevant prosecuting authority. If it is a Federal agency that is looking into it, then that would be prosecuted by a U.S. Attorney's Office.

If it is a State agency, a county agency, or a city agency that is looking into a criminal act, that would be prosecuted either by the statewide prosecutor, and in certain, very limited certain situations, or more probably, one of your Circuit State Attorneys, and as you know, Senator Scott, former Governor, there are 20 circuits within our State.

Each of those circuits has an elected prosecutor, and they have working with them assistant prosecutors, and they would help prosecute criminal acts. Now, there are also State statutes that prevent deceptive or deceitful fraudulent trade practices, and that is where you are using these deceptive practices to trick consumers, and those are civil actions, and many times our civil attorneys can get injunctive relief.

Sometimes we can get either fines or compensation back to victims. We also work with the FTC and other Federal agencies in some of our larger cases, and because seniors are more and more getting more familiar with computers and smartphones, this really is a trend that the Federal agencies are going to have to stay on top of, because, as you may imagine, many of the offenders are overseas or they are not within the State of Florida, and yet they are victimizing our very dense, very large population of Florida seniors, and so that is when we have to really be able to rely on our Federal partners, which is why I was suggesting to Senator Scott that making sure we have a specially funded law enforcement unit with specially funded intake folks and investigators is so important as it relates to senior crime.

We have done that here in Florida in order to make sure that we are best set up, but in many of these cases, the offenders are not within Florida, and we have to utilize our Federal partners to be able to stop the activity.

Now, we can do our best to prevent, we can do our best to warn, we can do our best to try and shut down things, but to go after and put these people behind bars so they can't keep victimizing people, that is key, and utilizing our Federal resources is going to be so important.

Senator SCOTT. If they call—but you have offices, okay. You have got, you know, a hotline. You have got ways to reach, and you can refer things—

Ms. MOODY. Of course, yes.

Senator SCOTT. Right, and that is one of the benefits of knowing who your Attorney General is and knowing where to call there.

Ms. MOODY. One of the great things that I am so proud of is, we have streamlined this, and we have specially trained intake people,

so they understand exactly where to refer people, but some of these new age cyberspace scams, you are looking at identity theft and recent data suggests that Florida is second in the Nation for identity theft, and of course, that occurs when someone attempts to use the private, personal information of another person to commit fraud.

In Florida, we see cases where personal information of seniors is stolen or misused by someone close to that senior, such as a caregiver, guardian, loved one, employees of rehabilitation centers, or nursing homes, and so our State adopted enhanced criminal penalties for this type of conduct, and many of you may remember during the last legislative session, my office worked very hard with lawmakers. We helped come up with language and helped push a greater senior protection legislation. We think this is a model for the rest of the country. Again, I think Florida leads in many areas, but specifically as it relates to senior protection.

The law will strengthen senior protection by preventing the intentional isolation of vulnerable adults, allowing for earlier intervention by law enforcement and prosecutors to prevent irreversible physical harm or financial loss to vulnerable Florida seniors, and strengthening accountability of guardians and agents under powers of attorney.

Our Office of statewide Prosecution also has additional authority to go after those who commit crimes against elderly and disabled adults, so just to give you some idea of the types of things we are seeing by people being victimized by those close to them, we had an arrest of a Florida couple that stole money and personal identification of a Florida senior, and they were using the victim's debit card to purchase their own personal products for their personal use.

We worked with law enforcement to arrest a live in caretaker that was charged with stealing thousands of dollars from a Florida senior. We had a task force that issued 20 investigative demands to 20 gateway providers regarding robocalls and unsolicited calls.

We know by far the most prolific scams are perpetrated by telemarketers and robocallers seeking to obtain sensitive personal information to steal identities or gain access to consumers' bank accounts or other assets, and so last December, we announced that consumers nationwide would receive \$1.8 million in refunds as a result of actions taken by our office working with the Federal Trade Commission to shut down a massive robocall scheme.

Recipients included more than 1,300 Florida victims that were targeted by the company, and it bombarded those consumers with more than one billion unsolicited robocalls, pitching a variety of product and services, including a fraudulent medical alert system, and many of the illegal robocalls targeted seniors and tricked consumers into paying for supposedly free in-home medical alert devices.

Even though they claimed they were free, they held consumers responsible for monthly payments, and once consumers attempted to cancel, it forced them to pay cancellation penalties. Those organizations and people were banned from telemarketing and from misrepresenting terms associated with the sale of the product or service, so whether it is these robocalls, whether it is fraudulent technical support, as technology is increasing, we are seeing more and

more victimization and the ability to target more people as a result of a particular scam, so we are incredibly proud of what we have been able to accomplish within our office, and I don't see this slowing down, and in fact, I do believe that cyberspace is the new frontier for scammers, especially those that reside overseas.

Senator SCOTT. Yes. Then you crack down on something and they just set up another entity, so it gets really frustrating.

Ms. MOODY. That is why I am a big proponent of making sure we are dealing with victims, helping victims not just in this area, but whether it is human trafficking or any other criminal enterprise. It is important that we help those that are specifically targeted and harmed, and we help them recover, but at the same time, we cannot forget, and many organizations start moving specifically to dealing with those harms and addressing that, but we cannot forget, you have to go after aggressively the offenders and put them away, and put them away for a long time, or else as soon as they get out, they are going to start—

Senator SCOTT. Yes, they will do another one.

Ms. MOODY [continuing]. victimizing other people, and there is no reason that we shouldn't reexamine our criminal justice system, making sure we are doing the best we can, making sure that we are improving our systems when necessary, but we can't lose sight of the fact that there are people out there whose agenda in life is to victimize others and harm others—

Senator SCOTT. Take advantage of other people.

Ms. MOODY [continuing]. We have to not lose sight of putting those people behind bars where they can't victimize others.

Senator SCOTT. Dean, you want to—do you—

Dr. BLOMBERG. Yes, I agree.

Senator SCOTT. Dean, you were talking—you had a specific case you wanted to talk about.

Dr. BLOMBERG. Yes. We had, during the course of our research, we had a gentleman who was a heart recipient during World War II. He is a hero, and he and his wife had invested in a luxury cruise of a series of trips, and Seniors vs. Crime has not been mentioned but what a wonderful organization, and many, many of the people that we spoke to, they, without Senior vs. Crime, they would have been lost, and just a great, great organization.

Ms. MOODY. Let me just plug in here. This is a project that was set up by our office, and it recruits people like you that are here today listening to this and understand what a problem it is, to train yourself and go out not only educate your fellow seniors, but also dig down into the information.

Is this something that needs to be referred to our either our civil attorneys or our criminal attorneys, or is it just something that you can go and help them? It is a great program. They serve thousands of Floridians, and if you are interested, please let us know. We are always looking for great volunteers. Sorry about that.

Dr. BLOMBERG. That is all right. Yes.

Senator SCOTT. Anyway, I think the Attorney—or do you have—you have got a head out and you are going to have to leave, is that right?

Ms. MOODY. Yes, Senator.

Senator SCOTT. I don't know if this is a good time. I just, I want thank you for being here because I know you have got a busy schedule.

Ms. MOODY. This is incredibly important to me. If me being here in any way added to the information that was provided to you, sir, and your work and how you can be effective in combating senior fraud, I was glad to do it. Thank you for including me. Thank you for including our office.

I am sure, if there are any followup questions, my esteemed colleague here can answer them thoroughly. Thank you so much.

Senator SCOTT. Thank you for being here, and Dean, you are going to—

Ms. MOODY. You want this back, I assume. [Technical problems]—you might want this back.

Senator SCOTT. Okay. Bye. Okay, Dean, you are going to—

Dr. BLOMBERG. Yes. I was just going to share with you this story of this gentleman. He was in his 80's, a Purple Heart recipient. He and his wife had invested in this scam, and he met with the Senior vs. Crime person who had investigated the scammers, and they had already pulled up stakes out of Florida and moved to Texas, so they were gone, and so the Senior vs. Crime person was having breakfast with this American hero and his wife, and he said to him, he said, I am so sorry to tell you that they—I can't get your money back. They have already pulled up stakes.

This hero, he started sobbing, tears coming down and he said, it is not about the money. It is not about the money. I feel so foolish. I feel like I can no longer handle my affairs, and this is the kind of situation in which people fall victim and their whole quality of life—that gentleman was no longer going to feel competent in making decisions.

Very important point. We also interviewed those that had not fallen victim, and so do keep this in mind. We start talking about a risk assessment instrument.

Those individuals, like many of you out in the audience, that remain skeptical, that read the fine print, that slammed the phone down, that realize there is no free lunch, right, there is no free lunch, they avoided the kind of cognitive transformation that facilitated victimization, and that is what we are hoping to codify in a risk assessment so that we can educate those that are at risk.

Senator SCOTT. So the Nigerian letter is not real?

Dr. BLOMBERG. That is right. That is right. Not real.

Senator SCOTT [continuing]. have gotten some letters from overseas and we just got to help them a little bit, and then you read about it, and I think I got one, one time about, I have some relatives somewhere around the world that just need a little bit of help.

Dr. BLOMBERG. Right.

Senator SCOTT. That I have never heard of.

Dr. BLOMBERG. One—Florida State University is having just a—just a magnitude of applicants applying for admission to Florida State University, like about 20,000 more from Nigeria than we have ever had before because looking to get some sort of financial assistance, so they have got a scam going.

What Florida State is going to do is require a \$200 fee to apply and that should shut it down, and then those that get accepted, that fee would be waived, but the scams, as the Attorney General said, they are just changing daily.

Senator SCOTT. Yes. Nick, give—can you give, tell the audience, just tell how you guys work. Just pick some case and how it went through? How somebody got to you, and then how you were able to prosecute, and how you are able to prevent this from happening again.

Mr. WEILHAMMER. Sure. One of the great resources we have is a hotline. If you have a pen and want to take this down, it is 866-9-noscam. That is 866-9-noscam. A lot of our calls come in that way from complainants, and boy, we see the gamut of the scams. Construction fraud is a big one, and so usually, unfortunately, the money has already left. They are not getting a response. The phone has stopped being answered, and they feel like they have been scammed, and what should they do next? We are a good first stop.

We can work with other State agencies that may have jurisdiction over the license, if there was one. That is very important. Always check and make sure the license professional does in fact have a license, is ensured. We can work with that agency to make sure any licensure action that needs to be taken can be taken.

From there, we take a look at deployment of our office resources, whether or not local law enforcement needs to be involved, whether or not it is something larger. During our hurricanes, of course, we have a lot of people coming around from the Southeast, from the Northeast, coming down and not having a proper license and committing scams and taking your money and running with it.

One of the great resources we have to help prevent these scams, we have this consumer alerts that we issue. You can sign up for on our website, myfloridalegal.com. We also have profiles and scams at a glance, and these kind of pinpoint exactly what we are seeing on the ground as sort of the latest developments of a scam.

How to report it, what to do next, how to look out for it, and how to share. As the professor told you, it doesn't mean anything if we are not sharing the knowledge. We need to make sure that everyone is aware of some of these scams. There were some great ideas that he mentioned, and if there is any residents that can implement some of these shopping buddies, I love that idea, to help prevention. That is really going to be key for all of us.

Senator SCOTT. Well, I just want thank you guys, everybody for being here, but here is what I would liked—one thing I have tried to do in my time as Governor and this job is try to bring people together, so you see what type of resources are out there.

What the Attorney General is trying to do, what Nick is trying to do is, is the biggest thing we can do is educate people, right. We can—if we can get people to know what they ought to do to prevent this is best thing happening, but then we have to do what the Attorney General said. We have got to prosecute people that do the wrong thing because they are going to do it again if they have done it the first time, and so you have an Attorney General that is willing to do that.

We, you know, I think we all have our expectation our U.S. Attorneys will do the same thing, but one thing that I—what the At-

torney General does, they have a great relationship working with local and Federal law enforcement to be able to prosecute.

One thing I like, what the Dean is doing is, trying to use his resource to find out where are the big problems and how do we educate people, so anybody that can help him as he—and his team, as he gets more information out there and has a cumulative information, the more everybody knows about this, the less is going to happen.

We have all been targeted. We all have been targeted. I mean, it seems like every relative I know has to get a new credit card every few months, all right. I mean, we are all getting targeted every day, and it is easy thing with the internet now.

We got to fight for this, and many of our seniors, I think it is exactly what the Dean said, they don't want it—they don't know who to call. They are very embarrassed, and they don't want to be—they don't want to have a relative come and say, well, I don't trust you anymore, you are going to have to, you know, go. Somebody is going have to take care of you. That would be devastating for all of us. We all want to live as independent as we want, as long as we can.

Thank you for being here, and I hope everybody will reach out to them, but thanks for being here, and this is the end of the hearing.

[Whereupon, at 11:15 a.m., the Committee hearing was adjourned.]

APPENDIX

Prepared Witness Statements

Written Testimony of

Rebecca Weber, CPCU

Chief Executive Officer
Association of Mature American Citizens (AMAC)



Submitted to the
Senate Special Committee on Aging

Hearing on
Issues Facing Seniors: Retirement Security, Healthcare, & Fiscal
Health

The Villages, FL
November 21, 2022

Thank you, Senator Scott, for inviting the Association of Mature American Citizens (AMAC) to speak today on this critical topic. My name is Rebecca Weber, and I am proud to serve as AMAC's Chief Executive Officer representing over 2 million members. We are an organization dedicated to helping all Americans, especially those over age 50 and we accomplish this through three separate entities:

- AMAC, the umbrella member benefits organization that organizes discounts and other benefits available to our members including our growing resources of news and information available on our website, mobile app, and magazine, which is delivered to 1.7 million households nationwide,
- AMAC Action, our advocacy arm focusing on improving public policy in our nation's capital and in state governments, and
- The AMAC Foundation, a 501(c)3 educational foundation that helps educate seniors on a variety of topics through free-to-read publications and operating a hotline for Social Security and Medicare questions.

