

## MEDICARE AT 40

There was a time in America when the government had almost no role in providing health care. The elderly bartered, borrowed or begged to see a doctor, or went without.

PHIL LEE: The principle problem was medical care costs. Not that people couldn't get good care. But it was that they could not afford it.

BOB BALL: The elderly, even without the depression, were quite dependent on their sons and daughters, and their sons and daughters were out of jobs during the depression.

In 1930, life expectancy for white Americans was 61, for African Americans, just 48.

Interest in national health insurance—insurance for *every* American—came and went in Washington. The debate became more serious in 1945 when Harry Truman became the first president to send a proposal to Congress.

CONGRESSMAN DINGELL: You had millions of Americans without any health care, just as you do today. And the end result was that people died when they didn't need to.

Truman's effort failed but the seed was planted. In 1960, Congress enacted the Kerr-Mills bill. It provided federal grants to states for *medically indigent* seniors and passed with the support of southern conservatives.

JOSEPH CALIFANO: They thought it would help elderly people in the South, but what happened was that three years later in 1963, only 32 states had adopted it.

But of those states, five industrial states, New York, California, Michigan, Massachusetts and Pennsylvania got 90% of the dollars, and Mills was furious.

“Mills” is Chairman Wilbur Mills—of Arkansas—who’s House Ways and Means Committee was the gatekeeper to bolder legislation. Events converged to make that possible; Americans wanted to honor John Kennedy by enacting programs the slain president had supported; in the ’64 elections Democrats seized control of Congress by a two to one margin over Republicans; and the needs of the elderly were escalating.

DOROTHY RICE: We had just completed the 1963 survey of the aged in the division of research and I analyzed the data on health. And what we had, and what we showed very clearly was that only half the aged had coverage for health and most of it was very, very poor coverage.

JAY CONSTANTINE: We felt we had to make the case for two things; one is the inadequacy of Kerr-Mills, the deficiencies of that, and the inability of private health insurance to meet the needs, adequately, of the elderly. Those were the cases, and the momentum grew, and it just grew and grew and grew.

Enter Lyndon Johnson; determined to drive through a health insurance program for *everyone* 65 and over.

PRESIDENT JOHNSON: Our older people are likely to be hospitalized three times as often as younger people; but their income is less than half of that of people under 65.

JIM JONES: When I came to the White House///the push was on. That ‘times a wastin’, what have you done about this, what have you done about that.’ And Lyndon Johnson was always racing against time.

The debate over Medicare engaged the most powerful players of the time; the labor movement and the American Medical Association. For the AFL-CIO, Medicare would be a step towards something much bigger.

LISBETH SCHORR: When the A-M-A and other opponents said this was just the camel's nose under the tent; yes, it was perceived that way by proponents as well. That once you could establish a really good program, that was successfully working for all people over age 65, then it might show that you could have a national program of health insurance for all.

The A-M-A launched a massive campaign, enlisting the help of a popular actor of the time; Ronald Reagan.

PRESIDENT REAGAN (AUDION ONLY): One of the traditional methods of imposing statism or socialism on a people has been by way of medicine. It's very easy to disguise a medical program as a humanitarian project.

The A-M-A's Dr Edward Annis criss-crossed America, warning doctors of the "socialist yoke" Medicare bureaucrats would place around their necks.

DR EDWARD ANNIS: They make the decisions, they decide who gets in, who gets out, what they get, what they don't. Finally, interfering with the practice of medicine and I predicted it would change, bring about a different system of medicine for all Americans.

JAY CONSTANTINE: The dilemma the A-M-A had was the problem was real. That was the fatal flaw in their opposition. That the problem was real and generalized; whether the solution was the best solution, you can debate.

For Wilbur Mills—the powerful gatekeeper—Medicare was a way to make good on the limited success of the Kerr-Mills legislation.

JAY CALIFANO: Mills did want to change the Kerr-Mills bill and Johnson really played on that, because Mills really wanted to get that money down South, in Arkansas, in Oklahoma and Mississippi to help rural white people.

But the mercurial chairman went even further. The Administration's bill was relatively simple; coverage for hospital visits. To encourage support from Republicans, he added the *voluntary* participation of *doctors*.

BILL FULLERTON: We were sort of all taken back, when the chairman said, 'well, everybody thinks doctors are going to be in Medicare, so we're gonna put 'em in there. We all, all went like this (makes a face) and said 'jeez, we don't know how the hell we're gonna pay doctors for this.

Congressman John Dingell sat in the chair when votes were cast, a testament to his father who, as a Congressman, fought for national health insurance.

CONGRESSMAN DINGELL: Inside of me, there was a sense of quiet elation and happiness that we had done something important. Most people don't know the story. A lot of people think that, you know, that this was always there and getting it was easy.

