

REG

REMARKS OF GOVERNOR THOMAS H. KEAN  
GERIATRIC CARE CENTER PROGRAM AND LUNCHEON  
MORRISTOWN, NEW JERSEY  
FRIDAY, JUNE 21, 1985

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A FEW YEARS AGO, A MAN NAMED JOHN NAISBITT WROTE A BOOK CALLED MEGATRENDS.

JOHN NAISBITT IS NOW PRACTICALLY A HOUSEHOLD WORD. THE BOOK OF COURSE, WAS A BEST-SELLER. THERE IS NOW A "TRENDS" NEWSLETTER PUT OUT BY MR. NAISBITT'S COMPANY.

WELL, THERE ARE A FEW TRENDS THAT ARE SHAPING UP TO BE MORE "MEGA" THAN OTHERS. THEY DEMAND OUR ATTENTION.

TWO OF THOSE "MEGA-MEGA" TRENDS SEEM TO BE INTERSECTING HERE IN NEW JERSEY.

FIRST IS THE GRAYING OF OUR POPULATION.

THE ELDERLY ARE, BY FAR, THE FASTEST GROWING SEGMENT OF OUR POPULATION. THEY MAKE UP A HIGHER PERCENTAGE OF NEW JERSEY'S POPULATION THAN THAT OF ANY OTHER STATE BUT FLORIDA.

IN OTHER WORDS, WE'RE THE SECOND "GRAYEST" STATE IN THE NATION. AND WE'RE GRAYING FAST.

BY THE YEAR 2,000, ONE OUT OF EVERY FOUR PEOPLE -- NOT ONLY IN NEW JERSEY, BUT IN THE ENTIRE COUNTRY -- WILL BE OVER THE AGE OF 65.

THE SECOND "MEGA-MEGA" TREND -- DOES THAT MAKE IT MEGA-SQUARED? -- IS THE ABSOLUTE EXPLOSION OF HEALTH CARE COSTS IN THIS COUNTRY.

HEALTH CARE COSTS HAVE TAKEN OFF IN THIS COUNTRY.

THEY ARE, RIGHT NOW, THE LEADING CONTRIBUTOR TO INFLATION -- GROWING ALMOST THREE TIMES AS FAST AS THE CONSUMER PRICE INDEX AS A WHOLE.

AND, WHEN YOU LOOK AT THE TRENDS, SOME PEOPLE SAY THAT IT'S GOING TO GET WORSE BEFORE IT GETS BETTER.

IN MY VIEW, A LOT OF PEOPLE IN AMERICA HAVEN'T THOUGHT ENOUGH ABOUT WHAT HAPPENS WHEN THOSE TWO TRENDS INTERSECT: A GROWING ELDERLY POPULATION WITH MAJOR HEALTH CARE NEEDS, AND A SEEMINGLY UNCONTROLLABLE GROWTH IN THE COST OF HEALTH CARE THEY WILL NEED.

THOSE PROJECTIONS -- THOSE INTERSECTING TREND LINES -- ARE VITALLY IMPORTANT TO ALL OF US.

I SUSPECT THEY MAY COME TO DOMINATE, TO A MUCH GREATER EXTENT THAN THEY HAVE SO FAR, THE PUBLIC DISCOURSE IN THIS AND EVERY OTHER STATE.

AND UNTIL THEY DO -- UNTIL ALL OF US -- ELECTED OFFICIALS, HEALTH CARE PROVIDERS AND PROFESSIONALS, POLICY MAKERS OF ALL KINDS, AND THE GENERAL PUBLIC -- HAVE THEM SQUARELY IN OUR FOCUS, I BELIEVE WE ARE IN TROUBLE.

THAT, OF COURSE, IS THE PURPOSE OF TODAY'S CONFERENCE. AND THAT'S WHY I'M DELIGHTED THAT YOU'VE INVITED ME TO BE YOUR KEYNOTE SPEAKER.

I DON'T WANT TO SOUND LIKE CHICKEN LITTLE ON THIS ISSUE, BUT TO BE HONEST WITH YOU, TO THE EXTENT THAT ALL OF US WHO ARE FAMILIAR WITH WHERE WE ARE HEADED SOUND THE ALARM, WE ARE SERVING A GREAT PUBLIC PURPOSE.

