

# 'Managed care' subverts U.S. health system, 1960s-1990s

## Growth of managed care

### 1960s

**1961:** FHP Inc. formed, as Family Health Plans. (Kaiser Foundation Health Plans Inc., 1945; CIGNA Health Plans Inc.'s predecessor formed, 1929); "Greater New York" Health Plans, 1948)

**1963:** 60.0% of the population (113.1 million) are covered for hospital care; 107.7 million for surgical costs; 86 million for regular medical costs; 38.3 million for major medical expenses.

**1965:** Medicare established—medical care for aged, financed under Social Security; Medicaid established—medical care for the poor.

**1967:** Propaganda steps up on issue of increasing medical costs. The American Hospital Association announces that hospital expenses per patient day in 1967 were \$57.93, 30% more than in Sept. 1965.

### 1970s

**February 1971:** President Nixon's message on health care, makes three basic proposals: 1) require employers to provide basic health insurance coverage; 2) replace Medicaid; 3) encourage the establishment of health maintenance organizations (HMOs).

Sen. Edward Kennedy promotes HMOs.

**1973:** Congress approves, as cost containment, first federal aid to HMOs—grants of \$375 million. Congress mandates requirements, including, a uniform HMO fee for basic health services; offering 24-hour service to enrollees; prohibiting expelling or denying coverage to anyone because of health conditions. Opposed by AMA.

**1974:** United Healthcare Corp. formed.

**1975:** Congress renews HMO funding, overriding President Ford's veto.

U.S. Healthcare Inc. formed.

**1976:** Congress relaxes its 1973 HMO requirements, e.g., now allowing HMOs to deny enrollment to persons institutionalized with chronic illness or permanent injury.

Prudential Health Care Plans Inc. formed.

**October 1978:** Congress makes aid to HMOs continuing, not experimental. HMO outpatient facilities receive extra funds, as part of effort to cut hospitalization costs. Congress permits HMOs to refuse to pay for

## Destruction of health care system

### 1960s

**1960:** By this date, the incidence of most notifiable diseases has dropped, since the World War II period, due to the government's emphasis on public health measures and infrastructure development. Tuberculosis, a marker for general public health, declined from a peak of 137,000 new cases in 1948, to 55,500 cases in 1960; pertussis (whooping cough) declined from a peak of 156,500 cases in 1947, to 14,800 in 1960; and diphtheria declined from 18,700 cases in 1945, to 900 cases in 1960.

### 1970s

**1970:** There are 7,156 U.S. hospitals (all types) with 1.62 million beds. The ratio of community hospital beds has improved since the 1940s, to reach about 4.5 beds per 1,000 people; however, the specialty bed numbers (for polio, TB, etc.) have fallen. Therefore, the overall ratio of hospital beds (community and specialty, together) declined to 7.9 beds per 1,000 population, down from 10.2 beds per 1,000 in 1945.

**1975:** The number of hospitals drops to 7,123, a decline of 33 since 1970; the number of hospital beds declines 150,000, to 1.47 million, or 6.8 beds (all types) per 1,000.

**1976:** In July, an outbreak of Legionnaire's disease, a previously unknown respiratory disease, kills 29 attendees at an American Legion convention in Philadelphia. Gonorrhea cases top 1 million a year, a post-war high.

Medical officials express concern for maintaining contingency staff and facilities for public health-threatening disease outbreaks.

**1978:** The percentage of the population which has health insurance peaks, at 84%, then starts declining.

**1979:** 11 cases of AIDS are identified. In retrospect, it was determined that the first

## Organizing the death movement

### 1960s

**1969:** Hastings Center formed, initially as the Institute of Society, Ethics and Life Sciences. Financial sponsors include, Rockefeller Fund, Ford Foundation, New World Foundation, and National Science Foundation. 18-month project on legal and other questions of terminating treatment, allocating scarce economic and human resources for care of the aged and dying, suicide, euthanasia, teachings of major religious and cultural traditions towards pain and suffering.



Emblem of the Hemlock Society

### 1980s

**1980:** Hastings Center studies "ethics issues" for UN Fund for Population Activities; studies cost containment in health care for the elderly.

Hemlock Society founded, to make euthanasia legal in the United States.

**1983:** President's Bioethics Commission issues final report on when life-saving treatment can be denied, in respect for patient's "right to die."

**1988:** Group on Alternative Forms of Care for the Terminally Ill releases study (funded Blue Cross/Blue Shield of New York) to "explore what role, if any, cost-

unusual or infrequently provided services.

**February 1978:** 168 HMOs in operation, with 6 million enrolled. Only 52 of these HMOs (4 million enrolled), meet federal standards. Carter administration sets a goal of 172 federally qualified HMOs in operation by 1982.

### 1980s

**1980:** There are now 236 HMO plans, with an enrollment of 9.1 million.

**1981:** Last year of federal assistance to HMOs.

**1982:** Tax Equity and Fiscal Responsibility Act okays Medicare funds for hospices in place of hospitals.

**1983:** Medicare now reimburses at flat rate for elderly in hospitals (cutting hospital stays) under Prospective Payment System.

