

**The Aging Challenge:  
Health Care and Income Security in the 21<sup>st</sup> Century  
Syllabus  
Spring Semester 2005**

Faculty: **Kenneth Apfel**  
Course Number: **PA 388K**  
Unique Number: **62740**  
Classroom: **3.102**  
Time: **Monday, 2-5 PM**  
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Description: This course provides an overview of key US health and income security issues facing older Americans, with a focus on both contemporary and long term challenges facing the nation. The course also includes international comparative analysis on pension and health issues.

We begin with an assessment of the well-being of older Americans, followed by an exploration of key related demographic and economic trends underway in the US. We then assess the evolution of the US system, including our social insurance and means tested programs as well as our tax and regulatory policies. Several weeks are devoted to analysis and discussion of the key US income security and health care programs as well as related federal tax policies. We examine a full range of policy options in all of these areas, with particular focus on Social Security and Medicare. In addition, we examine the experience of several other countries on these issue areas, with examples drawn from Europe, Canada and Latin America.

On April 21-22, 2005 the Center on Health and Social Policy will be holding a policy symposium titled *Big Choices: the Future of Social Security*. The symposium will provide (1) a forum for national policy experts to debate options for financing Social Security in the 21<sup>st</sup> Century (2) an opportunity for an intergenerational audience to discuss key options. Active participation in this conference is a course requirement.

The course requires very extensive reading and class preparation as well as a very high level of participation in class. There are no written examinations. Student assessment is based on class participation, weekly writings posted to the discussion board, one lengthy written assignment, and group presentations and short memos on a variety of related topics.

**Required textbook for purchase at the Coop East:**

*The Economics of an Aging Society*, by Clark *et al.*, Blackwell Publishing, Ltd. Oxford, UK, 2004. A copy of the text is also on reserve in the Public Affairs Library.

In addition, a large volume of additional readings is available on ERes. The readings include academic articles, advocacy pieces from the left and right, government publications and actuarial, demographic and economic analysis.

**Policy on Scholastic Dishonesty:** Students who violate University rules on academic dishonesty are subject to disciplinary penalties, including the possibility of failure in the course and/or dismissal from the University. Since such dishonesty harms the individual, all students, and the integrity of the University, policies on scholastic dishonesty will be strictly enforced. For further information, please visit the Student Judicial Services web site.

<http://deanofstudents.utexas.edu/sjs/>

<http://deanofstudents.utexas.edu/sjs/academicintegrity.html>

## **Course Requirements**

### **Class participation and “weekly responses” to readings.**

All students are expected to prepare for class and to actively participate in class discussions. It is absolutely essential that students read the assigned materials in advance of class.

Prior to each class, I ask that you post a brief reaction—no longer than 100-200 words—to the discussion board on ERes, where it will be available for reading by all members of the class. I urge you to read, build on and respond to the comments of the other class members. All reactions are due by close of business on the Sunday before class. Your response should include—with a heading for each—the following:

- 1. Insight/Idea:** What did you see as the most important insight/idea from the readings?

2. **Reaction:** What are your reactions? Are you convinced by any key conclusions? If there are apparent inconsistencies or contradictions among the readings what do you make of them?
3. **Class discussion:** What one or two key issues, questions or concerns would you particularly like to discuss in class?

### **International Presentations**

During the first class session, I will ask all students to rank their interest in the international cases that we will examine over the course of the semester. Teams of students will present and discuss the pension and/or health care challenges facing a variety of other countries—as examples, the Canadian health care system, the Chilean pension system, the German long term care system, etc.

### **Crossfire Sessions**

During the first class session, I will ask all students to rank their interest in the crossfire sessions that we will hold over the semester. Teams of students will role-play members of Congress, Administration officials and leaders of interest groups at these sessions.

### **Individual Policy Paper**

In lieu of a final examination, each student will develop a 20+ page paper on a specific aging policy issue. The topic of the paper must be approved by me before the middle of the semester.

## **Student Assessment**

Student assessments will be based on class participation, written assignments and oral presentations. Before the middle of the semester, the class will decide on the relative weights of the various assignments for the purposes of grading. Below is my proposal for assessment:

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| • Overall class participation and weekly responses | 15% |
| • Individual policy papers                         | 45% |
| • International Presentations                      | 15% |
| • Crossfire Sessions ((2)                          | 25% |

## 1) January 24: The Well-Being of Older Americans

General introductions, overview of course and discussion of the economic and health well-being of older Americans. International comparisons on poverty. We will also take a close look at several elderly households. The readings (except for the textbook to be purchased) can be found on ERes and the password is **bay**. Please read these materials before our first class.

### Readings:

- **EAS**—Chapter 3: “The Economic Well-Being of Older Americans” (skim after p. 58)
- Gerontological Society of America: “The Health of Older Americans” (skim)
- Burtless & Smeeding: “The Level, Trend and Composition of Poverty” pp 56-66, *Understanding Poverty*, (skim all but pp 58 & 62)
- Smeeding *et al*; “US Poverty in a Cross-national Context”, pp 170-175 & 180-185, *Understanding Poverty*
- Butrica: “How Will Boomers Fare at Retirement?”, AARP Public Policy Institute, May 2004 Brief skim after Executive Summary
- Whitfield: “The Landscape of Health Disparities Among Older Adults” Public Policy and Aging Report, Summer 2003 (skim)

## 2) January 31: Is Demography Destiny?

Lecture on demographic trends. Discussion of the demographic and fiscal challenges associated with “population aging,” with a focus on both US and international perspectives.

