listening post for Israeli Prime Minister Benjamin Netanyahu, as one of the Gore's "mind melders," more than 20 years ago. In the chapter "Gore and Nuclear Arms Control," Zelnick says: "Fuerth set up a kind of structured learning program. . . . [Gore] devoted at least six to eight hours each week for a full study [of] arms control," through lectures by Fuerth. Among the occasional "guest lecturers" was Woolsey.

"Woolsey recalls visiting Gore in his dingy Longworth Building office . . . surrounded by more charts and graphs than Woolsey could have imagined. Fourteen years earlier—in the mid-1960s—Woolsey had worked . . . on a highly classified project called 'Code 50,' which sought to 'game' various nuclear exchanges between the United States and the U.S.S.R." Zelnick depicts Gore revelling in computer nuclear war games; he writes: "*Woolsey noticed that Gore had been punching away at some of the old 'Code 50' scenarios on his IBM computer*" (emphasis added).

The IMF protection racket

Woolsey urged the committee to use the IMF to hammer Russia into line. The United States should focus "the withholding from Russia . . . those things they want . . . these IMF loans and the like," he said. This is better than sanctions.

But on March 30, the news arrived that IMF Managing Director Michel Camdessus had agreed to release IMF loan funds to Russia. Woolsey and Gore's Wall Street friends hit the roof. On March 31, the *Wall Street Journal* seethed. In an editorial entitled "The Russian Racket," it said: "Russia, after filching billions in aid, defaulting on tens of billions in loans, accusing the U.S. of bottomless villainy in Serbia, and kicking top NATO advisers out of Moscow—is going to get new billions of dollars in credits from the IMF." Blaming it on President Clinton's hopes that Russia will do "nice things," and on Treasury Secretary Robert Rubin's pushing the IMF to help Russia, the *Journal* threatened the IMF and Camdessus with the cut-off of "American taxpayer" funding.

But the Gore-Wall Street rant is not without opposition. Rep. Howard Berman (D-Calif.) challenged Woolsey on why his account was so different from a briefing he had attended by Jack Matlock, President Reagan's Ambassador to the Soviet Union, who said that "Primakov is the best thing that's happened to Russia," and that the United States is humiliating the economically distressed Russia, without regard for the future.

Sanity has also been forthcoming from a new organization called the Russian American Goodwill Association, a coalition of Russia scholars, business people, and citizens. The association took out an ad in the March 24 *Washington Post,* the day that Primakov should have met with President Clinton, urging "support for Primakov's reforms," and calling on Congress to reject the canard that "a weaker Russia is better for us" and for the American people to show friendship for our "World War II ally that sacrified tens of millions of lives to help secure our freedom."

Plan to privatize Medicare is defeated

by Linda Everett

A Federally appointed commission, charged with improving the Medicare program and saving it from bankruptcy, ended its last meeting on March 16 without the required votes to promote a contentious "market-oriented" proposal to radically reform the Medicare program by privatizing it. Medicare, the nation's largest health insurance program, provides medical coverage for nearly 40 million of the nation's elderly and disabled people. The Bipartisan Commission to Save Medicare—made up of Democratic and Republican appointees from both Congress and the private sector—was established by the Balanced Budget Act of 1997 to analyze the financial condition of the program, and to propose to Congress how to restructure Medicare to keep the program from going bankrupt.

Low wages and fewer people in the workforce have meant that there is a shrinking tax base and collapse of the tax revenues needed to support the program—at the same time that the number of Medicare beneficiaries is expected to double to 80 million as the "Baby-Boomers" turn 65, and the number of beneficiaries who are disabled or over age 85, is also doubling.

Post-industrial disaster

Any proposal to strengthen Medicare needs first to address the root cause of that collapse, which lies in the post-industrial economic policies in place since shortly after Medicare was established in 1965, and which are driving the collapse of the nation's critical productive sectors (machine tools, manufacturing, agriculture, mining, infrastructure). Both Republicans and Democrats who are now rushing into a misguided shouting match over whether the bogus national budget surplus should be used to "save" Medicare (and if so, how much of it), are missing the real purpose of economic policy, as defined by the political economist Lyndon LaRouche, which is to create the means necessary to foster an improvement in mankind's condition from one generation to the next.

The Medicare program was one such improvement. It is credited with saving tens of millions of lives, and increasing the country's life-expectancy rate. However, as this report will show, the commission proposal to privatize Medicare would actually turn back the clock some 40 years, and rescind the nation's promise of medical care to our most vulnerable populations.

