

Medicare and the Destruction of Freedom in Medicine: Recollections of Dr. Edward Annis

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In an address before the 2002 annual meeting of the Florida Medical Association, Dr. Edward Annis said:

“History records that time and time again, including today, the United States has contributed great numbers of military lives and vast amounts of money to help other nations retain or gain new freedoms.

“In his first inaugural address, President Ronald Reagan declared that bureaucratic government has become a danger to the survival of our freedoms.

“Since the days of Ronald Reagan, health care has become the most overregulated, bureaucracy-controlled industry in America, and what is called an American health care crisis should properly carry a “Made in Washington” label.

“Today’s doctors no longer enjoy the freedom to continue the doctor-patient relationship that I and other doctors enjoyed during my [first 20 years of practice (1938-1958)].

“There is a legitimate role for government to help poor Americans obtain health care without sacrificing what everyone wants—the right to choose their own doctors and health coverage that meets their families’ needs, devoid of mandates to include coverage for what they don’t need or want.

“The issue is freedom. The Constitution grants only limited and defined powers to the federal government, but today that government denies doctors their Constitutional rights to freedom.

“Shortly after [his] inauguration...President Ronald Reagan, speaking before a crowd of 5,000 at the Jefferson Memorial, presented his Economic Bill of Rights, based on fundamental Constitutional principles:

“Freedom to work;

“Freedom to enjoy the fruits of that work;

“Freedom to own and control property (that includes intellectual property); and

“Freedom to participate in a free market.

“It was not long after that address that President Reagan stated: ‘Freedom in its broadest sense no longer has doctors as its participants.’

“How true that statement was and still is today, as doctors and their patients are denied every one of those Constitutionally promised freedoms for health care!

“It is long past time to say *enough!*”

Present at the Founding of Medicare

In the early years of Medicare, Dr. Annis did an oral history interview for the Social Security Project. A transcript on microfiche is preserved at the Oral History Research Office at Columbia University. His closing remarks in an 84-page transcript served as the starting point for this interview, which was conducted in 2008 by correspondence and telephone. Questions were suggested by members of the AAPS Board of Directors.

Q: Early in the program, what was the effect that Medicare had on medicine?

Annis: When then President of the United States Lyndon Johnson gave a speech, after Medicare had been in effect for 6 or 7 months, stating that the program was an unqualified success, the facts indicated otherwise. Medicare was a mess. Hospitals were overfilled with elderly patients who, once admitted, wouldn’t go home. This caused a delay in the admission of many others. In response, doctors were loaded down with red tape and rules and regulations for patients over the age of 65 that did not apply to younger patients. The absurdity was that you could take care of other members of the family the way you always did: keeping good records and operative reports. But the minute a patient passed the age of 65, the number of quadruplicate forms multiplied, and much more unnecessary, time-consuming work was required.¹

Q: What did the American Medical Association (AMA) have to say about these changes?

Annis: Had we been more militant, we would have told the communications media that the President was misinformed. Perhaps he was so busy and preoccupied with the Vietnam war that he just took what his speechwriters gave him, and they were either misinformed or deliberately misleading the American public. We could have said: “The waste and red tape and delay and bureaucracy and unnecessary, arbitrary rules and regulations are complicating a program that was oversold and underfinanced.” This would have gotten coverage because it was controversial. Then people would have sought out the facts. But instead the policy was: “We don’t answer them.” I was told that the AMA turned down an invitation to participate in a program in which Wilbur Cohen

spoke on behalf of the Administration. Millions of people heard only one side of the story.¹

Q: What about Robert Ball's assertion that Medicare's problems were caused by "stubborn doctors"?

Annis: Robert Ball, who was then Commissioner of the Social Security Administration, while blaming doctors for any problems, repeated the statement that Medicare was an unqualified success. From the bureaucrat's standpoint, it was. There were lots of rules and regulations and forms, meaning lots of employees to control. With more employees, you need more lieutenants, and with more lieutenants, more captains. It was building the bureaucrats' empire.¹ As Ball explained to National Public Radio,² his agency had to expand to about 8,000 new employees within a very short time. I was asked to follow Mr. Ball on the NPR segment, and I responded with the AMA's position that Medicare was *not* an unqualified success.