AMAC is centered on American values: freedom of the individual, freedom of speech, the free exercise of religion, equality of opportunity, the sanctity of life, the rule of law, and love of family. Because of AMAC's steadfast commitment to American values, I feel compelled to use today's testimony to show how no other administration in the last 50 years has done as much damage to seniors and their longevity, prosperity, and legacy as the Biden Administration and I want offer ideas on how to fix the damage that has been done. As an organization whose goal is

to help seniors thrive in their retirement and protect this nation for the next generation, the actions of this administration are genuinely shocking.

AMAC was founded 15 years ago in 2007 by my parents, Dan and Judy Weber, to provide an organization that truly represents the interests and priorities of mature Americans. Today, our membership has grown to over 2 million Americans, with more members joining every week. Through AMAC Action, our members have become a grassroots army with many members developing close relationships with their Senators, Representatives, and state legislators. This grassroots army forms the core of our member-driven organization; our members inform us of what issues are important to pursue. On the advocacy side, this approach results in legislators on Capitol Hill and leaders in the administration hearing directly from seniors on issues that are important to them. There is no filtering, no application of corporate influence, and no board-directed posturing in the setting of our priorities. Since January 20, 2021, our members have focused on the shortcomings of the Biden Administration that are impacting their everyday lives.

Because of our members' strong interest in advocacy, today's hearing is especially relevant. The last two years have hurt seniors through increased inflation, decreased buying power, increased Medicare premiums, and the threat of benefit cuts to Social Security if nothing is done to stop insolvency. It is shameful to hear the President of the United States claim that "the economy is strong as hell!" when for millions of seniors,¹ it is anything but. So far, under the direction of President Biden and Congressional Democrats, we have seen two straight quarters

¹ Bloomberg, *Biden Brushes Off Risks of Strong Dollar on Global Economy*, Oct. 15, 2022, <https://www.bloomberg.com/news/articles/2022-10-15/biden-says-us-dollar-s-strength-isn-t-concerning-for-him>

of economic contraction,² the lowest workforce participation rate since 1976,³ the highest inflation rate since 1982,⁴ and the worst year for the stock market since the Great Recession in 2008.⁵ All these issues are bad for all Americans, but I want to highlight why they are terrible for seniors.

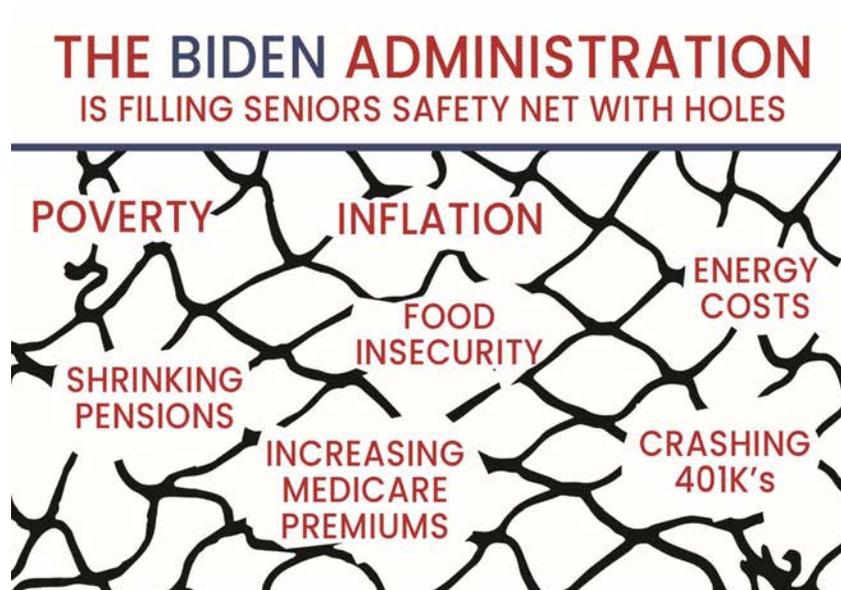


Figure 1: The Biden Administration is destroying seniors' safety net

² CNN Business, *Latest GDP reading confirms the US economy shrank for two straight quarters, supporting one definition of a recession*, Aug. 25, 2022, <https://www.cnn.com/2022/09/29/business/us-gdp-q2-final>

³ U.S. Bureau of Labor Statistics, *Labor force projections to 2022: the labor force participation rate continues to fall*, December 2013, https://www.bls.gov/opub/mlr/2013/article/labor-force-projections-to-2022-the-labor-force-participation-rate-continues-to-fall.htm#_edn1

⁴ NPR, *Inflation Hits Another 40-year High, but Older Folks Say They've Seen Worse*, Feb. 10, 2022, <https://www.npr.org/2022/02/10/1079260860/january-inflation-consumer-prices-cpi-economy-federal-reserve>

⁵ CNN Business, *Biden's stock market record so far is the second worst since Jimmy Carter*, Nov. 8, 2022, <https://www.cnn.com/2022/11/07/investing/stock-market-biden>

The Biden Administration is destroying seniors' safety net

Seniors live on fixed incomes: a combination of retirement savings, worker pensions, and Social Security. This limited income and federal healthcare programs like Medicare and Medicaid create a seniors' safety net that ensures their quality of life in retirement. The increasing costs due to Biden Administration policies have made holes in this safety net which is hurting seniors. Last year, the number of seniors living in poverty increased by nearly one million,⁶ more than 10 percent of seniors are now living below the poverty line.⁷

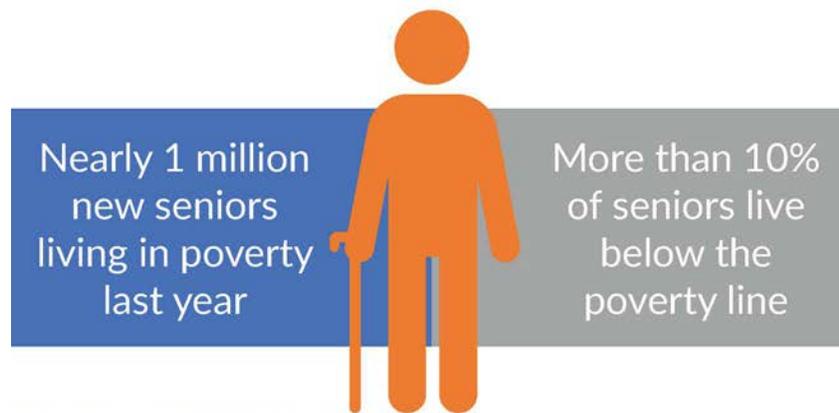


Figure 2: Rising costs are moving more seniors into poverty

As continued high inflation costs the average American family more than \$3,500,⁸ the number of seniors living in poverty will rise in 2022 under Biden and Congressional Democrats. The increased costs due to inflation also affect the food security of seniors, with food prices up

⁶ US Census Bureau, *Poverty in the United States: 2021*, September 2022,

<https://www.census.gov/content/dam/Census/library/publications/2022/demo/p60-277.pdf#page=29>

⁷ US Census Bureau, *Poverty Rate for Children Higher Than National Rate, Lower for Older Populations*, Oct. 4, 2022, <https://www.census.gov/library/stories/2022/10/poverty-rate-varies-by-age-groups.html>

⁸ Penn Wharton University of Pennsylvania Budget Model, *Impact of Inflation by Household Income*, Dec. 15, 2021, <https://budgetmodel.wharton.upenn.edu/issues/2021/12/15/consumption-under-inflation-costs>

12 percent since last year; nearly half of seniors have reported visiting a food pantry or applying for food stamps to afford to eat.⁹ It isn't just the recent spikes in food prices hurting seniors; electricity is up 14 percent, gasoline is up 18 percent, and natural gas is up 20 percent.¹⁰ For seniors, these increasing costs are only one-half of the livability equation, the other side is savings, and the Biden Administration's record is just as bad for retirement savings.

Under the Biden Administration, the average 401k retirement account has lost \$34,000, a 25 percent decrease in just one year.¹¹ Additionally, public pensions have lost tens of billions in value,¹² putting thousands of retirees and soon-to-be retirees in trouble of having enough retirement income to last through their golden years. For seniors without decent retirement income, Social Security benefits become even more critical; unfortunately, inaction by our elected officials is putting those benefits at risk by doing nothing to fix the impending insolvency of the Social Security Trust Fund.

Social Security

The Social Security Board of Trustees projects that the program's financial reserves—the combined OASDI trust fund—will be fully depleted by 2035,¹³ while the Congressional Budget

⁹ Fox Business, *Seniors Turn to Food Assistance Programs Amid Soaring Inflation*, April 27, 2022, <https://www.foxbusiness.com/economy/seniors-turn-food-assistance-programs-amid-soaring-inflation>

¹⁰ Bureau of Labor Statistics, *Consumer Price Index – October 2022*, Nov. 10, 2022, <https://www.bls.gov/news.release/pdf/cpi.pdf> <https://www.bls.gov/news.release/pdf/cpi.pdf>

¹¹ New York Post, *Average American is Losing \$34K and everything else on Biden's Watch*, Oct. 16, 2022, <https://nypost.com/2022/10/16/average-american-is-losing-34k-and-everything-else-on-bidens-watch/>

¹² Politico, *Public Pensions Feel Wall Street Hit*, July 6, 2022, <https://www.politico.com/newsletters/weekly-shift/2022/07/06/public-pensions-feel-wall-street-hit-00044171>

¹³ Social Security Administration, *Social Security 2022 Trustees Report*, June 2, 2022, <https://www.ssa.gov/OACT/TR/2022/>

Office¹⁴ suggests 2032 as the depletion date. These projections were made before the 2023 cost-of-living adjustment was announced at 8.7 percent.¹⁵ This abnormally high cost-of-living adjustment came on the heels of 40-year high inflation and will make it likely that these insolvency projections would be moved forward at least a year.

Reaching the point of total depletion would mean an across-the-board cut in benefits of 20¹⁶ to 25¹⁷ percent for all seniors drawing Social Security benefits. As more seniors join Social Security and fewer Americans participate in the workforce, this cut in expected benefits will increase to 30 percent by 2051.¹⁸ Let me be clear, this massive cut in benefits is the status quo, there is no policy in law today that keeps benefits at their expected levels, and any belief that the program can continue without systematic changes to protect those who need the program is a myth. Democrat politicians have decried reform provisions to avoid this catastrophic outcome as

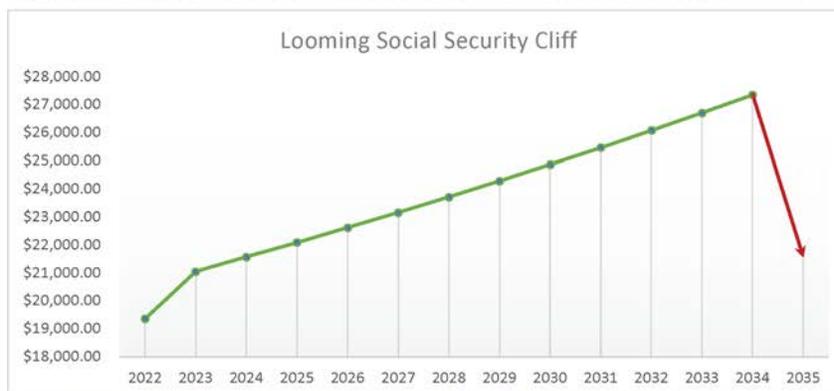


Figure 3: Current law will see the average senior lose over a decade of benefit increases due to insolvency

¹⁴ Congressional Budget Office, *The 2021 Long Term Budget Outlook*, March 2021, <https://www.cbo.gov/system/files/2021-03/56977-LTBO-2021.pdf>

¹⁵ Social Security Administration, *Cost of Living Adjustment (COLA) Information*, 2022, <https://www.ssa.gov/cola>

¹⁶ Social Security Administration (n 13)

¹⁷ Congressional Budget Office (n 14)

¹⁸ Ibid

slashing popular programs—a lie clearly intended to deceive the public from the truth of the situation and keep their party in power.

Today's retirees are part of the generation that helped grow the size of the middle class; they made success the default reality for the vast majority of Americans, not an abstract concept out of reach for millions in today's workforce who are forever hindered by progressive policies. Doing nothing to guarantee Social Security for current and future generations will betray the hard work of millions of retirees—workers who have earned the benefits promised via the Social Security compact—and should prove politically deadly for any elected official who refuses to find bipartisan solutions for the future of Social Security.

Sadly, this Administration's policy continues to be neglectful, leaving future policymakers to find a solution when only one realistic option is available: raise employment taxes to compensate for the shortfall. While raising taxes in the abstract, especially on the wealthy, has been on the agenda for Congressional Democrats and the President, the revenues from employment taxes would need to rise by 26 percent,¹⁹ the most significant tax increase on wages since the creation of FICA taxes during World War II.

AMAC has been warning Congress about the impending cut to benefits for more than a decade, and we are proud to have developed allies with many Republicans who are willing to find a solution to the problem instead of playing political games with one of the most essential programs operated by the federal government. AMAC's Social Security Guarantee²⁰ is our

¹⁹ Committee for a Responsible Federal Budget, *Analysis of the 2022 Social Security Trustees' Report*, June 2, 2022, <https://www.crfb.org/papers/analysis-2022-social-security-trustees-report>

²⁰ See Addendum 1 for full Social Security Guarantee details

proposal to ensure the program's long-term solvency while also returning the program to its original intent: to keep seniors out of poverty. The Social Security Guarantee is based on three core principles:

- Increase benefits for those with lower incomes
- Achieve Social Security Trust Fund solvency
- Provide a means for all earners to have more income available at retirement

We look forward to working with Congress next year to continue pushing reforms to save Social Security and the economy from uncontrolled tax increases pushed by President Biden and Democrats. However, Social Security is only one of the federal safety net programs that require reform.