WE ARE, IN A VERY REAL SENSE, PREPARING FOR THE FUTURE.

THIS FIRST CONFERENCE, THEN, SPONSORED BY THE CENTER FOR GERIATRIC CARE HERE AT MORRISTOWN MEMORIAL, HAS FOCUSED ON A VERY TIMELY SUBJECT. AND I THINK IT WILL BE TIMELY, FRANKLY, FOR SOME TIME TO COME.

I'M GLAD THAT YOU'VE DECIDED TO MAKE THIS AN ANNUAL EVENT. WE NEED THIS TYPE OF FORUM -- A SERIOUS DISCUSSION AMONG PROFESSIONALS, BUSINESS AND GOVERNMENT LEADERS, ACADEMIC EXPERTS -- TO HELP FIND THE SOLUTIONS.

WE HERE TODAY CAN FURTHER THE DISCUSSION, THAT, AS I SAID IS SO VITAL -- BUT THAT HAS BEEN, IN MY VIEW, FRIGHTENINGLY ABSENT.

THERE HAVE BEEN SOME VOICES OF ALARM RAISED. AND THEY MUST HAVE FELT PRETTY LONELY.

GOVERNOR DICK LAMM OF COLORADO IS PROBABLY THE MOST CELEBRATED PERSON TO SPEAK OUT ON THIS ISSUE -- AT SOME PERSONAL AND POLITICAL COST, AS IT TURNED OUT.

BUT DESPITE HIS RATHER DRAMATIC CHOICE OF SOLUTIONS AND WORDS TO EXPRESS THEM, GOVERNOR LAMM WAS HITTING UPON THE CENTRAL ISSUE THAT'S BROUGHT US TOGETHER HERE: "CAN WE AFFORD TO GROW OLDER?"

AS GOVERNOR LAMM'S SUCCESSOR AS THE CHAIRMAN OF THE NATIONAL GOVERNOR' ASSOCIATION'S COMMITTEE ON HUMAN RESOURCES, I'VE TRIED TO TAKE UP THE CALL ON THIS ISSUE. I'VE PROPOSED IN WASHINGTON A NUMBER OF POLICY INITIATIVES AND GUIDELINES TO HELP CONTROL COSTS AND COPE WITH THE IMPLICATIONS OF A RAPIDLY AGING POPULATION.

HERE IN NEW JERSEY, I SET UP A SPECIAL ADVISORY COMMITTEE ON CONTROLLING HEALTH CARE COSTS -- OR MORE SPECIFICALLY, AN ADVISORY COMMITTEE ON CAPITAL EXPENDITURES FOR HEALTH CARE FACILITIES.

THAT ADVISORY COMMITTEE, BY THE WAY, WAS CHAIRED VERY ABLY BY A NEIGHBOR OF YOURS -- ED HENNESSY, THE CHAIRMAN OF ALLIED CORPORATION.

THAT REPORT HAS SOME VERY INTERESTING CONCLUSIONS -- AND WE EXPECT A DISCUSSION OF THOSE CONCLUSIONS TO BE FORTHCOMING SHORTLY.



THE POINT IS THAT THERE ARE SOLUTIONS. WE CANNOT BE PARALYZED BY THE MERE SCOPE OF THE PROBLEM -- BY THE SCALE OF THESE "MEGA-MEGA" TRENDS. AND WE CAN'T LET THAT PARALYSIS PREVENT US FROM TAKING STEPS, BOTH SHORT TERM AND LONGER TERM, TO ADDRESS THE CHALLENGES THOSE TRENDS POSE.

THERE ARE ANSWERS -- STEPS WE CAN START TAKING NOW SO THAT THOSE TRENDS DON'T OVERWHELM US LATER.

