

## GLOSSARY

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### A

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**Accelerated death benefit:** A provision of a life insurance policy under which the insurer pays a portion of the life insurance benefit to the policyholder instead of paying the beneficiary at the policyholder's death.

**Accessory dwelling units (ADUs):** Independent housing units created either within a single-family home or located elsewhere on the lot (e.g., an above-garage apartment). They are often used to house an older relative who may benefit from the informal support of the main household or as a source of supplemental rental income to an older homeowner.

**Activity of daily living (ADL):** Eating, bathing, toileting, dressing, or transferring in or out of bed or a chair.

**Adult foster care:** A supportive housing setting that provides a family living environment and generally offers services to a small number of residents who live in a home renovated for group living.

**Advance Beneficiary Notice:** Notification by the provider to the beneficiary in advance, both verbally and in writing, that Medicare will not deem a service he or she has recommended to be "reasonable and necessary" (Medicare's standard for coverage) and that therefore it may not be reimbursable.

**Affluence testing:** A method of determining eligibility for benefits that gradually reduces but does not deny benefits to those above a specified income threshold.

**Age-appropriate activities:** A measure of disability that assesses a person's ability to perform activities usually associated with his or her age group. The major activities in the National Health Interview Survey are ordinary play for children under five years of age, attending school for those five to 17 years of age, working or keeping house for people age 18 to 69, and living independently for those age 70 and over.

**Age Discrimination in Employment Act (ADEA):** Congress passed the ADEA in 1967 to protect current and prospective employees from arbitrary age discrimination. Since 1986, when mandatory retirement was eliminated for most occupations, the law has covered most people age 40 and over.

**Aggregation:** The process of organizing individual electricity consumers with common characteristics (such as geography or affiliation) for the purpose of purchasing electricity on a group basis.

**Aid to Families with Dependent Children (AFDC):** A program financed by federal and state general revenues that provided cash and other benefits to needy families with dependent children. Created under the Social Security Act of 1935, the AFDC program was

administered by the US Department of Health and Human Services and by state and local governments, but has been replaced by the Temporary Assistance for Needy Families (TANF) program.

**All-perils homeowners policy:** A homeowner insurance policy that provides coverage against all types of natural disasters.

**Alternative work option:** Employment, such as temporary or contract work, that does not fit the traditional pattern of full-time, permanent work.

**Americans with Disabilities Act (ADA):** Legislation enacted by Congress in 1990 that prohibits discrimination against people with disabilities in employment, public services, public accommodations, transportation, and telecommunications.

**Annuity:** A contract that provides fixed payments for a lifetime or a specified number of years, usually after retirement.

**Assisted-living residence/facility:** A congregate residential setting that provides or coordinates personal care services, activities and health-related services with the goals of maximizing resident privacy, autonomy, and dignity and minimizing the need for residents to move when their needs change.

### B

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**Balance-billing:** A practice under which doctors or other health providers charge patients for the portions of a medical bill that exceed what an insurer (private insurer or Medicare) will pay for a covered service. Medicare sets limits on the additional amount that a patient can be required to pay.

**Beneficiary liability:** Medicare beneficiaries' out-of-pocket health care expenses. In its broadest sense the term refers to payments for Medicare coinsurance and deductibles, excess physician charges, and services and products not covered by Medicare, as well as Medicare Part B premiums and private supplemental premiums.

**Block grant:** A fixed federal appropriation that states may use at their discretion within broad federal guidelines. Typically a block grant has meant programmatic funding cuts in exchange for broadened state flexibility in setting eligibility and other requirements.

**Board and care home:** A living arrangement in which the resident is provided with a room, meals, help with activities of daily living, and protective supervision. These homes are also called residential care facilities, community care homes, sheltered care facilities, adult foster care, group homes, or boarding homes.

**Broadband:** An imprecise term used to describe a communications network connection that transmits voice, data, and/or video services at a faster speed than a connection that carries only voice transmissions. The Federal Communications Commission (FCC) currently measures broadband as starting at 200 kilobits per second, about four times faster than a dial-up, or “narrowband,” connection. Compared with many other countries, the FCC standard is slow. In fact 200 kbps is about one-seventh the speed of the minimum standard for broadband in Canada (1.5 megabits per second) and one-hundredth the speed of the typical broadband connection in Japan or South Korea. High-speed delivery of Internet content, interactive television, e-commerce via television sets and streaming video over the Internet are just some of the new communications services possible with broadband delivery.

**Bundling:** A loophole in campaign contribution limits that involves an intermediary (typically a political action committee or a lobbyist) collecting checks written by a number of contributors and made payable to a specific candidate. By bundling the checks the intermediary can raise amounts far in excess of its own contribution limit and receive recognition from the candidate for raising the entire contribution.