Q: Where did the idea of Medicare come from?

Annis: Robert Ball explained it on National Public Radio in 2005, the 40th anniversary of the passage of Medicare: "Well, originally, everybody who was for Medicare as it developed had originally been for a national health insurance plan, covering everybody. That goes back to the Truman administration. But when we couldn't get anywhere with that, we backed up and said, 'Well, what group could we cover? What could we get?' And the elderly were selected, really, because they were a group that was politically easy to get—or easier to get, I should say."²

Q: What was the AMA's position on medical care for the elderly before Medicare was passed?

Annis: The AMA believed that anybody in this nation who needed medical care should have it when they need it for as long as they need it, whether they could pay for it or not. "We opposed the program that would put a tax on young workers of America to pay for everybody just because they had a birthday, millionaires as well as paupers."² The Supreme Court was very definite in its ruling that Medicare was not an insurance program, but rather a tax on one segment of the population to benefit another. The AMA supported the Kerr-Mills bill, signed by President Eisenhower just before he left office, which provided Medicare-like coverage for elderly people with no or little income. Eisenhower would not go along with the Wagner-Murray-Dingell bill, which would have made health insurance a part of Social Security, saying that that would lead to socialized medicine.

Despite efforts of employees in the Department of Health, Education, and Welfare (HEW) to sabotage it, Kerr-Mills was being implemented in 39 states during the Kennedy Administration.

Q: How were you involved in the AMA's opposition to Medicare?

Annis: The King-Anderson bill, which was basically Medicare, was up for consideration. I was not even an officer of the AMA at the time—I had not yet even been to my first meeting. But the AMA wanted me to debate Sen. Hubert Humphrey, and later Walter Reuther, President of the AFL/CIO. Before I debated Humphrey, NBC called the AMA and asked, "Who is this guy? We can't have a nobody debating a United States senator." So NBC gave me the title of chairman of the AMA speaker's bureau.

The AMA was unable to get through the appointment secretary to get an appointment to meet with President Kennedy. Through the intercession of my friend, Sen. George Smathers, top AMA officials, president Leonard Larsen, chief executive officer (CEO) Bing Blasingame, and board chairman Hugh Hussey were invited for a private audience, and they asked me to come along. Smathers had fished with Kennedy in the Florida Keys and was a member of the wedding party when Kennedy married Jackie. This meeting occurred in the Oval Office, with Kennedy sitting in his rocking chair, so close I could have touched him. I presented the AMA's position, and he said he wouldn't argue with me about it, but he wanted me to debate HEW Secretary Abraham Ribicoff—who never agreed to do it.

Three weeks later, Kennedy spoke at Madison Square Gardens in New York before 20,000 senior citizens. The speech he gave, which was televised gratis on all three networks, came about, I was told, through Walter Reuther and Wilbur Cohen of HEW, who admitted supporting Medicare as part of Social Security. Kennedy, however, did not mention King-Anderson but simply said that America would be hearing from the doctors. Reuther and Cohen were extremely disappointed. They had expected Kennedy to pave the way for passage of King-Anderson. The New York newspapers the next morning said it was the worst speech he had ever made, and a labor leader said "we expected oil for the machinery of Medicare, and all we got was a dash of cold water." The networks refused to give the AMA time to respond, but the AMA paid NBC for half an hour two days later, and I addressed the empty seats—and a nationwide television audience.

Organized opposition to the bill increased significantly after this, and the bill was defeated—for the moment.³

Q: How did you become president of the AMA?