Medicare

The rising healthcare costs, created in part by the refusal of Democrats to support free-market reforms for the healthcare industry, are making the long-term sustainability of Medicare unattainable. Just last year, the Biden Administration announced the largest increase in Medicare Part B premiums in program history; premiums went from \$148.50 to \$170.10 per month, a 14.5% increase from the previous year.²¹ Unfortunately, this massive increase on seniors was not only historic, but unnecessary. Just a few weeks ago, the President was forced to announce a decrease in premiums to make up for the mistake. While the White House was quick to try and

²¹ FactCheck.org, *Bidens Misleading Boast on Medicare Premium Drop*, Sept. 29, 2022, <https://www.factcheck.org/2022/09/bidens-misleading-boast-on-medicare-premium-drop/>

claim a win, the real reason for this decrease was that the Centers for Medicare and Medicaid Services failed to predict the prices paid for seniors' healthcare correctly.

Democrats have recently doubled down on refusing to use the free market to solve rising healthcare costs by implementing prescription drug price-fixing through the Inflation Reduction Act (IRA).²² This price-fixing results from provisions of the IRA that enable the Secretary of Health and Human Services (HHS) to dictate the price for a limited number of drugs for Medicare Part B and Part D. While estimates suggest that price setting by HHS will reduce Medicare Part D outpatient drug program spending by 45 percent by 2031, the U.S. market provides around 75 percent of the global returns on drug innovation. This government price-setting will reduce capital available to fuel the U.S. engine that drives research and development.²³ If a drug manufacturer chooses not to participate in the "negotiation process" with HHS, then the federal government will tax the company at 65 percent of the previous year's sale of the drug, with a concurrent increase of 10 percent per quarter up to 95 percent.²⁴ It is reasonable to expect that the IRA's impact on future pharmaceutical research and development will be nearly identical to previous Democrat drug price control proposals. This means fewer lifesaving branded drugs are coming to market, reducing Americans' average life expectancy. We've already witnessed evidence of this expectation as the drug manufacturer, Alnylam, announced that it would

²² Public Law no. 117-169

²³ RealClear Health, *The Drug Provisions of the Inflation Reduction Act are Far from Harmless*, Sept. 12, 2022, https://www.realclearhealth.com/articles/2022/09/12/the_drug_provisions_of_the_inflation_reduction_act_are_far_from_harmless___111402.html

²⁴ National Law Review, *Inflation Reduction Act of 2022: Medicare Drug Pricing Provisions Will Change the Health Care Industry*, Aug. 16, 2022, <https://www.natlawreview.com/article/inflation-reduction-act-2022-medicare-drug-pricing-provisions-will-change-health>

suspend the development of a therapy for an eye disorder as it “evaluates the impact of the Inflation Reduction Act” on the treatment of rare diseases.²⁵

Furthermore, approximately 50 million Medicare beneficiaries are enrolled in the Part D Medicare benefit. They have enjoyed costs consistently below projections, a large availability of options from an average of 57 plans, and a more than 80 percent satisfaction rate.²⁶ There is no need for the Biden Administration to tamper with this market-based, public-private partnership that has delivered quantifiable successes year-over-year.

Medicaid

For low-income seniors, especially the more than 10 percent of seniors currently living in poverty, the Medicaid program becomes a lifeline in addition to the Medicare program. Unfortunately for many practitioners, the Medicaid program is poorly designed and adds unnecessary overhead to their practices. When practitioners choose not to participate in the Medicaid program, it becomes harder for seniors to find doctors to see them. This problem also affects the thousands of Americans under age 65 on Medicaid. In recent years, AMAC has developed a free-market solution to increase access to quality healthcare for Medicaid and CHIP-eligible Americans that is projected to save the Medicaid program billions of dollars, called the Helping Everyone Access Long Term Healthcare Act or the HEALTH Act.²⁷ AMAC partnered with Free2Care, a coalition of doctor and patient advocates, to urge Congress to pass the HEALTH Act.

²⁵ Wall Street Journal, *The Inflation Reduction Act is Already Killing Potential Cures*, Nov. 3, 2022, <https://www.wsj.com/articles/the-inflation-reduction-act-killing-potential-cures-pharmaceutical-companies-treatment-patients-drugs-prescriptions-ira-manufacturers-11667508291>

²⁶ National Review, *Say it Ain't So Joe*, July, 19, 2022 <https://www.nationalreview.com/2022/07/say-it-aint-so-joe/>

²⁷ See Addendum 2 for more details on the HEALTH Act

Physicians support this legislation because it allows them to take a simple tax deduction for providing pro-bono health care services to low-income patients instead of going through the burdensome Medicaid reimbursement process for often minimal remuneration. The HEALTH Act allows physicians to practice charity care in their own offices, permitting them to focus on treating patients and not on filing paperwork. Simple, common-sense reforms to Medicaid, like the HEALTH Act, can save the program billions of dollars and make it much better for seniors and all Americans in need of its services.

Seniors have been targeted for voter intimidation and coercion

Many of America's senior citizens responsible for securing the freedoms we enjoy today are at particular risk for voter fraud. Age-related circumstances, including transportation issues, technology progressions, and mobility challenges, make it difficult for seniors to vote in person or via absentee ballots. This makes them especially vulnerable to fraudsters across America targeting nursing homes, assisted living facilities, and other senior residential facilities under the guise of "helping" seniors to vote. The need to protect the integrity of seniors' votes is palpable as an investigation into the 2020 election in Wisconsin found that "rampant fraud and abuse occurred statewide" in nursing homes and other residential care facilities.²⁸ Additionally, a social worker in Texas was charged with 134 counts of election fraud after she "allegedly acted to register nursing home residents, many of whom were mentally incapacitated, to vote

²⁸ Wisconsin.gov, Office of the Special Counsel, *Second Interim Investigative Report On the Apparatus & Procedures of the Wisconsin Elections System*, March 1, 2022, <https://legis.wisconsin.gov/assembly/22/brandtjen/media/1552/osc-second-interim-report.pdf>

in the 2020 election.”²⁹ Further evidence of the vulnerability of senior voters was noted this year in Detroit, Michigan, where a nursing home employee received jail time “for making false statements in absentee ballot applications after she forged signatures for residents of the facility she worked at” according to the state attorney general’s office.³⁰ The American Constitutional Rights Union (ACRU) – with whom we have recently established a collaborative relationship to work on protecting vulnerable voters – has “received reports of cognitively impaired facility residents having their ballot choices made by staff. Other complaints have uncovered activist groups across the country collecting ballots from residential facilities with the promise that the ballots would be delivered to election officials.”³¹ This abuse is disgusting and criminal and we are pleased to join with the ACRU and fight it in the states. In this connection, we commend your state of Florida for the aggressive actions it is taking to protect vulnerable seniors from criminal fraud and abuse.

The Biden Administration has failed veterans

AMAC has a strong interest in enhancing the lives of our nation’s veterans and their families. Nearly a third of AMAC’s more than 2 million members have served, and roughly three-quarters of our members have a veteran in their immediate family. Our organization maintains regular, productive contact with various veteran organizations, as evidenced by our Foundation

²⁹ Western Journal, *Social Worker Charged with 134 Felony Counts of Election Fraud*, Nov. 16, 2022, <https://www.westernjournal.com/social-worker-charged-134-felony-counts-election-fraud/>

³⁰ Detroit News, *Michigan Nursing Home Worker gets Jail Time for Voter Fraud*, Feb. 25, 2022, <https://www.detroitnews.com/story/news/local/michigan/2022/02/25/michigan-nursing-home-worker-gets-jail-time-voter-fraud/6946377001/>

³¹ Association of Mature American Citizens, *The Association of Mature American Citizens and The American Constitutional Rights Union Join Forces to Protect Senior Voters*, Oct. 20, 2022, <https://amac.us/the-association-of-mature-american-citizens-and-the-american-constitutional-rights-union-join-forces-to-protect-senior-voters/>

Veteran Outreach Program, through which we collaborate with the veteran community on issues of importance to them. A crucial part of this initiative is AMAC's work as an intermediary between Congress and the veteran community through identifying priorities and evaluating legislative and policy issues considering their impact on this community.

We must closely watch the Veterans Administration's (VA) actions and ensure they are doing their best to protect those who sacrificed for us. While many Americans see the recent impact of the wars in Afghanistan and Iraq, the VA still works with older veterans; in fact, the mean age of veterans seeking healthcare from the VA is 62 years old.³² This means many senior veterans were negatively impacted by the VA's move to close veteran health facilities and reduce in-patient services. This includes decreasing services for veterans with post-traumatic stress (PTS) and substance abuse issues. These reductions in support systems for veterans with PTS and substance abuse, along with less doctor observation due to cuts in in-patient care, are risk factors associated with increased veteran suicides, especially in older populations.³³ The Biden Administration must be held accountable when poor decisions like decreasing access to veteran healthcare are proposed.

Conclusion

The previous two years have shown true ineptitude on behalf of the Biden Administration in dealing with the needs of seniors. The failure to protect the senior safety net, the inability to

³² National Library of Medicine, U.S. Veterans Who Do and Do Not Utilize VA Healthcare Services: Demographic, Military, Medical, and Psychosocial Characteristics, Jan. 17, 2019, <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC6352911>

³³ Lambert, M.T., Fowler, D.R. Suicide risk factors among veterans: Risk management in the changing culture of the department of veterans affairs. *The Journal of Mental Health Administration* 24, 350–358 (1997). <https://link.springer.com/article/10.1007/BF02832668>

protect the long-term integrity of the Social Security program, the hopeless attempts to slow the rising costs of healthcare, the refusal to safeguard seniors voting rights, and the continued failure to protect our veterans are proof that the Biden Administration has failed America. It is not hyperbole to say the damage done to seniors' longevity, prosperity, and legacy by the Biden Administration is the worst in the last 50 years.

Senator Scott, thank you for hosting this hearing. I hope you can continue to shine a light on the failures of the Biden Administration and that the new Republican majority in the House of Representatives can conduct additional oversight to protect seniors.

Addendum 1

Social Security Guarantee

The Combined Social Security Guarantee and Social Security Plus Initiative

The promise to guarantee Social Security for all Americans must be kept. AMAC has examined the many proposed solutions presented in the Intermediate Assumptions portion of recent Trustees Reports and selected the alternatives we feel are best suited to save Social Security's retirement trust fund. We have combined these selected assumptions with several other recommendations to achieve what is the best path to long-term trust fund solvency without raising taxes.



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AMAC's proposal has three Prime Directives:

1. *Guarantee an annual increase in benefits for all, with emphasis on those with lower earnings*
2. *Guarantee achieving solvency and ensure benefits continue*
3. *Provide a means for all earners to have more income available at retirement through a complementary or supplemental Social Security Plus account.*

I. GUARANTEE AN ANNUAL INCREASE IN BENEFITS FOR ALL, WITH EMPHASIS ON THOSE WITH LOWER EARNINGS

OPTION 1: Implement a tiered approach to the calculation of Cost-of-Living Adjustments (COLA) as follows:

1. For beneficiaries with a household income (Modified Adjusted Gross Income) level less than 150 percent of the federal poverty threshold (fpt), set an annual COLA range of 3 percent minimum – 4 percent maximum.

(Note: For purpose of illustration, the 2020 fpt in the continental U.S. for one-person households is \$12,760, with an additional \$4,480 per household member. Thus, for a two-person household, the 150% fpt limit would be \$25,860. In Hawaii and Alaska, the fpt differ (Hawaii +15%, Alaska +25%) as does the per family-member multiple (Alaska \$5600, Hawaii \$5150)

2. For beneficiaries with a household income (MAGI) between 150 percent and 300 percent of fpt (\$25,860 - \$51,720 for two-person households in the continental U.S.) set an annual COLA range of 1.5 percent minimum and 3 percent maximum.

3. For beneficiaries with a household income (MAGI) exceeding 300 percent of federal poverty threshold (\$51,720 for two-person households in the continental U.S.), set an annual COLA range of .5 percent minimum and 1.5 percent maximum.

OPTION 2: Implement an across the board Cost-of-Living Adjustment (COLA) that is the same dollar amount for all beneficiaries as follows:

Soc Sec Benefit	3.0% COLA to all	Same dollar amount to all	Difference
\$1,000	\$30.00	\$46.65	\$16.65
\$1,250	\$37.50	\$46.65	\$9.15
\$1,555	\$46.65	\$46.65	\$0.00
\$2,200	\$66.00	\$46.65	-\$19.35
\$3,895	\$116.85	\$46.65	-\$70.20



- o Create a new bend point at the 50th percentile of the AIME distribution of newly retired workers. Maintain current-law benefits for earners at the 50th percentile and below.
- o Reduce the 32 and 15 percent factors above the 50th percentile such that the initial benefit for a worker with AIME equal to the taxable maximum grows by inflation rather than the growth in the SSA average wage index. (Source: Level of Monthly Benefits Summary [2016 Trustees Report intermediate assumptions], item B1.4)
- **For the OASI and DI computation of the PIA**, gradually reduce the maximum number of drop-out years from 5 to 0, phased in over the years 2022-2030. (Source: Level of Monthly Benefits Summary [2016 Trustees Report intermediate assumptions], item B4.3)
- **Bipartisan Policy Center's Commission on Retirement Security and Personal Savings Plan**
 - Enhanced Survivors Benefits: Beginning for newly eligible retired workers and spouses in 2022, all claimants who are married would receive a specified joint-and-survivor annuity benefit (i.e., surviving spouses would receive 75 percent of the decedents' benefits, in addition to their own) that would be payable if both were still alive. Initial benefits would be actuarially adjusted to keep the expected value of benefits equivalent to what would otherwise be current law (i.e., with the other provisions of this package incorporated).