## C

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**Capitation:** Capitated payment systems are a type of managed care. They can be used to fund health care, long-term care or both. In a capitated system a managed care organization (MCO) is paid a fixed amount for each person served (often a specific amount per consumer per month) and in turn is responsible for paying service providers. The MCO is usually privately owned, and while it pays providers, it usually does not employ them directly. The most significant characteristic of capitated systems is that the MCO bears at least part of the financial risk for the costs of providing care. For any given consumer, the MCO may pay for delivered services that cost less or more than the capitated amount. The MCO’s care management activities can include utilization review, prior approval for services, coordination of care, selection of providers, negotiations with providers over fees, and consumer and provider education.

**Case mix:** Case-mix payment systems link reimbursement to the types of patients treated. The more expensive the services and the greater the patients’ needs, the higher the payment. Several states now use case-mix formulas to establish Medicaid payment rates for nursing home care.

**Cash balance plans:** Hybrid pension plans that describe their benefits in terms of individual account balances, similar to 401(k) plans. Benefits are based on a hypothetical individual account that is credited with a given percentage of the participants’ pay each year, plus an annual interest credit. Although they look like defined contribution plans, cash balance plans are legally defined

benefit plans and must meet all defined benefit plan requirements.

**Categorically needy program:** States provide health care coverage to poor people through the Medicaid program. People are classified as categorically needy if they are poor and meet certain age, income, disability, or family-status criteria.

**Cemeterian:** Any person who establishes, maintains, manages, operates, improves, or conducts a cemetery to inter human remains; offers perpetual care of the cemetery; or sells or holds money in trust for preneed interment services, whether or not the person undertakes such activity for profit.

**COBRA group health insurance continuation:** A provision of the Consolidated Omnibus Budget Reconciliation Act (COBRA) of 1985 that requires employers with 20 or more workers, as well as state and local governments, to provide employees and their families the option of purchasing continued health insurance for a limited period in the case of designated qualifying events such as unemployment or retirement.

**Coinsurance:** A percentage of covered expenses that an insured person must pay.

**Collateralized Mortgage Obligation (CMO):** A vehicle through which mortgage-backed securities are pooled. A CMO is a legal entity (usually a limited company of some type or, sometimes, a limited partnership) that is wholly separate from the institution that creates it.

**Community Reinvestment Act (CRA):** A federal law designed to encourage lending institutions to help meet the credit needs of local communities, particularly with regard to housing. It requires disclosure of loan practices and provides for rating an institution’s record of community service.

**Congregate housing:** A living arrangement designed to assist older and disabled people in maintaining independent lifestyles by providing private living quarters, meals in a central facility, shared living spaces, and access to support services.

**Consumer-directed care:** An approach to long-term services and supports that provides consumers the opportunity to make their own decisions about the services they receive.

**Contingent work:** Employment that lacks an explicit or implicit contract for an ongoing relationship between worker and employer.

**Cost-of-living adjustment (COLA):** An increase in Social Security benefits or other cash payments intended to protect the purchasing power of benefits against inflation.

**Cost-sharing:** Coinsurance and deductible requirements.

**CPI-U:** The Consumer Price Index for All Urban Consumers, implemented in 1978 and based on spending

patterns of almost 80 percent of the population, including the self-employed and those over age 65.

**CPI-W:** The Consumer Price Index for Wage Earners and Clerical Workers, created in 1919 and based on spending patterns of about 32 percent of the population. It represents households in which at least half of the income earned is from clerical or wage jobs, thus excluding most older households from the calculation.

**Cramming:** The illegal practice of placing or including unauthorized, misleading, or deceptive charges on a consumer's telephone bill.

**CRA rating:** An assessment of a financial institution's performance based on an examination by the Federal Deposit Insurance Corporation. Institutions not categorized as "large" may receive a rating of outstanding, satisfactory, needs to improve, or substantial noncompliance. Institutions in the "large" bank category may receive a rating of outstanding, high satisfactory, low satisfactory, needs to improve, or substantial noncompliance.

**Credit life insurance:** Insurance purchased by the consumer that will pay the balance due on a loan if the debtor dies or becomes disabled. The payment goes to the company financing the debt.

**Credit scoring:** A system creditors use to help them decide whether to offer credit to a consumer and under what terms.

**Cross-subsidization:** The use of revenues from one service to lower the price of another service below its costs.

## D

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**Debt held by the public:** The amount of money the federal government has borrowed to finance the net total deficit accumulated over the nation's history.

**Debt management companies:** Companies that charge consumers to plan and manage their financial affairs. Debt management services are also offered by most credit counseling agencies.

**Deductible:** The total initial amount insured parties must pay for services covered under an insurance plan before the insurer pays benefits.

**Deeming:** Determining that a health care provider or long-term services and supports provider meets federal or state licensing requirements based on its meeting the accreditation standards of a private organization.

**Defense Authorization Act of 2007.** Authorizes appropriations for fiscal year 2007 for military activities of the Department of Defense. It includes a provision capping payday loans to military personnel at 36 percent.

**Deferred payment loan:** A form of home equity conversion available from many local governments for repairing or improving homes. These loans do not have

to be repaid until the borrower dies or moves. Typically limits are placed on the loan amount and use of funds.