IN FACT, I THINK THE BROAD OUTLINES OF A SOLUTION -- THE TREND LINES OF THE ANSWER, IF YOU WILL -- ARE BECOMING APPARENT. I'D LIKE TO DISCUSS SOME OF THEM BRIEFLY, AND SUGGEST THAT IF WE CAN FOCUS OUR ATTENTION, OUR POLICIES, AND OUR RESOURCES ON THEM, WE CAN MAKE THE ANSWER TO THE QUESTION "CAN WE AFFORD TO GROW OLDER?" A MANAGEABLE ONE.

THE FIRST, MOST OBVIOUS ELEMENT OF A SUCCESSFUL, MANAGEABLE ANSWER TO THAT QUESTION IS PREVENTION.

THAT'S THE BEST WAY TO ESCAPE FROM MASSIVE MEDICAL COSTS -- AVOID INCURRING THEM IN THE FIRST PLACE.

YOU KNOW, A FEW WEEKS AGO I HAD THE PRIVILEGE OF GOING TO THE ANNUAL SENIOR CITIZENS HEALTH FAIR AT RIDER COLLEGE. THAT EVENT REALLY MADE A DIFFERENCE IN THE LIVES OF SOME THE ELDERLY IN OUR STATE. IT MADE THEM AWARE OF SPECIAL PROGRAMS. IT GAVE THEM LITERATURE ON WAYS OF IMPROVING THEIR HEALTH AND WHAT THEY SHOULD DO IF THEY DO GET SICK.

THAT EVENT WENT BEYOND CARING -- IT GAVE THOSE SENIOR CITIZENS WHO ATTENDED THAT EVENT A BETTER HANDLE ON THEIR LIVES. IT EXPOSED THEM TO WHAT WE AS A STATE, AND PREVENTIVE HEALTH CARE AS A FIELD HAVE TO OFFER -- AND HOW TO USE IT.

I WAS GLAD THEY HAD THAT HEALTH FAIR. MY ONLY WISH IS THAT THERE WERE MORE OF THEM, SO THAT EVEN MORE OF OUR SENIOR CITIZENS IN OTHER AREAS COULD BE EXPOSED TO THOSE BENEFITS, THOSE HEALTH TIPS, THOSE LESSONS IN PREVENTION.

THE SUCCESS OF THAT HEALTH FAIR OFFERS A CLUE TO ANOTHER ELEMENT OF THE SOLUTION WE MUST PURSUE.

THAT'S HEALTH EDUCATION. FOR THAT'S THE KEY TO PREVENTION. THAT'S THE KEY TO HEALTH CARE CONSUMERS MAKING THE BEST, MOST COST-EFFICIENT CHOICES -- BOTH IN THE HEALTH CARE PRODUCTS THEY SELECT AND IN THE WAY THEY LIVE THEIR LIVES.

THERE'S ANOTHER ELEMENT OF PREVENTION, AS WELL -- ONE THAT INVOLVES PREVENTING WORST CASE SCENARIOS. BY THAT I MEAN THAT WE'VE GOT TO PREVENT PEOPLE WHO ARE SICK AND NEED CARE FROM GETTING TO SICK. WE'VE GOT TO MAKE SURE THEY'RE NOT SO SICK BEFORE THEY RECEIVE THAT CARE THAT THEY ARE HEALTH CARE DISASTERS -- COSTLY HEALTH CARE DISASTERS.

THAT'S THE IDEA BEHIND A PROPOSAL I MADE TO THE LEGISLATURE IN MY BUDGET MESSAGE EARLIER THIS YEAR. I PROPOSED THE ESTABLISHMENT OF A "MEDICALLY NEEDY" PROGRAM -- TO HELP COVER THOSE WHO ARE JUST ABOVE THE POVERTY LINE BUT JUST UNDER THE LINE AT WHICH THEY CAN AFFORD THEIR OWN HEALTH CARE. THE PROGRAM I PROPOSED FOCUSED ON THREE GROUPS -- THE ELDERLY, CHILDREN, AND PREGNANT MOTHERS.

WE'RE STILL DEBATING THE EXACT TERMS OF THE PROGRAM WITH THE LEGISLATURE. AND I THINK WE'LL GET A "MEDICALLY NEEDY" PROGRAM. BUT MY CENTRAL PROPOSITION IN PUTTING FORWARD THE PROGRAM IS THIS -- IF YOU ALLOW PEOPLE -- WHETHER VERY OLD OR VERY YOUNG -- TO FALL THROUGH THE CRACKS NOW, THEY'LL END UP COSTING YOU MORE LATER.