By several accounts, the primary focus of commission chair Sen. John Breaux (D-La.) and administrative chair Rep. Bill Thomas (R-Calif.) was to advance Breaux's proposal, which would not only raise the age of Medicare eligibility from 65 to 67, but use "market forces" as its primary (alleged) cost-saving mechanism, by unleashing "competition" between the government's fee-for-service plan and private Medicare managed-care plans. Under their "premium support" proposal, the government would no longer pay directly for beneficiaries' medical care. Instead, the government would give seniors a voucher that supposedly would pay for 88% of an average premium of any plan the patient "chooses": either a government fee-for-service plan, or a managed care organization (MCO) or health maintenance organization (HMO).

All of the plans are to provide an undefined package of benefits from both Medicare Part A (which covers hospital care) and Part B (which covers physician care). In effect, the Breaux-Thomas plan would reduce that national commitment of caring for the chronically ill and elderly to nothing more than shelling out a chit or voucher of a defined contribution. According to the National Council of Senior Citizens, this is like the "nose of the camel under the tent": Once the system is in place, the voucher—or the service it pays for—shrinks.

Representative Thomas, who insists we have "to slow the growth of Medicare," claims seniors would pay "only" the remaining 12% of the premium. That's nonsense. The question to ask is, what percentage of the patient's income does that 12% represent—since 35% of Medicare patients have incomes below $11,000, and those who are disabled or chronically ill are often the most indigent and in need of the higher priced fee-for-service care.

Where's 'the choice'?

Besides the threat that managed care represents, the idea that competition and managed care will drive down costs is ludicrous. For years, the Medicare program has overpaid HMOs to participate in Medicare; there are *no known savings* from them.

Even before Medicare announced HMO rate adjustments, dozens of HMOs deserted a half-milllion Medicare patients in the last year alone. While they complained of lack of profits, the patients were left without financial means to buy the costly supplementary plans which they had dropped to join the HMO in the first place. More HMOs are expected to desert, once the Medicare Choice program, in which beneficiaries choose from a range of plans, is fully activated. Washington State, one of four state Medicare Choice pilot programs, sent out a 40-page booklet to educate beneficiaries about their "choice" of plans. But, even before the ink was dry, some of the HMOs had quit Medicare;

Who's on the commission

The Republican members of the commission, appointed by Senate Majority Leader Trent Lott (Miss.) and then-House Speaker Newt Gingrich (Ga.), were, in general, part of the Conservative Revolution's attempt to dismantle Medicare in 1994. Among them are:

Rep. Michael Bilarkis (Fla.) and Sen. Bill Frist (Tenn.), a cardiologist who owns a significant part of the for-profit hospital cartel Columbia-HCA, which gets 35% of its revenue from Medicare—and which the Justice Department has sued for inflating Medicare billing and falsifiying Medicare cost reports. Other GOP appointees include Deborah Steelman, former chair of the Advisory Council on Social Security 1989-92; and Samuel H. Howard, chairman and CEO of Phoenix Healthcare Corp. of Tennessee, which owns, manages, and operates organizations that provide health-care services to Medicare and Medicaid recipients.

Democratic appointees, some of whom supported aspects of the Breaux plan, include Sen. Jay Rockefeller (W.V.); Rep. Jim McDermott (Wash.), longtime advocate of universal health care; and Rep. John Dingell (Mich.), the only member of Congress who was in Congress when Medicare was established. Democratic appointees from the private sector are:

Health-care economist Stuart Altman; Laura Tyson, past chair of the National Economic Council and contributor to the President's 1994 health-care plan; Bruce Vladeck, former administrator of Health Care Financing Administration, which oversees Medicare and Medicaid; and Anthony Watson, CEO of Health Insurance Plan of New York (HIP), one of the nation's largest and oldest HMOs, which has joined two other major HMOs to call for strict Federal regulation of the managed-care industry.

After President Clinton proposed in his State of the Union speech in January that Medicare should be expanded to provide beneficiaries with prescription drugs (which have increased in costs 14% in the last several years), Senator Breaux, who is said to be Trent Lott's favorite Democrat, tried to woo the Democrats on the commission to back his plan, by proposing that Medicare help some indigent elderly purchase some of their medications. The bait was not taken.

Now, Breaux promises to introduce a bill based on his plan into Congress.

some were found to have submitted wrong information; and others "misrepresented"—that is, lied about—benefits in order to get Medicare contracts.

Another glaring problem: There are no managed care plans in 75% of the counties in the United States!