**Delayed retirement credit:** An increase in Social Security benefits for workers who postpone collecting those benefits after reaching the full retirement age, up to age 70. Credit increases apply for benefits beginning in January of the year following the one in which the individual attains full retirement age.

**Discriminatory pricing:** A pricing policy in which the same or similar service is sold at different prices to different customers.

**Displaced homemaker:** An individual who has been largely dependent on the income of another household member, generally a spouse; who has lost that source of support as a result of divorce, separation, or the spouse's unemployment, death, or disability; and who is experiencing difficulty in obtaining or upgrading employment.

**Dissaving:** A process that occurs when aggregate household savings are reduced as a result of increased spending on consumption goods and services.

**Drug formulary:** A list of prescription medications a health insurance plan prefers and that may be dispensed through participating pharmacies to plan beneficiaries.

## E

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**Emergency Economic Stabilization Act of 2008:** Also known as the financial bailout plan, is a law enacted in response to the financial crisis of 2008 authorizing the Treasury to spend up to \$700 billion to purchase distressed assets, especially mortgage-backed securities, and make capital injections into banks. The act authorizes the government to offer companies insurance for their assets rather than buying them.

**Employee Retirement Income Security Act (ERISA):** This 1974 law sets minimum standards for pension and welfare plans in the private sector and requires private employers to meet these standards for their plans to be eligible for tax-favored status.

**Entitlements:** Programs that require the payment of benefits to individuals, state, and local governments or other entities if specific legal criteria are met.

**Equal Credit Opportunity Act (ECOA):** A federal law that protects consumers from discriminatory credit practices, including age discrimination.

**Equal Employment Opportunity Commission (EEOC):** The federal agency with the authority to handle complaints of discrimination based on gender, national origin, race, color, religion, or age in all terms and conditions of employment.

**Equity conversion:** A method of structuring a reverse mortgage while leaving the homeowner a specified portion of the equity unencumbered by debt and available for future use. This conserved equity often acts as a cash

reserve for future home repairs or other critical expenses, or it may be left to heirs.

## F

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**Family and Medical Leave Act (FMLA):** Signed into law in 1993 the FMLA provides workers in firms of 50 or more employees with up to 12 weeks of unpaid, job-protected leave to care for a newborn or newly adopted child or attend to their own health problems or those of a spouse, child, or parent. Employers must continue any health benefits during the leave period.

**Family caregivers:** People who provide long-term services and supports to family members, relatives, friends, and neighbors. Some family caregivers are unpaid; others are paid through government programs, private funds, or long-term care insurance policies.

**Federal Insurance Contributions Act (FICA):** The Social Security payroll tax, which applies an equal tax rate to employees and employers on specified amounts of wages or salary.

**Financial Accounting Standards Board (FASB):** A private nonprofit entity responsible for establishing standards for financial accounting and reporting.

**527 group:** A nonprofit organization formed under Section 527 of the Internal Revenue Code, which grants tax-exempt status to political committees at the national, state, and local level. These groups actively influence elections and policy debates at all levels of government, but do not advocate explicitly for election or defeat of candidates. A 527 organization is a political committee that files its most complete set of reports with the Internal Revenue Service, not with the Federal Election Commission or its counterparts in the states.

**Fixed-term contract:** A form of reverse mortgage that makes loan advances for an agreed-upon number of years; the full amount of the loan must be repaid at the end of the term.

**Formulary:** See drug formulary.

**Freedom of Information Act (FOIA):** A federal law that provides people the right to obtain documents from the federal government and establishes procedures for implementing this right.

**Functional impairment:** Constraints on normal physical functioning, as measured by limits in an **activity of daily living** (see separate entry). For example, people may be functionally impaired if they have difficulty performing activities such as bathing, transferring from bed or a chair, dressing, toileting, or eating, or if they have limited cognitive, mental, or social abilities. There is no standard definition of “functional impairment” in long-term services and supports programs, legislation, or research.

## G

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**Global budgeting:** A possible mechanism for containing the growth in costs of health care and long-term services

and supports. A global budgeting strategy encourages the efficient use of resources by capping the total amount of the national budget allocated to health care and long-term services and supports. A wide range of methods is available to keep costs within budget, including changing physician behavior, setting uniform reimbursement rates, and rationing services.

**Gross federal debt:** The accumulation of prior deficits, including debt held by government trust funds and publicly held debt.

**Group auto coverage:** Car insurance provided at discount rates and arranged through an employer/association usually as a company benefit.

## H

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**Hard money:** Campaign contributions by individuals or political action committees within the requirements and restrictions of federal election laws.

**Hate crimes:** Criminal activities directed against individuals because of their actual or perceived race, ethnicity, religion, gender, disability, or sexual orientation.

### Hazard Analysis and Critical Control Point

**(HACCP):** A food-safety regulatory system implemented by the US Department of Agriculture that requires food processors to analyze contamination hazards and develop and implement plans designed to prevent and control such contamination.