(Note: Under this calculation, surviving spouses would receive a significantly higher benefit) (Source: Table A, 6/9/2016 Office of the Chief Actuary letter to Messrs. Conrad and Lockhart, Co-Chairs)

4. Divert already existing retirement penalty taxes from general funds to the Old-Age and Survivors Insurance (OASI) trust fund:

- All revenue from the following taxes will be deposited in the OASI trust fund:
 - a. Early withdrawal from 401k or IRA penalty: 10%
 - b. Over contribution to IRA: 6% of excess contribution for as long as it is in the IRA

5. Replace the Windfall Elimination Provision (WEP) with a new formula for government employees:

- The WEP reduces Social Security benefits for a worker who receives a public pension. This is problematic for public service employees who work another job on the side, or for individuals who want to transition into a public service profession such as teaching. Both would receive reduced benefits even though they have already contributed money into the system. Educators, police officers, and firefighters should not be in the position for weaker benefits after they have already contributed to the Social Security fund for many years.
- The AMAC Social Security Guarantee would implement the changes proposed in H.R. 3934, the Equal Treatment of Public Servants Act of 2019.

The AMAC Social Security Guarantee prototype plan combines the provisions shown above and includes the addition of a new benefit (described below) that we believe Social Security must include if it is to help and encourage workers to secure a sufficient retirement.



III. PROVIDE A MEANS FOR ALL EARNERS TO HAVE MORE INCOME AVAILABLE AT RETIREMENT

The "Social Security Plus" account will be a supplemental voluntary companion benefit retirement account to provide access to additional funds for all workers at age 62.

- Voluntary account for both employee and employer
- **The individual is the owner of this supplemental retirement savings account**
- Tax deduction for employer, after-tax for employee with income sheltered
- Employee not taxed on receiving funds (similar to a Roth IRA)
- Paid via payroll deduction, employer provides the contribution slot to employee
- After the Social Security Plus ("SSP") account becomes available, employer must offer to all employees (full and part-time)
- When new employees are hired, they must opt out of the SSP account or they will be enrolled at \$10/week. The weekly minimum is \$5, the weekly maximum is \$100 or \$5,200/year
- Employer may elect to contribute to employees' SSP account in any amount or percentage of pay they choose up to \$50 per week (\$2,600 per year)
- The employer may start or stop their contribution at any time
- Portability, if wage earner changes jobs, new employer must add payroll access for the SSP
- Funds only available to wage earner at age 62 or because of death or total disability
- Wage earner may elect to start receiving payouts at any age between 62 and 3 ½ years after FRA
- Death benefit is the accrued value of account at time of death
- SSP account benefits, including earnings, are tax-free
- Contribution is indexed for inflation at 4%

Investment options for the Social Security Plus savings account

- 80% of the funds must be invested in stock funds
- The other 20% may be invested in any approved conservative investment (i.e. S & P 500 index)
- A volunteer board of investment experts creates lists of approved investments to assure quality
- Investment choices would be similar to those used in 401k plans and IRAs and the cost of administration would be borne by the same providers who offer those plans, not the federal government

Why a new Social Security Plus early retirement savings account?

Fifty million Americans have no retirement plan, and the average person receiving retirement benefits collects slightly more than \$16,000 per year. Accordingly, the majority of retired workers rely on Social Security as the largest portion of their retirement income. For many Americans, Social Security is their only source of income. There is an urgent need to help workers save more for retirement.



Example: Turn \$25/week into \$1 million at age 65

Assumptions: A 23-year-old employee contributing only \$25/week in the first year and an employer contributing \$15/week, with both adding 4% annually thereafter, in a mix of 80% stock funds and 20% conservative investments, would accumulate **over \$1 million by age 65.**

** Historical average over last 90 years of the Standard & Poor's 500 Index is 9.8%*

Age	Individual Contribution including Growth	Employer Contribution including Growth	Total
23	\$1,300	\$780	\$2,080
30	\$15,411	\$9,247	\$24,657
40	\$61,285	\$36,771	\$98,056
50	\$170,012	\$102,007	\$272,019
60	\$415,088	\$249,053	\$664,141
62	\$491,891	\$295,135	\$787,026
65	\$632,016	\$379,209	\$1,011,255

Addendum 2

HEALTH Act

Helping Everyone Access Long Term Healthcare (HEALTH) Act - H.R. 7831

The **Helping Everyone Access Long Term Healthcare (HEALTH) Act (H.R. 7831)** would encourage more than 1.2 million physicians to provide pro bono health care to low income—"Medicaid eligible"—families and individuals by enabling the physicians to take a simple charitable tax deduction in place of the administratively costly and complex Medicaid and CHIP reimbursement process.

**Expanding Access to Health
Care for Lower Income
Americans**

**Save Billions Annually on
Medicaid and CHIP
Expenditures**

HUGE SAVINGS POTENTIAL!

Charitable Tax Deduction vs. Medicaid/CHIP Payouts	
Outpatient ER Visits	95% Savings <i>or 1/20 of a Medicaid payout</i>
Physician Office Visits	50% Savings <i>or 1/2 of a Medicaid payout</i>
Dental Visits	21% Savings <i>or 1/5 of a Medicaid payout</i>

Review the rest of the packet for more information.

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OVERVIEW

This bill responds to a critical national need at less governmental cost and will serve:

- To encourage medical care professionals, including physicians, to provide pro bono services for any Medicaid-qualified individual patient to freely offer services to them.
- To increase access to medical care for the poor by enabling indigent individual and family "choice" physician relationships as a genuine alternative institutional care and hospital emergency room costs billed to Medicaid and CHIP.
- To save the Federal and State governments billions of dollars in Medicaid and CHIP payouts net of the cost of the deduction to tax revenue.

THE WINNERS

73 MILLION-PLUS MEDICAID ELIGIBLE PATIENTS! Enables them to develop long standing patient-physician relationships, as opposed to having to rely upon institutional care, such as hospital emergency rooms, for routine non-acute care.

PHYSICIANS! Enables and encourages them to provide direct services to Medicaid and CHIP eligible individuals and avoid the excessive administrative costs of the complex and laborious Medicaid and CHIP reimbursement processes that is causing many physicians to decline Medicaid patients.

FEDERAL AND STATE MEDICAID BUDGETS! Reduces the burden and demand for reimbursements by billions each year by diverting patients from Medicaid and CHIP to physicians and non-hospital clinics.

TAXPAYERS! Avoid increases in their tax burden by providing a more market-based incentive through enabling physicians and clinics to have a simple alternative "reimbursement mechanism"—a tax deduction—to the administratively costly Medicaid processes.

THE TAX CODE PROBLEM

The Internal Revenue Code, even as amended in the recent legislation, does not recognize the value in terms of overall net Medicaid savings to be achieved by enabling physicians to receive a charitable tax deduction for pro bono services provided directly to indigent Medicaid-qualified individuals. It only permits their contribution of pro bono services to charitable services institutions (a 501(c)(3)) to be deductible and not those medical care services provided directly to individuals in their clinics or service offices.

The bill provides the correction and encourages a "market-based solution" in the form of a charitable income tax deduction for cooperating physicians, urgent care centers, and clinics by encouraging them to provide medical care services to those who are not presently covered by insurance and must rely on Medicaid and CHIP. Participating physicians would be able to claim a deduction based upon the value of the service performed, based on either Medicare reimbursement rates or their customary posted fees in the state or county in which they are located.

HERE IS HOW IT WILL WORK – A MEDICAID & CHIP SAVINGS ILLUSTRATION

The Background Facts

73,633,050 individuals were enrolled in Medicaid and CHIP in the 50 states and the District of Columbia reporting May 2018 data. 67,168,933 individuals were enrolled in Medicaid and 6,464,117 individuals were enrolled in CHIP.

(Source: <https://www.medicaid.gov/medicaid/program-information/medicaid-and-chip-enrollment-data/report-highlights>)

32% = Estimated tax deduction rate for charitable medical services under new tax law

Average Medicaid Reimbursement Rates:

- Medical ER services: Medicaid rates are generally equal to Medicare reimbursement rates
 - Hospital ER outpatient visit 2016 price average = \$1,917
(Source: Health Care Cost Institute, "2016 Health Care Cost and Utilization Report")
 - Average ratio of hospital price to Medicare FFS rate = 1.89 or the Medicare FFS rate = 53% of the hospital price
(Source: CBO, June 26, 2017, "An Analysis of Hospital Prices for Commercial and Medicare Advantage Plans")
 - Hospital ER Medicare reimbursement = 53% of hospital price of \$1,917 = \$1,016
 - Corresponding Medicaid ER reimbursement approximately the same as Medicare
(Source: Medicaid and CHIP Payment and Access Commission, April 2017 report of MACPAC to Congress, "Medicaid Hospital Payment: A Comparison across States and to Medicare")
- Physicians' Office Visits
 - \$106.60 mean Medicaid 45 minute visit charge (Source: Urban Institute, "Medicaid Physician Fees after the ACA Primary Care Fee Bump," Stephen Zuckerman, Laura Skopec, and Marni Epstein, March 2017)
- Dental Services
 - The 2013 median (50% percentile) charge for a patient office visit was \$254.
(Source: American Dental Association-Health Policy Institute Research Brief: "The Per-Patient Cost of Dental Care, 2013: A Look Under the Hood," March 2016.)
 - 49.4% of the dental service charge for children (CHIPS) (vs. 80.5% insurance reimbursement rate)
 - 37.2% adults (vs. a 78.6% insurance reimbursement rate)
(Source: American Dental Association-Health Policy Institute, Research Brief: "Medicaid Fee-For-Service Reimbursement Rates for Child and Adult Dental Care Services for all States, 2016")

Illustrative Calculations of Annual Savings in Medicaid Expenditures

1. ER Visits = Up to a 95% Savings

- 27.1% of 73.6 million persons visiting ERs = 19.945 million persons visiting
(Source: MACPAC, Section 5, Exhibit 45, "Use of Care Among Non-institutionalized individuals...2015")
- 19.945 million persons x \$1,016 charge per visit = **\$20.3B in Medicaid/CHIP payout**

- **If only 7 million of the 19.945 million persons visiting the ER went instead one time to a physician at an average \$160 office visit rate x 32% tax deduction rate = \$50, the cost of the deduction would be \$358 million or 1/20 the cost of the Medicaid ER payout of \$7.1B for same number, e.g., a \$6.6B* in savings.**
- 2. Physician / Health Professional Visits & Charges = 50% Savings**
- 69.1% of 73.6 million persons visiting at least once per year = 50.8 million persons
(Source: MACPAC, Section 5, Exhibit 45, "Use of Care Among Non-institutionalized Individuals...2015")
 - 50.8 million persons x \$106.60 mean Medicaid 45 minute visit charge = **\$5.4B Medicaid payout**
(Source: Urban Institute, "Medicaid Physician Fees after the ACA Primary Care Fee Bump," Stephen Zuckerman, Laura Skopec, and Marni Epstein, March 2017)
 - **If all 50.8 million persons sought physician care at an average \$160 office visit rate x 32% tax deduction rate = \$50, the cost of the deduction would be less than half or 50% of the Medicaid payout, or \$2.8B* in savings.**
- 3. Dental Visits and Charges = 21% Savings**
- 52.5% of the 73.6 million persons with at least 1 visit = 38.6 million persons
(Source: MACPAC, Section 5, Exhibit 45, "Use of Care Among Non-institutionalized Individuals...2015")
 - 38.6 million persons x \$254 average cost (teeth cleaning and cavity repair) = \$9.8B regular charge
 - \$9.8B regular charge x 40% est. average (child and adult) Medicaid reimbursement rate = **\$3.9B Medicaid payout**
 - o Medicaid average reimbursement rate for child = 49.4%
 - o Medicaid average reimbursement rate for adult = 37.2%
(Source: American Dental Association-Health Policy Institute, Research Brief: "Medicaid Fee-For-Service Reimbursement Rates for Child and Adult Dental Care Services for all States, 2016")
 - **If all 38.6 million persons went to a dentist taking the charitable deduction of an estimated 32% of the average service fee of \$254, the cost of the deduction would amount to \$3.1B* or approximately 21% less than a \$3.9B Medicaid payout.**

* These figures are for illustrative purposes only and could vary greatly.

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Health Care Cost Institute, a Washington, DC-based non-profit, independent, non-partisan research institute dedicated to creating the United States’ most comprehensive source of information on health care activity and promoting research on the drivers of escalating health care costs. HCCI’s data holdings include claims for over 40 million people covered by employer-sponsored insurance. The “2016 Health Care Cost and Utilization Report” is based on analyses of HCCI’s leading commercial claims database representing the under-65, employer-sponsored insurance (ESI) population in the United States.

American Dental Association (ADA) – Health Policy Institute. The ADA is the national professional association of dentists, serving 161,000+ members and its Health Policy Institute is the science and research division of the ADA. The source reports are:

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- (2) “The Per-Patient Cost of Dental Care, 2013: A Look Under the Hood,” March 2016

The Medicaid and CHIP Payment and Access Commission (MACPAC) is a non-partisan legislative branch agency that provides policy and data analyses and makes recommendations to Congress, the U.S. Department of Health and Human Services, and the states on a wide array of issues affecting Medicaid and the State Children’s Health Insurance Program (CHIP). The U.S. Comptroller General appoints MACPAC’s 17 commissioners. MACPAC serves as an independent source of information on Medicaid and CHIP, publishing issue briefs and data reports throughout the year to support policy analysis and program accountability. The Commission’s authorizing statute, 42 U.S.C. 1396, outlines a number of areas for analysis. The sources cited are:

- (1) MACStats “Medicaid and CHIP Data Book, Dec. 2017,” and
- (2) April 2017 report of MACPAC to Congress, “Medicaid Hospital Payment: A Comparison across States and to Medicare”

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Testimony of Robert Emmet Moffit
"Issues Facing Seniors: Retirement Security, Healthcare, & Fiscal Health"
November 21, 2022

My name is Robert Emmet Moffit. I am a Senior Fellow in Domestic Policy Studies at The Heritage Foundation. The views I express in this testimony are my own and should not be construed as representing any official position of The Heritage Foundation.

