

Chairman PROXMIRE. These are people who are over 65 and are not going to go back to school, in most cases. In some cases, I suppose, they would help the family to finance a child who is going to school.

Mr. COHEN. Yes.

Chairman PROXMIRE. But this would be rare.

Mr. COHEN. I don't have the exact number but as a result of the 1965 Amendments to the Social Security Act, a child age 18 to 22 attending school, whose father is retired, disabled, or deceased continues to get this social security benefit.

Chairman PROXMIRE. It would be relatively few.

Mr. COHEN. Yes; a relatively small number, but I do think that, although it is small, it has a very significant impact on the particular family.

Chairman PROXMIRE. Yes.

Mr. COHEN. We have many striking individual cases.

Chairman PROXMIRE. I am trying to look at this on the overall aspect of the impact of the economy, and particularly, in the first place, on prices.

Mr. COHEN. No; it probably would not have much effect.

Chairman PROXMIRE. Then there is another very strained area of our economy, and that has to do with medicine, doctors, nurses, and so forth. This particular increase would not greatly affect that, I should think, because most of these people are on medicare anyway; is that correct?

Mr. COHEN. Although I don't have any objective information—I rely mostly on my experience with members of my own family—I think the problem is that medicare only covers roughly about 40 or 45 percent of the total medical costs of aged people, and they still have an unfinanced burden. However, a substantial number of them do carry voluntary private insurance.

Chairman PROXMIRE. Are you talking about the total program?

Mr. COHEN. Yes, sir.

Chairman PROXMIRE. Including the voluntary program?

Mr. COHEN. Yes, sir. Even with the two combined programs there are still significant exclusions. For instance, consider drugs. The cost of drugs is a very notable exclusion. A very small part of the nursing home costs are covered by the medicare program. And there are others.

Chairman PROXMIRE. This is likely to put significant pressure in this area then.

Mr. COHEN. Yes: and I think quite frankly that since medical costs are still going up—

Chairman PROXMIRE. The most rapid rising elements.

Mr. COHEN. They are the most rapidly rising element in the CPI. I think that a part of the benefit increase would be spent on rising medical care costs.

Chairman PROXMIRE. Then I take it, in addition to this, you are going to have a salutary effect, I should think, in the construction and homebuilding area? I mean these people won't be buying homes, but they may be moving into somewhat better homes which might have an effect in this area which is so heavily depressed, or am I wrong about that?