### Health Insurance Portability and Accountability Act

**(HIPAA):** This 1996 federal law enacted health insurance reforms to protect the health insurance coverage of workers (and their families) when they change or lose jobs, and under certain circumstances, for people buying insurance on their own. It also includes provisions on administrative simplification and privacy standards for health care transactions and data, addresses health care fraud and abuse, and offers tax deductions for health premiums paid by the self-employed and for the costs of long-term services and supports.

**Health savings account (HSA):** A federally tax-sheltered savings account that must be paired with a high-deductible health plan.

**HEDIS:** A tool used by more than 90 percent of America's health plans to measure performance on important dimensions of care and service.

**High-risk pool:** An arrangement created by some states to provide health insurance benefits to residents whose health history either prevents them from buying health coverage in the private market or requires that they buy it only at a higher premium than that offered to the high-risk pool. States help support losses for high-risk pool coverage through different funding options.

**Home- and community-based services:** Long-term services and supports provided in individuals' homes or in home-like environments, such as supportive housing.

**Home care:** A range of services provided in the home, including health care, personal care, and supportive services.

**Home equity conversion mortgage (HECM):** A mechanism that allows an older homeowner to convert the financial equity in a home into a credit line, lump-sum payment, or monthly cash income without moving or making regular loan payments. The loan is paid off when the last borrower dies, permanently moves away, or sells the house (see also **reverse mortgage**).

**Home health care:** Medical services provided in an individual's home. Medicare provides medically related home health care if people meet four conditions: the person needs intermittent skilled-nursing care, physical therapy, or speech therapy; the person is confined to home; a physician first determines that the person needs home care and then establishes a home health plan; and the home health agency participates in the Medicare program.

**Homemaker services:** These services include meal preparation, cleaning, laundry, shopping, and other household chores and may sometimes include informal monitoring of client status.

**Hospital insurance (HI):** Known as Part A of Medicare, this program primarily covers short-stay hospital care, care in a skilled-nursing facility, home health care, and hospice care. Revenue for the HI trust fund comes from a portion of the Social Security (FICA) payroll tax.

## I

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**Identity theft:** A broad term for a variety of crimes that occur when someone uses personal identifying information about an individual, such as a Social Security number, to represent himself or herself as that person for fraudulent purposes. Access to personal identifying information may allow the imposter to obtain credit, open accounts, or make purchases in the victim's name.

**Income-related financing:** A method of financing in which income is used to determine the amount people will pay into a program such as Medicare. This method of financing does not prevent a person from receiving services.

**Independent expenditures:** Expenditures made to elect or defeat a candidate for public office without the candidate's cooperation and not in consultation or concert with the candidate or any authorized committee or agent of the candidate.

**In-kind income:** Noncash income, including food, clothing, shelter, energy assistance, or medical care, a person receives but for which another individual or a public benefit program pays.

**Integration (with Social Security):** See Pension integration (with Social Security).

**Intelligent transportation systems (ITS):** The catchall term for advanced technologies used with various modes of transportation. Examples include any global positioning system device used for navigation, collision-avoidance systems, automatic vehicle-location devices, and advanced public transportation systems.

## JKL

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**Lifeline:** Established in 1984 by the Federal Communications Commission in conjunction with the states, this program reimburses local telephone service companies for reducing the amount that eligible low-income households must pay for local monthly telephone service.

**Lifeline banking service:** A service for low-income consumers that gives them access to basic banking services at reduced costs.

**Line item veto:** Presidential authority to zero out specific projects in spending legislation and eliminate certain limited tax breaks in tax legislation.

**Link-Up:** A federally funded program adopted by the Federal Communications Commission in 1987 that provides a 50 percent reduction (up to a maximum of \$30) in the charges (the installation fee for a land line or the activation fee for a wireless telephone) that a qualified low-income consumer pays for setting up a new primary telephone line at their home. Link-Up also allows participants to pay the balance of the installation/activation fees on a deferred payment schedule, interest free.

**Living-wage ordinance:** City or county law designed to ensure that workers' wages are commensurate with the cost of living in their area.

**Localities:** Any unit of government below the state level that has the power to tax.

**Long-term care (LTC) or long-term services and supports (LTSS):** A comprehensive range of health, social, and support services coordinated to meet the continuing needs of people who are aged, chronically ill, or disabled. These services may be delivered in institutions or in a person's community or home.

**Look-back surveys:** The federal government generally contracts with state agencies to certify nursing facilities to participate in Medicare and Medicaid. The federal government conducts these assessments by resurveying a sample of facilities to determine if the state agency correctly performed its survey.

**Loss ratio:** An insurance term that describes the relationship between the amount insurers collect in premiums and the amount they pay in claims.

## M

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**Manufactured housing:** Housing built, generally in single or multisection units, entirely in a factory under the federal building code administered by US Department of Housing and Urban Development.

**Mark-to-market:** A proposal by the US Department of Housing and Urban Development (HUD) that would restructure Federal Housing Administration–insured mortgages of rental properties to reflect the market value of the property and allow rents to rise or fall based on those values. HUD would then provide tenants with vouchers, known as tenant-based subsidies, that tenants would use to remain in place or seek housing elsewhere.