My professional experience with the Medicare program began in 1986 when I served as Deputy Assistant Secretary for Legislation at the U.S. Department of Health and Human Services. President Ronald Reagan was then committed to adding a Medicare catastrophic benefit, a hard cap on seniors' out-of-pocket medical costs, giving America's seniors peace of mind, and protecting them from the financial devastation of catastrophic illness. The President thus supported and signed the Medicare Catastrophic Coverage Act of 1988, which passed both the House and Senate overwhelmingly.

The Medicare Catastrophic Coverage Act was the largest expansion of Medicare since the program's inception. Beyond a straightforward cap on out-of-pocket costs (the original Reagan proposal), the law added a new set of benefits, including extended nursing home coverage and prescription drug coverage to be financed by an income-related supplemental premium. Problems quickly mounted. Millions of seniors already had prescription drug coverage that they liked, the drug benefit itself turned out to be far more expensive than originally anticipated, and the additional premium costs had become wildly unpopular. Millions of seniors concluded that the costs of the law outweighed its benefits. The 1988 law that passed with such fanfare was overwhelmingly repealed in 1989.

Harnessing the Power of Personal Choice. One key lesson from that experience: providing personal choice is a superior policy option than mandating the take up of a benefit that is already widely available to the beneficiaries. Not surprisingly, when Congress enacted the Medicare Modernization Act of 2003, beneficiaries were given the choice of enrolling in a voluntary drug benefit under a new Part D, as well as the opportunity to enroll in an upgraded system of private health plan coverage as an alternative to Medicare A and B—Medicare Advantage (MA)—under Medicare Part C. Both defined contribution programs are clearly successful.

Medicare—as we know it—is a fleeting thing. The program has grown and changed dramatically since its inception, let alone since the great debate over the Medicare Catastrophic Coverage Act. In 1990, the program enrolled 34.2 million persons; in 2022, it enrolled over 65 million. In 1990, total program costs amounted to \$111 billion; in 2022, they exceeded an estimated \$940 billion. In 1990, only about 2 million beneficiaries were enrolled in private health plans; in 2022, over 30 million beneficiaries have enrolled in private health plans—more than 46 percent of the entire Medicare population. Next year, private plan enrollment will be nearly 32 million, or almost 48 percent of total Medicare enrollment.¹

It is worth noting, in this context, that Florida ranks fifth in the nation in the number of Medicare beneficiaries (2.6 million) enrolled in MA, or an estimated 53.6 percent of all Florida Medicare enrollees.

To cope with this growth and the changing conditions of health care delivery, over the past thirty years Congress has also enacted major changes in Medicare physician and hospital payment, including delivery reforms for doctors and hospitals, created accountable care organizations within traditional Medicare to reward value over volume; all with the goal of achieving savings for both beneficiaries and taxpayers.

Medicare's Growing Fiscal Challenges

Medicare is facing formidable fiscal challenges. The Medicare Trustees report that the Medicare Hospitalization Insurance (HI) Trust Fund, the account for Part A hospital and related medical services, will be insolvent in 2028.² With a recession, the decline in employment and payroll tax revenues could bring the impending crisis even closer to our doorstep.

Medicare insolvency does not mean “bankruptcy” in the sense of a total financial collapse. It means that the Medicare hospitalization program will not be able to pay for all the promised Medicare Part A benefits. In 2028, if insolvency hits, Medicare benefit payments would be cut by 10 percent,³ and, absent congressional action, deepen each year thereafter. That is why the Medicare trustees warn, “Beneficiary access to health care services could be rapidly curtailed.”⁴

The HI trust fund meets neither the Trustees’ short-term nor long-term standards of financial adequacy, meaning that its assets should equal 100 percent of its annual expenditures. Except for just two years (2016 and 2017), Part A spending exceeded income since 2008. At the beginning of 2021, Part A assets amounted to just 40 percent of the hospital expenditures projected for the year.⁵

Part A insolvency has never occurred. Congressional options to prevent it are, however, both limited and painful: an increase in the federal payroll tax, an added charge on Medicare beneficiaries, and/or a transfer of general revenues into the HI trust fund, meaning higher income or business taxes. Otherwise, Congress could impose a new set of Medicare price controls or payment reductions for Medicare Part A providers, already subject to hundreds of billions of dollars in payment reductions for the foreseeable future under the Affordable Care Act of 2010 (ACA), which in turn already threaten seniors’ future access to quality care.

While Medicare Part A is facing insolvency, Medicare Parts B and D, the supplementary insurance program (SMI), also faces fiscal challenges. In 2020, Part B benefit costs alone grew at a rate of 13.2 percent, reflecting the massive increase in COVID-19 spending.⁶ For the next ten years, SMI (Parts B and D combined) is projected to grow at an average annual rate of 8 percent—much faster than the growth of wages or the general economy—reflecting the retirement of the big baby-boom generation.⁷ As a share of the nation’s economy, Part B spending alone amounted to 1.9 percent of the nation’s gross domestic product (GDP) in 2020, but is projected to reach 3.3 percent by 2040.⁸

While beneficiary Part B premiums fund about a quarter of benefits and services, automatic drawdowns of general revenues (funded by business and income taxes) account for roughly three-fourths of SMI spending. For beneficiaries, SMI premiums and cost-sharing are going to take larger and larger chunks out of the average Social Security benefit. In 2020, the Part B monthly premium was \$144.60, but in 2031, the monthly premium will reach \$272.10, while Part B deductible will be \$379. For taxpayers, SMI premiums

consumed 17 percent of all business and income taxes in 2017, but they are projected to consume 21.5 percent by 2030 and 26.6 percent by 2040.⁹

Under current law, if general revenues to fund Medicare exceed 45 percent of total Medicare spending twice within 7 years, the trustees must issue a formal Medicare funding warning.¹⁰ The President and Congress are legally obliged to take remedial action. While the trustees have issued multiple warnings, thus far neither presidents nor lawmakers have taken remedial action.

Future Debt. The next major debate on the future of Medicare will take place within the context of multi-trillion-dollar annual deficits, dangerous levels of debt, and perhaps even the threat of a fiscal crisis. Over the past three years, Congress's multi-trillion-dollar spending, including pandemic spending, has already added to the nation's record debt—over \$31 trillion (about \$95,000 per person in the U.S.). Over the next 75 years, Medicare will generate huge unfunded obligations—meaning the total cost of promised Medicare benefits are not financed either by dedicated revenues or beneficiary premiums. The trustees note that the HI portion of these obligations (\$5.1 trillion) are likely to be addressed by future legislation or expenditure cuts, but the SMI portion (\$47.5 trillion) “will require general fund transfers of this amount, and these transfers represent a formal budget requirement.”¹¹ In short, Medicare's long-term unfunded obligations will amount to \$52.6 trillion (about \$160,000 per person), another future taxpayer burden dwarfing the current estimate of America's rapidly rising national debt.

How Washington Has Worsened Medicare's Financial Condition

There is no way America can spend less on Medicare, given the rapid aging of the population, the massive growth in Medicare enrollment, and the rising per capita cost of delivering modern medical care. But we can slow the growth through market forces and secure better value for Medicare dollars.

For the future of Medicare, job one for policymakers is to avoid making the financial situation worse. One simple rule: Every dime of potential budgetary savings in the Medicare program should first be plowed back into the Medicare program. Under no circumstances should Congress ignore or weaken Medicare's financial condition or use the program as a cash cow for other government programs. Unfortunately, Congress has too often chosen the wrong path.

The Inflation Reduction Act. For the recently enacted Inflation Reduction Act, the Congressional Budget Office (CBO) scored the creation of a complex system of price controls on Medicare drugs as saving an estimated \$287 billion over 10 years.¹² Because the Medicare hospital insurance (HI) trust fund is facing insolvency in just six years, the right policy would be to statutorily earmark every dime of Medicare savings for the deficit-ridden trust fund. Congress did no such thing.

The Postal Reform Bill. In March 2022 Congress enacted The Postal Service Reform Act (H.R. 3076) to “stabilize” the financially troubled U.S. Postal Service. The Postal Service is supposed to be a self-financing agency. It is not. In 2020, the Government Accountability Office (GAO), the congressional watchdog, detailed the extent of the Postal Service problem.

They found that, as of that date, the Postal Service had thus far accumulated a total of \$188 billion (about \$580 per person in the U.S.) in debt, including unfunded health benefit obligations; an amount more than 250 percent of its annual revenue.¹³

Among the biggest issues facing the Postal Service was how to handle the large chunk of unfunded obligations of the Postal Service retirees' health benefits. These liabilities amount to a whopping \$75 billion—the dollar amount of health benefits promised Postal retirees but not financed.

Sponsors of the House bill have decided to shift the health benefit costs of the Postal Service to the Medicare program. According to the text of the bill, as of January 1, 2023, all Postal retirees, with certain exceptions, will be required to get their primary coverage through Medicare rather than the Federal Employees Health Benefit Program (FEHBP), thus adding new unfunded obligations to the Medicare program, which is already struggling with tens of trillions of dollars in unfunded obligations of its own.

While the House and Senate bill sponsors simply ignored or downplayed the Medicare cost issue, Senator Rick Scott (R-FL) proposed a simple amendment: In any transition of Postal retirees to full Medicare coverage, the Postal Service should be required to reimburse the Medicare program for any additional costs. If the Medicare cost issue was really not a problem, then logically there could be no objection to such an amendment. If the Medicare cost issue was indeed a problem, the financial failures of another government agency did not, and could not, provide a logical justification for making Medicare's condition worse.

On March 8, 2022, Senator Scott asked for unanimous consent for the Senate to vote on his amendment to require the Postal Service to reimburse the Medicare program for the additional Medicare costs. Senate Democrats objected, and thus blocked consideration and a vote on the amendment. After blocking debate on Senator Scott's amendment, Senator Bernie Sanders (I-VT) offered a motion to waive the budget rules knowing the bill would add to the federal deficit. The Senate then passed the House postal bill by a lopsided 79 to 19 vote.¹⁴

The Affordable Care Act of 2010 (ACA). Over the period 2015 to 2024, the CBO projected that ACA spending would reach nearly \$2 trillion.¹⁵ Beyond the health law's long list of tax increases, several of which were subsequently repealed, the CBO estimated that the law's Medicare payment cuts would amount to \$716 billion over the period 2013 to 2022.¹⁶ ACA supporters tried to claim that the new law's Medicare payment cuts would not only help pay for the new entitlement programs—the Medicaid expansion and ACA insurance subsidies—but would also extend the solvency of the Medicare HI trust fund.¹⁷ Echoing the CBO's earlier assessment of that claim, in 2010 Medicare's Actuary Richard S. Foster declared: "In practice, the improved HI financing cannot be simultaneously used to finance other federal outlays (such as the coverage expansions) and to extend the trust fund, despite the appearance of this result from the respective accounting conventions."¹⁸ In short, one cannot spend the same dollar twice.

The Health Security Act of 1993. The Clinton Administration projected that its proposed Health Security Act would cost an estimated \$389 billion over the period 1994 to 2000. Among other measures, the Clinton team proposed reining in Medicare spending through

tougher price controls on medical providers and these would yield an estimated \$124 billion in “savings” over that time period.¹⁹ This attempted raid on Medicare was stymied by the collapse of the Clinton Health Plan.

Looking Toward the Future: Improve Medicare Advantage

Medicare Advantage is soon to be the future for most Medicare’s beneficiaries. Private plan coverage, new benefit designs, and new plan and provider payment systems will reshape the future of the Medicare program.

There are a variety of reasons for the success of MA. Private health plans are far more flexible in benefit offerings and payment arrangements. The reason is that Congress has deployed a defined contribution payment system to private plans. As Stuart Butler, senior fellow at the Brookings Institution, has observed, “The capitation system permits competing Medicare Advantage plans to offer a variety of benefits beyond a required core of basic benefits. Moreover, in contrast to traditional Medicare’s rigid and detailed payments system, it allows plans to explore different payments as a means of achieving greater efficiency and beneficiary satisfaction.”²⁰

For beneficiaries, MA is cost-effective; MA premiums are relatively low, and most health plans provide comprehensive coverage for the standard Part B Medicare premium. MA is also convenient; most beneficiaries can simply pay one premium, and overwhelmingly they do not need to pay a second (often hefty) premium for Medigap or supplemental coverage to fill in traditional Medicare’s crucial coverage gaps, including prescription drugs and protection from the financial devastation of catastrophic illness.

The Quality Factor. Of all these positive features, perhaps the most relevant is that the MA program’s plans deliver superior quality of care; that is the predominant finding in a large and growing body of the professional literature. In a comprehensive review of the literature, a team of researchers writing in *Health Affairs* observed: “Evidence from forty-eight studies showed that in most or all comparisons, Medicare Advantage was associated with more preventive care visits, fewer hospital admissions and emergency department visits, shorter hospital and skilled nursing facility lengths of stay, and lower health care spending. Medicare Advantage outperformed traditional Medicare in most studies comparing quality of care metrics.”²¹

Several large studies confirm the superior performance of MA in delivering quality care. For example:

- In 2018, analysts with Avalere, a prominent health care research firm, reported that MA enrolled people with greater health problems and higher risk for larger health costs than patients in Medicare fee-for-service (FFS). Compared to Medicare FFS, Medicare Advantage enrolled chronically ill and disabled persons—by a margin of 22 percent to 36 percent.²² Moreover, Avalere researchers also reported that by a margin of 31 percent to 15 percent, MA enrolled a higher proportion of racial and ethnic minorities than traditional Medicare. By a margin of 9 percent to 5 percent, MA enrolled a larger number of beneficiaries with “serious mental illnesses,” and by a slim margin of 7 percent to 6

percent, MA enrolled a higher number of persons who suffer from alcohol, drug, and substance abuse than are enrolled in traditional Medicare.²³

The Avalere team also found that MA outperformed traditional Medicare on significant quality measures, including a 29 percent lower rate of potentially avoidable hospitalizations, with 41 percent fewer avoidable acute hospitalizations. MA recorded higher rates of preventive screening and tests, notably a 13 percent higher rate of breast cancer screenings.²⁴ MA patients had better outcomes, too, with lower rates of complications of diabetes, especially dual-eligible patients, and lower hospitalization rates for these comorbidities.

