

From the President: Changing Times

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The view of the future at the end of my internship in June 1958 was quite different from what it is today. I had just completed the only internship in the country that still paid its interns nothing and charged \$40 a year to park a car in the lot—a car my pregnant wife and I did not have. Most of the best teaching programs paid interns \$25 to \$65 a month.

My rotating internship was primarily ward service, where the intern was directly in charge of patients, and very closely supervised by a senior resident and staff attending. The senior resident and attending made rounds every day and were available at any time to answer questions. One physician, who interned several years before me, was truly interned: the only time he was allowed to leave his post at the teaching hospital was to cross the street to get a haircut.

The main choice facing newly minted physicians back then was whether to go directly into practice, or to enter a residency program. All of my acquaintances chose residency. After completing residency, the next choice was whether to volunteer for military service, or risk being drafted from practice later. Ultimately, the great majority of new physicians had the same goal: to set up a private practice, to keep up professionally, and to provide good care to patients. Ethics and market discipline, not regulations and paperwork, provided direction for physicians.

All along, the push for government involvement in medicine had been building. In 1943 the Wagner-Murray-Dingell Bill, the first major attempt to establish socialized medicine in this country, had been introduced in Congress. That same year, a group of freedom-minded physicians founded AAPS, so as to preserve the practice of private medicine, free of government interference and control. Although the Wagner-Murray-Dingell Bill did not pass, even after repeated introduction, the socialists did not give up. Various groups adopted a strategy of incrementally introducing socialist ideas into the mainstream. In 1960 the Kerr-Mills Act was passed. The main purpose of this was to pay for medical care for poor people over age 65. More significantly, it marked the debut of government payment to physicians as a substitute for physician-provided charity care.

In May 1962, the AFL-CIO held a rally that filled Madison Square Garden to promote government-run socialized medicine. In a brilliant PR move, the AMA rented the same venue and presented the opposing view the next day.

Edward R. Annis, M.D., spoke for the AMA at the podium, a lone figure in the huge auditorium. He challenged the absent President Kennedy, AFL-CIO President Walter Reuther, and lately cheering laborite crowd, with all the streamers, papers, and banners still strewn about.¹

He warned them and the nation watching on television that government control would destroy the best patient care in the

world. He warned that it would “put the government smack into your hospitals, defining services, setting standards, establishing committees, calling for reports, deciding who gets in and who gets out, what they get and what they don’t, and imposing a federally administered budget on our houses of mercy and healing.”

The ideologues and politicians on the left were quick to respond. Dr. Annis and many other members of AAPS were accused of selfishly protecting their incomes and making ridiculous predictions about the future cost of the program and dangers of government control. Although the Kerr-Mills Act already covered the poor, a means test to qualify was said to be too demeaning. The ultimate temptation was again presented to physicians—government payment for services previously provided as charitable care.

Assurance was provided that the government certainly would never, *ever* interfere with how the doctor practiced medicine nor intrude into the sacrosanct patient-doctor relationship. And at that time, the cost of medical care was of no concern—it was below 6 percent of GDP.

One widely cited study painted a very rosy picture about future costs—the cost of Medicare Part A was estimated at only \$12 billion for 1990. Like all proponents of socialized medicine, even today, its advocates insisted that huge savings would accrue because of better distribution of care and lower administrative costs. The actual cost of the program in 1990 was more than \$64 billion!

On July 30, 1965, Medicare was passed into law. The bill had been hastily framed without legislative committee review. Its 999 pages reportedly arrived on the desks of Congressmen on a Friday, with the vote pending the following Tuesday.

The new Medicare law, with all of its confusing detail removed, stated: “Nothing in this subchapter shall authorize any supervision or control over the practice of medicine, compensation of any person, or administration or operation of any institution.”²

From 1966 on, the cost of all medical services entered the realm of market disconnect—those who received services were disconnected from the responsibility of paying for those services. Costs predictably spiraled upward.

Edward Hyman, M.D., a tough freedom fighter in medicine, plotted the cost of hospital stays each year from 1946 to 1976, using data from the 1977 *AHA's Guide to the Health Care Field*. The slope of the line representing costs increased dramatically when Medicare was implemented. I created a similar graph, based on data from the U.S. Bureau of Labor Statistics, that showed a similar dramatic increase in total costs, as a percent of GDP, starting in the year that Medicare was implemented.

The early 1970s brought government price controls, which had no effect in controlling costs in the long run. The HMO Act was passed in 1973, authored by Massachusetts Senator Edward M. Kennedy. Sen. Kennedy testified in 1978: “HMOs have proven themselves again and again to be effective and efficient mechanisms for delivering health care of the highest quality.”

Fast forwarding to May 15, 2001, Sen. Kennedy released the following statement about HMOs: "It is time to end the abuses of managed care that victimize thousands of patients each day. It is time for doctors and nurses and patients to make medical decisions again, not insurance company accountants..."³ Yet despite his railing against bureaucratically run medicine, he vehemently opposed the one solution designed to put power and control back into the hands of patients—medical savings accounts.

Commenting on his past predictions about Medicare, Dr. Annis observed that American medical care is "... subjected to the perverse incentives of arbitrary price-fixing, utilization review, retrospective review, and retroactive denial of payment—making health care the most heavily regulated industry in the history of our nation."¹ More recently, medicine has come under draconian attack by both government and nongovernment forces. A physician who is convicted of a health care crime involving less than \$100 can now face jail time and ruinous fines.⁴ And, as government can no longer pay for promises made, inadequate Medicare reimbursements are scheduled to be cut further. The list goes on and on.

The pressure from the left will continue to the point of total socialism unless we stop it. Who knows the issues better than AAPS members? Who else, other than physicians practicing on the frontlines, knows the truth about the so-called "low administrative costs" of Medicare?

Outside of medicine, however, positive changes have taken place. Joseph Bast recently listed some of the most significant triumphs of freedom as: the fall of the Berlin Wall and the collapse

of the Soviet Union; the global spread of capitalism and democratic governments worldwide; the decrease of federal tax as a percentage of GDP; the 80 percent reduction in welfare rolls; the deregulation of airlines, trucking, and railroads; the privatization of thousands of federal, state and local services; a debate on dismantling Social Security and privatizing government schools.⁵ In medicine, we can point to HSAs. But the creeping government takeover of medicine continues.

In his second inaugural address, President George W. Bush challenged all of us to reflect on our contribution to freedom: "Did our generation advance the cause of freedom?"

And did our character bring credit to that cause? This challenge is particularly relevant for physicians, whose actions, integrity, and character will either chart the course for the future of freedom in medicine, or by complacency and inaction will assure its destruction.

REFERENCES

- ¹ Annis ER. *Code Blue: Health Care in Crisis*. Washington, D.C.: Regnery Gateway; 1993.
- ² Section 1803, Public Law 89-97.
- ³ Blevins S. Ted Kennedy on HMOs: then and now. *Health Freedom Watch*, May/June 2001. Available at: <http://www.forhealthfreedom.org/Publications/Choice/ThenAndNow.html>. Accessed Jul 24, 2005.
- ⁴ PL 104-191, Subtitle E, Section 243.
- ⁵ Bast J. A Libertarian President? Don't Laugh! *Heartlander*, June 2005. Available at: <http://www.heartland.org/Article.cfm?artId=17130>. Accessed Jul 24, 2005.

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