CONTROLLING COSTS -- GETTING A GRIP ON THE COST OF HEALTH CARE IS OBVIOUSLY THE CENTERPIECE OF THE STRATEGY THAT WE, TOGETHER, HAVE SIMPLY GOT TO DEVELOP.

WE HAVE A NUMBER OF INITIATIVES ALREADY UNDERWAY TO DO JUST THAT.

FRANKLY, I THINK HMO'S ARE MONEY SAVERS. WE'VE ENCOURAGED THE USE OF HEALTH MAINTENANCE ORGANIZATIONS OVER PRIVATE HEALTH PLANS BECAUSE WE THINK THIS CAN LOWER THE COST OF HEALTH CARE DELIVERY TO THE ELDERLY.

OF COURSE, NEW JERSEY'S PIONEERING ALL PAYER DRG SYSTEM IS AIMED AT THIS ISSUE OF CONTROLLING COSTS. THE NOTION OF PAYING SET RATES FOR DIFFERENT CATEGORIES OF ILLNESS HAS CLEARLY TAKEN HOLD BECAUSE IT MAKES SENSE. AND THE COMPREHENSIVE SYSTEM THAT NEW JERSEY HAS, IN MY VIEW, IS BY FAR THE MOST EFFECTIVE WAY TO GO.

IT KEEPS COSTS FOR CONSUMERS DOWN. BUT IT DOESN'T SIMPLY ALLOW THE COSTS OF PUBLICLY INSURED PATIENTS TO BE PASSED ON AND FOLDED INTO THOSE OF PRIVATELY INSURED PATIENTS. FRANKLY, IT'S HELPED KEEP SOME OF OUR NEW JERSEY HOSPITALS IN BUSINESS, BY ADDRESSING THE PROBLEM OF UNREIMBURSED CARE THAT HAS DRAINED SOME OF THEM SO BADLY.

AS YOU KNOW, WE'RE LOCKED IN A BIT OF A STRUGGLE WITH THE FEDERAL GOVERNMENT ON OUR MEDICARE WAIVER, AND WE NEED ALL THE HELP WE CAN GET. SO, IF YOU CAN, MAKE YOUR VOICES HEARD ON THIS ONE. IT COULD SHAPE THE DIRECTION OF OUR DRIVE TO CONTROL HEALTH CARE COSTS -- IN NEW JERSEY AND ELSEWHERE -- FOR YEARS TO COME.

IF WE'RE GOING TO CONTROL COSTS, WE'VE GOT TO LIMIT CAPITAL EXPENDITURES TO THOSE THAT ARE REALLY NEEDED. THAT'S WHAT OUR ADVISORY COMMITTEE'S REPORT WAS ALL ABOUT. THAT'S WHAT DICK LAMM'S CELEBRATED COMMENTS WERE ALL ABOUT. AND IN A WAY, THEY'RE BOTH RIGHT. IF WE DON'T TAKE A SENSIBLE APPROACH TO CAPITAL EXPENDITURES, WE REALLY CAN'T "AFFORD TO GROW OLD."

AND PROBABLY THE MOST IMPORTANT ELEMENT OF A STRATEGY TO CONTROL COSTS IS TO ELIMINATE THE LINGERING BIAS OF OUR HEALTH CARE SYSTEM TOWARD INSTITUTIONALIZATION.

AT THIS POINT, THAT'S A CLICHE.

EVERYONE KNOWS THAT INSTITUTIONALIZATION IS MORE EXPENSIVE.

EVERYONE KNOWS THAT WE'VE GOT TO KEEP PEOPLE OUT OF INSTITUTIONS WHO JUST DON'T NEED TO BE THERE.



BUT THE BIAS PERSISTS, AND WE'VE BEEN AWFULLY SLOW IN GETTING RID OF IT.