To honor the early footwork of President Truman, Johnson staged the signing ceremony in Truman's hometown of Independence, Missouri.

PRESIDENT JOHNSON: But we wanted you to know, and we wanted the entire world to know, that we haven't forgotten, who is the real daddy of Medicare.

For those in charge of implementing Medicare the hard part was just beginning. The Social Security Administration needed to enroll 19 million elderly Americans in a matter of months...in a time before super-computers.

ROBERT BALL: The Social Security District offices were kept open into the evening for people who were still at work. The forest service even had rangers looking for hermits in the woods. Every agency of government was helping. I don't know whether this will ever be repeated again.

In one week alone during the campaign, a million people enrolled.

President Johnson had another concern; a potential boycott by doctors. He called A-M-A leaders to the White House—ostensibly to talk about supporting the Viet Nam War—but when they went in front of the press the subject changed.

JOE CALIFANO: Johnson says, 'call in the press' the press comes in and the first question is about Medicare, are the docs gonna sign up under Medicare? And Johnson says, 'these men, they're sending physicians over to Viet Nam to die for this country, of course they're going to support the law of the land and sign up for Medicare,' turns to the A-M-A President and says, 'doctor?' and the president says, 'yes, of course, we will.' And that was the end of it.

The doctors were in but would hospitals do the same? *Would* the nation's one thousand *segregated* hospitals begin treating blacks and whites—equally—a requirement to participate in Medicare?

PHIL LEE: It was a very worrisome period to think that you may have hundreds of hospitals that would not be available to patients. But, it didn't work out that way because the President was adamant in his position, that we would not give ground on that issue. And, it made all the difference. I mean it totally transformed medical care in the United States.

In the first week, just seven calls of complaint came into a government hotline. The process of integration had begun, at a time when about four out of ten African-Americans lived in poverty.

DOROTHY HEIGHT: The combination of Medicare, Medicaid and civil rights legislation changed the health care landscape forever, for black Americans—and for all Americans—not just for those who were 65 and above.

Medicare—within three years of its enactment—was costing more than anyone had anticipated. Doctors—reluctant players in the beginning—realized that seeing elderly patients for their “usual and customary” fees was a good deal.

JOE CALIFANO: Our greatest miscalculation was that we thought more physicians would mean more competition and they’d lower their rates. And, what we didn’t realize was that everybody did act in accordance with their economic interests.

Despite those emerging concerns over spending, Medicare has expanded over the years. Medicare—now costs more than 300-billion dollars a year. It serves 42 million Americans. More than six million are under age 65 and permanently disabled. *They* became eligible in 1972.

JIM MONGAN: There was a strong desire to cover the disabled under the Medicare program but the costs were huge in doing that, so the decision they made was to cover the disabled but only after they had been disabled for two years. That dramatically cut the cost of adding the disabled because it was kind of a Darwinian cost cutting reduction—half the disabled died before they reached the two year period.

One exception to that two-year window was for people with end-stage renal disease; an 11<sup>th</sup> hour trade-off with a Senator who had lost a bid to add *drug coverage* to Medicare.

JIM MONGAN: It was thrown out in the Conference with the House, and about an hour later, the kidney provision came up and Senator Long looked at Chairman Mills and said, 'look, you didn't give me drugs, you gotta give me the kidneys.' And that little bit of log-rolling was successful in that regard.

Still, many people long believed Medicare—which covers hospital and doctors bills—had gaping holes. In 2003, President Bush and the Republican-led Congress took the first steps to fill one major hole; coverage of prescription drugs.

MARK MCCLELLAN: We're doing a lot of work now just to bring Medicare up to date for the people it was intended to cover, for the promise that we made to seniors and people with disabilities. Keeping that promise is going to be pretty tough in the years ahead as we face the baby boomers and costs keep rising.

Despite the challenges to sustain an affordable program, no one disagrees that Medicare has improved the lives of millions; that it helped create a health care system that might not otherwise exist.

ROBERT BALL: lot of care was given that would never have been given if it hadn't been for Medicare, particularly quality of life activities, for example, cataracts, hip replacements. It's not important just for the elderly. What it has done is to relieve the burden on the children of the elderly who, whatever it was, would be most likely to have had to pay for this.

PHIL LEE: It's also done a lot to stimulate and to finance the modernization of a health care system in the United States. I mean, you had hospitals that were

reimbursed when they weren't being paid adequately before. They've modernized completely in the period of time from the passage of Medicare till now.

In 1965—at the creation—President Johnson spoke about a nation that is *not indifferent to despair*. John Dingell—who presided over the House vote all those years ago—believes those words, that promise—have been met.

CONGRESSMAN DINGELL: This was an attempt to see to it that we address serious problems. You best judge a society by the way it treats its young, its old, the sick, the unfortunate, those who have the least.

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