**Marriage penalty:** A feature of the individual federal income tax structure by which a married couple pays higher taxes if they file jointly than they would if they filed as individuals. The tax code also generates bonuses for some married couples.

**McKinney-Vento Homeless Assistance Act:** The only major federal legislation that addresses homelessness in the US. First enacted in 1987 the McKinney Act created programs providing homeless people with services such as emergency shelter, transitional housing, primary health care, and job training.

**Means test:** A method of determining eligibility for benefits on the basis of income or assets. Medicaid is an example of a means-tested program.

**Medicaid:** Medicaid was authorized in 1965 under Title XIX of the Social Security Act. It provides medical assistance, including nursing home care, for low-income people and families. It is financed jointly by state and federal funds and is administered by the states within broad federal guidelines. Programs vary from state to state.

**Medical Device Use Fee and Modernization Act:** Signed into law Oct. 26, 2002, the provisions of the act include user fees for device reviews, establishment of inspections by accredited persons (third-parties), and establishment of new regulatory requirements for reprocessed single-use devices.

**Medical savings account (MSA):** A federally authorized health insurance plan consisting of both a savings account and a high-deductible health insurance policy. MSA plans are available in the private insurance market and are included among the Medicare Advantage options.

**Medically needy program:** States have the option of providing Medicaid benefits to people who have high medical expenses. People are classified as medically needy when their medical expenses, subtracted from income, result in net income below the Medicaid eligibility standard.

**Medicare:** Authorized in 1965 under Title XVIII of the Social Security Act, Medicare provides health insurance

coverage for people age 65 and older and for some disabled people under age 65. This federal program consists of Part A (Hospital Insurance), Part B (Supplemental Medical Insurance), Part C (Medicare+Choice/Medicare Advantage), and Part D (Prescription Drug Benefit). Medicare is administered by the Centers for Medicare and Medicaid Services, formerly known as the Health Care Financing Administration.

**Medicare Advantage (MA):** The renamed Medicare+Choice program. In the Medicare Prescription Drug, Improvement and Modernization Act of 2003, Congress provided that use of the term “Medicare+Choice” should transition to “Medicare Advantage” by 2006.

**Medicare+Choice (M+C):** The program authorized by Congress in the Balanced Budget Act of 1997 that permits private health plans (e.g., health maintenance organizations and preferred provider organizations) to offer benefits to Medicare beneficiaries.

**Medicare Savings Programs:** A term used to refer collectively to several programs established under federal law to provide additional financial protections (such as assistance with premiums and/or cost-sharing) to low-income Medicare beneficiaries who meet income and asset criteria. The Medicare Savings Programs consist of the Qualified Medicare Beneficiary program, the Specified Low-Income Medicare Beneficiary program, and the Qualifying Individual program. The Medicare Savings Programs are administered and operated by state Medicaid agencies, with federal oversight by the Centers for Medicare and Medicaid Services.

**Mortgage-backed securities:** Debt obligations against pools of mortgage loans that have been purchased from banks, mortgage companies, and other originators. Most mortgage-backed securities are issued by Federal National Mortgage Association known as Fannie Mae or Federal Home Loan Mortgage Corporation known as Freddie Mac.

**Multichannel video programming distributor (MVPD):** An entity that makes available for purchase, by subscribers or customers, multiple channels of video programming. The MVP distribution market includes traditional cable operators; direct broadcast satellite services; wireless cable services using frequencies in the multichannel, multipoint distribution service; television receive-only satellite program distributors; and video dial-tone service providers.

## N

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**National Banking Act:** This law established a system of national charters for banks, encouraged development of a national currency based on bank holdings of US Treasury securities, established the Office of the Comptroller of the Currency (OCC) as part of the Department of the Treasury, and authorized the OCC to examine and regulate nationally chartered banks.

**National Conference of Commissioners on Uniform State Laws (NCCUSL):** An organization comprising more than 300 lawyers, judges, and law professors appointed by all 50 states, the District of Columbia, Puerto Rico, and the US Virgin Islands to draft proposals for uniform and model laws and to work toward their enactment in legislatures.

**National Practitioner Data Bank (NPDB):** Established in 1990 and administered by the Health Resources and Services Administration in the Department of Health and Human Services, it is the nation's only central source of information on physicians, dentists, and other health care practitioners who have been either disciplined by a state licensing board, professional society, or health care provider or named in a medical malpractice settlement or judgment.

**National savings:** The sum of personal, business, and government savings.

**Never events:** Preventable adverse events (e.g., surgery performed on the wrong body part).

**Nonrecourse limits:** A protection included in some reverse mortgages to limit the lender's recovery to the proceeds of foreclosure in the event the loan value exceeds the value of the home. Such provisions prevent the borrower's entire estate from being liable for the loan balance.

**Nursing Home Reform Act:** Part of the Omnibus Budget Reconciliation Act of 1987, this law establishes quality standards and resident rights, and defines the state survey and certification process for certifying nursing facilities that participate in the Medicare and Medicaid programs.

