From Phyllis Schlafly

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Managed Competition: Cui Bono?

Some new jargon is coming into the English language and you won't find the definitions in your dictionary. If you don't know what the new words and phrases mean, the game may be over before you know what the stakes are -- and it may be a matter of Life or death because it involves your own health care.

Listen closely to these new words used so frequently in news reports during the last two months: “a national basic health care package that uri1l be the standard for tax deductions,” "standardized benefits and fees,” “managed care,” “national health board,” “federally mandated universal insurance,” and “Managed Competition.”

Hidden behind this bureaucratic jargon is the attempt by politically and financially powerful forces to seize control of the billions of dollars Americans currently spend on health care. The goal is to transfer control of health care expenditures from patients and their private doctors to government and insurance company “managers” (who, of course, will be handsomely rewarded for their services in supervising, restricting, and monitoring health care).

Independent private physicians will be largely replaced by doctors employed by large insurance companies. Most patients will find that they no longer control their health care decisions, but will be virtual bystanders while their fate is determined by the insurance company and its salaried doctors.

During the Presidential campaign, Bill Clinton backed away from overt federal takeover of health care and instead endorsed what is called Managed Competition, He said he would “give people significant incentives to be in large managed care groups, and we'll just tell 'em here's how much money we've got and here are the services you have to provide.”

The large insurance companies have decided that they want to do business with the Clinton Administration, and it’s important to realize why. Managed care, such as Health Maintenance Organizations (HMOs), is far different from traditional health insurance.

In an attempt to control costs, and thus please employers who are paying most of the health care bill insurance companies have established networks of managers, administrators and bureaucrats to limit the utilization by employees. This is called Managed Care.

Under this arrangement, employees are channeled to doctors under contract to the insurance company. The doctors must take orders from the managers regarding how long the patient may be in the hospital, what kinds of tests or drugs may be given, and what operations may be performed. Managed care reduces costs by restricting access.

Clinton's scheme of Managed Competition will immensely help HMOs and the largest insurance companies, and also eliminate their smaller competitors. As reported in the American Medical News of Dec. 21, the largest commercial insurers “have invested heavily in managed care systems and potentially stand to benefit hugely under Managed Competition.”

This explains why, once Clinton was elected, the Health Insurance Association of America (HIAA), the trade group of the insurance companies, essentially endorsed Clinton's Managed Competition scheme. The HIAA is dominated by the large insurance companies that deal in managed care. The small health insurance companies, which sponsor traditional insurance, have been left to fend for themselves.

Meanwhile, a major change in accounting regulations has just gone into effect. The new regs require corporation balance sheets to show as liabilities the health benefits promised to retired employees.

This change has caused a terrible problem for Big Business, which has promised billions of dollars in future health benefits to retirees, despite warnings from the medical profession. Big business is looking for a way out, and it sees the solution as either national health insurance (ln which the Federal Government would assume direct responsibility for health care) or Managed Competition (which will tax all health care benefits above the cheapest HMO plan available).

Managed Competition will help the Fortune 500 companies because it will enable them to tell their employees, active and retired, that if they don't accept the cheapest HMO coverage and put up with its restrictions, they will pay higher taxes. Some will go ahead and pay higher taxes, generating funds for government-sponsored health care for the uninsured; others won't, and they will be stuck with the cheapest HMO

That's why the Association of Private Pension and Welfare Plans, a trade group representing much of big business, has just announced a dramatic policy shift. It now supports a plan to require workers to pay income taxes on health care benefits that exceed the cost of basic (HMO) coverage.

The stage is set for what promises to be a Super Bowl type of showdown. At stake is the health of Americans. On one side are President Clinton. the Democratic leadership in Congress, the largest insurance companies, some Fortune 500 corporations, and Washington bureaucrats. On the other side are patients, workers, and taxpayers. The second group is looking for a political leader with the courage to challenge the first group.