WE'VE ESTABLISHED A HOME HEALTH CARE PROGRAM HERE IN NEW JERSEY CALLED THE COMMUNITY CARE PROGRAM. IT NOW COVERS 1,800 PEOPLE. BUT IT OUGHT TO BE EXPANDED MUCH FURTHER THAN THAT. AGAIN, IT'S VERY DIFFICULT TO DO. WE'VE BEEN PUSHING THE FEDERAL GOVERNMENT TO LOOSEN UP SO THAT WE CAN PUSH HOME HEALTH CARE A LITTLE FURTHER. BUT IT HASN'T BEEN EASY.

WE'VE CREATED A VERY EFFECTIVE CONGREGATE HOUSING PROGRAM HERE IN NEW JERSEY AS ANOTHER WAY OF ALLOWING THOSE SENIOR CITIZENS WHO CAN STAY AT HOME. THE PROGRAM PROVIDES MEALS, PERSONAL CARE, AND HOUSEKEEPING AT MINIMAL COST -- IT'S ONLY \$100 A MONTH -- AND YOU ONLY HAVE TO PAY THAT IF YOU CAN AFFORD IT.

BUT THAT IS DRAMATICALLY CHEAPER THAN A HOSPITAL OR A NURSING HOME. I STARTED THAT PROGRAM IN MY FIRST YEAR AS GOVERNOR, AND I THINK THAT'S A PERFECT EXAMPLE OF WHERE WE NEED TO GO.

IT'S CHEAP. IT'S FINANCED BY THE CASINO REVENUES -- A LUXURY, INCIDENTALLY, THAT NEW JERSEY HAS THAT MANY OTHER STATES DON'T. AND, MOST IMPORTANTLY, IT ALLOWS SENIOR CITIZENS TO LIVE CLOSE TO LOVED ONES AND FRIENDS -- AND STILL GET QUALITY CARE.

THERE ARE OTHER PROGRAMS, SUCH A RESPITE CARE -- A NEW EXPERIMENTAL PROGRAM WHICH ALLOWS A FAMILY OR A RELATIVE TO HAVE A BREAK FROM CARING FOR AN ELDERLY DEPENDENT BY EITHER HAVING A SPECIALLY TRAINED PERSON COME TO THE HOME, OR BY HAVING THE DEPENDENT STAY FOR A WHILE AT A SPECIAL CENTER FOR RESPITE CARE. AND BY THE WAY, MORRISTOWN MEMORIAL WILL BE ONE OF THREE HOSPITALS IN THE STATE THAT WILL TRAIN PEOPLE TO BE RESPITE VOLUNTEERS, STARTING THIS JULY.

BUT ALL OF THESE PROGRAMS ADD UP TO A DIRECTION. AND I WOULD ARGUE STRONGLY THAT WE MUST PUSH OFF IN THAT DIRECTION MORE FORCEFULLY AND MORE QUICKLY THAN WE HAVE TO DATE.

THE PRIVATE AND THE PUBLIC SECTORS HAVE TO JOIN TOGETHER IN OPENING THEIR EYES -- AND THE PUBLIC'S EYES -- TO THE SOCIETAL CHANGES THAT LAY ON THE NOT-TO-DISTANT HORIZON.

THIS NEW CENTER FOR GERIATRIC CARE, FINANCED SO GENEROUSLY BY THE ROBERT WOOD JOHNSON FOUNDATION, IS ONE STEP -- AND AN IMPORTANT ONE FOR NEW JERSEY -- IN DOING THAT.

TOGETHER, WE'VE GOT TO CREATE SOME NEW MEGATRENDS -- TRENDS TOWARD PREVENTION TOWARD COST CONTROL, TOWARD HOME-BASED CARE.

I THINK WE CAN DO IT. BUT IT'S GOING TO TAKE OUR FULL ATTENTION, OUR FIRM COMMITMENT, AND OUR CONTINUED ENERGY.

IF WE DON'T CONTINUE TO GENERATE THESE NEW TRENDS, I FOR ONE  
AM AFRAID OF WHAT THE ANSWER TO THE QUESTION POSED BY THIS  
CONFERENCE MIGHT BE.

THANK YOU.