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## O

**Off budget:** A term describing certain federal programs whose transactions have been excluded from budget totals. These programs include the Social Security trust funds and the US Postal Service.

**Old Age, Survivors and Disability Insurance (OASDI):** Popularly known as Social Security, OASDI replaces a portion of earned income lost as a result of a worker's retirement, disability, or death. Monthly benefits, financed by the payroll tax, are paid to people who have achieved insured status and to eligible family members. Retirement benefits can begin at age 62 and are payable for the life of the worker and spouse. Insured workers who have a severe disability that prevents them from working for at least one year are eligible to receive disability insurance benefits. Members of the disabled worker's family are also eligible for benefits. Children under 18 and spouses caring for young children are eligible for survivor benefits when the worker dies.

**Ombudsman:** Derived from the Swedish word for an intermediary, "ombudsman" as used in health care and long-term care settings is a person who investigates and resolves complaints on behalf of older people who are

residents of nursing homes and supportive housing. The complaints generally focus on a decision, action, or lack of action that may adversely affect residents' health, safety, welfare, or rights.

**On budget:** A term describing all federal budgetary activities except Social Security trust funds and the US Postal Service, which are designated by law as off budget.

**On Lok:** A nonprofit community-based organization that provides a full range of coordinated medical and social services to frail elderly residents of San Francisco.

**Orphan drug:** A prescription drug that treats rare diseases affecting fewer than 200,000 people.

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## P

**Paratransit:** A broad term that describes any means of shared-ride transportation other than fixed-route mass transit services. Paratransit is typically an advanced-reservation, demand-responsive service that provides curb-to-curb or door-to-door transportation. Complementary paratransit services offer transportation to passengers with disabilities who are unable to use fixed-route service and who meet specific service equivalency tests.

**Pass-throughs:** Legislation that increases provider reimbursement for the wages and benefits of long-term services and supports personnel.

**PAYGO (pay-as-you-go) rule:** Prohibits new spending or tax changes that add to the federal deficit.

**Pension integration (with Social Security):** Employer-provided pension plans often explicitly take into account projected or anticipated Social Security benefits in determining plan benefits. This approach allows employers that sponsor their own pension plan to take credit for the fact that their FICA (or Social Security tax) contributions on behalf of lower-income workers—although assessed at the same payroll tax rate as for higher-income workers—buy proportionately more generous benefits than their contributions for higher-income workers. Pension benefits are thereby lowered for all workers, and total retirement benefits (pensions plus Social Security) replace a more uniform percentage of final pay for all employees.

**Personal care services:** Services that help functionally impaired people with bathing, dressing, eating, mobility, medications, light housekeeping, and other tasks.

**Pharmacy benefit manager (PBM):** Companies that administer prescription drug benefits on behalf of health plans and insurers.

**Phishing:** The use of e-mails and websites designed to look like those of legitimate companies' in order to persuade people to disclose their personal or financial data.

**Poverty:** The federal government defines "poverty" as income below specific amounts that the Bureau of the Census establishes. These thresholds, known as poverty

levels, are adjusted annually for inflation and vary according to family size and the age of the head of the family.

**Power of attorney:** A signed document or other record in which a principal appoints another person to act as his or her agent.

**Preadmission Screening and Annual Resident Review (PASARR):** The Nursing Home Reform Act of 1987 requires screening of current and potential nursing home residents to avoid inappropriate placement of people who need specialized services.

**Preferred drug list (PDL):** A list of pharmaceutical products that will be covered under a public or private insurance plan without being subject to a prior authorization requirement. Under prior authorization a provider must obtain approval for certain services or procedures before delivering them if they are to be covered under the plan.

**Preneed arrangements:** Arrangements for funeral and burial goods and services made and often paid for prior to death.

**Pretensioner:** A device that retracts a seat belt to tighten it. When a collision occurs a seat belt with a pretensioner detects the incident, or that the brakes have been applied, and tightens the belt before the wearer is propelled forward. This holds the occupant more securely in the seat.

**Pretext calling or pretexting:** A fraudulent means of obtaining an individual's personal information. Pretext callers may contact financial institution employees, posing as their customers, in order to access customers' personal account information. Information obtained from pretext calling (or pretexting) may be sold to debt collection services, attorneys, and private investigators for use in court proceedings. Identity thieves may also engage in pretext calling to obtain personal information to create fraudulent accounts.

**Price cap regulation:** A form of utility regulation that sets maximum rate increases for each service or group of services. Some experts maintain that price caps are an interim step toward deregulation.

**Private right of action:** The legal authority of a private citizen to bring a lawsuit.

**Privatization:** Transferring all or part of a government obligation or program to the private sector, or replacing all or part of a government guarantee with individual risk. In the US the term is often used in the context of reforming Social Security and government health care programs.

**Public Switched Telephone Network:** The interconnected, voice-oriented communication system that is operated by various telecommunications carriers to serve the general public around the world.