### Readings:

- **EAS**—Chapter 2: “The Graying of America and the World.”
- Leibfritz and Roseveare: “Aging Populations and Government Budgets”, from *OECD Observer*,
- Zoubanov: “Population Aging and Population Decline: Government Views and Policies”, UN meeting on Policy Responses to Population Aging and Population Decline. October 2000 (skim)
- Peterson:, (skim)
- National Academy on an Aging Society: “Demography is Not Destiny.” (skim)
- Economist Magazine, “A Tale of Two Bellies”

## 3) February 7: Evolution of Current Policies/Programs

Lecture on historical underpinnings of the US system. Discussion of the key health and retirement policies/programs in the USA. Team presentation/crossfire on: "Should the USA rely more on social insurance or means tested programs or tax incentives to deal with future challenges?"

### **Readings:**

- Orloff: "The Political Origins of America's Belated Welfare State", *The Politics of Social Policy in the US*,
- **EAS**—Chapter 4: "Economics of Retirement and Old Age." And Chapter 6: "Retirement Policies and Pension Plans"
- Howard: "Employer Pensions", *The Hidden Welfare State*, pp 115-138. Princeton University Press, 1997
- Moon: "Understanding Entitlements" pp 37-52, Entitlements and the Elderly, Urban Institute, 1996 optional
- Marmor: "Health Programs of the Kennedy-Johnson Years", *Toward New Human Rights*, 1977, UT Press
- Thompson: "The Roles of Social Insurance, Tax Expenditures, Mandates and Means Testing" pp 9-26
- Starobin: "The Daddy State", National Journal, 3/28/98

## **4) February 14: Social Security & Pensions Policy for the Elderly**

Overview and discussion on institutional arrangements and current/future issues in Social Security.

### **Readings:**

- Congressional Budget Office: "Social Security: A Primer"
- **EAS**—Chapter 7: "Social Security Benefit & Program Objectives"
- **EAS**—Chapter 8: "Social Security Financing and Reform Issues"
- "Summary of the 2004 Social Security and Medicare Trustees Report"
- Graetz & Mashaw: "True Security: Rethinking American Social Insurance" Book excerpts,
- Jackson: "It's Even Worse Than You Think" NY Times OPED, 2003
- Diamond: "Reforming Social Security: A Balanced Plan" Brookings 12/03

## **5) February 21: Social Security and Individual Accounts**

Should we "privatize/personalize" Social Security? Crossfire on the pro's and cons. Discussion on the politics of Social Security reform.

### **Readings:**

- Burke *et al*: *Social Security and Medicare*, pp 127-160 (Clinton-era debate--some of these readings relate to Medicare and should be read for class #9)
- John: "How to Fix Social Security" Heritage Foundation
- Wehner: "Some Thoughts on Social Security", White House memo, January 2005
- Joint Economic Committee Democrats: "Privatization Slashes Benefits & Adds Trillions to Social Security's Long-Term Cost", December 2004
- President's Commission: "Strengthening Social Security and Creating Personal Wealth for all Americans" summary materials
- Diamond & Orszag: "An Analysis of the Plans Proposed by the President's Commission" Executive Summary
- Blahous: "Problems With the Diamond/Orszag Paper" (optional)
- Diamond & Orszag: "A Response to the Executive Director of the President's Commission" (optional)
- Apfel and Graetz: "Unchartered Waters" (excerpts) National Academy of Social Insurance 2005

## **6) February 28: International Pension Comparisons & US Employer Pensions**

Team presentations and discussion on the pension systems in Chile and the UK.. Discussion of relevance to US. Team presentation on US employer based pensions.

### **Readings:**

- Congressional Budget Office: "Social Security Privatization: Experiences Abroad", pp 1-10, 1999
- Congressional Budget Office: "Lessons from Other Countries" pp 83-93 1999
- Chile & UK Pensions Packets
- US Employer Pensions Packet
- Esping-Andersen: "After the Golden Age? Welfare State Dilemmas in a Global Economy" pp1-11 & 20-27, *Welfare States In Transition: National Adaptations in Global Economies*, Sage Publications
- Byrnes: "The Benefits Trap", Business Week, 2004
- Munnell: "Retirement Blues", Boston College Magazine, Spring 2004

## **7) March 7: What to do about Older Workers?**

Lecture on disability policy. Team presentation/crossfire on "Should we require people to work longer?"