**1985:** There are 393 HMO plans, covering 19 million people.

**1987:** Budget Reconciliation Act includes provision prohibiting HMOs and competitive medical plans (CMPs) from paying physicians incentives for withholding needed care from patients.

**1988:** Congress allows insurance companies to directly sponsor HMOs, without having to establish a separate legal entity. HMOs are directed to allow enrollees to receive up to 10% of their health care from providers outside their HMOs.

**1989:** Implementation of 1987 prohibition delayed by Congress.

### 1990s

**1990:** Congress repeals 1987 prohibition entirely, replacing it with "protections" for both physicians and patients.

**1990:** The Bush FY 1991 budget includes a plan to encourage the use of managed care in Medicare and Medicaid, as a means of containing health care costs.

**1990:** There are now 652 HMO plans covering 34.7 million people.

**1996:** 14 states now have some number of Medicaid recipients in HMOs.

**1996:** An estimated 60 million people are in some form of HMO plan.

HIV-seropositive was a young man who died in St. Louis in 1967.

### 1980s

**1980:** The number of hospitals drops to 6,965, a decline of 191 since 1975; the number of beds drops to 1.37 million, a decline of 101,000 during the same period, a rate of 6 beds (all types) per 1,000.

**1981:** Clusters of cases of *pneumocystis carinii* pneumonia and Kaposi's sarcoma (a skin cancer) spur hunt for the AIDS virus by the U.S. medical establishment.

**1983:** The Conference of State and Territorial Epidemiologists recommends that AIDS be added to the list of notifiable diseases. By June, there are 1,641 cases of AIDS to date, with 644 deaths.

**1985:** Another 93 hospitals and 51,000 beds were lost since 1980, dropping the beds (all types) per 1,000 rate to 5.5. AIDS cases to date reach 16,500; it is the leading cause of death among men aged 30-34 in New York City.

**1986:** 22,800 tuberculosis cases this year, as TB re-emerges, associated with AIDS.

**1987:** 500,000 New York City residents are estimated to be infected with HIV virus.

**1989:** Two hospitals in the South Bronx report that 23% of their emergency room patients are HIV-positive. 62% of homeless people tested in New York City are HIV-positive.

### 1990s

**1990:** The number of hospitals drops to 6,649, a decline of 223 since 1985; a decline of 474 since 1970. The number of hospital beds drops to 1.21 million, down 98,000 since 1985 and 405,000 since 1970, to 4.9 beds (all types) per 1,000 population.

An estimated 50% of U.S. children under age 5 have not received needed vaccinations, reflecting the decline of public health measures.

**1991:** 550 rural hospitals have stopped providing acute care since 1984.

**1992:** 26,700 TB cases are reported, a 20% increase over 1985. 95 hospitals are closed, and 23,000 beds lost.

**1993:** The CDC reports 339,000 U.S. AIDS cases to date, with 204,000 deaths. The number of hospitals declines by 72, to 6,467; beds (all types) declines by 16,000, to 1.16 million, or 4.6 beds per 1,000 population. Between 1980 and 1993, 675 community hospitals are closed.

Pertussis epidemic hits the U.S., due to failure to vaccinate children.

consideration should play in determining care of the dying."

**1985:** Prudential Life Insurance Co.'s Foundation launches "Bioethics in the Community: A Program of Local Decision Making" program, overseen by Hastings Center.

**1985:** Center for Biomedical Ethics, founded at the University of Minnesota.

**1987:** In September, Hastings Center issues "Guidelines on the Termination of Life-Sustaining Treatment and the Care of the Dying"

**1988:** In December, the Congressional Office of Technology Assessment issues "Life-Sustaining Technologies and the Elderly" complaining "that traditional U.S. medicine and education. . . view all problems, including death, as *treatable*" (emphasis in the original), which must be replaced with a "greater moral imperative" to withdraw "futile treatment."

### 1990s

**June 25, 1990:** U.S. Supreme Court (Cruzan case) hands its first euthanasia decision.

**Dec. 1, 1991:** President George Bush's "Patient's Self-Termination Act" in effect.

**December 1992:** Center for Biomedical Ethics holds conference "Managing Mortality: Ethics, Euthanasia and the Termination of Medical Treatment," funded by FHP Inc.'s foundation.

American Association of Bioethics (AAB) founded with FHP foundation money.

**Nov. 8, 1994:** Oregon passes Death with Dignity Act 51% to 49%.

**Nov. 30, 1994:** George Soros, financier/speculator, creates foundation to fund "Project on Death in America," to study the "culture of dying" and shifting medical training away from saving lives.

**July 1995:** Church of Euthanasia gets IRS-tax exempt status.

**December 1995:** Pew Health Professions Commission, led by former Colorado Gov. Dick Lamm, recommends closing 50% of U.S. hospitals, 60% of hospital beds; shutting 25% of medical and nursing schools, because of lowered needs as "managed care" takes over the market.

**January 1996:** "Model act" for regulating physician-assisted suicide published in *Harvard Journal on Legislation*; calls for lethal injections to end "suffering."

**April 29, 1996:** "Approaching Death Committee" of the Institute of Medicine set up. Money from George Soros's Project on Death, and Health Care Financing Admin. (the U.S. agency administering Medicare and Medicaid).