## Q

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**Qualified Medicare Beneficiaries (QMBs):** Individuals who are eligible to "buy in" to Medicaid under the Medicare Catastrophic Coverage Act. (Congress repealed most of the other provisions of this statute in 1989.) QMB eligibility extends to all Medicare beneficiaries whose incomes fall below the federal poverty line and whose assets are not greater than two times the Supplemental Security Insurance minimum. For eligible beneficiaries a state's Medicaid program will pay Medicare's copayments, deductibles, and premiums.

## R

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**Rainy-day funds:** State budget-stabilization funds intended to take in money when the economy is strong and the state budget is healthy, with the idea that the funds will be available to mitigate the need for budget cuts and tax increases when fiscal conditions deteriorate.

**Rate base or rate of return regulation:** A form of utility regulation that sets rates for services according to their underlying costs plus a rate of return.

**Regional transmission organization (RTO):** An owner and/or operator of the electric transmission facilities within a large region. Formed by merging the transmission networks of several utilities under the control of a single entity, an RTO seeks to promote competition in the wholesale power markets.

**Replacement rates:** Annual benefits relative to earnings prior to retirement.

**Revenue sharing fees:** A portion of internal fees associated with an investment product that is paid to an entity that either provides service to the plan or distributes that product.

**Reverse mortgage:** A loan that allows an older homeowner to convert the financial equity in a home into a credit line, a lump-sum payment, or monthly cash advance without having to move or make regular loan payments. The loan is paid off when the last borrower dies, permanently moves away, or sells the home (see also **home equity conversion mortgage**).

**Reversion:** Defined benefit plan assets in excess of plan liabilities revert to the employer upon the termination of the plan. Reverted assets are subject to the corporate income tax and an excise tax.

**Revolving door:** The practice by which a public official leaves a government body or agency, is subsequently employed as a representative of an individual or private interest, and then appears before or communicates with that same body or agency for the purpose of influencing an official action on the client's behalf.

**Rule of 78s:** The method of allocating interest charges for the life of a loan to the periods within the loan. It was developed as a simple method for calculating interest refunds in case of early loan repayment. The Rule of 78s was outlawed in the US in 1992 as a method of allocating interest charges for loans longer than five years; its use on loans for less than 61 months is subject to state laws.

## S

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**Safe harbor:** Regulations that allow a simpler method of determining tax consequences than that available under the precise language of the tax rules.

**Section 8 rent certificates:** The principal form of federal rent assistance for tenants in existing housing. The certificates represent the difference between the fair-market rent set by the US Department of Housing and Urban Development and 30 percent of a tenant's income.

**Section 5310:** The federal program that provides capital assistance for specialized transportation services for the elderly and individuals with disabilities.

**Section 202:** The main federal program that provides grants to construct housing specifically designed for older people.

**Securitization:** (1) A financial mechanism through which a utility can recover its **stranded costs** (see separate entry) up front, in a single lump-sum payment. (2) A form of debt in which bonds are sold in exchange for cash up front, most recently from the tobacco settlement fund, that gives states immediate access to the money but results in a far smaller sum being available.

**Severe rent burden:** Rent payments that equal or exceed 50 percent of household income.

**Shared appreciation:** A form of reverse mortgage in which the lender receives additional interest upon repayment in the amount of a percentage of the home's increase in value over the loan term (as determined by appraisal).

**Single-task workers:** Nursing home staff who are designated to perform various single tasks for residents (e.g., transportation) and are exempt from certified nursing assistant training requirements.

**Slamming:** The illegal practice of switching a consumer's supplier of telephone service without obtaining the consumer's permission.

**Social insurance program:** Group insurance that serves a social purpose and is operated by the government. Individuals contribute to the program either directly or indirectly through their employer. Tax revenues may also be used to fund these programs. The program protects participants from large or sudden expenses that may result from retirement, disability, accident, unemployment, or serious illness. Examples of social insurance programs are Old Age, Survivors and Disability Insurance (Social Security) and workers' compensation.

Characteristics of such programs include universal and compulsory coverage, social adequacy, individual equity, and the absence of means tests.

**Soft money:** Money raised outside the purview of federal election law and used to influence the outcome of federal elections. Many states allow contributions larger than or from sources other than those that federal law permits. Under federal election laws, state and local parties are permitted to spend unlimited amounts on grassroots organizing and voter drives to promote the party slate. However, any amounts used to support federal candidates must be raised and spent within federal limits. The lack of clear and consistent disclosure rules has made it difficult to determine the extent to which soft money is channeled into federal elections.

**Special care environment:** Settings for long-term services and supports that include tailored services, specialized programs, or a discrete unit or facility often developed to meet the needs of residents with dementia.

**Special-issue Treasury securities:** Treasury obligations purchased exclusively by Social Security and similar trust funds that may be redeemed at any time before maturity at their face value (i.e., their original purchase price) plus accrued interest, if needed to cover program expenditures.