**Readings:**

- **EAS**—Chapter 5: “Work and Retirement” and skim Chapter 9: “Disability Policy”
- National Academy on an Aging Society: “Who are Young Retirees and Older Workers?” 2000
- Reno: “Opportunity and Security for a Diverse Aging Workforce” 2003
- OEDC: “Transforming Disability into Ability”, pp 24-31 & 78-83. 2003
- Butrica: “Does Work Pay at Older Ages?”, The Urban Institute, December 2004

**March 14—Spring Break****8) March 21: Overview of US Health Care System and Medicare**

Lecture/discussion of key aspects of US health care system, with particular attention on Medicare and retiree health.

**Readings:**

- Levit: “Health Spending Rebound Continues in 2002”, Health Affairs, Vol. 23, Number 1, January/February 2004
- **EAS**—Chapter 10: “The Financing and Delivery of Acute Health Care Services
- Liska: “Medicaid: Overview of a Complex Program” Urban Institute
- Kaiser Foundation: “Medicare at a Glance”
- Kaiser Foundation: “Medicare & Medicaid for the Elderly and Disabled Poor”
- Hewitt Associates: “The Current State of Retiree Health Benefits” Executive Summary, December 2002
- Apfel Op-Ed on retiree health insurance

**9) March 28: Major Medicare Challenges**

Discussion of future challenges and the new Medicare legislation excluding prescription drugs. Crossfire on “premium support”

**Readings:**

- Summary of the 2004 Social Security and Medicare Trustees Report” (medicare sections)
- Burke *et al.*: *Social Security and Medicare*, pp 71-86 & 127-160, Clinton-era: Medicare sections only

- National Bipartisan Commission on the Future of Medicare: “Recommendations” 1999
- Feder & Moon: “Can Medicare Survive its Saviors?”, *The American Prospect*
- Kaiser Foundation: “Medicare Choice”
- Rice: “An Analysis of Reforming Medicare through a Premium Support Program”, Kaiser Foundation, 2002
- Marmor: “Rethinking Medicare Reform” *The Nation’s Health*, pp 363-378
- Butler: “Cost Control in Medicare Needs Premium Support, Not a Trigger” Heritage Foundation, 11/03
- National Academy of Social Insurance: “The Role of Private Health Plans in Medicare”, 2003

## **10) April 4: International Health Care Comparisons & the US Rx Drugs Debate**

Team presentation and discussion of the Canadian health care system and crossfire on Rx drugs.

### **Readings:**

- Reinhardt: “US Health Care Spending In An International Context”, *Health Affairs* Vol. 23, Number 3, May/June 2004
- Canada Health Care Packet
- Kaiser Foundation: “Medicare and Rx Drugs”
- CRS Report: “Overview of the Medicare Rx Drug Conference Agreement” 12/03 (skim after page 17)
- Serafini: “No Cure-All” *National Journal*, 11/22/03
- Rx Drugs Packet

## **11) April 11: Overview of US Long Term Care Policy**

Lecture and discussion of long-term care policies/programs in the US as well as the future challenges.

### **Readings:**

- **EAS**—Chapter 11: “Long Term Care”
- Citizens for Long Term Care, pp 1-20, *Long Term Care Financing Reform*, 2002
- Estes: “The Underdevelopment of Community-Based Services in the US Long-Term Care System”, *Social Policy & Aging*, Chapter 10, pp 201-215
- AARP: “Medicaid and Long-Term Care for Older People”
- Angel: *Who Will Care for Us?* Pp. 126-134

- Alper & Gibson: “Integrating Acute & Long Term Care for the Elderly” Robert Wood Johnson Foundation, 2001
- Estes: “The Politics of Long Term Care Reform Under the Clinton Health Plan” Urban Institute 1999

## 12) April 18

**No Class—Instead, all students to attend conference “Big Choices: The Future of Social Security” beginning Thursday afternoon 4-21 and concluding Friday morning 4-22.**

## 13) April 25: Discussion of Social Security Conference Proceedings & International Long Term Care

What did we learn from the conference? Team presentation on German long term care system.

### Readings:

- Gibson: “Long Term Care in Developed Nations” AARP Public Policy Institute
- Germany Long Term Care Packet

## 14) May 2: Where Do We Go From Here?

Do we want longer work, more immigration, less consumption and more savings during work years and/or less support in retirement? Where do we draw the line between individual and collective responsibilities? What are the values that underlie our choices? How can our political system resolve these issues? Crossfire on declining fertility rates—is there a future government role in this area?

### Readings:

- Steurle: “Eight Pathways to the Government We Deserve”, The Urban Institute No. 14, October 1998
- *The Economist* Editorial: “Work Longer, Have More Babies,” September 27, 2003
- Demeny: “On Policy Responses to Population Decline” *UN Meeting on Policy Responses to Population Aging*, October 2000
- International Organization for Migration: “Demographic Change and the Potential Contribution of International Migration”, *UN Meeting on Policy Responses to Population Aging*, October 2000
- Apfel: Op-Ed on Social Security
- Apfel: “US Aging Policy at a Crossroads” International Symposium on the Challenges To The New Societies, Valencia, Spain 2004

- Annan: “Migrants can help rejuvenate an ageing Europe”, OP-ED Financial Times, 1/29/04
- Esping Anderson: “Against Social Inheritance”, International Symposium, Valencia, January 2004

**Policy Papers Due: Noon on Wednesday, May 11**