Medicare HMOs are adept at risk selection, accepting only the healthiest patients and forcing the chronically ill out. Millions of patients have had to leave Medicare HMOs because the plans broke contracts, tripled the price of medications, increased premiums by as much as 133%, blocked access to medically necessary treatment, reneged on covered benefits, and lied outright to get patients to sign up. In fact, the first-ever study of beneficiaries leaving Medicare HMOs, found that the elderly's disenrollment rates were as high as 81% (in the case of one Florida HMO). Medicare patients who disenrolled from HMOs were 180% more likely than a matched group of patients to need in-patient hospital services, which are covered by Medicare, but which the Medicare HMO refused to provide.

Competition does not generate quality care

A recent study by the Medicare Rights Center found that in 50% of the cases in which they appealed HMO denial of care decisions, the HMOs systematically violated Medicare laws and regulations.

Contrary to Wall Street nostrums, stiff competition among HMOs does not mean higher quality health care at lower costs. About all that it produces is a race to the bottom, in terms of quality of care, where "bait-and-switch" tactics are the rule. Agents bank a commission for signing up elderly patients with promises of free medications, services, etc. When denied care, the bewildered patient tries again to "choose" a plan. How often can the chronically ill switch their intensive-care needs from plan to plan, doctor to doctor, hospital to hospital?

There's a clear message here from Breaux, et al.: They're telling sick, disabled, and aged patients—a third of whom suffer dementia—to "get out," "get savvy," and "fend for yourself in the health-care market"! Yet Medicare was established precisely because private insurers refused to provide coverage for these older Americans. Commission member Sen. Phil Gramm (R-Tex.), who claims that he never saw a government program that's "worth paying taxes for," intends to use "financial incentives" to force these patients to "choose" cheaper HMOs.

But, what of the impact on our hospital and health care-delivery infrastucture? Medicare's traditional fee-for-service plan sets already low hospital/doctor payment rates, but Breaux wants these plans to compete for even cheaper rates, like HMOs do. That would be disastrous, because hospitals and doctors are, in many cases, already teetering on the brink of collapse, as HMOs and MCOs force them to accept payment rates below the costs of providing care. Hospitals have survived by shifting unpaid HMO costs to fee-for-service patients (the only way HMOs can claim they save costs). No longer. Without assured Medicare payment rates (including continued provisions for in-hospital graduate medical training, also under attack by commission members), we can expect hospitals—and the care they provide Medicare patients—to collapse in short order.

The 'market' doesn't save lives

Senator Gramm may characterize Medicare as "a $1 trillion drain" on the system, but the fact is, Medicare assures Americans access to timely care that forestalls costly medical calamities and disabilities. It saves lives. In fact, poor Americans just under the age of 65, who lack access to affordable health care, have a *higher* mortality rate than their counterparts in many European countries and Japan (see "Special Report," *New England Journal of Medicine,* Nov. 2, 1995). But, because Medicare assures coverage to those who reach age 65, life expectancy for Americans 80 years and above is *greater* than it is in Sweden, France, England, and Japan. Therefore, the proposal of Breaux and Thomas to raise the eligibility age of Medicare to 67 is nothing less than murderous.

More than 1.5 million retirees have had their health insurance benefits cancelled. Last year, a Federal court upheld the right of General Motors to slash health-care benefits for its 84,000 retirees, and gave employers nationally a free hand to renege on promised health care benefits to retirees without fear of consequence. More than 700,000 displaced workers between 55 and 65 years of age have lost their jobs due to company shutdowns or layoffs. This age group is losing health insurance at a faster rate than any other in the country, except children.

The Breaux-Thomas plan to raise the age of eligibility would vastly increase this pool of uninsured Americans.

Undoing the damage

In 1998, President Clinton called Medicare "one of our nation's greatest achievements" and introduced a proposal to expand it by allowing those between 55 and 65 years to buy into the program. This would be a useful and necessary improvement, as would his proposal to expand health-care benefits to impoverished children, and his mandate to guarantee every member of Federally funded health insurance programs be protected by a Patients' Bill of Rights.

Clearly, these initiatives will save lives—and should be implemented immediately. But, we, as a nation, must recognize that these are all attempts to undo the damage caused by wrongheaded economic policy perspectives that undercut the means for the nation to foster real improvements for its citizens.

The proposal by Breaux, Kerry, Thomas, and the Republicans on this commission is Darwin's survival-of-the-fittest policy—in which the sick, disabled, and aged don't make it through. The plan deserves to be soundly defeated.