**Specified Low-Income Medicare Beneficiaries (SLMBs):** SLMB eligibility extends to all Medicare beneficiaries with incomes between 100 percent and 120 percent of the federal poverty level and whose assets are not greater than two times the Supplemental Security Insurance minimum. For eligible beneficiaries a state's Medicaid program will pay the Medicare Part B premium.

**Standard offer service:** Also known as provider of last resort service or default service, an energy service to consumers who either do not actively choose, cannot obtain, or are no longer receiving service from a third-party supplier.

**Standing referral:** An open-ended authorization to seek care from a provider designated as a specialist without first obtaining approval from a primary care provider.

**Stock option:** The right to buy a specified number of stocks at a predetermined price, which is presumably a lower price, and at a specified time.

**Stranded costs:** Financial liability a utility company incurs when it cannot recover in a competitive market the cost of its investments (e.g., in nuclear power plants or purchased power contracts) by selling the energy these investments help make possible.

**Subacute care:** The level of skilled care needed by people who no longer require acute hospital care but who are too weak or ill to be released to home care or to a traditional nursing home or rehabilitation hospital.

**Supplemental Security Income (SSI):** The SSI program, implemented in 1974, was designed to reduce poverty by providing basic cash support to poor people

who are aged, blind, or disabled. This federal program provides a monthly cash benefit that comes from general tax revenues. Some states supplement the basic federal benefit.

**Supplementary (Supplemental) Medical Insurance (SMI):** Known as Part B of Medicare, this program primarily covers physician and outpatient services and some home health care and ambulatory care. People who are covered or eligible for coverage by Medicare Part A may voluntarily enroll in Part B by paying a monthly premium. However, a person also may be enrolled only in Part B.

**Supportive housing:** A setting for long-term services and supports that includes board and care homes, assisted-living facilities, and group homes that provide or arrange for services and help with activities of daily living (see separate entry) in a residential setting.

**Surrogate parenting:** Full-time care for a grandchild during periods when the legal parents, for whatever reason, are unable to fulfill their duties. Surrogate parents frequently are denied benefits available to both legal and foster parents.

**Swing beds:** Hospital beds that can be converted temporarily from acute care to chronic care use.

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## T

**Tax preferences:** Provisions in the US tax code—such as exclusions, deductions, credits, or preferential rates—that reduce a person’s federal taxes.

**Telemedicine:** The use of electronic communications technologies and information to support and offer health care when distance separates patient from provider.

**Temporary Assistance for Needy Families (TANF):** A program created by the Welfare Reform Act of 1996 that replaced Aid to Families with Dependent Children and the Job Opportunities and Basic Skills Training programs. It provides assistance and work opportunities to needy families by granting states federal funds to develop and implement their own welfare programs.

**Top heavy:** An employee retirement or profit-sharing plan that disproportionately benefits top executives.

**Tort:** The legal term for an act or injury for which a person can bring a civil suit.

**Total annual cost:** The projected average annual cost of a reverse mortgage, including all costs and benefits.

**Transit-oriented development:** A mixed-use environment that is both walkable and connected to the broader region by virtue of the transit connection to improve the “livability” of the metropolitan areas.

**209(b) states:** States have several options for deciding how to treat Medicaid eligibility for aged, blind, and disabled Supplemental Security Income (SSI) recipients.

Under the 209(b) option states may impose criteria for Medicaid eligibility that are more restrictive than SSI criteria in defining “blindness” or “disability” or determining financial eligibility. Only those states that had such restrictive criteria in their Medicaid state plan prior to the implementation of SSI in 1972 may choose the 209(b) option.

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## U

**Unified federal budget:** The net amount of all federal spending and revenue, including annual net Social Security outlays and expenditures.

**Universal default:** A provision that allows creditors to review a consumer’s credit report on a regular basis, and if there is any change that has negatively affected their credit score or risk profile, to charge them a new, higher interest rate. This provision was added to credit card member terms and conditions by many major credit card companies

**Universal design:** Features that allow products to be used by people of many ages and abilities. In the context of housing, universal design may include widened doors, accessible kitchens and bathrooms, and other architecturally friendly features that help people remain independent during different life stages.

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## V

**Viatical agreement:** An agreement under which a life insurance policyholder sells his or her policy to a settlement company for an immediate payout.

**Visitability:** A limited set of universal design features that deal with access to the main level of the home (such as zero-step entrances, wide doors and hallways, and accessible toilet facilities). These provide benefits to household members and enable others with mobility limitations to visit the home.

**Vulnerable:** People who cannot protect themselves because they are physically or cognitively incapacitated or impaired.

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## W

**Waiver:** The relinquishment of a right.

**Wind pools:** State-run insurers of last resort that provide coverage to customers the private market will not insure. These pools are run as nonprofit entities, and like private insurers, typically purchase reinsurance; when deficits incur, losses are replenished with the issuance of bonds or assessment of policyholders statewide.

**Worst case:** A term used by the US Department of Housing and Urban Development to describe households that have incomes below 50 percent of the area median and pay more than 50 percent of their income in rent, occupy substandard housing, or have been displaced.