- In a massive 2017 study of 9.9 million Medicare beneficiaries in California, Florida, and New York, researchers writing in the journal *Health Services Research* found that though traditional Medicare enrollees reported “better access” to care, MA enrollees reported “better experiences overall,” and MA plans “substantially” outperformed traditional Medicare fee-for-service on a total of 16 health care quality measures.²⁵ For example, MA outperformed FFS on “all cause” readmissions, breast cancer screening, colorectal cancer screening, rheumatoid arthritis management, cholesterol management, diabetic care, and the provision of annual flu vaccinations.²⁶ Generally, the comparative performance of the two programs was roughly similar on measures of patient experience. Differences were tiny on such measures as care coordination, the patient rating of health care quality. While FFS enrollees were slightly better at “getting needed care,” MA enrollees reported a better experience in “getting appointments and care quickly” and “getting needed prescription drugs.”²⁷

- A December 2020 Avalere study focused on the frail elderly, the chronically ill, the disabled, and patients with complex medical conditions. For these “high need, high-cost” Medicare beneficiaries, Avalere analysts found that MA performed better than Medicare FFS on 17 out of 22 clinical care measures.²⁸ Among the key Avalere findings: MA beneficiaries had pneumonia vaccination rates that were 50 percent to 52 percent higher than those enrolled in Medicare FFS; had higher rates of outpatient visits; lower rates of avoidable hospitalizations; and lower costs for inpatient care. MA beneficiaries did, however, have higher costs for physicians’ services in “outpatient settings.”²⁹

The Next Steps to a Better Medicare

Congress should not ignore improvements to traditional Medicare, and there are many changes that could make that program more effective in care delivery while securing savings. As the CBO and many others have recommended, policymakers could combine Medicare Parts A and B into a single comprehensive health plan, with a single deductible and more rational cost-sharing arrangements. Congress could reform the Medigap system and reduce the unnecessary premium and taxpayer costs incurred by the excessive utilization that characterizes the current supplemental insurance arrangements. And, finally, Congress could deliver on the late President Ronald Reagan’s promise and provide a catastrophic benefit for America’s seniors, providing them with the financial protection and peace of mind that they deserve in their golden years.

But improvements to the rapidly growing Medicare Advantage program should get top priority. While the program has been successful in many ways, it offers certain

opportunities for progress, as well as persistent problems that should be resolved. Specifically:

- **Make Medicare Advantage the default enrollment for new Medicare beneficiaries.** Today, Social Security recipients are automatically enrolled in Medicare Part B; it is the default enrollment for newly retired persons. Given MA's superior record in providing high-quality medical care, Congress should change the default enrollment from traditional Medicare to Medicare Advantage.³⁰ Congress could require plans qualifying for automatic enrollment to meet certain quality and cost standards. Of course, Medicare beneficiaries would have the right to re-enroll in traditional Medicare if they wished to do so.
- **Reform the plan payment system.** Today, the federal government pays health plans based on a complex formula combining Medicare's administrative price setting and a process of competitive bidding among health plans to offer Medicare benefits. Congress should replace the current system with a simpler process of straight market-based bidding among competing health plans to offer the traditional Medicare benefits, and government payment to plans would reflect the actual market price of coverage and drive more intense competition among plans and providers. Such competitive bidding should be undertaken on a regional basis, reflecting the fact that modern care delivery is also more regionally based. Congress should authorize demonstration of the best payment formula for setting the government contribution for plans, such as basing plan payment on an average bid of competing plans (like the FEHBP), the second-lowest cost plan (like the ACA), or an average of the three lowest cost plans.
- **Reform the risk-adjustment system.** In tandem with MA payment reform, Congress should improve reimbursement of plans for enrolling higher cost (sicker) beneficiaries. Today, the government adjusts plan payment to MA plans to account for enrollees' age, sex, institutional, and Medicaid status. This is perfectly fine. The problem arises in determining beneficiaries' health status. While the current system accounts for health status, it does so *prospectively* using past claims data. While that approach can produce reasonably accurate cost projections for beneficiaries with well-understood chronic conditions, it cannot predict unexpected costs or sudden changes in beneficiary health status. Congress should take the guesswork out of a plan's cost—attributed to health status—by adding a *retrospective* (look-back) system to reimburse plans for the *actual* costs of enrolling a disproportionate number of beneficiaries with higher medical costs. Such reimbursements would come from a common pool, through which MA plans share the costs of expensive enrollees. Such retrospective risk-transfer pools should be organized on a state or regional basis, with funding from all participating MA plans, and should be designed and managed by the plans under the supervision of state insurance regulators. Such a retrospective system would not only be more accurate but would also reduce or eliminate the real problem of insurer gaming of the current MA payment system at the expense of the taxpayer. Once again, Congress should first authorize a demonstration of such a risk-adjustment reform, to ensure that reform will maintain market stability and guaranteed access to care for the most vulnerable beneficiaries.
- **Allow MA MSA Plans to offer drug coverage.** Congress should allow Medical Savings Account (MSA) plans to offer prescription drug coverage just like all other MA plans. Today, they cannot. A level playing field among health plans is essential to securing rational beneficiary choice in a functioning competitive market.
- **Allow MA to offer hospice coverage.** Under current law, enrollees in MA plans must secure their hospice benefits under the traditional Medicare program. Congress should

eliminate this counterproductive restriction and allow MA enrollees to enjoy a full continuum of care, including end-of-life care, through their private plans if they wish.

- **Allow Medicare beneficiaries to continue to make contributions to HSAs.** Under current law, Medicare beneficiaries cannot continue to make tax-free contributions to their health savings accounts. Congress should also revisit the current HSA contribution limits and consider making the accounts free-standing savings vehicles for medical care. Facing much higher per capita costs and far more complex medical conditions, Medicare patients utilize an even greater variety of medical services from a broader range of specialists than the younger working Americans who use HSAs to offset their much lower health care costs.
- This concludes my formal testimony. I would be happy to answer any questions you may have.

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Written Testimony for the U.S. Senate Committee on Aging

NOVEMBER 21, 2022

Submitted by:

Hayden Dublois, Data & Analytics Director
Foundation for Government Accountability

TheFGA.org | [@TheFGA](#)

Good morning. Thank you, Chairman Casey, Ranking Member Scott, and members of the Committee. My name is Hayden Dublois, and I am the Data and Analytics Director at the Foundation for Government Accountability (FGA). FGA is a non-profit organization dedicated to helping millions of individuals achieve the American Dream. Thank you for the opportunity to testify on behalf of FGA on the topic of seniors' financial security in the United States.



Seniors are faced with a cost-of-living crisis brought on by rising inflation. Since January 2021, prices have risen by more than 13 percent, with core prices recently hitting a 40-year high.^{1,2} Even in Florida, Americans are not immune; inflation is costing Florida families an additional \$794 per month, or nearly \$10,000 more per year.³ To put that in real dollars and cents, that means a typical family will spend nearly \$100 more per month on groceries alone.⁴

However, America's seniors who are living on fixed incomes are also facing significant price increases. The average American over the age of 65 will spend more than one-third of their budget on utilities, transportation, and food.⁵ In each of these areas, inflation has had a devastating impact.⁶

While some have inaccurately claimed that these price increases hurt seniors less, the evidence clearly suggests otherwise. The R-CPI-E price index reported by the Bureau of Labor Statistics (BLS) focuses on price changes tailored to the spending patterns of seniors. **This senior-specific index has increased by nearly eight percent year-over-year, and more than 13 percent since January 2021.**⁷ Transportation-related expenses for the elderly alone have increased by nearly 29 percent since January 2021, creating an astonishing burden for elderly Americans.⁸

SENIORS ARE FACING AN INFLATION CRISIS

Price increases specific to Americans over the age of 65

Category	Price Increase Since Jan 2021
Transportation	28.8%
Food & Beverages	16.0%
Housing	12.1%
Apparel	10.5%
Other Goods & Services	9.7%
Recreation	8.3%
Medical Care	5.6%
Education & Communication	1.2%
All Items	13.2%

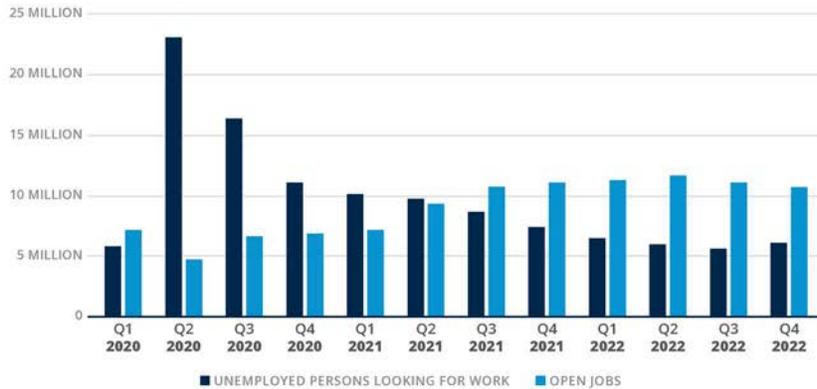
Source: BLS

Furthermore, seniors have been acutely impacted by an erosion of their investments caused by inflation-driven turmoil in financial markets. Between 2010 and 2019, the average stock holdings of seniors increased by approximately 27.5 percent, with roughly half of all elderly Americans holding stocks.⁹ Yet, over the last year alone, the S&P 500 has plummeted by more than 15 percent, decimating seniors' investment holdings.¹⁰ In fact, in the first half of 2022, **roughly \$3.4 trillion in retirement investments were wiped out.**¹¹

Moreover, despite the claims that seniors will be receiving an increase in their Social Security checks for 2023, this increase was entirely driven by automatic cost-of-living adjustments (COLA) that have skyrocketed due to price increases.¹² Unfortunately, even these COLA adjustments are not necessarily good news: The Senior Citizens League has forecasted that the **proposed COLA increase for Social Security may not offset ongoing inflationary costs for seniors**, resulting in a further erosion of seniors' purchasing power.¹³

The causes of the inflation that is harming seniors' financial security are multi-faceted. First, a persistent labor shortage is significantly driving up the costs of goods and services nationwide. Not only has the labor force participation rate been steadily declining over the last two decades, but it took a deep dive at the start of the pandemic and has failed to recover to its pre-pandemic levels.¹⁴ In October 2022, we saw the labor force participation rate fall yet again.¹⁵ In fact, **there are more than three million Americans missing from the labor force** compared to just before the pandemic.¹⁶ As a result, the number of open jobs is still exceptionally high at 10.7 million, with nearly twice as many open jobs compared to individuals actively searching for work.¹⁷⁻¹⁸

OPEN JOBS EXCEED INDIVIDUALS SEARCHING FOR WORK



Source: BLS

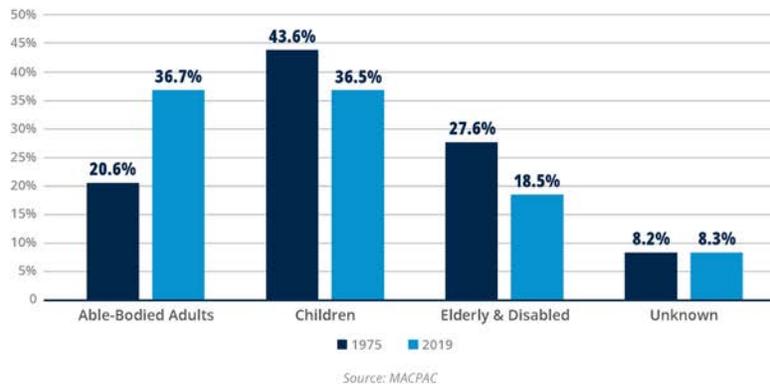
There is an economic consensus that this labor shortage is causing a wage-price spiral that is dramatically increasing the cost of living for Americans, including seniors.¹⁹⁻²² If those earning an income from steady employment are struggling, then the effects for those on fixed incomes are even more severe.

This labor shortage crisis is being driven by pandemic-era welfare expansions that have made it more lucrative for some Americans to remain home rather than return to work.²³ These include:

- **A nationwide suspension of the work requirement** for able-bodied adults without dependents (ABAWDs) on the food stamp program;²⁴
- **The adding of millions of Americans to the Medicaid program** since the beginning of the pandemic due to a combination of different program expansions;²⁵
- **Multiple increases in the size of food stamp benefits**, including the use of Emergency Allotments and the Biden administration's unilateral 25 percent increase in food stamp payments;²⁶⁻²⁸
- And much more.

So long as the public health emergency and these pandemic-era welfare expansions continue, the labor shortage will persist—pushing prices higher and higher. These welfare expansions also have the negative consequence of crowding out resources for the most vulnerable, including seniors in poverty. For example, while Medicaid was once a program designed for Americans who were elderly, disabled, children, or otherwise truly needy, the proportion of able-bodied, working-age adults on Medicaid has risen from 20.6 percent in 1975 to 36.7 percent in 2019.²⁹

ABLE-BODIED ADULTS ARE TAKING OVER MEDICAID ENROLLMENT



Since the pandemic began, this percentage has assuredly skyrocketed. As more and more able-bodied adults are added to welfare, scarce resources for vulnerable Americans are crowded out— leading to spending diversions and Medicaid waiting lists.³⁰⁻³¹

In addition to the labor shortage, runaway government spending (such as \$5 trillion in pandemic stimulus expenditures) has also driven up inflation.³² Alleged fixes have only exacerbated the underlying problem. For example, the Inflation Reduction Act will dramatically increase federal spending in certain areas, including by dedicating hundreds of billions to green energy subsidies and credits alone.³³ The Wharton School of Business estimates that the Inflation Reduction Act is causing inflation to accelerate.³⁴



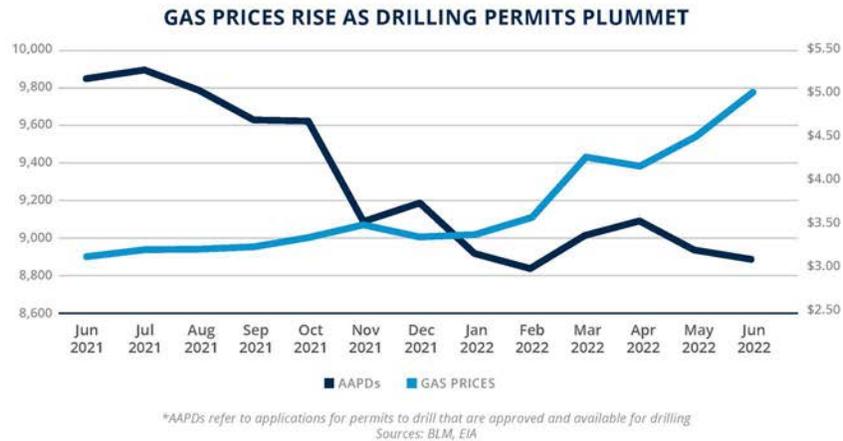
The Wharton School of Business estimates that the Inflation Reduction Act is causing inflation to accelerate.