Annis: I had gotten tremendous public exposure from the televised debates with Reuther and Humphrey. Bing Blasingame called me to visit with him in his office and reminded me that AMA policy is not made by the Board of Directors but by the House of Delegates. So he got me to speak to medical associations in 19 states during 1961 and 1962. In three states I also addressed the state legislature. Before the 1962 AMA House of Delegates meeting, doctors in Texas, California, and the north central group of 8 to 10 states called and asked me if I would run for AMA

president. I had a busy practice, was chief of staff at a hospital and chairman of a department of surgery, and I was raising a family. I said I would serve if elected but would do absolutely nothing to campaign. I had an invitation to be on *Meet the Press* just before the AMA meeting, so I flew directly from Washington, D.C., to Chicago. A 9-year board member was nominated for president, but then people stood up and nominated me from the floor. I won by a 2:1 margin. I was the first accidental president of the AMA, and at age 49, also the youngest.

Q: How did Medicare finally get enacted?

Annis: The AMA nearly won by defeating King-Anderson when Kennedy was alive. On the day before the first vote was taken, I was called by Sen. Smathers, who said, “Ed, it will be close, but in the absence of any indicated support from President Kennedy, I feel sure we will win.” That prediction came true 24 hours later. Then I remembered that after the President’s meeting with us in the Oval Office, I called Sen. Smathers from the airport to thank him for making the meeting possible. Smathers said, “Ed, you are a little late. The President called first. He is not going to give you any trouble.”

I testified before the House Ways and Means Committee on Nov 21, 1963. That testimony turned out to be irrelevant. While I was still in Washington, D.C., I got word that President Kennedy had been shot.

President Lyndon Johnson was determined that Medicare would pass—and that all seniors would be part of it. That is probably why he wanted it to be part of Social Security.

A: How did seniors respond to the new program?

Annis: My mother and her friends in Michigan wanted to keep their Blue Cross/Blue Shield benefits and didn’t sign up for Medicare. I remember the day she called me; I could tell she was in tears. She had gotten notice from the Blues that her insurance would be cancelled on June 30. She asked where she could get insurance. “Nowhere,” she was told. She had to take the government program. When he was told that millions were not taking the program, Johnson became angry; he called the insurance companies and said, “I want you to stop insuring these people. I want this program to work.” And the dictator got his way.

Q: Why didn’t the AMA fight the implementation of Medicare?

Annis: Dr. Francis Davis, editor of the now-defunct journal *Private Practice*, tried to organize a special session of the AMA House of Delegates to encourage physicians to refuse to participate in Medicare. Many physicians responded that although they didn’t like the legislation, there was no way that doctors would stop taking care of patients. This attitude was the reason that the effort to oppose participation never really got a good start. For years, I argued against the go-along-to-get-along

position, but had no influence on the AMA’s decisions. AMA officials told me that “it’s now the law, and at the moment we just have to go along with it.”

I agreed with the AMA’s tenets. The difference was that too many physicians, in my opinion, took the attitude that “if we’re good doctors and we take good care of patients, everybody will be good to us.” We needed to be realists then, and we need to be realistic now, and recognize that we were, and are, living in an age of propaganda. If we don’t constantly put our position in front of people they will wonder: “Are these doctors just agin’ things, or do they have a reason for their position?”

I agree with Thomas Jefferson, who said that “given the facts, people make sound judgments.” I disagreed with the House of Delegates leaders, not on principle, but on the question of whether we should stay within our very reserved professional selves or should get into the public arena. I think the decision is not ours. We’re there, like it or not, because when we are accused and held up to public scrutiny, we need to answer, or people will assume that we cannot.¹

Q: Doctors would not have to stop taking care of patients—just stop taking the Medicare money, correct?

Annis: Correct.

Q: How do you respond to the claim that Medicare greatly benefited the lives and health of seniors?

Annis: Since Medicare, we have added 12 years to the lifespan of seniors—because of clinical research and awesome new tools, such as computed tomography. Medicare did not bring about those developments. They did, however, add to costs, and the Congress decided that a business approach was needed to control the costs. This resulted in managed care. There is persuasive evidence that managed care has created more multimillionaire CEOs than almost any other segment of the economy, except for the avaricious trial bar. (Note that there are 234 lawyers in Congress.) The multi-million-dollar salaries of executives divert funds that used to pay doctors and hospitals—an unintended consequence of Medicare.

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