Finally, the significant pullback of support for American energy independence has caused both energy prices (such as utilities) and gas prices to skyrocket.³⁵ Coupled with harmful federal restrictions and guidance, the pressure of the federal government on American energy has driven up inflation. Just some of the examples of recent restrictions on American energy are:

- Bans, restrictions, and other reductions in domestic oil and gas drilling, permitting, and leasing;³⁶⁻⁴⁰
- Canceling the Keystone XL pipeline;⁴¹
- Reducing the ability of energy companies to access capital through so-called “environmental, social, and governance” schemes in retirement plans, a new climate risk unit for commodities, and climate risk memorandums for large banks;⁴²⁻⁴⁴
- Raising the federal government’s “risk” score of working with oil and gas industries;
- Increasing stringent vehicle emissions standards;⁴⁵
- Rejoining the ill-conceived Paris Climate Agreement;⁴⁶
- Imposing restrictive new energy building codes;⁴⁷ and
- Reducing the availability of public lands for energy production through monument designations.⁴⁸

It is no surprise that, as domestic energy production has been scrutinized, gas prices have risen.



To improve the immediate financial security of seniors, federal policymakers can and should:

- End the public health emergency and/or untie major expansions of welfare from the emergency so that these expansions can be retired;
- Implement universal work requirements in major federal welfare programs, as proposed in S. 4448, Senator Rick Scott's Let's Get to Work Act of 2022;⁴⁹
- Curb further attempts at reckless spending;
- Reaffirm support for the American energy sector and rescind harmful policies that negatively affect energy independence; and
- Crack down on federal spending through executive rulemaking and guidance by implementing the REINS Act—using Florida's successful REINS policy implemented under then-Governor Rick Scott as a template—which would require congressional approval for costly executive actions.⁵⁰

Together, these five steps will dramatically reduce the rising inflation that seniors on fixed incomes have been grappling with, and provide elderly Americans with a more secure financial future.

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Testimony of the Honorable Florida Attorney General Ashley Moody
Submitted to the
United States Senate Special Committee on Aging
On
"Issues Facing Seniors: Retirement Security, Healthcare, & Fiscal Health"
November 21, 2022

Thank you, Chairman Bob Casey, Ranking Member Senator Tim Scott, and members of the Committee. A special thank you as well to my home state senator, Senator Rick Scott, for this invitation to speak to you. My name is Ashley Moody, and I am the Attorney General for the State of Florida.

You have invited me today to discuss consumer scams that are affecting our seniors. I welcome this opportunity to share consumer scam trends that are targeting our seniors in Florida, and it is my privilege to highlight the steps that I have implemented to shut down these scammers.

Today, more than five million seniors call Florida home. Seniors remain one of the fastest growing population segments in our state. Many of these great Americans have served our country and contributed to our economy in countless ways. We owe them nothing less than to ensure they can enjoy their golden years free from the threat of scams. Unfortunately, scammers recognize our booming senior population and often seek to turn their dream retirement into a financial nightmare.

Government enforcers need effective intake systems for receiving and analyzing senior complaints, and to have the necessary enforcement expertise for acting on those complaints at the ready.

When I took office in 2019, I immediately assembled a Senior Protection Team. The intra-agency team is comprised of leading members from the Attorney General's Office of Statewide Prosecution, Consumer Protection Division, Medicaid Fraud Control Unit, and Office of Citizen Services. These specialized professionals fight civil, criminal and health care fraud, and work together to develop strategies to protect Floridians 60 and older.

The Senior Protection Team also works with Seniors vs. Crime (a group of Florida senior volunteers), as well as the Florida Department of Law Enforcement, to assist with investigations and outreach efforts. The team consults with outside senior protection experts from local law enforcement, other state agencies, and private advocates and stakeholders to focus on senior abuse; neglect; fraud; service-related issues; long-term care; guardianship; law enforcement training; and educational outreach.

The team identifies emerging scams, spots trends and tries to stay ahead of changes in technology used to prey on seniors.

21st Century Scams: Identity Theft, Robotexts, Robocalls and Fraudulent Technical Support

As seniors increasingly rely on technology such as smartphones and the internet for daily activities, scammers are setting traps to interfere with these activities.

Cyberspace is the new frontier of criminal activity, and criminals are increasingly targeting seniors. Florida is fighting identity theft, robotexts, malware attacks and other online schemes, in addition to sophisticated robocall scams.

Identity Theft

Recent data suggests that Florida continues to experience the second most identity theft reports in the country. Identity theft occurs when someone uses or attempts to use the private personal information of another person to commit fraud. A wide range of information constitutes personal private information, including a person's name, address, Social Security number, date of birth, driver's license number, credit and bank account numbers, and even biometric data like fingerprints.

In Florida, we have seen cases where the personal information of seniors is stolen or misused by someone close to the senior, such as a caregiver, guardian, loved one or even employees of rehabilitation centers or nursing homes. Our state has adopted enhanced criminal penalties for this kind of abusive conduct.¹

My office puts those enhanced penalties to use and takes swift action against identity theft. Earlier this year, my Office of Statewide Prosecution secured a 25-year prison sentence for a woman who ripped off eight Florida seniors, including a retired police officer.² A jury found the defendant guilty of conducting identity theft and fraudulent schemes, stealing nearly \$2 million from family and friends. The defendant lied about having terminal cancer and forced her family to beg for money from friends to help pay

¹ § 817.568(6)-(7), Fla. Stat. (2022).

² <http://www.myfloridalegal.com/newsrel.nsf/newsreleases/EF88543FB342314F852588C6006645C4>

for treatment she did not need and never received. Her lies convinced eight Florida seniors to deplete their life savings to help her.

In August, I announced the arrest of a Florida couple for stealing money and the personal identification of a Florida senior.³ The two criminals used the victim's debit card to spend more than \$8,000, purchasing an inflatable swimming pool, gourmet barbeque and other frivolous items.

In July, my Statewide Prosecutors worked with law enforcement to arrest a live-in caretaker charged with stealing thousands of dollars from a Florida senior. The caretaker used the victim's credit card while the senior spent time in the hospital due to a life-threatening illness. During a four-month period, the caregiver charged more than \$47,000 to the victim's card. The transactions ranged from gift-card purchases to expensive, radio-controlled cars.⁴

Earlier that month,⁵ my Statewide Prosecutors secured a multiyear prison sentence for a defendant who used stolen personal information to defraud a senior out of nearly \$62,000.

In February, my office worked with law enforcement to arrest a former employee from a skilled rehabilitation center for exploiting a disabled senior.⁶ According to the investigation, the defendant obtained the credit card of a vulnerable adult under her care and used the funds for personal benefit.

Robocalls and Unsolicited Calls

By far, the most prolific scams are perpetrated by telemarketers and robocallers seeking to obtain sensitive personal information either to steal identities or gain access to consumers' bank accounts or other assets.⁷ According to a recent report, spam robotexts outnumbered spam robocalls last year, with Americans receiving more than 87 billion of these texts compared to 72 billion calls. Losses from scams related to automated messages totaled more than \$40 billion in 2021.⁸ In many ways these scam messages are more concerning, as they can contain links with malware—leading to hacking, identity theft and financial loss.

Florida serves on the executive committee of a new Anti-Robocall Litigation Task Force that consists of 50 attorneys general focusing on telecommunications companies responsible for bringing the majority of foreign robocalls into the United States.⁹ The new task force has one goal: to cut down on illegal robocalls.

³ <http://www.myfloridalegal.com/newsrel.nsf/newsreleases/4BEEB3C354D2D6B5852588AD006648BF>

⁴ <http://www.myfloridalegal.com/newsrel.nsf/newsreleases/EE2EE9D1898444598525888D0051CC6B>

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The task force issued 20 investigative demands to 20 gateway providers and other entities that are allegedly responsible for a majority of foreign robocall traffic. I also announced the investigation of two voice service providers over alleged involvement in illegal robocalls. Both operations sent scam robocalls to consumers in Florida and other states, including robocalls from fraudsters posing as the Social Security Administration and Amazon.¹⁰

Last December,¹¹ I announced that consumers nationwide would receive \$1.8 million in refunds as a result of actions taken by my office and the Federal Trade Commission to shut down a massive robocall scheme. Recipients include more than 1,300 Florida victims targeted by the company, which bombarded consumers with more than one billion unsolicited robocalls pitching a variety of products and services, including fraudulent medical alert systems. Many of the illegal robocalls targeted seniors and tricked consumers into paying for supposedly free, in-home medical alert devices.

The company claimed its medical alert systems were free but then held consumers responsible for monthly payments. Once consumers attempted to cancel, it forced consumers to pay cancellation penalties. It is banned from telemarketing and from misrepresenting the terms associated with the sales of any product or service.

Fraudulent Technical Support

Two of the most common schemes used to target older Floridians are phishing and malware scams. Phishing scammers send a message that appears to come from a trusted source. Malware scams involve sending messages containing links that when clicked on can infect an unsuspecting user's device with a virus.

Tech support scams typically involve fake pop-up messages or imposter phone calls claiming that a consumer's computer is infected with malware that poses an imminent risk to the device. Victims are told to call a number for help and to contact a scam call center. Fraudsters will request virtual access to a victim's computer to supposedly fix the nonexistent problem or offer an unnecessary software product. These scammers often target seniors.

In July, my Office of Statewide Prosecution, with the assistance of local law enforcement, arrested a man for stealing thousands of dollars from more than a dozen senior victims in a tech-support scam.¹² The defendant targeted victims, all above the age of 60, by sending pop-up computer notifications claiming the victims' devices were locked and then provided a number to call to have the devices unlocked. Over the phone, the defendant tricked each victim into sending thousands of dollars in fees as payment for unlocking the devices.

¹⁰ https://myfloridalegal.com/_852562220065EE67.nsf/0/4F50E8F9842FB739852588ED005797AF

¹¹ https://myfloridalegal.com/_852562220065EE67.nsf/0/502B38953DA9C060852587A600557FD0

¹² https://myfloridalegal.com/_852562220065EE67.nsf/0/5C94AC8F008B3AFE8525888600503629

Health Care & Health Benefits Scams

The complexity of health care decisions creates opportunities for scammers. Seniors concerned about their health and their ability to live independently can be targeted and sold bogus “home-health” services or products that purport to have health benefits.

Health Care

My office shut down a door-to-door, home-health scam targeting Florida seniors.¹³ The scammers charged victims thousands of dollars for prepaid home-health services, but then failed to deliver what was promised. Nearly 50 seniors lost approximately \$488,000 to this scheme. This so-called home-health service provider preyed on seniors concerned about their ability to live independently—selling services they never provided. Nearly 50 Florida seniors fell victim to this devious scheme before my office was alerted to the door-to-door scam operation and took legal action to shut it down.

In some instances, the defendants sold one-year contracts for thousands of dollars only to return just days later to sell additional contracts to the same victim. Many of the senior victims lived alone, were suffering from cognitive decline or were otherwise vulnerable. On other occasions, the defendants falsely claimed that they worked with the seniors' current long-term care providers. My office banned the defendants from engaging in any in-home sales or owning any home-health business. The judgment also provides for more than \$2.5 million in restitution for the victims, attorney's fees and penalties.

Health Benefits

My office took action to shut down a water filter company falsely promising to treat serious medical conditions.¹⁴ The Florida company sold high-priced drinking water systems with promises of unproven health benefits and using deceptive financing offers. It allegedly falsely claims that the use of its molecular hydrogen water machines could assist in ailments ranging from cancer, depression and other chronic diseases. Many victims of the deceptive and unfair practices include seniors and consumers with health conditions.

Construction and Home Repair Scams

Home repairs and construction work can be large and expensive undertakings. Scams involving construction and home repairs, especially in the aftermath of severe weather events, are often some of the most high-dollar scams seen by my office. Many of the scammers go door-to-door, knocking on residences because they claim to be in the area, or use high-pressure sales tactics.

¹³ https://myfloridalegal.com/_852562220065EE67.nsf/0/A712BE2C4D89BFC98525872E0053A1D6

¹⁴ https://myfloridalegal.com/_852562220065EE67.nsf/0/A5F882BE003B5C868525872D00563DBF

My office took action to stop an air conditioning company from ripping off Florida seniors.¹⁵ According to our investigation, the company deceived consumers, many of whom were seniors—some suffering from Alzheimer's and dementia. One victim was a senior suffering from Alzheimer's that was sold an unneeded, expensive ultraviolet germicidal light system even though the victim had an active maintenance program with another company. After the victim's family notified the company to never return to the property, its technicians returned and unnecessarily replaced expensive ductwork. The family again contacted the company to request that they stop going to the victim's home, only to learn that a few months later, its technicians went back and charged for an alleged faulty capacitor and freon.

Another alleged victim was a senior with dementia who was under the supervision of several caretakers. It convinced the victim that the air conditioning system needed to be replaced at a cost of more than \$9,000 because a coil in the system was broken. No work permit was obtained, and the existing system was dismantled by the time the caretaker returned. Another air conditioning company that regularly serviced the home later advised that the coil was under warranty and would cost only \$600 to \$800 to replace; confirming that a new unit was likely unnecessary, and the price charged was outrageous.

My office also secured potential consumer relief of more than \$1 million to customers of an HVAC company that allegedly engaged in predatory sales and service practices.¹⁶ The action alleged aggressive and deceptive sales practices that resulted in significant financial harm to Florida consumers. The majority of the impacted customers were seniors—including some living on fixed incomes. The deceptive practices involve alleged conduct, such as upselling unnecessary HVAC systems and setting up financing agreements with terms and liens on homes that consumers did not understand.

Charity Scams

Coming together in a time of need and extreme hardship is testament to the Florida way of life. Unfortunately, scammers take advantage of good will and generosity by creating fictitious charitable organizations and seeking donations that never go to the fake charity's stated cause and take money away from those in need. Many of these charity schemes target seniors.¹⁷

Last year, along with the Federal Trade Commission and agencies from 37 other states and the District of Columbia, I announced the shuttering of a massive telefunding operation that bombarded 67 million consumers with 1.3 billion deceptive charitable fundraising calls, including many classified as illegal robocalls.¹⁸ The defendants collected more than \$110 million using the deceptive solicitations.

¹⁵ https://myfloridalegal.com/_852562220065EE67.nsf/0/FE5452F72DF28FBF852585F800534908

¹⁶ https://myfloridalegal.com/_852562220065EE67.nsf/0/4C6C81D2A338F6A88525887600545000

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Criminal Prosecutions

Scammers often target older Floridians thinking their crimes will go unnoticed or unreported. The abuse of a position of trust that causes significant financial or physical harm to a senior is not just a civil matter, it can be criminal and should be prosecuted. As Attorney General, I am dedicated to protecting our great seniors and ensuring that criminals who target them are brought to justice.

In May,¹⁹ I announced the arrest of a man who used power of attorney to steal tens of thousands of dollars from an incapacitated senior. The Medicaid Fraud Control Unit's investigation revealed that the defendant obtained power of attorney rights from an elderly victim residing in a Medicaid-receiving facility, who lacked capacity to make financial decisions.

My Medicaid Fraud Control Unit also arrested a Florida woman who was entrusted as a senior's power of attorney, and who allegedly stole more than \$12,000 from the elderly victim for personal benefit.²⁰ The defendant also took out a cashier's check to pay court costs in an unrelated matter, all while leaving the victim's health care expenses unpaid. Her criminal actions prevented the victim from fulfilling financial obligations at the victim's residency and did not allow the victim to receive a proper burial after passing.

During the past legislative session, I worked with state lawmakers to pass senior protection legislation providing greater protection to seniors statewide. Specifically, this law will strengthen senior protection by preventing the intentional isolation of vulnerable adults, allowing for earlier intervention by law enforcement and prosecutors to prevent irreversible physical harm or financial loss to vulnerable Florida seniors, and strengthening accountability of guardians and agents under powers of attorney. My Office of Statewide Prosecution will also have additional authority to go after those who commit crimes against elderly and disabled adults.

Additional Resources

It is said that an ounce of prevention is worth a pound of cure. No one is completely safe online, which is why I created a number of valuable resources, consumer alerts, news releases and other specialized publications to help keep seniors safe.

My Consumer Alert program educates consumers about emerging scams and steps to take to avoid falling prey to fraud, identity theft or other schemes designed to rip-off Floridians, including seniors. Consumers can sign up to receive Consumer Alerts on our website, www.myfloridalegal.com.²¹

¹⁹ https://myfloridalegal.com/_852562220065EE67.nsf/0/EA6FB9799BD281B485258847004F9D69

²⁰ https://myfloridalegal.com/_852562220065EE67.nsf/0/51C9B7DD7B362D708525874B0050ECBA

²¹ <http://myfloridalegal.com/NewsBrie.nsf/Subscriber>

To help seniors avoid scams, I also launched the [Scams at a Glance program](#).²² The online resource provides tips and information through downloadable brochures designed to assist consumers with information and best practices to guard against fraud. *Scams at a Glance* addresses specific topics such as government imposters, charity scams, romance scams, identity theft, tech support and other scams.

My office also issues specialized publications and resources, including holiday consumer protection guides, hurricane preparedness guides, and the publication "*Savvy Consumers Can Stop Fraud: A Guide for Seniors*," which is a resource published by the Attorney General's Office with tips on safeguarding finances, avoiding identity theft and information on other scams that target seniors.

I thank you for highlighting these despicable scams used to target Florida seniors, and for allowing me the opportunity to share enforcement actions taken by my office, as well as the tools and resources our office makes available for free to older Floridians so they can stay informed and avoid scams.

²² <http://www.myfloridalegal.com/scamsataglance>



Testimony of Nicholas Weilhammer
Submitted to the
United States Senate Special Committee on Aging
On
"Issues Facing Seniors: Retirement Security, Healthcare, & Fiscal Health"
November 21, 2022

Thank you, Chairman Bob Casey, Ranking Member Senator Tim Scott, and members of the Committee, and to Senator Rick Scott. My name is Nicholas Weilhammer, and it is my honor to serve as the Associate Deputy Attorney General for Enforcement for Attorney General Ashley Moody.

To reiterate the remarks of Attorney General Ashley Moody, the Attorney General's office sees a number of threats to seniors and their retirement savings, healthcare and overall fiscal health. Government imposters, charity scams, identify theft, coronavirus scams, romance scams, and tech support scams are just a few of the scams perpetrated on our seniors.

Having a skilled team of professionals to receive complaints by seniors, such as Attorney General Moody's Senior Protection Team, has proved essential to enforcement. While state attorneys general have powerful enforcement tools, it is crucial to have a dedicated team that is qualified to spot senior issues, and address the complainant's physical or mental disabilities, if present. This improved consumer intake process has resulted into millions of dollars in recoveries through her enforcement actions.

As one example, Attorney General Moody took action to shut down a water filter company falsely promising to treat serious medical conditions. This company falsely claimed that use of its molecular hydrogen water machines could assist in ailments ranging from cancer, depression, diabetes, lupus, skin disorders and other chronic diseases.

These high-priced products—ranging from \$6,700 to almost \$10,000—came with false promises of wide-ranging health benefits and attractive financing. As part of the company's marketing strategy, it offered a case study program that purportedly provided customers with monthly compensation payments in exchange for providing positive feedback about the machines. The company claimed the payments would offset some, or all, of the financing costs of the filter system. According to consumer complaints, the company did not provide the promised compensation, sent checks sporadically, mailed consumers worthless checks or the checks stopped altogether.

We encourage Floridians to be vigilant and stay apprised of the latest scams, which can change rapidly in complexity and scope. Attorney General Moody's Consumer Alert program is designed to inform the public of emerging scams, new methods used to commit fraud, trends in consumer complaints and other deceptive practices utilized to take advantage of Floridians.

There are also opportunities for Floridians to volunteer as a Senior Sleuth. Seniors vs. Crime is a special project of the Florida Attorney General's Office run by seniors who volunteer to help victims of senior-targeted crimes, or deceptive or unfair trade practices. Senior Sleuths assist older Floridians by reviewing complaints, pursuing restitution for consumers, providing advice to vulnerable populations and informing others of common scams.

I thank the committee for its important work in studying and highlighting these issues and for allowing me the opportunity to share enforcement actions taken by Attorney General Ashley Moody's office.

Issues Facing Seniors: Retirement Security, Healthcare, & Fiscal Health
Field Hearing of the U.S. Senate Special Committee on Aging
The Villages, FL
November 21, 2022

Financial Exploitation of Older Adults

Testimony by:
Dr. Thomas G. Blomberg and Dr. Julie Brancale
College of Criminology and Criminal Justice
Florida State University

I. The Problem

There are over 56 million Americans ages 65 and older living in the United States. Older adults comprise the fastest growing group of the nation's population and will remain the largest age group for the foreseeable future. Approximately 10,000 Americans turn 65 each day and by 2030, the number of older adults in the country is projected to be more than 71 million, representing a 29% increase in less than 10 years. Americans are also experiencing unprecedented longevity, with the number of older adults living to be older than 100 steadily increasing. The current generation of older adults is unique from prior generations, differing in several ways: they are living longer and more active lives, they are spending more years in the workforce and retiring later in life, they have smaller families, they are more likely to relocate in their retirement years to various kinds of age-homogenous housing communities, and they are wealthier than any preceding generation of retired Americans, controlling approximately 70% of the invested wealth in the United States.

Along with the rapid growth of older adults has been a steady increase in the prevalence of financial exploitation of older adults over the past several decadesⁱ. Financial exploitation is among the most common forms of self-reported abuse by older adultsⁱⁱ. Older adults are more at risk of financial exploitation and scams involving telemarketing, charitable donation, real estate, automobile/home repair, lottery/sweepstakes, and healthcare than are younger adultsⁱⁱⁱ. Although the prevalence of financial exploitation of older adults is great, and increasing, precise figures are not available because of widespread underreporting^{iv}. Therefore, available statistics significantly underestimate the actual extent of financial exploitation of older adults and the cases that are known represent only the "tip of the iceberg" of this growing social problem. Older adults are not likely to report cases of financial exploitation because of fear, uncertainty about where and how to report, concerns they may be viewed as incapable of handling their own finances, unable to live on their own, or in need of supervision. Older adults who experience financial exploitation can often find themselves caught in a dilemma—if they report they may be viewed as incapable or naïve, they may be retaliated against, or they can lose their independence because a well-meaning relative may insist that they no longer live alone or handle their own financial decisions. However, by not reporting, older adults may not have any chance of recovering their lost money and may experience lasting feelings of guilt and uncertainty for never bringing the case to the attention of authorities. In sum, many older victims of financial exploitation suffer alone!

II. Risk Factors and Consequences

Numerous factors have been identified that can increase an older adult's risk for financial exploitation. The risk factors can generally be grouped into the categories of physical and cognitive health and social bonds^v. Physical and cognitive health-related risk factors include changes and declines to physical health and cognition, major medical events or diagnoses, and psychological conditions such as depression and anxiety. Retirement, moving, changes to older adults' marital dynamic (whether through divorce or the death or incapacitation of a spouse), and social isolation are all social-related risk factors.

In addition, older adults are often viewed as popular targets by fraudsters because of the many stereotypes about them being wealthy, frail, and defenseless^{vi}.

The distribution of crime across geographic areas is well known and although geographic variations in financial exploitation of older adults is not yet well understood, evidence suggests that there are community-level factors that may also increase older adults' risk of financial exploitation^{vii}. For example, there has been research on financial exploitation of older adults who live in assisted living facilities that found, in general, residents were vulnerable for exploitation^{viii}. A large and growing number of older adults live in various kinds of designated age-homogenous communities or areas where they make up a significant proportion of the population. Although exact numbers of age-homogenous housing communities—which include facilities that specialize in skilled nursing care, assisted living, independent active-living, and other retirement communities—are unavailable, such options are numerous and widespread. Of available statistics, in 2021 there were over 3,000 senior living communities and over 30,000 residential and continuing care properties in the United States, with over 10 million residents. For example, according to the 2020 Census, The Villages was the fastest growing metropolitan area in the country. These communities with large populations of older adults may be unwittingly contributing to “hotspots” for financial exploitation because so many perceived vulnerable targets live near one another.

Financial exploitation results in significant reductions to older adults' quality of life and the associated consequences can be severe and long-lasting. It can take months or years for older adults to financially recover, with many never able to fully recover or recoup their losses. Nearly one million older adults are estimated to be skipping meals each day or cannot afford their prescription medications because of financial exploitation^{ix}. Lasting feelings of stress, anxiety, depression, and fear are common emotional responses to financial exploitation, which often lead to older adults' altering their lifestyles, behaviors, and activities as a result^x. Finally, older adults who have experienced financial exploitation have an increased risk of dying prematurely^{xi}.

III. Evidence-Based Policy Recommendations

To confront this growing social problem, proactive evidence-based policy responses and specialized services that focus on older adults' unique circumstances, experiences, and living situations are necessary. Based upon relevant research, it is important that these services not just focus on the older adult but also their families and support networks. Doing so will help to reduce fear and provide an increased understanding of the causes, consequences, and recovery strategies for both the older adult and their support networks.

Prevention

To help prevent financial exploitation of older adults, risk assessment instruments that can be effectively administered by healthcare providers and others need to be developed based on the existing research, field tested, and then validated. These validated risk assessment tools would enable various professionals to identify older adults who are clearly at-risk for financial exploitation or other forms of abuse. We are currently in the process of developing, field testing, and validating such a risk assessment instrument for national use.

Victimization Services

To help older adults who are at-risk or victims of financial exploitation, a proactive evidence-based policy recommendation is the implementation of Community Service Centers (CSCs) in areas with large concentrations of older adults. CSCs would be a one-stop location that provides a range of services. Example functions of CSCs could include educational classes, the development of financial safety plans, a “shopping buddy” program in which older adults would be accompanied by a volunteer when making large purchases or financial decisions, a financial grant program to provide emergency relief money in the event of victimization, an anonymous hotline to provide answers to questions and guidance about financial exploitation and information about how to recover from an incident (e.g., where/how to report, how to hire a lawyer), and a community handbook with a listing of local service providers with proven

track records. CSCs should be operated by both volunteers and trained staff and include an institutionalized evaluation component to provide annual process and outcome assessments for evidence-based operational improvements. We recommend that the U.S. Senate Special Committee on Aging consider promoting these evidence-based CSCs.

Financial exploitation of older adults is a significant and growing social problem that needs more attention from researchers, policymakers, practitioners, and the public. It is imperative that our approaches to financial exploitation be proactive as opposed just responding to the cases that get reported.

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